



02/03/2023

Número: **0809863-36.2023.8.19.0001**

Classe: **TUTELA CAUTELAR ANTECEDENTE**

Órgão julgador: **7ª Vara Empresarial da Comarca da Capital**

Última distribuição : **31/01/2023**

Valor da causa: **R\$ 500.000,00**

Assuntos: **Recuperação Judicial**

Segredo de justiça? **NÃO**

Justiça gratuita? **NÃO**

Pedido de liminar ou antecipação de tutela? **SIM**

Partes	Procurador/Terceiro vinculado
Em segredo de justiça (REQUERENTE)	ANA TEREZA BASILIO (ADVOGADO) SERGIO RICARDO SAVI FERREIRA (ADVOGADO) VICTOR MARTINS BALDI (ADVOGADO) LUIS FELIPE SALOMAO FILHO (ADVOGADO) GABRIEL PINA RIBEIRO (ADVOGADO) JOSE ROBERTO DE ALBUQUERQUE SAMPAIO (ADVOGADO)
OI S.A. - EM RECUPERAÇÃO JUDICIAL (REQUERIDO)	
WALD ADMINISTRACAO DE FALENCIAS E EMPRESAS EM RECUPERACAO JUDICIAL LTDA (ADMINISTRADOR JUDICIAL)	ADRIANA CAMPOS CONRADO ZAMPONI (ADVOGADO) ARNOLDO WALD FILHO (ADVOGADO)
K2 CONSULTORIA ECONOMICA (ADMINISTRADOR JUDICIAL)	
MINISTERIO PUBLICO DO ESTADO DO RIO DE JANEIRO (FISCAL DA LEI)	
JOAO RICARDO UCHOA VIANA (ADMINISTRADOR JUDICIAL)	

Documentos			
Id.	Data da Assinatura	Documento	Tipo
47715420	02/03/2023 02:15	Doc. 6.7 - Financial Report PTIF 2019	Outros documentos

Portugal Telecom
International Finance B.V.
Amsterdam, the Netherlands

FINANCIAL REPORT 2019

UNAUDITED



Portugal Telecom International Finance B.V.

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Portugal Telecom International Finance B.V.

Director's report

The Board of Managing Directors herewith submits the Financial Statements of Portugal Telecom International Finance B.V. for the financial year ended December 31, 2019

The Company is engaged in holding and financing activities for the companies of Oi S.A. (Oi) group. Its ultimate parent company is Oi, a company incorporated under the laws of Brazil. Previously to the sale of PT Portugal, SGPS, S.A. (PT Portugal), which occurred in June 2015, the Company was engaged in financing activities for PT Portugal business.

During the period under review, the Company recorded a loss of EUR 144,168,903 (2018: gain 1,961,256,884), which is set out in detail in the attached income statement.

Conformity statement

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the Managing Directors hereby confirm that to the best of their knowledge:

- The Portugal Telecom International Finance B.V. 2018 financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Portugal Telecom International Finance B.V.

- The Portugal Telecom International Finance B.V. 2019 annual report gives a true and fair view of the position of Portugal Telecom International Finance B.V. at the balance sheet date and of the development and performance of the business during the financial year 2019, together with a description of the principal risks Portugal Telecom International Finance B.V. is being confronted with.



Financial risk management

There are no concentrations of foreign currency risk at the balance sheet date.

The Company incurs interest rate risk on interest bearing receivables (in particular those included in financial assets, securities and cash) and on interest bearing non-current and current liabilities (including borrowings).

With respect to floating-interest rate loans and receivables, the Company incurs risks regarding future cash flows. In addition, the Company incurs risks on fixed interest loans obtained, notes issued and receivables with respect to the fair value due to changes in market interest rates. No financial derivatives for interest rate risk have been contracted with regard to the receivables or debt instruments.

The Company incurs credit risks on loans granted to group companies, as well as to the shareholder. These counterparties do not have a history of non-performance incidents.

The Company has shares of Oi, which are listed on BM&F Bovespa and are subject to market fluctuation (refer to note 14).

Please also refer to the paragraph 'Going concern' here below.

Audit committee

No audit committee was appointed for the Company. The Company uses the audit committee of the shareholder Oi S.A.

The Board of Managing Directors,

CVTEL B.V.

Managing Director B

Amsterdam,



Portugal Telecom International Finance B.V.

