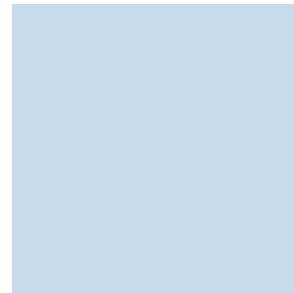
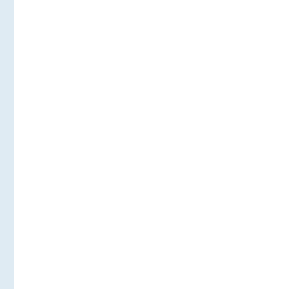
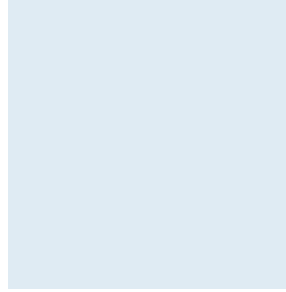
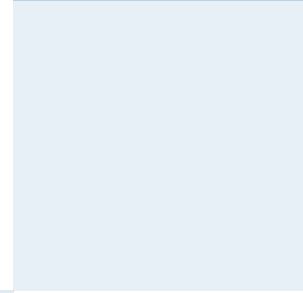
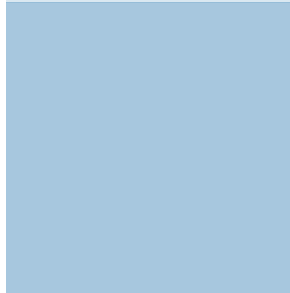
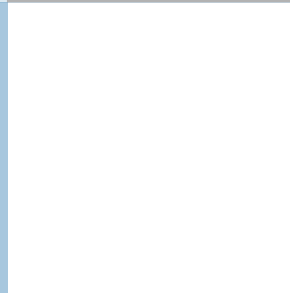
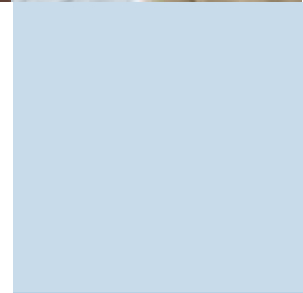
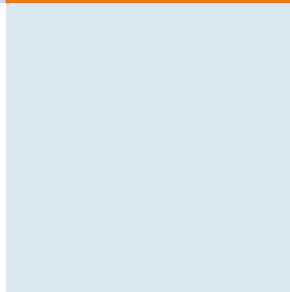
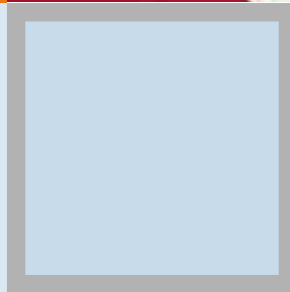
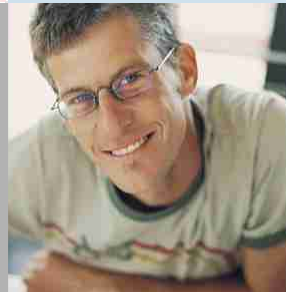
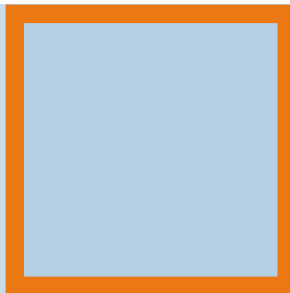
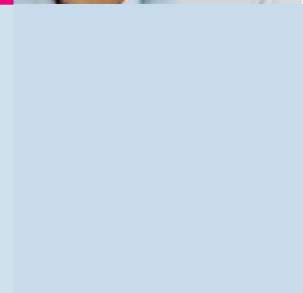
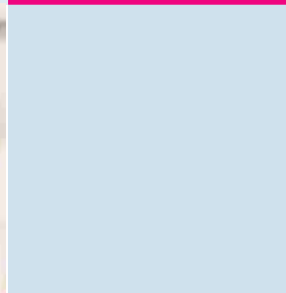
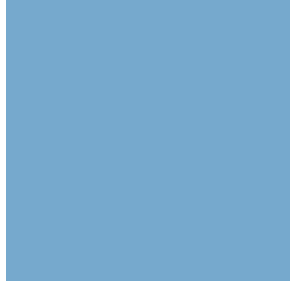
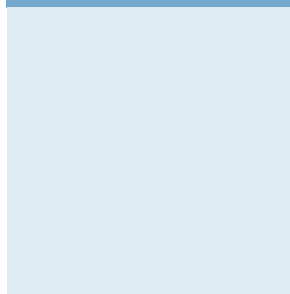
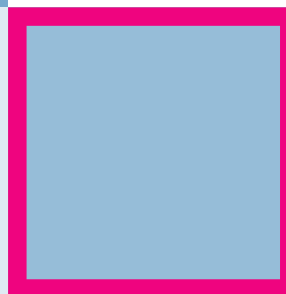


Relatório e Contas 2005
Annual Report 2005

Novabase





Um verdadeiro líder avança.

Um verdadeiro líder comanda,
com ventos favoráveis ou condições adversas.

Um verdadeiro líder
procura as pequenas conquistas
e constrói as grandes vitórias.

A true leader marches ahead.

A true leader stays in charge
through favourable and adverse conditions.

A true leader
wins the small battles
that build big victories.

Novabase

MISSÃO NOVABASE NOVABASE MISSION

A Novabase é a maior empresa Portuguesa de Tecnologias de Informação (TI) e uma das empresas Europeias de TI com maiores taxas de crescimento nos últimos anos (43% ao ano desde 1999).

Criada em 1989, conta hoje com mais de 1300 colaboradores e tem um volume de negócios de 226.4 M€, 21.4% dos quais são gerados fora de Portugal.

A missão da Novabase é desenvolver, implementar e gerir soluções tecnológicas inovadoras que permitam aos seus clientes obter benefícios - lucros, qualidade de serviço, satisfação pessoal - superiores ao seu custo.

Comprometemo-nos, com os nossos Clientes, Colaboradores, Accionistas e com a comunidade em geral, a manter sempre presente na nossa actuação que a componente de maior valor dos nossos produtos e serviços é a honra e a integridade do seu fornecedor.

Novabase is the largest Portuguese Information Technology (IT) company and one of the fastest-growing European IT companies in recent years (43% growth per year since 1999).

Established in 1989, Novabase today has more than 1300 employees and sales of 226.4 M€, 21.4% of which now originates from outside of Portugal.

Novabase's mission is to develop, deploy and manage innovative technology solutions with customer benefits - profitability, service quality and individual satisfaction – that surpass their cost.

We promise our customers, staff, shareholders and the community at large to always remember that the most valuable aspect of our products and services is the honour and integrity of their supplier.

226.4 M€

Volume de Negócios 2005

Turnover 2005



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Chairman's Message
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Operating Performance
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Financial and Stock Performance
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Proposal for the Allocation of Profits



PERFORMANCE.



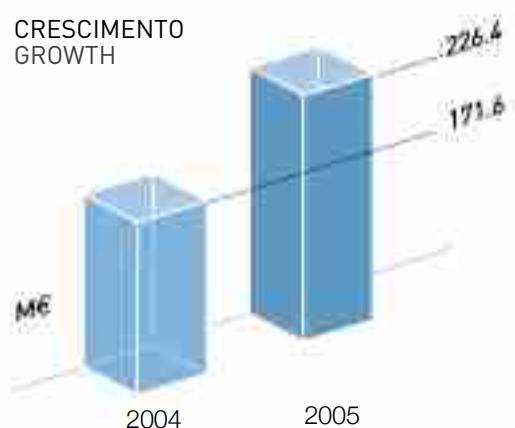
5.1 M€

Resultados Líquidos 2005
Net Profit 2005

I. SUMÁRIO FINANCEIRO FINANCIAL HIGHLIGHTS

32.0% **Volume de Negócios**
Turnover

CRESCIMENTO
GROWTH



55.9%

CRESCIMENTO
GROWTH

Negócio Internacional
International Business

Vendas 2004 Sales 2004

81.9%
Vendas Portugal
Sales Portugal



18.1%
Vendas Estrangeiro
Sales Abroad

Vendas 2005 Sales 2005

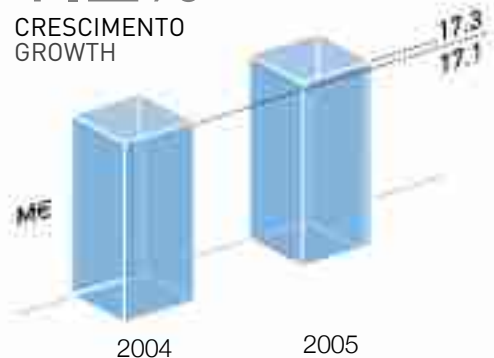
78.6%
Vendas Portugal
Sales Portugal



21.4%
Vendas Estrangeiro
Sales Abroad

1.2% **Cash Flow Operacional - EBITDA**
Operating Cash Flow - EBITDA

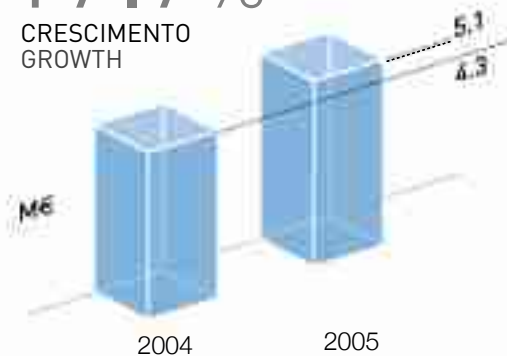
CRESCIMENTO
GROWTH



17.7%

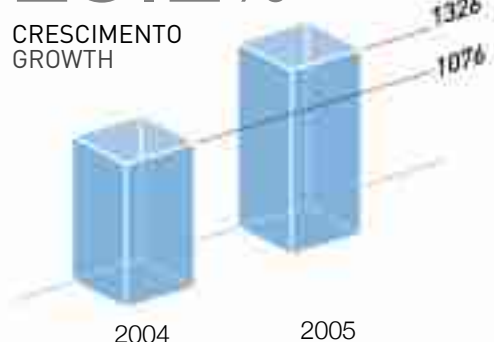
CRESCIMENTO
GROWTH

Resultados Líquidos
Net Profit



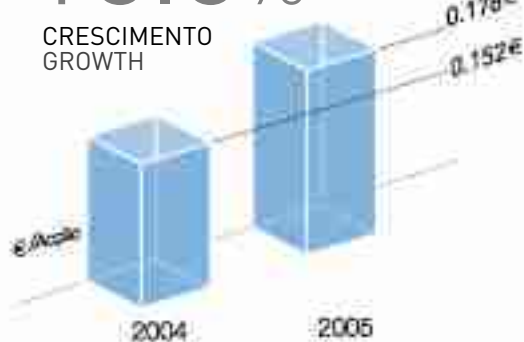
23.2% **Colaboradores**
Staff

CRESCIMENTO
GROWTH



16.6% **Earnings per Share**

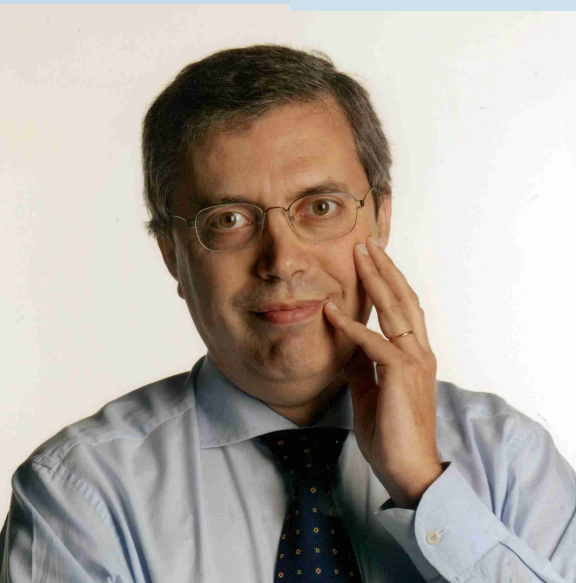
CRESCIMENTO
GROWTH



II. MENSAGEM DO PRESIDENTE CHAIRMAN'S MESSAGE

O volume de negócios da Novabase cresce 32% em 2005, para 226.4M€.

Novabase's turnover increased 32% in 2005, to 226.4M€.



Senhores Accionistas,

Um ano após a chegada à posição de maior empresa Portuguesa de tecnologias e sistemas de informação, menos de seis anos depois do seu IPO, a Novabase reforça esta sua posição conseguindo um crescimento anual do seu volume de negócios em 2005 de 32%, para 226.4 M€ (Milhões de Euros).

Desde o início da cotação da Novabase em Bolsa (há apenas um pouco menos de seis anos) a Novabase passou de cerca de 25 M€ de volume de negócio para quase dez vezes esse valor, situação difícil de igualar em toda a economia portuguesa.

Dear Shareholders,

One year after becoming the largest Portuguese information technology company and less than six years after its IPO, Novabase has strengthened its position, with its annual turnover in 2005 having grown by 32% to 226.4 M€.

Ever since Novabase began trading on the Stock Market (a little less than 6 years ago), Novabase has progressed from some 25 M€ in turnover to almost ten times that amount, a feat difficult to match by any other player in the Portuguese economy.

O crescimento excepcional que se verificou em 2005 foi registado em todas as principais áreas de negócio. Assim, a divisão Novabase Consulting cresceu 22% para 58.9 M€ e a divisão Novabase Engineering Solutions cresceu 36.4% para 163.7 M€. Dentro desta última área, o negócio de Infraestruturas cresceu 30.6% para 82.9 M€ e o negócio de TV Digital aumentou 42.9% para 80.8 M€. Por sua vez, as vendas internacionais da Novabase são já 21.4% do seu volume de negócios total, ou seja 48.5 M€.

O número médio de colaboradores, em 2005, cresceu 23.2% para 1326, colocando assim a Novabase entre os grandes criadores nacionais de emprego especializado.

The exceptional growth seen in 2005 was recorded in all the main business areas. The Novabase Consulting division grew by 22% to 58.9 M€ and the Novabase Engineering Solutions division grew by 36.4% to 163.7 M€. Within the latter area, the infrastructures business rose by 30.6% to 82.9 M€ and the Digital TV business climbed by 42.9% to 80.8 M€. In turn, Novabase international sales already account for 21.4% of its total turnover, i.e. 48.5 M€.

The average number of staff in 2005 rose by 23.2% to 1326, making Novabase one of the country's largest creators of specialised employment.

O crescimento excepcional que se verificou em 2005 foi registado em todas as principais áreas de negócio.

The extraordinary growth in 2005 was registered in all the main business areas.

Quanto ao cash-flow operacional (EBITDA), a Novabase Consulting atingiu os 10.2 M€, o que corresponde a uma margem de 17.3%, continuando assim muito elevada quando comparada com os seus congéneres internacionais. Na Novabase Engineering Solutions o EBITDA foi de 6.8 M€, o que corresponde a uma margem de 4.2%. Aqui sentiu-se o efeito dos custos adicionais que foi necessário passar a suportar por forma a ter uma estrutura capaz de lidar com um negócio muito maior do que aquele para o qual tinha sido criada. Assim, foram alugadas novas instalações para esta divisão e foram criados procedimentos e sistemas internos mais robustos, para o que foi necessário recrutar mais pessoal. Estamos convictos que o crescimento futuro do negócio irá justificar estes custos adicionais.

In terms of operating cash flow (EBITDA), Novabase Consulting recorded 10.2 M€, corresponding to a margin of 17.3%, remaining quite high compared to its international counterparts. The EBITDA of the Novabase Engineering Solutions division was 6.8 M€, which corresponds to an EBITDA margin of 4.2%. This division felt the impact of the additional costs, needed to possess a structure capable of dealing with a business that was much bigger than the one for which the original structure was created. New facilities were leased for this division and more robust internal systems and procedures were created, requiring the recruitment of more personnel. We are sure that future business growth will justify these additional costs.

A Novabase recebeu vários prémios e foi alvo de vários estudos por entidades de renome internacional em 2005.

Novabase received several awards and was the subject of several studies by reputable international entities in 2005.

Na área das Infraestruturas o EBITDA foi de 5.0 M€, a que corresponde uma margem de 6% (em linha com o tipo de negócio em causa), sendo que na área da TV Digital, e devido às fortes e constantes pressões sobre os preços nos negócios em Portugal, o EBITDA foi de 1.8 M€, ou seja 2.2% de margem percentual. Os resultados líquidos consolidados, já deduzidos os interesses minoritários, cresceram 17.7% face a 2004 para 5.1M€. Os EPS ("Earnings Per Share") situaram-se nos 0.178 € por acção contra 0.152 € registados em 2004.

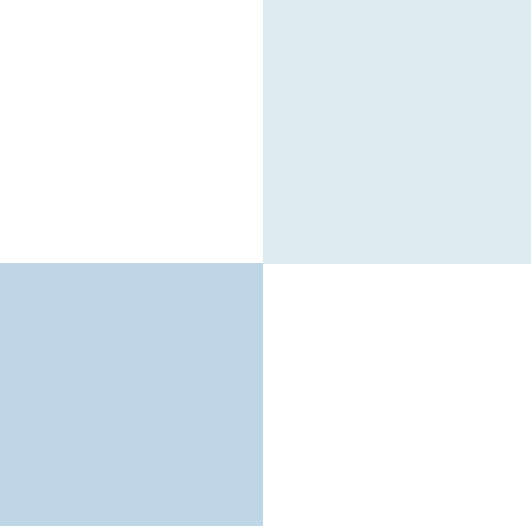
Durante o exercício de 2005 ocorreu ainda outro facto de extrema importância para os accionistas. Com efeito, na sequência de uma dispersão adicional de cerca de 9% do capital da empresa por parte dos accionistas signatários do acordo parassocial em vigor, a liquidez anual aumentou cerca de 50%, o que esteve na origem do regresso da Novabase ao índice PSI20, registado já no final do ano e tornado efectivo a partir de 1 de Janeiro de 2006. A capitalização bolsista da empresa aumentou para 182.4 M€, fixando-se o valor da acção na última sessão do ano em 6.35 euros.

A Novabase recebeu vários prémios e foi alvo de vários estudos por entidades de renome internacional, sendo de destacar a posição número 116 no ranking das maiores empresas portuguesas em volume de negócios (Jornal "Diário de Notícias") e a posição número 84 no ranking em VAB (Semanário "Expresso"). A Novabase figurou ainda em número 141 no ranking da organização Europe's 500 (referente ao crescimento e à criação de emprego) e recebeu o prémio "Best of European Business 2005/Portugal", na categoria de crescimento (médias empresas).

In Infrastructures, EBITDA was 5.0 M€, with a corresponding margin of 6% (typical for the type of business in question), while in Digital TV, due to constantly strong pressure on prices for Portuguese businesses, EBITDA was 1.8 M€, i.e. a 2.2% margin. Consolidated net profit, net of minority interests, was up 17.7% over 2004 to a total of 5.1 M€. EPS (Earnings per Share) totalled 0.178 € per share, against the 0.152 € recorded in 2004.

Another extremely important event occurred in 2005 for shareholders. In fact, following an additional float of some 9% of company capital by the shareholders who signed the current shareholders' agreement, annual liquidity rose some 50%, thereby returning Novabase to the PSI20 index, on January 1st 2006. The company's market capitalisation rose to 182.4 M€, with shares trading at 6.35 euros during the year's last trading day.

Novabase received various awards and was the subject of various studies by reputable international entities, occupying position number 116 in the ranking of largest Portuguese companies in terms of turnover ("Diário de Notícias" daily newspaper) and position number 84 in the GVA ranking ("Expresso" weekly newspaper). Novabase was also placed no. 141 in the Europe's 500 ranking (with respect to growth and job creation) and received the award for "Best of European Business 2005/ Portugal" in the growth category (medium-sized enterprises). Novabase was awarded 84 points out of a possible 100 in terms of "Company Watch" H-Score for its financial performance.



A Novabase foi ainda pontuada com 84 pontos em 100 no H-Score da “Company Watch” pela sua performance financeira, sendo a melhor cotada portuguesa nesta escala com números de 2004.

A Actividade

A Novabase desenvolveu, no exercício de 2005, uma actividade crescente em todas as suas áreas de negócio, tanto em quantidade como em reforço e sofisticação da sua oferta. Assim, e para citar alguns exemplos, na divisão Novabase Consulting, reforçou a sua Oferta de Banca e Serviços Financeiros, apostando cada vez mais em áreas “core” da Banca, desenvolveu uma nova oferta de BPM (Business Process Management), implementou um grande número de soluções empresariais baseadas em software internacional, hoje quase standard no mercado, e, nos casos em que desenvolveu software à medida, adoptou as melhores práticas de arquitecturas orientadas aos serviços (SOA-Service Oriented Architectures).

On the basis of 2004 data, Novabase was the highest ranked Portuguese listed company on this scale.

Business Activity

Over the course of 2005, Novabase developed a growing activity in all of its business areas, progressing in terms of quantity and in terms of expansion and sophistication of its products and services offering. To cite a few examples, the Novabase Consulting division increased its Banking and Financial Services Offering by increasing its focus on core Banking areas, developing a new BPM (Business Process Management) service, implementing a large number of corporate solutions based on international software that is currently almost standard on the market, and in cases where it developed customized software, it adopted the best service oriented architecture practices (SOA).

A Novabase desenvolveu em 2005 uma actividade crescente em todas as áreas de negócio, tanto em quantidade como em reforço e sofisticação da sua oferta.

Novabase increased activity in all business areas in 2005, both in quantity and in expansion and sophistication of its products and services.

Sempre na senda da inovação, a divisão Novabase Consulting realizou novos projectos internacionais em Espanha, na Bélgica, África do Sul, Egipto e Arábia Saudita.

Always innovating, the Novabase Consulting division executed new international projects in Spain, Belgium, South Africa, Egypt and Saudi Arabia.

A Novabase é hoje uma empresa de Tecnologias de Informação com uma oferta vasta e global para o mercado.

Novabase is today an Information Technology company with a global comprehensive offer to the market.

Por seu turno, a divisão Novabase Engineering Solutions desenvolveu uma nova oferta de Infraestruturas Inteligentes de Informação, continuou a expandir a sua oferta de Bilhética e Controlo de Acessos na zona da área metropolitana do Porto e venceu um novo concurso na Madeira. A sua área de Mobilidade construiu novas ofertas, conseguindo um crescimento notável. A área de TV Digital aprofundou o seu processo de internacionalização através da nossa participada TechnoTrend e continuou a ter uma quota de praticamente 100% em Portugal com os seus produtos na área das set-top-boxes. Aprofundou uma nova fase de venda através do canal OEM (Original Equipment Manufacturer) no que diz respeito a tecnologia das set-top-boxes e obtiveram-se novos contratos com operadores europeus.

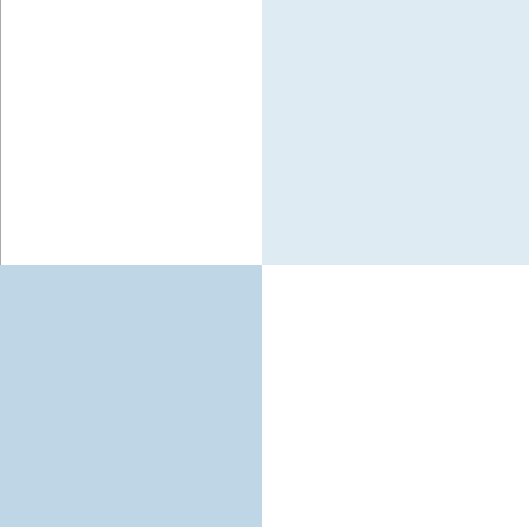
A Novabase Capital criou, juntamente com o IAPMEI, um fundo de capital de risco com uma dotação de 7.5 M€ para investir em novas empresas de TI, assegurando, ela própria, a gestão desse fundo. Manteve a sua carteira de participações anteriores sob gestão e apoiou estudos de potenciais investimentos para as áreas de negócio da Novabase.

No que corresponde às áreas funcionais internas da Novabase foram alugadas novas instalações para a divisão Novabase Engineering Solutions em Carnaxide (arredores de Lisboa) e continuaram os progressos no sentido da integração plena das áreas funcionais das divisões, com particular destaque para a extensão do apoio das áreas de sistemas, serviços administrativos, serviços jurídicos e de recursos humanos à divisão de Engineering Solutions. Neste momento, e para conseguir um

The Novabase Engineering Solutions division developed a new Intelligent Information Infrastructures offering, continued to expand its range of products and services in Ticketing and Access Control in the Porto metropolitan area, and was awarded a new contract in Madeira. Its Mobility area created new products and services, growing significantly, while its Digital TV area expanded its internationalisation process via associated company TechnoTrend and maintained a market share of practically 100% in Portugal with its products in the set-top-boxes area. It expanded a new sales phase via the OEM channel involving set-top-box technology, also signing new contracts with European operators.

Novabase Capital, together with IAPMEI, created a risk capital fund provisioned with 7.5 M€ to invest in new IT companies, ensuring Novabase Capital manages the fund itself. It held on to its previous capital holdings and supported studies on potential investments for Novabase business areas.

In terms of Novabase's internal functional areas, new facilities were leased for the Novabase Engineering Solutions division in Carnaxide (greater Lisbon area), while work continued with respect to full integration of the functional areas of the divisions, with particular focus on extending the support of the areas of systems, administrative services, legal services and human resources to the Engineering Solutions division. As things currently stand, all that needs to be done to meet our goal of extending full support of our shared services (officially known as Novabase Serviços) to all Novabase areas, is to implement the SAP Logistics area within the Engineering Solution division.



apoio pleno dos nossos serviços partilhados (designados por Novabase Serviços) a todas as áreas da Novabase, falta apenas incluir a área de logística da divisão Engineering Solutions, com a integração do respectivo software.

Prioridades para 2006

São as seguintes as principais prioridades para 2006:

Reforço das sinergias entre os vários negócios da Novabase

A Novabase é hoje uma empresa de Tecnologias de Informação com uma oferta vasta e global para o mercado. Plenamente implantada no mercado português e vendendo já 48.5 M€ fora de Portugal, a Novabase é hoje uma “one-stop-shop” para muitos Clientes. Contudo, existem muitas sinergias a aprofundar entre as suas áreas de negócio, nomeadamente no que diz respeito à criação de soluções completas envolvendo as duas divisões de negócio. A melhor organização da empresa para dar corpo a um maior número de sinergias destas áreas será uma área de trabalho para 2006.

Renovação constante da oferta

A inovação é o principal motor da actividade da Novabase. Assim, e sendo sempre certos novos desafios no mercado, a Novabase está sempre atenta à renovação da sua oferta. Essa é uma preocupação constante que tem de estar sempre presente a todo o momento e portanto em todos os exercícios. O ano 2006 não será excepção.

Priorities for 2006

Below, the main priorities for 2006:

Increased synergies between the various Novabase businesses

Novabase is currently an Information Technology company offering the market a broad overall product and service range. Fully established in the Portuguese market and recording 48.5 M€ in sales outside of Portugal, Novabase is today a “one-stop-shop” for many Customers. However, there are many synergies that can be expanded between its business areas, namely in creating complete solutions involving both business divisions. Improving organisation of the company in order to increase synergies between these areas will be a priority for 2006.

Constant renewal of the products and services offering

Innovation is the main driving force of Novabase activity. Because the market will always present new challenges, Novabase is always seeking to renew its offering of products and services. This is a constant concern that must underlie all our actions at all times. 2006 will be no exception.

A inovação é o principal motor da actividade da Novabase.

Innovation is the main driver of Novabase's activity.

Serviços Partilhados a apoiar todas as áreas da Novabase

Com o objectivo de promover a redução de custos e a uniformidade de soluções, a Novabase criou há alguns anos atrás a sua organização interna de serviços partilhados, englobando áreas como a Administrativa, Jurídica, Financeira e de Recursos Humanos. Inicialmente criada para suportar a divisão Novabase Consulting, os seus serviços têm vindo a ser alargados à divisão Novabase Engineering Solutions à medida que esta foi crescendo e adquirindo participações noutras empresas. Este processo tem dado importantes passos sempre com o natural cuidado de respeitar a diferente natureza dos negócios em presença. Este processo terá um novo passo importante em 2006 na concretização de novos sistemas na área da Logística e ainda um melhoramento das soluções na área de Recursos Humanos.

Sofisticação do Modelo de Governo Corporativo da Novabase

A Novabase, enquanto empresa cotada, tem primado por adoptar as melhores práticas de mercado no que respeita ao governo corporativo e às práticas no domínio da transparência. Foi assim das primeiras a adoptar a recomendação da CMVM no que diz respeito à divulgação dos salários dos seus administradores, nome a nome. A Novabase acredita que este tipo de práticas fomenta a confiança dos investidores nas empresas cotadas e tem como objectivo para 2006 continuar a aprofundar as mesmas e reforçar o seu modelo de governo.

Shared Services supporting all of the Novabase areas

In order to promote cost reduction and uniformity of solutions, Novabase created its own internal organisation of shared services a few years ago, encompassing such areas as Administration, Legal, Financial and Human Resources. Initially created to support the Novabase Consulting division, its services have been expanded to the Novabase Engineering Solutions division as this division began to grow and acquire holdings in other companies. This process has evolved significantly, always taking care to respect the different nature of the businesses in question. This process will take new important steps in 2006 in executing new Logistics systems and also improving Human Resources solutions.

Sophistication of the Novabase Corporate Governance Model

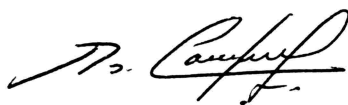
Novabase, as a publicly traded company, has been committed to adopting the best market practices in corporate governance and transparency. Accordingly, it was one of the first to adopt the CMVM (Portuguese Securities and Exchange Commission) recommendation with regard to disclosure of the salaries of its each of its directors by name. Novabase believes that these types of practices help encourage investor confidence in publicly traded companies and the company's goal for 2006 is to continue to expand such practices and strengthen its governance model.

Agradecimentos

Por último, quero expressar o meu reconhecimento a todos quantos se empenharam activamente no desenvolvimento da Novabase, na construção contínua da sua visão, no estabelecimento de objectivos concretos, na sua persecução e nas pequenas tarefas árduas do dia a dia. Destaco os nossos Clientes pela sua preferência, os nossos Colaboradores pela sua competência e empenho, os nossos Accionistas pela confiança e os nossos Parceiros pela sua colaboração. Quero ainda deixar uma palavra final de reconhecimento ao Conselho Fiscal e aos Auditores Externos pela sua inestimável colaboração, pelo seu trabalho empenhado ao serviço da empresa.

Acknowledgements

Finally, I would like to recognize all those who actively contributed to the development of Novabase, to the ongoing construction of its vision, to setting concrete goals, to pursuing these goals and to undertaking small, laborious day-to-day tasks to make it happen. I would like to thank in particular our Customers for their preference, our Employees for their competence and commitment, our Shareholders for their trust and our Partners for their collaboration. I would also like to express a final acknowledgement to the Board of Auditors and the External Auditors for their invaluable collaboration, hard work and service to the company.

