

Novabase

Report and Accounts

1st Half of 2007

Report & Accounts

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Consolidated Results on June 30, 2007

(IFRS/IAS)

July 26, 2007

Turnover reaches 151.1 M€
(125.4 M€ in 6M06)

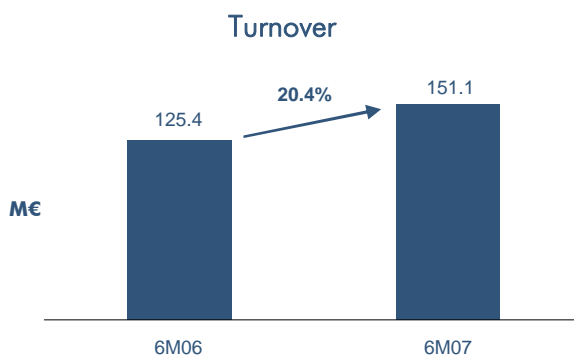
EBITDA reaches 10.5 M€
(10.0 M€ in 6M06)

Net Profit: 3.9 M€
(3.6 M€ in 6M06)

1. Key Indicators

1.1. Turnover

The Consolidated Sales and Services Volume in the 6M07 reached 151.1 M€ (million euros), which represents an increase of 20.4% vs. the 125.4 M€ in 6M06.



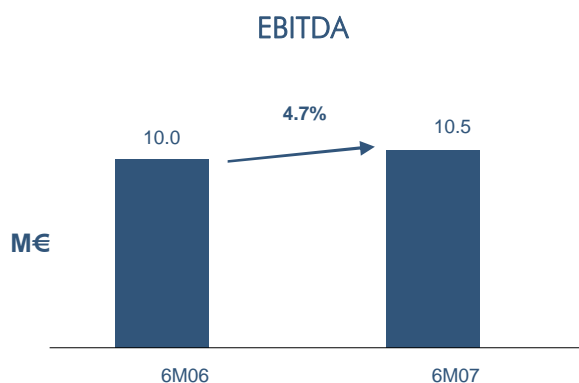
Novabase SGPS, S.A.
Public Company
Code Euronext: NBA.AM
Corporate Tax Payer n° 502.280.182
Registered in the TRO of Lisbon N.º 1495
Capital: 15 700 697.00 euros
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1.2. EBITDA

The Operational Cash Flow (EBITDA) reached 10.5 M€ in 6M07 which represents an increase of 4.7% compared to the 10.0 M€ in the 6M06.

The graph below shows EBITDA variation compared to the prior period.



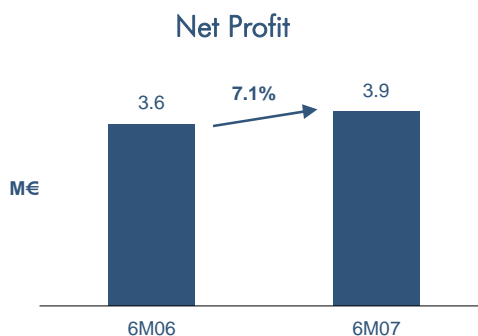
The EBITDA margin in 6M07 was 6.9%, compared to 8.0% in 6M06.

1.3. Net Profit

Operating earnings reached 7.8 M€, reflecting an increase of 49.0% compared to 6M06 (5.2 M€).

EBTM reached 6.9 M€ in the period, registering an increase of 103.8% vs 3.4 M€ booked on the 6M06.

The Consolidated Net Results, after minority interests, reached 3.9 M€ in the period, showing an increase of 7.1% vs the 3.6 M€ in 6M06.



2. Short Summary of the Activity

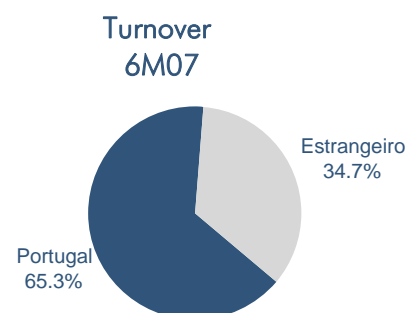
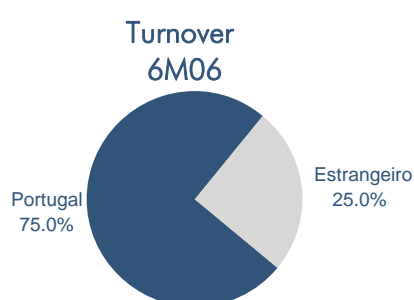
Novabase has set as main focus for 2007 the profitability and sustainability of its business.

Business performance of Novabase Consulting in 6M07 registered a EBITDA margin of 17.7% (compared to 15.8% in 6M06). Novabase Digital TV business registered an EBITDA margin of 5.2% (compared to 4.2% in 6M06).

However, EBITDA margin of the Novabase Engineering business was 1.9% (below the 3.7% registered in 6M06), having suffered the impact of the decrease in the Ticketing and Mobile areas. Nevertheless, the IT Infrastructures area (also included in the Novabase Engineering business) improved profitability, registering a 6.3% EBITDA margin compared to 4.3% in 6M06.

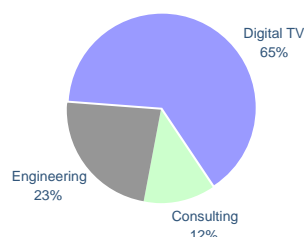
Of the 151.1 M€ turnover, 34.7% is generated outside Portugal, that is 52.4M€, which represents a positive growth of 67.0% towards the 31.4 M€ registered in 6M06 .

The growth trend in this indicator therefore remains stable, both in absolute and relative terms.

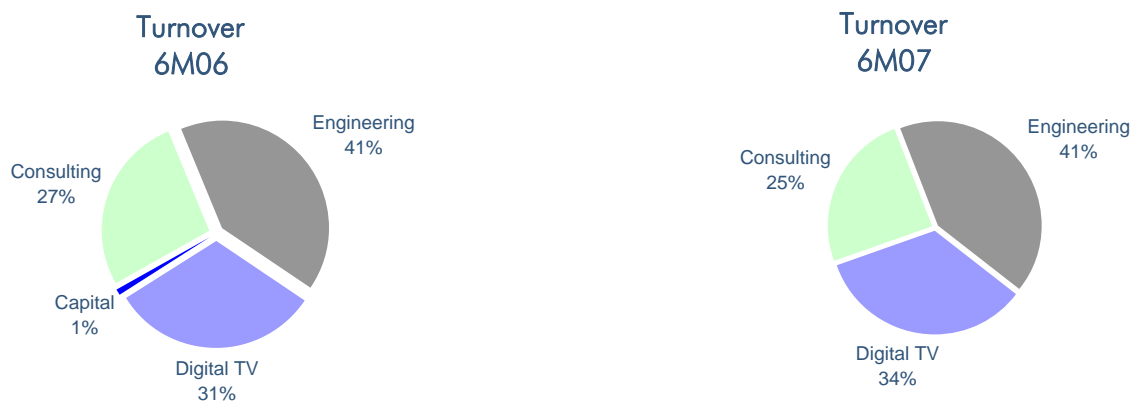


Growth abroad was registered in all business areas. It is to be noted that the 12% exports in the Consulting business correspond mainly to services. The breakdown of the 52.4 M€ international turnover by the different business areas is as follows:

International Sales per business 6M07

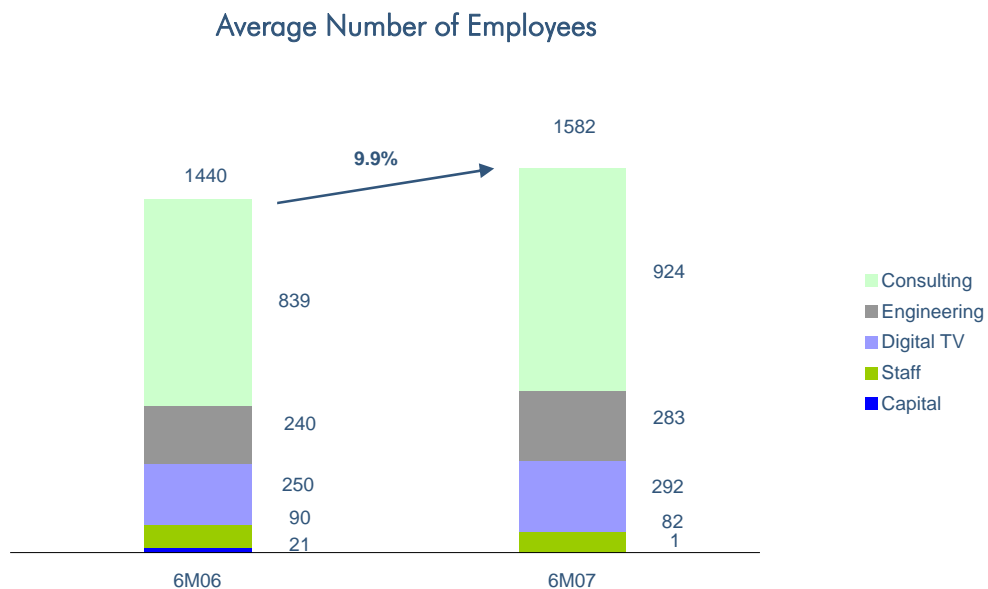


The graph below shows turnover in 6M07 in: Novabase Consulting, Novabase Engineering and Novabase Digital TV.



In terms of Human Resources Novabase had, on average in the 6M07, 1582 employees, which represents an increase of 9.9% compared to the 6M06 (1440).

The distribution by business area is as follows:



2.1. Novabase Consulting

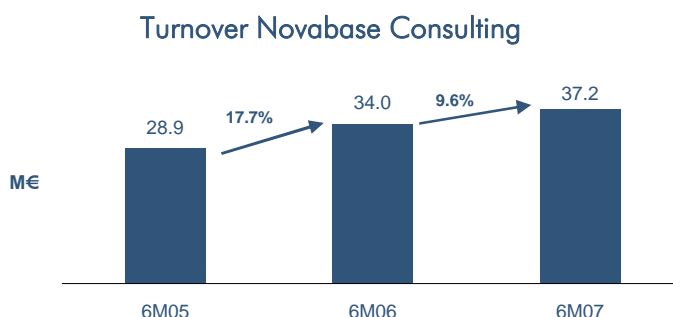
Novabase Consulting today has 924 consultants operating in four business practices:

- Advanced Custom Development: includes the development of customized and business process management (BPM) solutions, as well as Enterprise Document Management (EDM), Trustworthy Computing and Quality Assurance solutions.
- Business Intelligence: includes consultancy services in the definition and implementation of Business Intelligence strategies (Strategic and Tactical Intelligence, Customer Lifecycle Management, Balanced Scorecards, Business Intelligence Infrastructure, etc.
- Enterprise Applications: includes solutions in Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Supply Chain Management (SCM).
- Outsourcing: includes service offer in Business Process Outsourcing (BPO)/Enterprise Content Management (ECM), IT Governance services & Service Management, Application Management, Infrastructure Outsourcing and IT Contracting.

And fundamentally in three market areas:

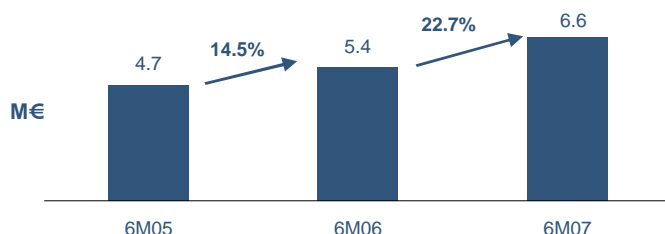
- Banking and Financial Services, including the Banking, Insurance and Financial Services in general
- Telecommunications, including telecommunications operators as main customers
- Government, including public administration, local and regional, defence and healthcare areas

This business area continued to experience significant growth in 6M07 despite moderate growth in the IT services market in general, with a growth in turnover of 9.6% compared to 6M06.



Novabase Consulting EBITDA increased 22.7% year on year from 5.4M€ to 6.6 M€, above the 9.6% increase in sales, resulting from an excellent performance in this quarter. EBITDA margin reached 17.7%.

