SONAECOM SECOND QUARTER 2007 RESULTS

APRIL - JUNE

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Notes:

(i) The Consolidated Financial Information contained in this report as of 30 June 2007 is subject to limited review procedures and has been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

(ii) Enabler was sold on 30 June 2006 and, in order to facilitate comparisons of 2Q07 and YTD results against the previous year, the 2Q06 and 1H06 comparative figures have been restated ($2Q06^R$ and $1H06^R$) to exclude Enabler's contribution and associated capital gain to Sonaecom and to the Software and Systems Information Division (SSI) Consolidated Results. All comparisons, when stated, are made on this "like-for-like" basis.

1. Message from Ângelo Paupério, CEO of Sonaecom

I am pleased to be able to report a good set of results for 2Q07 that reflect continued progress in our search for growth in our telecoms businesses and at SSI, both in organic and non-organic forms. During 2Q07, consolidated service revenues increased by 8.5% and customer revenues rose by 12.8%, when compared to 2Q06^{R}, the highest growth rate since 2Q04. This growth was driven by three broad areas: our new mobile services including wireless internet and our fixed-mobile convergent product; our wireline direct broadband services; and at SSI division by the continued international expansion at WeDo.

During the quarter we completed (subject to formal approval by the Portuguese Competition Authority) the acquisition of both Oni's Residential and SOHO customer base and of Tele2's operations in Portugal. These two acquisitions represent important steps towards achieving our growth ambitions. Focus will now be on retaining and servicing these customers and on leveraging the opportunity to up-sell appropriate services. During the quarter, WeDo also completed the acquisition of Tecnológica, a Brazilian company focused on revenue assurance for the Latam region which will be an important complement to WeDo's existing business and will improve our ability to serve its customers in that region.

Our Telco companies performed well during the quarter when compared to 2Q06, particularly in terms of customer growth and customer revenues. Optimus increased its active subscribers by 12.0% to 2.2 million, in a highly competitive environment with Kanguru and Optimus Home contributing an important share of this growth. Sonaecom Fixed continued to develop its double-play voice and broadband internet service with innovative marketing campaigns for both Clix and Novis offers, growing its direct service subscriber base by 49.6% against 2Q06, including its IPTV and Home Video advanced services.

Público, having completed its restructuring programme and launched its redesigned new-look all colour newspaper during the last quarter, is aiming to achieve higher levels of paid circulation and advertising revenues. Although initial results have been positive with all revenue streams clearly above the previous quarter and paid circulation increasing by 9.5%, there are challenges ahead to grow the top line sufficiently to achieve a satisfactory level of profitability faced with competition from 'free' formats for circulation and particularly for advertising market share.

SSI continued to deliver solid results with an improvement in operational profitability and with an impressive performance at WeDo that achieved a significant level of new orders from international clients and generated a strong 14.8% EBITDA margin in the quarter.

We will continue to openly push for regulatory and competitive improvements in the Portuguese Telecom sector. In particular we will seek to ensure that the desired measures publicly announced by the Government and regulators during our public tender offer for Portugal Telecom, including the vertical separation of the copper network, open access to content on non-exclusive terms and a 'total' separation of PTM from Portugal Telecom are implemented. In respect of the latter, it will be critical to ensure that the final structure of PTM spin-off is implemented in a truly independent fashion, in the interests of competition and of the Portuguese consumer, with truly independent Boards and management structures. It will also be important to guarantee that the public contest for the sale of the DTT license due to be launched by ANACOM this year, is formulated in a way that will be fair and will stimulate competition with clear benefits for the consumer.

During the quarter, the three mobile operators agreed with the Government to contribute a total of 24.9 million euros as part of their licence obligations, to a newly formed Fund to be managed by the state for the purpose of stimulating the development of the information society with wider market access to broadband services. As part of this agreement, Optimus will contribute 8.3 million euros to the Fund.

Consistent with the priorities announced to the market after the disclosure of our 1Q07 results, management focus is on achieving customer and customer revenue growth by

investing further in our brands and new products, expanding the coverage and capacity of our mobile and wireline networks and by continuously meeting customer needs through innovation and, importantly, improving customer service and customer experience.

Finally, in order to enhance and accelerate our growth ambitions, we will continue to look at acquisition opportunities for both our telecoms and SSI businesses as such opportunities arise.

2. Quarterly highlights

During 2Q07, Sonaecom was able to build on the high level of growth in customers and customer revenues achieved in 1Q07, while achieving only a marginally lower EBITDA result, despite the continuous investment in mobile, broadband, fixed-mobile convergence, direct wireline services and expansion of both our 3G and ULL networks.

Operational Highlights

OPERATING KPI's	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Optimus								
Customers (EOP) ('000)	2,430.3	2,673.9	10.0%	2,629.2	1.7%	2,430.3	2,673.9	10.0%
Active Customers (1)	1,922.5	2,152.5	12.0%	2,117.1	1.7%	1,906.3	2,134.8	12.0%
Data as % Service Revenues	13.8%	16.9%	3.1pp	16.0%	0.9pp	13.6%	16.5%	2.9pp
MOU (2) (min.)	114.7	114.6	-0.1%	116.4	-1.6%	114.2	115.4	1.1%
Sonaecom Fixed								
Total Services (EOP)	358,224	411,177	14.8%	393,483	4.5%	358,224	411,177	14.8%
Direct	225,117	336,789	49.6%	309,461	8.8%	225,117	336,789	49.6%
Direct access as % Customer Revenues	64.6%	78.9%	14.3pp	75.7%	3.2pp	60.9%	77.4%	16.5pp
Sonaecom								
Employees	2,265	1,851	-18.3%	1,847	0.2%	2,265	1,847	-18.5%

(1) Active Customers with Revenues generated during the last 90 days; (2) Minutes of Use per Customer per month.

- Optimus: customers increased by 10.0% to 2.7 million in 2Q07, compared to 2.4 million at the end of 2Q06; net additions were 44.7 thousand in the quarter compared to 27.3 in 1Q07; data revenues in 2Q07 represented 16.9% of service revenues, up 3.1pp from 13.8% in 2Q06.
- Sonaecom Fixed: direct access services increased by 111.7 thousand to 336.8 thousand at the end of 2Q07, from 225.1 thousand, at the end of 2Q06. When compared to 1Q07, direct access services increased by 8.8%; direct access revenues represented 78.9% of customer revenues in 2Q07, compared to 64.6% in 2Q06.
- Sonaecom: total employees decreased 18.3% compared to 2Q06, mainly as a result of the sale of Enabler in June 2006 and Público's restructuring plan that reduced headcount by 80. Excluding Enabler's 308 employees in 2Q06, Sonaecom's headcount would have decreased by 5.4% in 2Q07 compared to 2Q06.

Consolidated financial highlights

Million euros

CONSOLIDATED FINANCIAL KPI's	2Q06	2Q06(R)	2Q07	y.o.y	1Q07	q.o.q	1H06	1H06(R)	1H07	y.o.y
Turnover	212.6	205.5	214.5	4.4%	198.9	7.8%	409.5	395.9	413.4	4.4%
Service Revenues	186.0	178.9	194.1	8.5%	183.2	5.9%	365.5	351.9	377.3	7.2%
Customer Revenues	135.6	128.5	144.9	12.8%	137.1	5.8%	268.5	126.3	282.0	123.3%
Operator Revenues	50.4	50.4	49.1	-2.6%	46.2	6.4%	97.1	46.7	95.3	104.2%
EBITDA	66.5	39.9	39.2	-1.8%	34.0	15.3%	105.5	78.0	73.2	-6.2%
EBITDA Margin (%)	31.3%	19.4%	18.3%	-1.1pp	17.1%	1.2pp	25.8%	19.7%	17.7%	-2pp
EBIT	32.7	6.2	8.8	41.1%	-2.6	-	39.2	11.9	6.1	-48.6%
EBT	28.5	2.0	4.7	135.3%	-6.8	-	31.5	4.1	-2.1	-
Net Results - Group Share (1)	24.1	-2.1	1.3	-	-6.0	-	24.3	-2.4	-4.7	-95.0%
Operating CAPEX (2)	24.3	24.3	27.5	13.4%	28.7	-4.3%	56.3	56.2	56.3	0.0%
Operating CAPEX as % of Turnover	11.4%	11.8%	12.8%	1pp	14.5%	-1.6pp	13.7%	14.2%	13.6%	-0.6pp
EBITDA - Operating CAPEX	42.2	15.7	11.7	-25.4%	5.2	123.0%	49.2	21.8	16.9	-22.3%
Total CAPEX	134.8	134.8	40.2	-70.2%	29.6	35.7%	170.9	170.8	69.9	-59.1%
Operating Cash Flow (3)	18.3	-4.2	22.9	-	-18.6	-	2.8	-18.2	4.2	-
FCF (4)	-93.9	-116.4	11.7	-	63.2	-81.5%	-112.8	-133.7	75.0	-

(1) Net Results after Minority Interests; (2) Operating CAPEX excludes Financial Investments and Provisions for sites dismantling and other non operationa investments; (3) Operating Cash Flow = EBITDA - Operating CAPEX - Change in WC -Non Cash item & Other; (4) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; 2Q06, 2Q06(R),1H06 and 1H06(R) FCF includes cost of acquiring aproximately 11.3 million shares of PT at average price of 9.38 euros; (R) Restated to exclude Enabler's contribution in 2Q06 and 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 2Q06 and 1H06.

