



**Management Report &  
Accounts  
First Quarter 2009**



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**Note:**

The Consolidated Financial Information contained in this report is 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.



## 1. Headlines

- Strong growth in mobile subscribers (+10.0%), to 3.2 million customers, with more than 28 thousand net additions registered in 1Q09.
- Consolidated Turnover up 1.3% to €241 million, with Mobile Customer Revenues up 0.9%, a positive outcome in the current economic and competitive context.
- Internet & Data surpassing 27% of Mobile Service Revenues in 1Q09, up by 2.1pp against the previous quarter.
- EBITDA of €45.4 million, 33.2% above 1Q08, despite the highly competitive environment and reductions in roaming in tariffs.
- Operating CAPEX reaching €21.4 million in 1Q09, 8.9% of turnover.
- Net Results (Group share) positive by €0.2 million, reflecting a €5.7 million y.o.y improvement.
- SSI generating revenues of €40 million in the quarter (+48%) and more than duplicating EBITDA.
- Net Debt at €350.9 million, with the Net Debt to EBITDA remaining stable at circa 2.0x.



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

Macroeconomic conditions in Portugal and globally continued to deteriorate during the first quarter of 2009, with low consumer and business confidence leading to significant contractions in consumption and investment and, in parallel, generating increased concerns over unemployment and deflation risks. To date, our businesses have not been materially affected by this negative environment with the exception of the reductions in advertising revenues experienced by Público, in line with deteriorating conditions in the general advertising market. However, we will continue to closely monitor the impacts that the current crisis has over the Portuguese economy in general and, more specifically, on our businesses themselves, in order to determine if any remedial actions need to be taken.

Notwithstanding the challenging economic and the competitive landscape, we have been able to deliver a good set of operating and financial results in 1Q09 that are broadly in line with our expectations, with sustained growth in mobile customers, increased top line and a much improved EBITDA performance, mainly resulting from the cost control initiatives launched during the second half of 2008.

Our **mobile business** again delivered strong growth in terms of subscriber numbers, having increased y.o.y by circa 10% to more than 3.2 million at the end of 1Q09, a clear sign that the strong commercial efforts and investments made during 2008 are providing concrete results. This solid performance was driven by growth across all our mobile segments. The increase in customer revenues and the savings achieved in direct servicing costs and in marketing and sales costs, have allowed for a substantial y.o.y increase in the EBITDA performance of our mobile business.

The significant investments made in our mobile network during 2008 have led to improved coverage, capacity and quality of both our GSM and 3G networks. This was confirmed by the results of a recent study carried by the Portuguese regulator, that placed our network in the leading position in terms of global UMTS/3G coverage.

Our **wireline ULL business** continued to experience significant competitive pressures, with aggressive promotions again extended during the 1Q09. In this environment, we have continued to focus on protecting our customer base, by delivering greater value and quality of service to existing customers. Driven by a lower customer base and pressure on monthly bill, our wireline business generated an EBITDA of 0.6 million euros and a margin of 1.0%, both below that achieved in 1Q08.

During the quarter we continued to deploy our **fibre network**, having now passed more than 100 thousand homes. The feedback we have received from connected customers, a few thousand at the end of 1Q09, is extremely positive and we are also encouraged by the success of up-selling of new services to ULL customers migrated to our FTTH network. The level of penetration obtained in the covered zones is in line with our initial expectations for this stage of the project. We have also deepened our experience in home-networking and have managed to achieve further reductions in the average time required to connect a customer. The effective implementation of the announced governmental initiatives aimed at facilitating fibre access to existing and new buildings should allow us to accelerate the access to homes within the covered zones and to further expand the delivery of our innovative broadband and TV services.

**SSI** continued to deliver positive growth and increased profitability, with turnover growing in 1Q09 by more than 47% against last year driven by higher service revenues and equipment sales. WeDo, that represents approximately 67% of SSI's service revenues, continued to consolidate its international presence, grow its leading position in the international Revenue Assurance market, while adapting and extending its offer to new sectors. The increased contributions particularly from WeDo and Bizdirect, led to an improved EBITDA result, which has more than doubled against 1Q08.

Our **online and media business** saw Público experience another challenging quarter as expected. Although Público was able to increase newspaper sales by 0.3% against last year and 4% in relation to the previous quarter, the general advertising market conditions have deteriorated further, a trend that is visible not only in daily generalist press but in all other media vehicles. On the positive side, Público again achieved a quarterly increase in the audience metrics. In addition, the online and media business reduced its EBITDA losses during 1Q09 by 22.3% against last year.

A number of market and commercial initiatives were carried out during 1Q09 by our different businesses of which I would like to highlight the following:

- Clix, our wireline residential brand, introduced a new proposition in the market, offering all its customers a single internet access speed, corresponding to the maximum available at each access: 24Mbps under ULL and 100Mbps under fibre. In addition, we introduced new 1P offers,



- including a 60 channel TV or a 24Mbps broadband connection for only 19.99€ per month and repackaged our 2P and 3P bundled offers.
- Optimus increased the maximum download speeds on its 3 mobile broadband offers (under the “Optimus Kanguru” brand), now ranging from 2 Mbps to 7.2 Mbps;
  - Introduction of a new and enlarged PC range under the Optimus Kanguru “e-Schools” offer, consisting of 4 of the most recent models from leading laptop providers;
  
  - As an example of the competitive advantages created by the integration of our telco activities, we launched a dedicated support line for Optimus Negócios (our SOHO and SME business unit), ensuring the best integrated service for our mobile and wireline customers in this segment;
  - Introduction of the “web-phone” in our corporate offers, a product that allows the use of a PC as a mobile communication tool, including all its typical functionalities: voice, SMS, MMS, and video-calls;
  - Optimus reinforced its bet on music, by becoming the major sponsor of the large celebration programme of the 30 years celebration of “Xutos e Pontapés” (a well know local rock band), including a number of associated events that will be promoted throughout 2009;
  - At SSI, Mainroad, for the second year in a row, was considered for the Data Centres Europe Awards, in the categories of "Best Managed Services Data Centre" and "Best Risk Mitigation Service Provider", a clear evidence of the excellence of its focused services.

As regards the **regulatory environment**, it is important to highlight that we still do not have a clear regulatory framework for the deployment of NGNs in Portugal and only during 1Q09 has Anacom disclosed certain related guidelines that seem to fall short of what we believe would be the minimum necessary to promote real competition in fibre accesses in Portugal. The signature of the NGN Protocol between the wireline operators and the Portuguese Government in the beginning of 1Q09 is a clear sign of political willingness to remove the obstacles that limit the level of investment and constrain competition in the Portuguese wireline market. However, the extent to which these positive developments really lead to tangible improvements in the wireline market will depend on how these measures and new regulation are implemented.

In terms of **capital structure**, we continue to maintain an acceptable level of leverage and have no scheduled principal repayments of bank debt during 2009. The securitisation transaction completed at the end of last year has further improved our financial position. Accordingly, this leaves Sonaecom in a relatively comfortable position to face the current turmoil in the financial markets.

Although our businesses have shown themselves to be relatively resilient to the current economic crisis during 1Q09, we do not anticipate that the economic climate will improve in the short term, nor do we believe that the competitive nature of the market will ease. Accordingly, trading conditions will continue to be challenging during the remainder of the year. In this environment, and notwithstanding our relatively strong financial position, we will continually assess both the impacts of the current economic and financial crisis on our businesses and the availability of medium term financing for specific projects. On this basis we will determine and adapt the appropriate rate of implementation of our strategic investment plans.

### 3. Quarter Highlights

#### KEY OPERATING INDICATORS

OPERATING KPI's	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>Mobile Business</b>					
Customers (EOP) ('000)	2,926.9	3,219.8	10.0%	3,191.6	0.9%
Data as % Service Revenues	20.6%	27.4%	6,8pp	25.3%	2,1pp
ARPU <sup>(1)</sup> (euros)	17.0	14.9	-12.0%	16.1	-7.6%
MOU <sup>(2)</sup> (min.)	117.9	129.9	10.2%	131.3	-1.1%
<b>Wireline Business</b>					
Total Accesses (EOP)	735,163	554,486	-24.6%	592,900	-6.5%
Direct <sup>(3)</sup>	480,649	442,085	-8.0%	455,027	-2.8%
Indirect	254,514	112,401	-55.8%	137,873	-18.5%
Average Revenue per Access - Retail <sup>(4)</sup>	21.9	22.9	4.5%	22.4	2.3%
<b>Sonaecom</b>					
Total Employees	1,927	2,000	3.8%	1,968	1.6%
Telecommunications	423	432	2.1%	442	-2.3%
SSI	460	502	9.1%	475	5.7%
Media	270	264	-2.2%	267	-1.1%
Shared Services <sup>(5)</sup> and Corporate Centre	774	802	3.6%	784	2.3%

(1) Average Monthly Revenue per User; (2) Minutes of Use per Customer per month; (3) Number of Direct Accesses for periods from 3Q07 until 3Q08 were restated in 3Q08; (4) Excluding Mass Calling services' revenues; (5) Shared Services includes, among other functions, Customer Service, Technical, IT/IS, Accounting, Legal and Regulation.

#### KEY FINANCIAL INDICATORS

Million euros	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>CONSOLIDATED FINANCIAL KPI's</b>					
Turnover	237.7	240.9	1.3%	249.3	-3.4%
Service Revenues	217.1	201.9	-7.0%	215.6	-6.4%
Customer Revenues	171.9	161.7	-5.9%	167.4	-3.4%
Operator Revenues	45.1	40.2	-11.0%	48.2	-16.6%
EBITDA	34.1	45.4	33.2%	43.5	4.4%
EBITDA Margin (%)	14.3%	18.8%	4,5pp	17.4%	1,4pp
Net Results - Group Share <sup>(1)</sup>	-5.5	0.2	-	13.1	-98.1%
Operating CAPEX <sup>(2)</sup>	32.7	21.4	-34.7%	77.7	-72.5%
Operating CAPEX as % of Turnover	13.8%	8.9%	-4,9pp	31.2%	-22,3pp
EBITDA - Operating CAPEX	1.3	24.0	-	-34.2	-
Total CAPEX	35.4	22.1	-37.4%	78.7	-71.9%
FCF <sup>(3)</sup>	-32.7	-45.9	-40.4%	85.3	-
Net Debt	343.7	350.9	2.1%	299.7	17.1%
Net Debt/ EBITDA (last 12 months)	2,1 x	2,0 x	-0,1x	1,9 x	0,2pp

(1) Net Results after Minority Interests; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

- **Customers:** (i) Mobile customers increased by 10.0% to 3.220 million at the end of 1Q09, with net additions in the quarter reaching 28.2 thousand. Data revenues represented 27.4% of service revenues in the quarter, up 6.8pp against 1Q08; (ii) Total wireline direct accesses reached 442 thousand, 2.8% below YE08, as a result of the continuing competitive pressures, that have led us to focus less on ULL customer acquisition in the last 3 quarters, the material deceleration of the fixed broadband market and the growing use of mobile broadband.
- **Personnel:** total headcount has increased by 1.6% when compared to the previous quarter, reaching a total of 2 thousand employees, and by 3.8% compared to 1Q08 mostly due to the headcount growth at SSI, driven by increased activity of all its subsidiaries and by the international expansion of WeDo Technologies.
- **Consolidated Service Revenues** decreased by 7.0% against 1Q08, as a result of both a 5.9% decrease in customer revenues, fully driven by the negative evolution at the wireline business, and an 11.0% reduction in operator revenues, resulting from the negative impacts of reductions in regulated tariffs: roaming-in revenues and, mainly, the introduction of the new Mobile Termination Rates ("MTR").
- **Consolidated EBITDA** was 45.4 million euros, 33% higher than in 1Q08, as a result of the improved contributions from the Mobile and SSI Businesses. EBITDA margin has improved by 4.5pp, from 14.3% in 1Q08 to 18.8% in 1Q09, mainly due to: (i) lower commercial costs, mainly marketing and sales, at our Telco businesses; and (ii) the benefits of the MTR programme, introduced in August 2008.

## 4. Consolidated Results

### 4.1. Consolidated Income Statement

Million euros	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>CONSOLIDATED INCOME STATEMENT</b>					
<b>Turnover</b>	<b>237.7</b>	<b>240.9</b>	<b>1.3%</b>	<b>249.3</b>	<b>-3.4%</b>
Mobile	151.6	146.8	-3.1%	160.5	-8.5%
Wireline	75.2	64.3	-14.5%	71.3	-9.8%
Online & Media	7.8	7.4	-5.1%	8.1	-8.1%
SSI	27.1	39.9	47.6%	34.5	15.8%
Other & Eliminations	-23.9	-17.5	26.8%	-25.0	30.0%
<b>Other Revenues</b>	<b>1.5</b>	<b>0.9</b>	<b>-40.3%</b>	<b>4.8</b>	<b>-80.8%</b>
<b>Operating Costs</b>	<b>201.1</b>	<b>189.9</b>	<b>-5.5%</b>	<b>203.4</b>	<b>-6.6%</b>
Personnel Costs	26.1	24.8	-5.1%	24.2	2.4%
Direct Servicing Costs <sup>(1)</sup>	83.7	69.8	-16.6%	75.4	-7.4%
Commercial Costs <sup>(2)</sup>	52.3	59.0	12.8%	65.1	-9.4%
Other Operating Costs <sup>(3)</sup>	39.0	36.4	-6.6%	38.7	-6.0%
<b>EBITDAP</b>	<b>38.2</b>	<b>51.9</b>	<b>35.9%</b>	<b>50.7</b>	<b>2.3%</b>
Provisions and Impairment Losses	4.1	6.5	58.0%	7.2	-10.1%
<b>EBITDA</b>	<b>34.1</b>	<b>45.4</b>	<b>33.2%</b>	<b>43.5</b>	<b>4.4%</b>
<b>EBITDA Margin (%)</b>	<b>14.3%</b>	<b>18.8%</b>	<b>4.5pp</b>	<b>17.4%</b>	<b>1.4pp</b>
Mobile	33.1	43.8	32.1%	36.8	19.0%
Wireline	2.5	0.6	-74.7%	5.6	-88.5%
Online & Media	-1.2	-0.9	22.3%	-0.4	-100.8%
SSI	0.9	2.0	126.3%	1.8	8.0%
Other & Eliminations	-1.3	-0.1	0.9	-0.2	63.9%
Depreciation & Amortization	37.3	39.4	5.7%	39.3	0.2%
<b>EBIT</b>	<b>-3.2</b>	<b>6.0</b>	<b>-</b>	<b>4.2</b>	<b>43.7%</b>
<b>Net Financial Results</b>	<b>-4.2</b>	<b>-3.9</b>	<b>5.5%</b>	<b>-5.4</b>	<b>27.3%</b>
Financial Income	0.8	1.7	121.4%	1.2	50.5%
Financial Expenses	4.9	5.7	14.7%	6.6	-13.6%
<b>EBT</b>	<b>-7.4</b>	<b>2.1</b>	<b>-</b>	<b>-1.2</b>	<b>-</b>
Tax results	1.9	-1.7	-	14.3	-
<b>Net Results</b>	<b>-5.5</b>	<b>0.4</b>	<b>-</b>	<b>13.1</b>	<b>-97.3%</b>
Group Share	-5.5	0.2	-	13.1	-98.1%
<b>Attributable to Minority Interests</b>	<b>0.1</b>	<b>0.1</b>	<b>112.9%</b>	<b>0.0</b>	<b>-</b>

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

#### Turnover

Consolidated turnover totalled 240.9 million euros in 1Q09, 1.3% above 1Q08, as a result of the combination of lower service revenues (-7.0%), driven mainly by the 11.0% reduction in operator revenues, and significantly higher product and equipment sales (+89.2% y.o.y).

Consolidated service revenues decreased by 7% to 201.9 million euros, mainly as a result of lower contributions from our Telco business. The breakdown of this consolidated performance was as follows:

- 14.8% lower service revenues at our Wireline Business, mainly driven by reductions in indirect access customer revenues;
- 3.3% decrease in service revenues at our Mobile Business, fully driven by the impact, in operator revenues, of lower roaming-in revenues and of the new MTR programme. Mobile customer revenues actually increased 0.9% y.o.y, despite the increased competitiveness in certain segments of the market, that led to a decrease in the average revenue per minute, and the effects of the economic recession;
- 7.6% higher service revenues at SSI, driven by the positive performance of WeDo, that registered a 5.7% y.o.y top line growth, and Bizdirect;
- 0.7% reduction in service revenues at the Online & Media division, as a result of lower advertising revenues at Público, determined by a further deterioration of advertising market conditions.

Consolidated customer revenues fell 5.9% when compared to 1Q08, driven mainly by 23.5% lower customer revenues at our Wireline business, not fully compensated by the positive performance of Mobile customer revenues (+0.9% y.o.y), a good achievement in the current competitive and economic environment, and the 7.6% higher service revenues at SSI.



### Operating costs

Total operating costs reached 189.9 million, 5.5% below the comparable quarter in 2008, and representing 78.9% of 1Q09 turnover. It should also be noted that, in 1Q09, total operating costs were 6.6% lower than in 4Q08.

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

- a) **personnel costs** decreased by 5.1% against 1Q08, despite the slight increase in total headcount, due to the higher capitalisation of project related staff costs at our wireline business and to the impact of our Medium Term Incentive Plan that in 1Q09 implied a lower level of costs when compared to 1Q08;
- b) **direct servicing costs** decreased by 16.6%, when compared to 1Q08, and 7.4% against the previous quarter, driven mainly by a 22.3% decrease in interconnection and content costs, due to the new MTR programme and to lower ULL monthly fee related costs;
- c) **commercial costs** increased y.o.y by 6.7 million euros, to 59.0 million euros in 1Q09, as a result of the higher level of COGS at SSI, driven by the continuing success of Bizdirect product sales, not fully compensated by lower marketing and sales costs (including handset subsidies) at our Telco Business. The substantial one-off investments made during the 1Q08 in the Optimus rebranding and related advertising campaigns were one of the factors behind the 32% y.o.y lower commercial costs at our Mobile business;
- d) **other operating costs** decreased 6.6% against 1Q08, mainly as a consequence of reductions in both general & administrative costs (down 4.9% y.o.y) and in outsourcing costs (6.1% lower than in 1Q08).

**Provisions and impairment losses** increased y.o.y. in 1Q09 by approximately 2.4 million euros mainly as a result of higher provisions for bad debt (driven by our decision, since 3Q08, to reinforce such provisions due to the combination of higher sustained level of billing and the deteriorating economic environment) and despite lower provisions for stock depreciation. It is also worth noting that Provisions and impairment losses have decreased 10.1% in 1Q09, when compared to the previous quarter.

### EBITDA

As a result of the performance detailed above, in terms of revenues and costs, consolidated EBITDA improved by 33.2% to 45.4 million euros in 1Q09 generating a margin of 18.8%, compared to a margin of 14.3% in 1Q08. The breakdown of EBITDA performance by business was as follows:

- a) EBITDA at our Mobile Business was of 43.8 million euros, up by 32.1% when compared to 1Q08, mainly explained by lower commercial and interconnection costs, which were partly off-set by lower roaming-in revenues. The Mobile Business achieved an EBITDA margin of 29.8%, significantly above 1Q08 and previous quarter;
- b) The Wireline Business generated an EBITDA of 0.6 million euros (1.9 million euros below 1Q08), as a result of the loss of indirect access revenues, increased competitiveness in the market and the continuation of the operational trends experienced in the previous quarters;
- c) EBITDA at SSI more than doubled when compared to 1Q08 (+126%), to 1.98 million euros in 1Q09, mainly as a result of a substantially improved EBITDA performance at WeDo, which has increased its EBITDA by 0.8 million euros y.o.y, and at Bizdirect;
- d) Online & Media's EBITDA was negative 0.9 million euros, which nevertheless represented a 22.3% improvement when compared to 1Q08, with the 7.7% reduction in total operating costs, more than off-setting the negative performance in its advertising revenues and newspaper sales.

### Net Profit

Net results group share were positive by 0.2 million euros in 1Q09, compared to the negative 5.5 million euros result in 1Q08, mainly due to the much improved EBITDA performance and to the 5.5% reduction in net financial results.

Depreciation and amortization charges increased by 2.1 million euros compared to 1Q08 to 39.4 million euros, driven by the increased asset base resulting from investments made during 2008 in expanding our mobile and fibre access networks. It should be noted that, during 3Q08 we began to amortise the 91.3 million euros intangible asset, recognised as CAPEX in 2008, in relation to the obligations assumed under the “e-Initiatives” programme. Depreciation and amortization charges remained approximately stable when compared to the previous quarter.

When compared to 1Q08, net financial charges decreased by 5.5%, to 3.9 million euros in 1Q09, reflecting:

- higher financial expenses, up by 0.8 million euros, due to the financial costs related to the receivables securitisation and the higher average gross debt in 1Q09 which have more than off-set the decrease in the average cost of debt (from 5.1% in 1Q08 to 3.8% in 1Q09), as a reflection of movements in market rates. Nevertheless, excluding the impacts of the securitisation, the lower average cost of debt more than compensated the effect of higher average gross debt in the period; and
- a 0.9 million increase in financial income, driven by the higher level of average liquidity in 1Q09 mainly as a result of the increased liquidity generated by the completion of the 100 million euros receivables securitisation at the end of 2008.

The tax line in 1Q09 showed a cost of 1.7 million euros, compared to a benefit of 1.9 million euros in 1Q08, driven by the improved EBT performance (from a negative 7.4 million to a positive 2.1 million euros) and by movements in deferred tax assets at our Telecoms Business.

## 4.2. Consolidated Balance Sheet

Million euros	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>CONSOLIDATED BALANCE SHEET</b>					
<b>Total Net Assets</b>	<b>1,694.9</b>	<b>1,958.1</b>	<b>15.5%</b>	<b>1,973.4</b>	<b>-0.8%</b>
Non Current Assets	1,353.8	1,492.1	10.2%	1,510.7	-1.2%
Tangible and Intangible Assets	720.4	840.9	16.7%	858.6	-2.1%
Goodwill	528.1	526.0	-0.4%	526.0	0.0%
Investments	2.0	1.2	-38.5%	1.2	0.0%
Deferred Tax Assets	103.3	124.0	20.0%	124.9	-0.7%
Current Assets	341.0	466.0	36.7%	462.8	0.7%
Trade Debtors	191.0	164.3	-14.0%	173.7	-5.4%
Liquidity	5.5	101.0	-	105.7	-4.5%
Others	144.5	200.7	38.9%	183.4	9.5%
<b>Shareholders' Funds</b>	<b>932.5</b>	<b>933.2</b>	<b>0.1%</b>	<b>929.0</b>	<b>0.5%</b>
Group Share	931.6	932.9	0.1%	928.5	0.5%
Minority Interests	0.9	0.3	-67.7%	0.5	-34.4%
<b>Total Liabilities</b>	<b>762.3</b>	<b>1,024.9</b>	<b>34.4%</b>	<b>1,044.5</b>	<b>-1.9%</b>
Non Current Liabilities	379.4	603.2	59.0%	572.4	5.4%
Bank Loans	329.6	416.7	26.4%	381.7	9.2%
Provisions for Other Liabilities and Charges	31.7	33.5	5.4%	32.2	3.9%
Others	18.1	153.1	-	158.5	-3.4%
Current Liabilities	383.0	421.7	10.1%	472.1	-10.7%
Bank Loans	0.3	11.3	-	5.0	125.1%
Trade Creditors	174.7	164.7	-5.7%	179.1	-8.0%
Others	208.0	245.7	18.1%	288.0	-14.7%
Operating CAPEX <sup>(1)</sup>	32.7	21.4	-34.7%	77.7	-72.5%
Operating CAPEX as % of Turnover	13.8%	8.9%	-4.9pp	31.2%	-22.3pp
Total CAPEX	35.4	22.1	-37.4%	78.7	-71.9%
EBITDA - Operating CAPEX	1.3	24.0	-	-34.2	-
Operating Cash Flow <sup>(2)</sup>	-28.6	-35.4	-23.8%	-5.9	-
FCF <sup>(3)</sup>	-32.7	-45.9	-40.4%	85.3	-
Gross Debt	349.3	451.9	29.4%	405.5	11.5%
Net Debt	343.7	350.9	2.1%	299.7	17.1%
Net Debt/ EBITDA last 12 months	2.1 x	2.0 x	-0.1x	1.9 x	0.2x
EBITDA/Interest Expenses <sup>(4)</sup> (last 12 months)	7.6 x	8.3 x	0.7x	8.1 x	0.3x
Debt/Total Funds (Debt + Shareholders' Funds)	27.2%	32.6%	5.4pp	30.4%	2.2pp
<b>Excluding the Securitisation Transaction:</b>					
Net Debt	343.7	444.6	29.4%	399.0	11.4%
Net Debt/ EBITDA last 12 months	2.1 x	2.6 x	0.5x	2.5 x	0.1x
EBITDA/Interest Expenses <sup>(4)</sup> (last 12 months)	7.6 x	8.3 x	0.7x	8.1 x	0.3x

(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.

