


# Management Report and Accounts

First Half 2010



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**Note:** The Consolidated Financial Information contained in this report as of 30 June 2010 is subject to limited review procedures and has 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 steadily growing to €99.5m, +8.8% y.o.y.  
Net Results of €19.6m in 1H10, an increase of more than €18m to the 1H09  
Consolidated FCF of €5.6m, a major improvement of €23.2m versus 1H09  
Mobile Subscriber Base reaching 3.47 million subscribers, again up by +6.1% y.o.y.  
Positive Mobile Customer Revenues evolution trend, +1.1% above the 1H09  
Data Revenues increasing to a record 30.2% of Mobile Service Revenues in 2Q10, +2.4pp y.o.y.  
SSI increasing Service Revenues while ensuring improved EBITDA margin, up by +1.1pp y.o.y.

## 1. Message from Ângelo Paupério, CEO of Sonaecom

During the first half of 2010, Sonaecom continued to deliver solid operating and financial results, reinforcing the positive trend it established over the preceding quarters.

At Optimus, mobile termination rates (MTRs) decreased. At Software and Information Systems (SSI), the deceleration of e-initiatives led to declining Equipment Sales, which had a direct impact on our top line figures. Despite these factors, we achieved a robust Consolidated EBITDA performance as we benefited from efficiency gains at our cost structure level. Additionally, the successful implementation of our investment plan, designed to ensure cost-effective capacity on our leading-edge network, also contributed to recurring cost reductions. A much improved EBITDA performance and a lower level of Depreciation and Amortization allowed for Net Results of 19.6million euros, a major increase versus 1H09.

### Strong data growth with increased profitability

At Optimus, Data Service Revenues represented around 29.9% of Total Service Revenues, an increase of 2.3pp over 1H09. This rise was driven mainly by our Kanguru mobile broadband, while our smartphone offers, specifically targeted at the Residential segment, were also a driving factor. The launch of Optimus Boston, our first Optimus branded Android smartphone, was another step towards extending the advanced mobile experience to a broader audience.

In the Corporate and SMEs segments, Optimus – an established integrated and convergent player – is strongly positioned to meet the growing customer demand for fixed/mobile integration and convergent solutions. By contrast, the wireline Residential segment remains unattractive due to current market conditions and ongoing competitive dynamics. But with a reduced exposure, we will maintain a capital-light strategy in this area while consolidating our Next Generation Network (NGN) partnerships.

The continuing transformation of Optimus's operating model is delivering efficiency gains that translated into a mobile EBITDA of €94.4m, 6.1% above 1H09, with an EBITDA margin of 32.8%, up by 2.8pp year-on-year.

Regarding regulation, ICP-ANACOM published a final decision announcing a new MTR glide path, delaying the first tariff reduction from 1 February 2010 until 24 May 2010. After that, the glide path continues quarterly until August 2011, achieving a total reduction throughout the period of 46%. Although this is below what we think is required, the evolution of MTRs will contribute to our margin improvement.

As Optimus strives towards being Portugal's best telecoms operator, ICP-ANACOM recognized the brand in April 2010 as the leading global operator for video calls, evidencing the quality of its 3G network. In June 2010, *Associação Portuguesa de Contact Centres* (APCC) declared that Optimus has the best contact centre in the industry and, what's more, the best in Portugal.

### SSI: pursuing global growth

As in previous quarters, SSI continued to actively pursue growth. Now recognized by Statcast as having a 25% market share, WeDo Technologies is working towards reinforcing its worldwide leadership in the telecoms revenue assurance market while broadening its portfolio into fraud management solutions and addressing new sectors. In 1H10, SSI's Service Revenues increased 5.5% year-on-year. While this did not totally offset the expected decline in Equipment Sales, it translated into a 1.1% EBITDA increase versus 1H09, a 22.4% growth in the 2Q10, year-on-year.

### People at the core of our success

Significantly, we also bucked prevailing macroeconomic trends during 1H10 increasing our direct workforce versus 1H09. Importantly, our priority is to keep reinforcing our core management competencies and technical expertise by offering our staff continuous training, especially through our Sonaecom Learning Centre (SLC). With close links to leading academic institutions, this centralized educational resource also acts as the principal channel for communicating Sonaecom's culture and values.

### Our competitive advantages reinforce our confidence

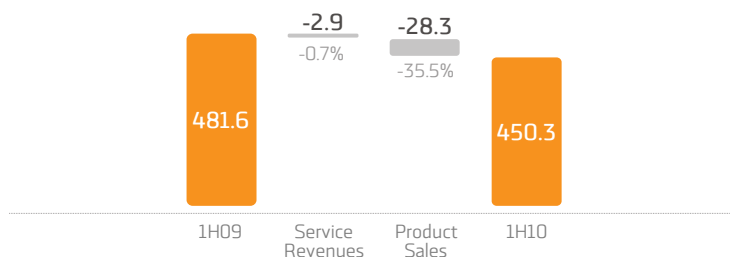
Times are still tough. But with our lean operations, the flexibility to overcome upcoming difficulties and our highly motivated team, we can face the future with confidence. Another reassuring advantage comes from Sonaecom's comfortable capital structure. During 1H10, this was further reinforced as a result of our cash flow performance, up by €25.7m versus 1H09, translating into a Net Debt to EBITDA ratio of 1.6x, the most conservative in the market. At this stage, we remain confident that our results will continue to show a favorable evolution throughout 2010.

## 2. Consolidated Results

### Turnover

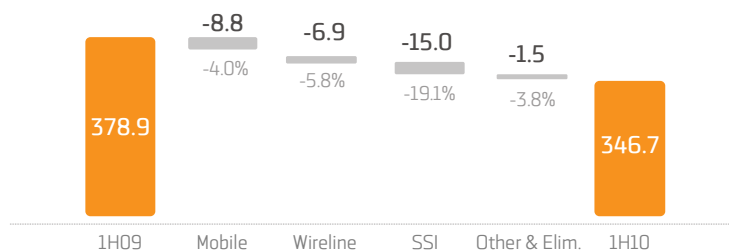
Consolidated Turnover totalled 450.3 million euros in the 1H10, 6.5% below the 1H09, as a result of a 35.5% reduction in the level of Product Sales, a decrease which is mostly explained by the deceleration of the e-initiatives programme, and a 0.7% reduction in the level of Service Revenues, due to MTRs and Roaming in.

It should be highlighted that Mobile Customer Revenues stood 1.1% above the level registered in the 1H09 and Service Revenues at SSI have grown by 5.3% y.o.y..



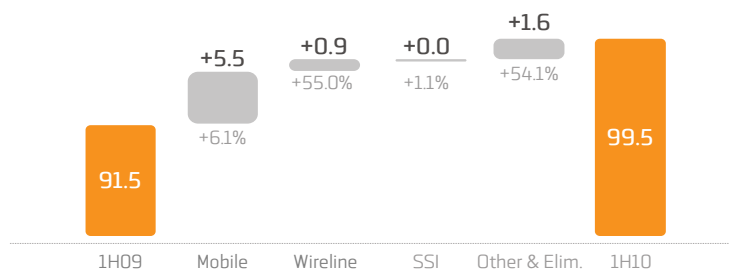
### Operating Costs

Total Operating Costs decreased by 8.5% to 346.7 million euros and represented about 77.0% of the Consolidated Turnover. Once more, this is a positive outcome of our cost control initiatives, aimed at creating efficiencies across all our business divisions and support areas.



### EBITDA

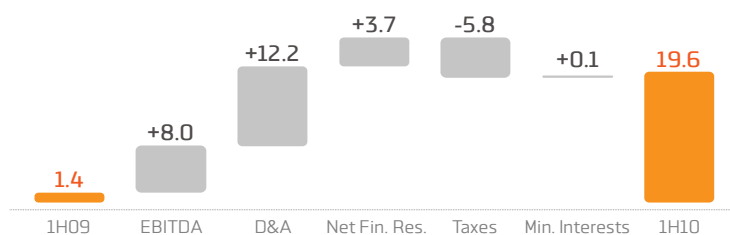
Consolidated EBITDA increased in the 1H10 by 8.8%, to 99.5 million euros and Consolidated EBITDA margin stood at 22.1%, 3.1pp above the 1H09. It should be noted that this EBITDA margin increase was an achievement transversal to all our business divisions.



### Net Profit

Net Results Group Share was positive by 19.6 million euros in the 1H10, compared to 1.4 million euros in the 1H09, mainly due to the much improved EBITDA performance and the lower level of Depreciation and Amortization. When compared to the 1H09, Net Financial Results improved by 50.1%, to negative 3.7 million euros, reflecting: i) lower Financial Expenses, down by 3.3 million euros, due to the lower average Net Debt in the 1H10 and the decrease in the average cost of debt, as a reflection of movements in market rates; and ii) 0.4 million increase in Financial Income, driven by exchange rates gains and a higher level of Liquidity.

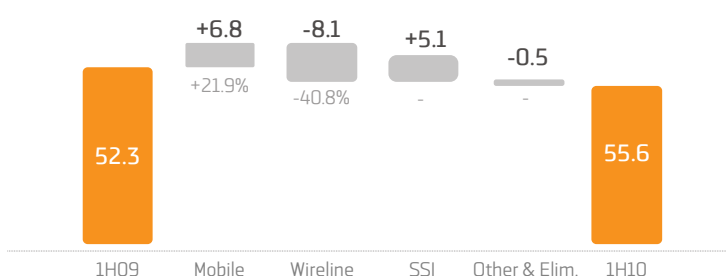
The tax line in the 1H10 showed a cost of 9.3 million euros, compared to a cost of 3.5 million euros in the 1H09, driven mainly by the much improved EBT performance (from a positive 5.1 million to a positive 29.0 million euros).



## Operating CAPEX

Operating CAPEX reached 55.6 million euros in the 1H10, increasing 6.3% when compared to the 1H09. While the decrease in the Wireline business is explained by our “capital light” positioning, the increase in the Mobile business is justified by the continuous improvements in the expansion and coverage of our network, aimed at ensuring that Optimus has the best integrated network in Portugal. The Operating CAPEX increase in SSI is explained by a WeDo Technologies upfront investment related with the acquisition of exclusivity rights in a large client.

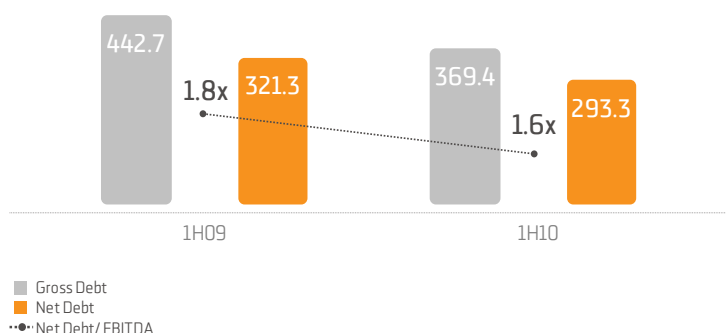
As a consequence of our performance in terms of Revenues and Capex, Operating Capex as percentage of Turnover has evolved from 10.9% to 12.3%, an increase of 1.5pp.



## Capital structure

Consolidated Gross Debt totalled 369.4 million euros, 73.3 million euros below the level registered in the 1H09. After the completion, in July, of all the 2010 contracted debt repayments, totaling 110 million, Sonaecom Credit facilities amount to circa 484 million euros.

Consolidated Net Debt, as at the end of the 1H10, stood at 293.3 million euros, 8.7% below the 1H09. This positive evolution is a consequence of our cash generation performance, which already considers a quarterly 5 million outflow related with the securitization transaction.



As indicated, all 2010 debt repayments have already been covered, no refinancing needs are expected until mid 2012 and the average maturity of Sonaecom's debt now stands at, approximately, 2.7 years.

In terms of evolution of the key financial ratios we highlight that Net Debt to EBITDA reached 1.6x in the 1H10, an improvement of 0.2x when compared to the end of the 1H09, and Interest Cover ratio evolved y.o.y. from 8.8x to 12.7x.

## FCF

Consolidated FCF in the 1H10 was positive 5.6 million euros, 23.2 million euros above the 1H09, consolidating the very positive trend of the previous quarters, as a consequence of our consistent improvement in terms of EBITDA-Operating Capex and Working Capital performance.

### 3. Telecommunications



Our entire Telecommunications business is now managed under the umbrella brand Optimus, which is recognised as commanding a significant presence in all market segments. Optimus is a convergent and integrated player, supported on its leading-edge network, delivering innovative services and working towards becoming Portugal's best integrated telecommunications operator.

#### 3.1. Mobile Business

Positioned in a privileged situation to capture value from the existing Mobile Data trends, our Mobile business maintained the positive pace of the previous quarters, not only in terms of Subscribers but also in terms of Mobile Customer Revenues. Also, Optimus has been able to ensure material growth of Data usage, being positioned above the national competition and European benchmarks.

##### 3.1.1. Operational data

MOBILE OPERATIONAL KPI's	2Q09	2Q10	Δ10/09	1Q10	q.o.q	1H09	1H10	Δ10/09
Customers (EOP) ('000)	3,268.7	3,469.3	6.1%	3,449.8	0.6%	3,268.7	3,469.3	6.1%
Net Additions ('000)	48.9	19.5	-60.1%	17.2	131%	77.1	36.8	-52.3%
Data as % Service Revenues	27.8%	30.2%	2.4pp	29.6%	0.7pp	27.6%	29.9%	2.3pp
Total #SMS/month/user	48.5	48.3	-0.5%	48.2	0.1%	47.5	48.3	1.6%
MOU <sup>(1)</sup> (min.)	131.3	135.0	2.8%	134.4	0.4%	129.5	134.7	4.0%
ARPU <sup>(2)</sup> (euros)	14.9	13.8	-7.8%	13.7	0.5%	14.9	13.7	-8.0%
Customer Monthly Bill	12.2	11.5	-5.4%	11.4	1.1%	12.1	11.5	-5.6%
Interconnection	2.8	2.3	-18.1%	2.3	-2.5%	2.8	2.3	-18.3%
ARPM <sup>(3)</sup> (euros)	0.11	0.10	-10.3%	0.10	0.0%	0.12	0.10	-11.5%

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

#### Customer base

Optimus Mobile customer base maintained its rising trend, having increased in the 1H10 by 6.1%, to circa 3.47 million customers. Optimus has been consistently evolving in terms of clients, which is an excellent achievement given the maturity of the Portuguese Mobile market. Our Contract customers reached approximately 32.7% of the total mobile base, an increase of 1.3pp against the end of the 1H09.

During the 1H10, Mobile customer's ARPU was 13.7 euros, down by approximately 1.2 euros against the 1H09, explained by a combination of lower Interconnection Revenues (which decreased from 2.8 euros to 2.3 euros) and of lower Customer Monthly Bill (which decreased from 12.1 euros to 11.5 euros), notwithstanding the 4.0% increase in the level of MOU.

#### Data Services and Mobile Broadband

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

During the 1H10, Data Revenues represented 29.9% of Service Revenues, an improvement of 2.3pp vs. the 1H09. Non-SMS related data services continued to increase their weight, accounting for approximately 75.6% of total Data Revenues in the 1H10, compared to 72.5% in the 1H09.



### 3.1.2. Financial data

Million euros								
MOBILE INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
<b>Turnover</b>	<b>152.0</b>	<b>145.6</b>	<b>-4.2%</b>	<b>142.5</b>	<b>2.2%</b>	<b>298.8</b>	<b>288.1</b>	<b>-3.6%</b>
Service Revenues	140.5	138.8	-1.1%	137.4	1.0%	279.7	276.3	-1.2%
Customer Revenues	115.1	116.1	0.9%	114.3	1.6%	227.9	230.4	1.1%
Operator Revenues	25.3	22.7	-10.3%	23.2	-2.0%	51.8	45.9	-11.4%
Equipment Sales	11.6	6.8	-41.4%	5.0	34.9%	19.1	11.8	-38.3%
<b>Other Revenues</b>	<b>8.7</b>	<b>8.3</b>	<b>-5.3%</b>	<b>8.3</b>	<b>-1.0%</b>	<b>17.4</b>	<b>16.6</b>	<b>-4.9%</b>
<b>Operating Costs</b>	<b>110.7</b>	<b>105.9</b>	<b>-4.3%</b>	<b>104.2</b>	<b>1.6%</b>	<b>219.0</b>	<b>210.1</b>	<b>-4.0%</b>
Personnel Costs	12.7	13.2	4.2%	13.0	2.2%	26.7	26.2	-1.8%
Direct Servicing Costs <sup>(1)</sup>	40.0	42.1	5.4%	44.9	-6.0%	83.0	87.0	4.8%
Commercial Costs <sup>(2)</sup>	31.3	24.7	-20.9%	20.4	21.0%	55.8	45.2	-19.1%
Other Operating Costs <sup>(3)</sup>	26.7	25.8	-3.4%	26.0	-0.7%	53.5	51.7	-3.2%
Provisions and Impairment Losses	4.9	0.0	-100.0%	0.2	-99.7%	8.4	0.2	-97.6%
<b>EBITDA</b>	<b>45.1</b>	<b>48.0</b>	<b>6.3%</b>	<b>46.4</b>	<b>3.4%</b>	<b>88.9</b>	<b>94.4</b>	<b>6.1%</b>
<b>EBITDA Margin (%)</b>	<b>29.7%</b>	<b>32.9%</b>	<b>3.3pp</b>	<b>32.6%</b>	<b>0.4pp</b>	<b>29.7%</b>	<b>32.8%</b>	<b>3.0pp</b>
Operating CAPEX <sup>(4)</sup>	18.0	19.8	10.0%	17.9	10.7%	30.9	37.6	21.9%
Operating CAPEX as % of Turnover	11.8%	13.6%	1.8pp	12.5%	1.0pp	10.3%	13.1%	2.7pp
EBITDA - Operating CAPEX	27.2	28.2	3.8%	28.5	-1.2%	58.0	56.7	-2.2%
<b>Total CAPEX</b>	<b>18.1</b>	<b>19.9</b>	<b>10.0%</b>	<b>18.0</b>	<b>10.7%</b>	<b>31.8</b>	<b>37.9</b>	<b>19.4%</b>

(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

We maintained our positive evolution in terms of Mobile Customer Revenues, having grown from 227.9 million euros to 230.4 million euros. Nonetheless, Mobile Turnover decreased y.o.y. to, approximately, 288.1 million euros, due to a decrease of 11.4% in the level of Operator Revenues, fully driven by regulated tariffs, and a decrease of 38.3% in the level of Equipment sales. In terms of MTRs it should be noted that the 1H10 was a period without asymmetry, in which the tariffs stood at 0.065 euros until the 24<sup>th</sup> of May and 0.060 euros afterwards.

#### Operating Costs

Mobile Operating Costs decreased y.o.y. from 219.0 million euros to 210.1 million euros. This cost reduction strategy was clear across all the cost lines with the exception of Direct Servicing Costs, which evolved positively due to our enlarged network and higher traffic levels, an outcome driven by the increased level of activity, despite the lower MTRs. Additionally, we've been achieving a recovery in terms of judicial and non-judicial collections of previous years' credits allowing us to partially offset the level of current Provisions.

#### EBITDA

Mobile EBITDA increased to 94.4 million euros, up by 6.1% against the 1H09, mostly due to a 4.0% decrease in the level of Operating Costs. The EBITDA margin reached 32.8%, improving 3.1pp when compared to the 1H09, an excellent accomplishment for our operation.

## 3.2. Wireline Business

In this semester, both our Wholesale and our Corporate and SMEs divisions continued to deliver positive results. We deeply believe that convergence will be the key growth driver in business segments and our positioning, which comprises an integrated architecture enabling convergent solutions, is the best way to address customers demand. In the Residential segment, the competitive environment remained unattractive, thus we will keep focusing on value growth in terms of subscriber base, while leveraging our infrastructure and partnerships.

### 3.2.1. Operational data

WIREFINE OPERATIONAL KPI's	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
<b>Total Accesses</b>	<b>528,467</b>	<b>447,990</b>	<b>-15.2%</b>	<b>463,853</b>	<b>-3.4%</b>	<b>528,467</b>	<b>447,990</b>	<b>-15.2%</b>
<b>Direct Accesses</b>	<b>432,886</b>	<b>372,751</b>	<b>-13.9%</b>	<b>385,533</b>	<b>-3.3%</b>	<b>432,886</b>	<b>372,751</b>	<b>-13.9%</b>
Direct Voice	232,258	199,086	-14.3%	207,285	-4.0%	232,258	199,086	-14.3%
Direct Broadband	171,256	121,882	-28.8%	131,611	-7.4%	171,256	121,882	-28.8%
Other Direct Services	29,372	51,783	76.3%	46,637	11.0%	29,372	51,783	76.3%
<b>Indirect Accesses</b>	<b>95,581</b>	<b>75,239</b>	<b>-21.3%</b>	<b>78,320</b>	<b>-3.9%</b>	<b>95,581</b>	<b>75,239</b>	<b>-21.3%</b>
Unbundled COs with transmission	192	203	5.7%	203	0.0%	192	203	5.7%
Unbundled COs with ADSL2+	175	182	4.0%	182	0.0%	175	182	4.0%
Direct access as % Cust. Revenues	77.4%	72.1%	-5.4pp	73.4%	-1.3pp	77.5%	72.7%	-4.8pp
Average Revenue per Access - Retail	22.3	23.5	5.4%	23.5	0.1%	22.6	23.5	3.9%

#### Customer base

In the 1H10, the Corporate and SMEs segment was able to increase its market presence, with the number of Total Accesses evolving positively. Despite this positive trend, Wireline Total Accesses continued to decrease, driven by the Residential segment, reaching circa 448 thousand, a decrease of 15.2% when compared to the end of the 1H09, explained both by a 13.9% decrease in Direct Accesses and a 21.3% reduction in Indirect Accesses.