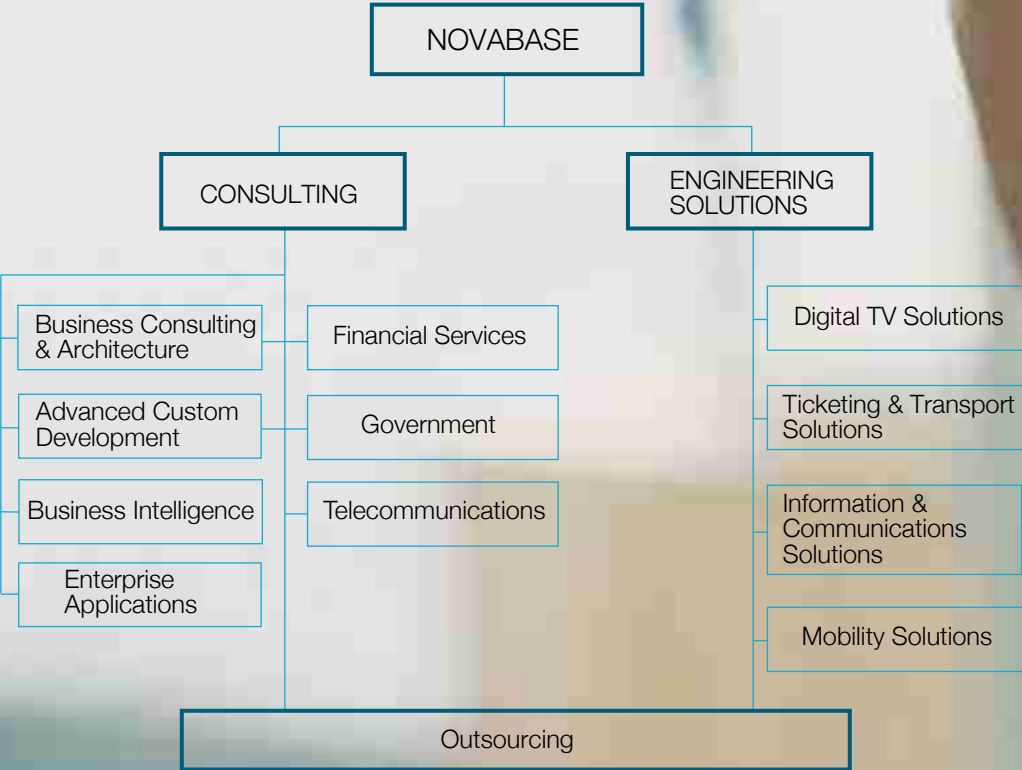
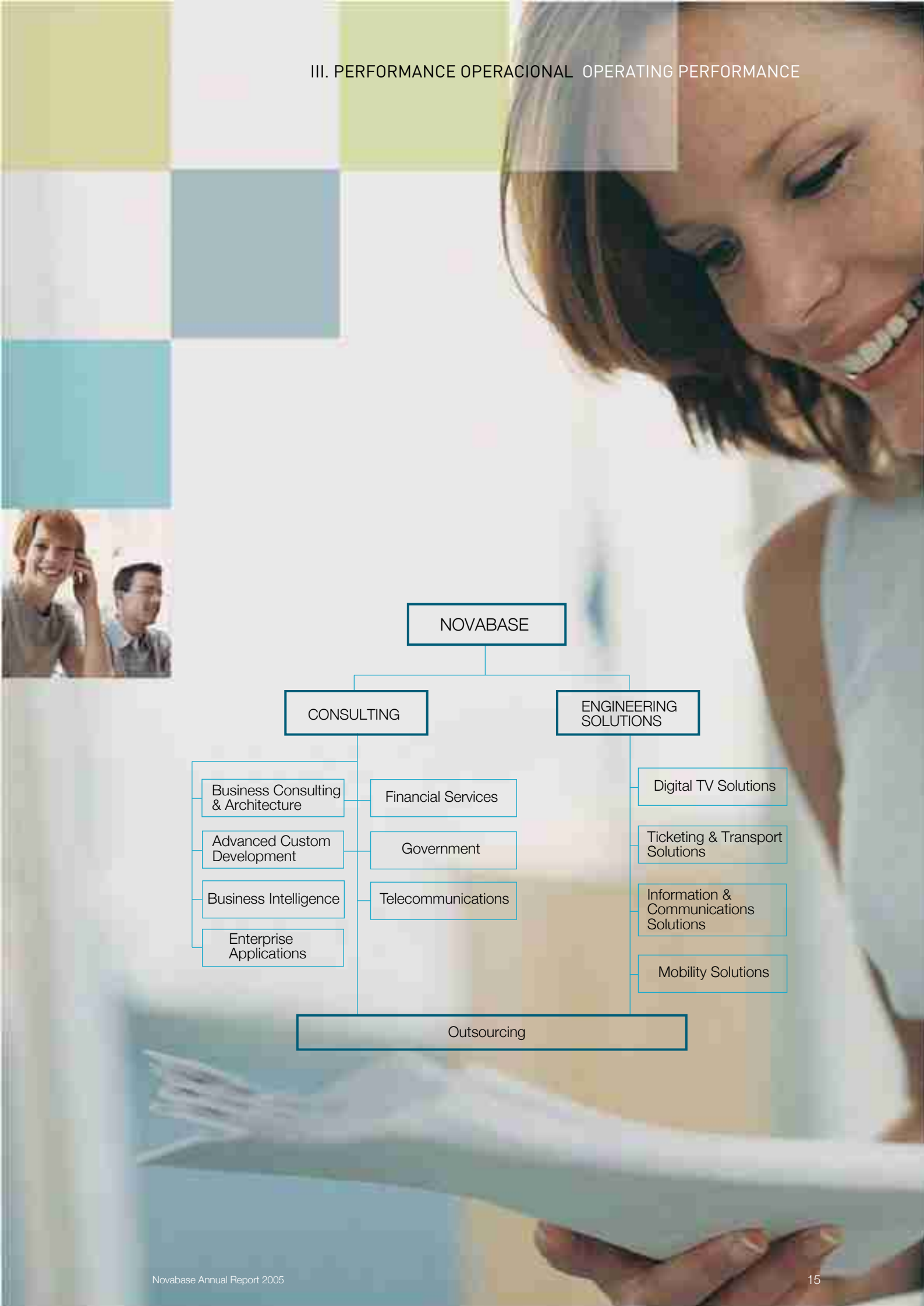


ROGÉRIO CARAPUÇA
PRESIDENTE DO CONSELHO DE ADMINISTRAÇÃO
CHAIRMAN AND CEO



+23.2%

Crescimento do número de colaboradores em 2005
Staff growth in 2005



EXPERIENCE.



:: A oferta de **Business Consulting & Architecture** visa apresentar aos clientes soluções tecnológicas que enderecem problemas de negócio de forma concreta. A implementação de soluções tecnológicas de forma isolada dos processos de negócio que visam suportar é, normalmente, um prenúncio de insucesso.

:: Através desta oferta, a Novabase analisa em conjunto com o Cliente a situação concreta em termos de estratégia e de processos de negócio/ operações, propõe eventuais ajustamentos a esses processos e ao modelo organizacional, acompanha a implementação tecnológica, mantendo a perspectiva da utilidade final em termos de negócio, e apoia a gestão da mudança.

:: O objectivo final é permitir que os Clientes retirem das tecnologias implementadas o benefício máximo para os seus negócios.

Oferta

:: **Business Consulting:** Definição de novos modelos de negócio (por exemplo, estratégias de e-business, gestão de Clientes, medidas de redução de custos, optimização da cadeia de valor, entre outros) e obtenção de melhor performance em termos de custos e qualidade dos processos de negócio utilizados pela empresa.

:: **Business Consulting & Architecture** products and services seek to provide customers with technological solutions that address business problems in a specific manner. Whenever technological solutions are implemented in a manner that is isolated from the business processes they are supposed to support they are doomed to fail.

:: With these products and services, Novabase studies the concrete solution with the Customer in terms of strategy and business/operation processes, proposing any necessary adjustments to such processes and the organisational model, following up on technological implementation, keeping in mind final utility in terms of business, and supporting change management.

:: The end goal is for Customers to get the most out of the implemented technologies for their businesses.

Products and Services

:: **Business Consulting:** Definition of new business models (e.g. e-business strategies, customer management, cost reduction measures, optimisation of the value chain, etc.) and obtaining better performance in terms of costs and the quality of the business processes used by the company.

Proposta de Valor

:: Serviços de consultoria ligados à implementação prática das recomendações

- . A Novabase é uma empresa tecnológica, o que assegura que as recomendações apresentadas serão de facto exequíveis.

- . Os consultores desta área possuem um perfil predominantemente sénior e detêm experiência prática de implementação das recomendações que apresentam do ponto de vista tecnológico.

:: Rede de parcerias com consultoras de alta-direcção que são chamadas a intervir sempre que se justifique e sempre devidamente enquadradas pela orientação pragmática dos consultores Novabase.

:: Numa altura em que a tecnologia passa a ser cada vez mais um pilar do core dos negócios, em vez do mais usual papel de automatização de processos de suporte, a Novabase permite ao cliente pensar não só a resolução em abstracto dos seus problemas de maneiras inovadoras, mas também discutir as novas possibilidades de negócio (por exemplo, lançamento de novos produtos/serviços) que a evolução tecnológica vai colocando à disposição dos Clientes.

Value Proposal

:: Consulting services linked to the practical implementation of recommendations

- . Novabase is a technological company, which ensures that the recommendations made will be executable.

- . The consultants in this area generally have a senior profile and practical experience in implementing recommendations that they make from a technological point of view.

:: Partnership network with top-management consultants that are called to intervene whenever necessary, always duly supported by the pragmatic guidance of the Novabase consultants.

:: At a time when technology is increasingly becoming a core element of business, instead of performing its usual role of support process automation, Novabase does more than just help the Customers think about the general resolution of their problems in an innovative manner, it also discusses the new business possibilities (e.g. launching new products/services) that technological evolution will be able to provide for them.

:: **IT Consulting:** Desenvolvimento da visão e estratégia de tecnologias de informação (TI), definindo prioridades estratégicas que as TI devem suportar e identificando grandes iniciativas de TI, que o Cliente deve desenvolver num período plurianual (2-3 anos). A Novabase apoia ainda o Cliente na elaboração do plano de transição entre a situação actual e a visão estratégica e na escolha de soluções de diferentes fornecedores em termos de sistemas, aplicações e processos que devam ser alterados e/ou substituídos.

:: **Change Management:** Gestão da mudança ao nível de recursos humanos e de modelos organizacionais, assegurando a mobilização e o alinhamento necessários à implementação das mudanças identificadas.

:: **IT Consulting:** Development of an information technology (IT) vision and strategy, defining strategic priorities that IT should support and identifying large-scale IT initiatives that the Customer should develop over a multi-annual period (2-3 years). Novabase also supports the Customer in creating a transition plan between the current situation and the strategic vision, helping to choose solutions from various suppliers for systems, applications and processes that need to be altered and/or replaced.

:: **Change Management:** Management of change in terms of human resources and organisational models, ensuring the mobilisation and alignment necessary for implementation of the identified changes.

Clientes Alvo

:: Grandes empresas (Banca, Telecomunicações, Indústria)

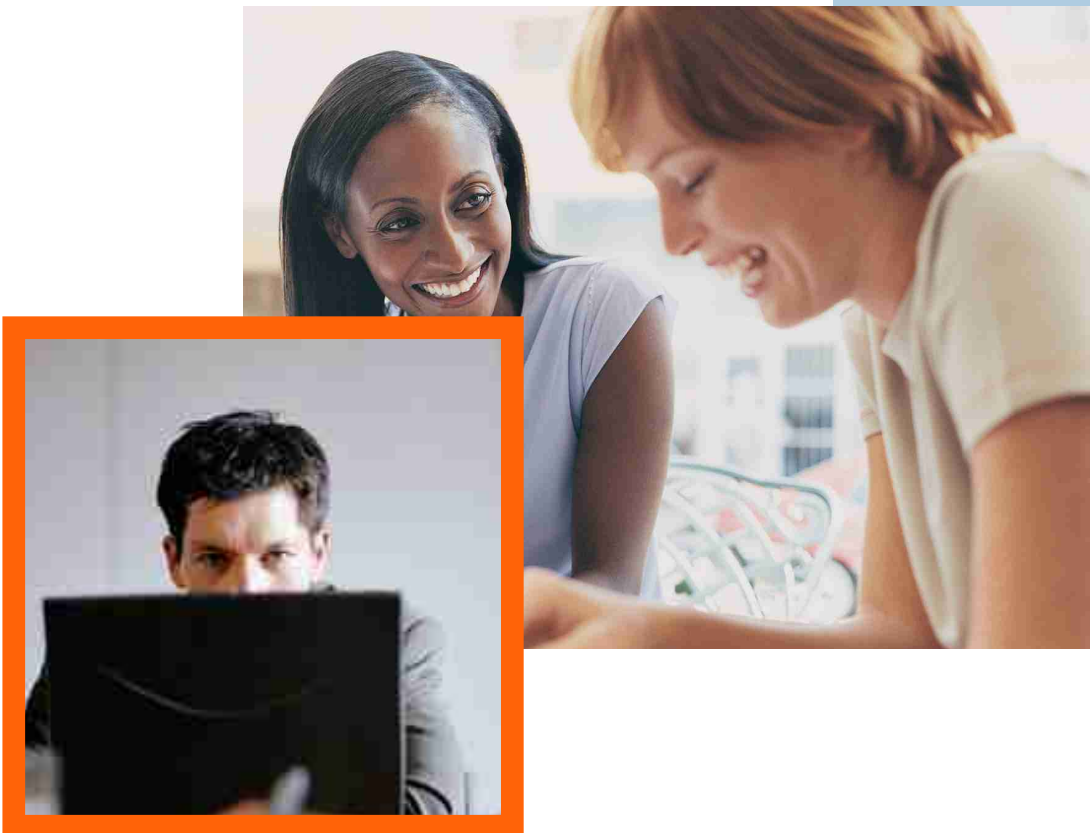
:: Administração Pública

Target Customers

:: Large companies (Banking, Telecommunications, Industrial)

:: Public Administration

CUSTOMIZED.



⚡ Em muitos casos, os problemas apresentados pelos Clientes não podem ser resolvidos através da implementação de soluções tecnológicas *standard*. . Nesses casos, a Novabase, através da oferta de **Advanced Custom Development**, possui competências para desenvolver soluções customizadas de raiz que permitam endereçar as necessidades do Cliente.

⚡ As soluções resultantes incorporam directamente os requisitos dos Clientes e são baseadas em plataformas e tecnologias de base provadas mas adaptadas às necessidades específicas de cada empresa.

⚡ A grande tendência de futuro nesta área passa pela proliferação de arquiteturas de soluções orientadas aos serviços a prestar aos utilizadores (Service Oriented Architectures - SOA) em vez de arquiteturas em que as soluções valiam por si e eram autênticos silos, visíveis para o utilizador final. Este facto vem alterar radicalmente o paradigma das soluções customizadas e permitir aos Clientes dispor de soluções mais ágeis e leves (do ponto de vista tecnológico) que se vão adaptando aos serviços que a empresa em cada momento quer disponibilizar aos seus *stakeholders* (clientes, colaboradores, fornecedores, accionistas). Os modelos de negócio de empresas de sucesso, tanto *start-ups* (como os casos da Google e da eBay) como empresas tradicionais (como o caso da General Electric) são as confirmações no terreno de que o SOA é uma tendência ineludível e não uma moda passageira, devido aos benefícios concretos em termos de custo e flexibilidade que oferece aos Clientes.

⚡ In many cases, the problems experienced by Customers cannot be resolved by implementing standard technological solutions. In such cases, Novabase, through its **Advanced Custom Development** offer, has the ability to develop customised solutions built from scratch that address customers' needs.

⚡ The resulting solutions directly incorporate Customer needs and are based on proven platforms and basic technology but with a layer adapted to the specific needs of each company.

⚡ The major future trend in this area involves the proliferation of architectures oriented toward services to be supplied to users (Service Oriented Architectures – SOA), instead of architectures where everything revolves around the solutions, standing out to the end user, as opposed to blending in. This has radically changed the customised solutions paradigm and has provided Customers with solutions that are more agile and lighter (from a technological point of view), adapting to the services that the company wishes to make available to its stakeholders at any time (customers, staff, suppliers, shareholders). Business models of successful companies, start-ups (e.g. Google and eBay) and traditional companies (e.g. General Electric), are concrete examples that SOA is a lasting trend and not a passing fad, providing concrete benefits in terms of cost and flexibility for Customers.

Proposta de Valor

- :: Experiência acumulada em soluções de “Service Oriented Architectures”.
- :: Maior equipa de consultores no mercado possuindo competências técnicas em todas as tecnologias de base.
- :: Reputação de projectos de sucesso desenvolvidos utilizando as mais diversas plataformas e nos mais diversos sectores de actividade dos Clientes.

Value Proposal

- :: Extensive experience in Service Oriented Architecture solutions.
- :: Largest consultants team on the market with technical expertise in all basic technologies.
- :: Track record of successful projects developed using a wide range of platforms in the Customers' various activity sectors.

Oferta

:: **Service Oriented Architecture (SOA):** Serviços e soluções de implementação e de Business Process Management que permitem, finalmente, aos Clientes colocar a tecnologia ao serviço do negócio e não o inverso. A implementação de regras e mecanismos de ligação, transparentes para o utilizador, entre os vários sistemas novos e, muito especialmente, os já existentes, permite “moldar” os vários silos tecnológicos existentes de modo a retirar deles os *outputs* necessários para os processos de negócio. Tudo sem necessidade de os substituir por soluções novas de grande porte e que levariam a consumos significativos de tempo, custos e a um aumento exponencial do risco de implementação.

:: **Enterprise Document Management (EDM):** Soluções que permitem gerir a informação não estruturada das organizações de modo a poder suportar os processos de negócio para os quais é relevante.

:: **Trustworthy Computing:** Soluções ligadas à segurança e mecanismos de autenticação associados, que permitem a uma organização garantir que o acesso à informação é feito apenas por aqueles que têm necessidade e autorização para tal.

:: **Quality Assurance:** Serviços abrangentes de avaliação da qualidade das soluções implementadas no Cliente, tanto pela Novabase como por terceiros.

Products and Services

:: **Service Oriented Architecture (SOA):** Implementation and Business Process Management (BPM) services and solutions that finally allow Customers to use technology to serve their business, as opposed to having their business serve the technology. Implementation of connection rules and mechanisms that are transparent to the user, between the various new systems and the existing ones in particular, allows for the “moulding” of the various existing technological silos to obtain the outputs necessary for business processes. All this is done without the need to replace them with large new solutions that would require long periods of time, high costs and an exponential increase in the implementation risk.

:: **Enterprise Document Management (EDM):** Solutions that allow the organisations' unstructured information to be managed in a manner that supports the business processes to which the information is relevant.

:: **Trustworthy Computing:** Solutions linked to security and associated authentication mechanisms that allow an organisation to guarantee that information is only accessed by people who need it and are authorised to access it.

:: **Quality Assurance:** Comprehensive services for assessing the quality of the solutions implemented at the Customer's premises by both Novabase and third parties.

Clientes Alvo

- :: Grandes empresas (Banca, Telecomunicações, Indústria)
- :: Administração Pública

Target Customers

- :: Large companies (Banking, Telecommunications, Industrial)
- :: Public Administration



:: Todas as organizações se defrontam, desde há muitos anos, com o facto de possuírem mais informação (por exemplo, de clientes, financeira, e outra) do que aquela que conseguem utilizar e potenciar.

:: A oferta de **Business Intelligence** (BI) tem como objectivo permitir às empresas adoptarem verdadeiras abordagens de Customer Lifecycle Management. Em termos concretos as soluções de BI permitem, em primeiro lugar, separar a informação útil da supérflua e, em segundo lugar, trabalhar a informação relevante de modo a poder suportar a tomada de decisão e realimentar os sistemas operacionais.

:: A Novabase foi o primeiro *player* a introduzir esta oferta em Portugal e é hoje o líder destacado de mercado, continuando a merecer a preferência dos Clientes devido à reputação que possui e ao *know-how* acumulado na implementação destas soluções.

:: As oportunidades de crescimento desta oferta para a Novabase passam pela internacionalização da experiência acumulada para outros mercados Europeus no contexto de projectos concretos.

:: All organisations have long been challenged by the fact that they possess more information than they can use and apply (e.g. clients, financial, etc.).

:: The goal of the **Business Intelligence** (BI) offer is to allow companies to adopt real Customer Lifecycle Management approaches. In concrete terms, BI solutions allow useful information to initially be separated from superfluous information, followed by a stage in which the relevant information is processed in a manner that supports decision-making and re-feeds the operational systems.

:: Novabase was the first player to implement this service in Portugal and is currently the outright market leader, preferred by Customers due to its track record and its accumulated know-how in implementing these solutions.

:: Novabase growth opportunities in this service involve internationalisation of past experience into other European markets within the scope of concrete projects.

Proposta de Valor

- :: Maior reputação do mercado na implementação de soluções nos vários domínios de Business Intelligence (desde 1997).
- :: Posição independente face a fornecedores de tecnologia, possuindo uma equipa com vasta experiência a trabalhar com as soluções dos principais fornecedores no mercado.
- :: Fortes parcerias com os maiores fornecedores de soluções de software nesta área:
 - . “Parceiro Ibérico” da Hyperion
 - . Maior centro de competência mundial da Microstrategy
 - . “Parceiro do Ano” da ProClarity
 - . “Gold Partner” da Microsoft

Value Proposal

- :: Best track record on the market in implementing solutions in the various Business Intelligence areas (since 1997).
- :: Independent position in relation to technology suppliers, boasting a team with vast experience working with solutions of the major leading suppliers.
- :: Close partnerships with the largest software solution suppliers in the sector:
 - . Hyperion “Iberian Partner”
 - . Largest Microstrategy world expertise centre
 - . ProClarity “Partner of the Year”
 - . Microsoft “Gold Partner”

Oferta

:: **Strategic Intelligence:** Serviços de consultoria na definição e implementação de estratégias de business intelligence pelos clientes. Através desta oferta a Novabase apoia o Cliente na priorização de esforços de BI, nas melhores plataformas a utilizar e na adopção de conceitos de gestão inovadores.

- . Este é o caso dos *balanced scorecards*, que permitem garantir o alinhamento de todos os colaboradores com os objectivos definidos para a empresa, implementando assim o conceito de gestão por objectivos em toda a organização.

:: **Tactical Intelligence:** Serviços e soluções para gestão de dados e inteligência ligados aos Clientes, às operações e aos fornecedores. Exemplos nesta área incluem soluções para a gestão de risco e de campanhas de marketing e para a retenção de Clientes (*churn*) nos operadores de telecomunicações.

:: **Business Intelligence Infrastructure:** Serviços de qualidade, integração e migração de dados e sistemas e serviços de arquitectura e *reporting* aplicáveis a diferentes níveis e áreas das organizações.

Clientes Alvo

- :: Grandes empresas (Banca, Telecomunicações, Indústria)
- :: Administração Pública

Products and Services

:: **Strategic Intelligence:** Consulting services for defining and implementing business intelligence strategies for clients. With this service, Novabase helps the Customer prioritise BI tasks in terms of the best platforms to use and in adopting innovative management concepts.

- . This is the case of the balanced scorecards that help ensure that all staff members meet the goals defined for the company, implementing the concept of goal oriented management throughout the organisation.

:: **Tactical Intelligence:** Services and solutions for managing data and intelligence linked to Customers, operations and suppliers. Examples in this area include risk management solutions, marketing campaigns, and solutions for holding on to Customers (*churn*) for telecommunications operators.

:: **Business Intelligence Infrastructure:** Services involving quality, integration and migration of data and systems as well as architecture and reporting services applicable to the various organisational levels and areas.

Target Customers

- :: Large companies (Banking, Telecommunications, Industrial)
- :: Public Administration

PROCESS.



:: Desde meados dos anos 90 que a importância de soluções “empacotadas” na automatização de processos de negócio tem vindo a aumentar. O início foi marcado por soluções de Enterprise Resource Planning (ERP) destinadas a processos internos (por exemplo contabilidade, logística, finanças, produção) tendo-se, no final dos anos 90, assistido à expansão das ofertas nas áreas de interface com clientes e fornecedores, Customer Relationship Management (CRM) e Supply Chain Management (SCM), respectivamente.

:: A Novabase sempre possuiu ofertas nestas áreas. Foi mesmo a primeira, e é ainda hoje a mais importante consultora a introduzir soluções de CRM no mercado Português, através da sua oferta de **Enterprise Applications**.

:: Actualmente, a Novabase pretende disponibilizar os benefícios deste tipo de soluções à Administração Pública Portuguesa e apostar na internacionalização do *know-how* que possui (nomeadamente em CRM destinado a operadores de telecomunicações).

:: Since the mid nineties, "packaged" solutions in business process automation have become increasingly important. Initially Enterprise Resource Planning (ERP) solutions were common, aimed at internal processes (e.g. accounting, logistics, finances and production), yet the end of the nineties saw an expansion of products in client and supplier interface areas, Customer Relationship Management (CRM) and Supply Chain Management (SCM) respectively.

:: Novabase has always supplied products and services in these areas. It was the first consulting firm to introduce CRM solutions into the Portuguese market and is still the leader in this area, with its **Enterprise Applications** offer.

:: Novabase currently seeks to pass on the benefits of this type of solutions to the Portuguese Public Administration and is committed to the internationalisation of its know-how (e.g. CRM for telecommunications operators).

Proposta de Valor

- :: Maior reputação do mercado na implementação de soluções em vários domínios de actuação (nomeadamente CRM para operadores de telecomunicações desde 1998, primeira implementação da Siebel para uma solução integrada de banca online, entre outras).
- :: Empresa com maior experiência nos processos de trabalho e nos desafios da Administração Pública, fruto de colaborações estreitas e continuadas com vários organismos do Estado há mais de dez anos.

Value Proposal

- :: Best track record on the market in implementing solutions in various activity areas (e.g. CRM for telecommunications operators since 1998, first implementation by Siebel involving an integrated online banking solution, etc.).
- :: Novabase has the most experience in work processes and in Public Administration challenges, as a result of close and ongoing associations with various State entities for over ten years.

Oferta

- :: **Soluções SAP:** Implementação de soluções de ERP, CRM e SCM em grandes empresas e na Administração Pública.
- :: **Soluções Siebel:** Implementação de soluções de CRM (por exemplo, automatização de força de vendas, de call centers, soluções de e-business, entre outras). A Novabase foi pioneira neste tipo de soluções no mercado nacional em 1998.
- :: A implementação das ofertas SAP e Siebel envolve a análise dos processos de negócio (em colaboração com a área de Business Consulting & Architecture), a análise funcional dos requisitos, a parametrização do software, a realização de testes, a formação aos utilizadores e a gestão da mudança (novamente em colaboração com a área de Business Consulting & Architecture).

Products and Services

- :: **SAP Solutions:** Implementation of ERP, CRM and SCM solutions in large companies and Public Administration.
- :: **Siebel Solutions:** Implementation of CRM solutions (e.g. automation of the sales force, call centres, e-business solutions, etc.). Novabase was the pioneer in this type of solutions on the national market in 1998.
- :: Implementation of SAP and Siebel products and services involves analysis of the business processes (in association with the Business Consulting & Architecture area), functional analysis of the requirements, software parameterisation, performing tests, user training, and change management (also in association with the Business Consulting & Architecture area).

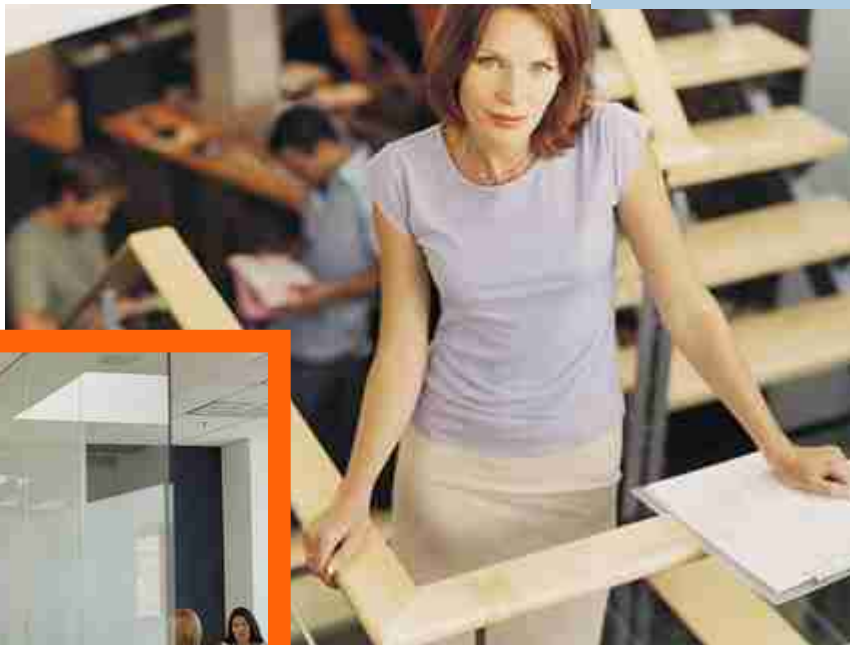
Clientes Alvo

- :: Grandes empresas (Banca, Telecomunicações, Indústria)
- :: Administração Pública

Target Customers

- :: Large companies (Banking, Telecommunications, Industrial)
- :: Public Administration

SECURITY.



Os **Serviços Financeiros** são, talvez a par da Administração Pública, um dos sectores em que os processos de negócio são mais específicos. Como tal, a Novabase decidiu lançar esta oferta com vista a endereçar os requisitos funcionais do sector, potenciando as competências tecnológicas que desde sempre foram reconhecidas à empresa.

O controlo do risco ao longo de todas as operações dos Bancos constitui hoje uma área de especialização muito procurada. As recentes imposições regulamentares ligadas à revisão dos acordos de Basileia e à entrada em vigor das regras Sarbanes-Oxley nos EUA, das normas internacionais de contabilidade (IFRS) e das regulamentações contra a lavagem de dinheiro, trouxeram para a linha da frente a problemática do controlo do risco nas instituições financeiras, em particular do controlo do risco operacional em que o risco associado às plataformas tecnológicas assume particular importância.

O sector de serviços financeiros é o maior utilizador de serviços de TI, representando cerca de 20% do mercado mundial. Aproximadamente 50% desses gastos continua a ir para a manutenção e substituição dos sistemas *core* (que são, em quase todos os casos, baseados em soluções desenvolvidas mais ou menos à medida sobre tecnologia que já se encontra algo desactualizada). Assim, é de prever o aumento da adopção de soluções empacotadas originárias de fornecedores de software.

Financial Services, possibly like Public Administration, are among the sectors in which business processes are most specific. Accordingly, Novabase has decided to launch this offering in view of addressing the functional requirements of the sector, taking advantage of the technological capabilities that have always characterised the company.

Risk control in all Banking operations is currently a very sought after area of specialisation. Recently imposed regulations related to revision of the Basel agreements and the coming into force of the Sarbanes-Oxley regulations in the USA, along with the International Financial Reporting Standards (IFRS) and regulations to fight money laundering, have made risk control a priority for financial institutions, particularly operational risk control in which the risk associated with technological platforms is particularly important.

The financial services sector is the largest user of IT services, accounting for some 20% of the world market. Approximately 50% of expenses continue to involve maintenance and replacement of core systems (which are almost always based on solutions that are basically tailor-made using technology that has become somewhat outdated). It is thus logical to foresee an increase in the adoption of packaged solutions originating from software suppliers.

Proposta de Valor

- :: Abordagem focalizada na resolução de problemas específicos dos Clientes.
- :: Equipa de consultores dedicada integralmente ao sector financeiro sem perda de foco com outras áreas.
- :: Capacidade de alavancagem das áreas tecnológicas horizontais da Novabase.

Value Proposal

- :: Approach focusing on resolving specific Customer problems.
- :: Consulting team entirely dedicated to the financial sector without losing sight of other areas.
- :: Leverage capability in terms of Novabase horizontal technological areas.

. O segmento da banca de retalho deverá ser um dos adoptantes iniciais devido aos requisitos regulatórios e aos elevados custos para a manutenção dos sistemas legados.

