

Consolidated Financial Statements First Quarter

'09

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

Open company

Registered office: Av. 5 de Outubro, n.º 208, Lisbon

Share capital: 3.090.968 Euro

Registration number at the Lisbon Commercial Registry and corporate body reference

No. : 504.453.513

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1. Business Review

Table 1.
Business Indicators ('000)

	1Q08	1Q09	1Q09 / 1Q08
Pay TV, Broadband and Voice			
Homes Passed	2,773.7	3,057.8	10.2%
Basic Subscribers ⁽¹⁾	1,560.5	1,595.4	2.2%
of which			
Digital Extended Basic	399.8	539.6	35.0%
Premium Pay TV	832.6	835.3	0.3%
Broadband Internet	415.9	546.1	31.3%
Fixed Voice	138.6	419.4	202.6%
Mobile Voice	0.0	16.0	n.a.
RGUs ⁽²⁾	2,514.8	3,116.4	23.9%
RGUs ⁽²⁾ per Subscriber (units)	1.61	1.94	20.1%
Triple Play Customers	107.3	339.8	216.7%
% Triple Play Cable Customers	10%	29%	19.1pp
Blended ARPU	31.6	32.7	3.5%
Net Additions			
Basic Subscribers	13.4	(18.2)	n.a.
Digital Extended Basic	17.7	43.7	146.5%
Premium Pay TV	(8.0)	(1.9)	(76.0%)
Broadband Internet	15.7	27.0	72.6%
Fixed Voice	55.1	72.8	32.1%
Mobile Voice	0.0	8.8	n.a.
RGUs	101.9	134.2	31.6%
Triple Play Customers	38.6	64.5	67.0%
Cinema Exhibition			
Revenue per Ticket (Euros)	4.1	4.3	4.9%
Tickets Sold	2,199.5	1,950.1	(11.3%)
Screens (units)	200	213	6.5%

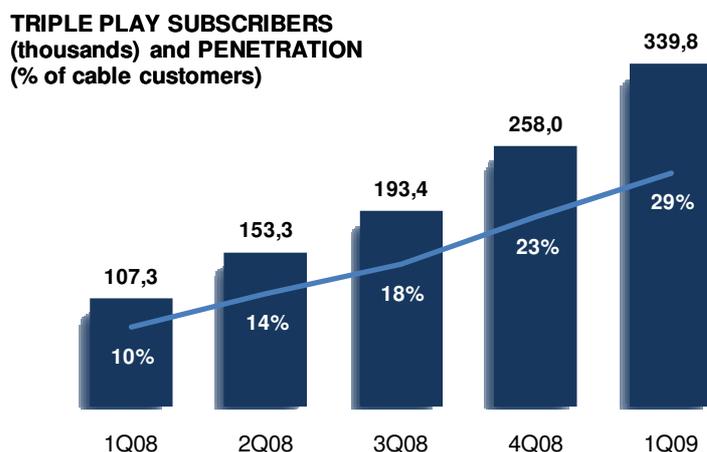
(1) These figures are related to the total number of Pay TV basic customers, including the cable and satellite platforms. ZON Multimedia offers several basic services, based on different technologies, directed to different market segments (residential, real estate and hotels), with a distinct geographical scope (mainland Portugal and the Azores and Madeira islands) and with a variable number of channels;

(2) Revenue Generating Units correspond to the sum of Pay TV basic customers, plus Pay TV extended basic customers, plus broadband internet customers, plus fixed and mobile voice customers.

NOTE: 1Q09 figures include the acquisitions of TVTel and Parfite! operations.

Triple Play

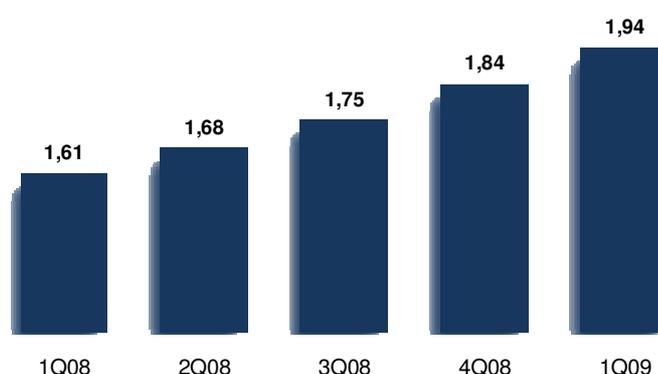
ZON continues to record strong growth in the number of customers that subscribe to Triple Play services. Stimulated by the attractive product combinations and higher value proposition of ZON bundles, by the end of 1Q09, ZON already had 339.8 thousand Triple Play customers, of which 64.5 thousand were like-for-like net-adds in the quarter. As a percentage of cable customers, Triple Play subscribers represented 29% compared with 10% at the end of 1Q08 and 23% at the end of 4Q08.



Note: these numbers include the acquisition of TVTel and Parfite! Operations from 4Q08.

On average, by the end of 1Q09, each customer was subscribing to 1.94 services, compared with 1.61 services at the end of 1Q08. The growth in services subscribed was led by the continued uptake of broadband and voice services and of ZON's digitally enhanced TV offer "Funtastic" and total RGUs increased by 23.9% to 3116.4 thousand in 1Q09 compared with 2514.8 thousand in 1Q08.

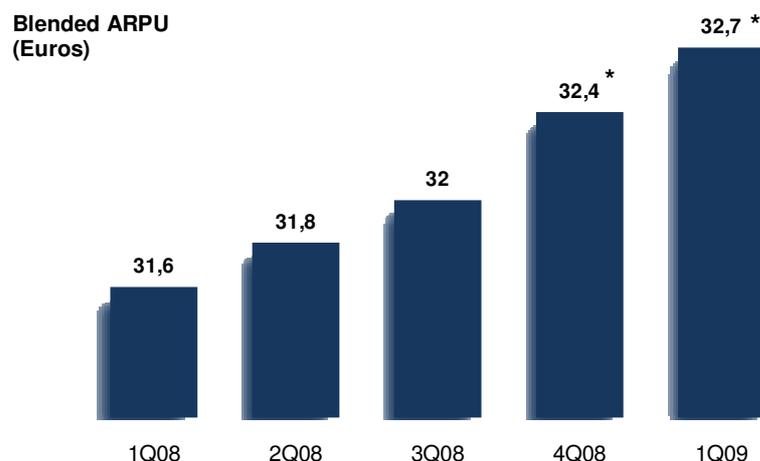
RGU / Sub



Note: these numbers include the acquisition of TVTel and Parfite! Operations from 4Q08.

This continued strong growth momentum reinforces ZON's position as the leading Triple Play operator in Portugal and is the driver of the additional revenues received from each customer. Average Revenue per Subscriber increased by 3.5% to 32.7 euros in 1Q09, compared with 31.6 euros in 1Q08.

As from 1Q09, ARPU is reported incorporating the effect of the acquisitions of the TVTel and Parfite! operations, which had a lower average blended ARPU than ZON stand-alone. Excluding the effect of these acquisitions, ZON's stand-alone ARPU would have increased 5.1% from 31.6 euros in 1Q08 to 33.2 euros in 1Q09.



* Excluding the acquisitions of TVTel and Parfite! operations, Blended ARPU would have been 32.7 euros in 4Q08 and 33.2 euros in 1Q09.

Television is a key differentiating factor for ZON. Operating over a hybrid fibre coaxial cable / Eurodocsis 3.0 network, ZON is able to provide almost unlimited multi-room and HD viewing capacity and these features are reinforced in all of ZON's campaigns. On the content front, during the first months of 2009, ZON further reinforced its HD channel offering with AXN HD, a series and movie channel that ranks #2 in terms of Pay TV audience excluding FTA channels, and Brava HDTV, a premium channel dedicated to European culture in areas such as classical music, ballet and opera, amongst others. With these two HD launches, ZON now has 8 HD channels in its global content offer, being the leading operator in terms of HD channel alternatives.

With the launch of TVI24 in 1Q09, exclusive to ZON customers, ZON today has the most extensive offer of Portuguese news channels, all of which rank amongst the top ten most viewed pay TV channels excluding FTA channels: SIC Notícias (#1); RTPN (#5); TVI24 (#9). In addition, SET (Sony Entertainment Television), Animax and Russia Today, a series and movies channel, a Japanese cartoon channel and a Russian news and documentary channel respectively were included in ZON's channel offer at the beginning of April.



ZON's video-on-demand service, "ZON Videoclube", was launched in January, initially only for the Lisbon and Oporto headends, and has already recorded interesting results amongst customers that have installed the ZON Box.

The enthusiasm around the new features and offers remains high and during 1Q09, a further 93 thousand customers installed a new HD ZON Box, half of which including a personal video recorder leading to a total base of HD / HDR Boxes installed of 184 thousand – 12% of the total customer base.

Uptake of ZON's enhanced digital offer "Funtastic" was also very strong with net adds in 1Q09 of 43.7 thousand and the percentage of customers that now subscribe to this tariff plan now represents 33.8%, compared with 25.6% in 1Q08.

ZON repositioned its DTH offers with the launch, on 1 March, of a new set of packages ranging from an entry product with 25 channels up to higher-end 81 channel offers including premium movie channels.

ZON's Broadband offer was marked by the commercial launch of ZON NET Wideband in 1Q09, a high speed, next generation Internet access service providing 100 Mbps download speed, 4 Mbps upload speed and unlimited traffic. ZON Net Wideband now covers 800 thousand homes and will be available to almost the whole cable network until the end of 2009.