- Service revenues were 8.5% higher than in 2Q06(R), driven by growth at Optimus of 4.1% notwithstanding the negative impact of lower MTRs and lower roaming in tariffs, and by growth at Sonaecom Fixed of 17.2% driven by ULL ADSL direct services growth.
- Customer revenues increased by 12.8% in 2Q07 when compared to 2Q06(R), driven by a 24.4% increase at Sonaecom Fixed, a 10.2% increase at Optimus and a 6.5% increase at SSI.
- EBITDA decreased by 1.8% (0.7m) to 39.2 million euros, fully explained by the negative impact of lower MTRs of 1.7 million euros.

3. Consolidated results

3.1. Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	2Q06	2Q06(R)	2Q07	y.o.y	1Q07	q.o.q	1H06	1H06(R)	1H07	y.o.y
Turnover	**212.6**	**205.5**	**214.5**	**4.4%**	**198.9**	**7.8%**	**409.5**	**395.9**	**413.4**	**4.4%**
Optimus	150.0	150.0	150.7	0.5%	142.8	5.6%	291.2	291.2	293.5	0.8%
Sonaecom Fixed	49.3	49.3	56.7	15.1%	54.0	4.9%	93.8	93.8	110.7	18.1%
Público	10.5	10.5	9.5	-10.0%	7.2	32.1%	19.3	19.3	16.7	-13.5%
SSI	24.0	16.9	17.8	5.3%	15.0	19.1%	46.1	32.5	32.8	1.0%
Other & Eliminations	-21.2	-21.2	-20.2	4.5%	-20.0	-1.1%	-40.8	-40.8	-40.2	1.5%
Other Revenues	**27.3**	**1.1**	**0.7**	**-30.4%**	**1.3**	**-44.5%**	**28.5**	**1.9**	**2.1**	**9.3%**
Operating Costs	**169.7**	**163.1**	**173.3**	**6.2%**	**162.7**	**6.5%**	**327.0**	**314.3**	**336.0**	**6.9%**
COGS	30.7	30.7	25.3	-17.8%	22.3	13.5%	46.7	46.7	47.5	1.7%
Network Costs (1)	61.4	61.4	70.1	14.3%	68.4	2.6%	125.1	125.1	138.5	10.7%
Personnel Costs	25.9	22.0	23.4	6.3%	23.4	-0.2%	52.9	45.2	46.8	3.6%
Marketing & Sales	22.6	22.6	25.0	10.8%	19.0	31.7%	42.3	42.2	44.0	4.3%
Outsourcing Services (2)	14.7	13.7	14.8	8.1%	15.2	-3.1%	31.4	29.4	30.0	2.1%
General & Administrative Expenses	11.8	10.2	11.4	11.0%	11.3	0.5%	23.4	20.6	22.7	10.1%
Other Operating Costs	2.6	2.6	3.4	32.0%	3.1	9.0%	5.2	5.1	6.5	25.7%
Provisions and Impairment Losses	**3.7**	**3.6**	**2.7**	**-23.4%**	**3.6**	**-23.9%**	**5.6**	**5.4**	**6.3**	**16.6%**
EBITDA	**66.5**	**39.9**	**39.2**	**-1.8%**	**34.0**	**15.3%**	**105.5**	**78.0**	**73.2**	**-6.2%**
EBITDA Margin (%)	31.3%	19.4%	18.3%	-1.1pp	17.1%	1.2pp	25.8%	19.7%	17.7%	-2pp
Optimus	42.5	42.5	38.7	-8.8%	35.0	10.8%	86.9	86.9	73.7	-15.1%
Sonaecom Fixed	-2.6	-2.6	0.5	-	0.2	124.5%	-7.1	-7.1	0.8	-
Público	-0.7	-0.7	-0.7	0.6%	-1.2	37.7%	-2.7	-2.7	-1.9	27.9%
SSI	27.3	0.8	1.5	91.9%	1.2	22.9%	29.2	1.9	2.7	41.7%
Other & Eliminations	0.0	-0.1	-0.8	-	-1.2	33.2%	-0.8	-1.0	-2.0	-107.5%
Depreciation & Amortization	33.8	33.7	30.4	-9.7%	36.6	-16.9%	66.3	66.1	67.1	1.4%
EBIT	**32.7**	**6.2**	**8.8**	**41.1%**	**-2.6**	**-**	**39.2**	**11.9**	**6.1**	**-48.6%**
Net Financial Results	**-4.2**	**-4.2**	**-4.1**	**3.1%**	**-4.1**	**0.9%**	**-7.7**	**-7.8**	**-8.2**	**-5.8%**
Financial Income	1.3	1.3	2.7	109.1%	9.2	-71.0%	3.2	3.1	11.9	-
Financial Expenses	5.5	5.5	6.8	22.9%	13.3	-49.3%	10.9	10.9	20.1	84.6%
EBT	**28.5**	**2.0**	**4.7**	**135.3%**	**-6.8**	**-**	**31.5**	**4.1**	**-2.1**	**-**
Tax results	-1.1	-1.1	-3.3	-197.8%	0.8	-	1.1	1.4	-2.5	-
Net Results	**27.4**	**0.9**	**1.4**	**56.5%**	**-5.9**	**-**	**32.6**	**5.5**	**-4.6**	**-**
Group Share	24.1	-2.1	1.3	-	-6.0	-	24.3	-2.4	-4.7	-95.0%
Attributable to Minority Interests	3.2	3.0	0.1	-97.4%	0.1	32.8%	8.3	7.9	0.1	-98.3%

(1) Network Costs = Interconnection plus Leased Lines plus Content plus Other Network Operating Costs; (2) Outsourcing Services = Customer Services plu Consultants plus Subcontracts; (R) Restated to exclude Enabler's contribution in 2Q06 and 1H06 and the 25.3 million euros capital gain from the sale of Enabler i 2Q06 and 1H06.

Turnover

Consolidated turnover totalled 214.5 million euros in 2Q07, 4.4% above 2Q06(R), notwithstanding the negative impact of the lower MTRs of 3.6 million euros on Operator Revenues and lower roaming in tariffs at Optimus.

Service revenues increased by 8.5% to 194.1 million euros compared to 2Q06(R). The main contributions to this performance came from: (i) 17.2% higher service revenues at Sonaecom Fixed; (ii) 4.1% increase in Optimus' service revenues, with the growth of customer revenues offsetting the negative impact of lower MTRs on operator revenues, for the third consecutive quarter since the programmed reduction in MTRs began; (iii) 6.5% higher service revenues at SSI, mainly driven by the good performance of WeDo; and (iv) notwithstanding the 11.9% decrease of Público's service revenues driven by lower advertising revenues.

Importantly, consolidated customer revenues grew by 12.8% when compared to 2Q06(R), driven by strong growth in both Sonaecom Fixed and Optimus customer revenues of 24.4% and 10.2%, respectively.

Operating costs

Total operating costs reached 173.3 million euros in 2Q07, an increase of 6.2% over 2Q06(R). Total operating costs excluding COGS reached 148.0 million euros, 11.8% higher than in 2Q06(R), and represented 76.3% of service revenues, a deterioration of 2.3pp when compared to 74.0% in 2Q06(R).

The main drivers of the higher costs were primarily growth related: (i) 14.3% higher network costs when compared to 2Q06(R), driven by the 12.6% increase in interconnection despite the lower MTRs due to a significantly higher level of traffic volumes and the larger customer base leading to significantly higher ULL monthly fee related costs; (ii) marketing & sales costs increased by 10.8% driven mainly by Optimus' investment in promoting its brand and innovative products, that have led to visible positive results in customer and customer revenue growth; (iii) general & administrative costs and outsourcing costs also showed an increase of 11.0% and 8.1%, respectively, mainly explained by the increased post paid customer base at Optimus and larger customer base at Sonaecom Fixed and the consequent billing requirements and related expenses; and (iv) staff costs increased by 6.3% due to the reduction of capitalised staff costs due to the lower level of network development costs eligible to be capitalised.

Provisions and impairment losses were reduced to 2.7 million euros in 2Q07 from 3.6 million euros in 2Q06(R), due to lower provisions for bad debt at both Optimus and Sonaecom Fixed.

EBITDA

Consolidated EBITDA totalled 39.2 million euros in 2Q07 generating a margin of 18.3%, compared to an EBITDA of 39.9 million euros and a margin of 19.4% in 2Q06(R). The marginal decline in EBITDA was driven by the lower EBITDA contribution from Optimus and notwithstanding the positive EBITDA performances at Sonaecom Fixed and SSI. Optimus generated an EBITDA of 38.7 million euros, compared to 42.5 million euros in 2Q06, mainly reflecting the lower MTRs and the higher marketing & sales costs including handset subsidization costs incurred in 2Q07, despite achieving top line growth. Sonaecom Fixed generated a positive EBITDA of 0.5 million euros compared to a negative EBITDA of 2.6 million euros in 2Q06, reflecting the success of its direct access model strategy. EBITDA at SSI increased by 91.9% to 1.5 million euros when compared to 2Q06(R), driven by higher service revenues and by improved cost management and efficiency. Público's EBITDA was negative 0.7 million euros, in line with what was achieved in 2Q06, due primarily to the lower associated product sales and advertising revenues in the quarter and despite its lower cost base.

Net profit

Despite the lower level of EBITDA and the higher tax charges compared to 2Q06(R), net results were up from positive 0.9 million euros in 2Q06(R) to positive 1.4 million euros in 2Q07, due to both the lower depreciation & amortization charges and lower net financial charges. Net results group share were positive 1.3 million euros and reflect the impact on minority interest of the share-for-share exchange agreements with EDP and Parpública, reached during 3Q06.

