

# Consolidated Results 1H 2005

## Report and Accounts

## Board of Directors' Report on Consolidated Results 1H05 ( IFRS/IAS )

Turnover reaches 95.0 M€  
(73.4 M€ in 1H04)

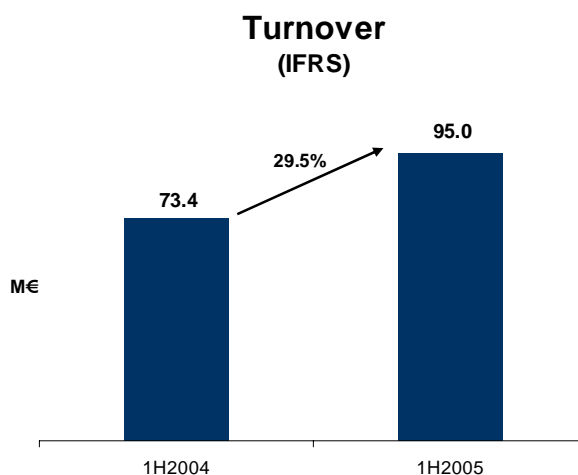
EBITDA reaches 8.5 M€  
(9.0 M€ in 1H04)

Net Profit reaches 3.7 M€  
(3.5 M€ in 1H04)

### 1. Key Indicators

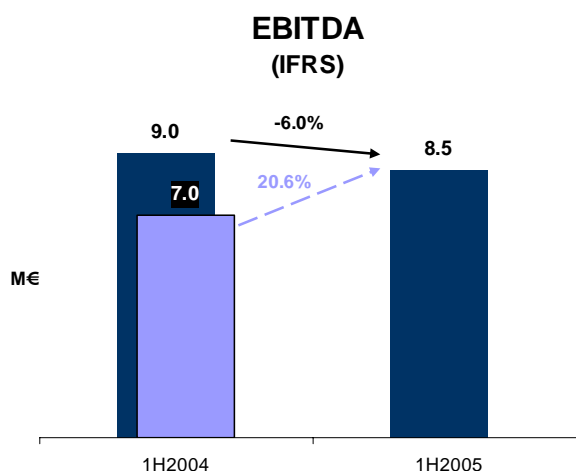
#### 1.1. Turnover

The Consolidated Sales and Services Volume in the First Half of 2005 (1H05) reached 95.0 M€ (million euros), which represents an increase of 29.5% vs. the 73.4 M€ in 1H04.



## 1.2. EBITDA

The Operational Cash Flow (EBITDA) reached 8.5 M€, representing a decrease of 6.0% vs. the 9.0 M€ in 1H04. This value of 2004 includes, however, a value of 2.0M€ from a non-recurring gain resulting from the sale of a participation. Therefore EBITDA excluding this effect has in fact improved 20.6%.

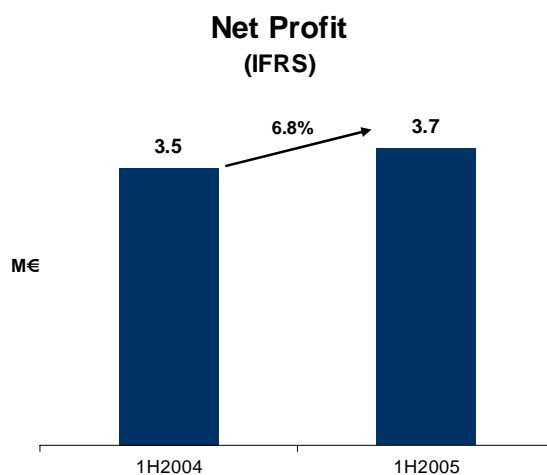


The EBITDA margin in 2005 was 8.9%, compared to 12.3% in 1H04. Once again, excluding the non-recurring gain in 1H04, the EBITDA margin in the period would be 9.6% instead of 12.3%, comparing to the 8.9% now registered.

Operational Results (EBIT) reached 5.6 M€, which represents a decrease of 3.5% compared to the 5.8 M€ in 1H04.

## 1.3. Net Profit

The Consolidated Net Results, with minority interests already deducted, reached 3.7 M€ in the period, showing an increase of 6.8% vs. the 3.5 M€ in 1H04.



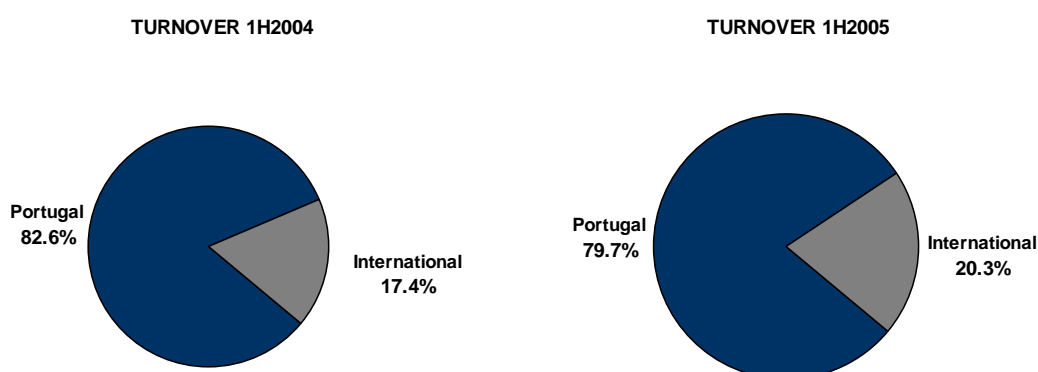
This presentation compares 1H05 IFRS numbers with 1H04 IFRS numbers. The 1H04 numbers disclosed use the IFRS/2 rules and were adjusted to the consolidation perimeter associated to the business of Novabase Brazil, discontinued in 2H04.

## 2. Short Summary of the Activity

Novabase activity during 1H05 may be considered quite positive, registering a general and significant improvement on Turnover and Net Profit.

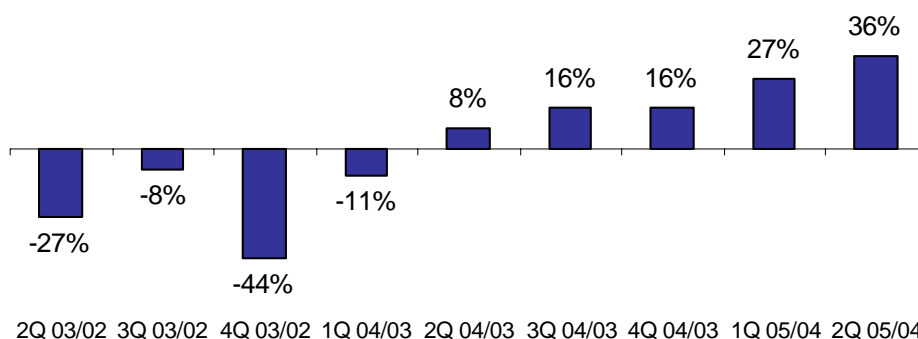
EBITDA recorded in 1H05, amounting to 8.5M€, was 6.0% below the EBITDA registered in 1H04. However, the EBITDA value recorded in 1H04, amounting to 9.0 M€, includes 2.0 M€ from a non-recurring gain resulting from the alienation of part of the participation on the Octal TV subsidiary. If we consider this fact, EBITDA has improved approximately 20.6%.

In what concerns the international business it is worthy to point out that the total business at the end of 1H05 already represents 20.3% of Novabase's global business compared to 17.4% in 1H04.



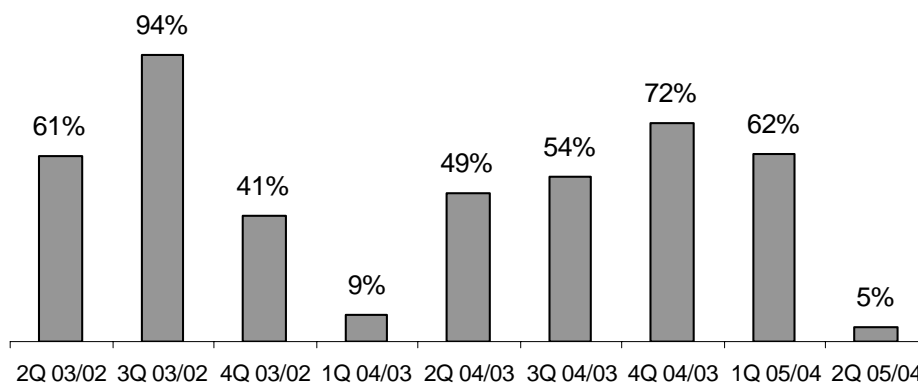
Novabase Consulting division, after four consecutive quarters of decrease in activity when compared to the same period the previous year, reaches another five consecutive quarters of increasing activity. Q204, Q304, Q404, Q105 and Q205 showed growth (respectively, +8% compared to Q203, +16% compared to Q303, +16% compared to Q403, +27% compared to Q104 and +36% compared to Q204), which clearly indicates a consolidation in growth in this activity. This growth is achieved without sacrifice of business margins and is a result of significant optimisation work undertaken in this area.

**Turnover Q-o-Q**  
**Novabase Consulting**



Novabase Engineering Solutions division maintains growth compared to the same period the previous year, in this case 5% in Q205 when compared to Q204. This growth is not as strong as in previous periods partly due to the activity of TechnoTrend, in which some license sales were registered instead of set-top-box sales. This decision, in the contracts in which it occurs, results in a lower sales volume but, on the other hand, considerably reduces the financial effort of this business without too much impact on business margins. Still, growth in this division in the semester was 28%.

**Turnover Q-o-Q**  
**Novabase Eng. Solutions**



The breakdown of turnover by division is similar to what occurred in 1H04, with the Novabase Engineering Solutions division accounting for 67.5% of the total vs. 68.3% in 1H04. Considering that in this semester the growth of Novabase consulting division (+31.8%) was higher than growth of Novabase Engineering Solutions division (+28.0%), the weight of the first in global business has slightly increased.



Following Novabase 2004 decision to discontinue operations of Novabase Brazil, it was decided during the 2Q of 2005 to dispose 80% of the participation, generating a 0.6 M€ result. The fiscal impacts of both this disposal and of the discontinuation of the Training activity were recorded in the tax line.

Novabase has decided at the end of the semester to establish together with IAPMEI a venture capital fund which will be managed by Novabase Capital. Novabase has therefore decided that the support to new IT initiatives outside the scope of its core business i.e. its business divisions, should be directed to this partnership.

This fund has a capital of 7.1 M€ and is directed at minority investments in technological PME's in Portugal. IAPMEI participates with 70% of the capital in this venture managed by Novabase Capital which increases Novabase's capacity of supporting innovative projects within the technological sector with limited risk.

You will find below a summary of the main events to be highlighted within this period in each Novabase division.

## 2.1. Novabase Consulting Division

Reinforcing the trend registered during the last periods, Novabase Consulting grew significantly in 1H05, generating a 28.9 M€ Turnover (+31.8% compared to 1H04). This performance is particularly noteworthy considering it was achieved in a period of close to zero growth in the Portuguese economy, therefore showing Novabase's value proposition in this area to be competitive.

EBITDA margin in the period has stabilized around 16.3%, similar to 1H04 percentage (16.6%).

This division's activity in the three most important market segments was characterized by the following:

- Government: 1H05 was marked by the beginning of the new Government functions exercise, nevertheless as expected, investment decisions in the sector were not implemented. Particularly it is still not clear the liquid impact of the announced Technological Plan on investment increase in IT in Public Administration. In this market segment one should note the significant projects in the Social Security, Defence and Finance areas.
- Telecommunications: 1H05 was distinguished by the continuing collaboration with the main operators in the market. To be noted is the awarding of new projects and the continuation of significant projects in different geographies (Belgium, Israel, South Africa, Egypt) to undertake CRM implementations, profiting from the know-how gathered since the offer in this area was deployed in 1998. Several consulting projects under strategic IT areas were developed for a mobile operator in its European consolidation strategy.
- Financial Services: 1H05 finally confirmed 2004 signs of recovery for this market. The need to comply with new directives (such as Basel II, Sarbanes-Oxley, the transition to IFRS rules) is, to a point, responsible for the increase in demand. Novabase developed projects in core systems, security and consultancy support to the implementation of document management platforms for some of the major companies in the Portuguese financial market.

At the end of 1H05 this division had an average number of 733 consultants.

## 2.2. Novabase Engineering Solutions Division

The Novabase Engineering Solutions division Turnover was approximately 64.2 M€, which represents 67.5% of Novabase's global Turnover and a growth of 28.0% compared to the previous year.

This revenue was a result of the supply of television equipment (cable, satellite and terrestrial) and the associated system integration services (in a total amount of 24.3 M€ revenue, which compares to 21.5 M€ revenue in 1H04, 13.2% growth), as well as the supply of equipment and services in Ticketing, Telecommunications, Infrastructures and Systems Integration areas (in a total amount of 39.8 M€ revenue compared to 28.6 M€ revenue the previous year, 39.1% growth).

In terms of EBITDA, this division has generated a value of 3.7 M€ (representing 5.7% of turnover). This value breakdown is 1.0 M€ from the television area and 2.7 M€ from the remaining infrastructure areas.