### 3.2.2. Financial data

Million euros								
WIRELINE INCOME STATEMENT	2009	2010	Δ10/09	1Q10	q.o.q	1H09	1H10	Δ10/09
<b>Turnover</b>	<b>60.0</b>	<b>59.4</b>	<b>-1.1%</b>	<b>60.9</b>	<b>-2.5%</b>	<b>124.3</b>	<b>120.3</b>	<b>-3.2%</b>
Service Revenues	59.2	59.2	-0.1%	60.8	-2.7%	123.1	120.0	-2.6%
Customer Revenues	34.3	30.8	-10.3%	31.8	-3.3%	71.7	62.6	-12.6%
Direct Access Revenues	26.6	22.2	-16.5%	23.4	-5.0%	55.6	45.6	-18.0%
Indirect Access Revenues	7.0	6.5	-7.3%	6.5	-0.2%	14.4	13.0	-9.5%
Other	0.7	2.1	185.3%	2.0	6.9%	1.8	4.1	132.4%
Operator Revenues	24.9	28.4	14.1%	28.9	-2.0%	51.4	57.3	11.4%
Equipment Sales	0.8	0.2	-75.3%	0.1	123.3%	1.2	0.3	-74.7%
<b>Other Revenues</b>	<b>0.5</b>	<b>0.5</b>	<b>-0.8%</b>	<b>0.1</b>	<b>-</b>	<b>0.5</b>	<b>0.6</b>	<b>28.9%</b>
<b>Operating Costs</b>	<b>57.4</b>	<b>55.0</b>	<b>-4.2%</b>	<b>56.7</b>	<b>-2.9%</b>	<b>118.6</b>	<b>111.7</b>	<b>-5.8%</b>
Personnel Costs	12	0.9	-291%	1.0	-12.7%	2.7	1.9	-31.1%
Direct Servicing Costs <sup>(1)</sup>	36.5	38.7	5.9%	39.4	-1.9%	77.0	78.1	1.4%
Commercial Costs <sup>(2)</sup>	6.7	4.0	-39.5%	4.3	-7.0%	12.4	8.4	-32.6%
Other Operating Costs <sup>(3)</sup>	13.0	11.5	-11.9%	11.9	-3.9%	26.5	23.4	-11.7%
Provisions and Impairment Losses	2.1	2.9	42.7%	3.6	-18.8%	4.5	6.5	46.8%
<b>EBITDA</b>	<b>1.0</b>	<b>1.9</b>	<b>82.4%</b>	<b>0.7</b>	<b>167.8%</b>	<b>1.7</b>	<b>2.6</b>	<b>55.0%</b>
<b>EBITDA Margin (%)</b>	<b>1.7%</b>	<b>3.2%</b>	<b>1.5pp</b>	<b>1.2%</b>	<b>2.0pp</b>	<b>1.3%</b>	<b>2.2%</b>	<b>0.8pp</b>
Operating CAPEX <sup>(4)</sup>	12.0	6.4	-46.3%	5.3	21.7%	19.7	11.7	-40.8%
Operating CAPEX as % of Turnover	19.9%	10.8%	-9.1pp	8.7%	2.1pp	15.9%	9.7%	-6.2pp
EBITDA - Operating CAPEX	-10.9	-4.5	58.6%	-4.6	0.9%	-18.1	-9.1	49.7%
<b>Total CAPEX</b>	<b>12.0</b>	<b>6.4</b>	<b>-46.3%</b>	<b>5.3</b>	<b>21.7%</b>	<b>19.7</b>	<b>11.7</b>	<b>-40.8%</b>

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & Sales Costs; (3) Other Operating Costs = Outsourcing Services + G&A + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

#### Turnover

Wireline Turnover decreased y.o.y. to, approximately, 120.3 million euros, mainly as a result of a 2.6% lower level of Service Revenues. The 11.4% increase in Operator Revenues didn't totally offset the 12.6% decrease in Customer Revenues, fully driven by the Residential segment.

#### Operating Costs

Wireline Operating Costs decreased y.o.y. from 118.6 million euros to 111.7 million euros, mainly due to a reduction in the level of Commercial and Other Operating Costs, a direct consequence of our cost control initiatives, namely in areas such as IT and Network. The level of Provisions increased y.o.y. from 4.5 million euros to 6.5 million euros impacted by a one-off revaluation carried out in the 2Q10.

#### EBITDA

As a result of our performance in terms of Revenues and Costs, Wireline EBITDA increased y.o.y. to 2.6 million euros. The EBITDA margin stood at 2.2%, increasing 0.8pp in relation to the 1H09.

## 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, which serves more than 100 clients in 73 countries, continued in this semester its international expansion. The amount of International Revenues represented in the 1H10 circa 63.4% of the total Revenues, increasing y.o.y. by more than 7pp. Also, WeDo Technologies level of orders increased y.o.y. by circa 14.4%, a very good indicator of upcoming activity.

### 4.1. Operational data

SSI OPERATIONAL KPI's	2Q09	2Q10	Δ10/09	1Q10	q.o.q	1H09	1H10	Δ10/09
IT Service Revenues/Employee <sup>(1)</sup> ('000 euros)	34.5	33.0	-4.3%	29.2	13.0%	62.7	62.2	-0.9%
Equipment Sales as % Turnover	62.5%	50.0%	-12.4pp	52.1%	-2.1pp	61.9%	51.0%	-10.8pp
Equipment Sales/Employee <sup>(2)</sup> ('000 euros)	1,467.1	730.2	-50.2%	739.7	-1.3%	2,915.9	1,469.7	-49.6%
EBITDA/Employee ('000 euros)	3.6	4.2	15.8%	2.9	46.8%	7.5	7.1	-5.9%
Employees	507	537	5.9%	534	0.6%	507	537	5.9%

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

IT Service Revenues per Employee reached 62.2 thousand euros in the 1H10, 0.9% below the 1H09, while Equipment Sales per Employee have decreased y.o.y. by circa 10.8pp. 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 537, a 5.9% y.o.y. growth, mainly due to the need for additional internal consultants to support the increased level of activity at all subsidiaries and to the growing international footprint of WeDo Technologies: the total number of employees placed outside Portugal is of 162 in the 1H10, against 145 in the 1H09, representing an increase of 11.7%. EBITDA per employee reached 7.1 thousand euros, a 5.9% y.o.y. decrease, as a consequence of the increase in the number of employees, which offsets the increase in the level of EBITDA.

### Corporate Achievements

During the 2Q10, in a report from Strategist, "Revenue Assurance and Cost Management Global CSP Sector Assessment", WeDo Technologies is ranked as the 2009 Global market leader, with a 25% share of the total Revenue Assurance Telecoms market, a highly fragmented market in which the second player ranks 9pp behind. Strategist believes WeDo Technologies' leadership is derived from a team dedicated to addressing the needs of telecom operators and the Revenue Assurance solutions delivered to its customers. This report confirms WeDo Technologies' growing role in what is becoming an increasingly relevant market sector.

## 4.2. Financial data

Million euros								
SSI CONSOLIDATED INCOME STATEMENT								
Turnover	2Q09	2Q10	Δ10/09	1Q10	q.o.q	1H09	1H10	Δ10/09
Service Revenues	42.21	34.97	-17.2%	32.43	7.8%	82.13	67.40	-17.9%
Equipment Sales	15.84	17.47	10.3%	15.53	12.5%	31.32	32.99	5.3%
Other Revenues	26.37	17.50	-33.6%	16.91	3.5%	50.81	34.41	-32.3%
Operating Costs	0.07	0.09	18.5%	0.11	-24.2%	0.32	0.20	-37.2%
Personnel Costs	40.43	32.59	-19.4%	30.92	5.4%	78.54	63.51	-19.1%
Commercial Costs <sup>(1)</sup>	7.09	7.57	6.7%	7.43	1.9%	14.11	15.01	6.3%
Other Operating Costs <sup>(2)</sup>	26.36	17.44	-33.9%	16.64	4.8%	50.70	34.08	-32.8%
Provisions and Impairment Losses	6.98	7.58	8.7%	6.84	10.9%	13.73	14.42	5.0%
EBITDA	-0.05	0.13	-	0.04	-	0.03	0.17	-
EBITDA Margin (%)	1.90	2.33	22.4%	1.59	46.5%	3.88	3.92	1.1%
	4.5%	6.7%	2.2pp	4.9%	1.8pp	4.7%	5.8%	1.1pp
Operating CAPEX <sup>(3)</sup>	0.99	5.79	-	0.70	-	1.44	6.49	-
Operating CAPEX as % of Turnover	2.3%	16.6%	14.2pp	2.2%	14.4pp	1.8%	9.6%	7.9pp
EBITDA - Operating CAPEX	0.92	-3.46	-	0.89	-	2.44	-2.57	-
Total CAPEX	0.99	5.79	-	0.70	-	1.44	6.49	-

(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 17.9% to, approximately, 67.4 million euros, fully driven by a decrease of 32.3% in the level of IT Equipment Sales. This decrease is due to the expected slowdown of laptop sales under the e-initiatives programme. The level of Service Revenues stood at 33.0 million euros, increasing 5.3% when compared to the 1H09.

### Operating Costs

Total Operating Costs decreased y.o.y. by 19.1%, to 63.5 million euros, totally driven by a 32.8% decrease in the level of Commercial Costs, namely 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 the 1H10, SSI EBITDA evolved positively to 3.9 million, increasing 1.1% when compared with the 1H09, as a consequence of the registered positive evolution in terms of Operating Costs, which more than compensated the top line decrease. In terms of quarterly evolution, it should be noted that between 2Q09 and 2Q10, SSI EBITDA increased from 1.9 million euros to 2.3 million euros, performing an increase of 22.4%. In the 1H09, the EBITDA margin increased y.o.y. from 4.7% to 5.8%, giving evidence of the combination between higher Service Revenues and lower Equipment Sales.



## 5. Online & Media

The Online & Media business comprises a set of additional businesses such as Miao.pt, Público.pt and, notably, Público, a reference daily Portuguese newspaper, now with over 20 years of activity.

Regarding Público, during the 2Q10, the market dynamics subsisted for daily generalist press both in terms of circulation and in terms of advertising figures. However, Público was able to increase its advertising revenues in the 2Q10, which have grown by more than 11.1% in relation to the 1Q10.

In what relates to Público on-line business, which had in the 1H10 an average of circa 6.5 million monthly visits, it is worth highlighting the improvement of some fundamental indicators and also the success of some innovative projects. During 1H10, Público concluded several relevant digital projects, within which an iPhone Público application and the printed edition for Amazon Kindle.

In terms of Financial Overview, 1H10 Online & Media EBITDA was still negative 0.30 million euros but improving its upwards trend, increasing when compared to the negative 1.67 million euros of the 1H09. Mainly due to an increased level of newspaper sales and Associated Product Sales, the 2Q10 EBITDA level was positive 0.13 million euros, a confirmation of our efficient execution.

## 6. Sonaecom SGPS Individual Results

### 6.1. Operational data

Sonaecom SGPS individual results for the semesters ended 30 June 2010 and 2009 can be summarised as follows.

Million euros	1H09	1H10	Δ 10/09	%
Service Revenues	3.6	3.2	(0.3)	-9%
Other Operating Revenues	0.0	0.0	(0.0)	-75%
Operating Costs (1)	(4.0)	(3.8)	0.1	-3%
EBITDA	(0.8)	(0.6)	0.2	-28%
EBIT	(0.9)	(0.7)	0.2	-27%
Dividend Received	3.5	10.5	7.0	202%
Net Financial Activity	(1.7)	1.3	3.0	-175%
Other Financial Results	(7.5)	(4.2)	3.3	-44%
EBT	(6.7)	6.9	13.6	-204%
Net Income	(6.0)	6.8	12.8	-213%

(1) Excludes Amortization, Depreciation and Provisions

In the first six months of 2010, Sonaecom generated service revenues of 3.2 million euros, essentially comprising services provided to its subsidiaries in relation to:

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

Sonaecom's corporate centre employed 40 people, of which, 19 were assigned to the Shared Services Division. In 1H10 total staff costs amounted to 2.2 million euros compared to the 2.3 million euros registered in 1H09. Total corporate centre costs represented approximately 0.6% of Group consolidated turnover as at 30 June 2010. Total operating expenses (excluding depreciation & amortization charges and provisions) amounted to 3.8 million euros, which compares with 4.0 million euros for the same period of 2009.

EBITDA was a negative 0.6 million Euros compared to a negative 0.8 million Euros registered in 2009 mainly due to the decrease in Provisions.

Sonaecom's SGPS main source of financial income was the 10.5 million euros dividends received from Sonae Telecom. In the same period of 2009, Sonaecom has received 3.1 million from Sonaecom Sistemas de Informação, SGPS, S.A. and 0.4 million from Sonae Telecom.

Net financial activity (interest income less interest expenses) was a positive 1.3 million euros, 3.0 million better than 2009, which was mainly driven by a lower level of debt.

Other Financial Results were negative 4.2 million euro almost fully driven by impairment recognition on Sonaetelecom BV, Miauger e Lugares Virtuais. Last year it was also recognised an impairment loss of 7.5 million euros on Sonaetelecom BV and Miauger.

Net Results for the year were positive 6.8 million euros, 12.8 million euros better than 2009 mainly due to the performance of Financial Results. Dividends, net financial activity and other financial results performed better than last year.

## 6.2. Financial data

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

Changes in Sonaecom SGPS Liquidity	Million euros
Sonaecom SGPS stand-alone liquidity as at 31 December 2009	3.2
Commercial Paper Programme (CPP)	(78.1)
Other External Debt	66.5
Treasury applications from subsidiaries received(repaid)	(7.3)
Net Acquisitions and Supplementary Capital	(4.2)
Acquisition of Own Shares	(3.5)
Acquisition of share capital	(1.5)
Supplementary Capital (reimbursement)	0.8
Net Shareholder Loans repaid (grant)	6.8
Be Artis	13.6
Sonaecom BV	10.8
WeDo	7.0
Sonaecom BV	(14.6)
Sonaecom Sistemas de Informação	(9.5)
Virtuais	(0.5)
Sonaecom Financial Movements	15.3
Interest paid	(3.7)
Interest received	8.0
Dividend received	10.5
Operational Free Cash Flow and Others	0.5
<b>Total movement in the period</b>	<b>(1.0)</b>
<b>Sonaecom SGPS stand-alone liquidity as at 30 June 2010</b>	<b>2.2</b>

During the semester, Sonaecom's stand-alone liquidity decreased 1.0 million euros from 3.2 to 2.2 million euros due to the following movements:

### A. Gross Nominal External Debt – 11.6 million euros decrease

During the semester, Gross Nominal External Debt decreased by 11.6 million euros, 78.1 million euros through commercial paper programme ("CPP"), circa 3.5 million euros of overdrafts, partially compensated by the increase of 70 million euros of Bonds.

Since 2007, when Sonaecom completed the negotiation of a 250 million euros committed underwritten commercial paper programme, Sonaecom's gross debt is fully contracted by Sonaecom SGPS and internal funding movements are used to allocate cash between our subsidiaries. As part of this new internal funding process, Sonaecom SGPS is using shareholder loans and/or treasury applications, depending on the expected maturity of amounts lent to subsidiaries.

At the end of the period, Sonaecom SGPS' gross debt comprised four long term facilities: (1) a 150 million euros Bond issue; (2) a new 40 million euros Bond issue; (3) a new 30 million Bond issue and (4) the 250 million euros committed underwritten CPP.

### B. Treasury applications from subsidiaries – 7.3 million euros decrease


During the last six months, the subsidiaries reduced its applications in Sonaecom by 8.2 million euros (Optimus reduced by 6.9 million euros and BeTowering reduced by 2.9 million euros) and Sonaecom reduced its applications in subsidiaries by 0.9 million euros (2.7 million in Público, partially compensated by 1.5 million euros increase in WeDo and 0.2 million in Virtuais).

### C. Net Acquisitions and Supplementary Capital – Net cash-out of 4.2 million euros

The major outflows from acquisitions and investments during the period are as follows:

- Sonaecom Telecom reimbursed 15.8 million euros of supplementary capital;



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- Sonaecom placed 15 million euros of Supplementary capital at Sonae Telecom BV (10.8 million were shareholder loans capitalization);
  - Sonaecom reinforced its investment in the share capital of Sonae Telecom by 1.5 million euros;
  - To cover the MTIP responsibilities, Sonaecom SGPS invested 3.5 million euros in the acquisition of 2.066.935 own shares during the first half of 2010.

#### **D. Net Shareholder loans – 6.8 million euros decrease**

During the period, total shareholder loans applied by Sonaecom SGPS in subsidiaries, decreased by 6.8 million euros:

- Sonaecom has placed additional 14.6 million euros at Sonaecom BV, 9.5 million euros on Sonaecom Sistemas de Informação and 0.5 million euros at Virtuais;
- Sonaecom SGPS decreased loans on Sonae Telecom BV by 10.8 million euros, on WeDo by 7.0 million euros and on BeArtis by 13.6 million euros;

#### **E. Sonaecom financial movements – positive 15.3 million euros**

Sonaecom SGPS' operational and financial activity generated a net inflow of 15.3 million euros which was essentially driven by the following movements:

- Dividends of 10.5 million euros received from Sonae Telecom;
- A positive net financial activity of 4.3 million Euros; and
- A positive operational Free cash flow of 0.5 million euros.

## 7. Main Regulatory Developments

The following are some of the more relevant regulatory developments during the 2Q10:

- On February 2010, ANACOM approved a final decision about amendments to PT's Reference Unbundling Offer (RUO), which is relevant for Optimus' fixed business. Among other, amendments to PT's RUO include:
  - Integration of premium Service Level Agreements;
  - Reinforcement of the penalties' scheme;
  - Obligation for PT to provide further information to alternative operators on the existing copper network and on its future evolution, in order to ensure service continuity to unbundled loops.
- On 21 May, ICP-ANACOM approved the final decision regarding the definition of relevant wholesale markets for voice call termination on individual mobile networks (market 7). This decision included a glide-path for the mobile termination rates and, contrary to what was anticipated in the draft decision of 20 January 2010, the prices were not retroactive and entered into force only on 24 May 2010:

	Tariffs
24 May 2010	0.060
24 August 2010	0.055
24 November 2010	0.050
24 February 2011	0.045
24 May 2011	0.040
24 August 2011	0.035

- On 22 July 2010, ICP-ANACOM approved the final decision authorizing the refarming of 900 and 1800 MHz frequencies, which means that UMTS services can also be supported in 900 and 1800 MHz frequencies. In the scope of this process, ICP-ANACOM decided to replace the former licenses by a single new title.

## 8. Corporate Governance

A detailed annual Corporate Governance Report is included in Sonaecom's full year 2008 Management Report and Accounts available on our website ([www.sonae.com](http://www.sonae.com)). Our website also has a specific section dedicated to corporate governance.

Highlighted below are the main developments that occurred during 1H09 in relation to Corporate Governance matters:

### Annual General Meeting

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

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

### Acquisition of own shares

In accordance with the authorizations granted by the Shareholders' General Assembly and for the purpose of fulfilling the obligations arising from the employees' Medium Term Incentive Plan (MTIP), Sonaecom purchased, through the Euronext Lisbon Stock Exchange:

- 747,000 own shares, representing, approximately, 0.20% of its share capital, from 4 January to 8 January 2010;
- 886,935 own shares, representing, approximately, 0.24% of its share capital, from 15 March to 26 March 2010;
- 433,000 own shares, representing, approximately, 0.12% of its share capital, from 18 May to 21 May 2010;

As of 21 May 2010, Sonaecom was the holder of 8,264,325 own shares representing, approximately, 2.26% of its share capital.