Balance sheet as at December 31, 2019

(in EUR, before appropriation of results)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Financial fixed assets	5		
Loans to Oi group companies		4,828,168	4,828,168
		<u>4,828,168</u>	<u>4,828,168</u>
Current assets			
Receivables	6/7	22,887,803	20,745,368
Cash and cash equivalents	8	4,175	1,448,905
		<u>22,891,978</u>	<u>22,194,273</u>
TOTAL ASSETS		<u>27,720,146</u>	<u>27,022,442</u>
EQUITY AND LIABILITIES			
Shareholders' Equity	9		
Issued and paid-up capital		1,100,280,500	21,000
Share premium		752,090,711	1,807,602,183
Other reserves		(2,440,981,765)	(4,393,457,236)
Result for the year		<u>(144,168,903)</u>	<u>1,961,256,884</u>
		<u>(732,779,458)</u>	<u>(624,577,169)</u>
Non-current Liabilities	10		
General Offer EUR		22,081,917	22,081,917
General Offer USD		6,980	--
Loan from Oi S.A. (NQ Facility) USD		40,608,812	32,028,346
Loan from Oi S.A. (Q Notes) USD		<u>666,510,287</u>	<u>551,548,446</u>
		<u>729,207,996</u>	<u>605,658,709</u>
Current Liabilities	11		
Payables to group companies		20,119	44,899,611
Interest payable		30,518,003	--
Trade payables /debts and accruals		<u>753,486</u>	<u>1,041,291</u>
		<u>31,291,608</u>	<u>45,940,902</u>
TOTAL EQUITY AND LIABILITIES		<u>27,720,146</u>	<u>27,022,442</u>



Portugal Telecom International Finance B.V.

Income statement for the financial year ended December 31, 2019 (in EUR)

	Notes	December 31, 2019	December 31, 2018
NQ option bonds restructuring haircut 50%		--	59,440,938
Q option bonds restructuring haircut		--	1,329,639,963
Interest income on loans to group companies		1,839,721	1,814,210
Cost of reorganization		--	(4,963,205)
Fair value adjustments on loans		--	635,268,885
Interest expense on loans from group companies		(71,985,290)	--
Bank and other interest		--	(11)
Interest on CIT		(639)	--
Exchange differences		(72,886,972)	(50,658,444)
Financial Income and Expenses		(143,033,180)	1,970,542,336
General and administrative expenses	12	1,127,521	2,533,702
Operating expenses		1,127,521	2,533,702
OPERATING RESULT		(144,160,701)	1,968,008,634
RESULT BEFORE TAXATION		(144,160,701)	1,968,008,634
Income tax expense	13	(8,202)	(6,751,750)
NET RESULT AFTER TAXATION		(144,168,903)	1,961,256,884



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019 (in EUR)

1 GENERAL

Activities

Portugal Telecom international Finance B.V. (the Company), having its statutory seat in Amsterdam and registered office at Naritaweg 165, 1043 BW, Amsterdam, the Netherlands, is engaged in holding and financing activities for the benefit of companies of the group of its sole shareholder and parent company Oi S.A. (Oi), a company incorporated under the laws of Brasil (Oi and the Oi Group).

The Company was incorporated on November 26, 1998.

(a) Going concern

Oi, as the parent-company of the Oi Group, of which the Company is a part, announced on March 9, 2016 that, it had retained PJT Partners as financial advisor to assist the Oi Group in assessing financial and strategic alternatives to optimize the Oi Group's liquidity and debt profile. Following this, on April 25, 2016, Oi announced that it has entered into a customary non-disclosure agreement with an advisor to a diverse ad hoc group of holders of the bonds issued by Oi and certain of its affiliated companies, including the Company, as an initial step toward discussions regarding the terms of a potential restructuring and on May 16, 2016 Oi announced that its Board of Directors approved the start of negotiations in relation to the financial indebtedness (restructuring) of the Oi Group with Moelis&Company as representative of the ad hoc group of bondholders.

The Oi Group Consolidated financial statements for the year ended December 31, 2019 have been prepared assuming that the Group will continue as a going concern, based on its cash flow projections and other forecasts. The projections used depend on factors such as attainment of traffic volume targets, customer base, launching of bundled products attractive to customers, service sales prices, foreign exchange fluctuation, and the success of the efforts to complete the negotiations in relation to the financial indebtedness (restructuring) of the Oi Group. The auditor of Oi has issued an auditor's opinion including a "material uncertainty related to going concern" paragraph together with the Oi Group consolidated financial statements for the year ended December 31, 2019.