EBITDA Novabase Consulting



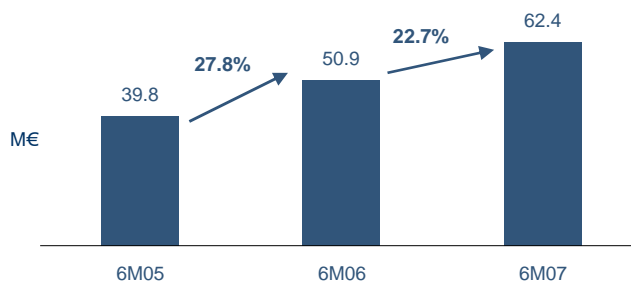
2.2. Novabase Engineering

This area, with 283 employees, includes the following main business areas:

- IT Infrastructures: solutions including traditional IT infrastructures spanning from physical systems (cabling, routers etc.) to enterprise communications services such as mobile videoconferencing and video-on-demand.
- Mobility Solutions: services, products and applications which allow Customers access to global mobility solutions.
- Ticketing and Transport Solutions: end-to-end core solutions covering devices and systems needed to complete the life cycle of a ticket, from production to back-office repercussions, also including ticketing and access control solutions to customers outside the transportation market.

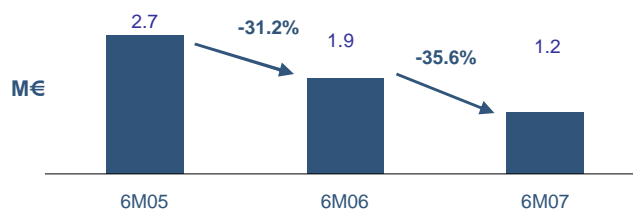
Global turnover in this business area reached 62.4 M€, which represents an increase of 22.7% compared to 6M06. This is mainly due to the IT Infrastructures and Mobility businesses good performance.

Turnover Novabase Engineering



EBITDA of Novabase Engineering decreased 35.6% in 6M07 compared to 6M06. This decrease is essentially due to the Mobility Solutions and Ticketing businesses and should be reversed in the next quarters. Performance in the main business of Novabase Engineering, IT Infrastructures, has improved with an increase in margin from 4.3% to 6.3%.

EBITDA Novabase Engineering



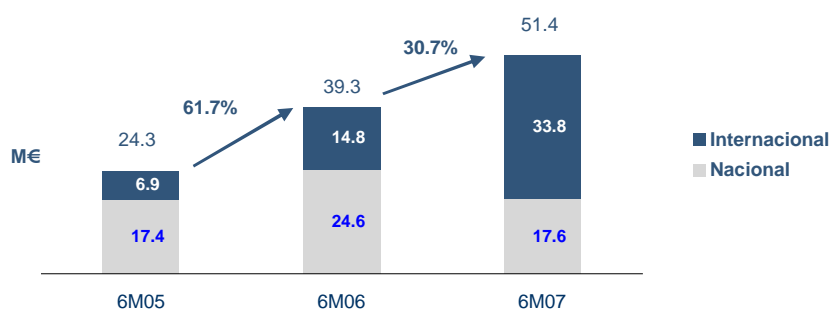
2.3. Novabase Digital TV

Novabase's Digital TV area is now one of the largest in Europe, currently with 292 employees.

It began in 2000 and its Customers include cable and satellite TV operators, digital terrestrial TV operators, individual companies (Corporate TV solutions) and OEM customers abroad.

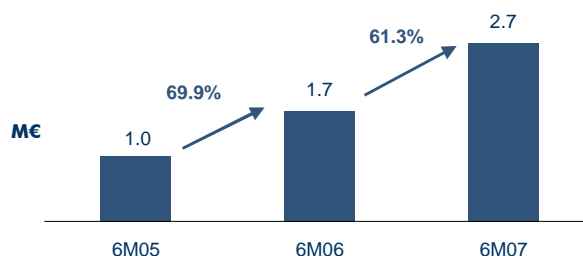
In 6M07 this business registered a turnover of 51.4 M€, which represents a 30.7% increase over 6M06. This growth is very significant considering that, as predicted, a slowdown in sales in the Portuguese market occurred, which was compensated by growth in sales in the international market.

Turnover Novabase Digital TV



EBITDA of Novabase Digital TV in 6M07 increased 61.3% compared to 6M06, reaching 2.7 M€, reflecting a recovery in profitability in this business that started in the previous quarters.

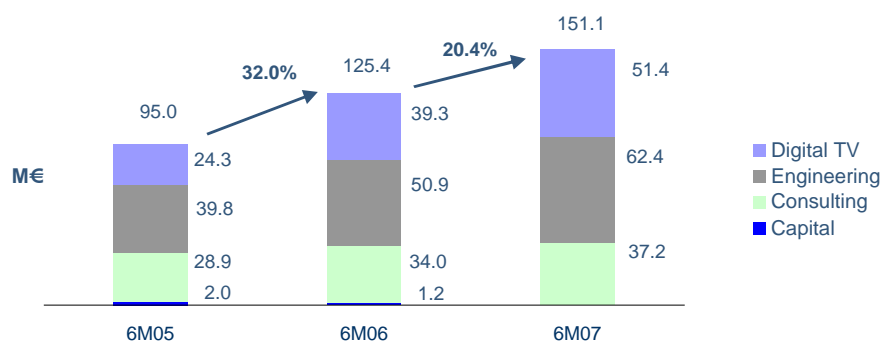
EBITDA Novabase Digital TV



3. Economical-Financial Analysis

In the 6M07, Turnover reached 151.1 M€, representing a growth of 20.4% compared to the same period of the previous year.

Turnover



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

- Novabase Consulting business grew 9.6% from 34.0 M€ in 6M06 to 37.2 M€ in 6M07.
- Novabase Engineering business grew 22.7% from 50.9 M€ in 6M06 to 62.4M€ in 6M07.
- Novabase TV Digital business grew 30.7% from 39.3 M€ in 6M06 to 51.4 M€ in 6M07.

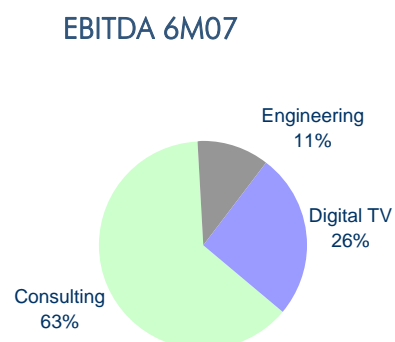
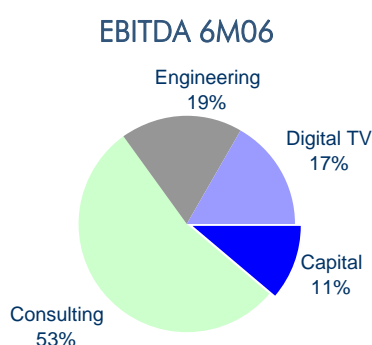
We choose not to present the first half numbers on Novabase Capital due to the immateriality of the figures. Its subsidiaries are consolidated by the equity method.

EBITDA reached 10.5 M€, increasing 4.7% compared to 10.0 M€ in 6M06.

In a percentage basis of the Turnover, EBITDA in this period represents approximately a total margin of 6.9%, suffering the impact of the decrease in margin (which occurred in the Ticketing and Mobility Solutions areas).

The margin breakdown per business area is analyzed as follows:

- Novabase Consulting business reported an EBITDA of 6.6 M€ which corresponds to a margin of 17.7%.
- Novabase Engineering business reported an EBITDA of 1.2 M€ which corresponds to a margin of 1.9%.
- Novabase Digital TV business reported an EBITDA of 2.7 M€ which corresponds to a margin of 5.2%.



Operational Results (EBIT) reached 7.8 M€ in this period, representing an increase of 49.0% compared to 5.2 M€.

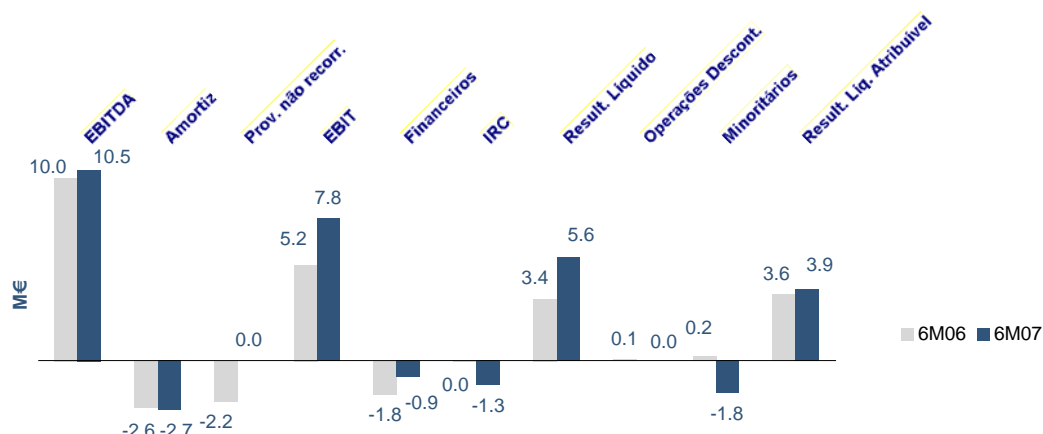
The Financial Results registered a net negative value of 0.9 M€ compared to a negative value of 1.8 M€ in 6M06.

Earnings Before Taxes (EBT) in 6M07 with the net value of 6.9M€, reflect an increase of 103.8% compared to the same period of 3.4 M€.

The value of attributable Net Profit, after Minority and Discontinued Operations, of 3.9 M€ represent an increase of 7.1% towards the 6M06 3.6 M€.

The reconciliation between EBITDA and Net Profit is as follows:

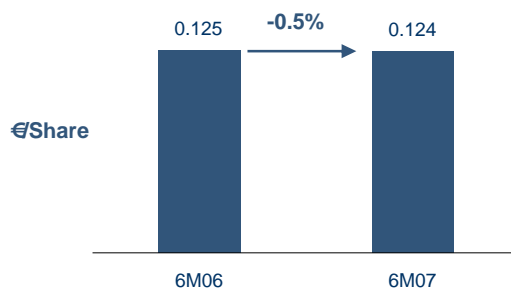
From EBITDA to Net Profit 6M07 Vs 6M06



Minority in 6M07 of -1.8M€ compares to 0.2 M€ in the same period of the previous year. The difference originates from the results in the Digital TV business, which were negative in 6M06. This situation was reversed in 6M07, to positive results.

The Earnings per Share presented a decrease from 0.125 to 0.124 euros per share.

Earnings per share (EPS)



The Consolidated Balance Sheet on 6M07 kept a positive 'Global Net-Cash' situation of 13.8 M€, below the 19.1 M€ registered in the 6M06.

Inventories went from 13.4 M€ on 6M06 to 22.2 M€ in 6M07. The coverage of inventories over sales increased from 18.1% to 23.0%.

The Trade debtors and accrued income balance at the end 6M07 amounted to 94.2 M€, an 14.3% increase when compared to 82.4 M€ in 6M06. Since Turnover in the period grew more (20.4% increase), the average collection period decreased to 96.6 days (in 6M06 – 102.1 days).

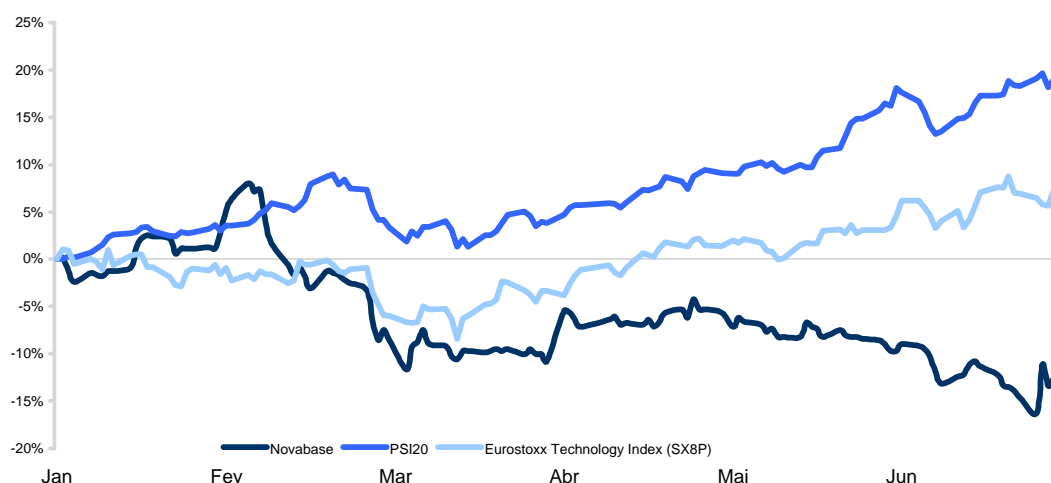
4. Stock Performance

The first half of 2007 was marked by recovery in the PSI20 Index with a 19.2% valuation in the period.