## 9. 1H10 Earning Announcement - Appendix

### 9.1. Consolidated Income Statement

Million euros								
CONSOLIDATED INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
<b>Turnover</b>	<b>240.7</b>	<b>227.6</b>	<b>-5.4%</b>	<b>222.8</b>	<b>2.2%</b>	<b>481.6</b>	<b>450.3</b>	<b>-6.5%</b>
Mobile	152.0	145.6	-4.2%	142.5	2.2%	298.8	288.1	-3.6%
Wireline	60.0	59.4	-1.1%	60.9	-2.5%	124.3	120.3	-3.2%
SSI	42.2	35.0	-17.2%	32.4	7.8%	82.1	67.4	-17.9%
Other & Eliminations	-13.6	-12.4	8.8%	-13.0	5.0%	-23.7	-25.4	-7.3%
<b>Other Revenues</b>	<b>1.4</b>	<b>1.6</b>	<b>16.7%</b>	<b>1.1</b>	<b>44.6%</b>	<b>2.3</b>	<b>2.8</b>	<b>19.8%</b>
<b>Operating Costs</b>	<b>188.9</b>	<b>174.6</b>	<b>-7.6%</b>	<b>172.1</b>	<b>1.4%</b>	<b>378.9</b>	<b>346.7</b>	<b>-8.5%</b>
Personnel Costs	24.4	24.3	-0.6%	24.5	-0.7%	49.2	48.8	-0.9%
Direct Servicing Costs <sup>(1)</sup>	63.6	68.4	7.5%	71.1	-3.7%	133.5	139.5	4.5%
Commercial Costs <sup>(2)</sup>	64.6	46.8	-27.5%	42.2	11.0%	123.5	89.0	-28.0%
Other Operating Costs <sup>(3)</sup>	36.3	35.0	-3.4%	34.4	1.8%	72.7	69.5	-4.4%
<b>EBITDAP</b>	<b>53.2</b>	<b>54.7</b>	<b>2.8%</b>	<b>51.8</b>	<b>5.6%</b>	<b>105.0</b>	<b>106.4</b>	<b>1.3%</b>
Provisions and Impairment Losses	7.1	3.1	-56.6%	3.9	-20.6%	13.5	6.9	-48.8%
<b>EBITDA</b>	<b>46.1</b>	<b>51.6</b>	<b>11.9%</b>	<b>47.9</b>	<b>7.7%</b>	<b>91.5</b>	<b>99.5</b>	<b>8.8%</b>
<b>EBITDA Margin (%)</b>	<b>19.2%</b>	<b>22.7%</b>	<b>3.5pp</b>	<b>21.5%</b>	<b>1.2pp</b>	<b>19.0%</b>	<b>22.1%</b>	<b>3.1pp</b>
Mobile	45.1	48.0	6.3%	46.4	3.4%	88.9	94.4	6.1%
Wireline	1.0	1.9	82.4%	0.7	167.8%	1.7	2.6	55.0%
SSI	1.9	2.3	22.4%	1.6	46.5%	3.9	3.9	1.1%
Other & Eliminations	-2.0	-0.6	70.0%	-0.8	23.1%	-3.0	-1.4	54.1%
Depreciation & Amortization	39.7	32.8	-17.3%	34.0	-3.7%	79.1	66.8	-15.5%
<b>EBIT</b>	<b>6.5</b>	<b>18.8</b>	<b>191.4%</b>	<b>13.9</b>	<b>35.6%</b>	<b>12.4</b>	<b>32.7</b>	<b>162.7%</b>
<b>Net Financial Results</b>	<b>-3.4</b>	<b>-1.7</b>	<b>50.3%</b>	<b>-2.0</b>	<b>14.5%</b>	<b>-7.3</b>	<b>-3.7</b>	<b>50.1%</b>
Financial Income	1.4	2.0	44.6%	1.5	33.1%	3.1	3.5	11.7%
Financial Expenses	4.8	3.7	-22.9%	3.5	6.0%	10.4	7.1	-31.6%
<b>EBT</b>	<b>3.1</b>	<b>17.1</b>	<b>-</b>	<b>11.9</b>	<b>43.8%</b>	<b>5.1</b>	<b>29.0</b>	<b>-</b>
Tax results	-1.8	-5.6	-	-3.7	-51.4%	-3.5	-9.3	-163.2%
<b>Net Results</b>	<b>1.2</b>	<b>11.5</b>	<b>-</b>	<b>8.2</b>	<b>40.5%</b>	<b>1.6</b>	<b>19.7</b>	<b>-</b>
Group Share	1.2	11.5	-	8.2	40.7%	1.4	19.6	-
Attributable to Minority Interests	0.1	0.1	-7.2%	0.1	6.3%	0.2	0.1	-40.0%

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

## 9.2. Consolidated Balance Sheet

Million euros					
CONSOLIDATED BALANCE SHEET	1H09	1H10	D10/09	1Q10	q.o.q
<b>Total Net Assets</b>	<b>1,957.2</b>	<b>1,820.5</b>	<b>-7.0%</b>	<b>1,910.6</b>	<b>-4.7%</b>
Non Current Assets	1,481.6	1,488.3	0.5%	1,493.7	-0.4%
Tangible and Intangible Assets	832.0	846.0	1.7%	847.1	-0.1%
Goodwill	525.9	526.2	0.1%	526.1	0.0%
Investments	1.2	1.2	0.0%	1.2	0.0%
Deferred Tax Assets	122.5	114.8	-6.2%	119.1	-3.6%
Others	0.0	0.1	-	0.0	-
Current Assets	475.6	332.2	-30.2%	417.0	-20.3%
Trade Debtors	162.2	134.8	-16.9%	143.3	-5.9%
Liquidity	121.4	76.1	-37.3%	76.3	-0.3%
Others	192.1	121.4	-36.8%	197.4	-38.5%
<b>Shareholders' Funds</b>	<b>930.8</b>	<b>953.5</b>	<b>2.4%</b>	<b>941.5</b>	<b>1.3%</b>
Group Share	930.5	953.1	2.4%	941.1	1.3%
Minority Interests	0.3	0.5	29.9%	0.4	14.2%
<b>Total Liabilities</b>	<b>1,026.4</b>	<b>867.0</b>	<b>-15.5%</b>	<b>969.1</b>	<b>-10.5%</b>
Non Current Liabilities	583.1	439.4	-24.6%	459.9	-4.5%
Bank Loans	411.6	319.8	-22.3%	328.5	-2.6%
Provisions for Other Liabilities and Charges	32.3	32.7	1.3%	31.8	2.7%
Others	139.3	86.9	-37.6%	99.6	-12.8%
Current Liabilities	443.4	427.6	-3.6%	509.2	-16.0%
Bank Loans	8.4	26.5	-	21.6	22.9%
Trade Creditors	190.4	180.3	-5.3%	194.1	-7.1%
Others	244.5	220.8	-9.7%	293.5	-24.8%
Operating CAPEX <sup>(1)</sup>	52.3	55.6	6.3%	23.9	132.2%
Operating CAPEX as % of Turnover	10.9%	12.3%	1.5pp	10.7%	16pp
Total CAPEX	53.2	55.9	5.1%	24.1	132.1%
EBITDA - Operating CAPEX	39.2	43.9	12.0%	24.0	83.2%
Operating Cash Flow <sup>(2)</sup>	3.6	24.2	-	12.4	95.4%
FCF <sup>(3)</sup>	-17.6	5.6	-	1.3	-
Gross Debt	442.7	369.4	-16.6%	373.5	-1.1%
Net Debt	321.3	293.3	-8.7%	297.2	-1.3%
Net Debt/ EBITDA last 12 months	1.8 x	1.6 x	-0.2x	1.7 x	-0.1x
EBITDA/Interest Expenses <sup>(4)</sup> (last 12 months)	8.8 x	12.7 x	3.9x	11.3 x	1.4x
Debt/Total Funds (Debt + Shareholders' Funds)	32.2%	27.9%	-4.3pp	28.4%	-0.5pp
<b>Excluding the Securitisation Transaction:</b>					
Net Debt	409.9	362.3	-11.6%	371.0	-2.3%
Net Debt/ EBITDA last 12 months	2.2x	2.0 x	-0.2x	2.1x	-0.1x
EBITDA/Interest Expenses <sup>(4)</sup> (last 12 months)	8.8 x	12.7 x	3.9x	11.3x	1.4x

(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.

### 9.3. Levered FCF

Million euros

	2Q09	2Q10	Δ10/09	1Q10	q.o.q	1H09	1H10	Δ10/09
<b>LEVERED FREE CASH FLOW</b>								
<b>EBITDA-Operating CAPEX</b>	<b>15.2</b>	<b>19.9</b>	<b>31.2%</b>	<b>24.0</b>	<b>-16.9%</b>	<b>39.2</b>	<b>43.9</b>	<b>12.0%</b>
Change in WC	25.8	-8.4	-	-11.9	29.5%	-42.1	-20.3	51.8%
Non Cash Items & Other	-1.2	0.3	-	0.3	-13.6%	6.5	0.6	-90.7%
<b>Operating Cash Flow</b>	<b>39.8</b>	<b>11.8</b>	<b>-70.3%</b>	<b>12.4</b>	<b>-4.9%</b>	<b>3.7</b>	<b>24.2</b>	<b>-</b>
Securitisation Transaction	-5.0	-5.0	0.0%	-5.0	0.0%	-10.0	-10.0	0.0%
Own shares	-0.7	-0.5	22.7%	-3.0	81.6%	-2.0	-3.5	-75.9%
Financial results	-5.0	-0.8	83.2%	-2.4	64.6%	-9.2	-3.2	65.2%
Income taxes	-0.9	-1.2	-40.4%	-0.7	-64.7%	-0.1	-1.9	-
<b>FCF</b>	<b>28.2</b>	<b>4.2</b>	<b>-85.0%</b>	<b>1.3</b>	<b>-</b>	<b>-17.6</b>	<b>5.6</b>	<b>-</b>

### 9.4. Headcount

<b>Sonaecom</b>	2Q09	2Q10	Δ10/09	1Q10	q.o.q	1H09	1H10	Δ10/09
Total Employees	2,002	2,063	3.0%	2,053	0.5%	2,002	2,063	3.0%
o.w. Telecommunications	1,097	1,127	2.7%	1,119	0.7%	1,097	1,127	2.7%
o.w. SSI	507	537	5.9%	534	0.6%	507	537	5.9%



## 9.5. Online & Media

PÚBLICO OPERATIONAL KPI's	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Average Paid Circulation <sup>(1)</sup>	38,544	33,591	-12.9%	32,836	2.3%	39,347	33,025	-16.1%
Market Share of Advertising (%)	12.3%	10.3%	-2.0pp	10.4%	-0.1pp	12.0%	10.6%	-1.4pp
Audience <sup>(2)</sup> (%)	4.2%	4.4%	0.2pp	4.4%	0.0pp	4.4%	4.4%	0.0pp
Employees	248	246	-0.8%	244	0.8%	248	246	-0.8%

(1) Estimated value updated in the following quarter; (2) As % of adressable population; Source: Bareme Imprensa.

Million euros	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
ONLINE & MEDIA CONS. INCOME STATEMENT								
<b>Turnover</b>	<b>7.76</b>	<b>7.92</b>	<b>2.1%</b>	<b>7.38</b>	<b>7.4%</b>	<b>15.17</b>	<b>15.30</b>	<b>0.9%</b>
Advertising Sales <sup>(1)</sup>	3.69	3.42	-7.5%	3.08	11.1%	6.83	6.49	-4.9%
Newspaper Sales	2.89	3.27	13.0%	3.14	4.2%	5.95	6.40	7.7%
Associated Product Sales	1.17	1.24	5.7%	1.17	6.2%	2.40	2.41	0.4%
<b>Other Revenues</b>	<b>0.05</b>	<b>0.07</b>	<b>45.2%</b>	<b>0.05</b>	<b>46.0%</b>	<b>0.10</b>	<b>0.12</b>	<b>15.9%</b>
<b>Operating Costs</b>	<b>8.44</b>	<b>7.85</b>	<b>-7.0%</b>	<b>7.85</b>	<b>0.0%</b>	<b>16.75</b>	<b>15.70</b>	<b>-6.2%</b>
Personnel Costs	3.13	2.66	-14.9%	2.65	0.3%	6.18	5.32	-14.0%
Commercial Costs <sup>(2)</sup>	2.64	2.69	1.7%	2.62	2.6%	5.08	5.30	4.4%
Other Operating Costs <sup>(3)</sup>	2.67	2.50	-6.4%	2.58	-2.9%	5.48	5.08	-7.3%
Provisions and Impairment Losses	0.13	0.01	-93.6%	0.02	-43.7%	0.20	0.02	-88.2%
<b>EBITDA</b>	<b>-0.77</b>	<b>0.13</b>	<b>-</b>	<b>-0.44</b>	<b>-</b>	<b>-1.67</b>	<b>-0.30</b>	<b>81.8%</b>
<b>EBITDA Margin (%)</b>	<b>-9.9%</b>	<b>1.7%</b>	<b>11.6pp</b>	<b>-6.0%</b>	<b>7.7pp</b>	<b>-11.0%</b>	<b>-2.0%</b>	<b>9.0pp</b>
Operating CAPEX <sup>(4)</sup>	0.18	0.13	-31.2%	0.13	-4.3%	0.33	0.26	-22.1%
Operating CAPEX as % of Turnover	2.4%	1.6%	-0.8pp	1.8%	-0.2pp	2.2%	1.7%	-0.5pp
EBITDA - Operating CAPEX	-0.95	0.01	-	-0.57	-	-2.01	-0.56	71.8%
<b>Total CAPEX</b>	<b>0.18</b>	<b>0.13</b>	<b>-31.2%</b>	<b>0.13</b>	<b>-4.3%</b>	<b>0.33</b>	<b>0.26</b>	<b>-22.1%</b>

(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.

## 10. Article 447, 448 and Qualified Holdings

### Article 447

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 5/2008  
Shares held by the Board of Directors and Management and respective transactions during the first half 2010:

#### Board of Directors

	Date	Additions		Reductions		Balance at 30 June 2010
		Quantity	Average value €	Quantity	Average value €	Quantity
<b>Duarte Paulo Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (3)						1,969,996
Sonae, SGPS, SA (6)						3,293
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério</b>						
Sonae, SGPS, SA (6)						250,000
Sonaecom, SGPS, SA (9)						225,000
<b>Miguel Nuno Santos Almeida</b>						
Sonae, SGPS, SA (6)						28,184
Shares attributed under the Medium Term Incentive Plan	10.03.2010	28,184	0.00			
Sonaecom, SGPS, SA						39,799
Shares attributed under the Medium Term Incentive Plan	10.03.2010	18,942	0.00			
<b>Maria Cláudia Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Linhacom, SGPS, SA (4)						99,996
Sonae, SGPS, SA (6)						17,585
Shares attributed under the Medium Term Incentive Plan	10.03.2010	17,585	0.00			
Sonaecom, SGPS, SA (9)						11,988
Shares attributed under the Medium Term Incentive Plan	10.03.2010	11,818	0.00			
<b>António Bernardo Aranha da Gama Lobo Xavier</b>						
Sonae, SGPS, SA (6)						42,046
Shares attributed under the Medium Term Incentive Plan	10.03.2010	25,412	0.00			
Sonaecom, SGPS, SA (9)						19,682
Shares attributed under the Medium Term Incentive Plan	10.03.2010	17,079	0.00			

## Management

	Date	Additions		Reductions		Balance at
		Quantity	Average value €	Quantity	Average value €	30 June 2010 Quantity
<b>David Graham Shenton Bain</b>						
Sonae, SGPS, SA (6)						20,000
Sonaecom, SGPS, SA (9)						15,000
<b>Ana Paula Garrido Pina Marques</b>						
Sonae, SGPS, SA (6)						11,000
Sonaecom, SGPS, SA (9)						14,444
Shares attributed under the Medium Term Incentive Plan	10.03.2010	8,165	0.00			
Sale	15.03.2010			8,165	170	
<b>Manuel António Neto Portugal Ramalho Eanes</b>						
Sonaecom, SGPS, SA (9)						-
Shares attributed under the Medium Term Incentive Plan	10.03.2010	9,197	0.00			
Sale	15.03.2010			9,197	165	
<b>David Pedro Oliveira Parente Ferreira Alves</b>						
Sonae, SGPS, SA (6)						5,000
Sonaecom, SGPS, SA (9)						14,322
Shares attributed under the Medium Term Incentive Plan	10.03.2010	14,322	0.00			
<b>Rui José Gonçalves Paiva</b>						
Sonaecom, SGPS, SA (9)						460
<b>Artur Carlos Gomes Loureiro</b>						
Sonae, SGPS, SA (6)						4,000
Sonaecom, SGPS, SA (9)						41,135
Shares attributed under the Medium Term Incentive Plan	10.03.2010	14,773	0.00			
<b>José Manuel Pinto Correia</b>						
Sonaecom, SGPS, SA (9)						17,213
Shares attributed under the Medium Term Incentive Plan	10.03.2010	17,213	0.00			
<b>Pedro Rafael de Sousa Nunes Pedro</b>						
Sonae, SGPS, SA (6)						4,400
<b>Ana Cristina Dinis da Silva Fanha Vicente Soares</b>						
Sonaecom, SGPS, SA (9)						1,125
Shares attributed under the Medium Term Incentive Plan	10.03.2010	1,125	0.00			

## Article 447

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

### Notes:

	Date	Additions		Reductions		Balance at 30 June 2010
		Quantity	Average value €	Quantity	Average value €	Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA (6)					659,650,000	
Pareuro, BV (2)					2,000,000	
Sonaecom, SGPS, SA (9)					1,000	
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA (6)					400,000,000	
<b>(3) Migracom, SGPS, SA</b>						
Imparfin, SGPS, SA (5)					150,000	
Sonae, SGPS, SA (6)					1,485,000	
Sonaecom, SGPS, SA (9)					387,342	
<b>(4) Linhacom,SGPS, SA</b>						
Imparfin, SGPS, SA (5)					150,000	
Sonae, SGPS, SA (6)					351,296	
Sonaecom, SGPS, SA (9)					38,044	
<b>(5) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA (6)					4,105,280	
<b>(6) Sonae, SGPS, SA</b>						
Sonaecom, SGPS, SA (9)					838,649	
Sonae Investments BV (7)					2,000,000	
Sontel BV (8)					4,286	
<b>(7) Sonae Investments BV</b>						
Sontel BV (8)					5,714	
Sonaecom, SGPS, SA (9)					10,500,000	
<b>(8) Sontel BV</b>						
Sonaecom, SGPS, SA (9)					183,374,470	
<b>(9) Sonaecom, SGPS, SA</b>						
Sale	04.01.2010			28,459	0.00	
Acquisition	Jan.10	747,000	1.986			
Sale	10.03.2010			943,725	0.00	
Acquisition	Mar.10	886,935	1.658			
Acquisition	May.10	433,000	1.257			

## Article 448

In accordance with the article 448 of the Portuguese Company Law

	Number of shares as of 30 June 2010
<b>Efanor Investimentos, SGPS, SA</b>	
Sonae, SGPS, SA	659,650,000
Pareuro, BV	2,000,000
Sonaecom, SGPS, SA	1,000
<b>Pareuro, BV</b>	
Sonae, SGPS, SA	400,000,000
<b>Sonae, SGPS, SA</b>	
Sonaecom, SGPS, SA	838,649
Sonae Investments BV	2,000,000
Sontel BV	4,286
<b>Sonae Investments BV</b>	
Sonaecom, SGPS, SA	10,500,000
Sontel BV	5,714
<b>Sontel BV</b>	
Sonaecom, SGPS, SA	183,374,470
<b>Atlas Services Belgium, S.A.</b>	
Sonaecom, SGPS, SA	73,249,374

## Qualified holdings

In compliance with sub-paragraph c), number 1, of the article 9 of the CMVM Regulation no. 05/2008, we declare the qualifying holdings at 30 June 2010:

Shareholder	Number of shares	% of Share capital	% Voting rights	
			With own shares	Without own shares
Sontel BV	183,374,470	50.07%	50.07%	51.22%
Sonae Investments BV	10,500,000	2.87%	2.87%	2.93%
Sonae SGPS	838,649	0.23%	0.23%	0.23%
Migracom, SGPS, SA	387,342	0.11%	0.11%	0.11%
Ângelo Gabriel Ribeirinho dos Santos Paupério <sup>(1),(2),(4)</sup>	225,000	0.06%	0.06%	0.06%
Belmiro Mendes de Azevedo <sup>(1),(3)</sup>	75,537	0.02%	0.02%	0.02%
Linhacom, SGPS, SA	38,044	0.01%	0.01%	0.01%
Miguel Nuno Santos Almeida <sup>(4)</sup>	39,799	0.01%	0.01%	0.01%
Álvaro Carmona e Costa Portela <sup>(1)</sup>	5,000	0.00%	0.00%	0.00%
Efanor Investimentos, SGPS, SA	1,000	0.00%	0.00%	0.00%
António Bernardo Aranha da Gama Lobo Xavier <sup>(4)</sup>	19,682	0.01%	0.01%	0.01%
Maria Cláudia Teixeira de Azevedo <sup>(3),(4)</sup>	11,988	0.00%	0.00%	0.00%
<b>Total attributable</b>	<b>195,516,511</b>	<b>53.38%</b>	<b>53.38%</b>	<b>54.62%</b>
France Telecom, S.A.				
Atlas Services Belgium, S.A.	73,249,374	20.00%	20.00%	20.46%
<b>Total attributable</b>	<b>73,249,374</b>	<b>20.00%</b>	<b>20.00%</b>	<b>20.46%</b>
BCP				
Banco Comercial Português	12,500,998	3.41%	3.41%	3.49%
<b>Total attributable</b>	<b>12,500,998</b>	<b>3.41%</b>	<b>3.41%</b>	<b>3.49%</b>
Santander				
Santander Asset Management	7,408,788	2.02%	2.02%	2.07%

- (1) Member of the Board of Directors of Sonae, SGPS, SA
- (2) Member of the Board of Directors of Sonae Investments, BV and Sontel BV
- (3) Member of the Board of Directors of Efanor Investments, SGPS, SA
- (4) Member of the Board of Directors of Sonaecom, SGPS, SA



## 11. Declaration for the purpose of Article 245 of CVM (Portuguese Securities Code)

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the interim Management Report faithfully describes the most relevant events occurred during the first semester of 2009 and the respective impacts, when applicable, over the financial statements, containing an appropriate description of the major risks and uncertainties within the subsequent six month period.