## Capital structure



Consolidated gross debt totalled 451.9 million euros, 102.6 million euros above the level at the end of 1Q08 and comprised:

- 150 million euros long-term privately placed Bonds, due in June 2013;
- 250 million euros used under the underwritten committed Commercial Paper Programme contracted in 2007 and with final maturity in July 2012;
- 17 million euros used under the 70 million euros underwritten committed Commercial Paper Programme contracted in 2005 and committed for a rolling period of 364 days;
- 10.5 million euros of short term bank debt, out of a total of approximately 20 million of short term credit facilities; and
- 23.9 million euros of long term financial leases.

As a result of an Interest Rate Swap negotiated during 2007 (with maturities in June 2009), approximately 17% of the consolidated gross debt is currently based on fixed rates. After June 2009, all of the outstanding debt will be at variable rates, allowing the capture of the full benefits of lower market rates.

Consolidated net debt at the end of 1Q09 stood at 350.9 million euros, 2.1% higher than in 1Q08, mainly reflecting the FCF evolution between the two periods, including the proceeds from the securitisation transaction.

At the end of 1Q09, Net Debt to annualised EBITDA remained approximately stable, when compared to 1Q08, at 2.0x, as the increase in net debt was more than off-set by the higher EBITDA level in the preceding 12 month period, while Interest Cover improved from 7.6x at the end of 1Q08 to 8.3x at the end of 1Q09, as a consequence of both higher financial expenses (+0.8 million euros y.o.y) and improved EBITDA performance. The ratio of Consolidated Debt to Total Funds deteriorated slightly, having reached 32.6% in 1Q09 (against 27.2% in 1Q08), reflecting the above mentioned movements in gross debt and the 0.1% increase in Shareholder's Funds. The latter resulted mainly the positive net income generated in the period, which has more than compensated the effect of the acquisition of own shares, totalling 10.1 million euros between the end of March 2008 and March 2009, pursuant to the authorisations granted by shareholders at Sonaecom's Shareholders General Meetings.

Excluding the impact of the receivables securitisation, consolidated net debt at the end of 1Q09 stood at 444.6 million euros, 29.4% above the level registered at the end of 1Q08, reflecting primarily the underlying negative FCF generated between the two dates. Additionally, in relation to the securitisation transaction, it should be noted that during the quarter, a principal amount of 5 million euros was repaid to noteholders.

Consolidated gross debt continues to be mainly contracted by Sonaecom SGPS and efficient internal cash management is being used to allocate cash between our subsidiaries. At the end of 1Q09, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 163 million euros and the weighted average maturity was of approximately 2.7 years. As indicated above no amortizations of bank loans are scheduled until 2010.

### **CAPEX**

Total consolidated CAPEX during 1Q09 was 22.1 million euros while Operating CAPEX reached 21.4 million euros, 34.7% below 1Q08, and representing 8.9% of turnover.

The y.o.y. reduction in Operating CAPEX registered in 1Q09 resulted mainly from the ambitious investment plan, completed in 2008, that involved a higher level of investment in the Mobile Business, aimed at increasing the coverage and capacity of our mobile access network.

### **Shareholders' Funds**

At the end of 1Q09, shareholders' funds totalled 933.2 million euros, compared to 932.5 million euros at the end of 1Q08, reflecting mainly the net profits generated in the period, which more than off-set the impact of the acquisition of own shares between the two dates, associated with our employee MTIP obligations.



## FCF

Million euros	1Q08	1Q09	y.o.y	4Q08	q.o.q
LEVERED FREE CASH FLOW	1.3	24.0		-34.2	-
<b>EBITDA-Operating CAPEX</b>	<b>1.3</b>	<b>24.0</b>		<b>-34.2</b>	-
Change in WC	-32.1	-67.1	-108.8%	30.2	-
Non Cash Items & Other	2.2	7.7	-	-1.9	-
<b>Operating Cash Flow</b>	<b>-28.6</b>	<b>-35.4</b>	<b>-23.8%</b>	<b>-5.9</b>	-
Financial Investments	-1.1	0.0	100.0%	0.0	-
Securitisation Transaction	0.0	-5.0	-	99.3	-
Own shares	0.0	-1.3	-	-2.8	53.5%
Public Tender Offer	-0.1	0.0	100.0%	0.0	-
Financial results	-2.9	-4.2	-45.5%	-5.4	21.3%
Income taxes	0.0	0.0	-	0.0	-
<b>FCF</b>	<b>-32.7</b>	<b>-45.9</b>	<b>-40.4%</b>	<b>85.3</b>	-

Consolidated FCF in 1Q09 was negative 45.9 million euros, compared to a negative 32.7 million euros in 1Q08 and comprised the following main elements:

- A positive **EBITDA minus Operating Capex** of 24.0 million euros, 22.7 million euros higher than in 1Q08, as a reflection of our efforts to focus on cash generation during the year;
- A **Working Capital** deterioration of 67.1 million euros, reflecting mainly lower credit from fixed asset suppliers, a normal evolution during the first quarter of the year as a result of the payments due in respect of to the higher Capex level registered in the last quarter of the previous year (Operating Capex reached 77.7 million euros in 4Q08).  
It is also worth noting that our Telco business working capital variation includes an extraordinary VAT payment of approximately 25 million euros, related to an internal transaction. This amount of VAT should to be recovered in the coming quarters. Finally, working capital in 1Q09 included an extraordinary amount, of approximately 20 million euros, to be received from Fundação para a Sociedade de Informação, an institute created by the Portuguese State to promote the information society in Portugal, in relation to our participation in the “e-Initiatives” programme. In accordance with the agreement in place with that entity, we expect the outstanding amounts to be paid shortly;
- Payments related to the **securitisation transaction** in the amount of 5.0 million euros;
- Acquisition of **own shares** during 1Q09, in the amount of 1.3 million euros; and
- **Financial outflows** of 4.2 million euros, approximately 1.3 million euros above the level registered in 1Q08, mainly driven by the impact of the securitisation transaction.

## 5. Telecommunications

### 5.1. Mobile Business

Our mobile business continued to enlarge its presence in the market, registering growth across all mobile segments, benefiting from the commercial initiatives implemented in 2008 and of the investments made in supporting the brand, improving distribution capacity and customer service.

#### 5.1.1. Operational data

MOBILE OPERATIONAL KPI's	1Q08	1Q09	y.o.y	4Q08	q.o.q
Customers (EOP) ('000)	2,926.9	3,219.8	10.0%	3,191.6	0.9%
Net Additions ('000)	33.3	28.2	-15.5%	133.3	-78.9%
Data as % Service Revenues	20.6%	27.4%	6,8pp	25.3%	2,1pp
Total #SMS/month/user	42.2	46.4	10.1%	51.0	-9.0%
MOU <sup>(1)</sup> (min.)	117.9	129.9	10.2%	131.3	-1.1%
ARPU <sup>(2)</sup> (euros)	17.0	14.9	-12.0%	16.1	-7.6%
Customer Monthly Bill	13.2	12.1	-8.3%	12.8	-5.4%
Interconnection	3.8	2.8	-25.1%	3.4	-15.9%
ARPM <sup>(3)</sup> (euros)	0.14	0.1	-20.2%	0.12	-6.6%

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

#### Customer base

Mobile customer base increased by 10.0% to 3.220 million customers at the end of 1Q09, compared to 2.927 million at the end of 1Q08 and 3.192 million at the end of 2008, with net additions surpassing 28 thousand in the 1Q09, approximately 5 thousand customers below the comparable period in 2008. This growth was achieved at all our mobile segments, with a particular emphasis on the continued expansion of our mobile broadband customer base.

Contract customers again increased their weight in the total customer base, having reached in 1Q09 approximately 31% of the total mobile base, an increase of 1.6pp against 1Q08.

During 1Q09, Mobile customer's ARPU was 14.9 euros, down from 17.0 euros in the comparable period on 2008, through a combination between lower interconnection revenues and the lower ARPM. Of the 1Q09 ARPU, 12.1 euros related to customer monthly bill and 2.8 euros to operator revenues, compared to 13.2 euros and 3.8 euros respectively, in 1Q08. It is important to note that the 20.2% decrease in ARPM was partially compensated by a 10.2% increase in MOU, leading to an 8.3% decrease in the Monthly Bill.

#### Data usage

We were again able to maintain our leading position in retail sales of wireless broadband and achieved a material growth of data usage, namely through the promotion of our mobile broadband product "Kanguru", based on HSDPA/HSUPA technologies, currently offering downlink speeds of up to 7.2 Mbps and uplink speeds of up to 1.4Mbps. We have completed during 1Q09 the successful testing of the new HSPA+ technology. These tests were 100% performed on our network, demonstrating the capacity of our leading infrastructure in the adoption of new wireless Internet access technologies. In these tests, speeds close to the theoretical limit of the HSPA+ technology (21 Mbps) were achieved, close to 3 times the speeds currently available in the market.

During 1Q09, Optimus Kanguru increased the maximum download speeds associated with most of its rate plans, including the ones available under the "e-Initiatives" programme, from 1 to 2 Mbps in the "Basic" plan, from 2 to 3.6 Mbps in the "Light" offer and from 4 to 5 Mbps in the "Xpress" offer.



The governmental programme (“e-Initiatives”) aimed at the development of the ‘Information Society’ in Portugal, as part of the agreements reached with the Government to fulfil the obligations under the UMTS licenses, continued to contribute to maintaining mobile broadband market growth at a high pace. In this respect, during 1Q09, we have introduced a new Optimus Kanguru e-Initiatives PC range, consisting of 4 of the most recent models from leading laptop providers.

Data revenues represented 27.4% of service revenues in 1Q09, an improvement of 6.8pp vs. 1Q08 and 2.1pp against the previous quarter, as the result of our promotional efforts to increase usage of data services and the success of our wireless broadband solutions. Non-SMS related data services continued to increase their weight in data revenues, accounting for approximately 73% of total data revenues in 1Q09, compared to only 61% in 1Q08. Importantly, the revenues from non-SMS data services continue to post significant increases, having grown y.o.y. in 1Q09 by more than 54%.

### Mobile access network

During 1Q09, although at a slower pace when compared to 2008, we continued to invest in the coverage and capacity of our mobile network, with the deployment of new UMTS sites, the upgrade of our 3G network with HSDPA and the increase in the backhaul capacity. The substantial investment made in the network during last year is expected to allow Sonaecom to continue to lead in mobile broadband and push for additional growth.

Driven by this constant search for optimisation of our network, Sonaecom has been several times recognised by independent entities as holding the best network in Portugal. Examples of this are the results of several audits published by Anacom during 1Q09, aimed at assessing the quality of service of the Portuguese mobile operators, namely in the Lisbon and Porto areas, main cities, main roads and rail tracks. The results show the excellence of the performance of Sonaecom’s mobile network, both in 2G and 3G.

## 5.1.2. Financial data

Million euros					
MOBILE INCOME STATEMENT	1Q08	1Q09	y.o.y.	4Q08	q.o.q.
<b>Turnover</b>	<b>151.6</b>	<b>146.8</b>	<b>-3.1%</b>	<b>160.5</b>	<b>-8.5%</b>
Service Revenues	144.0	139.3	-3.3%	147.5	-5.6%
Customer Revenues	111.8	112.8	0.9%	116.7	-3.3%
Operator Revenues	32.2	26.5	-17.7%	30.8	-14.1%
Equipment Sales	7.6	7.5	-0.9%	13.0	-42.0%
<b>Other Revenues</b>	<b>10.2</b>	<b>8.7</b>	<b>-14.4%</b>	<b>11.7</b>	<b>-25.5%</b>
<b>Operating Costs</b>	<b>126.0</b>	<b>108.3</b>	<b>-14.0%</b>	<b>129.6</b>	<b>-16.4%</b>
Personnel Costs	12.7	14.0	10.2%	14.0	0.1%
Direct Servicing Costs <sup>(1)</sup>	50.5	43.0	-14.8%	44.3	-2.9%
Commercial Costs <sup>(2)</sup>	36.1	24.5	-32.0%	41.4	-40.7%
Other Operating Costs <sup>(3)</sup>	26.7	26.8	0.3%	29.9	-10.6%
<b>EBITDAP</b>	<b>35.8</b>	<b>47.2</b>	<b>32.1%</b>	<b>42.6</b>	<b>10.8%</b>
Provisions and Impairment Losses	2.6	3.5	31.5%	5.8	-40.5%
<b>EBITDA</b>	<b>33.1</b>	<b>43.8</b>	<b>32.1%</b>	<b>36.8</b>	<b>19.0%</b>
<b>EBITDA Margin (%)</b>	<b>21.86%</b>	<b>29.81%</b>	<b>8pp</b>	<b>22.9%</b>	<b>6.9pp</b>
Operating CAPEX <sup>(4)</sup>	25.9	12.9	-50.2%	58.8	-78.1%
Operating CAPEX as % of Turnover	17.1%	8.8%	-8,3pp	36.6%	-27,8pp
EBITDA - Operating CAPEX	7.2	30.9	-	-22.0	-
<b>Total CAPEX</b>	<b>28.6</b>	<b>13.7</b>	<b>-52.3%</b>	<b>59.7</b>	<b>-77.1%</b>

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

## 5.2. Wireline Business



The trends already experienced in the previous quarters have again prevailed in 1Q09, with competitive pressures continuing to be particularly visible in the wireline segment, in the voice, broadband and TV segments. In this market environment, and since 3Q08, we have focused on protecting the direct access broadband business with particular efforts made to reducing levels of churn, improving loyalty and reinforcing our IPTV and Home Video services (now with more than 1,500 titles available), while continuously working to improve customer service.

### 5.2.1. Operational data

WIRELINE OPERATIONAL KPI's	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>Total Accesses</b>	<b>735,163</b>	<b>554,486</b>	<b>-24.6%</b>	<b>592,900</b>	<b>-6.5%</b>
<b>Direct Accesses<sup>(1)</sup></b>	<b>480,649</b>	<b>442,085</b>	<b>-8.0%</b>	<b>455,027</b>	<b>-2.8%</b>
Direct Voice	260,989	238,589	-8.6%	246,032	-3.0%
Direct Broadband	201,947	180,499	-10.6%	188,304	-4.1%
Other Direct Services	17,713	22,997	29.8%	20,691	11.1%
<b>Indirect Accesses</b>	<b>254,514</b>	<b>112,401</b>	<b>-55.8%</b>	<b>137,873</b>	<b>-18.5%</b>
Unbundled COs with transmission	173	174	0.6%	174	0.0%
Unbundled COs with ADSL2+	164	166	1.2%	166	0.0%
Direct access as % Cust. Revenues	65.8%	77.6%	11,8pp	77.2%	0,4pp
<b>Average Revenue per Access - Retail<sup>(2)</sup></b>	<b>21,9</b>	<b>22,9</b>	<b>4.5%</b>	<b>22,4</b>	<b>2,3%</b>

(1) Number of Direct Accesses for periods from 3Q07 until 3Q08 were restated in 3Q08; (2) Excluding Mass Calling services' revenues and recalculated in 3Q08 according to the restated number of accesses

### Customer base

At the end of 1Q09, total accesses reached 554.5 thousand, a decrease of 24.6% compared to the end of 1Q08, explained by a 8.0% decrease in direct accesses and a 55.8% reduction in indirect accesses, as a reflection of the expected churn of indirect voice customers and partly due to migrations to direct access (including bundled) offers. The number of direct accesses represented 79.7% of the Wireline Business total accesses at the end of the quarter, compared to 65.4% at the end of 1Q08.

Quarterly direct access net additions were again negative in 1Q09, by 13 thousand accesses, as a result of the trends already explained in the last 2 quarters: (i) deceleration of the total Portuguese fixed broadband market; (ii) no expansion of the addressable market for our ULL offers, as we have not opened any new CO for ADSL2+ services; and (iii) given the predominance of value destructive promotions in the market, the increased focus on quality of service and customer retention.

The average Wireline retail revenue per access increased to 22.9 euros, up by 4.5% against 1Q08, driven mainly by the increased weight of the direct access customer base.

### Services

During 1Q09 we have continued to reinforce our IPTV offer by adding new contents, including several new broadcast channels (including Benfica TV, the exclusive KidsCo, SporTV HD and Sci-fi), and with a particular focus placed in the high definition content (both in terms of channels and films available in our Home Video offer).

Importantly, Clix again demonstrated in 1Q09 its innovative spirit and leading role in the introduction of new services and functionalities in the Portuguese TV market. After being the first operator to provide an IPTV service in Portugal, Clix SmarTV once again introduced a relevant novelty in the market by offering its customers the functionality of restarting a TV program without previously having given any instructions to record it. "Restart TV" works on any TV box and is now available for free on the main channels on our offers.

### ULL access network



During the 1Q09, the number of COs unbundled for SHDSL circuit interconnection remained stable. With these circuits (installed at 174 COs), Sonaecom is capable of operating direct connections for most of our mobile access network, thus further reducing the dependency on the incumbents' leased circuits.

We also did not enlarge further the addressable market of our residential ULL offers as, during the last 3 quarters, we did not open any additional COs with ADSL2+. As such, the addressable market of our ULL network continues to correspond to approximately 55% of total fixed lines in Portugal. Of the 166 central offices we have unbundled until 1Q09, approximately 72% are prepared with full triple play capability.

### Fibre access network

We have continued the implementation of FTTH, with which Sonaecom has, for the first time, the complete responsibility for the network used to deliver end-to-end fixed services to the residential market and is, as such, completely in control of the end-to-end quality of service provided to the customer. The feedback we are receiving from connected customers, a few thousand at the end of 1Q09, is extremely positive, in terms of both their broadband and TV experience. We are also pleased with what is the experience so far in terms of up-selling new services to existing customers migrated from ULL onto our FTTH network, one of the economic drivers behind our fibre deployment.

In parallel to the network roll-out, we continue to deepen our experience in terms of home-networking, aimed at minimising the level of works required and reducing further the time required to connect a customer. The effective implementation of the governmental initiatives aimed at clarifying the rights-of-way and facilitating the access to existing and new buildings for fibre deployments should allow us to accelerate the access to homes within the covered zones and to further expand the delivery of innovative high-speed broadband services.

## 5.2.2. Financial data

Million euros	1Q08	1Q09	Y.o.Y	4Q08	Q.o.Q
<b>WIRELINE INCOME STATEMENT</b>					
<b>Turnover</b>	<b>75.2</b>	<b>64.3</b>	<b>-14.5%</b>	<b>71.3</b>	<b>-9.8%</b>
Service Revenues	75.0	63.9	-14.8%	70.3	-9.1%
Customer Revenues	48.8	37.3	-23.5%	39.5	-5.4%
Direct Access Revenues	32.1	29.0	-9.8%	30.5	-5.0%
Indirect Access Revenues	15.5	7.3	-52.7%	8.2	-10.0%
Other	1.1	1.0	-10.8%	0.8	23.7%
Operator Revenues	26.2	26.6	1.4%	30.8	-13.7%
Equipment Sales	0.2	0.3	84.2%	1.0	-65.7%
<b>Other Revenues</b>	<b>0.7</b>	<b>0.0</b>	<b>-</b>	<b>3.4</b>	<b>-</b>
<b>Operating Costs</b>	<b>72.0</b>	<b>61.2</b>	<b>-15.0%</b>	<b>66.8</b>	<b>-8.5%</b>
Personnel Costs	2.6	1.5	-42.4%	2.7	-44.8%
Direct Servicing Costs <sup>(1)</sup>	48.6	40.5	-16.7%	46.9	-13.7%
Commercial Costs <sup>(2)</sup>	4.8	5.8	20.8%	5.6	2.4%
Other Operating Costs <sup>(3)</sup>	16.1	13.5	-16.2%	11.7	15.5%
<b>EBITDAP</b>	<b>3.9</b>	<b>3.0</b>	<b>-21.5%</b>	<b>7.8</b>	<b>-61.1%</b>
Provisions and Impairment Losses	1.4	2.4	77.5%	2.2	6.9%
<b>EBITDA</b>	<b>2.5</b>	<b>0.6</b>	<b>-74.7%</b>	<b>5.6</b>	<b>-88.5%</b>
<b>EBITDA Margin (%)</b>	<b>3.3%</b>	<b>1.0%</b>	<b>-2.4pp</b>	<b>7.8%</b>	<b>-6.8pp</b>
Operating CAPEX <sup>(4)</sup>	6.7	7.8	15.3%	18.1	-57.0%
Operating CAPEX as % of Turnover	9.0%	12.1%	3.1pp	25.4%	-13.3pp
EBITDA - Operating CAPEX	-4.2	-7.1	-69.0%	-12.5	43.1%
<b>Total CAPEX</b>	<b>6.7</b>	<b>7.8</b>	<b>15.3%</b>	<b>18.1</b>	<b>-57.0%</b>

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



## 6. Software and Systems Information (SSI)



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

It should also be noted that, as part of the restructuring of the business portfolio of SSI, which became effective on 1 January 2009, the previous business-to-business (B2B) area of Bizdirect was integrated into Saphety. As such, in light of the very positive recent evolution of the BizProducts business unit (mostly dedicated to equipment sales) and of its future growth prospects, the shareholders of Bizdirect decided to concentrate the company in this specific area.

### 6.1. Operational data

SSI OPERATIONAL KPI's	1Q08	1Q09	y.o.y.	4Q08	q.o.q.
IT Service Revenues/Employee <sup>(1)</sup> ('000 euros)	28.2	28.2	-0.3%	32.5	-13.4%
Equipment Sales as % Turnover	46.8%	61.2%	14,4pp	53.5%	7,7pp
Equipment Sales/Employee <sup>(2)</sup> ('000 euros)	975.8	1,448.3	48.4%	1,319.0	9.8%
EBITDA/Employee ('000 euros)	1.9	3.9	108.1%	3.3	18.7%
Employees	460	502	9.1%	475	5.7%

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

During 1Q09, IT service revenues per employee reached 28.2 thousand euros, stable when compared to the same quarter of 2008, while equipment sales per employee have increased y.o.y. by more than 48%. Total headcount at the end of 1Q09 increased to 502, a 9.1% y.o.y. growth, mainly due to the need for additional internal consultants to support the increased level of activity of SSI companies and to the growing international footprint of WeDo. The increase in headcount has led to a q.o.q. reduction in the productivity levels, as measured by IT service revenues per employee, as the benefits of this enlarged structure are expected to be only fully visible at the top line in the coming quarters.

