


Management Report & Accounts

9M10



1. CEO Message.....	2
2. Consolidated Results.....	3
3. Telecommunications.....	5
3.1. Mobile Business.....	5
3.1.1. Operational data.....	5
3.1.2. Financial data.....	6
3.2. Wireline Business.....	7
3.2.1. Operational data.....	7
3.2.2. Financial data.....	8
4. Software and Information Systems (SSI)	9
4.1. Operational data.....	9
4.2. Financial data.....	10
5. Online & Media.....	11
6. Main Regulatory Developments in the 3Q10.....	12
7. 9M10 Earnings Announcement - Appendix.....	13
7.1. Consolidated Income Statement.....	13
7.2. Consolidated Balance Sheet.....	14
7.3. Levered FCF	15
7.4. Headcount.....	15
7.5. Online & Media.....	16
8. Financial Information.....	17
8.1. Sonaecom Consolidated Financial statements.....	18
8.2. Notes to Consolidated Financial statements.....	25
8.3. Sonaecom Individual Financial statements.....	68
8.4. Notes to Individual Financial statements.....	75

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



Consolidated EBITDA growing to 149.0 million euros, +9.1% y.o.y.
Net Results of 29.7 million euros, circa 27 million euros above 9M09
Consolidated FCF growing y.o.y. to 9.4 million euros, from 3.2 million euros
Mobile Subscriber Base reaching 3.54 million customers, +6.4% versus 9M09
Steady Mobile Customer Revenues growth, to 349.3 million euros, +1.1% y.o.y.
Data Revenues representing 30.3% of Mobile Service Revenues, in the 3Q10
SSI growing internationally, with WeDo Technologies revenues abroad up by +22.6% y.o.y.

1. Message from Ângelo Paupério, CEO of Sonaecom

I am proud to announce that Sonaecom achieved another set of positive results in the first nine months of 2010. Not only were our figures consistent with our past performance, but we achieved them despite Portugal's deteriorating macroeconomic environment.

The strength of our results was supported by our telecoms strategy – leading a data future and the convergence of business segments; by SSI's international expansion; and by our superior execution, which involves continuously pursuing innovation while adapting our operating model towards a more cost-effective and leaner organization. Our performance also demonstrates the proven resilience of our activities, which was particularly evident in mobile communications.

Optimus: leading a mobile data future

Underpinned by its state-of-the-art network, Optimus recognises that mobile broadband is irreversibly becoming the dominant channel for communications, entertainment and information, while playing a key role in launching an abundance of impressive new services.

Our broad smartphone-based post-paid offer – including the “Optimus Boston” handset, the best-selling Android OS terminal in Portugal – and our mobile broadband offer, Kanguru, continued to fuel data growth. As a result, in 3Q10, our data service revenues as a percentage of service revenues continued their upward trend, increasing 2.3pp y.o.y. to 30.3%. Importantly, our competitive position in data is superior to our historical position in voice.

In the business segment, Optimus' operational and financial results continue to move in the right direction on the strength of its fully convergent and integrated portfolio. Noticeably, the number of customers subscribing to both mobile and fixed services has grown significantly in recent months, indicating the increasing relevance of convergence in the business segment.

Leading and shaping the customer experience is one of our key goals. In this context, it is worth highlighting that in August 2010, ICP-Anacom published a study indicating that Optimus achieved the highest y.o.y. improvement in quality of service indicators according to the *European Customer Satisfaction Index*. This placed us a close second behind the survey leader, in terms of absolute performance.

SSI: leveraging WeDo's worldwide leadership position

During 3Q10, service revenues at SSI continued to increase, although they were offset by the expected deceleration of the government's e-initiatives programme. This growth translated into a higher EBITDA margin, which evolved y.o.y. from 5.0% to 5.7%. This increase was achieved alongside WeDo Technologies' international expansion, which is designed to further leverage its worldwide leadership in the telecoms' revenue assurance market. In the first nine months of 2010, the volume of international revenues at WeDo Technologies grew by 22.6% compared to the previous year.

Our people aligned with our strategy

Every two years, we carry out an employee survey covering all our staff. Our aim is to assess our organizational social climate and implement targeted actions designed to address any potential issues identified by the survey.

I am particularly pleased with the high satisfaction levels registered in the various sections of our latest internal social climate assessment. Our people chose innovation as our principal attribute, while identifying customer satisfaction as our top priority, in line with Sonaecom's strategy.

Looking ahead

Amid serious uncertainty in the global financial markets, Sonaecom continued to reduce its consolidated net debt on the back of its sustained cash generation, further improving its capital structure with a net debt to EBITDA ratio of 1.5x and no need for refinancing expected until mid-2012.

What's more, we continued to exceed our goals having achieved a high single digit EBITDA growth in the first nine months of 2010. Even against the challenging Portuguese macroeconomic environment, we remain confident that we have defined the best strategy for our business and we have assembled the best team to execute it.

2. Consolidated Results

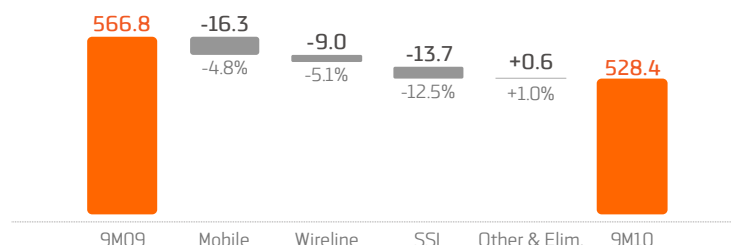
Turnover

Consolidated Turnover stood at 684.1 million euros, decreasing 4.5% on a y.o.y. basis. The increase in Mobile Customer Revenues and SSI Service Revenues was not sufficient to offset the combination between 12.4% lower Mobile operators (mostly due to lower MTRs and Roaming Revenues, as imposed by regulation), and 25.6% lower Product sales. The decrease in the level of Product Sales is mostly explained by the expected slowdown of the e-initiatives programme.



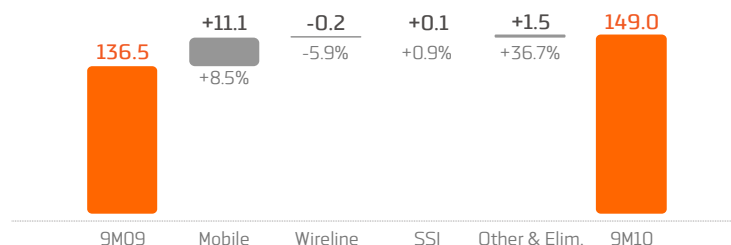
Operating Costs

Total Operating Costs decreased by 6.8% to 528.4 million euros, representing circa 77.2% of the Consolidated Turnover. It is worth highlighting that this is a positive outcome of our on-going cost control initiatives at the Telco unit. Aimed at creating a more cost effective and leaner organization, these measures pursue the creation of efficiencies across all our business divisions and support areas.



EBITDA

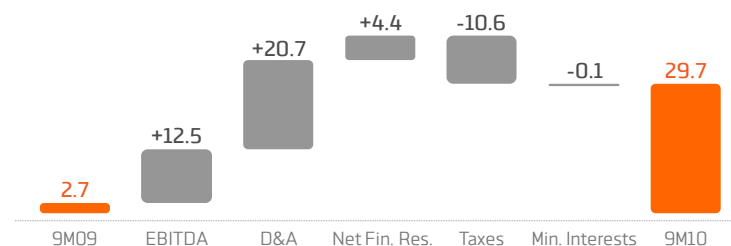
Consolidated EBITDA increased 9.1% in 9M10, to 149.0 million euros and Consolidated EBITDA margin stood at 21.8%, 2.7pp above the 9M09, clearly reflecting the positive effect of the cost control initiatives we have been implementing.



Net Profit

Sonaecom was able to sustain the trend of the previous quarters in terms of Net Results. 9M10 Net Results Group share was positive by 29.7 million euros, compared to 2.7 million euros in the 9M09, driven not only by the much improved EBITDA performance but also by the lower level of (i) Depreciation and Amortization; and (ii) Net financial Costs. Net Financial Results improved y.o.y. by 40.5%, to negative 6.5 million euros, mainly reflecting lower Financial Expenses, down by 4.4 million euros, due to the lower average Net Debt in the 9M10 and the decrease in the average cost of debt, as a reflection of movements in market rates.

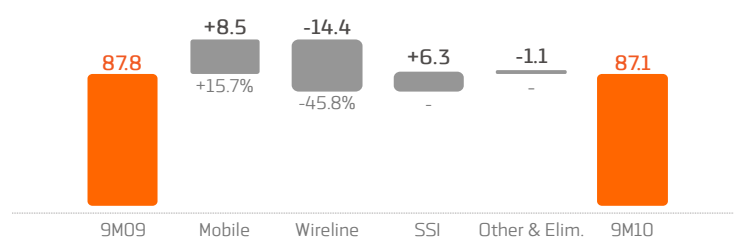
The tax line in 9M10 showed a cost of 14.4 million euros, compared to a cost of 3.8 million euros in 9M09, driven mainly by the much improved EBT performance (from a positive 6.8 million to a positive 44.3 million euros).



Operating CAPEX

Operating CAPEX reached 87.1 million euros in 9M10, decreasing 0.8% when compared to 9M09. In 3Q10, we kept reinforcing the capacity of our network, both in the core and in the backhaul, while increasing its performance and assuring OPEX savings moving forward. The Operating CAPEX increase in SSI is explained by the acquisition of Softlimits B2B business unit - "Mercados Electrónicos", by Saphety, in 3Q10, on top of WeDo Technologies' upfront investment related with the acquisition of exclusivity rights in a large client.

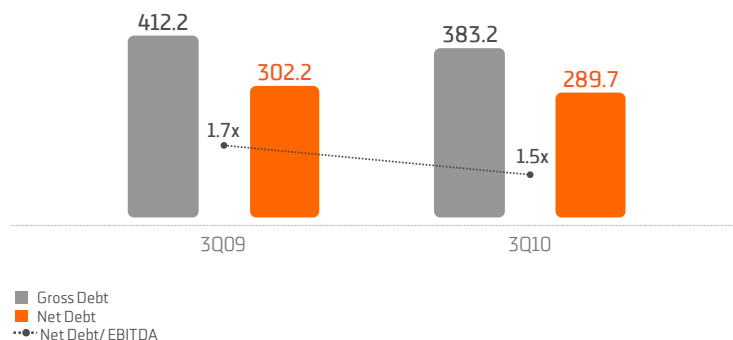
As a consequence of our performance in terms of Revenues and Capex, Operating Capex as percentage of Turnover has evolved from 12.2% to 12.7%.



Capital structure

In 3Q10, Consolidated Gross Debt reached 383.2 million euros, 29.0 million euros below the level registered in 3Q09. Sonaecom Credit facilities currently amount to circa 484 million euros.

Consolidated Net Debt, as at the end of 3Q10, stood at 289.7 million euros, 12.5 million euros below 3Q09, which already includes the quarterly 5 million outflow related with the securitization transaction completed in 2008. This favourable evolution is a consequence of our positive performance in terms of cash generation, which we believe assumes even more importance given the macroeconomic situation the country is facing.



It should be noted that all 2010 debt repayments have already been covered and no refinancing needs are expected until mid 2012. Currently, the average maturity of Sonaecom's debt currently stands at, approximately, 2.5 years, with a 9M10 all-in average cost of debt of 2.1%.

In terms of evolution of the key financial ratios we highlight that Net Debt to EBITDA reached 1.5x in 3Q10, an improvement of 0.2x when compared to the end of 3Q09, and Interest Cover ratio evolved y.o.y. from 8.9x to 14.1x.

FCF

Consolidated FCF in 9M10 was positive 9.4 million euros, 6.2 million euros above 9M09, consolidating the positive trend of the previous quarters. This last is a consequence of our consistent improvement in terms of EBITDA-Operating Capex, reflex of an increasingly higher EBITDA and a more controlled CAPEX, and Financial Results, notwithstanding the higher Working Capital investment. Last year, Working Capital benefited from the delay of some payments previously negotiated with some large Fixed Assets Suppliers, which negatively affecting this year Working Capital.

3. Telecommunications



Optimus is the only integrated operator present in all segments of the Portuguese market, focused on mobile technologies and with a convergent approach to the corporate and SMEs segments, supported in innovation and quality of service, as key differentiation drivers.

3.1. Mobile Business

Recent studies and research point to the fact that Mobile internet will be the privileged access to the Internet, largely surpassing Wireline. Accordingly, Mobile will be the dominant technology to access communication, entertainment and information services, representing an upcoming opportunity in terms of Data growth. Our extensive Mobile Broadband and smartphones offer, aimed at keeping up with the most recent trends of the market, has helped us to achieve positive results, acquiring a relative competitive position in Data superior to our historical position in voice.

3.1.1. Operational data

MOBILE OPERATIONAL KPI's	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Customers (EOP) ('000)	3,326.9	3,541.1	6.4%	3,469.3	21%	3,326.9	3,541.1	6.4%
Net Additions ('000)	58.2	71.8	23.4%	19.5	-	135.3	108.5	-19.8%
Data as % Service Revenues	28.1%	30.3%	2.3pp	30.2%	0.1pp	27.8%	30.0%	2.3pp
Total #SMS/month/user	491	46.4	-5.4%	48.3	-3.9%	48.0	47.6	-0.8%
MOU ⁽¹⁾ (min.)	133.8	132.6	-0.9%	135.0	-1.7%	130.9	134.0	2.3%
ARPU ⁽²⁾ (euros)	15.2	13.9	-8.9%	13.8	0.9%	15.0	13.8	-8.3%
Customer Monthly Bill	12.2	11.5	-6.0%	11.5	-0.1%	12.2	11.5	-5.7%
Interconnection	3.0	2.4	-20.5%	2.3	6.1%	2.9	2.3	-19.1%
ARPM ⁽³⁾ (euros)	0.11	0.10	-8.1%	0.10	2.7%	0.11	0.10	-10.4%

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

Customer base

In 9M10, Mobile customers continued to grow, this time to 3.54 million customers, representing an increase of 6.4% when compared to 9M09. Fuelled by our very appealing post-paid offer, our Contract customers reached approximately 32.8% of total mobile base, an increase of 1.5pp against the end of 9M09.

During the 9M10, Mobile customer's ARPU was 13.8 euros, down by approximately 1.2 euros against the 9M09, explained by a combination of lower Interconnection Revenues (which decreased from 2.9 euros to 2.3 euros) and lower Customer Monthly Bill (which decreased from 12.2 euros to 11.5 euros), notwithstanding the 3.8% increase in the level of MOU, to 134 minutes. Concerning the Customer Monthly Bill, it should be noted that this line is stabilizing at around 11.5 euros, overcoming the historical decreasing trend of the past.

Data Services and Mobile Broadband

By the end of 9M10, Data Revenues represented 30.0% of Service Revenues, an improvement of 2.3pp vs. the end of 9M09. Non-SMS related data services continued to increase their weight, accounting for approximately 75.4% of total Data Revenues in 9M10, compared to 72.5% in 9M09.

3.1.2. Financial data

Million euros								
MOBILE INCOME STATEMENT	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Turnover	154.5	152.7	-1.1%	145.6	4.9%	453.3	440.8	-2.8%
Service Revenues	146.3	143.6	-1.8%	138.8	3.5%	426.0	419.9	-1.4%
Customer Revenues	117.5	118.9	1.2%	116.1	2.4%	345.4	349.3	1.1%
Operator Revenues	28.8	24.7	-14.3%	22.7	8.8%	80.6	70.6	-12.4%
Equipment Sales	8.2	9.1	10.8%	6.8	34.4%	27.3	20.9	-23.5%
Other Revenues	7.7	7.7	-0.9%	8.3	-7.0%	25.2	24.3	-3.7%
Operating Costs	118.2	110.7	-6.3%	105.9	4.5%	337.1	320.8	-4.8%
Personnel Costs	13.2	13.3	0.8%	13.2	0.6%	39.9	39.5	-1.0%
Direct Servicing Costs ⁽¹⁾	41.6	43.2	3.9%	42.1	2.5%	124.6	130.2	4.5%
Commercial Costs ⁽²⁾	36.7	28.6	-22.2%	24.7	15.6%	92.5	73.7	-20.3%
Other Operating Costs ⁽³⁾	26.7	25.6	-4.0%	25.8	-0.7%	80.1	77.3	-3.5%
Provisions and Impairment Losses	1.6	1.6	-2.9%	0.0	-	10.0	1.8	-82.2%
EBITDA	42.5	48.1	13.4%	48.0	0.4%	131.4	142.5	8.5%
EBITDA Margin (%)	27.5%	31.5%	4.0pp	32.9%	-1.4pp	29.0%	32.3%	3.3pp
Operating CAPEX ⁽⁴⁾	23.2	25.0	7.6%	19.8	26.5%	54.1	62.6	15.7%
Operating CAPEX as % of Turnover	15.0%	16.4%	1.3pp	13.6%	2.8pp	11.9%	14.2%	2.3pp
EBITDA - Operating CAPEX	19.2	23.1	20.4%	28.2	-18.0%	77.2	79.9	3.4%
Total CAPEX	37.9	25.1	-33.7%	19.9	26.2%	69.7	63.1	-9.5%

(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 increased 1.1% in 9M10, to 349.3 million euros. However, Mobile Turnover decreased 2.8% y.o.y., to 440.8 million euros, due to a decrease of 12.4% in the level of Operator Revenues, fully driven by regulated tariffs, and a decrease of 23.5% in the level of Equipment Sales.

Operating Costs

Mobile Operating Costs decreased 4.8% y.o.y., to 320.8 million euros. This cost reduction strategy makes part of a transversal transformation plan, already delivering results across our cost lines. Direct Servicing Costs increased by 4.5% due to our enlarged network and higher traffic levels, an outcome driven by the increased level of activity, despite the lower MTRs.

EBITDA

Mobile EBITDA increased y.o.y. from 131.4 million euros to 142.5 million euros, benefiting from a 4.8% decrease in the level of Operating Costs. In terms of quarterly evolution, the EBITDA level increased between 2Q10 and 3Q10, despite the increase in the level of Provisions. The EBITDA margin reached 32.3%, improving 3.3pp when compared to 9M09. Since 1Q10, the EBITDA margin of our Mobile business has consistently been above 30%, a worthwhile noting result.

3.2. Wireline Business

We deeply believe that convergence will be the key growth driver in the business segments. We are certain that our positioning, which comprises an integrated architecture enabling convergent solutions, is the best way to address customers demand. In the Residential segment, as the competitive environment remains unattractive, we will keep focusing on value growth in terms of subscriber base, namely in what respects to FTTH, while leveraging our infrastructure and partnerships.

3.2.1. Operational data

WIREFINE OPERATIONAL KPI's	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Total Accesses	513,822	436,060	-15.1%	447,990	-2.7%	513,822	436,060	-15.1%
Direct Accesses	426,431	362,682	-14.9%	372,751	-2.7%	426,431	362,682	-14.9%
Direct Voice	227,328	194,161	-14.6%	199,086	-2.5%	227,328	194,161	-14.6%
Direct Broadband	162,893	114,432	-29.8%	121,882	-6.1%	162,893	114,432	-29.8%
Other Direct Services	36,210	54,089	49.4%	51,783	4.5%	36,210	54,089	49.4%
Indirect Accesses	87,391	73,378	-16.0%	75,239	-2.5%	87,391	73,378	-16.0%
Unbundled COs with transmission	195	204	4.6%	203	0.5%	195	204	4.6%
Unbundled COs with ADSL2+	177	182	2.8%	182	0.0%	177	182	2.8%
Direct access as % Cust. Revenues	75.9%	69.0%	-7.0pp	72.1%	-3.1pp	77.0%	71.5%	-5.5pp
Average Revenue per Access - Retail	22.5	23.8	5.5%	23.5	1.3%	22.6	23.6	4.5%

Customer base

In 9M10, the Corporate and SMEs segment was able to increase its market presence, with the number of Total Accesses evolving positively. In this particular segment, the number of Total Accesses increased y.o.y. from 138 thousand to 149 thousand, an increase of 8.0%. Nonetheless, totally driven by the Residential segment, Wireline Total Accesses decreased, reaching circa 436 thousand, a 15.1% reduction when compared to the end of 9M09, due to a 14.9% decrease in Direct Accesses and a 16.0% reduction in Indirect Accesses. Nonetheless, it should be highlighted that the decline trend in the level of Total Accesses has been decreasing since the 2Q09.