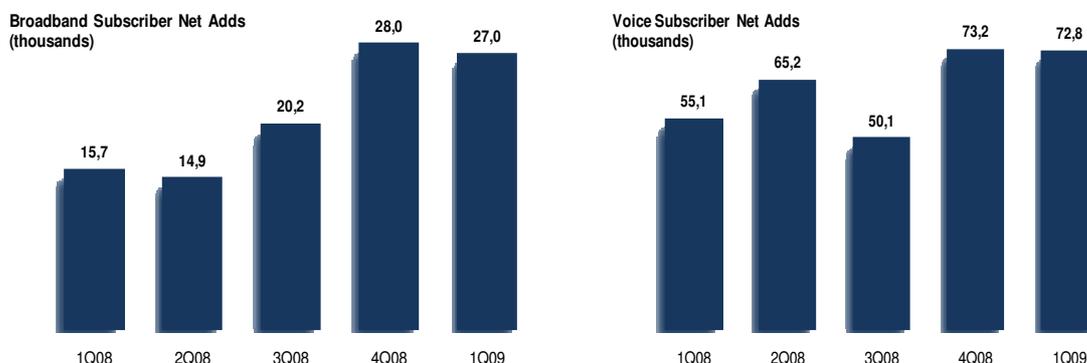
Growth in Broadband remained very strong with net adds of 27 thousand in 1Q09, reaching 546 thousand subscribers, maintaining the same level of net adds of 4Q08, which is seasonally a very strong quarter.

Once again, the Portuguese Telecom Regulator published its findings on a survey of the main competitors in the Portuguese Broadband market and concluded that cable provided the best quality of service, as compared to ADSL, due primarily to the higher speeds, average time to download, lower "latency" and the quickest access to national and international sites.

In terms of Fixed Voice, continued focus on up-selling services to existing customers supported the strong growth momentum of over 20 thousand Voice subscribers a month. By the end of 1Q09, ZON had 419 thousand customers, up from 139 thousand at the end of 1Q08. Again, in fixed voice, growth was in line with 4Q08.

As regards bundled offers, during 1Q09, ZON launched new offers to reflect the new 100 Mbps broadband offer and the launch of new channels. ZON3 FLY 100 at the high-end of the range provides 100 Mbps Broadband speed, 110 TV Channels, and unlimited voice calls for 64.90 euros per month. ZON3 FLY 50 provides the same TV and voice features and 50 Mbps Broadband speed for 57.90 euros a month.

The standard triple play offers are ZON3 FUN and ZON3 FAST which offer 110 TV channels, Broadband speeds ranging from 8 to 18 Mbps, and unlimited or evenings and weekend calls, for 49.90 euros and ZON 4 FILMS which include 4 premium movie channels for 54.90 euros. These bundles are proving very successful and are clearly behind the strong uptake of triple play solutions by ZON customers.



ZON launched a pre-paid mobile broadband card in March, thus providing subscribers with a mobile Internet complement to existing services. In terms of mobile voice, ZON launched a new rate plan where the key focus is the very competitive nature of call-pricing at 0.08 eurocents per minute for triple play customers. By the end of March, ZON had 16 thousand mobile subscribers.

Cinema Exhibition and Audiovisuals

With 213 screens across the country, ZON continues to innovate in its cinema business with development of new services and features. Some of the most relevant were the launch of myZONcard at the end of 2008, giving ZON's Pay TV customers an extra ticket upon purchase of one, up to a limit of 52 movies throughout the year.

In terms of payment processes, ZON Cinemas set up mobile phone payments with the key mobile operators in Portugal, in order to further facilitate the ticketing process.

During 1Q09, ZON Lusomundo participated in one of the most famous film festivals in Portugal, “Fantasporto” whereby 8 ZON theatres exhibited films throughout the one-week event.

Efforts to increase the average level of revenue per ticket are proving successful with the progressive increase in Revenue per ticket to 4.3 euros in 1Q09 up 4.9% from 4.1 euros in 1Q08. The total number of tickets sold recorded a decline however during the period primarily due to the lower number of blockbuster movie hits in comparison with 1Q08 and especially due to the fact that the Easter holiday fell later in 2009. In 2008 Easter was in March thereby positively impacting 1Q08 results.

The Audiovisuals division recorded a slowdown in activity primarily due to a decline in DVD Retail Sales during 1Q09, accompanying the general slowdown in retail sales in other segments of the economy. Although undergoing a weaker global trading environment, ZON Lusomundo continues to strengthen its position as the leading movie distributor in Portugal, and gained further international recognition with the nomination in 1Q09 as the best European Distributor by Cartoon Movie, one of the most prestigious rewards in the industry.

2. Financial Performance

2.1 – Operating Revenues

Consolidated Revenues grew by 7.1% in 1Q09 to 201.5 million euros. Pay TV, Broadband and Voice Revenues increased by 9.2% driven primarily by continued strong growth in the number of RGUs, (+23.9%), the number of services subscribed by each customer (+20.1%) and the improvement in ARPU (+3.5%). Pay TV, Broadband and Voice Revenues would have recorded even higher growth were it not for the decline in advertising revenues which fell by 19.6% to approximately 5.6 million euros as a result of the generalized slowdown in the macroeconomic environment.

Consolidated Revenue growth was affected by a reduction in revenues from the Audiovisuals and Cinema business, due to a slowdown in trading conditions in DVD retail sales business, the fact that Easter holidays fell in 2Q in 2009 as compared with 1Q in 2008 and a comparatively lower occurrence of blockbuster movies in 1Q09, thus leading to lower cinema and audiovisuals activity in comparison with 1Q08.

2.2 – EBITDA

EBITDA reached 64.3 million euros in 1Q09, up 9.1% from 58.9 million euros in 1Q08 and representing a 31.9% EBITDA margin, up from 31.3% in 1Q08 and 28.2% in 4Q08. ZON has been able to deliver revenue growth with less than proportionate growth in operating costs as a result of natural operating leverage and rigorous measures to contain costs and implement more efficient processes.

2.3 – Net Income

Net Income was 19.5 million euros in 1Q09, representing a 6.7% decrease in comparison with 1Q08. It is important to note that in the first two quarters of 2008, Net Income did not reflect the impact of: (i) increasing depreciation led by higher customer driven CAPEX which increased significantly as from 3Q08 and (ii) higher financial charges that also started to rise after the increase in the level of Net Financial Debt after payment of dividends in 2Q08 and completion of the acquisitions of TVTel and Parfitel operations in 4Q08.

Depreciation and Amortization in 1Q09 was 46.0 million euros, 70.6% higher than the depreciation charges recorded in 1Q08 as a result of a combination of higher operational investment in customer terminal equipment, depreciation of long-term contracts and the depreciation of the fair value of the assets consolidated with the acquisition in November 2008 of the TVTel and Parfitel operations.

Net Financial Results in 1Q09 were positive by 8.7 million euros, compared with (1.6) million euros in 1Q08. Net interest charges increased to 8.1 million euros in 1Q09, up from 2.2 million euros primarily driven by a strong increase in average gross debt over the past year. Net Financial Expenses also includes a pre-tax capital gain of 16.9 million euros resulting from ZON's sale of its 40% stake in Lisboa TV, owner of SIC Notícias, the leading Portuguese news channel, announced at the end of February.

Income Taxes were 7.0 million euros in 1Q09, similar to the levels recorded in 1Q08, and representing 26% of Net Income before Taxes and Minorities.

Consolidated accounts

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.
Consolidated income statement
for the quarters ended 31 March 2009 and 2008

(Amounts stated in Euro)

	<u>Notes</u>	<u>31.03.2009</u>	<u>31.03.2008</u>
REVENUES			
Services rendered		192.627.508	179.793.205
Sales		7.604.677	7.607.224
Other operating revenues		1.269.895	699.988
	4	201.502.080	188.100.417
COSTS, EXPENSES, LOSSES AND INCOME:			
Wages and salaries		14.564.588	11.502.703
Direct costs		56.183.317	60.213.799
Costs of products sold		3.130.208	407.005
Marketing and publicity		4.434.854	5.325.570
Support services		15.918.092	16.750.319
Supplies and external services		37.594.889	30.723.090
Taxes		1.030.646	202.366
Provisions and adjustments		3.754.632	3.113.288
Depreciation and amortization	5	44.319.876	27.544.983
Impairment of assets		1.661.802	(589.244)
Restructuring costs		18.000	206.552
Losses on sales disposals of fixed assets, net		(177.374)	683.192
Other operating costs		703.776	1.269.178
		183.137.306	157.352.801
Income before financial results and taxes		18.364.774	30.747.616
Finance cost	6	8.099.494	2.234.283
Net foreign currency exchange losses/(gains)		412.421	(29.183)
Equity in earnings of affiliated companies, net	7	(17.535.100)	(548.962)
Net other financial expenses/(income)		336.740	(14.682)
		(8.686.445)	1.641.456
Income before taxes		27.051.219	29.106.160
Income taxes	8	(7.036.324)	(7.396.162)
Net income		20.014.895	21.709.998
Attributable to:			
Minority interests		543.605	842.611
Equity holders of the company		19.471.290	20.867.387
Earnings per Share			
Basic	9	0,07	0,07
Diluted	9	0,07	0,07

The accompanying notes form an integral part of the consolidated income statement for the quarter ended 31 March 2009.

Accountant

Board of Directors

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

Consolidated comprehensive income statement for the quarters ended 31 March 2009 and 2008

(Amounts stated in Euro)

	<u>31-03-2009</u>	<u>31-03-2008</u>
Net income	20.014.895	21.709.998
Currency translation differences	(84.954)	113.294
Other movements	(189.831)	57
Other comprehensive income	<u>(274.785)</u>	<u>113.351</u>
Total comprehensive income for the period	<u>19.740.110</u>	<u>21.823.349</u>
Attributable to:		
Owners of the company	19.196.505	20.980.738
Minority interests	543.605	842.611
	<u>19.740.110</u>	<u>21.823.349</u>

The accompanying notes form an integral part of the consolidated comprehensive income statement for the quarter ended 31 March 2009.