**WeDo** continues to consolidate its international presence, grow its leading position in the international Revenue Assurance market, while expanding its product portfolio and enlarging its offer beyond its traditional telecoms customer base. In this respect, it should be noted that Praesidium, the current consultancy division of WeDo, has expanded its service coverage to 3 new industries - utilities, financial services and retail. Praesidium, which was acquired by WeDo in 2007, is an acknowledged leader in risk management consultancy in the telecommunications industry, providing consultancy services to more than 100 telecommunications companies for more than 12 years.

After the opening of new offices, at the end of 2008, in Mexico, allowing for a more cost effective management of those regions, WeDo has increased its local presence to 12 different countries. WeDo's customer orders in 1Q09 have increased by more than 3.8% in comparison with the level registered in the same quarter of 2008. During 1Q09, sales in the international markets totalled more than 58% of total revenues.

**Mainroad**, a leading player in business continuity solutions and services, has been considered, for the second year in a row, for the Data Centres Europe Awards, in the categories of "Best Managed Services Data Centre" and "Best Risk Mitigation Service Provider". Also during 1Q09,



Mainroad launched a radio and press advertising campaign with the slogan "You run your business, we support IT". The aim of this campaign is to remind companies of the importance of cost cutting in IT structures via the benefits of outsourcing and service externalisation.

## 6.2. Financial data

Million euros					
SSI CONSOLIDATED INCOME STATEMENT					
	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>Turnover</b>	<b>27.05</b>	<b>39.92</b>	<b>47.6%</b>	<b>34.48</b>	<b>15.8%</b>
Service Revenues	14.40	15.49	7.6%	16.03	-3.4%
Equipment Sales	12.65	24.43	93.2%	18.45	32.4%
<b>Other Revenues</b>	<b>0.07</b>	<b>0.25</b>	-	<b>0.70</b>	<b>-64.7%</b>
<b>Operating Costs</b>	<b>26.19</b>	<b>38.11</b>	<b>45.5%</b>	<b>33.28</b>	<b>14.5%</b>
Personnel Costs	6.94	7.02	1.1%	6.70	4.7%
Commercial Costs <sup>(1)</sup>	12.78	24.34	90.5%	18.51	31.5%
Other Operating Costs <sup>(2)</sup>	6.47	6.75	4.4%	8.07	-16.3%
<b>EBITDAP</b>	<b>0.93</b>	<b>2.06</b>	<b>120.6%</b>	<b>1.89</b>	<b>8.9%</b>
Provisions and Impairment Losses	0.06	0.08	39.2%	0.06	32.1%
<b>EBITDA</b>	<b>0.87</b>	<b>1.98</b>	<b>126.3%</b>	<b>1.83</b>	<b>8.0%</b>
<b>EBITDA Margin (%)</b>	<b>3.2%</b>	<b>4.9%</b>	<b>1.7pp</b>	<b>5.3%</b>	<b>-0.4pp</b>
Operating CAPEX <sup>(3)</sup>	0.13	0.46	-	0.71	-35.4%
Operating CAPEX as % of Turnover	0.5%	1.1%	0.7pp	2.0%	-0.9pp
EBITDA - Operating CAPEX	0.75	1.52	103.7%	1.12	35.4%
Total CAPEX	0.02	0.46	-	0.76	-40.0%

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

### Turnover

SSI turnover again increased significantly y.o.y and was up 47.6% in 1Q09 to 39.9 million euros, as a result of both higher IT equipment sales, which increased by more than 93% to 24.4 million euros, and higher service revenues, up by 7.6%, mainly driven by the 5.7% increase in service revenues at WeDo, with a particularly high growth registered in the Latin America region. This subsidiary continues to account for the majority (circa 67% in the 1Q09) of SSI's service revenues.

During 1Q09, equipment sales represented 61.2% of turnover, an increase of 7.7pp over the level registered in the previous quarter, driven by a positive contribution from the sale of computers at Bizdirect, partly explained by the success of laptop sales under the e-schools programme.

### EBITDA

SSI EBITDA was positive 1.98 million euros in 1Q09, more than double the level registered in the same quarter in 2008 (and 8.0% up q.o.q), with EBITDA margin increasing by 1.7pp to 4.9% due mostly to the positive EBITDA evolution of WeDo and Bizdirect and notwithstanding the increased level of equipment sales, which carry lower margins.

In relation to EBITDA margin, WeDo achieved a positive 9.8% in 1Q09; a significant increase from the 2.3% margin registered in 1Q08, driven by the improved top line performance, by the increased cost efficiency in managing its international presence and by the unlock of synergies generated by the acquisitions carried out at the end of 2007.



## 7. Online and Media

In the 1Q09, our Media division was reorganised in order to incorporate also our other on-line portals, including the Clix portal and Miau.pt, a leading on-line auctions portal in Portugal, which, together with Publico.pt, are now managed in an integrated manner, aiming to extract all possible synergies between the businesses.

In relation to Público, advertising market dynamics deteriorated further in 1Q09, with advertising revenues for the daily paid generalist press sector as a whole, YTD until February, decreasing by 19.1%<sup>1</sup> compared to the same period of the previous year. As indicated in the past, these numbers refer to advertising space calculated at reference table prices, which underestimates the negative trends as competitive pressures continue to lead to higher discounts. Contrary to the market tendencies during most of 2008, in the same period, the free newspapers' advertising revenues are estimated to have also decreased, by circa 39% y.o.y.

Among the several commercial initiatives implemented in the quarter by Público it is worth highlighting the following: (i) the launch of its most recent (associated products) collection, entitled "The great mysteries of archaeology"; (ii) also in the associated product revenue stream, the campaign aimed at the sale of DVDs, for only 1.95 euros, including 8 acclaimed movies; and (iii) the promotion, in association with Catholic University, of the VI cycle of conferences "Exchanging Views" in Porto. It should also be noted that through its strategy of pioneering innovation in the digital context, Público continues to be a clear leader in the on-line access among Portuguese newspapers, an area where it is showing a positive growth.

Miau.pt, our on-line auction portal, a leading e-auction site in Portugal, reached a total of 32 million page views in last quarter in 2008. Miau.pt currently has more than 58.000 active offers in the different categories and has completed more than 7 million auctions since its launch back in 2000.

### 7.1. Operational data

PÚBLICO OPERATIONAL KPI's	1Q08	1Q09	y.o.y	4Q08	q.o.q
Average Paid Circulation <sup>(1)</sup>	43,284	40,005	-7.6%	41,234	-3.0%
Market Share of Advertising (%)	12.7%	11.8%	-0.9pp	13.2%	-1.4pp
Audience <sup>(2)</sup> (%)	4.1%	4.6%	0.5pp	4.5%	0.1pp
Employees	255	253	-0.8%	256	-1.2%

(1) Estimated value updated in the following quarter; (2) As % of addressable population; Source: Bareme Imprensa 1º Vaga 2009 .

Paid circulation figures decreased by 7.6% when compared to 1Q08, with an average of 40,005 newspapers sold in 1Q09. As mentioned above, the paid press market continues to face competitive challenges, with an increase in the on-line readership of newspapers and continued competition from 'free' newspapers (which in recent months are, nevertheless, showing a substantial decrease in circulation figures). Until February 2009, the latest available information, Público's average market share of paid circulation, among daily press, reached 11.4%, approximately 0.3pp below the comparable period in 2008<sup>2</sup>.

Positively, the most recent audience indicators continue to indicate a slight increase in the total number of readers, with Público reaching circa 4.6% of the addressable market in the 1Q09 (a 0.5pp increase against 1Q08).

Público's advertising market share reached 11.8% in 1Q09, approximately 0.9pp below the level registered in 1Q08 and 1.4pp below the previous quarter, not confirming the positive q.o.q evolution achieved in 4Q08. The deteriorating macro-economic environment is leading to further

<sup>1</sup> Source: Marktest/Media Monitor

<sup>2</sup> Source: APCT



cuts in business spend during 2009, with negative impacts over advertising budgets. The advertising revenue losses registered by Público are estimated to be approximately in-line with those of its main competitors.

## 7.2. Financial data

Million euros					
ONLINE & MEDIA CONS. INCOME STATEMENT	1Q08	1Q09	y.o.y	4Q08	q.o.q
<b>Turnover</b>	<b>7.81</b>	<b>7.41</b>	<b>-5.1%</b>	<b>8.07</b>	<b>-8.1%</b>
Advertising Sales <sup>(1)</sup>	3.16	3.13	-0.7%	3.40	-7.9%
Newspaper Sales	3.05	3.05	0.3%	2.94	4.0%
Associated Product Sales	1.60	1.22	-23.7%	1.73	-29.2%
<b>Other Revenues</b>	<b>0.06</b>	<b>0.05</b>	<b>-15.6%</b>	<b>0.34</b>	<b>-84.3%</b>
<b>Operating Costs</b>	<b>9.00</b>	<b>8.30</b>	<b>-7.7%</b>	<b>8.81</b>	<b>-5.7%</b>
Personnel Costs	2.91	3.05	5.1%	2.59	18.0%
Commercial Costs <sup>(2)</sup>	3.00	2.44	-18.7%	3.24	-24.7%
Other Operating Costs <sup>(3)</sup>	3.09	2.81	-9.1%	2.98	-5.7%
<b>EBITDAP</b>	<b>-1.13</b>	<b>-0.84</b>	<b>25.6%</b>	<b>-0.40</b>	<b>-111.5%</b>
Provisions and Impairment Losses	0.04	0.07	77.1%	0.05	21.8%
<b>EBITDA</b>	<b>-1.16</b>	<b>-0.90</b>	<b>22.3%</b>	<b>-0.45</b>	<b>-100.8%</b>
<b>EBITDA Margin (%)</b>	<b>-14.9%</b>	<b>-12.2%</b>	<b>2.7pp</b>	<b>-5.6%</b>	<b>-6.6pp</b>
Operating CAPEX <sup>(4)</sup>	0.10	0.15	43.0%	0.03	-
Operating CAPEX as % of Turnover	1.3%	2.0%	0.7pp	0.3%	1.7pp
EBITDA - Operating CAPEX	-1.27	-1.05	17.0%	-0.48	-121.2%
Total CAPEX	0.10	0.15	43.0%	0.03	-

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

### Turnover

During 1Q09, the Online and Media turnover decreased by 5.1% to 7.41 million euros, as a reflection of different trends in its revenue lines: a 0.3% growth in newspaper sales at Público, partially explained by the cover price increase in 4Q08; more than off-set by the negative evolution in advertising sales (-0.7%), driven by the negative market trends, and in associated product sales (-23.7%), as a result of the different mix of associated products offered. In terms of recent quarterly evolution, a positive improvement was achieved in 1Q09, when compared to the previous quarter, at the level of newspaper sales (+4.0%).

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

### EBITDA

In 1Q09, our Online and Media business generated a negative EBITDA of 0.9 million euros, which nevertheless represents a 22.3% improvement over 1Q08 as the negative trend at the top line level was more than compensated by savings achieved in most of its cost lines, including a 18.7% reduction in commercial costs and a 9.1% reduction in other operating costs. Público will continue to explore brand extension opportunities, expand the newspaper's on-line presence, seeking to extract complementarities between the on-line and paper versions, and rationalise costs wherever possible.



## 8. Main Regulatory Developments in 1Q09

The following are some of the more relevant regulatory developments during 1Q09:

### **Next Generation Access Networks (NGNs)**

Following the public consultation promoted in June 2008, Anacom published last January a report on the regulatory approach to NGNs. This report introduces a set of proposals representing the regulator's vision on this issue. Among other conclusions, the regulator proposes a division of the national territory in competitive and non competitive areas, in line with the decision on Markets 4 and 5. As regarding to the transition between ULL and NGN, Anacom recognizes the need to protect the investment carried by alternative operators. In this context, the incumbent should ensure a timely publication of information on the evolution of the copper network to NGN, as well as continue to provide access to the copper infrastructure (MDF and loops) for a reasonable period of time. The regulator has given no timetable to implement the approaches presented in the report.

### **Legal regime on infrastructure access**

The Government announced the adoption of a decree-law that defines a new legal regime for the access and use of networks and infrastructures for electronic communications. According to the press release of the Portuguese Council of Ministers, the legislation aims to promote NGN developments by removing or mitigating barriers to the infrastructure build necessary to accommodate electronic communications networks. The decree-law establishes the requirements for construction of telecommunications infrastructure during construction and urbanization ("ITUR") and strengthens the current legal regime applicable to the in-building telecommunications infrastructure ("ITED"), whereby the installation of optical fiber is now made compulsory. Alongside the establishment of clear rules for ITUR and ITED, there was a concern to impose rules that prevent the monopolization of infrastructure by the first operator to be installed inside a building. The final terms of the related decree-law are still to be known.

### **New mobile operator (450-470 MHz)**

Anacom decided to dismiss the application of RNT - Rede Nacional de Telecomunicações, S.A. for a further extension of the deadline to comply with the obligations to provide the bank guarantee in respect of the development of information society commitments. This deadline had previously been extended by 20 working days by decision of 16 January 2009. Following this decision, the regulator issued a draft decision cancelling the awarding of the frequencies in the 450-470 MHz band to RNT.

### **Portability Regulation**

Anacom's decision on the new portability regulation was published during 1Q09. Despite legal actions, aimed at suspending the effects of this decision, filed by TMN and PTC, to which Anacom responded by raising the public interest, the new regulation entered in force in March. The main changes introduced were the reduction of certain timings, with significant implications in the portability processes, and the introduction of financial compensations for breach of terms regarding the porting processes.

## 9. Main Corporate Developments in 1Q09

### **Acquisition of own shares**

From 13 March to 8 April 2009, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 1,419,802 own shares representing approximately 0.39% of its share capital. The weighted average price of all the purchases referred above stood at 1.4 euros per share.

As at 8 April 2009, following the transfer, during March, of a total of 786,243 Sonaecom shares to employees and Directors, as part of the obligations of the employee's Medium Term Incentive Plan, Sonaecom was the holder of 6,564,202 own shares, representing approximately 1.79% of its share capital.

### **Merger of Telemilénio with Sonaecom - Serviços de Comunicações**

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



## 10. Consolidated Financial Statements

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

CONSOLIDATED BALANCE SHEETS FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008

AND FOR THE YEAR ENDED AT 31 DECEMBER 2008

(Amounts expressed in Euro)

ASSETS	Notes	March 2009	March 2008	December 2008
<b>NON CURRENT ASSETS:</b>				
Tangible assets	1.d), 1.i) and 6	573,821,360	533,743,526	585,741,539
Intangible assets	1.e), 1.f) and 7	267,103,636	186,702,834	272,817,888
Goodwill	1.g) and 9	525,991,919	528,149,295	526,030,904
Investments in associated companies	1.b) and 4	-	757,069	-
Investments available for sale	1.h), 8 and 10	1,207,320	1,207,320	1,207,320
Deferred tax assets	1.q) and 11	123,951,735	103,275,882	124,862,171
<b>Total non current assets</b>		<b>1,492,075,970</b>	<b>1,353,835,926</b>	<b>1,510,659,822</b>
<b>CURRENT ASSETS:</b>				
Inventories	1.j)	25,529,767	28,737,069	29,613,696
Trade debtors	1.k) and 8	164,310,853	191,036,282	173,693,076
Other current debtors	1.k) and 8	38,088,970	16,769,986	39,861,834
Other current assets	1.s), 1.t) and 1.y)	137,097,585	98,953,620	113,893,680
Cash and cash equivalents	1.l), 8 and 12	100,988,693	5,530,897	105,719,328
<b>Total current assets</b>		<b>466,015,868</b>	<b>341,027,854</b>	<b>462,781,614</b>
<b>Total assets</b>		<b>1,958,091,838</b>	<b>1,694,863,780</b>	<b>1,973,441,436</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS:</b>				
Share capital	13	366,246,868	366,246,868	366,246,868
Own Shares	1. v) and 14	(10,999,396)	(4,662,327)	(13,499,750)
Reserves	1.u)	577,366,175	575,537,229	570,756,015
Consolidated net income/(loss) for the period		244,168	(5,526,045)	4,998,142
		<b>932,857,815</b>	<b>931,595,725</b>	<b>928,501,275</b>
Minority interests		296,886	920,447	452,717
<b>Total Shareholders' Funds</b>		<b>933,154,701</b>	<b>932,516,172</b>	<b>928,953,992</b>
<b>LIABILITIES:</b>				
<b>NON CURRENT LIABILITIES:</b>				
Medium and long-term loans - net of short-term portion	1.m), 1.n), 8 and 15	416,716,966	329,557,608	381,717,412
Other non current financial liabilities	1.i) and 16	21,775,291	17,696,902	17,171,773
Provisions for other liabilities and charges	1.p), 1. t) and 17	33,460,766	31,735,595	32,205,441
Securitization of receivables	8 and 18	74,247,453	-	79,090,793
Deferred tax liabilities	1.q) and 11	836,337	257,439	605,414
Other non current liabilities	1.s), 1.t) and 1.y)	55,457,475	108,815	60,683,153
<b>Total non current liabilities</b>		<b>602,494,288</b>	<b>379,356,359</b>	<b>571,473,986</b>
<b>CURRENT LIABILITIES:</b>				
Short-term loans and other loans	1.m), 1.n), 8 and 15	11,295,493	267,708	5,018,044
Trade creditors	8	164,717,713	174,705,592	179,071,782
Other current financial liabilities	1.i), 8 and 19	2,099,463	1,745,124	1,553,506
Securitization of receivables	8 and 18	19,491,488	-	19,478,607
Other creditors	8	25,646,864	21,409,429	30,130,988
Other current liabilities	1.s), 1.t) and 1.y)	199,191,828	184,863,396	237,760,531
<b>Total current liabilities</b>		<b>422,442,849</b>	<b>382,991,249</b>	<b>473,013,458</b>
<b>Total Shareholders' Funds and liabilities</b>		<b>1,958,091,838</b>	<b>1,694,863,780</b>	<b>1,973,441,436</b>

The notes are an integral part of the consolidated financial statements at 31 March 2009 and 2008.

The Chief Accountant

The Board of Directors

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES  
CONSOLIDATED PROFIT AND LOSS ACCOUNT BY NATURE  
FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008  
AND THE YEAR ENDED AT 31 DECEMBER 2008  
(Amounts expressed in Euro)

	Notes	March 2009	March 2008	December 2008
Sales		39,015,544	20,622,514	106,556,250
Services rendered		201,875,954	217,072,204	869,663,720
Other operating revenues		913,427	1,529,894	10,493,123
		<u>241,804,925</u>	<u>239,224,612</u>	<u>986,713,093</u>
Cost of sales		(39,810,706)	(25,790,971)	(132,834,084)
External supplies and services	20	(122,301,748)	(145,632,952)	(562,645,655)
Staff expenses		(24,750,457)	(26,071,899)	(94,796,820)
Depreciation and amortisation	1. d), 1. e), 6 and 7	(39,402,857)	(37,270,824)	(157,575,667)
Provisions and impairment losses	1.p), 1.w) and 17	(6,475,147)	(4,097,488)	(21,875,618)
Other operating costs	1.x)	(3,080,729)	(3,563,578)	(14,175,446)
		<u>(235,821,644)</u>	<u>(242,427,712)</u>	<u>(983,903,290)</u>
Gains and losses on associated companies	21	-	9,456	43,525
Other financial expenses	1.n), 1.o), 1.w), 1.x) and 21	(5,667,791)	(4,940,353)	(21,520,763)
Other financial income	1.o), 1.w) and 21	1,740,368	776,601	3,710,518
<b>Current income/(loss)</b>		<b>2,055,858</b>	<b>(7,357,396)</b>	<b>(14,956,917)</b>
Income taxation	1.q), 11 and 22	(1,696,979)	1,885,222	20,181,800
<b>Consolidated net income/(loss)</b>		<b>358,879</b>	<b>(5,472,174)</b>	<b>5,224,883</b>
Attributed to:				
Shareholders of parent company	26	244,168	(5,526,045)	4,998,142
Minority interests		114,711	53,871	226,741
Earnings per share				
Including discontinued operations				
Basic		0.00	(0.02)	0.01
Diluted		0.00	(0.02)	0.01
Excluding discontinued operations				
Basic		0.00	(0.02)	0.01
Diluted		0.00	(0.02)	0.01

The notes are an integral part of the consolidated financial statements at 31 March 2009 and 2008.

**The Chief Accountant**

**The Board of Directors**



SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008  
 (Amounts expressed in Euro)

	Notes	March 2009	March 2008
<b>Consolidated net income/(loss) for the period</b>		<b>358,879</b>	<b>(5,472,174)</b>
Components of other consolidated comprehensive income, net of tax:			
Increase/(decrease) in financial hedging instruments' fair value	1.o) and 15	105,575	(171,764)
Delivery of own shares under the Medium Term Incentive Plans	1.y) and 27	(132,822)	(2,202,107)
Recognition in equity of the responsibilities associated with the Medium Term Incentive Plans	1.y) and 27	2,148,250	862,123
Adjustments in foreign currency translation reserves and others	1.w)	16,270	(198,619)
		<hr/>	<hr/>
Components of other consolidated comprehensive income, net of tax		2,137,273	(1,710,367)
<b>Consolidated comprehensive income for the period</b>		<b>2,496,152</b>	<b>(7,182,541)</b>
Attributed to:			
Shareholders of parent company		2,381,441	(7,236,412)
Minority interests		114,711	53,871

The notes are an integral part of the consolidated financial statements at 31 March 2009 and 2008.

**The Chief Accountant**

**The Board of Directors**

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

CONSOLIDATED MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008

(Amounts expressed in Euro)

	2009											
	Share capital	Own Shares (Note 14)	Legal reserves	Share premium	Other reserves	Reserves			Own shares reserve	Total reserves	Minority Interests	Net income/(loss)
Medium Term Incentive Plans reserve						Hedging reserve						
Balance at 31 December 2008	366,246,868	(13,499,750)	1,002,287	775,290,377	(218,729,331)	-	(307,068)	13,499,750	570,756,015	-	4,998,142	928,501,275
Appropriation of the consolidated result of 2008	-	-	982,894	-	4,015,248	-	-	-	4,998,142	-	(4,998,142)	-
Consolidated comprehensive income for the period ended at 31 March 2009	-	-	-	-	(116,552)	2,148,250	105,575	-	2,137,273	-	244,168	2,381,441
Acquisition of own shares	-	(1,283,692)	-	-	(1,283,692)	-	-	1,283,692	-	-	-	(1,283,692)
Delivery of own shares under Medium Term Incentive Plans	-	3,784,046	-	-	4,538,934	(754,888)	-	(3,784,046)	-	-	-	3,784,046
Others	-	-	-	-	(525,255)	-	-	-	(525,255)	-	-	(525,255)
Balance at 31 March 2009	366,246,868	(10,999,396)	1,985,181	775,290,377	(212,100,648)	1,393,362	(201,493)	10,999,396	577,366,175	-	244,168	932,857,815
Minority interests												
Balance at 31 December 2008	-	-	-	-	-	-	-	-	-	452,717	-	452,717
Minority interests on comprehensive income	-	-	-	-	-	-	-	-	-	114,711	-	114,711
Other changes	-	-	-	-	-	-	-	-	-	(270,542)	-	(270,542)
Balance at 31 March 2009	-	-	-	-	-	-	-	-	-	296,886	-	296,886
Total	366,246,868	(10,999,396)	1,985,181	775,290,377	(212,100,648)	1,393,362	(201,493)	10,999,396	577,366,175	296,886	244,168	933,154,701
	2008											
	Share capital	Own Shares (Note 14)	Legal reserves	Share premium	Other reserves	Reserves			Own shares reserve	Total reserves	Minority Interests	Net income/(loss)
Medium Term Incentive Plans reserve						Hedging reserve						
Balance at 31 December 2007	366,246,868	(8,938,165)	1,002,287	775,290,377	(248,360,691)	3,186,678	412,910	8,938,165	540,469,726	-	36,777,870	934,556,299
Appropriation of the consolidated result of 2007	-	-	-	-	36,777,870	-	-	-	36,777,870	-	(36,777,870)	-
Consolidated comprehensive income for the period ended at 31 March 2008	-	-	-	-	(2,400,726)	862,123	(171,764)	-	(1,710,367)	-	(5,526,045)	(7,236,412)
Delivery of own shares under Medium Term Incentive Plans	-	4,275,838	-	-	4,275,838	-	-	(4,275,838)	-	-	-	4,275,838
Balance at 31 March 2008	366,246,868	(4,662,327)	1,002,287	775,290,377	(209,707,709)	4,048,801	241,146	4,662,327	575,537,229	-	(5,526,045)	931,595,725
Minority interests												
Balance at 31 December 2007	-	-	-	-	-	-	-	-	-	865,131	-	865,131
Minority interests on comprehensive income	-	-	-	-	-	-	-	-	-	53,871	-	53,871
Other changes	-	-	-	-	-	-	-	-	-	1,445	-	1,445
Balance at 31 March 2008	-	-	-	-	-	-	-	-	-	920,447	-	920,447
Total	366,246,868	(4,662,327)	1,002,287	775,290,377	(209,707,709)	4,048,801	241,146	4,662,327	575,537,229	920,447	(5,526,045)	932,516,172

The notes are an integral part of the consolidated financial statements at 31 March 2009 and 2008.