. A área de sistemas de pagamento também deverá continuar a crescer na adopção de soluções *packaged* enquanto que a área de *private banking* deverá revelar-se mais difícil.

. The retail banking segment is likely to be one of the first to adopt these solutions due to regulatory requirements and the high costs of maintaining the legacy systems.

. The payment systems area is also likely to continue to grow in adopting packaged solutions, while the private banking area should prove to be more difficult.

Oferta

:: **Risk Management:** Soluções de avaliação dos vários tipos de risco, especialmente o operacional, focando na área de TI e produzindo e implementando recomendações para os Clientes.

:: **Customer Experience Management:** Serviços que apoiam as instituições no enquadramento das soluções de Customer Relationship Management dentro da estratégia de negócio (por exemplo, optimização da utilização dos canais presenciais vs. outros tipos de canais de contacto com o Cliente, procurando otimizar custos e transmitir uma experiência uniforme).

:: **Process Efficiency:** Revisão e eventual redesenho dos processos de negócio com vista à melhoria da qualidade de serviço e à optimização operacional. Uma das áreas de foco centra-se na identificação dos processos com maior potencial de automatização e/ou de externalização para fornecedores especializados.

:: **Core Systems Revamp:** Avaliação e *fine tuning* dos sistemas *core* bem como a preparação para o Cliente passar a utilizar uma arquitectura orientada aos serviços (SOA), permitindo maior flexibilidade e redução de custos.

:: **Outsourcing:** Business Process Outsourcing de processos documentais e cedência de recursos especializados.

Products and Services

:: **Risk Management:** Solutions for assessing the various types of risk, particularly operational risk, focusing on IT and producing and implementing recommendations for Customers.

:: **Customer Experience Management:** Services that support institutions within the framework of Customer Relationship Management solutions as part of the business strategy (e.g. optimisation of the use of existing channels vs. other types of channels with Customer contact, seeking to optimise costs and transmit a uniform experience).

:: **Process Efficiency:** Revision and eventual redesign of business processes with the aim of improving the quality of service and operational optimisation. One of the main focus areas involves identification of the processes with greater potential for automation and/or outsourcing to specialised suppliers.

:: **Core Systems Revamp:** Assessment and fine tuning of core systems, as well as preparing the Customer to start using a service oriented architecture (SOA) with greater flexibility and cost reduction.

:: **Outsourcing:** Business Process Outsourcing involves processing documents and assigning specialised resources.

Clientes Alvo

- :: Bancos
- :: Companhias de Seguros
- :: Outras instituições financeiras

Target Customers

- :: Banks
- :: Insurance Companies
- :: Other financial institutions

EFFICIENT.



∴ A necessidade de uma intervenção profunda ao nível da Administração directa do Estado que suporte transformações ao nível de Organização, Processos e Recursos Humanos, por forma a torná-la mais ágil, eficiente e compatível com os actuais níveis de exigência da sociedade e com as capacidades financeiras do País, tem hoje uma aceitação alargada.

∴ Em particular, estão definidos, actualmente, objectivos ambiciosos em duas áreas centrais:

- Os temas relacionados com a Gestão da Relação com o Cidadão e a Empresa, como o Cartão do Cidadão, a “Empresa na Hora” e a evolução para modelos de Balcão Único.

- Os projectos focados na transformação interna da Administração Central, segundo objectivos ambiciosos, reflectidos na RCM nº 124/2005, que visa a “Reestruturação da Administração Pública, visando uma racionalização das suas estruturas centrais e promovendo a descentralização de funções, a desconcentração coordenada e a modernização e automatização de Processos”.

∴ The need for a profound intervention in the State's direct administration involving changes related to Organisation, Processes and Human Resources in order to make them more agile, efficient and compatible with current citizen standards and the country's financial capabilities, has gained broad acceptance.

∴ Ambitious goals have currently been broken down into two main areas:

- Subjects related to the Management of the Relationship with the Citizen and the Company, such as the Citizen Card, “Empresa na Hora”(on the spot company start-up) and evolution toward One-Stop Service models.

- Projects focused on internal transformation of the Central Administration in accordance with ambitious objectives, reflected in RCM no. 124/2005 that pertains to “Public Administration” Restructuring with the aim of rationalising central structures and promoting decentralisation of functions, coordinated decentralisation and the modernisation and automation of processes.”

Proposta de Valor

- :: Conhecimento único das problemáticas e processos específicos da Administração Pública fruto de uma colaboração de mais de quinze anos, e que tem vindo a ser continuamente reforçada com competências de Consultoria e Processos.
- :: Possibilidade de potenciação da experiência Novabase em todas as vertentes horizontais tecnológicas.
- :: Rede de Alianças forte com os principais fornecedores internacionais deste mercado.

Value Proposal

- :: Unique knowledge of the specific problems and processes of Public Administration, thanks to an association that has lasted for more than fifteen years and has been continually reinforced with Consulting and Processes expertise.
- :: Possibility of extending the Novabase experience to all the technological horizontal areas.
- :: Strong alliances network with the main international suppliers in this market.

Oferta

:: A Novabase possui o *portfolio* de soluções mais abrangente do mercado para a Administração Pública (AP). De entre as que consideramos prioritárias para a Administração Pública nesta fase, destacam-se:

· **“Modelo de Modernização Administrativa”** - Oferta construída à volta dos conceitos e experiências de Serviços Partilhados, onde a empresa agrega as práticas de Enterprise Applications, Advanced Custom Development e Outsourcing/Managed Services, permitindo trabalhar com os Clientes (Ministérios, Institutos, entre outros) na óptica, por exemplo, de fusões e reestruturações nas áreas de Informática, Compras, Aprovisionamento, cuja transformação permitirá maximizar a eficiência e iniciar um caminho no sentido da racionalização pragmática dos Serviços.

· **“Modelos de Gestão Integrada de Canais”** - Com base em experiências concretas já desenvolvidas em sectores onde estes temas têm vindo a sofrer uma evolução mais forte, como a Banca ou as Telecomunicações, a Novabase tem um conjunto de modelos e ferramentas que permitem a definição e implementação de Programas Multicanal, potenciando novos modelos de interacção com o Cidadão, que evoluem de forma incremental e coerente mas não totalmente dependente das estruturas de *back-office* existentes (necessariamente mais complexas e de evolução mais lenta).

· **“Desmaterialização na Administração Pública”** - As ofertas de Workflow, Gestão Documental e Digitalização, apesar de tecnologicamente trabalhadas ao nível das Competências Tecnológicas, estão a ser adaptadas e conjugadas numa oferta para ser divulgada na Administração Pública como uma solução de negócio específica para os nossos Clientes. Em alguns Ministérios são enormes os desafios de libertação de espaço e recursos e simplificação de processos por via da desmaterialização.

Clientes Alvo

- :: Administração Pública Central e Local

Products and Services

:: Novabase boasts the broadest solutions portfolio on the market for the Public Administration (PA). Below, two solutions we consider to be priorities for Public Administration at this stage:

· **“Administrative Modernisation Model”** - A service based on Shared Services concepts and experiences, whereby the company groups together Enterprise Applications, Advanced Custom Development and Outsourcing/Managed Services that facilitate working with Customers (Ministries, Institutes, etc.) in terms of merging and restructuring IT, Purchases, Provisioning, etc., the transformation of which will maximise efficiency and initiate a move towards the pragmatic rationalisation of services.

· **“Integrated Channels Management Models”** - Based on concrete experiences that have already been developed in sectors where these areas have evolved strongly, such as the Banking or Telecommunications sector, Novabase boasts a group of models and tools that help define and implement Multi-Channel Programs, creating new models for interacting with the citizen that evolve incrementally and coherently, but are not entirely dependent on existing back-office structures, which are necessarily more complex and slower to evolve.

· **“Dematerialisation within Public Administration”** - Workflow, Document Management and Digitalisation offerings, despite being technologically processed in terms of Technological Expertise, are being adapted and grouped together into an offering that will be advertised to the Public Administration as a business solution specific to our Customers. In some Government offices, the challenges of freeing up space and resources, and simplification of processes via dematerialisation are enormous.

Target Customers

- :: Central and Local Public Administration

CONNECTION.



⚡ O sector das **Telecomunicações**, que representa cerca de 15% dos gastos de TI a nível mundial, é um dos primeiros em que as tecnologias de informação deixaram de ser utilizadas somente para suportar os processos de negócio e passaram a estar embutidas nos produtos e serviços que são oferecidos aos Clientes finais. Quase todos os produtos e serviços lançados neste sector incorporam soluções de tecnologias de informação. Veja-se, por exemplo, os casos dos portais móveis, dos *hosted multimedia contact centers* e dos serviços convergentes fixo-móvel.

⚡ Em paralelo, as Telecomunicações têm sido uma das áreas com maior intensidade competitiva e onde a inovação de produtos e serviços tem sido mais importante. Os exemplos são vários: a competição móvel/fixo, a explosão de serviços VoIP que utilizam a internet para introduzir na voz a mesma dinâmica competitiva que já foi lançada nos dados (por exemplo, a oferta de tarifas cada vez mais baixas para chamadas de voz por fornecedores como a Skype e a Google) a “canibalização” dos SMS e mesmo do email por serviços de *instant messaging*, entre outros.

⚡ As áreas de crescimento para a Novabase centram-se, assim, tanto na continuação da presença nas áreas tradicionais de suporte aos processos de negócio dos operadores, como também no desenvolvimento de tecnologia para incorporar nos produtos finais.

⚡ The **Telecommunications** sector, which accounts for some 15% of IT spending worldwide, is one of the first sectors in which information technology ceased to be used only to support business processes and began to be integrated into the products and services that are offered to end Customers. Almost all products and services launched in this sector incorporate information technology solutions. Take for instance mobile portals, hosted multimedia contact centres and fixed-mobile convergent services.

⚡ Telecommunications has also been one of the most competitive areas where innovation of products and services has been most significant. There are plenty of examples: the mobile/fixed competition; the explosion of VoIP services that use the Internet to introduce voice with the same competitive dynamic that data has experienced (e.g. increasingly lower rates on voice calls by such suppliers as Skype and Google); SMS and e-mail cannibalisation by instant messaging services, etc.

⚡ Novabase growth areas are thus based on a presence in traditional areas of business process support for operators and on the technological development that is to be incorporated into final products.

Proposta de Valor

- :: Oferta mais abrangente do mercado para telecomunicações (tanto fixas como móveis).
- :: Experiência internacional em alguns dos mercados mais avançados do mundo (por exemplo, Japão, Bélgica).
- :: Presença de destaque a nível mundial em soluções de CRM aplicadas a operadores móveis.
- :: Soluções tecnológicas próprias que permitem aos operadores lançarem serviços próprios (por exemplo, IP *multimedia contact centers*, soluções de convergência fixo-móvel).
- :: Reputação de orientação aos resultados e de domínio de *know-how* tecnológico.

Value Proposal

- :: Broadest range of telecommunication services and products on the market (both fixed and mobile).
- :: International experience in some of the most advanced markets in the world (e.g. Japan, Belgium).
- :: International leadership position in CRM solutions applied to mobile operators.
- :: Own technological solutions that allow operators to launch own services (e.g. IP multimedia contact centres, fixed-mobile convergence solutions).
- :: Proven track record of results orientation and command of technological know-how.

Oferta

:: As ofertas para o mercado das Telecomunicações alavancam as competências horizontais da Novabase nos vários domínios acrescentando-lhes um *layer* de conhecimento aprofundado do sector. Podemos destacar as seguintes ofertas:

• **Order Management:** Solução desenvolvida pela própria Novabase, já implementada nacional e internacionalmente nalguns dos principais operadores móveis, que permite eliminar os erros no fornecimento de serviços. A solução permite pré-validar as condições disponíveis desde a recepção do pedido, passando pelo processamento e aprovisionamento (por exemplo, em termos de disponibilidade de rede, de sistemas, e outros), de modo a eliminar erros e falhas na qualidade de serviço prometida ao Cliente final.

• **Customer Relationship Management:** A Novabase possui uma das equipas mais experientes a nível mundial na implementação deste tipo de soluções abrangendo as áreas de call centers, força de vendas e de interação via web com Clientes.

• **IP multimedia contact centers:** Solução desenvolvida pela própria Novabase, assente em tecnologia SIP, que permite aos operadores usufruir de uma verdadeira convergência de meios de comunicação para os seus Clientes (vídeo via telemóveis de 3ª geração, email, Instant Messaging e voz) e gerir call centers multi-local de uma forma virtual (i.e. como se fossem um call center único).

• **Business Intelligence:** Soluções de *data warehouse* e *data mining* de bases de dados de Clientes. Soluções específicas para avaliação do impacto de campanhas de marketing, para a redução da rotação de clientes (*churn*) e para optimização das estratégias de *pricing*.

Products and Services

:: Products and services for the Telecommunications market leverage the horizontal expertise of Novabase in various fields, adding a layer of profound knowledge of the sector. Below, a few examples:

• **Order Management:** A solution developed by Novabase, already implemented nationally and internationally by some of the main mobile operators helping to eliminate service supply errors. The solution permits pre-validation of available conditions from the time the order is received until processing and provisioning (e.g. availability of the network, systems, etc.), in order to eliminate errors and faults in the quality of service promised to the end Customer.

• **Customer Relationship Management:** Novabase boasts one of the most experienced teams in the world in implementing this type of solutions that apply to call centres, sales forces, and customer interaction via the web.

• **IP multimedia contact centres:** A solution developed by Novabase based on SIP technology, allowing operators to take advantage of real convergence of communication media for their customers (video via 3rd generation mobile phones, e-mail, instant messaging and voice) and virtually managing multi-location call centres (i.e. as if they were a single call centre).

• **Business Intelligence:** Data warehouse and data mining solutions for customer databases. Specific solutions for assessing the impact of marketing campaigns, to reduce customer rotation and optimise pricing strategies.

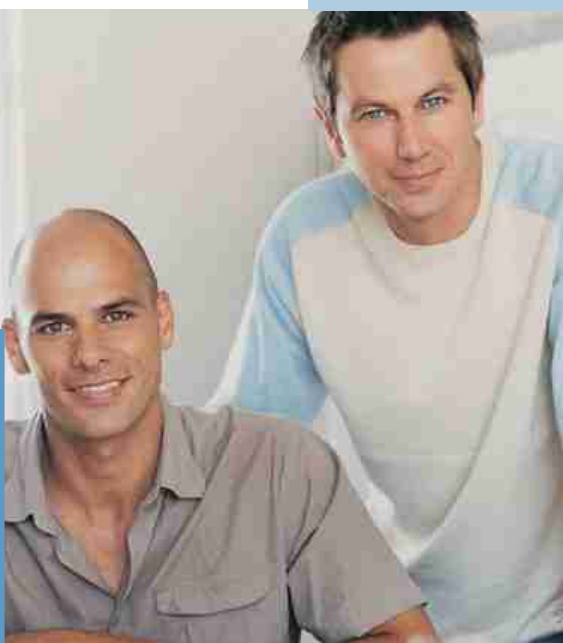
Clientes Alvo

- :: Operadores de telecomunicações fixas e móveis em Portugal e no estrangeiro

Target Customers

- :: Fixed and mobile telecommunications operators in Portugal and abroad

DYNAMIC.



:: A área de **Digital TV** da Novabase é hoje uma das principais a nível Europeu. Iniciou a sua actividade em 2000 e desde aí tem apresentado um crescimento exponencial.

:: Não possui competidores directos em Portugal onde, desde o início, possui uma relação estreita de parceria com o principal operador de TV por cabo no país (a unidade TV Cabo do Grupo Portugal Telecom). Fora de Portugal, desde a parceria em 2004 com a empresa Alemã TechnoTrend, tem vindo a aumentar a sua presença nos importantes mercados de cabo do centro da Europa.

:: Existem inúmeros desafios e oportunidades de crescimento nas áreas em que esta unidade opera, especialmente na área da televisão de alta definição e da disponibilização de conteúdos de TV em dispositivos móveis/portáteis. Os consumidores ambicionam obter acesso aos conteúdos de TV da sua preferência com uma qualidade de imagem acima da média e através de variados dispositivos de suporte que lhes permitam aceder-lhes em qualquer momento e em qualquer lugar.

:: A vocação da Novabase será sempre, tal como no passado, a de aproveitar a sua agilidade organizacional para, em parceria com os Clientes, inovar e lançar novas ofertas de valor antes dos seus competidores.

:: Novabase **Digital TV** area is currently one of the most important units of its kind in Europe. It was created in 2000 and has grown exponentially ever since.

:: It has no direct competitors in Portugal where it has always had a close partnership with the main cable TV operator in the country (the TV Cabo unit of Portugal Telecom Group). Abroad, since its partnership in 2004 with German company TechnoTrend, it has increased its presence in the major cable markets in Central Europe.

:: Challenges and growth opportunities abound in the areas where this unit operates, especially in high definition television and TV content availability on mobile/portable devices. Consumers want access to the TV content of their choice with above-average image quality and via various types of devices that provide them with access any time, any place.

:: As it has in the past, Novabase will always be committed to taking advantage of its organisational agility in order to innovate and launch new value products and services, in partnership with its Clients, before its competitors.

Proposta de Valor

- :: Maior capital acumulado de experiência do mercado no *deployment* de soluções de TV Digital.
- . Instalações de grande dimensão a funcionar em pleno desde o ano 2000.
- :: Reputação de lançamento de produtos inovadores que obtêm aceitação pelos consumidores e que são rentáveis para os operadores.

Value Proposal

- :: Greater accumulated market experience in the deployment of Digital TV solutions.
- . Large scale facilities fully operating since 2000.
- :: Proven track record in launching innovative products that are accepted by consumers and are profitable for operators.

Oferta

- :: **“Set-top boxes”**: Caixas que acopladas a aparelhos de televisão permitem a recepção de canais codificados e de serviços de valor acrescentado do operador de cabo / satélite (como *video on demand*, navegação na internet, serviços de *personal TV*, entre outros).
- :: **Placas de Digital TV**: Componentes fornecidas em mercados internacionais a fabricantes em modelo OEM (Original Equipment Manufacturer) para estes incorporarem nos seus produtos.
- :: **“Corporate TV”**: Soluções de TV destinadas a empresas que pretendam difundir mensagens próprias para os seus colaboradores e clientes utilizando dispositivos colocados nas suas instalações.
- :: **TV Digital para dispositivos portáteis**: Nova área de actuação que visa a disponibilização de conteúdos de TV em dispositivos móveis (por exemplo, telemóveis, PDA's).

Products and Services

- :: **“Set-top boxes”**: Boxes connected to television equipment permit unscrambling of scrambled channels and provide value added services offered by the cable/satellite operator (e.g., video on demand, Internet navigation, personal TV services, etc.).
- :: **Digital TV Cards**: Components supplied to manufacturers on international markets within an OEM scheme that allows manufacturers to incorporate the components into their products.
- :: **“Corporate TV”**: TV solutions for companies that seek to broadcast their own internal messages to their staff and customers using devices installed at their facilities.
- :: **Digital TV for portable devices**: New activity area, supplying TV content for mobile devices (e.g., mobile phones, PDA's).

Clientes Alvo

- :: Operadores de TV por cabo e satélite
- :: Operadores de TV Digital Terrestre
- :: Empresas em geral (através de soluções de *corporate TV*)
- :: Clientes OEM (noutros países)

Target Customers

- :: Cable and satellite TV operators
- :: Digital terrestrial TV operators
- :: Businesses in general (via corporate TV solutions)
- :: OEM clients (in other countries)

ACCESS.



:: A área de **Bilhética** da Novabase detém uma posição de mercado inigualável devido aos casos de sucesso que tem acumulado na implementação de soluções inovadoras em Clientes de várias áreas - de onde se destacam os operadores de transporte.

:: A Novabase tem continuado a inovar e a lançar novas soluções que enderecem as necessidades dos seus Clientes. Algumas vezes essas inovações são colocadas à disposição dos Clientes da Novabase em estreia a nível mundial (tal como foi, por exemplo, o caso dos bilhetes sem contacto com *chip* integrado num contexto multi-modal implementados na área metropolitana do Porto).

:: As oportunidades de crescimento desta oferta centram-se na internacionalização da tecnologia Novabase para outras geografias. Os primeiros passos já foram dados nos últimos anos e as primeiras vitórias em concursos internacionais já foram conseguidas.

:: The Novabase **Ticketing** area holds an unmatched market position due to its past success in implementing innovative solutions for Customers in various areas, particularly transport operators.

:: Novabase has continued to innovate and launch new solutions that address the needs of its Customers. Sometimes these innovations are made available to Novabase Customers as a worldwide debut (e.g. contactless tickets with integrated chip in a multi-modal environment, such as those implemented by the Porto metropolitan area).

:: The growth opportunities for this product stem from the internationalisation of Novabase technology to other parts of the world. Over the past years we have taken the first steps and have already won various international tenders.

Proposta de valor

- :: Reputação única de implementações bem sucedidas de soluções integradas de bilhética em Portugal.
- :: Soluções *end-to-end* baseadas em tecnologia própria *best-of-breed* customizáveis às necessidades dos Clientes.

Value Proposal

- :: Unique track record of successfully implemented integrated ticket solutions in Portugal.
- :: End-to-end solutions based on best-of-breed own technology that can be tailored to Customers' needs.

Oferta

- :: **Oferta “end-to-end”** que abrange os dispositivos e sistemas necessários à realização do ciclo de vida de um bilhete, desde a sua produção até ao repercutir no *back-office*.
- :: Ao contrário do que ocorreu até há algum tempo, as componentes das soluções fornecidas pela Novabase são baseadas em tecnologia própria, o que tem permitido aumentar o valor acrescentado e o controlo da qualidade das ofertas.

Products and Services

- :: **“End-to-end” offering** that covers the devices and systems necessary to complete the life cycle of a ticket, from its production to its return into the back-office.
- :: Contrary to what occurred in the past, solutions components supplied by Novabase are based on own technology, which has allowed increased added value and improved quality control for products and services.

Clientes Alvo

- :: Operadores de transporte em Portugal e no estrangeiro
- :: Organizações em geral que possuam necessidades de bilhética e de controlo de acessos

Target Customers

- :: Transport operators in Portugal and abroad
- :: Any organisation with ticketing and access control needs

WORK TOGETHER.



:: O objectivo da Novabase, através da oferta de **Information & Communications Solutions**, é o de possibilitar aos seus Clientes o acesso a verdadeiras Infraestruturas Inteligentes de Informação. Só assim as empresas clientes se poderão transformar em autênticas empresas em tempo real, em que a informação é recolhida, guardada e disseminada na forma e nos exactos momentos em que é necessária aos processos de negócio. A oferta da Novabase nesta área pretende ser o *enabler* do funcionamento das empresas em tempo real.

:: A convergência tecnológica em direcção ao uso pervasivo de componentes assentes em IP-Internet Protocol (desde o nível da rede até ao nível dos mais variados equipamentos terminais) é o factor que possibilita o lançamento de novas soluções e serviços para os Clientes.

:: O caminho passa, assim, pela integração transparente para o Cliente, entre os vários dispositivos que utiliza (nomeadamente telefone, telemóvel, PC, PDA e outros) e pela maior externalização dos serviços de gestão e operação das plataformas tecnológicas (através de serviços de *managed services* e de *outsourcing*).

:: Novabase, through its **Information & Communications Solutions** offer, seeks to provide its customers with access to truly Intelligent Information Infrastructures. This is the only way corporate Customers will be able to become authentic real time companies, collecting, storing and distributing information in the exact manner and at the exact time needed for business processes. Novabase seeks to become an enabler in the real time operation of companies.

:: Technological convergence toward the pervasive use of components based on IP-Internet Protocol (from networks to the various types of terminal equipment) drives the launch of new Customer solutions and services.

:: The trend is to move toward transparent integration of the various devices used by the Customer (e.g., telephone, mobile, PC, PDA, etc.), along with a greater externalisation of management services and operation of technological platforms (via managed services and outsourcing).

Proposta de Valor

- :: Reputação de sucesso na implementação de soluções nos vários domínios de actuação.
- :: Estatuto de Gold Partner para ofertas Cisco e Microsoft, de Business Partner para ofertas HP e utilização de processos de *delivery* baseados na metodologia internacional ITIL comprovam as competências excepcionais da Novabase e dos seus consultores.

Value Proposal

- :: Successful track record in implementing solutions in the various activity areas.
- :: Gold Partner status for Cisco and Microsoft solutions, Business Partner for HP solutions and the use of delivery processes based on ITIL international methodology attest to the exceptional expertise of Novabase and its consultants.

Oferta

- :: **Redes e Comunicações:** Soluções que vão desde o aspecto físico (cablagem) até serviços de comunicações empresariais como a videoconferência móvel e o *video on demand*.
- :: **Integração de sistemas de telecomunicações:** Integração de serviços de operadores fixos e móveis.
- :: **Sistemas:** Serviços de instalação, gestão e continuidade de sistemas e *data centers* empresariais. Soluções de segurança.

Products and Services

- :: **Networks and Communications:** Solutions that range from physical aspects (cables) to corporate communications services, such as mobile videoconferencing and video on demand.
- :: **Integration of telecommunications systems:** Integration of fixed and mobile operators services.
- :: **Systems:** Services involving installation, management and continuity of systems, and corporate data centres. Security solutions.

Clientes Alvo

- :: Em Portugal
 - . Grandes e médias empresas (essencialmente nos sectores da Banca, da Indústria e das Telecomunicações)
 - . Administração Pública
- :: Em Espanha
 - . Médias empresas
 - . Administração Pública (especialmente ao nível provincial)

Target Customers

- :: In Portugal
 - . Large and medium-sized companies (essentially in the Banking, Industrial and Telecommunications sectors)
 - . Public Administration
- :: In Spain
 - . Medium-sized companies
 - . Public Administration (particularly at the provincial level)



:: A área de **Mobilidade** é uma das áreas mais recentes da Novabase mas já constitui um caso de sucesso inequívoco com a grande adesão do mercado aos PDA phones e Smartphones Qtek.

:: Apesar de estes produtos serem apenas a primeira vertente projectada para esta oferta, a aceitação tem sido entusiástica e a Novabase é hoje líder incontestado em Portugal deste segmento de produtos, que se estima vir a ter um crescimento explosivo nos próximos anos.

:: A disponibilização de aplicações e serviços que possibilitem aos Clientes Qtek extraírem o maior potencial dos seus terminais é uma das vias que está a ser seguida pela Novabase na expansão da sua oferta nesta área.

:: Outras áreas de inovação que estão a ser prosseguidas passam pelo desenvolvimento de soluções que possibilitem replicar totalmente a experiência tradicional de utilização de telefones fixos no domínio empresarial através de soluções móveis e por serviços de *e-ticketing* (em que o cliente consegue aceder, por exemplo, a um espectáculo desbloqueando os terminais de controlo de acesso através de um MMS ou um SMS e de GPS).

:: **Mobility** is one of the more recent Novabase areas, but it is already a resounding success with the market's widespread acceptance of PDA phones and Qtek Smartphones.

:: Although these products are only the first part of this offering, they have met with enthusiastic acceptance and Novabase is currently the undisputed Portuguese leader in this segment of products that are expected to see explosive growth in the coming years.

:: Supply of applications and services that allow Qtek Customers to get the most out of their terminals is one of the avenues being pursued by Novabase in expanding its offering of products and services offering in this area.

:: Other innovation avenues being pursued include developing solutions that allow complete replication of the traditional experience of fixed-line telephone usage in the corporate environment using mobile solutions, not to mention e-ticketing services (whereby a customer is able to access a show, for instance, by unlocking the access control terminals via an MMS or an SMS and GPS).

Proposta de Valor

- :: Maior base instalada de PDA e Smartphones em Portugal, o que permite aos Clientes da Novabase beneficiarem de “efeitos de rede” e alinharem-se com produtos com provas dadas e com suporte garantido.
- :: Capacidade demonstrada de inovação em aplicações e serviços, garantindo um *pipeline* continuado de funcionalidades.
- :: Integração com restantes áreas da Novabase de modo a disponibilizar soluções empresariais e pessoais inovadoras (por exemplo, soluções de TV Digital móvel via parceria com a unidade líder da Novabase em TV Digital, soluções de mobilidade empresarial via parcerias com unidades da Novabase vocacionadas para consultoria em soluções de CRM e ERP, entre outras).

Value Proposal

- :: Largest installed PDA and Smartphone base in Portugal, which allows Novabase Customers to benefit from “network effects” and align themselves with proven products with guaranteed support.
- :: Proven capacity to innovate in terms of applications and services, guaranteeing a continuous pipeline of functionalities.
- :: Integration with other Novabase areas in order to supply innovative corporate and personal solutions (e.g. mobile Digital TV solutions via partnership with the leading Novabase Digital TV unit, corporate mobility solutions via partnerships with Novabase units dedicated to consulting on CRM, ERP and other solutions).

Oferta

- :: **Produtos:** PDA phones e Smartphones Qtek.
- :: **Aplicações:** Funcionalidades de produtividade (por exemplo, agenda, email), soluções de acesso a conteúdos digitais (por exemplo, música, video) variados (tornando o terminal num autêntico *media center* móvel) e funcionalidades de difusão de *media* permitindo, por exemplo, o direccionamento de serviços/conteúdos de TV Digital para Clientes específicos que os recebem nos seus terminais portáteis.
- :: **Serviços:** *Helpdesk* e suporte ao utilizador de modo a permitir aos Clientes retirarem o maior benefício dos seus terminais.
- :: **Soluções empresariais de mobilidade:** Integradas com sistemas corporativos (por exemplo, SAP e Siebel) permitem aos utilizadores móveis (como força de vendas, *field support*) acederem de forma transparente à informação que necessitam mesmo quando se encontram fora da empresa. Incluem ainda soluções que permitem otimizar os custos de comunicação alternando as comunicações dos utilizadores entre GSM e IP conforme o que for mais económico, entre outras.

Clientes Alvo

- :: Clientes finais
 - . Empresas
 - . Consumidores individuais
- :: Canais de “Go to market”
 - . Operadores de telemóveis
 - . Retalhistas
 - . Força de vendas directa (para soluções de mobilidade empresariais)

Products and Services

- :: **Products:** PDA phones and Qtek Smartphones.
- :: **Applications:** Productivity functionalities (e.g. agenda, e-mail), solutions for accessing various types of digital content (e.g. music, video), turning the terminal into an authentic mobile media centre) and media broadcasting functionalities that allow forwarding of Digital TV services/contents to specific Customers that receive them on their portable terminals.
- :: **Services:** Helpdesk and user support that allow Customers to get the most out of their terminals.
- :: **Corporate mobility solutions:** Integration with corporate systems (e.g. SAP and Siebel) allows mobile users (e.g. sales force, *field support*) to transparently access the information they need even when they are outside the company. They also include solutions that allow communication costs to be optimised, alternating user communications between GSM and IP, depending on which is less expensive, etc.

Target Customers

- :: End Customers
 - . Businesses
 - . Individual consumers
- :: “Go to market” channels
 - . Mobile phone operators
 - . Retailers
 - . Direct sales force (for corporate mobility solutions)

TRUST.



:: Desde o final dos anos 70, com o advento dos chamados *service bureaus* e dos contratos de externalização de *data centers* na Banca, que os serviços de **Outsourcing** têm vindo a expandir-se a praticamente todas as áreas das tecnologias de informação (dos PC's até às aplicações, passando pelas redes e infraestruturas).

:: As motivações que levam os Clientes a optar pela externalização de serviços centram-se na melhoria da qualidade de serviço, na redução do investimento e custos operacionais associado às suas plataformas tecnológicas, na redução do risco associado à evolução tecnológica e na possibilidade de se focarem nas actividades *core* dos seus negócios.