Accountant

Board of Directors

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

Consolidated financial position statement at 31 March 2009 and 31 December 2008

(Amounts stated in Euro)

	Notes	31.03.2009	31.03.2008
Assets			
Current Assets:			
Cash and cash equivalents	17	65.985.042	63.439.713
Accounts receivable - trade		103.823.254	116.308.346
Accounts receivable - other		51.374.435	46.474.903
Inventories, net		34.705.426	31.295.147
Tax receivable	10	11.777.409	25.219.649
Prepaid expenses		13.409.825	12.896.248
Total current assets		281.075.391	295.634.006
Non-Current Assets:			
Accounts receivable - other		98.186.151	99.814.009
Investments in associated companies	11	1.396.508	5.967.301
Other investments		22.167.427	22.167.427
Intangible assets		356.616.923	372.834.068
Tangible assets		483.697.017	468.007.263
Deferred income tax assets	8	51.511.907	57.654.873
Other non-current assets		961.713	1.016.232
Total non-current assets		1.014.537.646	1.027.461.173
Total assets		1.295.613.037	1.323.095.179
Liabilities			
Current Liabilities:			
Borrowings and loans	12	251.521.850	317.060.297
Accounts payable-trade		154.036.072	139.890.725
Accounts payable-other		31.926.007	41.170.217
Accrued expenses		75.122.158	67.674.256
Deferred income		5.545.984	4.958.059
Tax payable	10	8.745.226	14.330.727
Provisions for other liabilities and charges	13	12.476.028	12.360.382
Total current liabilities		539.373.325	597.444.663
Non-Current Liabilities:			
Borrowings	12	522.194.026	510.090.534
Accounts payable-other		11.863.000	11.863.000
Provisions for other liabilities and charges	13	5.000.600	4.964.588
Deferred income tax liabilities	8	6.613.353	6.984.447
Total non-current liabilities		545.670.978	533.902.569
Total liabilities		1.085.044.304	1.131.347.232
Shareholder's equity			
Share capital	14.1	3.090.968	3.090.968
Own shares	14.2	(88.598.745)	(89.633.623)
Legal reserve		3.556.300	3.556.300
Other reserves	14.3	190.440.440	191.236.711
Retained earnings		93.945.529	74.466.874
Equity before minority interests		202.434.492	182.717.230
Minority interests		8.134.241	9.030.717
Total equity		210.568.733	191.747.947
Total liabilities and shareholder's equity		1.295.613.037	1.323.095.179

The accompanying notes form an integral part of the consolidated financial position statement for the quarter ended 31 March 2009.

Accountant

Board of Directors

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

Consolidated statement of changes in shareholders' equity for the quarters ended 31 March 2009 and 2008

(Amounts stated in Euro)

Notes	Share Capital	Capital issued premium	Treasury shares	Legal reserve	Other reserves	Accumulated earnings	Minority interests	Total equity
Balance as at 31 December 2007	3.090.968	-	-	3.556.300	278.497.173	90.581.169	9.611.370	385.336.980
Acquisition of treasury shares	-	(7.315.875)	(13.895)	-	-	-	-	(7.329.770)
Comprehensive income for the period	-	-	-	-	113.351	20.867.387	842.611	21.823.349
Dividends	-	-	-	-	-	(105)	(2.161.900)	(2.162.005)
Balance as at 31 March 2008	<u>3.090.968</u>	<u>(7.315.875)</u>	<u>(13.895)</u>	<u>3.556.300</u>	<u>278.610.524</u>	<u>111.448.451</u>	<u>8.292.081</u>	<u>397.668.554</u>
Changes in accounting policy	-	-	-	-	-	3.658.167	-	3.658.167
Balance as at 31 March 2008 (reestimated)	<u>3.090.968</u>	<u>(7.315.875)</u>	<u>(13.895)</u>	<u>3.556.300</u>	<u>278.610.524</u>	<u>115.106.618</u>	<u>8.292.081</u>	<u>401.326.721</u>
Balance as at 31 December 2008	3.090.968	(5.503.856)	(84.129.767)	3.556.300	191.236.711	74.466.874	9.030.717	191.747.947
Distribution of treasury shares	-	1.033.629	1.249	-	(521.486)	-	-	513.392
Comprehensive income for the period	-	-	-	-	(274.785)	19.471.290	543.605	19.740.110
Dividends	-	-	-	-	-	7.365	(1.440.081)	(1.432.716)
Balance as at 31 March 2009	<u>3.090.968</u>	<u>(4.470.227)</u>	<u>(84.128.518)</u>	<u>3.556.300</u>	<u>190.440.440</u>	<u>93.945.529</u>	<u>8.134.241</u>	<u>210.568.733</u>

The accompanying notes form an integral part of the statement of changes in consolidated shareholders' equity for the quarter ended 31 March 2009.

Accountant

Board of Directors

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

Consolidated cash flow statement for the quarters ended 31 March 2009 and 2008

(Amounts stated in Euro)

	<u>Notes</u>	<u>31.03.2009</u>	<u>31.03.2008</u>
OPERATING ACTIVITIES			
Collections from clients		251.893.232	211.929.871
Payments to suppliers		(140.686.441)	(152.669.829)
Payments to employees		(14.546.588)	(11.296.151)
Payments relating to income taxes		(470.649)	(388.734)
Payments relating to indirect taxes and other		<u>(12.197.756)</u>	<u>(10.066.368)</u>
Cash flow from operating activities (1)		<u>83.991.798</u>	<u>37.508.789</u>
INVESTING ACTIVITIES			
Cash receipts resulting from			
Financial investments	17.1	6.666.666	-
Tangible fixed assets		45.822	55.555
Loans	17.2	14.750.000	-
Interest and related income		793.177	649.910
Dividends	17.3	1.883.388	-
Other investing activities		-	-
		<u>24.139.053</u>	<u>705.465</u>
Payments resulting from			
Financial investments	17.4	-	(18.033.251)
Tangible fixed assets		(41.724.125)	(15.850.566)
Intangible assets		<u>(2.068.360)</u>	<u>(18.631.891)</u>
		<u>(43.792.484)</u>	<u>(52.515.708)</u>
Cash flow from investing activities (2)		<u>(19.653.432)</u>	<u>(51.810.243)</u>
FINANCING ACTIVITIES			
Cash receipts resulting from			
Loans obtained	17.5	4.250.000	104.500.000
Distribution of treasury shares	14.2	1.034.878	-
Subsidies		45.724	13.231
		<u>5.330.603</u>	<u>104.513.231</u>
Payments resulting from			
Loans repaid	17.6	(43.510.000)	(3.985.000)
Lease rentals (principal)		(13.917.809)	(28.282.442)
Interest and related expenses		(9.229.410)	(2.869.511)
Dividends	17.7	(477.639)	(380.031)
Acquisition of treasury shares	14.2	-	(7.329.770)
		<u>(67.134.858)</u>	<u>(42.846.754)</u>
Cash flow from financing activities (3)		<u>(61.804.255)</u>	<u>61.666.477</u>
Change in cash and cash equivalents (4)=(1)+(2)+(3)		2.534.111	47.365.023
Effect of exchange differences		11.718	316.862
Cash and cash equivalents at the beginning of the period	17.8	63.439.713	66.915.484
Changes in the consolidated scope		<u>(500)</u>	<u>-</u>
Cash and cash equivalents at the end of the period	17.8	<u>65.985.042</u>	<u>114.597.369</u>

The accompanying notes form an integral part of the consolidated cash flow statement for the quarter ended 31 March 2009.

Accountant

Board of Directors

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

Notes to the consolidated financial statements at 31 March 2009

(Amounts stated in Euro)

1. Introduction

ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. (“ZON Multimédia” or “Company”) was founded by Portugal Telecom SGPS, SA (“Portugal Telecom”) on 15 July 1999 for the purpose of carrying out its strategy in the multimedia business. The shares of ZON Multimédia are listed on the Euronext - Lisbon.

In 2007 Portugal Telecom carried out a spin-off of ZON Multimédia, passing its participation in that company to its shareholders, which then became totally independent of Portugal Telecom.

The multimedia business undertaken by ZON Multimédia and its subsidiaries included in its business universe (“the Group” or “the ZON Group”) includes cable and satellite television services, voice services and internet access, the editing and sale of videograms, advertising on TV channels subscribed, movie theatre exploration and movie distribution. ZON Multimédia produces premium movie channels for its paid TV platform, which are also sold to the other interested cable television distributors.

Cable and satellite television services are rendered by ZON TV Cabo Portugal, S.A. (“ZON TV Cabo Portugal”) and its subsidiaries. The activities of these companies includes: a) distribution of the television signal by cable and satellite; b) the operation of electronic communications services, which include data and multimedia communications services in general; c) voice service by IP (“VOIP” – Voice over Internet and MVNO); and d) consultancy, advisory and other services directly or indirectly related to the activities mentioned above.

The activities of ZON TV Cabo Portugal and its subsidiaries are governed by the Law 5/2004 (Electronic Communications Law), which establishes the regime applicable to electronic communications networks and services. The Electronic Communications Law establishes a general authorisation system in which companies wishing to supply electronic communication network services must simply provide the National Communications Authority (“ANACOM”) with a brief description of the network services offered and their expected start-up date. ANACOM then issues a statement confirming this notification and describing in detail the rights concerning access, interconnection and installation of resources.

The main activities of ZON Conteúdos – Actividade de Televisão e de Produção de Conteúdos, S.A. (“ZON Conteúdos”) are television and the production of contents, it currently produces the Premium movie channels, distributed among others, on the channels of ZON TV Cabo Portugal and its subsidiaries, and manages the publicity space of some of these channels.

The operations of ZON Lusomundo Audiovisuais, S.A. (“ZON Lusomundo Audiovisuais”) and Lusomundo Cinemas, S.A. (“Lusomundo Cinemas”) and their subsidiaries are in the area of audiovisuals, which include the distribution and sale of videograms, the distribution of movies and the operation of cinemas.

