

Management Report and Accounts

First Half 2011



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Note: The Consolidated Financial Information contained in this report was unaudited 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.



Highlights

- Consolidated turnover of 425.4 million euros
- EBITDA reaches 106.5 million euros
- EBITDA-Operating Capex grows to 63.7 million euros
- Net Results Group share of 31.9 million euros
- FCF reaches 11.9 million euros (21.9 million euros excluding securitization operation)
- Net Debt to EBITDA of 1.5x

'The first half of 2011 was marked by the outstanding execution of Sonaecom team which, through Optimus, allowed us to generate productivity gains that more than off-set the negative effects of the widespread weakness consumer spending.

Our results provide evidence of the quality of the strategic decisions taken at the right moments that, while anticipating the impacts in the market, allow us to maintain the expectations regarding our current positive trend going forward.

Ângelo Paupério, Sonaecom of CEO

Our business

The performance of Sonaecom's turnover, combined with our continuous efforts to improve our operational efficiency, enabled us to achieve an EBITDA growth of 7.0% in 1H11. During the same period, the rigorous management of our investments also helped us to deliver EBITDA-Capex and FCF above the levels we achieved during the full year of 2010. At the same time, Net results rose to 32 million euros, up by more than 60% on 1H10

At Optimus mobile business, we continued to expand our customer base, which grew 3.4% compared to the same period in 2010. With the end of the e-initiatives programme and given the general environment of consumption contention, the evolution of subscribers between 1Q11 and 2Q11 was negative. However, the resilience of our operations enabled us to grow our mobile customer revenues by 1.8%, versus 2T10. Meanwhile, our ongoing operating efficiency programme enabled us to increase the EBITDA margin to 37.0%, a sector benchmark in Europe.

At Optimus wireline business, our positioning in the corporate segment as an integrated and convergent operator continues to deliver competitive advantages, allowing us to increase the number of accesses in the first six months of 2011 by 8.9%. While still at negative levels, we believe it is worth highlighting the positive 36.7% evolution of our EBITDA-Operating Capex – the result of our continuous focus on balancing the profitability of our wireline business.

Optimus continues to excel on quality of service. In July 2011, the Optimus customer support team participated in the 2011 World Contact Center Award, winning first prize in the 'Best in Customer Service – EMEA' category. This award, the most important among the different categories, recognised Optimus internationally as the company that stands out in all sectors of the industry.

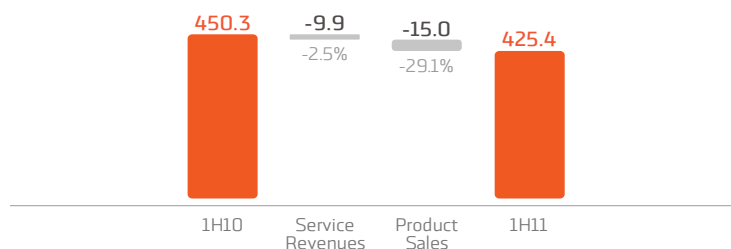
At SSI, service revenues increased 8.3% in the first half of 2011, a figure that did not fully compensate for the reduction suffered by our equipment sales line, impacted by the expected termination of the Government's e-initiatives programme and also by the difficult macro-economic environment.

We would like to highlight the contract that WeDo Technologies signed with the Turkcell Group in May 2011 to implement its flagship business assurance software, RAID®, across the client's entire group. Also recently, WeDo Technologies signed another major contract with a Tier-1 operator in Africa. Importantly, the level of international orders has increased 9.1% when compared to the same period of 2010. WeDo Technologies also launched pilots to test our business assurance solutions with several potential clients in the retail sector.

1. Consolidated results

Turnover

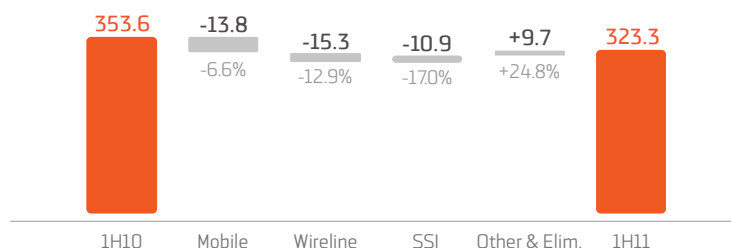
Consolidated turnover reached 425.4 million euros in 1H11, decreasing 5.5% y.o.y.. The 1.5% increase in mobile customer revenues and the 8.3% increase in SSI service revenues didn't totally off-set the 29.1% reduction in product sales and the 10.7% reduction in the level of Optimus operator revenues (as a result of MTRs and roaming-in regulated tariffs). Mainly due to the termination of Portugal's e-initiatives programme, launched by the Portuguese Government, the drastic drop in the level of product sales was an already expected consequence in 2Q11.



Operating costs

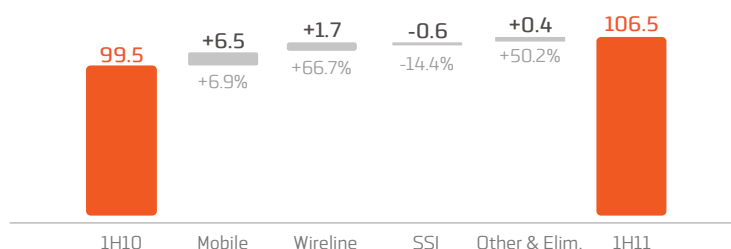
Driven by Optimus ongoing optimization plan, launched in 2009 and aimed at creating efficiencies throughout the organization, from business areas to customer service, passing through network and IT, the level of operating costs decreased 8.6% y.o.y. to 323.3 million euros and represents now around 76.0% of the consolidated turnover.

It should be noted that between 1H10 and 1H11, operating costs, excluding provisions, as percentage of turnover decreased 3.6pp.



EBITDA

Consolidated EBITDA increased 7.0%, to 106.5 million euros. Sonaecom consolidated EBITDA margin reached 25.0%, 2.9pp above 1H10, on the back of the positive effects of our increased efficiency and the positive trend of mobile customer revenues. It should be noted that in the first half of 2011, mobile EBITDA margin increased to 36.0%, having reached 37% in the 2Q11, a benchmark margin that assumes even more relevance given the general macroeconomic background and overall market performance.

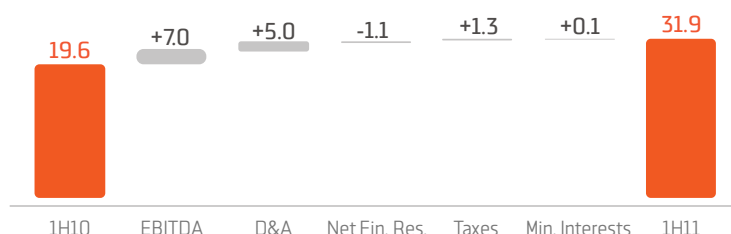


Net profit

Net results group share reached 31.9 million euros, increasing 62.4% when compared to 1H10. The main drivers for this result were the improved EBITDA performance and the lower level of depreciation and amortisation.

Net financial results decreased by 30.0%, to a negative 4.8 million euros, reflecting a more negative level of financial income and a higher level of financial expenses, 0.8 million euros above 1H10, driven by both an increase in the average cost of debt and also a higher average debt level.

The tax line in 1H11 showed a cost of 8.0 million euros, 14.1% below 1H10, as a result of the recognition of additional deferred tax assets, notwithstanding the higher EBT level.

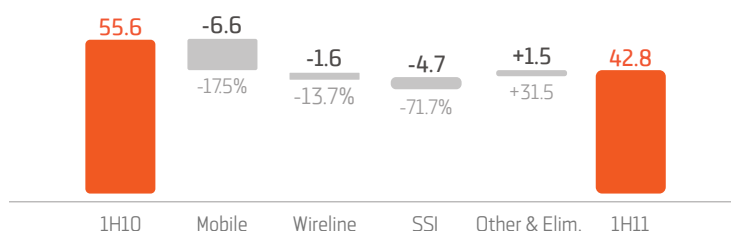


Operating CAPEX

Operating CAPEX reached 42.8 million euros in 1H11, compared to 55.6 million euros in 1H10. It is significant to note that our rigorous CAPEX management does not compromise the quality of our network, recurrently recognised by ICP – ANACOM. The 13.7% decrease in the wireline operating CAPEX is a natural outcome of our 'capital light' positioning, driven by our focus on balancing the profitability of our wireline business.

The increase in mobile operating CAPEX between 1Q11 and 2Q11 is the consequence of the accomplishment of investments not concluded in the beginning of 2011.

As a result of our performance in terms of revenues and CAPEX, operating CAPEX as percentage of turnover has decreased from 12.3% to 10.1%.



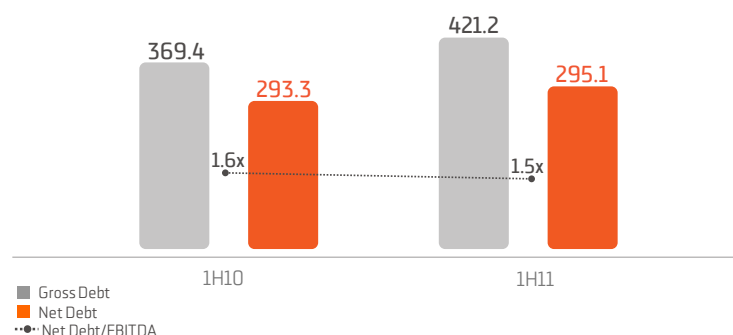
Capital structure

Sonaecom's capital structure assumes particular relevance given the uncertainty of the current financial markets. Consolidated net debt stabilised at 295.1 million euros, with a marginal increase of 0.6% y.o.y., mainly reflecting the positive FCF evolution between the two periods under analysis and the impact of dividend distribution.

After the expected contractual maturity, in May 2011, of a Commercial Paper facility totalling 40 million euros, Sonaecom credit facilities now amount to 444 million euros and no refinancing needs are expected until July 2012.

In the 1H11, the all-in average cost of debt reached 2.7%.

In terms of the evolution of key financial ratios, net debt to EBITDA reached 1.5x in 1H11, against 1.6x in 1H10, motivated by the improved EBITDA performance.



FCF

In the 1H11, FCF stood at 21.9 million euros, excluding the quarterly 5 million euros securitization cash outflow, on the back of our consistently improved EBITDA-operating CAPEX delivery, which reflects an increasingly higher EBITDA and a rigorously managed CAPEX. With securitization, consolidated FCF reached 11.9 million euros, against 5.6 million euros in 1H10 and, importantly, above the 10.6 million euros achieved in 2010.

The FCF of the first quarter of 2011 was negatively impacted by an extraordinary effect driven by an intra group transaction within Sonaecom, implying a VAT payment of approximately 38 million euros. This last was already recovered in early May, thus not causing any impact in 1H11 FCF.

2. Optimus



- Optimus EBITDA of 105.2 million euros, up by 8.5% y.o.y.
- Mobile subscriber base reached 3.59 million customers, up 3.4% when compared to 1H10
- Optimus mobile EBITDA margin of 36.0%, +3.2pp y.o.y. (37.0% in 2Q11, +4.1pp y.o.y.)
- Mobile customer revenues continued to rise, reaching 233.9 million euros, + 1.5% y.o.y.
- Data revenues increased to 32.0% of mobile service revenues in 1H11, +2.1pp y.o.y.

Pursuing optimization and efficiency

Optimus productivity gains are more than off-setting the negative effects of the challenging macroeconomic environment, with consumers getting more selective about their spending. Reflecting a gradually leaner operation, Optimus EBITDA reached 55.8 million euros in the 2Q11, increasing 11.8% against 2Q10 and EBITDA margin, on its own, achieved 29.9% in the 2Q11, more than 4pp y.o.y..

Quarter after quarter, we have been presenting a solid performance, supported by our presence and leading approach in the business segment, in which convergent solutions keep growing; our leadership in mobile broadband, namely through Optimus Kanguru brand and, finally, the simple fact that we are the third mobile player competing head to head with our competitors, across all the lines in all segments, setting the pace through innovation and quality of service.

In July 2011, the Optimus customer support team participated in the 2011 World Contact Center Award, winning the first prize in the 'Best in Customer Service – EMEA' category. Among more than 1000 candidates from 50 different countries, including other Portuguese telecom companies, Optimus won the first place for Best Customer Service (In-house Contact Center). This award, the most important among the different categories, aims to recognize the company that stands out in all sectors of our industry. This was another milestone of our commitment towards leading customer service.

Continuously promoting innovation, during July, Optimus joined Accenture to organize the seventh edition of the 'Optimus Innovation Awards', an initiative that has been rewarding the most innovative and advanced projects supported on Optimus' telecommunications offers.

2.1. Optimus mobile business

Benefiting from the trends, putting an increasing number of mobile devices – phones, smartphones and tablets – at the centre of people's and organizations' lives, Optimus has been exploiting emerging opportunities that present growth potential mostly in the mobile residential market in which, even with low levels of subsidization, the range of handsets has appealing options across all the segments.

2.1.1. Operational data

MOBILE OPERATIONAL KPI's	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Customers (EOP) ('000)	3,469.3	3,586.4	3.4%	3605.8	-0.5%	3,469.3	3,586.4	3.4%
Net Additions ('000)	19.5	-19.4	-	1.7	-	36.8	-17.7	-
Data as % Service Revenues	30.2%	32.8%	2.6pp	31.2%	1.6pp	29.9%	32.0%	2.1pp
Total #SMS/month/user	48.3	42.8	-11.4%	42.2	1.3%	48.3	42.5	-11.9%
MOU ⁽¹⁾ (min.)	135.0	127.1	-5.8%	125.5	1.3%	134.7	126.3	-6.2%
ARPU ⁽²⁾ (euros)	13.8	13.0	-5.8%	12.6	2.5%	13.7	12.8	-6.8%
Customer Monthly Bill	11.5	11.3	-2.2%	11.0	2.6%	11.5	11.1	-3.0%
Interconnection	2.3	1.7	-24.4%	1.7	1.7%	2.3	1.7	-26.0%
ARPM ⁽³⁾ (euros)	0.10	0.10	0.0%	0.10	1.2%	0.10	0.10	-0.6%

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

Customer base

At the end of 1H11, Optimus mobile customer base increased by 3.4% y.o.y., to 3.59 million customers, despite negative 17.7 thousand net additions in the period. This evolution is mainly due to the impact caused by the end of e-initiatives programme in our Optimus Kanguru mobile Broadband product customer base, but also due to mobile voice customers. Our contract customers continued to rise, reaching approximately 33.7% of total mobile base, an increase of 1.0pp compared to the end of 1H10.

Mobile customer's ARPU stood at 12.8 euros, down by approximately 0.9 euros against 1H10, explained by a combination between lower interconnection revenues, which decreased from 2.3 euros to 1.7 euros, and lower customer monthly bill, whose evolution is becoming less negative, decreased from 11.5 euros to 11.1 euros. As regards the level of MOUs, it decreased 6.2% y.o.y., to 126 minutes per month, a decline linked to consumer confidence environment but with no significant expression on mobile customer revenues, given the relevance of packs of minutes and SMSs on Optimus offer.

Data services and mobile broadband

By the end of 1H11, data revenues represented 32.0% of service revenues, an improvement of 2.1pp against the end of 1H10, an achievement fully in line with the current trend in terms of data usage. Also, non-SMS related data services continued to raise their weight, accounting for approximately 77.0% of total data revenues in 1H11 versus 75.6% in 1H10, even considering the impact in data usage caused by the end of e-initiatives programme.

2.1.2. Financial data

Million euros								
MOBILE INCOME STATEMENT	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Turnover	145.6	142.9	-1.8%	137.4	4.0%	288.1	280.3	-2.7%
Service Revenues	138.8	136.1	-2.0%	133.4	2.0%	276.3	269.4	-2.5%
Customer Revenues	116.1	118.2	1.8%	115.7	2.1%	230.4	233.9	1.5%
Operator Revenues	22.7	17.9	-21.3%	17.7	1.2%	45.9	35.6	-22.5%
Equipment Sales	6.8	6.9	1.3%	4.0	69.8%	11.8	10.9	-7.5%
Other Revenues	8.3	8.3	0.5%	8.7	-4.8%	16.6	17.0	2.5%
Operating Costs	105.9	98.3	-7.2%	98.2	0.1%	210.3	196.5	-6.6%
Personnel Costs	13.2	12.5	-5.9%	13.4	-6.6%	26.2	25.8	-1.5%
Direct Servicing Costs ⁽¹⁾	42.1	33.8	-19.9%	36.2	-6.7%	87.0	69.9	-19.6%
Commercial Costs ⁽²⁾	24.7	24.3	-1.9%	21.4	13.4%	45.2	45.6	1.1%
Other Operating Costs ⁽³⁾	25.8	27.8	7.8%	27.3	1.8%	51.9	55.1	6.0%
EBITDA	48.0	52.9	10.4%	47.9	10.5%	94.4	100.8	6.9%
EBITDA Margin (%)	32.9%	37.0%	4.1pp	34.9%	2.2pp	32.8%	36.0%	3.2pp
Operating CAPEX ⁽⁴⁾	19.8	18.4	-6.7%	12.6	46.5%	37.6	31.0	-17.5%
Operating CAPEX as % of Turnover	13.6%	12.9%	-0.7pp	9.2%	3.7pp	13.1%	11.1%	-2.0pp
EBITDA - Operating CAPEX	28.2	34.5	22.3%	35.3	-2.3%	56.7	69.8	23.1%
Total CAPEX	19.9	18.5	-7.4%	12.6	46.4%	37.9	31.1	-18.1%

(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 + Provisions + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Mobile customer revenues maintained its increasing trend, reaching 233.9 million euros and growing 1.5% y.o.y., being the Portuguese mobile player growing in this particular line. Notwithstanding this positive evolution, mobile turnover decreased 2.7% y.o.y. to 280.3 million euros, mostly due to a decline in the level of operator revenues, fully driven by MTRs and roaming-in regulated tariffs.

Operating costs

As a result of Optimus operational efficiency plan, pursuing a leaner organisation, mobile operating costs decreased 6.6% y.o.y., to 196.5 million euros, almost totally motivated by a 19.6% decrease in the level of direct servicing costs. This last evolution benefited from a lower level of leased lines and network related costs but also from a lower level of interconnection costs, driven by lower mobile termination rates. The level of commercial costs increased 1.1% in 1H11, driven by a higher level of commissions, due to an enlarged activity in the business segment. The level of other operating costs increased 6.0% y.o.y., driven mostly by the increase in the level of provisions, which offsets the reductions registered mainly in outsourcing costs, related with Optimus call centre, and a lower level of IT costs. Between 1H10 and 1H11, mobile provisions increased from a considerably lower level of 0.2 million euros, already explained in previous reports, to 8.2 million euros.

EBITDA

Mobile EBITDA increased y.o.y. from 94.4 million euros to 100.8 million euros, driven by a 1.5% increase in mobile customer revenues and, mostly, by a 6.6% decrease in the level of operating costs.

Importantly, EBITDA margin reached 36.0% in 1H11, against 32.8% in 1H10. In terms of quarterly evolution, 2Q11 mobile EBITDA margin stood at the record level of 37.0%, a benchmark level, especially notable given the dimension and the context of the market.

2.2. Optimus wireline business

In the corporate and SMEs segment, a significantly important part of the wireline business, we continue to leverage our growth through the demand for convergent solutions. Our positioning, which comprises an integrated architecture is the best way to address and anticipate our enterprise customers requirements.

As regards the residential segment, we continue to focus on value growth in terms of our fibre-to-the-home (FTTH) subscriber base, while leveraging our infrastructure and partnerships. Over this infra-structure, Optimus Clix has been recognised by both the quality of the offers and the quality of service. Optimus Clix residential offer is set to achieve 360Mbps, the highest speed of the market. During May 2011, APCC, 'Associação Portuguesa de Contact Centers', distinguished, for the second consecutive year, Optimus Clix Customer Service, not only as possessing the best Contact Centers of telecoms sector but also of the entire Portuguese market.

2.2.1. Operational data

WIRELINE OPERATIONAL KPI's	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Total Accesses	447,990	388,915	-13.2%	399,011	-2.5%	447,990	388,915	-13.2%
Direct Accesses	372,751	318,414	-14.6%	327,406	-2.7%	372,751	318,414	-14.6%
Direct Voice	199,086	169,839	-14.7%	175,928	-3.5%	199,086	169,839	-14.7%
Direct Broadband	121,882	87,164	-28.5%	94,933	-8.2%	121,882	87,164	-28.5%
Other Direct Services	51,783	61,411	18.6%	56,545	8.6%	51,783	61,411	18.6%
Indirect Accesses	75,239	70,501	-6.3%	71,605	-1.5%	75,239	70,501	-6.3%
Unbundled COs with transmission	203	206	1.5%	206	0.0%	203	206	1.5%
Unbundled COs with ADSL2+	182	182	0.0%	182	0.0%	182	182	0.0%
Direct access as % Cust. Revenues ⁽¹⁾	78.7%	78.4%	-0.3pp	78.8%	-0.4pp	78.9%	78.6%	-0.2pp
Average Revenue per Access - Retail	23.5	23.8	1.5%	24.1	-1.3%	23.5	24.0	2.2%

(1) Due to a change in the classification criteria of Other Customer Revenues, the level of Direct Access Revenues was restated between 4Q09 and 3Q10.

Customer base

The Corporate and SMEs segment continued to increase its market presence, with the number of accesses evolving from 142 thousand to 155 thousand, rising 8.9% between 1H10 and 1H11. Our positioning as an integrated and convergent operator allowed us to keep increasing both our presence and the penetration of our convergent offers.

However, the number of total accesses decreased 13.2% y.o.y. to 389 thousand accesses, driven entirely by the residential segment. This fall was due to a 14.6% decrease in direct accesses, impacted by the decision to abandon residential customer acquisition through the incumbent's infrastructure, namely through ULL, and a 6.3% reduction in indirect accesses. Nonetheless, it should be emphasised that the decreasing trend of the number of total accesses has been slowing since early 2009.

2.2.2. Financial data

Million euros								
WIRELINE INCOME STATEMENT	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Turnover	59.4	52.2	-12.0%	54.7	-4.5%	120.3	106.9	-11.1%
Service Revenues	59.2	52.1	-12.0%	54.6	-4.6%	120.0	106.7	-11.1%
Customer Revenues	30.8	26.6	-13.5%	27.7	-3.8%	62.6	54.3	-13.2%
Direct Access Revenues ⁽¹⁾	24.2	20.9	-13.8%	21.8	-4.3%	49.4	42.7	-13.5%
Indirect Access Revenues	6.5	5.6	-13.8%	5.7	-2.2%	13.0	11.3	-12.9%
Other ⁽¹⁾	0.1	0.1	132.5%	0.1	2.5%	0.2	0.3	23.6%
Operator Revenues	28.4	25.4	-10.3%	26.9	-5.4%	57.3	52.4	-8.7%
Equipment Sales	0.2	0.1	-29.2%	0.1	102.2%	0.3	0.2	-26.9%
Other Revenues	0.5	0.3	-37.4%	0.1	-	0.6	0.4	-31.7%
Operating Costs	58.0	49.7	-14.2%	53.3	-6.7%	118.2	103.0	-12.9%
Personnel Costs	0.9	0.7	-24.2%	0.7	-5.4%	1.9	1.4	-27.3%
Direct Servicing Costs ⁽²⁾	38.7	35.5	-8.1%	37.5	-5.3%	78.1	73.0	-6.4%
Commercial Costs ⁽³⁾	4.0	2.8	-29.6%	3.9	-27.6%	8.4	6.8	-19.2%
Other Operating Costs ⁽⁴⁾	14.4	10.7	-25.8%	11.1	-4.1%	29.9	21.8	-27.1%
EBITDA	1.9	2.8	49.6%	1.5	88.5%	2.6	4.3	66.7%
EBITDA Margin (%)	3.2%	5.4%	2.2pp	2.7%	2.7pp	2.2%	4.0%	1.9pp
Operating CAPEX ⁽⁴⁾	6.4	5.4	-15.8%	4.7	15.4%	11.7	10.1	-13.7%
Operating CAPEX as % of Turnover	10.8%	10.3%	-0.5pp	8.6%	1.8pp	9.7%	9.4%	-0.3pp
EBITDA - Operating CAPEX	-4.5	-2.6	43.1%	-3.2	19.0%	-9.1	-5.8	36.7%
Total CAPEX	6.4	5.4	-15.8%	4.7	15.4%	11.7	10.1	-13.7%

(1) Due to a change in the classification criteria of Other Customer Revenues, the levels of Other Customer Revenues and Direct Access Revenues were restated between 4Q09 and 3Q10; (2) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (3) Commercial Costs = COGS + Mktg & Sales Costs; (4) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (5) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Wireline turnover decreased 11.1% y.o.y. to 106.9 million euros, driven by a reduction of 13.2% in the level of customer revenues, to 54.3 million euros, and a reduction of 8.7% in the level of operator revenues, to 52.4 million euros, mainly driven by wholesale traffic prices.

Operating costs

Wireline operating costs decreased 12.9% y.o.y. to 103.0 million euros. Direct servicing costs decreased 6.4% y.o.y. mostly as a result of the reduction in the number of ULL accesses. Commercial costs decreased 19.2% due to lower marketing and sales costs, consequence of our recent decision of abandon residential customer acquisition through the incumbent's infrastructure. Personnel costs, as a result of the optimization of our wireline residential business unit, declined 27.3% y.o.y..

The level of other operating costs decreased 27.1%, benefiting from a lower level of provisions, which decreased to 2.9 million euros, in 1H11, from 6.5 million euros, in 1H10, required to reinforce the level of provisions for bad debt at the time.

EBITDA

As a result of our performance in terms of revenues and costs, 1H11 wireline EBITDA grew from 2.6 million euros to 4.3 million euros, a considerable 66.7% increase. The EBITDA margin increased 1.9pp, from 2.2% to 4.0% (reaching 5.4% in 2Q11).

Although still negative, EBITDA-operating CAPEX increased 3.3 million euros between the two periods under analysis, as a consequence of a higher level of EBITDA and lower level of operating CAPEX.

3. Software and Information Systems (SSI)



SSI business model relies on a strategy of capital development, launching new companies with high growth potential and investing in IT/IS companies, privileging post start-up, internationally oriented and highly focused assets.

SSI division comprises four companies: WeDo Technologies, a provider of business assurance solutions addressing the optimisation of business performance and risk management systems and processes; Mainroad, which specialises in IT management, security and business continuity; Bizdirect, which provides value-added IT products; and Saphety, which focuses on business process automation, electronic invoicing and security in B2B transactions.

WeDo Technologies continued to consolidate its international presence and to grow its position in the business assurance market, enlarging its offer to fraud solutions, as well as addressing other sectors of activity.

Presently, WeDo Technologies has more than 140 clients in 78 countries. In 1H11, WeDo Technologies' international revenues already represented 68.0% of its turnover and the volume of its international revenues grew 4.5% between 1H10 and 1H11. Importantly, the activity through 2011 will benefit from the 9.1% increase in the level of international orders. These evolutions indicate that the company focus on enlarging the international footprint continues to deliver positive results.

3.1. Operational data

SSI OPERATIONAL KPI's	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
IT Service Revenues/Employee ⁽¹⁾ ('000 euros)	33.0	32.2	-2.4%	32.5	-0.9%	62.2	64.7	4.1%
Equipment Sales as % Turnover	50.0%	22.1%	-28.0pp	45.9%	-23.8pp	51.0%	36.1%	-14.9pp
Equipment Sales/Employee ⁽²⁾ ('000 euros)	730.2	203.5	-72.1%	605.0	-66.4%	1,469.7	808.5	-45.0%
EBITDA/Employee ('000 euros)	4.2	2.5	-41.4%	3.4	-26.2%	7.1	5.8	-18.1%
Employees	537	574	6.9%	572	0.3%	537	574	6.9%

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

IT service revenues per employee reached 64.7 thousand euros in 1H11, 4.1% above 1H10, totally driven by the increase in Service revenues as SSI's total headcount increased to 574 employees, rising 6.9% y.o.y.. This was due mostly to the integration of employees from Softlimits' B2B unit, Mercados Electrónicos, back in 3Q10; the inclusion of employees driven by full outsourcing contracts and also by WeDo Technologies' growing international activity.