Due to the formal renewal by ANACOM of the GSM licenses of both TMN and Vodafone for a further 15 years without any additional requirements, we have assumed that similar renewal conditions will be applicable to Optimus at the renewal date for its GSM license in 2012. Accordingly, we have reviewed and extended the depreciation period in respect of sites and other GSM related assets. The impact in the quarter of 7.2 million euros reflects the adjustment to depreciation rates since 1st January 2007. As a result, depreciation and amortization charges decreased by 9.7% in 2Q07, from 33.7 million euros in 2Q06(R) to 30.4 million euros, despite the higher asset base resulting from the extension of Optimus' UMTS/HSDPA network and the extension of Sonaecom Fixed access network capillarity.

Net financial charges decreased by 3.1% to 4.1 million euros in 2Q07, as compared to 4.2 million euros in 2Q06(R). This reflects the higher financial expenses, up by 1.3 million euros to 6.8 million euros due to the higher average cost of debt of 4.65% in 2Q07, compared to 3.51%, in 2Q06(R); which were completely offset by higher financial income in 2Q07 of 1.4 million euros to 2.7 million euros, due to a higher average level of liquidity and respective higher interest rate in the period.

The tax line in 2Q07 showed a charge of 3.3 million euros, compared to a charge of 1.1 million euros in 2Q06(R) and comprised a current tax charge of 0.4 million euros compared to

0.2 million euros in 2Q06(R) and movements in deferred tax assets that generated a net charge of 2.9 million euros in 2Q07 compared to a net charge of 0.9 millions in 2Q06(R).

3.2. Consolidated balance sheet

Million euros CONSOLIDATED BALANCE SHEET	2Q06	2Q07	y.o.y	4Q06	q.o.q
Total Net Assets	**1,481.9**	**1,693.0**	**14.2%**	**1,720.2**	**-1.6%**
Non Current Assets	1,111.7	1,233.0	10.9%	1,343.6	-8.2%
Tangible and Intangible Assets	648.1	663.9	2.4%	661.4	0.4%
Goodwill	282.0	507.1	79.9%	506.9	0.0%
Investments	108.8	1.9	-98.2%	113.1	-98.3%
Deferred Tax Assets	67.9	60.0	-11.7%	61.8	-2.9%
Others	5.0	0.0	-100.0%	0.3	-100.0%
Current Assets	370.2	460.1	24.3%	376.6	22.2%
Trade Debtors	142.5	138.7	-2.7%	152.0	-8.8%
Liquidity	96.0	198.5	106.8%	125.9	57.6%
Others	131.7	122.9	-6.6%	98.7	24.5%
Shareholders' Funds	**716.9**	**892.3**	**24.5%**	**909.5**	**-1.9%**
Group Share	596.6	891.6	49.5%	909.0	-1.9%
Minority Interests	120.3	0.6	-99.5%	0.5	34.8%
Total Liabilities	**765.0**	**800.8**	**4.7%**	**810.7**	**-1.2%**
Non Current Liabilities	491.6	407.3	-17.1%	486.1	-16.2%
Bank Loans	458.3	366.7	-20.0%	460.6	-20.4%
Provisions for Other Liabilities and Charges	14.1	24.3	72.0%	20.1	20.9%
Others	19.2	16.3	-15.1%	5.4	-
Current Liabilities	273.4	393.5	43.9%	324.6	21.2%
Bank Loans	0.7	97.4	-	0.1	-
Trade Creditors	132.1	121.7	-7.9%	162.7	-25.2%
Others	140.6	174.4	24.0%	161.9	7.8%
Operating CAPEX (1)	24.3	27.5	13.3%	52.4	-47.5%
Operating CAPEX as % of Turnover	11.4%	12.8%	1.4pp	24.7%	-11.9pp
Total CAPEX	134.8	40.2	-70.2%	54.4	-26.0%
EBITDA - Operating CAPEX	42.2	11.7	-72.3%	-19.3	-
Operating Cash Flow (2)	18.3	22.9	24.7%	18.9	21.2%
FCF (3)	-93.9	11.7	-	12.2	-4.0%
Gross Debt	462.8	482.6	4.3%	464.0	4.0%
Net Debt	366.8	284.2	-22.5%	338.1	-15.9%
Net Debt/ EBITDA last 12 months	2.1 x	1.9 x	-0.2x	1.8 x	0.04x
EBITDA/Interest Expenses (4)	16.2 x	7.3 x	-9x	6.9 x	0.4x
Debt/(Debt + Shareholders' Funds)	39.2%	35.1%	-4.1pp	33.8%	1.3pp

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

Capital structure

Consolidated gross debt at the end of 2Q07 totalled 482.6 million euros, 18.6 million euros above the level at the end 4Q06. This increase is the result of two effects: (i) an increase of 16.2 million euros related to long term financial leasing contracts in relation to Sonaecom Fixed backbone network; and (ii) a 3.4 million euros increase in bank loans, mainly as result of the recognition of up-front fees, as required by IAS/IFRS rules.

Consolidated liquidity increased by 72.6 million euros to 198.5 million euros, compared to 125.9 million euros at the end of 4Q06, reflecting the FCF generated in the period which includes the sale of our 1% shareholding in PT in 1Q07.

Consolidated Net Debt as at the end of 2Q07 stood at 284.2 million euros, a decrease of 53.9 million euros compared to end 4Q06, reflecting mainly the FCF generated in the period (75 million euros) and the above mentioned movements in the gross debt.

At the end of 2Q07 and compared to end 4Q06, net debt to annualised EBITDA deteriorated marginally to 1.9x, explained by the lower annualised EBITDA at the end of 2Q07, despite the lower level of net debt. Interest cover improved to 7.3x, from 6.9x at the end of 4Q06, due to the higher level of EBITDA in the quarter and despite the higher cost of debt. Debt to Equity deteriorated marginally to 35.1% from 33.8%, reflecting the 18.6 million euros increase in the level of the gross debt and the 17.2 million euros decrease in Shareholder's funds,

resulting mainly, from the acquisition of own shares in 1Q07, for the purpose of hedging our Medium Term Incentive Plan, totalling 8.9 million euros and the net loss generated in the period.

Net Debt at Sonaecom SGPS stood at 160.1 million euros at the end of 2Q07 compared to 142.4 million euros at the end of 4Q06, reflecting a total cash position of 75.4 million euros, external debt of 147.1 million euros and treasury applications made by subsidiaries with Sonaecom of 88.3 million euros.

CAPEX

Consolidated CAPEX was 40.2 million euros and operating CAPEX reached 27.5 million euros in the quarter, 13.3% higher than in 2Q06, and representing 12.8% of turnover. This higher level of operating CAPEX was mainly driven by Sonaecom Fixed, up by 84.7% when compared to 2Q06. This is explained by the recognition of long term backbone lease contracts as financial leases thus affecting CAPEX and Debt. The increase in Operating CAPEX was despite lower investment at Optimus down by 18.7% when compared to the 2Q06 due to the lower deployment rate of its UMTS network that at the end of 2Q07 reached a coverage level of 70% of the Portuguese population, compared to 60% in 2Q06.

Consolidated CAPEX includes two significant movements: (i) 8.3 million euros related with contributions to the "Information Society" in relation to the UMTS license; this contribution will be made in cash during 2H07 to a fund to be constituted during 2007 which will be managed by the Portuguese state; and (ii) 2.4 million euros related to the acquisition of Tecnológica despite not having a material impact in 2Q07 FCF (only 0.2 million euros of the 2.4 million euros was paid during the quarter).

Of total operating CAPEX, approximately 50% was invested in the deployment of UMTS/HSDPA network, 16% was related to GSM network, 15% was related to Information Technology/Information Systems investments and 10% was invested in the network to support direct broadband and capitalized Triple Play development costs.

Other balance sheet items

Gross tangible and intangible assets were 1,538 million euros at the end of 2Q07, compared to 1,475 million euros in 4Q06 and cumulative depreciation and amortization totalled 874 million euros, compared to 813 million euros in 4Q06. Total investments reached 1.9 million euros, down by 111.2 million euros when compared to 113.1 million euros in 4Q06, reflecting the sale, in March 2007, of the 1% shareholding in PT valued at 111.1 million euros at end 4Q06, on a mark-to-market basis. Goodwill remained stable when compared to 4Q06 but shows an increase to 507.1 million euros in 2Q07 from the 282.0 million euros in 2Q06 due to the roll up of Optimus' minority shareholders to Sonaecom in 3Q06.

At the end of 2Q07, Sonaecom shareholders' funds totalled 892.3 million euros compared to 909.5 million euros at the end of 4Q06, which reflects: (i) the acquisition, in March 2007, of a total of 1.89 million own shares valued at 8.9 million euros on a mark-to-market basis, which reduces shareholders' funds; and (ii) the net losses of 4.6 million euros generated in the period.

FCF

Million euros

LEVERED FREE CASH FLOW	2Q06	2Q06(R)	2Q07	y.o.y	1Q07	q.o.q	1H06	1H06(R)	1H07	y.o.y
EBITDA-Operating CAPEX	**42.2**	**15.7**	**11.7**	**-25.4%**	**5.2**	**123.0%**	**49.2**	**21.8**	**16.9**	**-22.3%**
Change in WC	-29.8	-26.4	-1.5	94.4%	-24.7	94.0%	-54.7	-49.1	-33.8	31.2%
Non Cash Items & Other	6.0	6.5	12.6	93.4%	0.8	-	8.3	9.1	21.1	132.3%
Operating Cash Flow	**18.3**	**-4.2**	**22.9**	**-**	**-18.6**	**-**	**2.8**	**-18.2**	**4.2**	**-**
Financial Investments	-106.3	-106.3	-0.2	99.8%	108.2	-	-107.0	-107.0	108.0	-
Own Shares	-	-	-	-	-8.9	-	-	-	-8.9	-
Tender Offer Costs	-2.9	-2.9	-6.4	-119.9%	-13.1	51.0%	-2.9	-2.9	-19.5	-
Financial results	-2.8	-2.8	-4.1	-46.7%	-4.2	3.0%	-4.9	-5.2	-8.4	-60.1%
Income taxes	-0.3	-0.2	-0.4	-129.3%	-0.1	-	-0.7	-0.3	-0.5	-63.1%
FCF	**-93.9**	**-116.4**	**11.7**	**-**	**63.2**	**-81.5%**	**-112.8**	**-133.7**	**75.0**	**-**

(R) Restated to exclude Enabler's contribution in 2Q06 and 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 2Q06 and 1H06.