The Company's financial statements for the year ended December 31, 2019 have been prepared assuming the Company will continue as a going concern, based on Oi's declaration to maintain its financial interest in and support to the Company in the foreseeable future and based on the achievement of the cash flow projection and other forecasts for the Oi Group.

Further, the Company understands that the efforts to successfully complete the negotiations in relation to the financial indebtedness (restructuring) of the Oi Group are aimed at the continuation of Oi and the Oi Group, including the Company, as a going concern. Based upon the information available to it, the Company has no reason to believe that those efforts will not be successful.

The going concern of the company is depending on one of more of the assumptions underlying the Oi Group's cash flow projections and other forecasts, the financial support of Oi to the Company, and the outcome of the efforts to successfully conclude the negotiations in relation to the financial indebtedness (restructuring), to be met. These conditions indicate that a material uncertainty exists that may cast significant doubts as to the Company's ability to continue as a going concern.

(b) Audit committee

No audit committee was appointed for the Company. The Company uses the audit committee of the shareholder Oi S.A.

(c) Group structure

The Company is a member of Oi group. The ultimate parent company of this group is Oi. The Company's financial statements are included in the consolidated financial statements of Oi.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019 (in EUR)

1 GENERAL (continued)

(d) Related party transactions

Up to June 2015, the Company has subscribed Notes issued by PT Portugal SGPS, S.A. (PT Portugal). The Company has also subscribed Commercial Papers made available by financial institutions. The Commercial Papers have been issued by related parties for the financing of their activities. The conditions for the Commercial Papers are at arms' length. The Company issued Notes subscribed by CVTEL, which were sold to PT Portugal on 30 December, 2014.

Following the sale of PT Portugal to Altice, all financial transactions between the Company and PT Portugal, its subsidiaries (except Africa and Timor companies, which remained at Oi group) and CVTEL were settled/paid/received and the Company subscribed Notes issued by Oi Brasil Holdings Cöoperatief U.A. with a portion of the net cash received.

(e) Use of estimates

In applying the accounting policies and guidelines for preparing the financial statements, management makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Financial Statement items in question. Actual amounts may differ from these estimates.

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET

The accompanying Financial Statements have been prepared in accordance with the statutory provisions of Title 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting as issued by the Dutch Accounting Standards Board, taking into account the exemptions offered by the Dutch Accounting Standards Board. If the Company were to apply EU-IFRS there would be no differences in valuation of assets and liabilities and determination of result

Assets and liabilities are stated at amortized cost, unless indicated otherwise.

(a) Comparison with previous year

The accounting policies have been consistently applied to all the years presented.

(b) Foreign currencies

The financial statements are presented in Euros, which is the functional and presentation currency.

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transaction in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

(c) Financial fixed assets

The commercial papers, bonds and notes stated under the financial fixed assets are initially recorded at fair value and subsequently at amortized cost, net of impairment.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019
(in EUR)

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET (continued)

(d) Impairment

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised. A reversal of an impairment loss is recognised immediately in the income statement.

(e) Receivables

Receivables are initially recorded at fair value and then valued at amortised costs, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables. On initial recognition the fair value and the amortised cost equal the face value. On initial recognition the fair value and the amortised cost equal the face value.

(f) Securities

Securities that are classified under current assets are due within one year.

Securities that are held for trading are carried at fair value after initial recognition. Changes in the fair value are recognised directly in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

(h) Non-current liabilities

EMTN Programme

The notes issued under the EMTN Programme are valued at nominal value and the amortized issuance costs have been accounted for as prepaid issuance costs and are presented under note 5 Financial Fixed Assets.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the applicable interest method.

(i) Current liabilities

Short term liabilities are liabilities due within one year or less.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019
(in EUR)

3 ACCOUNTING POLICIES FOR THE INCOME STATEMENT

(a) General

Profits or transactions are recognized in the year they are realized. Losses are recognized when foreseen.

(b) Exchange rate differences

Exchange rate differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise.

(c) General and administrative expenses

Costs are taken into account under the historical cost convention and allocated to the year concerned.

(d) Amortization

Amortization expenses are taken on issuance costs and compensated on the interest receipts.

(e) Financial income and expenses

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned.