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES  
 CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008

(Montantes expressos em Euro)

	<u>31 March 2009</u>	<u>31 March 2008</u>		
<b>Operating activities</b>				
Receipts from trade debtors	249,340,133	235,370,410		
Payments to trade creditors	(178,039,472)	(181,940,681)		
Payments to employees	(31,949,796)	(31,606,431)		
<b>Cash flows from operating activities</b>	<b><u>39,350,865</u></b>	<b><u>21,823,298</u></b>		
Payments/receipts relating to income taxes, net	753,853	(918,653)		
Other payments/receipts relating to operating activities, net	(19,347,189)	1,965,990		
<b>Cash flows from operating activities (1)</b>	<b><u>20,757,530</u></b>	<b><u>20,757,530</u></b>	<b><u>22,870,635</u></b>	<b><u>22,870,635</u></b>
<b>Investing activities</b>				
Receipts from:				
Tangible assets	468,024	129,349		
Intangible assets	-	3,361		
Interest and similar income	2,065,149	783,160	915,870	
Payments for:				
Investments	-	(765,050)		
Tangible assets	(52,501,181)	(46,633,532)		
Intangible assets	(3,644,447)	(5,388,410)	(52,786,992)	
<b>Cash flows from investing activities (2)</b>	<b><u>(53,612,455)</u></b>	<b><u>(53,612,455)</u></b>	<b><u>(51,871,122)</u></b>	
<b>Financing activities</b>				
Receipts from:				
Loans obtained	41,573,390	41,573,390	115,384	115,384
Payments for:				
Leasing	(352,667)	(400,055)		
Interest and similar expenses	(6,812,153)	(4,040,797)		
Devolution of supplementary capital	(800,395)	-		
Own shares	(1,283,693)	-		
Loans obtained	(5,024,272)	(14,273,180)	(44,500,000)	(48,940,852)
<b>Cash flows from financing activities (3)</b>	<b><u>27,300,210</u></b>	<b><u>27,300,210</u></b>	<b><u>(48,825,468)</u></b>	
Net cash Flows ( 4 )=( 1 )+( 2 )+( 3 )	<b><u>(5,554,715)</u></b>	<b><u>(5,554,715)</u></b>	<b><u>(77,825,955)</u></b>	
Effect of the foreign exchanges	79,082	79,082	(29,135)	
Cash and cash equivalents at the beginning of the period	<b><u>105,598,556</u></b>	<b><u>105,598,556</u></b>	<b><u>83,227,155</u></b>	
Cash and cash equivalents at end of the period	<b><u>100,122,923</u></b>	<b><u>100,122,923</u></b>	<b><u>5,372,065</u></b>	

The notes are an integral part of the consolidated financial statements at 31 March 2009 and 2008.

Chief Accountant

The Board of Directors

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008

(Amounts expressed in Euro)

	<u>31 de Março de 2009</u>	<u>31 de Março de 2008</u>		
<b>1 - Acquisition or sale of subsidiaries or other businesses:</b>				
a) <b>Amounts paid of acquisitions from previous years</b>				
Tecnológica Telecomunicações, Ltda.	-	765,050		
	<u>-</u>	<u>765,050</u>		
<b>2 - Details of cash and cash equivalents:</b>				
Cash in hand	400,942	346,367		
Cash at bank	4,920,224	4,732,624		
Treasury applications	95,667,527	451,906		
Overdrafts	<u>(865,770)</u>	<u>(158,832)</u>		
Cash and cash equivalents	100,122,923	5,372,065		
Overdrafts	865,770	158,832		
Cash assets	100,988,693	5,530,897		
<b>3 - Description of non monetary financing activities</b>				
a) Bank credit granted and not used	61,896,601	149,411,397		
b) Purchase of company through the issue of shares	Not applicable	Not applicable		
c) Conversion of loans into shares	Not applicable	Not applicable		
<b>4 - Cash flow breakdown by activity</b>				
	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net Cash Flows
Telecommunication	41,473,827	(54,006,274)	(7,320,579)	(19,853,026)
Multimedia	(809,657)	(224,845)	(43,843)	(1,078,145)
Information Systems	(17,008,823)	(927,583)	(843,027)	(18,779,433)
Holding	(2,886,462)	1,546,216	35,507,499	34,167,253
Others	(11,355)	31	(40)	(11,364)
	<u>20,757,530</u>	<u>(53,612,455)</u>	<u>27,300,210</u>	<u>(5,554,715)</u>

The notes are an integral part of the consolidated financial statements at 31 March 2009 and 2008.

Chief Accountant

The Board of Directors



**Notes  
to the consolidated financial statements  
at 31 March 2009 and 2008**

(Amounts expressed in Euro)

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

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

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

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

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public.

- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

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

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

By decision of the Shareholders’ General Meeting held on 17 June 2002, Sonaecom’s share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing shareholders, 45,250,000 new shares of 1 Euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

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

By decision of the Shareholders’ General Meeting held on 12 September 2005, Sonaecom’s share capital was increased in 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 in Euro 69,720,000, from Euro 296,526,868 to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 Euro each and with a share premium of Euro 275,657,217, subscribed by 093X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A.(Parpública). The corresponding public deed was executed on 18 October 2006.

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



The Group's business consists essentially of:

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

The Group operates in Portugal and has subsidiaries (from the information systems consultancy segment) operating in Brazil, United Kingdom, Ireland, Poland, Australia, Mexico, Malaysia, Egypt and the United States of America.

Since 1 January 2001 all Group companies based in the Euro zone have adopted the Euro as their base currency for processing, systems and accounting.

The consolidated financial statements are also presented in Euro, rounded at unit, and the transactions in foreign currencies are included in accordance with the accounting policies detailed below.

### 1. Basis of presentation

The accompanying financial statements relate to the consolidated financial statements of the Sonaecom Group and have been prepared on a going concern basis, based on the accounting records of the companies included in the consolidation (Notes 2, 3 and 4) in accordance with the International Financial Reporting Standards ("IAS/IFRS") as adopted by the European Union ("EU"). These financial statements were prepared based on the acquisition cost, except for the revaluation of financial instruments.

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

Sonaecom adopted "IAS/IFRS" for the first time according to SIC 8 (First time adoption of IAS) on 1 January 2003.

At 1 January 2009 became effective the revised IAS 23 – "Borrowing Costs", issued at 29 March 2007, which in relation to its previous version, eliminated the possibility of immediate recognition in the profit and loss statement of borrowing costs relating to assets that require a substantial period of time to be ready for use or sale. Sonaecom had already adopted the procedure of capitalizing such costs as part of the cost of the related assets and, consequently, the revision of this standard did not have any impact on the Group consolidated financial statements.

Additionally, the following standards and interpretations were issued, but their application was not mandatory or the endorsement by the European Union has not yet occurred:

- Amendments to IFRS 7, mandatory at 1 January 2009, but not yet endorsed in the EU;
- Amendment to IAS 39, mandatory at 1 July 2009, but not yet endorsed in the EU;
- Amendments to IAS 27 and 39, and also to IFRS 5, mandatory at 1 July 2009;
- Amendments to IFRIC 9 and IAS 39, mandatory to annual periods ended in, or after, 30 June 2009, but not yet endorsed in the EU;
- Review of IFRS 1 – "First-time Adoption of IFRS", mandatory at 1 July 2009;
- Review of IFRS 3 – "Business Combinations" (includes amendments to IAS 27, 28 and 31), mandatory at 1 July 2009;
- IFRIC 15 – "Agreements for the Construction of Real Estate", both mandatory at 1 January 2009, but not yet endorsed in the EU;
- IFRIC 16 – "Hedges of a Net Investment in a Foreign Operation", mandatory at 1 October 2008, but not yet endorsed in the EU;
- IFRIC 17 – "Distributions of Non-cash Assets to Owners", mandatory at 1 July 2009;
- IFRIC 18 – "Transfers of Assets from Customers", mandatory at 1 July 2009.

These standards and interpretations, when applicable, shall have no significant impact on the future Group's consolidated financial statements.

The accounting policies and measurement criteria adopted by the Group at 31 March 2009 are comparable with those used in the preparation of the consolidated financial statements at 31 December 2008.



## **Main accounting policies**

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

### **a) Investments in Group companies**

Investments in companies in which the Group has direct or indirect voting rights at Shareholders' General Meetings, in excess of 50%, or in which it has control over the financial and operating policies (definition of control used by the Group) were fully consolidated in the accompanying consolidated financial statements. Third party participations in the shareholders' equity and net results of those companies are recorded separately in the consolidated balance sheet and in the consolidated profit and loss statement, respectively, under the caption 'Minority interests'.

When losses attributable to minority shareholders exceed minority interests in shareholders' funds of the subsidiaries, the Group absorbs the excess together with any additional losses, except when the minority shareholders have the obligation and are able to cover those losses. If subsidiaries subsequently report profits, the Group appropriates all the profits until the amount of the minority interests in the losses absorbed by the Group is recovered.

In the acquisition of subsidiaries, the purchase method is applied. The results of subsidiaries bought or sold during the year are included in the profit and loss statement as from the date of acquisition (or of control acquisition) or up to the date of sale (or of control cession). Intra Group transactions, balances and dividends are eliminated.

The expenses incurred with the acquisition of investments in Group companies are considered as part of the acquisition cost.

The fully consolidated companies are listed in Note 2.

### **b) Investments in associated companies**

Investments in associated companies (generally investments representing between 20% and 50% of a company's share capital) are recorded using the equity method.

In accordance with the equity method, investments are adjusted annually by the amount corresponding to the Group's share of the net results of associated companies, against a corresponding entry to gain or loss for the year, and by the amount of dividends received, as well as by other changes in the equity of the associated companies, which are recorded by a corresponding entry to 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, in which case 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 to the profit and loss statement caption 'Depreciation and amortisation'.

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

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

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

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

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

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

#### **e) Intangible assets**

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

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

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (three to six years), as from the month in which the corresponding expenses are incurred. Mobile and fixed network operator licenses are amortised over the estimated period for which they were granted. During the third quarter of 2008, the Group's Board of Directors revised, with prospective effects, the estimated useful



life of the UMTS license, given the high degree of probability of its renewal and the high degree of probability that such renewal shall be obtained without significant costs. Therefore, after 1 July 2008, the UMTS license is being amortised on a straight-line basis for the period between the commercial launch date and the new estimated end date of the license (2030). Additional license costs, namely the ones related to the commitments assumed by the Group under the UMTS license, regarding the contributions to the "Information Society", are being amortised up to the estimated useful life of the license above indicated. The amortisation of the customer's portfolios is provided on a straight-line basis over the estimated average retention period of the customers (4 to 6 years).

Expenditures with internally-generated intangible assets, namely research and development expenditures, are recognised in the profit and loss statement when incurred. Development expenditures can only be recognised as an intangible asset if the Group demonstrates the ability to complete the project and is able to put it in use or available for sale.

Amortisation for the period is recorded in the profit and loss statement under the caption 'Depreciation and amortisation'.

#### **f) Brands and patents**

Brands and patents are recorded at their acquisition cost and are amortised on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Sonaecom Group does not hold any brands or patents with undetermined useful life therefore the second half of the above referred paragraph is not applicable.

#### **g) Goodwill**

Differences between the cost of investments in subsidiaries and associated companies and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a reapreciation of its calculation, are recorded directly in the profit and loss statement. Until 1 January 2004, 'Goodwill' was amortised over the estimated period of recovery of the investments, usually ten years, and the annual amortisation was recorded in the profit and loss statement under the caption 'Depreciation and amortisation'. Since 1 January 2004 and in accordance with the IFRS 3 – "Business Combinations", the Group has ceased the amortisation of the 'Goodwill', subjecting them to impairment tests (paragraph x). Impairment losses of Goodwill are recorded in the profit and loss statement for the period under the caption 'Depreciation and amortisation'.

In subsequent acquisitions of financial investments already held by the Group, an amount of Goodwill is registered equal to the difference between the acquisition cost of such financial investment and the proportional amount of the shareholders' funds of the acquired company.

#### **h) Investments**

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

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

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

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it has been acquired principally 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 twelve 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 twelve months from the balance sheet date, 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 twelve 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 are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using other valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these techniques can be used, the Group values those investments at cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

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

**i) Financial and operational leases**

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



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

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

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

#### **j) Inventories**

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

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

#### **k) Trade and other current debtors**

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

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

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

#### **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, in 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 financing, 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 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.

#### **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.

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

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

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

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



Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made in 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 year to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

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

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

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

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

Costs relating to customer loyalty programmes, under which points are awarded by the subsidiary Sonaecom – Serviços de Comunicações, S.A., are calculated taking into consideration the probability of the redemption of the points, and are recognised, as a deduction to income, at the time the points are granted, by a corresponding entry in 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 caption '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 18).



## **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', i.e., 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, 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 reserves.

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial statements of the Company, presented in accordance with IAS/IFRS. Therefore, at 31 March 2009, Sonaecom, SGPS, S.A., did not have any reserves which by their nature could be considered distributable.

## **v) Own shares**

Own shares are recorded as a deduction of shareholders' funds. Gains or losses arisen 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 in the shareholders' funds caption 'Other reserves'.

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



The following rates were used to translate into Euro the financial statements of foreign subsidiaries:

	2009		2008	
	31.03.09	Average	31.03.09	Average
Pounds Sterling	1.07434	1.10102	1.25660	1.32128
Brazilian Real	0.32502	0.33162	0.36292	0.38462
American Dollar	0.75143	0.76807	0.63243	0.66840
Polish Zloti	0.21329	0.22286	0.28393	0.27959
Australian Dollar	0.52040	0.50906	0.57690	0.60537
Mexican Peso	0.05330	0.05343	-	-
Egyptian Pound	7.47775	7.30731	-	-
Malaysian Ringgit	0.20613	0.21168	-	-

#### 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 of 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 of 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; and
- 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 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 statistic 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 Reserves', 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, i.e., 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:



- a) 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';
- b) 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';
- c) The net effect of the entries in (a) and (b) above eliminate the original entry to 'Shareholders' funds';
- d) 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 in the balance sheet captions 'Other non current liabilities' and 'Other current liabilities' by a corresponding entry to 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 in the balance sheet captions 'Other non current liabilities' and 'Other current liabilities' by a corresponding entry to the profit and loss statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each balance sheet date.

During the period ended 31 March 2009, the Board of Directors of Sonaecom decided to convert the settlement of its Medium Term Incentive Plans from cash settled to equity settled.

At 31 March 2009, all Sonaecom share plans were covered through the detention of own shares. The impacts associated to such 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 in the profit and loss statement caption 'Staff expenses'.

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

#### **z) Subsequent events**

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

#### **aa) Judgements and estimates**

The most significant accounting estimates reflected in the consolidated financial statements of the quarters ended at 31 March 2009 and 2008, are as follows:

- a) Useful lives of tangible and intangible assets;
- b) Impairment analysis of goodwill and of other tangible and intangible assets;
- c) Recognition of impairment losses on assets (Trade debtors and Inventories) and provisions;
- d) 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, using a prospective methodology.

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

## **ab) Financial risk management**

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

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

### **Market risk**

#### **a. Foreign exchange risk**

The Group operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt and Malaysia (branch) and so it is exposed to foreign exchange rate risk.

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

Whenever possible, the Group uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such a procedure is not possible, the Group adopts derivative financial hedging instruments.

The Group's exposure to foreign exchange rate risk, results essentially from the fact that some of its subsidiaries report in a currency different from Euro, being the risk of operational activity immaterial.

#### **b. Interest rate risk**

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

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

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

As all Sonaecom's borrowings (Note 15) are at variable rates, interest rate swaps and other derivatives are used 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 Group's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions. In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

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

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

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

The maturity analysis of the liabilities associated to the financial instruments is presented in Note 15.

### **c. 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, i.e., 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, i.e, to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial Efficiency, i.e., to ensure that the Group maximizes 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 reduced 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 the Note 16.



#### d. 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 only negotiates with entities with high credit quality.

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Group. The Group uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

The amounts included in the financial statements related to trade debtors and other debtors, net from 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 activity, shareholders and percentage of share capital held at 31 March 2009 and 2008, are as follows:

Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held			
				2009		2008	
				Direct	Effective*	Direct	Effective*
<b>Parent company:</b>							
SONAECOM, S.G.P.S., S.A. ("Sonaecom")	Maia	Management of shareholdings.	-	-	-	-	-
<b>Subsidiaries:</b>							
Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, S.A. ("Artis")	Maia	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services.	Sonaecom	100%	100%	100%	100%
Be Towering – Exploração de Torres de Telecomunicações, S.A. ("Be Towering")	Maia	Implementation, installation and exploitation of towers and other sites for the instalment of telecommunications equipment.	Sonaecom Serviços de Comunicações	100%	100%	100%	100%
Cape Technologies Americas, Inc ("Cape America")	Miami	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
Cape Technologies Limited ("Cape Technologies")	Dublin	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
Cape Technologies (UK) Limited ("Cape UK")	Cardiff	Rendering of consultancy services in the area of information systems.	Cape Technologies	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.	Sonae.com Sistemas de Informação	75.10%	75.10%	75.10%	75.10%
Lugares Virtuais, S.A. ("Lugares Virtuais") (a)	Maia	Organization 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%	-	-
Mainroad – Serviços em Tecnologias de Informação, S.A. ("Mainroad")	Maia	Rendering of consultancy services in IT areas.	Sonae.com Sistemas de Informação	100%	100%	100%	100%
Miauger – Organização e Gestão de Leilões Electrónicos, S.A.	Maia	Organisation and management of electronic auctions of products and services on-line.	Sonaecom	100%	100%	100%	100%

\* Sonaecom effective participation  
(a) Company established in June 2008.



Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held			
				2009		2008	
				Direct	Effective*	Direct	Effective*
M3G – Edições Digitais, S.A. ("M3G")	Maia	Digital publishing, electronic publishing and production of Internet contents.	Público	100%	100%	100%	100%
Per-Mar – Sociedade de Construções, S.A. ("Per-Mar")	Maia	Purchase, sale, renting and operation of property and commercial establishments.	Sonaecom Serviços de Comunicações	100%	100%	100%	100%
Praesidium Services Limited ("Praesidium Services")	Berkshire	Rendering of consultancy services in the area of information systems.	We Do UK	100%	100%	100%	100%
Praesidium Technologies Limited ("Praesidium Technologies")	Berkshire	Rendering of consultancy services in the area of information systems.	We Do UK	100%	100%	100%	100%
Público – Comunicação Social, S.A. ("Público")	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaatelecom BV	100%	100%	100%	100%
Saphety Level – Trusted Services, S.A. (Saphety)	Maia	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; trade, development and representation of software.	Sonae.com Sistemas de Informação	86.995%	86.995%	100%	100%
Sonaecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Sonaecom - Serviços de Comunicações, S.A. ("Novis" and "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	53.54%	53.54%	53.54%	53.54%
			Sonae Telecom	37.94%	37.94%	37.94%	37.94%
			Sonaecom BV	8.52%	8.52%	8.52%	8.52%
Sonae com - Sistemas de Informação, S.G.P.S., S.A. ("Sonae.com Sistemas de Informação")	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%

\* Sonaecom effective participation



Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held			
				2009		2008	
				Direct	Effective*	Direct	Effective*
Sonae Telecom, S.G.P.S., S.A. ("Sonae Telecom")	Maia	Management of shareholdings in the area of telecommunications.	Sonaeacom	100%	100%	100%	100%
Sonaetelecom BV	Amsterdam	Management of shareholdings.	Sonaeacom	100%	100%	100%	100%
Tecnológica Telecomunicações, LTDA. ("Tecnológica")	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	99.99%	99.90%	99.99%	99.90%
Telemilénio Telecomunicações - Sociedade Unipessoal, Lda. ("Tele2")	Lisbon	Rendering of mobile telecommunications services, including fixed telecommunications and internet service.	Sonaeacom	Merger		100%	100%
We Do Consulting – Sistemas de Informação, S.A. ("We Do")	Maia	Rendering of consultancy services in the area of information systems.	Sonae.com Sistemas de Informação	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. ("Cape Poland")	Posnan	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
We Do Technologies BV ("We Do BV") (a)	Amsterdam	Management of shareholdings.	We Do	100%	100%	-	-
We Do Technologies BV - Malaysian Branch ("We Do Malaysia") (b)	Kuala Lumpur	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	-	-
We Do Technologies Mexico, S de R.L. ("We Do Mexico") (b)	Mexico City	Rendering of consultancy services in the area of information systems.	We Do BV	95%	95%	-	-
			Sonaeacom BV	5%	5%	-	-
We Do Technologies Egypt Limited ("We Do Egypt") (b)	Cairo	Rendering of consultancy services in the area of information systems.	We Do BV	90%	90%	-	-
			Sonaeacom BV	5%	5%	-	-
			Sonaetelecom BV	5%	5%	-	-
We Do Technologies (UK) Limited ("We Do UK")	Berkshire	Management of shareholdings.	We Do	100%	100%	100%	100%
We Do Technologies Australia PTY Limited ("Cape Asia")	Sydney	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%

\* Sonaeacom effective participation  
(a) Company established in June 2008.  
(b) Companies established in September 2008.

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IAS 27 (majority of voting rights, through the ownership of shares in the companies).

### 3. Companies jointly controlled

At 31 March 2009 and 2008, the Group jointly controls and consolidates through the proportional method the following companies:

Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held			
				2009		2008	
				Direct	Effective*	Direct	Effective*
Vipu Ace ("Sexta")	Lisbon	Optimization of resources for the activity of editing of contents for periodic publications in paper to digital media, video or TV.	Público	50%	50%	50%	50%
Unipress – Centro Gráfico, Lda. ("Unipress") (a)	V.N. Gaia	Trade and industry of graphic design and publishing.	Público	50%	50%	40%	40%

\* Sonaeacom effective participation  
(a) Company held by 50% since December 2008 and formerly consolidated by the equity method (Note 4).