The Novabase share lost 13.5% in the period, comparing to a 7.3% increase in the EuroStoxx Technology.

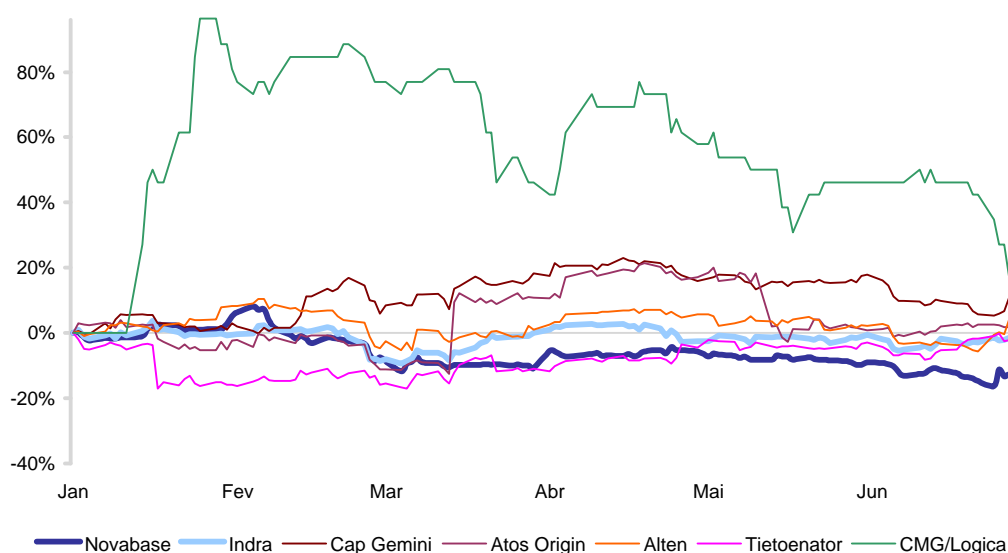
6M07 showed increase in liquidity, rotation in this period represented 48.8% of the capital and 15.3 million shares were traded, while in 6M06 rotation represented 38.1% and 11.1 million shares were traded. Despite this increase in liquidity, Novabase was replaced in the PSI20 Index by another share with more liquidity in the end of the 1st semester, 2007.

Novabase and the Market



When comparing Novabase share prices with other companies in the IT sector in Europe, we verify that Novabase share performance at 6M07 is within the lower values of the average performance of other IT, showing a lower volatility.

Novabase and other TMT



The average price, weighted by volume, of Novabase shares during 2Q07 was 5.01 euros per share. Approximately 5.1 million shares were traded in all the 62 Stock Exchange sessions in the 6M07, corresponding to a transaction value of 25.4 M€.

The average daily number of shares traded was approximately 160 thousand shares, corresponding to a daily average value of approximately 0.4 M€.

The price in the stock Exchange in the last tradable day of the semester (June 29, 2007), was 4.73 euros, which represents a loss of approximately 11.3% compared to the 5.50 euros which was Novabase's share price at the end of 2006.

The maximum closing price which took place during 2Q07 was 5.24 euros, while the minimum price registered was 4.58 euros. The market capitalization at the end of 6M07 was 148.5 M€.

Summary	2Q07	1Q07	4Q06	3Q06	2Q06
Mínimum price (€)	4.58	4.83	5.22	5.50	5.65
Máximum price (€)	5.24	5.91	5.86	5.94	7.27
Volume weighted average price (€)	5.01	5.47	5.52	5.73	6.40
Nr. of shares traded	5 064 311	10 258 058	5 422 730	4 235 301	5 486 682
Market cap in the last day of the period (M€)	148.5	153.2	172.7	179.0	181.2

Novabase

Consolidated Financial Statements

Prepared in accordance with the INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Consolidated Balance Sheet as at June 30, 2007 and 2006			Consolidated Income Statement for the six months ended June 30, 2007 and 2006			
	30.06.07	30.06.06		30.06.07	30.06.06	Var. %
	(Thousands of Euros)			(Thousands of Euros)		
Assets			CONTINUING OPERATIONS			
Tangible assets	6 226	5 869	Sale of goods	96 649	74 189	
Intangible assets	35 629	36 895	Cost of goods sold	(85 113)	(60 475)	
Financial investments	4 025	2 040				
Deferred tax assets	10 035	9 719	Gross margin	11 536	13 714	-15.9 %
Total Non-Current Assets	55 915	54 523	Other income			
Inventories	22 227	13 411	Services rendered	54 418	51 239	
Trade debtors and accrued income	94 176	82 374	Supplementary income	406	138	
Other debtors and prepaid expenses	14 754	20 737	Other operating income	440	1 228	
Marketable securities	-	797		55 264	52 605	
Cash and deposits	38 662	36 887		66 800	66 319	
Total Current Assets	169 819	154 206	Other expenses			
Total Assets	225 734	208 729	External suppliers and services	(23 263)	(29 484)	
			Personnel expenses	(30 868)	(25 591)	
Shareholders' Equity			Provisions	(1 559)	(838)	
Share capital	15 701	15 701	Other operating expenses	(639)	(405)	
Treasury stock	(150)	(170)		(56 329)	(56 318)	
Share premium	49 213	49 213	Gross Net Profit (EBITDA)	10 471	10 001	4.7 %
Reserves and retained earnings	29 322	25 681	Non recurring costs	-	(2 211)	
Consolidated net income	3 893	3 635	Depreciation and amortization	(2 674)	(2 556)	
Total Shareholders' Equity	97 979	94 060	Operating Profit (EBIT)	7 797	5 234	49.0 %
Minority interests	11 678	11 621	Financial Gains / (Losses)	(852)	(1 827)	
Total Equity	109 657	105 681	Net Profit / (Loss) before Taxes	6 945	3 407	103.8 %
			Income tax expense	(1 302)	(42)	
Liabilities			Net Profit from continuing operations	5 643	3 365	67.7 %
Long term borrowings	6 050	8 250	DESCONTINUED OPERATIONS			
Creditors of fixed assets	1 430	1 840	Net Profit from discontinued operations	-	68	-100.0 %
Provisions	1 365	432	Minority interests	(1 750)	202	
Deferred tax liabilities	100	136				
Total Non-Current Liabilities	8 945	10 658	Attributable Net Profit / (Loss)	3 893	3 635	7.1 %
Short term borrowings	21 185	12 571	Other information:			
Trade creditors	41 631	42 855	Turnover	151 067	125 428	20.4 %
Other creditors and accruals	33 265	28 866	EBITDA margin	6.9 %	8.0 %	
Deferred income	11 051	8 098	Net profit % on Turnover	4.6 %	2.7 %	
Total Current Liabilities	107 132	92 390	Net Cash	13 780	19 065	
Total Liabilities	116 077	103 048				
	225 734	208 729				

Novabase

Consolidated Financial Statements by BUSINESS SEGMENT
Prepared in accordance with the INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

	Consulting	Engineering	Digital TV	Novabase
Sale of goods	27	52 178	44 444	96 649
Cost of goods sold	(18)	(46 647)	(38 448)	(85 113)
Gross margin	9	5 531	5 996	11 536
<i>Other income</i>				-
Services rendered	37 207	10 257	6 954	54 418
Supplementary income and subsidies	276	92	38	406
Other operating income	33	344	63	440
	37 516	10 693	7 055	55 264
	37 525	16 224	13 051	66 800
<i>Other expenses</i>				-
External suppliers and services	(9 900)	(8 367)	(4 996)	(23 263)
Personnel expenses	(20 798)	(5 869)	(4 201)	(30 868)
Provisions	(19)	(646)	(894)	(1 559)
Other operating expenses	(213)	(144)	(282)	(639)
	(30 930)	(15 026)	(10 373)	(56 329)
Gross Net Profit (EBITDA)	6 595	1 198	2 678	10 471
Depreciation and amortization	(1 432)	(626)	(616)	(2 674)
Operating Profit (EBIT)	5 163	572	2 062	7 797
Financial Gains / (Losses)	628	(809)	(671)	(852)
Net Profit before Taxes	5 791	(237)	1 391	6 945
Income tax expense	(1 017)	(156)	(129)	(1 302)
Net Profit	4 774	(393)	1 262	5 643
Minority interests	(750)	(107)	(893)	(1 750)
Attributable Net Profit	4 024	(500)	369	3 893
Other information :				
Turnover	37 234	62 435	51 398	151 067
EBITDA	6 595	1 198	2 678	10 471
EBITDA % on Turnover	17.7%	1.9%	5.2%	6.9%
Income before taxes % on Turnover	15.6%	-0.4%	2.7%	4.6%

Novabase S.G.P.S., S.A. Sociedade Aberta - Stock Code BVL: NBA.IN

Person who assumes the responsibility for this information, corporate roles and contacts:

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Head-office Av. Eng.º Duarte Pacheco, 15-F, Amoreiras, 1099-078 Lisbon, PORTUGAL

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NOVABASE SGPS, S.A.
Public Company - Code BVL: NBA.IN
Corporate Tax Payer nº 502.280.182
Capital: 15.700.697,00 euros
Head Office: Av. Engº Duarte Pacheco, Amoreiras, 15F 1099-078 Lisboa

Annex to the Board of Directors' Report June 30, 2007

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

Shareholders	Nº of Shares	% Capital	% Voting Rights
José Afonso Oom Ferreira de Sousa	2 498 746	7.96%	8.09%
Pedro Miguel Quinteiro Marques de Carvalho	2 498 697	7.96%	8.09%
Rogério dos Santos Carapuça	1 884 787	6.00%	6.10%
Luís Paulo Cardoso Salvado	1 786 790	5.69%	5.78%
João Nuno da Silva Bento	1 783 563	5.68%	5.77%
Álvaro José da Silva Ferreira	804 866	2.56%	2.60%
João Vasco Tavares da Mota Ranito	492 628	1.57%	1.59%
José Carlos de Almeida Pedro de Jesus	368 875	1.17%	1.19%
Manuel Saldanha Fortes Tavares Festas	74 946	0.24%	0.24%
Total	12 193 898	38.83%	39.46%

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

Shareholders	Partial Nº	Nº of Shares	% Capital	% Voting Rights
ES TECH VENTURES, SGPS, SA	1 792 144			
Other Group Companies	1 200 395			
Corporate Board Members	170			
Grupo Banco Espírito Santo, SA (point 1 of Article 20 of CVM)		2 992 709	9.53%	9.68%
José Afonso Oom Ferreira de Sousa		2 498 746	7.96%	8.09%
Pedro Miguel Quinteiro Marques de Carvalho		2 498 697	7.96%	8.09%
Rogério dos Santos Carapuça		1 884 787	6.00%	6.10%
Luís Paulo Cardoso Salvado		1 786 790	5.69%	5.78%
João Nuno da Silva Bento		1 783 563	5.68%	5.77%
Caixagest - Técnicas de Gestão de Fundos, SA		1 465 828	4.67%	4.74%
Millenniumbcp-Gestão de Fundos, SA		1 276 993	4.07%	4.13%
Santander Gestão de Activos - S.G.F.I.M., SA		1 036 246	3.30%	3.35%
Banco BPI, SA		895 504	2.85%	2.90%
Álvaro José da Silva Ferreira		804 866	2.56%	2.60%
João Vasco Tavares da Mota Ranito		492 628	1.57%	1.59%
José Carlos de Almeida Pedro de Jesus		368 875	1.17%	1.19%
Manuel Saldanha Fortes Tavares Festas		74 946	0.24%	0.24%
Total		19 861 178	63.25%	64.27%

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

**Consolidated Financial Statements
for the period of
six months ended
30 June 2007**

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**I. CONSOLIDATED FINANCIAL
STATEMENTS
for the period of six Months Ended 30 June
2007**

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

Consolidated Balance Sheet as at 30 June 2007

(Amounts expressed in thousands of Euros)