(f) Taxation

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items, and plus non-deductible expenses. Changes in deferred income tax assets and liabilities due to changes in the applicable tax rates are also taken into account.

(g) Cash flow statement

A cash flow statement has not been prepared as permitted by Dutch Accounting Standard 360.104. The cash flows of the Company are reflected in the cash flow statement included in the consolidated financial statements of its (ultimate) parent company Oi S.A. in Brazil.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019
(in EUR)

4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). Furthermore, the Company has shares of Oi, which are listed on BM&F Bovespa and are subject to market fluctuation.

Currency risk

The Company mainly operates in the European Union. Consequently, the Euro is its functional currency and reporting currency. The Company does not hold any material positions other than its functional currency, reason why it does not incur in any currency risk. Therefore, the Company does not have any hedge positions.

Foreign currencies

The financial statements are presented in Euros, which is the functional and presentation currency. Therefore, there are no concentrations of foreign currency risk at balance sheet date.

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account. This consists of trade payables and Timor Telecom loan in USD and USD denominated bank accounts.

Interest rate and cash flow risk

The Company incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets, securities and cash) and on interest bearing non-current and current liabilities (including borrowings).

Where floating-interest receivables are concerned, the Company incurs risk regarding future cash flows. In addition, the Company incurs risks on fixed-interest loans and receivables with respect to the fair value due to changes in the market rate of interest. No financial derivatives for interest rate risk are contracted with regard to the receivables or debt instruments.

Credit risks

The Company incurs credit risks on loans granted to Oi group companies. These counterparties do not have a history of non-performance.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019 (in EUR)

NON-CURRENT ASSETS

5 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Loans to Oi group companies	Total
Opening balance	4,828,168	4,828,168
Movements 2019	--	--
Closing balance	4,828,168	4,828,168

The Company's loans to Oi group companies can be specified as follows:

Name	2019	2018
Loan to Oi Brasil Holdings Coop U.A. (Default Option)	4,828,168	4,828,168
	4,828,168	4,828,168

Loan to Oi Brasil Holdings Coop U.A.

The loan to Oi Brasil Holdings Coop U.A. can be specified as follows:

	2019	2018
Opening balance	4,828,168	3,776,358,517
Capitalized interest up to 20 June 2016 (restructuring)	--	35,028,791
Fair value adjustment on Loan to Oi Brasil Holdings Coop	--	(3,806,559,140)
Closing balance	4,828,168	4,828,168

On March 17, 2016 credit agreement with Oi Brasil Holdings Coop U.A. was amended by refinancing and opening the credit line with seven separate tranches up to EUR 3,723,236,983. Intercompany receivable loan from Oi Brasil Holdings Coop U.A. in the amount of EUR 3,702,952,932 bears interest at 5.26375% per annum with the maturity date varying from March 22, 2017 to June 14, 2025 depending on different tranches.

Following the Judicial Reorganization Plan, dated December 20, 2017, on page 27, paragraph 4.6 "Intercompany Credits", the intercompany loan with Oi Brasil Holdings Coop U.A., denominated in EUR, being part of the list, has changed its conditions to the "Default Option". The accrued interest up to June 20, 2016, has been capitalized (total of EUR 35,028,790.70 (equivalent of USD 39,694,479.87)) to principal amount of the intercompany loan with Oi Brasil Holdings Coop U.A.

>Principal shall be repaid as of twenty (20) years after the settlement of the General Payment Method claims.

>Principal of the intercompany loans shall be repaid in five (5) annual, equal and successive installments, with the first installment maturing on the last Business Day of the end of the term of the settlement of the General Offer claims, being February 5, 2062, and last installment maturing on February 5, 2066.

>Principal of the intercompany loans, denominated in USD or EUR, will bear no interest.

>The loan payable is stated at fair value. The fair value was calculated based on an internal valuation that took into consideration the cash flows from this payable and determined by discount rate of 14.4268%, consistent with the maturity and the currency of payable.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019
(in EUR)

CURRENT ASSETS

6 LOANS TO OI GROUP COMPANIES

	CCY	Amount in CCY	2019	2018
Loan to Timor Telecom S.A.			4,000,000	4,000,000
Loan to Timor Telecom S.A.	USD	15,000,000.00	13,345,196	13,093,575
			<u>17,345,196</u>	<u>17,093,575</u>

Intercompany receivable loan from Timor Telecom S.A. in the amount of EUR 4,000,000 bears interest at 12% per annum (2018: 12%) with the maturity date on January 1, 2021.