During this period several activities were developed aiming at this division's business enhancement, among which the following will be stressed:

- In the Ticketing & Transport Solutions area, several supply contracts and solutions for the installation of sale points and sophisticated systems for Ticketing and Validation of Contactless and Conventional Electronic tickets were obtained and carried out during 1H05, which represent structuring investments for the profitability improvement of the major national transport operators. In this context Novabase was also awarded contracts to assist its clients with the maintenance of these solutions throughout their whole life cycle.
- In the Enterprise Computing Solutions area the clear positioning of Novabase among its strategic partners HP and Microsoft has enabled the implementation of a growing number of large computer infrastructures roll-out, migration and maintenance projects. Noteworthy in the period was the development of mobility solutions based on Microsoft platform for the corporate market.
- In the Telecom & Networking Solutions the strategic alignment, investment and specialization in Cisco communication platforms and additional equipment, associated with Novabase's solutions and professional services capacity for resource optimisation in IP networks were decisive for the choice of Novabase for the implementation of crucial projects for enhancing the efficiency of the business of the major telecommunications operators, financial institutions, public administration and companies in the market in general.
- As for the Interactive Digital TV Solutions area, the bet on innovation for the design of Digital TV solutions has enabled the awarding of new contracts or renewal of existing contracts for the supply of satellite decoders for Satellite, Cable and Terrestrial Digital Television. Particularly noteworthy was the entry into the Swiss Digital Terrestrial market and the structuring investments on the creation of new technological (e.g. DVB-H and HDTV) and operational platforms (e.g. contracting of new electronics production factories)

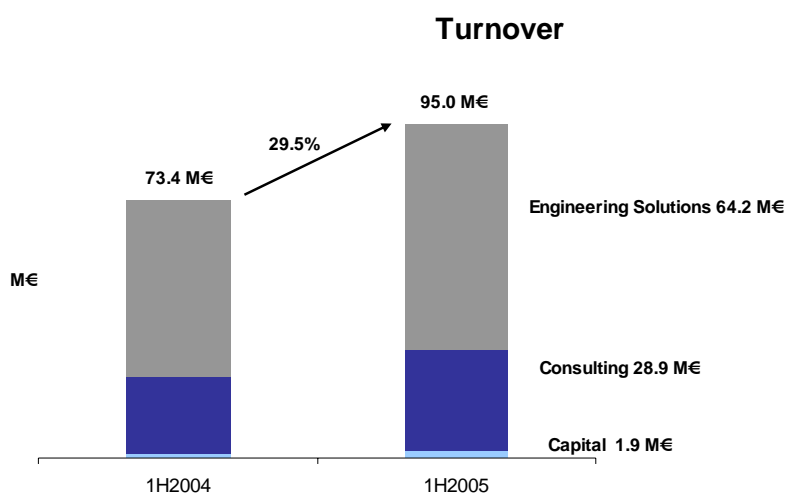


in order to allow an increase in profitability in the growing number of orders scheduled for delivery in the next quarters.

At the end of 1H05 this division had an average number of 405 consultants.

### 3. Economical-Financial Analysis

In the 1st Half of 2005, Turnover reached 95.0 M€, representing a growth of 29.5% compared to the same period of the previous year.

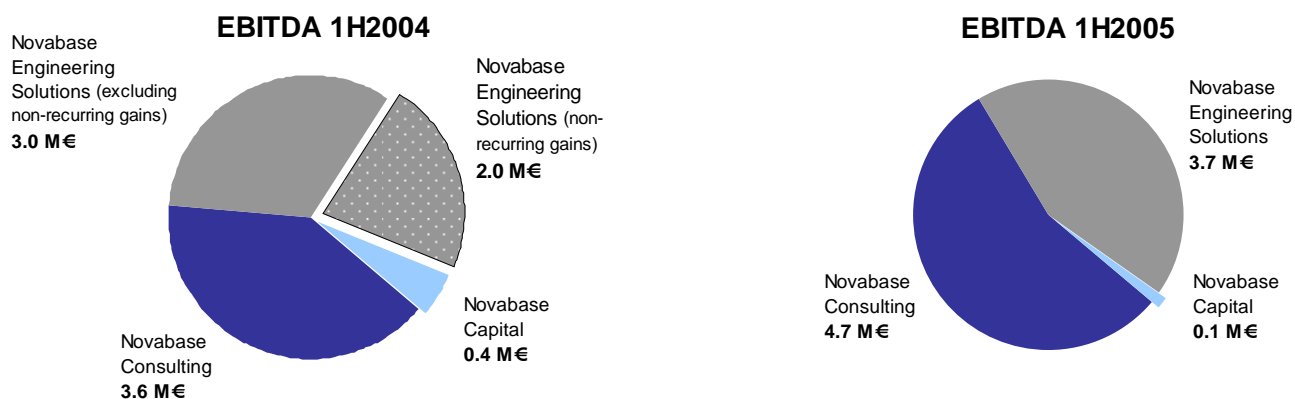


In terms of activity compared to the same period last year:

- Novabase Engineering Solutions division grew 28.0% from 50.1 in 2004 to 64.2 M€ in 2005. Organic growth was 20.8%, not considering the effect of perimeter variation - acquisition of TechnoTrend BV in 2Q04, accounting for a turnover of 3.7M€ in 1Q05.
- Novabase Consulting division grew 31.8% from 21.9 in 2004 to 28.9 M€ in 2005.
- Novabase Capital grew 47.6% from 1.3 in 2004 to 1.9 M€ in 2005.
- 

EBITDA in 1H05 reached 8.5 M€, decreasing 6.0% compared to 9.0 M€ in 2004. In a percentage basis of the Turnover, EBITDA in this period represents approximately a total

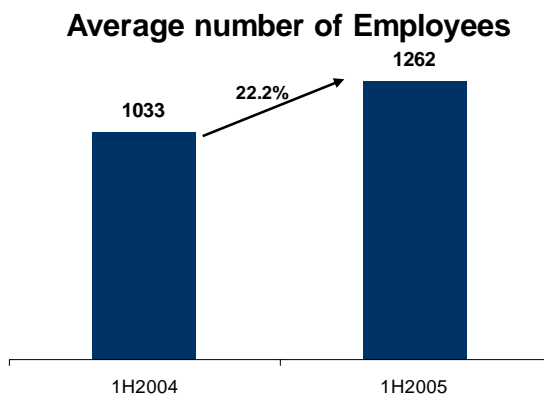
margin of 8.9%. If the 2.0 M€ in non-recurring gains obtained in 1H04 related to the sale of part of the stake in Octal TV were to be excluded, the EBITDA in 1H04 would have been 7.0 M€, which would imply a growth of 20.6% between 1H05 and 1H04.



In the 1st Half of 2005, this margin breakdown per business division is analyzed as follows:

- Novabase Engineering Solutions division presented an EBITDA of 3.7 M€ which corresponds to a margin of 5.7%.
- Novabase Consulting division presented an EBITDA of 4.7 M€ which corresponds to a margin of 16.3%.
- Novabase Capital presented an EBITDA of 0.1 M€ corresponding to a margin of 6.2%.

The Average Number of Employees, 1033 in the 1st half of 2004, increased 22.2% to 1262 in the 1st half of 2005.



Operational Results (EBIT) reached 5.6 M€ in this period, representing a slight decrease compared with the same period in 2004 (5.8 M€).

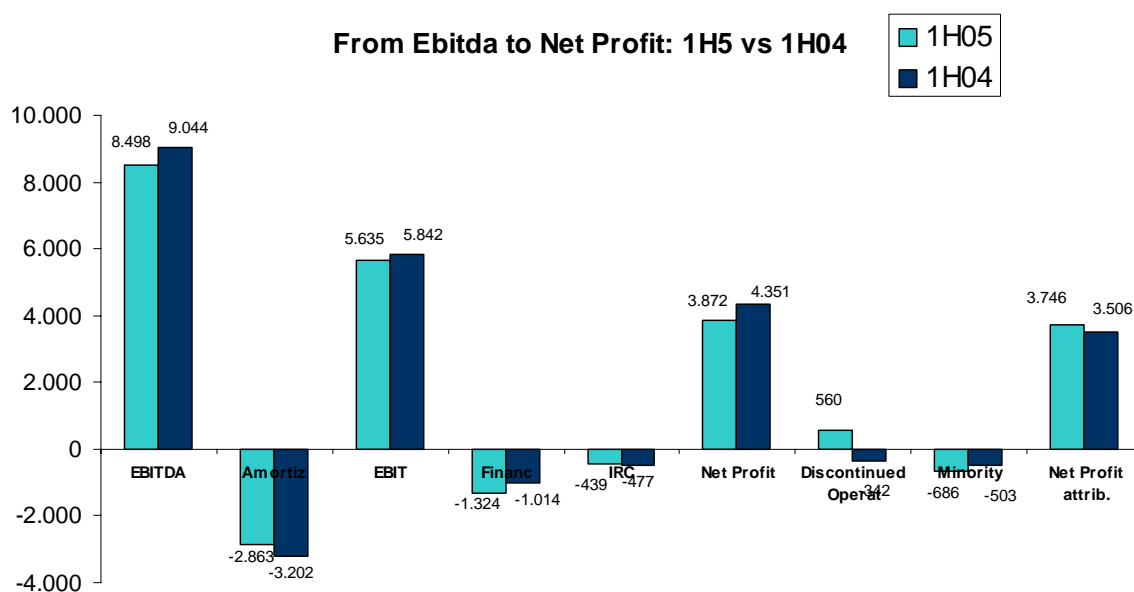
The Financial Results of this period registered a net negative value of 1.3 M€, compared to a negative value of 1.0 M€ in 1st half of 2004, mainly due to the increase of 0.4 M€ in exchange differences.

Earnings Before Taxes and Minority (EBTM) in the 1st half of 2005 with the net value of 4.3 M€, reflect a decrease compared to the 1st half of 2004 (4.8 M€).

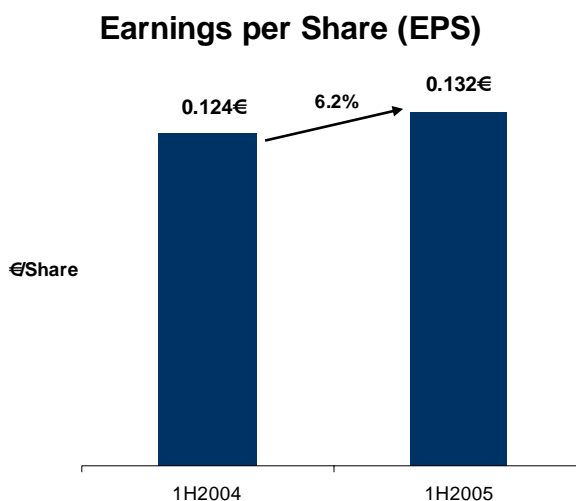
Equity increased from 72.2 M€, in December 2004, to 76.5 M€, in June 2005, incorporating the results for the year.

The value of attributable Net Profit to the Equity Holders of Novabase of 3.7 M€, represent a growth of 6.8% towards 2004 (3.5 M€).

The reconciliation between EBITDA and net profit is as follows:



The Earnings per Share presented a growth from 0.124 to 0.132 euros per share, following the Net Profits trend, considering the average number of shares in the period.



The Consolidated Balance Sheet on 30 June 2005 kept a positive 'Global Net-Cash' situation of 10.1 M€, reflecting an increase comparing to the 5.3 M€ in March 2005. This performance is especially noteworthy given that the increase in activity implied an increase in working capital (in inventories and in accounts receivable) and also given the remaining payment of 1 M€ related with the acquisition of Technotrend.

Inventories went from 12.1 in June 2004 to 17.5 M€ in 2005. The weight of inventories over sales registered an increase from 30.0% to 32.6%.

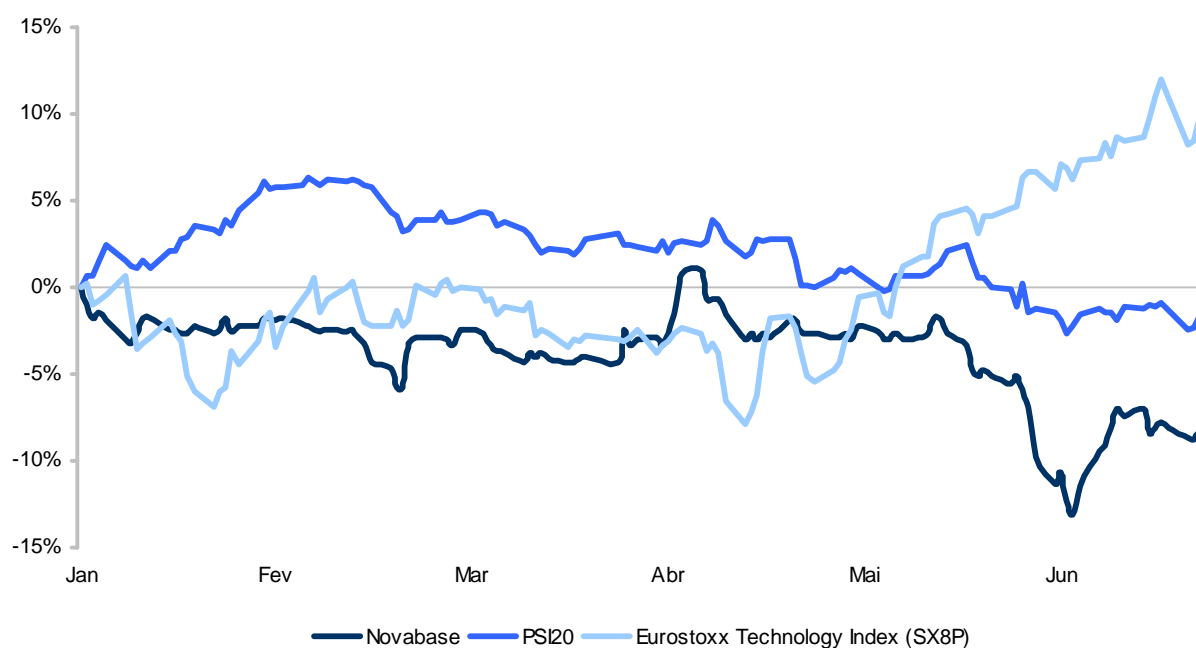
The 'Trade debtors and accrued income balance' on 30 June 2005 amounted to 57.1 M€, compared with 56.4 M€ in the prior period. The average collection period decreased to 91 days (in 2004 – 116 days).

## 4. Stock Performance

The 1H05 was marked by some recovery in the IT sector without any impact on the Novabase share, which was affected by the unfavourable economic conditions of the Portuguese market and mostly by the exit from the PSI20 announced in June, which was essentially due to the lower liquidity in relation to other shares in the Euronext Lisbon.