These notes follow the order in which the items are presented in the consolidated financial statements.

The consolidated financial statements for the period ended 31 March 2009 were approved by the Board of Directors and authorised to be issued on 29 May 2009.

2. Summary of significant accounting policies

The consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Appendix I.1), and in conformity with the historical cost convention, modified where applicable by the valuation of financial assets and liabilities (including derivatives) at fair value.

The accounting policies adopted, including the financial-risk management policies, are consistent with those followed in the preparation of financial statements for the year ended 31 December 2008. However, it should be noted that the accounting policy change which occurred in 2008 relating to the recognition of costs with audiovisual-content distribution rights, has no impact on the results for the quarter ended 31 March 2008.

3. Changes in the consolidation scope

In the first quarter of 2009 ZON Multimédia acquired, on 25 March 2009, 100% of the Dutch company Teliz Holding B.V. and performed the liquidation of ZON Serviços de Gestão Partilhados, S.A. ("ZON Serviços"), on 20 March 2009.

At 31 March 2008 and for comparative purposes, the consolidation scope did not yet incorporate the changes which occurred in the second and fourth quarters of 2008, and which were the acquisition of 50% of ZON Serviços, 100% of Bragatel, TVTel, Pluricanal Leiria and 98.75% of Pluricanal Santarém.

The impact, on the consolidated income statement at 31 March 2009 of the changes in the consolidation scope, which occurred in 2008 and 2009, was as follows:

	Bragatel	TVTel	Pluricanal Leiria	Pluricanal Santarém	Zon Serviços de Gestão	Teliz	Total
Revenue	1.114.631	4.201.074	875.805	613.522	-	-	6.805.032
Costs	(752.544)	(3.232.918)	(997.432)	(591.737)	(390)	-	(5.575.021)
Operating income/(loss)	362.087	968.156	(121.627)	21.785	(390)	-	1.230.011
Financial results	(14.679)	(428.233)	(28.300)	(11.992)	(825)	-	(484.028)
Other	234	(29.170)	19.649	(9.662)	193	-	(18.756)
Income before taxes	347.642	510.753	(130.278)	131	(1.022)	-	727.227
Income taxes	(21.000)	(34.144)	(1.362)	(72)	(120)	-	(56.698)
Net income	326.642	476.609	(131.640)	60	(1.142)	-	670.529

4. Segment reporting

4.1. Reportable business segment information

The main businesses carried on by the ZON Group are grouped according to the following business segments: i) pay TV , broadband and voice ; ii) Audiovisuals; iii) Other.

The results of each one of the abovementioned business segments for the quarters ended 31 March 2009 and 2008, were as follows:

2009:

	Pay TV, broadband and telephone	Audiovisuals	Other	Group
Total segment revenue	211.062.050	26.911.517	6.647.176	244.620.743
Inter-segment revenue	(29.264.431)	(7.089.403)	(6.764.829)	(43.118.663)
Revenue	181.797.619	19.822.114	(117.653)	201.502.080
Operating profit /segment result	15.348.652	(2.557.456)	5.573.578	18.364.774
Finance costs	(3.819.322)	(259.091)	(4.770.242)	(8.848.655)
Finance income	-	-	-	-
Share of gains of associates	17.514.518	(20.582)	41.164	17.535.100
Profit before income tax				27.051.219
Income tax expense				(7.036.324)
Net income				20.014.895
Other expenses:				
Depreciation and amortisation	44.310.607	1.423.580	247.491	45.981.678
Provisions	3.680.969	73.645	18	3.754.632

2008:

	Pay TV, broadband and telephone	Audiovisuals	Other	Group
Total segment revenue	194.742.858	28.185.283	6.160.667	229.088.808
Inter-segment revenue	(28.257.862)	(6.612.170)	(6.118.359)	(40.988.391)
Revenue	166.484.996	21.573.113	42.308	188.100.417
Operating profit /segment result	27.312.771	(496.758)	3.931.603	30.747.616
Finance costs	(338.030)	(257.800)	(1.594.587)	(2.190.418)
Finance income	-	-	-	-
Share of gains of associates	438.909	44.863	65.190	548.962
Profit before income tax				29.106.160
Income tax expense				(7.396.162)
Net income				21.709.998
Other expenses:				
Depreciation and amortisation	24.825.525	1.883.846	246.368	26.955.739
Provisions	3.023.749	86.163	3.376	3.113.288

The inter-segment transactions are effected at market conditions and terms, on a similar basis as those transactions carried out with third parties.

In addition, asset and liability items by segment, as well as the investments in fixed assets at 31 March 2009 and at 31 December 2008, are as follows:

2009:

	Pay TV, broadband and telephone	Audiovisuals	Other	Unallocated	Group
Assets	1.157.754.307	85.931.157	(28.751.739)	79.282.804	1.294.216.529
Associates	-	829.373	567.135	-	1.396.508
Total Assets	1.157.754.307	86.760.530	(28.184.604)	79.282.804	1.295.613.037
Liabilities	241.853.062	30.094.058	28.532.647	784.564.537	1.085.044.304
Capital expenditure	42.992.399	894.424	73.864	-	43.960.687

Assets and liabilities not allocated to segments reconcile with total assets and liabilities in the following manner:

	<u>Assets</u>	<u>Liabilities</u>
Deferred tax	51.511.907	6.613.353
Current tax	5.603.470	4.235.308
Current borrowings	-	251.521.850
Non-current borrowings	-	522.194.026
Other assets and liabilities	22.167.427	-
Total	<u>79.282.804</u>	<u>784.564.537</u>

2008:

	Pay TV, broadband and telephone	Audiovisuals	Other	Unallocated	Group
Assets	1.141.681.609	100.611.095	(12.242.605)	87.077.779	1.317.127.878
Associates	4.318.870	1.081.296	567.135	-	5.967.301
Total Assets	1.146.000.479	101.692.391	(11.675.470)	87.077.779	1.323.095.179
Liabilities	856.221.966	100.164.805	(664.660.332)	839.620.793	1.131.347.232
Capital expenditure	158.373.759	5.235.923	1.049.241	-	164.658.923

Assets and liabilities not allocated to segments reconcile with total assets and liabilities in the following manner:

	<u>Assets</u>	<u>Liabilities</u>
Deferred tax	57.654.873	6.984.447
Current tax	7.255.479	5.485.515
Current borrowings	-	317.060.297
Non-current borrowings	-	510.090.534
Other assets and liabilities	22.167.427	-
Total	<u>87.077.779</u>	<u>839.620.793</u>

5. Depreciation and amortisation

Depreciation and amortisation at 31 March 2009 and 2008 are as follows:

	<u>31.03.2009</u>	<u>31.03.2008</u>
Intangible assets		
Industrial property and other rights	18.235.419	8.567.852
Other intangible assets	<u>308.835</u>	<u>-</u>
	<u>18.544.254</u>	<u>8.567.852</u>
Tangible assets		
Buildings and other constructions	1.024.964	717.311
Basic equipment	19.146.556	13.977.966
Transportation equipment	418.786	365.540
Tools and dies	6.932	4.014
Administrative equipment	4.509.258	3.293.957
Other tangible assets	<u>669.126</u>	<u>618.343</u>
	<u>25.775.622</u>	<u>18.977.131</u>
	<u>44.319.876</u>	<u>27.544.983</u>

The increase in the amortisation of intangible assets when compared to the same period last year essentially results from the contract entered into in the third quarter of 2008 with PPTV - PUBLICIDADE DE PORTUGAL E TELEVISAO, S.A. for the acquisition of the transmission rights for the Sagres and Vitalis professional football leagues. This contract refers to the transmission rights for four football seasons, while only the amount relating to the 2008/2009 season is recorded under the caption "Intangible assets" and is being amortised during the period of the football season.

6. Finance costs and other net financial costs

In the quarters ended 31 March 2009 and 2008 financing costs comprised:

	<u>31.03.2009</u>	<u>31.03.2008</u>
Interest expense:		
Borrowings i)	7.297.473	1.643.398
Finance leases	<u>1.595.198</u>	<u>1.240.795</u>
	8.892.671	2.884.193
Interest earned	<u>(793.177)</u>	<u>(649.910)</u>
	<u>8.099.494</u>	<u>2.234.283</u>

- i) The increase in the caption interest expense is explained essentially by the increase in commercial paper contracted by ZON Multimédia, which at 31 March 2008 amounted to 150,000,000 Euro and by 31 March 2009 had increased to 505,000,000 Euro.

7. Loss /(gain) in associated companies, net

In the quarters ended 31 March 2009 and 2008 gains attributable to associated companies comprise:

	<u>31.03.2009</u>	<u>31.03.2008</u>
Equity accounting		
Lisboa TV	(581.571)	(438.909)
Distodo	(20.582)	(44.863)
Other companies	-	(65.190)
	<u>(602.153)</u>	<u>(548.962)</u>
Gain on sale of Lisboa TV i)	<u>(16.932.947)</u>	-
	<u><u>(17.535.100)</u></u>	<u><u>(548.962)</u></u>

i) Gain on the sale of 40% of the holding in Lisboa TV by Zon Conteúdos (see Note 11).

8. Income tax expense

ZON Multimédia and its subsidiaries are subject to Corporate Income Tax ("IRC") at a rate of 25% (20% for ZON TV Cabo Madeirense and 17.5% for ZON TV Cabo Açoreana), which is increased by up to 1.5% through a municipal tax leading to an aggregate tax rate of approximately 26.5%. In calculating taxable income, to which the above tax rate is applied, non-tax-deductible/taxable amounts are added to or subtracted from the book amounts. These differences between book and taxable amounts can be temporary or permanent.

ZON Multimédia is taxed under the tax consolidation regime for groups of companies (RETGS), which includes all Portuguese subsidiaries owned directly or indirectly 90% or more, that comply with the provisions of Article 63 of the Corporate Income Tax Law.