At 31 March 2009 and 2008, the main impacts arising from the consolidation by the proportional method of the above mentioned entities, are as follows (debit/(credit)):

	2009	2008
Non current assets	3,727,581	13,138
Current assets	424,549	75,219
Non current liabilities	(3,023,941)	-
Current liabilities	(504,205)	(304,296)
Net result	(16,764)	206,357
Total revenues	(489,875)	(111,941)
Total costs	473,111	318,298

#### 4. Investments in associated companies

At 31 March 2009 and 2008, this caption included investments in associated companies, which head offices, main activities, shareholders, percentage of share capital held and book value were as follows:

Company (Commercial brand)	Head Office	Main activity	Shareholder	Percentage of share capital held				Book value	
				2009		2008		2009	2008
				Direct	Effective*	Direct	Effective*		
<b>Associated companies:</b>									
Net Mall, S.G.P.S., S.A. ("Net Mall")	Maia	Management of shareholdings.	Sonae Com Sistemas de Informação	(Liquidated)		39.51%	39.51%	-	(a)
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)
Unipress – Centro Gráfico, Lda. ("Unipress") (b)	V.N. Gaia	Trade and industry of graphic design and publishing.	Público	50%	50%	40%	40%	(b)	757,069
								-	757,069

\* Sonaeacom effective participation

(a) Investment recorded at a nil book value

(b) From 31 December 2008, the company is consolidated by the proportional method.

The associated companies were 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 companies and the Group accounting policies, since there were no significant differences.

At 31 March 2009 and 2008, the assets, liabilities, total revenues and net results of associated companies were as follows:

Company	2009			
	Assets	Liabilities	Total revenues	Net results
Sociedade Independente de Radiodifusão Sonora, S.A.	596,939	594,185	286,935	39,231



2008				
Company	Assets	Liabilities	Total revenues	Net results
Unipress - Centro Gráfico, Lda <sup>(1)</sup>	9,828,695	7,947,107	3,581,171	53,639
Sociedade Independente de Radiodifusão Sonora, S.A.	535,583	551,012	301,060	28,663
Net Mall, S.G.P.S., S.A.	14,573	21,060	55	(770)

(1) Values at 31.12.2006

## 5. Changes in the Group

During the periods ended at 31 March 2009 and 2008 the following changes occurred in the composition of the Group:

### 5.a) Others

At 1 January 2009, the Group proceeded to the merger by incorporation of the subsidiary Telemilénio Telecomunicações, Sociedade Unipessoal, Lda. into the subsidiary Sonaecom - Serviços de Comunicações, S.A., enabling a greater operational efficiency and increased cost control. This transaction was approved at the General Shareholder Meetings of each company, both held on 24 November 2008.

## 6. Tangible Assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 31 March 2009 and 2008 was as follows:

	2008								Total
	Land	Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Tools	Other tangible assets	Work in progress	
<b>GROSS ASSETS</b>									
Balance at 31.12.2008	1,391,593	252,295,915	891,297,575	161,116	157,107,115	1,189,329	5,139,704	88,154,502	1,396,736,849
Additions	-	102,212	3,021,518	38,621	2,277,886	-	36,466	12,736,720	18,213,423
Disposals	-	(189,906)	(177,044)	(38,621)	(84,341)	-	-	-	(489,912)
Transfers and write-offs	-	5,951,440	23,350,189	-	1,197,551	2,902	14,870	(30,645,233)	(128,281)
<b>Balance at 31.03.2009</b>	<b>1,391,593</b>	<b>258,159,661</b>	<b>917,492,238</b>	<b>161,116</b>	<b>160,498,211</b>	<b>1,192,231</b>	<b>5,191,040</b>	<b>70,245,989</b>	<b>1,414,332,079</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:</b>									
Balance at 31.12.2008	-	130,910,565	545,294,870	125,491	130,529,609	1,131,114	3,003,661	-	810,995,310
Depreciation for the year	-	2,602,767	22,404,554	4,314	4,365,593	5,763	175,782	-	29,558,773
Disposals	-	(8,180)	(32,079)	(17)	(6,595)	-	-	-	(46,871)
Transfers and write-offs	-	-	1,627	-	1,680	-	-	-	3,507
<b>Balance at 31.03.2009</b>	<b>-</b>	<b>133,505,152</b>	<b>567,668,972</b>	<b>129,788</b>	<b>134,890,487</b>	<b>1,136,877</b>	<b>3,179,443</b>	<b>-</b>	<b>840,510,719</b>
<b>Net value</b>	<b>1,391,593</b>	<b>124,654,509</b>	<b>349,823,266</b>	<b>31,328</b>	<b>25,607,724</b>	<b>55,354</b>	<b>2,011,597</b>	<b>70,245,989</b>	<b>573,821,360</b>



	Land	Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Tools	Other tangible assets	Work in progress	Total
<b>GROSS ASSETS</b>									
Balance at 31.12.2007	1,391,593	235,216,110	842,983,026	129,546	143,432,036	1,096,920	2,728,382	36,846,800	1,263,824,413
Additions	-	395,276	1,473,859	5,030	2,555,245	-	1,400,021	23,210,965	29,040,396
Disposals	-	(5,156)	(60,537)	(8,554)	(220,343)	-	-	-	(294,590)
Transfers and write-offs	-	1,831,346	12,034,154	-	854,348	10,135	1,851	(14,803,694)	(71,860)
<b>Balance at 31.03.2008</b>	<b>1,391,593</b>	<b>237,437,576</b>	<b>856,430,502</b>	<b>126,022</b>	<b>146,621,286</b>	<b>1,107,055</b>	<b>4,130,254</b>	<b>45,254,071</b>	<b>1,292,498,359</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:</b>									
Balance at 31.12.2007	-	118,050,343	492,489,934	94,160	116,612,257	1,040,128	2,371,081	-	730,657,903
Depreciation for the year	-	3,133,902	21,110,996	6,634	3,754,283	5,619	116,981	-	28,128,415
Disposals	-	(71)	(3,305)	(741)	(76,896)	-	-	-	(81,013)
Transfers and write-offs	-	60,000	(1,400)	1	(10,648)	-	1,575	-	49,528
<b>Balance at 31.12. 2007</b>	<b>-</b>	<b>121,244,174</b>	<b>513,596,225</b>	<b>100,054</b>	<b>120,278,996</b>	<b>1,045,747</b>	<b>2,489,637</b>	<b>-</b>	<b>758,754,833</b>
<b>Net value</b>	<b>1,391,593</b>	<b>116,193,402</b>	<b>342,834,277</b>	<b>25,968</b>	<b>26,342,290</b>	<b>61,308</b>	<b>1,640,617</b>	<b>45,254,071</b>	<b>533,743,526</b>

The additions that occurred during the period included: assets associated with the UMTS operation (Universal Mobile Telecommunications Service); HSDPA (Kanguru Express); ULL assets (unbundling of the local loop); and assets related with the Triple Play project and FTTH (Fibre-to-the-Home).

The acquisition cost of Tangible fixed assets held by the Group under finance lease contracts, amounted to Euro 29,018,836 and Euro 25,434,823 as of 31 March 2009 and 2008, and their net book value as of those dates amounted to Euro 21,298,849 and Euro 20,681,415 respectively.

At 31 March 2009, the heading 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained, except for the assets acquired under financial lease contracts.

Tangible assets in progress at 31 March 2009 and 2008 were made up as follows:

	2009	2008
Development of mobile network	36,737,908	36,884,068
Development of fixed network	25,873,028	3,579,668
Information systems	3,048,736	2,814,298
Other projects in progress	4,586,316	1,976,037
	<b>70,245,988</b>	<b>45,254,071</b>

At 31 March 2009, the movement occurred in the amounts for the 'Development of fixed network' concern, essentially, to investments related to the development of the fibre network (FTTH).

At 31 March 2009 and 2008, the amounts of commitments to third parties relating to investments to be made were as follows:

	2009	2008
Network	31,558,182	41,093,662
Information systems	5,622,496	5,283,150
	<b>37,180,678</b>	<b>46,376,812</b>

## 7. Intangible assets

In the periods ended at 31 March 2009 and 2008, the movement in Intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:



	Brands and patents and other rights	Software	Intangible assets in progress	Total
<b>GROSS ASSETS:</b>				
<b>Balance at 31.12.2008</b>	<b>287,617,028</b>	<b>214,987,219</b>	<b>11,249,369</b>	<b>513,853,616</b>
Additions	25,519	262,861	3,633,509	3,921,889
Disposals	-	-	(5,250)	(5,250)
Transfers and write-offs	27,866	4,622,387	(4,402,235)	248,018
<b>Balance at 31.03.2009</b>	<b>287,670,413</b>	<b>219,872,467</b>	<b>10,475,393</b>	<b>518,018,273</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:</b>				
<b>Balance at 31.12.2008</b>	<b>69,111,102</b>	<b>171,924,626</b>	-	<b>241,035,728</b>
Amortisation for the year	4,170,084	5,673,999	-	<b>9,844,083</b>
Disposals	-	-	-	-
Transfers and write-offs	-	34,826	-	<b>34,826</b>
<b>Balance at 31.03.2009</b>	<b>73,281,186</b>	<b>177,633,451</b>	-	<b>250,914,637</b>
<b>Net value</b>	<b>214,389,227</b>	<b>42,239,016</b>	<b>10,475,393</b>	<b>267,103,636</b>

	Brands and patents and other rights	Software	Intangible assets in progress	Total
<b>GROSS ASSETS:</b>				
<b>Balance at 31.12.2007</b>	<b>184,616,429</b>	<b>212,851,390</b>	<b>5,011,298</b>	<b>402,479,117</b>
Additions	2,753,248	1,012,768	2,655,456	6,421,472
Disposals	-	(3,590)	-	(3,590)
Transfers and write-offs	9,001	(127,617)	82,553	(36,063)
<b>Balance at 31.03.2008</b>	<b>187,378,678</b>	<b>213,732,951</b>	<b>7,749,307</b>	<b>408,860,936</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:</b>				
<b>Balance at 31.12.2007</b>	<b>48,060,543</b>	<b>164,981,940</b>	-	<b>213,042,483</b>
Amortisation for the year	5,282,144	3,860,265	-	9,142,409
Disposals	-	(229)	-	(229)
Transfers and write-offs	(1)	(26,560)	-	(26,561)
<b>Balance at 31.12.2007</b>	<b>53,342,686</b>	<b>168,815,416</b>	-	<b>222,158,102</b>
<b>Net value</b>	<b>134,035,992</b>	<b>44,917,535</b>	<b>7,749,307</b>	<b>186,702,834</b>

At 31 March 2009, the caption 'Brands and patents and other rights' includes the amount of Euro 95 million that represent the present value of the estimated responsibilities with the "Initiatives E" project, recorded in June 2008.

The additions that occurred in the period ended at 31 March 2009 included the amount of Euro 2.7 million related to the commitments to the 'Information Society'.

Under the agreed terms resulting from the grant of the UMTS License, Sonaecom – Serviços de Comunicações (Optimus at the time) committed to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to Euro 274 million which will have to be realised until the end of 2015.

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications ("MOPTC"), part of these commitments, up to Euro 159 million, would be realised through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of Sonaecom – Serviços de Comunicações, S.A.'s business (investments in network and technology, if not directly related with the accomplishment of other obligations inherent to the



attribution of the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognised by the MOPTC and by entities created specially for this purpose. At the date of approval of these financial statements, Euro 130 million (Euro 64 million in 2008) were already incurred in previous years and were validated by the above referred entities. The remaining amount is currently under evaluation or not yet realised. These charges will be recorded in the attached financial statements at the moment the projects are carried out and the estimated costs are known.

The remaining commitments, up to Euro 116 million, will be realised, as agreed between Sonaecom - Serviços de Comunicações and MOPTC, through contributions to the 'Initiatives E' project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through an open fund, called 'Fund for the Information Society', established by the three mobile operators with businesses in Portugal. The success of this project, initiated in the end of 2007, depended on the beneficiaries' participation to the various initiatives (e-opportunities, e-school and e-teacher) and could have been subject to revision during a period of 12 months, i.e., until June 2008. Due to these facts, it was not possible, at 31 December 2007, to estimate in a reliable way the success of this project, and therefore, at that date it was not possible to produce a secure and reliable estimate of the responsibilities to be recognised.

Taking into consideration the success of the project during the first semester of 2008, Sonaecom considered that conditions to produce a reliable estimate of the total responsibilities associated with 'Initiatives E' project were in place. Therefore, such responsibilities were recorded, at 30 June 2008, as an added cost of the UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'.

During the third quarter of 2008, taking into account important facts occurred in recent months, namely that: incumbent operators were not allowed to take part in the fourth license tendering process; and current national and international practice of extension, without costs, of GSM licenses and the renewal of UMTS licenses; the Group's Board of Directors decided to revise the useful life of the UMTS license, extending the amortisation period from 2015 to 2030, given the high probability of its renewal and the high probability of such renewal being granted without significant costs. In accordance with IAS 8, the impacts of the estimated useful life revision were recorded prospectively therefore, total amortisations are lower in Euro 2 million when compared to the amortisations obtained using the former estimated useful life.

At 31 March 2009 and 2008, the Group kept recorded under the heading 'Intangible assets' the amounts of Euro 195,139,015 and Euro 110,931,747, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 65,256,266 (amount of Euro 69,756,698 in 2008) related to the license; (ii) Euro 21,804,511 (amount of Euro 23,308,270 in 2008) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 6,696,824 (Euro 7,158,674 in 2008) related to a contribution to the Information Society Fund, established in 2007, under an agreement entered with 'MOPCT' and the three mobile telecommunication operators in Portugal; and (iv) Euro 95,805,882 (Euro 4,748,054 in 2008) related with the programme 'Initiatives E', these last two associated to the commitments assumed by the Group in relation to the 'Information Society'.

The assessment of impairment for the main 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 analyzed separately.

The intangible assets in progress, at 31 March 2009 and 2008, were mainly composed by software development.

Intangible and tangible assets include interest and other financial expenses incurred, directly related to the construction of certain items of work in progress.

At 31 March 2009 and 2008, such expenses amounted to Euro 17,429,678 and Euro 14,689,752, respectively. The amount capitalised in the periods ended at 31 March 2009 and 2008 were Euro 495,171 and Euro 323,992, respectively. An interest capitalisation rate of 3.78% was used in 2009 (5.14% in 2008), which corresponds to the average interest rate supported by the Group.

## **8. Breakdown of financial instruments**

At 31 March 2009 and 2008, the breakdown of financial instruments was as follows:



2009							
	Investments recorded at fair value through profit and loss	Loans and receivables	Held-to-maturity investments	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
<b>Non current Assets</b>							
Investments available for sale (Note 10)	-	-	-	1,207,320	1,207,320	-	1,207,320
	-	-	-	1,207,320	1,207,320	-	1,207,320
<b>Current Assets</b>							
Trade debtors	-	164,310,853	-	-	164,310,853	-	164,310,853
Other current debtors	-	7,280,163	-	-	7,280,163	30,808,807	38,088,970
Cash and cash equivalents (Note 12)	-	100,988,693	-	-	100,988,693	-	100,988,693
	-	272,579,709	-	-	272,579,709	30,808,807	303,388,516

2008							
	Investments recorded at fair value through profit and loss	Loans and receivables	Held-to-maturity investments	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
<b>Non current Assets</b>							
Investments available for sale (Note 10)	-	-	-	1,207,320	1,207,320	-	1,207,320
	-	-	-	1,207,320	1,207,320	-	1,207,320
<b>Current Assets</b>							
Trade debtors	-	191,036,282	-	-	191,036,282	-	191,036,282
Other current debtors	-	8,675,962	-	-	8,675,962	8,094,024	16,769,986
Cash and cash equivalents (Note 12)	-	5,530,897	-	-	5,530,897	-	5,530,897
	-	205,243,141	-	-	205,243,141	8,094,024	213,337,165

2009							
	Liabilities recorded at fair value through profit and loss	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
<b>Non current liabilities</b>							
Medium and long-term loans - net of short-term portion (Note 15)	-	201,493	416,515,473	-	416,716,966	-	416,716,966
Other non current financial liabilities (Note 16)	-	-	-	21,775,291	21,775,291	-	21,775,291
Securitisation of receivables (Note 18)	-	-	74,247,453	-	74,247,453	-	74,247,453
	-	201,493	490,762,926	21,775,291	512,739,710	-	512,739,710
<b>Current Liabilities</b>							
Short-term loans and other loans (Note 15)	-	-	11,295,493	-	11,295,493	-	11,295,493
Trade creditors	-	-	-	164,717,713	164,717,713	-	164,717,713
Other current financial liabilities (Note 19)	-	-	-	2,099,463	2,099,463	-	2,099,463
Securitisation of receivables (Note 18)	-	-	19,491,488	-	19,491,488	-	19,491,488
Other creditors	-	-	-	16,596,093	16,596,093	9,050,771	25,646,864
	-	-	30,786,981	183,413,269	214,200,250	9,050,771	223,251,021

2008							
	Liabilities recorded at fair value through profit and loss	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
<b>Non current liabilities</b>							
Medium and long-term loans - net of short-term portion (Note 15)	-	(241,146)	329,798,754	-	329,557,608	-	329,557,608
Other non current financial liabilities (Note 16)	-	-	-	17,696,902	17,696,902	-	17,696,902
	-	(241,146)	329,798,754	17,696,902	347,254,510	-	347,254,510
<b>Current Liabilities</b>							
Short-term loans and other loans (Note 15)	-	-	267,708	-	267,708	-	267,708
Trade creditors	-	-	-	174,705,592	174,705,592	-	174,705,592
Other current financial liabilities (Note 19)	-	-	-	1,745,124	1,745,124	-	1,745,124
Other creditors	-	-	-	12,012,582	12,012,582	9,396,847	21,409,429
	-	-	267,708	188,463,298	188,731,006	9,396,847	198,127,853

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

## 9. Goodwill

For the periods ended at 31 March 2009 and 2008, the movements occurred in goodwill were as follows:

	2009	2008
Opening balance	526,030,904	528,216,604
Others	(38,985)	(67,309)
Closing balance	525,991,919	528,149,295

The caption "Others" includes, mainly, the exchange rate update of the Group's Goodwill.

Goodwill at 31 March 2009 and 2008 was made up as follows:

	2009	2008
Sonaecom - Serviços de Comunicações	485,092,375	485,092,375
Público	20,000,000	20,000,000
Cape	17,476,354	19,875,417
WeDo	1,971,668	1,971,668
Praesidium	999,038	1,079,049
Unipress	321,698	-
SIRS	72,820	72,820
Permar	47,253	47,253
Optimus Towering	10,713	10,713
	525,991,919	528,149,295

The evaluation of the existence of impairment losses in Goodwill was based on the most recent business plans duly approved by the Group's Board of Directors, which are prepared attending to the cash flow projections for periods of 5 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%.

	Discount rate
Telecommunications	7.90%
Multimedia	9.60%
Information Systems	9.30%

## 10. Investments available for sale

At 31 March 2009 and 2008, this caption included investments classified as available for sale and was made up as follows:

	2009				2008			
	%	Gross amount	Accumulated impairment losses (Note 17)	Net amount	Gross amount	Accumulated impairment losses (Note 17)	Net amount	
Altitude, SGPS, S.A.	11.54%	1,000,000	-	1,000,000	1,000,000	-	1,000,000	
Lusa – Agência de Notícias de Portugal, S.A.	1.38%	197,344	-	197,344	197,344	-	197,344	
Others	-	9,976	-	9,976	9,976	-	9,976	
		1,207,320	-	1,207,320	1,207,320	-	1,207,320	

At 31 March 2009, these investments correspond to participations 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 fund's	Gross debt	Turnover	Operational results	Net Income
Altitude, SGPS, S.A.	21,566	7,824	4,255	25,724	1,437	949
Lusa – Agência de Notícias de Portugal, S.A.	19,819	7,376	6,485	18,376	1,793	764

Amounts expressed in thousands Euros at 31-12-07

During the quarters ended at 31 March 2009 and 2008, the heading 'Investments available for sale' did not present any movements.

## 11. Deferred tax

Deferred tax assets at 31 March 2009 and 2008, amounted to Euro 123,951,735 and Euro 103,275,882, 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 quarters ended at 31 March 2009 and 2008 were as follows:

	2009	2008
Opening balance	124,862,171	101,118,096
Impact in results:		
Tax losses carried forward and deferred tax related to the tax results of the companies included in the tax group during the period	(1,620,879)	1,162,319
Deferred tax assets not recorded in previous years, as its recovery was not expected (Cape and Miauger in 2008)	-	434,000
Movements in provisions not accepted for tax purposes and tax benefits	896,373	-
Temporary net differences between the tax and the accounting amount of certain fixed assets	(154,942)	569,388
Sub-total effect on results (Note 22)	(879,448)	2,165,707
Others	(30,988)	(7,921)
Closing balance	123,951,735	103,275,882

At 31 March 2009 and 2008, assessments of the deferred taxes to be recognised were made. Potential deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated.

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

The rate used at 31 March 2009 and 2008 to calculate the deferred tax assets relating to tax losses carried forward was 25%. The rate used to calculate deferred tax assets resulting from temporary differences was 26.5%.

In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets, by nature, at 31 March 2009 was as follows:



Companies included in the tax group  
Tax losses prior to the establishment of the tax group

Companies excluded from the tax group

Nature	Companies included in the tax group											Companies excluded from the tax group					Total Sonaecom Group		
	Sonaecom SGPS	Sonaecom Serviços de Comunicações	Be Artis	Be Towing	SSI	We Do	Mainroad	Miauger	Lugares Virtuais	Permar	Sonae Telecom	Total	WeDo Brasil	Praesidium	Digitmarket	Saphety		Cape	Total
Tax losses:																			
To be used until 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	153,040	-	-	153,040	153,040
To be used until 2010	-	-	-	-	-	-	230,287	123,787	-	-	-	354,074	-	-	257,298	-	-	257,298	611,372
To be used until 2011	-	-	-	-	-	-	31,676	82,213	-	-	-	113,889	-	-	210,662	-	-	210,662	324,551
To be used until 2012	-	-	-	-	-	-	170,616	-	-	-	170,616	-	-	-	-	-	-	170,616	170,616
To be used until 2013	-	-	-	-	-	-	68,421	-	-	-	68,421	-	-	-	-	138,000	-	138,000	206,421
To be used until 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unlimited Utilisation	-	-	-	-	-	-	-	-	-	-	-	-	-	91,481	-	-	134,506	225,987	225,987
	-	-	-	-	-	-	501,000	206,000	-	-	-	707,000	-	91,481	621,000	138,000	134,506	984,987	1,691,987
Impacts due to the tax group																			
Tax losses recorded as a result from the establishment of the tax group																			
	259,476	(167,133)	951,757	(220,332)	(6,363)	(388,076)	(29,634)	(10,971)	41,643	(8,289)	1,588	423,666	-	-	-	-	-	-	423,666
Tax provisions not accepted and other temporary differences																			
	119,250	8,829,290	522,304	50,034	-	-	(15,900)	(7,997)	-	-	-	9,496,982	-	-	-	-	-	-	9,496,982
Tax benefits (SIFIDE)																			
	-	1,716,399	-	-	-	-	-	-	-	-	-	1,716,399	-	-	-	-	-	-	1,716,399
Adjustments in the conversion to IAS/IFRS																			
	-	39,883,429	-	-	-	-	-	-	-	-	-	39,883,429	48,162	-	-	-	-	48,162	39,931,591
Temporary differences arising from the securitization of receivables																			
	-	16,100,000	-	-	-	-	-	-	-	-	-	16,100,000	-	-	-	-	-	-	16,100,000
Differences between the tax and accounting amount of certain fixed assets and others																			
	-	54,591,110	-	-	-	-	-	-	-	-	-	54,591,110	-	-	-	-	-	-	54,591,110
<b>Total</b>	<b>378,726</b>	<b>120,953,095</b>	<b>1,474,062</b>	<b>(170,297)</b>	<b>(6,363)</b>	<b>(388,076)</b>	<b>455,466</b>	<b>187,032</b>	<b>41,643</b>	<b>(8,289)</b>	<b>1,588</b>	<b>122,918,586</b>	<b>48,162</b>	<b>91,481</b>	<b>621,000</b>	<b>138,000</b>	<b>134,506</b>	<b>1,033,149</b>	<b>123,951,735</b>



At 31 March 2009 and 2008, the Group has other situations where potential deferred tax assets could be recognised, but since it is not expected that sufficient taxable profits will be generated in the future to cover those losses, such deferred tax assets were not recorded:

	2009	2008
Tax losses	48,889,300	97,596,259
Temporary differences (mainly provisions not accepted for tax purposes)	33,324,192	18,788,395
Adjustments in the conversion to IAS/IFRS	(256,572)	5,771
	<u>81,956,920</u>	<u>116,390,425</u>

At 31 March 2009 and 2008, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2009	2008
2008	-	26,281,975
2009	1,234,660	10,009,474
2010	7,104,952	5,647,060
2011	7,205,323	13,094,164
2012	9,040,807	17,332,247
2013	15,999,687	19,303,692
2014	1,512,692	1,245,824
2015	2,631,259	2,108,678
2016	1,204,308	1,856,648
2017	1,771,661	121,032
2018	74,875	-
Unlimited	1,109,076	595,465
	<u>48,889,300</u>	<u>97,596,259</u>

The years 2016 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than 6 years.