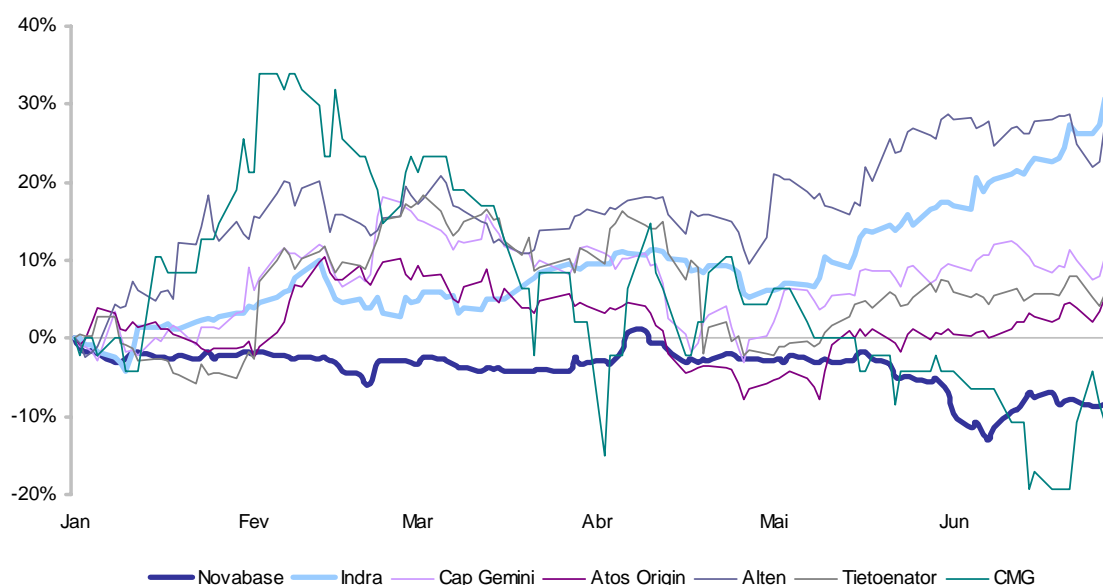
Novabase share ended the period losing approximately 9.4%, while EuroStoxx Technology gained approximately 8.59%. PSI20 annulled the gains, ending the period losing approximately 1.2%.

### Novabase and the Market



When comparing Novabase share prices with other companies in the IT sector in Europe, we verify that Novabase share performance at the end of the six month period is well below the average performance of other IT, showing a lower volatility.

## Novabase and Other TMT



The average price, weighted by quantity, of Novabase shares during 1H05, was 5.99 euros per share. Approximately 2.5 million shares were traded in all the 126 stock Exchange sessions in 1H05, corresponding to a transaction value of 15.2 M€. The average daily number of shares traded was approximately 20.1 thousand shares, corresponding to a daily average value of approximately 0.12 M€.

In terms of liquidity, the 1H05 rotation represented approximately 32.1% of the free-float and corresponds to approximately 8.9 % of Novabase total capital.

The price in the stock Exchange in the last tradable day of 1H05, June 30 2005, was 5.68 euros, which represents a loss of approximately 9.4 % compared to the 6.27 euros which was Novabase's share price at the end of 2004.

The maximum closing price which took place during the six months of 1H05 was 6.33 euros, while the minimum price registered was 5.45 euros. The market capitalization at the end of 1H05 was 163.2 M€.

Summary	2Q05	1Q05	4Q04	3Q04	2Q04
Minimum price (€)	5.45	5.91	5.68	5.01	5.60
Maximum price (€)	6.33	6.27	6.30	5.70	6.97
Volume weighted average price	5.99	6.10	6.10	5.19	6.31
Nº of shares traded	2.536.910	880.971	1.678.167	1.246.620	1.491.194
Market capitalization in the last day of the period (M€)	163.2	172.1	178.1	161.9	150.1

### Board of Directors

Rogério dos Santos Carapuça  
 José Afonso Oom Ferreira de Sousa  
 Pedro Miguel Quinteiro Marques de Carvalho  
 Álvaro José da Silva Ferreira  
 João Nuno da Silva Bento  
 Luís Paulo Cardoso Salvado  
 João Filipe dos Santos Teixeira Neto  
 João Vasco Tavares da Mota Ranito  
 Nuno Miguel Isidoro Duarte  
 José Carlos de Almeida Pedro de Jesus  
 Joaquim Sêrvulo Rodrigues

**Annex to the Board of Directors' Report**  
**30-06-2005**

Publication of Shareholding of Members os the Corporate Boards (point 5 of Article 447 of the Company Code)

<b>Shareholders</b>	<b>Nº of Shares</b>	<b>% Capital</b>	<b>% Voting Rights</b>
José Afonso Oom Ferreira de Sousa	3 035 291	10.6%	10.6%
Pedro Miguel Quinteiro Marques de Carvalho	3 035 242	10.6%	10.6%
Rogério dos Santos Carapuça	2 287 001	8.0%	8.0%
Luís Paulo Cardoso Salvado	2 169 770	7.6%	7.6%
João Nuno da Silva Bento	2 166 543	7.5%	7.6%
Álvaro José da Silva Ferreira	982 668	3.4%	3.4%
João Filipe dos Santos Teixeira Neto	598 410	2.1%	2.1%
João Vasco Tavares da Mota Ranito	598 410	2.1%	2.1%
José Carlos de Almeida Pedro de Jesus	447 593	1.6%	1.6%
Nuno Miguel Isidoro Duarte	251 770	0.9%	0.9%
<b>Total</b>	<b>15 572 698</b>	<b>54.21%</b>	<b>54.52%</b>

Publication of Shareholding (point 4 of Article 448 of the Company Code)

<b>Shareholders</b>	<b>Partial Nº</b>	<b>Nº of Shares</b>	<b>% Capital</b>	<b>% Voting Rights</b>
José Afonso Oom Ferreira de Sousa		3 035 291	10.6%	10.6%
Pedro Miguel Quinteiro Marques de Carvalho		3 035 242	10.6%	10.6%
ES TECH VENTURES, SGPS, SA	1 792 144			
Sociedades em relação de domínio ou do grupo	1 550 044			
Elementos dos Órgãos Sociais	150			
Grupo Banco Espírito Santo, SA ( Artº20 nº1 of CVM)		3 342 338	11.6%	11.7%
CGD Pensões - Soc.Gestora Fundos Pensões, SA - Grupo CGD	1 284 193			
Caixagest - Técnicas de Gestão de Fundos, SA	1 440 750			
Grupo Caixa Geral de Depósitos (Artº20 nº1 of CVM)		2 724 943	9.5%	9.5%
Rogério dos Santos Carapuça		2 287 001	8.0%	8.0%
Luís Paulo Cardoso Salvado		2 169 770	7.6%	7.6%
João Nuno da Silva Bento		2 166 543	7.5%	7.6%
Paulo Jorge Ferreira Andrez		982 493	3.4%	3.4%
Álvaro José da Silva Ferreira		982 668	3.4%	3.4%
AF Investimentos - Fundos Mobiliários, SA - Grupo BCP		896 509	3.1%	3.1%
Fernando Eduardo Ribeiro Marques		837 467	2.9%	2.9%
Santander - Sociedade Gestora de Fundos de Investimento Mobiliário, SA		797 602	2.8%	2.8%
João Filipe dos Santos Teixeira Neto		598 410	2.1%	2.1%
João Vasco Tavares da Mota Ranito		598 410	2.1%	2.1%
José Carlos de Almeida Pedro de Jesus		447 593	1.6%	1.6%
Nuno Miguel Isidoro Duarte		251 770	0.9%	0.9%
Manuel Saldanha Fortes Tavares Festas		91 000	0.3%	0.3%
<b>Total</b>		<b>25 245 050</b>	<b>87.88%</b>	<b>88.39%</b>



**NOVABASE S.G.P.S., S.A.**

**Financial Statements**

**for the  
six months ended  
30 June 2005**

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**I. CONSOLIDATED FINANCIAL  
STATEMENTS  
for the six Months Ended 30 June 2005**

# NOVABASE S.G.P.S., S.A.

## Consolidated Balance Sheet as at 30 June 2005

(Amounts expressed in thousands of Euros)

	Notes	30.06.05	31.12.04
<b>Assets</b>			
Tangible fixed assets	7	6 875	5 938
Intangible fixed assets	8	37 790	38 731
Investments in associates	9	1 732	1 710
Deferred income tax assets	10	8 404	7 979
<b>Total non Current Assets</b>		<b>54 801</b>	<b>54 358</b>
Inventories	11	17 487	15 627
Trade and other receivables	12	56 895	50 577
Income tax receivable		1 094	1 076
Accrued income	13	11 600	9 367
Other current assets	14	4 666	4 472
Available-for-sale financial assets	15	691	807
Cash and cash equivalents	16	22 560	37 339
<b>Total Current Assets</b>		<b>114 993</b>	<b>119 265</b>
Non-current assets classified as held for sale and discontinued operations	17	560	482
		<b>170 354</b>	<b>174 105</b>
<b>Shareholders' Equity</b>			
Share capital	18	14 363	14 203
Treasury shares	18	(82)	(4)
Share premium	18	37 252	35 825
Reserves and retained earnings	19	21 229	17 838
Consolidated net profit\ (loss) for the period	19	3 746	4 321
<b>Total Equity attributable to the Company's equity holders</b>		<b>76 508</b>	<b>72 183</b>
<b>Minority interests</b>	20	<b>13 857</b>	<b>12 248</b>
<b>Total equity</b>		<b>90 365</b>	<b>84 431</b>
<b>Liabilities</b>			
Borrowings	21	8 494	9 271
Provisions	25	577	168
Deferred income tax liabilities	10	100	100
<b>Total non Current Liabilities</b>		<b>9 171</b>	<b>9 539</b>
Borrowings	21	7 428	8 892
Trade and other payables	23	52 877	56 569
Income tax payable		908	423
Deferred income and other current liabilities	24	9 605	13 769
<b>Total Current Liabilities</b>		<b>70 818</b>	<b>79 653</b>
<b>Total liabilities of continuing operations</b>		<b>79 989</b>	<b>89 192</b>
Liabilities directly associated with non-current assets classified as held for sale	17	-	482
		<b>170 354</b>	<b>174 105</b>

Lisbon, July 27, 2005

THE ACCOUNTANT

THE BOARD OF DIRECTORS

The accompanying notes are an integral part of these financial statements

# NOVABASE S.G.P.S., S.A.

## Consolidated Income Statement for the six Months Ended 30 June 2005

(Amounts expressed in thousands of Euros)

	Notes	30.06.05	30.06.04
<b>Continuing Operations</b>			
Sales	5	53 684	40 265
Services rendered	5	41 336	33 121
Cost of goods sold		(41 684)	(34 029)
External supplies and services	26	(21 621)	(15 159)
Staff costs	27	(22 955)	(17 218)
Other gains and (losses) - net	28	(262)	2 064
<b>Gross operating profit</b>		8 498	9 044
Depreciation / amortisation	29	(2 863)	(3 202)
<b>Operating profit</b>		5 635	5 842
Finance costs - net	30	(1 324)	(1 072)
Share of profit of associates	31	-	58
<b>Profit before income tax</b>		4 311	4 828
Income tax	32	(439)	(477)
Profit for the period from continuing operations		3 872	4 351
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	17	560	(342)
<b>Net profit for the year</b>		4 432	4 009
<b>Attributable to:</b>			
Equity holders of the Company		3 746	3 506
Minority interest	20	686	503
		4 432	4 009
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the period (€ per share) - basic</b>	33	0.11 euros	0.14 euros
<b>Earnings per share for profit from discontinued operations attributable to the equity holders of the Company during the period (€ per share) - basic</b>	33	0.02 euros	(0.01) euros

THE ACCOUNTANT

THE BOARD OF DIRECTORS

The accompanying notes are an integral part of these financial statements

# NOVABASE S.G.P.S., S.A.

## Consolidated Cash Flow Statement for the six Months Ended 30 June 2005

(Amounts expressed in thousands of Euros)

	Notes	30.06.05	30.06.04
<b><i>Cash flows from operating activities</i></b>			
Cash receipts from customers		89 809	66 127
Cash paid to suppliers		(71 513)	(54 912)
Cash paid to employees		(26 068)	(17 079)
Cash Flow Generated by Operations		(7 772)	(5 864)
Income tax paid		(646)	(559)
Other operating proceeds / (payments)		(1 107)	1 383
		(1 753)	824
<b>Cash Flow generated by operating activities</b>		<b>(9 525)</b>	<b>(5 040)</b>
<b><i>Cash flows from investment activities</i></b>			
Receipts:			
Tangible fixed assets		-	5
State subsidies to investments		-	-
Interest and similar earnings		208	275
		208	280
Payments:			
Acquisition of subsidiary, net of cash acquired		(1 370)	(1 000)
Tangible fixed assets acquisitions		(1 783)	(791)
Intangible fixed assets acquisitions		(131)	(1 223)
		(3 284)	(3 014)
<b>Cash Flow (utilised) by investment activities</b>		<b>(3 076)</b>	<b>(2 734)</b>
<b><i>Cash flows from financing activities</i></b>			
Receipts:			
Borrowings	21	1 248	3 036
Share capital increases and share premium	18	1 587	748
Treasury shares sold	18	188	562
		3 023	4 346
Payments:			
Repayments of borrowings		(3 851)	-
Interests and similar costs		(1 379)	(1 513)
Treasury shares purchased	18	(1 104)	(651)
		(6 334)	(2 164)
<b>Cash Flow generated by financing activities</b>		<b>(3 311)</b>	<b>2 182</b>
<b>Cash and equivalents - net decrease</b>		<b>(15 912)</b>	<b>(5 592)</b>
<b>Cash and equivalents at the beginning of the period</b>		<b>36 042</b>	<b>28 867</b>
<b>Cash and equivalents at the end of the period</b>		<b>20 130</b>	<b>23 275</b>

The accompanying notes are an integral part of these financial statements



# NOVABASE S.G.P.S., S.A.

## Consolidated Statement of Changes in Shareholders' Equity for the six Months Ended 30 June 2005

(Amounts expressed in thousands of Euros)