:: Todos os processos não *core* de uma empresa onde a escala seja o *driver* principal de rentabilidade são potenciais candidatos a movimentos de externalização.

:: Adicionalmente, devido à falta de recursos internos com competências para gerir os programas de racionalização e estandardização dos sistemas legados (através da implementação de arquitecturas orientadas aos serviços - SOA), as grandes empresas de alguns sectores estão também a recorrer a contratos de outsourcing para fazer essa transição.

:: A oferta da Novabase cobre hoje todas as áreas de outsourcing, possuindo uma gama variada de casos de sucesso em sectores tão diversos como a Banca e a Administração Pública.

- Aliás, se até recentemente o maior interesse nos serviços de outsourcing partia de grandes empresas nos sectores da banca, seguros e telecomunicações, a necessidade de modernização e aumento da eficiência do Estado trouxe a área da Administração Pública para o campo das que mais interesse demonstram em todos os domínios de serviços de outsourcing.

:: Since the late 1970's, with the arrival of so-called service bureaus and outsourcing contracts for data centres in the Banking sector, **Outsourcing** services have begun to extend to practically all information technology areas (PC's, applications, networks and infrastructures).

:: Reasons for outsourcing include improving quality of service, reducing investment and the operating costs associated with technological platforms, reducing costs associated with technological evolution, and the possibility of Customers remaining focused on their core business activities.

:: All non-core processes of a company where scale is the main driving force of profitability constitute potential candidates for outsourcing.

:: In addition, because of the lack of human resources skilled enough to manage rationalisation programs and legacy systems standardisation programs (via implementation of service oriented architectures - SOA), large companies from some sectors are also resorting to outsourcing to make this transition.

:: Novabase products and services currently cover all outsourcing areas, boasting a broad range of successful examples in such diverse sectors as Banking and Public Administration.

- Until recently, the greatest interest in outsourcing services came from large companies in the banking, insurance and telecommunications sectors; however, the State's need to modernise and increase efficiency has made Public Administration one of the sectors that shows most interest in all areas of outsourcing services.

Proposta de Valor

- :: Credibilidade: A Novabase é a maior empresa Portuguesa de serviços de TI.
- :: Proximidade do centro de decisão: Novabase tem o seu centro de decisão em Portugal.
- :: Foco no mercado Português: Ao contrário de outros fornecedores de serviços de outsourcing, para quem qualquer contrato em Portugal será marginal, a Novabase tem uma dimensão mais ajustada ao tamanho do tecido empresarial Português.
- :: Reputação acumulada no mercado.

Value Proposal

- :: Credibility: Novabase is the largest Portuguese IT services company.
- :: Proximity to decision-making centres: Novabase has its headquarters in Portugal.
- :: Focus on the Portuguese market: Unlike other outsourcing suppliers, for whom any contract in Portugal will be marginal, Novabase's size is more suited to the scale of the Portuguese corporate sector.
- :: Proven track-record in the market.

Oferta

- :: **Business Process Management (BPO)/ Enterprise Content Management (ECM):** Serviços de externalização das operações de gestão de conteúdos dos clientes. Por exemplo, no domínio da gestão documental, os serviços prestados incluem o levantamento inicial das necessidades e de oportunidades de melhoria, a captura e classificação dos documentos, o armazenamento da informação em formato electrónico, a disseminação desta pelos utilizadores que a necessitem e a gestão integral da plataforma que suporta toda a operação.
- :: **IT Governance & Service Management:** Serviços de aconselhamento e suporte da reorganização das operações de TI dos clientes (por exemplo, consolidação de *data centers*, certificação dos processos de TI segundo metodologias como o ITIL).
- :: **Application Management:** Gestão completa das aplicações corporativas das empresas (por exemplo, SAP, Siebel) incluindo o suporte de primeira e segunda linha, tanto do ponto de vista funcional como técnico, e a manutenção preventiva, correctiva e evolutiva das aplicações. A operação da Novabase nesta área encontra-se estruturada segundo a metodologia ITIL e os serviços podem ser prestados tanto remotamente como nas instalações do cliente.
- :: **Outsourcing de infraestruturas:** Serviços de externalização da operação das plataformas de comunicações e sistemas das empresas envolvendo a manutenção preventiva e correctiva das plataformas. Inclui ainda serviços adicionais de segurança e *disaster recovery*.
- :: **IT Contracting:** Serviços de cedência de recursos qualificados em áreas de TI que visam suprir as necessidades temporárias de colaboradores por parte dos clientes.

Clientes Alvo

- :: Grandes empresas (Banca, Telecomunicações, Indústria)
- :: Administração Pública

Products and Services

- :: **Business Process Management (BPO)/ Enterprise Content Management (ECM):** Outsourcing of client content management operations. In the area of document management, for example, the services provided include an initial survey of the needs and opportunities for improvement, the capture and classification of documents, the storage of information in electronic format, the distribution of such information to users that require them and the integral management of the platform that supports the whole operation.
- :: **IT Governance & Service Management:** Consulting and support services in reorganising the customer's IT operations (e.g. consolidation of data centres, certification of IT processes in accordance with methodologies such as ITIL).
- :: **Application Management:** Complete management of corporate applications (e.g. SAP, Siebel), including first and second line support, in both functional and technical terms, along with preventive, corrective and upgrade maintenance of the applications. Novabase operation in this area is structured in accordance with ITIL methodology and the services can be supplied remotely or at the customer's facilities.
- :: **Infrastructure Outsourcing:** Outsourcing the operation of communication platforms and business systems involving the preventive and corrective maintenance of platforms. Also includes additional security and disaster recovery services.
- :: **IT Contracting:** Services that involve assigning qualified resources in IT areas to fulfil customers' temporary staffing needs.

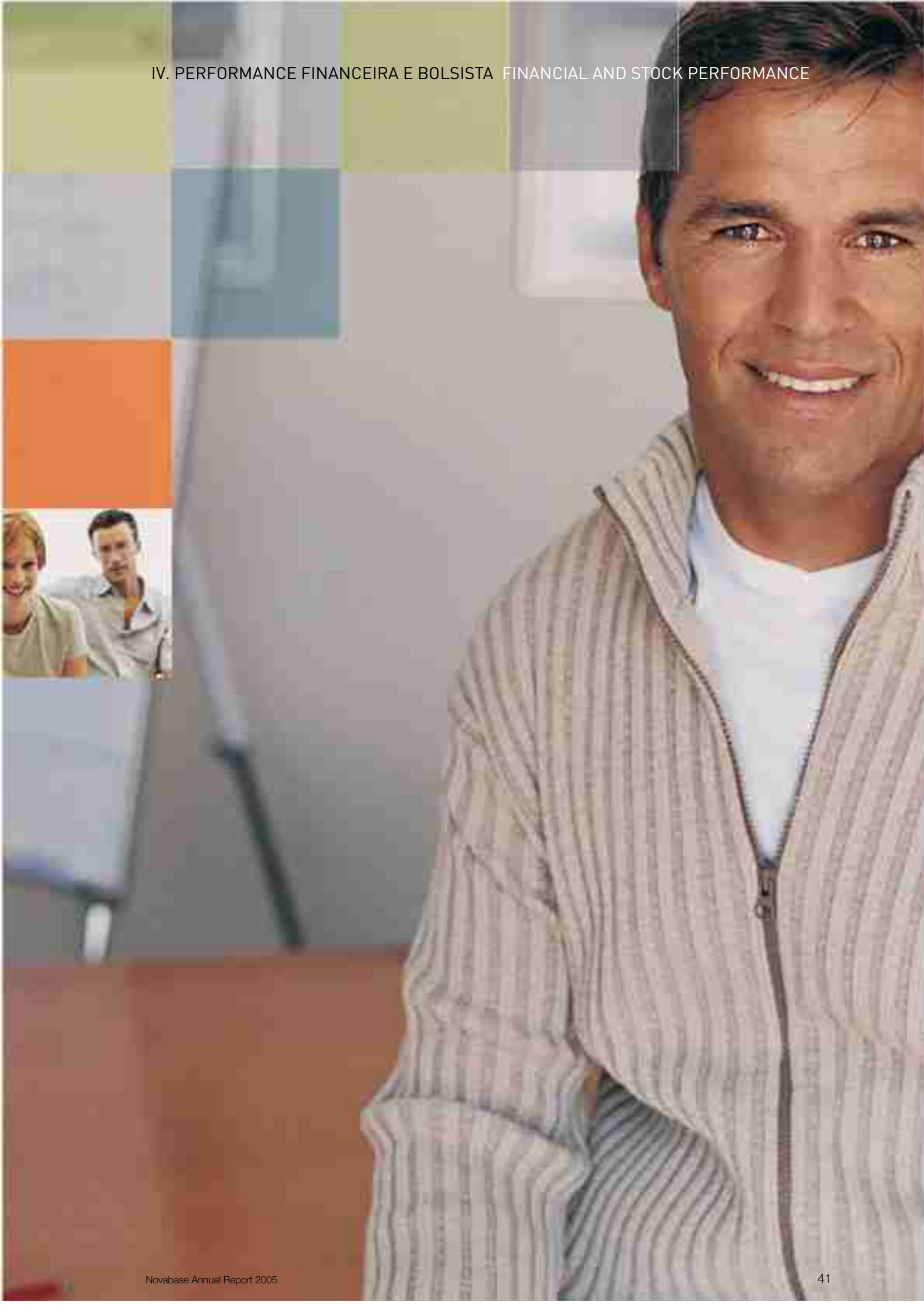
Target Customers

- :: Large companies (Banking, Telecommunications, Industrial)
- :: Public Administration



+32.0%

Volume de Negócios 2005
Turnover 2005

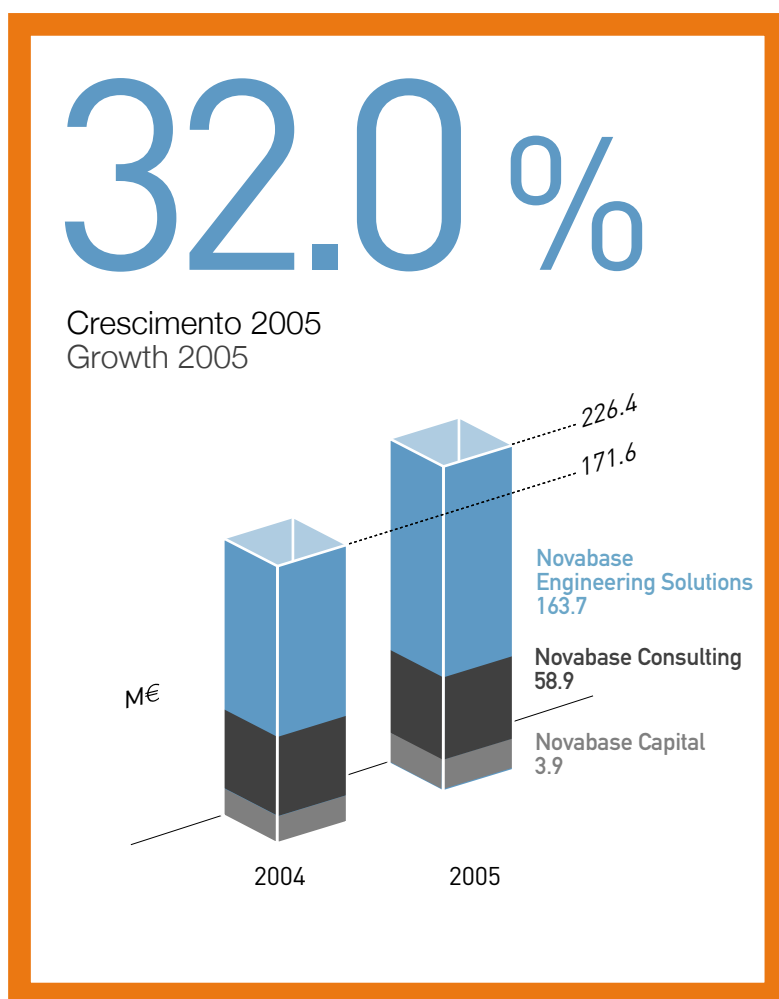


Volume de Negócios


O Volume de Negócios no ano 2005 atingiu os 226.4 M€, o que reflecte um crescimento de 32.0% face ao mesmo período do ano anterior.

Turnover

Novabase's turnover in 2005 reached 226.4 M€, which reflects a growth of 32.0% over the previous year.



Volume de Negócios Turnover



Em termos de actividade comparativa com o período homólogo do ano anterior, observamos o seguinte:

A divisão Novabase Consulting cresceu 22.0% face a 2004, de 48.2 M€ para 58.9 M€.

A divisão Novabase Engineering Solutions cresceu 36.4% face a 2004, de 120.0 M€ para 163.7 M€. Dentro desta divisão a área de IT Infrastructures cresceu 30.6% face a 2004, de 63.5 M€ para 82.9 M€ e a área de Digital TV cresceu 42.9% face a 2004, de 56.6 M€ para 80.8 M€. O crescimento orgânico desta última área foi de 34.1%, retirando o efeito da alteração de perímetro - aquisição da participação na TechnoTrend no segundo trimestre de 2004, responsável por um Volume de Negócios de 3.7 M€ no primeiro trimestre de 2005.

A Novabase Capital cresceu 17.1% face a 2004, de 3.3 M€ para 3.9 M€.

EBITDA

Em percentagem do Volume de Negócios, o EBITDA neste período representa uma margem total de 7.6%. A desagregação desta margem por divisão de negócios no ano 2005, é analisada como se segue:

A divisão Novabase Consulting representa um EBITDA de 10.2 M€, a que corresponde uma margem de 17.3%.

A divisão Novabase Engineering Solutions apresenta um EBITDA de 6.8 M€, a que corresponde uma margem de 4.2%.

In terms of business activity compared to the prior period, we observe the following:

The Novabase Consulting division grew by 22.0% compared to 2004, from 48.2 M€ to 58.9 M€.

The Novabase Engineering Solutions division grew by 36.4% compared to 2004, from 120.0 M€ to 163.7 M€. Within this division the IT Infrastructures area grew by 30.6% compared to 2004, from 63.5 M€ to 82.9 M€, while Digital TV grew by 42.9% compared to 2004, from 56.6 M€ to 80.8 M€. Organic growth of the latter area was 34.1%, excluding the perimeter variation effect - acquisition of the participation in TechnoTrend in the second quarter of 2004, accounting for a Turnover of 3.7 M€ in the first quarter of 2005.

Novabase Capital grew by 17.1% compared to 2004, from 3.3 M€ to 3.9 M€.

EBITDA

EBITDA as a percentage of Turnover over this period was 7.6%. This margin per business division in 2005 breaks down and is analysed as follows:

The EBITDA of the Novabase Consulting division was 10.2 M€, which corresponds to an EBITDA margin of 17.3%.

The EBITDA of the Novabase Engineering Solutions division was 6.8 M€, which corresponds to an EBITDA margin of 4.2%.

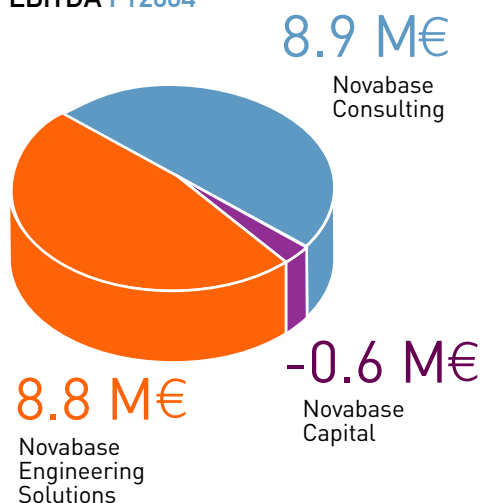
Dentro desta divisão, a área de IT Infrastructure apresenta um EBITDA de 5.0 M€, a que corresponde uma margem de 6.0% e a área de Digital TV apresenta um EBITDA de 1.8 M€, a que corresponde uma margem de 2.2%. Nesta divisão, devido ao seu crescimento, foi necessário em 2005, por um lado reforçar os serviços de apoio e, por outro, mudar para novas instalações. Estes dois efeitos resultaram num acréscimo de custo operacional registado nas contas de 2005 no valor de 2 M€. Saliente-se ainda a forte pressão sobre os preços ocorrida em 2005 na área de Digital TV em Portugal.

A Novabase Capital apresenta um EBITDA de 0.3 M€, a que corresponde uma margem de 7.7%.

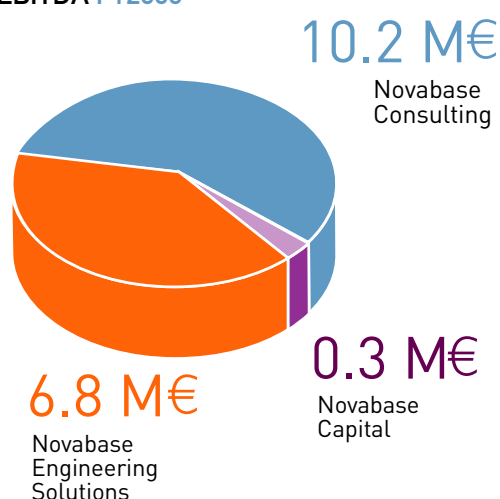
Within this division, the IT Infrastructure area recorded EBITDA of 5.0 M€, which corresponds to an EBITDA margin of 6.0%, while EBITDA of the Digital TV area came in at 1.8 M€, corresponding to an EBITDA margin of 2.2%. Due to the growth of this division, 2005 saw the need to strengthen support services and move to new facilities. These two effects led to an increase in operating costs in 2005 in the amount of 2 M€. Also worthy of mention is the strong pressure on prices that occurred in 2005 in the Digital TV area in Portugal.

The EBITDA of Novabase Capital was 0.3 M€, which corresponds to an EBITDA margin of 7.7%.

EBITDA FY2004



EBITDA FY2005



Evolução do EBITDA para os Resultados Líquidos

As amortizações do exercício em 2005 foram de 6.0 M€, o que representa um acréscimo de 15.5% face aos 5.2 M€ registados em 2004.

Em 2005 foram constituídas Provisões não Recorrentes de 5.2 M€ referentes, fundamentalmente a componentes e equipamento de Digital TV. São três os factores que contribuem para estas provisões:

- a) descontinuação das primeiras set-top-box interactivas;
- b) mudanças tecnológicas ocorridas na constituição das set-top-box;
- c) redução do valor de stocks devido à redução do preço de venda deste tipo de equipamentos.

Estas provisões não têm impacto em 2005 a nível de *cash* e referem-se a componentes e equipamentos de exercícios anteriores (2001 a 2003) e são por isso classificadas como não recorrentes.

Os Resultados Operacionais (EBIT) atingiram os 6.1 M€, o que reflecte um decréscimo face a Dezembro de 2004 (11.9 M€), devido às Provisões não Recorrentes acima mencionadas.

EBITDA to Net Profit

Amortisation for 2005 totalled 6.0 M€, up by 15.5% over the previous year's 5.2 M€.

In 2005, Non-Recurring Provisions were established in the amount of 5.2 M€, essentially pertaining to Digital TV components and equipment. Three factors have contributed to these provisions:

- a) discontinuation of the first interactive set-top-boxes;
- b) technological changes in the format of the set-top-boxes;
- c) a reduction in stock value due to a reduction in the sale price of this type of equipment.

These provisions had no impact on 2005 in terms of cash and they pertain to components and equipment from previous years (2001 to 2003), thus having been classified as non-recurring.

Operating Results (EBIT) reached 6.1 M€, which reflects a decrease compared to December 2004 (11.9 M€), due to the aforementioned Non-Recurring Provisions.

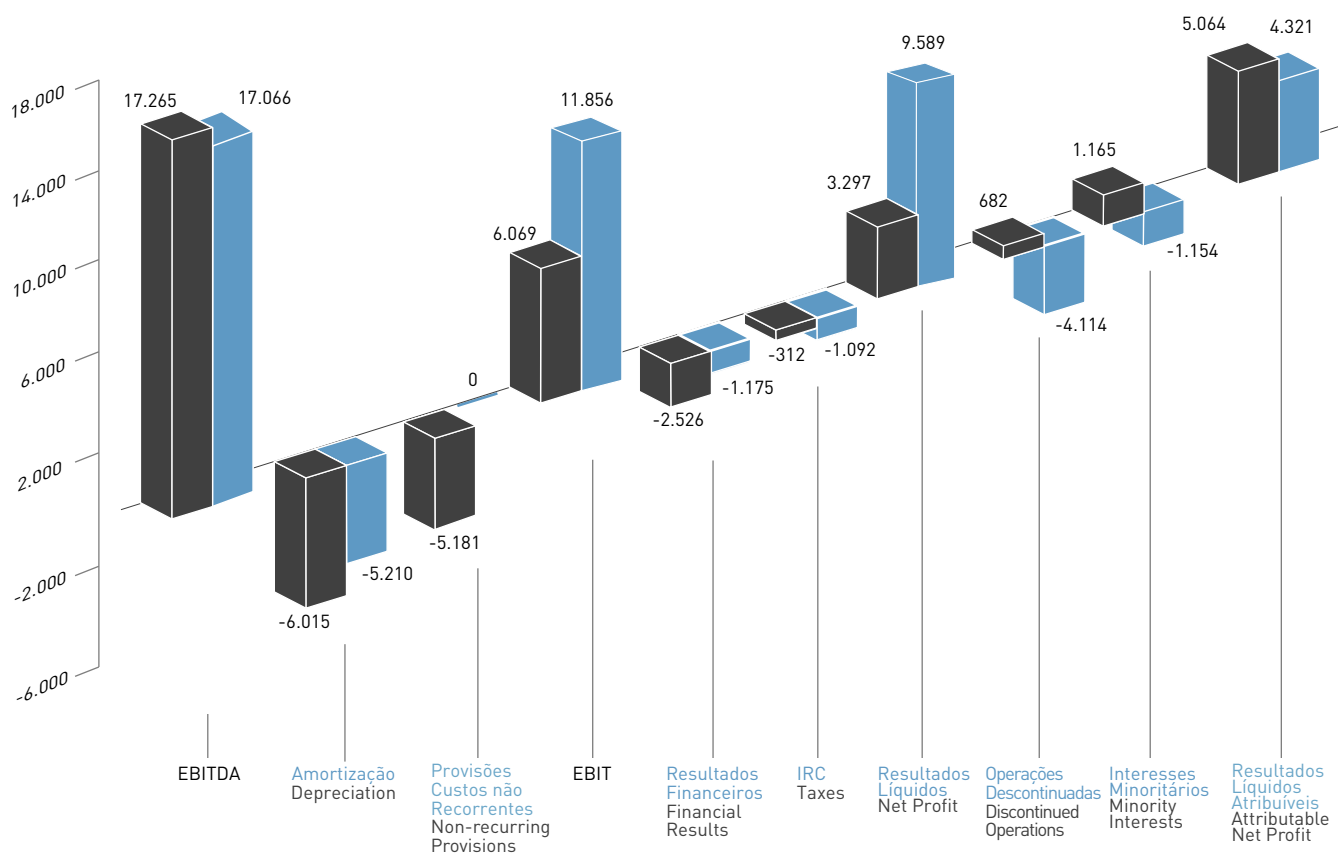
IV. PERFORMANCE FINANCEIRA E BOLSISTA FINANCIAL AND STOCK PERFORMANCE

+1.2%

EBITDA 2005

EBITDA para Resultados Líquidos
EBITDA to Net Profit

2004 2005



Os Resultados Financeiros atingiram o valor líquido negativo de 2.5 M€, que compara com o valor líquido negativo de 1.2 M€ em 2004.

Os Resultados Antes dos Impostos de 2005, no valor líquido de 3.5 M€, refletem um decréscimo face ao período homólogo (10.7 M€).

Em 2005, fruto da venda das operações no Brasil, foi registado, como Resultados de Operações Descontinuadas, um proveito de 0.7 M€. Note-se que em 2004 foi registado nesta rubrica o efeito do fecho das operações da Novabase Brasil e da área da Formação, num total de -4.1 M€.

Os Resultados Líquidos Consolidados, depois de interesses minoritários e dos resultados das operações descontinuadas, são, neste período, de 5.1 M€, representando um crescimento de 17.7% face a 2004 (4.3 M€).

Investimento

O valor do investimento recorrente consolidado ascendeu, em 2005, a 2.6 M€. Este valor, que corresponde a saída de *cash* do balanço, tem duas parcelas, uma relativa a imobilizado em curso no valor de 1.4 M€ referente ao desenvolvimento de projectos ainda em curso e a outra referente a imobilizado corpóreo diverso, como equipamento e software informático e mobiliário.

O investimento não recorrente inclui um valor de 0.8 M€, que corresponde a uma saída de *cash* do balanço, relativo à mudança de instalações para Carnaxide da divisão de Engineering Solutions e dos serviços centrais. Inclui ainda uma parcela de desinvestimento, que naturalmente é um *non-cash item*, e inclui abates, transferências e reclassificações no valor de 11.9 M€.

Financial Results were minus 2.5 M€ net, compared to minus 1.2 M€ net in 2004.

2005 Earnings before Taxes totalling 3.5 M€ net reflect a drop from the previous year (10.7 M€).

In 2005, earnings in the amount of 0.7 M€ were recorded under Earnings from Discontinued Operations from the sale of the Brazilian operations. We would like to point out that in 2004 the effect of closure of Novabase Brazil and Training operations was recorded under this item in the amount of minus 4.1 M€.

Consolidated Net Profit after minority interests and earnings from discontinued operations was 5.1 M€ for the year, which represents an increase of 17.7% compared to 2004 (4.3 M€).

Capital Expenditure

Consolidated recurring investment reached 2.6 M€ in 2005. This amount, which corresponds to a cash write-off, is divided into two parts: one pertaining to work in progress in the amount of 1.4 M€ related to the development of projects that are still under construction and the other part related to miscellaneous tangible fixed assets, such as IT equipment and software, and furnishings.

Non recurring investment includes a cash write-off of 0.8 M€ related to moving the Engineering Solutions division and central services to the Carnaxide facilities. It also includes disinvestment, which is evidently a non-cash item and includes write-offs, transfers and reclassifications in the amount of 11.9 M€.

Investimento Capital Expenditure	2005			TOTAL
	Não Recorrente <i>Non - Recurring</i>		Recorrente <i>Recurring</i>	
	Non-Cash Item	Cash Item	Cash Item	
Imobilizado em curso <i>Work in Progress</i>				
Imobilizado em curso <i>Work in Progress</i>			1.4	1.4
Transferência p/ Imob. Firme <i>Transfer to Fixed Assets</i>	-0.4			-0.4
Sub-total (1)	-0.4		1.4	1.0
Imobilizado Incorpóreo <i>Intangible Fixed Assets</i>				
I&D e Instalação <i>R&D and Start-up</i>	-1.9			-1.9
Propriedade Industrial e Outros Direitos <i>Industrial Property and Other Rights</i>	1.6			1.6
Goodwill <i>Goodwill</i>	-2.8			-2.8
Sub-total (2)	-3.1		0.0	-3.1
Imobilizado Corpóreo <i>Tangible Assets</i>				
Eq. transporte / Leasing/ AOV <i>Transport/ Leasing/ OR</i>	0.6			0.6
Outros <i>Other</i>	-8.5	0.8	1.2	-6.5
Sub-total (3)	-7.9	0.8	1.2	-5.8
Imobilizado Financeiro <i>Financial Fixed Assets</i>				
Empresas Associadas/ Aplicações Financeiras <i>Associate Companies / Financial Holdings</i>	0.0			0.0
Sub-total (4)	0.0		0.0	0.0
Sub-total	-11.3	0.8	2.6	-7.9
Variação de Perímetro <i>Perimeter Variation</i>	-0.6			-0.6
Total	-11.9	0.8	2.6	-8.5

Comportamento Bolsista

Stock Performance

Ficha de Identificação Identification Data

Preço a 31 de Dezembro de 2005 (€)			
Price on 31 December 2005: (€)	6,35 €	Sector	IT services
Nº de Acções (mn) No. of shares (mn)	28,7	Cap. Bolsista	182,4
Reuters /Bloomberg	NBA.LS/ NBA PL	NBA.LS/ NBA PL	38,3%
Bolsa	Euronext	Nº médio diário de acções	33 106
Market		Avg. Daily no. of shares	
Maiores Accionistas /Major shareholders : Management (50,0%) e BES (11,7%)			

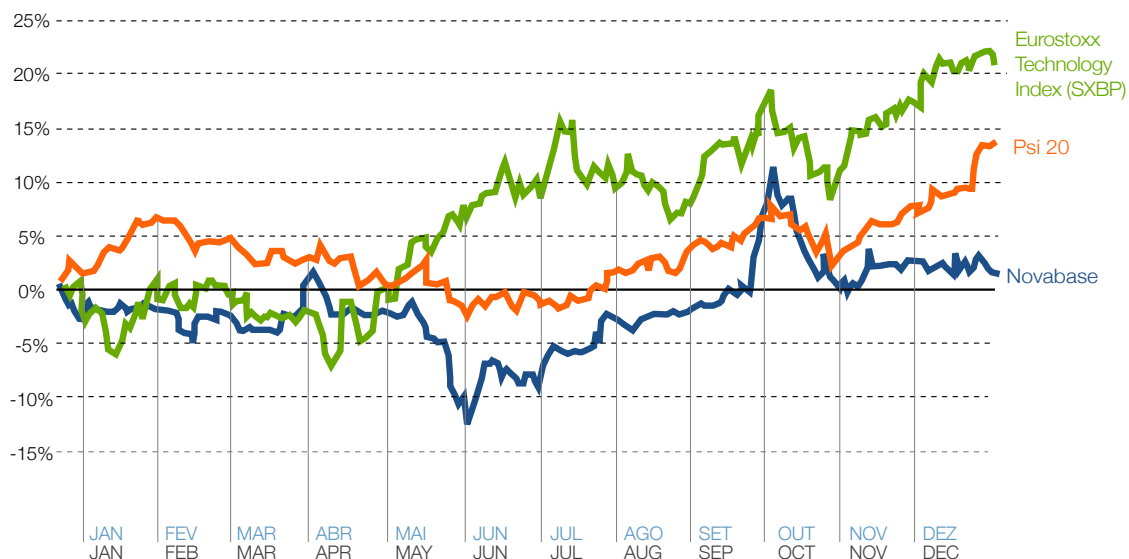
O *free-float* da Novabase registou em 2005 um incremento muito expressivo com a venda pelo grupo de accionistas signatário do acordo paras-social de 9% do capital da Novabase. Este facto contribuiu para um aumento da liquidez da acção. A rotação em 2005 representou cerca de 30% do capital da Novabase (contra 20% do capital em 2004).

A acção Novabase terminou o período a valorizar apenas cerca de 1.3%, valorização inferior à verificada no índice PSI20 que valorizou 13.3%, e também inferior à do índice EuroStoxx Technology, que se valorizou 20.7% em 2005.

The Novabase free-float recorded a very significant increase in 2005 thanks to the sale of 9% of Novabase capital by the shareholders' group that signed the shareholders' agreement. This fact contributed to an increase in the liquidity of the stock. Share turnover in 2005 accounted for some 30% of Novabase capital (compared to 20% of capital in 2004).

Novabase shares ended the year up 1.3%, lower than the rise in the PSI20 index, which was up 13.3% on the year, and lower than the rise in the EuroStoxx Technology index, which climbed 20.7% in 2005.

Novabase e o Mercado
Novabase and the Market

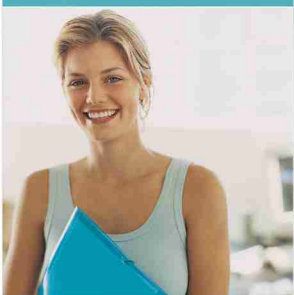




FUTURE.