In terms of prevailing legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years in the case of the Social Security system, while as regards employee deductions and employers' contributions relating to financial years before 2001 the relevant period was ten years), except where there have been tax losses, tax benefits have been granted or tax inspections, non-judicial objections or contestations are in progress relating there to, in which case, depending upon the circumstances, the relevant periods are extended or suspended.

a) Deferred taxes

ZON Multimédia and its subsidiaries have recognized deferred taxes relating to differences between the tax and the accounting base of assets and liabilities, as well as with tax-loss carryforwards existing at the balance sheet date.

The changes in the deferred tax asset and liability accounts in the quarters ended 31 March 2009 and 2008. were as follows:

2009:

	<u>Increases / (Decreases)</u>			<u>31 March 2009</u>
	<u>31 December 2008</u>	<u>Deferred tax of the year</u>	<u>Utilization tax losses</u>	
Deferred tax assets:				
Provisions and adjustments				
Doubtful accounts receivable	6.738.439	92.141	-	6.830.580
Inventories	1.336.914	112.577	-	1.449.491
Other provisions and adjustments	12.780.610	249.378	-	13.029.988
Tax losses carryforward	36.798.910	410.945	(7.008.007)	30.201.848
	<u>57.654.873</u>	<u>865.041</u>	<u>(7.008.007)</u>	<u>51.511.907</u>
Deferred tax liabilities:				
Revaluation of fixed assets i)	6.984.447	(371.094)	-	6.613.353
Total of net deferred taxes	<u>50.670.426</u>	<u>1.236.135</u>	<u>(7.008.007)</u>	<u>44.898.554</u>

2008:

	<u>Increases / (Decreases)</u>			<u>31 March 2008</u>
	<u>31 December 2007</u>	<u>Deferred tax of the year</u>	<u>Utilization tax losses</u>	
Deferred tax assets:				
Provisions and adjustments				
Doubtful accounts receivable	5.562.754	(285.140)	-	5.277.614
Inventories	1.565.097	(81.025)	-	1.484.072
Other provisions and adjustments	13.468.941	(622.230)	-	12.846.711
Tax losses carryforward	55.886.998	26.301	(5.145.929)	50.767.370
	<u>76.483.790</u>	<u>(962.094)</u>	<u>(5.145.929)</u>	<u>70.375.767</u>
Deferred tax liabilities:				
Revaluation of fixed assets	24.459	(1.177)	-	23.282
Total of net deferred taxes	<u>76.459.331</u>	<u>(960.917)</u>	<u>(5.145.929)</u>	<u>70.352.485</u>

i) The revaluation of fixed assets at 31 March 2009 includes some 6,594,778 Euro, arising from the deferred tax liability resulting from the allocation of the purchase difference at the fair value of the assets of TVTel and of the ParfiteL group companies (Bragatel, Pluricanal Leiria and Pluricanal Santarém) to the customer portfolio and to the network.

Deferred tax assets were recognised to the extent that it is probable that future taxable profits will be earned to recoup the tax losses or deductible taxable differences. This assessment is based on the Group companies' business plans which are periodically revised and updated.

In accordance with the current Portuguese legislation, tax losses may be carried forward for a period of six years after their occurrence and can be deducted from future taxable profits.

At 31 March 2009 and 31 December 2008, ZON Multimédia's tax-loss carryforwards expire as follows:

	<u>2009</u>	<u>2008</u>
2009	116.765.240	142.550.430
2010	767.177	767.177
2011	-	-
2012	-	-
2013	-	-
2014	4.261.781	4.293.340
	<u>121.794.198</u>	<u>147.610.947</u>

Based on its business plan, Sport TV is of the opinion that it will recover tax losses of approximately 7.9 million Euro. The tax-loss carryforwards in the proportion of 50% are as follows:

	<u>2009</u>	<u>2008</u>
2009	7.139.445	7.139.445
2010	767.177	767.177
	<u>7.906.622</u>	<u>7.906.622</u>

At 31 March 2009, the companies acquired in 2008 have tax losses carried forward of 4.261.781 Euro, as follows:

	<u>2009</u>	<u>2008</u>
TVTEL	3.105.992	3.502.540
Pluricanal Leiria	931.918	687.770
Pluricanal Santarém	223.871	103.030
	<u>4.261.781</u>	<u>4.293.340</u>

The Company only recognized deferred tax assets in TVTel, while it intends to request the use of these within the scope of the tax consolidation regime.

b) Reconciliation of the tax rate

In the quarters ended 31 March 2009 and 2008, the reconciliation between the nominal and effective tax rate is as follows:

	<u>2009</u>	<u>2008</u>
Income before taxes	27.051.219	29.106.160
Nominal income tax rate	26,5%	26,5%
Estimated tax	<u>7.168.573</u>	<u>7.713.132</u>
Permanent differences i)	980.298	234.555
Utilization of tax losses not recognized as deferred tax ii)	(1.207.489)	(374.321)
Differences in tax rate of the Açores and Madeira	(194.255)	(215.932)
Deferred tax estimative correction	117.968	-
Other	171.229	38.728
Income tax	<u>7.036.324</u>	<u>7.396.162</u>
Effective income tax rate	<u>26,0%</u>	<u>25,4%</u>
Income tax (see note 10)	1.264.452	1.289.316
Deferred tax	<u>5.771.872</u>	<u>6.106.846</u>
	<u>7.036.324</u>	<u>7.396.162</u>

i) The permanent differences had the following composition:

Financial costs not accepted for fiscal purposes	1.307.296	423.819
Provisions	381.553	(200.000)
Depreciations and amortizations	2.889.004	1.400.208
Equity method (Note 7)	(602.153)	(548.962)
Other	<u>(276.463)</u>	<u>(189.953)</u>
	<u>3.699.237</u>	<u>885.112</u>
	<u>26,50%</u>	<u>26,50%</u>
	<u>980.298</u>	<u>234.555</u>

ii) This caption corresponds to the utilisation of tax losses which in previous years had not been recognised as deferred tax.

9. Earnings per share

The earnings per share for the quarters ended 31 March 2009 and 2008 were calculated taking into consideration the following amounts:

		<u>2009</u>	<u>2008</u>
Net income attributable to equity holders of the parent	(1)	19.471.290	20.867.387
Weighted average common shares outstanding in the period (Note 14.1)	(2)	309.096.828	309.096.828
Effect of treasury shares (Note 14.2)		<u>(14.188.826)</u>	<u>(1.389.491)</u>
		<u>294.908.002</u>	<u>307.707.337</u>
Basic earnings per share	(1)/(2)	0,07	0,07

Owing to the fact that in the quarters ended 31 March 2009 and 2008 there were no dilutive effects on earnings per share, the diluted earnings per share are equal to the basic earnings per share.

10. Taxes payable and receivable

At 31 March 2009 and 31 December 2008, this caption comprises:

	2009		2008	
	Receivable	Payable	Receivable	Payable
Value-added tax	5.721.376	2.466.230	16.443.414	6.658.952
Income taxes	5.603.470	4.235.308	7.255.479	5.485.515
Social Security contributions	-	907.572	-	957.772
Personnel income tax withholdings	-	1.028.423	-	1.022.420
Taxes in foreign countries	-	295	-	1.077
Other	452.563	107.398	1.520.756	204.991
	<u>11.777.408</u>	<u>8.745.226</u>	<u>25.219.649</u>	<u>14.330.727</u>

In 2008, the debit balance on the caption «value added tax» includes 6,000 thousand Euro of refunds applied for by Sport TV, and which were received during the first quarter of 2009.

At 31 March 2009, the amounts receivable and payable relating to IRC comprise:

	2009	2008
Receivable taxes	5.603.470	7.255.479
Payable taxes i)	(4.235.308)	(5.485.515)
	<u>1.368.162</u>	<u>1.769.964</u>
Current income taxes in the balance sheet	(1.264.452)	(5.485.515)
Current income taxes in the balance sheet of 2008	(2.970.856)	-
Payments on account	1.842.890	4.368.614
Withholding income taxes	3.465.921	2.871.230
Income tax receivable	294.659	15.635
	<u>1.368.162</u>	<u>1.769.964</u>

i) The amount relating to the estimated current corporate income tax was recorded under the following captions:

	31.03.2009	31.12.2008
Income taxes (Nota 8)	(1.264.452)	(5.272.102)
Other	-	(213.413)
	<u>(1.264.452)</u>	<u>(5.485.515)</u>

11. Investments in associated companies

At 31 March 2009 and 31 December 2008, this caption comprises:

	2009	2008
Investments in group companies		
Lisboa TV	-	4.318.870
Distodo	829.373	1.081.296
Empresa de Recreios Artísticos	476.697	476.697
Other companies	90.438	90.438
	<u>1.396.508</u>	<u>5.967.301</u>

On 27 February 2009, Zon Conteúdos sold the financial investment in Lisboa TV for 20,000 thousand Euros, resulting in a gain of 16,933 thousand Euros (see Note 7).