Consolidated FCF in 2Q07 was positive 11.7 million euros, compared to a negative 116.4 million euros in 2Q06(R), the latter included the investment of 105.9 million euros relating to the acquisition of a 1% shareholding in PT. Operating cash flow was positive 22.9 million euros in 2Q07, up from negative 4.2 million euros in 2Q06(R), mainly due to the positive adjustment related to the long term backbone financial lease contracts which affect Operating CAPEX and Debt levels but which only affect free cash flow in relation to financial expenses. The working capital deterioration of 1.5 million euros reflects the higher credit from fixed assets suppliers which was offset by the higher payments to trade creditors at Optimus.

4. Optimus

During the quarter, Optimus maintained its rate of growth of customers and active customers and reinforced its growth rate of customer revenues, by further investing in the brand mainly to support the growth in the residential segment and by extending coverage of its 3G/HSPDA network.

4.1. Operational data

OPTIMUS OPERATIONAL KPI's	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Customers (EOP) ('000)	2,430.3	2,673.9	10.0%	2,629.2	1.7%	2,430.3	2,673.9	10.0%
Net Additions ('000)	46.9	44.7	-4.7%	27.3	63.7%	77.1	72.0	-6.6%
% Pre-paid Customers	80.3%	74.8%	-5.5pp	75.9%	-1.1pp	80.3%	74.8%	-5.5pp
Active Customers (1)	1,922.5	2,152.5	12.0%	2,117.1	1.7%	1,906.3	2,134.8	12.0%
Data as % Service Revenues	13.8%	16.9%	3.1pp	16.0%	0.9pp	13.6%	16.5%	2.9pp
Total #SMS/month/user	52.0	44.9	-13.6%	45.0	-0.3%	50.4	45.0	-10.9%
MOU (2) (min.)	114.7	114.6	-0.1%	116.4	-1.6%	114.2	115.4	1.1%
ARPU (euros)	19.4	17.9	-7.8%	17.7	1.1%	19.4	17.8	-8.2%
ARPM (3) (euros)	0.17	0.16	-7.7%	0.15	2.7%	0.17	0.15	-9.1%
CCPU (4) (euros)	14.8	14.2	-4.5%	14.3	-0.9%	14.6	14.2	-2.7%
SAC&SRC (5) ('000 000 euros)	24.8	28.1	13.4%	27.1	4.0%	43.5	55.2	26.8%
Employees (6)	1,054	1,029	-2.4%	1,034	-0.5%	1,054	1,029	-2.4%
Shared Services Division	774	765	-1.2%	766	-0.1%	774	765	-1.2%

(1) Active Customers with Revenues generated on last 90 days; (2) Minutes of Use per Customer per month; (3) Average Revenue per Minute; (4) Cash Cost per Customer = Total Operational Costs per Customer less Equipment Sales; (5) Total Acquisition & Retention Costs; (6) Includes Shared Services Division.

Growth initiatives

During 2Q07, Optimus reinforced its wireless broadband leadership and was able to push up data usage through the extension of its Kanguru product range, with the pioneering launch of an updated version of its broadband internet solution, based on HSDPA technology, offering speeds up to 7.2 Mbps. During the quarter, Optimus became the first Portuguese operator to make mobile TV available in two specific terminals. In line with its strategy of focusing on innovation, Optimus has made available more than 23 TV channels for its Mobile TV offer.
Also important was the pioneering launch in Portugal of a truly Fixed-Mobile offer for the business segment. This offer has included a mobile and a fixed number; when at the office or out of the office, calls are always made at the most economic tariff, either using the fixed or the mobile number. It has also the particularity of making the person always available with its fixed number as it will automatically transfer the call to its mobile number.

Customer base

Optimus' customer base increased by 10.0% to 2.7 million, at the end of 2Q07, compared to 2.4 million at the end of 2Q06, with net additions of 44.7 thousand in 2Q07 compared to 27.3 thousand in the previous quarter, reflecting the success of its growth strategy. Active customers at the end of 2Q07 totalled 2.2 million, as compared to 1.9 million in 2Q06, an increase of 12.0% over 2Q06. Net additions of active subscribers reached 35.4 thousand, 9.3% higher than in 2Q06.

During 2Q07, Optimus customers generated an ARPU of 17.9 euros, down from an ARPU of 19.4 euros in 2Q06, of which 13.6 euros related to customer monthly bill and 4.3 euros related to operator revenues, compared to 13.9 euros and 5.5 euros, in 2Q06, respectively.

The lower ARPU is mainly explained by the decrease of 21.4% in operator revenues ARPU, due to the phased reductions in MTRs and roaming in tariffs, and to a lesser extent the decrease in ARPM, explained by the higher price pressures on voice tariffs mainly on the SME segment.

Data usage

Data revenues represented 16.9% of service revenues in 2Q07, an improvement of 3.1pp over 2Q06, as the result of Optimus' promotional focus on increasing usage of data services and the success of its wireless broadband solutions. Non-SMS related data services already accounted for more than 51% of total data revenues in 2Q07, compared to 38% in 2Q06.

Traffic

In 2Q07, total voice traffic[1] was 12.8% higher than that recorded in 2Q06 with minutes of use per customer remaining relatively stable at 114.6 minutes, reflecting the continuous success of Optimus' investment effort to enhance voice usage.

4.2. Financial data

Million euros

OPTIMUS CONSOLIDATED INCOME STATEMENT	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Turnover	**150.0**	**150.7**	**0.5%**	**142.8**	**5.6%**	**291.2**	**293.5**	**0.8%**
Service Revenues	136.8	142.4	4.1%	134.9	5.6%	270.5	277.4	2.5%
Customer Revenues	98.1	108.1	10.2%	103.1	4.8%	195.3	211.2	8.1%
Operator Revenues	38.7	34.4	-11.3%	31.8	8.2%	75.2	66.1	-12.0%
Equipment Sales	13.2	8.3	-37.3%	7.9	5.1%	20.7	16.1	-22.3%
Other Revenues	**9.1**	**8.6**	**-5.5%**	**8.4**	**1.7%**	**18.0**	**17.0**	**-5.5%**
Operating Costs	**113.6**	**118.1**	**4.0%**	**114.9**	**2.8%**	**217.5**	**233.0**	**7.1%**
COGS	20.3	15.6	-22.7%	16.7	-6.3%	29.0	32.3	11.4%
Interconnection & Contents	32.5	33.5	3.0%	32.6	2.7%	63.9	66.1	3.4%
Leased Lines & Other Network Operating Costs	11.7	14.0	20.1%	14.2	-1.3%	24.8	28.2	13.7%
Personnel Costs	12.1	13.0	7.8%	13.1	-0.1%	24.7	26.1	5.8%
Marketing & Sales	16.0	18.2	13.6%	15.3	18.7%	30.7	33.5	9.4%
Outsourcing Services [(1)]	12.0	13.0	8.4%	12.5	4.3%	25.4	25.5	0.3%
General & Administrative Expenses	6.9	7.7	10.2%	7.9	-2.5%	14.1	15.5	9.9%
Other Operating Costs	2.1	3.1	44.2%	2.7	14.6%	4.9	5.8	18.4%
Provisions and Impairment Losses	**3.0**	**2.4**	**-18.2%**	**1.4**	**76.0%**	**4.9**	**3.8**	**-23.0%**
Service Margin [(2)]	**104.3**	**108.9**	**4.5%**	**102.3**	**6.5%**	**206.6**	**211.3**	**2.3%**
Service Margin (%)	76.2%	76.5%	0.3pp	75.8%	0.7pp	76.4%	76.2%	-0.2pp
EBITDA	**42.5**	**38.7**	**-8.8%**	**35.0**	**10.8%**	**86.9**	**73.7**	**-15.1%**
EBITDA Margin (%)	28.3%	25.7%	-2.6pp	24.5%	1.2pp	29.8%	25.1%	-4.7pp
Depreciation & Amortization	29.3	25.2	-13.9%	31.6	-20.3%	57.5	56.8	-1.1%
EBIT	**13.2**	**13.5**	**2.3%**	**3.3**	**-**	**29.4**	**16.9**	**-42.6%**
Net Financial Results	**-3.1**	**-3.5**	**-10.9%**	**-3.7**	**6.0%**	**-6.2**	**-7.1**	**-14.2%**
Financial Income	0.8	1.3	64.2%	1.0	28.3%	1.4	2.4	65.7%
Financial Expenses	3.9	4.8	21.9%	4.7	1.6%	7.7	9.5	23.9%
EBT	**10.1**	**10.1**	**-0.4%**	**-0.3**	**-**	**23.2**	**9.8**	**-57.9%**
Tax results	-0.7	-2.6	-	1.1	-	2.1	-1.5	-
Net Results	**9.4**	**7.5**	**-20.0%**	**0.8**	**-**	**25.2**	**8.3**	**-67.2%**
Operating CAPEX [(3)]	16.9	13.7	-18.7%	16.4	-16.2%	39.9	30.1	-24.5%
Operating CAPEX as % of Turnover	11.3%	9.1%	-2.2pp	11.5%	-2.4pp	13.7%	10.3%	-3.4pp
EBITDA - Operating CAPEX	25.6	25.0	-2.3%	18.6	34.8%	46.9	43.6	-7.2%
Total CAPEX	21.2	23.6	11.4%	17.1	38.2%	47.4	40.6	-14.3%
FCF [(4)]	11.0	18.1	64.4%	1.7	-	13.9	19.8	42.2%
Gross Debt	316.1	319.3	1.0%	318.4	0.3%	316.1	319.3	1.0%
Net Debt	215.1	209.2	-2.7%	216.4	-3.3%	215.1	209.2	-2.7%
Net Debt/ EBITDA last 12 months	1.3 x	1.3 x	0.1x	1.4 x	-0.01x	1.3 x	1.3 x	0.1x
EBITDA/Interest Expenses	15.6 x	11.0 x	-4.6x	10.1 x	0.9x	16.7 x	10.6 x	-6.2x
Debt/(Debt + Shareholders' Funds)	44.5%	47.3%	2.8pp	47.1%	0.1pp	44.5%	47.3%	2.8pp