Equipment sales per employee decreased y.o.y. by around 45.0%. Driven mainly by the end of the e-initiatives programme, the level of Bizdirect laptop sales has sharply decreased, which inevitably has an impact in some KPI's of the business itself.

3.2. Financial data

Million euros								
SSI CONSOLIDATED INCOME STATEMENT	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Turnover	35.0	23.0	-34.4%	33.0	-30.3%	67.4	55.9	-17.1%
Service Revenues	17.5	17.9	2.4%	17.8	0.2%	33.0	35.7	8.3%
Equipment Sales	17.5	5.1	-71.0%	15.1	-66.5%	34.4	20.2	-41.3%
Other Revenues	0.1	0.1	37.4%	0.2	-27.2%	0.2	0.3	40.6%
Operating Costs	32.7	21.6	-33.9%	31.2	-30.7%	63.7	52.8	-17.0%
Personnel Costs	7.6	7.4	-2.4%	7.6	-2.6%	15.0	15.0	-0.2%
Commercial Costs ⁽¹⁾	17.4	5.2	-70.4%	15.1	-65.8%	34.1	20.3	-40.6%
Other Operating Costs ⁽²⁾	7.7	9.1	17.7%	8.5	6.6%	14.6	17.6	20.6%
EBITDA	2.3	1.4	-38.2%	1.9	-24.9%	3.9	3.4	-14.4%
EBITDA Margin (%)	6.7%	6.3%	-0.4pp	5.8%	0.5pp	5.8%	6.0%	0.2pp
Operating CAPEX ⁽³⁾	5.8	1.0	-83.1%	0.9	13.8%	6.5	1.8	-71.7%
Operating CAPEX as % of Turnover	16.6%	4.3%	-12.3pp	2.6%	1.7pp	9.6%	3.3%	-6.3pp
EBITDA - Operating CAPEX	-3.5	0.5	-	1.1	-56.3%	-2.6	1.5	-
Total CAPEX	5.8	1.0	-83.1%	0.9	13.8%	6.5	1.8	-71.7%

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

Turnover

SSI turnover decreased y.o.y. by 17.1%, to 55.9 million euros. The 8.3% y.o.y. increase in the level of service revenues was not sufficient to off-set the 41.3% drop in equipment sales.

Operating costs

SSI operating costs decreased y.o.y. by 17.0% to 52.8 million euros. The 40.6% decrease in the level of commercial costs is mostly a direct consequence of the lower level of cost of goods sold, mainly due to lower laptop sales under the e-initiatives programme. The increase in other operating costs is mostly due to higher operational costs, that reflect the maintenance/renting contracts and other costs, driven by the full outsourcing contracts won by WeDo Technologies and Mainroad.

EBITDA

During 1H11, SSI EBITDA evolved to 3.4 million euros, decreasing 14.4% when compared with 1H10, due to a lower level of product sales at Bizdirect, and a higher cost base, excluding cost of goods sold, not yet entirely off-set by higher service revenues. As a result of the combination of higher service revenues and lower equipment sales, the EBITDA margin increased y.o.y. from 5.8% to 6.0%. Nonetheless, this margin improvement is being conditioned by Wedo Technologies international expansion efforts, aiming at leading the business assurance market, leveraging its leadership in the revenue assurance front.



4. Online & Media

Sonaecom's Online & Media business comprises a set of additional businesses such as Miao.pt, Público, a leading Portuguese daily newspaper that has completed recently 21 years, and Público.pt, at the digital forefront of the Portuguese online press.

During 1H11, the market dynamics in the daily generalist press sector remained very challenging, both in terms of circulation and advertising figures. Nonetheless, it is worth highlighting the 1.1pp positive evolution registered by Público in terms of audience percentage between 2Q10 and 2Q11.

As regards the financial performance, Online & Media's 1H11 EBITDA was still negative by 1.29 million euros, decreasing when compared with negative 0.30 million euros in 1H10.

5. Sonaecom SGPS Individual Results

5.1. Operational data

Sonaecom SGPS individual results for the semesters ended 30 June 2011 and 2010 can be summarised as follows.

Million euros	1H10	1H11	Δ	%
Service Revenues	3.2	2.0	(1.3)	-39%
Other Operating Revenues	0.0	0.1	0.1	1645%
Operating Costs (1)	(3.8)	(2.5)	1.3	-34%
EBITDA	(0.6)	(0.5)	0.1	-23%
EBIT	(0.7)	(0.5)	0.2	-24%
Dividend Received	10.5	0.0	(10.5)	-100%
Net Financial Activity	1.3	5.4	4.2	325%
Other Financial Results	(4.2)	(3.4)	0.8	-19%
EBT	6.9	1.5	(5.4)	-78%
Net Income	6.8	(0.3)	(7.1)	-105%

(1) Excludes Amortization, Depreciation and Provisions

At 31 December 2010, in an internal restructuration, and in order to maximize an efficient utilization of our resources, all the shared services areas of Sonaecom were concentrated in its subsidiary Optimus – Comunicações, S.A.. In that sense all the employees of Sonaecom SGPS shared services, excluding board members, were transferred to Optimus – Comunicações, S.A. As a result of that, Sonaecom SGPS 2011 accounts are considerably different from last year.

Service revenues totalled 2 million euros, essentially comprising management services provided to its subsidiaries. Last year service revenues, of 3.2 million euros included: (i) Managing the regulatory environment; (ii) Support in seeking new financing; (iii) Internal audit and risk management; (iv) Fiscal and legal support; and (v) Temporary assignment of employees to subsidiaries.

At 30 June 2011, Sonaecom SGPS had 4 board members (40 employees at June 2010). The amount of operational costs (excluding depreciation, amortization charges and provisions) generated 2.5million euros, which compares with 3.8 million euros for the same period of 2010, being this significantly caused by the decrease of personnel costs.

EBITDA was a negative 0.5 million Euros compared to a negative 0.6 million Euros recorded in 2010.

Net financial activity (interest income less interest expenses) was a positive 5.4 million euros, 4.2 million better than 2010, which was mainly driven by a higher average level of loans granted to subsidiaries.

Other Financial Results were negative 3.4 million euros almost fully driven by impairment recognition on Público (2.7 million euros) and Sonaetelecom BV (0.9 million euros), partially compensated by the reduction of the impairment in Lugares Virtuais (-0.4million euros). Last year there were also recognised impairments of 4.1 million euros on Sonaetelecom BV, in Miauger and Lugares Virtuais.

Net Results for the semester were negative 0.3 million euros, 7.1 million euros worse than 2010. This was due to the decrease of 10.5 million euros of dividends received. Ebitda, net financial activity and other financial results performed better than last year.

5.2. 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 2010	75.6
Cash and Bank	0.2
Treasury Applications	75.4
Bank	4.8
Subsidiaries	70.6
Changes in Nominal Gross Debt	108.3
External Debt	67.0
Treasury applications from subsidiaries	41.3
Reimbursement of Shareholder Loans granted	15.2
Dividend paid	-17.9
Free Cash Flow	-159.5
Interest paid	(5.0)
Interest received	3.6
Own shares acquisition	(2.2)
Acquisition of share capital	(157.7)
Operational Free Cash Flow and others	1.8
Sonaecom SGPS stand-alone liquidity as at 30 June 2011	21.7
Cash and Bank	0.1
Treasury Applications	21.6
Bank	15.0
Subsidiaries	6.6

During the semester, Sonaecom's stand-alone liquidity decreased 53.9 million euros to 21.7 million euros due to the following movements:

- (i) External Debt increased 67.0 million euros;
- (ii) Treasury applications from subsidiaries in Sonaecom SGPS increased 41.3 million euros (mostly justified by Optimus: 30.3 million euros);
- (iii) The net reimbursement of loans granted to subsidiaries was 15.2 million euros;

But,

- (iv) Dividends of 17.9 million euros were paid; and
- (v) FCF was negative of 159.5 million euros.

At the end of June, net debt of Sonaecom SGPS was 444.4 million euros, comprising: (i) Liquidity of 21.7 million euros; (ii) Treasury applications by the subsidiaries of 66.3 million euros; and (iii) External debt of 399,8 million euros.



6. Main regulatory developments

These are some of the most significant regulatory developments during the 1H11:

Universal service (US): methodology to assess the net costs of the service provision and definition of unfair burden
ICP-ANACOM approved the final decisions on the methodology to calculate the universal service net costs and the definition of excessive burden.

As concerns the definition of excessive burden, ICP-ANACOM maintained the principle according to which an excessive burden cannot occur if the market share of the US provider is above 80% (in terms of retail fixed service revenue). Furthermore, the minimum US net cost that justifies the step up of a compensation mechanism to the US provider was reduced to 2 million euros (from 4 million euros initially proposed).

According to the criteria abovementioned, ICP-ANACOM considers that US provision was not an unfair burden for PTC between 2001 and 2006. Beyond, the US provider may present, according to the defined methodology, the net cost for the provision of US in order to define whether a compensation scheme should be set up.

Roaming regulation: European Commission proposal

The European Commission released its proposal for the regulation of roaming services after June 30, 2012. The proposals include additional price caps for voice, SMS and data (including retail prices that currently are not regulated). Also, the retail caps should expiry in 30 June 2016, while wholesale caps should prevail until 30 June 2022.

7. Corporate Governance

These were some of the most significant corporate developments during 2Q11:

Acquisition of own shares

10 March to 22 March 2011

In accordance with the authorisations granted by the Shareholders' General Meeting and for the purpose of fulfilling the obligations arising from the employees' Medium Term Incentive Plan, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 1,553,000 shares representing approximately 0.42% of its share capital. As of 30 June 2011, Sonaecom held 9,045,200 own shares, representing approximately 2.47% of its share capital.

Sonaecom Annual General meeting

Sonaecom shareholders have decided, at the Company's Annual General Meeting held on 26 April 2011:

1. To approve the Annual Report and Individual and Consolidated Accounts of Sonaecom, SGPS, S.A., for the year ended 31 December 2010, as presented.
2. To approve the proposed application of the 2010 Net Profit in the individual accounts of € 135,403,787.41, as follows:
 - i) € 6,770,189.37 to Legal Reserve;
 - ii) A dividend of € 18,312,343, corresponding to a gross value of 0.05 Euros per share in respect of the total number of shares issued, but excluding own shares held by the Company at the date of the payment;
 - iii) The remaining value to be added to Accumulated Distributable Reserves.

Additionally it was approved that, as it is not possible to determine the exact number of own shares that will be held by the Company on the above payment date, without limiting the Company's capacity to transact shares in the meantime, for clarification purposes:

- i) For each share issued, a gross amount of 0.05 Euros shall be paid;
 - ii) No payment shall be made in respect of own shares held by the Company on the above payment date and the equivalent gross amount of 0.05 Euros will be added to Accumulated Distributable Reserves.
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 2010.
4. To approve the proposed Remuneration Policy to be adopted for the Management, Auditing Bodies and for Persons discharging managerial responsibilities ("Dirigentes").
5. To approve the proposal to amend the company's articles of association.
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.

Sonaecom dividend payment

In accordance with legal requirements and pursuant to the decision taken at the Annual Shareholders' General Meeting held on 26 April 2011, dividends relating to the year ending 31 December 2010 were made available to shareholders on 25 May 2011 and corresponded to a gross dividend per share of 5 cents.

8. 1H11 Earning Announcement - Appendix

8.1. Sonaecom consolidated income statement

Million euros								
CONSOLIDATED INCOME STATEMENT	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Turnover	227.6	209.6	-7.9%	215.8	97.1%	450.3	425.4	-5.5%
Mobile	145.6	142.9	-1.8%	137.4	104.0%	288.1	280.3	-2.7%
Wireline	59.4	52.2	-12.0%	54.7	95.5%	120.3	106.9	-11.1%
SSI	35.0	23.0	-34.4%	33.0	-30.3%	67.4	55.9	-17.1%
Other & Eliminations	-12.4	-8.5	31.0%	-9.2	7.3%	-25.4	-17.7	30.2%
Other Revenues	1.6	2.0	18.6%	2.4	-18.0%	2.8	4.3	55.6%
Operating Costs	177.6	155.0	-12.7%	168.2	-7.9%	353.6	323.3	-8.6%
Personnel Costs	24.3	22.9	-5.7%	24.3	-5.8%	48.8	47.3	-3.1%
Direct Servicing Costs ⁽¹⁾	68.4	60.1	-12.2%	64.4	-6.8%	139.5	124.5	-10.7%
Commercial Costs ⁽²⁾	46.8	33.1	-29.3%	40.9	-19.2%	89.0	74.0	-16.8%
Other Operating Costs ⁽³⁾	38.1	38.9	2.1%	38.5	1.0%	76.4	77.4	1.4%
EBITDA	51.6	56.5	9.5%	50.0	13.1%	99.5	106.5	7.0%
EBITDA Margin (%)	22.7%	27.0%	4.3pp	23.2%	3.8pp	22.1%	25.0%	2.9pp
Mobile	48.0	52.9	10.4%	47.9	10.5%	94.4	100.8	6.9%
Wireline	1.9	2.8	49.6%	1.5	88.5%	2.6	4.3	66.7%
SSI	2.3	1.4	-38.2%	1.9	-24.9%	3.9	3.4	-14.4%
Other & Eliminations	-0.6	-0.7	-15.0%	-1.4	50.1%	-1.4	-2.0	-50.2%
Depreciation & Amortization	32.8	31.7	-3.4%	30.2	4.8%	66.8	61.9	-7.4%
EBIT	18.8	24.9	32.2%	19.7	25.9%	32.7	44.6	36.5%
Net Financial Results	-1.7	-2.5	-47.9%	-2.3	-10.4%	-3.7	-4.8	-30.0%
Financial Income	2.0	1.7	-15.6%	1.5	13.2%	3.5	3.2	-9.3%
Financial Expenses	3.7	4.2	13.6%	3.7	11.5%	7.1	7.9	10.9%
EBT	17.1	22.4	30.7%	17.5	27.9%	29.0	39.8	37.3%
Tax results	-5.6	-4.2	25.5%	-3.8	-9.5%	-9.3	-8.0	14.1%
Net Results	11.5	18.2	57.9%	13.7	33.0%	19.7	31.9	61.5%
Group Share	11.5	18.2	58.9%	13.7	33.6%	19.6	31.9	62.4%
Attributable to Minority Interests	0.1	0.0	-	0.0	-	0.1	0.0	-

(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 + Provisions + others.

8.2. Sonaecom consolidated balance sheet

Million euros					
CONSOLIDATED BALANCE SHEET	1H10	1H11	Δ11/10	1Q11	q.o.q
Total Net Assets	1,820.5	1,835.5	0.8%	1,853.2	-1.0%
Non Current Assets	1,488.3	1,475.4	-0.9%	1,485.3	-0.7%
Tangible and Intangible Assets	846.0	845.4	-0.1%	852.3	-0.8%
Goodwill	526.2	526.1	0.0%	526.1	0.0%
Investments	1.2	0.2	-82.4%	0.2	0.0%
Deferred Tax Assets	114.8	103.5	-9.9%	106.4	-2.7%
Others	0.1	0.3	114.4%	0.2	34.5%
Current Assets	332.2	360.1	8.4%	368.0	-2.1%
Trade Debtors	134.8	109.5	-18.7%	106.2	3.1%
Liquidity	76.1	126.1	65.9%	100.8	25.1%
Others	121.4	124.4	2.5%	160.9	-22.7%
Shareholders' Funds	953.5	989.4	3.8%	987.7	0.2%
Group Share	953.1	988.9	3.8%	987.2	0.2%
Minority Interests	0.5	0.5	2.1%	0.5	-6.4%
Total Liabilities	867.0	846.1	-2.4%	865.5	-2.2%
Non Current Liabilities	439.4	456.2	3.8%	454.1	0.4%
Bank Loans	319.8	370.2	15.8%	363.2	1.9%
Provisions for Other Liabilities and Charges	32.7	34.2	4.7%	33.6	1.7%
Others	86.9	51.7	-40.5%	57.3	-9.8%
Current Liabilities	427.6	390.0	-8.8%	411.4	-5.2%
Bank Loans	26.5	30.3	14.4%	41.1	-26.2%
Trade Creditors	180.3	143.7	-20.3%	146.6	-2.0%
Others	220.8	216.0	-2.2%	223.7	-3.5%
Operating CAPEX ⁽¹⁾	55.6	42.8	-23.0%	181	136.9%
Operating CAPEX as % of Turnover	12.3%	10.1%	-2.3pp	8.4%	1.7pp
Total CAPEX	55.9	42.8	-23.3%	181	136.8%
EBITDA - Operating CAPEX	43.9	63.7	45.0%	31.9	99.6%
Operating Cash Flow ⁽²⁾	24.2	30.6	26.3%	-25.3	-
FCF ⁽³⁾	5.6	11.9	112.9%	-35.2	-
Gross Debt	369.4	421.2	14.0%	425.1	-0.9%
Net Debt	293.3	295.1	0.6%	324.3	-9.0%
Net Debt/ EBITDA last 12 months	16 x	15 x	-0.1x	17 x	-0.2x
EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months)	12.7 x	14.7 x	2.0x	14.6 x	0.1x
Debt/Total Funds (Debt + Shareholders' Funds)	27.9%	29.9%	1.9pp	30.1%	-0.2pp
Excluding the Securitisation Transaction:					
Net Debt	362.3	344.6	-4.9%	378.6	-9.0%
Net Debt/ EBITDA last 12 months	2.0 x	1.7 x	-0.3x	1.9 x	-0.2x
EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months)	12.7 x	14.7 x	2.0x	14.6 x	0.1x

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

8.3. Sonaecom levered FCF

Million euros

LEVERED FREE CASH FLOW	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
EBITDA-Operating CAPEX	19.9	31.8	59.4%	31.9	-0.4%	43.9	63.7	45.0%
Change in WC	-8.4	-15.0	-78.4%	-20.9	28.2%	-20.3	-35.8	-76.5%
Non Cash Items & Other	0.3	1.3	-	1.4	-10.9%	0.6	2.7	-
Operating Cash Flow	11.8	18.1	53.1%	12.5	45.0%	24.2	30.6	26.3%
VAT one-off	0.0	37.8	-	-37.8	-	0.0	0.0	-
Securitisation Transaction	-5.0	-5.0	0.0%	-5.0	0.0%	-10.0	-10.0	0.0%
Own shares	-0.5	0.0	100.0%	-2.2	100.0%	-3.5	-2.2	36.4%
Financial results	-0.8	-2.8	-	-1.9	-46.5%	-3.2	-4.8	-48.5%
Income taxes	-1.2	-1.0	19.9%	-0.7	-31.9%	-1.9	-1.7	12.4%
FCF	4.2	47.1	-	-35.2	-	5.6	11.9	112.9%

Note: Operating Cash Flow does not include non recurrent VAT payments.

8.4. Headcount

Sonaecom	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Total Employees	2,063	2,066	0.1%	2,074	-0.4%	2,063	2,066	0.1%
Shared Services and Corporate Centre	144	141	-2.1%	141	0.0%	144	141	-2.1%
Telecommunications	1,127	1,089	-3.4%	1,100	-1.0%	1,127	1,089	-3.4%
SSI	537	574	6.9%	572	0.3%	537	574	6.9%
Online & Media	255	262	2.7%	261	0.4%	255	262	2.7%

8.5. Optimus consolidated income statement

Million euros

OPTIMUS INCOME STATEMENT	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Turnover	192.7	186.2	-3.4%	182.8	1.9%	383.1	368.9	-3.7%
Service Revenues	185.7	179.2	-3.5%	178.7	0.3%	371.0	357.8	-3.6%
Customer Revenues	146.6	144.4	-1.5%	143.0	1.0%	292.2	287.4	-1.6%
Operator Revenues	39.1	34.8	-11.2%	35.7	-2.5%	78.8	70.4	-10.7%
Equipment Sales	7.0	7.0	0.6%	4.1	70.6%	12.0	11.1	-7.8%
Other Revenues	2.2	2.9	30.6%	3.2	-9.7%	3.8	6.1	59.0%
Operating Costs	145.0	133.3	-8.1%	136.5	-2.3%	289.9	269.8	-6.9%
Personnel Costs	14.1	13.1	-7.0%	14.0	-6.4%	28.1	27.1	-3.3%
Direct Servicing Costs ⁽¹⁾	68.4	60.0	-12.2%	64.3	-6.6%	139.6	124.3	-11.0%
Commercial Costs ⁽²⁾	28.8	27.1	-5.8%	25.3	7.1%	53.6	52.4	-2.1%
Other Operating Costs ⁽³⁾	33.7	33.0	-2.0%	32.9	0.4%	68.7	66.0	-4.0%
EBITDA	49.9	55.8	11.8%	49.4	12.8%	97.0	105.2	8.5%
EBITDA Margin (%)	25.9%	29.9%	4.1pp	27.1%	2.9pp	25.3%	28.5%	3.2pp
Operating CAPEX ⁽⁴⁾	26.3	23.9	-9.2%	17.3	38.1%	49.8	41.3	-17.2%
Operating CAPEX as % of Turnover	13.7%	12.9%	-0.8pp	9.5%	3.4pp	13.0%	11.2%	-1.8pp
EBITDA - Operating CAPEX	23.5	31.8	35.3%	32.1	-0.9%	47.2	63.9	35.5%
Total CAPEX	26.5	23.9	-9.6%	17.4	38.0%	50.1	41.3	-17.6%

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

8.6. Online & Media

PÚBLICO OPERATIONAL KPI's	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
Average Paid Circulation ⁽¹⁾	33,571	32,498	-3.2%	34,994	-7.1%	33,025	32,284	-2.2%
Market Share of Advertising (%)	10.8%	9.2%	-1.6pp	10.7%	-1.5pp	10.8%	9.2%	-1.6pp
Audience ⁽²⁾ (%)	4.4	5.5	25.0%	4.4	0.1pp	4.4	5.0	13.6%

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

Million euros	2Q10	2Q11	Δ 11/10	1Q11	q.o.q.	1H10	1H11	Δ 11/10
ONLINE & MEDIA CONS. INCOME STATEMENT								
Turnover	7.92	6.71	-15.3%	6.54	2.6%	15.30	13.25	-13.4%
Advertising Sales ⁽¹⁾	3.42	2.90	-15.1%	2.64	9.8%	6.49	5.54	-14.6%
Newspaper Sales	2.69	2.61	-2.8%	2.42	8.0%	5.25	5.03	-4.1%
Paper Sales	0.58	0.38	-33.8%	0.35	11.1%	1.16	0.73	-36.9%
Associated Product Sales	1.24	0.81	-34.3%	1.13	-28.0%	2.41	1.94	-19.2%
Other Revenues	0.07	0.10	47.8%	0.10	7.8%	0.12	0.20	69.1%
Operating Costs	7.86	7.31	-7.0%	7.42	-1.5%	15.73	14.73	-6.3%
Personnel Costs	2.66	2.58	-3.0%	2.66	-3.1%	5.32	5.25	-1.3%
Commercial Costs ⁽²⁾	2.69	2.26	-16.0%	2.30	-2.1%	5.30	4.56	-14.0%
Other Operating Costs ⁽³⁾	2.51	2.47	-1.6%	2.45	0.8%	5.11	4.93	-3.5%
EBITDA	0.13	-0.50	-	-0.79	36.9%	-0.30	-1.29	-
EBITDA Margin (%)	1.7%	-7.4%	-9.1pp	-12.1%	4.7pp	-2.0%	-9.7%	-7.7pp
Operating CAPEX ⁽⁴⁾	0.13	0.20	54.2%	0.11	82.6%	0.26	0.30	16.7%
Operating CAPEX as % of Turnover	16%	2.9%	1.3pp	1.6%	1.3pp	1.7%	2.3%	0.6pp
EBITDA - Operating CAPEX	0.01	-0.69	-	-0.90	22.6%	-0.56	-1.59	-181.6%
Total CAPEX	0.13	0.20	54.2%	0.11	82.6%	0.26	0.30	16.7%

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

9. 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

		Additions		Reductions		Balance at 30 June 2011
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA ⁽¹⁾						1
Migracom, SGPS, SA ⁽³⁾						1,969,996
Sonae, SGPS, SA ⁽⁶⁾						3,293 a)
Shares attributed under the Medium Term Incentive Plan	10.03.2011	355,103	0.00			
Sale	20.05.2011			355,103	0.828	
Ángelo Gabriel Ribeirinho dos Santos						
Paupério						
Sonae, SGPS, SA ⁽⁶⁾						355,233
Shares attributed under the Medium Term Incentive Plan	10.03.2011	105,233	0.00			
Sonaecom, SGPS, SA ⁽⁹⁾						292,086
Shares attributed under the Medium Term Incentive Plan	10.03.2011	67,086	0.00			
Miguel Nuno Santos Almeida						
Sonae, SGPS, SA ⁽⁶⁾						59,453
Shares attributed under the Medium Term Incentive Plan	10.03.2011	31,269	0.00			
Sonaecom, SGPS, SA ⁽⁹⁾						70,808 b)
Shares attributed under the Medium Term Incentive Plan	10.03.2011	31,009	0.00			
Maria Cláudia Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA ⁽¹⁾						1
Linhacom, SGPS, SA ⁽⁴⁾						99,996
Sonae, SGPS, SA ⁽⁶⁾						-
Shares attributed under the Medium Term Incentive Plan	10.03.2011	21,549	0.00			
Sale	20.05.2011			21,549	0.828	
Sonaecom, SGPS, SA ⁽⁹⁾						170 c)
Shares attributed under the Medium Term Incentive Plan	10.03.2011	21,369	0.00			
Sale	20.05.2011			21,369	160	
António Bernardo Aranha da Gama						
Lobo Xavier						
Sonae, SGPS, SA ⁽⁶⁾						70,229
Shares attributed under the Medium Term Incentive Plan	10.03.2011	28,183	0.00			
Sonaecom, SGPS, SA ⁽⁹⁾						25,631
Shares attributed under the Medium Term Incentive Plan	10.03.2011	27,949	0.00			
Sale	22.06.2011			22,000	1532	

a) Shares held by underage under his charge.

b) This balance includes 90 shares held by spouse.

c) Shares held by spouse.

Article 447

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 5/2008 (continued)

Management

		Additions		Reductions		Balance at 30 June 2011
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
David Graham Shenton Bain						
Sonae, SGPS, SA ⁽⁶⁾						20,000
Sonaeacom, SGPS, SA ⁽⁹⁾						15,000
Ana Paula Garrido Pina Marques						
Sonae, SGPS, SA ⁽⁶⁾						11,000 d)
Sonaeacom, SGPS, SA ⁽⁹⁾						28,241 e)
Shares attributed under the Medium Term Incentive Plan	10.03.2011	13,797	0.00			
Manuel António Neto Portugal Ramalho Eanes						
Sonaeacom, SGPS, SA ⁽⁹⁾						15,538
Shares attributed under the Medium Term Incentive Plan	10.03.2011	15,538	0.00			
David Pedro Oliveira Parente Ferreira Alves						
Sonae, SGPS, SA ⁽⁶⁾						5,000
Sonaeacom, SGPS, SA ⁽⁹⁾						64,013
Shares attributed under the Medium Term Incentive Plan	10.03.2011	23,500	0.00			
Rui José Gonçalves Paiva						
Sonaeacom, SGPS, SA ⁽⁹⁾						460 f)
Paulo Joaquim Santos Plácido						
Sonae, SGPS, SA ⁽⁶⁾						10,000
Sonaeacom, SGPS, SA ⁽⁹⁾						49,821
Shares attributed under the Medium Term Incentive Plan	10.03.2011	11,023	0.1475			
José Manuel Pinto Correia						
Sonae, SGPS, SA ⁽⁶⁾						3,905
Sonaeacom, SGPS, SA ⁽⁹⁾						121,468
Shares attributed under the Medium Term Incentive Plan	10.03.2011	25,163	0.1475			
Pedro Rafael de Sousa Nunes Pedro						
Sonae, SGPS, SA ⁽⁶⁾						6,625
Acquisition	04.02.2011	2,225	0.826			
Ana Cristina Dinis da Silva Fanha Vicente Soares						
Sonaeacom, SGPS, SA ⁽⁹⁾						6,617
Shares attributed under the Medium Term Incentive Plan	10.03.2011	5,492	0.00			

d) Shares held by spouse.

e) This balance includes 7.957 shares held by spouse.

f) Shares held by spouse.