12. Borrowings and loans

At 31 March 2009 and 31 December 2008, details of loans raised were as follows:

	2009		2008	
	Short-term	Long-term	Short-term	Long-term
Bank loans:				
Internal loans a)	32.062.854	7.250.000	22.070.000	16.750.000
Commercial paper b)	195.000.000	310.000.000	260.000.000	285.000.000
Equity swaps over own shares c)	-	84.122.701	-	84.122.701
Other loans:				
Internal loans	485.000	-	495.000	-
Rental contracts for telecoms capacity d)	22.419.067	118.401.039	29.980.911	120.888.629
Leases	1.554.929	2.420.286	4.514.386	3.329.204
	<u>251.521.850</u>	<u>522.194.026</u>	<u>317.060.297</u>	<u>510.090.534</u>

a) Internal loans

At 31 March 2009, the current portion relates to: i) the Group's share in the loan contracted by Sport TV amounting to 18,750,000 Euro and maturing in 2009; ii) the remaining amount, of 13,070,000 Euro refers to a loan raised by TVTel. The non-current balance of around 7,250,000 Euro refers entirely to TVTel.

b) Commercial paper

The Company has a commercial paper loan of 505,000,000 Euro contracted with six banks, corresponding to seven programs. All the emissions to date mature in the current year and bear interest at market rates. Of these, the Company has contracted four grouped commercial paper programs totaling 310,000,000 at 2,3 and 5 years. As the Company intends to renew the present issues up to maturity of the programs and the subscriptions are guaranteed by the organizer, although the amount matures in the short term, it has been classified in the balance sheet as medium and long term. Considering their maturity dates the remaining programs have been classified as short term.

c) Equity Swaps on treasury shares

On 12 December 2007, the Company's Board of Directors approved the ZON Group's Strategic Plan till 2010 and announced its intention to implement a new share-buyback plan for up to 10% of the Company's share capital by 21 October 2009, subject to the necessary authorisations for the purchase of treasury shares by ZON and market conditions.

Under the share buyback program the contracting of equity swaps over treasury shares was established regarding the rules applicable to the repurchase of shares programs established in Regulation (CE) 2273/2003 of 22 December 2003 of the European Commission and Portuguese Stock Exchange Commission rules on the matter.

Between 3 March 2008 and 31 December 2008, ZON Multimédia contracted equity swaps over treasury shares in terms of which ZON has the right to acquire 13.607.079 shares, representing 4.4% of ZON's share capital, at the total nominal value of 84,122,701 Euro (exercise price per share varying between 3,665 and 8,947 Euro). These equity swaps mature on 30 April 2010, with the option of early exercise, and bear interest at variable rate.

These contracts include only a physical exercise option (i.e. acquisition of the shares), and so in accordance with IAS 32 they were recognised as an effective acquisition of treasury shares (Note 14.2), thus entailing the recognition of a corresponding financial liability.

d) Leasing

At 31 March 2009 and 31 December 2008, the caption Leasing – Utilisation and content-utilisation rights, refers to the contracts entered into by ZON TV Cabo Portugal for the exclusive acquisition of satellite capacity, the acquisition of rights for the utilisation of the distribution network's capacity for cable television signals, and the acquisition of the transmission rights for the Sagres and Vitalis professional football leagues.

Leasing

	2009	2008
Financial leases - payments		
Until 1 year	29.082.391	39.284.085
Between 1 and 5 years	95.599.219	79.603.942
Over 5 years	41.674.259	62.184.703
	<u>166.355.869</u>	<u>181.072.730</u>
Future financial costs	(21.560.548)	(22.359.200)
Present value of finance lease liabilities	<u>144.795.321</u>	<u>158.713.530</u>
	2009	2008
The present value of the finance lease liabilities		
Until 1 year	23.973.996	34.495.697
Between 1 and 5 years	80.767.890	65.936.745
Over 5 years	40.053.435	58.281.088
	<u>144.795.321</u>	<u>158.713.530</u>

All the bank loans raised and finance leases contracted are negotiated at short-term interest rates, and so their book value is approximately the same as their fair value.

The maturity profile of the loans raised is as follows:

	2009			2008		
	Until 1 year	Between 1 and 5 years	Over 5 years	Until 1 year	Between 1 and 5 years	Over 5 years
Bank loans	32.062.854	7.250.000	-	22.070.000	16.750.000	-
Internal loans	485.000	-	-	495.000	-	-
Commercial paper	195.000.000	310.000.000	-	260.000.000	285.000.000	-
Equity swaps over own shares	-	84.122.701	-	-	84.122.701	-
Leases	23.973.996	80.767.890	40.053.435	34.495.697	65.936.745	58.281.088
	<u>251.521.850</u>	<u>482.140.591</u>	<u>40.053.435</u>	<u>317.060.697</u>	<u>451.809.446</u>	<u>58.281.088</u>

13. Provisions for other risks and contingencies

At 31 March 2009 and 31 December 2008, the classification of the provisions between current and non-current was as follows:

	2009	2008
Current provision		
Taxes	1.537.832	1.537.832
Litigation	137.000	137.000
Other risks	10.801.196	10.685.550
	<u>12.476.028</u>	<u>12.360.382</u>
Non-current provision		
Other risks	5.000.600	4.964.588
	<u>5.000.600</u>	<u>4.964.588</u>
	<u>17.476.628</u>	<u>17.324.970</u>

The balance on the caption "Provisions for risks and contingencies" at 31 March 2009 and 31 December 2008 comprises:

	2009	2008
Contingencies - other	8.061.735	7.680.182
Asset retirement obligation	4.486.541	4.450.530
Other risks	3.253.520	3.519.426
	<u>15.801.796</u>	<u>15.650.138</u>

14. Shareholders' equity

14.1. Share capital

At 31 March 2009, ZON Multimédia's share capital was 3.090.968 Euro and was represented by 309.096.828 nominal shares of 1 euro cent each.

The principal shareholders at 31 March 2009 are:

<u>Shareholder</u>	<u>NO.Of Shares</u>	<u>% Voting Rights</u>
Caixa Geral de Depósitos	46.643.068	15,09%
Banco BPI, S.A.	23.929.242	7,74%
Cinveste, SGPS, S.A.	17.882.962	5,79%
Telefónica, S.A.	16.879.406	5,46%
Espírito Santo Irmãos i)	15.455.000	5,00%
Cofina, SGPS, S.A.	15.183.844	4,91%
Fundação José Berardo ii)	13.408.982	4,34%
Banco Espírito Santo, S.A.	12.287.265	3,98%
Joaquim Alves Ferreira de Oliveira iii)	11.458.280	3,71%
Ongoing Strategy Investments, SGPS, S.A.	9.762.452	3,16%
Grupo Visabeira, SGPS, S.A.	6.641.930	2,15%
ESAF - Espírito santo Fundos de Investimento Mobiliário, S.A.	6.488.219	2,10%
Grupo SGC, SGPS, S.A.	6.182.000	2,00%
BES Vida - Companhia de Seguros, S.A.	5.886.508	1,90%
Metalgest - Sociedade de Gestão, SGPS, S.A.	3.985.488	1,29%
Total identified	212.074.646	68,62%

- i) The voting rights corresponding to Espírito Santo Irmãos is due to an agreement between them and Teleresources Ltd, holder of ZON Multimédia's share capital.
- ii) The position of the José Berardo Foundation is indirectly held by Metalgest - Sociedade de Gestão, SGPS, S.A.
- iii) 3.71% of the voting rights are imputable to Joaquim Francisco Alves Ferreira de Oliveira, given that he controls GRIPCOM, SGPS, SA, and Controlinveste Comunicações (II), SGPS, SA, which owns respectively 2.24% and 1.46% of ZON Multimédia's share capital.

14.2. Treasury shares

Commercial legislation relating to treasury shares requires the existence of a free reserve equal to the cost of such shares, which is not available for distribution while the shares are not sold. In addition, the applicable accounting rules require gains and losses on the sale of treasury shares to be recorded in reserves.

At 31 March 2009 there were 14.188.826 treasury shares, representing of 4.59% of share capital, of which 13.607.079 shares were recorded resulting from equity swap contracts while the remaining 581.747 shares were not included into equity swap contracts.

At 31 March 2008 there were 1.389.491 treasury shares.

The following movements took place in the quarters ended 31 March 2009 and 2008:

	<u>Quantity</u>	<u>Value</u>
Balance as at 1 January 2007	-	-
Treasury shares acquisitions	<u>1.389.491</u>	<u>7.329.770</u>
Balance as at 31 March 2008	<u>1.389.491</u>	<u>7.329.770</u>
Balance as at 1 January 2008	14.313.730	89.633.623
Distribution of treasury shares	<u>(124.904)</u>	<u>(1.034.878)</u>
Balance as at 31 March 2009	<u>14.188.826</u>	<u>88.598.745</u>

14.3. Reserves

Legal reserve

Portuguese law and ZON Multimédia's articles of association provide that at least 5% of each year's profits must be allocated to a legal reserve until this reserve equals the minimum requirement of 20% of share capital. This reserve is not available for distribution to shareholders, except in the case of the liquidation of the company, but may be capitalized or used to cover losses, once all other reserves and retained earnings have been fully used.

Other reserves

The changes, in the first quarter of 2009 and in 2008, are as follows:

	<u>Free reserves</u>	<u>Other reserves</u>	<u>Total</u>
Balance as at 31 December 2007	247.277.461	31.219.711	278.497.173
Other	-	<u>113.351</u>	<u>113.351</u>
Balance as at 31 March 2008	<u>247.277.461</u>	<u>31.333.062</u>	<u>278.610.524</u>
Balance as at 31 December 2008	149.037.491	42.199.220	191.236.711
Distribution of treasury shares (Note 14.2)	1.034.878	(1.556.364)	(521.486)
Other	-	<u>(274.785)</u>	<u>(274.785)</u>
Balance as at 31 March 2009	<u>150.072.369</u>	<u>40.368.071</u>	<u>190.440.440</u>

15. Derivative financial instruments

The ZON Group's policy is to contract derivative financial instruments to hedge the financial risks to which it is exposed as a result from variations in foreign currency exchange rates. In this respect, the Group does not use derivative financial instruments for speculative purposes, and the use of this type of instruments is in accordance with the internal policies prescribed by the Executive Board.

Market risks related to changes in foreign currency exchange rates are essentially related to the exposure deriving from the payments made to certain producers of audiovisual content for the pay TV and audiovisual businesses. The commercial transactions between the ZON Group and these producers are predominantly denominated in American dollars.