3.2.2. Financial data

Million euros								
WIRELINE INCOME STATEMENT	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Turnover	62.2	60.4	-2.8%	59.4	1.8%	186.5	180.7	-3.1%
Service Revenues	61.8	60.4	-2.2%	59.2	21%	184.9	180.4	-2.5%
Customer Revenues	33.4	30.8	-7.6%	30.8	0.1%	105.0	93.5	-11.0%
Direct Access Revenues	25.3	21.3	-16.1%	22.2	-4.2%	80.9	66.8	-17.4%
Indirect Access Revenues	7.0	6.5	-6.5%	6.5	0.3%	21.3	19.5	-8.5%
Other	1.1	3.1	187.8%	2.1	45.5%	2.8	7.1	153.3%
Operator Revenues	28.4	29.6	4.0%	28.4	4.2%	79.9	86.9	8.8%
Equipment Sales	0.4	0.0	-92.5%	0.2	-84.7%	1.6	0.3	-79.3%
Other Revenues	0.1	0.3	-	0.5	-37.5%	0.5	0.9	65.8%
Operating Costs	59.5	57.4	-3.5%	55.0	4.2%	178.1	169.1	-5.1%
Personnel Costs	0.9	0.9	1.6%	0.9	5.7%	3.6	2.8	-22.9%
Direct Servicing Costs ⁽¹⁾	40.8	39.7	-2.7%	38.7	2.7%	117.8	117.8	0.0%
Commercial Costs ⁽²⁾	5.1	6.2	21.3%	4.0	52.7%	17.5	14.5	-17.0%
Other Operating Costs ⁽³⁾	12.7	10.6	-16.6%	11.5	-7.8%	39.2	34.0	-13.3%
Provisions and Impairment Losses	1.1	2.7	156.5%	2.9	-6.4%	5.5	9.3	68.1%
EBITDA	1.7	0.6	-64.1%	1.9	-66.8%	3.4	3.2	-5.9%
EBITDA Margin (%)	2.8%	1.0%	-1.8pp	3.2%	-2.1pp	1.8%	1.8%	-0.1pp
Operating CAPEX ⁽⁴⁾	11.7	5.3	-54.2%	6.4	-16.7%	31.4	17.0	-45.8%
Operating CAPEX as % of Turnover	18.8%	8.8%	-9.9pp	10.8%	-2.0pp	16.8%	9.4%	-7.4pp
EBITDA - Operating CAPEX	-9.9	-4.7	52.5%	-4.5	-4.3%	-28.0	-13.8	50.7%
Total CAPEX	11.7	5.3	-54.2%	6.4	-16.7%	31.4	17.0	-45.8%

(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 3.1% y.o.y. to 180.7 million euros. The 8.8% increase in the level of Operator Revenues was not sufficient to offset the 11.0% decrease in the level of Customer Revenues, mainly a consequence of the reductions in Residential Direct and Indirect accesses.

Operating Costs

Wireline Operating Costs decreased 5.1% y.o.y. to 169.1 million euros, mainly driven by a reduction in the level of Commercial Costs and Other Operating Costs, due to the on-going efforts to control our cost structure although maintaining approximately the provisions level of the last quarter.

EBITDA

As a result of our performance in terms of Revenues and Costs, Wireline EBITDA was positive by 3.2 million euros, decreasing 5.9% when compared to 9M09. The EBITDA margin remained approximately stable between 9M09 and 9M10, at 1.8%.

4. Software and Information Systems (SSI)



Our SSI division comprises four companies: WeDo Technologies (a provider of Business Assurance solutions, addressing the optimisation of both business performance and risk management systems and processes), Mainroad (IT Management, Security and Business Continuity), Bizdirect (value added IT Products) and Saphety (Business process automation, electronic invoicing and security on B2B transactions).

WeDo Technologies is strongly focused on reinforcing its leadership in the Revenues Assurance market. At this stage, the company is firmly committed to enlarging its international footprint. In 9M10, around 64.1% of WeDo Technologies total revenues were generated outside Portugal, a good indicator of the company's international expansion.

4.1. Operational data

SSI OPERATIONAL KPI's	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
IT Service Revenues/Employee ⁽¹⁾ ('000 euros)	30.9	32.3	4.4%	33.0	-2.2%	93.6	94.5	0.9%
Equipment Sales as % Turnover	53.2%	49.3%	-3.9pp	50.0%	-0.7pp	59.4%	50.5%	-8.9pp
Equipment Sales/Employee ⁽²⁾ ('000 euros)	865.1	674.4	-22.0%	730.2	-7.6%	3,706.9	2,140.0	-42.3%
EBITDA/Employee ('000 euros)	3.6	3.3	-7.8%	4.2	-21.9%	11.1	10.4	-6.5%
Employees	511	556	8.8%	537	3.5%	511	556	8.8%

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

IT Service Revenues per Employee reached 94.5 thousand euros in 9M10, 0.9% above the 9M09, while Equipment Sales per Employee have decreased y.o.y. circa 42.3%. The latter evolution was mostly due to the lower level of Equipment Sales, as expected with the deceleration of the e-initiatives programme. SSI total headcount increased to 556, a 8.8% y.o.y. growth, due to the need for additional internal consultants to support the increased level of activity at all subsidiaries, to the integration of employees from Softlimits B2B unit, "Mercados electrónicos", and to the growing international footprint of WeDo Technologies. The total number of employees placed outside Portugal was of 164 in 9M10, against 138 in 9M09, representing an increase of 18.8%. EBITDA per employee reached 10.4 thousand euros, a 6.5% y.o.y. decrease, as a consequence of the increase in the number of employees explained above, which has more than offset the increase in the level of EBITDA.

4.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Turnover	33.4	34.9	4.5%	35.0	-0.1%	115.6	102.3	-11.5%
Service Revenues	15.7	17.7	13.1%	17.5	1.3%	47.0	50.7	7.9%
Equipment Sales	17.8	17.2	-3.1%	17.5	-1.5%	68.6	51.6	-24.7%
Other Revenues	0.2	0.1	-42.1%	0.1	24.2%	0.5	0.3	-39.0%
Operating Costs	31.7	33.0	4.1%	32.6	1.3%	110.3	96.5	-12.5%
Personnel Costs	7.2	7.9	10.0%	7.6	4.7%	21.3	22.9	7.6%
Commercial Costs ⁽¹⁾	17.6	17.0	-3.7%	17.4	-2.6%	68.3	51.1	-25.3%
Other Operating Costs ⁽²⁾	6.9	8.1	17.7%	7.6	7.1%	20.6	22.5	9.3%
Provisions and Impairment Losses	0.0	0.1	-	0.1	-3.7%	0.0	0.3	-
EBITDA	1.9	1.9	0.6%	2.3	-18.9%	5.8	5.8	0.9%
EBITDA Margin (%)	5.6%	5.4%	-0.2pp	6.7%	-1.3pp	5.0%	5.7%	0.7pp
Operating CAPEX ⁽³⁾	0.4	1.6	-	5.8	-71.7%	1.8	8.1	-
Operating CAPEX as % of Turnover	11%	4.7%	36pp	16.6%	-11.9pp	1.6%	7.9%	6.4pp
EBITDA - Operating CAPEX	1.5	0.3	-83.5%	-3.5	-	4.0	-2.3	-
Total CAPEX	0.4	1.6	-	5.8	-71.7%	1.8	8.1	-

(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

SSI Turnover decreased y.o.y. by 11.5%, to 102.3 million euros, fully driven by a decrease of 24.7% in the level of IT Equipment Sales. This decrease is due to the expected slowdown of laptop sales under the e-initiatives programme. Importantly, the level of Service Revenues increased y.o.y. by 7.9%, to 50.7 million euros.

Operating Costs

SSI Operating Costs decreased y.o.y. by 12.5%, to 96.5 million euros, driven mainly by a 25.3% decrease in the level of Commercial Costs, mainly in Cost of Goods Sold. It is important to note that the increase in Personnel Costs and Other Operating Costs (mostly Outsourcing costs) was driven by a higher level of activity across all subsidiaries and by the expansion of WeDo Technologies International footprint.

EBITDA

During 9M10, SSI EBITDA evolved positively to 5.8 million euros, increasing 0.9% when compared with 9M09, as a consequence of the positive evolution registered in terms of Service Revenues (+7.9%) and in terms of Operating Costs, which more than compensated the 24.7% Equipment Sales decrease. This growth was achieved despite the international expansion being carried out by WeDo Technologies and the impact of the Softlimits B2B business unit integration, acquired by Saphety. As a result of the already expected combination between higher Service Revenues and lower Equipment Sales, the EBITDA margin increased y.o.y. from 5.0% to 5.7%.



5. Online & Media

The Online & Media business comprises a set of additional businesses such as Miau.pt, Público, a reference daily Portuguese newspaper, now with over 20 years of activity, and Público.pt, always at the digital forefront among Portuguese on-line press.

Regarding Público, during 3Q10, the market dynamics subsisted for daily generalist press both in terms of circulation and in terms of advertising figures.

Concerning Público on-line business, which had in the 9M10 an average of circa 6.5 million monthly visits, holding a leading position in social network platforms, like twitter, with more than 20 thousand followers, it is worth highlighting the success of some innovative projects, such as Público's iPhone application.

In terms of financial overview, 9M10 Online & Media EBITDA was still negative by 1.02 million euros which nevertheless reflects a significant improvement when compared to the negative 2.29 million euros registered in the 9M09.



6. Main Regulatory Developments in the 3Q10

The following are some of the more relevant regulatory developments during the 3Q10:

On August 2010, ICP-ANACOM authorized Optimus to conduct trials of LTE technology in the 2500-2690 MHz frequency bands, in the metropolitan areas of Lisbon and Porto. The tests should take place in a defined calendar: from 1 October 2010 to 31 March 2011, in the metropolitan area of Porto, and from 1 December 2010 to 31 May 2011, in the metropolitan area of Lisbon.

Also on August 2010, Decree-Law nr 56/2010 became effective, establishing limits on amounts charged for the service of unlocking equipment, as well as on the termination of contracts during loyalty periods. This Decree-Law also establishes that loyalty periods for new contracts must not exceed 24 months.

In September 2010, the European Commission issued a new Recommendation on regulated access to Next Generation Access Networks that, focusing on geographic segmentation, determines the access to civil engineering infrastructure of the incumbent operator as well as the unbundling of fiber local loop and bitstream access.

7. 9M10 Earnings Announcement - Appendix

7.1. Consolidated Income Statement

Million euros								
CONSOLIDATED INCOME STATEMENT	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Turnover	235.0	233.8	-0.5%	227.6	2.7%	716.6	684.1	-4.5%
Mobile	154.5	152.7	-1.1%	145.6	4.9%	453.3	440.8	-2.8%
Wireline	62.2	60.4	-2.8%	59.4	1.8%	186.5	180.7	-3.1%
SSI	33.4	34.9	4.5%	35.0	-0.1%	115.6	102.3	-11.5%
Other & Eliminations	-15.1	-14.3	5.4%	-12.4	-15.7%	-38.8	-39.7	-2.3%
Other Revenues	0.8	1.8	137.2%	1.6	10.5%	3.1	4.6	49.0%
Operating Costs	188.0	181.7	-3.3%	174.6	4.1%	566.8	528.4	-6.8%
Personnel Costs	24.2	25.1	3.4%	24.3	3.2%	73.4	73.8	0.6%
Direct Servicing Costs ⁽¹⁾	67.8	69.8	2.9%	68.4	2.0%	201.3	209.3	4.0%
Commercial Costs ⁽²⁾	59.6	52.3	-12.2%	46.8	11.8%	183.2	141.3	-22.9%
Other Operating Costs ⁽³⁾	36.3	34.5	-5.0%	35.0	-1.6%	108.9	103.9	-4.6%
EBITDAP	47.8	53.9	12.8%	54.7	-1.3%	152.9	160.4	4.9%
Provisions and Impairment Losses	2.8	4.5	59.6%	3.1	45.2%	16.3	11.4	-30.3%
EBITDA	45.0	49.5	9.9%	51.6	-4.1%	136.5	149.0	9.1%
EBITDA Margin (%)	19.2%	21.2%	2.0pp	22.7%	-1.5pp	19.1%	21.8%	2.7pp
Mobile	42.5	48.1	13.4%	48.0	0.4%	131.4	142.5	8.5%
Wireline	1.7	0.6	-64.1%	1.9	-66.8%	3.4	3.2	-5.9%
SSI	1.9	1.9	0.6%	2.3	-18.9%	5.8	5.8	0.9%
Other & Eliminations	-1.1	-1.2	-12.1%	-0.6	-100.0%	-4.0	-2.5	36.7%
Depreciation & Amortization	39.8	31.4	-21.2%	32.8	-4.4%	118.8	98.2	-17.4%
EBIT	5.3	18.1	-	18.8	-3.6%	17.7	50.8	187.0%
Net Financial Results	-3.6	-2.8	21.0%	-1.7	-68.1%	-10.9	-6.5	40.5%
Financial Income	1.2	0.8	-31.9%	2.0	-58.0%	4.3	4.3	-0.6%
Financial Expenses	4.8	3.7	-23.8%	3.7	-0.2%	15.2	10.8	-29.1%
EBT	1.7	15.3	-	17.1	-10.7%	6.8	44.3	-
Tax results	-0.3	-5.2	-	-5.6	7.5%	-3.8	-14.4	-
Net Results	1.4	10.1	-	11.5	-12.2%	3.0	29.9	-
Group Share	1.3	10.1	-	11.5	-12.1%	2.7	29.7	-
Attributable to Minority Interests	0.1	0.0	-48.7%	0.1	-26.4%	0.2	0.1	-42.7%

(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.

7.2. Consolidated Balance Sheet

Million euros

CONSOLIDATED BALANCE SHEET	9M09	9M10	Δ 10/09
Total Net Assets	1,965.5	1,838.1	-6.5%
Non Current Assets	1,491.1	1,485.4	-0.4%
Tangible and Intangible Assets	842.2	843.2	0.1%
Goodwill	526.0	526.1	0.0%
Investments	1.2	1.2	0.0%
Deferred Tax Assets	121.7	114.7	-5.8%
Others	0.0	0.1	-
Current Assets	474.4	352.7	-25.7%
Trade Debtors	160.9	134.3	-16.5%
Liquidity	109.9	93.4	-15.0%
Others	203.6	125.0	-38.6%
Shareholders' Funds	932.9	964.3	3.4%
Group Share	932.5	963.7	3.3%
Minority Interests	0.4	0.6	32.6%
Total Liabilities	1,032.6	873.8	-15.4%
Non Current Liabilities	457.5	450.9	-1.5%
Bank Loans	299.7	339.4	13.3%
Provisions for Other Liabilities and Charges	32.7	33.0	0.9%
Others	125.1	78.4	-37.3%
Current Liabilities	575.1	422.9	-26.5%
Bank Loans	89.1	21.7	-75.7%
Trade Creditors	185.4	159.8	-13.8%
Others	300.6	241.5	-19.6%
Operating CAPEX ⁽¹⁾	87.8	87.1	-0.8%
Operating CAPEX as % of Turnover	12.2%	12.7%	0.5pp
Total CAPEX	103.3	87.5	-15.3%
EBITDA - Operating CAPEX	48.8	61.9	27.0%
Operating Cash Flow ⁽²⁾	33.2	37.4	12.4%
FCF ⁽³⁾	3.2	9.4	190.9%
Gross Debt	412.2	383.2	-7.0%
Net Debt	302.2	289.7	-4.1%
Net Debt/ EBITDA (last 12 months)	1.7 x	1.5 x	-0.1x
EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months)	9.3 x	14.9 x	5.5x
Debt/Total Funds (Debt + Shareholders' Funds)	30.6%	28.4%	-2.2pp
Excluding the Securitisation Transaction:			
Net Debt	386.5	353.9	-8.4%
Net Debt/ EBITDA (last 12 months)	2.1 x	1.9 x	-0.3pp

(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.

7.3. Levered FCF

Million euros

	3Q09	3Q10	Δ10/09	2Q10	q.o.q	9M09	9M10	Δ10/09
LEVERED FREE CASH FLOW								
EBITDA-Operating CAPEX	9.6	18.0	88.2%	19.9	-9.8%	48.8	61.9	27.0%
Change in WC	191	-8.3	-	-8.4	1.4%	-23.0	-28.6	-24.2%
Non Cash Items & Other	10	3.4	-	0.3	-	7.5	4.0	-46.1%
Operating Cash Flow	29.6	13.1	-55.6%	11.8	11.2%	33.2	37.4	12.4%
Securitisation Transaction	-5.0	-5.0	0.0%	-5.0	0.0%	-15.0	-15.0	0.0%
Own shares	0.0	0.0	-	-0.5	100.0%	-2.0	-3.5	-75.9%
Financial results	-3.4	-3.0	13.0%	-0.8	-	-12.6	-6.2	51.1%
Income taxes	-0.3	-1.3	-	-1.2	-10.1%	-0.4	-3.2	-
FCF	20.9	3.8	-81.6%	4.2	-9.3%	3.2	9.4	190.9%

7.4. Headcount

Sonaecom	3Q09	3Q10	Δ10/09	2Q10	q.o.q	9M09	9M10	Δ10/09
Total Employees	2,003	2,070	3.3%	2,063	0.3%	2,003	2,070	3.3%
o.w. Telecommunications	1,099	1,120	1.9%	1,127	-0.6%	1,099	1,120	1.9%
o.w. SSI	511	556	8.8%	537	3.5%	511	556	8.8%

7.5. Online & Media

PÚBLICO OPERATIONAL KPI's	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
Average Paid Circulation ⁽¹⁾	36,396	35,433	-2.6%	33,594	5.5%	37,322	33,828	-9.4%
Market Share of Advertising ⁽²⁾ (%)	11.6%	8.8%	-2.8pp	10.8%	-2.0pp	11.6%	10.4%	-1.3pp
Audience ⁽³⁾ (%)	n.a.	n.a.	-	4.4%	-	4.4%	4.4%	0.0pp
Employees	245	246	0.4%	246	0.0%	245	246	0.4%

(1) Estimated value updated in the following quarter; (2) 3Q10 excluding September. This figure is impacted by an outlier value achieved in July 2010; (3) As % of addressable population; Source: Bareme Imprensa.

Million euros	3Q09	3Q10	Δ 10/09	2Q10	q.o.q	9M09	9M10	Δ 10/09
ONLINE & MEDIA CONS. INCOME STATEMENT								
Turnover	7.31	6.67	-8.7%	7.92	-15.8%	22.48	21.97	-2.3%
Advertising Sales ⁽¹⁾	3.10	2.45	-21.1%	3.42	-28.4%	9.93	8.94	-10.0%
Newspaper Sales	2.84	2.80	-1.3%	2.69	4.3%	8.77	8.05	-8.2%
Paper Sales	0.27	0.46	69.1%	0.58	-20.8%	0.28	1.61	-
Associated Product Sales	1.10	0.96	-12.0%	1.24	-22.2%	3.49	3.37	-3.5%
Other Revenues	0.05	0.24	-	0.07	-	0.15	0.36	139.1%
Operating Costs	7.90	7.62	-3.6%	7.85	-2.9%	24.65	23.32	-5.4%
Personnel Costs	2.80	2.72	-3.0%	2.66	2.2%	8.99	8.04	-10.6%
Commercial Costs ⁽²⁾	2.41	2.38	-1.2%	2.69	-11.5%	7.49	7.68	2.6%
Other Operating Costs ⁽³⁾	2.69	2.52	-6.4%	2.50	0.7%	8.18	7.60	-7.0%
Provisions and Impairment Losses	0.07	0.00	-93.9%	0.01	-46.7%	0.27	0.03	-89.7%
EBITDA	-0.62	-0.71	-14.5%	0.13	-	-2.29	-1.02	55.7%
EBITDA Margin (%)	-8.5%	-10.6%	-2.2pp	1.7%	-12.3pp	-10.2%	-4.6%	5.6pp
Operating CAPEX ⁽⁴⁾	0.24	0.12	-51.9%	0.13	-8.4%	0.58	0.38	-34.6%
Operating CAPEX as % of Turnover	3.3%	1.7%	-1.6pp	1.6%	0.1pp	2.6%	1.7%	-0.8pp
EBITDA - Operating CAPEX	-0.86	-0.83	4.1%	0.01	-	-2.87	-1.39	51.5%
Total CAPEX	0.24	0.12	-51.9%	0.13	-8.4%	0.58	0.38	-34.6%

(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.