	Notes	30.06.07	31.12.06
Assets			
<i>Non current assets</i>			
Property plant and equipment	7	6 226	6 091
Intangible assets	8	35 629	36 959
Investments in associates	9	4 025	3 623
Deferred income tax assets	10	10 035	9 829
Total Non current assets		55 915	56 502
<i>Current assets</i>			
Inventories	11	22 227	23 611
Trade and other receivables	12	85 353	92 158
Income tax receivable		780	1 268
Accrued income	13	18 707	14 799
Other current assets	14	4 090	3 221
Available-for-sale financial assets	15	-	839
Cash and cash equivalents	16	38 662	39 563
Total Current assets		169 819	175 459
Total assets		225 734	231 961
Equity			
Share capital	18	15 701	15 701
Treasury shares	18	(150)	(260)
Share premium	18	49 213	49 213
Reserves and retained earnings	19	29 322	24 890
Profit for the period attributable to equity holders		3 893	5 169
Total Equity attributable to the company's equity holders		97 979	94 713
Minority interest	20	11 678	11 211
Total equity		109 657	105 924
Liabilities			
<i>Non current liabilities</i>			
Borrowings	21	7 480	9 182
Provisions	23	1 365	1 072
Deferred income tax liabilities	10	100	157
Total Non current liabilities		8 945	10 411
<i>Current liabilities</i>			
Borrowings	21	22 355	16 671
Trade and other payables	24	73 151	83 490
Income tax payable		575	41
Deferred income and other current liabilities	25	11 051	15 424
Total Current liabilities		107 132	115 626
Total liabilities		116 077	126 037
Total equity and liabilities		225 734	231 961

The Accountant

The Board of Directors

The accompanying notes are an integral part of these consolidated financial statements

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

Consolidated Income Statement for the period of 6 Months Ended 30 June 2007

(Amounts expressed in thousands of Euros)

		6 M * 30.06.07	6 M * 30.06.06
Continuing Operations			
Sales	5	96 649	74 189
Services rendered	5	54 418	51 239
Cost of goods sold		(85 113)	(60 475)
External supplies and services	26	(23 263)	(29 484)
Employee benefit expense	27	(30 868)	(25 591)
Other losses - net	28	(1 352)	(2 088)
Depreciation and amortisation	29	(2 674)	(2 556)
Operating profit		7 797	5 234
Financial income	30	1 693	874
Financial costs	31	(2 565)	(2 275)
Share of profit/(losses) of associates	32	20	(426)
Profit before income tax		6 945	3 407
Income tax expense	33	(1 302)	(42)
Profit for the period from continuing operations		5 643	3 365
Discontinued operations			
Profit for the period from discontinued operations	17	-	68
Profit for the period		5 643	3 433
Attributable to:			
Equity holders of the Company		3 893	3 635
Minority interest	20	1 750	(202)
		5 643	3 433
Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the period (expressed in EUR per share) - basic	34	0.12 euros	0.12 euros
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company during the period (expressed in EUR per share) - basic	34	Zero euros	Zero euros

6 M * - period of 6 months ended

The Accountant

The Board of Directors

NOVABASE S.G.P.S., S.A.
Consolidated Cash Flow Statement
for the period of 6 Months Ended 30 June 2007

(Amounts expressed in thousands of Euros)

	Notes	6 M * 30.06.07	6 M * 30.06.06
<i>Cash flows from operating activities</i>			
Cash receipts from customers		152 038	124 340
Cash paid to suppliers and personnel		(153 636)	(136 133)
Cash Used from Operations		(1 598)	(11 793)
Income taxes paid		(412)	(664)
Other operating payments		(1 171)	(3 758)
		(1 583)	(4 422)
Net Cash used in operating activities		(3 181)	(16 215)
<i>Cash flows from investing activities</i>			
Receipts:			
Interest received		772	212
		772	212
Payments:			
Acquisition of subsidiary		(1 575)	(54)
Purchases of Property plant and equipment		(1 244)	(764)
Purchases of Intangible assets		(593)	(1 070)
		(3 412)	(1 888)
Net Cash used in investment activities		(2 640)	(1 676)
<i>Cash flows from financing activities</i>			
Receipts:			
Proceeds from borrowings	21	7 154	7 051
Proceeds from issuance ordinary shares	18	-	13 299
Proceeds from sale of treasury shares	18	110	757
		7 264	21 107
Payments:			
Repayments of borrowings	21	(3 375)	(2 341)
Interests and similar costs		(1 446)	(1 279)
Purchase of treasury shares	18	-	(2 767)
		(4 821)	(6 387)
Net Cash generated from financing activities		2 443	14 720
Cash and bank overdrafts - net decrease		(3 378)	(3 171)
Cash and bank overdrafts at the beginning of the period		31 152	31 633
Cash and bank overdrafts at the end of the period		27 774	28 462
6 M * - period of 6 months ended			

The accompanying notes are an integral part of these consolidated financial statements

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

Consolidated Statement of Changes in Equity for the period of 6 Months Ended 30 June 2007

(Amounts expressed in thousands of Euros)

Attributable to equity holders of the Company

	Share Capital	Share premium	Treasury shares	Legal (*) reserves	Fair value adjust. (*) and other reserves	Stock Options reserves (*)	Retained earnings	Minority Interest	Total Equity
Balance at January 1, 2006	14 363	37 252	(14)	1 254	147	-	25 615	12 018	90 635
Fair value gains	-	-	-	-	40	-	-	-	40
Net income/ (expense) recognised directly in equity	-	-	-	-	40	-	-	-	40
Profit for the period	-	-	-	-	-	-	3 635	(202)	3 433
Total recognised income / (expense)	-	-	-	-	40	-	3 635	(202)	3 473
Issue of share capital	1 338	11 961	-	-	-	-	-	-	13 299
Legal reserve	-	-	-	22	-	-	(22)	-	-
Treasury shares movements	-	-	(156)	-	-	-	(1 853)	-	(2 009)
Stock Options	-	-	-	-	-	478	-	-	478
Changes in consolidation universe	-	-	-	-	-	-	-	(195)	(195)
Balance at 30 June 2006	15 701	49 213	(170)	1 276	187	478	27 375	11 621	105 681
Balance at January 1, 2007	15 701	49 213	(260)	1 276	229	518	28 036	11 211	105 924
Profit for the period	-	-	-	-	-	-	3 893	1 750	5 643
Total recognised income / (expense)	-	-	-	-	-	-	3 893	1 750	5 643
Treasury shares movements	-	-	110	-	-	-	-	-	110
Stock Options	-	-	-	-	-	84	-	-	84
Sale of financial assets	-	-	-	-	(229)	-	-	-	(229)
Acquisitions to minority interests	-	-	-	-	-	-	(592)	(804)	(1 396)
Changes in consolidation universe	-	-	-	-	-	-	-	(479)	(479)
Balance at 30 June 2007	15 701	49 213	(150)	1 276	-	602	31 337	11 678	109 657

(*) These reserves cannot be distributed to equity holders

NOVABASE S.G.P.S., S.A.
Notes to the Consolidated Financial Statements
for the period of 6 months ended 30 June 2007

1. General Information

Novabase, S.G.P.S., SA (hereunder referred to as Novabase or the company), originally incorporated 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 financial holdings 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 three business divisions:

(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** - Includes engineering solutions based on own hardware and software and is focused on areas like ticketing and access control, and telecommunication solutions.

(iii) **Novabase Digital TV** - Includes Digital TV business, namely development and commercialization of set-top-boxes to cable operators, satellite and business sector.

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. Since June 2005, Novabase Capital is the management company of 'Fundo de Capital de Risco para Investidores Qualificados Novabase Capital'.

The Group is seeded in Portugal and presently has operations in Portugal, Spain and Germany.

Novabase is listed on the Euronext Lisbon.

This consolidated financial statements were authorized by the Board of Directors on September 27, 2007.

2. Accounting Policies

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

a) Basis of Preparation

The consolidated financial statements for the period of 6 months ended 30 June 2007 were prepared in accordance to IAS 34 "Interim Financial Reporting". These consolidated financial statements were also prepared in accordance to International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board (IASB) and with all the interpretation of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The following new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting for periods starting in or after March 1, 2007, but the Group has not decided its early adoption:

i) IFRIC 11, IFRS2 - Group and Treasury Share Transactions (effective from March 1, 2007)

The effect of this standard is being evaluated by the group.

ii) IFRIC 12 - Service Concession Arrangements (effective from January 1, 2008)

We consider that the effect of this standard is not relevant for group operations.

iii) IFRIC 13 - Customer Loyalty Programmes (effective from July 1, 2008)

We consider that the effect of this standard is not relevant for group operations.

iv) IAS 23 (Amendment) - Borrowing Costs (effective from January 1, 2009)

The effect of this amendment is being evaluated by the group.

v) IFRS 8 - Operating Segments (effective from January 1, 2009)

We consider that the effect of this standard is not significant for group operations.

The effect of the adoption of standards and amendments that became effective from January 1, 2007 was not significant for group operations, and are the following:

i) IFRIC 7 - Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from March 1, 2006)

We consider that the effect of this interpretation is not relevant for group operations.

ii) IFRIC 8 - Scope of IFRS 2 (effective from May 1, 2006)

We consider that the effect of this interpretation is not relevant for group operations.

iii) IFRIC 9 - Reassessment of embedded derivatives (effective from June 1, 2006)

We consider that the effect of this interpretation is not relevant for group operations.

iv) IFRIC 10 - Interim Financial Reporting and Impairment (effective from November 1, 2006)

We consider that the effect of this interpretation is not relevant for group operations.

v) IFRS 7 - Financial Instruments: Disclosures (effective from 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.

We consider that the effect of this standard is not relevant for group operations.

vi) IAS 1 (Amendment) - Presentation of Financial Statements - Capital Disclosures (effective from January 1, 2007)

We consider that the effect of this amendment is not relevant for group operations.

The consolidated financial statements have been prepared under the historical cost convention, except for the available-for-sale assets and derivatives.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions which impact on the reported values for assets and liabilities, and for income and expenses presented for the period. Nevertheless the management usage of its best judgement at the time of the decision, the final results can differ from the estimates. 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 Board of directors is convinced that the estimates and assumptions adopted avoid significant risks from which can result of the impact from material adjustments to assets and liabilities value.

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 acquisition cost is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired, 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.

The difference between the acquisition cost and the share of the equity value, in the acquisition of financial holdings to minorities in which the Group already has control, is booked in Equity, using the Economic Entity Model Method.

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.

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 are calculated based on location of each of the Group's facilities.

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 accumulated 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 to 50
• Basic equipment	3 to 4
• Transport equipment	4
• Tools and utensils	4
• Furniture, fittings and equipment	3 to 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 (that have an indetermined useful life) is tested annually for impairment, in the second half of the year, 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, Novabase Engineering and Novabase Digital TV. Additionally, for the purpose of impairment tests of goodwill not allocated to those two cash-generating units, the group defined cash generating units at the level of each subsidiary associate 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 internally generated assets is tested at the reporting date.

(3) Industrial Property and other rights

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

(4) Work in progress

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

g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and depreciation, and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment on an annual basis or 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 and accrued income headings 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 assets 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 listed investments are based on current market 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 an asset classified as available for sale present a significant or prolonged decline in its fair value, 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

Merchandise and raw materials 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 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.

The Group sells a part of its trade receivables through factoring transactions. A factoring transaction entails the sale of a portfolio of trade receivables to a financial institution. In the transactions that the Group transfers to a third party all the benefits and risks relating to the factored receivables, the receivables are removed from the Group balance sheet.

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.

Cost incurred with interest on loans are included in the income statement under 'Financial costs' heading.

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 recognised 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, vacation subsidy and Christmas subsidy

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.

Stock options

The group rewards the services rendered by some workers through an equity-settled stock option plan. The fair value of the services received is recognized as cost, and registered under the equity account during the vesting period. The amount registered as cost represents the fair value of the stock option attributed, estimated based only on market conditions. Acquisition conditions different from market conditions were used to estimate the number of options vested at the end of acquisition period. The number of options expected to become exercisable is reviewed for each reporting date, and the difference from the previous estimate is reviewed and registered in the profit and loss.