+17.7%

Resultados Líquidos 2005
Net Profit 2005



V. Proposta de Aplicação de Resultados

No exercício de 2005, a Novabase SGPS, SA apresentou lucros consolidados de 5.084.232,29 € (cinco milhões, oitenta e quatro mil, duzentos e trinta e dois euros e vinte e nove cêntimos) e de 428.944,93 € (quatrocentos e vinte e oito mil novecentos e quarenta e quatro euros e noventa e três cêntimos) nas contas individuais.

O Conselho de Administração propõe que os resultados líquidos apurados no exercício de 2005 sejam distribuídos da seguinte forma:

Reserva legal:
Euros: 21.447,25

Resultados Transitados:
Euros: 407.497,68

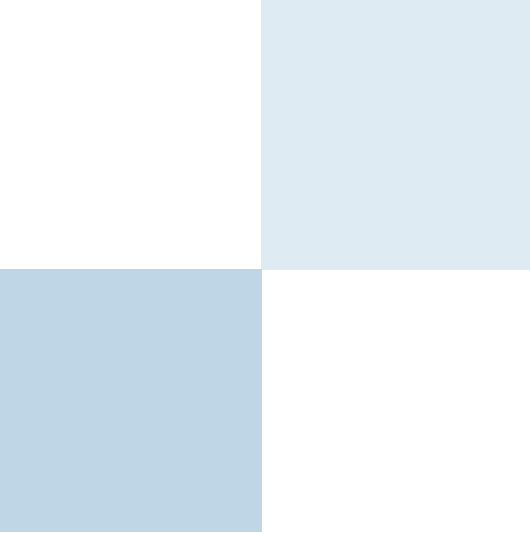
V. Proposal for the Allocation of Profits

In 2005, Novabase SGPS, SA recorded consolidated profits in the amount of 5.084.232,29 € (five million, eighty-four thousand, two hundred and thirty-two euro and twenty-nine cents) and 428.944,93 € (four hundred and twenty-eight thousand, nine hundred and forty-four euro and ninety-three cents) in the individual accounts.

The Board of Directors proposes that net profit for 2005 be distributed as follows:

Statutory reserve:
Euro: 21.447,25

Retained Earnings:
Euro: 407.497,68



Lisboa, 14 de Fevereiro de 2006
Lisbon, 14 February 2006

O Conselho de Administração
Board of Directors

ÓRGÃOS SOCIAIS CORPORATE BOARDS

Mesa da Assembleia Geral

Officers of the General Meeting of Shareholders

Francisco Luís Murteira Nabo (Presidente *Chairman*)

Diogo Leónidas Rocha (Secretário *Secretary*)

Conselho Fiscal

Board of Auditors

_ Pedro Rebelo de Sousa (Presidente *Chairman*)

_ “PricewaterhouseCoopers & Associados” - SROC,
representada por Abdul Nasser Abdul Sattar

*The official auditing firm “PricewaterhouseCoopers & Associados” represented by Abdul
Nasser Abdul Sattar*

_ Abel Ramos de Almeida

_ César Abel Rodrigues Gonçalves (Vogal Suplente *Substitute Member*)

Conselho de Administração

Board of Directors

Rogério dos Santos Carapuça (Presidente *Chairman*)

José Afonso Oom Ferreira de Sousa

Pedro Miguel Quinteiro Marques de Carvalho

Luís Paulo Cardoso Salvado

João Nuno da Silva Bento

Álvaro José da Silva Ferreira

João Vasco Tavares da Mota Ranito

João Filipe Santos Teixeira Neto

José Carlos de Almeida Pedro de Jesus

Nuno Miguel Isidoro Duarte

Joaquim Sérvulo Rodrigues

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

Financial Statements

**for the
year ended
31 December 2005**

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**I. CONSOLIDATED FINANCIAL
STATEMENTS
for the Year Ended 31 December 2005**

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

Consolidated Balance Sheet as at 31 December 2005

(Amounts expressed in thousands of Euros)

	Notes	31.12.05	31.12.04
Assets			
Non current assets			
Property plant and equipment	7	6 776	5 938
Intangible assets	8	38 633	38 731
Investments in associates	9	1 735	1 710
Deferred income tax assets	10	9 053	7 979
Total Non current assets		56 197	54 358
Current assets			
Inventories	11	12 966	15 627
Trade and other receivables	12	78 916	50 577
Income tax receivable		619	1 076
Accrued income	13	14 287	9 367
Other current assets	14	3 781	4 472
Available-for-sale financial assets	15	757	807
Cash and cash equivalents	16	33 800	37 339
Total Current assets		145 126	119 265
Non-current assets classified as held for sale	17	-	482
Total assets		201 323	174 105
Equity			
Capital and reserves attributable to the company's equity holders			
Share capital	18	14 363	14 203
Treasury shares	18	(14)	(4)
Share premium	18	37 252	35 825
Reserves and retained earnings	19	21 932	17 838
Profit / (loss) for the year	19	5 084	4 321
Total Equity attributable to the company's equity holders		78 617	72 183
Minority interest	20	12 018	12 248
Total equity		90 635	84 431
Liabilities			
Non current liabilities			
Borrowings	21	12 156	9 271
Provisions	25	591	168
Deferred income tax liabilities	10	136	100
Total non Current liabilities		12 883	9 539
Current liabilities			
Borrowings	21	6 540	8 892
Trade and other payables	23	78 105	56 569
Income tax payable		958	423
Deferred income and other current liabilities	24	12 202	13 769
Total Current Liabilities		97 805	79 653
Total liabilities of continuing operations		110 688	89 192
Liabilities directly associated with non-current assets classified as held for sale	17	-	482
Total equity and liabilities		201 323	174 105

Lisbon, February 14, 2006

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 Year Ended 31 December 2005

(Amounts expressed in thousands of Euros)

	Notes	31.12.05	31.12.04
Continuing Operations			
Sales	5	139 965	97 593
Services rendered	5	86 435	73 980
Cost of goods sold		(107 474)	(83 477)
External supplies and services	26	(54 704)	(35 881)
Employee benefit expense	27	(47 267)	(38 379)
Other gains and (losses) - net	28	(4 871)	3 230
		12 084	17 066
Depreciation / amortisation	29	(6 015)	(5 210)
Operating profit		6 069	11 856
Finance costs - net	30	(2 537)	(1 198)
Share of profit of associates	31	17	23
Profit / (loss) before income tax		3 549	10 681
Income tax expense	32	(312)	(1 092)
Profit / (loss) for the year from continuing operations		3 237	9 589
Discontinued operations			
Profit / (loss) for the year from discontinued operations	17	682	(4 114)
Profit / (loss) for the year		3 919	5 475
Attributable to:			
Equity holders of the Company		5 084	4 321
Minority interest	20	(1 165)	1 154
		3 919	5 475
Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the year (expressed in EUR per share) - basic	33	0.15 euros	0.30 euros
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company during the year (expressed in EUR per share) - basic	33	0.02 euros	(0.15) euros

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

Consolidated Cash Flow Statement for the Year Ended 31 December 2005

(Amounts expressed in thousands of Euros)

	Notes	31.12.05	31.12.04
<i>Cash flows from operating activities</i>			
Cash receipts from customers		195 340	166 099
Cash paid to suppliers		(139 779)	(122 091)
Cash paid to employees		(55 199)	(36 424)
Cash Generated from Operations		362	7 584
Income taxes paid		(964)	(72)
Other operating proceeds		3 124	1 227
		2 160	1 155
Net Cash generated from operating activities		2 522	8 739
<i>Cash flows from investing activities</i>			
Receipts:			
Interest received		354	1 319
		354	1 319
Payments:			
Acquisition of subsidiary		(2 275)	(2 565)
Purchases of Property plant and equipment		(1 566)	(3 119)
Purchases of Intangible assets		(171)	(1 455)
		(4 012)	(7 139)
Net Cash used in investment activities		(3 658)	(5 820)
<i>Cash flows from financing activities</i>			
Receipts:			
Proceeds from borrowings	21	7 326	5 600
Proceeds from issuance ordinary shares	18	1 587	747
Proceeds from sale of treasury shares	18	995	2 647
		9 908	8 994
Payments:			
Repayments of borrowings		(8 339)	-
Interests and similar costs		(2 672)	(2 145)
Purchase of treasury shares	18	(2 170)	(2 593)
		(13 181)	(4 738)
Net Cash generated / (used) from financing activities		(3 273)	4 256
Cash and bank overdrafts - net increase / (decrease)		(4 409)	7 175
Cash and bank overdrafts at the beginning of the year		36 042	28 867
Cash and bank overdrafts at the end of the year		31 633	36 042

The accompanying notes are an integral part of these financial statements

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

Consolidated Statement of Changes in Equity for the Year Ended 31 December 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		
Balance at January 1, 2004	14 128	35 153	(8)	1 225	84	16 031	6 087	72 700
Foreign currency translation reserve	-	-	-	-	-	203	-	203
Fair value gains, net of tax	-	-	-	-	110	-	-	110
Other	-	-	-	-	-	135	-	135
Net income recognised directly in equity	-	-	-	-	110	338	-	448
Profit for the year	-	-	-	-	-	4 321	1 154	5 475
Total recognised income	-	-	-	-	110	4 659	1 154	5 923
Issue of share capital	75	672	-	-	-	-	-	747
Legal reserve	-	-	-	29	-	(29)	-	-
Treasury shares movements	-	-	4	-	-	50	-	54
Changes in consolidation universe	-	-	-	-	-	-	5 007	5 007
Balance at 31 December 2004	14 203	35 825	(4)	1 254	194	20 711	12 248	84 431
Balance at January 1, 2005	14 203	35 825	(4)	1 254	194	20 711	12 248	84 431
Fair value gains, net of tax	-	-	-	-	(47)	-	-	(47)
Other	-	-	-	-	-	(46)	(58)	(104)
Net expense recognised directly in equity	-	-	-	-	(47)	(46)	(58)	(151)
Profit for the year	-	-	-	-	-	5 084	(1 165)	3 919
Total recognised income	-	-	-	-	(47)	5 038	(1 223)	3 768
Issue of share capital	160	1 427	-	-	-	-	-	1 587
Treasury shares movements	-	-	(10)	-	-	(134)	-	(144)
Changes in consolidation universe	-	-	-	-	-	-	993	993
Balance at 31 December 2005	14 363	37 252	(14)	1 254	147	25 615	12 018	90 635

The accompanying notes are an integral part of these financial statements

NOVABASE S.G.P.S., S.A.
Notes to the Consolidated Financial Statements
31 December 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 the Euronext Lisbon.

The consolidated financial statements presented in this report were authorized by the Board of Directors on February 14, 2006.

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 year presented, unless otherwise stated.

a) Basis of Preparation

The consolidated financial statements in 2005 were prepared in accordance with 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), as adopted by the European Union (EU).

The consolidated financial statements have been prepared under the historical cost convention, except for the available-for-sale assets and derivatives 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 year. 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 - IFRS2 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 have acquired all it's rights as of 31 December 2004. In the current period no options were attributed.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after January 2006 or later periods but which the Group has not early adopted, as follows:

IAS 19 (Amendment) - Employee benefits (effective from January 1, 2006)

Group is analysing the impact of this adjustment in 2006 accounts.

IAS 39 (Amendment) - Cash flow hedge accounting of forecasts intragroup transactions (effective from January 1, 2006)

We consider that the possible effect is not material for group operations.

IAS 39 (Amendment) - The fair value option (effective from January 1, 2006)

We consider that the possible effect is not material for group operations.

IAS 39 e IFRS 4 (Amendment) - Financial guarantee contracts (effective from January 1, 2006)

We consider that the possible effect is not material for group operations.

IFRS 1 (Amendment) - IFRS first-time adoption and IFRS 6 (change) - Exploration for and Evaluation of Mineral Resources (effective from January 1, 2006)

We consider that the possible effect is not material for group operations.

IFRS 6 - Exploration for and Evaluation of Mineral Resources (effective from January 1, 2006)

We consider that the possible effect is not material for group operations.

IFRS 7 - Financial Instruments: Disclosures and complementary amendment to IAS 1 - Presentation of Financial Statements - Capital disclosures (effective as of January 1, 2007)

IFRS 7 introduces new disclosures to improve the financial reporting standards on financial instruments disclosures. New qualitative and quantitative disclosures on group risk associated with financial instruments will be necessary. The group will adopt IFRS 7 and IFRS 1 changes as of its effective date, January 1 2007.

IFRIC 4 - Determining whether an arrangement contains a lease (effective from January 1, 2006)

Group is analysing the impact of this adjustment in 2006 accounts, nevertheless we consider that shall not be applicable.

IFRIC 5 - Rights to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

We consider that the possible effect is not material for group operations.

IFRIC 6 - Liabilities arising from the participation in specific markets - Waste electrical and electronic equipment (effective from December 1, 2005).

We consider that the possible effect is not material for group operations.

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 the preparation of this information, the companies Novabase S.G.P.S. and Novabase Serviços, S.A. are both presented as part of the Consulting Division business segment.

Geographical segment result are calculated based on selling destination markets, which includes export and the activity of companies located outside of Portugal. Geographic segment assets and liabilities are calculated based on selling origin markets, referring to companies outside of 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) Property plant and equipment

Property, plant and equipment comprise mainly 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 (purchase price and all the expenses supported direct or indirectly to bring the asset to its current condition).

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
• Furniture, fittings and equipment	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, the group defined cash generating units at the level of each subsidiary acquired.

(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 costs directly associated thereto as well as any outsourcing costs.

Amortisation is calculated using the straight-line method, for periods between 3 to 5 years. Impairment of software development projects 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 impairment test, 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, cost is determined using the weighted average cost method.

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, when exceeding the highest value between 10% of the plan assets or 10% of the defined benefit responsibilities, are charged or credited to income over the remaining of employees' expected average 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 "fixed contract") are recognized using the percentage of completion method based on sales of services, a ratio between costs incurred, contracted price, 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) Stock options

The group has a stock options plan in place to reward the employees. Services received by the employees and correspondent increase in equity are measured with reference to stock options fair value at attribution date, excluding any 'non-market vesting condition' impact. The fair value of stock options is recognized as cost at its attribution date. The net amount of commissions and the share premium of the exercised stock options is registered in Equity. Open plans by the end of 2004 have their buying rights fully acquired. No stock options were attributed in 2005. The accounting treatment of IFRS 2 will therefore be applicable only to future plans.

u) Comparatives

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

v) Derivative financial instruments

Derivatives are initially recognized at its fair value at the contract starting date, and subsequently reevaluated at its fair value.

3. Financial risk management

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).

No additional impairment would be registered if the expected gross margins of this cash generating units were 10% lower than the management estimates at 31 December 2005, or the discount rate 10% higher.

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, from the present estimates performed by management.

5. Segment information

Primary reporting format – business segments

As at 31 December 2005, for business segment report, the Group is organised as follows:

- Consulting
- Engineering Solutions
- Other

The companies considered in each business segment are presented in note 6. For the preparation of this information, the companies Novabase S.G.P.S. and Novabase Serviços, S.A. are both presented as part of the Consulting Division business segment.

The segment results for the year ended 31 December 2004, are as follows:

	Consulting	Engineering Solutions	Other	Novabase Group
Sales	48 230	120 035	3 308	171 573
Operating profit / (loss)	5 926	7 337	(1 407)	11 856
Finance costs – net	(640)	(486)	(72)	(1 198)
Share of profit of associates	-	23	-	23
Profit / (loss) before income tax	5 286	6 874	(1 479)	10 681
Income tax expense	(1 191)	(25)	124	(1 092)
Profit / (loss) for the year from continuing operations	4 095	6 849	(1 355)	9 589
Discontinued operations profit / (loss)	(1 844)	-	(2 270)	(4 114)

Other information's:

Depreciation / amortisation	(2 950)	(1 434)	(613)	(4 997)
Impairment of goodwill	-	-	(213)	(213)
Impairment of trade receivables	(953)	(48)	(99)	(1 100)

The segment results for the year ended 31 December 2005, are as follows:

	Consulting	Engineering Solutions	Other	Novabase Group
Sales	58 851	163 674	3 875	226 400
Operating profit / (loss)	6 640	(416)	(155)	6 069
Finance costs – net	(756)	(1 726)	(55)	(2 537)
Share of profit of associates	-	17	-	17
Profit / (loss) before income tax	5 884	(2 125)	(210)	3 549
Income tax expense	(1 542)	766	464	(312)
Profit / (loss) for the year from continuing operations	4 342	(1 359)	254	3 237
Discontinued operations profit / (loss)	682	-	-	682

Depreciation / amortisation	(3 530)	(2 032)	(453)	(6 015)
Impairment of trade receivables	(107)	(272)	(11)	(390)

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

	Consulting	Engineering Solutions	Other	Novabase Group
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
Total 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 31 December 2005 and capital expenditure for the year then ended are as follows:

	Consulting	Engineering Solutions	Other	Novabase Group
Assets	62 412	131 402	5 774	199 588
Associates	24	55	1 656	1 735
Total assets	62 436	131 457	7 430	201 323
Total Liabilities	28 772	80 021	1 895	110 688
Capital expenditure (12 Months)	1 861	3 917	172	5 950

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 property plant and equipment (Note 7) and intangible assets (Note 8), including additions resulting from acquisitions through business combinations (Note 6).

Secondary reporting format – geographical segments

At 31 December 2005, the Group operates in the following geographical areas:

- Portugal
- Germany
- Other

The geographical segment results for the year ended 31 December 2004, are as follows:

	Portugal	Germany	Other	Novabase Group
Sales	140 532	27 261	3 780	171 573
Operating profit / (loss)	13 165	(755)	(554)	11 856
Finance costs – net	(1 908)	718	(8)	(1 198)
Share of profit of associates	23	-	-	23
Profit / (loss) before income tax	11 277	(36)	(560)	10 681
Income tax expense	(1 045)	(47)	-	(1 092)
Profit / (loss) for the year	10 232	(83)	(560)	9 589
Discontinued operations profit / (loss)	(2 270)	-	(1 844)	(4 114)
Other information's:				
Depreciation / amortisation	(4 625)	(257)	(115)	(4 997)
Impairment of goodwill	(213)	-	-	(213)
Impairment of trade receivables	(1 112)	12	-	(1 100)

The geographical segment results for the year ended 31 December 2005, are as follows:

	Portugal	Germany	Other	Novabase Group
Sales	178 008	33 487	14 905	226 400
Operating profit / (loss)	6 299	396	(626)	6 069
Finance costs – net	(2 436)	(101)	-	(2 537)
Share of profit of associates	17	-	-	17
Profit / (loss) before income tax	3 880	295	(626)	3 549
Income tax expense	(537)	(9)	234	(312)
Profit / (loss) for the year from continuing operations	3 343	286	(392)	3 237
Other information's:				
Depreciation / amortisation	(5 562)	(333)	(120)	(6 015)
Impairment of trade receivables	(244)	(146)	-	(390)

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

	Portugal	Germany	Other	Novabase Group
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 31 December 2005 and capital expenditure for the year then ended are as follows:

	Portugal	Germany	Other	Novabase Group
Assets	171 660	22 618	5 310	199 588
Associates	1 735	-	-	1 735
Total assets	173 395	22 618	5 310	201 323
Capital expenditure (12 Months)	5 118	674	158	5 950

6. Companies included in consolidation

The companies consolidated by full method on 31 December 2005 were the following:

Holding company, Subsidiaries and Associates	Head Office and country	Share Capital	Equity	Results	Shareholding %	
		31.12.05 Euros	31.12.05 Euro'000	31.12.05 Euro'000	31.12.05	31.12.04
Parent company - Group holding :						
Novabase S.G.P.S.	Lisbon - Portugal	€ 14 362 883	50 730	429	-	-
Novabase Consulting Division :						
Novabase Consulting, S.A.	Lisbon - Portugal	€ 2 041 000	12 731	195	96.3%	96.3%
Novabase B. I., S.A.	Lisbon - Portugal	€ 250 000	5 609	465	96.3%	96.3%
Novabase Saude, S.A.	Lisbon - Portugal	€ 2 500 000	(40)	(7)	100.0%	100.0%
Novabase Core Fin. Software Sol., S.A.	Lisbon - Portugal	€ 100 000	(54)	258	70.0%	70.0%
NBO Recursos em TI	Lisbon - Portugal	€ 50 000	5 943	679	96.3%	95.2%
Novabase A. C. D., S.A.	Lisbon - Portugal	€ 750 000	6 712	1 028	92.7%	92.7%
Novabase Consulting SGPS, S.A.	Lisbon - Portugal	€ 10 675 498	18 903	(176)	96.3%	96.3%
Novabase Brasil	Sº Paulo - Brazil	-	-	-	-	80.0%
Novabase Consulting Espanha, S.A.	Madrid - Spain	€ 1 000 000	(278)	(68)	100.0%	100.0%
Novabase E. A., S.A.	Lisbon - Portugal	€ 150 000	2 763	765	96.3%	96.3%
CelFocus, S.A.	Lisbon - Portugal	€ 100 000	3 708	1 037	53.0%	53.0%
Mentor, S.A.	Lisbon - Portugal	€ 50 000	(240)	(23)	100.0%	100.0%
COLLAB – Sol. I. Com. e Colab., S.A.	Lisbon - Portugal	€ 50 000	660	160	55.4%	55.4%
SAF, S.A.	Lisbon - Portugal	€ 325 000	749	188	53.9%	49.1%
Novabase Engineering Solutions Division :						
Novabase Infraestruturas, SGPS, S.A.	Oeiras - Portugal	€ 50 000	14 931	1	87.3%	87.3%
Novabase IIS, S.A.	Oeiras - Portugal	€ 70 500	10 452	1 291	87.3%	87.3%
Octal - Engenharia de Sistemas, S.A.	Lisbon - Portugal	€ 3 000 000	8 164	451	100.0%	100.0%
Novabase Infr. Integracion S. Inf., S. A.	Madrid - Spain	€ 120 202	(310)	(32)	100.0%	100.0%
Techno Trend Holding	Amsterd. - Netherl	€ 70 000	46 018	(99)	50.0%	50.0%
Techno Trend AG	Erfurt - Germany	€ 5 263 320	5 061	164	44.1%	44.1%
Novabase Interactive TV	Lisbon - Portugal	€ 278 125	271	(2)	38.3%	38.3%
Octal TV , S.A.	Lisbon - Portugal	€ 250 000	5 207	(3 816)	30.7%	30.7%
OnTV, S.A.	Lisbon - Portugal	€ 100 000	1 574	856	19.5%	19.5%
TVLab, S.A.	Lisbon - Portugal	-	-	-	-	50.0%
Gedotecome, Lda.	Lisbon - Portugal	€ 25 000	(166)	43	100.0%	70.0%
ES IT International Trade & Services	Fribourg - Switzerl	CHF 200 000	91	(15)	99.9%	99.9%
Nbase International Investments B.V.	Amsterd. - Netherl	€ 1 220 800	870	(1 115)	100.0%	100.0%
Octal 2 Mobile	Lisbon - Portugal	€ 50 000	539	298	80.0%	100.0%
Novabase Capital :						
Novabase Capital SGCR, S.A.	Lisbon - Portugal	€ 2 500 000	2 825	(99)	100.0%	100.0%
(*) Sapi 2 ci, Consultadoria Informática, S.A.	Oporto - Portugal	€ 60 100	234	72	50.0%	50.0%
(*) Sapi 2 pi, Projectos Informáticos, Lda.	Oporto - Portugal	€ 5 000	61	10	50.0%	50.0%
Manchete, S.A.	Lisbon - Portugal	€ 150 000	334	217	50.0%	50.0%
Fundo Capital Risco	Lisbon - Portugal	€ 7 142 857	1 409	(20)	30.0%	-
Novabase Shared Services:						
Novabase Servicos, S.A.	Lisbon - Portugal	€ 250 000	(161)	(733)	100.0%	100.0%

Equity and results presented exclude equity accounting effect.

The following company was included in the consolidation under Novabase Capital using the proportional method on 31 December 2005:

Holding company	Head Office and country	Share Capital	Equity	Results	Shareholding %	
		31.12.05 Euros	31.12.05 Euro'000	31.12.05 Euro'000	31.12.05	31.12.04
(*) Mind, S.A.	Lisbon - Portugal	€ 370 000	760	85	50.0%	50.0%

The companies consolidated using the equity method on 31 December 2005 were the following:

Holding company	Head Office and country	Share Capital	Equity	Results	Shareholding %	
		31.12.05 Euros	31.12.05 Euro'000	31.12.05 Euro'000	31.12.05	31.12.04
(*) Superemprego, S. A.	Lisbon - Portugal	€ 500 000	273	33	36.3%	36.3%
(*) Key Lab	Lisbon - Portugal	€ 500 000	1 076	195	15.0%	15.0%

(*) This companies accounts were not completely closed by the consolidated accounts closing date

7. Property plant and equipment

The detail of Property plant and equipment is analysed as follows:

	31.12.05			31.12.04		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	1 328	286	1 042	970	487	483
Basic equipment	5 967	3 663	2 304	9 106	6 513	2 593
Transport equipment	4 643	2 021	2 622	4 039	1 983	2 056
Tools and utensils	406	321	85	391	308	83
Furniture, fittings and equipment	1 670	956	714	5 378	4 698	680
Other tangible fixed assets	12	3	9	56	13	43
	<u>14 026</u>	<u>7 250</u>	<u>6 776</u>	<u>19 940</u>	<u>14 002</u>	<u>5 938</u>

During 2004, movements on Property plant and equipment were as follows:

	01.01.04 Balance	Acquisitions / Increases	Disposals	Transfers	Change in Consolidation Universe	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
Furniture, fittings and equipment	5 632	95	(342)	10	(17)	5 378
Other tangible fixed assets	24	43	-	(10)	(1)	56
	<u>21 583</u>	<u>2 968</u>	<u>(3 072)</u>	<u>(2 109)</u>	<u>570</u>	<u>19 940</u>
<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
Furniture, fittings and equipment	4 576	334	(196)	-	(16)	4 698
Other tangible fixed assets	11	78	-	(76)	-	13
	<u>13 923</u>	<u>3 049</u>	<u>(2 713)</u>	<u>(401)</u>	<u>144</u>	<u>14 002</u>

During 2005, movements on Property plant and equipment were as follows:

	01.01.05 Balance	Acquisitions / Increases	Disposals	Transfers	Change in Consolidation Universe	31.12.05 Balance
<i>Cost :</i>						
Buildings and other constructions	970	675	(317)	-	-	1 328
Basic equipment	9 106	1 068	(4 140)	-	(67)	5 967
Transport equipment	4 039	1 839	(1 235)	-	-	4 643
Tools and utensils	391	53	(38)	-	-	406
Furniture, fittings and equipment	5 378	340	(4 048)	-	-	1 670
Other tangible fixed assets	56	7	(51)	-	-	12
	<u>19 940</u>	<u>3 982</u>	<u>(9 829)</u>	<u>-</u>	<u>(67)</u>	<u>14 026</u>
<i>Accumulated Depreciation :</i>						
Buildings and other constructions	487	101	(302)	-	-	286
Basic equipment	6 513	1 323	(4 127)	-	(46)	3 663
Transport equipment	1 983	1 247	(1 209)	-	-	2 021
Tools and utensils	308	51	(38)	-	-	321
Furniture, fittings and equipment	4 698	286	(4 028)	-	-	956
Other tangible fixed assets	13	9	(19)	-	-	3
	<u>14 002</u>	<u>3 017</u>	<u>(9 723)</u>	<u>-</u>	<u>(46)</u>	<u>7 250</u>

Buildings and other constructions includes assets in the amount of EUR 839 thousand installed on third party premises.
Depreciation is included in 'Depreciation /amortisation' item in the income statement (note 29).

Transport Equipment includes the following finance lease contracts:

	31.12.05	31.12.04
Acquisition cost	4 052	3 330
Accumulated depreciation	(1 618)	(1 376)
Net book value	2 434	1 954
	31.12.05	31.12.04
Depreciation charge	1 136	885

8. Intangible assets

Intangible assets are analysed as follows:

	31.12.05			31.12.04		
	Cost	Accumulated Amortisation	Net book value	Cost	Accumulated Amortisation	Net book value
Internally generated intangibles	3 423	824	2 599	5 420	2 776	2 644
Industrial property and other rights	11 682	4 117	7 565	10 078	3 613	6 465
Work in progress	1 305	-	1 305	328	-	328
Goodwill	27 164	-	27 164	29 294	-	29 294
	43 574	4 941	38 633	45 120	6 389	38 731

During 2004, movements were as follows:

	01.01.04 Balance	Acquisitions / Increases	Impairment ch. Disposals	Transfers	Change in Consolidation Universe	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	14 154	13 081	(213)	-	2 272	29 294
	31 049	15 007	(6 239)	2 109	3 194	45 120
<i>Accumulated Amortisation</i>						
Internally generated intangibles	1 919	885	(911)	650	233	2 776
Industrial property and other rights	5 793	1 063	(4 855)	1 044	568	3 613
	7 712	1 948	(5 766)	1 694	801	6 389

During 2005, movements were as follows:

	01.01.05 Balance	Acquisitions / Increases	Impairment ch. Disposals	Transfers	Change in Consolidation Universe	31.12.05 Balance
<i>Cost :</i>						
Internally generated intangibles	5 420	130	(2 414)	396	(109)	3 423
Industrial property and other rights	10 078	80	(1 270)	2 794	-	11 682
Work in progress	328	1 373	-	(396)	-	1 305
Goodwill	29 294	385	-	(2 515)	-	27 164
	45 120	1 968	(3 684)	279	(109)	43 574
<i>Accumulated Amortisation</i>						
Internally generated intangibles	2 776	1 196	(2 306)	(781)	(61)	824
Industrial property and other rights	3 613	1 764	(1 539)	279	-	4 117
	6 389	2 960	(3 845)	(502)	(61)	4 941

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	1 929	6 366
(ii) SAP and Meta4	5 years	Novabase Serviços	2 194	1 221	973
Licenses on granted trade mark rights	5 years	Techno Trend AG	506	438	68
Other			687	529	158
			11 682	4 117	7 565

- (i) Amount paid to Espírito Santo group, for the acquisition of a service contract, over a period between 6 to 10 years. During 2005 an amount of EUR 2 515 thousand was transferred from goodwill.
- (ii) Human resources and management information systems based respectively on META4 and mySAP platforms, for the Group internal use.

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

Movements in goodwill were as follows:

	31.12.05	31.12.04
Balance At 1 January	29 294	14 154
(i) Perimeter variations	-	2 984
(ii) Goodwill from increase of holding subsidiaries	168	4 004
(iii) Goodwill from new subsidiary acquisition	217	9 077
(iv) Subsidiary disposals	-	(712)
Impairment losses	-	(213)
(v) Transfers	(2 515)	-
Balance at 31 December	27 164	29 294

- (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 shareholder alignment in the Consulting Division.
In 2005: Geodotcome, SAF and NBO (see note 6).
- (iii) In 2004: Techno Trend AG and Imersiva. In 2005: GT Informatics business.
- (iv) Disposal of 100% of Deltafor.
- (v) This amount refers to ATX Projects, which was transferred to the Industrial Property and other rights heading.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the business segments, as defined in note 6.

	31.12.05	31.12.04
Novabase Consulting division	14 155	16 395
Novabase Engineering Solutions division	12 248	12 138
(*) Novabase Capital	761	761
	27 164	29 294

(*) Cash generating units were defined at the level of each company acquired.

Goodwill impairment test assumptions:

Discounted cash flow method was used for impairment analysis, using a pre income tax discount rate of 10% based on a 5 year period. The rate used in the cash flow growth estimate is considered conservative, and was used a perpetual grow rate of 3%.