Statutory Audit Board

		Additions		Reductions		Balance at 30 June 2011
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
Armando Luís Vieira Magalhães						
Sonae, SGPS, SA ⁽⁶⁾						-
Sale	11.05.2011			10,000	0.826	

Article 447

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 5/2008 (continued)

Notes:

		Additions		Reductions		Balance at 30 June 2011
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
(1) Efanor Investimentos, SGPS, SA Sonae, SGPS, SA ⁽⁶⁾						74,400,000
Sale	29.04.2011			585,250,000	0.811	
Pareuro, BV ⁽²⁾						2,000,000
Sonaecom, SGPS, SA ⁽⁹⁾						1,000
(2) Pareuro, BV Sonae, SGPS, SA ⁽⁶⁾						985,250,000
Acquisition	29.04.2011	585,250,000	0.811			
(3) Migracom, SGPS, SA Imparfin, SGPS, SA ⁽⁵⁾						150,000
Sonae, SGPS, SA ⁽⁶⁾						1,840,103
Acquisition	20.05.2011	355,103	0.828			
Sonaecom, SGPS, SA ⁽⁹⁾						387,342
(4) Linhacom, SGPS, SA Imparfin, SGPS, SA ⁽⁵⁾						150,000
Sonae, SGPS, SA ⁽⁶⁾						390,430
Acquisition	20.05.2011	21,549	0.828			
Sonaecom, SGPS, SA ⁽⁹⁾						71,231
Acquisition	20.05.2011	21,369	160			
(5) Imparfin, SGPS, SA Sonae, SGPS, SA ⁽⁶⁾						4,105,280
(6) Sonae, SGPS, SA Sonaecom, SGPS, SA ⁽⁹⁾						650,000
Sale	29.04.2011			188,649	1.537	
Sonae Investments BV ⁽⁷⁾						2,000,000
Sontel BV ⁽⁸⁾						4,286
(7) Sonae Investments BV Sontel BV ⁽⁸⁾						5,714
Sonaecom, SGPS, SA ⁽⁹⁾						-
Sale	29.04.2011			10,500,000	1.537	
(8) Sontel BV Sonaecom, SGPS, SA ⁽⁹⁾						194,063,119
Acquisition	29.04.2011	188,649	1.537			
Acquisition	29.04.2011	10,500,000	1.537			
(9) Sonaecom, SGPS, SA Shares attributed under the Medium Term Incentive Plan	10.03.2011			1,473,520	0.1475	
Shares attributed under the Medium Term Incentive Plan	10.03.2011			277,030	0.00	
Acquisition	Mar-11	1,553,000	1.432			
Shares attributed under the Medium Term Incentive Plan	22.06.2011			13,607	0.156	

Article 448

In accordance with article 448 of the Portuguese Company Law

	Number of shares as of 30 June 2011
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	74,400,000
Pareuro, BV	2,000,000
Sonaecom, SGPS, SA	1,000
Pareuro, BV	
Sonae, SGPS, SA	985,250,000
Sonae, SGPS, SA	
Sonaecom, SGPS, SA	650,000
Sonae Investments BV	2,000,000
Sontel BV	4,286
Sonae Investments BV	
Sontel BV	5,714
Sontel BV	
Sonaecom, SGPS, SA	194,063,119
Atlas Services Belgium, S.A.	
Sonaecom, SGPS, SA	73,249,374

Qualified holdings

In compliance with sub-paragraph c), number 1, of the article of the CMVM Regulation no. 05/2008, we declare the qualifying holdings at 30 June 2011:

				% of voting rights
Shareholder	Number of shares	% of Share capital	With own shares	Without own shares
Sontel BV	194,063,119	52.99%	52.99%	54.33%
Sonae SGPS	650,000	0.18%	0.18%	0.18%
Migracom, SGPS, SA	387,342	0.11%	0.11%	0.11%
Ângelo Gabriel Ribeiro dos Santos Paupério ⁽¹⁾⁽²⁾	292,086	0.08%	0.08%	0.08%
Belmiro Mendes de Azevedo ⁽¹⁾⁽³⁾	75,537	0.02%	0.02%	0.02%
Linhacom, SGPS, SA	71,231	0.02%	0.02%	0.02%
Álvaro Carmona e Costa Portela ⁽¹⁾	5,000	0.00%	0.00%	0.00%
Efanor Investimentos, SGPS, SA	1,000	0.00%	0.00%	0.00%
Maria Cláudia Teixeira de Azevedo ⁽³⁾	170	0.00%	0.00%	0.00%
Total attributable ⁽⁴⁾	195,545,485	53.39%	53.39%	54.74%
France Telecom, S.A.				
Atlas Services Belgium, S.A.	73,249,374	20.00%	20.00%	20.51%
Total attributable	73,249,374	20.00%	20.00%	20.51%
BCP				
Banco Comercial Português S.A.	100,998	0.03%	0.03%	0.03%
Fundo de Pensões Grupo BCP	12,400,000	3.39%	3.39%	3.47%
Total attributable	12,500,998	3.41%	3.41%	3.50%

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

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

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

(4) The corresponding qualified holding is attributable to Efanor.



10. 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 2011 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 Trigos Santos Jordão

António Sampaio e Mello

11.1. Sonaecom consolidated financial statements

Consolidated balance sheets

For the periods ended at 30 June 2011 and 2010 and the year ended at 31 December 2010

(Amounts expressed in euro)	Notes	June 2011	June 2010	December 2010
Assets				
Non-current assets				
Tangible assets	1.d, 1.i and 6	578,876,233	566,785,678	592,369,741
Intangible assets	1.e, 1.f and 7	266,504,968	279,188,269	272,896,942
Goodwill	1.g and 9	526,088,349	526,202,397	526,141,552
Investments available for sale	1.h, 8 and 10	212,323	1,207,320	212,323
Other non-current assets	1.t	280,201	130,705	174,363
Deferred tax assets	1.q and 11	103,470,392	114,817,601	109,587,224
Total non-current assets		1,475,432,466	1,488,331,970	1,501,382,145
Current assets				
Inventories	1.j	20,344,542	26,558,963	17,473,750
Trade debtors	1.k and 8	109,522,499	134,753,305	143,294,200
Other current debtors	1.k and 8	29,891,048	23,652,912	61,302,698
Other current assets	1.s and 1.y	74,178,911	71,151,550	69,839,130
Cash and cash equivalents	1.l, 8 and 12	126,142,027	76,055,367	68,577,903
Total current assets		360,079,027	332,172,097	360,487,681
Total assets		1,835,511,493	1,820,504,067	1,861,869,826
Shareholders' funds and liabilities				
Shareholders' funds				
Share capital	13	366,246,868	366,246,868	366,246,868
Own shares	1.v and 14	(13,594,518)	(13,725,585)	(15,030,834)
Reserves	1.u	604,372,722	580,902,524	582,259,583
Consolidated net income/(loss) for the year		31,888,429	19,633,595	41,182,587
		988,913,501	953,057,402	974,658,204
Non-controlling interests		462,084	452,639	593,790
Total Shareholders' funds		989,375,585	953,510,040	975,251,994
Liabilities				
Non-current liabilities				
Medium and long-term loans – net of short-term portion	1.m, 1.n, 8 and 15	370,217,570	319,837,263	305,038,006
Other non-current financial liabilities	1.i, 8 and 16	18,539,938	19,780,701	19,253,869
Provisions for other liabilities and charges	1.p, 1.t and 17	34,199,105	32,664,463	33,150,028
Securitisation of receivables	8 and 18	29,872,311	49,579,898	39,740,412
Deferred tax liabilities	1.q and 11	780,991	455,990	786,549
Other non-current liabilities	1.s, 1.t and 1.y	2,540,959	17,095,005	2,739,617
Total non-current liabilities		456,150,874	439,413,320	400,708,481
Current liabilities				
Short-term loans and other loans	1.m, 1.n, 8 and 15	30,312,879	26,501,633	30,942,240
Trade creditors	8	143,666,705	180,325,557	178,732,746
Other current financial liabilities	1.i, 8, 16 and 19	2,147,888	3,239,885	2,171,140
Securitisation of receivables	8 and 18	19,729,485	19,561,507	19,634,161
Other creditors	8	22,039,680	17,291,083	56,752,155
Other current liabilities	1.s and 1.y	172,088,397	180,661,042	197,676,909
Total current liabilities		389,985,034	427,580,707	485,909,351
Total Shareholders' funds and liabilities		1,835,511,493	1,820,504,067	1,861,869,826

The notes are an integral part of the consolidated financial statements at 30 June 2011 and 2010.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Miguel Nuno Santos Almeida

Gervais Gilles Pellissier

Ângelo Gabriel Ribeirinho Paupério

António Sampaio e Mello

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David Charles Denholm Hobley

Nuno Miguel Moniz Trigos Santos Jordão

Maria Cláudia Teixeira de Azevedo

Frank Emmanuel Dangeard

Consolidated profit and loss account by nature

For the periods ended at 30 June 2011 and 2010 and the year ended at 31 December 2010

(Amounts expressed in euro)	Notes	June 2011	June 2010	December 2010
Sales		36,469,600	51,474,370	118,773,668
Services rendered		388,935,753	398,855,739	801,945,320
Other operating revenues		4,336,838	2,786,575	8,224,984
		429,742,191	453,116,684	928,943,972
Cost of sales		(38,812,712)	(53,504,856)	(127,913,977)
External supplies and services	20	(218,740,252)	(236,918,580)	(479,774,171)
Staff expenses		(47,259,514)	(48,759,947)	(96,550,733)
Depreciation and amortisation	1d, 1e, 6 and 7	(61,890,471)	(66,838,448)	(129,542,660)
Provisions and impairment losses	1p, 1x and 17	(11,230,975)	(6,932,953)	(16,030,069)
Other operating costs		(7,206,569)	(7,488,624)	(14,663,482)
		(385,140,495)	(420,443,408)	(864,475,092)
Other financial expenses	1n, 1o, 1w, 1x and 21	(7,910,633)	(7,136,174)	(14,531,097)
Other financial income	1o, 1w and 21	3,157,873	3,480,360	8,159,770
Current income / (loss)		39,848,936	29,017,462	58,097,553
Income taxation	1q, 1l and 22	(7,970,005)	(9,280,596)	(16,749,346)
Consolidated net income / (loss) for the year		31,878,931	19,736,866	41,348,207
Attributed to:				
Shareholders of parent company	26	31,888,429	19,633,595	41,182,587
Non-controlling interests		(9,498)	103,271	165,620
Earnings per share				
Including discontinued operations:				
Basic		0.09	0.05	0.12
Diluted		0.09	0.05	0.12
Excluding discontinued operations:				
Basic		0.09	0.05	0.12
Diluted		0.09	0.05	0.12

The notes are an integral part of the consolidated financial statements at 30 June 2011 and 2010.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Director

Duarte Paulo Teixeira de Azevedo

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Frank Emmanuel Dangeard

Consolidated statement of comprehensive income

For the periods ended at 30 June 2011 and 2010 and the year ended at 31 December 2010

(Amounts expressed in euro)	Notes	June 2011	June 2010	December 2010
Consolidated net income / (loss) for the year		31,878,931	19,736,866	41,348,207
Components of other consolidated comprehensive income, net of tax		290,110	393,261	357,412
Changes in currency translation reserve and other	1. w	290,110	393,261	357,412
Consolidated comprehensive income for the year		32,169,041	20,130,127	41,705,619
Attributed to:				
Shareholders of parent company		32,178,539	20,026,856	41,539,999
Non-controlling interests		(9,498)	103,271	165,620

The notes are an integral part of the consolidated financial statements at 30 June 2011 and 2010.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

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David Charles Denholm Hobley

Nuno Miguel Moniz Trigoso Santos Jordão

Maria Cláudia Teixeira de Azevedo

Frank Emmanuel Dangeard

Consolidated movements in shareholders' funds

For the periods ended at 30 June 2011 and 2010

			Reserves								
	Share capital	Own shares	Legal reserves	Share premium	Other reserves	Reserves for Medium Term Incentive Plans	Reserves of own shares	Total reserves	Non-controlling interests	Net income / (loss)	Total
2011											
Balance at 31 December 2010	366,246,868	(15,030,834)	1,221,003	775,290,377	(214,095,384)	4,812,753	15,030,834	582,259,583	-	41,182,587	974,658,204
Appropriation of the consolidated net result of 2010											
Transfers to legal reserves and other reserves	-	-	6,770,189	-	34,412,398	-	-	41,182,587	-	(41,182,587)	-
Dividend distribution	-	-	-	-	(17,859,403)	-	-	(17,859,403)	-	-	(17,859,403)
Consolidated comprehensive income for the year ended at 30 June 2011	-	-	-	-	290,110	-	-	290,110	-	31,888,429	32,178,539
Acquisition of own shares	-	(2,223,287)	-	-	(2,223,287)	-	2,223,287	-	-	-	(2,223,287)
Delivery of own shares under the Medium Term Incentive Plans	-	3,659,603	-	-	1,775,360	(1,604,799)	(3,659,603)	(3,489,042)	-	-	170,561
Effect of the recognition of the Medium Term Incentive Plans	-	-	-	-	-	1,988,888	-	1,988,888	-	-	1,988,888
Balance at 30 June 2011	366,246,868	(13,594,518)	7,991,192	775,290,377	(197,700,207)	5,196,842	13,594,518	604,372,722	-	31,888,429	988,913,501
Non-controlling interests											
Balance at 31 December 2010	-	-	-	-	-	-	-	-	593,790	-	593,790
Non-controlling interests in comprehensive income	-	-	-	-	-	-	-	-	(9,498)	-	(9,498)
Dividend distribution	-	-	-	-	-	-	-	-	(124,500)	-	(124,500)
Other changes	-	-	-	-	-	-	-	-	2,292	-	2,292
Balance at 30 June 2011	-	-	-	-	-	-	-	-	462,084	-	462,084
Total	366,246,868	(13,594,518)	7,991,192	775,290,377	(197,700,207)	5,196,842	13,594,518	604,372,722	462,084	31,888,429	989,375,585

Consolidated movements in shareholders' funds (continued)

For the periods ended at 30 June 2011 and 2010

			Reserves								
	Share capital	Own shares	Legal reserves	Share premium	Other reserves	Reserves for Medium Term Incentive Plans	Reserves of own shares	Total reserves	Non-controlling interests	Net income / (loss)	Total
2010											
Balance at 31 December 2009	366,246,868	(12,809,015)	1,985,181	775,290,377	(217,116,182)	2,977,695	12,809,015	575,946,086	-	5,748,497	935,132,436
Appropriation of the consolidated net result of 2009	-	-	-	-	5,748,497	-	-	5,748,497	-	(5,748,497)	-
Use of the legal reserve to cover the accumulated losses recorded in the individual accounts	-	-	(764,178)	-	764,178	-	-	-	-	-	-
Consolidated comprehensive income for the year 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	-	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	-	-	-	-	-	1,274,793	-	1,274,793	-	-	1,274,793
Balance at 30 June 2010	366,246,868	(13,725,585)	1,221,003	775,290,377	(212,695,291)	3,360,849	13,725,585	580,902,523	-	19,633,595	953,057,401
Non-controlling interests											
Balance at 31 December 2009	-	-	-	-	-	-	-	-	508,152	-	508,152
Non-controlling interests in comprehensive income	-	-	-	-	-	-	-	-	103,271	-	103,271
Dividend distribution	-	-	-	-	-	-	-	-	(161,850)	-	(161,850)
Other changes	-	-	-	-	-	-	-	-	3,066	-	3,066
Balance at 30 June 2010	-	-	-	-	-	-	-	-	452,639	-	452,639
Total	366,246,868	(13,725,585)	1,221,003	775,290,377	(212,695,291)	3,360,849	13,725,585	580,902,523	452,639	19,633,595	953,510,040

Consolidated cash flow statements

For the periods ended at 30 June 2011 and 2010

(Amounts expressed in euro)	June 2011		June 2010	
Operating activities				
Receipts from trade debtors	443,001,391		465,112,720	
Payments to trade creditors	(288,916,688)		(320,323,424)	
Payments to employees	(57,678,514)		(60,354,987)	
Cash flows from operating activities	96,406,189		84,434,309	
Payments / receipts relating to income taxes, net	(1,683,083)		(1,920,554)	
Other payments / receipts relating to operating activities, net	(716,393)		7,930,936	
Cash flows from operating activities (1)	94,006,713	94,006,713	90,444,691	90,444,691
Investing activities				
Receipts from:				
Tangible assets	15,955,648		826,176	
Intangible assets	13,694		-	
Interest and similar income	2,963,806	18,933,148	2,488,396	3,314,572
Payments for:				
Financial investments	(8,860,291)		-	
Tangible assets	(60,771,059)		(58,655,316)	
Intangible assets	(10,985,798)	(80,617,148)	(9,820,559)	(68,475,875)
Cash flows from investing activities (2)	(61,684,000)		(65,161,303)	
Financing activities				
Receipts from:				
Loans obtained	64,850,000	64,850,000	70,000,000	70,000,000
Payments for:				
Leasing	(1,519,857)		(693,886)	
Interest and similar expenses	(7,298,189)		(6,486,093)	
Dividends	(17,983,903)		(161,850)	
Acquisition of own shares	(2,223,287)		(3,497,605)	
Loans obtained	(10,063,774)	(39,089,010)	(91,613,255)	(102,452,689)
Cash flows from financing activities (3)	25,760,990		(32,452,689)	
Net cash flows (4)=(1)+(2)+(3)	58,083,703		(7,169,301)	
Effect of the foreign exchanges	(93,706)		255,564	
Cash and cash equivalents at the beginning of the period	66,024,199		82,946,871	
Cash and cash equivalents at the end of the period	124,014,196		76,033,134	

The notes are an integral part of the consolidated financial statements at 30 June 2011 and 2010.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Miguel Nuno Santos Almeida

Gervais Gilles Pellissier

Ângelo Gabriel Ribeirinho Paupério

António Sampaio e Mello

Jean-François René Pontal

António Bernardo Aranha da Gama Lobo Xavier

David Charles Denholm Hobley

Nuno Miguel Moniz Trigo Santos Jordão

Maria Cláudia Teixeira de Azevedo

Frank Emmanuel Dangeard

Notes to the consolidated cash flow statements

For the periods ended at 30 June 2011 and 2010

1. Acquisition or sale of subsidiaries or other businesses

	June 2011	June 2010
a) Amounts paid of acquisitions in previous years		
Sontária - Empreendimentos Imobiliários, S.A.	8,860,291	-
	8,860,291	-

2. Details of cash and cash equivalents

	June 2011	June 2010
Cash in hand	272,172	183,927
Cash at bank	6,959,855	4,728,909
Treasury applications	118,910,000	71,142,530
Overdrafts	(2,127,831)	(22,233)
Cash and cash equivalents	124,014,196	76,033,133
Overdrafts	2,127,831	22,233
Cash assets	126,142,027	76,055,366

3. Description of non-monetary financing activities

	June 2011	June 2010
a) Bank credit obtained and not used	43,787,221	247,050,000
b) Purchase of company through the issue of shares	Not applicable	Not applicable
c) Conversion of loans into shares	Not applicable	Not applicable

4. Cash flow breakdown by activity

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
Telecommunication	114,652,253	(50,785,817)	(14,034,774)	49,831,662
Multimedia	(1,931,667)	(344,411)	(88,013)	(2,364,091)
Information Systems	(19,830,342)	(2,560,345)	(201,634)	(22,592,321)
Holding	1,156,501	(7,990,071)	40,085,451	33,251,881
Others	(40,032)	(3,356)	(40)	(43,428)
	94,006,713	(61,684,000)	25,760,990	58,083,703

The notes are an integral part of the consolidated financial statements at 30 June 2011 and 2010.

Chief Accountant

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11.2. Notes to the consolidated financial statements

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

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

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

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

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

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

In addition, in this year, 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 SONAECON, 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 and 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, and considering the IAS 34 - "Interim Financial Reporting".

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 and that have mandatory application to financial years beginning on or after 1 January 2011 and were first adopted in the period ended at 30 June 2011:

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
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.	
Revised IAS 24 (Related Parties Disclosures)	1-Jan-11
The revised standard addresses concerns that the previous disclosure requirements and definition of a 'related party' were too complex and difficult to apply in practice, particularly in environments where government control is pervasive, by: (1) providing a partial exemption for government-related entities; (2) providing a revised definition of a related party.	
IAS 32 - Amendments (Clarification of issuing rights)	1-Feb-10 *
The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.	
* The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard.	

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRIC 14 - Amendments (Voluntary pre-paid contributions)	1-Jan-11
The amendments correct an unintended consequence of IFRIC 14. Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.	
IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	1-Jul-10 *
Clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to fully or partially settle the financial liability.	
* The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard.	

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

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

Standard / Interpretation	Effective date (annual periods beginning on or after)
Improvements to IFRSs - 2008/2010	18-Feb-11 *
This process included the review of 7 accounting standards.	
* The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard.	
These standards, although approved (endorsed) by the European Union, were not adopted by the Group for the period ended at 30 June 2011, as the application of these standards is not yet mandatory. No significant impacts are expected to arise in the financial statements resulting from the adoption of the same.	
The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:	
Standard / Interpretation	Effective date (annual periods beginning on or after)
IAS 12 - Amendments (Deferred tax: Recovery of Underlying Assets)	1-Jan-12
The amendment introduces, in the case of investment properties measured using the fair value model, the presumption that recovery of the carrying amount will normally be through sale, in order to determine their tax impact. As a result of the amendments, SIC 21 - 'Income Taxes—Recovery of Revalued Non-Depreciable Assets' would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.	

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 - Amendments (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters)	1-Jul-11
The amendments: 1) replace the fixed dates in the derecognition exception and the exemption related to the initial fair value measurement of financial instruments; and 2) add a deemed cost exemption to IFRS 1 that an entity can apply at the date of transaction to IFRSs after being subject to severe hyperinflation.	
IFRS 7 - Financial Instruments: Disclosures - Amendments (issued 7 October 2010)	1-Jul-11
The amendment requires disclosures to improve the understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain after the transfer. It also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.	
IFRS 9 Financial Instruments	1-Jan-13
This standard is the first step in the project to replace IAS 39, and it introduces new requirements for classifying and measuring financial assets.	
IFRS 10 Consolidated Financial Statements	1-Jan-13
Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	
IFRS 11 Joint Arrangements	1-Jan-13
Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	
IFRS 12 Disclosures of Interests in Other Entities	1-Jan-13
New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	
IFRS 13 Fair Value Measurement	1-Jan-13
It will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.	
IAS 27 Separate Financial Statements	1-Jan-13
Consolidation requirements previously forming part of IAS 27 have been revised and are now contained in IFRS 10 Consolidated Financial Statements'.	
IAS 28 Investments in Associates and Joint Ventures	1-Jan-13
The objective of IAS 28 (as amended in 2011) is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	

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 2011 are comparable with those used in the preparation of the consolidated financial statements at 31 December 2010.

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 'Non-controlling interests'.

Total comprehensive income is attributed to the owners of the Shareholders of parent company and the non-controlling interests even if this results in a deficit balance of non-controlling 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 realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Depreciation and amortisation' in the profit and loss statement.

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

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

During the period ended at 30 June 2011, the Board of Directors of the Group proceeded with prospective effect to the revision of the estimated useful life of a set of assets related to the telecommunications networks and mobile telephones, based on evaluation reports produced by specialised independent agencies.

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

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

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

e) Intangible assets

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

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

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (one 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, so, 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

The differences between the price of investments in subsidiaries and associated companies added the value of non-controlling interests, 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. The Group will choose, on an acquisition-by-acquisition basis, to measure non-controlling interests either

at their proportionate interest on the fair value of the assets and liabilities acquired, or at the fair value of the non-controlling interests themselves. Until 1 January 2010, non-controlling interests were always measured at their proportionate interest on the fair value of the acquired assets and liabilities.

Contingent consideration is recognised as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the 'Goodwill', but only as long as they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances that existed at the acquisition date, otherwise these changes must be recognised in profit or loss.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders funds captions, and without giving rise to any additional 'Goodwill' and without any gain or loss recognised.

The moment a sales transaction to generate a loss of control, should be derecognised assets and liabilities of the entity and any interest retained in the entity sold should be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

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) Financial instruments

The Group classifies its financial instruments in the following categories: 'financial assets at fair value through profit or loss', 'loans and receivables', 'held-to-maturity investments', and 'available-for-sale financial assets'. The classification depends on the purpose for which the investments were acquired. The classification of the investments is determined at the initial recognition and re-evaluated every quarter.

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

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it has been acquired mainly with the purpose of selling it in the short term or if the adoption of this method allows

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

(ii) 'Loans and receivables'

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

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

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

(iii) 'Held-to-maturity investments'

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

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

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

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

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

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

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

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

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

i) Financial and operational leases

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

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

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

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

j) Inventories

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

Accumulated inventory impairment losses reflect the difference between the acquisition cost and the realisable amount of inventories, as well as the estimated impairment losses due to low turnover, obsolescence and deterioration, and are registered in profit and loss statement, in 'Cost of sales', since 1 January 2010. Until this date, were registered on 'Provisions and accumulated impairment losses'.

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 instruments 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 and are registered in profit and loss statement in heading 'Provisions and accumulated impairment losses'. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Other operating revenues'.

l) Cash and cash equivalents

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

The consolidated cash flow statement has been prepared in accordance with IAS 7, using the direct method. The Group classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash

and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'.

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

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

m) Loans

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


n) Financial expenses relating to loans obtained

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

o) Derivatives

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

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



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

At 30 June 2011, the Group did not have any derivative.

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 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 11).

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

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

r) Government subsidies

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

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

s) Accrual basis and revenue recognition

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

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

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

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

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

Costs relating to customer loyalty programmes, under which points are awarded by the subsidiary Optimus – Comunicações, S.A., are calculated taking into consideration the probability of the redemption of the points, and 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 2011, Sonaecom, SGPS, S.A., have reserves which by their nature are considered distributable, amounted around Euro 106 million.

v) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses arising from the sale of own shares are recorded under the heading 'Other reserves'.

w) Foreign currency

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

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

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

Assets and liabilities of the financial statements of foreign entities are translated into euro using the exchange rates in force at the balance sheet date, while expenses and income in such financial statements are translated into euro using the average exchange rate for the period. The resulting exchange differences are recorded under the Shareholders' funds caption 'Other reserves'.

Goodwill and adjustments to fair value generated in the acquisitions of foreign entities reporting in a functional currency other than euro are translated into euro using the exchange rates prevailing at the balance sheet date.

The following rates were used to translate into euro the financial statements of foreign subsidiaries and the balances in foreign currency:

	2011		2010	
	30 June	Average	30 June	Average
Pounds Sterling	1.1080	1.1523	1.2233	1.1504
Brazilian Real	0.4425	0.4372	0.4529	0.4207
American Dollar	0.6919	0.7134	0.8149	0.7559
Polish Zloti	0.2506	0.2530	0.2411	0.2500
Australian Dollar	0.7416	0.7365	0.6943	0.6744
Mexican Peso	0.0589	0.0600	0.0636	0.0597
Egyptian Pound	0.1157	0.1168	0.1343	0.1344
Malaysian Ringgit	0.2292	0.2352	0.2517	0.2290
Chilean Peso	0.0015	0.0015	0.0015	0.0014
Singapore Dollar	0.5630	0.5667	0.5828	0.5412
Swiss Franc	0.8284	0.7883	-	-

x) Assets impairment

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

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

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

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

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

y) Medium Term Incentive Plans

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

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

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

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

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

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

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

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

At 30 June 2011, 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'.