### 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





## 12. Financial Information

## 12.1. Sonaecom SGPS 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 June 2010 and 2009 and the year ended at 31 December 2009

	Notes	June 2010	June 2009	December 2009
<b>Assets</b>				
Non-current assets				
Tangible assets	1.d), 1.i) and 6	566,785,678	569,106,763	583,419,492
Intangible assets	1.e), 1.f) and 7	279,188,269	262,914,764	273,694,175
Goodwill	1.g) and 9	526,202,397	525,908,600	526,106,175
Investments available for sale	1.h), 8 and 10	1,207,320	1,207,320	1,207,320
Other non-current assets	1.t)	130,705	14,115	54,765
Deferred tax assets	1.q) and 11	114,817,601	122,452,182	121,894,677
<b>Total non-current assets</b>		<b>1,488,331,970</b>	<b>1,481,603,744</b>	<b>1,506,376,604</b>
Current assets				
Inventories	1.j)	26,558,963	21,122,064	14,034,768
Trade debtors	1.k) and 8	134,753,305	162,151,115	158,921,462
Other current debtors	1.k) and 8	23,652,912	29,974,817	13,417,506
Other current assets	1.s) and 1.y)	71,151,550	141,021,889	143,726,837
Cash and cash equivalents	1.l), 8 and 12	76,055,367	121,374,122	83,629,417
<b>Total current assets</b>		<b>332,172,097</b>	<b>475,644,007</b>	<b>413,729,990</b>
<b>Total assets</b>		<b>1,820,504,067</b>	<b>1,957,247,751</b>	<b>1,920,106,594</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>				
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)	580,902,523	574,488,717	575,946,086
Consolidated net income/(loss) for the period		19,633,595	1,419,771	5,748,497
		<b>953,057,401</b>	<b>930,451,760</b>	<b>935,132,436</b>
Minority interests		452,639	348,446	508,152
<b>Total Shareholders' funds</b>		<b>953,510,040</b>	<b>930,800,206</b>	<b>935,640,588</b>
<b>Liabilities</b>				
Non-current liabilities				
Medium and long-term loans – net of short-term portion	1.m), 1.n), 8 and 15	319,837,263	411,553,159	299,139,698
Other non-current financial liabilities	1.i), 8 and 16	19,780,701	21,344,398	20,707,936
Provisions for other liabilities and charges	1.p), 1.t) and 17	32,664,463	32,256,634	32,175,824
Securitisation of receivables	8 and 18	49,579,898	69,138,672	59,374,480
Deferred tax liabilities	1.q) and 11	455,990	689,659	106,929
Other non-current liabilities	1.s), 1.t) and 1.y)	17,095,005	47,217,766	33,218,100
<b>Total non-current liabilities</b>		<b>439,413,320</b>	<b>582,200,288</b>	<b>444,722,967</b>
Current liabilities				
Short-term loans and other loans	1.m), 1.n), 8 and 15	26,501,633	8,439,456	59,256,449
Trade creditors	8	180,325,557	190,402,091	195,303,884
Other current financial liabilities	1.i), 8, 16 and 19	3,239,885	1,335,850	3,053,364
Securitisation of receivables	8 and 18	19,561,507	19,421,834	19,488,569
Other creditors	8	17,291,083	29,869,685	46,979,493
Other current liabilities	1.s) and 1.y)	180,661,042	194,778,341	215,661,280
<b>Total current liabilities</b>		<b>427,580,707</b>	<b>444,247,257</b>	<b>539,743,039</b>
<b>Total Shareholders' funds and liabilities</b>		<b>1,820,504,067</b>	<b>1,957,247,751</b>	<b>1,920,106,594</b>

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

## 12.1. Sonaecom SGPS 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 June 2010 and 2009 and the year ended at 31 December 2009

	Notes	June 2010	April to June 2010 (Not audited)	June 2009	April to June 2009 (Not audited)	December 2009
Sales		51,474,370	27,145,633	79,816,865	40,801,321	141,176,555
Services rendered		398,855,739	200,434,344	401,763,258	199,887,304	808,223,772
Other operating revenues		2,786,575	1,647,385	2,325,433	1,412,006	7,031,518
		<b>453,116,684</b>	<b>229,227,362</b>	<b>483,905,556</b>	<b>242,100,631</b>	<b>956,431,845</b>
Cost of sales		(53,504,856)	(27,948,882)	(84,001,660)	(44,190,954)	(153,951,259)
External supplies and services	20	(236,918,580)	(118,713,652)	(239,664,139)	(117,362,391)	(494,992,901)
Staff expenses		(48,759,947)	(24,293,510)	(49,191,216)	(24,440,759)	(98,036,453)
Depreciation and amortisation	1.d), 1.e), 6 and 7	(66,838,448)	(32,793,691)	(79,055,333)	(39,652,476)	(151,774,270)
Provisions and impairment losses	1.p), 1.x) and 17	(6,932,953)	(3,068,681)	(13,547,520)	(7,072,373)	(19,032,191)
Other operating costs		(7,488,624)	(3,606,083)	(6,008,839)	(2,928,110)	(14,750,258)
		<b>(420,443,408)</b>	<b>(210,424,499)</b>	<b>(471,468,707)</b>	<b>(235,647,063)</b>	<b>(932,537,332)</b>
Other financial expenses	1.n), 1.o), 1.w), 1.x) and 21	(7,136,174)	(3,672,690)	(10,433,684)	(4,765,893)	(18,599,132)
Other financial income	1.o), 1.w) and 21	3,480,360	1,987,227	3,114,421	1,374,053	5,905,914
<b>Current income / (loss)</b>		<b>29,017,462</b>	<b>17,117,400</b>	<b>5,117,586</b>	<b>3,061,728</b>	<b>11,201,295</b>
Income taxation	1.q), 11 and 22	(9,280,596)	(5,588,738)	(3,525,764)	(1,828,785)	(5,124,176)
<b>Consolidated net income/(loss) for the period</b>		<b>19,736,866</b>	<b>11,528,662</b>	<b>1,591,822</b>	<b>1,232,943</b>	<b>6,077,119</b>
Attributed to:						
Shareholders of parent company	26	19,633,595	11,475,460	1,419,771	1,175,603	5,748,497
Minority interests		103,271	53,202	172,051	57,340	328,622
<b>Earnings per share</b>						
Including discontinued operations						
Basic		0.05	0.03	0.00	0.00	0.02
Diluted		0.05	0.03	0.00	0.00	0.02
Excluding discontinued operations						
Basic		0.05	0.03	0.00	0.00	0.02
Diluted		0.05	0.03	0.00	0.00	0.02

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

### The Chief Accountant

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## 12.1. Sonaecom SGPS 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 June 2010 and 2009

	Notes	June 2010	June 2009
<b>Consolidated net income /(loss) for the period</b>		<b>19,736,866</b>	<b>1,591,822</b>
<b>Components of other consolidated comprehensive income, net of tax:</b>		<b>393,261</b>	<b>(33,217)</b>
Increase / (decrease) in financial hedging instruments' fair value	1.o) and 15	-	307,068
Changes in currency translation reserve and other	1.w)	393,261	(340,285)
<b>Consolidated comprehensive income for the period</b>		<b>20,130,127</b>	<b>1,558,605</b>
Attributed to:			
Shareholders of parent company		20,026,856	1,386,554
Minority interests		103,271	172,051

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

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## 12.1. Sonaecom SGPS 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 June 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
<b>2010</b>												
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 June 2010	-	-	-	-	393,261	-	-	-	393,261	-	19,633,595	20,026,856
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)	-	-	-	-	-	1,274,793	-	-	1,274,793	-	-	1,274,793
<b>Balance at 30 June 2010</b>	<b>366,246,868</b>	<b>(13,725,585)</b>	<b>1,221,003</b>	<b>775,290,377</b>	<b>(212,695,291)</b>	<b>3,360,849</b>	<b>-</b>	<b>13,725,585</b>	<b>580,902,523</b>	<b>-</b>	<b>19,633,595</b>	<b>953,057,401</b>
<b>Minority interests</b>												
Balance at 31 December 2009	-	-	-	-	-	-	-	-	-	508,152	-	508,152
Minority interests in comprehensive income	-	-	-	-	-	-	-	-	-	103,271	-	103,271
Dividend payment	-	-	-	-	-	-	-	-	-	(161,850)	-	(161,850)
Other changes	-	-	-	-	-	-	-	-	-	3,066	-	3,066
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452,639</b>	<b>-</b>	<b>452,639</b>
<b>Total</b>	<b>366,246,868</b>	<b>(13,725,585)</b>	<b>1,221,003</b>	<b>775,290,377</b>	<b>(212,695,291)</b>	<b>3,360,849</b>	<b>-</b>	<b>13,725,585</b>	<b>580,902,523</b>	<b>452,639</b>	<b>19,633,595</b>	<b>953,510,040</b>

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

## 12.1. Sonaecom SGPS 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 June 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
<b>2009</b>												
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 June 2009	-	-	-	-	(340,285)	-	307,068	-	(33,217)	-	1,419,771	1,386,554
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)	-	3,784,046	-	-	639,251	(837,553)	-	(3,784,046)	(3,982,347)	-	-	(198,300)
Effect of the recognition of the Medium Term Incentive Plans (Notes 1.y) and 27)	-	-	-	-	-	958,099	-	-	958,099	-	-	958,099
Transfer from liabilities of the responsibilities associated with the Medium Term Incentive Plans	-	-	-	-	-	1,792,025	-	-	1,792,025	-	-	1,792,025
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2009</b>	<b>366,246,868</b>	<b>(11,703,597)</b>	<b>1,985,181</b>	<b>775,290,377</b>	<b>(216,403,009)</b>	<b>1,912,571</b>	<b>-</b>	<b>11,703,597</b>	<b>574,488,717</b>	<b>-</b>	<b>1,419,771</b>	<b>930,451,761</b>
Minority interests												
Balance at 31 December 2008	-	-	-	-	-	-	-	-	-	452,717	-	452,717
Minority interests in comprehensive income	-	-	-	-	-	-	-	-	-	172,051	-	172,051
Other changes	-	-	-	-	-	-	-	-	-	(276,322)	-	(276,322)
<b>Balance at 31 June 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>348,446</b>	<b>-</b>	<b>348,446</b>
<b>Total</b>	<b>366,246,868</b>	<b>(11,703,597)</b>	<b>1,985,181</b>	<b>775,290,377</b>	<b>(216,403,009)</b>	<b>1,912,571</b>	<b>-</b>	<b>11,703,597</b>	<b>574,488,717</b>	<b>348,446</b>	<b>1,419,771</b>	<b>930,800,207</b>

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



## 12.1. Sonaecom SGPS 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 June 2010 and 2009

	June 2010		June 2009	
<b>Operating activities</b>				
Receipts from trade debtors	465,112,720		487,935,503	
Payments to trade creditors	(320,323,424)		(335,947,650)	
Payments to employees	(60,354,987)		(60,684,754)	
<b>Cash flows from operating activities</b>	<b>84,434,309</b>		<b>91,303,099</b>	
Payments / receipts relating to income taxes, net	(1,920,554)		(97,140)	
Other payments / receipts relating to operating activities, net	7,930,936		115,092	
<b>Cash flows from operating activities (1)</b>	<b>90,444,691</b>	<b>90,444,691</b>	<b>91,321,051</b>	<b>91,321,051</b>
<b>Investing activities</b>				
Receipts from:				
Tangible assets	826,176		1,106,922	
Intangible assets	-		1,927	
Interest and similar income	2,488,396	3,314,572	2,879,576	3,988,425
Payments for:				
Tangible assets	(58,655,316)		(78,964,236)	
Intangible assets	(9,820,559)	(68,475,875)	(8,889,067)	(87,853,303)
<b>Cash flows from investing activities (2)</b>	<b>(65,161,303)</b>		<b>(83,864,878)</b>	
<b>Financing activities</b>				
Receipts from:				
Loans obtained	70,000,000	70,000,000	35,767,972	35,767,972
Payments for:				
Leasing	(693,886)		(1,389,200)	
Interest and similar expenses	(6,486,093)		(13,419,583)	
Dividends	(161,850)		-	
Reimbursement of supplementary capital	-		(800,395)	
Own shares	(3,497,605)		(1,987,893)	
Loans obtained	(91,613,255)	(102,452,689)	(10,024,272)	(27,621,343)
<b>Cash flows from financing activities (3)</b>	<b>(32,452,689)</b>		<b>8,146,629</b>	
<b>Net cash flows (4)=(1)+(2)+(3)</b>	<b>(7,169,301)</b>		<b>15,602,802</b>	
<b>Effect of the foreign exchanges</b>		<b>255,564</b>		<b>168,307</b>
Cash and cash equivalents at the beginning of the period		<b>82,946,871</b>		<b>105,598,556</b>
Cash and cash equivalents at the end of the period		<b>76,033,134</b>		<b>121,369,666</b>

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

### Chief Accountant

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## 12.1. Sonaecom SGPS 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 June 2010 and 2009

#### 1. Details of cash and cash equivalents

	June 2010	June 2009
Cash in hand	183,928	76,764
Cash at bank	4,728,909	30,997,928
Treasury applications	71,142,530	90,299,431
Overdrafts	(22,233)	(4,456)
Cash and cash equivalents	76,033,134	121,369,666
Overdrafts	22,233	4,456
Cash assets	76,055,367	121,374,122

#### 2. Description of non-monetary financing activities

	June 2010	June 2009
a) Bank credit obtained and not used	247,050,000	67,899,401
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	114,973,647	(64,819,904)	(13,343,434)	36,810,309
Multimedia	148,228	(467,374)	(87,839)	(406,985)
Information Systems	(20,594,136)	(1,136,642)	(223,582)	(21,954,360)
Holding	(4,043,407)	1,284,177	(18,797,794)	(21,557,024)
Others	(39,641)	(21,560)	(40)	(61,241)
	90,444,691	(65,161,303)	(32,452,689)	(7,169,301)

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

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## 12.2. Notes to the Consolidated Financial statements

AT 30 JUNE 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 093X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A. (Parpública). The corresponding public deed was executed on 18 October 2006.

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

The Group's business consists essentially of:

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

The Group operates in Portugal and has subsidiaries (from the information systems consultancy segment) operating in Brazil, United Kingdom, Ireland, Poland, Australia, Mexico, Malaysia, Egypt, 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 June 2010:

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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 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 (Clarification of issuing rights)	1-Feb-10
<i>The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.</i>	

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 - Amendment (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters)	1/Jul/10
<i>The amendment ensures that first-time adopters benefit from the same transition provisions that the Amendment to IFRS 7 introduced in March 2009 (Improving Disclosures about Financial Instruments) provides to current IFRS preparers.</i>	
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>	
Revised IAS 24 (Related Parties Disclosures)	1/Jan/11
<i>The revised standard addresses concerns that the previous disclosure requirements and definition of a 'related party' were too complex and difficult to apply in practice, particularly in environments where government control is pervasive, by: (1) providing a partial exemption for government-related entities; (2) providing a revised definition of a related party.</i>	
IFRIC 14 – Amendments (Voluntary pre-paid contributions)	1/Jan/11
<i>The amendments correct an unintended consequence of IFRIC 14. Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.</i>	

The application of these standards had no significant impacts on the consolidated financial statements of the Group.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

Standard / Interpretation	Effective date (annual periods beginning on or after)
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
Improvements to IFRSs – 2008/2010 <i>This process included the review of 7 accounting standards.</i>	Various (earliest is 01-Jul-10)

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 June 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:

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

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

During the last quarter of 2009 and half year ended at 30 June 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 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.



## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

### (ii) 'Loans and receivables'

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

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

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

### (iii) 'Held-to-maturity investments'

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

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

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

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

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

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

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

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

any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

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

### i) Financial and operational leases

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

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

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

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

### j) Inventories

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

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

### k) Trade and other current debtors

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

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

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

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

### l) Cash and cash equivalents

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

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

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

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

### m) Loans

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

### n) Financial expenses relating to loans obtained

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

### o) Derivatives

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

The cash flow hedges 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



## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

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 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 June 2010, Sonaeocom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 4 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

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

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 June	Average	30 June	Average
Pounds Sterling	1.2233	1.1504	1.1736	1.1196
Brazilian Real	0.4529	0.4207	0.3641	0.3429
American Dollar	0.8149	0.7559	0.7075	0.7513
Polish Zloti	0.2411	0.2500	0.2246	0.2238
Australian Dollar	0.6943	0.6744	0.5761	0.5336
Mexican Peso	0.0636	0.0597	0.0539	0.0543
Egyptian Pound	0.1343	0.1344	0.1343	0.1342
Malaysian Ringgit	0.2517	0.2290	0.2013	0.2093
Chilean Peso	0.0015	0.0014	-	-
Singapore Dollar	0.5828	0.5412	-	-

### x) Assets impairment

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

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

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

For certain categories of financial assets for which it is not possible to determine the impairment for each asset individually, the analysis is made

for a group of assets. Evidence of an impairment loss in a portfolio of accounts receivable may include past experience in terms of collections, increasing number of delays in collections, as well as changes in national or local economic conditions that are related with the collections capacity.

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

### y) Medium Term Incentive Plans

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

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

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

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

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

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

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

Equity-settled plans to be liquidated through the delivery of shares of the parent company are recorded as if they were settled in cash, which means

## 12.2. Notes to the Consolidated Financial statements (continued)

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(Amounts expressed in euro)

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 June 2010, all Sonaecom share plans were covered through the detention of own shares. The impacts associated to such plans as the Medium Term Incentive Plans are registered, in the balance sheet, under the caption 'Medium Term Incentive Plans Reserve'. The cost is recognised under the profit and loss statement caption 'Staff expenses'.

In relation to plans which will be liquidated through the delivery of shares of the parent company, with the exception of one plan, the Group signed contracts with an external entity, under which the price for the acquisition of those shares was fixed. Therefore the responsibility associated to such plans is recorded based on that fixed price, proportionally to the period of time elapsed since the award date until the date of record, under captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised under the profit and loss statement caption 'Staff expenses'.

### z) Subsequent events

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

### aa) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the periods ended at 30 June 2010 and 2009, are as follows:

- (i) Useful lives of tangible and intangible assets;
- (ii) Impairment analysis of goodwill and of other tangible and intangible assets;
- (iii) Recognition of impairment losses on assets (Trade debtors and Inventories) and provisions;
- (iv) Assessment of the responsibilities associated with the customers' loyalty programmes.

Estimates used are based on the best information available during the preparation of the consolidated financial statements and are based on the best knowledge of past and present events. Although future events are neither foreseeable nor controlled by the Group, some could occur and have impact on such estimates. Changes to the estimates used by the management that occur after the approval date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

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

### ab) Financial risk management

Due to its activities, the Group is exposed to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity of project cash flows and profits. The Group financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, whenever it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1. o)).

### Market risk

#### a) Foreign exchange risk

The Group operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, 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.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

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.

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.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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 June 2010 and 2009, are as follows:

				Percentage of share capital held			
				2010		2009	
Company (Commercial brand)	Head office	Main activity	Shareholder	Direct	Effective*	Direct	Effective*
Parent company							
SONAE COM, S.G.P.S., S.A. ('Sonaecom')	Maia	Management of shareholdings.		-	-	-	-
Subsidiaries							
Be Artis – Conceção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis')	Maia	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services.	Sonaecom	100%	100%	100%	100%
Be Towering – Exploração de Torres de Telecomunicações, S.A. ('Be Towering')	Maia	Implementation, installation and exploitation of towers and other sites for the instalment of telecommunications equipment.	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		100%	100%
Digitmarket – Sistemas de Informação, S.A. ('Digitmarket' – using the brand 'Bizdirect')	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae com SI	75.10%	75.10%	75.10%	75.10%
Lugares Virtuais, S.A. ('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.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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 Sonae Telecom Sonaecom BV	53.54% 35.86% 10.60%	53.54% 35.86% 10.60%	53.54% 37.94% 8.52%	53.54% 37.94% 8.52%
Sonae com – Sistemas de Informação, S.G.P.S., S.A. ('Sonae com SI')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%
Sonae Telecom, S.G.P.S., S.A. ('Sonae Telecom')	Maia	Management of shareholdings in the area of telecommunications.	Sonaecom	100%	100%	100%	100%
Sonaetelecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Tecnológica Telecomunicações, LTDA. ('Tecnológica')	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	99.99%	99.90%	99.99%	99.90%
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 Sonaecom BV Sonaetelecom BV	90% 5% 5%	90% 5% 5%	90% 5% 5%	90% 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 We Do BV	5% 95%	5% 95%	5% 95%	5% 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.



## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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 June 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 June 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	2,959,352	3,573,926
Current assets	628,416	598,198
Non-current liabilities	(2,739,880)	(3,134,783)
Current liabilities	(354,020)	(483,084)
Net result	(121,143)	(33,880)
Total revenues	(929,948)	(962,797)
Total costs	812,768	928,917

### 4. Investments in associated companies

At 30 June 2010 and 2009, this caption included an investment in an associated company, of which the head office, main activity, shareholder, percentage of share capital held and book value were as follows:

				Percentage of share capital held					
Company (Commercial brand)	Head office	Main activity	Shareholder	2010		2009		Book value	
				Direct	Effective*	Direct	Effective*	2010	2009
Associated companies									
Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' – using the brand name 'Rádio Nova')	Oporto	Sound broadcasting. Radio station.	Público	45%	45%	45%	45%	(a)	(a)

\* Sonaecom effective participation

(a) Investment recorded at a nil book value.

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

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

At 30 June 2010 and 2009, the assets, liabilities, total revenues and net results of associated companies were as follows:

Company	Assets	Liabilities	Total revenues	Net results
<b>2010</b>				
Sociedade Independente de Radiodifusão Sonora, S.A.	613,147	566,597	550,484	77,214
<b>2009</b>				
Sociedade Independente de Radiodifusão Sonora, S.A.	651,043	646,061	628,872	41,458

## 5. Changes in the Group

During the periods ended at 30 June 2010 and 2009, the following changes occurred in the composition of the Group:

### a) Constitutions

Subsidiary	Subsidiary	Date	Share capital	Current % shareholding
<b>2010</b>				
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 June 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	-	190,830	2,580,905	49,341	7,759,551	122	79,092	28,999,703	39,659,544
Disposals	-	(3,691)	(409,077)	(122,613)	(641,331)	-	-	-	(1,176,712)
Transfers and write-offs	-	7,869,403	74,872,512	-	1,772,364	14,798	110,833	(97,261,825)	(12,621,915)
Balance at 30 June 2010	1,391,593	277,332,274	1,033,005,756	258,641	181,839,489	1,207,188	5,491,958	31,526,420	1,532,053,319
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	-	922,772,910
Depreciation for the period	-	5,665,664	31,923,053	28,773	10,273,708	10,061	326,323	-	48,227,582
Disposals	-	(44)	(302,317)	(25,434)	(419,392)	-	-	-	(747,187)
Transfers and write-offs	-	32,254	(5,854,879)	-	836,961	-	-	-	(4,985,664)
Balance at 30 June 2010	-	146,939,006	653,554,641	104,282	159,506,221	1,161,450	4,002,042	-	965,267,641
Net value	1,391,593	130,393,268	379,451,115	154,359	22,333,268	45,738	1,489,916	31,526,420	566,785,678



## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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
<b>Gross assets</b>									
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	-	136,400	4,490,179	346,581	5,062,625	-	125,258	33,829,945	43,990,988
Disposals	-	(316,630)	(461,261)	(196,633)	(93,492)	-	-	9,600	(1,058,416)
Transfers and write-offs	-	9,004,575	31,435,323	-	1,716,584	3,643	14,870	(42,790,981)	(615,986)
Balance at 30 June 2009	1,391,593	261,120,260	926,761,816	311,064	163,792,832	1,192,972	5,279,832	79,203,066	1,439,053,435
<b>Accumulated depreciation and impairment losses</b>									
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	-	5,313,492	44,953,803	21,371	8,423,027	11,467	344,386	-	59,067,546
Disposals	-	(13,619)	(103,433)	(5,261)	(7,780)	-	-	-	(130,093)
Transfers and write-offs	-	(21,766)	26,869	-	8,808	(2)	-	-	13,909
Balance at 30 June 2009	-	136,188,672	590,172,109	141,601	138,953,664	1,142,579	3,348,047	-	869,946,672
Net value	1,391,593	124,931,588	336,589,707	169,463	24,839,168	50,393	1,931,785	79,203,066	569,106,763

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 29,977,368 and Euro 29,018,836 as of 30 June 2010 and 2009, and their net book value as of those dates amounted to Euro 19,046,181 and Euro 20,405,439 respectively.