8. Financial Information

8.1. 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 30 September 2010 and 2009 and the year ended at 31 December 2009

	Notes	September 2010	September 2009	December 2009
Assets				
Non-current assets				
Tangible assets	1.d), 1.i) and 6	569,257,297	568,130,295	583,419,492
Intangible assets	1.e), 1.f) and 7	273,980,583	274,069,430	273,694,175
Goodwill	1.g) and 9	526,142,619	525,981,587	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.i)	136,663	19,168	54,765
Deferred tax assets	1.q) and 11	114,683,784	121,721,140	121,894,677
Total non-current assets		1,485,408,266	1,491,128,940	1,506,376,604
Current assets				
Inventories	1.j)	27,175,949	29,963,948	14,034,768
Trade debtors	1.k) and 8	134,304,340	160,882,700	158,921,462
Other current debtors	1.k) and 8	26,761,427	23,825,246	13,417,506
Other current assets	1.s) and 1.y)	71,040,207	149,809,246	143,726,837
Cash and cash equivalents	1.l), 8 and 12	93,417,082	109,927,945	83,629,417
Total current assets		352,699,005	474,409,085	413,729,990
Total assets		1,838,107,271	1,965,538,025	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	(13,725,585)	(11,703,596)	(12,809,015)
Reserves	1.u)	581,500,069	575,230,164	575,946,086
Consolidated net income/(loss) for the period		29,719,396	2,749,974	5,748,497
		963,740,748	932,523,410	935,132,436
Minority interests		565,275	426,344	508,152
Total Shareholders' funds		964,306,023	932,949,754	935,640,588
Liabilities				
Non-current liabilities				
Medium and long-term loans – net of short-term portion	1.m), 1.n), 8 and 15	339,382,001	299,665,173	299,139,698
Other non-current financial liabilities	1.i), 8 and 16	19,722,406	21,551,839	20,707,936
Provisions for other liabilities and charges	1.p), 1.t) and 17	33,041,938	32,737,098	32,175,824
Securitisation of receivables	8 and 18	44,662,025	64,256,705	59,374,480
Deferred tax liabilities	1.q) and 11	5,053,582	-	106,929
Other non-current liabilities	1.s), 1.t) and 1.y)	9,005,399	39,309,000	33,218,100
Total non-current liabilities		450,867,351	457,519,815	444,722,967
Current liabilities				
Short-term loans and other loans	1.m), 1.n), 8 and 15	21,656,331	89,140,917	59,256,449
Trade creditors	8	159,763,389	185,375,688	195,303,884
Other current financial liabilities	1.i); 8, 16 and 19	2,392,200	1,803,270	3,053,364
Securitisation of receivables	8 and 18	19,596,453	19,464,308	19,488,569
Other creditors	8	17,522,088	65,179,374	46,979,493
Other current liabilities	1.s) and 1.y)	202,003,436	214,104,899	215,661,280
Total current liabilities		422,933,897	575,068,456	539,743,039
Total Shareholders' funds and liabilities		1,838,107,271	1,965,538,025	1,920,106,594

The notes are an integral part of the consolidated financial statements at 30 September 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Miguel Nuno Santos Almeida

António Sampaio e Mello

David Charles Denholm Hobley

Frank Emmanuel Dangeard

Gervais Gilles Pellissier

Jean-François René Pontal

Nuno Miguel Moniz Trigos Santos Jordão

8.1. Sonaecom Consolidated Financial statements (continued)

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

(Amounts expressed in euro)

Consolidated profit and loss account by nature

For the periods ended at 30 September 2010 and 2009 and the year ended at 31 December 2009

	Notes	September 2010	July to September 2010 (Not audited)	September 2009	July to September 2009 (Not audited)	December 2009
Sales		80,403,198	28,928,828	108,055,869	28,239,004	141,176,555
Services rendered		603,724,478	204,868,739	608,533,111	206,769,853	808,223,772
Other operating revenues		4,606,988	1,820,413	3,092,834	767,401	7,031,518
		688,734,664	235,617,980	719,681,814	235,776,258	956,431,845
Cost of sales		(84,523,370)	(31,018,514)	(115,305,249)	(31,303,589)	(153,951,259)
External supplies and services	20	(359,041,701)	(122,123,121)	(368,648,666)	(128,984,527)	(494,992,901)
Staff expenses		(73,834,637)	(25,074,690)	(73,429,686)	(24,238,470)	(98,036,453)
Depreciation and amortisation	1.d), 1.e), 6 and 7	(98,189,861)	(31,351,413)	(118,827,989)	(39,772,656)	(151,774,270)
Provisions and impairment losses	1.p), 1.x) and 17	(11,389,585)	(4,456,632)	(16,339,195)	(2,791,675)	(19,032,191)
Other operating costs		(10,956,822)	(3,468,198)	(9,432,733)	(3,423,894)	(14,750,258)
		(637,935,976)	(217,492,568)	(701,983,518)	(230,514,811)	(932,537,332)
Other financial expenses	1.n), 1.o), 1.w), 1.x) and 21	(10,802,905)	(3,666,731)	(15,244,125)	(4,810,441)	(18,599,132)
Other financial income	1.o), 1.w) and 21	4,314,361	834,001	4,339,957	1,225,536	5,905,914
Current income / (loss)		44,310,144	15,292,682	6,794,128	1,676,542	11,201,295
Income taxation	1.q), 11 and 22	(14,448,318)	(5,167,722)	(3,795,783)	(270,019)	(5,124,176)
Consolidated net income/(loss) for the period		29,861,826	10,124,960	2,998,345	1,406,523	6,077,119
Attributed to:						
Shareholders of parent company	26	29,719,396	10,085,801	2,749,974	1,330,203	5,748,497
Minority interests		142,430	39,159	248,371	76,320	328,622
Earnings per share						
Including discontinued operations						
Basic		0.08	0.03	0.01	0.00	0.02
Diluted		0.08	0.03	0.01	0.00	0.02
Excluding discontinued operations						
Basic		0.08	0.03	0.01	0.00	0.02
Diluted		0.08	0.03	0.01	0.00	0.02

The notes are an integral part of the consolidated financial statements at 30 September 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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigo Santos Jordão

António Sampaio e Mello

8.1. Sonaecom Consolidated Financial statements (continued)

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

(Amounts expressed in euro)

Consolidated statement of comprehensive income

For the periods ended at 30 September 2010 and 2009

	Notes	September 2010	September 2009
Consolidated net income /(loss) for the period		29,861,826	2,998,345
Components of other consolidated comprehensive income, net of tax:		249,992	178,779
Increase / (decrease) in financial hedging instruments' fair value	1.o) and 15	-	307,068
Changes in currency translation reserve and other	1.w)	249,992	(128,289)
Consolidated comprehensive income for the period		30,111,818	3,177,124
Attributed to:			
Shareholders of parent company		29,969,388	2,928,753
Minority interests		142,430	248,371

The notes are an integral part of the consolidated financial statements at 30 September 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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

8.1. Sonaecom Consolidated Financial statements (continued)

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

(Amounts expressed in euro)

Consolidated movements in shareholders' funds

For the periods ended at 30 September 2010 and 2009

	Reserves											
	Share capital	Own shares (Note 14)	Legal reserves	Share premium	Other reserves	Reserves for Medium Term Incentive Plans (Note 27)	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 30 September 2010	-	-	-	-	249,992	-	-	-	249,992	-	29,719,396	29,969,388
Acquisition of own shares	-	(3,497,605)	-	-	(3,497,605)	-	-	3,497,605	-	-	-	(3,497,605)
Delivery of own shares under the Medium Term Incentive Plans (Notes 1.y) and 27)	-	2,581,035	-	-	1,012,560	(891,639)	-	(2,581,035)	(2,460,114)	-	-	120,921
Effect of the recognition of the Medium Term Incentive Plans (Notes 1.y) and 27)	-	-	-	-	-	2,015,608	-	-	2,015,608	-	-	2,015,608
Balance at 30 September 2010	366,246,868	(13,725,585)	1,221,003	775,290,377	(212,838,560)	4,101,664	-	13,725,585	581,500,069	-	29,719,396	963,740,748
Minority interests												
Balance at 31 December 2009	-	-	-	-	-	-	-	-	-	508,152	-	508,152
Minority interests in comprehensive income	-	-	-	-	-	-	-	-	-	142,430	-	142,430
Dividend payment	-	-	-	-	-	-	-	-	-	(161,850)	-	(161,850)
Increase in supplementary capital	-	-	-	-	-	-	-	-	-	71,500	-	71,500
Other changes	-	-	-	-	-	-	-	-	-	5,043	-	5,043
Balance at 30 September 2010	-	-	-	-	-	-	-	-	-	565,275	-	565,275
Total	366,246,868	(13,725,585)	1,221,003	775,290,377	(212,838,560)	4,101,664	-	13,725,585	581,500,069	565,275	29,719,396	964,306,023

The notes are an integral part of the consolidated financial statements at 30 September 2010 and 2009.

8.1. Sonaecom Consolidated Financial statements (continued)

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

(Amounts expressed in Euro)

Consolidated movements in shareholders' funds (continued)

For the periods ended at 30 September 2010 and 2009

	Reserves											
	Share capital	Own shares (Note 14)	Legal reserves	Share premium	Other reserves	Reserves for Medium Term Incentive Plans (Note 27)	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 30 September 2009	-	-	-	-	(128,289)	-	307,068	-	178,779	-	2,749,974	2,928,753
Acquisition of own shares	-	(1,987,893)	-	-	(1,987,893)	-	-	1,987,893	-	-	-	(1,987,893)
Delivery of own shares under the Medium Term Incentive Plans (Notes 1.y) and 27)	-	3,784,047	-	-	639,254	(837,553)	-	(3,784,047)	(3,982,346)	-	-	(198,299)
Effect of the recognition of the Medium Term Incentive Plans (Notes 1.y) and 27)	-	-	-	-	-	1,487,549	-	-	1,487,549	-	-	1,487,549
Transfer from liabilities of the responsibilities associated with the Medium Term Incentive Plans	-	-	-	-	-	1,792,025	-	-	1,792,025	-	-	1,792,025
Balance at 30 September 2009	366,246,868	(11,703,596)	1,985,181	775,290,377	(216,191,010)	2,442,021	-	11,703,596	575,230,164	-	2,749,974	932,523,410
Minority interests												
Balance at 31 December 2008	-	-	-	-	-	-	-	-	-	452,717	-	452,717
Minority interests in comprehensive income	-	-	-	-	-	-	-	-	-	248,371	-	248,371
Other changes	-	-	-	-	-	-	-	-	-	(274,744)	-	(274,744)
Balance at 30 September 2009	-	-	-	-	-	-	-	-	-	426,344	-	426,344
Total	366,246,868	(11,703,596)	1,985,181	775,290,377	(216,191,010)	2,442,021	-	11,703,596	575,230,164	426,344	2,749,974	932,949,754

The notes are an integral part of the consolidated financial statements at 30 September 2010 and 2009.

8.1. 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 30 September 2010 and 2009

	September 2010		September 2009	
Operating activities				
Receipts from trade debtors	704,806,693		723,680,945	
Payments to trade creditors	(492,784,269)		(503,666,414)	
Payments to employees	(84,145,668)		(84,190,164)	
Cash flows from operating activities	127,876,756		135,824,367	
Payments / receipts relating to income taxes, net	(3,236,671)		(379,930)	
Other payments / receipts relating to operating activities, net	5,586,821		27,923,534	
Cash flows from operating activities (1)	130,226,906	130,226,906	163,367,971	163,367,971
Investing activities				
Receipts from:				
Tangible assets	3,367,079		863,066	
Intangible assets	-		21,500	
Interest and similar income	3,799,068	7,166,147	3,315,949	4,200,515
Payments for:				
Tangible assets	(83,806,873)		(99,849,599)	
Intangible assets	(16,305,678)	(100,112,551)	(30,366,164)	(130,215,763)
Cash flows from investing activities (2)		(92,946,404)		(126,015,248)
Financing activities				
Receipts from:				
Supplementary capital	71,500		-	
Loans obtained	70,000,000	70,071,500	4,199,722	4,199,722
Payments for:				
Leasing	(1,963,102)		(1,624,533)	
Interest and similar expenses	(8,832,708)		(17,553,373)	
Dividends	(161,850)		-	
Reimbursement of supplementary capital	-		(800,508)	
Own shares	(3,497,605)		(1,987,893)	
Loans obtained	(82,595,007)	(97,050,272)	(19,897,272)	(41,863,579)
Cash flows from financing activities (3)		(26,978,772)		(37,663,857)
Net cash flows (4)=(1)+(2)+(3)		10,301,730		(311,135)
Effect of the foreign exchanges		98,653		225,592
Cash and cash equivalents at the beginning of the period		82,946,871		105,598,556
Cash and cash equivalents at the end of the period		93,347,254		105,513,014

The notes are an integral part of the consolidated financial statements at 30 September 2010 and 2009.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Miguel Nuno Santos Almeida

António Sampaio e Mello

David Charles Denholm Hobley

Frank Emmanuel Dangeard

Gervais Gilles Pellissier

Jean-François René Pontal

Nuno Miguel Moniz Trigos Santos Jordão

8.1. 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 30 September 2010 and 2009

1. Details of cash and cash equivalents

	September 2010	September 2009
Cash in hand	219,300	32,862
Cash at bank	5,412,480	25,391,151
Treasury applications	87,785,302	84,503,932
Overdrafts	(69,828)	(4,414,931)
Cash and cash equivalents	93,347,254	105,513,014
Overdrafts	69,828	4,414,931
Cash assets	93,417,082	109,927,945

2. Description of non-monetary financing activities

	September 2010	September 2009
a) Bank credit obtained and not used	123.000.000	105.591.012
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	173,166,653	(92,794,003)	(20,956,607)	59,416,043
Multimedia	(594,259)	(181,234)	(131,218)	(906,711)
Information Systems	(36,169,735)	(1,743,887)	(181,875)	(38,095,497)
Holding	(6,153,454)	1,797,766	(5,709,032)	(10,064,720)
Others	(22,299)	(25,046)	(40)	(47,385)
	130,226,906	(92,946,404)	(26,978,772)	10,301,730

The notes are an integral part of the consolidated financial statements at 30 September 2010 and 2009.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo Xavier

Maria Cláudia Teixeira de Azevedo

Miguel Nuno Santos Almeida

António Sampaio e Mello

David Charles Denholm Hobley

Frank Emmanuel Dangeard

Gervais Gilles Pellissier

Jean-François René Pontal

Nuno Miguel Moniz Trigos Santos Jordão

8.2. Notes to the Consolidated Financial statements

AT 30 SEPTEMBER 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 do 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 O93X – 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, United States of America, Panama, Chile, Singapore and Spain.

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 30 September 2010:

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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 *	IAS 32 – Amendments (Clarification of issuing rights)	1-Feb-10
<i>This standard was revised to consolidate the various amendments that have occurred since its first release.</i>		<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>	
IFRS 1 – Amendments (Additional exemptions for first-time adopters)	1/Jan/10	Revised IAS 24 (Related Parties Disclosures)	1-Jan-11
<i>These amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue costs or efforts in the transition process.</i>		<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>	
IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions)	1/Jan/10	IFRIC 14 – Amendments (Voluntary pre-paid contributions)	1-Jan-11
<i>These amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.</i>		<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 12 – Service concession arrangements	26-Mar-09 *	IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	1-Jul-10
<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>		<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>	
IFRIC 15 – Agreements for the construction of real estate	1-Jan-10 *		
<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>		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 16 – Hedges of a net investment in a foreign operation	1-Jul-09 *	Standard / Interpretation	Effective date (annual periods beginning on or after)
<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-Nov-09 *	<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
IFRIC 18 – Transfer of assets from customers	Transfers made on or after 01-Nov-09 *	<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>	
<i>This interpretation provides guidance on accounting, by operators, of tangible assets 'of customers'.</i>		Improvements to IFRSs – 2008/2010	Various (earliest is 01-Jul-10)
Improvements to IFRSs – 2008	1/Jan/10	<i>This process included the review of 7 accounting standards.</i>	
<i>This process included the review of 12 accounting standards.</i>			
* 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.			
The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory only in future financial years:			

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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 30 September 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'.

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'.

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:

	Years of useful life
Buildings	50
Other constructions	10-20
Networks	10-40
Other plant and machinery	8-16
Vehicles	4
Fixtures and fittings	3-10
Tools	4-8
Other tangible assets	4-8

During the last quarter of 2009 and half year ended at 30 September 2010, 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 specialized 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

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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

Until 1 January 2010, the 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'.

h) Investments

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

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

(i) 'Financial assets at fair value through profit or loss'

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it has been acquired mainly with the purpose of selling it in the short term or if the adoption of this method allows reducing or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to mature within 12 months of the balance sheet date.

(ii) 'Loans and receivables'

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

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

Loans and receivables are recorded as current assets, except when their maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets. Loans and receivables are included in the captions 'Trade debtors' and 'Other current debtors' in the balance sheet.

(iii) 'Held-to-maturity investments'

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

(iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The 'Financial assets at fair value through profit or loss' are initially recognised at fair value and the transaction costs are recorded in the profit and loss statement. Investments

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

are derecognised when the rights to receive cash flows from the investments have expired or all substantial risks and rewards of their ownership have been transferred.

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

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

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

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using other valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these techniques can be used, the Group values those investments at cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant (above 25%) or prolonged (in two consecutive quarters) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss statement.

i) Financial and operational leases

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

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.

Fixed assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets are recognised as expenses in the profit and loss statement for the period to which they relate.

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

j) Inventories

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

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

k) Trade and other current debtors

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

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

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

l) Cash and cash equivalents

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

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

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

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

m) Loans

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

n) Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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

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

p) Provisions and contingencies

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

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

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

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

q) Income tax

'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Taxes'.

Sonaecom has adopted, since 1 January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all subsidiaries on which the Group holds at least 90% of their share capital, with its headquarters located in Portugal and subject to Corporate Income Tax (IRC). The remaining Group companies not covered by the special regime for the taxation of groups of companies are taxed individually based on their respective taxable income, in accordance with the tax rules in force in the location of the headquarters of each company.

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

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each period the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are, likely, enabling the recovery of such assets (note 11).

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

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

r) Government subsidies

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

Subsidies awarded to finance investments are recorded as deferred income and are included in the profit and loss statement under the caption 'Other operating revenues'. If subsidies awarded are used to finance investments in tangible assets, they are recorded in the profit and loss statement during the estimated useful life of the corresponding assets. If the subsidies awarded are used to finance other investments then they are recorded as the investment expenditure is incurred.

s) Accrual basis and revenue recognition

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

The captions of 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amounts in the results of the periods that they relate to.

Revenue from telecommunications services is recognised in the period in which it occurs. Such services are invoiced on a monthly basis. Revenues not yet invoiced, from the last invoicing cycle to the end of the month, are estimated and recorded based on actual traffic. Differences between the estimated and actual amounts, which are usually not material, are recorded in the following period.

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

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

Costs relating to customer loyalty programmes, under which points are awarded by the subsidiary Optimus – Comunicações, S.A., are calculated taking into consideration the probability of the redemption of the points, and

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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 30 September 2010, Sonaeocom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 5.9 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:

	2010		2009	
	30 September	Average	30 September	Average
Pounds Sterling	1,1629	1,1677	1,0998	1,1293
Brazilian Real	0,4310	0,4283	0,3839	0,3539
American Dollar	0,7327	0,7625	0,6829	0,7333
Polish Zloti	0,2510	0,2499	0,2364	0,2288
Australian Dollar	0,7107	0,6833	0,6026	0,5505
Mexican Peso	0,0584	0,0600	0,0506	0,0537
Egyptian Pound	0,1342	0,1343	0,1242	0,1311
Malaysian Ringgit	0,2375	0,2347	0,1973	0,2057
Chilean Peso	0,0015	0,0015	-	-
Singapore Dollar	0,5574	0,5516	-	-

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

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

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

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

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

For Goodwill and Financial investments, the recoverable amount, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Group's Board of Directors. For Accounts receivables, the Group uses historical and statistical information to estimate the amounts in impairment. For Inventories, the impairment is calculated based on market evidence and several indicators of stock rotation.

y) Medium Term Incentive Plans

The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 - 'Share-based Payments'.

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

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

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

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

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

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. The liability is quantified based on the fair value of the shares as of each balance sheet date.

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

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

At 30 September 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 shall be liquidated through the delivery of shares of the parent company, with the exception of one plan, although hedging agreement for this plan was signed on 7 October 2010, 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'.

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 30 September 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.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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, Chile, Panama, Singapore 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.

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.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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.

8.2. Notes to the Consolidated financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(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 30 September 2010 and 2009, are as follows:

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2010		2009	
				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 equipments and infrastructures, 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.	Optimus	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		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.	Optimus	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		100%	100%
Público – Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaetelecom BV	100%	100%	100%	100%

* Sonaecom effective participation

(a) Company dissolved in August 2009.