At 30 June 2011, the equity-settled plans to be liquidated through the delivery of shares of the parent company were covered by contracts with an external entity (with the exception of one plan whose contract was signed in July 2011) under which the acquisition price of those shares was fixed. Therefore, 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 the captions 'Other non-current liabilities' and 'Other

current liabilities'. The cost is recognised on the income statement under the 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 2011 and 2010, 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 countries with a different currency than Euro namely 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, making the risk of operational activity immaterial.

b) Interest rate risk

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

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

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility/transaction which is being hedged;

- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Group's business plan.

As all Sonaecom's borrowings (note 15) are at variable rates, interest rate swaps and other derivatives are used, when it is deemed necessary, to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

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

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

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

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

Liquidity risk

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

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, as well as credit insurances, 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.

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 2011 and 2010, are as follows:

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2011		2010	
				Direct	Effective*	Direct	Effective*
Parent company							
SONAECON, S.G.P.S., S.A. ('Sonaecom')	Maia	Management of shareholdings.		-	-	-	-
Subsidiaries							
Be Artis - Conceção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis')	Maia	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services.	Sonaecom	100%	100%	100%	100%
Be Towering - Gestão 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%
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.	Sonaecom 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.	Sonaecom 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%
Optimus - Comunicações, S.A. ('Optimus')	Maia	Implementation, operation, exploitation and offer of networks and rendering services of electronic communications and related resources; offer and commercialisation of products and equipments of electronic communications.	Sonaecom Sona Telecom Sonaecom BV	64.14% 35.86% -	64.14% 35.86% -	53.54% 35.86% 10.60%	53.54% 35.86% 10.60%
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%
PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ') (a)	Maia	Editing, composition and publication of periodical and non-periodical material and the exploration of radio and TV stations and studios	Sonaecom	100%	100%	-	-
Público - Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaecom Sonaetelecom BV	100% -	100% -	- 100%	- 100%

* Sonaecom effective participation

(a) Company established in December 2010

Company (Commercial brand)	Head office	Main activity	Shareholder	2011		Percentage of share capital held 2010	
				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.	Sonaecom SI	86.995%	86.995%	86.995%	86.995%
Sonaecom - Sistemas de Informação, S.G.P.S., S.A. ('Sonaecom SI')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%
Sonaecom - Sistemas de Información Española, S.L. ('SSI Española')	Madrid	Rendering of consultancy services in the area of information systems.	Sonaecom SI	100%	100%	100%	100%
Sonaecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Sonaecom Telecom, S.G.P.S., S.A. ('Sonaecom Telecom')	Maia	Management of shareholdings in the area of telecommunications.	Sonaecom	100%	100%	100%	100%
Sonaecomtelecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Sontária - Empreendimentos Imobiliários, S.A. ('Sontária') (b)	Maia	Realisation of urbanisation and building construction, planning, urban management, studies, construction and property management, buy and sale of properties and resale of purchased for that purpose.	Sonaecom	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%	99.99%	99.99%	99.99%
We Do Consulting - Sistemas de Informação, S.A. ('We Do')	Maia	Rendering of consultancy services in the area of information systems.	Sonaecom 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')	Wilmington	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 Chile SpA ('We Do Chile')	Chile	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 Sonaecomtelecom BV	90% 5% 5%	90% 5% 5%	90% 5% 5%	90% 5% 5%
We Do Technologies (UK) Limited ('We Do UK')	Berkshire	Management of shareholdings.	We Do	100%	100%	100%	100%
We Do Technologies 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 Panamá S.A. ('We Do Panamá')	Panamá City	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	100%	100%
We Do Technologies Singapore PTE. LTD. ('We Do Singapura')	Singapore	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	100%	100%

* Sonaecom effective participation

(b) Company acquired in December 2010

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 2011 and 2010, the Group jointly controls and consolidates through the proportional method the following company:

				Percentage of share capital held			
				2011		2010	
Company (Commercial brand)	Head office	Main activity	Shareholder	Direct	Effective*	Direct	Effective*
Unipress – Centro Gráfico, Lda. ('Unipress')	V.N. Gaia	Trade and industry of graphic design and publishing.	Público	50%	50%	50%	50%

*Sonaecom effective participation

At 30 June 2011 and 2010, the main impacts arising from the consolidation by the proportional method of the above mentioned entity, are as follows (debit / (credit)):

	2011	2010
Non-current assets	2,355,981	2,959,352
Current assets	872,159	628,416
Non-current liabilities	(2,187,838)	(2,739,880)
Current liabilities	(486,410)	(354,020)
Net result	(149,285)	(121,143)
Total revenues	(904,818)	(933,911)
Total costs	755,533	812,768

4. Investments in associated companies

At 30 June 2011 and 2010, 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					
				2011		2010		Book value	
Company (Commercial brand)	Head office	Main activity	Shareholder	Direct	Effective*	Direct	Effective*	2011	2010
Associated companies									
Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' – using the brand name 'Rádio Nova')	Oporto	Sound broadcasting. Radio station.	Público	45%	45%	45%	45%	(a)	(a)
								-	-

*Sonaecom effective participation

(a) Investment recorded at a nil book value

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

At 30 June 2011 and 2010, the assets, liabilities, total revenues and net results of the associated company were as follows:

Company	Assets	Liabilities	Total revenues	Net results
2011				
Sociedade Independente de Radiodifusão Sonora, S.A.	629,315	630,687	438,086	29,063
2010				
Sociedade Independente de Radiodifusão Sonora, S.A.	613,147	566,597	550,484	77,214

5. Changes in the Group

During the period ended at 30 June 2011, there are no changes in the Group.

During the period ended at 30 June 2010, the following constitutions occurred in the Group:

Subsidiary	Subsidiary	Date	Share capital	Current % shareholding
2010				
We Do BV	SSI Espanã	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%

6. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 30 June 2011 and 2010 was as follows:

									2011
	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 2010	1,391,593	291,774,394	1,035,279,721	185,510	191,447,203	1,164,237	5,543,321	40,982,832	1,567,768,811
Additions	-	33,763	3,750,043	-	7,417,802	7,675	-	25,852,554	37,061,837
Disposals	-	(215,400)	(42,322,068)	(515)	(3,180,707)	(4,192)	-	-	(45,722,882)
Transfers and write-offs	-	5,180,050	32,272,465	-	1,537,851	2,631	22,052	(43,359,743)	(4,344,694)
Balance at 30 June 2011	1,391,593	296,772,807	1,028,980,161	184,995	197,222,149	1,170,351	5,565,373	23,475,643	1,554,763,072
Accumulated depreciation and impairment losses									
Balance at 31 December 2010	-	153,589,162	647,567,969	103,516	169,023,979	1,124,067	3,990,377	-	975,399,070
Depreciation for the year	-	6,131,721	26,915,895	16,437	8,874,825	8,014	378,505	-	42,325,397
Disposals	-	(97,734)	(35,368,983)	(268)	(3,156,286)	(1,824)	-	-	(38,625,095)
Transfers and write-offs	-	(982,692)	(2,164,921)	-	(60,919)	(4,001)	-	-	(3,212,533)
Balance at 30 June 2011	-	158,640,457	636,949,960	119,685	174,681,599	1,126,256	4,368,882	-	975,886,839
Net value	1,391,593	138,132,350	392,030,201	65,310	22,540,550	44,095	1,196,491	23,475,643	578,876,233

									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	-	922,772,911
Depreciation for the year	-	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)	-	836,960	-	-	-	(4,985,665)
Balance at 30 June 2010	-	146,939,006	653,554,641	104,282	159,506,220	1,161,450	4,002,042	-	965,267,641
Net value	1,391,593	130,393,268	379,451,115	154,359	22,333,269	45,737	1,489,916	31,526,420	566,785,678

The additions that occurred during the period included: assets associated with the UMTS operation (Universal Mobile Telecommunications Service), HSDPA (Kanguru Express), GSM (Global Standard for Mobile Communications), GPRS (General Packet Radio Service) and FTTH (Fibre-to-the-Home).

The acquisition cost of 'Tangible assets' held by the Group under finance lease contracts, amounted to Euro 30,541,539 and Euro 29,977,368 as of 30 June 2011 and 2010, and their net book value as of those dates amounted to Euro 17,050,119 and Euro 19,046,181, respectively.

At 30 June 2011, the heading 'Tangible assets' included an amount of Euro 21,4 million that relates to the net book value of the telecommunications equipment delivered to customers, under free lease agreements with a pre-defined period, which are being amortised over the duration of their contracts.

At 30 June 2011 the heading 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained, except for the assets acquired under financial lease contracts.

During the period ended at 30 June 2011, the Board of Directors of the Group proceeded with prospective effect, to the revision of estimated useful life of a set of tangible assets and software, related to the mobile and fixed telecommunications networks and all assets related with the UMTS network, which were then recorded prospectively at 1 January 2011. This impact was that the depreciation in the period ended at 30 June 2011 was approximately Euro 4,8 million lower, than in the period ended at 30 June 2010.

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' (note 7).

'Tangible assets in progress' at 30 June 2011 and 2010 were made up as follows:

	2011	2010
Development of mobile network	19,866,126	8,270,519
Development of fixed network	1,375,613	21,883,797
Information systems	353,769	128,378
Other projects in progress	1,880,135	1,243,726
	23,475,643	31,526,420

At 30 June 2011 and 2010, the amounts of commitments to third parties relating to investments to be made were as follows:


	2011	2010
Network	21,687,605	28,061,140
Information systems	1,541,826	3,948,744
	23,229,431	32,009,884

7. Intangible assets

In the periods ended at 30 June 2011 and 2010, the movement occurred in Intangible assets and in the corresponding accumulated amortization and impairment losses, was as follows:

				2011
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2010	310,619,467	264,381,328	16,085,854	591,086,649
Additions	2,520,689	644,859	8,558,855	11,724,403
Disposals	-	(14,858)	-	(14,858)
Transfers and write-offs	(13,351)	18,431,475	(17,037,671)	1,380,453
Balance at 30 June 2011	313,126,805	283,442,804	7,607,038	604,176,647
Accumulated amortisation and impairment losses				
Balance at 31 December 2010	106,547,783	211,641,924	-	318,189,707
Amortisation for the year	8,772,399	10,792,675	-	19,565,074
Disposals	-	(2,077)	-	(2,077)
Transfers and write-offs	(479)	(80,546)	-	(81,025)
Balance at 30 June 2011	115,319,703	222,351,976	-	337,671,679
Net value	197,807,102	61,090,828	7,607,038	266,504,968

				2010
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2009	304,081,633	229,169,691	19,212,155	552,463,479
Additions	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
Accumulated amortisation and impairment losses				
Balance at 31 December 2009	86,606,233	192,163,071	-	278,769,304
Amortisation for the year	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
Net value	212,700,242	45,280,373	21,207,654	279,188,269



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 own projects must be recognised by the MOPTC and by entities created specifically for this purpose. At 30 June 2011, 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 'Iniciativas 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. All responsibility is recognised as an additional cost of UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. Thus, at 30 June 2011, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements.

At 30 June 2011, the caption 'Brands and patents and other rights' includes the amount of Euro 111,5 million that correspond at the present value of the estimate responsibility with 'Initiatives E' project, recorded in June 2008 and updated in September 2009.

At 30 June 2011 and 2010, the Group kept recorded under the heading 'Intangible assets' the amounts of Euro 186,457,179 and Euro 197,278,727, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 58,505,618 (2010: Euro 61,505,906) related to the license; (ii) Euro 19,548,872 (2010: Euro 20,551,378) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 6,004,049 (2010: Euro 6,311,949) 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 97,399,887 (2010: Euro 101,566,127) 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 2011 and 2010, 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 2011 and 2010, the total gross of these expenses amounted to Euro 19,838,271 and Euro 19,120,620, respectively. The amounts capitalised in the periods ended at 30 June 2011 and 2010 were Euro 368,368 and Euro 609,549, respectively. An interest capitalisation rate of 1,48% was used in 2011 (1,44% in 2010), which corresponds to the average interest rate supported by the Group.

8. Breakdown of financial instruments

At 30 June 2011 and 2010, the breakdown of financial instruments was as follows:

					2011
	Loans and receivables	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
Non-current assets					
Investments available for sale	-	212,323	212,323	-	212,323
	-	212,323	212,323	-	212,323
Current assets					
Trade debtors	109,522,499	-	109,522,499	-	109,522,499
Other current debtors	21,134,822	-	21,134,822	8,756,226	29,891,048
Cash and cash equivalents	126,142,027	-	126,142,027	-	126,142,027
	256,799,348	-	256,799,348	8,756,226	265,555,574

					2010
	Loans and receivables	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
Non-current assets					
Investments available for sale	-	1,207,320	1,207,320	-	1,207,320
	-	1,207,320	1,207,320	-	1,207,320
Current assets					
Trade debtors	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	76,055,367	-	76,055,367	-	76,055,367
	229,792,740	-	229,792,740	4,668,844	234,461,584

					2011
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities					
Medium and long-term loans net of short-term portion	370,217,570	-	370,217,570	-	370,217,570
Other non-current financial liabilities	-	18,539,938	18,539,938	-	18,539,938
Securitisation of receivables	29,872,311	-	29,872,311	-	29,872,311
	400,089,881	18,539,938	418,629,819	-	418,629,819
Current liabilities					
Short-term loans and other loans	30,312,879	-	30,312,879	-	30,312,879
Trade creditors	-	143,666,705	143,666,705	-	143,666,705
Other current financial liabilities	-	2,147,888	2,147,888	-	2,147,888
Securitisation of receivables	19,729,485	-	19,729,485	-	19,729,485
Other creditors	-	2,491,613	2,491,613	19,548,067	22,039,680
	50,042,364	148,306,206	198,348,570	19,548,067	217,896,637

					2010
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities					
Medium and long-term loans net of short-term portion	319,837,263	–	319,837,263	–	319,837,263
Other non-current financial liabilities	–	19,780,701	19,780,701	–	19,780,701
Securitisation of receivables	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	26,501,633	–	26,501,633	–	26,501,633
Trade creditors	–	180,325,557	180,325,557	–	180,325,557
Other current financial liabilities	–	3,239,885	3,239,885	–	3,239,885
Securitisation of receivables	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

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

9. Goodwill

For the periods ended at 30 June 2011 and 2010, the movements occurred in Goodwill were as follows:

	2011	2010
Opening balance	526,141,552	526,106,175
Movements of the year	(53,203)	96,222
Closing balance	526,088,349	526,202,397

For the periods ended at 30 June 2011 and 2010, the caption 'Movements of the year' includes, the exchange rate update of the Goodwill.

Goodwill at 30 June 2011 and 2010 was made up as follows:

	2011	2010
Optimus	485,092,375	485,092,375
Público	20,000,000	20,000,000
Cape Technologies	17,476,354	17,476,354
We Do	1,971,668	1,971,668
Praesidium Services	1,095,468	1,209,516
Unipress	321,698	321,698
S.I.R.S.	72,820	72,820
Per-Mar	47,253	47,253
Be Towering	10,713	10,713
	526,088,349	526,202,397

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 2011 and 2010, this caption included investments classified as available-for-sale and was made up as follows:

	%	2011	2010
Lusa – Agência de Notícias de Portugal, S.A.	1.38%	197,344	197,344
VISAPRESS - Gestão de Conteúdos dos Média, CRL	10.00%	5,000	-
Others	-	9,979	9,976
Altitude, SGPS, S.A.	-	-	1,000,000
		212,323	1,207,320

During the periods ended at 30 June 2011 and 2010, the heading 'Investments available for sale' did not present any movements.

On last quarter of 2010, the Group sold the investment on Altitude, SGPS, S.A., and generated a capital gain of Euro 2,091,120.

At 30 June 2011, these investments correspond to shareholdings of immaterial amount, in unlisted companies, in which the Group has no significant influence, and in which the acquisition cost of such investments is a reasonable estimation of their fair value, adjusted where applicable, by the respective impairment losses.

The assessment of impairment in the investments described above is performed through comparisons with the value of the percentage of share capital detained by the Group and with multiples of sales and EBITDA of companies of the same sector.

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

	Assets	Shareholders' funds	Gross debt	Turnover	Operational results	Net income
Lusa – Agência de Notícias de Portugal, S.A. ⁽¹⁾	18,603	8,624	5,017	19,213	1,093	654
VISAPRESS - Gestão de Conteúdos dos Média, CRL ⁽¹⁾	15	65	64	-	(113)	(114)

⁽¹⁾ Amounts expressed in thousands euro at 31 December 2010.

11. Deferred taxes

Deferred tax assets at 30 June 2011 and 2010, amounted to Euro 103,470,392 and Euro 114,817,601, 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 2011 and 2010 were as follows:

	2011	2010
Opening balance	109,587,224	121,894,677
Impact on results:		
Tax losses carried forward	(1,869,900)	2,384,475
Movements in provisions not accepted for tax purposes and tax benefits	480,708	556,572
Deferred tax assets not recorded in previous years	4,499,324	-
Temporary net differences between the tax and the accounting amount of certain fixed assets	(7,613,811)	(8,443,134)
Temporary differences arising from the securitisation of receivables (Optimus)	(1,610,000)	(1,610,000)
Sub-total effect on results	(6,113,679)	(7,112,087)
Others	(3,153)	35,011
Closing balance	103,470,392	114,817,601

At 31 December 2008, deferred tax assets were recognised in the amount of Euro 16.1 million with regard to the securitisation of future receivables completed in December 2008 (note 18). As a result of that operation, and in accordance with the provisions of *Decreto-Lei nº 219/2001* (Decree-Law) of 4 August, an amount of Euro 100 million was generated from that operation and it was added for purposes of determining the taxable income for the year 2008, thereby generating a temporary difference between accounting and taxable income result, which led to the recognition of a deferred tax asset to the extent that its use was, with reasonable safety, probable. Until 30 June 2011, an amount of Euro 8,05 million was reversed corresponding to the reversal of the above referred temporary difference during the period.

Deferred taxes related to the IAS / IFRS adjustments correspond to the temporary differences generated in the companies included in consolidation and result from the fact that IAS / IFRS conversion adjustments, recorded in these companies at 31 December 2009, already considered in consolidated financial statements under IAS / IFRS, from previous years, only be considered for tax purposes, linearly, for a period of five years between 2010 and 2014.

Deferred taxes related to the UMTS license refers to temporary differences related to the value of the UMTS license, of the subsidiary Optimus. In consolidated financial statements and in accordance with IAS / IFRS, the license was amortised linearly, by the estimated period of useful life. For tax purposes, until the year 2009, the UMTS license was amortised using, on the first five years of commercial operation, from 2004 to 2008, incremental monthly basis depending of the capacity of the network installed, which would be applied after the straight-line monthly basis until the term of the license. Thus, the group recorded deferred tax assets relating to the temporary differences between the value of the license for tax purposes and the value recorded in the consolidated financial statements.

At 30 June 2011 and 2010, assessments of the deferred tax assets to be recognised were made. Potential deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated.

The main criteria used in those business plans are described in note 9.

The rate used at 30 June 2011 and 2010 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.

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 2011 was as follows:

Nature	Companies included in the tax group	Digitmarket	Cape Technologies	We Do Brasil	Total	Total Sonaecom Group
Tax losses:						
To be used until 2012	74,183	-	-	-	-	74,183
To be used until 2013	126,771	-	-	-	-	126,771
To be used until 2014	-	-	-	-	-	-
To be used until 2015	6,709,177	-	-	-	-	6,709,177
Unlimited utilisation	-	-	134,506	482,775	617,281	617,281
Tax losses	6,910,131	-	134,506	482,775	617,281	7,527,412
Tax provisions not accepted and other temporary differences	24,295,139	35,354	-	-	35,354	24,330,493
Tax benefits (SIFIDE)	2,145,525	-	-	-	-	2,145,525
Adjustments in the conversion to IAS/IFRS	23,569,843	737	-	(3,153)	(2,416)	23,567,427
Temporary differences arising from the securitisation of receivables	8,050,000	-	-	-	-	8,050,000
Differences between the tax and accounting amount of certain fixed assets and others	37,849,535	-	-	-	-	37,849,535
Total	102,820,173	36,091	134,506	479,622	650,219	103,470,392

At 30 June 2011 and 2010, 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:

	2011	2010
Tax losses	44,188,828	54,202,778
Temporary differences (provisions not accepted for tax purposes and other temporary differences)	34,891,322	36,488,113
Others	16,285,117	16,733,032
	95,365,267	107,423,923

At 30 June 2011 and 2010, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2011	2010
2010	-	1,642,936
2011	2,068,426	11,768,247
2012	12,307,639	15,664,835
2013	13,849,849	15,056,971
2014	717,906	1,629,685
2015	6,395,816	3,382,934
2016	1,204,308	1,204,308
2017	1,772,700	1,771,661
2018	420,883	409,870
2019	1,460,177	158,580
2020	661,097	-
2021	32,323	-
2025	198,816	-
Unlimited	3,098,888	1,512,751
	44,188,828	54,202,778

The years 2016 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than four years.

The deferred tax liabilities at 30 June 2011 and 2010 amounting to Euro 780,991 and Euro 455,990, respectively, result mainly from consolidation adjustments and IAS/IFRS conversion adjustments.

The movements that occurred in deferred tax liabilities in the periods ended at 30 June 2011 and 2010 were as follows:

	2011	2010
Opening balance	(786,549)	(106,929)
Impact on results:		
Results of the period	-	(359,541)
Adjustments in the conversion to IAS / IFRS	(8,577)	10,480
Sub-total impact on results	(8,577)	(349,061)
Others	14,135	-
Closing balance	(780,992)	(455,990)

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 30 June 2011 and 2010 is as follows:

	2011	2010
Earnings before taxes	39,848,936	29,017,462
Income tax rate (25%)	(9,962,234)	(7,254,366)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income	(3,879,226)	(3,133,741)
Deferred tax assets not recognised in previous years	4,499,324	-
Record of deferred tax liabilities	(8,577)	(349,061)
Temporary differences arising from the securitisation of receivables	900,000	900,000
Movements in provisions not accepted for tax purposes and tax benefits	480,708	556,572
Income taxation recorded in the year	(7,970,005)	(9,280,596)

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 2007 (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.

For the year ended 31 December 2010, the subsidiary Optimus was notified of the Report of Tax Inspection, where it considers that it is inappropriate the increase, when calculating the taxable profit for the year 2008, of the amount of Euro 100 million, with respect to initial price of future credits transferred to securitization. The Settlement Note, was receipt on April 2011, and Optimus will challenge that decision and is confidence of the Board of Directors of the Optimus and the Group that there are strong arguments to obtain a favorable decision for Optimus,. For this reason, Optimus kept the recording of deferred tax assets associated with this operation.

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 2011.

12. Cash and cash equivalents

At 30 June 2011 and 2010, the detail of cash and cash equivalents was as follows:

	2011	2010
Cash	272,172	183,928
Bank deposits repayable on demand	6,959,855	4,728,909
Treasury applications	118,910,000	71,142,530
Cash and cash equivalents	126,142,027	76,055,367
Bank overdrafts	(2,127,831)	(22,233)
	124,014,196	76,033,134

At 30 June 2011 and 2010, the 'Treasury applications' had the following breakdown:

	2011	2010
Sonae Investments BV	46,810,000	66,810,000
Bank applications	72,100,000	4,332,530
	118,910,000	71,142,530

During the period ended at 30 June 2011, the above mentioned treasury applications bear interests at an average rate of 2.412% (2.10% in 2010).

13. Share capital

At 30 June 2011 and 2010, 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:

	2011		2010	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	52.99%	183,374,470	50.07%
Atlas Service Belgium	73,249,374	20.00%	73,249,374	20.00%
Shares traded on the Portuguese Stock Exchange ('Free float')	73,004,403	19.93%	70,109,264	19.14%
Banco Comercial Português, S.A. (BCP)	12,500,998	3.41%	12,500,998	3.41%
Own shares	9,045,200	2.47%	8,264,325	2.26%
Santander Asset Management	3,732,774	1.02%	7,408,788	2.02%
Sonae SGPS	650,000	0.18%	838,649	0.23%
Efanor Investimentos, S.G.P.S., S.A.	1,000	0.00%	1,000	0.00%
Sonae Investments BV	-	-	10,500,000	2.87%
	366,246,868	100.00%	366,246,868	100.00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

14. Own shares

During the period ended at 30 June 2011, Sonaecom delivered to its employees 1,764,157 own shares under its Medium Term Incentive Plan (972,184 own shares during the period ended at 30 June 2010).

Additionally, during the period, Sonaecom acquired 1,553,000 shares (at an average price of Euro 1.432), holding at 30 June 2011 9,045,200 own shares, representative of 2.47% of its share capital at the average acquisition cost of Euro 1.503.

15. Loans

At 30 June 2011 and 2010, the caption Loans had the following breakdown:

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

						Amount outstanding
Company	Issue denomination	Limit	Maturity	Type of reimbursement	2011	2010
Sonaecom	'Obrigações Sonaecom SGPS 2005'	150,000,000	Jun-13	Final	150,000,000	150,000,000
SGPS	'Obrigações Sonaecom SGPS 2010'	40,000,000	Mar-15	Final	40,000,000	40,000,000
	'Obrigações Sonaecom SGPS 2010'	30,000,000	Feb-13	Final	30,000,000	30,000,000
	Costs associated with financing set-up	-	-	-	(1,545,828)	(2,221,078)
	Interests incurred but not yet due	-	-	-	886,154	746,403
					219,340,326	218,525,325
Sonaecom	Commercial paper	150,000,000	Jul-12	-	149,950,000	100,500,000
SGPS	Costs associated with financing set-up	-	-	-	(70,590)	(184,132)
	Interests incurred but not yet due	-	-	-	238,886	111,711
					150,118,296	100,427,579
Unipress	Bank loan	-	-	-	367,286	494,600
Saphety	Minority shareholder loans	-	-	-	391,662	389,759
					370,217,570	319,837,263

b) Short-term loans and other loans

						Amount outstanding
Company	Issue denomination	Limit	Maturity	Type of reimbursement	2011	2010
Sonaecom	Commercial paper	50,000,000	Jan-11	-	-	21,450,000
SGPS	Commercial paper	30,000,000	Apr-12	-	-	5,000,000
	Commercial paper	15,000,000	Jun-12	-	12,000,000	-
	Commercial paper	10,000,000	Nov-11	-	10,000,000	-
	Overdrafts facilities - CGD	-	-	-	6,150,000	-
	Interests incurred but not yet due	-	-	-	35,048	29,400
					28,185,048	26,479,400
Sonaecom SGPS	Bank overdrafts (note 12)	2,500,000	-	-	2,112,779	-
Several	Bank overdrafts (note 12)	-	-	-	15,052	22,233
					2,127,831	22,233
					30,312,879	26,501,633

Bond Loan

In June 2005, Sonaecom signed a Bond Loan, privately placed, amounting to Euro 150 million 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 organised and mounted by Millennium BCP Investimento.

In February and March 2010, Sonaecom signed two other Bond Loan, both privately placed, in the amount of Euro 30 and 40 million, 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 organised if mounted by, respectively, Banco Espírito Santo de Investimento and Caixa - Banco de Investimento. These bond issues were traded on Euronext Lisbon market.

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

The average interest rate of the bond loans, in the period, was 2.513% (1.94% in 2010).

Commercial Paper

In July 2007, Sonaecom contracted a Commercial Paper Programme Issuance with a maximum amount of Euro 250 million with subscription grant and maturity of five years, organised by Banco Santander de Negócios Portugal and by Caixa – Banco de Investimento. According to the original terms, this programme was reduced to the amount of Euro 150 million in July 2010.