The deferred tax liabilities on 31 March 2009 and 2008, amount to Euro 836,337 and Euro 257,439, respectively, and result mainly from consolidation adjustments and adjustments in the conversion to IAS/IFRS.

The movements that occurred in deferred tax liabilities in the periods ended at 31 March 2009 and 2008 were as follows:

	2009	2008
Opening balance	(605,414)	-
Impact on results		
Consolidation adjustments	(230,923)	-
Adjustments in the conversion to IAS/IFRS	-	(257,439)
Total impact in results (Note 22)	<u>(836,337)</u>	<u>(257,439)</u>
Closing balance	<u>(836,337)</u>	<u>(257,439)</u>

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 31 March 2009 and 2008 is as follows:



	2009	2008
Earnings before taxes	2,055,858	(7,357,396)
Income tax rate (25%)	(513,965)	1,949,710
Deferred tax assets not recognised in the individual accounts and/or resulting from consolidation adjustments and other adjustments to taxable income	(1,693,522)	(810,437)
Deferred tax assets not recognised in previous years	-	434,000
Record of deferred tax liabilities	(230,923)	(257,439)
Movements in provisions not accepted for tax purposes and tax benefits	896,373	-
Movements in the temporary differences between the tax and accounting amounts of certain fixed assets	(154,942)	569,388
Income taxation recorded in the year (Note 22)	<u>(1,696,979)</u>	<u>1,885,222</u>

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries for a period of four years (ten years for Social Security until 31 December 2000 and five years after that date), 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 2005 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not have a significant impact on the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the consolidated financial statements, associated to probable tax contingencies, that should have been registered or disclosed in the accompanying financial statements, at 31 March 2009 and 2008.

## 12. Cash and cash equivalents

At 31 March 2009 and 2008, the detail of cash and cash equivalents was as follows:

	2009	2008
Cash	400,942	346,367
Bank deposits repayable on demand	4,920,224	4,732,624
Treasury applications	95,667,527	451,906
Cash and cash equivalents	100,988,693	5,530,897
Bank overdrafts (Note 15)	(865,770)	(158,832)
	<u>100,122,923</u>	<u>5,372,065</u>

At 31 March 2009 and 2008, the 'Treasury applications' had the following breakdown:

	2009	2008
Sonae Investments BV	95,000,000	-
National bank applications	667,527	71,906
Foreign bank applications	-	380,000
	<u>95,667,527</u>	<u>451,906</u>

During the period ended at 31 March 2009, the above mentioned treasury applications bear interests at an average rate of 2.888% (4.11% in 2008).

### 13. Share capital

At 31 March 2009 and 2008 the share capital of Sonaecom was comprised by 366,246,868 ordinary registered shares of 1 Euro each. At those dates, the shareholder structure was as follows:

	2009		2008	
	Number of shares	%	Number of shares	%
Sontel BV	193,874,470	52.94%	190,778,077	52.09%
Atlas Service Belgium	73,249,374	20.00%	-	-
Shares traded on the Portuguese Stock Exchange ('Free float')	63,022,421	17.21%	75,048,721	20.49%
093X (EDP)	29,150,000	7.96%	29,150,000	7.96%
Own shares	6,110,954	1.67%	968,553	0.26%
Sonae SGPS	838,649	0.23%	23,649	0.01%
Efanor Investimentos, S.G.P.S., S.A.	1,000	0.00%	1,000	0.00%
Wirefree Services Belgium, S.A.	-	0.00%	70,276,868	19.19%
	<u>366,246,868</u>	<u>100.00%</u>	<u>366,246,868</u>	<u>100.00%</u>

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 31 March 2009, Sonaecom delivered to its employees 786,243 own shares under its Medium Term Incentive Plan.

Additionally, during the quarter, Sonaecom acquired 966,554 shares (at an average price of Euro 1.33), holding at 31 March 2009 6,110,954 own shares, representative of 1.67% of its share capital at the average acquisition cost of Euro 1.80.

### 15. Loans

At 31 March 2009 and 2008, the heading Loans had the following breakdown:

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

Company	Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
					2009	2008
Sonaecom SGPS	"Obrigações Sonaecom SGPS 2005"	150,000,000	Jun-13	Final	150,000,000	150,000,000
	Costs associated with financing set-up	-	-	-	(2,293,926)	(2,772,388)
	Interests incurred but not yet due	-	-	-	1,698,751	2,419,100
	Fair value of swaps	-	-	-	201,493	9,803
					<u>149,606,318</u>	<u>149,656,515</u>
Sonaecom SGPS	Commercial paper	250,000,000	100,000,000 until Jul-10 150,000,000 until Jul-12	-	250,000,000	180,500,000
		70,000,000	Jan-10	-	17,000,000	-
	Costs associated with financing set-up	-	-	-	(621,714)	(686,610)
	Interests incurred but not yet due	-	-	-	137,936	338,652
	Fair value of swaps	-	-	-	-	(250,949)
					<u>266,516,222</u>	<u>179,901,093</u>
Unipress	Bank loan	-	-	-	206,250	-
Saphety	Minority shareholder loan's	-	-	-	388,176	-
					<u>416,716,966</u>	<u>329,557,608</u>



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

Company	Lender	Type	Amount outstanding	
			2009	2008
Sonaecom	CGD	Overdraft facility	10,429,723	-
Several	Several	Bank overdrafts	865,770	158,832
Wedo Brasil	ABN	Short term loan	-	108,876
			<u>11,295,493</u>	<u>267,708</u>

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

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

With this refinancing, the Group was able to, under the current favourable market conditions, increase the weighted average maturity of contracted debt, extinguish some of the contractual, financial and operational restrictions imposed by the previous Optimus contract and obtain higher efficiency in terms of the consolidated liquidity management.

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

The average interest rate applied to the Bond Loan for the period was 4.007%.

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

At 31 March 2009 and 2008, the repayment schedule of medium and long term loans and of interests, for both bonds and commercial paper was as follows (values based on the latest interest rate established for each type of loan):

	2009					
	N+1	N+2	N+3	N+4	N+5	After N+5
Bond Loan						
Reimbursements	-	-	-	150,000,000	-	-
Interests	6,115,500	6,115,500	6,132,255	2,865,070	-	-
Commercial paper						
Reimbursements	17,000,000	-	250,000,000	-	-	-
Interests	3,515,421	3,493,330	2,029,003	-	-	-
	<u>26,630,921</u>	<u>9,608,830</u>	<u>258,161,258</u>	<u>152,865,070</u>	<u>-</u>	<u>-</u>

	2008					
	N+1	N+2	N+3	N+4	N+5	After N+5
Bond Loan						
Reimbursements	-	-	-	-	150,000,000	-
Interests	8,656,583	8,656,583	8,656,583	8,656,583	4,055,550	-
Commercial paper						
Reimbursements	-	30,500,000	-	150,000,000	-	-
Interests	9,245,822	8,661,396	7,851,602	4,477,869	-	-
	<u>17,902,405</u>	<u>47,817,979</u>	<u>16,508,185</u>	<u>163,134,453</u>	<u>154,055,550</u>	<u>-</u>

Although the maturity of commercial paper issuance is of six months, the counterparties assumed the placement and the maintenance of those limits for a period of five years.

Minority shareholder loan's have no maturity defined.



At 31 March 2009 and 2008, the available credit lines of the Group were as follows:

2009						
Company	Credit	Limit	Amount outstanding	Amount available	Maturity	
					Until 12 months	More than 12 months
Sonaecom	Commercial paper	250,000,000	250,000,000	-		x
Sonaecom	Commercial paper	70,000,000	17,000,000	53,000,000	x	
Sonaecom	Overdraft facilities	15,000,000	10,429,723	4,570,277	x	
Sonaecom	Bond loan	150,000,000	150,000,000	-		x
Público	Overdraft facilities	1,496,394	-	1,496,394	x	
Público	Overdraft facilities	1,500,000	-	1,500,000	x	
Público	Authorised overdrafts	1,246,995	-	1,246,995	x	
WeDo Brasil	Overdraft facilities	82,935	-	82,935	x	
		<b>489,326,324</b>	<b>427,429,723</b>	<b>61,896,601</b>		

  

2008						
Company	Credit	Limit	Amount outstanding	Amount available	Maturity	
					Until 12 months	More than 12 months
Sonaecom	Commercial paper	250,000,000	180,500,000	69,500,000		x
Sonaecom	Commercial paper	70,000,000	-	70,000,000		x
Sonaecom	Overdraft facilities	5,000,000	-	5,000,000	x	
Sonaecom	Bond loan	150,000,000	150,000,000	-		x
Público	Overdraft facilities	1,496,394	-	1,496,394	x	
Público	Overdraft facilities	1,500,000	-	1,500,000	x	
Público	Authorised overdrafts	1,246,995	-	1,246,995	x	
WeDo Brasil	Overdraft facilities	368,009	-	368,009	x	
		<b>479,611,398</b>	<b>330,500,000</b>	<b>149,111,398</b>		

The interest rate hedging instruments outstanding at 31 March 2009 and 2008 and their correspondent fair value, calculated through the discounted future cash-flows method, were as follows:

2009						
Company	Hedged loan	Notional amount	Maturity date	Base rate	Fixed rate contracted	Fair value of the derivative instruments
Sonaecom	Bond loan	75,000,000	Jun-09	Euribor 6m	4.565%	201,493
						<b>201,493</b>

  

2008						
Company	Hedged loan	Notional amount	Maturity date	Base rate	Fixed rate contracted	Fair value of the derivative instruments
Sonaecom	Commercial paper	110,000,000	Mar-09	Euribor 6m	4.573%	(250,949)
Sonaecom	Bond loan	75,000,000	Jun-09	Euribor 6m	4.565%	9,803
						<b>(241,146)</b>

In September 2007, Sonaecom entered into an interest rate swap, with a notional amount of Euro 110 million, for a period of 18 months re-fixed every semester, to hedge the risk associated to the interest rate of one plot of the commercial paper issued in 13 September 2007, for the same amount and the same period. The maturity of this interest rate swap occurred on 13 March 2009.



In December 2007, Sonaecom entered into an interest rate swap, with a notional amount of Euro 75 million, for a period of 18 months re-fixed every semester, to hedge 50% of the risk associated to the interest rate of the bond loan issued in June 2005, for the amount of Euro 150 million and for the period of eight years with re-fixations every semester. The payments of interest on the bond loan and on the swap are made simultaneously, by its net amount.

During the period ended at 31 March 2009, the movements that occurred in the fair value of the swaps, related to the Commercial Paper Programme, in the amount of minus Euro 174,106 and the bonds loans, in the amount of plus Euro 279,681, were recorded in the caption 'Hedging reserves', as the hedging is effective, in accordance with IAS 39.

Through the execution of these derivative financial instruments, at 31 March 2009, approximately 17% of gross debt is, in an indirect way, subject to fixed interest rates. The remaining 83% of gross debt is exposed to changes in the interest rates.

## 16. Other non current financial liabilities

At 31 March 2009 and 2008, this caption was made up of accounts payable to fixed assets suppliers related to lease contracts which are due in more than one year in the amount of Euro 21,775,291 and Euro 17,696,902, respectively.

At 31 March 2009 and 2008, the payment of these amounts was due as follows:

	2009		2008	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2008	-	-	2,436,181	1,526,883
2009	3,070,575	2,036,329	2,388,166	1,521,723
2010	3,087,430	2,082,908	2,070,704	1,266,084
2011	2,828,536	1,922,981	1,869,068	1,124,586
2012	2,828,835	2,011,524	1,885,669	1,196,418
2013	2,660,752	1,932,887	1,677,995	1,043,570
2014 and follows	17,517,841	13,888,125	14,996,916	11,762,762
	31,993,969	23,874,754	27,324,699	19,442,026
Interests	(8,119,214)	-	(7,882,673)	-
	23,874,755	23,874,754	19,442,026	19,442,026
Short term liability (Note 19)	-	(2,099,463)	-	(1,745,124)
	23,874,755	21,775,291	19,442,026	17,696,902

The medium and long term agreements made with suppliers of fibre optic network capacity, under which the Group has the right to use that network, which is considered as a specific asset, are recorded as finance leases in accordance with IAS 17 – "Leases" and IFRIC 4 – "Determining whether an arrangement contains a Lease". These contracts have a 15 to 20 year maturity.

## 17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 31 March 2009 and 2008 were as follows:

Heading	2009					Closing balance
	Opening balance	Transfers	Increases	Utilisations	Decreases	
Accumulated impairment losses on accounts receivables	75,788,067	-	5,306,882	(1,540,516)	(90)	79,554,343
Accumulated impairment losses on inventories	11,273,207	-	527,224	-	-	11,800,431
Provisions for other liabilities and charges	32,205,441	-	1,479,816	(28,000)	(196,491)	33,460,766
	119,266,715	-	7,313,922	(1,568,516)	(196,581)	124,815,540



Heading	2008					Closing balance
	Opening balance	Transfers	Increases	Utilisations	Decreases	
Accumulated impairment losses on accounts receivables	66,167,308	(60,714)	2,653,119	(2,492,000)	(146,395)	66,121,318
Accumulated impairment losses on inventories	8,663,703	-	966,010	-	-	9,629,713
Provisions for other liabilities and charges	30,885,378	318,714	544,401	(12,898)	-	31,735,595
	<u>105,716,389</u>	<u>258,000</u>	<u>4,163,530</u>	<u>(2,504,898)</u>	<u>(146,395)</u>	<u>107,486,626</u>

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 754,320 associated with the dismantling of sites (Euro 2,724 in 2008), as foreseen in IAS 16 (Note 1.d.) and the amount of Euro 84,456 registered in the financial statements, under the caption 'Income taxation'. Therefore, the total amount included under increases of provisions and impairment losses, registered against a corresponding entry in the profit and loss statement, corresponds to Euro 6,475,147 (Euro 4,097,488 in 2008).

The heading 'Utilisations' refers, essentially, to the use of provisions by the subsidiary Sonaecom – Serviços de Comunicações, which were registered against an entry in customers' current accounts.

At 31 March 2009 and 2008, the breakdown of the provisions for other liabilities and charges were as follows:

	2009	2008
Dismantling of sites	21,361,461	18,891,544
Several contingencies	4,545,379	6,658,355
Legal processes in progress	2,745,234	2,416,073
Indemnities	675,357	569,432
Others	4,133,335	3,200,191
	<u>33,460,766</u>	<u>31,735,595</u>

The heading of '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. This is the reason why their financial actualisation was not carried out.

## 18. Securitization of receivables

On 30 December 2008, the subsidiary Sonaecom - Serviços de Comunicação, S.A., carried out a securitisation operation of future receivables amounting to Euro 100 million (Euro 98,569,400, net of initial costs) following which it ceded future credits to be generated under a portfolio of existing "Corporate" customer contracts, under the regime established in the Decreto-Lei nº 453/99, of 5 November.

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

Future receivables in the necessary amounts required for TAGUS to perform the quarter interest and principal instalment payments due to bondholders, as well all the other payments due to the other creditors of this transaction, shall be allocated by Sonaecom – Serviços de Comunicação, S.A. throughout calendar years 2009/2013, up to a maximum of Euro 213,840,362. Under the terms of this transaction, the amount to be allocated in the next 12 months (Euro 19,491,488) was registered in current liabilities and the remainder, amounting to Euro 74,247,453, was registered in non-current liabilities.

The transaction did not determine any change in the accounting treatment of the underlying receivables or in the relationship established with the customers.

At 31 March 2009, the amount recorded in 'Securitisation of receivables' has the following maturity:



	N+1	N+2	N+3	N+4	N+5	Total
Securitisation of receivables	19,491,488	19,629,764	19,753,244	19,872,830	14,991,615	93,738,941

## 19. Other current financial liabilities

At 31 March 2009, this caption includes the amount of Euro 2,099,463 (Euro 1,745,124 in 2008) related to the short term portion of lease contracts (Note 16).

## 20. External supplies and services

'External supplies and services' for the period ended at 31 March 2009 and 2008 had the following composition:

	2009	2008
Interconnection costs	51,758,772	62,668,961
Specialised works	16,238,699	17,255,696
Commissions	12,885,477	12,214,160
Rents	8,719,466	8,244,308
Leased lines	6,630,491	10,325,787
Advertising and promotion	6,327,763	14,249,027
Energy	2,402,577	2,133,868
Travelling costs	1,087,510	1,195,209
Others	16,250,993	17,345,936
	<u>122,301,748</u>	<u>145,632,952</u>

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

Minimum payments of operational leases	2009	2008
2008	-	7,845,563
2009	38,343,055	6,048,872
2010	43,718,432	4,483,379
2011	40,077,448	3,351,415
2012	37,530,296	1,221,003
2013	36,075,062	158,863
2014	30,505,419	904,842
2015	21,804,202	-
Renewable by periods of 1 year	4,845,307	2,372,957
	<u>252,899,221</u>	<u>26,386,895</u>

During the period ended at 31 March 2009, an amount of Euro 12,742,961 was recorded in the heading 'External supplies and services' related with operational leasing rents.

After 31 December 2008, besides the rental of facilities and 'renting' of vehicles, the commitments assumed with operational leasing rents include the rental of 'Sites' and leased lines given the nature of such contracts.

The rents associated to the rental of facilities are mainly justified by the lease, established in 2007, of the Sonaecom building in Lisbon which has a 5 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 31 March 2009 and 2008 were made up as follows:



	2009	2008
Financial results related to associated companies		
Losses on associated companies	-	-
Gains on associated companies	-	9,456
	<u>-</u>	<u>9,456</u>
Other financial expenses:		
Interest expenses	(5,447,088)	(4,468,114)
Bank loans	(3,458,589)	(4,192,488)
Securitization interests	(1,456,080)	-
Swap interests	(255,562)	-
Leasing	(249,080)	(233,051)
Other interests	(27,777)	(42,575)
Foreign exchange losses	(80,481)	(379,751)
Other financial expenses	(140,222)	(92,488)
Set up costs (Note 15)	(12,530)	(12,500)
Others	(127,692)	(79,988)
	<u>(5,667,791)</u>	<u>(4,940,353)</u>
Other financial income:		
Interest income	1,510,824	727,883
Foreign exchange gains	268,230	51,588
Other financial income	(38,686)	(2,870)
	<u>1,740,368</u>	<u>776,601</u>

During the quarter ended at 31 March 2009, the caption 'Other financial income: Interest income' includes, mainly, interests earned on treasury applications, interests on late collections associated with cases in litigation and interests related with the swaps contracted by Sonaecom. During the quarter ended at 31 March 2008, the 'Interest income' includes, mainly, interests on late collections associated with cases in litigation and interests related with the swaps contracted by Sonaecom.

## 22. Income taxation

Income taxes recognised during the periods ended at 31 March 2009 and 2008 were made up as follows (costs)/gains:

	2009	2008
Current tax	(586,608)	(291,656)
Deferred tax assets (Note 11)	(879,448)	2,165,707
Deferred tax liabilities	(230,923)	11,171
	<u>(1,696,979)</u>	<u>1,885,222</u>

## 23. Related parties

During the period ended at 31 March 2009 and 2008, the balances and transactions maintained with related parties were mainly associated with the normal operational activity of the Group (providing communications and consultancy services) and to the concession and obtainance of loans.

The most significant balances and transactions with related parties at 31 March 2009 and 2008 were as follows:



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

Balances at 31 March 2008				
	Accounts receivable	Accounts payable	Treasury applications	Other assets/ (liabilities)
Sonae	125,024	-	-	(6,967)
Modelo Continente Hipermercados, S.A.	1,999,625	379,208	-	203,329
Worten	7,874,325	2,170,249	-	(1,544,646)
France Telecom	4,604,168	5,606,704	-	(14,680,618)
	<u>14,603,142</u>	<u>8,156,161</u>	<u>-</u>	<u>(16,028,902)</u>

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

Transactions at 31 March 2008				
	Sales and services rendered	Supplies and services received	Interest and similar income/ (expense)	Supplementary income
Sonae	98,223	10,523	-	11,280
Modelo Continente Hipermercados, S.A.	1,643,536	110,155	-	169,429
Worten	1,788,740	397,817	-	-
France Telecom	3,225,017	3,299,227	-	-
	<u>6,755,516</u>	<u>3,817,722</u>	<u>-</u>	<u>180,709</u>

The transactions between Group companies were eliminated in consolidation, and therefore are not disclosed in this note.

All the above transactions were made at market prices.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the periods ended at 31 March 2009 and 2008, no impairment losses referring to related entities were recognised in accounts receivable.

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

## 24. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2009 and 2008 were as follows:

Company	Beneficiary	Description	2009	2008
Sonaecom	BBVA – Portugal, ING Belgium Portugal and Millennium BCP	Commercial paper	320,000,000	320,000,000
Sonaecom - Serviços de Comunicações, Público and Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	34,033,171	8,876,695
Sonaecom - Serviços de Comunicações	Direcção de Contribuições e Impostos (Portuguese tax authorities)	IRC - Tax assessment	1,739,897	1,650,000
Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	Stam Duty (Tax audit 2005)	754,368	-
Sonaecom - Serviços de Comunicações and Público	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT - Impugnation process	598,000	598,000
Sonaecom - Serviços de Comunicações and Tele2	Direcção Geral do Tesouro (Portuguese tax authorities)	IRC – Withholding tax on payments to non-residents	306,954	470,954
Sonaecom - Serviços de Comunicações	Governo Civil de Lisboa (Lisbon Civilian Government)	Guarantee the sweepstakes plan complete fulfilment	290,060	63,279
Sonaecom - Serviços de Comunicações	Câmara Municipal de Coimbra, Lisboa, Braga, Elvas e Caldas da Rainha (Coimbra, Lisbon, Braga, Elvas, Caldas da Rainha, Guarda, Mealhada, Barcelos and Faro Municipalities)	Performance bond - works	288,595	287,494
Público	Tribunal de Trabalho de Lisboa (Lisbon Labour Court)	Execution action n. 199A/92	271,511	271,511
Público	Fazenda Pública do Porto (Oporto Public Treasury)	Tax process n. 3190/98	209,493	209,493
WeDo	API (Portuguese Investment Agency)	Application to PRIME subsidies	184,004	184,004
Sonaecom - Serviços de Comunicações and Digitmarket	Hewlett Packard	Finance lease and services provider contracts	159,859	159,859
Sonaecom - Serviços de Comunicações	Governo Civil de Santarém (Santarém Civilian Government)	Guarantee the fulfilment of legal obligations	119,703	119,703
Several	Others		1,326,523	953,857
			<u>360,282,138</u>	<u>333,844,849</u>

At 31 March 2009 and 2008, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the consolidated financial statements.