EBITDA margins were estimated based on 2005 margins. For 2006, a 10% growth on sales and services rendered was considered.

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

9. Investments in associates

This heading is analysed as follows:

	Shareholding %		Acquisition Cost	
	31.12.05	31.12.04	31.12.05	31.12.04
Novabase Consulting division:				
(i) Plano B	75.00%	75.00%	9	9
(ii) WRC	3.74%	3.74%	15	15
Novabase Engineering division:				
(ii) Tape	1.00%	1.00%	4	4
(ii) Intelcart	10.00%	10.00%	2	2
(i) Octal gmbH	50.00%	50.00%	-	6
(iv) TV Lab	45.00%	50.00%	49	-
Novabase Capital :				
(iii) Key Lab (see note 6)	15.00%	15.00%	1 340	1 323
(ii) Forward	20.00%	-	100	-
(ii) Dosapac	40.00%	-	200	-
Superemprego (see note 6)	36.25%	36.25%	-	-
Other			16	43
			1 735	1 402
Loans to associates				
Superemprego			-	142
Mind			-	166
			-	308
			1 735	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 EUR 1 270 thousand of the goodwill arising from the acquisition of this equity holding.
- (iv) TV Lab left the consolidation perimeter, as the group lost significant influence in the company management.

10. Deferred Income Tax

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 amounts can be presented as follows:

	31.12.05	31.12.04
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	2 255	2 261
Deferred tax asset to be recovered after more than 12 months	6 798	5 718
	9 053	7 979
Deferred tax liabilities:		
Deferred tax liability to be recovered within 12 months	-	-
Deferred tax liability to be recovered after more than 12 months	136	100
	136	100

The movement in the deferred income tax is as follows:

	31.12.05	31.12.04
Balance At 1 January	7 979	7 419
Change in consolidation universe	(251)	312
Transfers	(48)	142
Income statement charge	1 373	106
Balance at 31 December	9 053	7 979

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 Amortisation	Tax incentives	Provisions	Total
Balance At 1 January	3 423	1 375	1 990	631	7 419
Charged to the income statement	980	(879)	-	5	106
Charged to equity	142	-	-	-	142
Change in consolidation universe	312	-	-	-	312
Balance at 31 December 2004	4 857	496	1 990	636	7 979
Charged to the income statement	1 357	(166)	182	-	1 373
Transfers	(48)	-	-	-	(48)
Change in consolidation universe	(251)	-	-	-	(251)
Balance at 31 December 2005	5 915	330	2 172	636	9 053

11. Inventories

This heading is analysed as follows:

	31.12.05	31.12.04
Merchandise	11 362	9 625
Finished products	2 510	179
Raw materials, subsidiary goods and consumables	5 011	7 360
	18 883	17 164
Provision for inventory depreciation	(5 917)	(1 537)
	12 966	15 627

A provision in the amount of EUR 5 064 thousand regarding a provision for inventory depreciation was recorded under 'other gains and (losses) - net' (note 28) in the year, as explained on the Management Report.

During 2005 the provision for inventory depreciation was used in the amount of EUR 684 thousand.

12. Trade and other receivables

This heading is analysed as follows:

	31.12.05	31.12.04
Clients current accounts	70 178	44 218
Clients - trade bills	723	1 309
Clients - doubtful debts	2 403	3 412
Provision for doubtful debts	(2 471)	(2 862)
	70 833	46 077
Prepayments	3 706	2 470
Employees	240	192
Taxes	673	97
Subsidies from European Social Fund	346	493
Related parties debtors	1 563	288
Financial investments disposals	380	546
Other	1 175	414
	8 083	4 500
	78 916	50 577

During the year ended 31 December 2005, the Group has recognised a loss of EUR 390 thousand (2004: EUR 1 100 thousand), for impairment of its trade and other receivables, this expense was recorded under 'other gains and (losses) - net' heading in the income statement.

13. Accrued income

Accrued income is analysed as follows:

	31.12.05	31.12.04
- Training subsidies	73	77
- Ongoing projects	14 013	8 508
- Other	201	782
	14 287	9 367

14. Other current assets

This heading is analysed as follows:

	31.12.05	31.12.04
- Hardware and software maintenance	2 258	2 831
- Subcontracts	688	1 148
- Other deferred costs	835	493
	3 781	4 472

In order to assure cut off of operations for these services, costs and profits were accrued and deferred and will be taken to the income statement in next years.

15. Available-for-sale financial assets

Movements in this heading are analysed as follows:

	31.12.05	31.12.04
Balance At 1 January	807	696
Acquisitions	-	1
Disposals	(3)	-
Fair value adjustments	(47)	110
Balance at 31 December	757	807

This heading is analysed as follows:

	31.12.05	31.12.04
Ordinary shares		
- Portugal Telecom	523	558
- PT Multimédia	234	249
	757	807

16. Cash and cash equivalents

With reference to the consolidated Cash Flow Statement, the detail and description of Cash and bank overdrafts is analysed as follows:

	31.12.05	31.12.04
- Cash	31	30
- Short term bank deposits	12 080	26 309
- Other Cash Investments:		
- Finance investments in Portuguese banks	21 689	11 000
Cash and cash equivalents	33 800	37 339
- 'Overdrafts'	(2 167)	(1 297)
	31 633	36 042

17. Non-current assets classified as held for sale

Novabase decided in 2004 to discontinue its operations in Novabase Brazil. This company's activity was not profitable and demanded significant management resources and cash requirements. In 2004, the Training activity has been exposed to a similar process, and the companies' operating in this area were disposed of during 2004.

The costs related with this two decisions were provided in 2004, in the amount of EUR 1.8 and 2.2 million respectively.

The disposal of 80% of Novabase Brazil in 2005 generated an income of EUR 682 thousand. The remaining 20% will be disposed in 2006.

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

	31.12.05		31.12.04	
	Training	Brazil	Training	Brazil
Income	-	682	646	1 734
Expenses	-	-	(2 916)	(3 578)
Result before taxes of discontinued operations	-	682	(2 270)	(1 844)
Taxes	-	-	-	-
Result after taxes of discontinued operations	-	682	(2 270)	(1 844)

	31.12.05		31.12.04	
	Training	Brazil	Training	Brazil
Operating cash flows	-	-	-	265
Investing cash flows	-	-	-	8
Financing cash flows	-	-	-	(4)
Total cash flows	-	-	-	269

	31.12.05		31.12.04	
	Training	Brazil	Training	Brazil
Non-current assets classified as held for sale				
Cash and equivalents	-	-	-	456
Amount to receive for the disposal	2 915	68	2 915	972
Provisions	(2 915)	(68)	(2 915)	(972)
Other	-	-	-	26
	-	-	-	482
Liabilities directly associated with non-current assets classified as held for sale				
Trade and other payables	-	-	-	482
	-	-	-	482

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

The Share Capital, fully subscribed and paid of EUR 14 362 882.50 is represented by 28 725 765 shares with a nominal value of EUR 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 EUR 159 529, with the issue of 319 058 new ordinary shares with a nominal value of EUR 0.50 each, 314 971 shares subscribed and realized at a unit price of EUR 4.96, and 4 087 shares at EUR 5.87. 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
Balance 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
Balance at 31 December 2004	28 407	14 203	35 825	(4)	50 024
Shares issued	319	160	1 427	-	1 587
Treasury shares purchased	-	-	-	(178)	(178)
Treasury shares disposed	-	-	-	168	168
Balance at 31 December 2005	28 726	14 363	37 252	(14)	51 601

The number of treasury shares held by Novabase S.G.P.S. on 31.12.05 is under the limits established by its statutory rules (10% of share capital) and in accordance with the Portuguese commercial law.

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

During 2005 the company purchased on the stock market 355 277 shares at the average price of EUR 6.11, sold 157 850 shares at the average price of EUR 6.31 and yielded 178 359 shares at the average price of EUR 5.78.

At 31 December 2005 Novabase S.G.P.S. held 27 358 treasury shares, representing 0.1% 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 19, 2003 following the former stock option plan for the period 2000-2002.

In the previous plan both components of admission and/or performance in respect of the years of 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 stage 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 attribution 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 were attributed, 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 EUR 4.96 per share.

On May, 2004 151 thousand options for Novabase shares were exercised under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, at the price of EUR 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 EUR 4.96.

On June 2005, 319 058 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 EUR 4.96, and 4 087 were subscribed and paid up at a unit price of EUR 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 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:

	31.12.05		31.12.04	
	Average exercise price in EUR per share	Options (thousands)	Average exercise price in EUR per share	Options (thousands)
Balance At 1 January		6 298		2 099
Granted	-	-	4.96	4 958
Exercised	4.96	(319)	4.96	(151)
Lapsed		(93)		(608)
Balance at 31 December		5 886		6 298

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

Expiry date	Exercise price	Shares (thousands)	
		31.12.05	31.12.04
2005	8.50	-	22
2005	10.40	-	143
2006	8.23	718	693
2007	4.96	3 798	3 919
2007	5.87	1 370	1 521
		5 886	6 298

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.

Closing date	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	-	4 904	(47)	4 857
Balance at 31 December 2005	1 254	25 615	147	27 016

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 interest

This heading is analysed as follows:

	31.12.05	31.12.04
Balance At 1 January	12 248	6 087
Actuarial Gains and Losses	(58)	-
Change in consolidation universe	993	5 007
Minority interests in profit / (loss) for the year	(1 165)	1 154
Balance at 31 December	12 018	12 248

21. Borrowings

This heading is analysed as follows:

	31.12.05	31.12.04
Non-current		
Bank borrowings	10 604	8 108
Finance lease liabilities	1 552	1 163
	<u>12 156</u>	<u>9 271</u>
Current		
Bank borrowings	5 147	7 695
Finance lease liabilities	1 393	1 197
	<u>6 540</u>	<u>8 892</u>
Total borrowings	<u><u>18 696</u></u>	<u><u>18 163</u></u>

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

	6 months or less	6-12 months	Total
At 31 December 2004	6 008	1 687	7 695
At 31 December 2005	3 773	1 374	5 147

The maturity of non-current borrowings is as follows:

	31.12.05	31.12.04
Between 1 and 2 years	5 162	4 448
Between 2 and 5 years	4 942	3 660
Over 5 years	500	-
	<u>10 604</u>	<u>8 108</u>

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

	31.12.05	31.12.04
Bank borrowings	3.600%	3.875%
Bank overdrafts	3.785%	3.000%
Finance lease liabilities – minimum lease payments:		
Not later than 1 year	1 393	1 197
Between 1 and 5 years	1 552	1 163
	<u>2 945</u>	<u>2 360</u>

22. Retirement benefit obligations

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

This item is analysed as follows:

Balance sheet obligations related with:

	31.12.05	31.12.04
Retirement benefit obligations	434	271
	<u>434</u>	<u>271</u>

Profit and loss related with:

	31.12.05	31.12.04
Retirement benefit obligations	65	57
	<u>65</u>	<u>57</u>

Retirement benefit obligations recorded under assets and liabilities is analysed as follows:

	31.12.05	31.12.04
Present value of defined benefits obligation	591	372
Fair value of plan assets	(157)	(101)
	<u>434</u>	<u>271</u>

Retirement benefit obligations recorded under profit and loss is analysed as follows:

	31.12.05	31.12.04
Actual cost of service	49	42
Interest paid	23	20
Asset expected return	(7)	(5)
Total, accounted under staff costs	<u>65</u>	<u>57</u>

Movement in balance sheet is analysed as follows:

	31.12.05	31.12.04
Balance At 1 January	271	-
Consolidation perimeter variations	-	287
Total costs recognized in balance sheet	169	-
Total costs recognized in profit and loss	65	57
Contributions paid	(71)	(73)
Balance at 31 December	<u>434</u>	<u>271</u>

Main actuarial assumptions used are the following:

	31.12.05	31.12.04
Discount Rate	4.60%	5.25%
Expected return of plan assets	4.60%	5.25%
Future wage increase	0.00%	2.00%
Predicted plan increases	2.00%	2.00%

23. Trade and other payables

This heading is analysed as follows:

	31.12.05	31.12.04
Trade payables	41 458	31 770
Marketing	7 214	1 899
Personnel - Holiday pay	6 169	5 250
Projects in progress	5 497	4 200
VAT	7 251	4 391
Social security contributions	1 429	958
Personnel - Income tax withholding	940	772
VAT from operations in other EU member countries	-	34
Employees	1 675	1 257
Subscribers of share capital	537	537
Retirement benefit obligations	434	271
Prepayments from clients	208	193
Acquisition of subsidiaries	15	2 410
Other accruals	2 375	2 616
Other payables	2 903	11
	78 105	56 569

24. Deferred income and other current liabilities

This item is analysed as follows:

	31.12.05	31.12.04
Subsidies		
- Investment subsidies	492	569
- Training subsidies	482	566
Consulting Projects	11 228	12 634
	12 202	13 769

25. Provisions

Movements on Provisions are analysed as follows:

	31.12.05	31.12.04
Balance At 1 January	168	463
Charged to income statement:		
Additional provisions	100	168
Used during year	(31)	-
Transfers	354	(463)
Balance at 31 December	591	168

Provisions balance as at 31 December 2005 is related with the following situations:

- Guarantees - Responsibility with guarantee given on TV business hardware supply (EUR 275 thousand).
- Lawsuits - Provision for current lawsuits (EUR 100 thousand).

26. External supplies and services

External supplies and services heading is analysed as follows:

	31.12.05	31.12.04
Subcontracts	14 966	11 906
Supplies and Services :		
Water, electricity and fuel	693	569
Utility expenses	368	252
Rentals	1 946	1 905
Communications	749	629
Merchandise transport	2 661	1 382
Insurance	682	646
Transportation and travel expenses	4 670	2 922
Commissions and consultancy fees	5 644	6 542
Advertising and promotion	17 362	5 289
Specialised services	2 343	2 073
Other services	2 620	1 766
	<u>39 738</u>	<u>23 975</u>
	<u>54 704</u>	<u>35 881</u>

27. Employee benefit expense

This heading is analysed as follows:

	31.12.05	31.12.04
Board members remuneration	5 619	4 440
Salaries and wages	33 675	25 829
Social security charges	6 538	5 630
Other personnel expenses	1 435	2 480
	<u>47 267</u>	<u>38 379</u>

Average number of personnel by division is detailed as follows:

	31.12.05			31.12.04		
	Total	Consultants	Other	Total	Consultants	Other
Division						
'Novabase Consulting'	773	773	-	634	634	-
'Novabase Engineering Solutions'	420	420	-	326	326	-
'Novabase Capital' :	40	40	-	34	34	-
General	93	-	93	82	-	82
	<u>1 326</u>	<u>1 233</u>	<u>93</u>	<u>1 076</u>	<u>994</u>	<u>82</u>

28. Other gains and (losses) - net

	31.12.05	31.12.04
(i) Profit / (loss) on financial participation disposals	(90)	5 800
(ii) Impairment provisions	(5 201)	(2 072)
Other	420	(498)
	<u>(4 871)</u>	<u>3 230</u>

(i) The disposal of 30% of Octal TV generated a gain of EUR 5 947 thousand in 2004.

(ii) In 2005 this amount includes EUR 5 064 thousand for stock impairment, EUR 390 thousand for client impairment and EUR 100 thousand for employee lawsuit provisions.

29. Depreciation /amortisation

Depreciation and amortisation heading is analysed as follows:

	31.12.05	31.12.04
<i>Property plant and equipment Depreciation:</i>		
Buildings and other constructions	101	53
Basic equipment	1 323	1 601
Transport equipment	1 247	979
Tools and utensils	51	4
Furniture, fittings and equipment	286	334
Other tangible fixed assets	9	78
	<u>3 017</u>	<u>3 049</u>
<i>Intangible fixed assets Amortisation :</i>		
Internally generated intangibles	1 196	885
Industrial property and other rights	1 802	1 063
Goodwill loss by impairment	-	213
	<u>2 998</u>	<u>2 161</u>
	<u>6 015</u>	<u>5 210</u>

30. Finance costs - net

This heading is analysed as follows:

	31.12.05	31.12.04
Interest received	334	236
Positive exchange differences	1 566	1 058
Other financial gains	33	49
Interest paid		
- Loans	(651)	(684)
- Interest on leasing contracts	(468)	(459)
- Factoring interest	(546)	(352)
- Other interest	(257)	(28)
Bank guarantees charges	(134)	(59)
Bank services	(256)	(227)
Negative exchange differences	(2 173)	(694)
Long term debts actual value	21	(28)
Other financial losses	(6)	(10)
	<u>(2 537)</u>	<u>(1 198)</u>

31. Share of profit of associates

This heading is analysed as follows:

	Profit / (Loss)	
	31.12.05	31.12.04
<i>'Novabase Capital' :</i>		
Key Lab	17	23
	<u>17</u>	<u>23</u>

32. Income tax expense

This heading is analysed as follows:

	31.12.05	31.12.04
Current tax	1 685	1 198
Deferred tax due to timing differences	(1 373)	(106)
	<u>312</u>	<u>1 092</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:

	31.12.05	31.12.04
Profit before tax	3 549	10 681
Income tax at nominal rate	976	2 937
Income not subject to tax	-	(1 635)
Fiscal benefits from work creation	(632)	(846)
Provisions and amortisations not considered for fiscal purposes	220	211
Deferred tax recognition on provisions from previous periods	(556)	-
Losses from companies without deferred liabilities taxes	373	(76)
Expenses not deductible for tax purposes	283	438
Difference from foreign companies income tax	(20)	53
R&D fiscal benefits	(226)	-
Other	(106)	10
Income tax	<u>312</u>	<u>1 092</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:

	31.12.05	31.12.04
Weighted average number of ordinary shares in issue	28 592 824	28 343 897
Profit from continuing operations attributable to equity holders of the Company	4 401 992	8 435 113
Basic earnings per share (euro per share)	0.15 euros	0.30 euros
Profit from discontinued operations attributable to equity holders of the Company	682 240	(4 114 190)
Basic earnings per share (euro per share)	0.02 euros	(0.15) 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:

	<u>Bank</u>	<u>31.12.05</u>	<u>31.12.04</u>
Novabase S.G.P.S.	BPI	102	154
Novabase S.G.P.S.	CGD	40	40
Novabase S.G.P.S.	BES	3 000	-
Novabase Consulting, S.A.	BPI	1 054	934
Novabase Consulting, S.A.	BES	4 956	5 278
Novabase B. I., S.A.	BPI	132	153
Novabase B. I., S.A.	BES	131	163
Novabase A. C. D., S.A.	BPI	13	530
NBO Recursos em TI	BPI	7	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	417	-
Octal - Engenharia de Sistemas, S.A.	BCP	910	631
Octal - Engenharia de Sistemas, S.A.	BES	21	2 384
Octal - Engenharia de Sistemas, S.A.	COSEC	98	103
Novabase IIS, S.A.	CITIBANK	-	8
Novabase IIS, S.A.	BNP PARIBAS	10	37
Novabase IIS, S.A.	BES	1 003	798
Novabase IIS, S.A.	BCP	10	10
Novabase Infr. Integracion S. Inf., S. A.	LA CAIXA	14	-
Novabase Infr. Integracion S. Inf., S. A.	BES	75	-
Gedotecome, Lda.	BCP	35	51
Octal TV	BBVA	237	-
		<u>12 720</u>	<u>11 947</u>

35. Related-party transactions

For this report purposes, related party consider subsidiaries, associated companies, shareholders with management influence and key elements in the Group management.

i) Sales of goods and services

	<u>31.12.05</u>	<u>31.12.04</u>
BES group	12 679	7 120
	<u>12 679</u>	<u>7 120</u>

ii) Purchases of goods and services

	<u>31.12.05</u>	<u>31.12.04</u>
BES group	36	33
	<u>36</u>	<u>33</u>

The above identified transactions were performed at arms length.

iii) Key management compensation

	<u>31.12.05</u>	<u>31.12.04</u>
Salaries and other short-term employee benefits	5 554	4 359
Post-employment benefits	65	57
Termination benefits	-	24
	<u>5 619</u>	<u>4 440</u>

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

	<u>31.12.05</u>	<u>31.12.04</u>
Receivables from related parties:		
BES group	5 606	1 957
	<u>5 606</u>	<u>1 957</u>

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

Under the Novabase Consulting Division shareholders alignment, several minority equity stakes were acquired and disposed during 2004. These transactions occurred 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. 49).

v) Loans to related parties

	<u>31.12.05</u>	<u>31.12.04</u>
BES group	6 800	8 500

36. Other Information

On 31 December 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 EUR 716 thousand allegedly on account of penalty for delay in implementing and installing a computer system. Under the same proceedings, Novabase's subsidiary filled a reply and a claim for EUR 297 thousand concerning unpaid invoices. The judgement was convened for March 20, 2006. 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 EUR 904 thousand. 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 April 4, 2006.

There are Labour (4) 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 EUR 235 thousand. The majority of the referred cases are awaiting their final hearing.

A provision of EUR 100 thousand was registered by the group to face the need of a future possible claims payments.

Novabase Consulting S.A. is plaintiff in an action brought against Air Luxor, S.A. and Air Luxor Tours-Operadores Turísticos, S.A. for non-payment of the price due for the rendering of professional services by Novabase, and damages for breach of contract. This lawsuit is under trial, the sessions of which are temporarily suspended until May, 2006.

Novabase's claim, including interests accrued until the date the action was brought in Court, amounts to EUR 708 thousand, EUR 410 thousand of which concerns unpaid price and damages for breach of contract. Air Luxor, S.A. and Air Luxor Tours-Operadores Turísticos, S.A. counterclaim payment of EUR 2.8 million allegedly on account of damages incurred as a result of problems in the performance and implementation of the software system delivered by Novabase.

Given that the trial is at an early stage, it is not possible to estimate what the Court decision will be. However, as far as the counterclaim is concerned and notwithstanding the uncertainty underlying lawsuits, we strongly believe that there are good chances of the counterclaim being overruled.

The group Registered a provision for the total amount of the defendants' debt towards Novabase.

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**II. STATUTORY AUDITORS REPORT IN
RESPECT OF THE CONSOLIDATED
FINANCIAL INFORMATION**

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**Report and Opinion
of the Supervisory Board**

(Free Translation from the original in Portuguese)

To the Shareholders,

1 In accordance with the law and our mandate, we herewith present the report on our supervisory activity and our opinion on the Directors' Report and the corresponding Consolidated Financial Statements of Novabase SGPS, SA submitted by the Board of directors for the year ended 31 December 2005.

2 During the course of the year, we have accompanied the evolution of the company's activity and of its significant subsidiaries, as and when deemed necessary, and have verified the adequacy of the accounting records and supporting documentation. We have also ensured that the law and the company's statutes have been complied with.

3 We have also accompanied the work performed by PricewaterhouseCoopers & Associados, SROC, Lda, and have reviewed their Statutory Audit Report in respect of the Consolidated Financial Information and concur with their conclusions. Furthermore we have acknowledge the contents of the supplementary Statutory Auditors' Report sent to the Board of Directors, as required by Article 451^o of the Commercial Companies Code.

4 Within the scope of our mandate, we have verified that:

- i) the Consolidated Balance Sheet, the Consolidated Statement of Income by nature, the Consolidated Statement of Changes in Equity and the Notes to the accounts present adequately the consolidated financial position, the consolidated results and consolidated cash flows of the company;
- ii) the accounting policies and valuation methods applied are appropriate;
- iii) the Report of the Board of Directors is sufficiently clear as to the evolution of the business and the position of the company and of its subsidiaries and highlights the more significant aspects;

Novabase SGPS, SA

5 On this basis, and taking into account the information obtained from the Board of Directors and the company's employees, together with the conclusions in the Statutory Auditor's Report in respect of the Consolidated Financial Information, we are of the opinion that:

- i) the Report of the Board of Directors be approved;
- ii) the Consolidated Financial Statements be approved;

Lisbon, 23 February 2006

Chairman of the Supervisory Board

Pedro Rebelo de Sousa

Member

Abel Ramos de Almeida

The Statutory Auditor
PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

Abdul Nasser Abdul Sattar, R.O.C.

Statutory Audit Report in respect of the Consolidated Financial Information
(Free translation from the original version in Portuguese)

Introduction

1 As required by law, we present the Statutory Audit Report in respect of the Financial Information included in the Board of Directors' Report and the consolidated financial statements of Novabase SGPS, SA, comprising the consolidated balance sheet as at 31 December 2005, (which shows total assets of Euros 201.323 thousand, total minority interests of Euros 12.018 thousand and a total equity attributable to the Company's equity holders of Euros 78.617 thousand including a net profit of Euros 5.084 thousand), the consolidated statement of income by nature, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated result of their operations and their consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the EU and which is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any relevant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the documents referred to above, namely if it is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue an independent and professional report based on our audit.

Scope

4 We conducted our examination in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our examination included: (i) verification that the subsidiary's financial statements have been properly examined and for the cases where such an examination was not carried out, verification, on

Novabase SGPS, SA

a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations, and, when applicable, the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing whether the consolidated financial information is complete, true, timely, clear, objective and licit.

5 Our examination also covered the verification that the consolidated financial information included in the Board of Director's report is in agreement with the remaining documents referred to above.

6 We believe that our examination provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Novabase SGPS, SA as at 31 December 2005, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the information included is complete, true, timely, clear, objective and licit.

Lisbon, 23 February 2006

PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

Nasser 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 31.12.05

	Share Capital	Total nº of shares	Shares held by board members at 31.12.04	Transactions	Shares held by board members at 31.12.05	% of shares held by board members
Novabase SGPS, S.A.	14 362 883	28 725 765	15 672 979	(2 773 956)	12 899 023	44.9%
José Afonso Oom Ferreira de Sousa			3 035 291	(536 545)	2 498 746	8.7%
Pedro Miguel Quinteiro M. de Carvalho			3 035 242	(536 545)	2 498 697	8.7%
Rogério dos Santos Carapuça			2 287 001	(402 214)	1 884 787	6.6%
Luís Paulo Cardoso Salvado			2 169 770	(382 980)	1 786 790	6.2%
João Nuno da Silva Bento			2 166 543	(382 980)	1 783 563	6.2%
Álvaro José da Silva Ferreira			982 668	(172 796)	809 872	2.8%
João Filipe dos Santos Teixeira Neto			598 410	(105 782)	492 628	1.7%
João Vasco Tavares da Mota Ranito			598 410	(105 782)	492 628	1.7%
José Carlos de Almeida Pedro de Jesus			447 593	(78 718)	368 875	1.3%
Nuno Miguel Isidoro Duarte			251 770	(44 279)	207 491	0.7%
Manuel Saldanha Fortes Tavares Festas			100 281	(25 335)	74 946	0.3%
CelFocus	100 000	100 000	3	0	3	0.0%
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%
COLLAB – Sol. I. Com. e Colab., S.A.	50 000	50 000	18 750	0	18 750	37.5%
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%
ES IT International Trade & Services, S.A.	200 000	2 000	1	0	1	0.1%
Nuno Miguel Isidoro Duarte			1	0	1	0.1%
Manchete, S.A.	150 000	150 000	74 999	0	74 999	50.0%
Luis Carlos Feliciano da Mota			37 399	0	37 399	24.9%
Mª de Fátima da Silva Rebelo			37 400	0	37 400	24.9%
José Afonso Oom Ferreira de Sousa			100	0	100	0.1%
Manuel Tavares Festas			100	0	100	0.1%
Mind, S.A.	370 000	74 000	26 400	0	26 400	35.7%
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%
NB Advanced Custom Development, S.A.	750 000	750 000	8 753	0	8 753	1.2%
João Pedro Silva			8 753	0	8 753	1.2%
Novabase Consulting SGPS, S.A.	10 675 498	10 675 498	394 117	0	394 117	3.7%
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%
NB Core Financial Software Solutions, S.A.	100 000	100 000	30 000	0	30 000	30.0%
Paulo Jorge Botelho Xardoné			15 000	0	15 000	15.0%
Fernando Miguel Figueira Tareco			15 000	0	15 000	15.0%
Novabase Infraestruturas, SGPS, S.A.	50 000	5 000 000	419 993	0	419 993	8.4%
Miguel Vicente			381 812	0	381 812	7.6%
Luís Dias			38 181	0	38 181	0.8%
Novabase Interactive TV	278 125	278 125	67 084	0	67 084	24.1%
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%
NBO Recursos em TI, S.A.	50 000	10 000	113	(113)	0	0.0%
Pedro Silva			113	(113)	0	0.0%
Octal2Mobile, S.A.	50 000	50 000	0	10 000	10 000	20.0%
Eduardo Carqueja			0	10 000	10 000	20.0%
OnTV	100 000	100 000	7 500	20 750	28 250	28.3%
Pedro Casqueiro			7 500	20 750	28 250	28.3%
SAF	325 000	325 000	24 375	0	24 375	7.5%
Mário Jacinto S. Oliveira L. Figueira			24 375	0	24 375	7.5%
SAPi2, S.A.	60 100	60 100	22 500	0	22 500	37.4%
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%
Tecnhotrend Holding, B.V.	70 000	7 000 000	3 500 000	0	3 500 000	50.0%
Heiko Kieser			3 110 300	0	3 110 300	44.4%
Michael Pauli			389 700	0	389 700	5.6%
TV Lab, S.A.	525 000	525 000	0	26 250	26 250	5.0%
António Precatado			0	26 250	26 250	5.0%

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GOVERNANCE PRACTICES REPORT

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Governance Practices Report - Shareholding Structure

Shareholdings of Members of the Corporate Boards (nº5 article 447 Company Code)

Shareholders	Nº Shares	% Capital	% Voting Rights
José Afonso Oom Ferreira de Sousa	2 498 746	8.70%	8.71%
Pedro Miguel Q. Marques de Carvalho	2 498 697	8.70%	8.71%
Rogério dos Santos Carapuça	1 884 787	6.56%	6.57%
Luís Paulo Cardoso Salvado	1 786 790	6.22%	6.23%
João Nuno da Silva Bento	1 783 563	6.21%	6.21%
Álvaro José da Silva Ferreira	809 872	2.82%	2.82%
João Filipe dos Santos Teixeira Neto	492 628	1.71%	1.72%
João Vasco Tavares da Mota Ranito	492 628	1.71%	1.72%
José Carlos de Almeida Pedro de Jesus	368 875	1.28%	1.29%
Nuno Miguel Isidoro Duarte	207 491	0.72%	0.72%
TOTAL	12 824 077	44.64%	44.69%

Shareholdings (nº4 article 448 Company Code)

Shareholders	Partial Nº	Nº Shares	% Capital	% Voting Rights
Grupo Banco Espírito Santo, SA (under nº1 article 20 of the Securities Code)		3 361 271	11.70%	11.71%
ES TECH VENTURES, SGPS, SA	1 792 144			
Other group companies	1 568 977			
Members of the Corporate Boards	150			
José Afonso Oom Ferreira de Sousa		2 498 746	8.70%	8.71%
Pedro Miguel Q. Marques de Carvalho		2 498 697	8.70%	8.71%
Rogério dos Santos Carapuça		1 884 787	6.56%	6.57%
Luís Paulo Cardoso Salvado		1 786 790	6.22%	6.23%
João Nuno da Silva Bento		1 783 563	6.21%	6.21%
Caixagest - Técnicas de Gestão de Fundos, SA		1 368 945	4.77%	4.77%
Millennium BCP - Gestão de Fundos, SA		1 341 510	4.67%	4.67%
Paulo Jorge Ferreira Andrez		809 697	2.82%	2.82%
Álvaro José da Silva Ferreira		809 872	2.82%	2.82%
Highfields Capital Management Limited		767 612	2.67%	2.67%
Fernando Eduardo Ribeiro Marques		690 180	2.40%	2.40%
Santander Gestão de Activos - Sociedade Gestora F.I.M., SA		672 183	2.34%	2.34%
Threadneedle Asset Management Limited		598 303	2.08%	2.08%
João Filipe dos Santos Teixeira Neto		492 628	1.71%	1.72%
João Vasco Tavares da Mota Ranito		492 628	1.71%	1.72%
José Carlos de Almeida Pedro de Jesus		368 875	1.28%	1.29%
Nuno Miguel Isidoro Duarte		207 491	0.72%	0.72%
Manuel Saldanha Tavares Festas		74 946	0.26%	0.26%
TOTAL		22 508 724	78.36%	78.43%

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Introduction

Novabase has chosen to attach a separate annex to the 2005 Annual Report and Accounts, devoted entirely to the Governance of the Listed Company, as required by CMVM Regulation 07/2001 and the changes introduced by Regulations 11/2003 and 10/2005 on the Management of Listed Companies.