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 four other Commercial Paper Programmes, with subscription guarantee, with the following characteristics:

Amount	Hire date	Subscription guarantee	Maturity
Euro 30 million	April 2010	Caja de Ahorros Y Monte de Piedad de Madrid (representation in Portugal) and Banco BPI	one year, possibly renewable
Euro 15 million	June 2010	Caixa Económica Montepio Geral	one year, possibly renewable
Euro 10 million	November 2010	Banco Popular	one year, possibly renewable

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

Bank credit lines of short-term portion

Sonaecom has also bank credit lines for short term, in the form of current or overdraft account commitments, in the amount of Euro 19 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

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

At 30 June 2011 and 2010, 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
2011					
Bond loan:					
Reimbursements	-	180,000,000	-	40,000,000	-
Interests	6,322,700	5,821,422	1,402,400	1,029,707	-
Commercial paper:					
Reimbursements	-	149,950,000	-	-	-
Interests	2,344,000	199,079	-	-	-
	8,666,700	335,970,501	1,402,400	41,029,707	-
2010					
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

Although the maturity of commercial paper issuance is six months, the counterparties assumed the placement and the maintenance of those limits for a period of five years. As so, such liabilities are recorded in the medium and long term.

Minority Shareholder loan's have no maturity defined.

At 30 June 2011 and 2010, the available credit lines of the Group were as follows:

					Maturity	
Company	Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2011						
Sonaecom	Commercial paper	150,000,000	149,950,000	50,000		x
Sonaecom	Commercial paper	30,000,000	-	30,000,000	x	
Sonaecom	Commercial paper	15,000,000	12,000,000	3,000,000	x	
Sonaecom	Commercial paper	10,000,000	10,000,000	-	x	
Sonaecom	Bond loan	150,000,000	150,000,000	-		x
Sonaecom	Bond loan	30,000,000	30,000,000	-		x
Sonaecom	Bond loan	40,000,000	40,000,000	-		x
Sonaecom	Overdraft facilities	16,500,000	6,150,000	10,350,000	x	
Sonaecom	Authorised overdrafts	2,500,000	2,112,779	387,221	x	
		444,000,000	400,212,779	43,787,221		
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	
Público	Authorised overdrafts	2,500,000	-	2,500,000	x	
		594,000,000	346,950,000	247,050,000		

At 30 June 2011 and 2010, there are no interest rate hedging instruments. Therefore the total gross debt is exposed to changes in the interest rates.

16. Other non-current financial liabilities

At 30 June 2011 and 2010, 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 18,539,938 and Euro 19,780,701, respectively.

At 30 June 2011 and 2010, the payment of these amounts was due as follows:

	2011		2010	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2010	-	-	3,445,714	2,315,206
2011	1,407,376	1,124,385	2,914,593	2,052,053
2012	3,181,201	2,318,153	2,910,799	2,076,147
2013	2,925,785	2,143,113	2,738,701	1,992,811
2014 onwards	19,195,376	15,102,175	18,444,225	14,584,369
	26,709,738	20,687,826	30,454,032	23,020,586
Interests	(6,021,912)	-	(7,433,446)	-
	20,687,826	20,687,826	23,020,586	23,020,586
Short-term liability (note 19)	-	(2,147,888)	-	(3,239,885)
	20,687,826	18,539,938	23,020,586	19,780,701

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 2011 and 2010 were as follows:

	Opening balance	Increases	Utilisations	Decreases	Closing balance
2011					
Accumulated impairment losses on accounts receivables	70,410,631	10,589,036	(10,736,958)	(360,472)	69,902,237
Accumulated impairment losses on inventories	14,930,606	1,910,174	(362,577)	-	16,478,203
Provisions for other liabilities and charges	33,150,028	1,383,356	(291,106)	(43,173)	34,199,105
	118,491,265	13,882,566	(11,390,641)	(403,645)	120,579,545
2010					
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

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 42,199 (294,620 in 2010) related to the dismantling of sites, as foreseen in IAS 16 (note 1.d.)), and the amount of Euro 699,218 recorded in the profit and loss statement, under the caption 'Income taxation' (108,916 in 2010).

The reinforcement on 'Accumulated Impairment losses on Inventories' is recorded from on the profit and loss statement under the caption 'Cost of Sales' (Note 1.j). Therefore, the total amount recorded in the profit and loss statement corresponding to the increase in the heading 'Provisions and impairment losses', corresponds to Euro 11,230,975 (2010: Euro 6,932,953).

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 2011 and 2010, the breakdown of the provisions for other liabilities and charges is as follows:

	2011	2010
Dismantling of sites	22,771,281	22,503,341
Several contingencies	3,054,651	2,914,035
Legal processes in progress	2,869,033	2,747,534
Indemnities	798,268	611,747
Others	4,705,872	3,887,806
	34,199,105	32,664,463

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 – Comunicação, S.A., carried out a securitisation operation of future receivables amounting to Euro 100 million (Euro 98,569,400, net of initial costs) following which it ceded future credits to be generated under a portfolio of existing 'Corporate' customer contracts, under the regime established in the *Decreto-Lei nº 453/99* (Decree-Law), of 5 November (note 11).

This operation was coordinated by Deutsche Bank, the future credits having been assigned to TAGUS – Sociedade de Titularização de Créditos, S.A. (TAGUS), which, for this purpose, issued securitised bonds designated 'Magma No. 1 Securitisation Notes', that received from the CMVM (National Securities Market Commission) the legally required alphanumeric code: 200812TGSSONSXXN0031.

Future receivables in the necessary amounts required for TAGUS to perform the quarter interest and principal instalment payments due to bondholders, as well as all the other payments due to the other creditors of this transaction, shall be allocated by Optimus - Comunicação, S.A. throughout calendar years 2009/2013, up to a maximum of Euro 213,840,362. Under the terms of this transaction, the amount to be allocated in the next 12 months (Euro 19,729,485) was registered in current liabilities and the remainder, amounting to Euro 29,872,311, 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 2011 and 2010, the amount recorded in 'Securitisation of receivables' has the following maturity:

	N+1	N+2	N+3	N+4	N+5	Total
2011						
Securitisation of receivables	19,729,485	19,875,031	9,997,280	-	-	49,601,796
2010						
Securitisation of receivables	19,561,507	19,715,568	19,868,233	9,996,097	-	69,141,405

19. Other current financial liabilities

At 30 June 2011, this caption includes the amount of Euro 2,147,888 (2010: Euro 3,239,885) related to the short term portion of lease contracts (note 16).

20. External supplies and services

'External supplies and services' for the periods ended at 30 June 2011 and 2010 had the following composition:

	2011	2010
Interconnection costs	90,890,947	104,302,579
Specialised works	25,438,923	29,040,608
Commissions	21,583,472	22,050,488
Rents	17,410,443	15,939,217
Other subcontracts	14,356,503	14,025,610
Advertising and promotion	13,619,805	13,300,430
Leased lines	10,037,662	11,087,673
Energy	5,143,899	5,217,391
Maintenance and repairs	3,153,035	3,230,853
Communications	2,836,450	2,861,182
Travelling costs	2,607,586	2,561,756
Fees	1,911,029	1,538,266
Others	9,750,499	11,762,527
	218,740,252	236,918,580

The commitments assumed by the Group at 30 June 2011 and 2010 related to operational leases are as follows:

	2011	2010
Minimum payments of operational leases:		
2010	-	26,162,515
2011	23,924,733	44,859,504
2012	44,135,038	41,796,024
2013	40,941,544	39,949,846
2014	38,736,463	34,992,496
2015	34,610,229	32,835,206
2016	32,542,418	31,314,362
2017 onwards	32,783,232	-
Renewable by periods of one year	2,591,570	3,423,236
	250,265,227	255,333,189

During the period ended at 30 June 2011, an amount of Euro 23,783,909 (2010: Euro 24,483,467) was recorded in the heading 'External supplies and services' related with operational leasing rents, divided between the lines 'Rents' and 'Leased lines'.

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

21. Financial results

Net financial results for the periods ended at 30 June 2011 and 2010 were made up as follows:

	2011	2010
Financial expenses:		
Interest expenses:	(6,802,942)	(6,614,570)
Bank loans	(4,385,248)	(3,590,560)
Securitisation interests	(1,522,155)	(1,891,223)
Leasing	(506,913)	(496,207)
Other interests	(388,626)	(636,580)
Foreign exchange losses	(706,859)	(269,292)
Other financial expenses	(400,832)	(252,312)
	(7,910,633)	(7,136,174)
Financial income:		
Interest income	2,964,313	2,480,481
Foreign exchange gains	190,686	999,879
Others financial gains	2,874	-
	3,157,873	3,480,360

During the periods ended at 30 June 2011 and 2010, the caption 'Financial income: Interest income' includes, mainly, interests earned on treasury applications and interests arising from late collections associated with cases in litigation.

22. Income taxation

Income taxes recognised during the periods ended at 30 June 2011 and 2010 were made up as follows ((costs) / gains):

	2011	2010
Current tax	(1,174,196)	(1,710,532)
Tax provision net of reduction (note 17)	(673,554)	(108,916)
Deferred tax assets (note 11)	(6,113,679)	(7,112,087)
Deferred tax liabilities (note 11)	(8,577)	(349,061)
	(7,970,005)	(9,280,596)

23. Related parties

During the periods ended at 30 June 2011 and 2010, 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 2011 and 2010 were as follows:

	Balances at 30 June 2011			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae SGPS	31,399	3,552	-	5,743
Modelo Continente Hipermercados, S.A.	1,149,423	1,731,878	-	(415,586)
Worten	3,085,559	548,505	-	(540,765)
Sonaecenter II	2,358,829	459,558	-	82,519
Sonae Investments BV	-	-	46,810,000	4,136
France Telecom	-	2,762,411	-	(2,090,950)
	6,625,210	5,505,904	46,810,000	(2,954,903)

	Balances at 30 June 2010			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae SGPS	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)

	Transactions at 30 June 2011			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae SGPS	43,056	50,000	(11,039)	-
Modelo Continente Hipermercados, S.A.	1,255,806	1,002,472	-	125,402
Worten	1,456,378	1,318,370	-	3,810
Sonaecenter II	4,093,581	274,545	-	-
Sonae Investments BV	-	-	834,215	-
France Telecom	6,662,647	5,332,638	-	-
	13,511,468	7,978,025	823,176	129,212

	Transactions at 30 June 2010			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae SGPS	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

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 2011 and 2010, no impairment losses referring to related entities were recognised.

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

24. Guarantees provided to third parties

Guarantees provided to third parties at 30 June 2011 and 2010 were as follows:

Company	Beneficiary	Description	2011	2010
Optimus and Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	9,350,818	9,350,818
Optimus	Direcção de Contribuições e Impostos (Portuguese tax authorities)	IRC – Tax assessment	1,711,220	1,801,117
We Do	AD Makedonski, Digi Telecommunications, Emirates Telecom. Corp., Pak Telecom, Scotiabank De Costa Rica, Sirilanka Telecom and Telcel	Completion of work to be done	1,136,582	819,356
Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	Tax audit 2005	754,368	754,368
Optimus and Público	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT – Impugnation process	598,000	598,000
We Do, Saphety and Digitmarket	IAPMEI (Institute of Support to Small and Medium Enterprises and Investment)	'HERMES' project – QREN	436,822	327,730
Optimus	Direcção Geral do Tesouro (Portuguese tax authorities)	IRC – Withholding tax on payments to non-residents	307,348	431,954
Optimus	Câmara Municipal de Coimbra, Lisboa, Braga, Elvas, Caldas da Rainha Guarda, Mealhada, Barcelos e Faro (Coimbra, Lisbon, Braga, Elvas, Caldas da Rainha, Guarda, Mealhada, Barcelos and Faro Municipalities)	Performance bond – works	287,702	256,821
Público	Tribunal de Trabalho de Lisboa (Lisbon Labour Court)	Execution action n. 199A/92	271,511	271,511
Optimus	Governo Civil de Lisboa (Lisbon Government Civil)	Guarantee the sweepstakes plan complete fulfilment	-	310,086
Several	Others		1,106,887	1,048,124
			15,961,258	15,969,885

In addition to these guarantees, there were set up two sureties for the current fiscal processes. The Sonae SGPS constituted a Sonaecom SGPS surety to the amount of Euro 2,830,506 and Sonaecom SGPS constituted a Optimus surety for the amount of Euro 9,264,393.

At 30 June 2011 and 2010, 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.



25. Information by business segment

The following business segments were identified for the periods ended at 30 June 2011 and 2010:

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

The segment 'Holding activities' includes the operations of the Group companies that have as their main activity the management of shareholdings.

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

Inter-segment transactions during the periods ended at 30 June 2011 and 2010 were eliminated in the consolidation process. All these transactions were made at market prices.

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

Overall information by business segment at 30 June 2011 and 2010, 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 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Revenues:																
Sales and services rendered	368,944,742	383,091,082	13,245,393	15,302,756	55,902,473	67,398,579	1,992,659	3,232,518	110,400	110,400	440,195,667	469,135,335	(14,790,314)	(18,805,226)	425,405,353	450,330,109
Other operating revenues	6,057,330	3,809,163	200,080	118,351	281,862	200,529	88,149	5,052	-	-	6,627,421	4,133,095	(2,290,583)	(1,346,520)	4,336,838	2,786,575
Total revenues	375,002,072	386,900,245	13,445,473	15,421,107	56,184,335	67,599,108	2,080,808	3,237,570	110,400	110,400	446,823,088	473,268,430	(17,080,897)	(20,151,746)	429,742,191	453,116,684
Depreciation and amortisation	(59,149,186)	(64,442,376)	(605,500)	(740,762)	(2,485,009)	(2,072,145)	(38,260)	(58,814)	(15,335)	(14,881)	(62,293,290)	(67,328,978)	402,819	490,530	(61,890,471)	(66,838,448)
Net operating income / (loss) for the segment	46,049,514	32,539,853	(1,892,664)	(1,045,639)	871,607	1,850,116	(552,341)	(700,709)	37,550	57,027	44,513,666	32,700,648	88,030	(27,372)	44,601,696	32,673,276
Net interests	(6,338,710)	(4,218,997)	(111,464)	(46,139)	(412,181)	(174,080)	3,362,887	531,364	(29,237)	(11,089)	(3,528,705)	(3,918,941)	(309,924)	(215,147)	(3,838,629)	(4,134,088)
Other financial results	(31,674)	(291,693)	(3,824)	(4,899)	(709,404)	854,224	2,017,236	(7,908,418)	(40)	(40)	1,272,294	(7,350,826)	(2,186,425)	7,829,100	(914,131)	478,274
Income taxation	(6,035,946)	(8,078,259)	607,945	27,012	(713,336)	(1,134,349)	(1,867,924)	(155,607)	(3,851)	(10,721)	(8,013,112)	(9,351,924)	43,107	71,328	(7,970,005)	(9,280,596)
Consolidated net income / (loss) for the year	33,643,184	19,950,904	(1,400,007)	(1,069,665)	(963,314)	1,395,911	2,959,858	(8,233,370)	4,422	35,177	34,244,143	12,078,957	(2,365,212)	7,657,909	31,878,931	19,736,866
Attributable to:																
Shareholders of parent company	33,643,184	19,950,904	(1,400,007)	(1,069,665)	(932,895)	1,289,134	2,959,858	(8,233,370)	4,422	35,177	34,274,562	11,972,180	(2,386,133)	7,661,415	31,888,429	19,633,595
Non-controlling interests	-	-	-	-	(30,419)	106,777	-	-	-	-	(30,419)	106,777	20,921	(3,506)	(9,498)	103,271
Assets:																
Tangible and intangible assets and goodwill	840,824,595	839,981,752	4,031,973	5,028,825	68,808,498	68,400,471	398,787	486,887	3,075	1,584,870	914,066,928	915,482,805	457,402,622	456,693,539	1,371,469,550	1,372,176,344
Inventories	19,551,613	24,570,219	758,776	564,647	34,153	1,424,097	-	-	-	-	20,344,542	26,558,963	-	-	20,344,542	26,558,963
Financial investments	1,282,025	1,282,025	441,509	436,509	2,494	907,494	1,134,606,802	1,125,347,238	-	-	1,136,332,830	1,127,973,266	(1,136,120,507)	(1,126,765,946)	212,323	1,207,320
Other non-current assets	105,547,800	114,690,876	-	60,992	1,457,999	899,358	520,775,752	402,604,873	1,554,812	-	629,336,363	518,256,099	(525,585,770)	(403,307,793)	103,750,593	114,948,306
Other current assets of the segment	284,437,678	260,978,178	9,651,898	9,439,240	48,139,333	51,070,176	77,388,863	77,922,738	88,638	75,191	419,706,410	399,485,523	(79,971,925)	(93,872,389)	339,734,485	305,613,134
	1,251,643,711	1,241,503,050	14,884,156	15,530,213	118,442,477	122,701,596	1,733,170,204	1,606,361,736	1,646,525	1,660,061	3,119,787,073	2,987,756,656	(1,284,275,580)	(1,167,252,589)	1,835,511,493	1,820,504,067
Liabilities:																
Liabilities of the segment	746,508,735	757,172,940	19,885,175	15,997,347	65,172,025	70,109,731	464,732,427	416,068,201	1,486,671	1,476,747	1,297,785,033	1,260,824,966	(451,649,125)	(393,830,939)	846,135,908	866,994,027
	746,508,735	757,172,940	19,885,175	15,997,347	65,172,025	70,109,731	464,732,427	416,068,201	1,486,671	1,476,747	1,297,785,033	1,260,824,966	(451,649,125)	(393,830,939)	846,135,908	866,994,027
CAPEX	41,298,869	50,098,745	303,413	259,984	1,836,677	6,493,466	166,690,000	4,001,210	3,381	25,046	210,132,340	60,878,451	(167,285,778)	(4,984,771)	42,846,562	55,893,680

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 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Income:								
Sales and services rendered	280,327,708	288,074,128	106,916,602	120,256,974	(18,299,568)	(25,240,020)	368,944,742	383,091,082
Other operating revenues	17,000,743	16,586,132	398,024	582,430	(11,341,437)	(13,359,399)	6,057,330	3,809,163
Total revenues	297,328,451	304,660,260	107,314,626	120,839,404	(29,641,005)	(38,599,419)	375,002,072	386,900,245
Depreciation and amortisation	(44,309,821)	(47,289,264)	(14,759,484)	(17,073,231)	(79,881)	(79,881)	(59,149,186)	(64,442,376)
Operational results of the segments	56,539,742	47,063,293	(10,435,562)	(14,479,078)	(54,666)	(44,362)	46,049,514	32,539,853
Assets:								
Tangible assets and goodwill	691,811,648	658,527,667	149,012,947	181,454,085	-	-	840,824,595	839,981,752
Inventories	18,330,972	20,849,489	1,220,641	3,720,730	-	-	19,551,613	24,570,219
Financial investments	1,282,025	1,282,025	-	-	-	-	1,282,025	1,282,025
CAPEX	31,062,562	37,913,369	10,079,817	12,185,376	156,490	-	41,298,869	50,098,745

During the periods ended at 30 June 2011 and 2010, the inter-segments sales and services were as follows:

	Telecommunications	Multimedia	Information Systems	Holding Activities	Others
2011					
Telecommunications	-	-	11,249,171	1,729,866	110,400
Multimedia	652,858	-	35,374	86,127	-
Information Systems	683,059	36,635	-	176,666	-
Holding Activities	26,636	1,800	1,018	-	-
Sonaecom others	704	-	-	-	-
Others	367,581,485	13,206,958	44,616,910	-	-
	368,944,742	13,245,393	55,902,473	1,992,659	110,400
2010					
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

26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 31,888,429 in 2011 and Euro 19,633,595 in 2010) by the average number of shares outstanding during the periods ended at 30 June 2011 and 2010, net of own shares (357,124,479 in 2011 and 358,252,280 in 2010).

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 2011 can be summarised as follows:

	Vesting period			30 June 2011	
	Share price at award date*	Award date	Vesting date	Aggregate number of participations	Number of options / shares
Sonaecom shares					
2007 Plan	2.447	10 Mar 2008	09 Mar 2011	-	-
2008 Plan	1.117	10 Mar 2009	09 Mar 2012	387	3,481,669
2009 Plan	1.685	10 Mar 2010	08 Mar 2013	397	2,492,435
2010 Plan	1.399	10 Mar 2011	10 Mar 2014	387	2,925,188
Sonae SGPS shares					
2007 Plan	1.160	10 Mar 2008	09 Mar 2011	-	-
2008 Plan	0.526	10 Mar 2009	09 Mar 2012	4	405,776
2009 Plan	0.761	10 Mar 2010	08 Mar 2013	4	314,954
2010 Plan	0.811	10 Mar 2011	10 Mar 2014	8	379,903

*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.

During the period ended at 30 June 2011, 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 2010:				
Unvested	1,176	7,576,178	12	877,623
Total	1,176	7,576,178	12	877,623
Movements in the year:				
Awarded	387	2,831,801	8	364,438
Vested	(376)	(1,750,550)	(4)	(186,234)
Cancelled / elapsed ⁽¹⁾	(16)	241,863	-	44,806
Outstanding at 30 June 2011:				
Unvested	1,171	8,899,292	16	1,100,633
Total	1,171	8,899,292	16	1,100,633

(1) The adjustments are made for dividends paid and for share capital changes and others adjustments, namely, resulting from a change in the vesting of the MTIP, which may now be made through the purchase of shares with discount.

For Sonaecom's share plans, the total responsibility is calculated taking into consideration the share price at award date of each plan. The responsibility for the mentioned plans is Euro 5,196,842 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 plans attributed in 2011, which was hedged only on July 2011 and which responsibility is calculated based on the share price at balance sheet date. The responsibility of these plans is recorded under the headings of 'Other current liabilities' and 'Other non-current liabilities'.

Share plan costs are recognised in the accounts over the year between the award and the vesting date of those shares. The costs recognised in previous years and in the period ended at 30 June 2011, were as follows:

	Amount
Costs recognised in previous years	26,916,525
Costs recognised in the year	2,116,972
Costs of plans vested in previous year	(21,445,373)
Costs of plans vested in the year	(1,868,571)
Total cost of the plans	5,719,553
Recorded in 'Other current liabilities'	56,211
Recorded in 'Other non-current liabilities'	466,500
Recorded in reserves	5,196,842

28. Other matters

At 31 December 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 6,817,553, respectively, resulting from a dispute between the subsidiary Optimus – Comunicação, S.A. 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), for final and permanent decision, 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 22 July 2011.

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

Key management personnel - Sonaecom

Ana Cristina Dinis da Silva Fanha Vicente Soares	Gervais Gilles Pellissier
Ana Paula Garrido Pina Marques	Jean-François René Pontal
Ângelo Gabriel Ribeirinho dos Santos Paupério	José Manuel Pinto Correia
António Bernardo Aranha da Gama Lobo Xavier	Manuel Antonio Neto Portugal Ramalho Eanes
António de Sampaio e Mello	Maria Cláudia Teixeira de Azevedo
David Charles Denholm Hobley	Miguel Nuno Santos Almeida
David Graham Shenton Bain	Nuno Manuel Moniz Trigo Jordão
David Pedro Oliveira Parente Ferreira Alves	Paulo Joaquim dos Santos Plácido
Duarte Paulo Teixeira de Azevedo	Pedro Rafael de Sousa Nunes Pedro
Franck Emmanuel Dangeard	Rui José Silva Gonçalves Paiva

Key management personnel - Sonae SGPS

Álvaro Carmona e Costa Portela	Luís Filipe Palmeira Lampreia
Álvaro Cuervo Garcia	Michel Marie Bon
Belmiro de Azevedo	Nuno Miguel Teixeira Azevedo

Sonae/Efanor Group Companies

3DO Holding GmbH	Avenida M – 40, S.A.
3DO Shopping Centre GmbH	Azulino Imobiliária, S.A.
3shoppings – Holding,SGPS, S.A.	BA Business Angels, SGPS, SA
8ª Avenida Centro Comercial, SA	BA Capital, SGPS, SA
ADD Avaliações Engenharia de Avaliações e Perícias Ltda	BB Food Service, S.A.
ADDmakler Administração e Corretagem de Seguros Ltda	Beralands BV
ADDmakler Administradora, Corretora de Seguros Partic. Ltda	Bertimóvel – Sociedade Imobiliária, S.A.
Adlands B.V.	BHW Beeskow Holzwerkstoffe
Aegean Park, S.A.	Bloco Q – Sociedade Imobiliária, S.A.
Agepan Eiweiler Management GmbH	Bloco W – Sociedade Imobiliária, S.A.
Agepan Flooring Products, S.A.RL	Boavista Shopping Centre BV
Aglom Investimentos, Sgps, S.A.	BOM MOMENTO – Comércio Retalhista, SA
Aglom-Soc.Ind.Madeiras e Aglom., S.A.	Canasta – Empreendimentos Imobiliários, S.A.
Águas Furtadas Sociedade Agrícola, SA	Carnes do Continente – Ind.Distr.Carnes, S.A.
Airone – Shopping Center, Srl	Casa Agrícola de Ambrães, S.A.
ALBCC Albufeirashopping C.Comercial SA	Casa da Ribeira – Hotelaria e Turismo, S.A.
ALEXA Administration GmbH	Cascaishopping – Centro Comercial, S.A.
ALEXA Asset GmbH & Co KG	Cascaishopping Holding I, SGPS, S.A.
ALEXA Holding GmbH	CCCB Caldas da Rainha - Centro Comercial,SA
ALEXA Shopping Centre GmbH	Centro Colombo – Centro Comercial, S.A.
Algarveshopping – Centro Comercial, S.A.	Centro Residencial da Maia,Urbán., S.A.
Alpêssego – Soc. Agrícola, S.A	Centro Vasco da Gama – Centro Comercial, S.A.
Andar – Sociedade Imobiliária, S.A.	Change, SGPS, S.A.
Aqualuz – Turismo e Lazer, Lda	Chão Verde – Soc.Gestora Imobiliária, S.A.
Arat inmebles, S.A.	Cia.de Industrias e Negócios, S.A.
ARP Alverca Retail Park,SA	Cinclus Imobiliária, S.A.
Arrábidasshopping – Centro Comercial, S.A.	Citorres – Sociedade Imobiliária, S.A.
Aserraderos de Cuellar, S.A.	Coimbrashopping – Centro Comercial, S.A.
Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A.	Colombo Towers Holding, BV
Avenida M – 40 B.V.	Contacto Concessões, SGPS, S.A.