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, (VAT) 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 is prepared by each project manager. 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 fulfils 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 lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) 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 substantially all the benefits and risks associated with ownership of the assets in question. The value at which these contracts are capitalised is the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each payment is allocated between liabilities and financial costs in order to calculate a straight-line rate of liability remuneration. The responsibilities to third parties, deducted from its financial costs, are booked under liabilities (short and long term). The interest component of the lease payment is booked in income statement during the lease contract period, in a way to have an equal interest rate in the remaining balance of liabilities for each period.

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

t) *Comparatives*

The consolidated financial statements for the period of 6 months ended 30 June 2007 are considered comparable in all material aspects with those presented for the period of 6 months ended 30 June 2006.

u) *Derivative financial instruments*

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

The foreign exchange contracts existent as at 30.06.07, to support the rate impact of debts to suppliers / from clients, are the following:

Product		USD (thousands)	Exercise price	Maturity
Forward Plus	Eur Put / USD Call	750	1.3325	23-Jul-07

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 short and 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.

With the intention to stabilize its cash flows, the group uses full factoring transactions. As at 30.06.07, the amount transferred to factoring companies was EUR 16 482 thousand.

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. Full factoring operations are used to minimize this risk (see previous note).

d) *Liquidity risk*

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 requires the use of certain critical accounting estimates by the board of directors, that affect assets, liabilities, income and expenses and the disclosure of these items at the financial statements reporting date. Actual results can therefore differ from the estimated.

a) *Impairment of goodwill*

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

b) *Income taxes and deferred 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 estimates in the period in which such determination is made.

c) *Revenue recognition*

Revenue recognition in respect of turn key projects, is made by management recurring to analysis and estimates of the actual and future developments of consulting projects in place. These projections could have a different development in the future, from the present estimates performed by management. Eventual changes in the estimates would be reflected under accrued income and deferred income headings on the Balance Sheet and under services rendered on the Income Statement.

d) *Warranties risk*

A provision for warranties is recognised when the underlying products or services are sold. The provision is established using historical information of nature, frequency and average costs of warranty claims.

5. Segment information

Primary reporting format – business segments

As at 30 June 2007, for business segment report, the Group is organised as follows:

- Consulting
- Engineering
- Digital TV
- 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 business segment results for the period ended 30 June 2006, are as follows:

	Consulting	Engineering	Digital TV	Other	Novabase Group
Total Sales and Services rendered of the segment	45 935	51 593	42 721	1 234	141 483
Sales and Services rendered inter-segment	(11 960)	(690)	(3 383)	(22)	(16 055)
Sales and Services rendered	33 975	50 903	39 338	1 212	125 428
Operating profit / (loss)	3 828	1 377	(1 013)	1 042	5 234
Finance costs – net	(255)	(507)	(639)	-	(1 401)
Share of profit/(losses) of associates (note 32)	-	(33)	-	(393)	(426)
Profit for the period from continuing operations	3 138	825	(1 275)	677	3 365
Profit for the period from discontinued operations	68	-	-	-	68

Other information's:

Depreciation / amortisation	(1 549)	(482)	(462)	(63)	(2 556)
Impairment of trade receivables	(199)	(32)	(22)	-	(253)
Impairment of stocks	-	(71)	(2 251)	-	(2 322)

The business segment results for the period ended 30 June 2007, are as follows:

	Consulting	Engineering	Digital TV	Other	Novabase Group
Total Sales and Services rendered of the segment	41 077	63 263	53 932	77	158 349
Sales and Services rendered inter-segment	(3 920)	(828)	(2 534)	-	(7 282)
Sales and Services rendered	37 157	62 435	51 398	77	151 067
Operating profit / (loss)	5 413	572	2 062	(250)	7 797
Finance costs – net	618	(818)	(671)	(1)	(872)
Share of profit/(losses) of associates (note 32)	(1)	9	-	12	20
Profit for the period from continuing operations	4 978	(393)	1 262	(204)	5 643

Other information's:

Depreciation / amortisation	(1 429)	(626)	(616)	(3)	(2 674)
Impairment of trade receivables	(2)	(79)	(340)	-	(421)
Impairment of stocks	-	(1 072)	(485)	-	(1 557)

The business segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

	Consulting	Engineering	Digital TV	Other	Novabase Group
Assets	86 290	84 401	54 008	3 639	228 338
Associates	35	1 322	52	2 214	3 623
Total Assets	86 325	85 723	54 060	5 853	231 961
Total Liabilities	33 215	55 109	35 986	1 727	126 037
Capital expenditure (12 Months)	2 203	1 105	1 806	81	5 195

The business segment assets and liabilities at 30 June 2007 and capital expenditure for the period then ended are as follows:

	Consulting	Engineering	Digital TV	Other	Novabase Group
Assets	91 745	73 238	54 433	2 293	221 709
Associates	35	1 332	52	2 606	4 025
Total Assets	91 780	74 570	54 485	4 899	225 734
Total Liabilities	32 716	45 644	36 757	960	116 077
Capital expenditure (6 Months)	769	660	648	-	2 077

Business segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.

Capital expenditure comprises additions to property plant and equipment (Note 7) and intangible assets (Note 8).

Secondary reporting format – geographical segments

At 30 June 2007, the Group operates in the following geographical areas:

- Portugal
- Germany
- Other

Sales and services rendered by geographical segments in the period ended 30 June 2006 are as follows:

	Portugal	Germany	Other	Novabase Group
Sales and Services rendered	94 064	11 680	19 684	125 428

Sales and services rendered by geographical segments in the period ended 30 June 2007 are as follows:

	Portugal	Germany	Other	Novabase Group
Sales and Services rendered	98 677	21 532	30 858	151 067

The geographical segment assets and liabilities at 31 December 2006 and capital expenditure for the period then ended are as follows:

	Portugal	Germany	Other	Unallocated	Novabase Group
Assets	148 512	28 437	12 773	38 616	228 338
Associates	3 623	-	-	-	3 623
Total Assets	152 135	28 437	12 773	38 616	231 961
Capital expenditure (12 Months)	3 619	996	8	572	5 195

The geographical segment assets and liabilities at 30 June 2007 and capital expenditure for the period then ended are as follows:

	Portugal	Germany	Other	Unallocated	Novabase Group
Assets	141 093	30 409	12 090	38 117	221 709
Associates	4 025	-	-	-	4 025
Total Assets	145 118	30 409	12 090	38 117	225 734
Capital expenditure (6 Months)	1 285	314	182	296	2 077

Geographical segment assets are allocated based on selling origin markets. Deferred income tax assets as well as goodwill and internally generated intangible assets are not allocated to any geographical segment.

6. Companies included in consolidation

The companies consolidated by full method on 30 June 2007 were the following:

Holding company, Subsidiaries and Associates	Head Office and country	Share Capital 30.06.07 Euros	Shareholding %	
			30.06.07	31.12.06
<i>Parent company - Group holding :</i>				
Novabase S.G.P.S.	Lisbon - Portugal	€ 15 700 697	-	-
<i>Novabase Consulting Division :</i>				
Novabase Consulting, S.A.	Lisbon - Portugal	€ 2 041 000	96.3%	96.3%
Novabase B. I., S.A.	Lisbon - Portugal	€ 250 000	96.3%	96.3%
Novabase Core Fin. Software Sol., S.A.	Lisbon - Portugal	€ 100 000	100.0%	100.0%
NBO Recursos em TI	Lisbon - Portugal	€ 50 000	96.3%	96.3%
Novabase A. C. D., S.A.	Lisbon - Portugal	€ 750 000	93.4%	93.4%
Novabase Consulting SGPS, S.A.	Lisbon - Portugal	€ 10 675 498	96.3%	96.3%
Novabase Consulting Espanha, S.A.	Madrid - Spain	€ 1 000 000	100.0%	100.0%
Novabase E. A., S.A.	Lisbon - Portugal	€ 150 000	96.3%	96.3%
CelFocus, S.A.	Lisbon - Portugal	€ 100 000	53.0%	53.0%
Mentor, S.A.	Lisbon - Portugal	€ 50 000	100.0%	100.0%
COLLAB - Sol. I. Com. e Colab., S.A.	Lisbon - Portugal	€ 50 000	55.4%	55.4%
SAF, S.A.	Lisbon - Portugal	€ 325 000	86.7%	53.9%
Novabase International Solutions BV	Amsterd. - Netherl	€ 18 000	90.0%	-
Nbase International Investments B.V.	Amsterd. - Netherl	€ 1 220 800	100.0%	100.0%
<i>Novabase Engineering Division :</i>				
Novabase Infraestruturas, SGPS, S.A.	Oeiras - Portugal	€ 50 000	87.3%	87.3%
Novabase IIS, S.A.	Oeiras - Portugal	€ 70 500	87.3%	87.3%
Octal - Engenharia de Sistemas, S.A.	Lisbon - Portugal	€ 3 000 000	100.0%	100.0%
Novabase Infr. Integracion S. Inf., S. A.	Madrid - Spain	€ 120 202	100.0%	100.0%
Gedotecom, Lda.	Lisbon - Portugal	€ 25 000	100.0%	100.0%
ES IT International Trade & Services	Fribourg - Switzerl	CHF200 000	99.9%	99.9%
Octal 2 Mobile	Lisbon - Portugal	€ 50 000	80.0%	80.0%
<i>Novabase Digital TV Division :</i>				
Techno Trend Holding	Amsterd. - Netherl	€ 97 295	39.5%	50.0%
(i) Techno Trend AG	Erfurt - Germany	€ 5 263 320	39.5%	44.1%
(ii) Novabase Interactive TV	Lisbon - Portugal	€ 278 125	39.5%	38.3%
(iii) Octal TV , S.A.	Lisbon - Portugal	€ 250 000	31.6%	30.7%
(iv) OnTV, S.A.	Lisbon - Portugal	€ 100 000	39.5%	19.5%
<i>Novabase Capital :</i>				
Novabase Capital SGCR, S.A.	Lisbon - Portugal	€ 2 500 000	100.0%	100.0%
<i>Novabase Shared Services:</i>				
Novabase Serviços, S.A.	Lisbon - Portugal	€ 250 000	100.0%	100.0%

- (i) The shares are entirely held by Techno Trend Holding. The Group has the power to govern the financial and operating policies of this company.
- (ii) The shares are entirely held by Techno Trend Holding. The Group has the power to govern the financial and operating policies of this company.
- (iii) 80.0% of the shares are held by Novabase Interactive TV. The Group has the power to govern the financial and operating policies of this company.
- (iv) 51% of the shares are held by Novabase Interactive TV and 49% of the shares are held by Techno Trend Holding. The Group has the power to govern the financial and operating policies of this company.