## 25. Information by business segment

The following business segments were identified for the periods ended at 31 March 2009 and 2008:

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



At 31 March 2009, as a result of the criteria established by IFRS 8 - "Operating Segments", which became effective on 1 January 2009, a new segment labeled "Holding activities" was identified, which includes the operations of the Group companies that have as main activity the management of shareholdings.

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

Inter-segment transactions during the periods ended at 31 March 2009 and 2008 were eliminated in the consolidation process. All these transactions were made at market prices.

Due to the immateriality of the assets and transactions of the Group outside Portugal, segment information by geographical markets is not presented.

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 interconnection, interest on treasury applications and management fees.

Overall information by business segment at 31 March 2009 and 2008 can be summarised as follows:



	Telecommunications		Multimedia		Information Systems		Holding Activities		Other		Sub-total		Eliminations		Total	
	March-2009	March-2008	March-2009	March-2008	March-2009	March-2008	March-2009	March-2008	March-2009	March-2008	March-2009	March-2008	March-2009	March-2008	March-2009	March-2008
<b>Revenues:</b>																
Sales and services rendered	197,790,935	213,490,936	7,412,399	7,807,170	39,922,211	27,050,171	1,822,858	1,648,749	55,200	211,625	247,003,603	250,208,651	(6,112,105)	(12,513,933)	240,891,498	237,694,718
Other operating revenues	1,401,634	2,495,162	53,794	63,732	246,281	70,546	-	18,838	-	1,736	1,701,709	2,650,014	(788,282)	(1,120,120)	913,427	1,529,894
<b>Total revenues</b>	<b>199,192,569</b>	<b>215,986,098</b>	<b>7,466,193</b>	<b>7,870,902</b>	<b>40,168,492</b>	<b>27,120,717</b>	<b>1,822,858</b>	<b>1,667,587</b>	<b>55,200</b>	<b>213,361</b>	<b>248,705,312</b>	<b>252,858,665</b>	<b>(6,900,387)</b>	<b>(13,634,053)</b>	<b>241,804,925</b>	<b>239,224,612</b>
Depreciation and amortisation	(38,950,909)	(36,977,390)	(376,084)	(182,407)	(435,828)	(496,413)	(33,129)	(23,565)	(7,201)	(10,907)	(39,803,151)	(37,690,682)	400,294	419,858	(39,402,857)	(37,270,824)
<b>Net operating income/(loss) for the segment</b>	<b>5,334,666</b>	<b>(1,311,268)</b>	<b>(1,279,611)</b>	<b>(1,345,018)</b>	<b>1,539,963</b>	<b>376,199</b>	<b>(608,359)</b>	<b>(476,244)</b>	<b>43,736</b>	<b>113,638</b>	<b>5,030,395</b>	<b>(2,642,693)</b>	<b>952,886</b>	<b>(560,407)</b>	<b>5,983,281</b>	<b>(3,203,100)</b>
Net interests	(2,617,657)	(3,781,666)	(24,972)	(31,309)	(20,069)	(31,596)	(1,297,742)	118,853	(10,539)	(14,513)	(3,970,979)	(3,740,231)	34,716	-	(3,936,263)	(3,740,231)
Gains and losses in associated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	9,456	-	9,456
Other financial results	(123,052)	(80,856)	(1,981)	11,410	187,772	(367,639)	3,084,829	40,027,369	(40)	(81)	3,147,528	39,590,203	(3,138,688)	(40,013,724)	8,840	(423,521)
Income taxation	(900,372)	1,553,226	(5,994)	(5,296)	(915,628)	(99,572)	364,670	(29,099)	(8,732)	298,147	(1,466,056)	1,717,406	(230,923)	167,816	(1,696,979)	1,885,222
<b>Consolidated net income/(loss) for the period</b>	<b>1,693,585</b>	<b>(3,620,564)</b>	<b>(1,312,558)</b>	<b>(1,370,213)</b>	<b>792,038</b>	<b>(122,608)</b>	<b>1,543,398</b>	<b>39,640,879</b>	<b>24,425</b>	<b>397,191</b>	<b>2,740,888</b>	<b>34,924,685</b>	<b>(2,382,009)</b>	<b>(40,396,859)</b>	<b>358,879</b>	<b>(5,472,174)</b>
<b>Attributable to:</b>																
Shareholders of Parent Company	<b>1,693,585</b>	<b>(3,620,564)</b>	<b>(1,312,558)</b>	<b>(1,370,213)</b>	<b>681,157</b>	<b>(177,329)</b>	<b>1,543,398</b>	<b>39,640,879</b>	<b>24,425</b>	<b>397,191</b>	<b>2,630,007</b>	<b>34,869,964</b>	<b>(2,385,839)</b>	<b>(40,396,015)</b>	<b>244,168</b>	<b>(5,526,045)</b>
Minority interests	-	-	-	-	110,881	54,721	-	-	-	-	110,881	54,721	3,830	(850)	114,711	53,871
<b>Assets:</b>																
Fixed assets and Goodwill	839,021,134	722,683,734	6,506,854	2,009,916	62,129,147	64,600,136	641,175	238,756	1,596,311	1,645,999	909,894,621	791,178,541	457,022,294	457,417,114	1,366,916,915	1,248,595,655
Inventories	19,051,241	25,495,084	842,788	1,389,740	5,635,738	1,852,245	-	-	-	-	25,529,767	28,737,069	-	-	25,529,767	28,737,069
Financial investments	1,282,025	1,282,025	436,509	1,097,695	907,494	907,494	1,074,936,051	1,128,586,264	-	-	1,077,562,079	1,131,873,478	(1,076,354,759)	(1,129,909,089)	1,207,320	1,964,389
Other non current assets	123,696,859	102,623,114	228,675	-	1,094,177	1,749,131	416,724,080	324,062,292	-	300,000	541,743,791	428,734,537	(417,792,056)	(325,458,655)	123,951,735	103,275,882
Other current assets of the segment	310,566,237	284,471,361	9,736,008	8,934,556	42,563,336	33,226,709	121,876,980	99,737,705	73,645	772,711	484,816,206	427,143,042	(44,330,105)	(114,852,257)	440,486,101	312,290,785
	<b>1,293,617,496</b>	<b>1,136,555,318</b>	<b>17,750,834</b>	<b>13,431,907</b>	<b>112,329,892</b>	<b>102,335,715</b>	<b>1,614,178,286</b>	<b>1,552,625,017</b>	<b>1,669,956</b>	<b>2,718,710</b>	<b>3,039,546,464</b>	<b>2,807,666,667</b>	<b>(1,081,454,626)</b>	<b>(1,112,802,887)</b>	<b>1,958,091,838</b>	<b>1,694,863,780</b>
<b>Liabilities:</b>																
Liabilities of the segment	834,752,615	800,209,294	18,505,719	15,602,692	57,894,145	46,806,407	443,192,371	345,056,232	1,487,359	1,782,175	1,355,832,209	1,209,456,800	(330,895,072)	(447,109,192)	1,024,937,137	762,347,608
	<b>834,752,615</b>	<b>800,209,294</b>	<b>18,505,719</b>	<b>15,602,692</b>	<b>57,894,145</b>	<b>46,806,407</b>	<b>443,192,371</b>	<b>345,056,232</b>	<b>1,487,359</b>	<b>1,782,175</b>	<b>1,355,832,209</b>	<b>1,209,456,800</b>	<b>(330,895,072)</b>	<b>(447,109,192)</b>	<b>1,024,937,137</b>	<b>762,347,608</b>
CAPEX	21,785,088	35,380,923	148,752	103,770	456,213	22,494	107,261	12,718	-	714	22,497,314	35,520,619	(362,001)	(160,594)	22,135,313	35,360,025

Despite the merger occurred in 2007 between the mobile and fixed telecommunications businesses, for some headings of the balance sheet and of the profit and loss statement, the Board of Directors of the Group decided to maintain a separate analysis of the business as follows:

	Mobile Network		Fixed Network and Internet		Eliminations		Telecommunications	
	March 09	March 08	March 09	March 08	March 09	March 08	March 09	March 08
Income:								
Services rendered	146,815,099	151,569,381	64,259,807	75,198,420	(13,283,971)	(13,276,865)	197,790,935	213,490,936
Other operating revenues	8,721,304	10,187,427	(29,479)	649,643	(7,290,191)	(8,341,908)	1,401,634	2,495,162
Total revenues	155,536,403	161,756,808	64,230,328	75,848,063	(20,574,162)	(21,618,773)	199,192,569	215,986,098
Depreciation and amortisation	(29,028,556)	(28,962,815)	(9,909,193)	(8,014,575)	(13,160)	-	(38,950,909)	(36,977,390)
Operational results of the segments	14,734,966	4,167,095	(9,271,251)	(5,495,779)	(129,049)	17,416	5,334,666	(1,311,268)
Assets								
Tangible assets and Goodwill	663,941,558	546,378,087	175,079,576	176,305,647	-	-	839,021,134	722,683,734
Inventories	14,588,755	22,345,572	4,462,486	3,149,512	-	-	19,051,241	25,495,084
Financial investments	1,282,025	1,282,025	-	-	-	-	1,282,025	1,282,025
CAPEX	13,653,510	28,635,896	7,779,719	6,745,027	351,859	-	21,785,088	35,380,923

During the periods ended at 31 March 2009 and 2008, the inter-segments sales and services were as follows:

	2009				
	Telecommunications	Multimedia	Information Systems	Holding activities	Others
Telecommunications	-	30,494	3,567,898	1,735,782	55,200
Multimedia	297,451	-	71,330	36,767	-
Information Systems	223,446	15,000	-	49,063	-
Holding activities	11,920	900	16,154	-	-
Sonaecom others	352	-	-	348	-
Others	197,257,766	7,366,005	36,266,829	898	-
	197,790,935	7,412,399	39,922,211	1,822,858	55,200

  

	2008				
	Telecommunications	Multimedia	Information Systems	Holding activities	Others
Telecommunications	-	-	10,053,324	1,570,091	55,200
Multimedia	481,304	-	52,839	41,294	8,391
Information Systems	167,014	10,270	-	34,456	-
Holding activities	12,643	-	19,754	-	-
Sonaecom others	4,840	-	2,514	-	-
Others	212,825,135	7,796,900	16,921,740	2,909	148,034
	213,490,936	7,807,170	27,050,171	1,648,750	211,625

## 26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 244,168 in 2009 and minus Euro 5,526,045 in 2008) by the average number of shares outstanding during the periods ended at 31 March 2009 and 2008, net of own shares (Euro 360,256,121 in 2009 and Euro 364,661,133 in 2008).

## 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 Sonaecom S.G.P.S., S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Group.



The Sonaecom plans outstanding at 31 March 2009 can be summarised as follows:

	Share price at award date *	Vesting period		31-Mar-2009	
		Award date	Vesting date	Aggregate number of participations	Number of options/ shares
<b>Sonaecom shares</b>					
2005 Plan	4.093	10-Mar-06	09-Mar-09	-	-
2006 Plan	4.697	09-Mar-07	08-Mar-10	388	997,376
2007 Plan	2.447	10-Mar-08	09-Mar-11	401	1,862,543
2008 Plan	1.117	10-Mar-09	09-Mar-12	417	3,939,045
<b>Sonae SGPS shares</b>					
2005 Plan	1.34	10-Mar-06	09-Mar-09	-	-
2006 Plan	1.68	09-Mar-07	08-Mar-10	6	153,968
2007 Plan	1.16	10-Mar-08	09-Mar-11	7	261,924
2008 Plan	0.51	10-Mar-09	09-Mar-12	7	554,299

\* Average share price in the month prior to the award date for Sonaecom shares and the lower of the average share price for the month prior to the Annual General Meeting and the share price on the day after the Annual General Meeting, for Sonae SGPS shares. However, for the 2006 Plans the share price was: Sonaecom shares - the average share price between 3 March and 5 April 2007; Sonae SGPS shares - the average share price between 13 February and 26 March 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nomination and Remuneration Committee. For the 2008 Plan, in respect to the Sonae SGPS shares, the share price is the 25 March 2009 share price, since the Annual General Meeting will be held on 20 April 2009.

During the period ended at 31 March 2009, the movements that occurred in the plans can be summarised as follows:

	Sonaecom shares		Sonae SGPS shares	
	Aggregate number of participations	Number of shares	Aggregate number of participations	Number of shares
<b>Outstanding at 31.12.2008</b>				
Exercisable	-	-	-	-
Unvested	1,146	3,709,121	25	563,816
Total	1,146	3,709,121	25	563,816
<b>Movements in the year</b>				
Awarded	417	3,939,045	7	554,299
Vested	(356)	(836,716)	(12)	(147,924)
Cancelled/Elapsed *	(1)	(12,486)	-	-
<b>Outstanding at 31.03.2009</b>				
Exercisable	-	-	-	-
Unvested	1,206	6,798,964	20	970,191
Total	1,206	6,798,964	20	970,191

\* Corrections are made according to the dividend paid or by changes in the capital.

During the period ended at 31 March 2009, the Board of Directors of Sonaecom decided to convert the settlement of its Medium Term Incentive Plans from cash settled to equity settled.

For Sonaecom's share plans, the total responsibility is calculated taking in consideration the share price at 2 January 2009, the date as from which the change to the form of settlement of the share plans is effective, with the exception of the plan attributed in 2009, which responsibility is calculated based on the corresponding award date. The responsibility for the mentioned plans is Euro 1,393,362 and was recorded under the heading 'Medium Term Incentive Plans Reserves'. For the Sonae SGPS share plans, the Group entered into hedging contracts with external entities and the liabilities are calculated based on the prices agreed in those contracts and recorded under the headings of 'Other current liabilities' and 'Other non current liabilities', with the exception of the plan attributed in 2009, which is not hedged and which responsibility is calculated based on the share price at the balance sheet date.



Share Plan costs are recognised in the accounts over the period between the award and the vesting date of those shares. The costs recognised in previous years and in the period ended at 31 March 2009, were as follows:

	Amount
Costs recognised in previous years	21,246,968
Costs recognised in the period	511,332
Costs of plans from subsidiary Exit (no longer consolidated)	(8,882)
Costs of plans vested in previous years	(18,927,624)
Costs of plans vested in the period	(1,108,106)
Total cost of the plans	<u>1,713,688</u>
Recorded in Other current liabilities	203,687
Recorded in Other non current liabilities	116,639
Recorded in Reserves	<u>1,393,362</u>

## 28. Other matters

(i) At 31 March 2009, accounts receivable from customers and accounts payable to suppliers include Euro 37,139,253 and Euro 29,913,608, respectively, as well the captions 'Other current assets' and 'Other current liabilities' include Euro 411,649 and Euro 6,856,200, respectively, resulting from a dispute between the subsidiary Sonaecom – Serviços de Comunicação, S.A. (formerly Optimus) and, essentially, the operator TMN – Telecomunicações Móveis Nacionais, S.A., in relation to interconnection tariffs, recorded in the year ended 31 December 2001. The Group has considered the most penalising tariffs in their consolidated financial statements. In the lower court, the decision was favourable to Optimus. The 'Tribunal da Relação' (Court of Appeal), on appeal, rejected the intentions of TMN. However, TMN again appealed to the 'Supremo Tribunal de Justiça' (Supreme Court).

(ii) In the Arbitration Court proceeding imposed to resolve the conflict between Maxistar and the other shareholders of Sonaecom – Serviços de Comunicações, S.A. (at the time Optimus) - for breach of a clause of the Shareholders' Agreement, Maxistar was condemned to pay an indemnity of Euro 2,344,350 plus legal interest calculated until the date of payment or, alternatively, to subject itself to a purchase option over its participation in Sonaecom – Serviços de Comunicações at 70% of its actual value. Maxistar has appealed against the decision of the Arbitration Court but that appeal has already been rejected in the lower courts. In consequence of this rejection, Maxistar appealed to the 'Tribunal da Relação de Lisboa' (Lisbon Court of Appeal).

As a way to execute the amounts due to be paid by Maxistar, and after having informed Maxistar of their preference for the payment in cash, some shareholders have proposed an execution action. Before the decision of the Arbitration Court, Maxistar paid those shareholders, as a way of avoiding the execution, a total amount of Euro 4,068,048 (capital plus interest), of which Euro 2,183,899 was paid to Sonaecom.

The 'Tribunal da Relação de Lisboa' rejected Maxistar's appeal, confirming the previous decision.

Maxistar appealed to the 'Supremo Tribunal de Justiça' (Supreme Court) who dismissed the appeal confirming the decision that is now pending its final effect.

These consolidated financial statements were approved by the Board of Directors on 30 April 2009.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS/IFRS) and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



## APPENDIX

At 31 March 2009, the related parties of Sonaecom Group are as follows:

<b>Key management personnel</b>	
Álvaro Carmona e Costa Portela	Gervais Pellissier
Álvaro Cuervo Garcia	Jean François Pontal
Ângelo Gabriel Ribeirinho dos Santos Paupério	Luís Filipe Campos Dias Castro Reis
António Bernardo Aranha da Gama Lobo Xavier	Luís Filipe Palmeira Lampreia
António de Sampaio e Mello	Maria Cláudia Teixeira de Azevedo
Belmiro de Azevedo	Michel Marie Bon
David Hobley	Miguel Nuno Santos Almeida
Duarte Paulo Teixeira de Azevedo	Nuno Manuel Moniz Trigo Jordão
Franck Emmanuel Dangeard	Nuno Miguel Teixeira Azevedo
George Christopher Lawrie	Pedro Miguel Freitas Ramalho Carlos

<b>Sonae/Efanor Group Companies</b>	
3DO Holding GmbH	Bikini, Portal de Mulheres,S.A.
3DO Shopping Centre GmbH	Bloco Q-Sociedade Imobiliária,S.A.
3shoppings - Holding,SGPS, S.A.	Bloco W-Sociedade Imobiliária,S.A.
Aegean Park,S.A.	Boavista Shopping Centre BV
Agepan Eiweiler Management GmbH	BOM MOMENTO - Comércio Retalhista, SA
Agepan Flooring Products, S.A.RL	Boulangier España, SL
Agepan Tarket Laminate Park GmbH Co. KG	Box Lines Navegação,S.A.
Aglom Investimentos, Sgps, S.A.	Campo Limpo, Lda
Aglom-Soc.Ind.Madeiras e Aglom.,S.A.	Canasta-Empreendimentos Imobiliários,S.A.
Águas Furtadas - Imobiliária, S.A.	Carnes do Continente-Ind.Distr.Carnes,S.A.
Airone - Shopping Center, Srl	CarPlus – Comércio de Automóveis, S.A.
ALEXA Administration GmbH	Casa Agrícola de Ambrães, S.A.
ALEXA Holding GmbH	Casa Agrícola João e A. Pombo, S.A.
ALEXA Shopping Centre GmbH	Casa da Ribeira - Hotelaria e Turismo,S.A.
Alexa Site GmbH & Co. KG	Cascaishopping- Centro Comercial, S.A.
Algarveshopping- Centro Comercial, S.A.	Cascaishopping Holding I, SGPS, S.A.
Andar - Sociedade Imobiliária, S.A.	Centro Colombo- Centro Comercial, S.A.
Aqualuz - Turismo e Lazer, Lda	Centro Residencial da Maia,Urban.,S.A.
Aquapraia - Investimentos Turísticos,S.A.	Centro Vasco da Gama-Centro Comercial,S.A.
Arat inmebles, S.A.	Change, SGPS, S.A.
Arrádashopping- Centro Comercial, S.A.	Chão Verde-Soc.Gestora Imobiliária,S.A.
Aserraderos de Cuellar,S.A.	Choice Car - Comércio de Automóveis, S.A.
Atlantic Ferries-Tráf.Loc,Flu.e Marít,S.A.	Choice Car SGPS, S.A.
Avenida M-40 B.V.	Cia.de Industrias e Negócios,S.A.
Avenida M-40,S.A.	Cinclus Imobiliária,S.A.
Azulino Imobiliária, S.A.	Citorres-Sociedade Imobiliária,S.A.
BB Food Service, SA	Clérigoshopping- Gestão do C.Comerc.,S.A.
Bertimóvel - Sociedade Imobiliária, S.A.	Coimbrashopping- Centro Comercial, S.A.
Best Offer-Prest. Inf. p/Internet,S.A.	Colombo Towers Holding, BV



Contacto Concessões, SGPS, S.A.	Gaiashopping I- Centro Comercial, S.A.
Contibomba-Comérc.Distr.Combustíveis,S.A.	Gaiashopping II- Centro Comercial, S.A.
Contimobe-Imobil.Castelo Paiva,S.A.	Geotur- Viagens e Turismo, S.A.
Continente Hipermercados, S.A.	GHP GmbH
Contry Club da Maia-Imobiliária,S.A.	Gli Orsi Shopping Centre 1 Srl
Craiova Mall BV	Global S-Hipermercado,Lda
Cronosaúde - Gestão Hospitalar, S.A.	Glunz AG
Cumulativa - Sociedade Imobiliária, S.A.	Glunz Service GmbH
Darbo S.A.S	Glunz UK Holdings Ltd
Developpement & Partenariat Assurances, S.A.	Glunz Uka GmbH
Difusão-Sociedade Imobiliária,S.A.	Golf Time-Golfe e Invest. Turísticos, S.A.
Distrifin-Comercio y Prest.Servicios,S.A.	GOOD AND CHEAP - Comércio Retalhista, SA
DMJB, SGPS, S.A.	Guerin – Rent a Car (Dois), Lda.
Dortmund Tower GmbH	Guimarãesshopping- Centro Comercial, S.A.
Dos Mares - Shopping Centre B.V.	HIPOTÉTICA - Comércio Retalhista, SA
Dos Mares-Shopping Centre, S.A.	Hornitex Polska Sp z.o.o
Ecociclo - Energia e Ambiente, S.A.	Iberian Assets, S.A.
Ecociclo II - Energias, S.A.	IGI-Investimento Imobiliário,S.A.
Edições Book.it, S.A.	Igimo-Sociedade Imobiliária,S.A.
Edifícios Saudáveis Consultores, S.A.	Iginha-Sociedade Imobiliária,S.A.
Efanor Investimentos, SGPS, S.A.	Imoareia - Invest. Turísticos, SGPS, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imobiliária da Cacela, S.A.
Efanor-Design e Serviços,S.A.	Imoclub-Serviços Imobiliários,S.A.
Efanor-Indústria de Fios,S.A.	Imoconti- Soc.Imobiliária,S.A.
El Rosal Shopping, S.A.	Imodivor - Sociedade Imobiliária, S.A.
Empreend.Imob.Quinta da Azenha,S.A.	Imoestrutura-Soc.Imobiliária,S.A.
Equador & Mendes,Lda	Imoferro-Soc.Imobiliária,S.A.
Espimaia -Sociedade Imobiliária,S.A.	Imohotel-Emp.Turist.Imobiliários,S.A.
Estação Oriente-Gest.de Galerias Com.,S.A.	Imomuro-Sociedade Imobiliária,S.A.
Estação Viana- Centro Comercial, S.A.	Imopenínsula - Sociedade Imobiliária, S.A.
Estêvão Neves-Hipermercados Madeira,S.A.	Imoplamac Gestão de Imóveis,S.A.
Etablissement A. Mathe, S.A.	Imoponte-Soc.Imobiliária,S.A.
Euro Decorative Boards,Ltd	Imoresort - Sociedade Imobiliária, S.A.
Euromegantic,Lteé	Imoresultado-Soc.Imobiliária,S.A.
Euroresinas-Indústrias Químicas,S.A.	Imosedas-Imobiliária e Serviços,S.A.
Farmácia Seleção, SA	Imosistema-Sociedade Imobiliária,S.A.
Finlog - Aluguer e Comércio de Automóveis, S.A.	Imosonae II
Fozimo-Sociedade Imobiliária,S.A.	Impaper Europe GmbH & Co. KG
Fozmassimo - Sociedade Imobiliária, S.A.	Implantação - Imobiliária, S.A.
Freccia Rossa- Shopping Centre S.r.l.	Infofield-Informática,S.A.
Friengineering International Ltda	Inparsa - Gestão Galeria Comercial, S.A.
Fundo de Invest. Imobiliário Imosede	Inparvi SGPS, S.A.
Fundo Invest.Imob.Shopp. Parque D.Pedro	Insulatroia - Sociedade Imobiliária, S.A.