It contains information complying with the requirements of Article 7 of the Securities Code and refers only to the company's annual report, of which it is an integral part as an Annex.

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Chapter 0 – Declaration of Compliance

Under the terms of CMVM (Portuguese Securities Market Commission) Regulation 07/2001, as amended by Regulation 11/2003 and Regulation 10/2005, this Chapter provides a detailed outline of CMVM recommendations adopted and not adopted (defining “not adopted” as those recommendations which were not followed in their entirety) on the Governance of Listed Companies.

Recommendation	Compliance Status	Comment
<i>I – Information Disclosure</i> <i>1. The company should ensure the appointment of a permanent representative for liaison with the market, respecting the principle of equality among shareholders and preventing uneven access to information from investors. The creation of a department designed to assist investors is therefore recommended</i>	TOTAL	<p>Novabase provides permanent support to the capital market. The Investor Relations Office is responsible for representing Novabase in its dealings with the CMVM and investors fostering contacts with private and institutional, foreign and Portuguese investors.</p> <p>The office provides information on the Novabase website, in which investors have access to a number of links containing information of interest to their profile. In terms of financial information, they will have access to Annual Reports and Accounts for previous years, the Financial Calendar, Information about the sector supporting the predictability of earnings, Relevant Events, information on the composition and powers of the company’s Corporate Boards, the names and e-mail addresses of the Analysts covering the security, the market performance of Novabase’s shares, Novabase’s shareholders, a space reserved for the GMs for summoning meetings and posting preparatory information for GMs as well as the form for postal votes and electronic vote from 2006, a Corporate Governance space in which Novabase will publish this Report and the contacts of Novabase’s Investor Relations Office.</p>
<i>II - Voting Rights and Representation of Shareholders</i> <i>2. The active exercising of voting rights, whether directly, by post or by proxy, is to be encouraged. A restriction on the active exercising of voting rights is deemed for these purposes as:</i> <i>a) the imposition of a deadline for the deposit or blocking of shares for participation in a general meeting exceeding 5 business days;</i> <i>b) any restriction in the company's</i>	PARTIAL Novabase will adopt this recommendation in full starting in 2006.	<p>In 2006 Novabase intends to adopt this recommendation in full, with compliance to item a).</p> <p>The Board of Directors of Novabase will propose at the next General Meeting the changes to the company’s articles of association in order to reduce the advance deposit or blocking of shares for the purpose of participation in the Annual General Meeting to a maximum of five working days.</p> <p>The remaining items under this recommendation have been complied with in full by Novabase, as demonstrated in</p>

<p>articles of association on postal votes; c) the imposition of a deadline of more than 5 days for reception of postal votes; d) the absence of bulletins allowing shareholders to exercise their voting rights by post.</p>		Chapter II of this Report.
<p>III – Company Rules</p> <p>3 .It is recommended that companies establish internal control systems aimed at efficiently detecting risks arising from the activities of the company, and thereby helping to safeguard the assets of the company and the transparency of its corporate governance strategies..</p>	TOTAL	<p>As described ahead in Chapter III Point 3.3, Novabase has an internal auditing team whose job is to conduct audits to the financial area of Novabase's subsidiaries.</p> <p>Where project risk management is concerned, Novabase has a project qualification methodology which analyzes various specific parameters.</p> <p>As Novabase's business is Information Technology, it runs the risk of (i) the solutions it develops becoming obsolete in a relatively short period, (ii) the choice of a proposed solution proving not to be suitable and (iii) the timing of the development and proposal of new solutions not being adequate for the market. With these risks in mind, Novabase has set up an offer management unit, which analyses the industry in order to detect current trends and promote the development of internal skills to address these trends.</p>
<p>4. Measures adopted to prevent the success of public offerings for acquisition should respect the interests of the company and its shareholders. Measures considered contrary to these interests include defensive clauses intended to cause an automatic erosion of company assets in the event of the transfer of control or changes to the composition of the board which prove detrimental to the free transferability of shares and the free assessment by shareholders of the performance of members of the board.</p>	PARTIAL	<p>No measures aimed at preventing the success of public offerings for acquisition exist in Novabase's articles of association.</p> <p>There is, however, a Shareholders' Agreement of a group of shareholders which will end on May 2006 (the contents of which was disclosed on 15 May 2003). According to the analysis of compliance with the CMVM Recommendations on the Governance of Listed Companies in 2004 "the existence of Shareholders' agreements is presumed as a defensive measure contrary to shareholders' interests". It is the understanding of Novabase that the existence of a Shareholders' agreement itself does not constitute as a defensive measure contrary to shareholders' interests, considering that in fact it contributes to ensure stability in the management of the company, therefore protecting the social and shareholders interest of Novabase.</p>
<p>IV – Composition of the Board of Directors</p> <p>5. The board should be composed of a number of members who provide</p>	TOTAL	<p>Novabase's Board of Directors is composed of a number of members who effectively control and guide the company's activities. In 2004, this board met regularly, at least</p>

<i>managers with effective guidance for the management of the company.</i>		once a month, thus ensuring effective control of the company's management.
<i>5-A. The board of directors must have enough non-executive directors whose role is the continuous monitoring and assessment of the management of the Company by the executive members. Members of other corporate boards may have a complementary role or, at least, that of substitution, if the respective auditing powers are equivalent and exercised.</i>	NOT FULFILLED	<p>The current composition of the Board of Directors does not include any non-executive member whose role is to continuously monitor and assess the management of the Company by the executive members.</p> <p>Nevertheless, a proposal for a new corporate governance model and for the composition of the Board of Directors for the 2006-2008 triennium that includes the election of 2 non-executive directors whose role will be to monitor and assess as referred to in the previous paragraph, will be tabled at the General Meeting.</p> <p>Thus, should the aforementioned proposal be approved, this recommendation will be fully met.</p>
<i>6. The non-executive members of the board of directors must include an adequate number of independent members. When there is only one non-executive director he/she must also be independent. Independent members of other corporate boards may have a complementary role or, at least, that of substitution, if the respective auditing powers are de facto equivalent and exercised.</i>	NOT FULFILLED	<p>This recommendation has yet to be adopted, as the period of office of the current Board has not expired.</p> <p>Nonetheless, a proposal for the composition of the Board of Directors for the 2006-2008 triennium will be tabled for discussion at the next Novabase General Meeting. The proposal will include the election of 2 independent non-executive directors to monitor and audit the Company's management, on an informed basis.</p> <p>Thus, should the aforementioned proposal be approved, this recommendation will be fully met.</p>
<i>7. The board of directors is encouraged to set up internal control committees with the power to evaluate corporate structure and governance.</i>	NOT FULFILLED	<p>Novabase Board of Directors will table a proposal at the next Annual General Meeting for the adoption of a new corporate governance model. This will involve the creation of an Internal Audit and Control Committee, which will assess corporate structure and governance. Novabase will then fully meet this recommendation.</p> <p>Thus, should the aforementioned proposal be approved, this recommendation will be fully met.</p>
<i>8. The remuneration of the members of the board should be so structured as to align their interests with the interests of the company and should be disclosed every year per individual board member.</i>	TOTAL	<p>The mechanisms described in Chapter IV of this document have been set up, and these will align the interests of its directors with those of the Company's shareholders via a system of variable remuneration which depends both on the annual financial performance of Novabase and on the performance of Novabase shares on the stock market.</p> <p>Novabase has explicitly adopted the recommendation to publish individualized</p>

		information on remuneration of members of managing boards (i.e. by publishing individualized information by name on remuneration of members of the Board of Directors) as demonstrated in Chapter IV of this Report.
<i>8-A. A statement regarding the remuneration policy for members of the corporate bodies must be submitted to the shareholders annual general meeting for consideration.</i>	NOT APPLICABLE	<p>As this recommendation was only introduced by the CMVM during the course of 2005, it was not applicable to Novabase for the 2005 financial year.</p> <p>Nonetheless, the Remuneration Committee will table two proposals to Novabase shareholders at the next Annual General Meeting. One will contain a report prepared by this Committee relating to the remuneration of the members of the Corporate Bodies as fixed last year, and the other will concern the remuneration policy for members of the Corporate Bodies to be followed for the 2006-2008 triennium.</p> <p>Novabase will thus fully meet the CMVM recommendation.</p>
<i>9. The members of the remuneration or equivalent committee should be independent from the members of the board.</i>	NOT FULFILLED	<p>The composition of the Remuneration Committee includes the Chairman of the Board of Directors, while its remaining members (Chairman of the Board of Auditors and Chairman of the General Meeting of Shareholders) are not affiliated in any way, either directly or by kinship, with Novabase management. The Chairman of the Board of Directors abstains when the Remuneration Committee decides on his/her remuneration.</p> <p>To deal with this situation, and so as to comply with this recommendation, a new composition will be tabled for the Novabase Remuneration Committee, for the 2006-2008 triennium, at the next General Meeting. No member of the Board of Directors will be a member of this Committee.</p> <p>Thus, should the aforementioned proposal be approved, this recommendation will be fully met.</p>
<i>10. The proposal related to the approval of plans to allot shares and/or options to buy shares on the basis of share price variation, to members of the board and/or workers must be tabled to the general meeting. The proposal must contain all the elements needed for the correct evaluation of the plan. The regulations of the plan or, if this is not yet ready, the general terms and conditions governing it, must accompany the proposal.</i>	TOTAL	<p>All proposals for plans to allot shares and/or options for the purchase of shares to members of the board and/or workers submitted at Novabase's General Meeting did include all the elements required for the correct evaluation of the proposal in question and were duly accompanied by their corresponding regulations.</p> <p>Furthermore, Novabase's Board of Directors will table a new stock option plan at the next Annual General Meeting, in compliance with this recommendation.</p>

<p><i>10-A. The Company must adopt a policy for the reporting of irregularities allegedly taking place within the Company, including the following: description of the means by which irregular practices can be reported internally, including a list of the persons empowered to receive such reports, a statement of how the reports will be handled, including confidential treatment, should this be requested by the person making the report. A general outline of this policy must be given in the report on the governance of the companies.</i></p>	<p>NOT FULFILLED</p>	<p>In terms of the proposal for the new governance model tabled to the General Meeting by the Board of Directors, this Board will create a department in its organizational structure which will be entrusted with the task of receiving all information concerning irregular practices committed by employees. This information will then be sent to the Internal Audit and Control Committee, to be set up under the implementation of the new corporate governance model, which will be empowered to take decisions regarding what procedures to adopt.</p> <p>Once this measure is implemented, this recommendation will be fully met.</p>
<p>V. Institutional Investors</p> <p><i>11. Institutional investors must bear in mind their responsibilities with respect to the careful, efficient and perceptive use of the rights inherent to the securities they hold or which have been entrusted to them, in particular regarding information and voting rights.</i></p>	<p>NOT APPLICABLE</p>	

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Chapter I – Information Disclosure

1.1. Division of Powers, Structure and Governance Model

This Report contains detailed information on Novabase's Structure and Governance Model, detailing the Coordinating Boards of Novabase. The powers, operation and composition of the following statutory bodies are therefore referred: General Meeting of Shareholders, Board of Directors and Board of Auditors. The information provided also lists the functions of each of their members. In addition to the statutory boards, this chapter also describes the composition and powers of the Remuneration Committee. This board decides upon remuneration of the members of the corporate boards and is comprised of the Chairmen of the General Meeting of Shareholders, of the Board of Auditors and of the Board of Directors.

In 2005 Novabase maintained its two business divisions:

- _ Novabase Consulting
- _ Novabase Engineering Solutions

Novabase Consulting has a division governance model which contemplates the existence of partners responsible for the main markets and for practices. The practices - structures responsible for developing products and services and their delivery - are the outcome of the merging of several companies from the former Novabase network, and are the following:

- _ Enterprise Applications (EA)
- _ Business Intelligence (BI)
- _ Advanced Custom Development (ACD)
- _ Collaborative Software (CC)
- _ Outsourcing (OUT)

There are two kinds of shared services units: functional (internal support) - Talent Management (TM) and Finance and Accounting (FA) - and business-oriented (external support) - Enterprise Program Management (EPM) and Business Consulting & Architecture (BCA).

The practices within Novabase Engineering Solutions were as follows in 2005:

- _ Digital TV Solutions (DTV)
- _ Enterprise Computing Solutions (ECS)
- _ Ticketing & Transport Solutions (TTS)
- _ Telecom & Networking Solutions (TNS)

The division's commercial approach is highly focused on markets/customers where it operates with direct divisional management responsibility for the IDTV and TTS businesses. The remaining ECS and TNS areas have a more comprehensive sales force, above and beyond divisional management, due to the high number of customers.

Novabase Capital

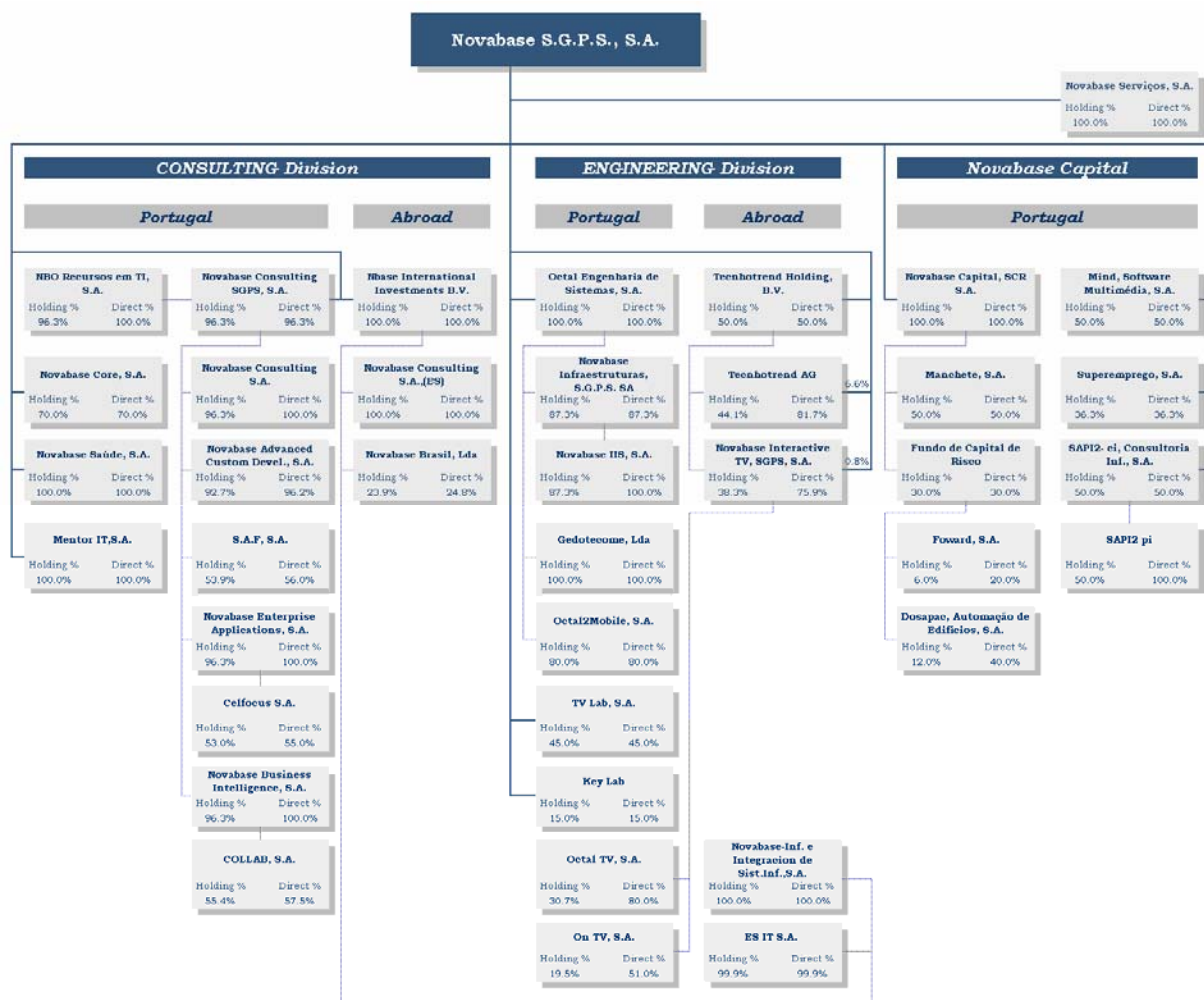
Novabase Capital is not a business division, but rather a Novabase business support structure. It combines Novabase's Corporate Venture function with the area of Mergers and Acquisitions and is able to respond to the needs of the other divisions in this domain. Furthermore, it manages a Risk Capital Fund, called FCR-Novabase Capital/FIC, set up in partnership with IAPMEI - Instituto de Apoio às Pequenas e Médias Empresas Industriais, (the Institute for the Support of Small and Medium-sized Industrial Enterprises), from the Ministry for the Economy.

Novabase Serviços, S.A.

Novabase Serviços controls the central functional areas: Marketing and Communication, Finance, Legal, Investor Relations, Administrative Management, Human Resources and Information Systems.

Organization Chart

Each of the aforementioned organizational units corresponds to a company or a group of companies. The attached organization chart includes all the companies within the consolidation perimeter of Novabase SGPS, SA.



1.1.2. Corporate Boards and Governance Model of Novabase

The Corporate and Coordinating Boards of Novabase SGPS, SA are:

The General Meeting (GM) – Novabase’s highest decision-making board. The GM met once in 2005 (15 April) to examine, discuss and vote on the following matters:

- 1) The Annual Report and Accounts for 2004
- 2) Proposal for the Allocation of Profits
- 3) General appraisal of the Company’s Board of Directors and Board of Auditors
- 4) Election of a member of the Board of Auditors to complete the current period of office: 2003-2005
- 5) Elimination of the right of preference in the increase in capital to be decided on by the Board of Directors in support of the Stock Option Plan
- 6) Acquisition and sale of treasury shares.
- 7) Ratification of the amendment to the regulations of the stock option plan (with reference to the 2000 to 2002 financial years) and of the option plan to subscribe and/or buy shares (with reference to the 2003 to 2005 financial years) carried out by the Board of Directors
- 8) Replacement of the Permanent and Reserve Member of the Board of Auditors for the 2003-2005 triennium period of office

Shareholders owning more than 70% of the share capital attended the meeting and all the points on the agenda were approved by more than 2/3 of the votes.

Board of Auditors (BA) - this board is responsible for supervising the company’s activity, ensuring compliance with the law and the company’s articles of association. It held the compulsory number of meetings required by the articles of association in 2005 and made all examinations of the accounts that it saw fit as part of its duties. It conducted the analysis and made the suggestions that it deemed necessary.

Board of Directors (BD) - is responsible for acting in the overall interests of the Company, exercising all the powers assigned to it by law and by the articles of association, and carrying out all the acts necessary and appropriate for the development of the corporate object. It has worked entirely within its remit and in compliance with the guidelines laid down and approved for this financial year, which are reflected in this report.

The chart shows the members of the Board of Directors and their main responsibilities.

Rogério Santos Carapuça	CEO and Chairman
José Afonso Sousa	CFO and Novabase Capital
Pedro Marques de Carvalho	CIO and Novabase Serviços
Luís Paulo Salvado	CEO Novabase Consulting
João Nuno Bento	Novabase Consulting
Álvaro Silva Ferreira	Novabase Consulting
Nuno Duarte	CEO Novabase Engineering Solutions
José Carlos Jesus	Novabase Engineering Solutions
João Vasco Ranito	Novabase Engineering Solutions
João Filipe Neto	Novabase Engineering Solutions
Joaquim Sérvulo Rodrigues	

In addition to the Statutory Boards (General Meeting, Board of Auditors and Board of Directors), Novabase has formed another Boards, the Remuneration Committee, whose responsibilities are described below.

Remuneration Committee (RC) - decides the remuneration of the members of the corporate bodies. Its members for the 2003-2005 triennium were decided in the GM of 29 April 2003, and subsequently by the GM of 28 April 2004. Dr Murteira Nabo chairs the RC (he is also Chairman of the General Meeting). Other members of this committee are Dr Pedro Rebelo de Sousa (also Chairman of the Board of Auditors) and Prof. Rogério Carapuça (also Chairman of the BD). In this way, the majority of members of this committee do not belong to the Board of Directors.

The Board of Directors will present a new corporate governance model at the next Annual General Meeting. This envisages the establishment of an executive committee pursuant to and for the purposes set forth in Article 407 (3) of the Portuguese Company Code. It shall be composed of up to 11 members, and the Board of Directors shall delegate to it powers for the routine management of the Company.

It is likewise expected that the new corporate governance model to be submitted to the next General Meeting for decision will establish an Internal Audit and Control Committee, to operate under the Board of Directors. This Committee will be empowered to assess whether mechanisms considered adequate for internal control are in place, so as to understand and manage the risks inherent to Novabase's operations. It will suggest the adoption of policies and procedures for the achievement of these goals and the improvement of these mechanisms to the Board of Directors. It will cooperate with the Board of Directors in the choice of external auditors and in the fixing of their remuneration, in the preparation of an annual report to be submitted to the Annual General Meeting for consideration, describing the activity in the financial year just ending and the respective conclusions, and in the taking of decisions which it deems necessary in relation to irregular practices occurring within Novabase.

The Internal Audit and Control Committee will also be responsible for alerting the Board of Directors and other Corporate Bodies, where appropriate, to any irregular situations relative to the Company's operations, should these exist, and for advising the Board of Directors on the adoption and review of internal rules and procedures relating to developing and improving principles and practices in terms of conduct and corporate governance.

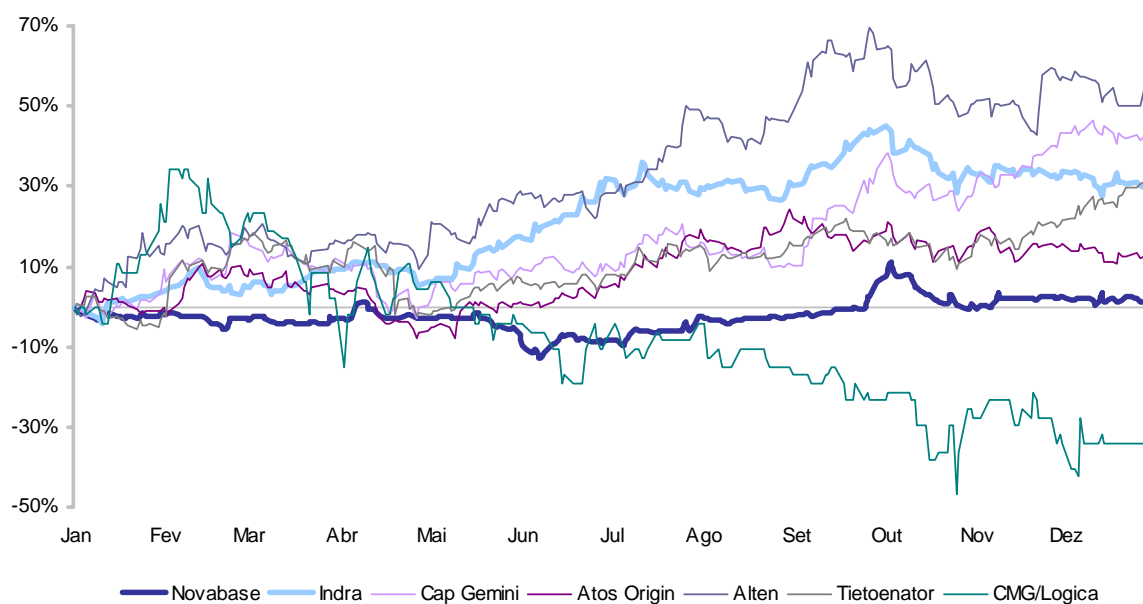
Chapter III point 3.3 of this Report describes the internal procedures adopted by Novabase for risk control in its business activities.

1.2. Changes in Novabase Share Prices

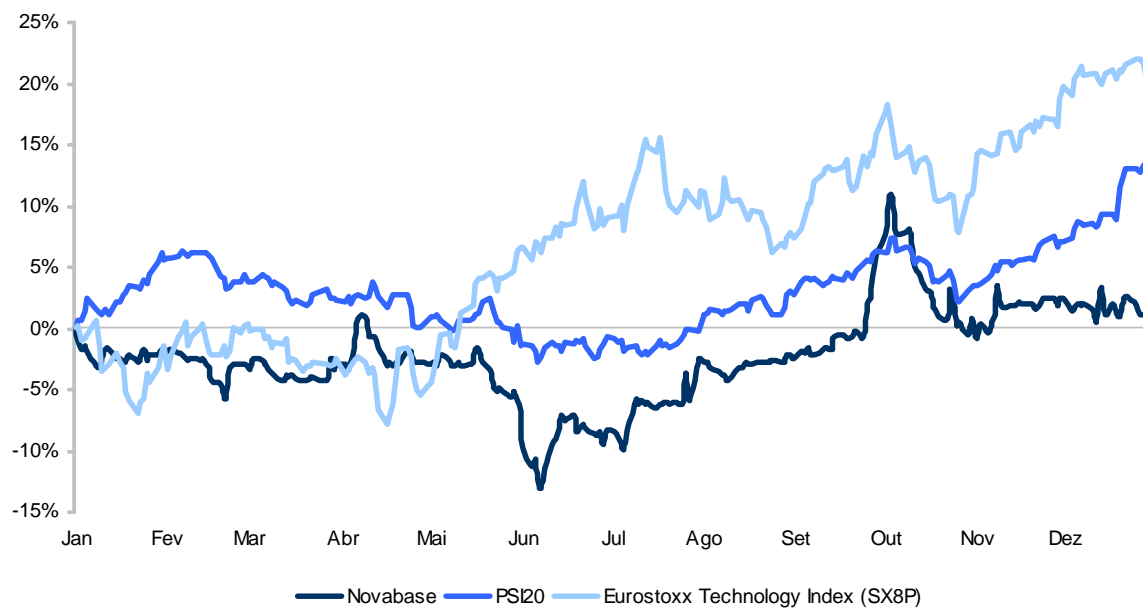
2005 saw a recovery in the technology sector, without affecting the Novabase share price, which suffered from an unfavorable combination of circumstances in the Portuguese market, largely due to its exit from the PS120, announced in June. This was essentially because of poorer liquidity in relation to other firms listed on Euronext Lisbon. In January 2006 Novabase was again included in the PSI20 index.

The Novabase free-float recorded an increase of 50% in 2005, due to the sale of 9% of Novabase capital by the shareholders' group that signed the shareholders' agreement. Turnover in 2005 represented about 30% of Novabase capital (compared to 20% of capital in 2004).

Novabase and Other TMT



Novabase and the Market



Novabase shares ended the year up 1.3%, lower than the rise in the PSI20 index, which was up 13.3% on the year, and also lower than the rise in the EuroStoxx Technology index, which climbed 20.7% in 2005.

When comparing Novabase share prices with other companies in the European IT sector, Novabase share performance at the end of the twelve-month period was below the average performance of other IT companies and showed a much lower volatility.

The average Novabase share price weighted by quantity in 2005 was 6.16 euros per share. Approximately 8.5 million shares were traded in the 257 stock exchange sessions in 2005, corresponding to a trading value of 52.4 million euros. The daily average number of shares traded was roughly 33.1 thousand shares, corresponding to a daily average value of about 0.2 million euros.

Novabase share price on last day of trading in 2005, 30 December, was 6.35 euros, 1.3% more than the 6.27 euros at the end of 2004.

The maximum closing price recorded in the twelve months of 2005 was 6.96 euros, while the minimum price was 5.45 euros. The market capitalization at the end of 2005 stood at 182.4 million euros.

The chart below is a summary of the main items associated to the changes in Novabase share prices this year.

Summary	Q405	Q305	Q205	Q105	Q404
Minimum Price (€)	6.22	5.65	5.45	5.91	5.68
Maximum Price (€)	6.96	6.65	6.33	6.27	6.30
Average price weighted by Quantity (€)	6.46	6.05	5.99	6.10	6.10
Nº of shares traded	2 343 978	3 627 403	1 655 939	880 971	1 678 167
Market Capitalization on last day of period (M€)	182.4	191.0	163.2	172.1	178.1

1.2.1. Relevant Ourrences and Presentation of Results

2005-10-26

Novabase SGPS announces 2005 3rd Quarter Results

Turnover reaches 148.0 M€, EBITDA reaches 12.7 M€ and Net Profit reaches 5.0 M€.

2005-09-29

Novabase SGPS announces 2005 1st Half Results

Turnover reaches 95.0 M€, EBITDA reaches 8.5 M€ and Net profit reaches 3.7 M€.

2005-08-01

Novabase informs it was not informed of PT's intended takeover bid

Novabase, Sociedade Gestora de Participações Sociais, S.A. is hereby stating, as a result of the news item published on 30 July in the *Expresso* newspaper, that it was not warned of any intention to launch a takeover bid for its share capital.

2005-07-29

Novabase issues a statement about the particular placing of shares by its majority shareholders

This transaction, almost entirely placed on the international market, allows an increase in the free-float of Novabase shares, thus helping to boost the share liquidity and to give the Company greater international visibility.

2005-06-02

Novabase increases share capital

Novabase, Sociedade Gestora de Participações Sociais, S.A. hereby announces, in compliance with its binding duty to inform that, by public deed executed on 1 June 2005, and following the Stock Option Plan and the Plan to Subscribe and/or Buy Shares, for the financial years from 2003 to 2005, in force in the Company, its share capital has been increased by new cash entries, from EUR 14,203,353.50 to EUR 14,362,882.50.

2005-05-13

Novabase SGPS announces FY2004 Results

Turnover reaches 171.6 M€ (128.2 M€ in 2003), EBITDA reaches 17.1 M€ (8.4 M€ in 2003) and Net Profit reaches 4.3 M€ (-0.1 M€ in 2003).

2005-04-27

Novabase SGPS announces 2005 1st Quarter Consolidated Results

Turnover reaches 47.7 M€, EBITDA 4.2 MEuros and Net Profit reaches 2.5 M€.

2005-04-15

Novabase Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders of Novabase, Sociedade Gestora de Participações Sociais, S.A. was held on 15 April 2005. Shareholders holding 70% of the Company's Share Capital were either present or duly represented at the meeting.

2005-03-03

Novabase chosen to supply the Ticketing System for the Porto Metropolitan Area

Novabase has been chosen to supply the ticketing equipment for the 2nd phase of the intermodal project undertaken in the Porto Metropolitan Area. The base value of the contract is around 6.3 M€.

1.2.2. Changes in Share Capital

In 2001, as part of the company's Stock Option Plan described in Point 1.4 of this Annex, Novabase increased its share capital, with cash payments, from 14.100.000 euros to 14.127.982 euros. The increase in capital involved the issue of 55.964 shares with a face value of 0.5 euros each. These shares were subscribed and paid up at a price of 8.50 or 10.40 euros, depending on the take-up price of the options on which the subscription of the shares was based.