(b) Company dissolved in December 2009.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(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	86.995%	86.995%	86.995%	86.995%
Sonaecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Optimus – Comunicações, S.A. ('Optimus') (c)	Maia	Implementation, operation, exploitation and supply of networks and rendering services of electronic communications and related resources; supply and commercialisation of products and equipments of electronic communications.	Sonaecom	53.54%	53.54%	53.54%	53.54%
			Sonae Telecom	35.86%	35.86%	37.94%	37.94%
			Sonaecom BV	10.60%	10.60%	8.52%	8.52%
Sonae com – Sistemas de Informação, S.G.P.S., S.A. ('Sonae com SI')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%
Sonae Telecom, S.G.P.S., S.A. ('Sonae Telecom')	Maia	Management of shareholdings in the area of telecommunications.	Sonaecom	100%	100%	100%	100%
Sonaetelecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Tecnológica Telecomunicações, LTDA. ('Tecnológica')	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	99.99%	99.90%	99.99%	99.90%
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 – Malaysian Branch ('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 (UK) Limited ('We Do UK')	Berkshire	Management of shareholdings.	We Do	100%	100%	100%	100%
Sonaecom – Sistemas de Información España, S.L. ('SSI España') (d)	Madrid	Rendering of consultancy services in the area of information systems.	Sonae com SI	100%	100%	-	-
We Do Technologies Singapore PTE. LTD. ('We Do Singapura') (d)	Singapore	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	-	-
We Do Technologies Panamá S.A. ('We Do Panamá') (e)	Panamá City	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	-	-
WeDo Technologies Chile SpA. ('We Do Chile') (f)	Chile	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	-	-

* Sonaecom effective participation

(c) Company formerly designated as Sonaecom – Serviços de Comunicações, SA

(d) Companies established in January 2010.

(e) Company established in February 2010.

(f) Company established in April 2010.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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 30 September 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	50%	50%
Unipress – Centro Gráfico, Lda. ('Unipress')	V.N. Gaia	Trade and industry of graphic design and publishing.	Público	50%	50%	50%	50%

* Sonaecom effective participation

(a) Company dissolved in December 2009.

At 30 September 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	2,804,816	3,420,233
Current assets	725,487	398,246
Non-current liabilities	(2,708,129)	(3,047,784)
Current liabilities	(250,483)	(320,772)
Net result	(168,515)	(89,581)
Total revenues	1,023,559	(1,464,123)
Total costs	(1,192,074)	1,374,542

4. Investments in associated companies

At 30 September 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					
				2010		2009			
Company (Commercial brand)	Head office	Main activity	Shareholder	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.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

At 30 September 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.	647,221	569,893	849,116	107,992
2009				
Sociedade Independente de Radiodifusão Sonora, S.A.	617,083	594,264	964,294	59,296

5. Changes in the Group

During the periods ended at 30 September 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 España	Jan-10	3,010 EUR	100.00%
We Do BV	We Do Singapore	Jan-10	1 SGD	100.00%
We Do BV	We Do Panamá	Feb-10	1,000 USD	100.00%
We Do BV	We Do Chile	Apr-10	500,000 CLP	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 Optimus – 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 30 September 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	99,788,542	1,506,192,402
Additions	-	164,906	3,594,089	57,419	11,481,625	122	79,092	48,170,509	63,547,762
Disposals	-	(89,015)	(11,015,596)	(169,163)	(668,001)	-	-	-	(11,941,775)
Transfers and write-offs	-	10,092,011	89,652,121	-	3,545,327	14,798	136,432	(114,774,206)	(11,333,517)
Balance at 30 September 2010	1,391,593	279,443,634	1,038,192,030	220,169	187,307,856	1,207,188	5,517,557	33,184,845	1,546,464,872
Accumulated depreciation and impairment losses									
Balance at 31 December 2009	-	141,241,132	627,788,784	100,943	148,814,944	1,151,389	3,675,719	-	922,772,911
Depreciation for the period	-	8,545,029	45,059,158	40,358	15,283,281	14,689	493,818	-	69,436,333
Disposals	-	(10,795)	(9,501,667)	(34,641)	(436,808)	-	-	-	(9,983,911)
Transfers and write-offs	-	25,248	(5,875,258)	-	832,252	-	-	-	(5,017,758)
Balance at 30 September 2010	-	149,800,614	657,471,017	106,660	164,493,669	1,166,078	4,169,537	-	977,207,575
Net value	1,391,593	129,643,020	380,721,013	113,509	22,814,187	41,110	1,348,020	33,184,845	569,257,297

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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	-	147,029	8,142,223	559,429	9,401,194	54	125,258	54,121,046	72,496,233
Disposals	-	(590,000)	(549,079)	(323,421)	(258,480)	-	(3,018)	9,600	(1,714,398)
Transfers and write-offs	-	13,909,317	45,203,756	-	2,536,411	4,335	39,763	(61,981,982)	(288,400)
Balance at 30 September 2009	1,391,593	265,762,261	944,094,475	397,124	168,786,240	1,193,718	5,301,707	80,303,166	1,467,230,284
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	-	7,887,467	66,598,390	46,175	13,554,380	16,648	512,088	-	88,615,148
Disposals	-	(172,279)	(134,619)	(78,363)	(130,619)	-	(1,568)	-	(517,448)
Transfers and write-offs	-	(21,766)	30,385	-	(1,638)	(2)	-	-	6,979
Balance at 30 September 2009	-	138,603,987	611,789,026	93,303	143,951,732	1,147,760	3,514,181	-	899,099,989
Net value	1,391,593	127,158,274	332,305,449	303,821	24,834,508	45,958	1,787,526	80,303,166	568,130,295

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 30,541,539 and Euro 29,018,836 as of 30 September 2010 and 2009, and their net book value as of those dates amounted to Euro 19,267,919 and Euro 19,737,390 respectively.

At 30 September 2010, the heading 'Tangible assets' included an amount of Euro 17.3 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 amortized over the duration of their contracts.

At 30 September 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 the period ended at 30 September 2010, the Board of Directors of the Group proceeded to the revision of estimated useful life of a set of assets related to the mobile telecommunications network, which was recorded prospectively with effect from 1 January 2010, and whose impact was that the depreciation in the period ended at 30 September 2010 was approximately 6.6 million Euros lower than in period ended at 30 September 2009.

Additionally, the comparison of depreciation in the period ended at 30 September 2010 with the same period in the previous year is also affected by revisions to the estimated useful life of a set of tangible assets and software, related to the mobile and fixed telecommunications networks, made in the second semester of 2009, which were then recorded prospectively and whose impact was that the depreciation in the semester ended at 30 September 2010 was approximately 18 million Euros and 5.7 million Euros lower, respectively, than in the period ended at 30 September 2009.

The transfers of the period include the transfer for "Intangible Assets" of a set of assets that were hitherto classified as "tangible assets in progress".

Tangible assets in progress at 30 September 2010 and 2009 were made up as follows:

	2010	2009
Development of mobile network	26,016,486	32,270,504
Development of fixed network	5,553,842	39,171,652
Information systems	461,839	3,829,615
Other projects in progress	1,152,678	5,031,395
	7,168,359	48,032,662

At 30 September 2010, the movement that occurred in the amounts for the 'Development of fixed network' refers, essentially, to investments related to the development of the fibre network (FTTH).

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

At 30 September 2010 and 2009, the amounts of commitments to third parties relating to investments to be made were as follows:

	2010	2009
Network	23,904,414	26,004,843
Information systems	3,473,083	3,895,214
	27,377,497	29,900,057

7. Intangible assets

In the periods ended at 30 September 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	6,340,706	1,672,993	15,961,300	23,974,999
Disposals	-	-	-	-
Transfers and write-offs	(312,898)	26,070,445	(20,587,350)	5,170,197
Balance at 30 September 2010	310,109,441	256,913,129	14,586,105	581,608,675
Accumulated amortisation and impairment losses				
Balance at 31 December 2009	86,606,233	192,163,071	-	278,769,304
Amortisation for the period	14,863,193	13,890,335	-	28,753,528
Transfers and write-offs	70	105,190	-	105,260
Balance at 30 September 2010	101,469,496	206,158,596	-	307,628,092
Net value	208,639,945	50,754,533	14,586,105	273,980,583

	2009			
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2008	287,617,028	214,987,219	11,249,369	513,853,616
Additions	16,685,627	1,193,848	12,962,722	30,842,197
Disposals	(27)	(20,820)	(5,250)	(26,097)
Transfers and write-offs	172,079	9,507,920	(8,831,246)	848,753
Balance at 30 September 2009	304,474,707	225,668,167	15,375,595	545,518,469
Accumulated amortisation and impairment losses				
Balance at 31 December 2008	69,111,102	171,924,626	-	241,035,728
Amortisation for the period	13,103,745	17,109,096	-	30,212,841
Disposals	(1)	(4,204)	-	(4,205)
Transfers and write-offs	(34)	204,709	-	204,675
Balance at 30 September 2009	82,214,812	189,234,227	-	271,449,039
Net value	222,259,895	36,433,939	15,375,595	274,069,430

The additions of the period include the value of 5 million Euros related to the acquisition of contractual rights by the subsidiary We Do.

At 30 September 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, Optimus – Comunicações, S.A. committed to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to Euro 274 million which will have to be realised until the end of 2015.

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications (MOPTC), part of these commitments, up to Euro 159 million, would be realised through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of Optimus – 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



8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

own projects must be recognised by the MOPTC and by entities created specifically for this purpose. At 30 September 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 Optimus – Comunicações, S.A. 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 total responsibility is recognized as an added cost of the UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. Thus, at 30 September 2010, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements.

At 30 September 2010 and 2009, the Group kept recorded under the heading 'Intangible assets' the amounts of Euro 193,628,608 and Euro 204,496,242, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 60,755,834 (2009: Euro 63,756,122) related to the license; (ii) Euro 20,300,752 (2009: Euro 21,303,258) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 6,234,974 (2009: Euro 6,542,874) 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 101,146,037 (2009: Euro 107,446,629) 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 30 September 2010 and 2009, were mainly composed of 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 30 September 2010 and 2009, such expenses amounted to Euro 19,448,736 and Euro 18,148,910, respectively. The amounts capitalised in the periods ended at 30 September 2010 and 2009 were Euro 937,665 and Euro 1,214,402, respectively. An interest capitalisation rate of 1.545% was used in 2010 (2.59% in 2009), which corresponds to the average interest rate supported by the Group.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

8. Breakdown of financial instruments

At 30 September 2010 and 2009, the breakdown of financial instruments was as follows:

	Loans and receivables	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	134,304,340	-	134,304,340	-	134,304,340
Other current debtors	20,911,840	-	20,911,840	5,849,587	26,761,427
Cash and cash equivalents (note 12)	93,417,082	-	93,417,082	-	93,417,082
	248,633,262	-	248,633,262	5,849,587	254,482,849
	Loans and receivables	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	160,882,700	-	160,882,700	-	160,882,700
Other current debtors	17,724,607	-	17,724,607	6,100,639	23,825,246
Cash and cash equivalents (note 12)	109,927,945	-	109,927,945	-	109,927,945
	288,535,252	-	288,535,252	6,100,639	294,635,891

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

	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)	334,432,001	–	334,432,001	–	334,432,001
Other non-current financial liabilities (note 16)	–	19,722,406	19,722,406	–	19,722,406
Securitisation of receivables (note 18)	44,662,025	–	44,662,025	–	44,662,025
	379,094,026	19,722,406	398,816,432	–	398,816,432
Current liabilities					
Short-term loans and other loans (note 15)	26,606,331	–	26,606,331	–	26,606,331
Trade creditors	–	159,763,389	159,763,389	–	159,763,389
Other current financial liabilities (note 16 and 19)	–	2,392,200	2,392,200	–	2,392,200
Securitisation of receivables (note 18)	19,596,453	–	19,596,453	–	19,596,453
Other creditors	–	3,107,024	3,107,024	14,415,064	17,522,088
	46,202,784	165,262,613	211,465,397	14,415,064	225,880,461
	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 15)	299,665,173	–	299,665,173	–	299,665,173
Other non-current financial liabilities (note 16)	21,551,839	–	21,551,839	–	21,551,839
Securitisation of receivables (note 18)	64,256,705	–	64,256,705	–	64,256,705
	385,473,717	–	385,473,717	–	385,473,717
Current liabilities					
Short-term loans and other loans (note 15)	89,140,917	–	89,140,917	–	89,140,917
Trade creditors	–	185,375,688	185,375,688	–	185,375,688
Other current financial liabilities (note 16)	1,803,270	–	1,803,270	–	1,803,270
Securitisation of receivables (note 18)	19,464,308	–	19,464,308	–	19,464,308
Other creditors	–	55,732,247	55,732,247	9,447,127	65,179,374
	110,408,495	241,107,935	351,516,430	9,447,127	360,963,557

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 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.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

9. Goodwill

For the periods ended at 30 September 2010 and 2009, the movements occurred in Goodwill were as follows:

	2010	2009
Opening balance	526,106,175	526,030,904
Others	36,444	(49,317)
Closing balance	526,142,619	525,981,587

In the periods ended at 30 September 2010 and 2009, the caption 'Others' includes, mainly, the exchange rate update of the Goodwill.

Goodwill at 30 September 2010 and 2009 was made up as follows:

	2010	2009
Optimus	485,092,375	485,092,375
Público	20,000,000	20,000,000
Grupo We Do	20,597,760	20,436,728
Unipress	321,698	321,698
SIRS	72,820	72,820
Permar	47,253	47,253
Be Towering	10,713	10,713
	526,142,619	525,981,587

The evaluation of the existence of impairment losses in Goodwill is made by taking into account the cash-generating units, 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% and others considered more conservative. 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%

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

10. Investments available for sale

At 30 September 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 30 September 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.

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. (a)	18,619	8,646	9	31,291	3,673	2,481
Lusa – Agência de Notícias de Portugal, S.A. (a)	17,988	8,283	5,408	19,201	1,084	466

(a) Amounts expressed in thousands euros at 31 December 2009.

During the periods ended at 30 September 2010 and 2009, the heading 'Investments available for sale' did not present any movements.

11. Deferred taxes

Deferred tax assets at 30 September 2010 and 2009, amounted to Euro 114,683,784 and Euro 121,721,140, 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 30 September 2010 and 2009 were as follows:

	2010	2009
Opening balance	121,894,677	124,862,171
Impact in results:		
Tax losses carried forward	2,727,243	(2,389,971)
Movements in provisions not accepted for tax purposes and tax benefits	705,694	2,828,464
Temporary net differences between the tax and the accounting amount of certain fixed assets	(8,269,986)	(1,421,567)
Temporary differences arising from the securitisation of receivables (Optimus)	(2,415,000)	(2,415,000)
Sub-total effect on results (note 22)	(7,252,049)	(3,398,074)
Others	41,156	257,043
Closing balance	114,683,784	121,721,140

At 31 December 2008, deferred tax assets were recognised in the amount of Euro 16.1 million in regard 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 assurance, probable. In the period ended at 30 September 2010, an amount of Euro 5.6 million was reversed corresponding to the reversal of the above referred temporary difference.

At 30 September 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 30 September 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%. It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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 30 September 2010 was as follows:

Nature	Companies included in the tax group	Companies excluded from the tax group						Total Sonaecom Group
		Optimus	Be Towering	Praesidium	Saphety	Cape	Total	
Tax losses:								
To be used until 2012	-	116,628	-	-	-	-	116,628	116,628
To be used until 2013	-	-	-	-	-	-	-	-
To be used until 2014	-	8,722,524	-	-	138,000	-	8,860,524	8,860,524
To be used until 2015	-	10,087,266	-	-	-	-	10,087,266	10,087,266
Unlimited utilisation	-	-	-	99,019	-	134,506	233,525	233,525
Tax losses	-	18,926,418	-	99,019	138,000	134,506	19,297,943	19,297,943
Tax provisions not accepted and other temporary differences	380,018	10,344,606	186,147	-	-	-	10,530,753	10,910,771
Tax benefits (SIFIDE)	-	1,716,399	-	-	-	-	1,716,399	1,716,399
Adjustments in the conversion to IAS/IFRS	-	29,156,233	-	-	-	-	29,156,233	29,156,233
Temporary differences arising from the securitisation of receivables	-	10,465,000	-	-	-	-	10,465,000	10,465,000
Differences between the tax and accounting amount of certain fixed assets and others	-	43,137,438	-	-	-	-	43,137,438	43,137,438
Total	380,018	113,746,094	186,147	99,019	138,000	134,506	114,303,766	114,683,784

At 30 September 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	57,773,006	49,307,062
Temporary differences (mainly provisions not accepted for tax purposes)	38,448,480	34,473,695
Adjustments in the conversion to IAS / IFRS	(214,087)	(246,586)
	96,007,399	83,534,171

At 30 September 2010 and 2009, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2010	2009
2009	-	1,245,631
2010	3,814,324	4,219,398
2011	11,752,770	10,029,169
2012	17,904,868	9,040,807
2013	15,941,697	16,001,253
2014	4,636,725	1,326,762
2015	1,676,710	3,185,486
2016	319,582	1,204,308
2017	134,414	1,771,661
2018	44,378	18,740
2019	45,284	-
Unlimited	1,502,254	1,263,847
	57,773,006	49,307,062

The years 2015 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than four years.

The deferred tax liabilities at 30 September 2010 amounting to Euro 5,053,582, result mainly from tax losses, consolidation adjustments and IAS conversion adjustments. On 30 September 2009, there were no deferred tax liabilities.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

The movements that occurred in deferred tax liabilities in the periods ended at 30 September 2010 and 2009 were as follows:

	2010	2009
Opening balance	(106,929)	(605,414)
Impact on results:		
Consolidation adjustments	(4,933,430)	605,414
Adjustments in the conversion to IAS / IFRS	(13,223)	-
Total impact on results (note 22)	(4,946,653)	605,414
Others	-	-
Closing balance	(5,053,582)	-

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 30 September 2010 and 2009 is as follows:

	2010	2009
Earnings before taxes	44,310,144	6,794,128
Income tax rate (25%)	(11,077,536)	(1,698,532)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income	(4,881,437)	(1,694,562)
Use of tax losses from previous years	818,184	-
Recording of deferred tax liabilities	(13,223)	605,414
Movements in provisions not accepted for tax purposes and tax benefits	705,694	2,828,464
Temporary differences arising from the securitisation of receivables	-	(2,415,000)
Movements in the temporary differences between the tax and accounting amounts of certain fixed assets	-	(1,421,567)
Income taxation recorded in the period (note 22)	(14,448,318)	(3,795,783)

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 30 September 2010.

12. Cash and cash equivalents

At 30 September 2010 and 2009, the detail of cash and cash equivalents was as follows:

	2010	2009
Cash	219,300	32,862
Bank deposits repayable on demand	5,412,480	25,391,151
Treasury applications	87,785,302	84,503,932
Cash and cash equivalents	93,417,082	109,927,945
Bank overdrafts (note 15)	(69,828)	(4,414,931)
	93,347,254	105,513,014

At 30 September 2010 and 2009, the 'Treasury applications' had the following breakdown:

	2010	2009
Sonae Investments BV	61,810,000	84,000,000
National banks applications	25,000,000	-
Foreign bank applications	975,302	299,431
	87,785,302	90,299,431

During the period ended at 30 September 2010, the above mentioned treasury applications bear interests at an average rate of 2.086% (2.804% in 2009).

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

13. Share capital

At 30 September 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')	70,109,264	19.14%	62,569,173	17.08%
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	8,264,325	2.26%	6,564,202	1.79%
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 30 September 2010, Sonaecom delivered to its employees 972,184 own shares under its Medium Term Incentive Plan.

Additionally, during the period ended at 30 September 2010, Sonaecom acquired 2,066,935 shares (at an average price of Euro 1.69), holding at the end of the period 8,264,325 own shares, representative of 2.26% of its share capital at the average acquisition cost of Euro 1.66.

15. Loans

At 30 September 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	-	-	-	(2,057,599)	(2,036,025)
	Interests incurred but not yet due	-	-	-	968,685	978,017
					218,911,086	148,941,992
Sonaecom	Commercial paper	150,000,000	July 2012	-	119,500,000	150,000,000
SGPS	Costs associated with financing set-up	-	-	-	(253,403)	(183,340)
	Interests incurred but not yet due	-	-	-	374,627	130,417
					119,621,224	149,947,077
Unipress	Bank loan	-	-	-	462,848	389,305
Saphety	Minority shareholder loan's	-	-	-	386,843	386,799
					339,382,001	299,665,173

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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 SGPS	Commercial paper	100,000,000	Jul-10	-	-	85,000,000
	Commercial paper	40,000,000	May 2011	-	10,000,000	-
	Commercial paper	30,000,000	April-11	-	6,500,000	-
	Commercial paper	15,000,000	June-11	-	5,000,000	-
	Costs associated with financing set-up	-	-	-	-	(347,917)
	Interests incurred but not yet due	-	-	-	86,503	73,903
					21,586,503	84,725,986
Several	Bank overdrafts (Note 12)	-	-	-	69,828	4,414,931
					21,656,331	89,140,917

Bond Loans

In June 2005, Sonaecom signed a Bond Loan, privately placed, amounting to 150 million euros without guarantees and with a maturity of eight years. The bonds bear interest at floating rate, indexed to Euribor and paid semiannually. This issue was organized and mounted by Millennium BCP Investimento.