	Attributable to equity holders of the Company						Minority Interest	Total Equity
	Share Capital	Share premium	Treasury shares	Legal reserves	Fair value gains net and other reserves	Retained earnings		
<b>Balance on January 1, 2004</b>	<b>14 128</b>	<b>35 153</b>	<b>(8)</b>	<b>1 225</b>	<b>84</b>	<b>16 031</b>	<b>6 087</b>	<b>72 700</b>
Foreign currency translation reserve	-	-	-	-	-	178	-	178
Fair value gains, net of tax	-	-	-	-	90	-	-	90
Other	-	-	-	-	-	(76)	-	(76)
Net income (expense) recognised directly in equity	-	-	-	-	90	102	-	192
Profit for the period	-	-	-	-	-	3 506	503	4 009
Total recognised income	-	-	-	-	90	3 608	503	4 201
Share capital increase	75	672	-	-	-	-	-	747
Legal reserve	-	-	-	29	-	(29)	-	-
Treasury shares movements	-	-	(6)	-	-	(83)	-	(89)
Changes in consolidation universe	-	-	-	-	-	-	4 523	4 523
<b>Balance on 30 June 2004</b>	<b>14 203</b>	<b>35 825</b>	<b>(14)</b>	<b>1 254</b>	<b>174</b>	<b>19 527</b>	<b>11 113</b>	<b>82 082</b>
<b>Balance on January 1, 2005</b>	<b>14 203</b>	<b>35 825</b>	<b>(4)</b>	<b>1 254</b>	<b>194</b>	<b>20 711</b>	<b>12 248</b>	<b>84 431</b>
Fair value gains, net of tax	-	-	-	-	(113)	-	-	(113)
Other	-	-	-	-	-	21	-	21
Net income (expense) recognised directly in equity	-	-	-	-	(113)	21	-	(92)
Profit for the period	-	-	-	-	-	3 746	686	4 432
Total recognised income	-	-	-	-	(113)	3 767	686	4 340
Issue of share capital	160	1 427	-	-	-	-	-	1 587
Treasury shares movements	-	-	(78)	-	-	(838)	-	(916)
Changes in consolidation universe	-	-	-	-	-	-	923	923
<b>Balance on 30 June 2005</b>	<b>14 363</b>	<b>37 252</b>	<b>(82)</b>	<b>1 254</b>	<b>81</b>	<b>23 640</b>	<b>13 857</b>	<b>90 365</b>

The accompanying notes are an integral part of these financial statements

**NOVABASE S.G.P.S., S.A.**  
**Notes to the Consolidated Financial Statements**  
**30 June 2005**

**1. General Information**

Novabase, S.G.P.S., SA (hereunder referred to as Novabase or the company), originally set up under the name Novabase – Sistemas de Informação e Bases de Dados, Lda., is the oldest company in the Novabase Group, and as the Group's Holding Company holds and manages the shares in all Group companies. It was incorporated on 11 May 1989 and its main activity until 1999 was the development and marketing of information technology solutions.

On 23 December 1999, the company changed its name and purpose and was converted into a holding company with the object of managing shareholdings in other companies as an indirect way of doing business.

Novabase is organized in two business divisions, operating in two different areas:

(i) **Novabase Consulting** - Includes areas such as IT Consulting, system implementation, outsourcing, recruiting and contracting of human resources within the Information Technology industry.

(ii) **Novabase Engineering Solutions** - Includes engineering solutions based on own hardware and is focused on areas like interactive TV, ticketing and access control, and telecommunication solutions.

**Novabase Capital**, not considered as a division, is a support structure for the Novabase business development. It focus mainly on "Corporate Venture" functions and Mergers and Acquisitions, and is able to support the divisions' needs in these areas.

Presently the Novabase Group has operations in Portugal, Spain and Germany. The Board of Directors decided during 2004 to discontinue its activities in Brazil.

Novabase is listed on Euronext Lisbon.

The Financial Statements presented in this report were authorized by the Board of Directors on July 27, 2005.

**2. Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the period presented.

*a) Basis of Preparation*

The consolidated financial statements in 2005 were prepared according to International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board (IASB) and with all the interpretation of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements have been prepared under the historical cost convention, except for the available-for-sale assets which are stated at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions which impact on the reported values for assets and liabilities, and for income and expenses presented for the period. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The adoption of the International Financial Reporting Standards<sup>2</sup> - IFRS<sup>2</sup> as of January 1st, 2005 didn't had impact in the financial statements of the period, as the options attributed under the existent stock options plans acquired all it's rights as of 31 December 2004. In the current period no options were attributed.

**b) Consolidation**

**(1) Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(2) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

**c) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Novabase Group discloses business or geographic segments, information that goes beyond the mandatory requirements of IAS 14. These additional disclosures are made due to the impact that the segments had or still have as group strategic investments.

For this purpose, the companies Novabase S.G.P.S. and Novabase Serviços, S.A. were both presented under Consulting Division business segment.

Geographical segment result are calculated based on selling destination markets, including export and the companies located abroad. Geographic segment assets and liabilities are calculated based on selling origin markets, referring to companies outside Portugal.

**d) Foreign currency translation**

**(1) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in thousand euros, which is the Company's functional and presentation currency.

**(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

**(3) Group companies**

The functional currency of all the Group entities is identical to the presentation currency in the consolidated financial statements.

**e) Tangible fixed assets**

Fixed assets comprise mainly of basic and transport equipment, and are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items (sum of purchase price and all the expenses supported direct or indirectly to bring the asset to its current state).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method, during the useful estimated life as follows:

	<u>N.º of Years</u>
• Buildings and other constructions	3 a 50
• Basic equipment	3 a 4
• Transport equipment	4
• Tools and utensils	4
• Fixtures and fittings	3 a 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the income statement.

**f) Intangible assets****(1) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each business segment in which Novabase operates in namely, Novabase Consulting and Novabase Engineering Solutions. Additionally, for the purpose of impairment testing of goodwill not allocated to those two cash-generating units, cash-generating units for each subsidiary/associate acquired have been identified.

**(2) Internally generated intangible assets**

Investigation expenses in the search of new technical and scientific knowledge are recorded in the income statement as and when incurred. Development expenses are accounted for as fixed assets when: i) the technical development process is proven to be executable; ii) group is able to conclude it's development and intends to do so ; iii) commercialization is assured, and iv) it's possible to estimate it's total cost with accuracy.

These assets are recorded and presented in terms of development or acquisition value, on the basis of the cost of the hours spent by the employees involved, and of costs directly associated thereto as well as any outsourcing costs.

These assets' depreciation is calculated using the straight-line method, with periods varying between 3 to 5 years. Software development projects impairment is tested at the reporting date.

**(3) Industrial Property and other rights**

Trademarks and licences are shown at historical cost. Trademarks and licences have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

**(4) Work in progress**

Intangible assets in progress refer to the ongoing internal development of software products.

**g) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's 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. For the purposes of assessing impairment, assets are allocated by segment, given that it is at this level that management monitors its return on investment.

**h) Investments**

Novabase Group classifies its investments in the following categories: (i) loans and receivables and (ii) available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this designation at every reporting date.

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

**(b) Available-for-sale financial assets**

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

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets at fair value through equity are subsequently carried at fair value.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

**i) Inventories**

Inventories are stated at the lower of cost and net realisable value.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**j) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the related receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**k) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**l) Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

When a Group company purchases the Holding Company's equity share capital (Treasury shares), the consideration paid is deducted from the equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the Company's equity holders.

**m) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**n) Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**o) Employee benefits**

**Bonus**

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's employees after certain adjustments.

**Defined benefit - Pension plan**

The subsidiary TechnoTrend AG is responsible for a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

**Obligations for vacation and Christmas subsidies**

In accordance with Portuguese legislation, workers annually earn the right to two months of salary, namely for a vacation period and a vacation subsidy, which is accrued in the previous year to its settlement. The workers also have the annual right to a Christmas subsidy, accrued during that year and paid each December. These obligations are recorded in the respective year in which the right is earned, despite the payment date of that right.

**p) Provisions**

Provisions are recognised when: i) the Group has a present legal or constructive obligation as a result of past events; ii) it is more likely than not that an outflow of resources will be required to settle the obligation and iii) the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**q) Revenue recognition**

Revenue comprises of the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

**(a) Sales of goods**

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Software products are usually sold without a right of return. However, if there is any chance of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

**(b) Sales of services**

Revenues from consulting projects, classified as “time and materials” are recognized in the accounting period in which the services are rendered.

Revenues from consulting projects, classified as “turn key” (or “closed contract”) are recognized using the percentage of completion method based on sales of services, a ratio between costs incurred, contracted billing, and estimated costs to be incurred until the end of the project. This method allows adjusting the accrued income and deferred revenue headings in order to reflect the accurate result of each project at the end of each financial period.

**(c) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

**(d) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**r) Subsidies**

Government subsidies are recognised at fair value, when there is high likelihood that the subsidy will be received and the Group fulfills all the requirements to receive it.

Non-refundable subsidies to finance development projects are recorded in the balance sheet as deferred income and are recognized in the income statement for each period, in proportion to the corresponding amortisation changes.

Operational subsidies are aimed at recovering the costs incurred and recorded with training initiatives and are recorded in the income statement as the expenses are incurred, regardless of when the subsidy is received.

**s) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease contracts for tangible assets have been recorded in fixed assets whenever the Group assumes all the benefits and risks associated with ownership of the assets in question. The value at which these contracts are capitalised is the present value of future rentals. The liability to third parties for the principal sum of outstanding lease instalments is shown under liabilities; the lease assets are depreciated over their estimated useful lives and the interest component of the lease payment is expensed in the period to which it relates.

Fixed assets acquired by way of Leases are depreciated during the shortest of the following two periods, namely useful life and lease contract period (4 years).

**t) Comparatives**

The consolidated financial statements for the 1st Half of 2005 are considered comparable in all material aspects with those presented for the 1st Half of 2004.

### 3. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### a) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from exposure to the U. S. Dollar, since some of the subsidiaries (TechnoTrend, Celfocus and Octal TV) perform transactions in this currency.

The finance department is responsible for the tracking of the exchange rate mentioned above, to reduce the impact of the fluctuation in consolidated results.

#### b) *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash in flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Due to the immateriality of the borrowing issued at variable rates the Board of Directors does not consider necessary the implementation of an interest rate risk management policy.

#### c) *Credit Risk*

Novabase's policy towards financial operations counterpart risk is based on the assessment of their technical capacity, competitiveness, credit worthiness and counterpart exposure, avoiding hereby significant concentrations of credit risk.

#### d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results can therefore differ from the estimated.

#### a) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 8).

#### b) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due.

When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### c) *Revenue recognition*

Revenue recognition is made by management recurring to analysis and estimates of the actual and future risks of consulting projects in place. These projections could have a different development in the future, hereby changing budgeted figures.



## 5. Segment information

### Primary reporting format – business segments

At 30 June 2005, the Group is organised into two main business segments:

- Consulting
- Engineering Solutions
- Other

The companies considered in each business segment are presented in note 6. For this purpose, the companies Novabase S.G.P.S. and Novabase Serviços, S.A. were both presented under Consulting Division business segment.

The segment results for the period ended 30 June 2004, are as follows:

	<b>Novabase Consulting</b>	<b>Engineering Solutions</b>	<b>Other</b>	<b>Novabase Group</b>
Sales	21 914	50 129	1 343	73 386
Operating profit	1 280	4 290	272	5 842
Finance costs – net	(447)	(348)	(277)	(1 072)
Share of profit of associates	-	-	58	58
Profit before income tax	833	3 942	53	4 828
Income tax	5	(385)	(97)	(477)
Profit for the period from continuing operations	838	3 557	(44)	4 351
Discontinued operations loss	(342)	-	-	(342)
<b>Other informations:</b>				
Depreciation / amortisation	(2 361)	(671)	(170)	(3 202)
Impairment of trade receivables	109	(463)	(8)	(362)

The segment results for the period ended 30 June 2005, are as follows:

	<b>Novabase Consulting</b>	<b>Engineering Solutions</b>	<b>Other</b>	<b>Novabase Group</b>
Sales	28 875	64 163	1 982	95 020
Operating profit	3 004	2 713	(82)	5 635
Finance costs – net	(191)	(1 101)	(32)	(1 324)
Share of profit of associates	-	-	-	-
Profit before income tax	2 813	1 612	(114)	4 311
Income tax	(644)	(417)	622	(439)
Profit for the period from continuing operations	2 169	1 195	508	3 872
Discontinued operations loss	560	-	-	560
<b>Other informations:</b>				
Depreciation / amortisation	(1 692)	(966)	(205)	(2 863)
Impairment of trade receivables	(151)	(19)	-	(170)

The segment assets and liabilities at 31 December 2004 and capital expenditure for the period then ended are as follows:

	<b>Novabase Consulting</b>	<b>Engineering Solutions</b>	<b>Other</b>	<b>Novabase Group</b>
Assets	56 856	112 253	2 804	171 913
Associates	24	39	1 647	1 710
Total assets	56 880	112 292	4 451	173 623
Liabilities	25 072	62 400	1 720	89 192
Capital expenditure (12 months)	5 945	11 737	293	17 975

The segment assets and liabilities at 30 June 2005 and capital expenditure for the period then ended are as follows:

	<b>Novabase Consulting</b>	<b>Engineering Solutions</b>	<b>Other</b>	<b>Novabase Group</b>
Assets	54 728	108 338	4 996	168 062
Associates	24	12	1 696	1 732
Total assets	54 752	108 350	6 692	169 794
Liabilities	24 308	54 013	1 668	79 989
Capital expenditure (6 months)	969	1 918	89	2 976

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude investments and derivatives held for trading.

Capital expenditure comprises additions to fixed assets (Note 7) and intangible assets (Note 8), including additions resulting from acquisitions through business combinations (Note 6).