Considering the balance on accounts payable resulting from transactions denominated in a different currency from the group's functional currency, the Zon Group contracts or may contract financial instruments, namely, short-term currency futures in order to hedge the risk associated with these balances. At balance sheet date there were flexible currency forwards outstanding amounting to 2,150 thousand dollars, whose fair value was situated at roughly 82 thousand Euro.

16. Guarantees and financial commitments

At 31 March 2009 and 2008, the Company had presented guarantees and comfort letters to third parties, as follows:

	<u>2009</u>	<u>2008</u>
Bank guarantees given to other entities:		
Suppliers i)	8.365.121	7.225.504
Tax authorities ii)	21.038.273	23.506.428
Financial institutions iii)	18.750.000	-
Other iv)	5.383.224	8.463.936
	<u>53.536.618</u>	<u>39.195.868</u>
Comfort letters given to other entities:		
Sport TV v)	-	35.000.000
Other vi)	17.250.000	1.625.000
	<u>17.250.000</u>	<u>36.625.000</u>

- i) At 31 March 2009, this amount included mainly 5,044,824 Euro relating to bank guarantees granted to lessors of movie theatres.
- ii) At 31 March 2009, this amount related to guarantees given to the Tax Authorities arising from tax proceedings contested by the Company and its subsidiaries.
- ii) At 31 March 2009, there were two new guarantees provided by Sport TV for bank financing and commercial paper issuance.
- iv) At 31 March 2009, this amount referred to guarantees given relating to pending "Rights of access municipality tax" processes.

- v) At 31 December 2008, this caption corresponded to sureties and comfort letters given by the shareholders of Sport TV in guarantee of bank loans obtained by the company, as the responsibility of the shareholders is joint for the total amount of the bank loans of 35 million Euro on that date. As the loan was settled at 31 March 2009 there was no comfort letter.
- vi) The amount recognised in "Other" refers to an additional comfort letter given by ZON Conteúdos for the purchase of the television rights to the UEFA Champions League for the 2006-2007 to 2008-2009 seasons (9.750 thousand Euro), and a comfort letter issued to guarantee a Sport TV loan (7.500 thousand Euro).

On 12 December 2007 the Company's Board of Directors approved ZON's Strategic Plan up to 2010 and announced its intention to implement a share-buyback plan of up to 10% of the Company's capital up to 21 October 2009, subject to the necessary authorization for ZON to purchase treasury shares at market conditions. In carrying out the share-buyback program, the Group contracted equity swaps over treasury shares with respect to the rules applicable to the share repurchase programs established in Regulation (CE) 2273/2003 of the European Commission of 22 December 2003 and in the CMVM's Recommendations dealing with this matter. The equity swaps mature on 30 April 2010, have an early exercise option, and bear interest at variable rates.

On 21 November 2008 the Portuguese Competition Authority approved the acquisition by ZON TV Cabo Portugal of exclusive control over TVTEL, Bragatel, Pluricanal Leiria and Pluricanal Santarém, with the assumption of a series of commitments, including:

- Commitment to promote the entry of a competitor in the cable distribution business (through the sale of a set of client network cells, in geographical areas in which the position between the ZON network and networks of the companies acquired are more significant);
- Commitment to free space in infrastructures of the secondary and tertiary networks (through removal or sale of the cables integrated in the network cells not covered by the preceding commitment, or that were not sold under the previous commitment);
- Commitment to provide a wholesale offer of satellite television on a national basis, under which any third party can offer pay TV television services throughout the national territory, via satellite platforms, without the need for network infrastructures.

17. Notes to the consolidated cash flow statement

The consolidated cash flow statement has been prepared in accordance with IAS 7, with the following significant aspects:

17.1. Cash receipts resulting from investments

The caption "Cash receipts resulting from investments" includes the following:

	<u>2009</u>	<u>2008</u>
Disposal of investment in Lisboa TV	6.666.666	-
	<u>6.666.666</u>	<u>-</u>

17.2. Cash receipts from loans given

The caption "Cash receipts from loans given" includes the following:

	<u>2009</u>	<u>2008</u>
Loans to Sport TV	14.750.000	-
	<u>14.750.000</u>	<u>-</u>

17.3. Cash receipts resulting from dividends

The caption "Cash receipts resulting from dividends" includes the following:

	<u>2009</u>	<u>2008</u>
Lisboa TV	1.883.388	-
	<u>1.883.388</u>	<u>-</u>

17.4. Payments resulting from investments

The caption "Payments resulting from investments" includes the following:

	<u>2009</u>	<u>2008</u>
<u>Acquisition /Constitution of shareholdings and other investments</u>		
TVTEL	-	16.783.251
Contribution - cinema and audiovisual fund	-	1.250.000
	<u>-</u>	<u>18.033.251</u>

17.5. Cash receipts from loans obtained

The caption "Cash Receipts from loans obtained" includes the following:

	<u>2009</u>	<u>2008</u>
Commercial paper	-	80.000.000
Loans of ZON Multimédia	-	24.500.000
Loans of Sport TV	3.750.000	-
Loans of TV TEL	500.000	-
	<u>4.250.000</u>	<u>104.500.000</u>

17.6 Payments relating to loans obtained

The caption "Payments relating to loans obtained" includes the following:

	<u>2009</u>	<u>2008</u>
Commercial paper	40.000.000	-
Loans of Sport TV	3.500.000	3.500.000
Empresa Recreios Artísticos	10.000	485.000
	<u>43.510.000</u>	<u>3.985.000</u>

17.7 Payments resulting from dividends / distribution of income

The caption "Payments resulting from dividends/distribution of income" includes the following:

	<u>2009</u>	<u>2008</u>
Grafilme	117.766	-
ZON TV Cabo Açoreana	359.873	380.031
	<u>477.639</u>	<u>380.031</u>

17.8 Details of cash and cash equivalents

At 31 March 2009 and 2008 cash and cash equivalents was as follows:

	<u>2009</u>	<u>2008</u>
Cash	3.237.520	758.360
Bank deposits	62.747.522	113.839.009
	<u>65.985.042</u>	<u>114.597.369</u>

18. Litigation

18.1 Legal action "Right of passage municipality tax" (TMDP)

In February 2004, Law no. 5/2004 of 10 February (Electronic Communications Law), article 106, created under article 13 of the Authorisation-Directive (Directive 2002/20/EC, of 7 March), the Municipal Rate of Right of Passage (Taxa Municipal de Direitos de Passagem - TMDP), eliminating the "rights and charges relating to the implantation, passage and crossing in fixed locations, of the public and private municipal domain" by systems, equipment and other resources of companies that offer electronic communications services accessible to the public. The basis for the TMDP assessment is "each invoice issued by the companies that offer networks and electronic communications services accessible to the public in a fixed location, for all the final clients of the corresponding municipality", with the TMDP being calculated based on a maximum percentage of 0.25% of the amount of such invoices. Despite approval of the TMDP, some municipalities have maintained charges called "Occupancy Taxes", while others have opted to maintain these charges rather than approve the TMDP. The Group, based on legal opinions on this issue, believes that TMDP is the only tax that can be charged as compensation for the rights referred to above, namely the right to installation. Therefore, it believes that "Occupancy Taxes" relating to the public thoroughfare

charged by the municipalities are illegal and has contested them. A decision has already been taken by some municipalities that agreed with the Group's understanding, that it is not possible to charge TMDP and Occupancy Taxes of public thoroughfares.

18.2 Legal actions with regulators

ZON Multimédia and ZON TV Cabo Portugal received a note of illegality, for the alleged practice, prohibited under article 4 of Decree-Law 18/2003 of 11 June, resulting from alleged clauses of preference and exclusivity in the "Partnership Agreement" between ZON Multimédia, ZON TV Cabo Portugal and SIC – Sociedade Independente da Comunicação, S.A. (SIC) signed on 27 March 2000, under a business concentration subject to prior notification relating to acquisition of Lisboa TV – Informação e Multimédia, S.A. by SIC. As a consequence of this notification, in August 2006, the Competition Authority issued a decision imposing a fine of 2.5 million Euro, which ZON Multimédia and ZON TV Cabo Portugal appealed to the Commerce Court of Lisbon on 8 September 2006. Following this impugment, the Commercial Court in its judgment of 10 August 2007, declared the misdemeanour proceedings partially extinct, on the grounds of prescription as regards the alleged preferential clause, having also declared null and void the entire proceedings as from 1 September 2005, namely of the Competition Authority's decision of 8 August 2006. An appeal against this judgment was lodged with the Lisbon Appeal Court by the Competition Authority, by ZON Multimédia and by TV Cabo Portugal. The Lisbon Appeal Court upheld the Lisbon Commercial Court's decision. At the present moment, it is unknown whether the Competition Authority will reactivate the process and whether it will decide on applying some form of fine to ZON Multimédia or to ZON TV Cabo. ZON Multimédia believes, based on information from its lawyers, that these cases will not result in a significant impact on its financial statements as of 31 March 2009.

By decision of 5 January 2009, the Competition Authority deliberated to suspend for three months a promotional campaign involving the offer of Lusomundo movie theatre tickets to ZON TV Cabo customers associated to the MyZonCard card, which decision ZON appeal to the Court: in the meantime, the company awaits the development of this process.

ZON presented a candidature, through a company to be formed, to the public tender for the licensing of a service offering programmes at national level, generalist in nature, of free unconditional access, for transmission by a terrestrial hertzian wave. In its decision of 23 March 2009, the Regulator of Social Communication excluded ZON's candidature, as well as the rival candidature, from the tender. ZON may still contest this decision judicially.

18.3 Tax Administration

In 2005 some ZON Group companies were inspected by the Tax Authorities for the year 2002. As a result of the inspection, ZON Multimedia, as the dominant company of the Tax group, was notified of the corrections made by the Tax Inspectors to the Group's tax loss. ZON Multimedia considers that the corrections made have no basis and in March 2007 contested the corrections.