In 2002 and 2003, as a result of the performance of the stock markets in general and of the Portuguese stock market in particular, no options were exercised, and thus no increase in share capital was necessary.

In 2004, as part of the company's Stock Option Plan described in Point 1.4 of this Annex, Novabase increased its share capital, with cash payments, from 14.127.982 euros to 14.203.353,50 euros. The increase in capital involved the issue of 150.743 shares with a face value of 0.5 euros each. These shares were subscribed and paid up at a price of 4.96 euros.

In 2005, as part of the company's Stock Option Plan described in Point 1.4 of this Annex, Novabase increased its share capital, with cash payments, from 14.203.353.50 euros to 14.362.882.50 euros. The increase in capital involved the issue of 319.058 shares with a face value of 0.5 euros each. Of these shares, 314 971 were subscribed and paid up at a price of 4.96 euros and the remaining 4 087 shares were subscribed and paid up at a price of 5.87 euros.

1.3. Dividend Distribution Policy

Dividends for 2000, 2001 and 2002 - The Board of Directors proposed at the General Meetings of Shareholders on 22 May 2001, 29 April 2002 and 29 April 2003 that the profits made in the financial years of 2000, 2001 and 2002 should continue to be invested in the company to enable it to give priority to structural investments with a decisive impact on the company's growth and profitability. The prospectus of the public offer for sale and of admission to official trading of Novabase's shares on the Lisbon and Oporto Stock Exchange (today Euronext Lisbon) had already announced the company's intention not to distribute dividends to the shareholders in the three years following its admission to trading. The General Meeting of Shareholders therefore decided unanimously not to distribute dividends to the shareholders for the financial years ending on December 31st of 2000, 2001 and 2002.

Dividends for 2003 - Due to the small net profits in 2003, the Board of Directors proposed at the Annual General Meeting not to distribute dividends. This motion was unanimously approved at the Annual General Meeting of 28 April 2004.

Dividends for 2004 - As the individual accounts for the 2004 financial year posted a loss, no dividend distribution proposal was tabled.

Dividends for 2005 - As the individual accounts for the 2005 financial year posted a loss, no dividend distribution proposal will be tabled. The Board of Directors is not proposing any dividend distribution at the General Meeting so that profits for the financial year in question may be capitalized within the company and allow for the financing of anticipated business growth.

1.4. Novabase Stock Options Plan

A new Stock Option Plan for the years 2003 to 2005 was passed at the General Meeting of Shareholders of 29 April 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 passed in the General Meeting of Shareholders of 22 May 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 is, under the Regulation of the plan for 2003-2005, three years.

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). The idea behind the decision to implement this plan was also for Novabase to create employee loyalty by allowing them to share in its success and to align the interests with the shareholders through the incentive to employees provided by their direct investment in the performance of the company's shares. When adopting this employee investment scheme, Novabase also intended to encourage and

reward individual performance by offering stock options as one of the components of the plan: the performance component.

In the case of members of the Board of Directors, it is the Remuneration Committee's responsibility to determine the number of options to be attributed.

The Stock Option Plan for the years 2003 to 2005 options (which depend on whether they are exercised by buying shares from Novabase or by subscribing new shares in an increase in the company's share capital) are attributed in two types of complementary components making it possible to align it with payment and reward systems:

a) Basic admission component - attributed once only to each employee of the Novabase Group or director of any company in the Novabase Group, equivalent to a percentage of their annual net salary, to be fixed individually.

b) Annual individual performance components - attributed annually in 2004, 2005 and 2006 for performance in 2003, 2004 and 2005, respectively, by setting aside part of the bonus or variable remuneration of the employees or directors of any company in the Novabase Group.

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 exercise structure of each component is the same and lasts for three years, as shown below:

Exercise period				
2003	2004	2005	2006	
Attribution of the plan (amount of options, price and date)	Can exercise up to 1/3 of the options	Can exercise up to 2/3 of the options	Can exercise up to 3/3 of the options	

The two types of component – admission (AC) and performance (PC) – may overlap, as shown below:

2003	2004	2005	2006	2007	2008
AC Option	Up to 1/3 of AC	Up to 2/3 of AC	Up to 100% of AC		
PC Option 2003	Up to 1/3 of PC 2003	Up to 2/3 of PC 2003	Up to 100% of PC 2003		
	PC Option 2004	Up to 1/3 of PC 2004	Up to 2/3 of PC 2004	Up to 100% of PC 2004	
		PC Option 2005	Up to 1/3 of PC 2005	Up to 2/3 of PC 2005	Up to 100% of PC 2005

The subscription and/or purchase price of the shares in the options attributed in each component under the Plan 2003-2005 is defined before the date of attribution. It should, as a rule, be the arithmetical average of the prices of transactions of Novabase shares at sessions of the Euronext Lisbon market between October 1st and December 31st of the year before that in which the options are attributed, weighted by their volumes and possibly corrected according to the current Stock Option Plan approved at the General Meeting held on 29 April 2003.

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 before that corresponding to the performance.

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

The Board of Directors is responsible for selecting participants in the Stock Option Plan for the years 2003 to 2005 and for attributing options in the different components, except in the case of Novabase SGPS directors, whose stock option offerings are the responsibility of the Remuneration Committee.

In the case where financial operations may significantly impact Novabase's share value, the number of shares available for options and their acquisition and/or subscription price will be adjusted to compensate for that impact. The commission accompanying the Plan, designated by Novabase's Board of Directors, will propose these corrections.

In 2001 the first phase of the current Stock Option Plan was implemented and by 25 May 2001 55.964 subscription options for Novabase shares had been exercised, which corresponded to 47.6% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for this purpose on 1 June 2001. Of the 55.964 shares subscribed, 45.043 were subscribed at 8.50 euros and the remaining 10.921 at 10.40 euros.

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.

In 2004, 150 743 subscription options for Novabase shares were exercised on 25 May 2004 under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, corresponding to 11.9% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 28 May 2004. These 150 743 shares were subscribed and paid up at the unit price of 4.96 euros.

In 2005, 319 058 subscription options for Novabase shares were exercised on 25 May 2005 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. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on June 1st 2005. Of these 319 058 shares, 314 971 shares were subscribed and paid up at the unit price of 4.96 euros, and the remaining 4 087 were subscribed and paid up at the unit price of 5.87 euros.

Period	Total Shares Exercised	Shares	Subscription Price (€)	Shares	Subscription Price (€)
2001	55 964	45 043	8.5	10 921	10.40
2002	0	0	0	0	0
2003	0	0	0	0	0
2004	150 743	150 743	4.96	0	0
2005	319 058	314 971	4.96	4 087	5.87

To date, 6 951 933 options, corresponding to an equivalent number of Novabase shares, have been attributed but not exercised under the Stock Option Plans described. Should all attributed options (and exercisable options to be attributed) be exercised on the next vesting date of 25 May 2006, up to 718 039 shares at 8.23 euros each, 3 585 468 shares at 4.96 euros each, 912 304 shares at 5.87 euros each, and 355 153 shares at 6.10 euros each, may be issued as part of an increase in capital to be ultimately decided on by the Board of Directors to put the Plans into effect. The maximum number of shares to be issued as part of this increase in capital will thus correspond to 16.24% of Novabase's share capital, with subsequent gross proceeds of 31.215.040 euros for the company. However, considering the current price of Novabase's shares on Euronext Lisbon, we only expect options with a take-up price of 4.96, 5.87 and 6.10 euros to be exercised. Therefore, if the total number of shares at this price are exercised on 25 May 2006, the increase in capital will correspond to 14.45% of Novabase's share capital, with subsequent gross proceeds of 25 305 579 euros for the company. The Board of Directors may elect to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

Options attributed and not exercised	Shares to be issued in case all attributable options are exercised	Subscription Price	Possible Corresponding increase in share capital (€)
6.951.933	718 039	8.23	5 909 461
	3 585 468	4.96	17 783 921
	912 304	5.87	5 355 224
	355 153	6.10	2 166 433
	5 570 964		31 215 040

1.5. The use of new technologies in publicizing financial and other information in preparation for general meetings

Since 2002 Novabase has had an area dedicated to investor relations at its company website at www.novabase.pt. Investors have access to a number of links containing information of interest to their profile. In terms of financial information, they will have access to Annual Reports and Accounts for previous years, the Financial Calendar, Information about the sector supporting the predictability of earnings, Relevant Events, information on the composition and powers of the company's Corporate Boards, the names and e-mail addresses of the Analysts covering the security, the market consensus on three-year sales and EBITDA margins, the market performance of Novabase's shares, Novabase's shareholders, a space reserved for the GMs for summoning meetings and posting preparatory information for GMs as well as the form for postal votes and electronic vote available in 2006, a Corporate Governance space in which Novabase will publish this Report, and the contacts of Novabase's Investor Relations Office.

1.6. Business with Members of the Board and Qualified Shareholders

No business or transactions of economic significance for any of the parties concerned, beyond those described in Chapter V of this report, were conducted between the company and members of its management and auditing boards, qualified shareholders, or companies controlled by or part of the Novabase group.

1.7. Investor Relations Office

Novabase provides permanent support to the capital market. The Investor Relations Office is responsible for representing Novabase in its dealings with the CMVM and investors while contacts private and institutional, foreign and Portuguese investors.

The office provides information on the Novabase website, as mentioned above.

The investor relations office can be contacted as follows:

Manuel Tavares Festas
Investor Relations
Tel: +351 213 836 300
Fax: +351 213 836 301
Email: investor.relations@novabase.pt
Morada: Av. Eng. Duarte Pacheco 15F, 1099-078 Lisboa, Portugal

1.8. Remuneration Committee

The composition of the Remuneration Committee is described in Point 1.1.2 of Chapter I - Publicizing of Information contained in this Report. Apart from the Chairman of the Board of Directors, none of its members is affiliated in any way, either directly or by kinship, with Novabase management. Nonetheless a new composition of Novabase's Remuneration Committee will be proposed at the next General Meeting, for the 2006-2008 triennium. No member of the Board of Directors, nor their spouses or relatives in direct line up to the 3rd degree, will be allowed to be a member of this Committee.

1.9. Fees Paid to Auditors

Annual fees paid to auditors are described in chapter V of this Report.

Chapter II – Voting Rights and Representation of Shareholders

Under clause 9 of Novabase's articles of association, 1.000 shares correspond to one vote. Shareholders wishing to participate in the General Meeting should, up to two weeks before the meeting, prove that their shares have been registered in an account as book entry shares. If the shares are jointly owned, only a common representative or his or her representative may participate in the General Meetings.

In 2005 it was not possible for Novabase to adopt measures meant to reduce the advance deposit or blocking of shares for the purpose of participation in the General Meeting to five working days. This is because the acceptance of this recommendation in its entirety assumes the streamlining of the complicated process of organizing and preparing a General Meeting of Shareholders of a public company. The Board of Directors therefore intends, in 2006, to table the amendments to the articles of association needed for the full acceptance of this recommendation before the General Meeting.

Shareholders with voting rights may, according to article 22 of the Securities Code, exercise these rights by post. The invitations to the meetings of the Annual General Meetings contain the rules for postal votes, i.e. the requirement that they should be handed in personally at the Company's registered office or sent by registered post to be received up to the third working day prior to the Annual General Meeting. The voting form must be signed by the shareholder and should clearly indicate his or her vote on each point on the meeting agenda. A legible photocopy of the shareholder's identity card should accompany the voting form. If the shareholder is a legal person, the voting form should be signed by one of its representatives and his or her signature should be notarized in that capacity.

From 2006, shareholders with voting rights may vote electronically, and the rules to be followed for this method of voting can be found in the notices convening the General Meetings.

Novabase provides the postal voting form for General Meetings on its Company website, www.novabase.pt, and this happened at the General Meetings of 29 April 2003 and 29 April 2004.

Voting electronically can be done via the Company's website (www.novabase.pt). Shareholders with voting rights must register on this site and they must send a letter to Novabase, before the day of the respective General Meeting, drawn up according to the model given on the site. It must be addressed to the Chairman of the General Meeting and the signature must be duly recognized (or, in the case of private individuals, the signature must be accompanied by a photocopy of the respective identity card), together with the certificate issued pursuant to Article 78 (2) of the Portuguese Securities Code, by the financial agents responsible for registering the shares. Once the aforementioned letter has been sent, Novabase will send the instructions on how to vote electronically to the e-mail address specified by the shareholder when the authorization is registered. Electronic voting can take place in the period stipulated in the notice convening the respective General Meeting.

Novabase has encouraged shareholders to participate and exercise their voting rights at General Meetings, and representation of shareholders at the meetings has been duly provided for and regulated in the company's articles of association. Shareholders can be represented at General Meetings by their spouses, parents or offspring, by another shareholder or by a member of the Board of Directors. Shareholders requiring representation may send a letter addressed to the chairperson of the GM at least three days before the date set for the meeting.

A special page devoted to General Meetings has been created at the site, www.novabase.pt, where Novabase will post the invitation and preparatory information for the next GM, in an effort to encourage postal, electronic or proxy votes.

Chapter III – Corporate Rules

3.1. Internal Regulations and Confidentiality

Novabase undertakes to guarantee the confidentiality of the information provided by Customers or third parties involved in each project and will not make them available to any other entities, unless expressly authorised to do so by the involved party.

Novabase also undertakes, at the end of each project, to remove and destroy any and all records of the data analysed that are not needed for subsequent projects and that the Customer considers confidential.

Without prejudice to the above, the standardisation and identification processes defined during the project can be used in any project extensions to it in the future. The information to be saved consists of reference and parameter files for the tools used and there is no need to save any data contained in the databases processed.

3.2. Conflicts of Interest

Novabase believes that it is best to establish within the internal organization of the Company, rules designed to regulate situations of conflict of interests between members of the Board of Directors and the listed company, and the directors' main obligations of diligence, loyalty and confidentiality.

For this purpose it is expected that the new corporate governance model to be tabled at the next General Meeting for decision will establish an Internal Audit and Control Committee, to operate under the Board of Directors. This Committee will be empowered, among other things, to resolve any conflicts of interest between members of Novabase's Board of Directors, and also have powers to assess the diligence, loyalty and confidentiality of the members of the Board of Directors.

3.3. Risk Control in Novabase's Business Activities

Novabase has an internal auditing team whose job is to conduct financial audits of the companies where Novabase has a participation. The internal auditing team reports directly to Novabase's CFO. Although it focuses on large Customers, Novabase can conduct a customer credit risk analysis internally whenever requested by the project manager.

The Internal Audit and Control Committee referred to in the preceding point will likewise be empowered to assess whether mechanisms considered adequate for internal control are in place, so as to understand and manage the risks inherent to Novabase's operations. It will suggest the adoption of policies and procedures for the achievement of these goals and the improvement of these mechanisms to the Board of Directors.

Where project risk management is concerned, Novabase has a project qualification methodology which analyzes various specific parameters. Once the risk of the project has been ascertained, it is assigned to a project manager with the appropriate seniority. Several qualifying training courses for project managers were held in 2005. A system of ceilings has been implemented by which authorization of proposals must be validated by a supervisor where the maximum ceiling requires authorization by the Board itself. There is a procedure

for centrally validating, sending and filing proposals, which is revised by Novabase's legal department at the contract level. This department must issue its opinion before a proposal can be sent to a customer.

As Novabase's business is information technology, it runs the risk of (i) the solutions it develops becoming obsolete in a relatively short period, (ii) the choice of a proposed solution proving not to be suitable and (iii) the timing of the development and proposal of new solutions not being adequate for the market. With these risks in mind, Novabase has set up an offer management unit, which analyses the industry in order to detect current trends and promote the development of internal skills to address these trends. Directors in each business division focus especially on the technology area, maintaining a privileged ongoing relationship with independent analysts of the information technology market.

3.4. Limits on Voting Rights, Special Rights and Shareholders' Agreements

There are no statutory limits to voting rights and there are no shares with special rights.

On 8 May 2003 the following Novabase shareholders signed a shareholders' agreement:

Shareholders	Nº Shares	% Capital
José Afonso Oom Ferreira de Sousa	3 122 209	11.05%
Pedro Miguel Q. Marques de Carvalho	3 122 209	11.05%
Rogério dos Santos Carapuça	2 340 521	8.28%
Luís Paulo Cardoso Salvado	2 228 599	7.89%
João Nuno da Silva Bento	2 228 599	7.89%
Álvaro José da Silva Ferreira	1 005 520	3.56%
Paulo Jorge Ferreira Andrez	1 005 520	3.56%
Fernando Eduardo Ribeiro Marques	857 073	3.03%
João Filipe dos Santos Teixeira Neto	615 556	2.18%
João Vasco Tavares da Mota Ranito	615 556	2.18%
José Carlos de Almeida Pedro Jesus	458 070	1.62%
Nuno Miguel Isidoro Duarte	257 664	0.91%
Manuel Saldanha Fortes Tavares Festas	93 418	0.33%
Total	17 950 514	63.53%

The following contents of this shareholders' agreement are noteworthy:

a) Obligations regarding the composition of the Novabase Board of Directors and Board of Auditors and election of their members, namely the joint creation by all signatories, previously at General Meetings for the election in question, of proposals for designating members of the Board of Directors and Board of Auditors. A majority must pass such proposals equal to or greater than two thirds of votes corresponding to shares, with signatories assuming the responsibility of voting in favour of proposals they have presented at the General Meeting.

b) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to shares to establish terms by which these shares may be sold, with signatories agreeing not to initiate sales of any kind outside of this agreement.

c) In all of the following matters, signatories must exercise their voting right at Novabase General Meetings by a strict majority equal to or greater than two thirds of votes corresponding to shares: dividend policy to be adopted, management compensation policy for Novabase directors, increases and decreases in share capital, elimination of the right of preference in increases in capital, composition of corporate boards, Novabase mergers and spin-offs, and changes to the articles of association.

d) Obligation of signatories to vote at General Meetings exclusively in favor of decisions previously passed by a two-thirds or greater majority of signatories having voting rights corresponding to shares.

The current shareholders' agreement in force is for a three-year period beginning on the date it was signed, 8 May 2003. Note that another agreement of the same type, also signed by the same aforementioned shareholders, was in force up until the signing of the current shareholders' agreement.

Apart from this shareholders' agreement Novabase has no knowledge of the existence of any other shareholders' agreements regarding its share capital.

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Chapter IV – Managing Boards

Novabase's Board of Directors currently consists of eleven members. Under the terms of article 14 of the articles of association, the Board of Directors may delegate specific management powers to a particular director. These powers must be recorded in the minutes. It may also delegate the everyday running of the company to an executive committee consisting of five directors.

The new corporate governance model to be tabled by the Board of Directors at the next Annual General Meeting envisages the establishment of an executive committee pursuant to and for the purposes set forth in Article 407 (3) of the Portuguese Company Code. It shall be composed of up to 11 members, and the Board of Directors shall delegate powers for the routine management of the Company to it.

The members of the Board of Directors were elected unanimously by the shareholders at the time of their election in the General Meeting of 29 April 2003. This board is comprised of nearly all the same members elected for the prior term, with the exception of Paulo Jorge Freire Andrez, who was not carried over from the previous Board of Directors to the present one. Joaquim Sérvulo Rodrigues assumed his place. All of Novabase's existing directors are shareholders, with the exception of Joaquim Sérvulo Rodrigues, who currently also holds a management position in the BES Group, and was nominated to the Board of Directors by this group which holds more than 10% in Novabase's share capital at the publication date of this report. None of these directors may therefore be considered independent according to the criteria defined by CMVM's Regulation 7/2001, as amended by CMVM's Regulation 11/2003 and Regulation 10/2005. It has still not been possible for Novabase to adopt CMVM recommendations in this regard.

However, it is envisaged that a proposal will be tabled at the next Annual General Meeting, providing for the composition of the Board of Directors for the 2006-2008 triennium to include two members who fulfil the criteria of independence established in CMVM Regulation no. 7/2001, as amended by CMVM Regulation no. 11/2003 and by CMVM Regulation no. 10/2005, thereby complying with the CMVM recommendation on this matter.

4.1. Composition and Duties of Members of the Board of Directors

The current members of Novabase's Board of Directors have the qualifications and professional experience shown in the table below:

In addition to their duties as directors of Novabase SGPS, SA, the members of the Board of Directors who are also involved in the management of other companies in the Novabase Group are as follows:

Director	Professional Qualifications	Professional experience in the last 5 years
Rogério dos Santos Carapuça	<ul style="list-style-type: none"> Ph.D in Electrotechnical and Computer Engineering from IST M.Sc. in Electrotechnical and Computer Engineering from IST Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> Chairman of Novabase Board of Directors since 1999 Director of various Novabase Group companies
José Afonso Oom Ferreira de Sousa	<ul style="list-style-type: none"> MBA from the Universidade Nova M.Sc. in Electrotechnical Engineering from IST Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> CFO of Novabase Group since 1999 Director of various Novabase Group companies
Pedro Miguel Q. Marques de Carvalho	<ul style="list-style-type: none"> Graduate in Applied Mathematics from Universidade Nova 	<ul style="list-style-type: none"> CIO of Novabase Group since 1999 Director of various Novabase Group companies
Luís Paulo Cardoso Salvado	<ul style="list-style-type: none"> MBA in Information Management from Universidade Católica Portuguesa Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> CEO of the Consulting Division Director of various Novabase Group companies
João Nuno da Silva Bento	<ul style="list-style-type: none"> MBA in Information Management from Universidade Católica Portuguesa Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> Director of various Novabase Group companies
Álvaro José da Silva Ferreira	<ul style="list-style-type: none"> MBA from Universidade Nova Graduate in Informatics Engineering from Universidade Nova 	<ul style="list-style-type: none"> Director of various Novabase Group companies
João Vasco Tavares da Mota Ranito	<ul style="list-style-type: none"> M.Sc. in Electrotechnical Engineering from Universidade do Porto Graduate in Electrotechnical Engineering from Universidade do Porto 	<ul style="list-style-type: none"> Director of various Novabase Group companies
João Filipe dos Santos Teixeira Neto	<ul style="list-style-type: none"> M.Sc. in Industrial Informatics from Universidade do Porto Graduate in Electrotechnics and Computing from the Universidade do Porto 	<ul style="list-style-type: none"> Director of various Novabase Group companies
José Carlos de Almeida Pedro de Jesus	<ul style="list-style-type: none"> M.Sc. in Electrotechnical Engineering from IST Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> Director of various Novabase Group companies
Nuno Miguel Isidoro Duarte	<ul style="list-style-type: none"> MBA from Universidade Católica Portuguesa M.Sc. in Electrotechnical Engineering from IST Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> CEO of the Engineering Division Director of various Novabase Group companies
Joaquim Sérvulo Rodrigues	<ul style="list-style-type: none"> MBA from INSEAD M.Sc. in Electrotechnical Engineering from IST Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, SA

Director	Companies in the Novabase Group
Rogério dos Santos Carapuça	<ul style="list-style-type: none"> • Novabase Saúde, S.A. • Novabase Serviços, S.A. • Novabase Consulting, S.A.
José Afonso Oom Ferreira de Sousa	<ul style="list-style-type: none"> • Novabase Interactive TV, S.A. • Novabase Capital SGCR, S.A. • Novabase Serviços, S.A. • OctalTV, S.A.
Pedro Miguel Q. Marques de Carvalho	<ul style="list-style-type: none"> • Novabase Serviços, S.A. • Novabase Consulting, S.A.
Luís Paulo Cardoso Salvado	<ul style="list-style-type: none"> • Novabase Business Intelligence, S.A. • Novabase Consulting SGPS, S.A. • NBO, S.A. • Novabase Serviços, S.A. • Novabase Enterprise Applications, S.A. • Novabase Consulting, S.A. • Novabase Advanced Custom Development, S.A. • MentorIt, S.A. • Collab, S.A. • Novabase Consulting S.A. (Espanha)
João Nuno da Silva Bento	<ul style="list-style-type: none"> • Novabase Consulting, SGPS, S.A. • NBO, S.A. • Celfocus, S.A. • Novabase Enterprise Applications, S.A. • Novabase Consulting, S.A. • MentorIt, S.A. • Collab, S.A. • Novabase Consulting, S.A. (Espanha)
Álvaro José da Silva Ferreira	<ul style="list-style-type: none"> • Novabase Business Intelligence, S.A. • Novabase Consulting, SGPS, S.A. • NBO, S.A. • Novabase Enterprise Applications, S.A. • Novabase Consulting, S.A. • MentorIt, S.A. • Collab, S.A. • Novabase Consulting, S.A. (Espanha)
João Vasco Tavares da Mota Ranito	<ul style="list-style-type: none"> • Gedotecome, Lda • Octal2Mobile, S.A.
João Filipe dos Santos Teixeira Neto	<ul style="list-style-type: none"> • Novabase Saúde, S.A.
José Carlos de Almeida Pedro de Jesus	<ul style="list-style-type: none"> • Novabase Interactive TV, S.A. • Octal, S.A. • Octal TV, S.A. • ONTV, S.A. • Novabase IIS, S.A. • Novabase IIS SGPS, S.A.
Nuno Miguel Isidoro Duarte	<ul style="list-style-type: none"> • TV Lab, S.A. • Octal, S.A. • Octal TV, S.A. • OnTv, S.A. • Octal2Mobile, S.A. • Novabase Interactive TV, S.A. • Novabase IIS, S.A. • Novabase IIS, SGPS, S.A. • ES IT • TechnoTrend Holding BV • TechnoTrend AG

The number of shares representing the share capital of Novabase held by each member of the Board of Directors is detailed in the beginning of this Report.

Under the terms of the articles of association, the Board of Directors shall meet whenever it is summoned by its chairperson or by two other directors. It must meet at least once a month. In 2005, Novabase's Board of Directors met regularly at least once a month, thus ensuring effective control of the company's management.

4.2. Individual Remuneration of Members of the Board of Directors

Since 2003 Novabase has adhered to the CMVM recommendation of publishing individualized information by name on remuneration of members of the Board of Directors. In this report, Novabase fully discloses remuneration received in 2005 per each board member.

By unanimous resolution of the Remuneration Committee, fixed remuneration components relative to 2005 for members of the Novabase SGPS Board of Directors were as follows:

Chairman and CEO: Rogério dos Santos Carapuça – 181 860 (one hundred and eighty one thousand, eight hundred and sixty euros), to be paid in fourteen equal monthly sums.
Members of the Board of Directors: directors José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro Marques de Carvalho, João Nuno da Silva Bento, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Filipe dos Santos Teixeira Neto, João Vasco Tavares da Mota Ranito, José Carlos de Almeida Pedro de Jesus and Nuno Miguel Isidoro Duarte – 156 660 (one hundred and fifty six thousand, six hundred and sixty euros), to be paid to each member in fourteen equal monthly sums.

Equally by unanimous resolution of the Remuneration Committee on 23 August 2004, it was decided that the directors who are basically dedicated to the management of companies in the Novabase group shall have a variable remuneration consisting of (i) a sum to be paid in cash, to be defined annually by the Remuneration Committee, according to the performance and the results of Novabase SGPS each year and the contribution of each director to these results; and (ii) a set of options attributed within the admission component to the Stock Option Plan for the years 2003 to 2005 in place within the Novabase group.

The first part of the director's variable remuneration is therefore aligned with the company's annual performance, while the second is aligned with the stock performance of the Novabase share. In 2005, the first parcel of the variable remuneration was 645 000 euros (six hundred and forty five thousand), to be paid to each of the nine members and the chairman of the Board in equal sums of 64 500 euros.

As this attributed option price has been defined based on the average price of the last three months of 2002, this is a reference share value in the beginning of the 2003-2005 period. Therefore, these shares will value accordingly to the Novabase share in this period, which will correspond to the best interest of the remaining shareholders. The interest alignment between the company's directors and shareholders is therefore assured.

The offering of options to Novabase directors under the basic admission component is the responsibility of the Remuneration Committee and should occur in the period between 1 January and 31 December of the year in which these directors' management functions begin. Given that the current term of Novabase's Board of Directors began in 2003, the offering of options under this component should have occurred at the end of that year. This did not happen since the Remuneration Committee was unable to meet due to the passing

away of its chairman. In the financial documentation approved at the General Meeting of Shareholders of 28 April 2004, however, the possibility of still implementing such an offering when the new Remuneration Committee chairman assumes his duties was specifically cited.

In the Remuneration Committee meeting of 23 August 2004, it was thus resolved to offer 2 619 260 options under the basic admission component of the 2003-2005 Stock Subscription and/or Purchase Option Plan in effect at the Novabase Group, to be distributed in equal parts among the following directors: Rogério dos Santos Carapuça, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro Marques de Carvalho, João Nuno da Silva Bento, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Filipe dos Santos Teixeira Neto, João Vasco Tavares da Mota Ranito, José Carlos de Almeida Pedro de Jesus and Nuno Miguel Isidoro Duarte. 261 926 options have thus been offered to each of these ten directors.

Given that the options in question should have been offered at the end of 2003 as described above (the year in which the corresponding administrative term began), it was further resolved at this Remuneration Committee meeting that these options could be exercised in two phases (in lieu of the three stipulated in the Plan's regulation), as follows: 66.66% on 25 May 2005 and the remaining 33.33% (plus any number of exercisable options on 25 May 2005 not yet exercised on this date) on 25 May 2006, with the exercising of options complying with the remaining provisions of the Plan's regulation. In addition, per provisions of the Plan's regulation, options attributed may only be exercised up to the vesting date in 2006, with all remaining options offered to directors under this component to be exercised at this time.

Directors	Fixed Annual Remuneration 2005 (€)	Variable Annual Remuneration 2005 (€)	Total 2005 (€)	Options Attributed @4.96 (€) 2003-2005
Rogério dos Santos Carapuça	181 860	64 500	246 360	261 926
Pedro Miguel Q. Marques de Carvalho	156 660	64 500	221 160	261 926
José Afonso Oom Ferreira de Sousa	156 660	64 500	221 160	261 926
Luís Paulo Cardoso Salvado	156 660	64 500	221 160	261 926
João Nuno da Silva Bento	156 660	64 500	221 160	261 926
Álvaro José da Silva Ferreira	156 660	64 500	221 160	261 926
João Filipe dos Santos Teixeira Neto	156 660	64 500	221 160	261 926
João Vasco Tavares da Mota Ranito	156 660	64 500	221 160	261 926
José Carlos de Almeida Pedro de Jesus	156 660	64 500	221 160	261 926
Nuno Miguel Isidoro Duarte	156 660	64 500	221 160	261 926
Total	1 591 800	645 000	2 236 800	2 619 260

Novabase SGPS directors are paid exclusively by this entity and do not receive additional remuneration of any kind from other Novabase Group companies.

4.3. Irregularities Reporting Policy

In accordance with the proposed new corporate governance model to be tabled at the General Meeting by the Board of Directors, this Board will create a department in its organizational structure which will be entrusted with the task of receiving all information concerning irregular practices committed by employees. This information will then be sent to the Internal Audit and Control Committee, to be set up under the implementation of the new corporate governance model, which will be empowered to take decisions regarding what procedures to adopt.

5.1. Amounts Paid to the Auditors

The annual amount paid in fees to the auditors, PriceWaterhouseCoopers SROC, Lda, and to PriceWaterhouseCoopers, by Novabase and/or by its subsidiaries, for its services in carrying out the legal review of accounts and the audit, rose in 2005 to around 200 thousand euros and the sums paid for consultancy services rose to 25 thousand euros.

Services Rendered:	2004 (€)	2005 (€)
Legal review of accounts and audit	180 000	200 000
Consultancy services	85 500	25 000

5.2. Business with Key Shareholders

In 2005, the value of the products and services provided to the BES Group by Novabase rose to about 12.7 M€ (around 5.6% of the overall turnover).

There were no other business operations with key shareholders.

Novabase

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