At 30 June 2010, the heading 'Tangible assets' included an amount of Euro 16.65 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 June 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 semester ended at 30 June 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 semester ended at 30 June 2010 was approximately 4.4 million Euros lower than in semester ended at 30 June 2009.

Additionally, the comparison of depreciation in the semester ended at 30 June 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 June 2010 was approximately 12 million Euros and 3.8 million euros lower, respectively, than in the semester ended at 30 June 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 June 2010 and 2009 were made up as follows:

	2010	2009
Development of fixed network	21,883,797	35,770,692
Development of mobile network	8,270,519	35,712,592
Information systems	128,378	4,059,504
Other projects in progress	1,243,726	3,660,278
	31,526,420	79,203,066

At 30 June 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).

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

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

	2010	2009
Network	28,061,140	35,493,458
Information systems	3,948,744	5,680,925
	32,009,884	41,174,382

### 7. Intangible assets

In the periods ended at 30 June 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
<b>Gross assets</b>				
Balance at 31 December 2009	304,081,633	229,169,691	19,212,155	552,463,479
Additions	5,026,039	734,554	10,473,543	16,234,136
Transfers and write-offs	1,358	16,550,955	(8,478,044)	8,074,269
Balance at 30 June 2010	309,109,030	246,455,200	21,207,654	576,771,884
<b>Accumulated amortisation and impairment losses</b>				
Balance at 31 December 2009	86,606,233	192,163,071	-	278,769,304
Amortisation for the period	9,802,158	8,808,708	-	18,610,866
Transfers and write-offs	397	203,048	-	203,445
Balance at 30 June 2010	96,408,788	201,174,827	-	297,583,615
<b>Net value</b>	<b>212,700,242</b>	<b>45,280,373</b>	<b>21,207,654</b>	<b>279,188,269</b>

	2009			
	Brands and patents and other rights	Software	Intangible assets in progress	Total
<b>Gross assets</b>				
Balance at 31 December 2008	287,617,028	214,987,219	11,249,369	513,853,616
Additions	46,479	850,558	8,298,276	9,195,313
Disposals	(27)	(1,900)	(5,250)	(7,177)
Transfers and write-offs	34,609	6,134,767	(5,128,018)	1,041,358
Balance at 30 June 2009	287,698,089	221,970,644	14,414,377	524,083,110
<b>Accumulated amortisation and impairment losses</b>				
Balance at 31 December 2008	69,111,102	171,924,626	-	241,035,728
Amortisation for the period	8,335,987	11,651,775	-	19,987,762
Disposals	(1)	-	-	(1)
Transfers and write-offs	-	144,857	-	144,857
Balance at 30 June 2009	77,447,088	183,721,258	-	261,168,346
<b>Net value</b>	<b>210,251,001</b>	<b>38,249,386</b>	<b>14,414,377</b>	<b>262,914,764</b>

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

At 30 June 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



## 12.2. Notes to the Consolidated Financial statements (continued)

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own projects must be recognised by the MOPTC and by entities created specifically for this purpose. At 30 June 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 June 2010, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements.

At 30 June 2010 and 2009, the Group kept recorded under the heading 'Intangible assets' the amounts of Euro 197,278,727 and Euro 192,896,038, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 61,505,906 (2009: Euro 64,506,194) related to the license; (ii) Euro 20,551,378 (2009: Euro 21,533,884) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 6,311,949 (2009: Euro 6,619,849) 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 101,566,127 (2009: Euro 94,704,665) 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 June 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 June 2010 and 2009, such expenses amounted to Euro 19,120,620 and Euro 17,941,771, respectively. The amounts capitalised in the periods ended at 30 June 2010 and 2009 were Euro 609,549 and Euro 863,952, respectively. An interest capitalisation rate of 1.44% was used in 2010 (3.13% in 2009), which corresponds to the average interest rate supported by the Group.

## 12.2. Notes to the Consolidated Financial statements (continued)

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### 8. Breakdown of financial instruments

At 30 June 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
<b>2010</b>					
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	134,753,305	-	134,753,305	-	134,753,305
Other current debtors	18,984,068	-	18,984,068	4,668,844	23,652,912
Cash and cash equivalents (note 12)	76,055,367	-	76,055,367	-	76,055,367
	229,792,740	-	229,792,740	4,668,844	234,461,584

	Loans and receivables	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
<b>2009</b>					
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	162,151,115	-	162,151,115	-	162,151,115
Other current debtors	21,122,331	-	21,122,331	8,852,486	29,974,817
Cash and cash equivalents (note 12)	121,374,122	-	121,374,122	-	121,374,122
	304,647,568	-	304,647,568	8,852,486	313,500,054

## 12.2. Notes to the Consolidated Financial statements (continued)

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(Amounts expressed in euro)

	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
<b>2010</b>					
Non-current liabilities					
Medium and long-term loans – net of short-term portion (note 15)	319,837,263	–	319,837,263	–	319,837,263
Other non-current financial liabilities (note 16)	–	19,780,701	19,780,701	–	19,780,701
Securitisation of receivables (note 18)	49,579,898	–	49,579,898	–	49,579,898
	369,417,161	19,780,701	389,197,862	–	389,197,862
Current liabilities					
Short-term loans and other loans (note 15)	26,501,633	–	26,501,633	–	26,501,633
Trade creditors	–	180,325,557	180,325,557	–	180,325,557
Other current financial liabilities (note 16 and 19)	–	3,239,885	3,239,885	–	3,239,885
Securitisation of receivables (note 18)	19,561,507	–	19,561,507	–	19,561,507
Other creditors	–	2,707,753	2,707,753	14,583,330	17,291,083
	46,063,140	186,273,195	232,336,335	14,583,330	246,919,665
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
<b>2009</b>					
Non-current liabilities					
Medium and long-term loans – net of short-term portion (note 15)	411,553,159	–	411,553,159	–	411,553,159
Other non-current financial liabilities (note 16)	21,344,398	–	21,344,398	–	21,344,398
Securitisation of receivables (note 18)	69,138,672	–	69,138,672	–	69,138,672
	502,036,229	–	502,036,229	–	502,036,229
Current liabilities					
Short-term loans and other loans (note 15)	8,439,456	–	8,439,456	–	8,439,456
Trade creditors	–	190,402,091	190,402,091	–	190,402,091
Other current financial liabilities (note 16)	1,335,850	–	1,335,850	–	1,335,850
Securitisation of receivables (note 18)	19,421,834	–	19,421,834	–	19,421,834
Other creditors	–	16,033,985	16,033,985	13,835,700	29,869,685
	29,197,140	206,436,076	235,633,216	13,835,700	249,468,916

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

## 12.2. Notes to the Consolidated Financial statements (continued)

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### 9. Goodwill

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

	2010	2009
Opening balance	526,106,175	526,030,904
Others	96,222	(122,304)
<b>Closing balance</b>	<b>526,202,397</b>	<b>525,908,600</b>

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

Goodwill at 30 June 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	20,657,538	20,363,740
Unipress	321,698	321,698
SIRS	72,820	72,820
Permar	47,253	47,253
Be Towering	10,713	10,713
	<b>526,202,397</b>	<b>525,908,599</b>

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%

### 10. Investments available for sale

At 30 June 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
		<b>1,207,320</b>	<b>1,207,320</b>

At 30 June 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.

## 12.2. Notes to the Consolidated Financial statements (continued)

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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 June 2010 and 2009, the heading 'Investments available for sale' did not present any movements.

## 11. Deferred taxes

Deferred tax assets at 30 June 2010 and 2009, amounted to Euro 114,817,601 and Euro 122,452,182, 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 June 2010 and 2009 were as follows:

	2010	2009
Opening balance	121,894,677	124,862,171
Impact in results:		
Tax losses carried forward	2,384,475	(2,527,789)
Movements in provisions not accepted for tax purposes and tax benefits	556,572	1,909,351
Temporary net differences between the tax and the accounting amount of certain fixed assets	(8,443,134)	(440,448)
Temporary differences arising from the securitisation of receivables (Optimus)	(1,610,000)	(1,610,000)
Sub-total effect on results (note 22)	(7,112,087)	(2,668,886)
Others	35,011	258,897
Closing balance	114,817,601	122,452,182

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 June 2010, an amount of Euro 4.8 million was reversed corresponding to the reversal of the above referred temporary difference.

At 30 June 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.

In the period ended at 30 June 2010, it was already considered the amendment made by the law 3-B/2010 of 28 April (2010 Portuguese State Budget), which amends paragraph 1 of Article 52 of the CIRC, reducing from six to four years the possibility of carrying forward tax losses.

The rate used at 30 June 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.

## 12.2. Notes to the Consolidated Financial statements (continued)

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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 June 2010 was as follows:

Nature	Companies included in the tax group	Companies excluded from the tax group							Total	Total Sonaecom Group
		Optimus	Be Towering	Praesidium	Digitmarket	Saphety	Cape	We Do Brazil		
Tax losses:										
To be used until 2010	-	-	-	-	-	-	-	-	-	-
To be used until 2011	-	-	-	-	29,706	-	-	-	29,706	29,706
To be used until 2012	-	173,237	-	-	-	-	-	-	173,237	173,237
To be used until 2013	-	-	-	-	-	-	-	-	-	-
To be used until 2014	85,685	6,582,743	-	-	-	138,000	-	-	6,720,743	6,806,428
To be used until 2015	-	10,087,266	-	-	-	-	-	-	10,087,266	10,087,266
Unlimited utilisation	-	-	-	104,165	-	-	134,506	-	238,671	238,671
<b>Tax losses</b>	<b>85,685</b>	<b>16,843,246</b>	<b>-</b>	<b>104,165</b>	<b>29,706</b>	<b>138,000</b>	<b>134,506</b>	<b>-</b>	<b>17,249,623</b>	<b>17,335,308</b>
Tax provisions not accepted and other temporary differences	380,018	10,269,988	111,643	-	-	-	-	-	10,381,631	10,761,649
Tax benefits (SIFIDE)	-	1,716,399	-	-	-	-	-	-	1,716,399	1,716,399
Adjustments in the conversion to IAS/IFRS	-	30,794,861	-	-	-	-	-	(24,906)	30,769,955	30,769,955
Temporary differences arising from the securitisation of receivables	-	11,270,000	-	-	-	-	-	-	11,270,000	11,270,000
Differences between the tax and accounting amount of certain fixed assets and others	-	42,964,290	-	-	-	-	-	-	42,964,290	42,964,290
<b>Total</b>	<b>465,703</b>	<b>113,858,784</b>	<b>111,643</b>	<b>104,165</b>	<b>29,706</b>	<b>138,000</b>	<b>134,506</b>	<b>(24,906)</b>	<b>114,351,898</b>	<b>114,817,601</b>

At 30 June 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	54,202,778	49,155,043
Temporary differences (mainly provisions not accepted for tax purposes)	36,719,588	34,473,695
Adjustments in the conversion to IAS / IFRS	(231,475)	(248,141)
	<b>90,690,891</b>	<b>83,380,597</b>

At 30 Jun 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	1,642,936	4,219,398
2011	11,768,247	10,029,169
2012	17,848,260	9,040,807
2013	15,941,697	16,001,253
2014	3,266,932	1,326,762
2015	1,565,002	2,950,105
2016	464,053	1,204,308
2017	134,414	1,771,661
2018	44,378	50,355
2019	14,109	1,315,594
Unlimited	1,512,750	-
	<b>54,202,778</b>	<b>49,155,043</b>

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.



## 12.2. Notes to the Consolidated Financial statements (continued)

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The deferred tax liabilities at 30 June 2010 and 2009 amounting to Euro 455,990 and Euro 689,659, respectively, result mainly from tax losses, consolidation adjustments and IAS conversion adjustments.

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

	2010	2009
Opening balance	(106,929)	(605,414)
Impact on results:		
Results of the period	(359,541)	-
Consolidation adjustments	-	(84,246)
Adjustments in the conversion to IAS / IFRS	10,480	-
Total impact on results (note 22)	(349,061)	(84,246)
Others	-	1
<b>Closing balance</b>	<b>(455,990)</b>	<b>(689,659)</b>

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

	2010	2009
Earnings before taxes	29,017,462	5,117,586
Income tax rate (25%)	(7,254,366)	(1,279,396)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income	(2,233,741)	(3,631,025)
Recording of deferred tax liabilities	(349,061)	(84,246)
Movements in provisions not accepted for tax purposes and tax benefits	556,572	1,909,351
Temporary differences arising from the securitisation of receivables	-	(1,610,000)
Movements in the temporary differences between the tax and accounting amounts of certain fixed assets	-	(440,448)
<b>Income taxation recorded in the period (note 22)</b>	<b>(9,280,596)</b>	<b>(3,525,764)</b>

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 June 2010.

## 12. Cash and cash equivalents

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

	2010	2009
Cash	183,928	76,764
Bank deposits repayable on demand	4,728,909	30,997,928
Treasury applications	71,142,530	90,299,431
Cash and cash equivalents	76,055,367	121,374,122
Bank overdrafts (note 15)	(22,233)	(4,456)
	<b>76,033,134</b>	<b>121,369,666</b>

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

	2010	2009
Sonae Investments BV	66,810,000	90,000,000
Foreign bank applications	4,332,530	299,431
	<b>71,142,530</b>	<b>90,299,431</b>

During the period ended at 30 June 2010, the above mentioned treasury applications bear interests at an average rate of 2.10% (2.94% in 2009).

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### 13. Share capital

At 30 June 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%
	<b>366,246,868</b>	<b>100.00%</b>	<b>366,246,868</b>	<b>100.00%</b>

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 June 2010, Sonaecom delivered to its employees 972,184 own shares under its Medium Term Incentive Plan.

Additionally, during the period ended at 30 June 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 June 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	-	-	-	(2,221,078)	(2,162,587)
	Interests incurred but not yet due	-	-	-	746,403	87150
					<b>218,525,325</b>	<b>147,924,563</b>
Sonaecom	Commercial paper	150,000,000	July 2012	-	100,500,000	150,000,000
SGPS	Commercial paper	100,000,000	July 2010	-	-	80,000,000
	Commercial paper	50,000,000	May 2011	-	-	33,000,000
	Costs associated with financing set-up	-	-	-	(184,132)	(357,826)
	Interests incurred but not yet due	-	-	-	111,711	203915
					<b>100,427,579</b>	<b>262,846,089</b>
Unipress	Bank loan	-	-	-	494,600	395,562
Saphety	Minority shareholder loan's	-	-	-	389,759	388,945
					<b>319,837,263</b>	<b>411,555,159</b>

## 12.2. Notes to the Consolidated Financial statements (continued)

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### b) Short-term loans and other loans

Company	Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
					2010	2009
Sonaecom	Commercial paper	50,000,000	May 2011	-	21,450,000	-
SGPS	Commercial paper	30,000,000	April-11	-	5,000,000	-
	Interests incurred but not yet due	-	-	-	29,400	-
					<b>26,479,400</b>	<b>-</b>
Sonaecom						
SGPS	Overdraft facility - CGD	-	-	-	-	8,435,000
Several	Bank overdrafts (Note 12)	-	-	-	22,233	4,456
					<b>26,501,633</b>	<b>8,439,456</b>

In July 2007, Sonaecom signed a Commercial Paper Programme Issuance with a maximum amount of Euro 250 million with subscription guarantee and maturity of five years, organised by Banco Santander de Negócios Portugal and by Caixa - Banco de Investimento.

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

Additionally, Sonaecom has three Commercial Paper Programmes Issuance, with a maximum amount of Euro 50 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 and Banco Bilbao Vizcaya Argentaria (Portugal), in case of the programme of Euro 50 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.

These loans bear interest at marketable rates, indexed to the Euribor for the respective term, and were all contracted in euro.

The average interest rate applied to the Bond Loans for the period was 1.94%.

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 fulfilment of the obligations under these loans is exclusively guaranteed by the underlying activities and the companies respective cash flows.

At 30 June 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
<b>2010</b>					
Bond loan:					
Reimbursements	-	-	180,000,000	-	40,000,000
Interests	4,867,600	4,880,936	4,441,462	1,178,800	865,530
Commercial paper:					
Reimbursements	-	-	100,500,000	-	-
Interests	1,032,625	1,035,454	84,873	-	-
	<b>5,900,225</b>	<b>5,916,390</b>	<b>285,026,335</b>	<b>1,178,800</b>	<b>40,865,530</b>
<b>2009</b>					
Bond loan:					
Reimbursements	-	-	-	150,000,000	-
Interests	3,486,000	3,486,000	3,495,551	1,633,167	-
Commercial paper:					
Reimbursements	-	113,000,000	-	150,000,000	-
Interests	3,258,770	1,888,927	1,775,850	145,960	-
	<b>6,744,770</b>	<b>118,374,927</b>	<b>5,271,401</b>	<b>301,779,127</b>	<b>-</b>

## 12.2. Notes to the Consolidated Financial statements (continued)

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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 June 2010 and 2009, the available credit lines of the Group were as follows:

At 30 June 2012 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	100,500,000	49,500,000		x
Sonaecom	Commercial paper	100,000,000	-	100,000,000	x	
Sonaecom	Commercial paper	50,000,000	21,450,000	28,550,000	x	
Sonaecom	Commercial paper	30,000,000	5,000,000	25,000,000	x	
Sonaecom	Commercial paper	15,000,000	-	15,000,000	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	
		594,000,000	346,950,000	247,050,000		
2009						
Sonaecom	Commercial paper	150,000,000	150,000,000	-		x
Sonaecom	Commercial paper	100,000,000	80,000,000	20,000,000		x
Sonaecom	Commercial paper	70,000,000	33,000,000	37,000,000		x
Sonaecom	Bond loan	150,000,000	150,000,000	-		x
Público	Overdraft facilities	1,496,394	-	1,496,394	x	
Público	Overdraft facilities	1,500,000	-	1,500,000	x	
Sonaecom	Overdraft facilities	15,000,000	8,435,000	6,565,000	x	
WeDo Brasil	Overdraft facilities	91,012	-	91,012	x	
Público	Authorised overdrafts	1,246,995	-	1,246,995	x	
		489,334,401	421,435,000	67,899,401		

At 30 June 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.

During the period ended at 30 June 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 June 2010 the total gross debt is exposed to changes in market interest rates.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

### 16. Other non-current financial liabilities

At 30 June 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 19,780,701 and Euro 21,344,398, respectively.

At 30 June 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	-	-	1,308,810	970,156
2010	3,445,714	2,315,206	3,081,391	2,081,385
2011	2,914,593	2,052,053	2,828,536	1,922,981
2012	2,910,799	2,076,147	2,828,835	2,011,524
2013	2,738,701	1,992,811	2,660,752	1,932,887
2014 onwards	18,444,225	14,584,369	17,391,032	13,761,315
	30,454,032	23,020,586	30,099,356	22,680,248
Interests	(7,433,446)	-	(7,877,007)	-
	23,020,586	23,020,586	22,222,349	22,680,248
Short-term liability (note 19)	-	(3,239,885)	-	(1,335,850)
	23,020,586	19,780,701	22,222,349	21,344,398

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 June 2010 and 2009 were as follows:

	Opening balance	Increases	Utilisations	Decreases	Transfers	Closing balance
<b>2010</b>						
Accumulated impairment losses on accounts receivables	67,838,678	6,515,248	(6,428,001)	(16,674)	-	67,909,251
Accumulated impairment losses on inventories	12,690,082	1,200,000	(35,000)	-	-	13,855,082
Provisions for other liabilities and charges	32,175,824	821,241	(12,177)	(320,425)	-	32,664,463
	112,704,584	8,536,489	(6,475,178)	(337,099)	-	114,428,796
<b>2009</b>						
Accumulated impairment losses on accounts receivables	75,788,067	11,157,430	(15,611,370)	(105,938)	194,177	71,422,366
Accumulated impairment losses on inventories	11,273,207	2,505,225	(484,126)	(312,929)	502,706	13,484,083
Provisions for other liabilities and charges	32,205,441	869,135	(196,635)	(427,130)	(194,177)	32,256,634
	119,266,715	14,531,790	(16,292,131)	(845,997)	502,706	117,163,083

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 294,620 (2009: Euro 894,420) related to the dismantling of sites, as foreseen in IAS 16 (note 1.d)), and also includes the amount of Euro 108,916 (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 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 6,932,953 (2009: Euro 13,547,520).