Intercompany receivable loan from Timor Telecom S.A. in the amount of USD 15,000,000 bears interest at 10% per annum with the maturity date on January 31, 2022.

7 RECEIVABLES

As at December 31, 2019, this item can be detailed as follows:

	2019	2018
Interest loan receivable	5,524,204	3,633,390
Other receivables	18,403	18,403
	<u>5,542,607</u>	<u>3,651,793</u>

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

8 CASH AND CASH EQUIVALENTS

	2019	2018
Current account balances	4,175	1,448,905
	<u>4,175</u>	<u>1,448,905</u>

The fixed deposits expire within one year after balance sheet date. No other restrictions on usage exist. In order to dilute the credit risk related to fixed deposits, the Company's policy is to invest its cash for short term periods, entering in agreements with reputable financial institutions and diversifying counterparties. The total of the current account balances is at the Company's free disposal.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019 (in EUR)

9 SHAREHOLDERS' EQUITY

The Company has an issued share capital divided into 1 or more shares with a nominal value of EUR 500 each.

As at December 31, 2019, 2,200,561 shares were issued and fully paid-up. The movements in the year under review can be summarised as follows:

	Issued and paid-up capital	Share premium	Other reserves	Result for the year	Total
Opening balance 2018	21,000	752,090,368	(711,844,637)	20,875,420	61,142,150
Adjustment	--	--	(3,702,488,019)	--	(3,702,488,019)
Additions	--	1,055,511,815	--	--	--
Result for the year	--	--	--	1,961,256,884	1,961,256,884
Profit appropriation	--	--	20,875,420	(20,875,420)	--
Opening balance 2019	21,000	1,807,602,183	(4,393,457,236)	1,961,256,884	(1,680,088,985)
Adjustment	--	44,748,028	(8,781,413)	--	--
Additions	1,100,259,500	(1,100,259,500)	--	--	--
Result for the year	--	--	--	(144,168,903)	(144,168,903)
Profit appropriation	--	--	1,961,256,884	(1,961,256,884)	--
Closing balance 2019	1,100,280,500	752,090,711	(2,440,981,765)	(144,168,903)	(1,824,257,888)

On January 31, 2019, the shareholder made the share premium contribution in the amount of EUR 1,100,259,843. On December 19, 2019, the Company issued new shares 2,200,519 with the nominal value of EUR 500. The issue price totalling EUR 1,100,259,500 has been paid by charging share premium reserve.

10 NON-CURRENT LIABILITIES

	Remaining term less than 1 year	Remaining term between 1 and 5 years	Remaining term more than 5 years	Total non-current liabilities 2019
General Offer EUR	--	--	530,798,078	530,798,078
Fair value adjustment	--	--	(508,716,161)	(508,716,161)
General Offer USD	--	--	6,980	6,980
Loan from Oi S.A. (NQ Facility) USD	--	--	69,648,650	69,648,650
Fair value adjustment	--	--	(29,039,838)	(29,039,838)
Loan from Oi S.A. (Q Notes) USD	--	--	763,954,509	763,954,509
Fair value adjustment	--	--	(97,444,222)	(97,444,222)
	--	--	729,207,996	729,207,996

Repayment obligation within 12 months as at balance sheet date are included in current liabilities.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019
(in EUR)

11 CURRENT LIABILITIES

	2019	2018
Payables to group companies	20,119	44,899,611
Interest payable	30,518,003	--
Trade payables /debts and accruals	753,486	1,041,291
Total	31,291,608	45,940,902

The remaining term of the current liabilities is less than one year.

The Payables to group companies are specified as follows:

Description	2019	2018
Payable to Oi S.A.	--	44,879,871
Payable to Oi Brasil Holdings Coop U.A.	20,119	19,740
	20,119	44,899,611

12 GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Bank expenses	432	1,821
General expenses	851	11,191
Legal expenses	38,720	135,826
Project Ocean consulting services	--	1,986,574
Audit expenses	123,331	60,500
Accounting expenses	57,355	20,000
Tax advisory expenses	199,962	218,804
Professional services	5,912	15,835
Management expenses	394,591	83,151
Fees chamber of Commerce	48	--
Stock listing fees	3,218	--
Non-refundable VAT cost	303,101	--
	1,127,521	2,533,702



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019 (in EUR)

13 TAXATION

	2019	2018
Corporate Income Tax 2017	(8,202)	--
Corporate income taxes in foreign jurisdictions	--	(6,751,750)
	<u>(8,202)</u>	<u>(6,751,750)</u>

The company is subject to Dutch taxation and tax calculations are made in accordance with the Advance Pricing Agreement entered into with the Dutch tax authorities.