In February and March 2010, Sonaecom signed two other Bond Loan, both privately placed, in the amount of 30 and 40 million euros, without guarantees and maturities of 3 and 5 years respectively. Both loans bear interest at floating rate indexed to Euribor, and paid semiannually. The issues were organized if mounted by, respectively, Banco Espirito Santo de Investimento and Caixa - Banco de Investimento. There was required the listing of these two bond issues in the Euronext Lisbon market.

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.

The average interest rate applied to the Bond Loans for the period was 1.877%.

Commercial Paper Programme

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. According to the original terms, this programme was reduced to 150 million in July 2010.

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 three Commercial Paper Programmes Issuance, with a maximum amount of Euro 40 million, 30 million and 15 million respectively, hired in January 2005, March and June 2010 respectively, with subscription guarantee and maturity of one year, possibly renewable.

Placing underwriting is currently provided by Banco Comercial Português, in case of the programme of Euro 40 million, by Caja de Ahorros Y Monte de Piedad de Madrid (representative in Portugal), by Banco BPI in case of programme of Euro 30 million and by Caixa Económica Montepio Geral in case of programme of Euro 15 million.

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.

Short term bank credit lines

Sonaecom has also bank credit lines for short term, in the form of current or overdraft account commitments, in the amount of Euro 29 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

All these loans and bank credit lines bear interest at market rates, indexed to the Euribor for the respective term, and were all contracted in euro.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

At 30 September 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	-	-	180,000,000	-	40,000,000
Interests	4,996,900	5,010,590	3,910,773	1,254,400	707,963
Commercial paper:					
Reimbursements	-	119,500,000	-	-	-
Interests	1,489,045	1,247,679	-	-	-
	6,485,945	125,758,269	183,910,773	1,254,400	40,707,963
2009					
Bond loan:					
Reimbursements	-	-	-	150,000,000	-
Interests	3,486,000	3,486,000	3,495,551	2,511,830	-
Commercial paper:					
Reimbursements	-	-	150,000,000	-	-
Interests	1,552,171	1,552,171	1,292,767	-	-
	5,038,171	5,038,171	154,788,318	152,511,830	-

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.

At 30 September 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	119,500,000	30,500,000		x
Sonaecom	Commercial paper	40,000,000	10,000,000	30,000,000	x	
Sonaecom	Commercial paper	30,000,000	6,500,000	23,500,000	x	
Sonaecom	Commercial paper	15,000,000	5,000,000	10,000,000	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	16,500,000	-	16,500,000	x	
Sonaecom	Overdraft facilities	10,000,000	-	10,000,000	x	
Sonaecom	Authorised overdrafts	2,500,000	-	2,500,000	x	
		484,000,000	361,000,000	123,000,000		
2009						
Sonaecom	Commercial paper	150,000,000	150,000,000	-		x
Sonaecom	Commercial paper	100,000,000	85,000,000	15,000,000	x	
Sonaecom	Commercial paper	70,000,000	-	70,000,000	x	
Sonaecom	Bond loan	150,000,000	150,000,000	-		x
Sonaecom	Overdraft facilities	16,500,000	-	16,500,000	x	
Público	Overdraft facilities	2,500,000	-	2,500,000	x	
Público	Overdraft facilities	1,500,000	-	1,500,000	x	
WeDo Brasil	Overdraft facilities	91,012	-	91,012	x	
		490,591,012	385,000,000	105,591,012		

At 30 September 2010, there are no interest rates hedging instruments outstanding.

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.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

During the period ended at 30 September 2009, the movements that occurred in the fair value of the swaps, related to the Commercial Paper Programme, in the amount of minus Euro 174,106 and the bonds loans, in the amount of plus Euro 481,174, were recorded under the caption 'Hedging reserve', as the hedging was considered effective, in accordance with IAS 39.

During the year ended at 31 December 2009, the above mentioned derivative financial instruments reached their maturity. Thus, at 30 September 2010 the total gross debt is exposed to changes in market interest rates.

16. Other non-current financial liabilities

At 30 September 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 19,722,406 and Euro 21,551,839, respectively.

At 30 September 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	-	-	867,321	585,019
2010	1,133,408	919,078	3,162,828	2,115,664
2011	3,118,320	2,235,330	2,933,524	1,982,465
2012	3,114,526	2,267,454	2,929,730	2,069,890
2013	2,857,542	2,108,092	2,757,633	1,990,156
2014 onwards	19,055,409	14,584,652	18,483,689	14,611,915
	29,279,205	22,114,606	31,134,725	23,355,109
Interests	(7,164,599)	-	(7,779,615)	-
	22,114,606	22,114,606	23,355,110	23,355,109
Short-term liability (note 19)	-	(2,392,200)	-	(1,803,270)
	22,114,606	19,722,406	23,355,110	21,551,839

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 30 September 2010 and 2009 were as follows:

	Opening balance	Increases	Utilisations	Decreases	Transfers	Closing balance
2010						
Accumulated impairment losses on accounts receivables	67,838,678	10,670,707	(8,198,321)	(16,674)	-	70,294,390
Accumulated impairment losses on inventories	12,690,082	1,850,000	(227,121)	-	-	14,312,961
Provisions for other liabilities and charges	32,175,824	1,257,566	(32,177)	(359,275)	-	33,041,938
	112,704,584	13,778,273	(8,457,619)	(375,949)	-	117,649,289
2009						
Accumulated impairment losses on accounts receivables	75,788,067	13,570,475	(16,847,207)	(120,903)	194,177	72,584,609
Accumulated impairment losses on inventories	11,273,207	2,713,225	(484,126)	(312,929)	502,706	13,692,083
Provisions for other liabilities and charges	32,205,441	1,380,625	(196,635)	(458,156)	(194,177)	32,737,098
	119,266,715	17,664,325	(17,527,968)	(891,988)	502,706	119,013,790

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 428,980 (2009: Euro 1,235,280) related to the dismantling of sites, as foreseen in IAS 16 (note 1.d)), and also includes the amount of Euro 109,708 (2009: Euro 89,850) 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

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

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 11,389,585 (2009: Euro 16,339,195).

The heading 'Utilisations' refers, essentially, to the utilisation of provisions registered against entries in customers current accounts of the subsidiary Optimus - Comunicações S.A., fully subject to impairment losses already recognised in the profit and loss statement.

At 30 September 2010 and 2009, the breakdown of the provisions for other liabilities and charges is as follows:

	2010	2009
Dismantling of sites	22,637,701	21,842,421
Several contingencies	2,788,697	3,845,356
Legal processes in progress	2,865,034	2,218,711
Indemnities	728,299	613,356
Others	4,022,207	4,217,254
	33,041,938	32,737,098

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 Optimus - Comunicações, 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 Optimus - Comunicações, 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 19,596,453) was registered in current liabilities and the remainder, amounting to Euro 44,666,024, 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 30 September 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	19,596,453	19,752,403	19,906,862	5,002,760	-	64,258,478
2009						
Securitisation of receivables	19,464,308	19,596,012	19,751,928	19,910,779	4,997,986	83,721,013

19. Other current financial liabilities

At 30 September 2010, this caption includes the amount of Euro 2,392,200 (2009: Euro 1,803,270) related to the short term portion of lease contracts (note 16).

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

20. External supplies and services

'External supplies and services' for the periods ended at 30 September 2010 and 2009 had the following composition:

	2010	2009
Interconnection costs	154,017,571	152,496,676
Specialised works	42,976,563	48,310,834
Commissions	33,738,527	36,002,835
Rents	25,047,418	26,081,379
Other subcontracts	22,670,128	19,007,332
Advertising and promotion	22,910,423	31,874,449
Leased lines	16,665,833	18,497,688
Energy	7,930,591	6,934,347
Maintenance and repairs	4,965,074	3,477,763
Communications	4,503,024	4,902,860
Travelling costs	3,917,790	3,651,397
Fees	2,626,297	2,664,023
Others	17,072,462	14,747,083
	359,041,701	368,648,666

The commitments assumed by the Group at 30 September 2010 and 2009 related to operational leases are as follows:

	2010	2009
Minimum payments of operational leases:		
2009	–	13,110,424
2010	12,869,116	42,839,456
2011	44,614,755	39,443,088
2012	41,686,002	35,220,265
2013	40,146,422	33,466,179
2014	35,574,811	27,468,067
2015	10,410,126	21,813,865
2016 and following years	32,387,277	–
Renewable by periods of one year	3,547,761	4,034,861
	221,236,270	217,396,205

During the period ended at 30 September 2010, an amount of Euro 37,274,482 (2009: Euro 40,823,689) 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 Sonaeocom 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).

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

21. Financial results

Net financial results for the periods ended at 30 September 2010 and 2009 were made up as follows:

	2010	2009
Other financial expenses:		
Interest expenses:	(10,021,615)	(14,622,801)
Bank loans	(5,562,308)	(7,655,568)
Securitisation interests (note 18)	(2,765,255)	(4,107,523)
Leasing	(741,140)	(804,203)
Swap interests	-	(488,408)
Other interests	(952,912)	(1,567,099)
Foreign exchange losses	(424,773)	(135,284)
Other financial expenses	(356,517)	(486,040)
	(10,802,905)	(15,244,125)
Other financial income:		
Interest income	3,840,908	3,732,844
Foreign exchange gains	473,453	607,113
	4,314,361	4,339,957

During the period ended at 30 September 2010, 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. During the period ended at 30 September 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 and interests related to interest rate swaps contracted by Sonaecom.

22. Income taxation

Income taxes recognised during the periods ended at 30 September 2010 and 2009 were made up as follows (costs) / gains:

	2010	2009
Current tax	(2,249,616)	(1,003,123)
Deferred tax assets (note 11)	(7,252,049)	(3,398,074)
Deferred tax liabilities (note 11)	(4,946,653)	605,414
	(14,448,318)	(3,795,783)

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

23. Related parties

During the periods ended at 30 September 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 30 September 2010 and 2009 were as follows:

	Balances at 30 September 2010			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae	30,403	1,888	–	49,801
Modelo Continente Hipermercados, S.A.	2,388,431	1,581,437	–	(617,021)
Worten	2,425,693	–	–	(1,333,830)
Sonaecenter II	725,353	146,682	–	(143,792)
Sonae Investments BV	–	–	61,810,000	3,806
France Telecom	2,274,799	1,105,228	–	(5,359,128)
	7,844,679	2,835,235	61,810,000	(7,400,164)

	Balances at 30 September 2009			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae	133,320	102,231	–	57,524
Modelo Continente Hipermercados, S.A.	752,985	2,323,704	–	(2,800,053)
Worten	4,490,970	–	–	(2,209)
Sonae Investments BV	–	700,423	84,000,000	707,608
France Telecom	2,874,495	3,685,959	–	(6,336,589)
	8,251,770	6,812,317	84,000,000	(8,373,719)

	Transactions at 30 September 2010			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae	69,584	(75,911)	368,940	–
Modelo Continente Hipermercados, S.A.	3,349,482	1,071,858	–	190,077
Worten	3,138,562	2,084,604	–	–
Sonaecenter II	4,433,974	442,311	–	11,572
Sonae Investments BV	–	–	1,440,070	–
France Telecom	12,156,763	9,357,673	–	–
	23,148,365	12,880,535	1,809,010	201,649

	Transactions at 30 September 2009			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae	228,370	1,212,157	(2,739)	(5,103)
Modelo Continente Hipermercados, S.A.	7,553,120	1,490,341	–	129,964
Worten	7,427,847	1,995,126	–	–
Sonae Investments BV	–	–	2,336,497	–
France Telecom	12,671,040	10,696,493	–	–
	27,880,377	15,394,117	2,333,758	124,861

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 30 September 2010 and 2009, no impairment losses referring to related entities were recognised.

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

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

24. Guarantees provided to third parties and sureties

Guarantees provided to third parties at 30 September 2010 and 2009 were as follows:

Company	Beneficiary	Description	2010	2009
Optimus e Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	9,350,818	33,943,883
Optimus	Direcção de Contribuições e Impostos (Portuguese tax authorities)	IRC – Tax assessment	1,711,220	1,784,323
Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	Tax audit 2005	754,368	754,368
WeDo	Emirates Telecom. Corp., Oman Telecommunications, AD Makedonski, Telcel, Pak Telecom and Dialog Telekom PLC	Completion of work to be done	720,603	204,668
Optimus e Público	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT – Impugnation process	598,000	598,000
Optimus	Direcção Geral do Tesouro (Portuguese tax authorities)	IRC – Withholding tax on payments to non-residents	431,954	431,954
WeDo, Saphety and Digitmarket	IAPMEI (Institute of Support to Small and Medium Enterprises and Investment)	'HERMES' project – QREN	327,730	327,730
Optimus	Governo Civil de Lisboa (Lisbon Local Government)	Guarantee the sweepstakes plan complete fulfilment	298,180	287,906
Optimus	Coimbra, Lisbon, Braga, Elvas, Caldas da Rainha, Guarda, Mealhada, Barcelos and Faro Municipalities	Performance bond – works	274,551	305,775
Público	Tribunal de Trabalho de Lisboa (Lisbon Labour Court)	Execution action n. 199A/92	271,511	271,511
Optimus and Digitmarket	Hewlett Packard	Finance lease and services provider contracts	–	114,609
Optimus	Dolce Vita Tejo	Completion of work to be done	–	100,286
Several	Others		1,215,972	1,048,532
			15,954,907	40,173,545

In addition to these guarantees were set up two sureties for the current fiscal processes. Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 2,830,506 and Sonaecom SGPS consisted of Optimus surety for the amount of Euro 6,935,848.

At 30 September 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.



8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

25. Information by business segment

The following business segments were identified for the periods ended at 30 September 2010 and 2009:

- Telecommunications;
- Multimedia;
- Information systems;
- Holding activities.

Excluding the ones mentioned above, the remaining activities of the Group have been classified as unallocated.

Inter-segment transactions during the periods ended at 30 September 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.

Overall information by business segment at 30 September 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:

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 2010 AND 2009

(Amounts expressed in euro)

	Telecommunications		Multimedia		Information Systems		Holding Activities		Other		Subtotal		Eliminations		Total	
	September	September	September	September	September	September	September	September	September	September	September	September	September	September	September	September
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenues:																
Sales and services rendered	583,118,228	600,031,789	21,974,654	22,481,726	102,336,665	115,579,679	4,805,975	5,407,216	165,600	165,600	712,401,122	743,666,010	(28,273,446)	(27,077,030)	684,127,676	716,588,980
Other operating revenues	6,054,420	4,746,454	359,911	150,543	307,939	504,660	5,072	17,482	-	-	6,727,342	5,419,139	(2,120,354)	(2,326,305)	4,606,988	3,092,834
Total revenues	589,172,648	604,778,243	22,334,565	22,632,269	102,644,604	116,084,339	4,811,047	5,424,698	165,600	165,600	719,128,464	749,085,149	(30,393,800)	(29,403,355)	688,734,664	719,681,794
Depreciation and amortisation	(94,585,570)	(117,394,055)	(1,090,195)	(1,133,045)	(3,182,260)	(1,386,673)	(87,511)	(97,986)	(22,395)	(21,604)	(98,967,931)	(120,033,363)	778,070	1,205,374	(98,189,861)	(118,827,989)
Net operating income / (loss) for the segment	51,182,817	17,277,600	(2,105,503)	(3,425,493)	2,630,457	4,371,653	(1,004,415)	(1,161,638)	79,160	131,565	50,782,516	17,193,687	16,172	504,609	50,798,688	17,698,296
Net interests	(8,595,439)	(8,651,673)	(80,156)	(82,895)	(456,536)	(77,320)	4,028,867	(2,055,283)	(38,309)	(23,372)	(5,141,573)	(10,890,543)	(1,039,134)	586	(6,180,707)	(10,889,957)
Gains and losses in associated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial results	(310,026)	(260,578)	(8,457)	(17,182)	126,168	328,354	(7,519,582)	(4,464,764)	(40)	(40)	(7,711,937)	(4,414,210)	7,404,100	4,399,999	(307,837)	(14,211)
Income taxation	(12,239,570)	(3,200,011)	71,519	(197,471)	(934,560)	(2,051,188)	(1,515,354)	694,079	(8,866)	(28,606)	(14,626,831)	(4,783,197)	178,513	987,414	(14,448,318)	(3,795,783)
Consolidated net income / (loss) for the year	30,037,782	5,165,338	(2,122,597)	(3,723,041)	1,365,529	2,571,499	(6,010,484)	(6,987,606)	31,945	79,547	23,302,175	(2,894,263)	6,559,651	5,892,608	29,861,826	2,998,345
Attributable to:																
Shareholders of parent company	30,037,782	5,165,338	(2,122,597)	(3,723,041)	1,217,122	2,328,688	(6,010,484)	(6,987,606)	31,945	79,547	23,153,768	(3,137,074)	6,565,628	5,887,048	29,719,396	2,749,974
Minority interests	-	-	-	-	148,407	242,811	-	-	-	-	148,407	242,811	(5,977)	5,560	142,430	248,371
Assets:																
Tangible and intangible assets and goodwill	838,210,899	839,956,292	4,456,762	6,176,017	68,776,521	62,745,617	460,357	581,027	1,577,356	1,581,906	913,481,895	911,040,859	455,898,604	457,140,453	1,369,380,499	1,368,181,312
Inventories	24,410,982	24,118,570	576,278	751,231	2,188,689	5,094,147	-	-	-	-	27,175,949	29,963,948	-	-	27,175,949	29,963,948
Financial investments	1,282,025	1,282,025	436,509	436,509	907,494	907,494	1,125,347,238	1,074,304,051	-	-	1,127,973,266	1,076,930,079	(1,126,765,946)	(1,075,722,759)	1,207,320	1,207,320
Other non-current assets	115,793,062	121,644,098	116,707	66,436	888,157	331,037	445,984,743	461,332,963	-	(27,038)	562,782,669	583,347,496	(447,962,222)	(461,607,188)	114,820,447	121,740,308
Other current assets of the segment	303,299,474	381,148,867	11,769,056	9,637,947	48,922,600	44,853,322	76,918,380	102,099,141	87,294	90,211	440,996,804	537,829,488	(115,473,748)	(93,384,351)	325,523,056	444,445,137
	1,282,996,442	1,368,149,852	17,355,312	17,068,140	121,683,461	113,961,617	1,648,710,718	1,638,317,182	1,664,650	1,645,079	3,072,410,583	3,139,141,870	(1,234,303,312)	(1,173,573,845)	1,838,107,271	1,965,568,025
Liabilities:																
Liabilities of the segment	788,579,453	905,813,217	14,975,378	20,247,377	69,191,771	57,460,508	456,107,310	454,053,540	1,484,568	1,415,650	1,330,338,480	1,438,990,292	(456,537,232)	(406,402,021)	873,801,248	1,032,588,271
	788,579,453	905,813,217	14,975,378	20,247,377	69,191,771	57,460,508	456,107,310	454,053,540	1,484,568	1,415,650	1,330,338,480	1,438,990,292	(456,537,232)	(406,402,021)	873,801,248	1,032,588,271
CAPEX																
	81,085,842	101,922,240	376,428	575,595	8,133,377	1,804,290	7,903,378	112,574	25,046	-	97,524,071	104,414,699	(10,001,313)	(1,076,270)	87,522,758	103,338,429

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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	
	September	September	September	September	September	September	September	September
	2010	2009	2010	2009	2010	2009	2010	2009
Income:								
Services rendered	440,819,317	453,335,602	180,682,972	186,483,143	(38,384,061)	(39,786,956)	583,118,228	600,031,789
Other operating revenues	24,256,918	25,176,746	880,912	531,432	(19,083,410)	(20,961,724)	6,054,420	4,746,454
Total revenues	465,076,235	478,512,348	181,563,884	187,014,575	(57,467,471)	(60,748,680)	589,172,648	604,778,243
Depreciation and amortisation	(69,271,199)	(87,294,090)	(25,194,551)	(30,060,487)	(119,820)	(39,478)	(94,585,570)	(117,394,055)
Operational results of the segments	73,220,681	44,059,181	(21,973,048)	(26,638,048)	(64,816)	(143,533)	51,182,817	17,277,600
Assets:								
Tangible assets and goodwill	658,143,600	659,139,725	180,067,299	180,816,567	-	-	838,210,899	839,956,292
Inventories	19,796,154	18,474,252	4,614,828	5,644,318	-	-	24,410,982	24,118,570
Financial investments	1,282,025	1,282,025	-	-	-	-	1,282,025	1,282,025
CAPEX	63,053,286	69,670,635	18,032,556	32,251,605	-	-	81,085,842	101,922,240

During the periods ended at 30 September 2010 and 2009, the inter-segments sales and services were as follows:

	Telecommunications	Multimedia	Information Systems	Holding Activities	Others
2010					
Telecommunications	-	44,999	21,186,562	4,549,752	165,600
Multimedia	1,019,480	-	149,703	107,068	-
Information Systems	749,672	61,219	-	144,058	-
Holding Activities	46,971	2,700	43,454	-	-
Sonaecom others	1,056	-	-	1,152	-
Others	581,301,049	21,865,736	80,956,946	3,945	-
	583,118,228	21,974,654	102,336,665	4,805,975	165,600
2009					
Telecommunications	-	166,679	19,383,723	5,143,750	165,600
Multimedia	884,975	-	199,631	103,395	-
Information Systems	709,924	60,136	-	156,048	-
Holding Activities	50,870	3,183	46,949	-	-
Sonaecom others	1,056	-	-	1,111	-
Others	598,384,964	22,251,728	95,949,376	2,912	-
	600,031,789	22,481,726	115,579,679	5,407,216	165,600

26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 29,719,396 in 2010 and Euro 2,749,974 in 2009) by the average number of shares outstanding during the periods ended at 30 September 2010 and 2009, net of own shares (Euro 358,162,367 in 2010 and Euro 359,873,818 in 2009).