<p>Integrum-Edifícios Sustentáveis,SA  Integrum-Serviços Partilhados,S.A.  Interclean, S.A.  Interlog-SGPS,S.A.  Inventory-Acessórios de Casa,S.A.  Investalentejo, SGPS, S.A.  Invsaude - Gestão Hospitalar, S.A.  Ipaper-Industria Papeis Impregnados,S.A.  ISF - Imobiliário, Serviços e Participaç  Isoroy SAS  JUST SPORT - Comércio Art. Desporto, SA  KLC Holdings XII SA  La Farga - Shopping Center, SL  Larissa Develop. Of Shopping Centers, S.A.  Lazam Corretora, Ltda.  Le Terrazze - Shopping Centre S.r.l.  Lembo Services Ltd (Euro)  Libra Serviços, Lda.  Lidergraf - Artes Gráficas, Lda.  Lima Retail Park, S.A.  Loureshopping- Centro Comercial, S.A.  Luso Assistência - Gestão de Acidentes, 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.  MC Property Management S.A.  MDS Corretor de Seguros, S.A.  Mediterranean Cosmos Shop. Centre Investments, S.A.  Megantic BV  MJLF-Empreendimentos Imobiliários, S.A.  Modalfa-Comércio e Serviços,S.A.  MODALLOOP - Vestuário e Calçado, SA  Modelo - Dist.de Mat. de Construção,S.A.</p>	<p>Modelo Cont. Seguros-Soc. De Mediação, Lda  Modelo Continente - Oper.Retalho SGPS,S.A.  Modelo Continente Hipermercados,S.A.  Modelo Continente, SGPS,S.A.  Modelo Hiper Imobiliária,S.A.  Modelo Hipermercados Trading, S.A.  Modelo.com-Vendas p/Correspond.,S.A.  Monselice Centre Srl  Movelpartes-Comp.para Ind.Mobiliária,S.A.  Movimento Viagens-Viag. e Turismo U.Lda  Mundo Vip - Operadores Turísticos, S.A.  NAB, Sociedade Imobiliária,S.A.  NA-Comércio de Artigos de Desporto, S.A.  NA-Equipamentos para o Lar, S.A.  Norscut - Concessionária de Scut Interior Norte,  S.A.  Norte Shop. Retail and Leisure Centre BV  Norteshopping-Centro Comercial, S.A.  Nova Equador Internacional,Ag.Viag.T,Ld  Nova Equador P.C.O. e Eventos  Novobord (PTY) Ltd.  Oeste Retail Park - Gestão G.Comerc., S.A.  Operscut - Operação e Manutenção de Auto-  estradas, S.A.  OSB Deutschland GmbH  Paracentro - Gest.de Galerias Com., S.A.  Pareuro, BV  Pargeste SGPS, S.A.  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  Partnergiro - Empreend. Turísticos, Lda  Pátio Boavista Shopping Ltda.  Pátio Campinas Shopping Ltda  Pátio Goiânia Shopping Ltda  Pátio Londrina Empreend. e Particip. Ltda  Pátio Londrina Empreend.e Particip.Ltda  Pátio Penha Shopping Ltda.  Pátio São Bernardo Shopping Ltda  Pátio Sertório Shopping Ltda  Peixes do Continente-Ind.Dist.Peixes,S.A.  PHARMACONTINENTE - Saúde e Higiene, S.A.</p>
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<p>PJP - Equipamento de Refrigeração, Lda  Plaza Eboli B.V.  Plaza Eboli - Centro Comercial S.A.  Plaza Mayor Holding, SGPS, S.A.  Plaza Mayor Parque de Ócio B.V.  Plaza Mayor Parque de Ocio,S.A.  Plaza Mayor Shopping B.V.  Plaza Mayor Shopping, S.A.  Ploi Mall BV  Ploiesti Shopping Center (Euro)  Poliface Brasil, Ltda  Poliface North America  Porturbe-Edifícios e Urbanizações,S.A.  Praedium II-Imobiliária,S.A.  Praedium III-Serviços Imobiliários,S.A.  Praedium SGPS, S.A.  Predicomercial-Promoção Imobiliária,S.A.  Prédios Privados Imobiliária,S.A.  Predisedas-Predial das Sedas,S.A.  Pridelease Investments, Ltd  Profimetrics - Software Solutions, S.A.  Proj. Sierra Germany 1 - Shop.C. GmbH  Proj. Sierra Germany 4 (four)-Sh.C.GmbH  Proj. Sierra Italy 2 - Dev.of Sh.C. Srl  Proj.Sierra 1 - Shopping Centre GmbH  Proj.Sierra Germany 2 (two)-Sh.C.GmbH  Proj.Sierra Germany 3 (three)-Sh.C.GmbH  Proj.Sierra Hold. Portugal V, SGPS,S.A.  Proj.Sierra Italy 1 -Shop.Centre Srl  Proj.Sierra Italy 2 -Dev. Of Sh.C.Srl  Proj.Sierra Italy 3 - Shop. Centre Srl  Proj.Sierra Portugal I- C.Comerc., S.A.  Proj.Sierra Portugal II-C.Comerc.,S.A.  Proj.Sierra Portugal III-C.Comerc.,S.A.  Proj.Sierra Portugal IV-C.Comerc.,S.A.  Proj.Sierra Portugal V-C.Comercial,S.A.  Proj.Sierra Portugal VI-C.Comercial,S.A.  Proj.Sierra Portugal VII - C. Comerc.,S.A.  Proj.Sierra Portugal VIII - C.Comerc.,S.A.  Project 4, Srl  Project SC 1 BV  Project SC 2 BV  Project Sierra 1 B.V.</p>	<p>Project Sierra 10 BV  Project Sierra 2 B.V.  Project Sierra 3 BV  Project Sierra 4 BV  Project Sierra 5 BV  Project Sierra 6 BV  Project Sierra 7 BV  Project Sierra 8 BV  Project Sierra 9 BV  Project Sierra Brazil 1 B.V.  Project Sierra Charagionis 1 S.A.  Project Sierra Germany Shop. Center 1 BV  Project Sierra Germany Shop. Center 2 BV  Project Sierra Italy 5 Srl  Project Sierra One Srl  Project Sierra Spain 1 B.V.  Project Sierra Spain 2 B.V.  Project Sierra Spain 2-Centro Comer. S.A.  Project Sierra Spain 3 B.V.  Project Sierra Spain 3-Centro Comer. S.A.  Project Sierra Spain 5 BV  Project Sierra Spain 6 B.V.  Project Sierra Spain 6-Centro Comer. SA  Project Sierra Spain 7 B.V.  Project Sierra Spain 7-Centro Comer. SA  Project Sierra Three Srl  Project Sierra Two Srl  Promessa Sociedade Imobiliária, S.A.  Prosa-Produtos e serviços agrícolas,S.A.  Publmeios-Soc.Gestora Part. Finan.,S.A.  Racionaliz. y Manufact.Florestales,S.A.  RASO, SGPS, SA  Resoflex-Mob.e Equipamentos Gestão,S.A.  Resolução, SGPS, S.A.  Rio Sul - Centro Comercial, S.A.  River Plaza Mall, Srl  Rochester Real Estate,Limited  S. C. Setler Mina Srl  S.C. Microcom Doi Srl  Saúde Atlântica - Gestão Hospitalar, S.A.  SC Aegean B.V.  SC Insurance Risks Services, SGPS, S.A.  SC Mediterraneum Cosmos B.V.</p>
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<p>SC-Consultadoria,S.A.  SC-Eng. e promoção imobiliária,SGPS,S.A.  SCS Beheer,BV  Selfrio,SGPS,S.A.  Selfrio-Engenharia do Frio,S.A.  Selifa-Empreendimentos Imobiliários,S.A.  Sempre à Mão - Sociedade Imobiliária,S.A.  Sempre a Postos - Produtos Alimentares e Utilidades , Lda  Serra Shopping - Centro Comercial, S.A.  Sesagest-Proj.Gestão Imobiliária,S.A.  Sete e Meio - Invest. Consultadoria, S.A.  Sete e Meio Herdades-Inv. Agr. e Tur.,S.A.  Shopping Centre Colombo Holding, BV  Shopping Centre Parque Principado B.V.  Shopping Penha B.V.  Siaf-Soc.Iniciat.Aprov.Florestais,S.A.  SIAL Participações Ltda  Sic Indoor - Gestão de Suportes Publicitários, S.A.  Sierra Asset Management Luxemburg, Sarl  Sierra Asset Management-Gest. Activos,S.A.  Sierra Brazil 1 B.V.  Sierra Charagionis Develop.Sh. Centre S.A.  Sierra Charagionis Propert.Management S.A.  Sierra Corporate Services- Ap.Gestão, S.A.  Sierra Corporate Services Holland, BV  Sierra Develop.Iberia 1, Prom.Imob.,S.A.  Sierra Development Greece, S.A.  Sierra Developments Germany GmbH  Sierra Developments Germany Holding B.V.  Sierra Developments Holding B.V.  Sierra Developments Italy S.r.l.  Sierra Developments Services Srl  Sierra Developments Spain-Prom.C.Com.SL  Sierra Developments, SGPS, S.A.  Sierra Developments-Serv. Prom.Imob., S.A.  Sierra Enplanta Ltda  Sierra European R.R.E. Assets Hold. B.V.  Sierra GP Limited  Sierra Investimentos Brasil Ltda  Sierra Investments (Holland) 1 B.V.  Sierra Investments (Holland) 2 B.V.  Sierra Investments Holding B.V.  Sierra Investments SGPS, S.A.  Sierra Italy Holding B.V.</p>	<p>Sierra Man.New Tech.Bus.-Serv.Comu.CC,S.A.  Sierra Management Germany GmbH  Sierra Management Hellas SA  Sierra Management II-Gestão de C.C. S.A.  Sierra Management Italy S.r.l.  Sierra Management Portugal-Gest. CC,S.A.  Sierra Management Spain-Gestión C.Com.S.A.  Sierra Management, SGPS, S.A.  Sierra Portugal Fund, Sarl  Sierra Property Management, Srl  SII - Soberana Invest. Imobiliários, S.A.  SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.  Sistavac-Sist.Aquecimento,V.Ar C.,S.A.  SKK-Central de Distr.,S.A.  SKKFOR - Ser. For. e Desen. de Recursos  SMP-Serv. de Manutenção Planeamento  Soc.Inic.Aproveit.Florest.-Energias,S.A.  Sociedade de Construções do Chile, S.A.  Sociedade Imobiliária Troia - B3, S.A.  Société de Tranchage Isoroy S.A.S.  Société des Essences Fines Isoroy  Société Industrielle et Financière Isoroy  Socijofra-Sociedade Imobiliária,S.A.  Sociloures-Soc.Imobiliária,S.A.  Soconstrução BV  Sodesa, S.A.  Soflorin,BV  Soira-Soc.Imobiliária de Ramalde,S.A.  Sol Retail Park - Gestão G.Comerc., S.A.  Solaris Supermercados, S.A.  Solinca III-Desporto e S.A.úde,S.A.  Solinca-Investimentos Turísticos,S.A.  Solinfitness - Club Malaga, S.L.  Soltroia-Imob.de Urb.Turismo de Tróia,S.A.  Somit Imobiliária,S.A.  Sonae Capital Brasil, Lda  Sonae Capital,SGPS,S.A.  Sonae Center Serviçoss, SA  Sonae Financial Participations BV  Sonae Ind., Prod. e Com.Deriv.Madeira,S.A.  Sonae Indústria Brasil, Ltda  Sonae Industria de Revestimentos,S.A.  Sonae Indústria-SGPS,S.A.  Sonae International, Ltd</p>
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<p>Sonae Investments,BV          Sonae Novobord (PTY) Ltd          Sonae RE, S.A.          Sonae Retalho Espana-Servicios Gen.,S.A.          Sonae Serviços de Gestão, S.A.          Sonae SGPS, S.A.          Sonae Sierra Brasil Ltda          Sonae Sierra Brazil B.V.          Sonae Sierra, SGPS, S.A.          Sonae Táfibra (UK),Ltd          Sonae Táfibra Benelux, BV          Sonae Turismo Gestão e Serviços,S.A.          Sonae Turismo-SGPS,S.A.          Sonae UK,Ltd.          Sonaecenter Serviços, SA          Sonaegest-Soc.Gest.Fundos Investimentos          Sondis Imobiliária,S.A.          Sontaria-Empreend.Imobiliários,S.A.          Sontel Bv          Sontur BV          Sonvecap BV          Sopair, S.A.          Sótaqua - Soc. de Empreendimentos Turist          Spanboard Products,Ltd          Spinarq,S.A.          Spinveste - Promoção Imobiliária, S.A.          Spinveste-Gestão Imobiliária SGII,S.A.          Sport Zone-Comércio Art.Desporto,S.A.          SRP Development, SA          SRP-Parque Comercial de Setúbal, S.A.          Star-Viagens e Turismo,S.A.          Tableros Tradema,S.L.          Tafiber,Tableros de Fibras Ibéricas,SL          Tafibras Participações, S.A.          Tafisa Brasil, S.A.          Tafisa Canadá Societé en Commandite          Tafisa France, S.A.          Tafisa UK,Ltd</p>	<p>Tafisa-Tableros de Fibras, S.A.          Taiber,Tableros Aglomerados Ibéricos,SL          Tarkett Agepan Laminate Flooring SCS          Tavapan,S.A.          Tecmasa Reciclados de Andalucía, SL          Teconologias del Medio Ambiente,S.A.          Textil do Marco,S.A.          Tlantic Portugal-Sist. de Informação, SA          Tlantic Sistemas de Informação Ltdª          Todos os Dias-Com.Ret.Expl.C.Comer.,S.A.          Tool GmbH          Torre Colombo Ocidente-Imobiliária,S.A.          Torre Colombo Oriente-Imobiliária,S.A.          Torre São Gabriel-Imobiliária,S.A.          TP - Sociedade Térmica, S.A.          Troia Market, SA          Troia Market-Supermercados, S.A.          Tróia Natura, S.A.          Troiaresort-Investimentos Turísticos, S.A.          Troiaverde-Expl.Hoteleira Imob.,S.A.          Tulipamar-Expl.Hoteleira Imob.,S.A.          Unishopping Administradora Ltda.          Unishopping Consultoria Imob. Ltda.          Urbisedas-Imobiliária das Sedas,S.A.          Valecenter Srl          Valor N, S.A.          Vastgoed One - Sociedade Imobiliária, S.A.          Vastgoed Sun - Sociedade Imobiliária, S.A.          Venda Aluga-Sociedade Imobiliária,S.A.          Via Catarina- Centro Comercial, S.A.          Viajens y Turismo de Geotur España, S.L          Viajens y Turismo de Geotur España, S.L.          Vuelta Omega, S.L.          WELL W - Electrodomésticos e Equip., SA          World Trade Center Porto, S.A.          Worten España, S.A.          Worten-Equipamento para o Lar,S.A.          Zubiarte Inversiones Inmob,S.A.</p>
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#### FT Group Companies

France Telecom, S.A.	Atlas Services Belgium, SA.
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## 11. Individual Financial Statements

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

BALANCE SHEETS FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008 AND

FOR THE YEAR ENDED AT 31 DECEMBER 2008

(Amounts expressed in Euro)

<u>ASSETS</u>	<u>March 2009</u>	<u>March 2008</u>	<u>December 2008</u>
<b>NON CURRENT ASSETS:</b>			
Tangible assets	595,712	173,714	582,567
Intangible assets	45,462	65,042	49,674
Investments in group companies	900,267,905	934,496,771	898,096,556
Other non current assets	586,833,948	471,954,724	521,631,372
Total non current assets	<u>1,487,743,027</u>	<u>1,406,690,251</u>	<u>1,420,360,169</u>
<b>CURRENT ASSETS:</b>			
Other current debtors	87,289,300	8,804,007	90,091,502
Other current assets	9,299,780	7,058,585	3,178,023
Cash and cash equivalents	11,975,745	84,173,919	50,098,913
Total current assets	<u>108,564,825</u>	<u>100,036,511</u>	<u>143,368,438</u>
<b>Total assets</b>	<u><b>1,596,307,852</b></u>	<u><b>1,506,726,762</b></u>	<u><b>1,563,728,607</b></u>
<b><u>SHAREHOLDERS' FUNDS AND LIABILITIES</u></b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share capital	366,246,868	366,246,868	366,246,868
Own shares	(10,999,396)	(4,662,327)	(13,499,750)
Reserves	795,392,406	776,566,983	775,693,142
Net income/(loss) for the period	2,380,146	23,104,760	19,657,889
Total Shareholders' Funds	<u>1,153,020,024</u>	<u>1,161,256,284</u>	<u>1,148,098,149</u>
<b>LIABILITIES:</b>			
<b>NON CURRENT LIABILITIES:</b>			
Medium and long-term loans - net of short-term portion	416,744,254	330,244,218	381,509,261
Provisions for other liabilities and charges	514,634	26,206	57,265
Other non current liabilities	95,057	10,522	326,483
Total non current liabilities	<u>417,353,945</u>	<u>330,280,946</u>	<u>381,893,009</u>
<b>CURRENT LIABILITIES:</b>			
Short-term loans and other loans	20,021,938	12,454,224	30,784,090
Other creditors	4,695,230	973,171	1,043,250
Other current liabilities	1,216,715	1,762,137	1,910,109
Total current liabilities	<u>25,933,883</u>	<u>15,189,532</u>	<u>33,737,449</u>
<b>Total Shareholders' Funds and liabilities</b>	<u><b>1,596,307,852</b></u>	<u><b>1,506,726,762</b></u>	<u><b>1,563,728,607</b></u>

The Chief Accountant

The Board of Directors



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

PROFIT AND LOSS ACCOUNT BY NATURE

FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008 AND

THE YEAR ENDED AT 31 DECEMBER 2008

(Amounts expressed in Euro)

	<u>March 2009</u>	<u>March 2008</u>	<u>December 2009</u>
Services rendered	1,828,380	1,651,607	7,031,999
Other operating revenues	(5,518)	18,838	38,852
	<u>1,822,862</u>	<u>1,670,445</u>	<u>7,070,851</u>
External supplies and services	(712,708)	(686,481)	(3,588,815)
Staff expenses	(1,196,676)	(1,367,395)	(4,392,499)
Depreciation and amortisation	(33,128)	(23,565)	(115,562)
Provisions and impairment losses	(450,000)	(2,500)	(3,701)
Other operating costs	(8,353)	(14,141)	(104,222)
	<u>(2,400,865)</u>	<u>(2,094,082)</u>	<u>(8,204,799)</u>
Gains and losses on group companies	3,480,000	21,414,813	11,141,093
Other financial expenses	(4,196,700)	(4,512,115)	(20,616,916)
Other financial income	3,310,518	6,654,797	30,387,026
	<u>3,310,518</u>	<u>6,654,797</u>	<u>30,387,026</u>
<b>Current income/(loss)</b>	<b>2,015,815</b>	<b>23,133,858</b>	<b>19,777,255</b>
Income taxation	364,331	(29,098)	(119,366)
	<u>364,331</u>	<u>(29,098)</u>	<u>(119,366)</u>
<b>Net income/(loss)</b>	<b>2,380,146</b>	<b>23,104,760</b>	<b>19,657,889</b>
Earnings per share			
Including discontinued operations			
Basic	0.01	0.06	0.05
Diluted	0.01	0.06	0.05
Excluding discontinued operations			
Basic	0.01	0.06	0.05
Diluted	0.01	0.06	0.05

The Chief Accountant

The Board of Directors



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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008

(Amounts expressed in Euro)

	<u>March 2009</u>	<u>March 2008</u>
<b>Net income/(loss) for the period</b>	<b>2,380,146</b>	<b>23,104,760</b>
Components of other comprehensive income, net of tax:		
Increase/(decrease) in financial hedging instruments' fair value	105,575	(171,764)
Delivery of own shares under the Medium Term Incentive Plans	(132,822)	(2,202,106)
Recognition in equity of the responsibilities associated with the Medium Term Incentive Plans	185,023	137,730
Recognition of contracts with share liquidation	(116,401)	-
	<hr/>	<hr/>
Components of other comprehensive income, net of tax	41,375	(2,236,140)
<b>Comprehensive income/(loss) for the period</b>	<b>2,421,521</b>	<b>20,868,620</b>

The Chief Accountant

The Board of Directors



SONAEOM, S.G.P.S., S.A.

MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE QUARTERS ENDED AT 31 MARCH 2009 AND 2008

(Amounts expressed in Euro)

	2009										
	Reserves										
	Share capital	Own Shares	Share premium	Legal reserves	Medium Term Incentive Plans reserves	Own Shares reserves	Hedging reserves	Other Reserves	Total reserves	Net income/(loss)	Total
Balance at 31 December 2008	366,246,868	(13,499,750)	775,290,377	1,002,287	-	13,499,750	(307,068)	(13,792,204)	775,693,142	19,657,889	1,148,098,149
Appropriation of result of 2008	-	-	-	982,894	-	-	-	18,674,985	19,657,889	(19,657,889)	-
Comprehensive income/(loss) for the period ended at 31 March 2009	-	-	-	-	185,023	-	105,575	(249,223)	41,375	2,380,146	2,421,521
Acquisition of own shares	-	(1,283,692)	-	-	-	1,283,692	-	(1,283,692)	-	-	(1,283,692)
Own shares delivery related with Medium Term Incentive Plans	-	3,784,046	-	-	-	(3,784,046)	-	3,784,046	-	-	3,784,046
Balance at 31 March 2009	366,246,868	(10,999,396)	775,290,377	1,985,181	185,023	10,999,396	(201,493)	7,133,922	795,392,406	2,380,146	1,153,020,024

  

	2008										
	Reserves										
	Share capital	Own Shares	Share premium	Legal reserves	Medium Term Incentive Plans reserves	Own Shares reserves	Hedging reserves	Other Reserves	Total reserves	Net income/(loss)	Total
Balance at 31 December 2007	366,246,868	(8,938,165)	775,290,377	1,002,287	304,296	8,938,165	412,910	8,189,905	794,137,940	(15,334,817)	1,136,111,826
Appropriation of result of 2007	-	-	-	-	-	-	-	(15,334,817)	(15,334,817)	15,334,817	-
Comprehensive income/(loss) for the period ended at 31 March 2008	-	-	-	-	137,730	-	(171,764)	(2,202,106)	(2,236,140)	23,104,760	20,868,620
Own shares delivery related with Medium Term Incentive Plans	-	4,275,838	-	-	-	(4,275,838)	-	4,275,838	-	-	4,275,838
Balance at 31 March 2008	366,246,868	(4,662,327)	775,290,377	1,002,287	442,026	4,662,327	241,146	(5,071,180)	776,566,983	23,104,760	1,161,256,284

## SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

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Sonaecom SGPS is listed on the Euronext Stock Exchange. Information may be accessed on Reuters under the symbol "SNC.LS" and on Bloomberg under the symbol "SNC:PL".

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