14 OTHER NOTES

Commitments and contingencies not included in the balance sheet

Legal disputes

On March 16, 2016, a noteholder of notes of which the Company is the issuer, commenced legal proceedings before the Amsterdam district court against, amongst others, the Company, Oi Brasil Holdings Coöperatief U.A. (the Cooperative) and another Oi group company, mainly challenging the loan granted by the Company to the Cooperative and claiming damages. The initial Court date for the first appearance in the proceedings is 27 July 2016. The Company intends to defend itself against the claims brought.

The Company understands that in connection with the subscriptions in Rio Forte Notes and the involvement of former directors of PT SGPS there have been information requests by the U.S. SEC and Brazilian CVM, and authorities in Portugal and Luxembourg are conducting investigations. As far as the Company is aware, the Company is not a subject or target of such investigations. The Company is not aware of the current status of such investigations.

There are no other commitments and contingencies to be disclosed that were not included in the balance sheet.

Number of employees and employees costs

Neither during the year under review nor in the previous year did the Company have any employees. Hence, it did not pay any wages and related social security.



Portugal Telecom International Finance B.V.

Notes to the balance sheet and income statement as at December 31, 2019 (in EUR)

15 DIRECTORS

During the year under review, the Company had seven Managing Directors, who received no remuneration during the current or the previous financial year. The Company has no Board of Supervisory Directors.

On March 3, 2016 Trust International Management (T.I.M.) B.V., W.J. Langeveld and Mr. J.P.V.G. Visser resigned as Managing Directors B of the Company. On the same day, Mr. F. Nicolay Guimaraes and Mr. B. de P. Gontijo resigned as Managing Directors A of the Company. On the same day, Ms. C.G. Mocellin was appointed as Managing Director of the Company.

On August 10, 2016 Mr. M. Norci Schroeder resigned as Managing Director A of the Company and on the same day Mr. C.A. Machado Pereira de Almeida Brandão was appointed as Managing Director of the Company.

On October 3, 2016 Mr. J.L.M. Groenewegen was appointed as Administrator of the Company and on the same day Mr. M.J.E. Geradts was appointed as Commissioner of the Company.

On April 19, 2017 Mr. J.L.M. Groenewegen resigned as Administrator of the Company and on the same day was appointed as Curator of the Company. On the same day, Ms. C.G. Mocellin and Mr. C.A. Machado Pereira de Almeida Brandão resigned as Managing Directors of the Company and Dommo Empreendimentos Imobiliários Ltda. was appointed as Managing Director of the Company.

On June 11, 2018 Mr. J.L.M. Groenewegen resigned as Curator of the Company and on the same day Mr. M.J.E. Geradts resigned as Commissioner of the Company.

On September 20, 2018 Dommo Empreendimentos Imobiliários Ltda. resigned as Managing Director of the Company and on the same day CVTEL B.V. was appointed as the sole Managing Director of the Company.

The Board of Managing Directors.

CVTEL B.V.
Managing Director B

Amsterdam,



Portugal Telecom International Finance B.V.

Other Information

Statutory provision regarding appropriation of result

In accordance with Article 14 of the Articles of Association, profit shall be at the disposal of the Annual General meeting of Shareholders. Profit distribution can only be made to the extent that Shareholder's Equity exceeds the issued and paid-up share capital and legal reserves. Dutch law stipulates that distributions may only be made to the extent the Company's equity is in excess of the reserves it is required to maintain by law and its Articles of Association. Moreover, no distributions may be made if the Management Board is of the opinion that, by such distribution, the Company will not be able to fulfill its financial obligations in the foreseeable future.

Proposed appropriation of result

The Board of Managing Directors proposes to add the net profit for the year to the other reserve. This proposed appropriation of result has not been reflected in the financial statements, and is subject to the approval of the General Meeting of Shareholders.

Post balance sheet events

No major post balance sheet events affecting the financial statements have occurred to date.