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection & Content Costs; (3) Operating CAPEX excludes Financial Investments and Provisions for sites dismantling and other non operational investments; (4) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Turnover

Service revenues increased by 4.1% (compared to the 0.9% growth in 1Q07 versus 1Q06) to 142.4 million euros, compared to 136.8 million euros in 2Q06, driven by the 10.2% growth in customer revenues (compared to the 6.1% growth in the 1Q07) that fully compensated the

[1] Total voice traffic = total incoming traffic plus total outgoing traffic plus total Roaming out

negative impact of 3.6 million euros due to lower MTRs on operator revenues and despite the decrease of roaming revenues explained by lower roaming tariffs. Excluding the impact of the MTRs, service revenues would have increased by 6.7% as compared to 2Q06.

EBITDA

EBITDA in 2Q07 reached 38.7 million euros and generated a margin of 25.7%, representing a decrease of 8.8% and 2.6pp, respectively versus 2Q06. This decline was primarily the result of higher total operating costs and lower MTRs that led to a reduction of 1.7 million euros in EBITDA compared to 2Q06, despite the 4.1% increase in service revenues. Excluding the impact of the MTRs, EBITDA would have decreased by 5.0%, as compared to 2Q06, generating an EBITDA margin of 27.6%, 0.7pp below 2Q06.

The lower EBITDA result compared to 2Q06 was due to higher level of total OPEX that increased by 4.0% to 118.1 million euros and represented 78.4% of Turnover, a deterioration of 2.7pp when compared to 2Q06 and notwithstanding the higher service margin of 4.5% to 108.9 million euros and a margin of 76.5%, a 0.3pp increase when compared to the 2Q06. The higher costs were driven by the following factors: (i) higher marketing & sales costs and handset subsidies of 10.4%, a reflection of the strong growth in both active customers (+12.0%) and customer revenues (+10.2%); (ii) higher leased line & other network operating costs of 20.1%, driven by both leased line costs up by 16.2% and other network costs which grew by 23.3% primarily due to the extension of Optimus' 3G/HSDPA network and resulting higher number of circuits rented, also due to the success of Kanguru product; (iii) higher outsourcing services, especially customer IT and Customer Support services which grew by 8.4%; (iv) an increase in other operating costs of 44.2%, driven by higher license costs resulting from the higher number of customers; (v) higher general & administrative costs of 10.2% as a result of specific investments made to accelerate the judicial collection of old invoices with the consequent positive impact on the bad debt level; and (vi) higher staff costs of 7.8% due to the lower capitalization of staff costs as our network coverage marginal growth rate is reducing.

5. Sonaecom Fixed

Sonaecom Fixed strengthened its direct access business and grew its direct customer base and customer revenues, by reinforcing and developing its ADSL broadband solutions, namely the expansion of its double play offering, the introduction of TV and Home Video in the ADSL basic offer and better customer service.

5.1. Operational data

SONAECOM FIXED OPERATIONAL KPI's	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Total Services (EOP) [1]	358,224	411,177	14.8%	393,483	4.5%	358,224	411,177	14.8%
Direct	225,117	336,789	49.6%	309,461	8.8%	225,117	336,789	49.6%
ULL	202,803	307,316	51.5%	281,481	9.2%	202,803	307,316	51.5%
Other	22,314	29,473	32.1%	27,980	5.3%	22,314	29,473	32.1%
Indirect	133,107	74,388	-44.1%	84,022	-11.5%	133,107	74,388	-44.1%
Voice	67,770	41,362	-39.0%	46,311	-10.7%	67,770	41,362	-39.0%
Internet Broadband	13,486	11,590	-14.1%	11,752	-1.4%	13,486	11,590	-14.1%
Internet Narrowband	51,851	21,436	-58.7%	25,959	-17.4%	51,851	21,436	-58.7%
Total Accesses [2]	248,116	358,963	44.7%	332,546	7.9%	248,116	358,963	44.7%
PSTN/ISDN	133,452	194,759	45.9%	179,093	8.7%	133,452	194,759	45.9%
ULL ADSL	101,178	152,614	50.8%	141,701	7.7%	101,178	152,614	50.8%
Wholesale ADSL	13,486	11,590	-14.1%	11,752	-1.4%	13,486	11,590	-14.1%
Unbundled Central Offices with transmission	138	150	8.7%	149	0.7%	138	150	8.7%
Unbundled Central Offices with ADSL2+	130	142	9.2%	141	0.7%	130	142	9.2%
Direct access as % Customer Revenues	64.6%	78.9%	14.3pp	75.7%	3.2pp	60.9%	77.4%	16.5pp
Total Voice Traffic ('000 Min.) [3]	348,797	384,789	10.3%	377,708	1.9%	719,827	762,498	5.9%
Total Internet Traffic								
Narrowband ('000 Min.)	60,661	22,435	-63.0%	31,638	-29.1%	139,569	54,074	-61.3%
Broadband ('000 Gigabytes)	2,470	5,057	104.7%	4,824	4.8%	4,514	9,881	118.9%
Employees	174	164	-5.7%	165	-0.6%	174	164	-5.7%

(1) Services restated according to a "revenue generator unit" criteria since 1Q07; (2) Reporting criteria according to Anacom standard: ISDN services equivalent to 2 or 30 accesses depending on whether they are basic rate (BRI) or primary rate (PRI); Accesses do not include indirect voice or narrowband services and data and wholesale services; (3) Includes Wholesale and Retail traffic.

Growth initiatives
During 2Q07, Sonaecom Fixed continued to promote, on a mass market scale, its double play offering of voice and internet enhanced with inclusion of IPTV and Home Video, in order to protect pricing, reduce levels of churn and improve loyalty in its direct access base. In the quarter, Sonaecom Fixed continued to develop its triple play offer by introducing new TV and radio channels in its offer, which now includes more than 100 channels and 600 video films.

Importantly for business customers, Sonaecom Fixed was the first Portuguese operator to implement an IMS – IP Multimedia System – platform in its network which will be an enabler of: (i) integration, as it contemplates the integration of a series of voice functionalities from different devices such as the PC; (ii) flexibility, as it is perfectly adaptable to different segment activities and size; (iii) mobility as it enhances Fixed-Mobile-Wi-Fi convergence; and (iv) innovation as it opens the door to a completely new and revolutionary set of services.

Customer base
During 2Q07, Sonaecom Fixed continued its transformation process into a direct access business model. At the end of 2Q07, Sonaecom Fixed total services reached 411.2 thousand, an increase of 14.8% compared to 2Q06 and 8.0% above 4Q06. As has been the case since 4Q05, the acquisition of direct access services more than compensated the decline in indirect access customers, with total direct services representing 81.9% of Sonaecom Fixed customer base in 2Q07, compared to 62.8% in 2Q06, and to 74.0% in 4Q06. Average monthly Direct net adds exceeded 9 thousand services in 2Q07 and average monthly net adds of ULL accesses reached more than 3.6 thousand surpassing the previous quarter by 3.1%.

Traffic
Sonaecom Fixed voice traffic increased by 10.3% in 2Q07 to 384.8 million minutes compared to 348.8 million minutes in 2Q06, mainly as a result of the increase retail traffic of 25.1% as wholesale traffic only grew by 2.3%. Retail traffic performance was a result of the increase of direct voice traffic by 61.3%, more than compensating for the decrease of indirect voice traffic of 29.7%.