#### Secondary reporting format – geographical segments

At 30 June 2005, the Group operates in the following geographical areas:

- Portugal
- Germany
- Other

The geographical segment results for the period ended 30 June 2004, are as follows:

	<b>Portugal</b>	<b>Germany</b>	<b>Other</b>	<b>Novabase Group</b>
Sales	65 572	6 886	928	73 386
Operating profit	5 821	266	(245)	5 842
Finance costs – net	(1 075)	3	-	(1 072)
Share of profit of associates	58	-	-	58
Profit before income tax	4 804	269	(245)	4 828
Income tax	(430)	(47)	-	(477)
Profit for the period	4 374	222	(245)	4 351
Discontinued operations loss	-	-	(342)	(342)
<b>Other informations:</b>				
Depreciation / amortisation	(3 060)	(88)	(54)	(3 202)
Impairment of trade receivables	(362)	-	-	(362)

The geographical segment results for the period ended 30 June 2005, are as follows:

	<b>Portugal</b>	<b>Germany</b>	<b>Other</b>	<b>Novabase Group</b>
Sales	75 758	11 805	7 457	95 020
Operating profit	5 134	527	(26)	5 635
Finance costs – net	(943)	(379)	(2)	(1 324)
Share of profit of associates	-	-	-	-
Profit before income tax	4 191	148	(28)	4 311
Income tax	(601)	26	136	(439)
Profit for the period from continuing operations	3 590	174	108	3 872
<b>Other informations:</b>				
Depreciation / amortisation	(2 638)	(166)	(59)	(2 863)
Impairment of trade receivables	(78)	(92)	-	(170)

The geographical segment assets and liabilities at 31 December 2004 and capital expenditure for the period then ended are as follows:

	<b>Portugal</b>	<b>Germany</b>	<b>Other</b>	<b>Novabase Group</b>
Assets	151 413	17 863	2 637	171 913
Associates	1 677	33	-	1 710
Total assets	153 090	17 896	2 637	173 623
Capital expenditure (12 months)	15 831	1 868	276	17 975

The geographical segment assets and liabilities at 30 June 2005 and capital expenditure for the period then ended are as follows:

	<b>Portugal</b>	<b>Germany</b>	<b>Other</b>	<b>Novabase Group</b>
Assets	142 343	17 863	7 856	168 062
Associates	1 726	6	-	1 732
Total assets	144 069	17 869	7 856	169 794
Capital expenditure (6 months)	2 521	316	139	2 976

**6. Companies included in consolidation**

The companies included according to the full consolidation method on 30 June 2005 were the following:

Holding company, Subsidiaries and Associates	Head Office and country	Share Capital	Equity	Results	Shareholding %	
		30.06.05 Euros	30.06.05 Euro'000	30.06.05 Euro'000	30.06.05	31.12.04
<b>Parent company - Group holding :</b>						
Novabase S.G.P.S.	Lisbon - Portugal	€ 14 362 883	49 426	(35)	-	-
<b>Novabase Consulting Division :</b>						
Novabase Consulting, S.A.	Lisbon - Portugal	€ 2 041 000	12 273	(263)	96.3%	96.3%
Novabase B. I., S.A.	Lisbon - Portugal	€ 250 000	5 074	(70)	96.3%	96.3%
Novabase Saúde, S.A.	Lisbon - Portugal	€ 2 500 000	(38)	(5)	100.0%	100.0%
Novabase Core Fin. Software Sol., S.A.	Lisbon - Portugal	€ 100 000	(183)	129	70.0%	70.0%
NBO Recursos em TI	Lisbon - Portugal	€ 50 000	5 493	229	95.2%	95.2%
Novabase A. C. D., S.A.	Lisbon - Portugal	€ 750 000	5 861	177	92.7%	92.7%
Novabase Consulting SGPS, S.A.	Lisbon - Portugal	€ 10 675 498	11 235	(1)	96.3%	96.3%
Novabase Brasil	Sº Paulo - Brazil	SR 10 150 000	-	-	-	80.0%
Novabase Consulting Espanha, S.A.	Madrid - Spain	€ 1 000 000	(242)	(32)	100.0%	100.0%
Novabase E. A., S.A.	Lisbon - Portugal	€ 150 000	2 439	441	96.3%	96.3%
CelFocus, S.A.	Lisbon - Portugal	€ 100 000	3 156	485	53.0%	53.0%
Mentor, S.A.	Lisbon - Portugal	€ 50 000	(239)	(22)	100.0%	100.0%
COLLAB – Sol. I. Com. e Colab., S.A.	Lisbon - Portugal	€ 50 000	519	19	55.4%	55.4%
SAF, S.A.	Lisbon - Portugal	€ 325 000	734	173	49.1%	49.1%
<b>Novabase Engineering Solutions Division :</b>						
Novabase Infraestruturas, SGPS, S.A.	Oeiras - Portugal	€ 50 000	14 930	-	87.3%	87.3%
Novabase IIS, S.A.	Oeiras - Portugal	€ 70 500	10 675	1 514	87.3%	87.3%
Octal - Engenharia de Sistemas, S.A.	Lisbon - Portugal	€ 3 000 000	6 309	(404)	100.0%	100.0%
Novabase Infr. Integracion S. Inf., S. A.	Madrid - Spain	€ 120 202	(127)	151	100.0%	100.0%
Techno Trend Holding	Amsterd. - Netherl	€ 70 000	46 036	(81)	50.0%	50.0%
Techno Trend AG	Erfurt - Germany	€ 5 263 320	4 958	(43)	44.1%	44.1%
Novabase Interactive TV	Lisbon - Portugal	€ 278 125	3 103	(1)	38.3%	38.3%
Octal TV , S.A.	Lisbon - Portugal	€ 250 000	9 030	7	30.7%	30.7%
OnTV, S.A.	Lisbon - Portugal	€ 100 000	731	13	19.5%	19.5%
TVLab, S.A.	Lisbon - Portugal	€ 525 000	451	(73)	50.0%	50.0%
Gedotecome, Lda.	Lisbon - Portugal	€ 25 000	(249)	(40)	100.0%	70.0%
ES IT International Trade & Services	Fribourg - Switzerl	CHF 200 000	105	(1)	99.9%	99.9%
Nbase International Investments B.V.	Amsterd. - Netherl	€ 1 220 800	1 982	(3)	100.0%	100.0%
Octal 2 Mobile	Lisbon - Portugal	€ 50 000	506	265	100.0%	100.0%
<b>Novabase Capital :</b>						
Novabase Capital SGCR, S.A.	Lisbon - Portugal	€ 2 500 000	2 830	(94)	100.0%	100.0%
Sapi 2 ci, Consultadoria Informática, S.A.	Oporto - Portugal	€ 60 100	350	144	50.0%	50.0%
Sapi 2 pi, Projectos Informáticos, Lda.	Oporto - Portugal	€ 5 000	49	(13)	50.0%	50.0%
Manchete, S.A.	Lisbon - Portugal	€ 150 000	255	138	50.0%	50.0%
Fundo Capital Risco	Lisbon - Portugal	€ 1 428 571	1 429	-	30.0%	-
<b>Novabase Shared Services:</b>						
Novabase Serviços, S.A.	Lisbon - Portugal	€ 250 000	214	(358)	100.0%	100.0%

Equity and results presented exclude equity method impact.

The following company was included in the consolidation under Novabase Capital using the proportional method on 30 June 2005:

Holding company	Head Office and country	Share Capital	Equity	Results	Shareholding %	
		30.06.05 Euros	30.06.05 Euro'000	30.06.05 Euro'000	30.06.05	31.12.04
Mind, S.A.	Lisbon - Portugal	€ 370 000	511	(164)	50.0%	50.0%

The companies consolidated using the equity method on 30 June 2005 were as follows:

Holding company	Head Office and country	Share Capital	Equity	Results	Shareholding %	
		30.06.05 Euros	30.06.05 Euro'000	30.06.05 Euro'000	30.06.05	31.12.04
Superemprego, S. A.	Lisbon - Portugal	€ 500 000	263	23	36.3%	36.3%
Key Lab	Lisbon - Portugal	€ 500 000	902	20	15.0%	15.0%

## 7. Tangible fixed assets

The detail of **Tangible fixed assets** is analysed as follows:

	30.06.05			31.12.04		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	1 244	245	999	970	487	483
Basic equipment	6 707	4 168	2 539	9 106	6 513	2 593
Transport equipment	4 203	1 735	2 468	4 039	1 983	2 056
Tools and utensils	390	304	86	391	308	83
Fixtures and fittings	1 899	1 127	772	5 378	4 698	680
Other tangible fixed assets	19	8	11	56	13	43
	14 462	7 587	6 875	19 940	14 002	5 938

During 2004, the movements for the Group under the headings Tangible fixed assets were as follows:

	01.01.04 Balance	Acquisitions / Increases	Disposals	Transfers	Perimeter Variations	31.12.04 Balance
<i>Cost :</i>						
Buildings and other constructions	971	78	(77)	-	(2)	970
Basic equipment	9 945	1 451	(473)	(2 109)	292	9 106
Transport equipment	4 969	1 300	(2 180)	-	(50)	4 039
Tools and utensils	42	1	-	-	348	391
Fixtures and fittings	5 632	95	(342)	10	(17)	5 378
Other tangible fixed assets	24	43	-	(10)	(1)	56
	21 583	2 968	(3 072)	(2 109)	570	19 940
<i>Accumulated Depreciation :</i>						
Buildings and other constructions	512	53	(77)	(1)	-	487
Basic equipment	5 753	1 601	(460)	(324)	(57)	6 513
Transport equipment	3 034	979	(1 980)	-	(50)	1 983
Tools and utensils	37	4	-	-	267	308
Fixtures and fittings	4 576	334	(196)	-	(16)	4 698
Other tangible fixed assets	11	78	-	(76)	-	13
	13 923	3 049	(2 713)	(401)	144	14 002

During 1st Half of 2005, the movements for the Group under the headings Tangible fixed assets were as follows:

	01.01.05 Balance	Acquisitions / Increases	Disposals	Transfers	Perimeter Variations	30.06.05 Balance
<i>Cost :</i>						
Buildings and other constructions	970	543	(269)	-	-	1 244
Basic equipment	9 106	612	(3 011)	-	-	6 707
Transport equipment	4 039	942	(778)	-	-	4 203
Tools and utensils	391	28	(29)	-	-	390
Fixtures and fittings	5 378	245	(3 724)	-	-	1 899
Other tangible fixed assets	56	7	(44)	-	-	19
	19 940	2 377	(7 855)	-	-	14 462
<i>Accumulated Depreciation :</i>						
Buildings and other constructions	487	27	(269)	-	-	245
Basic equipment	6 513	662	(3 007)	-	-	4 168
Transport equipment	1 983	499	(747)	-	-	1 735
Tools and utensils	308	24	(28)	-	-	304
Fixtures and fittings	4 698	139	(3 710)	-	-	1 127
Other tangible fixed assets	13	14	(19)	-	-	8
	14 002	1 365	(7 780)	-	-	7 587

The depreciation is included in the 'Depreciation /amortisation' item of the income statement (note 29).

Transport Equipment heading includes the following finance leases:

	30.06.05	31.12.04
Cost	3 783	3 330
Accumulated depreciation	(1 372)	(1 376)
Net book value	2 411	1 954
	30.06.05	30.06.04
Depreciation charge	473	389

## 8. Intangible fixed assets

Intangible fixed assets are analysed as follows:

	30.06.05			31.12.04		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Internally generated intangibles	4 528	1 993	2 535	5 420	2 776	2 644
Industrial property and other rights	12 686	4 572	8 114	10 078	3 613	6 465
Work in progress	284	-	284	328	-	328
Goodwill arising on consolidation	26 857	-	26 857	29 294	-	29 294
	44 355	6 565	37 790	45 120	6 389	38 731

During 2004, movements under Intangible fixed assets heading and its amortisation for the Group accounts were as follows:

	01.01.04 Balance	Acquisitions / Increases	Impairment ch. Disposals	Transfers	Perimeter Variations	31.12.04 Balance
<i>Cost :</i>						
Internally generated intangibles	3 104	785	(1 162)	2 623	70	5 420
Industrial property and other rights	11 876	20	(4 864)	2 194	852	10 078
Work in progress	1 915	1 121	-	(2 708)	-	328
Goodwill arising on consolidation	14 154	13 081	(213)	-	2 272	29 294
	31 049	15 007	(6 239)	2 109	3 194	45 120
<i>Accumulated Depreciation :</i>						
Industrial property and other rights	1 919	885	(911)	650	233	2 776
Business property rights	5 793	1 063	(4 855)	1 044	568	3 613
	7 712	1 948	(5 766)	1 694	801	6 389

During 1st Half of 2005, movements under Intangible fixed assets heading and its amortisation for the Group accounts were as follows:

	01.01.05 Balance	Acquisitions / Increases	Impairment ch. Disposals	Transfers	Perimeter Variations	30.06.05 Balance
<i>Cost :</i>						
Internally generated intangibles	5 420	130	(1 418)	396	-	4 528
Industrial property and other rights	10 078	39	(225)	2 794	-	12 686
Work in progress	328	352	-	(396)	-	284
Goodwill arising on consolidation	29 294	78	-	(2 515)	-	26 857
	45 120	599	(1 643)	279	-	44 355
<i>Accumulated Depreciation :</i>						
Internally generated intangibles	2 776	603	(1 386)	-	-	1 993
Industrial property and other rights	3 613	895	(215)	279	-	4 572
	6 389	1 498	(1 601)	279	-	6 565

**Industrial property and other rights** is analysed as follows:

Business	Amortisation Years	Novabase Company	Investment cost	Accumulated amortisation	Net book value
(i) ATX Projects	10 years	Novabase Consulting	8 295	1 794	6 501
Insurance Software	10 years	Novabase Consulting	1 000	896	104
(ii) SAP and Meta4	5 years	Novabase Serviços	2 194	1 011	1 183
Licenses on granted trade mark rights	5 years	Techno Trend AG	506	386	120
Other			691	485	206
			12 686	4 572	8 114

- (i) Amount paid to Espírito Santo group, for the acquisition of a service contract, for a period between 6 and 10 years.  
(ii) Human resources and management information systems based respectively on META4Mind and mySAP platforms, for the Group internal use.