The companies consolidated using the equity method on 30 June 2007 were the following:

Holding company	Head Office and country	Share Capital 30.06.07 Euros	Shareholding %	
			30.06.07	31.12.06
Superemprego, S. A.	Lisbon - Portugal	€ 500 000	36.25%	36.25%
Mind, S.A.	Lisbon - Portugal	€ 370 000	50.0%	50.0%
Sapi 2 ci, Consultadoria Informática, S.A.	Oporto - Portugal	€ 60 100	50.0%	50.0%
Sapi 2 pi, Projectos Informáticos, Lda	Oporto - Portugal	€ 5 000	50.0%	50.0%
Fundo Capital Risco	Lisbon - Portugal	€ 7 142 857	30.0%	30.0%
Key Lab	Lisbon - Portugal	€ 500 000	15.0%	15.0%

7. Property plant and equipment

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

	30.06.07			31.12.06		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	1 342	494	848	1 361	427	934
Basic equipment	4 610	2 033	2 577	3 968	2 163	1 805
Transport equipment	4 593	2 528	2 065	5 331	2 729	2 602
Tools and utensils	539	399	140	502	364	138
Furniture, fittings and equipment	1 393	804	589	1 513	909	604
Other tangible fixed assets	12	5	7	12	4	8
	<u>12 489</u>	<u>6 263</u>	<u>6 226</u>	<u>12 687</u>	<u>6 596</u>	<u>6 091</u>

During 2006, movements on Property plant and equipment were as follows:

	01.01.06 Balance	Acquisitions / Increases	Disposals	Transfers	Change in Consolidation Universe	31.12.06 Balance
<i>Cost :</i>						
Buildings and other constructions	1 328	33	-	-	-	1 361
Basic equipment	5 967	704	(2 269)	75	(509)	3 968
Transport equipment	4 643	1 652	(898)	-	(66)	5 331
Tools and utensils	406	101	(5)	-	-	502
Furniture, fittings and equipment	1 670	172	(294)	(1)	(34)	1 513
Other tangible fixed assets	12	57	(57)	-	-	12
	<u>14 026</u>	<u>2 719</u>	<u>(3 523)</u>	<u>74</u>	<u>(609)</u>	<u>12 687</u>
<i>Accumulated Depreciation :</i>						
Buildings and other constructions	286	141	-	-	-	427
Basic equipment	3 663	1 033	(2 125)	1	(409)	2 163
Transport equipment	2 021	1 582	(804)	-	(70)	2 729
Tools and utensils	321	48	(5)	-	-	364
Furniture, fittings and equipment	956	267	(290)	(1)	(23)	909
Other tangible fixed assets	3	58	(57)	-	-	4
	<u>7 250</u>	<u>3 129</u>	<u>(3 281)</u>	<u>-</u>	<u>(502)</u>	<u>6 596</u>

During the period ended 30 June 2007, movements on Property plant and equipment were as follows:

	01.01.07 Balance	Acquisitions / Increases	Disposals	Transfers	Change in Consolidation Universe	30.06.07 Balance
<i>Cost :</i>						
Buildings and other constructions	1 361	6	(1)	-	(24)	1 342
Basic equipment	3 968	1 052	(337)	243	(316)	4 610
Transport equipment	5 331	288	(618)	-	(408)	4 593
Tools and utensils	502	37	-	-	-	539
Furniture, fittings and equipment	1 513	81	(110)	-	(91)	1 393
Other tangible fixed assets	12	20	(20)	-	-	12
	<u>12 687</u>	<u>1 484</u>	<u>(1 086)</u>	<u>243</u>	<u>(839)</u>	<u>12 489</u>
<i>Accumulated Depreciation :</i>						
Buildings and other constructions	427	90	(1)	-	(22)	494
Basic equipment	2 163	493	(317)	-	(306)	2 033
Transport equipment	2 729	616	(469)	-	(348)	2 528
Tools and utensils	364	35	-	-	-	399
Furniture, fittings and equipment	909	86	(110)	-	(81)	804
Other tangible fixed assets	4	21	(20)	-	-	5
	<u>6 596</u>	<u>1 341</u>	<u>(917)</u>	<u>-</u>	<u>(757)</u>	<u>6 263</u>

Buildings and other constructions includes assets in the amount of EUR 653 thousand installed on third party premises.
Depreciation is included in 'Depreciation and amortisation' item in the income statement (note 29).

Transport Equipment includes the following finance lease contracts:

	30.06.07	31.12.06
Acquisition cost	4 564	4 888
Accumulated depreciation	(2 514)	(2 364)
Net book value	2 050	2 524
	30.06.07	30.06.06
Depreciation charge	621	546

8. Intangible assets

Intangible assets are analysed as follows:

	30.06.07			31.12.06		
	Cost	Accumulated Amortisation	Net book value	Cost	Accumulated Amortisation	Net book value
Internally generated intangible assets	4 298	1 868	2 430	3 891	1 230	2 661
Industrial property and other rights	11 762	5 943	5 819	11 699	5 328	6 371
Work in progress	977	-	977	1 177	-	1 177
Goodwill	26 403	-	26 403	26 750	-	26 750
	43 440	7 811	35 629	43 517	6 558	36 959

During 2006, movements were as follows:

	01.01.06 Balance	Acquisitions / Increases	Impairment ch. Disposals	Transfers	Change in Consolidation Universe	31.12.06 Balance
<i>Cost :</i>						
Internally generated intangible assets	3 423	572	(860)	1 675	(919)	3 891
Industrial property and other rights	11 682	42	(242)	219	(2)	11 699
Work in progress	1 305	1 862	-	(1 968)	(22)	1 177
Goodwill	27 164	-	(213)	-	(201)	26 750
	43 574	2 476	(1 315)	(74)	(1 144)	43 517
<i>Accumulated Amortisation</i>						
Internally generated intangible assets	824	989	(860)	781	(504)	1 230
Industrial property and other rights	4 117	1 452	(239)	-	(2)	5 328
	4 941	2 441	(1 099)	781	(506)	6 558

During the period ended 30 June 2007, movements were as follows:

	01.01.07 Balance	Acquisitions / Increases	Impairment ch. Disposals	Transfers	Change in Consolidation Universe	30.06.07 Balance
<i>Cost :</i>						
Internally generated intangible assets	3 891	327	(79)	159	-	4 298
Industrial property and other rights	11 699	64	(1)	-	-	11 762
Work in progress	1 177	202	-	(402)	-	977
Goodwill	26 750	-	-	-	(347)	26 403
	43 517	593	(80)	(243)	(347)	43 440
<i>Accumulated Amortisation</i>						
Internally generated intangible assets	1 230	717	(79)	-	-	1 868
Industrial property and other rights	5 328	616	(1)	-	-	5 943
	6 558	1 333	(80)	-	-	7 811

Industrial property and other rights is analysed as follows:

Business	Amortisation Period	Company	Investment cost	Accumulated amortisation	Net book value
(i) ATX Projects	10 years	Novabase Consulting	8 295	3 174	5 121
(ii) SAP and Meta4	5 years	Novabase Serviços	2 194	1 763	431
Other			1 273	1 006	267
			<u>11 762</u>	<u>5 943</u>	<u>5 819</u>

(i) Amount paid to Espírito Santo group, for the acquisition of a service contract, over a period between 6 to 10 years.

(ii) Human resources and management information systems based respectively on META4 and mySAP platforms, for the Group internal use.

Internally generated intangible assets includes the cost of projects for the development of software, as well as the cost of projects for products development in specific areas.

Movements in goodwill were as follows:

	30.06.07	31.12.06
Balance at 1 January	28 369	28 570
(i) Changes in consolidation universe	(347)	(201)
Balance at the end of the period	<u>28 022</u>	<u>28 369</u>

Movements in goodwill impairment charges were as follows:

	30.06.07	31.12.06
Balance at 1 January	(1 619)	(1 406)
(ii) Impairment losses	-	(213)
Balance at the end of the period	<u>(1 619)</u>	<u>(1 619)</u>

- (i) In 2006: Disposal of Manchete participation. In 2007: Sapi's was consolidated by the equity method as the Group don't have the power to govern the financial and operating policies of this company.
- (ii) In 2006: An impairment loss was registered in this period, related with the remaining value of the Goodwill associated with the subsidiary Mind.

Impairment tests for goodwill

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

	30.06.07	31.12.06
Novabase Consulting division	14 155	14 155
Novabase Engineering division	731	731
Novabase Digital TV division	11 517	11 517
(*) Novabase Capital	-	347
	<u>26 403</u>	<u>26 750</u>

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

With the objective of analysing the goodwill impairment, on the second semester of 2006 were performed evaluations using the discounted cash flow method, which support the recoverable value of the goodwill.

For the purpose of preparing the discounted cash flow model was used a pre tax discount rate of 13.5% based on a 5 year period. The rate used in the cash flow growth estimate is considered conservative, and was used a perpetual growth rate of 3%.

EBITDA margins were estimated based on 2006 margins. For the period in analysis, the growth on sales and services rendered was considered between 5% and 17.5%.

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	
	30.06.07	31.12.06	30.06.07	31.12.06
(i) Plano B	75%	75%	9	9
(ii) WRC	4%	4%	15	15
(ii) Tape	1%	1%	4	4
(ii) Intelcart	10%	10%	2	2
TV Lab	45%	45%	49	49
(iii) Key Lab (see note 6)	15%	15%	1 325	1 316
Fundo Capital Risco and subsidiaries	30%	30%	2 173	2 212
(iv) SAPI2	50%	50%	432	-
Other			16	16
			<u>4 025</u>	<u>3 623</u>

- (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) This balance includes the amount of EUR 1 270 thousand of the goodwill arising from the acquisition of this equity holding.
- (iv) These companies were excluded from consolidation.

10. Deferred income tax assets

Novabase Group recognises the tax effects on timing differences that arose between the tax basis of assets and liabilities and their carrying amount in the Consolidated Financial Statements, in accordance with the International Accounting Standard 12 - Income Taxes.

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:

	30.06.07	31.12.06
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	1 635	1 665
Deferred tax asset to be recovered after more than 12 months	8 400	8 164
	<u>10 035</u>	<u>9 829</u>
Deferred tax liabilities:		
Deferred tax liability to be recovered within 12 months	-	-
Deferred tax liability to be recovered after more than 12 months	100	157
	<u>100</u>	<u>157</u>

The movement in the deferred income tax is as follows:

	30.06.07	31.12.06
Balance at 1 January	9 829	9 053
Change in consolidation universe	-	(74)
Transfers	(128)	(2)
Income statement charge	334	852
Balance at the end of the period	<u>10 035</u>	<u>9 829</u>

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 2006	5 915	330	2 172	636	9 053
Charged to the income statement	290	(124)	751	(65)	852
Transfers	(2)	-	-	-	(2)
Change in consolidation universe	(74)	-	-	-	(74)
Balance at 31 December 2006	6 129	206	2 923	571	9 829
Charged to the income statement	171	(60)	(85)	308	334
Transfers	(128)	-	-	-	(128)
Balance at 30 June 2007	6 172	146	2 838	879	10 035

11. Inventories

This heading is analysed as follows:

	30.06.07	31.12.06
Merchandise	11 231	12 373
Finished products	2 056	1 822
Raw materials, subsidiary goods and consumables	12 290	11 433
	25 577	25 628
Provision for inventory depreciation	(3 350)	(2 017)
	22 227	23 611

The movement in provision for inventory depreciation during the period / year, is analysed as follows:

	30.06.07	31.12.06
Balance at 1 January	2 017	5 917
Impairment	1 557	2 906
Impairment reversal	(197)	(480)
Transfers	-	(463)
Write-offs	(27)	(5 863)
	3 350	2 017

The amount of inventories recognised in income statement, under 'cost of goods sold' and 'external supplies and services' headings is EUR 89 640 thousand (2006: EUR 64 011 thousand).

12. Trade and other receivables

This heading is analysed as follows:

	30.06.07	31.12.06
Trade receivables	78 502	88 610
Provision for doubtful debts	(3 033)	(3 345)
	75 469	85 265
Prepayments to suppliers	5 386	2 976
Employees	333	310
Taxes	533	1 515
Subsidies from European Social Fund	138	186
Related parties debtors	556	661
Financial investments disposals	380	380
Other	2 558	865
	9 884	6 893
	85 353	92 158

The Group has recognised a loss of EUR 421 thousand (2006: EUR 1 351 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:

	30.06.07	31.12.06
- Ongoing projects	17 904	14 265
- Other accrued income	803	534
	<u>18 707</u>	<u>14 799</u>

14. Other current assets

This heading is analysed as follows:

	30.06.07	31.12.06
- Hardware and software maintenance	1 350	1 594
- Subcontracts	781	638
- Other deferred costs	1 959	989
	<u>4 090</u>	<u>3 221</u>

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

15. Available-for-sale financial assets

Movements in this heading are analysed as follows:

	30.06.07	31.12.06
Balance at 1 January	839	757
Disposals	(610)	-
Fair value adjustments in Equity	(229)	82
Balance at the end of the period	<u>-</u>	<u>839</u>

This heading is analysed as follows:

	30.06.07	31.12.06
Ordinary shares		
- Portugal Telecom	-	602
- PT Multimédia	-	237
	<u>-</u>	<u>839</u>

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:

	30.06.07	31.12.06
- Cash	6	327
- Short term bank deposits	38 656	39 218
- Other Cash Investments:		
- Finance investments in Portuguese banks	-	18
Cash and cash equivalents	<u>38 662</u>	<u>39 563</u>
- 'Overdrafts'	<u>(10 888)</u>	<u>(8 411)</u>
	<u>27 774</u>	<u>31 152</u>

17. Non-current assets classified as held for sale

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

The costs related with this two decisions were provisioned 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% held by Novabase Consulting were disposed in the first half of 1st Half of 2006, generating an income of EUR 68 thousand.