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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 30 September 2010 can be summarised as follows:

		Vesting period		30 September 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	382	1,648,942
2008 Plan	1.117	10-Mar-09	09-Mar-12	397	3,520,511
2009 Plan	1.685	10-Mar-10	08-Mar-13	405	2,490,622
Sonae SGPS shares					
2006 Plan	1.680	09-Mar-07	08-Mar-10	–	–
2007 Plan	1.160	10-Mar-08	09-Mar-11	4	186,234
2008 Plan	0.526	10-Mar-09	09-Mar-12	4	389,258
2009 Plan	0.761	10-Mar-10	08-Mar-13	4	302,131

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

During the period ended at 30 September 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	408	2,498,790	4	290,000
Vested	(381)	(943,725)	(5)	(131,764)
Vested beforehand	(3)	(28,459)	–	–
Cancelled / elapsed ⁽¹⁾	(32)	(442,398)	(4)	(158,267)
Outstanding at 30 September 2010:				
Unvested	1,184	7,660,075	12	877,623
Total	1,184	7,660,075	12	877,623

(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 4,101,664 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, although hedging agreement for this contract was signed on 7 October 2010, 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'.

8.2. Notes to the Consolidated Financial statements (continued)

AT 30 SEPTEMBER 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 30 September 2010, were as follows:

	Amount
Costs recognised in previous years	23,493,468
Costs recognised in the period	2,570,995
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	4,702,156
Recorded in other current liabilities	198,095
Recorded in other non current liabilities	402,397
Recorded in reserves	4,101,664

28. Other matters

At 30 September 2010, 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 the vagueness of 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), thus concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

These consolidated financial statements were approved by the Board of Directors on 2 November 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 30 September 2010, the related parties of Sonaecom Group are as follows:

Key management personnel

<p>Álvaro Carmona e Costa Portela Álvaro Cuervo Garcia Ana Cristina Dinis da Silva Fanha Vicente Soares Ana Paula Garrido Pina Marques Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier António de Sampaio e Mello Artur Carlos Gomes Loureiro Belmiro de Azevedo David Hobley David Graham Shenton Bain David Pedro Oliveira Parente Ferreira Alves Duarte Paulo Teixeira de Azevedo Franck Emmanuel Dangeard</p>	<p>Gervais Pellissier Jean François Pontal José Manuel Pinto Correia Luís Filipe Palmeira Lampreia Manuel Antonio Neto Portugal Ramalho Eanes Maria Cláudia Teixeira de Azevedo Michel Marie Bon Miguel Nuno Santos Almeida Nuno Manuel Moniz Trigos Jordão Nuno Miguel Teixeira Azevedo Pedro Rafael de Sousa Nunes Pedro Rui José Silva Goncalves Paiva</p>
--	--

Sonae/Efanor Group Companies

<p>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 Arrábidasshopping – Centro Comercial, S.A. Aserraderos de Cuellar, S.A. Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A.</p>	<p>Avenida M – 40 B.V. Avenida M – 40, S.A. Azulino Imobiliária, S.A. BB Food Service, S.A. Beeskow Holzwerkstoffe Beralands BV 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,Urban., S.A. Centro Vasco da Gama – Centro Comercial, S.A. Change, SGPS, S.A. Chão Verde – Soc.Gestora Imobiliária, S.A.</p>
--	--

Appendix (continued)

Choice Car – Comércio de Automóveis, S.A.	Fashion Division, S.A.
Choice Car SGPS, S.A.	Finlog – Aluguer e Comércio de Automóveis, S.A.
Cia.de Indústrias e Negócios, S.A.	Fontana Corretora de Seguros Ltda
Cinclus Imobiliária, S.A.	Fozimo – Sociedade Imobiliária, S.A.
Citorres – Sociedade Imobiliária, S.A.	Fozmassimo – Sociedade Imobiliária, S.A.
Clérigosshopping – Gestão do C.Comerc., S.A.	Freccia Rossa – Shopping Centre S.r.l.
Coimbrashopping – Centro Comercial, S.A.	Friengineering International Ltda
Colombo Towers Holding, BV	Fundo de Invest. Imobiliário Imosede
Contacto Concessões, SGPS, S.A.	Fundo I.I. Parque Dom Pedro Shop.Center
Contibomba – Comérc.Distr.Combustíveis, S.A.	Fundo Invest.Imob.Shopp. Parque D.Pedro
Contimobe – Imobil.Castelo Paiva, S.A.	Gaiashopping I – Centro Comercial, S.A.
Continente Hipermercados, S.A.	Gaiashopping II – Centro Comercial, S.A.
Contry Club da Maia-Imobiliaria, S.A.	GHP GmbH
Cooper Gay (Holding) Limited	Gli Orsi Shopping Centre 1 Srl
Coral - Corretores de Seguros, SA	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.
Distrifin – Comercio y Prest.Servicios, S.A.	GOOD AND CHEAP – Comércio Retalhista, S.A.
Dortmund Tower GmbH	Guerin – Rent a Car (Dois), Lda.
Dos Mares – Shopping Centre B.V.	Guimarãesshopping – Centro Comercial, S.A.
Dos Mares – Shopping Centre, S.A.	Harvey Dos Iberica, S.L.
Ecociclo – Energia e Ambiente, S.A.	Herco Consultoria de Riscos e Corretora de Seguros Ltda
Ecociclo II	HIPOTÉTICA – Comércio Retalhista, SA
Edições Book.it, S.A.	Hornitex Polska Sp z.o.o
Edifícios Saudáveis Consultores, S.A.	Iberian Assets, S.A.
Efanor – Design e Serviços, S.A.	IGI – Investimento Imobiliário, S.A.
Efanor – Indústria de Fios, S.A.	Igimo – Sociedade Imobiliária, S.A.
Efanor Investimentos, SGPS, S.A.	Iginha – Sociedade Imobiliária, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imoarea – Invest. Turísticos, SGPS, S.A.
El Rosal Shopping, S.A.	Imobiliária da Cacela, S.A.
Empreend.Imob.Quinta da Azenha, S.A.	Imoclub – Serviços Imobiliários, S.A.
Equador & Mendes, Lda	Imoconti – Soc.Imobiliária, S.A.
Espimaia – Sociedade Imobiliária, S.A.	Imodivor – Sociedade Imobiliária, S.A.
Estação Oriente – Gest.de Galerias Com., S.A.	Imoestrutura – Soc.Imobiliária, S.A.
Estação Viana – Centro Comercial, S.A.	Imoferro – Soc.Imobiliária, S.A.
Estêvão Neves – Hipermercados Madeira, S.A.	Imohotel – Emp.Turist.Imobiliários, S.A.
Etablissement A. Mathe, S.A.	Imomuro – Sociedade Imobiliária, S.A.
Euromegantic, Lteé	Imopenínsula – Sociedade Imobiliária, S.A.
Euroresinas – Indústrias Químicas, S.A.	Imoplamac Gestão de Imóveis, S.A.
Farmácia Selecção, S.A.	Imoponte – Soc.Imobiliaria, S.A.

Appendix (continued)

Imoresort – Sociedade Imobiliária, S.A.	Marmagno – Expl.Hoteleira Imob., S.A.
Imoresultado – Soc.Imobiliaria, S.A.	Martimope – Sociedade Imobiliária, S.A.
Imosedas – Imobiliária e Serviços, S.A.	Marvero – Expl.Hoteleira Imob., S.A.
Imosistema – Sociedade Imobiliária, S.A.	MC Property Management S.A.
Imosona e II	MC SGPS, S.A.
Impaper Europe GmbH & Co. KG	MDS Consultores, S.A.
Implantação – Imobiliária, S.A.	MDS Corretor de Seguros, S.A.
Infofield – Informática, S.A.	Mediterranean Cosmos Shop. Centre Investments, S.A.
Inparsa – Gestão Galeria Comercial, S.A.	Megantic BV
Inparvi SGPS, S.A.	Miral Administração e Corretagem de Seguros Ltda
Integrum – Edifícios Sustentáveis, S.A.	MJLF – Empreendimentos Imobiliários, S.A.
Integrum – Serviços Partilhados, S.A.	Modalfa – Comércio e Serviços, S.A.
Interclean, S.A.	MODALLOOP – Vestuário e Calçado, S.A.
Interlog – SGPS, S.A.	Modelo – Dist.de Mat. de Construção, S.A.
Investalentejo, SGPS, S.A.	Modelo Cont. Seguros-Soc. De Mediação, Lda
Invsau de – 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.

Appendix (continued)

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

Appendix (continued)

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

Appendix (continued)

<p>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 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.</p>	<p>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>
---	---

FT Group Companies

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

8.3. Sonaecom Individual Financial statements

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

Balance sheets

For the periods ended at 30 September 2010 and 2009 and for the year ended at 31 December 2009

	Notes	September 2010	September 2009	December 2009
Assets				
Non-current assets				
Tangible assets	1a, 1e and 2	446,958	544,652	516,887
Intangible assets	1b and 3	13,399	36,376	27,603
Investments in Group companies	1c and 5	934,826,790	899,555,905	925,155,905
Other non-current assets	1c, 1l, 1m, 4 and 6	650,535,016	598,357,223	635,868,036
Deferred tax assets	1k, 1m and 7	–	717,816	–
Total non-current assets		1,585,822,163	1,499,211,972	1,561,568,431
Current assets				
Other current debtors	1d, 1f, 4 and 8	12,430,261	86,338,976	7,618,844
Other current assets	1l, 1m	5,713,296	5,529,795	7,001,871
Cash and cash equivalents	1g, 4 and 9	1,713,344	6,360,997	3,189,749
Total current assets		19,856,901	98,229,768	17,810,464
Total assets		1,605,679,064	1,597,441,740	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	(13,725,585)	(11,703,596)	(12,809,015)
Reserves	1n	788,216,313	795,701,917	795,738,278
Net income / (loss) for the period		8,863,716	(6,157,334)	(6,056,465)
Total Shareholders' funds		1,149,601,312	1,144,087,855	1,143,119,666
Liabilities				
Non-current liabilities				
Medium and long-term loans – net of short-term portion	1h, 4 and 12a	338,785,713	298,911,992	298,531,561
Provisions for other liabilities and charges	1j and 13	52,773	491,634	41,634
Other non-current liabilities	1l, 1m, 1r	337,226	206,755	247,722
Deferred tax liabilities	1k, 1m and 7	1,386,612	–	10,480
Total non-current liabilities		340,562,324	299,610,381	298,831,397
Current liabilities				
Short-term loans and other loans	1h, 1g, 4, and 12b	113,355,170	151,062,692	134,585,855
Other creditors	4	692,058	1,148,540	798,465
Other current liabilities	1l, 1m, 1r	1,468,200	1,532,272	2,043,512
Total current liabilities		115,515,428	153,743,504	137,427,832
Total Shareholders' funds and liabilities		1,605,679,064	1,597,441,740	1,579,378,895

The notes are an integral part of the financial statements at 30 September 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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

8.3. Sonaecom Individual Financial statements (continued)

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

(Amounts expressed in euro)

Profit and Loss account by nature

For the periods ended at 30 September 2010 and 2009 and for the year ended at 31 December 2009

	Notes	September 2010	September 2009	December 2009
Services rendered	16	4,824,236	5,424,864	7,114,067
Other operating revenues	1f	5,072	17,482	23,247
		4,829,308	5,442,346	7,137,314
External supplies and services	14 and 16	(2,267,238)	(2,497,234)	(3,548,014)
Staff expenses	1r	(3,274,381)	(3,400,302)	(4,612,452)
Depreciation and amortisation	1a, 1b, 1q, 2 and 3	(87,511)	(97,986)	(134,923)
Provisions and impairment losses	1j, 1q and 13	–	(450,014)	(14)
Other operating costs		(126,752)	(66,810)	(92,792)
		(5,755,882)	(6,512,346)	(8,388,195)
Gains and losses on Group companies	15	2,566,323	(4,020,000)	(6,071,000)
Other financial expenses	1c, 1h, 1q, 12, 15 and 16	(5,801,471)	(9,242,053)	(10,904,516)
Other financial income	1c, 12, 15 and 16	14,551,219	7,485,349	12,240,316
Current income / (loss)		10,389,497	(6,846,704)	(5,986,081)
Income taxation	1k and 7	(1,525,781)	689,370	(70,384)
Net income / (loss) for the period		8,863,716	(6,157,334)	(6,056,465)
Earnings per share	18			
Including discontinued operations:				
Basic		0.02	(0.02)	(0.02)
Diluted		0.02	(0.02)	(0.02)
Excluding discontinued operations:				
Basic		0.02	(0.02)	(0.02)
Diluted		0.02	(0.02)	(0.02)

The notes are an integral part of the financial statements at 30 September 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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

Statement of comprehensive income

For the periods ended at 30 September 2010 and 2009

8.3. Sonaecom Individual Financial statements (continued)

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

	Notes	September 2010	September 2009
Net income / (loss) for the period		8,863,716	(6,157,334)
Components of other comprehensive income, net of tax:			
Increase / (decrease) in financial hedging instruments' fair value	11 and 12	-	307,068
Components of other comprehensive income, net of tax		-	307,068
Statement comprehensive income for the period		8,863,716	(5,850,266)

The notes are an integral part of the financial statements at 30 September 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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

8.3. Sonaecom Individual Financial statements (continued)

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

Movements in Shareholders' funds

For the periods ended at 30 September 2010 and 2009

	Share capital	Own shares (note 11)	Share premium	Legal reserves	Medium Term		Hedging reserves	Other reserves	Reserves		Total
					Incentive Plans reserves (note 19)	Own shares reserves			Total reserves	Net income / (loss)	
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 30 September 2010	-	-	-	-	-	-	-	-	-	8,863,716	8,863,716
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	-	-	-	-	172,938	-	-	-	172,938	-	172,938
Acquisition of own shares	-	(3,497,606)	-	-	-	3,497,606	-	(3,497,606)	-	-	(3,497,606)
Balance at 30 September 2010	366,246,868	(13,725,585)	775,290,377	1,221,003	464,394	13,725,585	-	(2,485,046)	788,216,313	8,863,716	1,149,601,312

The notes are integral part of financial statements at 30 September 2010 and 2009.

8.3. Sonaecom Individual Financial statements (continued)

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

	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		
2009											
Balance at 31 December 2008	366,246,868	(13,499,750)	775,290,377	1,002,287	-	13,499,750	(307,068)	(13,792,203)	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 30 September 2009	-	-	-	-	-	-	307,068	-	307,068	(6,157,334)	(5,850,266)
Delivery of own shares under the Medium Term Incentive Plans	-	3,784,046	-	-	(86,526)	(3,784,046)	-	3,651,222	(219,350)	-	3,564,696
Effect of the recognition of the Medium Term Incentive Plans	-	-	-	-	172,413	-	-	-	172,413	-	172,413
Transfer to liabilities of the reponsabilities associated with the Medium Term Incentive	-	-	-	-	207,154	-	-	-	207,154	-	207,154
Recognition of contracts with share liquidation	-	-	-	-	-	-	-	(116,399)	(116,399)	-	(116,399)
Acquisition of own shares	-	(1,987,892)	-	-	-	1,987,892	-	(1,987,892)	-	-	(1,987,892)
Balance at 30 September 2009	366,246,868	(11,703,596)	775,290,377	1,985,181	293,041	11,703,596	-	6,429,723	795,701,917	(6,157,334)	1,144,087,855

The notes are integral part of financial statements at 30 September 2010 and 2009.

8.3. Sonaecom Individual Financial statements (continued)

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

Cash Flow statements

For the periods ended at 30 September 2010 and 2009

	September 2010		September 2009	
Operating activities				
Payments to employees	(3,299,934)		(3,350,969)	
Cash flows from operating activities	(3,299,934)		(3,350,969)	
Payments / receipts relating to income taxes, net	(1,464,467)		(777,974)	
Other payments / receipts relating to operating activities, net	5,023,459		2,018,740	
Cash flows from operating activities (1)	259,058	259,058	(2,110,203)	(2,110,203)
Investing activities				
Receipts from:				
Investments	15,788,458		700,000	
Tangible assets	-		601	
Interest and similar income	10,357,153		13,442,441	
Dividends	10,500,000	36,645,611	3,480,000	17,623,042
Payments for:				
Investments	(16,490,000)		(65,200)	
Tangible assets	-		(105,865)	
Intangible assets	(1,521)		(339)	
Loans granted	(31,570,000)	(48,061,521)	(86,400,000)	(86,571,404)
Cash flows from investing activities (2)	(11,415,910)		(68,948,362)	
Financing activities				
Receipts from:				
Loans obtained	85,727,000	85,727,000	44,773,000	44,773,000
Payments for:				
Interest and similar expenses	(5,048,948)		(10,591,458)	
Own shares	(3,497,605)		(1,987,893)	
Loans obtained	(67,500,000)	(76,046,553)	(4,873,000)	(17,452,351)
Cash flows from financing activities (3)	9,680,447		27,320,649	
Net cash flows (4)=(1)+(2)+(3)	(1,476,405)		(43,737,916)	
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	1,713,344		6,360,997	

The notes are an integral part of the financial statements at 30 September 2010 and 2009.

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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

8.3. Sonaecom Individual Financial statements (continued)

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

Notes to the cash flow statements

For the periods ended at 30 September 2010 and 2009

	September 2010	September 2009
1. Acquisition or sale of subsidiaries or other businesses		
a) Other business activities		
Reimburse of Supplementary capital to Sonaetelecom BV	15,788,458	-
Supplementary capital to Sonae com Sistemas de Informação, S.G.P.S., S.A.	-	700,000
	15,788,458	700,000
b) Other business activities		
Supplementary capital from Sonaetelecom BV	15,000,000	-
Share capital increase in Sonae Telecom, S.G.P.S., S.A.	1,490,000	-
Share capital increase in Optimus- Comunicações, S.A.	-	65,200
	16,490,000	65,200
2. Details of cash and cash equivalents		
Cash in hand	10,034	10,133
Cash at bank	263,310	74,864
Treasury applications	1,440,000	6,276,000
Cash and cash equivalents	1,713,344	6,360,997
Cash assets	1,713,344	6,360,997
3. Description of non-monetary financing activities		
a) Bank credit obtained and not used	123,000,000	87,500,000
b) Purchase of company through the issue of shares	Not applicable	Not applicable
c) Conversion of loans into shares	Not applicable	Not applicable

The notes are an integral part of the financial statements at 30 September 2010 and 2009.

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

António Bernardo Aranha da Gama Lobo Xavier

Gervais Gilles Pellissier

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

8.4. Notes to the Individual Financial statements

at 30 September 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 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 O93X – 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 30 September 2010:

8.4. Notes to the Individual Financial statements (continued)

at 30 September 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 1 – Amendments (Additional exemptions for first-time adopters) <i>These amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue costs or efforts in the transition process.</i>	1/Jan/10
IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions) <i>These 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
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>	26-Mar-09 *
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-Jul-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-Nov-09 *
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-Nov-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 did not have significant impacts on the Company's financial statements.