The heading Internally generated intangibles includes the cost of projects for developing internal computer systems in specific areas, sometimes with foreign partners. Some of these projects are being co-funded under strategic EU programs.

On 30 June 2005, the main projects presented under this heading were the following:

Project	Novabase Company	Investment Cost	Accumulated amortisation	Net book value
Innovation and Technology	Novabase A. C. D.	498	498	-
Value added service	Novabase A. C. D.	150	79	71
Template SAP	Novabase E. A.	150	150	-
Novabase ERM	Novabase E. A.	56	28	28
eLearning Platform	SAF	61	32	29
MAVB2000	Octal	13	3	10
Billab	Octal	232	200	32
Ciberkit ADSL	Octal	72	62	10
UBA 2004	Octal	56	49	7
API	Octal	94	18	76
TOOLIPA	Octal	50	10	40
Manual ticket selling point	Octal	74	14	60
Personalization terminal	Octal	54	11	43
Contactless Validator	Octal	190	37	153
Fiscalization terminal	Octal	38	7	31
Billing management PC	Octal	196	38	158
Automatic machine	Octal	134	26	108
Ticket selling point	Octal	43	8	35
Framework	Octal	19	4	15
Interactive TV Phase 1	Octal TV	167	88	79
STB access	Octal TV	52	27	25
Transcoding Plaque development for PC	Octal TV	94	18	76
IP door in STB Ti7110	Octal TV	118	23	95
STD development on ST5517 platform	Octal TV	171	4	167
Corporate Audio TV	OnTV	61	32	29
DivX Implementation	OnTV	68	38	30
Media Center	OnTV	65	34	31
Corporate TV System adaptation	TVLab	55	11	44
Libraries	Mind	176	68	108
ShoeCad	Mind	543	116	427
SmartSketch	Mind	80	32	48
Other		698	228	470
		4 528	1 993	2 535

Intangible items recorded, refer to projects in which the group has a strategic interest.

The movements in goodwill were as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
<b>Balance At 1 January</b>	29 294	14 154
(i) Perimeter variations	-	2 984
(ii) Goodwill from increase in equity of subsidiaries	50	4 004
(iii) Goodwill from new subsidiary acquisition	-	9 077
(iv) Subsidiary disposals	-	(712)
Increase in acquisition cost	28	-
Impairment losses	-	(213)
Transfers	(2 515)	-
<b>At the end of period</b>	<b>26 857</b>	<b>29 294</b>

- (i) In 2004: Goodwill arising from the inclusion of TechnoTrend AG in the consolidation perimeter - related with the Multimedia division from ex-TechnoTrend Systemtechnik GmbH merged with TechnoTrend AG in 2000.
- (ii) In 2004: Novabase IIS, Novabase IISI, Manchete and interest alignment in Consulting Division.  
In 2005: Geodotcome (see note 6).
- (iii) Techno Trend AG and Imersiva
- (iv) Disposal of 100% of Deltafor.

#### Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

	<b>30.06.05</b>	<b>31.12.04</b>
Novabase Consulting division	13 880	16 395
Novabase Engineering Solutions division	12 216	12 138
Novabase Capital division	761	761
	<b>26 857</b>	<b>29 294</b>

Goodwill impairment test assumptions:

Discounted cash flow method was used for the assets' impairment analysis, using a pre income tax discount rate of 14% based on a 5 year horizon. The growth rate used in the cash flow is considered conservative.

EBITDA margins were estimated based on 2004 margins. For 2005, a 17% growth on sales and services rendered was considered.

Application of the previously described method generates a recoverable value of assets superior to carrying value of the related assets, concluding therefore no need for an impairment charge to the cash generating units.



**9. Investments in associates**

This heading is analysed as follows:

		Shareholding %		Acquisition Cost	
		30.06.05	31.12.04	30.06.05	31.12.04
Novabase Consulting division:					
(i)	Plano B	75%	75%	9	9
(ii)	WRC	4%	4%	15	15
Novabase Engineering division:					
(ii)	Tape	1%	1%	4	4
(ii)	Intelcart	10%	10%	2	2
(i)	Octal gmbH	50%	50%	6	6
Novabase Capital :					
(iii)	Key Lab (see note 6)	15%	15%	1 323	1 323
(ii)	Forward	20%	-	50	-
	Superemprego (see note 6)	36%	36%	-	-
	Other	-	-	15	43
				1 424	1 402
Loans to associates					
	Superemprego			142	142
	Mind			166	166
				308	308
				1 732	1 710

- (i) These companies are dormant and therefore were excluded from consolidation.  
(ii) These companies were considered not materially relevant, and therefore were not included in the consolidation.  
(iii) Includes the amount of 1 270 m€ of the goodwill arising from the acquisition of this shareholder position.

**10. Deferred Income Tax - Assets and Liabilities**

Novabase Group recognises the tax effects on timing differences that arose between the time of recognition for accounting and tax purposes, in accordance with the International Accounting Standard no.12.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered within 12 months	1 966	2 261
Deferred tax asset to be recovered after more than 12 months	6 438	5 718
	<b>8 404</b>	<b>7 979</b>
<b>Deferred tax liabilities:</b>		
Deferred tax liability to be recovered within 12 months	-	-
Deferred tax liability to be recovered after more than 12 months	100	100
	<b>100</b>	<b>100</b>

An amount of 621m€ of deferred tax assets was not recorded in the 2005 consolidated financial statements.

The gross movement on the deferred income tax account is as follows:

	30.06.05	31.12.04
<b>Beginning balance</b>	7 979	7 419
Acquisition of subsidiary	-	312
Other	(283)	142
Income statement charge	708	106
<b>Closing balance</b>	<b>8 404</b>	<b>7 979</b>

The movement in deferred tax **assets** during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses	Accelerated depreciation	Tax incentives	Provisions	Total
At 1 January 2004	3 423	1 375	1 990	631	7 419
Charged/(credited) to the income statement	980	(879)	-	5	106
Charged to equity	142	-	-	-	142
Change in consolidation universe	312	-	-	-	312
At 31 December 2004	4 857	496	1 990	636	7 979
Charged/(credited) to the income statement	633	(167)	8	234	708
Transfers	(283)	-	-	-	(283)
At 30 June 2005	<b>5 207</b>	<b>329</b>	<b>1 998</b>	<b>870</b>	<b>8 404</b>

## 11. Inventories

This heading is analysed as follows:

	30.06.05	31.12.04
Merchandise	12 846	9 625
Finished products	40	179
Raw materials, subsidiary goods and consumables	6 486	7 360
	19 372	17 164
Provision for inventory depreciation	(1 885)	(1 537)
	<b>17 487</b>	<b>15 627</b>

The amount of 362 thousand euros regarding a provision for inventory depreciation was recorded under 'other net gains and losses' in the period, it was used the amount of 14 thousand euros.

## 12. Trade and other receivables

This heading is analysed as follows:

	30.06.05	31.12.04
Clients current accounts	44 450	44 218
Clients accounts - trade bills	710	1 309
Doubtful debts	3 090	3 412
Provision for doubtful debts	(2 705)	(2 862)
	45 545	46 077
Prepayments	7 441	2 470
Receivables from related parties	360	141
Employees	348	192
Taxes (Excl. Income Tax)	1 161	97
Subsidies from European Social Fund	511	493
Associated Companies	147	147
Disposals of subsidiaries	358	546
Other	1 024	414
	11 350	4 500
	<b>56 895</b>	<b>50 577</b>

During the period ended 30 June 2005, the Group has recognised a loss of 170 thousand euros (2004: 1 100), for the impairment of its trade receivables recorded under other net losses, and the amount of 327 thousand euros was used from the opening balance.

**13. Accrued income**

**Accrued income** - assets are analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
- Training subsidies	125	77
- Ongoing projects	10 673	8 508
- Other accrued income	802	782
	<u>11 600</u>	<u>9 367</u>

**14. Other current assets**

**Prepaid expenses** are analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
- Hardware and software maintenance	2 606	2 831
- Subcontracts	824	1 148
- Other deferred costs	1 236	493
	<u>4 666</u>	<u>4 472</u>

In order to account for these services accurately, costs and profits were accrued and deferred and will be shown in the next period results.

**15. Available-for-sale financial assets**

The movements in this item is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
<b>Balance At 1 January</b>	807	696
Acquisition of subsidiaries	-	1
Disposals	(3)	-
Fair value adjustments	(113)	110
<b>At the end of period</b>	<u>691</u>	<u>807</u>

This heading is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Shares		
- Portugal Telecom shares	480	558
- PT Multimédia shares	211	249
	<u>691</u>	<u>807</u>

**16. Cash and cash equivalents**

With reference to the consolidated Cash Flow Statements, the detail and description of **Cash and Cash equivalents** is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
- Cash	41	30
- Short term bank deposits	8 699	26 309
- Other Cash Investments:		
- Finance investments in Portuguese banks	13 820	11 000
Cash and cash equivalents	<u>22 560</u>	<u>37 339</u>
- 'Overdrafts'	(2 430)	(1 297)
	<u>20 130</u>	<u>36 042</u>

**17. Non-current assets classified as held for sale and discontinued operations**

Novabase decided in 2004 to discontinue its operations in Novabase Brazil. This company's activity was low and demanded a high cost structure and cash requirements. Regarding the Training activity a similar situation occurred, and following a decision taken the companies' operating in this area were disposed of in 2004.

The costs related with this two decisions were therefore provisioned in 2004, in the amount of 1.9 and 2.2 million euros respectively.

Subsequently to the decision taken regarding Novabase Brazil, the disposal of 80% of its shares for the amount of 560 thousand euros was registered in the accounts during the 1st Half of 2005.

Assets and liabilities related with Brazilian activities are presented as held for sale.

The result of the discontinued operations, as well as assets and liabilities of these activities are analysed as follows:

	<b>30.06.05</b>		<b>30.06.04</b>	
	<b>Training</b>	<b>Brazil</b>	<b>Training</b>	<b>Brazil</b>
Income	-	560	-	1 094
Expenses	-	-	-	(1 303)
Result before taxes of discontinued operations	-	560	-	(209)
Taxes	-	-	-	(133)
<b>Result after taxes of discontinued operations</b>	<b>-</b>	<b>560</b>	<b>-</b>	<b>(342)</b>

	<b>30.06.05</b>		<b>30.06.04</b>	
	<b>Training</b>	<b>Brazil</b>	<b>Training</b>	<b>Brazil</b>
Operating cash flows	-	-	-	(160)
Investing cash flows	-	-	-	7
Financing cash flows	-	-	-	(13)
<b>Total cash flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(166)</b>

	<b>30.06.05</b>		<b>31.12.04</b>	
	<b>Training</b>	<b>Brazil</b>	<b>Training</b>	<b>Brazil</b>
<b>Non-current assets classified as held for sale</b>				
Cash and equivalents	-	-	-	456
Amount to receive for the disposal	2 915	1 532	2 915	972
Provisions	(2 915)	(972)	(2 915)	(972)
Other	-	-	-	26
	<b>-</b>	<b>560</b>	<b>-</b>	<b>482</b>
<b>Liabilities directly associated with non-current assets</b>				
Trade and other payables	-	-	-	482
	<b>-</b>	<b>-</b>	<b>-</b>	<b>482</b>

**18. Share capital, share premium, treasury shares and share options**

The Share Capital, fully subscribed, of Euro 14 362 882.50 is represented by 28 725 765 shares with a nominal value of 0.5 € each.

In 1 June 2005, the company increased its Share Capital. The amount was fully subscribed and paid up to the value of 159 529 euros, with the issue of 319 058 new ordinary shares with a nominal value of 0.50 eur each, 314 971 shares subscribed and realized at a unit price of 4.96 eur, and 4 087 shares at 5.87 eur. Thus, since 1 June 2005, the company's share capital was represented by 28 725 765 shares.

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2004	28 256	14 128	35 153	(8)	49 273
Shares issued	151	75	672	-	747
Treasury shares purchased	-	-	-	(221)	(221)
Treasury shares disposed	-	-	-	225	225
At 31 December 2004	28 407	14 203	35 825	(4)	50 024
Shares issued	319	160	1 427	-	1 587
Treasury shares purchased	-	-	-	(94)	(94)
Treasury shares disposed	-	-	-	16	16
At 30 June 2005	28 726	14 363	37 252	(82)	51 533

The number of treasury shares held by Novabase S.G.P.S. on 30.06.05 is under the limits established by its statutory rules (10% of share capital) and in accordance with the Commercial Company Code.

In 31 December 2004 Novabase S.G.P.S. held 8 290 treasury shares, representing 0.03% of total share capital.

During 1st Half of 2005 the company purchased on the stock market 188 077 shares at the average price of 5.87 euros and sold 31 638 shares at the average price of 5.94 euros.

In 30 June 2005 Novabase S.G.P.S. held 164 729 treasury shares, representing 0.57% of total share capital.

**Stock Options Plan**

A new Stock Option Plan for the years 2003 to 2005 was approved at the General Meeting of Shareholders of April 29, 2003 as the possibility of offering stock options to employees and members of the Board of Directors of Novabase and other companies in the group under the Stock Option Plan approved in the General Meeting of Shareholders of May 22, 2001 had been exhausted.

In the previous plan both components applied to admission and/or performance from 2000, 2001 and 2002, while in the current plan admission and/or performance options for the years 2003, 2004 and 2005 may be attributed.

In order to approximate the date of positive performance in a given year and its corresponding reward, the current plan does not involve a one-year waiting period. In this way each option may be exercised without delay in the year following that of performance evaluation. The period for exercising options went to three years in the new plan as opposed to four years in the previous plan.

The options attributed in the different components by December 31st of each year can be exercised in three stages. The first can be exercised on May 25th of the year following that in which the first annual performance component is attributed and the other two on the same day (or on the first subsequent working day) in the following months of May and in blocks corresponding to 1/3 of the number of Options attributed.