Contibomba – Comérc.Distr.Combustíveis, S.A.	Gli Orsi Shopping Centre 1 Srl
Contimobe – Imobil.Castelo Paiva, S.A.	Glunz AG
Continente Hipermercados, S.A.	Glunz Service GmbH
Contry Club da Maia-Imobiliária, S.A.	Glunz UK Holdings Ltd
Cooper Gay Swett & Crawford Lt	Glunz Uka GmbH
Craiova Mall BV	GMET, ACE
Cronosaúde – Gestão Hospitalar, S.A.	Golf Time – Golfe e Invest. Turísticos, S.A.
Cumulativa – Sociedade Imobiliária, S.A.	Guimarãesshopping – Centro Comercial, S.A.
Darbo S.A.S	Harvey Dos Iberica, S.L.
Deutsche Industrieholz GmbH	Herco Consultoria de Riscos e Corretora de Seguros Ltda
Discovery Sports, SA	Iberian Assets, S.A.
Dortmund Tower GmbH	Igimo – Sociedade Imobiliária, S.A.
Dos Mares – Shopping Centre B.V.	Iginha – Sociedade Imobiliária, S.A.
Dos Mares – Shopping Centre, S.A.	Imoarea – Invest. Turísticos, SGPS, S.A.
Ecociclo – Energia e Ambiente, S.A.	Imobiliária da Cacula, S.A.
Ecociclo II	Imoclub – Serviços Imobiliários, S.A.
Edições Book.it, S.A.	Imoconti – Soc.Imobiliária, S.A.
Edifícios Saudáveis Consultores, S.A.	Imodivor – Sociedade Imobiliária, S.A.
Efanor Investimentos, SGPS, S.A.	Imoestrutura – Soc.Imobiliária, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imoferro – Soc.Imobiliária, S.A.
El Rosal Shopping, S.A.	Imohotel – Emp.Turist.Imobiliários, S.A.
Emfísico Boavista	Imomuro – Sociedade Imobiliária, S.A.
Empreend.Imob.Quinta da Azenha, S.A.	Imopenínsula – Sociedade Imobiliária, S.A.
Equador & Mendes, Lda	Imoplamaç Gestão de Imóveis, S.A.
Espimaia – Sociedade Imobiliária, S.A.	Imoponte – Soc.Imobiliária, S.A.
Estação Viana – Centro Comercial, S.A.	Imoresort – Sociedade Imobiliária, S.A.
Estêvão Neves – Hipermercados Madeira, S.A.	Imoresultado – Soc.Imobiliária, S.A.
Euromegantic, Lteé	Imosedas – Imobiliária e Serviços, S.A.
Euroresinas – Indústrias Químicas, S.A.	Imosistema – Sociedade Imobiliária, S.A.
Farmácia Seleção, S.A.	Imosonae II
Fashion Division Canárias, SL	Impaper Europe GmbH & Co. KG
Fashion Division, S.A.	Implantação – Imobiliária, S.A.
Fontana Corretora de Seguros Ltda	Infofield – Informática, S.A.
Fozimo – Sociedade Imobiliária, S.A.	Infratroia, EM
Fozmassimo – Sociedade Imobiliária, S.A.	Inparsa – Gestão Galeria Comercial, S.A.
Freccia Rossa – Shopping Centre S.r.l.	Inparvi SGPS, S.A.
Frieengineering International Ltda	Integrum - Energia, SA
Fundo de Invest. Imobiliário Imosede	Integrum Colombo Energia, S.A.
Fundo I.I. Parque Dom Pedro Shop.Center	Integrum, SA
Fundo Invest.Imob.Shopp. Parque D.Pedro	Interlog – SGPS, S.A.
Gaiashopping I – Centro Comercial, S.A.	Investalentejo, SGPS, S.A.
Gaiashopping II – Centro Comercial, S.A.	Invsaude – Gestão Hospitalar, S.A.
GHP GmbH	Ioannina Development of Shopping Centres, SA

Isoroy SAS	Norscut – Concessionária de Scut Interior Norte, S.A.
La Farga – Shopping Center, SL	Norteshopping – Centro Comercial, S.A.
Laminate Park GmbH Co. KG	Norteshopping Retail and Leisure Centre, BV
Larim Corretora de Resseguros Ltda	Nova Equador Internacional, Ag. Viag. T, Ld
Larissa Develop. Of Shopping Centers, S.A.	Nova Equador P.C.O. e Eventos
Lazam – MDS Corretora e Administradora de Seguros, S.A.	Operscut – Operação e Manutenção de Auto-estradas, S.A.
LCC LeiriaShopping Centro Comercial SA	OSB Deustchland GmbH
Le Terrazze - Shopping Centre 1 Srl	PantheonPlaza BV
Libra Serviços, Lda.	Paracentro – Gest.de Galerias Com., S.A.
Lidergraf – Artes Gráficas, Lda.	Pareuro, BV
Loop5 Shopping Centre GmbH	Park Avenue Develop. of Shop. Centers S.A.
Loureshopping – Centro Comercial, S.A.	Parque Atlântico Shopping – C.C., S.A.
Luz del Tajo – Centro Comercial S.A.	Parque D. Pedro 1 B.V.
Luz del Tajo B.V.	Parque D. Pedro 2 B.V.
Madeirashopping – Centro Comercial, S.A.	Parque de Famalicão – Empr. Imob., S.A.
MaiaShopping – Centro Comercial, S.A.	Parque Principado SL
Maiequipa – Gestão Florestal, S.A.	Pátio Boavista Shopping Ltda.
Marcas do Mundo – Viag. e Turismo Unip, Lda	Pátio Campinas Shopping Ltda
Marcas MC, ZRT	Pátio Goiânia Shopping Ltda
Marimo – Exploração Hoteleira Imobiliária	Pátio Londrina Empreend. e Particip. Ltda
Marina de Tróia S.A.	Pátio Penha Shopping Ltda.
Marinamagic – Expl.Cent.Lúdicos Marít, Lda	Pátio São Bernardo Shopping Ltda
Marmagno – Expl.Hoteleira Imob., S.A.	Pátio Sertório Shopping Ltda
Martimope – Sociedade Imobiliária, S.A.	Pátio Uberlândia Shopping Ltda
Marvero – Expl.Hoteleira Imob., S.A.	Peixes do Continente – Ind.Dist.Peixes, S.A.
MDS Affinity - Sociedade de Mediação, Lda	Pharmaconcept – Actividades em Saúde, S.A.
MDS Consultores, S.A.	PHARMACONTINENTE – Saúde e Higiene, S.A.
MDS Corretor de Seguros, S.A.	PJP – Equipamento de Refrigeração, Lda
MDS SGPS, SA	Plaza Éboli B.V.
MDSAUTO - Mediação de Seguros, SA	Plaza Éboli – Centro Comercial S.A.
Megantic BV	Plaza Mayor Holding, SGPS, SA
Miral Administração e Corretagem de Seguros Ltda	Plaza Mayor Parque de Ócio BV
MJLF – Empreendimentos Imobiliários, S.A.	Plaza Mayor Parque de Ocio, SA
Modalfa – Comércio e Serviços, S.A.	Plaza Mayor Shopping BV
MODALLOOP – Vestuário e Calçado, S.A.	Plaza Mayor Shopping, SA
Modelo – Dist.de Mat. de Construção, S.A.	Ploi Mall BV
Modelo Continente Hipermercados, S.A.	Plysorol, BV
Modelo Continente Intenational Trade, SA	Poliface North America
Modelo Hiper Imobiliária, S.A.	POLINSUR – Mediação de seguros, LDA
Modelo.com – Vendas p/Correspond., S.A.	PORTCC - Portimãoshopping Centro Comercial, SA
Modus Faciendi - Gestão e Serviços, S.A.	Porturbe – Edifícios e Urbanizações, S.A.
Movelpartes – Comp.para Ind.Mobiliária, S.A.	Praedium – Serviços, S.A.
Movimento Viagens – Viag. e Turismo U.Lda	Praedium II – Imobiliária, S.A.
Mundo Vip – Operadores Turísticos, S.A.	Praedium SGPS, S.A.
Munster Arkaden, BV	Predicomercial – Promoção Imobiliária, S.A.

Prédios Privados Imobiliária, S.A.	River Plaza Mall, Srl
Predisedas – Predial das Sedas, S.A.	River Plaza, BV
Pridelease Investments, Ltd	Rochester Real Estate, Limited
Proj. Sierra Germany 4 (four) – Sh.C.GmbH	RSI Corretora de Seguros Ltda
Proj.Sierra Germany 2 (two) – Sh.C.GmbH	S.C. Microcom Doi Srl
Proj.Sierra Germany 3 (three) – Sh.C.GmbH	Saúde Atlântica – Gestão Hospitalar, S.A.
Proj.Sierra Italy 1 – Shop.Centre Srl	SC – Consultadoria, S.A.
Proj.Sierra Italy 2 – Dev. Of Sh.C.Srl	SC – Eng. e promoção imobiliária,SGPS, S.A.
Proj.Sierra Italy 3 – Shop. Centre Srl	SC Aegean B.V.
Proj.Sierra Italy 5 – Dev. Of Sh.C.Srl	SC Assets SGPS, S.A.
Proj.Sierra Portugal VIII – C.Comerc., S.A.	SC Finance BV
Project 4, Srl	SC Mediterraneo Cosmos B.V.
Project SC 1 BV	SC, SGPS, SA
Project SC 2 BV	SCS Beheer, BV
Project Sierra 2 B.V.	Selfrio – Engenharia do Frio, S.A.
Project Sierra 6 BV	Selfrio,SGPS, S.A.
Project Sierra 7 BV	Selifa – Empreendimentos Imobiliários, S.A.
Project Sierra 8 BV	Sempre à Mão – Sociedade Imobiliária, S.A.
Project Sierra 9 BV	Sempre a Postos – Produtos Alimentares e Utilidades, Lda
Project Sierra Brazil 1 B.V.	SERENITAS-SOC.MEDIAÇÃO SEG.LDA
Project Sierra Charagionis 1 S.A.	Serra Shopping – Centro Comercial, S.A.
Project Sierra Four, SA	Sesagest – Proj.Gestão Imobiliária, S.A.
Project Sierra Germany Shop. Center 1 BV	Sete e Meio – Invest. Consultadoria, S.A.
Project Sierra Germany Shop. Center 2 BV	Sete e Meio Herdades – Inv. Agr. e Tur., S.A.
Project Sierra Spain 1 B.V.	Shopping Centre Parque Principado B.V.
Project Sierra Spain 2 – Centro Comer. S.A.	Shopping Penha B.V.
Project Sierra Spain 2 B.V.	Siaf – Soc.Iniciat.Aprov.Florestais - Energia, S.A.
Project Sierra Spain 3 – Centro Comer. S.A.	SIAL Participações Ltda
Project Sierra Spain 3 B.V.	Sierra Asset Management – Gest. Activos, S.A.
Project Sierra Spain 6 – Centro Comer. S.A.	Sierra Berlin Holding BV
Project Sierra Spain 6 B.V.	Sierra Central S.A.S
Project Sierra Spain 7 – Centro Comer. S.A.	Sierra Charagionis Develop.Sh. Centre S.A.
Project Sierra Spain 7 B.V.	Sierra Charagionis Propert.Management S.A.
Project Sierra Three Srl	Sierra Corporate Services – Ap.Gestão, S.A.
Project Sierra Two Srl	Sierra Corporate Services Holland, BV
Promessa Sociedade Imobiliária, S.A.	Sierra Develop.Iberia 1, Prom.Imob., S.A.
Prosa – Produtos e serviços agrícolas, S.A.	Sierra Development of Shopping Centres Greece, S.A.
Puravida – Viagens e Turismo, S.A.	Sierra Developments – Serv. Prom.Imob., S.A.
Quorum Corretora de seguros LT	Sierra Developments Germany GmbH
Racionaliz. y Manufact.Florestales, S.A.	Sierra Developments Holding B.V.
RASO - Viagens e Turismo, S.A.	Sierra Developments Italy S.r.l.
RASO, SGPS, S.A.	Sierra Developments Romania, Srl
Rio Sul – Centro Comercial, S.A.	Sierra Developments Spain – Prom.C.Com.SL

Sierra Developments, SGPS, S.A.	Sonae Industria de Revestimentos, S.A.
Sierra Enplanta Ltda	Sonae Indústria Manag. Serv, SA
Sierra European R.R.E. Assets Hold. B.V.	Sonae Investimentos, SGPS, SA
Sierra GP Limited	Sonae Investments, BV
Sierra Investimentos Brasil Ltda	Sonae Novobord (PTY) Ltd
Sierra Investments (Holland) 1 B.V.	Sonae RE, S.A.
Sierra Investments (Holland) 2 B.V.	Sonae Retalho Espana – Servicios Gen., S.A.
Sierra Investments Holding B.V.	Sonae SGPS, S.A.
Sierra Investments SGPS, S.A.	Sonae Sierra Brasil S.A.
Sierra Italy Holding B.V.	Sonae Sierra Brazil B.V.
Sierra Management Germany GmbH	Sonae Sierra, SGPS, S.A.
Sierra Management Greece S.A.	Sonae Tafibra Benelux, BV
Sierra Management Italy S.r.l.	Sonae Turismo – SGPS, S.A.
Sierra Management Portugal – Gest. CC, S.A.	Sonae UK, Ltd.
Sierra Management Romania, Srl	Sonaegest – Soc.Gest.Fundos Investimentos
Sierra Management Spain – Gestión C.Com.S.A.	SONAEMC - Modelo Continente, SGPS, S.A.
Sierra Management, SGPS, S.A.	Sondis Imobiliária, S.A.
SII – Soberana Invest. Imobiliários, S.A.	Sontel BV
SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.	Sontur BV
Sistavac – Sist.Aquecimento,V.Ar C., S.A.	Sonvecap BV
SKK – Central de Distr., S.A.	Sopair, S.A.
SKK SRL	Sotáqua – Soc. de Empreendimentos Turist
SKKFOR – Ser. For. e Desen. de Recursos	Spanboard Products, Ltd
SMP – Serv. de Manutenção Planeamento	SPF – Sierra Portugal Real Estate, Sarl
Sociedade de Construções do Chile, S.A.	Spinarg – Engenharia, Energia e Ambiente, SA
Société de Tranchage Isoroy S.A.S.	Spinveste – Gestão Imobiliária SGII, S.A.
Socijofra – Sociedade Imobiliária, S.A.	Spinveste – Promoção Imobiliária, S.A.
Sociloures – Soc.Imobiliária, S.A.	Sport Retalho España – Servicios Gen., S.A.
Soconstrução BV	Sport Zone – Comércio Art.Desporto, S.A.
Sodesa, S.A.	Sport Zone – Turquia
Soflorin, BV	Sport Zone Canárias, SL
Soira – Soc.Imobiliária de Ramalde, S.A.	Sport Zone España-Com.Art.de Deporte,SA
Solinca - Eventos e Catering, SA	Spred, SGPS, SA
Solinca - Health and Fitness, SA	Stinnes Holz GmbH
Solinca – Investimentos Turísticos, S.A.	Tableros Tradema, S.L.
Solinfitness – Club Malaga, S.L.	Tafiber, Tableros de Fibras Ibéricas, SL
Soltroia – Imob.de Urb.Turismo de Tróia, S.A.	Tafibra Polska Sp.z.o.o.
Somit Imobiliária	Tafibra South Africa
SONAE - Specialized Retail, SGPS, SA	Tafibra Suisse, SA
Sonae Capital Brasil, Lda	Tafisa – Tableros de Fibras, S.A.
Sonae Capital,SGPS, S.A.	Tafisa Canadá Societé en Commandite
Sonae Center II S.A.	Tafisa France, S.A.
Sonae Center Serviços, S.A.	Tafisa UK, Ltd
Sonae Ind., Prod. e Com.Deriv.Madeira, S.A.	Taiber, Tableros Aglomerados Ibéricos, SL
Sonae Indústria – SGPS, S.A.	Tarkett Agepan Laminate Flooring SCS

<p>Tecmasa Reciclados de Andalucia, SL</p> <p>Terra Nossa Corretora de Seguros Ltda</p> <p>Têxtil do Marco, S.A.</p> <p>Tlantic Portugal – Sist. de Informação, S.A.</p> <p>Tlantic Sistemas de Informação Ltdª</p> <p>Todos os Dias – Com.Ret.Expl.C.Comer., S.A.</p> <p>Tool Gmbh</p> <p>Torre Ocidente Imobiliária, S.A.</p> <p>Torre São Gabriel – Imobiliária, S.A.</p> <p>TP – Sociedade Térmica, S.A.</p> <p>Troia Market, S.A.</p> <p>Tróia Natura, S.A.</p> <p>Troiareport – Investimentos Turísticos, S.A.</p> <p>Troiaverde – Expl.Hoteleira Imob., S.A.</p> <p>Tulipamar – Expl.Hoteleira Imob., S.A.</p> <p>Unishopping Administradora Ltda.</p> <p>Unishopping Consultoria Imob. Ltda.</p> <p>Urbisedas – Imobiliária das Sedas, S.A.</p> <p>Valecenter Srl</p>	<p>Valor N, S.A.</p> <p>Vastgoed One – Sociedade Imobiliária, S.A.</p> <p>Vastgoed Sun – Sociedade Imobiliária, S.A.</p> <p>Venda Aluga – Sociedade Imobiliária, S.A.</p> <p>Via Catarina – Centro Comercial, S.A.</p> <p>Viajens y Turismo de Geotur España, S.L.</p> <p>Vistas do Freixo, SA</p> <p>Vuelta Omega, S.L.</p> <p>Weierstadt Shopping BV</p> <p>World Trade Center Porto, S.A.</p> <p>Worten – Equipamento para o Lar, S.A.</p> <p>Worten Canárias, SL</p> <p>Worten España, S.A.</p> <p>ZIPPY - Comércio e Distribuição, SA</p> <p>ZIPPY - Comercio y Distribución, S.A.</p> <p>Zippy Turquia</p> <p>Zubiarte Inversiones Inmobiliarias, S.A.</p> <p>ZYEVOOLUTION-Invest.Desenv.,SA.</p>
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FT Group Companies	
France Telecom, S.A.	Atlas Services Belgium, S.A.

11.3. Sonaecom individual financial statements

Balance sheets

For the periods ended at 30 June 2011 and 2010 and for the year ended at 31 December 2010

	Notes	June 2011	June 2010	December 2010
Assets				
Non-current assets				
Tangible assets	1a, 1e and 2	393,392	469,467	428,818
Intangible assets	1b and 3	5,395	17,419	8,476
Investments in Group companies	1c and 5	1,100,697,029	934,826,790	996,797,029
Other non-current assets	1c, 1l, 1m, 4 and 6	587,249,652	615,945,016	560,706,652
Total non-current assets		1,688,345,468	1,551,258,692	1,557,940,975
Current assets				
Other current debtors	1d, 1f, 4 and 8	15,584,333	5,294,467	9,668,483
Other current assets	1l and 1m	1,990,083	4,725,974	1,638,580
Cash and cash equivalents	1g, 4 and 9	21,736,335	2,184,566	75,631,256
Total current assets		39,310,751	12,205,007	86,938,319
Total assets		1,727,656,219	1,563,463,699	1,644,879,294
Shareholder' funds and liabilities				
Shareholders' funds				
Share capital	10	366,246,868	366,246,868	366,246,868
Own shares	1o and 1l	(13,594,518)	(13,725,585)	(15,030,834)
Reserves	1n	903,920,831	788,129,326	788,244,305
Net income / (loss) for the period		(324,794)	6,757,599	135,403,787
Total Shareholders' funds		1,256,248,387	1,147,408,208	1,274,864,126
Liabilities				
Non-current liabilities				
Medium and long-term loans – net of short-term portion	1h, 4 and 12a	369,529,212	319,137,036	304,333,736
Provisions for other liabilities and charges	1j, 1m and 13	68,654	52,773	56,487
Other non-current liabilities	1l, 1m, 1r and 20	201,332	301,343	374,091
Deferred tax liabilities	1k, 1m and 7	-	138,110	-
Total non-current liabilities		369,799,198	319,629,262	304,764,314
Current liabilities				
Short-term loans and other loans	1h, 1g, 4 and 12b	96,562,006	94,270,582	53,472,759
Other creditors	4 and 14	4,119,553	991,124	10,367,886
Other current liabilities	1l, 1m, 1r and 20	927,075	1,164,523	1,410,209
Total current liabilities		101,608,634	96,426,229	65,250,854
Total Shareholders' funds and liabilities		1,727,656,219	1,563,463,699	1,644,879,294

The notes are an integral part of the financial statements at 30 June 2011 and 2010.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Miguel Nuno Santos Almeida

Gervais Gilles Pellissier

Ângelo Gabriel Ribeirinho Paupério

António Sampaio e Mello

Jean-François René Pontal

António Bernardo Aranha da Gama Lobo Xavier

David Charles Denholm Hobley

Nuno Miguel Moniz Trigo Santos Jordão

Maria Cláudia Teixeira de Azevedo

Frank Emmanuel Dangeard

Profit and Loss account by nature

For the periods ended at 30 June 2011 and 2010 and for the year ended at 31 December 2010

	Notes	June 2011	June 2010	December 2010
Services rendered		1,992,659	3,244,692	6,278,651
Other operating revenues	1f	88,149	5,052	14,584
		2,080,808	3,249,744	6,293,235
External supplies and services	15	(1,132,938)	(1,552,723)	(2,781,738)
Staff expenses	1r	(1,366,696)	(2,197,803)	(4,358,462)
Depreciation and amortisation	1a, 1b, 1q, 2 and 3	(38,260)	(58,814)	(111,539)
Provisions and impairment losses	1j, 1q and 13	-	-	-
Other operating costs		(37,556)	(91,295)	(137,269)
		(2,575,450)	(3,900,635)	(7,389,008)
Gains and losses on Group companies	16	(3,236,000)	6,366,323	129,026,996
Other financial expenses	1c, 1h, 1q, 12 and 16	(5,050,670)	(3,694,872)	(7,949,668)
Other financial income	1c, 12 and 16	10,326,276	4,898,203	16,671,281
Current income / (loss)		1,544,964	6,918,763	136,652,836
Income taxation	1k and 7	(1,869,758)	(161,164)	(1,249,049)
Net income / (loss) for the period		(324,794)	6,757,599	135,403,787
Earnings per share	19			
Including discontinued operations:				
Basic		(0.00)	0.02	0.38
Diluted		(0.00)	0.02	0.38
Excluding discontinued operations:				
Basic		(0.00)	0.02	0.38
Diluted		(0.00)	0.02	0.38

The notes are an integral part of the financial statements at 30 June 2011 and 2010.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

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

Statement comprehensive income

For the periods ended at 30 June 2011 and 2010

	Notes	June 2011	June 2010
Net income / (loss) for the period		(324,794)	6,757,599
Components of other comprehensive income, net of tax		-	-
Statement comprehensive income for the period		(324,794)	6,757,599

The notes are an integral part of the financial statements at 30 June 2011 and 2010.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Miguel Nuno Santos Almeida

Gervais Gilles Pellissier

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Nuno Miguel Moniz Trigo Santos Jordão

Maria Cláudia Teixeira de Azevedo

Frank Emmanuel Dangeard

Movements in Shareholders' funds

For the periods ended at 30 June 2011 and 2010

			Reserves							
	Share capital	Own shares (note 11)	Share premium	Legal reserves	Medium Term Incentive Plans reserves (note 20)	Own shares reserves	Other reserves	Total reserves	Net income / (loss)	Total
2011										
Balance at 31 December 2010	366,246,868	(15,030,834)	775,290,377	1,221,003	551,381	15,030,834	(3,849,290)	788,244,305	135,403,787	1,274,864,126
Appropriation of result of 2010										
Transfer to legal reserves and other reserves	-	-	-	6,770,189	-	-	128,633,598	135,403,787	(135,403,787)	-
Dividends distribution	-	-	-	-	-	-	(17,859,403)	(17,859,403)	-	(17,859,403)
Comprehensive income for the period ended at 30 June 2011	-	-	-	-	-	-	-	-	(324,794)	(324,794)
Delivery of own shares under the Medium Term Incentive Plans	-	3,659,603	-	-	(186,538)	(3,659,603)	1,775,360	(2,070,781)	-	1,588,822
Effect of the recognition of the Medium Term Incentive Plans	-	-	-	-	202,923	-	-	202,923	-	202,923
Acquisition of own shares	-	(2,223,287)	-	-	-	2,223,287	(2,223,287)	-	-	(2,223,287)
Balance at 30 June 2011	366,246,868	(13,594,518)	775,290,377	7,991,192	567,766	13,594,518	106,476,978	903,920,831	(324,794)	1,256,248,387

For the periods ended at 30 June 2011 and 2010

	Reserves									
	Share capital	Own shares (note 11)	Share premium	Legal reserves	Medium Term Incentive Plans reserves (note 20)	Own shares reserves	Other reserves	Total reserves	Net income / (loss)	Total
2010										
Balance at 31 December 2009	366,246,868	(12,809,015)	775,290,377	1,985,181	361,418	12,809,015	5,292,287	795,738,278	(6,056,465)	1,143,119,666
Appropriation of result of 2009	-	-	-	(764,178)	-	-	(5,292,287)	(6,056,465)	6,056,465	-
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)
Balance at 30 June 2010	366,246,868	(13,725,585)	775,290,377	1,221,003	377,407	13,725,585	(2,485,046)	788,129,326	6,757,599	1,147,408,208

Cash Flow statements

For the periods ended at 30 June 2011 and 2010

	June 2011		June 2010	
Operating activities				
Payments to employees	(1,783,127)		(2,564,590)	
Cash flows from operating activities	(1,783,127)		(2,564,590)	
Payments / receipts relating to income taxes, net	1,017,540		(641,125)	
Other payments / receipts relating to operating activities, net	2,641,211		4,548,139	
Cash flows from operating activities (1)	1,875,625	1,875,625	1,342,424	1,342,424
Investing activities				
Receipts from:				
Investments	17,840,000		15,788,458	
Interest and similar income	3,563,712		7,980,428	
Loans granted	161,541,000		6,820,000	
Dividends	-	182,944,712	10,500,000	41,088,886
Payments for:				
Investments	(175,550,291)		(16,490,000)	
Tangible assets	(1,968)		-	
Intangible assets	-		(1,210)	
Loans granted	(146,370,000)	(321,922,259)	-	(16,491,210)
Cash flows from investing activities (2)		(138,977,547)		24,597,676
Financing activities				
Receipts from:				
Loans obtained	111,699,000	111,699,000	70,000,000	70,000,000
Payments for:				
Interest and similar expenses	(5,007,090)		(3,724,671)	
Acquisition of own shares	(2,223,287)		(3,497,605)	
Loans obtained	(5,515,000)		(89,723,007)	
Dividends	(17,859,403)	(30,604,779)	-	(96,945,283)
Cash flows from financing activities (3)		81,094,221		(26,945,283)
Net cash flows (4)=(1)+(2)+(3)		(56,007,700)		(1,005,183)
Effect of the foreign exchanges				
Cash and cash equivalents at the beginning of the period		75,631,256		3,189,749
Cash and cash equivalents at period end		19,623,556		2,184,566

The notes are an integral part of the financial statements at 30 June 2011 and 2010.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

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Notes to the cash flow statements

For the periods ended at 30 June 2011 and 2010

	2011	2010
1. Acquisition or sale of subsidiaries or other businesses		
a) Other business activities		
Reimburse of supplementary capital from Público- Comunicação Social, S.A.	17,840,000	-
Reimburse of supplementary capital from Sonaetelecom BV	-	15,788,458
	17,840,000	15,788,458
b) Other business activities		
Supplementary capital to PCJ - Público, Comunicação e Jornalismo, S.A.	12,990,000	-
Payment of Acquisition Sontária- Empreendimentos Imobiliários, S.A.	8,860,291	-
Payment of Acquisition Público - Comunicação Social, S.A.	20,000,000	-
Payment of Acquisition Optimus - Comunicações S.A.	133,700,000	-
Share capital increase in Sonae Telecom, S.G.P.S., S.A.	-	1,490,000
Supplementary capital to Sonaetelecom BV	-	15,000,000
	175,550,291	16,490,000
2. Details of cash and cash equivalents		
Cash in hand	10,519	10,454
Cash at bank	80,816	179,112
Treasury applications	21,645,000	1,995,000
Overdrafts	(2,112,779)	-
Cash and cash equivalents	19,623,556	2,184,566
Overdrafts	2,112,779	-
Cash assets	21,736,335	2,184,566
3. Description of non-monetary financing activities		
a) Bank credit obtained and not used	43,787,221	247,050,000
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 2011 and 2010.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo	Miguel Nuno Santos Almeida	Gervais Gilles Pellissier
Ângelo Gabriel Ribeirinho Paupério	António Sampaio e Mello	Jean-François René Pontal
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Maria Cláudia Teixeira de Azevedo	Frank Emmanuel Dangeard	

11.4. Notes to the individual financial statements

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

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription

reserved for the existing Shareholders, 45,250,000 new shares of 1 euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

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

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

By decision of the Shareholders' General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, from Euro 296,526,868 to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 euro each and with a share premium of Euro 275,657,217, subscribed by 093X – Telecomunicações Celulares, S.A. (EDP) and Parública – Participações Públicas, SGPS, S.A. (Parública). 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) and considering the IAS 34 - "Interim Financial Reporting".

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 2011 and were first adopted in the period ended at 30 June 2011:

Standard / Interpretation	Effective date (annual periods beginning on or after)
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IFRS 1 - Amendment (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters)	1-Jul-10
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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.

IAS 32 - Amendments (Clarification of issuing rights)	1-Feb-10 *
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The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.

IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	1-Jul-10 *
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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.