## 12.2. Notes to the Consolidated Financial statements (continued)

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

	2010	2009
Dismantling of sites	22,503,341	21,501,561
Several contingencies	2,914,035	4,357,356
Legal processes in progress	2,747,534	2,094,111
Indemnities	611,747	626,656
Others	3,887,806	3,676,950
	<b>32,664,463</b>	<b>32,256,634</b>

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 n.º 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 19,561,507) was registered in current liabilities and the remainder, amounting to Euro 49,579,898, 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 June 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
<b>2010</b>						
Securitisation of receivables	19,561,507	19,715,568	19,868,233	9,996,097	-	69,141,405
<b>2009</b>						
Securitisation of receivables	19,421,834	19,561,282	19,714,940	19,866,597	9,995,853	88,560,506

### 19. Other current financial liabilities

At 30 June 2010, this caption includes the amount of Euro 3,239,885 (2009: Euro 1,335,850) related to the short term portion of lease contracts (note 16).

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

### 20. External supplies and services

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

	2010	2009
Interconnection costs	103,607,432	100,440,216
Specialised works	29,040,608	32,292,447
Commissions	22,050,488	24,627,162
Rents	15,939,217	17,337,245
Other subcontracts	14,720,757	12,812,975
Advertising and promotion	13,300,430	14,943,940
Leased lines	11,087,673	12,663,058
Energy	5,217,391	4,702,020
Maintenance and repairs	3,230,853	2,293,564
Communications	2,861,182	3,354,885
Travelling costs	2,561,756	2,388,513
Fees	1,538,266	1,811,540
Others	11,762,527	9,996,574
	<b>236,918,580</b>	<b>239,664,139</b>

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

	2010	2009
Minimum payments of operational leases:		
2009	–	25,125,377
2010	26,162,515	42,175,342
2011	44,859,504	39,038,396
2012	41,796,024	34,244,219
2013	39,949,846	32,776,476
2014	34,992,496	27,345,059
2015	10,112,429	21,804,201
2016	31,314,362	–
Renewable by periods of one year	<b>3,423,236</b>	<b>3,869,810</b>
	<b>232,610,412</b>	<b>226,378,880</b>

During the period ended at 30 June 2010, an amount of Euro 24,483,467 (2009: Euro 26,786,814) 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).

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

### 21. Financial results

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

	2010	2009
Other financial expenses:		
Interest expenses:	(6,614,570)	(10,073,853)
Bank loans	(3,590,560)	(6,024,440)
Securitisation interests (note 18)	(1,891,223)	(2,883,449)
Leasing	(496,207)	(488,408)
Swap interests	-	(531,327)
Other interests	(636,580)	(146,229)
Foreign exchange losses	(269,292)	(53,475)
Other financial expenses	(252,312)	(306,356)
	(7,136,174)	(10,433,684)
Other financial income:		
Interest income	2,480,481	2,596,262
Foreign exchange gains	999,879	518,159
	3,480,360	3,114,421

During the period ended at 30 June 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 June 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 June 2010 and 2009 were made up as follows (costs) / gains:

	2010	2009
Current tax	(1,819,448)	(772,632)
Deferred tax assets (note 11)	(7,112,087)	(2,668,886)
Deferred tax liabilities (note 11)	(349,061)	(84,246)
	(9,280,596)	(3,525,764)



## 12.2. Notes to the Consolidated Financial statements (continued)

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### 23. Related parties

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

	Balances at 30 June 2010			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae	82,581	11,092	-	(239,419)
Modelo Continente Hipermercados, S.A.	2,215,971	1,144,556	-	(85,917)
Worten	3,016,038	2,203,031	-	(920,479)
Sonae Investments BV	-	-	66,810,000	4,114
France Telecom	-	5,098,311	-	(1,431,342)
	5,314,590	8,456,990	66,810,000	(2,673,043)

	Balances at 30 June 2009			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae	68,349	70,575	-	(94,751)
Modelo Continente Hipermercados, S.A.	1,024,205	2,236,896	-	(202,352)
Worten	7,697,439	1,536,242	-	(470,367)
Sonae Investments BV	-	-	90,000,000	7,623
France Telecom	-	5,459,303	-	(8,155,491)
	8,789,993	9,303,016	90,000,000	(8,915,338)

	Transactions at 30 June 2010			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae	57,059	(76,617)	269,428	-
Modelo Continente Hipermercados, S.A.	2,646,511	442,041	-	111,479
Worten	1,370,982	1,199,190	-	-
Sonae Investments BV	-	-	977,619	-
France Telecom	6,504,559	6,290,299	-	-
	10,579,111	7,854,913	1,247,047	111,479

	Transactions at 30 June 2009			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae	150,672	1,073,824	(2,739)	(5,103)
Modelo Continente Hipermercados, S.A.	3,502,232	919,193	-	106,195
Worten	5,785,229	1,420,003	-	-
Sonae Investments BV	-	-	1,636,511	-
France Telecom	7,870,578	6,767,024	-	-
	17,308,711	10,180,044	1,633,772	101,092

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 June 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.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

(Amounts expressed in euro)

### 24. Guarantees provided to third parties and sureties

Guarantees provided to third parties at 30 June 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	1,801,117	1,784,323
Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	Tax audit 2005	754,368	754,368
Optimus e Público	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT – Impugnation process	598,000	598,000
WeDo	Emirates Telecom. Corp., Oman Telecommunications, AD Makedonski, Telcel and Pak Telecom	Completion of work to be done	819,356	–
Optimus	Direcção Geral do Tesouro (Portuguese tax authorities)	IRC – Withholding tax on payments to non-residents	431,954	306,954
WeDo, Saphety and Digitmarket	IAPMEI (Institute of Support to Small and Medium Enterprises and Investment)	'HERMES' project – QREN	327,730	327,730
Optimus	Governo Civil de Lisboa (Lisbon Local Government)	Guarantee the sweepstakes plan complete fulfilment	310,086	289,459
Público	Tribunal de Trabalho de Lisboa (Lisbon Labour Court)	Execution action n. 199A/92	271,511	271,511
Optimus	Coimbra, Lisbon, Braga, Elvas, Caldas da Rainha, Guarda, Mealhada, Barcelos and Faro Municipalities	Performance bond – works	256,821	288,595
Optimus and Digitmarket	Hewlett Packard	Finance lease and services provider contracts	–	159,859
WeDo	API (Portuguese Investment Agency)	Application to PRIME subsidies	–	184,004
Optimus	Governo Civil de Santarém (Santarém Local Government)	Guarantee the fulfilment of legal obligations	–	119,703
Several	Others		1,048,124	1,527,412
			<b>15,969,885</b>	<b>40,555,802</b>

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 2,830,506 Euros and Sonaecom SGPS consisted of Optimus surety for the amount of 6,935,848 Euros.

At 30 June 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.



## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 2010 AND 2009

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### 25. Information by business segment

The following business segments were identified for the periods ended at 30 June 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 June 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.

## 12.2. Notes to the Consolidated Financial statements (continued)

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Overall information by business segment at 30 June 2010 and 2009, prepared in accordance with the same accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements, can be summarised as follows:

	Telecommunications		Multimedia		Information Systems		Holding Activities		Other		Subtotal		Eliminations		Total	
	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>																
Sales and services rendered	383,091,082	397,441,769	15,302,756	15,172,549	67,398,579	82,133,377	3,232,518	3,582,626	110,400	110,400	469,135,335	498,440,721	(18,805,226)	(16,860,598)	450,330,109	481,580,123
Other operating revenues	3,809,163	3,478,039	118,351	102,156	200,529	319,207	5,052	-	-	-	4,133,095	3,899,402	(1,346,520)	(1,573,969)	2,786,575	2,325,433
<b>Total revenues</b>	<b>386,900,245</b>	<b>400,919,808</b>	<b>15,421,107</b>	<b>15,274,705</b>	<b>67,599,108</b>	<b>82,452,584</b>	<b>3,237,570</b>	<b>3,582,626</b>	<b>110,400</b>	<b>110,400</b>	<b>473,268,430</b>	<b>502,340,123</b>	<b>(20,151,746)</b>	<b>(18,434,567)</b>	<b>453,116,684</b>	<b>483,905,556</b>
Depreciation and amortisation	(64,442,376)	(78,106,228)	(740,762)	(751,903)	(2,072,145)	(912,603)	(58,814)	(65,576)	(14,881)	(14,403)	(67,328,978)	(79,850,713)	490,530	795,380	(66,838,448)	(79,055,333)
Net operating income / (loss) for the segment	32,539,853	12,370,702	(1,045,639)	(2,424,041)	1,850,116	2,967,147	(700,709)	(950,834)	57,027	87,301	32,700,648	12,050,275	(27,372)	386,574	32,673,276	12,436,849
Net interests	(4,218,997)	(5,236,272)	(46,139)	(56,406)	(174,080)	(50,704)	531,364	(2,116,494)	(11,089)	(17,712)	(3,918,941)	(7,477,588)	(215,147)	(3)	(4,134,088)	(7,477,591)
Gains and losses in associated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial results	(291,693)	(223,761)	(4,899)	(8,309)	854,224	438,808	(7,908,418)	(4,448,369)	(40)	(40)	(7,350,826)	(4,241,671)	7,829,100	4,399,999	478,274	158,328
<b>Income taxation</b>	<b>(8,078,259)</b>	<b>(2,508,267)</b>	<b>27,012</b>	<b>(220,529)</b>	<b>(1,134,349)</b>	<b>(1,733,824)</b>	<b>(155,607)</b>	<b>651,753</b>	<b>(10,721)</b>	<b>(18,376)</b>	<b>(9,351,924)</b>	<b>(3,829,243)</b>	<b>71,328</b>	<b>303,479</b>	<b>(9,280,596)</b>	<b>(3,525,764)</b>
<b>Consolidated net income / (loss) for the year</b>	<b>19,950,904</b>	<b>4,402,402</b>	<b>(1,069,665)</b>	<b>(2,709,285)</b>	<b>1,395,911</b>	<b>1,621,427</b>	<b>(8,233,370)</b>	<b>(6,863,944)</b>	<b>35,177</b>	<b>51,173</b>	<b>12,078,957</b>	<b>(3,498,227)</b>	<b>7,657,909</b>	<b>5,090,049</b>	<b>19,736,866</b>	<b>1,591,822</b>
<b>Attributable to:</b>																
Shareholders of parent company	19,950,904	4,402,402	(1,069,665)	(2,709,285)	1,289,134	1,457,052	(8,233,370)	(6,863,944)	35,177	51,173	11,972,180	(3,662,602)	7,661,415	5,082,373	19,633,595	1,419,771
Minority interests	-	-	-	-	106,777	164,375	-	-	-	-	106,777	164,375	(3,506)	7,676	103,271	172,051
<b>Assets:</b>																
Tangible and intangible assets and goodwill	839,981,752	829,681,260	5,028,825	6,314,653	68,400,471	62,707,453	486,887	608,726	1,584,870	1,589,108	915,482,805	900,901,200	456,693,539	457,028,927	1,372,176,344	1,357,930,127
Inventories	24,570,219	19,652,665	564,647	630,431	1,424,097	838,968	-	-	-	-	26,558,963	21,122,064	-	-	26,558,963	21,122,064
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	114,690,876	122,221,656	60,992	33,564	899,358	582,041	402,604,873	488,490,611	-	(17,387)	518,256,099	611,310,485	(403,307,793)	(488,844,188)	114,948,306	122,466,297
Other current assets of the segment	260,978,178	398,094,289	9,439,240	9,967,462	51,070,176	46,535,947	77,922,739	114,232,257	75,191	80,165	399,485,523	568,910,120	(93,872,389)	(114,388,177)	305,613,134	454,521,943
<b>Total</b>	<b>1,241,503,050</b>	<b>1,370,931,895</b>	<b>15,530,213</b>	<b>17,382,619</b>	<b>122,701,596</b>	<b>111,571,903</b>	<b>1,606,361,736</b>	<b>1,677,635,645</b>	<b>1,660,061</b>	<b>1,651,886</b>	<b>2,987,756,656</b>	<b>3,179,173,948</b>	<b>(1,167,252,589)</b>	<b>(1,221,926,197)</b>	<b>1,820,504,067</b>	<b>1,957,247,751</b>
<b>Liabilities:</b>																
Liabilities of the segment	757,172,940	909,358,195	15,997,347	19,534,231	70,109,731	56,258,664	416,068,201	500,180,855	1,476,747	1,450,831	1,260,824,966	1,486,782,776	(393,830,939)	(460,335,231)	866,994,027	1,026,447,545
	757,172,940	909,358,195	15,997,347	19,534,231	70,109,731	56,258,664	416,068,201	500,180,855	1,476,747	1,450,831	1,260,824,966	1,486,782,776	(393,830,939)	(460,335,231)	866,994,027	1,026,447,545
<b>CAPEX</b>	<b>50,098,745</b>	<b>52,101,283</b>	<b>259,984</b>	<b>333,552</b>	<b>6,493,466</b>	<b>1,443,313</b>	<b>4,001,210</b>	<b>107,261</b>	<b>25,046</b>	<b>-</b>	<b>60,878,451</b>	<b>53,985,409</b>	<b>(4,984,771)</b>	<b>(799,109)</b>	<b>55,893,680</b>	<b>53,186,300</b>

## Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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	
	June	June	June	June	June	June	June	June
	2010	2009	2010	2009	2010	2009	2010	2009
Income:								
Services rendered	288,074,128	298,827,730	120,256,974	124,291,831	(25,240,020)	(25,677,792)	383,091,082	397,441,769
Other operating revenues	16,586,132	17,436,258	582,430	451,857	(13,359,399)	(14,410,076)	3,809,163	3,478,039
Total revenues	304,660,260	316,263,988	120,839,404	124,743,688	(38,599,419)	(40,087,868)	386,900,245	400,919,808
Depreciation and amortisation	(47,289,264)	(58,252,933)	(17,073,231)	(19,826,976)	(79,881)	(26,319)	(64,442,376)	(78,106,228)
Operational results of the segments	47,063,293	30,640,705	(14,479,078)	(18,153,384)	(44,362)	(116,619)	32,539,853	12,370,702
Assets:								
Tangible assets and goodwill	658,527,667	652,374,055	181,454,085	177,307,205	-	-	839,981,752	829,681,260
Inventories	20,849,489	14,479,898	3,720,730	5,172,767	-	-	24,570,219	19,652,665
Financial investments	1,282,025	1,282,025	-	-	-	-	1,282,025	1,282,025
CAPEX	37,913,369	31,758,083	12,185,376	20,343,200	-	-	50,098,745	52,101,283

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

	Telecommunications	Multimedia	Information Systems	Holding Activities	Others
<b>2010</b>					
Telecommunications	-	38,396	14,053,123	3,061,103	110,400
Multimedia	673,879	-	97,295	71,892	-
Information Systems	507,409	31,082	-	96,124	-
Holding Activities	32,553	1,800	28,697	-	-
Sonaecom others	704	-	-	769	-
Others	381,876,537	15,231,478	53,219,464	2,630	-
	383,091,082	15,302,756	67,398,579	3,232,518	110,400
<b>2009</b>					
Telecommunications	-	85,663	11,770,737	3,412,486	110,400
Multimedia	599,912	-	133,113	68,930	-
Information Systems	469,079	45,136	-	104,032	-
Holding Activities	31,801	1,800	31,541	-	-
Sonaecom others	704	-	-	740	-
Others	396,340,273	15,039,950	70,197,986	1,914	-
	397,441,769	15,172,549	82,133,377	3,582,626	110,400

## 26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 19,633,595 in 2010 and Euro 1,419,771 in 2009) by the average number of shares outstanding during the periods ended at 30 June 2010 and 2009, net of own shares (Euro 358,252,280 in 2010 and Euro 359,969,394 in 2009).

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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 June 2010 can be summarised as follows:

			Vesting period		30 June 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	387	1,662,752
2008 Plan	1.117	10-Mar-09	09-Mar-12	403	3,553,066
2009 Plan	1.685	10-Mar-10	08-Mar-13	408	2,498,790
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 June 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 <sup>(1)</sup>	(18)	(387,865)	(4)	(158,267)
Outstanding at 30 June 2010:				
Unvested	1,198	7,714,608	12	877,623
Total	1,198	7,714,608	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 3,360,849 and was recorded under the heading 'Medium Term Incentive Plans Reserve'. For the Sonae SGPS share plans, the Group entered into hedging contracts with external entities and the liabilities are calculated based on the prices agreed in those contracts, with the exception of the plan attributed in 2010, which is not covered and whose responsibility is calculated based on the share price at balance sheet date. The responsibility for these plans is recorded under the headings of 'Other current liabilities' and 'Other non-current liabilities'.

## 12.2. Notes to the Consolidated Financial statements (continued)

AT 30 JUNE 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 June 2010, were as follows:

	Amount
Costs recognised in previous years	23,493,468
Costs recognised in the period	1,773,388
Costs of plans from subsidiary Exit (no longer consolidated)	(8,882)
Costs of plans vested in previous year	(20,035,730)
Costs of plans vested in the period	(1,317,695)
Total cost of the plans	3,904,549
Recorded in other current liabilities	182,094
Recorded in other non current liabilities	361,606
Recorded in reserves	3,360,849

## 28. Other matters

At 30 June 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 28 July 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 June 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>
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### 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 &amp; Co KG          ALEXA Holding GmbH          ALEXA Shopping Centre GmbH          Alexa Site GmbH &amp; 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>
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## 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.	Imoareaia – 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.
Infocfield – 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.Retallho 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.D. 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	Solinfittness – 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 Ltd<sup>a</sup>  Todos os Dias – Com.Ret.Expl.C.Comer., S.A.  Tool GmbH  Torre Colombo Ocidente – Imobiliária, S.A.  Torre Colombo Oriente – Imobiliária, S.A.  Torre São Gabriel – Imobiliária, S.A.  TP – Sociedade Térmica, S.A.  Troia Market – Supermercados, S.A.  Troia Market, S.A.  Tróia Natura, S.A.  Troiaresort – Investimentos Turísticos, S.A.  Troiaverde – Expl.Hoteleira Imob., S.A.  Tulipamar – Expl.Hoteleira Imob., S.A.  Unishopping Administradora Ltda.  Unishopping Consultoria Imob. Ltda.  Urbisedas – Imobiliária das Sedas, S.A.  Valecenter Srl  Valor N, S.A.  Vastgoed One – Sociedade Imobiliária, S.A.  Vastgoed Sun – Sociedade Imobiliária, S.A.  Venda Aluga – Sociedade Imobiliária, S.A.  Via Catarina – Centro Comercial, S.A.  Viajens y Turismo de Geotur España, S.L.  Vuelta Omega, S.L.  WELL W – Electrodomésticos e Equip., SA  World Trade Center Porto, S.A.  Worten – Equipamento para o Lar, S.A.  Worten España, S.A.  Zubiarte Inversiones Inmob, S.A.</p>
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### FT Group Companies

France Telecom, S.A.	Atlas Services Belgium, SA.
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## 12.3. Sonaecom SGPS Individual Financial statements

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

### Balance sheets

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

	Notes	June 2010	June 2009	December 2009
<b>Assets</b>				
<b>Non-current assets</b>				
Tangible assets	1a, 1e and 2	469,467	567,812	516,887
Intangible assets	1b and 3	17,419	40,914	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	615,945,016	638,212,223	635,868,036
Deferred tax assets	1k, 1m and 7	–	670,529	–
<b>Total non-current assets</b>		<b>1,551,258,692</b>	<b>1,539,047,383</b>	<b>1,561,568,431</b>
<b>Current assets</b>				
Other current debtors	1d, 1f, 4 and 8	5,294,467	86,873,209	7,618,844
Other current assets	1l, 1m	4,725,974	5,621,868	7,001,871
Cash and cash equivalents	1g, 4 and 9	2,184,566	12,824,302	3,189,749
<b>Total current assets</b>		<b>12,205,007</b>	<b>105,319,379</b>	<b>17,810,464</b>
<b>Total assets</b>		<b>1,563,463,699</b>	<b>1,644,366,762</b>	<b>1,579,378,895</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	10	366,246,868	366,246,868	366,246,868
Own shares	1o and 1l	(13,725,585)	(11,703,596)	(12,809,015)
Reserves	1n	788,129,326	795,637,403	795,738,278
Net income / (loss) for the period		6,757,599	(6,007,066)	(6,056,465)
<b>Total Shareholders' funds</b>		<b>1,147,408,208</b>	<b>1,144,173,609</b>	<b>1,143,119,666</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Medium and long-term loans – net of short-term portion	1h, 4 and 12a	319,137,036	411,128,478	298,531,561
Provisions for other liabilities and charges	1j and 13	52,773	514,634	41,634
Other non-current liabilities	1l, 1m, 1r	301,343	168,726	247,722
Deferred tax liabilities	1k, 1m and 7	138,110	–	10,480
<b>Total non-current liabilities</b>		<b>319,629,262</b>	<b>411,811,838</b>	<b>298,831,397</b>
<b>Current liabilities</b>				
Short-term loans and other loans	1h, 1g, 4, and 12b	94,270,582	86,045,928	134,585,855
Other creditors	4	991,124	944,301	798,465
Other current liabilities	1l, 1m, 1r	1,164,523	1,391,086	2,043,512
<b>Total current liabilities</b>		<b>96,426,229</b>	<b>88,381,315</b>	<b>137,427,832</b>
<b>Total Shareholders' funds and liabilities</b>		<b>1,563,463,699</b>	<b>1,644,366,762</b>	<b>1,579,378,895</b>

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



## 12.3. 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 June 2010 and 2009 and for the year ended at 31 December 2009

	Notes	June 2010	June 2009	December 2009
Services rendered	16	3,244,692	3,599,909	7,114,067
Other operating revenues	1f	5,052	(5,518)	23,247
		3,249,744	3,594,391	7,137,314
External supplies and services	14 and 16	(1,552,723)	(1,598,719)	(3,548,014)
Staff expenses	1r	(2,197,803)	(2,325,942)	(4,612,452)
Depreciation and amortisation	1a, 1b, 1q, 2 and 3	(58,814)	(65,576)	(134,923)
Provisions and impairment losses	1j, 1q and 13	-	(450,014)	(14)
Other operating costs		(91,295)	(44,840)	(92,792)
		(3,900,635)	(4,485,091)	(8,388,195)
Gains and losses on Group companies	15	6,366,323	(4,020,000)	(6,071,000)
Other financial expenses	1c, 1h, 1q, 12, 15 and 16	(3,694,872)	(7,319,246)	(10,904,516)
Other financial income	1c, 12, 15 and 16	4,898,203	5,573,771	12,240,316
<b>Current income / (loss)</b>		<b>6,918,763</b>	<b>(6,656,175)</b>	<b>(5,986,081)</b>
Income taxation	1k and 7	(161,164)	649,109	(70,384)
<b>Net income / (loss) for the period</b>		<b>6,757,599</b>	<b>(6,007,066)</b>	<b>(6,056,465)</b>
<b>Earnings per share</b>	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 June 2010 and 2009.