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

	30.06.07		30.06.06	
	Training	Brazil	Training	Brazil
Income	-	-	-	68
Expenses	-	-	-	-
Result before taxes of discontinued operations	-	-	-	68
Taxes	-	-	-	-
Result after taxes of discontinued operations	-	-	-	68

	30.06.07		31.12.06	
	Training	Brazil	Training	Brazil
Non-current assets classified as held for sale				
Amount to receive for the disposal	2 915	-	2 915	-
Provisions	(2 915)	-	(2 915)	-
	-	-	-	-

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

The Share Capital, fully subscribed and paid of EUR 15 700 697 is represented by 31 401 394 shares with a nominal value of EUR 0.5 each.

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares	Total
Balance at 1 January 2006	28 726	14 363	37 252	(14)	51 601
Shares issued	2 675	1 338	11 961	-	13 299
Treasury shares purchased	-	-	-	(314)	(314)
Treasury shares disposed	-	-	-	68	68
Balance at 31 December 2006	31 401	15 701	49 213	(260)	64 654
Treasury shares disposed	-	-	-	110	110
Balance at 30 June 2007	31 401	15 701	49 213	(150)	64 764

The number of treasury shares held by Novabase S.G.P.S. on 30.06.07 is under the limits established by its statutory rules (10% of share capital) and in accordance with the Portuguese commercial law.

At 31 December 2006 Novabase S.G.P.S. held 520 577 treasury shares, representing 1.66% of its share capital.

During 1st Half of 2007 the company disposed 23 169 shares by the exercise of stock options, at the average price of EUR 4.74.

At 30 June 2007, Novabase S.G.P.S. held 497 408 treasury shares, representing 1.58% of total share capital.

Stock Options Plan

There are two Stock Options Plans in force approved in distinct Shareholders General Meetings.

The Stock Options attributed will automatically expire, whenever the employee is no longer working in any of the Group companies, or ceases functions as Administrator.

All active plans as at 1st Half of 2007 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:

	30.06.07		31.12.06	
	Average exercise price in EUR per share	Options (thousands)	Average exercise price in EUR per share	Options (thousands)
Balance at 1 January		4 725		5 886
Granted	-	-	6.27	2 968
Exercised	4.91	(23)	4.97	(2 676)
Lapsed	5.57	(1 737)	6.58	(1 453)
Balance at the end of the period		2 965		4 725

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)	
		30.06.07	31.12.06
2007	4.91	-	475
2007	5.81	-	1 285
2008	6.03	1 005	1 005
2009	6.39	1 960	1 960
		2 965	4 725

In order to foster liquidity of Novabase Shares in the stock exchange, the group maintained the liquidity contract with Caixa - Banco de Investimento S.A. (Caixa) during January 2007.

Financial institution Caixa - Banco de Investimento S.A. (Caixa) 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.

Share maximum limit	400 000 shares
Firm offer obligations for sale and purchase	2000 in purchase and selling
Maximum spread	0.05 (~0,8%)
Period	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 used.

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:

	30.06.07	31.12.06
Balance at 1 January	11 211	12 018
Acquisitions without control changes	(804)	-
Change in consolidation universe	(479)	(1 150)
Minority interests in profit for the period / year	1 750	343
	<u>11 678</u>	<u>11 211</u>

21. Non current liabilities

This heading is analysed as follows:

	30.06.07	31.12.06
Non-current		
Bank borrowings	6 050	7 400
Finance lease liabilities	1 430	1 782
	<u>7 480</u>	<u>9 182</u>
Current		
Bank borrowings	21 185	15 303
Finance lease liabilities	1 170	1 368
	<u>22 355</u>	<u>16 671</u>
Total borrowings	<u>29 835</u>	<u>25 853</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 2006	13 953	1 350	15 303
At 30 June 2007	19 835	1 350	21 185

The maturity of non-current borrowings is as follows:

	30.06.07	31.12.06
Between 1 and 2 years	2 700	2 700
Between 2 and 5 years	3 350	4 700
	<u>6 050</u>	<u>7 400</u>

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

	30.06.07	31.12.06
Bank borrowings	5.247%	4.751%
Bank overdrafts	4.569%	4.388%

	30.06.07	31.12.06
Finance lease liabilities – minimum lease payments:		
Not later than 1 year	1 170	1 368
Between 1 and 5 years	1 430	1 782
	<u>2 600</u>	<u>3 150</u>

22. Retirement benefit obligations

TechnoTrend AG has a pension plan for board management. This obligation is recorded under 'trade and other payables'. Yearly costs incurred with this plan are recorded in the income statement.

This item is analysed as follows:

Balance sheet obligations related with:

	30.06.07	31.12.06
Retirement benefit obligations	360	380
	<u>360</u>	<u>380</u>

Profit and loss related with:

	30.06.07	31.12.06
Retirement benefit obligations	11	25
	<u>11</u>	<u>25</u>

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

	30.06.07	31.12.06
Present value of defined benefits obligation	607	596
Fair value of plan assets	(247)	(216)
	<u>360</u>	<u>380</u>

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

	30.06.07	31.12.06
Actual cost of service	11	60
Interest paid	-	26
Asset expected return	-	(8)
Net actuarial loss recognized during the period / year	-	(53)
Total, accounted under staff costs	<u>11</u>	<u>25</u>

Movement in balance sheet is analysed as follows:

	30.06.07	31.12.06
Balance at 1 January	380	434
Total costs recognized in income statement	11	25
Contributions paid	(31)	(79)
Balance at the end of the period	360	380

Main actuarial assumptions used are the following:

	30.06.07	31.12.06
Discount Rate	4.50%	4.50%
Expected return of plan assets	4.50%	4.50%
Future wage increase	0.00%	0.00%
Predicted plan increases	2.00%	2.00%

23. Provisions

Movements on Provisions are analysed as follows:

	30.06.07	31.12.06
Balance at 1 January	1 072	591
Charged to income statement:		
Additional provisions	542	645
Used during year	(249)	(163)
Changes in consolidation universe	-	(1)
	1 365	1 072

Provisions balance includes the following matters:

Warranties - Liabilities related with third parties subcontracts in the supply of hardware for the TV business, to cover the client's warranty period (EUR 946 thousand).

Legal Disputes - Responsibilities with indemnities to third parties related with the legal disputes in progress (EUR 100 thousand). The payment of this liability depends on the conclusion of the mentioned legal procedures (see note 37).

24. Trade and other payables

This heading is analysed as follows:

	30.06.07	31.12.06
Trade payables	40 461	47 194
Marketing	45	1 856
Personnel - remuneration, vacation and vacation subsidies	8 255	5 563
Bonus	2 792	3 770
Projects in progress	7 384	6 723
VAT	5 410	7 762
Social security contributions	792	1 464
Income tax withholding	705	930
Employees	839	489
Subscribers of share capital in subsidiaries	1 394	1 394
Retirement benefit obligations	360	380
Prepayments from clients	567	706
Other accruals	3 117	2 413
Other payables	1 030	2 846
	73 151	83 490

25. Deferred income and other current liabilities

This item is analysed as follows:

	30.06.07	31.12.06
Subsidies		
- Investment subsidies	1 258	331
- Training subsidies	260	331
Consulting Projects	9 533	14 762
	11 051	15 424

26. External supplies and services

External supplies and services heading is analysed as follows:

	30.06.07	30.06.06
<i>Subcontracts</i>	8 924	9 154
<i>Supplies and Services :</i>		
Transportation and travel expenses	3 364	2 423
Commissions and consultancy fees	3 402	3 552
Specialised services	1 401	1 349
Rentals	1 246	1 026
Advertising and promotion	1 074	8 300
Merchandise transport	953	854
Royalties	465	696
Communications	377	329
Insurance	339	446
Water, electricity and fuel	310	309
Utility expenses	127	190
Other services	1 281	856
	14 339	20 330
	23 263	29 484

27. Employee benefit expense

This heading is analysed as follows:

	30.06.07	30.06.06
Board members remuneration	3 397	2 693
Salaries and wages	22 969	18 365
Social security charges	3 839	3 638
Stock options attributed	84	478
Other personnel expenses	579	417
	30 868	25 591

Average number of personnel by division is detailed as follows:

	30.06.07	30.06.06
'Novabase Consulting'	924	839
'Novabase Engineering'	283	240
'Digital TV'	292	250
'Novabase Capital' :	1	21
'Staff'	82	90
	1 582	1 440

28. Other losses - net

	30.06.07	30.06.06
(i) Gain on financial participation disposals	-	1 085
Client impairment and reversal of client impairment	97	(220)
Inventories impairment and reversal of inventories impairment	(1 360)	(2 322)
Warranties provisions	(329)	(507)
Other Provisions	33	-
Other	207	(124)
	<u>(1 352)</u>	<u>(2 088)</u>

(i) Disposal of Manchete.

In the first half of 1st Half of 2006, the 50.001% financial holding on Manchete was disposed by the group, by the total amount of EUR 1 500 thousand. This amount is totally received as at 31 December 2006.

The following subsidiary assets and liabilities were disposed:

	Manchete
Cash and cash equivalents	68
Tangible fixed assets	117
Intangible fixed assets	10
Trade, other receivables and income accrual	475
Other current assets	17
Borrowings	(62)
Provisions for other risk and charges	(1)
Trade, other payables and deferred income	(214)
Expense accruals	(74)
Net assets	<u>336</u>

29. Depreciation and amortisation

Depreciation and amortisation heading is analysed as follows:

	30.06.07	30.06.06
<i>Property plant and equipment Depreciation:</i>		
Buildings and other constructions	90	70
Basic equipment	493	575
Transport equipment	616	589
Tools and utensils	35	23
Furniture, fittings and equipment	86	124
Other tangible fixed assets	21	1
	<u>1 341</u>	<u>1 382</u>
<i>Intangible fixed assets Amortisation :</i>		
Internally generated intangible assets	717	422
Industrial property and other rights	616	752
	<u>1 333</u>	<u>1 174</u>
	<u>2 674</u>	<u>2 556</u>

30. Financial income

This heading is analysed as follows:

	30.06.07	30.06.06
Interest received	549	230
Net income on the disposal of financial assets	267	-
Positive exchange differences	876	627
Other financial gains	1	17
	<u>1 693</u>	<u>874</u>

31. Financial costs

This heading is analysed as follows:

	30.06.07	30.06.06
Interest paid		
- Loans	(685)	(406)
- Interest on leasing contracts	(211)	(228)
- Factoring interest	(468)	(370)
- Other interest	(15)	(24)
Bank guarantees charges	(138)	(76)
Bank services	(78)	(91)
Negative exchange differences	(962)	(988)
Other financial losses	(8)	(92)
	<u>(2 565)</u>	<u>(2 275)</u>

32. Share of profit/(losses) of associates

This heading is analysed as follows:

	Profit / (Loss)	
	30.06.07	30.06.06
Mind, S.A.	-	(398)
Fundo Capital Risco and Subsidiaries	12	5
Key Lab	8	(33)
	<u>20</u>	<u>(426)</u>

33. Income tax expense

This heading is analysed as follows:

	30.06.07	30.06.06
Current tax	1 636	585
Deferred tax due to timing differences	(334)	(543)
	<u>1 302</u>	<u>42</u>

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

	30.06.07	30.06.06
Profit before tax	6 945	3 407
Income tax at nominal rate	1 736	937
Fiscal benefits from work creation	(98)	(349)
Provisions and amortisations not considered for fiscal purposes	93	89
Deferred tax recognition on provisions from previous periods	(42)	(458)
Subsidiary disposals	-	(298)
Autonomous taxation	173	149
Losses from companies without deferred liabilities taxes	173	45
Expenses not deductible for tax purposes	(38)	55
Difference from foreign companies income tax	(22)	-
R&D fiscal benefits	(876)	(122)
Income tax adjustment due to changes in legislation	177	-
Impairment of deferred taxes	50	-
Other	(24)	(6)
Income tax	1 302	42

34. 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).

Diluted

Each share diluted result is calculated by adjusting the average weighted number of ordinary shares, in order to consider the conversion of all the potentials dilutive ordinary shares. Novabase has just one type of potential ordinary dilutive shares: stock options. It was decided that the number of shares to be acquired at its fair value (by the weighted average of the Novabase shares market price). This number of shares was compared with the number of shares that would be issued if all the options were exercised.