5.2. Financial data

Million euros								
SONAECOM FIXED INCOME STATEMENT	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Turnover	**49.3**	**56.7**	**15.1%**	**54.0**	**4.9%**	**93.8**	**110.7**	**18.1%**
Service Revenues	48.2	56.5	17.2%	54.0	4.6%	92.7	110.6	19.2%
Customer Revenues	22.8	28.3	24.4%	26.4	7.4%	44.8	54.7	22.3%
Direct Access Revenues	14.7	22.4	51.9%	20.0	11.9%	27.2	42.4	55.5%
Indirect Access Revenues	7.8	5.2	-32.8%	5.7	-8.4%	16.9	10.9	-35.6%
Other	0.3	0.8	151.5%	0.7	5.9%	0.6	1.5	154.2%
Operator Revenues	25.4	28.2	10.7%	27.7	1.9%	48.0	55.8	16.4%
Equipment Sales	1.0	0.2	-81.1%	0.0	-	1.1	0.2	-82.8%
Other Revenues	**1.0**	**0.8**	**-20.1%**	**1.0**	**-19.3%**	**2.5**	**1.8**	**-25.0%**
Operating Costs	**52.2**	**56.8**	**8.7%**	**52.6**	**7.8%**	**102.9**	**109.4**	**6.3%**
COGS	1.2	0.2	-84.4%	-0.1	-	1.2	0.1	-92.3%
Interconnection	24.9	30.0	20.3%	28.1	6.6%	50.7	58.1	14.6%
Leased Lines & Other Network Operating Costs	8.0	8.3	2.8%	8.9	-7.2%	15.9	17.1	8.1%
Personnel Costs	2.1	2.3	8.9%	2.4	-5.1%	4.8	4.7	-3.1%
Marketing & Sales	5.4	5.5	1.2%	2.8	97.2%	9.9	8.2	-16.5%
Outsourcing Services [1]	8.2	8.1	-0.9%	7.9	2.2%	15.8	16.0	1.4%
General & Administrative Expenses	2.1	2.1	2.5%	2.3	-5.4%	4.2	4.4	3.8%
Other Operating Costs	0.4	0.4	10.2%	0.4	1.2%	0.4	0.8	88.3%
Provisions and Impairment Losses	**0.6**	**0.2**	**-64.3%**	**2.2**	**-89.9%**	**0.4**	**2.4**	**-**
Service Margin [2]	**23.3**	**26.6**	**13.8%**	**25.9**	**2.3%**	**42.1**	**52.5**	**24.8%**
Service Margin (%)	48.4%	47.0%	-1.4pp	48.0%	-1pp	45.4%	47.5%	2.1pp
EBITDA	**-2.6**	**0.5**	**-**	**0.2**	**124.5%**	**-7.1**	**0.8**	**-**
EBITDA Margin (%)	-5.2%	0.9%	6.1pp	0.4%	0.5pp	-7.5%	0.7%	8.2pp
Depreciation & Amortization	4.1	4.9	20.8%	4.7	4.4%	7.9	9.7	22.6%
EBIT	**-6.7**	**-4.4**	**33.7%**	**-4.5**	**2.0%**	**-15.0**	**-8.9**	**40.5%**
Net Financial Results	**-0.8**	**-0.9**	**-18.8%**	**-0.8**	**-19.2%**	**-1.3**	**-1.7**	**-30.6%**
Financial Income	0.0	0.1	25.5%	0.0	28.3%	0.1	0.1	40.0%
Financial Expenses	0.8	1.0	19.2%	0.8	19.8%	1.4	1.8	31.1%
EBT	**-7.4**	**-5.3**	**28.2%**	**-5.3**	**-1.1%**	**-16.3**	**-10.6**	**34.8%**
Tax results	0.0	0.0	15.4%	0.0	0.0%	0.0	0.0	12.0%
Net Results	**-7.4**	**-5.3**	**28.2%**	**-5.3**	**-1.1%**	**-16.3**	**-10.6**	**34.8%**
Operating CAPEX [3]	7.4	13.7	84.7%	12.2	12.3%	16.1	26.0	61.3%
Operating CAPEX as % of Turnover	15.1%	24.2%	9.1pp	22.6%	1.6pp	17.2%	23.5%	6.3pp
EBITDA - Operating CAPEX	-10.0	-13.2	-32.0%	-12.0	-10.1%	-23.2	-25.2	-8.8%
Total CAPEX	7.4	14.2	91.0%	12.2	16.1%	16.1	26.4	64.2%
FCF [4]	-17.4	-2.8	84.0%	-14.0	80.1%	-36.1	-16.8	53.6%
Gross Debt	87.1	98.1	12.6%	77.3	26.9%	87.1	98.1	12.6%
Net Debt	86.7	97.5	12.5%	77.1	26.4%	86.7	97.5	12.5%
Net Debt/ EBITDA last 12 months	-4.9 x	60.9 x	65.8x	-51.6 x	112.5x	-4.9 x	60.9 x	65.8x
EBITDA/Interest Expenses	-3.2 x	0.5 x	3.7x	0.3 x	0.3x	-5.2 x	0.4 x	5.7x
Debt/(Debt + Shareholders' Funds)	94.4%	89.0%	-5.3pp	81.6%	7.4pp	94.4%	89.0%	-5.3pp

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection Costs; (3) Operating CAPEX excludes Financial Investments and Provisions for sites dismantling and other non operational investments; (4) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Turnover

Turnover in 2Q07 amounted to 56.7 million euros, an increase of 15.1% over 2Q06, driven mainly by the significant increase in direct access revenues, up 51.9%, and by operator revenues, up 10.7%, which represented 39.6% and 49.8% of service revenues respectively, as compared to 30.5% and 52.8%, respectively, in 2Q06. Direct access revenues accounted for 78.9% of customer revenues in the quarter, confirming Sonaecom Fixed transformation to a direct access business with its current double play offering and nascent IPTV service.

It's should also be point out the performance of mass calling services, which during the quarter contributed with revenues of 6.0 million euros, an increase of 4.8 million euros compared to 2Q06.

EBITDA

Sonaecom Fixed generated a positive EBITDA of 0.5 million euros, compared to a negative 2.6 million euros in 2Q06, an improvement that is primarily due to the increasing size of the ULL customer base that has been generating a positive contribution to profitability since the second half of 2006.

Operating costs at Sonaecom Fixed increased by 8.7% compared to 2Q06, reflecting the effort in developing and expanding the direct access broadband business: (i) interconnection costs were up by 20.3%, due to the increased voice traffic in 2Q07 compared to 2Q06, as well as the higher ULL monthly fees, driven by the larger number of direct customers, although service margin grew by 13.8% to 26.6 million euros and generated a margin of 47.0%; (ii) leased lines and other network operating costs were up by 2.8%, mainly as a result of a higher demand for circuits and higher maintenance costs related to the increased volume of equipment in unbundled central offices; (iii) personnel costs increased by 8.9%, explained by the lower level of 3Play capitalised costs; (iv) marketing & sales costs increased only by 1.2%, despite the high level of customers acquired in the quarter; and (v) outsourcing services and general administrative expenses were kept stable.

6. Público

Público continued to focus on implementing its new strategy based on its totally redesigned, all-colour newspaper and supplements, launched in mid-February 2007, and a re-dimensioned cost structure. Initial results are encouraging with post-relaunch newspaper showing increases in paid circulation and inverting the strong negative trend seen during 2H06. However, Público's main challenges going forward are stimulating circulation and increasing advertising revenues, a fundamental revenue stream for a sustainable and profitable media business.

6.1. Operational data

PÚBLICO OPERATIONAL KPI's	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Average Paid Circulation (1)	47,441	44,922	-5.3%	41,031	9.5%	42,977	42,977	0.0%
Market Share of Advertising (%) (2)	15.3%	13.4%	-1.9pp	14.2%	-0.8pp	15.5%	13.9%	-1.6pp
Employees	351	260	-25.9%	263	-1.1%	351	260	-25.9%

(1) Estimated value updated in the following quarter; (2) 2Q07 = May YTD.

The initial positive results seen at the end of 1Q07, continued with Público's average paid circulation increasing by 9.5% when compared to 1Q07, from an average level of 41 thousand units to 44.9 thousand units in 2Q07 and despite the continuous reduction in the size of the paid press market, as well as the competitive pressures particulary from 'free' newspapers.

However, Público's advertising market share does not yet reflect the positive impact of improved circulation performance, reaching an average of 13.4% at the end of 2Q07, down 0.8pp and 1.9pp as compared to end 1Q07 and 2Q06, respectively. Market readership data, for the 2Q07, followed the same trend as advertising market share with Público's total audience reaching 4.4% of the market readers[2], down by 0.7pp as compared to 2Q06.

Público´s online website continued to be the leader in unique visitors and visits in Portugal, with the integration of both the online and offline being further accelerated in the quarter. Online advertising, although still a small number, grew by 3.0 times when compared to 2Q06, with Público.pt generating a positive EBITDA for the second consecutive quarter.

[2] Universe: individuals with 15 or more years old, residing in Portugal (8,314,409 readers)