The Stock Option Plan for the years 2003 to 2005, like the previous one, includes all employees and members of the Board of Directors of Novabase and other companies in the group (any companies in which Novabase directly or indirectly holds or acquires a majority holding in the share capital, or holds less than 50% of the capital but has management control are considered to be group companies for this purpose).

In 2002 and 2003, due to the performance of the capital markets, none of the options provided for in the Stock Option Plan were exercised.

The shares corresponding to the options attributed but not yet exercised under the previous Stock Option Plan (referring to 2000 to 2002) and the current Plan (referring to 2003 to 2005) should not at any time exceed the maximum accumulated limit of 25%, corresponding to 12.5% per plan in relation to the total number of shares of Novabase's at that time.

The subscription and/or purchase price of the shares in the options attributed in each component under the current plan is defined before the exercise date. It should, as a rule, be the arithmetical average of the prices of transactions of Novabase shares on the Euronext Lisbon market between October 1st and December 31st of the year before that in which the options are exercised, calculated based on the weighted average of the share volumes.

The take-up price of options attributed under annual performance components in the new Plan should as a rule correspond to the aforementioned arithmetical average of market sessions between 1 October and 31 December of the year prior to that of the performance component.

Adjusted average price of shares transactions which occurred in Euronext Lisbon, on sessions between October 1st and 31 December 2002, is 4.96 € per share.

On May, 2004 151 thousand subscription options for Novabase shares were exercised under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, at the price of 4.96 € corresponding to 11.9% of the options attributed and exercisable on that date. The options were exercised by means of an increase in share capital. These shares were subscribed and paid up at a unit price of 4.96 €.

On June 2005, 319 058 subscription options for Novabase shares were exercised under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, corresponding to 8.9% of the options attributed and exercisable on that date. Of this total amount: 314 971 shares were subscribed and paid up at a unit price of 4.96 €, and 4 087 were subscribed and paid up at a unit price of 5.87 €.

On 31 December 2004, all the employees with Stock Options attributed under the previously mentioned plan fully acquired all their purchase rights.

All plans as at 1st Half of 2005 will be settled with shares of the company.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	<b>30.06.05</b>		<b>31.12.04</b>	
	<b>Average exercise price in € per share</b>	<b>Options (thousands)</b>	<b>Average exercise price in € per share</b>	<b>Options (thousands)</b>
At 1 January		6 174		2 099
Granted	-	-	4.96	4 834
Exercised	4.96	(319)	4.96	(151)
Lapsed		(165)		(608)
At the end of period		<u>5 690</u>		<u>6 174</u>

Share options outstanding (in thousands) at the end of the period have the following expiry date and exercise prices:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Shares (thousands)</b>	
		<b>30.06.05</b>	<b>31.12.04</b>
2005	8.50	-	22
2005	10.40	-	143
2006	8.23	693	693
2007	4.96	3 604	3 919
2007	5.87	1 393	1 397
		<u>5 690</u>	<u>6 174</u>

In order to foster liquidity of Novabase Shares in the stock exchange, the group entered into two liquidity contracts during the 4th quarter of 2004 with Banco de Investimento Global (BIG) and Caixa Banco de Investimento, S.A. (Caixa).

Both financial institutions celebrate "Liquidity Provider" contracts with Euronext Lisbon, S.A. (Euronext) over Novabase shares. These contracts oblige the institutions to present selling and buying offers over the stock exchange session, with minimum quantities and a maximum spread between buying and selling. Euronext establishes favourable conditions to this business, guaranteeing permanent analysis and control.

Market making activity is allowed in the Portuguese stock market since March 2004, following Portuguese stock exchange integration in Euronext. Novabase was the second Euronext stock to initiate this type of activity.

The liquidity Provider tool was implemented by Euronext with the following objectives:

1. Foster liquidity of underlying stocks;
2. Guarantee prices, quantities and shares spreads.

Contracts are drawn up between Euronext and a financial institution and the latter is obliged to:

- a) Undertake selling and purchase of shares during stock exchange sessions;
- b) Undertake share transactions with minimum quantities;
- c) Undertake transactions with a maximum spread between buying and selling (previously defined in contract).

In return, Euronext provides special conditions on pricing charged to its members when acting as a Liquidity Provider, not charging commissions over business made under this activity. Euronext monitors and analyses this activity.

Novabase activity in this field is clearly an important step in the effort developed to foster stock liquidity, and the consequent increase in share visibility.

	BIG	Caixa
Share maximum limit	300 000 shares	400 000 shares
Firm offer obligations for sale and purchase	5000 in purchase and selling	2000 in purchase and selling
Maximum spread	5 ticks (1%)	0.05 (-0.8%)
Period	Quarterly, renewable for equal periods	Quarterly, semester renewable

## 19. Reserves and retained earnings

Portuguese companies are obliged / required by law to transfer at least 5% of annual net profit to legal reserves until this balance reaches 20% of the share capital. This reserve cannot be distributed to shareholders though it may be used to absorb losses after all other reserves have been exhausted.

	Legal reserve	Other reserves and retained earnings	Fair value reserve	TOTAL
Balance at 1 January 2004	1 225	16 031	84	17 340
Increase in reserves	29	4 680	110	4 819
Balance at 31 December 2004	1 254	20 711	194	22 159
Increase in reserves	-	2 929	(113)	2 816
Balance at 30 June 2005	1 254	23 640	81	24 975

Novabase S.G.P.S. has since its incorporation decided not to distribute dividends to the shareholders, ensuring that the company has adequate financial resources needed for its continued development.

## 20. Minority interests

This item is analysed as follows:

	30.06.05	31.12.04
Opening balance	12 248	6 087
Consolidation perimeter variations	923	5 007
Minority interests in profit for the year	686	1 154
	13 857	12 248

**21. Borrowings**

This item is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
<b>Non-current</b>		
Bank borrowings	6 982	8 108
Finance lease liabilities	1 512	1 163
	<b>8 494</b>	<b>9 271</b>
<b>Current</b>		
Bank borrowings	6 218	7 695
Finance lease liabilities	1 210	1 197
	<b>7 428</b>	<b>8 892</b>
<b>Total borrowings</b>	<b>15 922</b>	<b>18 163</b>

The exposure of the Group's current borrowings to the contractual repricing dates are as follows:

	<b>6 months or less</b>	<b>6-12 months</b>	<b>Total</b>
<b>At 31 December 2004</b>	6 008	1 687	7 695
<b>At 30 June 2005</b>	4 844	1 374	6 218

The maturity of non-current borrowings is as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Between 1 and 2 years	4 186	4 448
Between 2 and 5 years	2 796	3 660
Over 5 years	-	-
	<b>6 982</b>	<b>8 108</b>

The effective interest rates at the balance sheet date were as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Bank borrowings	3.875%	3.875%
Bank overdrafts	3.000%	3.000%
<b>Finance lease liabilities – minimum lease payments:</b>		
Not later than 1 year	1 210	1 197
Between 1 and 5 years	1 512	1 163
	<b>2 722</b>	<b>2 360</b>



**22. Defined benefit - Pension plan**

TechnoTrend AG has a pension plan for board management. This obligation is recorded under liabilities accrual. Yearly costs incurred with this plan is recorded in the income statement.

This item is analysed as follows:

Balance sheet obligations related with:

	<b>30.06.05</b>	<b>31.12.04</b>
Pension obligations	265	271
	<u>265</u>	<u>271</u>

Profit and loss related with:

	<b>30.06.05</b>	<b>31.12.04</b>
Pension obligations	29	57
	<u>29</u>	<u>57</u>

Pensions obligations recorded under assets and liabilities is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Present value of defined benefits obligation	366	372
Fair value of plan assets	(101)	(101)
	<u>265</u>	<u>271</u>

Pensions obligations recorded under profit and loss is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Actual cost of service	21	42
Interest paid	8	20
Asset expected return	-	(5)
Total, accounted under staff costs	<u>29</u>	<u>57</u>

Movement in assets accounts is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Balance at January 1st	271	-
Consolidation perimeter variations	-	287
Total costs recognized in profit and loss	29	57
Contributions paid	(35)	(73)
At the end of period	<u>265</u>	<u>271</u>

Main actuarial assumptions used are the following:

	<b>30.06.05</b>	<b>31.12.04</b>
Discount Rate	5.25%	5.25%
Expected return of plan assets	5.25%	5.25%
Future wage increase	2.00%	2.00%
Predicted plan increases	2.00%	2.00%

**23. Trade and other payables**

This item is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Trade payables	22 860	31 770
Accrued expenses	18 166	14 236
Taxes	5 895	6 155
Prepayments from clients	841	193
Other payables		
- Employees	388	1 257
- Subscribers of share capital	537	537
Acquisition of subsidiaries	1 000	2 410
Other payables	3 190	11
	<b>52 877</b>	<b>56 569</b>

**24. Deferred income and other current liabilities**

This item is analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
Subsidies		
- Investment subsidies	708	569
- Training subsidies	592	566
Consulting Projects	8 305	12 634
	<b>9 605</b>	<b>13 769</b>

**25. Provisions**

Movements on Provisions are analysed as follows:

	<b>30.06.05</b>	<b>31.12.04</b>
At 1 January	168	463
Charged to income statement:		
Additional provisions	197	168
Used during year	(31)	-
Transfers	243	(463)
	<b>577</b>	<b>168</b>

**26. External supplies and services**

External supplies and services heading is analysed as follows:

	<b>30.06.05</b>	<b>30.06.04</b>
<b>Subcontracts</b>	7 187	3 619
<b>Supplies and Services :</b>		
Water, electricity and fuel	274	216
Utility expenses	277	119
Rentals	1 031	982
Communications	351	296
Merchandise transport	1 064	333
Insurance coverage	337	248
Transportation and travel expenses	2 018	702
Commissions and consultancy	2 747	3 678
Advertising and promotion	3 651	1 338
Specialised services	1 263	1 349
Other services	1 421	2 279
	<b>14 434</b>	<b>11 540</b>
	<b>21 621</b>	<b>15 159</b>

**27. Staff costs**

Personnel expenses heading is analysed as follows:

	30.06.05	30.06.04
Board members remuneration	1 858	1 517
Salaries and wages	16 938	12 847
Social security charges	3 333	2 576
Other personnel expenses	826	278
	<u>22 955</u>	<u>17 218</u>

Average number of personnel by division is detailed as follows:

Division	30.06.05			30.06.04		
	Total	Consultants	Other	Total	Consultants	Other
'Novabase Consulting'	733	733	-	611	611	-
'Novabase Engineering Solutions'	405	405	-	314	314	-
'Novabase Capital' :	33	33	-	32	32	-
General	91	-	91	76	-	76
	<u>1 262</u>	<u>1 171</u>	<u>91</u>	<u>1 033</u>	<u>957</u>	<u>76</u>

A comparison with 2004 considers the reduction of personnel allocated to the training division, which had its activity discontinued in that year.

**28. Other gains and (losses) - net**

	30.06.05	30.06.04
Profit on financial participation disposals	-	2 006
Other	(262)	58
	<u>(262)</u>	<u>2 064</u>

**29. Depreciation /amortisation**

Depreciation and amortisation heading is analysed as follows:

	30.06.05	30.06.04
<i>Tangible fixed assets Depreciation:</i>		
Buildings and other constructions	27	25
Basic equipment	662	821
Transport equipment	499	404
Tools and utensils	24	2
Fixtures and fittings	139	130
Other tangible fixed assets	14	-
	<u>1 365</u>	<u>1 382</u>
<i>Intangible fixed assets Amortisation :</i>		
Research and development costs	603	1 203
Contract and other rights	895	477
Other intangible fixed assets	-	140
Goodwill arising on consolidation	-	-
	<u>1 498</u>	<u>1 820</u>
	<u>2 863</u>	<u>3 202</u>

**30. Finance costs - net**

This item is analysed as follows:

	30.06.05	30.06.04
Interest received	179	139
Positive exchange differences	358	144
Other financial gains	31	31
Interest paid		
- Loans	(305)	(281)
- Interest on leasing contracts	(201)	(154)
- Factoring interest	(225)	(135)
- Other interest	(12)	(11)
Bank guarantees charges	(75)	(13)
Bank services	(163)	(104)
Negative exchange differences	(908)	(339)
Long term debts actual value	-	(343)
Other financial losses	(3)	(6)
	<u>(1 324)</u>	<u>(1 072)</u>

**31. Share of profit of associates**

This item is analysed as follows:

	Profit / (Loss)	
	30.06.05	30.06.04
<i>'Novabase Capital' :</i>		
Dínamo, S.A.	-	8
Key Lab	-	50
	<u>-</u>	<u>58</u>

**32. Income tax**

This item is analysed as follows:

	30.06.05	30.06.04
Current tax	1 147	707
Deferred tax - timing differences	(708)	(230)
	<u>439</u>	<u>477</u>

Group income tax for the year differs from that obtained when using the holding company's country average tax rate as a result of:

	30.06.05	30.06.04
Profit before tax	4 311	4 828
<b>Nominal rate tax</b>	1 186	1 328
Income not subject to tax	-	(739)
Fiscal benefits from work creation	(409)	(484)
Provisions and amortisations not considered for fiscal purposes	63	99
Deferred tax recognition on provisions from previous periods	(556)	-
Subsidiary disposals	(100)	-
Autonomous taxation	127	-
Losses from companies without deferred liabilities taxes	16	81
Expenses not deductible for tax purposes	-	93
Difference from foreign companies income tax	-	26
Other	112	73
<b>Income tax</b>	<u>439</u>	<u>477</u>

**33. Earnings per share****Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company (Note 18).

This item is analysed as follows:

	<b>30.06.05</b>	<b>30.06.04</b>
Weighted average number of ordinary shares in issue	28 459 883	28 281 088
Profit from continuing operations attributable to equity holders of the Company	3 186 145	3 847 901
Basic earnings per share (€ per share)	0.11 euros	0.14 euros
Profit from discontinued operations attributable to equity holders of the Company	560 000	(342 256)
Basic earnings per share (€ per share)	0.02 euros	(0.01) euros

**Diluted**

Diluted result per share is equal to basic result per share, due to the inexistence of finance instruments that could origin shareholder equity in the future