Revised IAS 24 (Related Parties Disclosures)	1-Jan-11
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The revised standard addresses concerns that the previous disclosure requirements and definition of a 'related party' were too complex and difficult to apply in practice, particularly in environments where government control is pervasive, by: (1) providing a partial exemption for government-related entities; (2) providing a revised definition of a related party.

IFRIC 14 - Amendments (Voluntary pre-paid contributions)	1-Jan-11
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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.

* 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 future financial years:

Standard / Interpretation	Effective date (annual periods beginning on or after)
Improvements to IFRSs - 2008/2010	18-Feb-11*

This process included the review of 7 accounting standards.

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

These standards, although approved (endorsed) by the European Union, were not adopted by the Company for the period ended at 30 June 2011, as the application of these standards is not yet mandatory. No significant impacts are expected to arise in the financial statements resulting from their adoption.

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

Standard / Interpretation	Effective date (annual periods beginning on or after)
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IAS 12 - Amendments (Deferred tax: Recovery of Underlying Assets)	1-Jan-12
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The amendment introduces, in the case of investment properties measured using the fair value model, the presumption that recovery of the carrying amount will normally be through sale, in order to determine their tax impact. As a result of the amendments, SIC 21 - 'Income Taxes—Recovery of Revalued Non-Depreciable Assets' would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

IFRS 1 - Amendments (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters)	1-Jul-11
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The amendments: 1) replace the fixed dates in the derecognition exception and the exemption related to the initial fair value measurement of financial instruments; and 2) add a deemed cost exemption to IFRS 1 that an entity can apply at the date of transaction to IFRSs after being subject to severe hyperinflation.

IFRS 7 - Financial Instruments: Disclosures - Amendments (issued 7 October 2010)	1-Jul-11
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The amendment requires disclosures to improve the understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain after the transfer. It also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	1-Jan-13
This standard is the first step in the project to replace IAS 39, and it introduces new requirements for classifying and measuring financial assets.	
IFRS 10 Consolidated Financial Statements	1-Jan-13
Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	
IFRS 11 Joint Arrangements	1-Jan-13
Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	
IFRS 12 Disclosures of Interests in Other Entities	1-Jan-13
New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	
IFRS 13 Fair Value Measurement	1-Jan-13
It will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.	
IAS 27 Separate Financial Statements	1-Jan-13
Consolidation requirements previously forming part of IAS 27 have been revised and are now contained in IFRS 10 Consolidated Financial Statements'.	
IAS 28 Investments in Associates and Joint Ventures	1-Jan-13
The objective of IAS 28 (as amended in 2011) is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	

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 2011 are comparable with those used in the preparation of the individual financial statements at 31 December 2010.

Main accounting policies

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

a) Tangible assets

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

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

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

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

	Years of useful life
Buildings and others constructions – improvements in buildings owned by third parties	10-20
Plant and machinery	5-8
Fixtures and fittings	3-10

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) Financial instruments

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

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

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

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

(ii) 'Loans and receivables'

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

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

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

(iii) 'Held-to-maturity investments'

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

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


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

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

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

'Loans and receivables' and 'Held-to-maturity investments' are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the income statement. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from investment securities.

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



valuation techniques can be used, the Company values these investments at acquisition cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

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

e) Financial and operational leases

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

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

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

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

f) Other current debtors

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

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

The amount relating to this caption is presented net of any impairment losses, which are recorded in the profit and loss statement under the caption 'Provisions and 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.

At 30 June 2011, the Company did not have any derivative.

j) Provisions and contingencies

Provisions are recognised when, and only when, the Company has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

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

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

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

k) Income Tax

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

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

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

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year, the recorded and unrecorded deferred tax

assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets (note 7).

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

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

l) Accrual basis and revenue recognition

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

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

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualisation of the fair value is recorded in the profit and loss statement under the captions 'Other financial expenses' and 'Other financial income'. Dividends are recognised when the Shareholders' rights to receive such amounts are appropriately established and communicated.

m) Balance sheet classification

Assets and liabilities due in more than one year from the date of the balance sheet are classified, respectively, as non-current assets and non-current liabilities.

In addition, considering their nature, the deferred taxes and the provisions for other liabilities and charges, are classified as non-current assets and liabilities (notes 7 and 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, as a credit, 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 2011, Sonaecom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 106 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:

	2011		2010	
	30 June	Average	30 June	Average
Pounds Sterling	1.10797	1.15234	1.22332	1.15039
Swiss franc	0.82843	0.78834	-	-
Swedish krona	0.10900	0.11189	-	-
American Dollar	0.69190	0.71337	0.814930	0.75593

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, under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The amount recoverable is the greater of the net selling price and the value of use. Net selling price is the amount obtained upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value of use is the present amount of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For financial investments, the recoverable amount, calculated in terms of value in use, is determined based on last business plans duly approved by the Board of Directors of the Company.

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

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


r) Medium-term incentive plans

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

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

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

When the responsibilities associated with any plan are covered by a hedging contract, ie, when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom



shares, at the settlement date of each plan, the above accounting treatment is subject to the following changes:

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

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

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

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

At 30 June 2011, 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'.

At 30 June 2011, the equity-settled plans to be liquidated through the delivery of shares of the parent company were covered by contracts with an external entity (with the exception of one plan whose contract was signed in July 2011) under which the acquisition price of those shares was fixed. Therefore, 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 the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised on the income statement under the 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 2011 and 2010 include mainly impairment analysis of assets, particularly financial investments in Group companies.

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

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

u) Financial risk management

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

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

Market risk

a) Foreign exchange risk

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

Whenever possible, the Company uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure

is not possible, the Company adopts derivative financial hedging instruments.

Considering the reduced values of assets and liabilities in foreign currency, the impact of a change in exchange rate will not have significant impacts on the financial statements.

b) Interest rate risk

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

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

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

As all Sonaecom's borrowings (note 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 – 'Financial Instruments'), 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 ensure that the Company maximises the value / minimise the opportunity cost of holding excess liquidity in the short term.

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



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

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

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

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

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

The accuracy of the estimates is an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for each of the liabilities associated to financial instruments is presented in the note 12.

Credit risk

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

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Company.

The amounts included in the financial statements related to other current debtors, net of impairment losses, represent the maximum exposure of the Company to credit risk.

2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in periods ended 30 June 2011 and 2010 was as follows:

						2011
	Buildings and other constructions	Plant and machinery	Tools	Fixtures and fittings	Other tangible assets	Total
Gross assets						
Balance at 31 December 2010	721,165	46,325	171	332,060	619	1,100,340
Disposals	-	-	-	-	(515)	(515)
Balance at 30 June 2011	721,165	46,325	171	332,060	104	1,099,825
Accumulated depreciation and impairment losses						
Balance at 31 December 2010	403,292	25,891	171	241,851	318	671,522
Depreciation for the period	20,722	3,648	-	10,756	54	35,179
Disposals	-	-	-	-	(268)	(268)
Balance at 30 June 2011	424,014	29,539	171	252,607	104	706,433
Net value	297,151	16,786	-	79,453	-	393,392

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

3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 30 June 2011 and 2010, was as follows:

				2011
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2010	9,719	183,247	376	193,342
Transfers and write-offs	-	376	(376)	-
Balance at 30 June 2011	9,719	183,623	-	193,342
Accumulated depreciation and impairment losses				
Balance at 31 December 2010	7,281	177,585	-	184,866
Depreciation for the period	523	2,558	-	3,081
Balance at 30 June 2011	7,804	180,143	-	187,947
Net value	1,915	3,480	-	5,395

				2010
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2009	6,650	182,283	376	189,309
Additions	1,210	-	-	1,210
Balance at 30 June 2010	7,860	182,283	376	190,519
Accumulated depreciation and impairment losses				
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
Net value	1,240	15,803	376	17,419

4. Breakdown of financial instruments

At 30 June 2011 and 2010, the breakdown of financial instruments was as follows:

						2011
	Loans and receivables	Investments held to maturity	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
Non-current assets						
Other non-current assets (note 6)	587,249,652	-	-	587,249,652	-	587,249,652
	587,249,652	-	-	587,249,652	-	587,249,652
Current assets						
Other trade debtors (note 8)	13,478,732	-	-	13,478,732	2,105,601	15,584,333
Cash and cash equivalents (note 9)	21,736,335	-	-	21,736,335	-	21,736,335
	35,215,067	-	-	35,215,067	2,105,601	37,320,668

						2010
	Loans and receivables	Investments held to maturity	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
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

						2011
	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities						
Medium and long-term loans – net of short-term portion (note 12)	-	369,529,212	-	369,529,212	-	369,529,212
	-	369,529,212	-	369,529,212	-	369,529,212
Current liabilities						
Short-term loans and other loans (note 12)	-	96,562,006	-	96,562,006	-	96,562,006
Other creditors	-	-	1,571,080	1,571,080	2,548,473	4,119,553
	-	96,562,006	1,571,080	98,133,086	2,548,473	100,681,559

						2010
	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities						
Medium and long-term loans – net of short-term portion (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

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 2011 and 2010, this caption included the following investments in Group companies:

Company	2011	2010
Optimus - Comunicações, S.A. ('Optimus')	898,576,231	764,876,231
Sonae Telecom, S.G.P.S., S.A. ('Sonae Telecom')	107,289,987	107,289,987
Sonaetelecom BV	75,009,902	44,209,902
Sonae com - Sistemas de Informação, S.G.P.S., S.A. ('Sonae com SI')	52,241,587	52,241,587
Sonaecom BV	25,020,000	20,000
Be Artis - Conceção, Construção e Gestão de Redes de Comunicações, S.A. ('Be Artis')	8,230,885	8,230,885
Sontária - Empreendimentos Imobiliários, S.A. ('Sontária')	6,120,239	-
Miauger - Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger')	4,568,100	4,568,100
Público - Comunicação Social, S.A. ('Público')	1,000,000	-
PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')	50,000	-
	1,178,106,931	981,436,692
Impairment losses (note 13)	(77,409,902)	(46,609,902)
Total investments in Group companies	1,100,697,029	934,826,790

The movements that occurred in investments in Group companies during the periods ended 30 June 2011 and 2010, were as follows:

Company	Balance at 31 December 2010	Additions	Disposals	Transfers and write- offs	Balance at 30 June 2011
Optimus	764,876,231	133,700,000	-	-	898,576,231
Sonae Telecom	107,289,987	-	-	-	107,289,987
Sonaetelecom BV	75,009,902	-	-	-	75,009,902
Sonae com SI	52,241,587	-	-	-	52,241,587
Sonaecom BV	25,020,000	-	-	-	25,020,000
Be Artis	8,230,885	-	-	-	8,230,885
Sontária	6,120,239	-	-	-	6,120,239
Miauger	4,568,100	-	-	-	4,568,100
PCJ	50,000	-	-	-	50,000
Público	-	1,000,000	-	-	1,000,000
	1,043,406,931	134,700,000	-	-	1,178,106,931
Impairment losses (note 13)	(46,609,902)	(916,000)	-	(29,884,000)	(77,409,902)
	996,797,029	134,700,000	-	-	1,100,697,029

	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
Sonae com SI	52,241,587	-	-	-	52,241,587
Sonaetelecom BV	44,209,902	-	-	-	44,209,902
Miauger	4,568,100	-	-	-	4,568,100
Be Artis	50,000	-	-	8,180,885	8,230,885
Sonaecom BV	20,000	-	-	-	20,000
	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

The amount of Euro 133,700,000 under the caption 'Additions' at Optimus relates to the acquisition of 10.60% of share capital of this subsidiary to Sonaecom BV. Now, the company holds 64.14% of Optimus share capital.

The amount of Euro 1,000,000 relates to the acquisition of the entire share capital of Público – Comunicação Social, S.A. to Sonaetelecom BV.

The variation in 'Impairment losses' result from the increase made in the amount of Euro 916,000 and the transfer of Euro 29,884,000 to the caption 'Other non-current assets' (note 6).

The Company presents separate consolidated financial statements at 30 June 2011, in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,835,511,493, total consolidated liabilities of Euro 846,135,908, consolidated operational revenues of Euro 429,742,191 and consolidated Shareholders' funds of Euro 989,375,585, 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 2011 of Euro 31,888,429.

At 30 June 2011 and 2010, the main financial information regarding the subsidiaries directly owned by the Company is as follows (values in accordance with IAS / IFRS):

Company	Head office	2011			2010		
		% holding	Shareholders' funds	Net profit / (loss)	% holding	Shareholders' funds	Net profit / (loss)
Optimus	Maia	64.14%	468,231,325	19,029,453	53.54%	511,325,116	(2,797,388)
Sonae Telecom	Maia	100%	165,246,529	(5,505)	100%	165,256,324	(33,873)
Sonae com SI	Maia	100%	39,920,232	369,649	100%	37,070,016	439,960
Miauger	Maia	100%	962,755	(297,283)	100%	1,288,035	(1,032,806)
Sonaetelecom BV	Amsterdam	100%	1,665,924	1,421,483	100%	1,035,202	(5,295,121)
Sonaecom BV	Amsterdam	100%	14,448,923	952,675	100%	(17,023,213)	(566,553)
Be Artis	Maia	100%	155,783,371	(11,478,277)	100%	106,166,813	(2,558,152)
PCJ (a)	Maia	100%	13,251,168	211,168	-	-	-
Público (b)	Oporto	100%	207,991	(1,573,514)	-	-	-
Sontária (c)	Maia	100%	836,436	202,634	-	-	-

(a) Company established in December 2010.

(b) Company acquired in January 2011.

(c) Company acquired in December 2010.

At 30 June 2011, Sonaecom owned, indirectly, through Sonae Telecom S.G.P.S., S.A., an additional shareholding of 35.86% in Optimus – Comunicações, S.A., 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, for specific cases. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used.

	Discount rate
Telecommunications	9.00%
Multimedia	9.45%
Information systems	11.22%

6. Other non-current assets

At 30 June 2011 and 2010, this caption was made up as follows:

	2011	2010
Financial assets		
Medium and long-term loans granted to Group companies:		
Be Artis	317,090,000	258,345,000
Sonaecom BV	23,618,000	213,668,000
Sonaetelecom BV	5,000,000	17,741,000
Sonae com SI	17,850,000	16,800,000
PCJ	5,000,000	-
Sontária	2,676,637	-
Lugares Virtuais	1,170,000	1,530,000
Wedo Consulting	-	1,490,000
	372,404,637	509,574,000
Supplementary capital:		
Be Artis	165,889,115	107,459,115
Sonae Telecom SGPS	38,630,000	-
PCJ	12,990,000	-
Público	1,160,000	-
Miauger	800,000	800,000
Sonaetelecom BV	-	26,500,000
	219,469,115	134,759,115
	591,873,752	644,333,115
Accumulated impairment losses (note 13)	(4,624,100)	(28,388,099)
	587,249,652	615,945,016

During the periods ended at 30 June 2011 and 2010, the movements that occurred in 'Medium and long-term loans granted to Group companies' were as follows:

					2011
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Be Artis	175,720,000	141,370,000	-	-	317,090,000
Sonaecom BV	168,158,000	-	(144,540,000)	-	23,618,000
Sonae com SI	21,190,000	-	(3,340,000)	-	17,850,000
Sonaetelecom BV	18,141,000	-	(13,141,000)	-	5,000,000
Sontária	2,676,637	-	-	-	2,676,637
Lugares Virtuais	1,170,000	-	-	-	1,170,000
Wedo Consulting	520,000	-	(520,000)	-	-
PCJ	-	5,000,000	-	-	5,000,000
	387,575,637	146,370,000	(161,541,000)	-	372,404,637

					2010
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Be Artis	271,915,000	87,090,000	(100,660,000)	-	258,345,000
Sonaecom BV	199,088,000	22,840,000	(8,260,000)	-	213,668,000
Sonaetelecom BV	28,521,000	4,420,000	(15,200,000)	-	17,741,000
Wedo Consulting	8,490,000	-	(7,000,000)	-	1,490,000
Sonae com SI	7,350,000	9,450,000	-	-	16,800,000
Lugares Virtuais	1,030,000	600,000	(100,000)	-	1,530,000
	516,394,000	124,400,000	(131,220,000)	-	509,574,000

During the periods ended at 30 June 2011 and 2010, the movements in 'Supplementary capital' were as follows:

					2011
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Be Artis	165,889,115	-	-	-	165,889,115
Sonae Telecom SGPS	38,630,000	-	-	-	38,630,000
Miauger	800,000	-	-	-	800,000
PCJ	-	12,990,000	-	-	12,990,000
Público	-	19,000,000	(17,840,000)	-	1,160,000
	205,319,115	31,990,000	(17,840,000)	-	219,469,115

					2010
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Be Artis	115,640,000	-	-	(8,180,885)	107,459,115
Sonae Telecom SGPS	15,788,458	-	(15,788,458)	-	-
Sonaetelecom BV	11,500,000	15,000,000	-	-	26,500,000
Miauger	800,000	-	-	-	800,000
	143,728,458	15,000,000	(15,788,458)	(8,180,885)	134,759,115

During the periods ended at 30 June 2011 and 2010, the loans granted to Group companies earned interest at market rates with an average interest rate of 3.987% and 1.70%, respectively. Supplementary capital is non-interest bearing.

The movement under the caption 'Accumulated impairment losses' results from the transfer in the amount of Euro 29,884,000 to the caption 'Investments in Group companies' (note 5), partially offset by the reinforcements performed during the period, in the amount of Euro 2,320,000 (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). In perpetuity, the Company considered a growth rate of circa 3% and others considered more conservative, for specific cases. 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.

7. Deferred taxes

The movement in deferred tax liabilities in the periods ended at 30 June 2011 and 2010 was as follows:

	2011	2010
Opening balance	-	10,480
Impact on results		
Tax results	-	138,110
IFRS adjustments	-	(10,480)
Closing balance	-	138,110

At 30 June 2011, 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	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	20,982,265	(149,858)	20,832,407	5,205,854
2007	54,563,604	(537,036)	54,026,568	13,498,586
2008	-	9,893,940	9,893,940	2,621,894
2009	-	9,903,475	9,903,475	2,624,421
2010	-	8,225,377	8,225,377	2,179,725
2011	-	4,139,003	4,139,003	1,096,836
	75,545,869	84,153,583	159,699,452	41,187,167

The rate used at 30 June 2011 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.

The reconciliation between the earnings before tax and the tax recorded for the periods ended at 30 June 2011 and 2010 is as follows:

	2011	2010
Earnings before tax	1,544,964	6,918,763
Income tax rate (25%)	(386,241)	(1,729,691)
Correction to previous year tax	(334,971)	-
Movements in provisions not accepted for tax purposes	(1,122,969)	(1,033,420)
Other taxes related with current income tax	(25,576)	(33,534)
Adjustments to the taxable income	-	2,635,481
Income taxation recorded in the period	(1,869,757)	(161,164)

The adjustments to the taxable income relates, mainly, to dividends received in the period ended at 30 June 2011 (note 15), which do not contribute to the calculation of the taxable profit for the period.

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 2007 (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 2011.

8. Other current debtors

At 30 June 2011 and 2010, this caption was made up as follows:

	2011	2010
Trade debtors	13,480,662	3,706,805
State and other public entities	2,105,601	1,589,592
Accumulated impairment losses on accounts receivables (note 13)	(1,930)	(1,930)
	<u>15,584,333</u>	<u>5,294,467</u>

At 30 June 2011 and 2010, the caption 'Other current debtors' included amounts to be received from subsidiary Group companies, relating to interests receivable from subsidiaries on Shareholders' loans, interest on treasury applications and services rendered (note 16).

The caption 'State and other public entities', at 30 June 2011 and 2010, includes the special advanced payment, retentions and taxes to be recovered.

9. Cash and cash equivalents

At 30 June 2011 and 2010, the breakdown of cash and cash equivalents was as follows:

	2011	2010
Cash	10,519	10,454
Bank deposits repayable on demand	80,816	179,112
Treasury applications	21,645,000	1,995,000
	<u>21,736,335</u>	<u>2,184,566</u>

At 30 June 2011 and 2010, the caption 'Treasury applications' had the following breakdown:

	2011	2010
Bank applications	15,000,000	-
Wedo	5,925,000	1,530,000
PCJ	590,000	-
Lugares Virtuais	130,000	245,000
Público	-	220,000
	<u>21,645,000</u>	<u>1,995,000</u>

During the period ended at 30 June 2011, the above mentioned treasury applications bear interests at an average rate of 3.879% (1.17% in 2010).

10. Share capital

At 30 June 2011 and 2010, 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:

	2011		2010	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	52.99%	183,374,470	50.07%
Atlas Service Belgium	73,249,374	20.00%	73,249,374	20.00%
Shares traded on the Portuguese Stock Exchange ('Free float')	73,004,403	19.93%	70,109,264	19.14%
Millenium BCP	12,500,998	3.41%	12,500,998	3.41%
Own shares	9,045,200	2.47%	8,264,325	2.26%
Santander Asset Management	3,732,774	1.02%	7,408,788	2.02%
Sonae SGPS	650,000	0.18%	838,649	0.23%
Efanor Investimentos, S.G.P.S., S.A.	1,000	0.00%	1,000	0.00%
Sonae Investments BV	-	-	10,500,000	2.87%
	366,246,868	100.00%	366,246,868	100.00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

11. Own shares

During the period ended at 30 June 2011, Sonaecom delivered to its employees 1,764,157 own shares under its Medium Term Incentive Plans.

Additionally, during the period ended at 30 June 2011, Sonaecom acquired 1,553,000 shares (at an average price of Euro 1.432), holding at the end of the period 9,045,200 own shares, representative of 2.47% of its share capital, with an average price of Euro 1.503.

12. Loans

At 30 June 2011 and 2010, 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	
				2011	2010
'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	40,000,000
'Obrigações Sonaecom SGPS 2010'	30,000,000	Feb-13	Final	30,000,000	30,000,000
Costs associated with setting-up the financing	-	-	-	(1,545,828)	(2,221,078)
Interests incurred but not yet due	-	-	-	886,154	746,403
				219,340,326	218,525,325
Commercial paper	150,000,000	Jul-12	-	149,950,000	100,500,000
Interests incurred but not yet due	-	-	-	238,886	111,711
				150,188,886	100,611,711
				369,529,212	319,137,036

b) Short-term loans and other loans

Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
				2011	2010
Commercial paper	50,000,000	Jan-11	-	-	21,450,000
Commercial paper	30,000,000	Apr-12	-	-	5,000,000
Commercial paper	15,000,000	Jun-12	-	12,000,000	-
Commercial paper	10,000,000	Nov-11	-	10,000,000	-
Interest incurred but not yet due	-	-	-	35,048	29,400
				22,035,048	26,479,400
Treasury applications	-	-	-	66,264,179	67,791,182
Overdrafts facilities - CGD	-	-	-	6,150,000	-
Bank overdrafts	-	-	-	2,112,779	-
				96,562,006	94,270,582

Bond Loan

In June 2005, Sonaecom signed a Bond Loan, privately placed, amounting to 150 million euros without guarantees and with a maturity of eight years. The bonds bear interest at floating rate, indexed to Euribor and paid semiannually. This issue was organised 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 organised if mounted by, respectively, Banco Espírito Santo de Investimento and Caixa - Banco de Investimento. These bond issues were traded on Euronext Lisbon market.

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

The average interest rate of the bond loans, in the period, was 2.513% (1.94% in 2010).

Commercial Paper

In July 2007, Sonaecom contracted a Commercial Paper Programme Issuance with a maximum amount of Euro 250 million with subscription grant and maturity of five years, organised by Banco Santander de Negócios Portugal and by Caixa – Banco de Investimento. According to the original terms, this programme was reduced to the amount of Euro 150 million in July 2010.

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 others Commercial Paper Programmes Issuance with subscription guarantee and the following characteristics:

Amount	Hire date	Subscription guarantee	Maturity
Euro 30 million	April 2010	Caja de Ahorros Y Monte de Piedad de Madrid (representative in Portugal) and Banco BPI	one year, possibly renewable
Euro 15 million	June 2010	Caixa Económica Montepio Geral	one year, possibly renewable
Euro 10 million	November 2010	Banco Popular	one year, possibly renewable

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

Bank credit lines of short-term portion

Sonaecom has also bank credit lines for short term, in the form of current or overdraft account commitments, in the amount of Euro 19 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

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

During the periods ended at 30 June 2011 and 2010, the detail of 'Treasury applications' received from subsidiaries was as follows:

	2011	2010
Optimus	30,521,134	55,828,107
Be Towering	12,335,286	4,465,454
Be Artis	8,663,548	-
Sonaetelecom BV	6,689,305	-
Digitmarket	4,561,176	4,672,074
Mainroad	1,695,714	1,291,654
Miauger	974,661	1,422,751
Público	350,933	85
Sontária	250,858	-
Saphety	130,757	80,279
Sonae com SI	90,351	351
Lugares Virtuais	358	68
Sonae Telecom	68	30,061
Wedo Consulting	30	298
	66,264,179	67,791,182

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 2011 and 2010, the treasury applications earned an average interest rate of 0.966% and 0.37%, respectively.

At 30 June 2011 and 2010, 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
2011					
Bond loan					
Reimbursements	-	180,000,000	-	40,000,000	-
Interests	6,322,700	5,821,422	1,402,400	1,029,707	-
Commercial paper					
Reimbursements	-	149,950,000	-	-	-
Interests	2,344,000	199,079	-	-	-
	8,666,700	335,970,501	1,402,400	41,029,707	-
2010					
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

Although the maturity of commercial paper issuance is six months, the counterparties assumed the placement and the maintenance of those limits for a period of five years. As so, such liabilities are recorded in the medium and long term.

At 30 June 2011 and 2010, the available credit lines of the Company are as follows:

				Maturity	
Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2011					
Commercial paper	150,000,000	149,950,000	50,000		x
Commercial paper	30,000,000	-	30,000,000	x	
Commercial paper	15,000,000	12,000,000	3,000,000	x	
Commercial paper	10,000,000	10,000,000	-	x	
Bond loan	150,000,000	150,000,000	-		x
Bond loan	30,000,000	30,000,000	-		x
Bond loan	40,000,000	40,000,000	-		x
Overdraft facilities	16,500,000	6150000	10,350,000	x	
Authorised overdrafts	2,500,000	2,112,779	387,221	x	
	444,000,000	400,212,779	43,787,221		
2010					
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		

At 30 June 2011 and 2010, there are no interest rate hedging instruments, so the total gross debt is exposed to changes in the interest rates.

13. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 30 June 2011 and 2010 were as follows:

	Opening balance	Increases	Transfers	Decreases	Closing balance
2011					
Accumulated impairment losses on accounts receivables (Note 8)	1,930	-	-	-	1,930
Accumulated impairment losses on investments in Group companies (Notes 5 and 16)	46,609,902	916,000	29,884,000	-	77,409,902
Accumulated impairment losses on other non-current assets (Notes 6 and 16)	32,188,100	2,320,000	(29,884,000)	-	4,624,100
Provisions for other liabilities and charges	56,487	12,167	-	-	68,654
	78,856,419	3,248,167	-	-	82,104,586
2010					
Accumulated impairment losses on accounts receivables (Note 8)	1,930	-	-	-	1,930
Accumulated impairment losses on investments in Group companies (Notes 5 and 16)	46,609,902	-	-	-	46,609,902
Accumulated impairment losses on other non-current assets (Notes 6 and 16)	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

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 investments in Group companies and other non-current assets, which, due to their nature, are recorded as a financial expense under the caption 'Gains and losses on Group companies' (note 16).

At 30 June 2011, the increase of 'Provisions for other liabilities and charges' includes the amount of Euro 12,167, registered in the financial statements, under the caption 'Income taxation'.