6.2. Financial data

Million euros

PÚBLICO CONSOLIDATED INCOME STATEMENT	2Q06	2Q07	y.o.y	1Q07	q.o.q	1H06	1H07	y.o.y
Turnover	**10.53**	**9.48**	**-10.0%**	**7.18**	**32.1%**	**19.25**	**16.65**	**-13.5%**
Advertising Sales [1]	4.44	3.91	-11.9%	3.22	21.3%	7.87	7.13	-9.4%
Newspaper Sales	3.19	3.24	1.5%	2.86	13.3%	6.14	6.10	-0.7%
Associated Product Sales	2.90	2.33	-19.7%	1.10	112.8%	5.25	3.43	-34.7%
Other Revenues	**0.06**	**0.04**	**-31.7%**	**0.07**	**-41.4%**	**0.19**	**0.11**	**-41.6%**
Operating Costs	**11.33**	**10.19**	**-10.1%**	**8.37**	**21.7%**	**22.05**	**18.56**	**-15.8%**
COGS	3.11	2.98	-4.1%	1.71	74.6%	5.97	4.69	-21.4%
Personnel Costs	3.56	2.91	-18.0%	2.83	2.9%	7.29	5.75	-21.2%
Marketing & Sales	0.94	1.06	12.5%	0.43	147.9%	1.45	1.49	2.8%
Outsourcing Services [2]	2.90	2.52	-13.1%	2.67	-5.5%	5.69	5.19	-8.9%
General & Administrative Expenses	0.76	0.71	-6.8%	0.74	-3.8%	1.64	1.45	-11.8%
Other Operating Costs	0.06	0.00	-96.6%	0.00	0.0%	0.02	0.00	-76.5%
Provisions and Impairment Losses	**0.00**	**0.06**	**-**	**0.05**	**21.9%**	**0.05**	**0.12**	**137.3%**
EBITDA	**-0.74**	**-0.74**	**0.6%**	**-1.18**	**37.7%**	**-2.66**	**-1.92**	**27.9%**
EBITDA Margin (%)	-7.0%	-7.8%	-0.7pp	-16.5%	8.7pp	-13.8%	-11.5%	2.3pp
Depreciation & Amortization	0.19	0.17	-7.9%	0.17	4.2%	0.41	0.34	-17.2%
EBIT	**-0.93**	**-0.91**	**2.1%**	**-1.35**	**32.5%**	**-3.07**	**-2.26**	**26.5%**
Net Financial Results	**-0.07**	**-0.06**	**4.5%**	**-0.03**	**-113.3%**	**-0.12**	**-0.09**	**19.0%**
Financial Income	0.00	0.00	0.0%	0.00	0.0%	0.00	0.00	0.0%
Financial Expenses	0.07	0.07	-4.4%	0.03	109.7%	0.12	0.10	-18.6%
EBT	**-1.00**	**-0.97**	**2.2%**	**-1.38**	**29.3%**	**-3.19**	**-2.35**	**26.2%**
Tax results	-0.01	-0.01	16.7%	-0.01	0.0%	-0.01	-0.01	9.1%
Net Results	**-1.00**	**-0.98**	**2.3%**	**-1.38**	**29.2%**	**-3.20**	**-2.36**	**26.2%**
Operating CAPEX [3]	0.05	0.17	-	0.25	-30.4%	0.14	0.42	-
Operating CAPEX as % of Turnover	0.4%	1.8%	1.4pp	3.5%	-1.6pp	0.7%	2.5%	1.8pp
EBITDA - Operating CAPEX	-0.79	-0.91	-15.9%	-1.43	36.4%	-2.80	-2.34	16.3%
Total CAPEX	0.05	0.17	-	0.25	-30.4%	0.14	0.42	-
FCF [4]	-0.78	-1.71	-117.6%	-3.36	49.2%	-2.96	-5.06	-71.1%
Gross Debt	6.84	5.87	-14.2%	4.40	33.4%	6.84	5.87	-14.2%
Net Debt	6.48	5.77	-10.9%	4.07	42.0%	6.48	5.77	-10.9%
Net Debt/ EBITDA last 12 months	-1.8 x	-0.7 x	1.1x	-0.5 x	-0.2x	-1.8 x	-0.7 x	1.1x
EBITDA/Interest Expenses	-11.6 x	-11.9 x	-0.3x	-40.7 x	28.9x	-24.6 x	-21.1 x	3.6x
Debt/(Debt + Shareholders' Funds)	561.0%	192.3%	-368.7pp	171.7%	20.5pp	561.0%	192.3%	-368.7pp

(1) Includes Contents; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (3) Operating CAPEX excludes Financial Investments and Provisions for sites dismantling and other non operational investments; (4) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

During 2Q07, turnover decreased by 10.0% (compared to a decrease of 17.8% in 1Q07 when compared to 1Q06) to 9.5 million euros, compared to 10.5 million euros in 2Q06. However, in line with circulation figures and supported by a different price mix, newspaper sales increased by 1.5% for the first time since 2Q06, but which was not enough to compensate the decrease of both: (i) associated product sales by 19.7%, as a result of market competition and saturation; and (ii) advertising sales that were down by 11.9% when compared to 2Q06.

EBITDA was negative 0.7 million euros, the same level as in 2Q06, despite the promotional costs incurred in the quarter to stimulate circulation levels and the advertising costs for the re-launch of the newspaper. The results in the quarter, partially reflect the fixed cost savings in personnel costs, down by 18.0% when compared to 2Q06, and general & administrative costs and outsourcing services, down by 11.7% over 2Q06, resulting from the restructuring plan implemented in the second half of 2006.

7. Software and Systems Information

SSI continued to achieve a good set of operational and financial results, driven by the performance of WeDo that has focused on expanding its range of clients through its star Revenue Assurance Product (RAID).

7.1. Operational data

SSI OPERATIONAL KPI's	2Q06	2Q06(R)	2Q07	y.o.y	1Q07	q.o.q	1H06	1H06(R)	1H07	y.o.y
IT Serv Revenues/Employee('000 euros) (1)	25.8	28.8	27.8	-3.6%	27.3	1.9%	49.9	55.7	55.1	-1.0%
Equipment Sales as % Turnover (2)	30.1%	42.7%	42.1%	-0.6pp	33.6%	8.5pp	28.6%	40.6%	38.2%	-2.4pp
Equipment Sales/Employee (2) ('000 euros)	657.6	657.6	629.8	-4.2%	461.4	36.5%	1,201.2	1,201.2	1,098.4	-8.6%
EBITDA/Employee ('000 euros)	3.0	2.3	4.2	80.0%	3.5	19.7%	6.0	5.7	7.7	35.4%
Employees	643	331	353	6.6%	344	2.6%	643	331	353	6.6%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect; (R) Restated to exclude Enabler's contribution in 2Q06 and 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 2Q06 and 1H06.

SSI's IT service revenues per employee totalled 27.8 thousand euros in 2Q07, 3.6% below 2Q06(R) but 1.9% above the previous quarter, and equipment sales per employee decreased by 4.2% to 0.63 million euros in 2Q07. Headcount increased by 22 to 353 as compared to 2Q06(R), due to both the launch of Saphety, a company carved out from Sonaecom Fixed in December 2006, and the need for additional internal consultants to support the increased level of activity.

WeDo continued to invest in building its international footprint, obtaining four new key accounts during the 2Q07 for implementation of its RAID solution with DiGi in Malaysia, Djezzy in Algeria, Orange in Netherlands and a Data Warehouse solution with DU in Dubai. This is the confirmation that the new regional structure implemented during 2007, in order to increase and expand WeDo's international footprint, is providing positive results.

During the 2Q07 WeDo held its second yearly RAID user group meeting where 46 customers had been presented, due to: (i) promote the knowledge and experience sharing between customers; (ii) strengthen the community spirit; and (iii) announce WeDo's strategy orientation and vision regarding RAID's product road map.

During the quarter, WeDo has also completed the acquisition of Tecnologica, a Brazilian software company focused on Revenue Assurance with customers in Brazil and Latam region. This company will function as a software factory for the Latam region and will provide WeDo a superior and complementary research & development capabilities with knowledge and presence in a very important and fast growing market such as is the Latam region.

7.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	2Q06	2Q06(R)	2Q07	y.o.y	1Q07	q.o.q	1H06	1H06(R)	1H07	y.o.y
Turnover	**24.03**	**16.92**	**17.82**	**5.3%**	**14.96**	**19.1%**	**46.13**	**32.46**	**32.79**	**1.0%**
Service Revenues	16.80	9.69	10.32	6.5%	9.94	3.8%	32.95	19.28	20.26	5.1%
Equipment Sales	7.23	7.23	7.50	3.8%	5.02	49.3%	13.18	13.18	12.52	-4.9%
Other Revenues	**26.39**	**0.18**	**0.05**	**-71.4%**	**0.19**	**-74.0%**	**26.91**	**0.26**	**0.24**	**-7.6%**
Operating Costs	**22.95**	**16.30**	**16.35**	**0.3%**	**13.94**	**17.3%**	**43.62**	**30.76**	**30.29**	**-1.6%**
COGS	6.98	6.98	7.19	3.0%	4.83	48.9%	12.70	12.70	12.02	-5.3%
Personnel Costs	8.57	4.66	4.89	5.0%	5.00	-2.0%	16.47	8.72	9.89	13.4%
Marketing & Sales	0.27	0.24	0.30	27.0%	0.28	8.7%	0.48	0.39	0.58	49.4%
Outsourcing Services (1)	3.92	2.90	2.33	-19.7%	2.11	10.3%	7.96	5.91	4.44	-24.9%
General & Administrative Expenses	3.12	1.47	1.62	10.2%	1.57	3.3%	5.86	2.95	3.18	8.0%
Other Operating Costs	0.09	0.05	0.02	-70.4%	0.16	-90.2%	0.16	0.10	0.18	76.5%
Provisions and Impairment Losses	**0.18**	**0.02**	**0.05**	**100.0%**	**0.01**	**-**	**0.22**	**0.06**	**0.06**	**-6.3%**
EBITDA	**27.28**	**0.77**	**1.48**	**91.9%**	**1.20**	**22.9%**	**29.19**	**1.89**	**2.68**	**41.7%**
EBITDA Margin (%)	113.6%	4.6%	8.3%	3.7pp	8.0%	0.3pp	63.3%	5.8%	16.3%	10.5pp
Depreciation & Amortization	0.42	0.32	0.37	16.2%	0.33	9.6%	0.84	0.65	0.70	7.7%
EBIT	**26.86**	**0.46**	**1.11**	**144.4%**	**0.87**	**28.0%**	**28.35**	**1.24**	**1.98**	**59.5%**
Net Financial Results	**0.16**	**0.11**	**0.20**	**78.9%**	**0.05**	**-**	**0.32**	**0.26**	**0.24**	**-5.8%**
Financial Income	0.17	0.13	0.23	73.7%	0.25	-6.1%	0.44	0.36	0.48	34.4%
Financial Expenses	0.01	0.02	0.04	50.0%	0.20	-81.7%	0.11	0.10	0.23	142.7%
EBT	**27.02**	**0.56**	**1.31**	**131.7%**	**0.92**	**42.4%**	**28.68**	**1.50**	**2.23**	**48.2%**
Tax results	-0.37	0.36	-0.71	-	-0.25	-185.1%	-0.95	0.69	-0.96	-
Net Results	**26.65**	**0.20**	**0.60**	**195.5%**	**0.67**	**-10.8%**	**27.73**	**0.82**	**1.27**	**55.1%**
Operating CAPEX (2)	0.10	0.08	0.10	27.2%	0.15	-29.5%	0.33	0.27	0.25	-6.0%
Operating CAPEX as % of Turnover	0.4%	0.5%	0.6%	0.1pp	1.0%	-0.4pp	0.7%	0.8%	0.8%	-0.1pp
EBITDA - Operating CAPEX	27.18	0.69	1.38	99.6%	1.06	30.1%	28.87	1.63	2.43	49.5%
Total CAPEX	0.10	0.08	2.50	-	0.39	-	0.33	0.27	2.89	-
FCF (3)	22.89	0.46	1.47	-	-2.02	-	21.84	0.93	-0.54	-
Gross Debt	0.15	0.12	0.18	55.2%	0.40	-55.4%	0.15	0.12	0.18	55.2%
Net Debt	-32.02	-28.79	-12.47	56.7%	-10.99	-13.4%	-32.02	-28.79	-12.47	56.7%
Net Debt/ EBITDA last 12 months	-1.0 x	-7.3 x	-2.4 x	5x	-0.4 x	-2x	-1.0 x	-7.3 x	-2.4 x	5x
EBITDA/Interest Expenses	-3,897.6 x	-110.0 x	295.6 x	405.6x	601.5 x	-305.9x	3,243.7 x	210.2 x	383.0 x	-
Debt/(Debt + Shareholders' Funds)	0.3%	0.3%	0.3%	0.1pp	0.8%	-0.4pp	0.3%	0.7%	0.3%	-0.3pp