**34. Commitments**

The financial commitments not included in the balance sheet are bank guarantees provided to third parties for ongoing projects, and are detailed as follows:

	<b>Bank</b>	<b>30.06.05</b>	<b>31.12.04</b>
Novabase S.G.P.S.	BPI	137	154
Novabase S.G.P.S.	CGD	40	40
Novabase S.G.P.S.	BES	3 000	-
Novabase Consulting, S.A.	BPI	957	934
Novabase Consulting, S.A.	BES	5 531	5 278
Novabase B. I., S.A.	BPI	133	153
Novabase B. I., S.A.	BES	163	163
Novabase A. C. D., S.A.	BPI	17	530
NBO Recursos em TI	BPI	4	4
Novabase Serviços, S.A.	BPI	7	-
Novabase Serviços, S.A.	BES	428	664
Manchete, S.A.	BPN	9	3
SAF, S.A.	BPI	9	-
Novabase Core Fin. Software Sol., S.A.	BPI	2	2
CelFocus, S.A.	BPI	410	-
Octal - Engenharia de Sistemas, S.A.	BCP	631	631
Octal - Engenharia de Sistemas, S.A.	BES	20	2 384
Octal - Engenharia de Sistemas, S.A.	COSEC	103	103
Novabase IIS, S.A.	CITIBANK	-	8
Novabase IIS, S.A.	BNP PARIBAS	37	37
Novabase IIS, S.A.	BES	877	798
Novabase IIS, S.A.	BCP	10	10
Novabase Infr. Integracion S. Inf., S. A.	LA CAIXA	35	-
Novabase Infr. Integracion S. Inf., S. A.	BES	1	-
Gedotecome, Lda.	BCP	51	51
Octal / Octal TV / On TV	BBVA	237	-
		<b>12 849</b>	<b>11 947</b>

**35. Related-party transactions**

The following transactions were carried out with related parties:

## i) Sales of goods and services

	<b>30.06.05</b>	<b>30.06.04</b>
BES group	4 248	2 730
	<u>4 248</u>	<u>2 730</u>

## ii) Purchases of goods and services

	<b>30.06.05</b>	<b>30.06.04</b>
BES group	33	1
	<u>33</u>	<u>1</u>

The above identified transactions were performed at arms length.

## iii) Key management compensation

	<b>30.06.05</b>	<b>30.06.04</b>
Salaries and other short-term employee benefits	1 829	1 517
Post-employment benefits	29	-
	<u>1 858</u>	<u>1 517</u>

## iv) Balances arising from sales/purchases of goods/services

	<b>30.06.05</b>	<b>31.12.04</b>
Receivables from related parties:		
BES group	4 239	1 957
	<u>4 239</u>	<u>1 957</u>

At 30 June 2005 and 31 December 2004, no provisions for loans provided to associates were considered necessary.

Under the Novabase Consulting Division interest alignment objectives, several minority equity stakes were acquired and disposed during 2004. These transactions occurred with, and were celebrated with related entities, namely board members of group companies.

The parties and shares involved in this process are presented in chapter III. of these financial statements (pg. 45 ).

## v) Loans to related parties

	<b>30.06.05</b>	<b>31.12.04</b>
BES group	7 650	8 500

**36. Other Information**

On 30 June 2005 the group was part intervenient in the following processes:

There is a Court procedure brought by the company Drink In – Companhia de Indústria de bebidas e Alimentação, S.A. against one of Novabase's subsidiary, under which the plaintiff claims payment of approximately 716 thousand euros allegedly on account of penalty for delay in implementing and installing a computer system. Under the same proceedings, Novabase's subsidiary filed a reply and a claim for 297 thousand euros concerning unpaid invoices. The judgement was convened for 24th October of 2005. This action presents no grounds on the part of the plaintiff and is a clear case of abuse of rights.

A Court procedure was brought against the company and one of its subsidiaries relating to damages claimed by a former employee of the latter, for approximately 904 thousand euros. This action has been replied, and under the same proceedings Novabase also presented a claim against the plaintiff for damages and requested that a fine be imposed on account of litigation on bad faith. Appointment of the final hearing by the judge is now pending. The judgement was convened for 5th December of 2005.

There are Labour (7) and Civil Court (2) actions pending against some of Novabase's subsidiaries, brought against by professionals formerly hired by the referred companies, the amount of potential liability within the aggregate of these actions amounting to approximately 400 thousand euros. The majority of the referred cases are awaiting their final hearing.

A provision of 100 thousand euros was registered by the group to face the need of a future possible claims payments. (see note 25).

**II. REPORT OF THE AUDITOR REGISTERED  
WITH THE STOCK EXCHANGE REGULATOR**

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**Limited Review Report Prepared by an Auditor Registered at the CMVM on the  
Consolidated Half Year Information**

(Free Translation from the original in Portuguese)

**Introduction**

1 Pursuant to article 246 of the Securities Market Code (“Código dos Valores Mobiliários”), we hereby present our Limited Review Report on the consolidated information for the period of six months ended 30 June 2005, of Novabase – Sociedade Gestora de Participações Sociais, S.A., included in: the Directors’ Report, consolidated balance sheet (which shows a total of euro 170.354 thousand, total minority interests of euro 13.857 thousand and a total shareholders’ equity of euro 90.365 thousand, including a profit for the period of euro 3.746 thousand), consolidated statement of income by nature and consolidated cash flow statements for the period then ended and in the respective notes to the accounts.

2 The amounts in the consolidated financial statements, as well as the financial information, were obtained from the accounting records of the Company and its subsidiaries, subsequently adjusted with amounts, not yet registered, which were part of our work.

**Responsibilities**

3 The Company’s board of Directors is responsible for: (a) the preparation of consolidated financial information that present a true and fair view of the financial position of the companies included in the consolidation and the consolidated results of their operations; (b) the preparation of historical financial information in accordance with generally accepted accounting principles that is complete, true, timeliness, clear, objective and licit, as required by the Securities Market Code (“Código dos Valores Mobiliários”); (c) adopting adequate accounting policies and criteria; (d) the maintenance of appropriate systems of internal control; and (e) informing on any significant facts that have influenced their activity, financial position or results.

4 Our responsibility is to verify the financial information included in the above mentioned documents, namely if, it is complete, true, timeliness, clear, objective and licit, as required by the Securities Market Code (“Código dos Valores Mobiliários”), and to issue a professional and independent report based on our work.

Novabase – Sociedade Gestora de Participações Sociais, S.A.

## **Scope**

5 Our work was performed, with the objective of obtaining moderate assurance about whether the financial information referred to above is free of material misstatement. Our work, which was based on the Technical Rules and Directives of the Portuguese Institute of Statutory Auditors (“Normas Técnicas e Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas”), was planned in accordance with that objective, and consisted mainly of enquiries and analytical procedures to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted considering the circumstances and their consistent application; (iii) the applicability, or otherwise, of the going concern concept; (iv) the presentation of the financial information; and (v) if, the consolidated financial information is complete, true, timeliness, clear, objective and licit.

6 Our work also covered verification of the consistency of the consolidated financial information included in the Directors’ Report with the remaining documents referred to above.

7 We believe that our work provides a reasonable basis for issuing this report on the half year financial information.

## **Conclusion**

8 Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the period of six months ended 30 June 2005 is not free of material misstatements that affects its conformity with the International Financial Reporting Standards and that it is not complete, true, timeliness, clear, objective and licit.

4 August 2005

PricewaterhouseCoopers, Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

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Abdul Nasser Abdul Sattar, R.O.C.

**III. SECURITIES ISSUED BY THE COMPANY  
AND OTHER GROUP COMPANIES,  
HELD BY THE BOARD MEMBERS**

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**Detail on securities issued by the company and other group companies, held by board members at 30.06.05**

	Share Capital	Total n° of shares	Shares held by board members at 31.12.04	Transactions	Shares held by board members at 30.06.05	% of shares held by board members
<b>Novabase SGPS, S.A.</b>	<b>14 362 883</b>	<b>28 725 765</b>	<b>15 572 698</b>	<b>0</b>	<b>15 572 698</b>	<b>54.2%</b>
José Afonso Oom Ferreira de Sousa			3 035 291	0	3 035 291	10.6%
Pedro Miguel Quinteiro Marques de Carvalho			3 035 242	0	3 035 242	10.6%
Rogério dos Santos Carapuça			2 287 001	0	2 287 001	8.0%
Luís Paulo Cardoso Salvado			2 169 770	0	2 169 770	7.6%
João Nuno da Silva Bento			2 166 543	0	2 166 543	7.5%
Álvaro José da Silva Ferreira			982 668	0	982 668	3.4%
João Filipe dos Santos Teixeira Neto			598 410	0	598 410	2.1%
João Vasco Tavares da Mota Ranito			598 410	0	598 410	2.1%
José Carlos de Almeida Pedro de Jesus			447 593	0	447 593	1.6%
Nuno Miguel Isidoro Duarte			251 770	0	251 770	0.9%
<b>Novabase Consulting SGPS, S.A.</b>	<b>10 675 498</b>	<b>10 675 498</b>	<b>394 117</b>	<b>0</b>	<b>394 117</b>	<b>3.7%</b>
João Rafael Leitão Ivo da Silva			105 687	0	105 687	1.0%
Luís Miguel Mota da Cunha Lobo			107 299	0	107 299	1.0%
Nuno Carlos Dias Santos Fórneas			67 362	0	67 362	0.6%
Pedro Miguel Correia Vala Chagas			113 769	0	113 769	1.1%
<b>NB Advanced Custom Development, S.A.</b>	<b>750 000</b>	<b>750 000</b>	<b>8 753</b>	<b>0</b>	<b>8 753</b>	<b>1.2%</b>
João Pedro Silva			8 753	0	8 753	1.2%
<b>CelFocus</b>	<b>100 000</b>	<b>100 000</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0.0%</b>
Paulo Jorge Barros Pires Trigo			1	0	1	0.0%
Francisco Manuel Martins Pereira do Valle			1	0	1	0.0%
José Afonso Oom Ferreira de Sousa			1	0	1	0.0%
<b>COLLAB – Sol. I. Com. e Colab., S.A.</b>	<b>50 000</b>	<b>50 000</b>	<b>18 750</b>	<b>0</b>	<b>18 750</b>	<b>37.5%</b>
Álvaro José da Silva Ferreira			7 500	0	7 500	15.0%
João Nuno da Silva Bento			7 500	0	7 500	15.0%
Pedro Cabrita Quintas			3 750	0	3 750	7.5%
<b>NB Core Financial Software Solutions, S.A.</b>	<b>100 000</b>	<b>100 000</b>	<b>30 000</b>	<b>0</b>	<b>30 000</b>	<b>30.0%</b>
Paulo Jorge Botelho Xardoné			15 000	0	15 000	15.0%
Fernando Miguel Figueira Tareco			15 000	0	15 000	15.0%
<b>NBO Recursos em TI, S.A.</b>	<b>50 000</b>	<b>10 000</b>	<b>113</b>	<b>0</b>	<b>113</b>	<b>1.1%</b>
Pedro Silva			113	0	113	1.1%
<b>SAF</b>	<b>325 000</b>	<b>325 000</b>	<b>24 375</b>	<b>0</b>	<b>24 375</b>	<b>7.5%</b>
Mário Jacinto S. Oliveira L. Figueira			24 375	0	24 375	7.5%
<b>Novabase Interactive TV</b>	<b>278 125</b>	<b>278 125</b>	<b>67 084</b>	<b>0</b>	<b>67 084</b>	<b>24.1%</b>
José Carlos de Almeida Pedro de Jesus			33 542	0	33 542	12.1%
Nuno Miguel Isidoro Duarte			33 542	0	33 542	12.1%
<b>OnTV</b>	<b>100 000</b>	<b>100 000</b>	<b>28 250</b>	<b>0</b>	<b>28 250</b>	<b>28.3%</b>
Pedro Casqueiro			7 500	0	7 500	7.5%
Nuno Guimarães			20 750	0	20 750	20.8%
<b>Novabase Infraestruturas, SGPS, S.A.</b>	<b>50 000</b>	<b>5 000 000</b>	<b>419 993</b>	<b>0</b>	<b>419 993</b>	<b>8.4%</b>
Miguel Vicente			381 812	0	381 812	7.6%
Luís Dias			38 181	0	38 181	0.8%
<b>ES IT International Trade &amp; Services, S.A.</b>	<b>CHF 200 000</b>	<b>2 000</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0.1%</b>
Nuno Miguel Isidoro Duarte			1	0	1	0.1%
<b>Mind, S.A.</b>	<b>370 000</b>	<b>74 000</b>	<b>26 400</b>	<b>0</b>	<b>26 400</b>	<b>35.7%</b>
João Carlos Martins Bernardo			10 980	0	10 980	14.8%
Rui Pedro Silva Casteleiro			10 980	0	10 980	14.8%
Bruno Cardoso Mendes			4 440	0	4 440	6.0%
<b>SAPI2, S.A.</b>	<b>60 100</b>	<b>60 100</b>	<b>22 500</b>	<b>0</b>	<b>22 500</b>	<b>37.4%</b>
Paulo Eduardo Simões de Abreu Cascais			7 500	0	7 500	12.5%
Jorge Humberto Ferreira Moreira			7 500	0	7 500	12.5%
José Manuel Gomes de Vasconcelos Diniz			7 500	0	7 500	12.5%
<b>Tecnotrend Holding, B.V.</b>	<b>70 000</b>	<b>7 000 000</b>	<b>3 500 000</b>	<b>0</b>	<b>3 500 000</b>	<b>50.0%</b>
Heiko Kieser			3 110 300	0	3 110 300	44.4%
Michael Pauli			389 700	0	389 700	5.6%
<b>Manchete, S.A.</b>	<b>150 000</b>	<b>150 000</b>	<b>74 799</b>	<b>0</b>	<b>74 799</b>	<b>49.9%</b>
Luís Carlos Feliciano da Mota			37 399	0	37 399	24.9%
Mª de Fátima da Silva Rebelo			37 400	0	37 400	24.9%