This item is analysed as follows:

	30.06.07	30.06.06
Weighted average number of ordinary shares in issue	31 189 522	29 171 703
Stock options adjustment	-	291 017
Adjusted weighted average number of ordinary shares in issue	31 189 522	29 462 720
Profit from continuing operations attributable to equity holders of the Company	3 893 498	3 567 544
Basic earnings per share (euro per share)	0.12 euros	0.12 euros
Diluted earnings per share (euro per share)	0.12 euros	0.12 euros
Profit from discontinued operations attributable to equity holders of the Company	-	67 775
Basic earnings per share (euro per share)	-	-
Diluted earnings per share (euro per share)	-	-

35. 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>30.06.07</u>	<u>31.12.06</u>
Novabase S.G.P.S.	BPI	169	169
Novabase S.G.P.S.	BES	5 500	3 000
Novabase Consulting, S.A.	BPI	1 344	1 073
Novabase Consulting, S.A.	BES	5 019	4 956
Novabase B. I., S.A.	BPI	50	100
Novabase B. I., S.A.	BES	-	11
Novabase A. C. D., S.A.	BPI	1	-
Novabase Serviços, S.A.	BPI	399	399
Novabase Serviços, S.A.	BES	371	-
Manchete, S.A.	BNP	-	9
SAF, S.A.	BPI	9	6
Novabase Core Fin. Software Sol., S.A.	BPI	2	1
CellFocus, S.A.	BPI	-	417
Octal - Engenharia de Sistemas, S.A.	BCP	1 164	910
Octal - Engenharia de Sistemas, S.A.	BES	21	21
Octal - Engenharia de Sistemas, S.A.	COSEC	98	98
Novabase IIS, S.A.	BNP PARIBAS	-	10
Novabase IIS, S.A.	BES	1 095	1 023
Novabase IIS, S.A.	BCP	23	10
Novabase Infr. Integracion S. Inf., S. A.	BESSA	224	-
Novabase Infr. Integracion S. Inf., S. A.	BES	-	66
Gedotecome, Lda.	BCP	19	35
Octal TV, S.A.	BCP	26	26
Octal TV, S.A.	BBVA	237	237
Novabase Consulting Espanha, S.A.	BBVA	34	34
Octal 2 Mobile	BBVA	4 500	4 500
		<u>20 305</u>	<u>17 111</u>

The commitments detailed above includes bank guarantees in the amount of EUR 5 500 thousand issued from Novabase S.G.P.S. to the associated TT AG, in order to guarantee the loans made by this company.

In the 1st Half of 2007, the Group had the following credit lines grouped contracted:

<u>Group of companies</u>	<u>Credit line</u> <u>(Millions €)</u>
NB SGPS; NB Serviços; NB Consulting; Octal; NB IIS; Octal2Mobile	10
NB SGPS; NB Consulting; NB EA; NB Serviços; NB BI; NB ACD; NB Capital; NBO	7
NB SGPS; Octal; TV Lab; NB IIS; Octal2Mobile	5
NB SGPS; Octal; NB IIS; Octal2Mobile	5
NB SGPS; Octal; NB IIS; Octal2Mobile	5

With the intention to stabilize its cash flows, the group uses full factoring transactions. As at 30.06.07, the amount transferred to factoring companies was EUR 16 482 thousand.

As at 30 June 2007 there was a foreign exchange contract to support the rate impact of debts to suppliers / from clients in USD. See note 3a).

36. Related-party transactions

For reporting 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>30.06.07</u>	<u>30.06.06</u>
BES group	6 616	3 855
	<u>6 616</u>	<u>3 855</u>

The above identified transactions were performed at arms length.

ii) Purchases of goods and services

	30.06.07	30.06.06
BES group	72	-
	<u>72</u>	<u>-</u>

iii) Key management compensation

	30.06.07	30.06.06
Salaries and other short-term employee benefits	3 386	2 654
Post-employment benefits	11	39
	<u>3 397</u>	<u>2 693</u>

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

	30.06.07	31.12.06
Receivables from related parties:		
BES group	5 599	6 737
	<u>5 599</u>	<u>6 737</u>
Payables from related parties:		
BES group	1	-
	<u>1</u>	<u>-</u>

At 30 June 2007 and 31 December 2006, no provisions for loans provided to associates were considered necessary.

v) Loans to related parties

	30.06.07	31.12.06
BES group	4 250	5 100

37. Other Information

On 30 June 2007 the Group was part intervenient in the following processes:

- (i) Court procedure brought by the company Drink In – Companhia de Indústria de bebidas e Alimentação, S.A. against one of Novabase's subsidiaries, under which the plaintiff claimed payment of approximately EUR 716 thousand allegedly on account of penalty for delay in implementing and installing an information system. Under the same proceedings, Novabase's subsidiary in question filed a reply and a counterclaim in the amount of approximately EUR 297 thousand concerning unpaid invoices. The Court session is appointed for September 17, 2007.
- (ii) Arbitration Procedure brought against Novabase Saúde, S.A., under which the latter claimed compensation in the amount of EUR 47 thousand. The parties settled the dispute by agreement in May 2007, under which NOVABASE SGPS, SA, in its capacity of former single shareholder of the referred company, now winded up, paid a compensation to the Plaintiff in the amount of approximately EUR 24 thousand.
- (iii) There are 2 labour Court actions pending against 2 subsidiaries of Novabase, the amount of potential liability under the aggregate of these actions amounting to approximately EUR 12 thousand, added of interests accrued and to be accrued until full payment, payment of salaries accrued and to be accrued until the Courts decision (res judicata) and compensation to be decided by the Judge (between 15 and 45 days of salary for each year of seniority). In one of the referred actions a decision against the company may imply readmission of the worker. These cases await final hearing.
- (iv) Three Court actions pending against a Novabase's subsidiary have been terminated, two of which labour related and one civil action. The two former have been settled by agreement of the parties and against payment of an aggregate amount of approximately EUR 16 thousand. In the latter action the Company was released from most part of the claim, having been order to pay approximately EUR 1 thousand.
- (v) Novabase, Sociedade Gestora de Participações Sociais, S. A. and Novabase Capital, Sociedade Gestora de Capital de Risco, S. A. are defendants in a civil action where the plaintiff, Carlos António Pinto Eliseu Baptista Lopes, claim's payment of EUR 905 thousand, plus interests accrued until full payment and damages in a value yet to be established within the procedure. This lawsuit is at the hearing stage. In the event of an unfavourable decision Novabase, Sociedade Gestora de Participações Sociais, S. A. and Novabase Capital, Sociedade Gestora de Capital de Risco, S. A. may have to support payment of EUR 905 thousand plus interests accrued until full payment and damages in a value yet to be established.

- (vi) Court procedure brought by the company Altitude Software, S.A., against a subsidiary of Novabase, under which the plaintiff claims seizure of software, respective documentation and source-code, that the defendant be restricted to reproduce and commercialise the same software; as well as claims moral damages in the amount of EUR 500 thousand and pecuniary damages to be determined at the time of enforcement of the action; application of a compulsory penalty in the amount of EUR 1 thousand per day of non-compliance with a possible court decision in its favour. Novabase's subsidiary has presented a Reply to this action and under the same proceedings has requested that a fine be imposed on the plaintiff on account of litigation on bad faith. The preliminary hearing has been appointed for April 3, 2008.
- (vii) A Subsidiary of Novabase is defendant in a Court action brought against by CES - Comércio de Equipamentos de Escritório, S.A., the latter having claimed payment of approximately EUR 176 thousand. The Defendant presented reply and a counterclaim against the Plaintiff, and the preliminary hearing has already taken place.
- (viii) Four Novabase's subsidiaries have proceedings pending against them brought by INE - Instituto Nacional de Estatística, due to non-presentation of forms, having presented replies in their defence and the forms due, having requested non-application of penalties or, in alternative, application of a minimum penalty. The referred proceedings await their usual terms.
- (ix) A subsidiary of Novabase is co-Defendant in an action brought against by Digisat - Digital Satélite, Lda., having presented reply. The Court requested to the Plaintiff rectification of the terms of the claim in order to clarify action value (approximately EUR 40 thousand) and the amount claimed (approximately EUR 100 thousand). The action awaits its further terms.
- (x) A subsidiary of Novabase is defendant in a proceeding brought against by Wisi Comunicaciones, S.A., the latter claiming payment of approximately EUR 24 thousand. The company present a reply to this action, which awaits its further terms.

38. Subsequent events

No other events worthy of note happened until the date of conclusion of this report.

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

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Limited Review Report on the Consolidated Half Year Financial Information

(Free Translation from the original in Portuguese)

Introduction

1 We hereby present our Limited Review Report on the consolidated information for the period of six months ended 30 June 2007, of Novabase SGPS, S.A., included in: the Directors' Report, consolidated balance sheet (which shows a total of euro 225.734 thousand, a total shareholders' equity of euro 109.657 thousand including minority interests of euro 11.678 thousand, including a profit for the period of euro 3.893 thousand), consolidated statement of income by nature, consolidated statement of changes in equity and consolidated cash flow statements for the period then ended and the respective notes.

2 The amounts in the consolidated financial statements, as well as the financial information, were obtained from the accounting records.

Responsibilities

3 The Company's board of Directors is responsible for: (a) the preparation of consolidated financial information that present a true and fair view of the financial position of the companies included in the consolidation and the consolidated results of their operations; (b) the preparation of historical financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code ("Código dos Valores Mobiliários"); (c) to adopt adequate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any relevant matters which have influenced their activity, financial position or results.

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

Novabase SGPS, S.A.

Scope

5 Our work was performed, with the objective of obtaining moderate assurance about whether the financial information referred to above is free of material misstatement. Our work, which was performed in accordance with the Standard and Technical Recommendations approved by the Portuguese Institute of Statutory Auditors, was planned in accordance with that objective, and consisted mainly of enquiries and analytical procedures to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted considering the circumstances and their consistent application; (iii) the applicability, or otherwise, of the going concern basis of accounting; (iv) the presentation of the financial information; and (v) if, the consolidated financial information is complete, true, timely, clear, objective and licit.

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

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

Conclusion

8 Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the period of six months ended 30 June 2007 is not free of material misstatements that affects its conformity with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU and that it is not complete, true, timely, clear, objective and licit.

Lisbon, 27 September 2007

PricewaterhouseCoopers & Associados, SROC, Lda.
represented by:

Abdul Nasser Abdul Sattar, R.O.C.

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

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Detail on securities issued by the company and other group companies, held by board members as at 30.06.07

	Share Capital	Total n° of shares	Shares held by board members at 31.12.06	Transactions	Shares held by board members at 30.06.07	% of shares held by board members
Novabase SGPS, S.A.	15 700 697	31 401 394	12 193 898	0	12 193 898	38.8%
José Afonso Oom Ferreira de Sousa			2 498 746	0	2 498 746	8.0%
Pedro Miguel Quinteiro M. de Carvalho			2 498 697	0	2 498 697	8.0%
Rogério dos Santos Carapuça			1 884 787	0	1 884 787	6.0%
Luís Paulo Cardoso Salvado			1 786 790	0	1 786 790	5.7%
João Nuno da Silva Bento			1 783 563	0	1 783 563	5.7%
Álvaro José da Silva Ferreira			804 866	0	804 866	2.6%
João Vasco Tavares da Mota Ranito			492 628	0	492 628	1.6%
José Carlos de Almeida Pedro de Jesus			368 875	0	368 875	1.2%
Manuel Saldanha Tavares Festas			74 946	0	74 946	0.2%
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%
José Afonso Oom Ferreira de Sousa			1	0	1	0.1%
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%
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	33 542	(33 542)	0	0.0%
José Carlos de Almeida Pedro de Jesus			33 542	(33 542)	0	0.0%
Novabase International Solutions, B.V.	18 000	18 000	0	720	720	4.0%
Paulo Jorge Barros Pires Trigo			0	720	720	4.0%
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%
Tecnhotrend AG	5 263 320	5 263 320	674 668	(674 668)	0	0.0%
Heiko Kieser			654 332	(654 332)	0	0.0%
Michael Pauli			20 336	(20 336)	0	0.0%
Tecnhotrend Holding, B.V.	97 295	9 729 470	3 500 000	1 871 496	5 371 496	55.2%
Heiko Kieser			3 110 300	579 384	3 689 684	37.9%
Michael Pauli			389 700	18 007	407 707	4.2%
José Jesus			0	1 124 105	1 124 105	11.6%
Miguel Rolo			0	150 000	150 000	1.5%
TV Lab, S.A.	525 000	525 000	26 250	0	26 250	5.0%
António Precatado			26 250	0	26 250	5.0%

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