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Operating CAPEX excludes Financial Investments and 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; (R) Restated to exclude Enabler's contribution in 2Q06 and 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 2Q06 and 1H06.

SSI turnover increased by 5.3% in 2Q07 to 17.8 million euros as compared to 2Q06(R), as a result of higher both IT equipment sales, which increased by 3.8% to 7.5 million euros, and higher service revenues, up by 6.5%, mainly driven by the 9.6% increase in service revenues at WeDo. In 2Q07, equipment sales represented 42.1% of turnover, a 0.6pp decrease of the 42.7% registered in 2Q06(R).

SSI generated an EBITDA of 1.48 million euros in 2Q07, a 91.9% increase over 2Q06(R), mainly explained by the tight cost management in the quarter that was kept relatively stable at 16.3 million euros, despite the growth in service revenues. Opex excluding COGS decreased by 1.7% over 2Q06(R). All SSI OpCo's, with the exception of Saphety which was included within SSI as from 1Q07, contributed positively to this performance. In particular, WeDo's EBITDA increased 62.9% which generated an EBITDA margin of 14.8% in the 2Q07 (14.7% YTD).
FCF was positive 1.5 million euros in 2Q07, up from positive 0.46 million in 2Q06(R), explained by the EBITDA performance and the improvement of working capital in the quarter.

8. Regulatory developments

The following are some of the more important regulatory developments during the quarter:

- ANACOM issued a draft decision on the revision of PT's interconnection offer. In relation to indirect access, the proposed changes will: (i) further decrease PT's current interconnection prices by 4 % (in addition to the 10% decrease which took place in 1Q07); the 4% reduction, if approved, will be retrospective to 1 January 2007, while the additional 10% decrease which already occurred only took effect as of late March; and (ii) decrease by 47% current pre-selection activation costs.

- In April, Optimus obtained the regulator's approval to provide a fixed voice service very similar to the current Optimus Home from the customer point of view but that in terms of provision conditions does not require intervention from Novis.
- On 30 June 2007, the new EU sponsored regulation on international roaming entered into force, including the setting up of wholesale and retail maximum prices for roaming services. These measures should be implemented during the summer:

(VAT excluded) Eurocents	*Retail*		*Wholesale*
	Outgoing	**Incoming**	
2007	49	24	30
2008	46	22	28
2009	43	19	26

- In March ANACOM launched a public consultation on the 2007 National Frequency Allocation Plan (NFAP). The consultation also included a request for interest in 450 MHz, 900 MHz and 1800 MHz frequencies for the provision of terrestrial mobile service under the technological neutrality principle. In the scope of its response, Sonaecom welcomed the adoption of technological neutrality and expressed its interest in frequencies that could foster the offer of more and better mobile services, in particular, those that promote greater UMTS coverage more efficiently. In the area of Digital Terrestrial Television (DVB-T), the frequency bands (channels) have been indicated in the scope of the NFAP consultation. Moreover, according to public statements by some members of the Government, the model for the contest will be subjected to a public consultation soon and includes the prohibition of the participation of entities that already possess alternative infra-structures.

9. Corporate Developments

Consistent with its stated growth strategy, Sonaecom completed three acquisitions during the quarter:

- Oni's residential and SOHO customer base, for a expected total amount of 25 million euros which implies a bundled multiple of 239.4 euros per customer, with final consideration dependent on the number of customers. This transaction is still subject to approval from the Portuguese Competition Authority;
- Tele2 operations in Portugal, for a total amount of 16.0 million euros which implies a bundled multiple of 49.7 euros per customer, plus 1.5 million euros for the exclusive use of Tele2 brand in Portugal for the next three years. Final consideration is, again, dependent on the number of customers. This transaction is still subject to approval from the Portuguese Competition Authority;
- Tecnológica, acquired by WeDo Brazil, a Brazilian company focused on Revenue Assurance with an important customer base in Brazil and Latam region. Total consideration was 2.4 million euros accounted as CAPEX in SSI division, which, to date have had a minor impact on free cash flow. Payments will be split in a fixed amount of 0.5 million euros and the remainder depends on future performance based on the level of orders achieved.

10. Outlook

In our telecoms companies, we will continue our investment plan to accelerate growth. At Optimus, by further investing in the brand mainly to support the growth in the residential segment but also to further develop our mobile broadband internet and fixed-mobile substitution products and by extending coverage of our 3G/HSPDA network. At Sonaecom Fixed by investing in the expansion and development of our direct broadband services, namely our bundled voice and internet solutions with access to IPTV and Home video services. In addition we will be looking to respond to market demands for convergent fixed-mobile broadband solutions. This will require higher investment in marketing & sales costs and continued investment in the expansion of our 3G / HSDPA and ULL networks. Once regulatory

approval is obtained, Sonaecom Fixed will integrate the recently acquired businesses (Oni customer base and Tele2's Portuguese operations) as efficiently and effectively as possible in order to retain customers and achieve up-selling.

At SSI, we will continue to seek opportunities to accelerate the international growth at WeDo both from organic and non-organic with the aim of achieving a clear leadership position for the company in its core markets.

At Público, we will address the challenge of growing the top line and improving profitability by increasing circulation on the back of the newly launched redesigned newspaper and by stimulating advertising revenues having re-dimensioned the fixed cost base.

As a Group, we will continue to pursue productivity gains and will be seeking financial and capital structure efficiencies. We will also be targeting improvements in customer service and customer satisfaction in our telecoms businesses and will consider acquisition opportunities for both our telecoms businesses and SSI division.

11. Additional information

Consolidated nominal net debt before application of IAS 39

Million euros

CONSOLIDATED NOMINAL DEBT	2Q06	2Q07	y.o.y	4Q06	q.o.q
Gross Debt	479.2	493.1	2.9%	478.0	3.2%
Liquidity	96.0	198.5	106.8%	125.9	57.6%
Net Debt	383.3	294.7	-23.1%	352.0	-16.3%
Net Debt/ EBITDA last 12 months	2.1 x	1.9 x	-0.2x	1.9 x	0x
Debt/(Debt + Shareholders' Funds)	40.1%	35.6%	-4.5pp	34.4%	1.1pp

Optimus nominal net debt before application of IAS 39

Million euros

OPTIMUS NOMINAL DEBT	2Q06	2Q07	y.o.y	4Q06	q.o.q
Gross Debt	329.0	326.9	-0.6%	327.8	-0.3%
Liquidity	101.1	110.1	9.0%	100.2	9.9%
Net Debt	227.9	216.8	-4.9%	227.6	-4.7%
Net Debt/ EBITDA last 12 months	1.4 x	1.4 x	0x	1.3 x	0x
Debt/(Debt + Shareholders' Funds)	45.5%	47.9%	2.4pp	47.9%	0.1pp

Reconciliation of consolidated net debt

Million euros

CONSOLIDATED NET DEBT	Debt [1]	Shareholder Loans	Liquidity	Net Debt
Aggregate Debt	**482.6**	**369.2**	**316.9**	**535.0**
Optimus	319.3	0.0	110.1	209.2
Sonaecom Fixed	16.2	81.9	0.6	97.5
Público	0.0	5.9	0.1	5.8
SSI	0.0	0.2	12.6	-12.5
Sonaecom SGPS [2]	147.1	88.3	75.4	160.1
Others	0.0	193.0	118.1	74.8
Intra-groups	**0.0**	**369.2**	**118.4**	**250.8**
Optimus	0.0	0.0	73.0	-73.0
Sonaecom Fixed	0.0	81.9	0.0	81.9
Público	0.0	5.9	0.0	5.9
SSI	0.0	0.2	10.5	-10.4
Sonaecom SGPS	0.0	88.3	5.9	82.4
Others	0.0	193.0	29.0	163.9
Total	**482.6**	**0.0**	**198.5**	**284.2**

(1) Debt= Bank Loans plus Other Financial Liabilities; (2) Sonaecom Holding Company Shareholder Loans relates to Treasury Applications from Operating Companies (Operating Companies' Liquidity intra-group).

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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 and analysts 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.

Report available in Sonaecom's institutional website
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