### The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

### The Board of Directors

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António Sampaio e Mello

## 12.3. Sonaecom Individual Financial statements (continued)

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

### Statement of comprehensive income

For the periods ended at 30 June 2010 and 2009

	Notes	June 2010	June 2009
Net income / (loss) for the period		6,757,599	(6,007,066)
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
<b>Statement comprehensive income for the period</b>		<b>6,757,599</b>	<b>(5,699,998)</b>

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

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Frank Emmanuel Dangeard

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Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Miguel Nuno Santos Almeida

Nuno Miguel Moniz Trigos Santos Jordão

António Sampaio e Mello

## 12.3. Sonaecom Individual Financial statements (continued)

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

### Movements in Shareholders' funds

For the periods ended at 30 June 2010 and 2009

	Reserves										
					Medium Term						
	Share	Own	Share	Legal	Incentive Plans	Own	Hedging	Other	Total	Net	Total
	capital	shares	premium	reserves	reserves	shares	reserves	reserves	reserves	income / (loss)	
		(note 11)			(note 19)	reserves					
<b>2010</b>											
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 June 2010	-	-	-	-	-	-	-	-	-	6,757,599	6,757,599
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	-	-	-	-	85,951	-	-	-	85,951	-	85,951
Acquisition of own shares	-	(3,497,606)	-	-	-	3,497,606	-	(3,497,606)	-	-	(3,497,606)
<b>Balance at 30 June 2010</b>	<b>366,246,868</b>	<b>(13,725,585)</b>	<b>775,290,377</b>	<b>1,221,003</b>	<b>377,407</b>	<b>13,725,585</b>	<b>-</b>	<b>(2,485,046)</b>	<b>788,129,326</b>	<b>6,757,599</b>	<b>1,147,408,208</b>

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

## 12.3. Sonaecom Individual Financial statements (continued)

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

									Reserves		
	Share capital	Own shares (note 11)	Share premium	Legal reserves	Medium Term Incentive Plans reserves (note 19)	Own shares reserves	Hedging reserves	Other reserves	Total reserves	Net income / (loss)	Total
<b>2009</b>											
Balance at 31 December 2008	366,246,868	(13,499,750)	775,290,377	1,002,287	-	13,499,750	(307,068)	(13,792,204)	775,693,142	19,657,889	1,148,098,149
Appropriation of result of 2008	-	-	-	982,894	-	-	-	18,674,995	19,657,889	(19,657,889)	-
Comprehensive income for the period ended at 30 June 2009	-	-	-	-	-	-	307,068	-	307,068	(6,007,066)	(5,699,998)
Delivery of own shares under the Medium Term Incentive Plans	-	3,784,046	-	-	-	(3,784,046)	-	3,651,222	(132,824)	-	3,651,222
Effect of the recognition of the Medium Term Incentive Plans	-	-	-	-	228,527	-	-	-	228,527	-	228,527
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 June 2009	366,246,868	(11,703,596)	775,290,377	1,985,181	228,527	11,703,596	-	6,429,722	795,637,403	(6,007,066)	1,144,173,609

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

## 12.3. Sonaecom Individual Financial statements (continued)

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

### Cash Flow statements

For the periods ended at 30 June 2010 and 2009

	June 2010		June 2009	
<b>Operating activities</b>				
Payments to employees	(2,564,590)		(2,572,985)	
Cash flows from operating activities	(2,564,590)		(2,572,985)	
Payments / receipts relating to income taxes, net	(641,125)		(766,641)	
Other payments / receipts relating to operating activities, net	4,548,139		1,462,249	
<b>Cash flows from operating activities (1)</b>	<b>1,342,424</b>	<b>1,342,424</b>	<b>(1,877,376)</b>	<b>(1,877,376)</b>
<b>Investing activities</b>				
Receipts from:				
Investments	15,788,458		700,000	
Interest and similar income	7,980,428		10,975,868	
Loans granted	6,820,000		-	
Dividends	10,500,000	41,088,886	3,480,000	15,155,868
Payments for:				
Investments	(16,490,000)		(65,200)	
Tangible assets	-		(106,223)	
Intangible assets	(1,210)		(339)	
Loans granted	-	(16,491,210)	(126,255,000)	(126,426,762)
<b>Cash flows from investing activities (2)</b>	<b>24,597,676</b>		<b>(111,270,894)</b>	
<b>Financing activities</b>				
Receipts from:				
Loans obtained	70,000,000	70,000,000	293,367,510	293,367,510
Payments for:				
Interest and similar expenses	(3,724,671)		(9,834,949)	
Own shares	(3,497,605)		(1,987,893)	
Loans obtained	(89,723,007)	(96,945,283)	(205,671,010)	(217,493,851)
<b>Cash flows from financing activities (3)</b>	<b>(26,945,283)</b>		<b>75,873,659</b>	
<b>Net cash flows (4)=(1)+(2)+(3)</b>	<b>(1,005,183)</b>		<b>(37,274,612)</b>	
<b>Effect of the foreign exchanges</b>				
Cash and cash equivalents at the beginning of the period	3,189,749		50,098,913	
Cash and cash equivalents at period end	2,184,566		12,824,302	

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

## 12.3. Sonaecom individual financial statements (continued)

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

(Amounts expressed in euro)

### Notes to the cash flow statements

For the periods ended at 30 June 2010 and 2009

	June 2010	June 2009
<b>1. Acquisition or sale of subsidiaries or other businesses</b>		
<b>a) Other business activities</b>		
Supplementary capital to Sonae Telecom, S.G.P.S., S.A.	-	-
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
	<b>15,788,458</b>	<b>700,000</b>
<b>b) Other business activities</b>		
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 Sonaecom – Serviços de Comunicações, S.A.	-	65,200
	<b>16,490,000</b>	<b>65,200</b>
<b>2. Details of cash and cash equivalents</b>		
Cash in hand	10,454	10,548
Cash at bank	179,112	47,754
Treasury applications	1,995,000	12,766,000
Overdrafts	-	-
Cash and cash equivalents	<b>2,184,566</b>	<b>12,824,302</b>
Overdrafts	-	-
<b>Cash assets</b>	<b>2,184,566</b>	<b>12,824,302</b>
<b>3. Description of non-monetary financing activities</b>		
a) Bank credit obtained and not used	247,050,000	63,565,000
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 June 2010 and 2009.

#### Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

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## 12.4. Notes to the Individual Financial statements

at 30 June 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 093X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A. (Parpública). The corresponding public deed was executed on 18 October 2006.

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

The financial statements are presented in euro, rounded at unit.

### 1. Basis of presentation

The accompanying financial statements have been prepared on a going concern basis, based on the Company's accounting records in accordance with International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union (EU).

The adoption of the International Financial Reporting Standards (IFRS) as adopted by the European Union occurred for the first time in 2007 and as defined by IFRS 1 – 'First time adoption of International Financial Reporting Standards', 1 January 2006 was the date of transition from generally accepted accounting principles in Portugal to those standards.

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

The following standards, interpretations, amendments and revisions approved (endorsed) by the European Union have mandatory application to financial years beginning on or after 1 January 2010 and were first adopted in the period ended at 30 June 2010:



## 12.4. Notes to the Individual Financial statements (continued)

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

Standard / Interpretation	Effective date (annual periods beginning on or after)
<b>Revised IFRS 1 – First-time adoption of IFRS</b>	<b>1-Jan-10 *</b>
<i>This standard was revised to consolidate the various amendments that have occurred since its first release.</i>	
<b>IFRS 1 – Amendments (Additional exemptions for first-time adopters)</b>	<b>1-Jan-10</b>
<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>	
<b>IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions)</b>	<b>1-Jan-10</b>
<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>	
<b>IFRIC 12 – Service concession arrangements</b>	<b>26-Mar-09 *</b>
<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>	
<b>IFRIC 15 – Agreements for the construction of real estate</b>	<b>1-Jan-10 *</b>
<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>	
<b>IFRIC 16 – Hedges of a net investment in a foreign operation</b>	<b>1-Jul-09 *</b>
<i>This interpretation provides guidance on hedge accounting for net investments in foreign operations.</i>	
<b>IFRIC 17 – Distribution of non-cash assets to owners</b>	<b>1-Nov-09 *</b>
<i>This interpretation provides guidance on the proper accounting for assets other than cash distributed to Shareholders as dividends.</i>	
<b>IFRIC 18 – Transfer of assets from customers</b>	<b>Transfers made on or after 01-Nov-09 *</b>
<i>This interpretation provides guidance on accounting, by operators, of tangible assets 'of customers'.</i>	
<b>Improvements to IFRSs – 2008</b>	<b>1-Jan-10</b>
<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 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)
<b>IAS 32 – Amendments (Classification of issuing rights)</b>	<b>1-Feb-10</b>
<i>The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.</i>	

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:

Standard / Interpretation	Effective date (annual periods beginning on or after)
<b>IFRS 1 – Amendment (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters)</b>	<b>1-Jul-10</b>
<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>	
<b>IFRS 9 (Financial Instruments)</b>	<b>1-Jan-13</b>
<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>	
<b>Revised IAS 24 (Related Parties Disclosures)</b>	<b>1-Jan-11</b>
<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>	
<b>IFRIC 14 – Amendments (Voluntary pre-paid contributions)</b>	<b>1-Jan-11</b>
<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>	

## 12.4. Notes to the Individual Financial statements (continued)

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

Standard / Interpretation	Effective date (annual periods beginning on or after)
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
Improvements to IFRSs – 2008/2010 <i>This process included the review of 7 accounting standards.</i>	Various (earliest is 01-Jul-10)

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 June 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

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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.

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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.

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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 June 2010, Sonaecom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 4 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 June	Average	30 June	Average
Pounds Sterling	1.22332	1.15039	1.17357	1.11959
American Dollar	0.81493	0.75593	0.70751	0.75125

### 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.



## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 2010 and 2009  
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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 June 2010, all the Sonaecom share plans were covered through the detention of own shares. Therefore the impacts of the share plans of the Medium Term Incentive Plans are registered, in the balance sheet, under the caption 'Medium term incentive plans reserve'. The cost is recognised under the income statement caption 'Staff expenses'.

In relation to plans which shall be liquidated through the delivery of shares of the parent company, with the exception of one plan, the Company signed contracts with an external entity, under which the price for the acquisition of those shares was fixed. The responsibility associated to those plans is recorded based on that fixed price, proportionally to the period of time elapsed since the award date until the date of record, under captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised under the income statement caption 'Staff expenses'.

### s) Subsequent events

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

### t) Judgements and estimates

The most significant accounting estimates reflected in the financial statements of the periods ended at 30 June 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.

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 2010 and 2009  
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### 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





## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 2010 and 2009

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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.

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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 June 2010 and 2009 was as follows:

2010						
	Buildings and other constructions	Plant and machinery	Tools	Fixtures and fittings	Other tangible assets	Total
<b>Gross assets</b>						
Balance at 31 December 2009	721,165	46,325	171	331,750	619	1,100,030
Balance at 30 June 2010	721,165	46,325	171	331,750	619	1,100,030
<b>Accumulated depreciation and impairment losses</b>						
Balance at 31 December 2009	347,862	17,977	170	216,945	189	583,143
Depreciation for the period	30,272	4,112	-	12,972	64	47,420
Balance at 30 June 2010	378,134	22,089	170	229,917	253	630,563
<b>Net value</b>	<b>343,031</b>	<b>24,236</b>	<b>1</b>	<b>101,833</b>	<b>366</b>	<b>469,467</b>

2009						
	Buildings and other constructions	Plant and machinery	Tools	Fixtures and fittings	Other tangible assets	Total
<b>Gross assets</b>						
Balance at 31 December 2008	679,443	46,325	171	328,207	103	1,054,249
Additions	41,722	-	-	-	-	41,722
Balance at 30 June 2009	721,165	46,325	171	328,207	103	1,095,971
<b>Accumulated depreciation and impairment losses</b>						
Balance at 31 December 2008	276,753	9,607	92	185,127	103	471,682
Depreciation for the period	35,380	4,258	43	16,796	-	56,477
Balance at 30 June 2009	312,133	13,865	135	201,923	103	528,159
<b>Net value</b>	<b>409,032</b>	<b>32,460</b>	<b>36</b>	<b>126,284</b>	<b>-</b>	<b>567,812</b>

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

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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 June 2010 and 2009, was as follows:

2010				
	Brands, patents and other rights	Software	Intangible assets in progress	Total
<b>Gross assets</b>				
Balance at 31 December 2009	6,650	182,283	376	189,309
Additions	1,210	–	–	1,210
Balance at 30 June 2010	7,860	182,283	376	190,519
<b>Accumulated depreciation and impairment losses</b>				
Balance at 31 December 2009	6,259	155,447	–	161,706
Depreciation for the period	361	11,033	–	11,394
Balance at 30 June 2010	6,620	166,480	–	173,100
<b>Net value</b>	<b>1,240</b>	<b>15,803</b>	<b>376</b>	<b>17,419</b>

2009				
	Brands, patents and other rights	Software	Intangible assets in progress	Total
<b>Gross assets</b>				
Balance at 31 December 2008	6,650	168,027	13,917	188,594
Additions	–	339	–	339
Balance at 30 June 2009	6,650	168,366	13,917	188,933
<b>Accumulated depreciation and impairment losses</b>				
Balance at 31 December 2008	5,630	133,290	–	138,920
Depreciation for the period	344	8,755	–	9,099
Balance at 30 June 2009	5,974	142,045	–	148,019
<b>Net value</b>	<b>676</b>	<b>26,321</b>	<b>13,917</b>	<b>40,914</b>

## 12.4. Notes to the Individual Financial statements (continued)

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

### 4. Breakdown of financial instruments

At 30 June 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
<b>2010</b>							
Non-current assets							
Other non-current assets (note 6)	-	615,945,016	-	-	615,945,016	-	615,945,016
	-	615,945,016	-	-	615,945,016	-	615,945,016
Current assets							
Other trade debtors (note 8)	-	3,704,875	-	-	3,704,875	1,589,592	5,294,467
Cash and cash equivalents (note 9)	-	2,184,566	-	-	2,184,566	-	2,184,566
	-	5,889,441	-	-	5,889,441	1,589,592	7,479,033

	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
<b>2009</b>							
Non-current assets							
Other-non current assets (note 6)	-	638,212,223	-	-	638,212,223	-	638,212,223
	-	638,212,223	-	-	638,212,223	-	638,212,223
Current assets							
Other trade debtors (note 8)	-	85,653,653	-	-	85,653,653	1,219,556	86,873,209
Cash and cash equivalents (note 9)	-	12,824,302	-	-	12,824,302	-	12,824,302
	-	98,477,955	-	-	98,477,955	1,219,556	99,697,511

	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
<b>2010</b>							
Non-current liabilities							
Medium and long-term loans – net of short- term portion (note 12)	-	-	319,137,036	-	319,137,036	-	319,137,036
	-	-	319,137,036	-	319,137,036	-	319,137,036
Current liabilities							
Short-term loans and other loans (note 12)	-	-	94,270,582	-	94,270,582	-	94,270,582
Other creditors	-	-	-	655,405	655,405	335,719	991,124
	-	-	94,270,582	655,405	94,925,987	335,719	95,261,706

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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
<b>2009</b>							
Non-current liabilities							
Medium and long-term loans – net of short-term portion (note 12)	–	–	411,128,478	–	411,128,478	–	411,128,478
	–	–	411,128,478	–	411,128,478	–	411,128,478
Current liabilities							
Short-term loans and other loans (note 12)	–	–	86,045,928	–	86,045,928	–	86,045,928
Other creditors	–	–	–	647,640	647,640	296,661	944,301
	–	–	86,045,928	647,640	86,693,568	296,661	86,990,229

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 June 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)
<b>Total investments in Group companies</b>	<b>934,826,790</b>	<b>899,555,905</b>

## 12.4. Notes to the Individual Financial statements (continued)

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

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

Company	Balance at 31 December 2009	Additions	Disposals	Transfers and write-offs	Balance at 30 June 2010
Optimus	764,876,231	-	-	-	764,876,231
Sonae Telecom	105,799,987	1,490,000	-	-	107,289,987
Sonaatelecom 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 June 2009
Optimus	749,628,393	65,200	-	15,182,638	764,876,231
Sonae Telecom	105,799,987	-	-	-	105,799,987
Sonaatelecom 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 June 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 June 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 June 2010, in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,820,504,067, total consolidated liabilities of Euro 866,994,027, consolidated operational revenues of Euro 453,116,684 and consolidated Shareholders' funds of Euro 953,510,040, 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 June 2010 of Euro 19,633,595.

## 12.4. Notes to the Individual Financial statements (continued)

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

At 30 June 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	% holding	Shareholders' funds	2010			2009		
				Net profit/(loss)			Net profit/(loss)		
Optimus	Maia	53.54%	511,325,116	(2,797,388)	53.54%	512,559,166	3,007,278		
Sonae Telecom	Maia	100%	165,256,324	(33,873)	100%	174,597,447	(12,933)		
Sonae com SI	Maia	100%	37,070,016	439,960	100%	43,865,809	650,177		
Miauger	Maia	100%	1,288,035	(1,032,806)	100%	714,794	(168,634)		
Sonaetelecom BV	Amsterdam	100%	1,035,202	(5,295,121)	100%	(8,427,882)	(371,943)		
Sonaecom BV	Amsterdam	100%	(17,023,213)	(566,553)	100%	(15,115,361)	(92,003)		
Be Artis	Maia	100%	106,166,813	(2,558,152)	100%	111,003,356	319,940		

At 30 June 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%



## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 2010 and 2009  
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### 6. Other non-current assets

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

	2010	2009
<b>Financial assets</b>		
Medium and long-term loans granted to Group companies:		
Be Artis	258,345,000	325,170,000
Sonaecom BV	213,668,000	130,197,000
Sonaetelecom BV	17,741,000	28,246,000
Sonaecom SI	16,800,000	100,000
Lugares Virtuais	1,530,000	900,000
Wedo Consulting	1,490,000	-
	<b>509,574,000</b>	<b>484,613,000</b>
Supplementary capital:		
Be Artis	107,459,115	115,640,000
Sonaetelecom BV	26,500,000	11,500,000
Sonaecom Telecom SGPS	-	15,788,458
Miauger	800,000	-
Sonaecom SI	-	32,874,188
	<b>134,759,115</b>	<b>175,802,646</b>
	<b>644,333,115</b>	<b>660,415,646</b>
Accumulated impairment losses (note 13)	<b>(28,388,099)</b>	<b>(22,203,423)</b>
	<b>615,945,016</b>	<b>638,212,223</b>

During the periods ended at 30 June 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	87,090,000	(100,660,000)	(8,180,885)	365,804,115
Sonaecom BV	199,088,000	22,840,000	(8,260,000)	-	213,668,000
Sonaetelecom BV	40,021,000	19,420,000	(15,200,000)	-	44,241,000
Sonaecom SI	7,350,000	9,450,000	-	-	16,800,000
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
Sonaecom Telecom SGPS	15,788,458	-	(15,788,458)	-	-
	<b>660,122,458</b>	<b>139,400,000</b>	<b>(147,008,458)</b>	<b>(8,180,885)</b>	<b>644,333,115</b>

	2009				
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Optimus	-	2,106,149	-	(2,106,149)	-
Be Artis	306,420,000	134,550,000	(160,000)	-	440,810,000
Sonaecom BV	138,887,000	2,940,000	(11,630,000)	-	130,197,000
Sonaetelecom BV	38,901,000	845,000	-	-	39,746,000
Sonaecom Telecom SGPS	15,788,458	-	-	-	15,788,458
Sonaecom SI	33,964,187	100,000	(1,089,999)	-	32,974,188
Lugares Virtuais	900,000	-	-	-	900,000
Tele 2	2,106,149	-	(2,106,149)	-	-
	<b>536,966,794</b>	<b>140,541,149</b>	<b>(14,986,148)</b>	<b>(2,106,149)</b>	<b>660,415,646</b>

## 12.4. Notes to the Individual Financial statements (continued)

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

During the periods ended at 30 June 2010 and 2009, the loans granted to Group companies earned interest at market rates with an average interest rate of 1.70% and 2.38%, 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 4,133,678 (note 13).

Loans granted to Group companies and Supplementary capital, do not have a defined maturity, therefore no information about the aging of these loans is presented.

The evaluation of the existence of impairment losses for the loans made to Group companies was based on the most up-to-date business plans duly approved by the Group's Board of Directors, which include projected cash flows for periods of five years. The discount rates used and the perpetuity growth considered are presented in the previous note (note 5).