The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory only in future financial years:

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

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 (Financial Instruments)	1/Jan/13
<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>	
Improvements to IFRSs – 2008/2010	Various (earliest is 01-Jul-10)
<i>This process included the review of 7 accounting standards.</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 30 September 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:

	Years of useful life
Buildings and others constructions – improvements in buildings owned by third parties	10-20
Plant and machinery	3-8
Tools	4
Fixtures and fittings	3-10
Other tangible assets	4

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.

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

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to mature within 12 months of the balance sheet date.

(ii) 'Loans and receivables'

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

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

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets. Loans and receivables are included under the caption 'Other current debtors' in the balance sheet.

(iii) 'Held-to-maturity investments'

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

(iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within 12 months of the balance sheet date.

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

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

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

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

value adjustments are included in the profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these valuation techniques can be used, the Company values these investments at acquisition cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

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

e) Financial and operational leases

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

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.

Fixed assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interest included in lease payments and depreciation of the tangible assets are recognised as expenses in the profit and loss statement for the period to which they relate.

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

f) Other current debtors

Other current debtors are recorded at their net realisable value, and do not include interest, because the financial updated effect is not significant.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

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'.

Sonaeocom has adopted, since 1 January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all subsidiaries on which the group holds at least 90% of their share capital, with its headquarters located in Portugal and subject to Corporate Income Tax (IRC).

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

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year, the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets (note 7).

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

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

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

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 30 September 2010, Sonaecom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 5.9 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	
	30 September	Average	30 September	Average
Pounds Sterling	1.16286	1.16765	1.09975	1.12933
American Dollar	0.73271	0.76245	0.68292	0.73331

q) Assets impairment

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

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

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 30 September 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, although hedging agreement for this plan was signed on 7 October 2010, 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 30 September 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 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.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

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 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



8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

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.

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.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 30 September 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
Additions	-	-	-	309	-	309
Balance at 30 September 2010	721,165	46,325	171	332,059	619	1,100,339
Accumulated depreciation and impairment losses						
Balance at 31 December 2009	347,862	17,977	170	216,945	189	583,143
Depreciation for the period	45,069	6,090	-	18,982	97	70,238
Balance at 30 September 2010	392,931	24,067	170	235,927	286	653,381
Net value	328,234	22,258	1	96,132	333	446,958
2009						
	Buildings and other constructions	Plant and machinery	Tools	Fixtures and fittings	Other tangible assets	Total
Gross assets						
Balance at 31 December 2008	679,443	46,325	171	328,207	103	1,054,249
Additions	41,722	-	-	4,798	515	47,035
Disposals	-	-	-	(1,255)	-	(1,255)
Balance at 30 September 2009	721,165	46,325	171	331,750	618	1,100,029
Accumulated depreciation and impairment losses						
Balance at 31 December 2008	276,753	9,607	92	185,127	103	471,682
Depreciation for the period	53,244	6,314	64	24,673	54	84,349
Disposals	-	-	-	(654)	-	(654)
Balance at 30 September 2009	329,997	15,921	156	209,146	157	555,377
Net value	391,168	30,404	15	122,604	461	544,652

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

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 30 September 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
Additions	3,069	-	-	3,069
Balance at 30 September 2010	9,719	182,283	376	192,378
Accumulated depreciation and impairment losses				
Balance at 31 December 2009	6,259	155,447	-	161,706
Depreciation for the period	723	16,550	-	17,273
Balance at 30 September 2010	6,982	171,997	-	178,979
Net value	2,737	10,286	376	13,399

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 30 September 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	496	13,141	-	13,637
Balance at 30 September 2009	6,126	146,431	-	152,557
Net value	524	21,935	13,917	36,376

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

4. Breakdown of financial instruments

At 30 September 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)	-	650,535,016	-	-	650,535,016	-	650,535,016
	-	650,535,016	-	-	650,535,016	-	650,535,016
Current assets							
Other trade debtors (note 8)	-	10,133,442	-	-	10,133,442	2,296,819	12,430,261
Cash and cash equivalents (note 9)	-	1,713,344	-	-	1,713,344	-	1,713,344
	-	11,846,786	-	-	11,846,786	2,296,819	14,143,605
	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)	-	598,357,233	-	-	598,357,233	-	598,357,233
	-	598,357,233	-	-	598,357,233	-	598,357,233
Current assets							
Other trade debtors (note 8)	-	85,248,073	-	-	85,248,073	1,090,903	86,338,976
Cash and cash equivalents (note 9)	-	6,360,997	-	-	6,360,997	-	6,360,997
	-	91,609,070	-	-	91,609,070	1,090,903	92,699,973
	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)	-	-	338,785,713	-	338,785,713	-	338,785,713
	-	-	338,785,713	-	338,785,713	-	338,785,713
Current liabilities							
Short-term loans and other loans (note 12)	-	-	113,355,170	-	113,355,170	-	113,355,170
Other creditors	-	-	-	450,769	450,769	241,289	692,058
	-	-	113,355,170	450,769	113,805,939	241,289	114,047,228

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009

(Amounts expressed in euro)

	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)	–	–	298,911,992	–	298,911,992	–	298,911,992
	–	–	298,911,992	–	298,911,992	–	298,911,992
Current liabilities							
Short-term loans and other loans (note 12)	–	–	151,062,692	–	151,062,692	–	151,062,692
Other creditors	–	–	–	950,211	950,211	198,329	1,148,540
	–	–	151,062,692	950,211	152,012,903	198,329	152,211,232

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

Company	2010	2009
Optimus - Comunicações, S.A. ('Optimus', before designated Sonaecom - Serviços de Comunicações, S.A.)	764,876,231	764,876,231
Sonae Telecom, S.G.P.S., S.A. ('Sonae Telecom')	107,289,987	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
Be Artis - Conceção, Construção e Gestão de Redes de Comunicações, S.A. ('Be Artis')	8,230,885	50,000
Miauger - Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger')	4,568,100	4,568,100
Sonaecom BV	20,000	20,000
	981,436,692	946,165,807
Impairment losses (note 13)	(46,609,902)	(46,609,902)
Total investments in Group companies	934,826,790	899,555,905

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

The movements that occurred in investments in Group companies during the periods ended at 30 September 2010 and 2009, were as follows:

Company	Balance at 31 December 2009	Additions	Disposals	Transfers and write-offs	Balance at 30 September 2010
Optimus	764,876,231	-	-	-	764,876,231
Sonae Telecom	105,799,987	1,490,000	-	-	107,289,987
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	-	-	8,180,885	8,230,885
	971,765,807	1,490,000	-	8,180,885	981,436,692
Impairment losses (note 13)	(46,609,902)	-	-	-	(46,609,902)
	925,155,905	1,490,000	-	8,180,885	934,826,790

Company	Balance at 31 December 2008	Additions	Disposals	Transfers and write-offs	Balance at 30 September 2009
Optimus	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	-	(80,000)	-	20,000
Be Artis	50,000	-	-	-	50,000
	944,074,458	65,200	(80,000)	2,106,149	946,165,807
Impairment losses (note 13)	(45,977,902)	(632,000)	-	-	(46,609,902)
	898,096,556	(566,800)	(80,000)	2,106,149	899,555,905

With accounting effect from 1 January 2009, the subsidiary Telemilénio Telecomunicações, Sociedade Unipessoal, Lda. was merged by incorporation into the subsidiary Optimus – 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 30 September 2009, the amount of Euro 15,182,638 under the caption 'Transfers' at Optimus 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.

In the period ended at 30 September 2010, the amount of Euro 8,180,885 under the caption 'Transfers' at Be Artis relates to cover losses of this company through the use of supplementary capital (Note 6).

The Company presents separate consolidated financial statements at 30 September 2010, in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,838,107,271, total consolidated liabilities of Euro 873,801,248, consolidated operational revenues of Euro 688,734,664 and consolidated Shareholders' funds of Euro 964,306,023, 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 30 September 2010 of Euro 29,719,396.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009

(Amounts expressed in euro)

At 30 September 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)
Optimus	Maia	53.54%	512,287,916	(1,834,588)	53.54%	509,711,916	160,028
Sonae Telecom	Maia	100%	165,241,715	(48,482)	100%	174,591,255	(19,125)
Sonae com SI	Maia	100%	37,073,198	443,142	100%	43,897,055	681,423
Miauger	Maia	100%	1,268,354	(1,052,487)	100%	725,350	(158,078)
Sonaetelecom BV	Amsterdam	100%	604,053	(5,726,270)	100%	(8,555,152)	(499,213)
Sonaecom BV	Amsterdam	100%	(20,685,684)	(4,229,024)	100%	(14,955,293)	68,065
Be Artis	Maia	100%	101,967,911	(6,757,054)	100%	111,666,519	983,103

At 30 September 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 Optimus – Comunicações, S.A., respectively, amounting to 100% of participation.

The evaluation of the existence of impairment losses for the main investments in the Group companies is made by taking into account the cash-generating units, 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% or others considered more conservative. 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%

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009

(Amounts expressed in euro)

6. Other non-current assets

At 30 September 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	295,485,000	284,095,000
Sonaecom BV	209,008,000	124,267,000
Sonaatelecom BV	21,741,000	28,396,000
Sonae com SI	18,710,000	100,000
Lugares Virtuais	1,530,000	900,000
Wedo Consulting	1,490,000	7,000,000
	547,964,000	444,758,000
Supplementary capital:		
Be Artis	107,459,115	115,640,000
Sonaatelecom BV	26,500,000	11,500,000
Miauger	800,000	-
Sonae Telecom SGPS	-	15,788,458
Sonae com SI	-	32,874,188
	134,759,115	175,802,646
	682,723,115	620,560,646
Accumulated impairment losses (note 13)	(32,188,099)	(22,203,423)
	650,535,016	598,357,223

During the periods ended at 30 September 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	152,160,000	(128,590,000)	(8,180,885)	402,944,115
Sonaecom BV	199,088,000	23,640,000	(13,720,000)	-	209,008,000
Sonaatelecom BV	40,021,000	23,420,000	(15,200,000)	-	48,241,000
Sonae com SI	7,350,000	11,410,000	(50,000)	-	18,710,000
Lugares Virtuais	1,030,000	600,000	(100,000)	-	1,530,000
Wedo Consulting	8,490,000	-	(7,000,000)	-	1,490,000
Miauger	800,000	-	-	-	800,000
Sonae Telecom SGPS	15,788,458	-	(15,788,458)	-	-
	660,122,458	211,230,000	(180,448,458)	(8,180,885)	682,723,115

	2009				
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Optimus	-	2,106,149	-	(2,106,149)	-
Be Artis	306,420,000	182,795,000	(89,480,000)	-	399,735,000
Sonaecom BV	138,887,000	2,940,000	(17,560,000)	-	124,267,000
Sonaatelecom BV	38,901,000	995,000	-	-	39,896,000
Sonae Telecom SGPS	15,788,458	-	-	-	15,788,458
Sonae com SI	33,964,187	100,000	(1,089,999)	-	32,974,188
Wedo Consulting	-	7,000,000	-	-	7,000,000
Lugares Virtuais	900,000	-	-	-	900,000
Tele 2	2,106,149	-	(2,106,149)	-	-
	536,966,794	195,936,149	(110,236,148)	(2,106,149)	620,560,646

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009

(Amounts expressed in euro)

During the periods ended at 30 September 2010 and 2009, the loans granted to Group companies earned interest at market rates with an average interest rate of 3.04% and 3.06%, 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 7,933,677 (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 assets in the period ended at 30 September 2010 and 2009 was as follows:

	2010	2009
Opening balance	-	-
Impact on results		
Tax losses recorded as a result of the adoption of the special regime for the taxation of groups of companies	-	604,661
Movements in provisions not accepted for tax purposes	-	113,155
Closing balance	-	717,816

The movement in deferred tax liabilities in the period ended at 30 September 2010 and 2009 was as follows:

	2010	2009
Opening balance	10,480	-
Impact on results		
Tax Results	1,955,793	-
Fiscal benefit (Sifide)	(569,181)	-
IFRS Adjustments	(10,480)	-
Closing balance	1,386,612	-

At 30 September 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	24,089,868	(257,440)	(149,858)	23,682,570	5,914,533
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)	9,903,475	9,846,618	2,609,354
2010	-	-	7,933,677	7,933,677	2,102,424
	78,653,472	(177,907)	79,722,880	158,198,445	40,742,786

The rate used at 30 September 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. It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

The reconciliation between the earnings before tax and the tax recorded for the period ended at 30 September 2010 and 2009 is as follows:

	2010	2009
Earnings before tax	10,389,497	(6,846,704)
Income tax rate (25%)	(2,597,374)	1,711,676
Other taxes related with current income tax	(149,649)	(28,446)
Fiscal benefit (Sifide)	569,181	-
Movements in provisions not accepted for tax purposes (note 13)	(1,983,420)	(1,875,000)
Adjustments not accepted for taxable income	2,635,481	881,140
Income taxation recorded in the period	(1,525,781)	689,370

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 30 September 2010.

8. Other current debtors

At 30 September 2010 and 2009, this caption was made up as follows:

	2010	2009
Trade debtors	10,135,372	85,250,003
State and other public entities	2,296,819	1,090,903
Accumulated impairment losses on accounts receivables (note 13)	(1,930)	(1,930)
	12,430,261	86,338,976

At 30 September 2009, the amount registered under the caption 'Other current debtors', corresponds mainly to the advance payment 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 Optimus – Comunicações, S.A. At 30 September 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 30 September 2010 and 2009, includes the special advanced payment, retentions and taxes to be recovered.

9. Cash and cash equivalents

At 30 September 2010 and 2009, the breakdown of cash and cash equivalents was as follows:

	2010	2009
Cash	10,034	10,133
Bank deposits repayable on demand	263,310	74,864
Treasury applications	1,440,000	6,276,000
	1,713,344	6,360,997

At 30 September 2010 and 2009, the caption 'Treasury applications' had the following breakdown:

	2010	2009
Wedo	1,440,000	2,228,000
Lugares Virtuais	-	930,000
Público	-	2,130,000
Optimus	-	988,000
	1,440,000	6,276,000

During the period ended at 30 September 2010, the above mentioned treasury applications bear interests at an average rate of 1.295% (4.429% in 2009).

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

10. Share capital

At 30 September 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	70,109,264	19.14%	62,569,173	17.08%
Millenium BCP	12,500,998	3.41%	-	-
Sonae Investments BV	10,500,000	2.87%	-	-
Own shares	8,264,325	2.26%	6,564,202	1.79%
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 30 September 2010, Sonaecom delivered to its employees 972,184 own shares under its Medium Term Incentive Plans.

Additionally, during the period ended at 30 September 2010, Sonaecom acquired 2,066,935 shares (at an average price of Euro 1.69), holding at the end of the period 8,264,325 own shares, representative of 2.26% of its share capital, with an average price of Euro 1.66.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

12. Loans

At 30 September 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	-	-	-	(2,057,599)	(2,036,025)
Interests incurred but not yet due	-	-	-	968,685	978,017
				218,911,086	148,941,992
Commercial paper	150,000,000	Jul 12	-	119,500,000	150,000,000
Costs associated with setting-up the financing	-	-	-	-	(160,417)
Interests incurred but not yet due	-	-	-	374,627	130,417
				119,874,627	149,970,000
				338,785,713	298,911,992

b) Short-term loans and other loans

Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
				2010	2009
Treasury applications	-	-	-	91,768,667	66,336,706
Commercial Paper	40,000,000	May 11	-	10,000,000	85,000,000
Commercial Paper	30,000,000	Apr 11	-	6,500,000	-
Commercial Paper	15,000,000	Jun 11	-	5,000,000	-
Costs associated with setting-up the financing	-	-	-	-	(347,917)
Interest incurred but not yet due				86,503	73,903
				21,586,503	84,725,986
				113,355,170	151,062,692

Bond Loan

In June 2005, Sonaecom signed a Bond Loan, privately placed, amounting to 150 million euros without guarantees and with a maturity of eight years. The bonds bear interest at floating rate, indexed to Euribor and paid semiannually. This issue was organized and mounted by Millennium BCP Investimento.

In February and March 2010, Sonaecom signed two other Bond Loan, both privately placed, in the amount of 30 and 40 million euros, without guarantees and maturities of 3 and 5 years respectively. Both loans bear interest at floating rate indexed to Euribor, and paid semiannually. The issues were organized if mounted by, respectively, Banco Espírito Santo de Investimento and Caixa - Banco de Investimento. There will be required the listing of these two bond issues in the Euronext Lisbon market.

All the loans above are unsecured and the fulfillment of the obligations under these loans is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

The average interest rate of the bond loans, in the period, was 1.877%.

Commercial Paper

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. According to the original terms, this programme was reduced to the amount of Euro 150 million in July 2010.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009

(Amounts expressed in euro)

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 three other Commercial Paper Programmes Issuance, with a maximum amount of Euro 40 million, 30 million and 15 million respectively, hired in January 2005, March and June 2010 respectively, with subscription guarantee and maturity of one year, possibly renewable.

Placing underwriting is currently provided by Banco Comercial Português, in case of the programme of Euro 40 million, by Caja de Ahorros Y Monte de Piedad de Madrid (representative in Portugal), by Banco BPI in case of programme of Euro 30 million and by Caixa Económica Montepio Geral in case of programme of Euro 15 million.

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.

Bank credit lines of short-term portion

Sonaecom has also bank credit lines for short term, in the form of current or overdraft account commitments, in the amount of Euro 29 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

All these loans and bank credit lines bear interest at market rates, indexed to the Euribor for the respective term, and were all contracted in euro.

During the periods ended at 30 September 2010 and 2009, the detail of 'Treasury applications' received from subsidiaries was as follows:

	2010	2009
Optimus	76,383,925	52,378,320
Be Towering	5,320,187	4,813,161
Digitmarket	3,563,634	7,369,195
Público	2,781,467	4,758
Mainroad	1,893,113	648,683
Miauger	1,374,643	847,556
Saphety	310,826	116,208
Lugares Virtuais	120,125	-
Sonae Telecom	20,098	37,156
Sonae com SI	351	121,669
Wedo Consulting	298	-
	91,768,667	66,336,706

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 30 September 2010 and 2009, the treasury applications earned an average interest rate of 0.42% and 2.83%, respectively.

At 30 September 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	-	-	180,000,000	-	40,000,000
Interests	4,996,900	5,010,590	3,910,773	1,254,400	707,963
Commercial paper					
Reimbursements	-	119,500,000	-	-	-
Interests	1,489,045	1,247,679	-	-	-
	6,485,945	125,758,269	183,910,773	1,254,400	40,707,963
2009					
Bond loan					
Reimbursements	-	-	-	150,000,000	-
Interests	3,486,000	3,486,000	3,495,551	2,511,830	-
Commercial paper					
Reimbursements	-	-	150,000,000	-	-
Interests	1,552,171	1,552,171	1,292,767	-	-
	5,038,171	5,038,171	154,788,318	152,511,830	-

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

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

				Maturity	
Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2010					
Commercial paper	150,000,000	119,500,000	30,500,000		x
Commercial paper	40,000,000	10,000,000	30,000,000	x	
Commercial paper	30,000,000	6,500,000	23,500,000	x	
Commercial paper	15,000,000	5,000,000	10,000,000	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	
	484,000,000	361,000,000	123,000,000		
2009					
Commercial paper	150,000,000	150,000,000	-		x
Commercial paper	100,000,000	85,000,000	15,000,000	x	
Commercial paper	70,000,000	-	70,000,000	x	
Bond loan	150,000,000	150,000,000	-		x
Overdraft facilities	2,500,000	-	2,500,000	x	
	472,500,000	385,000,000	87,500,000		

At 30 September 2010 and 2009, there are no interest rate hedging instruments.

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 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 30 September 2009, the movements that occurred in the fair value of the swaps, related to the Commercial Paper Programme, in the amount of minus Euro 174,106 and the bonds loans, in the amount of plus Euro 481,174, were recorded under the caption 'Hedging reserve', as the hedging was considered effective, in accordance with IAS 39.