Additionally, in 2007 the Company was subject to a tax inspection for the 2004 and 2005 financial years. Consequently, ZON Multimedia was notified to pay 97,318 Euro and 408,748 Euro, corresponding to the

corrections made by the Tax Inspection Department to the 2004 and 2005 tax years. The Company believes that the corrections made have no basis and in January 2008 submitted an officious contestation.

Also during 2007 ZON TV Cabo was subject to a tax inspection of the 2004 and 2005 financial years. Following this inspection ZON TV Cabo was notified of the corrections made by Tax Authorities relating to Stamp Tax and Corporate Income Tax. Since ZON TV Cabo considers that the corrections made have no basis, it has not paid the additional assessments and has submitted an officious contestation. In addition, ZON TV Cabo was notified of the corresponding Tax Execution Processes. As the officious contestations were still pending, ZON TV Cabo Portugal has given bank guarantees of 13,256,994 Euro to suspend the Execution Processes.

In 2008 ZON TV Cabo Portugal was subject to a tax inspection of the year 2006. Following the inspection ZON TV Cabo was notified to pay 1,875,152 Euro corresponding to corrections by the Tax Authorities for the year 2006. As ZON TV Cabo believes that the corrections are unfounded, in January 2009 it has contested them.

Also, under that inspection, corrections were made to the taxable income of the Tax Group for the years referred to in the amount of the tax losses carried forward. ZON Multimedia considers that the corrections made have no basis.

ZON Multimedia's Board of Directors believes, based on information from its tax advisors, that these matters and any revisions and adjustments to the tax returns for the years still subject to inspection will not have a material impact on the consolidated financial statements as of 31 March 2009, except for the situations that have been adequately provided for (Note 13).

19. Share incentive scheme

On 21 April 2008 the Company's General Assembly approved a plan to distribute shares or options on shares to employees of ZON and off the group's companies, up to a maximum of 1.7 million shares and approved the respective Regulation, pursuant to paragraph 1, g) of article 16 of the Articles of Association.

20. Subsequent events

At the date of the issue of the consolidated reports and accounts for the quarter ended 31 March 2009 there were no subsequent events to report.

APPENDIX I

- I.1. Companies included in the consolidation**
- I.2. Associated companies**
- I.3. Jointly-controlled companies**
- I.4. Companies recorded at cost**

APPENDIX

I.1. Companies included in the consolidation

Company	Head Office	Activity	Percentage of Ownership		
			Direct 31.03.2009	Effective 31.03.2009	Effective 31.12.2008
ZON Multimédia - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	Lisbon	Management of investments in the multimedia business			
ZON Televisão por Cabo, SGPS, S.A.	Lisbon	Management of investment in television by cable market.	ZON Multimédia (100%)	100,00%	100,00%
ZON TV Cabo Portugal, S.A.	Lisbon	Distribution of television by cable and satellite, conception, realization, production and broadcasting of television and programs, operation of telecommunications services.	ZON Televisão Por Cabo (100%)	100,00%	100,00%
ZON Conteúdos - Actividade de Televisão e de Produção de Conteúdos, S.A.	Lisbon	Production and sale of television programs and advertising management.	ZON Televisão Por Cabo (100%)	100,00%	100,00%
ZON TV Cabo Açoreana, S.A.	Ponta Delgada	Distribution of television signals by cable and satellite in the Azores area.	TV Cabo Portugal (83,82%)	83,82%	83,82%
ZON TV Cabo Madeirense, S.A.	Funchal	Distribution of television signals by cable and satellite in the Madeira area.	TV Cabo Portugal (77,95%)	77,95%	77,95%
ZON Lusomundo Audiovisuais, S.A.	Lisbon	Import, distribution, commercialization and production of audiovisual products	ZON Multimédia (100%)	100,00%	100,00%
Lusomundo Cinemas, S.A. ("Lusomundo Cinemas")	Lisbon	Cinematic exhibition.	ZON Multimédia (100%)	100,00%	100,00%
Lusomundo Moçambique, Lda. ("Lusomundo Moçambique")	Maputo	Cinematic exhibition.	Lusomundo Cinemas (100%)	100,00%	100,00%
Lusomundo España, SL ("Lusomundo España")	Madrid	Management of investments relating to activities in Spain in the audiovisuals business.	ZON Multimédia (100%)	100,00%	100,00%
Grafilme - Sociedade Impressora de Legendas, Lda. ("Grafilme")	Lisbon	Providing services on audiovisual subtitling.	Lusomundo Audiovisuais (55,56%)	55,56%	55,56%
Lusomundo Editores, Lda. ("Lusomundo Editores")	Lisbon	Movies distribution.	ZON Multimédia (100%)	100,00%	100,00%
Lusomundo - Sociedade de investimentos imobiliários SGPS, SA ("Lusomundo SII")	Lisbon	Management of Real Estate.	ZON Multimédia (99,87%)	99,87%	99,87%
Empira - Empresa Promotora de Actividades Cinematográficas, Lda. ("Empira")	Lisbon	Developing activities on movies exhibition.	Lusomundo SII (100%)	99,87%	99,87%
Lusomundo Imobiliária 2, S.A. ("Lusomundo Imobiliária 2")	Lisbon	Management of Real Estate.	Lusomundo SII (99,80%)	99,68%	99,68%
ZON Serviços de Gestão Partilhados, S.A. a) e b)	Lisboa	Services outsource	ZON Multimédia (100,00%)	100,00%	100,00%
TVTel - Telecomunicações, S.A.	Porto		ZON Televisão Por Cabo (100%)	100,00%	100,00%
Bragatel - Televisão por Cabo, S.A.	Braga		ZON Televisão Por Cabo (100%)	100,00%	100,00%
Pluricanal Leiria - Televisão por Cabo, S.A.	Leiria		ZON Televisão Por Cabo (95,24%); TVTel - (4,76%)	100,00%	100,00%
Pluricanal Santarém - Televisão por Cabo, S.A.	Santarém		ZON Televisão Por Cabo (98,75%)	98,75%	98,75%
Teliz Holding B.V.	Amstelveen		ZON Multimédia (100%)	100,00%	-

(a) Company which in the consolidated accounts at 31.03.08 did not form part of the consolidation scope, having been recorded using the equity method.

(b) The Company was liquidated in 20 March 2009.

I.2. Associated companies

Company	Head Office	Activity	Percentage of Ownership		
			Direct 31.03.2009	Effective 31.03.2009	Effective 31.12.2008
Empresa de Recreios Artísticos, Lda. ("Empresa de Recreios Artísticos") (a)	Lisbon	Cinematic exhibition	ZON Multimédia (4,03%) Lusomundo SII (87,90%)	91,82%	91,82%
Distodo - Distribuição e Logística, Lda. ("Distodo")	Lisbon	Stocking, sale and distribution of audiovisual material.	Lusomundo Audiovisuais (50,00%)	50,00%	50,00%
Canal 20 TV, S.A.	Madrid	Distribution of televised products	ZON Multimédia (50,00%)	50,00%	50,00%
SGPICE - Sociedade de Gestão de Portais de Internet e Consultoria a Empresas, S.A. ("Pme Link")	Lisbon	Developing activities providing global products and services for internet support.	ZON Multimédia (11,11%)	11,11%	11,11%

(a) This company was excluded from the consolidation scope given that it is ZON Multimédia's intention to liquidate the company since it has no activity. However, the financial investment was recorded using the equity method. Even so, if this company had been consolidated its impact on the consolidated financial statements would not have been significant.

I.3. Jointly-controlled companies

Company	Head Office	Activity	Percentage of Ownership		
			Direct 31.03.2009	Effective 31.03.2009	Effective 31.12.2008
Sport TV Portugal	Lisboa	Conception, production, realization and commercialization of sports programs for telebroadcasting, purchase and resale of the rights to broadcast sports programs for television and provision of publicity services	ZON Conteúdos (50,00%)	50,00%	50,00%

I.4. Companies recorded at cost

Company	Head Office	Activity	Percentage of Ownership		
			Direct 31.03.2009	Effective 31.03.2009	Effective 31.12.2008
PT Multimédia - Serviços de Apoio à Gestão, S.A. (b)	Lisbon	Provision of support services to companies or groups of companies	ZON Multimédia (100%)	100,00%	100,00%
Socofil - Sociedade Comercial de Armazenamento e Expedição de Filmes, Lda. (a)	Lisbon	Distribution, exhibition, import and management of cinematography products and organization and management of spectacles	ZON Multimédia (45,00%)	45,00%	45,00%
Turismo da Samba (Tusal), SARL (a) (b)	Luanda	n.a.	ZON Multimédia (30,00%)	30,00%	30,00%
Filmes Mundística, SARL (a)	Luanda	Cinematic exhibition	ZON Multimédia (23,91%)	23,91%	23,91%
Gesgráfica - Projectos Gráficos, Lda.	Porto	Graphic production	Empresa Recreios Artísticos (20,00%)	18,36%	18,36%
Companhia de Pesca e Comércio de Angola (Cosal), SARL (a)	Luanda	n.a.	ZON Multimédia (15,78%)	15,78%	15,78%
Caixanet – Telecomunicações e Telemática, S.A.	Lisbon	Telecommunication services	ZON Multimédia (5,00%)	5,00%	5,00%
Apor - Agência para a Modernização do Porto	Porto	Development of modernizing projects in Oporto	ZON Multimédia (3,30%)	2,04%	2,04%
Lusitânea Vida - Companhia de Seguros, S.A ("Lusitânia Seguros")	Lisbon	Insurance services	ZON Multimédia (0,06%)	0,06%	0,06%
Lusitânea - Companhia de Seguros, S.A ("Lusitânia Vida")	Lisbon	Insurance services	ZON Multimédia (0,04%)	0,04%	0,04%

(a) The financial investments in these companies are fully adjusted.

(b) Dormant company.

Accountant

Board of Directors