### 7. Deferred taxes

The movement in deferred tax assets in the period ended at 30 June 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	-	551,279
Movements in provisions not accepted for tax purposes	-	119,250
Closing balance	-	670,529

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

	2010	2009
Opening balance	10,480	-
Impact on results		
Tax Results	138,110	-
IFRS Adjustments	(10,480)	-
Closing balance	138,110	-

At 30 June 2010, the value of deferred tax assets not recorded where it is not expected that sufficient taxable profits will be generated in the future to cover those losses, have the following detail:

Year of origin	Tax losses	Adjustments to IAS / IFRS	Provisions not acceptable for tax purposes	Total	Deferred tax assets
2001	-	-	3,463,000	3,463,000	917,695
2002	-	-	11,431,819	11,431,819	3,029,432
2003	-	-	31,154,781	31,154,781	8,256,017
2004	-	-	9,662,981	9,662,981	2,560,690
2005	-	-	(3,033,899)	(3,033,899)	(803,983)
2006	24,089,868	(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
	78,653,472	(177,907)	71,789,203	150,264,768	38,640,362

The rate used at 30 June 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.

## 12.4. Notes to the Individual Financial statements (continued)

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

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

	2010	2009
Earnings before tax	6,918,763	(6,656,175)
Income tax rate (25%)	(1,729,691)	1,664,044
Other taxes related with current income tax	(33,534)	(21,420)
Movements in provisions not accepted for tax purposes (note 13)	(1,033,420)	(1,875,000)
Adjustments to the taxable income	2,635,481	881,485
Income taxation recorded in the period	(161,164)	649,109

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 June 2010.

### 8. Other current debtors

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

	2010	2009
Trade debtors	3,706,805	85,655,583
State and other public entities	1,589,592	1,219,556
Accumulated impairment losses on accounts receivables (note 13)	(1,930)	(1,930)
	5,294,467	86,873,209

At 30 June 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 June 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 June 2010 and 2009, includes the special advanced payment, retentions and taxes to be recovered.

### 9. Cash and cash equivalents

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

	2010	2009
Cash	10,454	10,548
Bank deposits repayable on demand	179,112	47,754
Treasury applications	1,995,000	12,766,000
	2,184,566	12,824,302

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

	2010	2009
Wedo	1,530,000	9,658,000
Lugares Virtuais	245,000	1,050,000
Público	220,000	1,070,000
Optimus	–	988,000
	1,995,000	12,766,000

During the period ended at 30 June 2010, the above mentioned treasury applications bear interests at an average rate of 1.17% (2.47% in 2009).

## 12.4. Notes to the Individual Financial statements (continued)

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

### 10. Share capital

At 30 June 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%
	<b>366,246,868</b>	<b>100.00%</b>	<b>366,246,868</b>	<b>100.00%</b>

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 June 2010, Sonaecom delivered to its employees 972,184 own shares under its Medium Term Incentive Plans.

Additionally, during the period ended at 30 June 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.

## 12.4. Notes to the Individual Financial statements (continued)

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

### 12. Loans

At 30 June 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	-	-	-	(2,221,078)	(2,162,587)
Interests incurred but not yet due	-	-	-	746,403	87,150
				<b>218,525,325</b>	<b>147,924,563</b>
Commercial paper	150,000,000	Jul 12	-	100,500,000	150,000,000
	100,000,000	Jul 10	-	-	80,000,000
	50,000,000	May 11	-	-	33,000,000
Interests incurred but not yet due	-	-	-	111,711	203,915
				<b>100,611,711</b>	<b>263,203,915</b>
				<b>319,137,036</b>	<b>411,128,478</b>

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

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

Additionally, Sonaecom has three Commercial Paper Programmes Issuance, with a maximum amount of Euro 50 million, 30 million and 15 million respectively, hired in January 2005 and March 2010 respectively, with subscription guarantee and maturity of one year, possibly renewable.

Placing underwriting is currently provided by Banco Comercial Português and Banco Bilbao Vizcaya Argentaria (Portugal), in case of the programme of Euro 50 million, 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.

These loans bear interest at market rates, indexed to the Euribor for the respective term, and were all contracted in euro.

The average interest rate of the bond loans, in the period, was 1.94%.

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 fulfilment of the obligations under these loans is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

## 12.4. Notes to the Individual Financial statements (continued)

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

At 30 June 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
<b>2010</b>					
Bond loan					
Reimbursements	-	-	180,000,000	-	40,000,000
Interests	4,867,600	4,880,936	4,441,462	1,178,800	865,530
Commercial paper					
Reimbursements	-	-	100,500,000	-	-
Interests	1,032,625	1,035,454	84,873	-	-
	5,900,225	5,916,390	285,026,335	1,178,800	40,865,530
<b>2009</b>					
Bond loan					
Reimbursements	-	-	-	150,000,000	-
Interests	3,486,000	3,486,000	3,495,551	1,633,167	-
Commercial paper					
Reimbursements	-	113,000,000	-	150,000,000	-
Interests	3,258,770	1,888,927	1,775,850	145,960	-
	6,744,770	118,374,927	5,271,401	301,779,127	-

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

Credit	Limit	Amount outstanding	Amount available	Maturity	
				Until 12 months	More than 12 months
<b>2010</b>					
Commercial paper	150,000,000	100,500,000	49,500,000		x
Commercial paper	100,000,000	-	100,000,000	x	
Commercial paper	50,000,000	21,450,000	28,550,000	x	
Commercial paper	30,000,000	5,000,000	25,000,000	x	
Bond loan	15,000,000	-	15,000,000	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	
	594,000,000	346,950,000	247,050,000		
<b>2009</b>					
Commercial paper	150,000,000	150,000,000	-		x
Commercial paper	100,000,000	80,000,000	20,000,000		x
Commercial paper	70,000,000	33,000,000	37,000,000		x
Bond loan	150,000,000	150,000,000	-		x
Overdraft facilities	15,000,000	8,435,000	6,565,000	x	
	485,000,000	421,435,000	63,565,000		

## 12.4. Notes to the Individual Financial statements (continued)

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

At 30 June 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 June 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 June 2010 the total gross debt is exposed to changes in the interest rates.

### b) Short-term loans and other loans

The caption 'Short-term loans and other loans', at 30 June 2010 and 2009, includes an amount of Euro 94,270,582 and Euro 86,045,928, respectively, composed as follows:

Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
				2010	2009
Tresuary applications	-	-	-	67,791,182	77,610,928
Commercial Paper	50,000,000	May 11	-	21,450,000	-
Commercial Paper	30,000,000	Apr 11	-	5,000,000	-
Interest incurred but not yet due				29,400	-
				26,479,400	-
Overdrafts facilities - CGD	-	-	-	-	8,435,000
				94,270,582	86,045,928

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

	2010	2009
Optimus	55,828,107	71,305,743
Digitmarket	4,672,074	3,460,982
Be Towering	4,465,454	1,370,201
Miauger	1,422,751	811,382
Mainroad	1,291,654	568,153
Saphety	80,279	1,006
Sonae Telecom	30,061	47,109
Sonae com SI	351	41,594
Wedo Consulting	298	-
Público	85	4,758
Lugares Virtuais	68	-
	67,791,182	77,610,928

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 June 2010 and 2009, the treasury applications earned an average interest rate of 0.37% and 1.45%, respectively.



## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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 June 2010 and 2009 were as follows:

	Opening balance	Increases	Transfers	Utilisations	Decreases	Closing balance
<b>2010</b>						
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	4,133,677	-	-	-	28,388,099
Provisions for other liabilities and charges	41,634	11,139	-	-	-	52,773
	70,907,888	4,144,816	-	-	-	75,052,704
<b>2009</b>						
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	-	-	-	514,634
	61,372,596	7,957,383	-	-	(90)	69,329,889

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 June 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 June 2010 and 2009, this caption was made up as follows:

	2010	2009
Specialised work	960,191	931,065
Rents and travelling expenses	195,494	198,925
Fees	169,666	164,060
Travel and accommodation	79,625	91,509
Other external supplies and services	147,747	213,160
	1,552,723	1,598,719

## 12.4. Notes to the Individual Financial statements (continued)

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

### 15. Financial results

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

	2010	2009
<b>Gains and losses on investments in Group companies</b>		
Losses related to Group companies (notes 5, 6 and 13)	(4,133,677)	(7,500,000)
Gains related to Group companies	10,500,000	3,480,000
	<b>6,366,323</b>	<b>(4,020,000)</b>
<b>Other financial expenses</b>		
Interest expenses:		
Bank loans	(1,399,967)	(3,447,320)
Other loans	(2,195,615)	(3,794,086)
Overdrafts and others	(21,097)	(30,946)
	<b>(3,616,679)</b>	<b>(7,272,352)</b>
Foreign currency exchange losses	(3,231)	(262)
Other financial expenses	(74,962)	(46,632)
	<b>(78,193)</b>	<b>(46,894)</b>
	<b>(3,694,872)</b>	<b>(7,319,246)</b>
<b>Other financial income</b>		
Interest income	4,898,138	5,573,771
Foreign currency exchange gains	65	-
	<b>4,898,203</b>	<b>5,573,771</b>

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

## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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 June 2010 and 2009 were as follows:

Balances at 30 June 2010					
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Optimus	362,414	292,413	-	3,768,423	(55,828,107)
Sonaecom BV	794,377	-	-	260,569	213,668,000
Be Artis	1,672,414	802	-	547,759	258,345,000
Sonaetelecom BV	87,020	-	-	21,112	17,741,000
Be Towering	29,588	-	-	7,382	(4,465,454)
Lugares Virtuais	7,779	-	245,000	(158,657)	1,529,932
Público	5,124	-	220,000	57,996	(85)
Digitmarket	1,744	1,505	-	(812)	(4,672,074)
Wedo	55,659	-	1,530,000	546,705	1,489,702
Sonae com SI	36,539	9,895	-	21,992	16,799,649
Outros	32,907	277,486	-	88,397	(2,824,745)
	3,085,565	582,101	1,995,000	5,160,866	441,782,818

Balances at 30 June 2009					
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Optimus	559,026	95,562	988,000	5,516,735	(71,305,743)
Sonaecom BV	80,766,357	-	-	218,566	130,197,000
Be Artis	1,541,447	589	-	727,448	325,170,000
Sonaetelecom BV	156,683	-	-	45,500	28,246,000
Be Towering	21,207	-	-	840,276	(1,370,201)
Lugares Virtuais	4,365	-	1,050,000	(87,392)	900,000
Público	9,974	-	1,070,000	5,583	(4,758)
Digitmarket	3,172	1,505	-	(2,065)	(3,460,982)
Wedo	61,743	-	9,658,000	599,343	-
Sonae com SI	5,355	4,836	-	(189,221)	58,406
Outros	25,807	48,731	-	(158,585)	(1,427,652)
	83,155,136	151,223	12,766,000	7,516,188	407,002,070

Transactions at 30 June 2010				
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Optimus	2,886,685	554,968	(98,500)	2,285
Be Artis	142,162	(53,552)	2,839,720	(42)
Be Towering	32,256	(31,799)	(4,559)	-
Wedo	78,528	-	140,324	-
Sonaecom BV	-	-	1,531,012	-
Sonae SGPS	-	-	269,428	-
Outros	102,018	204,358	294,101	(82,326)
	3,241,649	673,975	4,971,526	(80,083)

## 12.4. Notes to the Individual Financial statements (continued)

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

	Transactions at 30 June 2009			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Optimus	3,225,829	(760,865)	38,025	-
Be Artis	156,671	1,505	3,095,225	(42)
Wedo	92,206	-	130,264	-
Sonae SGPS	-	200,568	(2,739)	(5,220)
Sonaecom BV	-	-	1,711,881	-
Be Towering	30,028	(83,347)	(54,213)	-
Outros	93,262	57,505	282,245	(515)
	3,597,996	(584,634)	5,200,688	(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 June 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, Sonae SGPS consisted of Sonaecom SGPS surety to the amount of 2,830,506 Euros and Sonaecom SGPS consisted of Optimus surety for the amount of 6,935,848 Euros.

At 30 June 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 6,757,599 in 2010 and minus Euro 6,007,066 in 2009) by the average number of shares outstanding during the periods ended at 30 June 2010 and 2009, net of own shares (Euro 358,252,280 in 2010 and Euro 359,969,394 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.com options and shares and Sonae S.G.P.S., S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Company. In some annual plans, beneficiaries can choose between options or shares. Options are valued using the Black Scholes options pricing model.

## 12.4. Notes to the Individual Financial statements (continued)

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

The Sonaecom plans outstanding at 30 June 2010 can be summarised as follows:

				30 June 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

\*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 June 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 June 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 377,407 and was recorded under the caption 'Medium Term Incentive Plans Reserve'. For the Sonae SGPS share plan, the Group entered into hedging contracts with external entities, and the liabilities are calculated based on the prices agreed on those contracts, with the exception of the plan attributed in 2010, which is not covered and whose responsibility is calculated based on the share price at balance sheet date. The responsibility for these plans is recorded under the captions 'Other current liabilities' and 'Other non-current liabilities', by an amount of Euro 433,401.



## 12.4. Notes to the Individual Financial statements (continued)

at 30 June 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 plans. The costs recognised in previous years and in the period ended at 30 June 2010, were as follows:

	Value
Costs recognised in previous years	3,935,581
Costs recognised in the period	459,696
Costs of plans vested in previous years	(3,144,406)
Costs of plans vested in the period	(440,063)
	810,808
Recorded in other current liabilities	132,059
Recorded in other non current liabilities	301,342
Recorded in reserves	377,407

These financial statements were approved by the Board of Directors on 28 July 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 June 2010, the related parties of Sonaecom, S.G.P.S. 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 Trigo Jordão          Nuno Miguel Teixeira Azevedo          Pedro Rafael de Sousa Nunes Pedro          Rui José Silva Goncalves Paiva</p>
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### Sonaecom Group Companies

<p>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.</p>	<p>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.</p>
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## 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 Laminare 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.
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.Combustiveis, 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	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.	Imoareaia – 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.
Infocfield – 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
Invsaude – Gestão Hospitalar, S.A.	Modelo Continente – Oper.Retalho SGPS, S.A.
Ipaper – Industria Papeis Impregnados, S.A.	Modelo Continente Hipermercados, S.A.
ISF – Imobiliário, Serviços e Participaç	Modelo Continente, SGPS, S.A.
Isoroy SAS	Modelo Hiper Imobiliária, S.A.
JUST SPORT – Comércio Art. Desporto, S.A.	Modelo Hipermercados Trading, S.A.
KLC Holdings XII S.A.	Modelo.com – Vendas p/Correspond., S.A.
La Farga – Shopping Center, SL	Monselice Centre Srl
Larim Corretora de Resseguros Ltda	Movelpartes – Comp.para Ind.Mobiliária, S.A.
Larissa Develop. Of Shopping Centers, S.A.	Movimento Viagens – Viag. e Turismo U.Lda
Lazam – MDS Corretora e Administradora de Seguros, S.A.	Mundo Vip – Operadores Turísticos, S.A.
Lazam Corretora, Ltda.	NA – Comércio de Artigos de Desporto, S.A.
LCC LeiriaShopping Centro Comercial SA	NA – Equipamentos para o Lar, S.A.
Le Terrazze – Shopping Centre 1 Srl	NAB, Sociedade Imobiliária, S.A.
Lembo Services Ltd (Euro)	Norscut – Concessionária de Scut Interior Norte, S.A.
Libra Serviços, Lda.	Norte Shop. Retail and Leisure Centre BV
Lidergraf – Artes Gráficas, Lda.	Norteshopping – Centro Comercial, S.A.
Lima Retail Park, S.A.	Nova Equador Internacional,Ag.Viag.T, Ld
Loureshopping – Centro Comercial, S.A.	Nova Equador P.C.O. e Eventos
Luso Assistência – Gestão de Acidentes, S.A.	Novobord (PTY) Ltd.
Luz del Tajo – Centro Comercial S.A.	Oeste Retail Park – Gestão G.Comerc., S.A.
Luz del Tajo B.V.	Operscut – Operação e Manutenção de Auto-estradas, S.A.
Madeirashopping – Centro Comercial, S.A.	OSB Deustchland GmbH
Maiashopping – Centro Comercial, S.A.	Paracentro – Gest.de Galerias Com., S.A.
Maiequipa – Gestão Florestal, S.A.	Pareuro, BV
Marcas do Mundo – Viag. e Turismo Unip, Lda	Park Avenue Develop. of Shop. Centers S.A.
Marcas MC, ZRT	Parque Atlântico Shopping – C.C., S.A.
Marimo – Exploração Hoteleira Imobiliária	Parque D. Pedro 1 B.V.
Marina de Tróia S.A.	Parque D. Pedro 2 B.V.
Marinamagic – Expl.Cent.Lúdicos Marít, Lda	Parque de Famalicão – Empr. Imob., S.A.

## 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.  Tafisa UK, Ltd  Taiber, Tableros Aglomerados Ibéricos, SL  Tarkett Agepan Laminate Flooring SCS </p>	<p> Tavapan, S.A.  Tecmasa Reciclados de Andalucia, SL  Teconologias del Medio Ambiente, S.A.  Terra Nossa Corretora de Seguros Ltda  Textil do Marco, S.A.  Tlantic Portugal – Sist. de Informação, S.A.  Tlantic Sistemas de Informação Ltdª  Todos os Dias – Com.Ret.Expl.C.Comer., S.A.  Tool GmbH  Torre Colombo Ocidente – Imobiliária, S.A.  Torre Colombo Oriente – Imobiliária, S.A.  Torre São Gabriel – Imobiliária, S.A.  TP – Sociedade Térmica, S.A.  Troia Market – Supermercados, S.A.  Troia Market, S.A.  Tróia Natura, S.A.  Troiaresort – Investimentos Turísticos, S.A.  Troiaverde – Expl.Hoteleira Imob., S.A.  Tulipamar – Expl.Hoteleira Imob., S.A.  Unishopping Administradora Ltda.  Unishopping Consultoria Imob. Ltda.  Urbisedas – Imobiliária das Sedas, S.A.  Valecenter Srl  Valor N, S.A.  Vastgoed One – Sociedade Imobiliária, S.A.  Vastgoed Sun – Sociedade Imobiliária, S.A.  Venda Aluga – Sociedade Imobiliária, S.A.  Via Catarina – Centro Comercial, S.A.  Viajens y Turismo de Geotur España, S.L.  Vuelta Omega, S.L.  WELL W – Electrodomésticos e Equip., SA  World Trade Center Porto, S.A.  Worten – Equipamento para o Lar, S.A.  Worten España, S.A.  Zubiarte Inversiones Inmob, S.A. </p>
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## FT Group Companies

France Telecom, S.A.	Atlas Services Belgium, SA.
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## 13. External Auditor Report



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Registo na CMVM nº 231

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[www.deloitte.pt](http://www.deloitte.pt)

### LIMITED REVIEW REPORT PREPARED BY AN AUDITOR REGISTERED AT CMVM ON HALF-YEAR INFORMATION

(This is a translation of a report originally issued in Portuguese in the event  
of discrepancies, the Portuguese language version prevails)

#### **Introduction**

1. In accordance with the Securities Market Code, we hereby present our Limited Review Report on the consolidated and individual financial information of SONAE COM, S.G.P.S., S.A. ("Company") for the half-year ended 30 June 2010 included in: the Board of Director's Report, in the consolidated and individual Balance sheets (that reflect a total assets of 1,820,504,067 Euro and 1,563,463,699 Euro, respectively, and a consolidated and individual equity of 953,510,040 Euro and 1,147,408,208 Euro respectively, including a consolidated net profit attributable to the Company's shareholders of 19,633,595 Euro and an individual net profit of 6,757,599 Euro, respectively), in the Consolidated and Individual Statements of Results by Nature and of Comprehensive Income, Movements in Shareholder's Funds and Cash Flows for the half-year then ended and in the related Notes.
2. The amounts in the financial statements, as well as the additional consolidated and individual financial information, are in accordance with the accounting records of the Company and of the companies included in the consolidation, subsequently adjusted in the consolidation process, to be in accordance with the International Financial Reporting Standards as adopted by the European Union.

#### **Responsibilities**

3. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the Company and of the companies included in the consolidation, the consolidated and individual results and comprehensive income of their operations, the consolidated and individual movements in shareholders' funds and the consolidated and individual cash flows; (ii) the preparation of historical financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of appropriate internal control systems; and (v) informing any significant facts that have influenced their operations and the operations of the companies included in the consolidation, its financial position or its results and comprehensive income.
4. Our responsibility is to verify the consolidated and individual financial information included in the documents of account referred to above, namely if, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a moderate assurance, professional and independent report on that financial information based on our work.



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### Scope

5. Our work was performed with the objective of obtaining moderate assurance as to whether the above mentioned financial information is free of material misstatement. Our work was performed in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, was planned in accordance with that objective, and consisted essentially of enquiries and analytical procedures with the objective of reviewing: (i) the reliability of the assertions included in the consolidated and individual financial information; (ii) the adequacy of the accounting principles used, taking into consideration the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of financial information; and (v) whether, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit as required by the Securities Market Code.
6. Our work also included verifying that the financial information included in the Board of Director's Report is in accordance with the other above mentioned documents of account.
7. We believe that our work provides a reasonable basis for issuing the present Limited Review Report on the half-year consolidated and individual financial information.

### Opinion

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated and individual financial information for the half-year ended 30 June 2010 referred to in paragraph 1 above of SONAE COM, S.G.P.S., S.A. is not exempt from material misstatement that affects its conformity with International Financial Reporting Standards as adopted by the European Union, for the purposes of interim financial reporting (IAS 34), and that, in terms of the definitions included in the Auditing Standards referred to in paragraph 5 above, it is not complete, true, up-to-date, clear, objective and licit.

Porto, 28 July 2010

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Deloitte & Associados, SROC, S.A.  
Represented by Jorge Manuel Araújo de Beja Neves