During the year ended at 31 December 2009, the interest rate hedging instrument reached its maturity. Therefore, at 30 September 2010 the total gross debt is exposed to changes in the interest rates.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

13. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 30 September 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	7,933,677	-	-	-	32,188,099
Provisions for other liabilities and charges	41,634	11,139	-	-	-	52,773
	70,907,888	7,944,816	-	-	-	78,852,704
2009						
Accumulated impairment losses on accounts receivables (note 8)	2,006	14	-	-	(90)	1,930
Accumulated impairment losses on investments in Group companies (notes 5 and 15)	45,977,902	632,000	-	-	-	46,609,902
Accumulates impairment losses on other non-current assets (notes 5, 6 and 15)	15,335,423	6,868,000	-	-	-	22,203,423
Provisions for other liabilities and charges	57,265	457,369	-	-	(23,000)	491,634
	61,372,596	7,957,383	-	-	(23,090)	69,306,889

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 30 September 2010 and 2009, the increase of 'Provisions for other liabilities and charges' includes the amount of Euro 11,139 and 7,369, respectively, registered in the financial statements, under the caption 'Income taxation'. Therefore, in 2009, the amount registered in the profit and loss statement, in the heading 'Provisions and impairment losses', corresponds to Euro 450,014.

14. External supplies and services

At 30 September 2010 and 2009, this caption was made up as follows:

	2010	2009
Specialised work	1,460,923	1,490,779
Rents	283,392	294,209
Fees	192,293	244,929
Travel and accommodation	109,315	147,887
Other external supplies and services	221,315	319,430
	2,267,238	2,497,234

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

15. Financial results

Net financial results for the periods ended at 30 September 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)	(7,933,677)	(7,500,000)
Gains related to Group companies	10,500,000	3,480,000
	2,566,323	(4,020,000)
Other financial expenses		
Interest expenses:		
Bank loans	(2,120,195)	(4,364,766)
Other loans	(3,538,417)	(4,772,231)
Overdrafts and others	(29,076)	(41,872)
	(5,687,688)	(9,178,869)
Foreign currency exchange losses	(3,253)	(1)
Other financial expenses	(110,530)	(63,183)
	(113,783)	(63,184)
	(5,801,471)	(9,242,053)
Other financial income		
Interest income	14,551,219	7,485,152
Foreign currency exchange gains	-	197
	14,551,219	7,485,349

At 30 September 2010, the caption 'Gains related to Group companies' relates to the dividends received from Sonae Telecom. At 30 September 2009, this caption was comprised by dividends received from Sonae com SI and Sonae Telecom.

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

16. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 30 September 2010 and 2009 were as follows:

Balances at 30 September 2010					
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Optimus	565,812	(178,440)	–	3,774,752	(76,383,925)
Sonaecom BV	3,730,603	–	–	645,527	209,008,000
Be Artis	4,493,909	–	–	986,469	295,485,000
Sonaetelecom BV	377,871	–	–	65,567	21,741,000
Be Towering	11,021	–	–	5,614	(5,320,187)
Lugares Virtuais	23,325	–	–	(153,348)	1,409,875
Público	13,823	–	–	57,854	(2,781,467)
Digitmarket	1,709	(1,879)	–	(771)	(3,563,634)
Wedo	93,980	–	1,440,000	570,703	1,489,702
Sonae com SI	181,641	(5,442)	–	59,222	18,709,649
Others	23,558	(119,699)	–	159,929	(3,598,681)
	9,517,252	(305,460)	1,440,000	6,171,518	456,195,332

Balances at 30 September 2009					
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Optimus	661,612	(708,568)	988,000	5,557,080	(52,378,320)
Sonaecom BV	80,586,450	–	–	160,948	124,267,000
Be Artis	1,393,496	(13,599)	–	577,737	284,095,000
Sonaetelecom BV	125,332	–	–	35,045	28,396,000
Be Towering	22,713	–	–	840,276	(4,813,161)
Lugares Virtuais	4,051	–	930,000	(85,130)	900,000
Público	14,178	(364)	2,130,000	15,025	(4,758)
Digitmarket	1,507	(1,505)	–	(812)	(7,369,195)
Wedo	49,404	–	2,228,000	607,449	7,000,000
Sonae com SI	881	(4,836)	–	(189,258)	(21,669)
Others	17,751	(25,895)	–	137,264	(1,649,603)
	82,877,375	(754,767)	6,276,000	7,655,624	378,421,294

Transactions at 30 September 2010				
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Optimus	4,288,125	880,365	(161,603)	–
Be Artis	213,242	(54,804)	7,496,033	(42)
Be Towering	48,384	(44,959)	(9,292)	–
Wedo	117,663	(23)	242,500	–
Sonaecom BV	–	–	5,646,573	–
Sonae SGPS	–	–	368,940	–
Others	152,877	288,891	961,485	–
	4,820,291	1,069,470	14,544,636	(42)

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009
(Amounts expressed in euro)

	Transactions at 30 September 2009			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Optimus	4,863,743	(373,459)	(38,052)	-
Be Artis	235,006	2,978	4,307,676	(42)
Wedo	-	-	169,332	-
Sonae SGPS	-	195,426	(2,739)	(5,220)
Sonaecom BV	-	-	2,240,713	-
Be Towering	45,042	(97,824)	(57,170)	-
Others	139,892	72,008	337,899	(515)
	5,283,683	(200,871)	6,957,659	(5,777)

All the above transactions were made at market prices.

17. Guarantees provided to third parties and sureties

Guarantees provided to third parties at 30 September 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

In addition to these guarantees were set up two sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 2,830,506 and Sonaecom SGPS consisted of Optimus surety for the amount of Euro 6,935,848.

At 30 September 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 8,863,716 in 2010 and minus Euro 6,157,344 in 2009) by the average number of shares outstanding during the periods ended at 30 September 2010 and 2009, net of own shares (Euro 358,162,367 in 2010 and Euro 359,873,818 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 SGP.S., S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Company. In some annual plans, beneficiaries can choose between options or shares. Options are valued using the Black Scholes options pricing model.

The Sonae SGP.S. plans outstanding at 30 September 2010 can be summarised as follows:

				30 September 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	283,307
Sonae SGPS shares					
2006 Plan	1.68	09-Mar-07	08-Mar-10	–	–
2007 Plan	1.16	10-Mar-08	09-Mar-11	3	164,685
2008 Plan	0.526	10-Mar-09	09-Mar-12	3	342,364
2009 Plan	0.761	10-Mar-10	08-Mar-13	3	265,824

8.4. Notes to the Individual Financial statements (continued)

at 30 September 2010 and 2009

(Amounts expressed in euro)

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

During the period ended at 30 September 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	283,307	3	255,151
Vested	(19)	(97,731)	(3)	(95,019)
Cancelled / lapsed*	(2)	(135,837)	(2)	(98,589)
Outstanding at 30 September 2010:				
Unvested	55	867,246	9	772,873
Total	55	867,246	9	772,873

* 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 464,394 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, although hedging agreement for this contract was signed on 7 October 2010, 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 483,434.

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 30 September 2010, were as follows:

	Value
Costs recognised in previous years	3,935,581
Costs recognised in the period	596,716
Costs of plans vested in previous years	(3,144,406)
Costs of plans vested in the period	(440,063)
	947,828
Recorded in other current liabilities	146,208
Recorded in other non current liabilities	337,226
Recorded in reserves	464,394

These financial statements were approved by the Board of Directors on 2 November 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 30 September 2010, the related parties of Sonaecom, S.G.P.S. are as follows

Key management personnel

Álvaro Carmona e Costa Portela Álvaro Cuervo Garcia Ana Cristina Dinis da Silva Fanha Vicente Soares Ana Paula Garrido Pina Marques Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier António de Sampaio e Mello Artur Carlos Gomes Loureiro Belmiro de Azevedo David Hobley David Graham Shenton Bain David Pedro Oliveira Parente Ferreira Alves Duarte Paulo Teixeira de Azevedo Franck Emmanuel Dangeard	Gervais Pellissier Jean François Pontal José Manuel Pinto Correia Luís Filipe Palmeira Lampreia Manuel Antonio Neto Portugal Ramalho Eanes Maria Cláudia Teixeira de Azevedo Michel Marie Bon Miguel Nuno Santos Almeida Nuno Manuel Moniz Trigo Jordão Nuno Miguel Teixeira Azevedo Pedro Rafael de Sousa Nunes Pedro Rui José Silva Gonçalves Paiva
---	--

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. Optimus – 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 WeDo Technologies Chile SpA. We Do Technologies Panamá S.A. We Do Technologies Singapore PTE. LDT.
--	---

Appendix (continued)

Sonae Group Companies

3DO Holding GmbH	Avenida M – 40 B.V.
3DO Shopping Centre GmbH	Avenida M – 40, S.A.
3shoppings – Holding,SGPS, S.A.	Azulino Imobiliária, S.A.
ADD/Avaliações Engenharia de Avaliações e Perícias Ltda	BB Food Service, S.A.
ADDmakler Administração e Corretagem de Seguros Ltda	Beeskow Holzwerkstoffe
ADDmakler Administradora, Corretora de Seguros Partic. Ltda	Beralands BV
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 Laminat 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.	Boulanger España, 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,Urban., S.A.
Arrábidasshopping – Centro Comercial, S.A.	Centro Vasco da Gama – Centro Comercial, S.A.
Aserraderos de Cuellar, S.A.	Change, SGPS, S.A.
Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A.	Chão Verde – Soc.Gestora Imobiliária, S.A.

Appendix (continued)

Choice Car – Comércio de Automóveis, S.A.	Fashion Division, S.A.
Choice Car SGPS, S.A.	Finlog – Aluguer e Comércio de Automóveis, S.A.
Cia.de Industrias e Negócios, S.A.	Fontana Corretora de Seguros Ltda
Cinclus Imobiliária, S.A.	Fozimo – Sociedade Imobiliária, S.A.
Citorres – Sociedade Imobiliária, S.A.	Fozmassimo – Sociedade Imobiliária, S.A.
Clérigoshopping – Gestão do C.Comerc., S.A.	Freccia Rossa – Shopping Centre S.r.l.
Coimbrashopping – Centro Comercial, S.A.	Friengineering International Ltda
Colombo Towers Holding, BV	Fundo de Invest. Imobiliário Imosede
Contacto Concessões, SGPS, S.A.	Fundo I.I. Parque Dom Pedro Shop.Center
Contibomba – Comérc.Distr.Combustíveis, S.A.	Fundo Invest.Imob.Shopp. Parque D.Pedro
Contimobe – Imobil.Castelo Paiva, S.A.	GaiaShopping I – Centro Comercial, S.A.
Continente Hipermercados, S.A.	GaiaShopping II – Centro Comercial, S.A.
Contry Club da Maia-Imobiliaria, S.A.	GHP GmbH
Cooper Gay (Holding) Limited	Gli Orsi Shopping Centre 1 Srl
Coral - Correctores de Seguros, SA	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.
Distrifin – Comercio y Prest.Servicios, S.A.	GOOD AND CHEAP – Comércio Retalhista, S.A.
Dortmund Tower GmbH	Guerin – Rent a Car (Dois), Lda.
Dos Mares – Shopping Centre B.V.	GuimarãesShopping – Centro Comercial, S.A.
Dos Mares – Shopping Centre, S.A.	Harvey Dos Iberica, S.L.
Ecociclo – Energia e Ambiente, S.A.	Herco Consultoria de Riscos e Corretora de Seguros Ltda
Ecociclo II	HIPOTÉTICA – Comércio Retalhista, SA
Edições Book.it, S.A.	Hornitex Polska Sp z.o.o
Edifícios Saudáveis Consultores, S.A.	Iberian Assets, S.A.
Efanor – Design e Serviços, S.A.	IGI – Investimento Imobiliário, S.A.
Efanor – Indústria de Fios, S.A.	Igimo – Sociedade Imobiliária, S.A.
Efanor Investimentos, SGPS, S.A.	Iginha – Sociedade Imobiliária, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imoarea – Invest. Turísticos, SGPS, S.A.
El Rosal Shopping, S.A.	Imobiliária da Cacela, S.A.
Empreend.Imob.Quinta da Azenha, S.A.	Imoclub – Serviços Imobiliários, S.A.
Equador & Mendes, Lda	Imoconti – Soc.Imobiliária, S.A.
Espimaia – Sociedade Imobiliária, S.A.	Imodivor – Sociedade Imobiliária, S.A.
Estação Oriente – Gest.de Galerias Com., S.A.	Imoestrutura – Soc.Imobiliária, S.A.
Estação Viana – Centro Comercial, S.A.	Imoferro – Soc.Imobiliária, S.A.
Estêvão Neves – Hipermercados Madeira, S.A.	Imohotel – Emp.Turist.Imobiliários, S.A.
Etablissement A. Mathe, S.A.	Imomuro – Sociedade Imobiliária, S.A.
Euromegantic, Lteé	Imopenínsula – Sociedade Imobiliária, S.A.
Euroresinas – Indústrias Químicas, S.A.	Imoplamac Gestão de Imóveis, S.A.
Farmácia Selecção, S.A.	Imoponte – Soc.Imobiliaria, S.A.

Appendix (continued)

Imoresort – Sociedade Imobiliária, S.A.	Marmagno – Expl.Hoteleira Imob., S.A.
Imoresultado – Soc.Imobiliaria, S.A.	Martimope – Sociedade Imobiliária, S.A.
Imosedas – Imobiliária e Serviços, S.A.	Marvero – Expl.Hoteleira Imob., S.A.
Imosistema – Sociedade Imobiliária, S.A.	MC Property Management S.A.
Imosona II	MC SGPS, S.A.
Impaper Europe GmbH & Co. KG	MDS Consultores, S.A.
Implantação – Imobiliária, S.A.	MDS Corretor de Seguros, S.A.
Infoclean – Informática, S.A.	Mediterranean Cosmos Shop. Centre Investments, S.A.
Inparsa – Gestão Galeria Comercial, S.A.	Megantic BV
Inparvi SGPS, S.A.	Miral Administração e Corretagem de Seguros Ltda
Integrum Colombo Energia, S.A.	MJLF – Empreendimentos Imobiliários, S.A.
Integrum – Edifícios Sustentáveis, S.A.	Modalfa – Comércio e Serviços, S.A.
Integrum – Serviços Partilhados, S.A.	MODALLOOP – Vestuário e Calçado, S.A.
Interclean, S.A.	Modelo – Dist.de Mat. de Construção, S.A.
Interlog – SGPS, S.A.	Modelo Cont. Seguros-Soc. De Mediação, Lda
Investalentejo, SGPS, S.A.	Modelo Continente – Oper.Retallho SGPS, S.A.
Invsauade – Gestão Hospitalar, S.A.	Modelo Continente Hipermercados, S.A.
Ipaper – Industria Papeis Impregnados, S.A.	Modelo Continente, SGPS, S.A.
ISF – Imobiliário, Serviços e Participaç	Modelo Hiper Imobiliária, S.A.
Isoroy SAS	Modelo Hipermercados Trading, S.A.
JUST SPORT – Comércio Art. Desporto, S.A.	Modelo.com – Vendas p/Correspond., S.A.
KLC Holdings XII S.A.	Monselice Centre Srl
La Farga – Shopping Center, SL	Movelpartes – Comp.para Ind.Mobiliária, S.A.
Larim Corretora de Resseguros Ltda	Movimento Viagens – Viag. e Turismo U.Lda
Larissa Develop. Of Shopping Centers, S.A.	Mundo Vip – Operadores Turísticos, S.A.
Lazam – MDS Corretora e Administradora de Seguros, S.A.	NA – Comércio de Artigos de Desporto, S.A.
Lazam Corretora, Ltda.	NA – Equipamentos para o Lar, S.A.
LCC LeiriaShopping Centro Comercial SA	NAB, Sociedade Imobiliária, S.A.
Le Terrazze - Shopping Centre 1 Srl	Norscut – Concessionária de Scut Interior Norte, S.A.
Lembo Services Ltd (Euro)	Norte Shop. Retail and Leisure Centre BV
Libra Serviços, Lda.	Norteshopping – Centro Comercial, S.A.
Lidergraf – Artes Gráficas, Lda.	Nova Equador Internacional, Ag.Viag.T, Ld
Lima Retail Park, S.A.	Nova Equador P.C.O. e Eventos
Loureshopping – Centro Comercial, S.A.	Novobord (PTY) Ltd.
Luso Assistência – Gestão de Acidentes, S.A.	Oeste Retail Park – Gestão G.Comerc., S.A.
Luz del Tajo – Centro Comercial S.A.	Operscut – Operação e Manutenção de Auto-estradas, S.A.
Luz del Tajo B.V.	OSB Deustchland GmbH
Madeirashopping – Centro Comercial, S.A.	Paracentro – Gest.de Galerias Com., S.A.
Maiashopping – Centro Comercial, S.A.	Pareuro, BV
Maiequipa – Gestão Florestal, S.A.	Park Avenue Develop. of Shop. Centers S.A.
Marcas do Mundo – Viag. e Turismo Unip, Lda	Parque Atlântico Shopping – C.C., S.A.
Marcas MC, ZRT	Parque D. Pedro 1 B.V.
Marimo – Exploração Hoteleira Imobiliária	Parque D. Pedro 2 B.V.
Marina de Tróia S.A.	Parque de Famalicão – Empr. Imob., S.A.
Marinamagic – Expl.Cent.Lúdicos Marít, Lda	Parque Principado SL

Appendix (continued)

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 6 BV
PJP – Equipamento de Refrigeração, Ltda	Project Sierra 7 BV
Plaza Eboli B.V.	Project Sierra 8 BV
Plaza Eboli – Centro Comercial S.A.	Project Sierra 9 BV
Plaza Mayor Holding, SGPS, S.A.	Project Sierra Brazil 1 B.V.
Plaza Mayor Parque de Ôcio B.V.	Project Sierra Charagonis 1 S.A.
Plaza Mayor Parque de Ôcio, S.A.	Project Sierra Germany Shop. Center 1 BV
Plaza Mayor Shopping B.V.	Project Sierra Germany Shop. Center 2 BV
Plaza Mayor Shopping, S.A.	Project Sierra Italy 5 Srl
Ploi Mall BV	Project Sierra One Srl
Ploiesti Shopping Center (Euro)	Project Sierra Spain 1 B.V.
Poliface Brasil, Ltda	Project Sierra Spain 2 – Centro Comer. S.A.
Poliface North America	Project Sierra Spain 2 B.V.
Porturbe – Edifícios e Urbanizações, S.A.	Project Sierra Spain 3 – Centro Comer. S.A.
Praedium II – Imobiliária, S.A.	Project Sierra Spain 3 B.V.
Praedium III – Serviços Imobiliários, S.A.	Project Sierra Spain 5 BV
Praedium SGPS, S.A.	Project Sierra Spain 6 – Centro Comer. S.A.
Predicomercial – Promoção Imobiliária, S.A.	Project Sierra Spain 6 B.V.
Prédios Privados Imobiliária, S.A.	Project Sierra Spain 7 – Centro Comer. S.A.
Predisedas – Predial das Sedas, S.A.	Project Sierra Spain 7 B.V.
Pridelease Investments, Ltd	Project Sierra Three Srl
Proj. Sierra Germany 1 – Shop.C. GmbH	Project Sierra Two Srl
Proj. Sierra Germany 4 (four) – Sh.C.GmbH	Promessa Sociedade Imobiliária, S.A.
Proj. Sierra Italy 2 – Dev.of Sh.C. Srl	Prosa – Produtos e serviços agrícolas, S.A.
Proj.Sierra 1 – Shopping Centre GmbH	Publimeios – Soc.Gestora Part. Finan., S.A.
Proj.Sierra Germany 2 (two) – Sh.C.GmbH	Puravida – Viagens e Turismo, S.A.
Proj.Sierra Germany 3 (three) – Sh.C.GmbH	Racionaliz. y Manufact.Florestales, S.A.
Proj.Sierra Italy 1 – Shop.Centre Srl	RASO, SGPS, S.A.
Proj.Sierra Italy 2 – Dev. Of Sh.C.Srl	Resoflex – Mob.e Equipamentos Gestão, S.A.
Proj.Sierra Italy 3 – Shop. Centre Srl	Resolução, SGPS, S.A.
Proj.Sierra Portugal III – C.Comerc., S.A.	Rio Sul – Centro Comercial, S.A.
Proj.Sierra Portugal IV – C.Comerc., S.A.	River Plaza Mall, Srl
Proj.Sierra Portugal V – C.Comercial, S.A.	Rochester Real Estate, Limited
Proj.Sierra Portugal VII – C. Comerc., S.A.	RSI Corretora de Seguros Ltda

Appendix (continued)

<p> 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 Berlin Holding BV Sierra Brazil 1 B.V. Sierra Central S.A.S 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 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. Sierra Enplanta Ltda Sierra European R.R.E. Assets Hold. B.V. Sierra GP Limited </p>	<p> 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. 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. Sona Center Serviços, S.A. Sona Centre II S.A. Sona Financial Participations BV Sona Ind., Prod. e Com.Deriv.Madeira, S.A. Sona Indústria – SGPS, S.A. </p>
---	--

Appendix (continued)

<p>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 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 Société 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 Recicladados 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 Ltd^a 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.
----------------------	-----------------------------