14. Other creditors

At 30 June 2011 and 2010, this caption was made up as follows:

	2011	2010
Other creditors	1,571,080	655,405
State and other public entities	2,548,473	335,719
	4,119,553	991,124

15. External supplies and services

At 30 June 2011 and 2010, this caption was made up as follows:

	2011	2010
Specialised work	898,626	960,191
Fees	44,747	195,494
Rents and travelling expenses	66,422	169,666
Travel and accommodation	44,607	79,625
Other external supplies and services	78,536	147,747
	1,132,938	1,552,723

16. Financial results

Net financial results for the periods ended 30 June 2011 and 2010 are made up as follows:

	2011	2010
Gains and losses on investments in Group companies		
Losses related to Group companies (Notes 5, 6 and 13)	(3,236,000)	(4,133,677)
Gains related to Group companies	-	10,500,000
	(3,236,000)	6,366,323
Other financial expenses		
Interest expenses:		
Bank loans	(1,683,177)	(1,399,967)
Other loans	(3,207,523)	(2,195,615)
Overdrafts and others	(99)	(21,097)
	(4,890,799)	(3,616,679)
Foreign currency exchange losses	(212)	(3,231)
Other financial expenses	(159,659)	(74,962)
	(159,871)	(78,193)
	(5,050,670)	(3,694,872)
Other financial income		
Interest income	10,326,274	4,898,138
Foreign currency exchange gains	2	65
	10,326,276	4,898,203

At 30 June 2010, the caption 'Gains related to Group companies' relates to the dividends received from Sonae Telecom.

17. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 30 June 2011 and 2010 were as follows:

					Balances at 30 June 2011
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Optimus	377,682	(133,188)	-	348,824	(30,521,134)
Sonaecom BV	8,656,039	-	-	101,554	23,618,000
Be Artis	3,548,047	(1,709,735)	-	1,116,968	308,426,452
Sonaetelecom BV	105,050	-	-	17,596	(1,689,305)
Be Towering	9,181	-	-	-	(12,335,286)
Lugares Virtuais	28,081	(118,742)	130,000	4,364	1,169,642
Público	86,984	-	-	9,716	(350,932)
Digitmarket	36,803	(1,505)	-	(838)	(4,561,176)
Wedo	95,233	862,634	5,925,000	63,803	(30)
PCJ	42,929	-	590,000	48,428	5,000,000
Sonae com SI	262,957	(137,509)	-	42,507	17,759,649
Sontária	23,030	(266)	-	87,344	2,425,779
Mainroad	55,024	37,025	-	(1,111)	(1,695,714)
Miauger	-	(19,776)	-	-	(974,661)
Saphety	45,553	(5,226)	-	(10,240)	(130,757)
Others	13,688	(356,230)	-	99,983	(68)
	13,386,281	(1,582,518)	6,645,000	1,928,898	306,140,459

					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
Others	32,907	277,486	-	88,397	(2,824,745)
	3,085,565	582,101	1,995,000	5,160,866	441,782,818

				Transactions at 30 June 2011
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Optimus	1,729,866	594,201	1,438	87,359
Be Artis	-	(3,460)	6,421,166	(41)
Be Towering	-	(28,832)	(26,368)	-
Wedo	77,425	-	70,001	-
Sonaecom BV	-	-	2,708,401	-
PCJ	-	-	91,357	-
Others	185,368	128,173	600,049	-
	1,992,659	690,082	9,866,044	87,318

				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	-
Others	102,018	204,358	294,101	(82,326)
	3,241,649	673,975	4,971,526	(80,083)

All the above transactions were made at market prices.

18. Guarantees provided to third parties

Guarantees provided to third parties at 30 June 2011 and 2010 were as follows:

Beneficiary	Description	2011	2010
Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT reimbursements	8,115,243	8,115,243
		8,115,243	8,115,243

In addition to these guarantees, there were set up two sureties for the current fiscal processes. The Sonae SGPS constituted a Sonaecom SGPS surety to the amount of Euro 2,844,270 and Sonaecom SGPS constituted a Optimus surety for the amount of Euro 9,264,267.

At 30 June 2011 and 2010, the Company's Board of Directors believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the financial statements.

19. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the period (minus Euro 324,794 in 2011 and Euro 6,757,599 in 2010) by the average number of shares outstanding during the periods ended at 30 June 2011 and 2010, net of own shares (357,124,479 in 2011 and Euro 358,252,280 in 2010).

20. Medium Term Incentive Plans

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

The Sonaecom plans outstanding at 30 June 2011 can be summarised as follows:

		Vesting period		30 June 2011	
	Share price at award date*	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonaecom shares					
2007 Plan	2.447	10 Mar 08	09 Mar 11	-	-
2008 Plan	1.117	10 Mar 09	09 Mar 12	4	325,098
2009 Plan	1.685	10 Mar 10	08 Mar 13	4	232,349
2010 Plan	1.399	10 Mar 11	10 Mar 14	3	241,773
Sonae SGPS shares					
2007 Plan	1.16	10 Mar 08	09 Mar 11	-	-
2008 Plan	0.526	10 Mar 09	09 Mar 12	4	405,776
2009 Plan	0.761	10 Mar 10	08 Mar 13	4	314,954
2010 Plan	0.811	10-Mar-11	10-Mar-14	3	260,365

*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.

During the period ended at 30 June 2011, 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 2010:				
Unvested	55	867,246	9	772,873
Total	55	867,246	9	772,873
Movements in year:				
Awarded	2	186,819	2	214,846
Vested	(10)	(154,625)	(3)	(164,685)
Cancelled / lapsed*	(36)	(100,220)	3	158,061
Outstanding at 30 June 2011:				
Unvested	11	799,220	11	981,095
Total	11	799,220	11	981,095

* The adjustments are made for dividends paid and for share capital changes and others adjustments, namely, resulting from a change in the vesting of the MTIP, which may now be made through the purchase of shares with a discount.

For Sonaecom's share plans, the responsibility was calculated taking into consideration the share price at the corresponding award date. The total responsibility for the mentioned plans is Euro 567,766 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 2011 which was hedged in July 2011, and which 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'.

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 2011, were as follows:

	Value
Costs recognised in previous years	4,670,298
Costs recognised in the period	329,167
Costs of plans vested in previous years	(3,584,469)
Costs of plans vested in the period	(478,177)
	936,819
Recorded in other current liabilities	167,721
Recorded in other non current liabilities	201,332
Recorded in reserves	567,766

These financial statements were approved by the Board of Directors on 22 July 2011.

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 2011, the related parties of Sonaecom, S.G.P.S. are as follows:

Key management personnel - Sonaecom	
Ana Cristina Dinis da Silva Fanha Vicente Soares	Gervais Pellissier
Ana Paula Garrido Pina Marques	Jean François Pontal
Ângelo Gabriel Ribeirinho dos Santos Paupério	José Manuel Pinto Correia
António Bernardo Aranha da Gama Lobo Xavier	Manuel Antonio Neto Portugal Ramalho Eanes
António de Sampaio e Mello	Maria Cláudia Teixeira de Azevedo
David Hobley	Miguel Nuno Santos Almeida
David Graham Shenton Bain	Nuno Manuel Moniz Trigo Jordão
David Pedro Oliveira Parente Ferreira Alves	Paulo Joaquim dos Santos Plácido
Duarte Paulo Teixeira de Azevedo	Pedro Rafael de Sousa Nunes Pedro
Franck Emmanuel Dangeard	Rui José Silva Goncalves Paiva

Key management personnel - Sonae SGPS	
Álvaro Carmona e Costa Portela	Luís Filipe Palmeira Lampreia
Álvaro Cuervo Garcia	Michel Marie Bon
Belmiro de Azevedo	Nuno Miguel Teixeira Azevedo

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




Sonae/Efanor Group Companies	
3DO Holding GmbH	Avenida M – 40, S.A.
3DO Shopping Centre GmbH	Azulino Imobiliária, S.A.
3shoppings – Holding,SGPS, S.A.	BA Business Angels, SGPS, SA
8ª Avenida Centro Comercial, SA	BA Capital, SGPS, SA
ADD Avaliações Engenharia de Avaliações e Perícias Ltda	BB Food Service, S.A.
ADDmakler Administração e Corretagem de Seguros Ltda	Beralands BV
ADDmakler Administradora, Corretora de Seguros Partic. Ltda	Bertimóvel – Sociedade Imobiliária, S.A.
Adlands B.V.	BHW Beeskow Holzwerkstoffe
Aegean Park, S.A.	Bloco Q – Sociedade Imobiliária, S.A.
Agepan Eiweiler Management GmbH	Bloco W – Sociedade Imobiliária, S.A.
Agepan Flooring Products, S.A.RL	Boavista Shopping Centre BV
Aglom Investimentos, Sgps, S.A.	BOM MOMENTO – Comércio Retalhista, SA
Aglom-Soc.Ind.Madeiras e Aglom., S.A.	Canasta – Empreendimentos Imobiliários, S.A.
Águas Furtadas Sociedade Agrícola, SA	Carnes do Continente – Ind.Distr.Carnes, S.A.
Airone – Shopping Center, Srl	Casa Agrícola de Ambrães, S.A.
ALBCC Albufeirashopping C.Comercial SA	Casa da Ribeira – Hotelaria e Turismo, S.A.
ALEXA Administration GmbH	Cascaishopping – Centro Comercial, S.A.
ALEXA Asset GmbH & Co KG	Cascaishopping Holding I, SGPS, S.A.
ALEXA Holding GmbH	CCCB Caldas da Rainha - Centro Comercial,SA
ALEXA Shopping Centre GmbH	Centro Colombo – Centro Comercial, S.A.
Algarveshopping – Centro Comercial, S.A.	Centro Residencial da Maia,Urban., S.A.
Alpêssego – Soc. Agrícola, S.A	Centro Vasco da Gama – Centro Comercial, S.A.
Andar – Sociedade Imobiliária, S.A.	Change, SGPS, S.A.
Aqualuz – Turismo e Lazer, Lda	Chão Verde – Soc.Gestora Imobiliária, S.A.
Arat inmebles, S.A.	Cia.de Industrias e Negócios, S.A.
ARP Alverca Retail Park,SA	Cinclus Imobiliária, S.A.
Arrábidasshopping – Centro Comercial, S.A.	Citorres – Sociedade Imobiliária, S.A.
Aserraderos de Cuellar, S.A.	Coimbrashopping – Centro Comercial, S.A.
Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A.	Colombo Towers Holding, BV
Avenida M – 40 B.V.	Contacto Concessões, SGPS, S.A.

Contibomba – Comérc.Distr.Combustíveis, S.A.	Gli Orsi Shopping Centre 1 Srl
Contimobe – Imobil.Castelo Paiva, S.A.	Glunz AG
Continente Hipermercados, S.A.	Glunz Service GmbH
Contry Club da Maia-Imobiliária, S.A.	Glunz UK Holdings Ltd
Cooper Gay Swett & Crawford Lt	Glunz Uka GmbH
Craiova Mall BV	GMET, ACE
Cronosaúde – Gestão Hospitalar, S.A.	Golf Time – Golfe e Invest. Turísticos, S.A.
Cumulativa – Sociedade Imobiliária, S.A.	Guimarãeshopping – Centro Comercial, S.A.
Darbo S.A.S	Harvey Dos Iberica, S.L.
Deutsche Industrieholz GmbH	Herco Consultoria de Riscos e Corretora de Seguros Ltda
Discovery Sports, SA	Iberian Assets, S.A.
Dortmund Tower GmbH	Igimo – Sociedade Imobiliária, S.A.
Dos Mares – Shopping Centre B.V.	Iginha – Sociedade Imobiliária, S.A.
Dos Mares – Shopping Centre, S.A.	Imoarea – Invest. Turísticos, SGPS, S.A.
Ecociclo – Energia e Ambiente, S.A.	Imobiliária da Cacula, S.A.
Ecociclo II	Imoclub – Serviços Imobiliários, S.A.
Edições Book.it, S.A.	Imoconti – Soc.Imobiliária, S.A.
Edifícios Saudáveis Consultores, S.A.	Imodivor – Sociedade Imobiliária, S.A.
Efanor Investimentos, SGPS, S.A.	Imoestrutura – Soc.Imobiliária, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imoferro – Soc.Imobiliária, S.A.
El Rosal Shopping, S.A.	Imohotel – Emp.Turist.Imobiliários, S.A.
Emfísico Boavista	Imomuro – Sociedade Imobiliária, S.A.
Empreend.Imob.Quinta da Azenha, S.A.	Imopenínsula – Sociedade Imobiliária, S.A.
Equador & Mendes, Lda	Imoplama Gestão de Imóveis, S.A.
Espimaia – Sociedade Imobiliária, S.A.	Imoponte – Soc.Imobiliária, S.A.
Estação Viana – Centro Comercial, S.A.	Imoresort – Sociedade Imobiliária, S.A.
Estêvão Neves – Hipermercados Madeira, S.A.	Imoresultado – Soc.Imobiliária, S.A.
Euromegantic, Lteé	Imosedas – Imobiliária e Serviços, S.A.
Euroresinas – Indústrias Químicas, S.A.	Imosistema – Sociedade Imobiliária, S.A.
Farmácia Selecção, S.A.	Imosona II
Fashion Division Canárias, SL	Impaper Europe GmbH & Co. KG
Fashion Division, S.A.	Implantação – Imobiliária, S.A.
Fontana Corretora de Seguros Ltda	Infocfield – Informática, S.A.
Fozimo – Sociedade Imobiliária, S.A.	Infratroia, EM
Fozmassimo – Sociedade Imobiliária, S.A.	Inparsi – Gestão Galeria Comercial, S.A.
Freccia Rossa – Shopping Centre S.r.l.	Inparvi SGPS, S.A.
Frieengineering International Ltda	Integrum - Energia, SA
Fundo de Invest. Imobiliário Imosede	Integrum Colombo Energia, S.A.
Fundo I.I. Parque Dom Pedro Shop.Center	Integrum, SA
Fundo Invest.Imob.Shopp. Parque D.Pedro	Interlog – SGPS, S.A.
Gaiashopping I – Centro Comercial, S.A.	Investalentejo, SGPS, S.A.
Gaiashopping II – Centro Comercial, S.A.	Invsaude – Gestão Hospitalar, S.A.
GHP GmbH	Ioannina Development of Shopping Centres, SA

<p>Isoroy SAS La Farga – Shopping Center, SL Laminate Park GmbH Co. KG Larim Corretora de Resseguros Ltda Larissa Develop. Of Shopping Centers, S.A. Lazam – MDS Corretora e Administradora de Seguros, S.A. LCC LeiriaShopping Centro Comercial SA Le Terrazze – Shopping Centre 1 Srl Libra Serviços, Lda. Lidergraf – Artes Gráficas, Lda. Loop5 Shopping Centre GmbH Loureshopping – Centro Comercial, S.A. Luz del Tajo – Centro Comercial S.A. Luz del Tajo B.V. Madeirashopping – Centro Comercial, S.A. Maiashopping – Centro Comercial, S.A. Maiequipa – Gestão Florestal, S.A. Marcas do Mundo – Viag. e Turismo Unip, Lda Marcas MC, ZRT Marimo – Exploração Hoteleira Imobiliária Marina de Tróia S.A. Marinamagic – Expl.Cent.Lúdicos Marít, Lda Marmagno – Expl.Hoteleira Imob., S.A. Martimope – Sociedade Imobiliária, S.A. Marvero – Expl.Hoteleira Imob., S.A. MDS Affinity – Sociedade de Mediação, Lda MDS Consultores, S.A. MDS Corretor de Seguros, S.A. MDS SGPS, SA MDSAUTO - Mediação de Seguros, SA Megantic BV Miral Administração e Corretagem de Seguros Ltda MJLF – Empreendimentos Imobiliários, S.A. Modalfa – Comércio e Serviços, S.A. MODALLOOP – Vestuário e Calçado, S.A. Modelo – Dist.de Mat. de Construção, S.A. Modelo Continente Hipermercados, S.A. Modelo Continente Intenational Trade, SA Modelo Hiper Imobiliária, S.A. Modelo.com – Vendas p/Correspond., S.A. Modus Faciendi - Gestão e Serviços, S.A. Movelpartes – Comp.para Ind.Mobiliária, S.A. Movimento Viagens – Viag. e Turismo U.Lda Mundo Vip – Operadores Turísticos, S.A. Munster Arkaden, BV</p>	<p>Norscut – Concessionária de Scut Interior Norte, S.A. Norteshopping – Centro Comercial, S.A. Norteshopping Retail and Leisure Centre, BV Nova Equador Internacional,Ag.Viag.T, Ld Nova Equador P.C.O. e Eventos Operscut – Operação e Manutenção de Auto-estradas, S.A. OSB Deustchland GmbH PantheonPlaza BV Paracentro – Gest.de Galerias Com., S.A. Pareuro, BV Park Avenue Develop. of Shop. Centers S.A. Parque Atlântico Shopping – C.C., S.A. Parque D. Pedro 1 B.V. Parque D. Pedro 2 B.V. Parque de Famalicão – Empr. Imob., S.A. Parque Principado SL Pátio Boavista Shopping Ltda. Pátio Campinas Shopping Ltda Pátio Goiânia Shopping Ltda Pátio Londrina Empreend. e Particip. Ltda Pátio Penha Shopping Ltda. Pátio São Bernardo Shopping Ltda Pátio Sertório Shopping Ltda Pátio Uberlândia Shopping Ltda Peixes do Continente – Ind.Dist.Peixes, S.A. Pharmaconcept – Actividades em Saúde, S.A. PHARMACONTINENTE – Saúde e Higiene, S.A. PJP – Equipamento de Refrigeração, Lda Plaza Éboli B.V. Plaza Éboli – Centro Comercial S.A. Plaza Mayor Holding, SGPS, SA Plaza Mayor Parque de Ócio BV Plaza Mayor Parque de Ocio, SA Plaza Mayor Shopping BV Plaza Mayor Shopping, SA Ploi Mall BV Plysorol, BV Poliface North America POLINSUR – Mediação de seguros, LDA PORTCC - Portimãoshopping Centro Comercial, SA Porturbe – Edifícios e Urbanizações, S.A. Praedium – Serviços, S.A. Praedium II – Imobiliária, S.A. Praedium SGPS, S.A. Predicomercial – Promoção Imobiliária, S.A.</p>
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Prédios Privados Imobiliária, S.A.	River Plaza Mall, Srl
Predisedas – Predial das Sedas, S.A.	River Plaza, BV
Pridelease Investments, Ltd	Rochester Real Estate, Limited
Proj. Sierra Germany 4 (four) – Sh.C.GmbH	RSI Corretora de Seguros Ltda
Proj.Sierra Germany 2 (two) – Sh.C.GmbH	S.C. Microcom Doi Srl
Proj.Sierra Germany 3 (three) – Sh.C.GmbH	Saúde Atlântica – Gestão Hospitalar, S.A.
Proj.Sierra Italy 1 – Shop.Centre Srl	SC – Consultadoria, S.A.
Proj.Sierra Italy 2 – Dev. Of Sh.C.Srl	SC – Eng. e promoção imobiliária,SGPS, S.A.
Proj.Sierra Italy 3 – Shop. Centre Srl	SC Aegean B.V.
Proj.Sierra Italy 5 – Dev. Of Sh.C.Srl	SC Assets SGPS, S.A.
Proj.Sierra Portugal VIII – C.Comerc., S.A.	SC Finance BV
Project 4, Srl	SC Mediterraneum Cosmos B.V.
Project SC 1 BV	SC, SGPS, SA
Project SC 2 BV	SCS Beheer, BV
Project Sierra 2 B.V.	Selfrio – Engenharia do Frio, S.A.
Project Sierra 6 BV	Selfrio,SGPS, S.A.
Project Sierra 7 BV	Selifa – Empreendimentos Imobiliários, S.A.
Project Sierra 8 BV	Sempre à Mão – Sociedade Imobiliária, S.A.
Project Sierra 9 BV	Sempre a Postos – Produtos Alimentares e Utilidades, Lda
Project Sierra Brazil 1 B.V.	SERENITAS-SOC.MEDIAÇÃO SEG.LDA
Project Sierra Charagionis 1 S.A.	Serra Shopping – Centro Comercial, S.A.
Project Sierra Four, SA	Sesagest – Proj.Gestão Imobiliária, S.A.
Project Sierra Germany Shop. Center 1 BV	Sete e Meio – Invest. Consultadoria, S.A.
Project Sierra Germany Shop. Center 2 BV	Sete e Meio Herdades – Inv. Agr. e Tur., S.A.
Project Sierra Spain 1 B.V.	Shopping Centre Parque Principado B.V.
Project Sierra Spain 2 – Centro Comer. S.A.	Shopping Penha B.V.
Project Sierra Spain 2 B.V.	Siaf – Soc.Iniciat.Aprov.Florestais - Energia, S.A.
Project Sierra Spain 3 – Centro Comer. S.A.	SIAL Participações Ltda
Project Sierra Spain 3 B.V.	Sierra Asset Management – Gest. Activos, S.A.
Project Sierra Spain 6 – Centro Comer. S.A.	Sierra Berlin Holding BV
Project Sierra Spain 6 B.V.	Sierra Central S.A.S
Project Sierra Spain 7 – Centro Comer. S.A.	Sierra Charagionis Develop.Sh. Centre S.A.
Project Sierra Spain 7 B.V.	Sierra Charagionis Propert.Management S.A.
Project Sierra Three Srl	Sierra Corporate Services – Ap.Gestão, S.A.
Project Sierra Two Srl	Sierra Corporate Services Holland, BV
Promessa Sociedade Imobiliária, S.A.	Sierra Develop.Iberia 1, Prom.Imob., S.A.
Prosa – Produtos e serviços agrícolas, S.A.	Sierra Development of Shopping Centres Greece, S.A.
Puravida – Viagens e Turismo, S.A.	Sierra Developments – Serv. Prom.Imob., S.A.
Quorum Corretora de seguros LT	Sierra Developments Germany GmbH
Racionaliz. y Manufact.Florestales, S.A.	Sierra Developments Holding B.V.
RASO - Viagens e Turismo, S.A.	Sierra Developments Italy S.r.l.
RASO, SGPS, S.A.	Sierra Developments Romania, Srl
Rio Sul – Centro Comercial, S.A.	Sierra Developments Spain – Prom.C.Com.SL

Sierra Developments, SGPS, S.A.	Sonae Industria de Revestimentos, S.A.
Sierra Enplanta Ltda	Sonae Indústria Manag. Serv, SA
Sierra European R.R.E. Assets Hold. B.V.	Sonae Investimentos, SGPS, SA
Sierra GP Limited	Sonae Investments, BV
Sierra Investimentos Brasil Ltda	Sonae Novobord (PTY) Ltd
Sierra Investments (Holland) 1 B.V.	Sonae RE, S.A.
Sierra Investments (Holland) 2 B.V.	Sonae Retalho Espana – Servicios Gen., S.A.
Sierra Investments Holding B.V.	Sonae SGPS, S.A.
Sierra Investments SGPS, S.A.	Sonae Sierra Brasil S.A.
Sierra Italy Holding B.V.	Sonae Sierra Brazil B.V.
Sierra Management Germany GmbH	Sonae Sierra, SGPS, S.A.
Sierra Management Greece S.A.	Sonae Tafibra Benelux, BV
Sierra Management Italy S.r.l.	Sonae Turismo – SGPS, S.A.
Sierra Management Portugal – Gest. CC, S.A.	Sonae UK, Ltd.
Sierra Management Romania, Srl	Sonaegest – Soc.Gest.Fundos Investimentos
Sierra Management Spain – Gestión C.Com.S.A.	SONAEMC - Modelo Continente, SGPS, S.A.
Sierra Management, SGPS, S.A.	Sondis Imobiliária, S.A.
SII – Soberana Invest. Imobiliários, S.A.	Sontel BV
SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.	Sontur BV
Sistavac – Sist.Aquecimento,V.Ar C., S.A.	Sonvecap BV
SKK – Central de Distr., S.A.	Sopair, S.A.
SKK SRL	Sotáqua – Soc. de Empreendimentos Turist
SKKFOR – Ser. For. e Desen. de Recursos	Spanboard Products, Ltd
SMP – Serv. de Manutenção Planeamento	SPF – Sierra Portugal Real Estate, Sarl
Sociedade de Construções do Chile, S.A.	Spinarq - Engenharia, Energia e Ambiente, SA
Société de Tranchage Isoroy S.A.S.	Spinveste – Gestão Imobiliária SGII, S.A.
Socijofra – Sociedade Imobiliária, S.A.	Spinveste – Promoção Imobiliária, S.A.
Sociloures – Soc.Imobiliária, S.A.	Sport Retalho España – Servicios Gen., S.A.
Soconstrução BV	Sport Zone – Comércio Art.Desporto, S.A.
Sodesa, S.A.	Sport Zone – Turquia
Soflorin, BV	Sport Zone Canárias, SL
Soira – Soc.Imobiliária de Ramalde, S.A.	Sport Zone España-Com.Art.de Deporte,SA
Solinca - Eventos e Catering, SA	Spred, SGPS, SA
Solinca - Health and Fitness, SA	Stinnes Holz GmbH
Solinca – Investimentos Turísticos, S.A.	Tableros Tradema, S.L.
Solinfitness – Club Malaga, S.L.	Tafiber,Tableros de Fibras Ibéricas, SL
Soltroia – Imob.de Urb.Turismo de Tróia, S.A.	Tafibra Polska Sp.z.o.o.
Somit Imobiliária	Tafibra South Africa
SONAE - Specialized Retail, SGPS, SA	Tafibra Suisse, SA
Sonae Capital Brasil, Lda	Tafisa – Tableros de Fibras, S.A.
Sonae Capital,SGPS, S.A.	Tafisa Canadá Societé en Commandite
Sonae Center II S.A.	Tafisa France, S.A.
Sonae Center Serviços, S.A.	Tafisa UK, Ltd
Sonae Ind., Prod. e Com.Deriv.Madeira, S.A.	Taiber,Tableros Aglomerados Ibéricos, SL
Sonae Indústria – SGPS, S.A.	Tarkett Agepan Laminate Flooring SCS



<p>Tecmasa Reciclados de Andalucía, SL</p> <p>Terra Nossa Corretora de Seguros Ltda</p> <p>Têxtil do Marco, S.A.</p> <p>Tlantic Portugal – Sist. de Informação, S.A.</p> <p>Tlantic Sistemas de Informação Ltdª</p> <p>Todos os Dias – Com.Ret.Expl.C.Comer., S.A.</p> <p>Tool GmbH</p> <p>Torre Ocidente Imobiliária, S.A.</p> <p>Torre São Gabriel – Imobiliária, S.A.</p> <p>TP – Sociedade Térmica, S.A.</p> <p>Troia Market, S.A.</p> <p>Tróia Natura, S.A.</p> <p>Troiareort – Investimentos Turísticos, S.A.</p> <p>Troiaverde – Expl.Hoteleira Imob., S.A.</p> <p>Tulipamar – Expl.Hoteleira Imob., S.A.</p> <p>Unishopping Administradora Ltda.</p> <p>Unishopping Consultoria Imob. Ltda.</p> <p>Urbisedas – Imobiliária das Sedas, S.A.</p> <p>Valecenter Srl</p>	<p>Valor N, S.A.</p> <p>Vastgoed One – Sociedade Imobiliária, S.A.</p> <p>Vastgoed Sun – Sociedade Imobiliária, S.A.</p> <p>Venda Aluga – Sociedade Imobiliária, S.A.</p> <p>Via Catarina – Centro Comercial, S.A.</p> <p>Viajens y Turismo de Geotur España, S.L.</p> <p>Vistas do Freixo, SA</p> <p>Vuelta Omega, S.L.</p> <p>Weierstadt Shopping BV</p> <p>World Trade Center Porto, S.A.</p> <p>Worten – Equipamento para o Lar, S.A.</p> <p>Worten Canárias, SL</p> <p>Worten España, S.A.</p> <p>ZIPPY – Comércio e Distribuição, SA</p> <p>ZIPPY – Comercio y Distribución, S.A.</p> <p>Zippy Turquia</p> <p>Zubiarte Inversiones Inmobiliarias, S.A.</p> <p>ZYEVLUTION-Invest.Desenv.,SA.</p>
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FT Group Companies	
France Telecom, S.A.	Atlas Services Belgium, S.A.

