

# Novabase

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## Report and Accounts

3<sup>rd</sup> Quarter 2010

## **Report & Accounts**

### **I - Board of Directors Report and Consolidated Results**

- 1 Key Indicators**
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### **II - Consolidated Financial Statements**

### **III - Condensed Consolidated Accounts**

## Consolidated Results on September 30, 2010

Privileged Information (IFRS/IAS)

November 4, 2010

**Turnover reaches 179.5 M€**  
(180.4 M€ in 9M09)

**EBITDA reaches 16.6 M€**  
(16.7 M€ in 9M09)

**Net Profit: 9.3 M€**  
(9.3 M€ in 9M09)

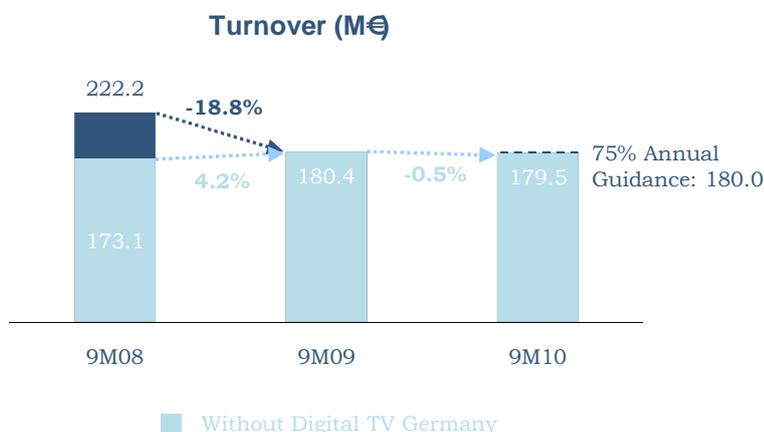
### 1. Key Indicators

The turnover and EBITDA consider the TV business in Germany only in the first nine months of 2008 (last period considered in the consolidation perimeter).

#### 1.1. Turnover

The Consolidated Sales and Services rendered in 3rd quarter of 2010 (9M10) reached 179.5 M€ (million euros), which represents a decrease of 0.5% vs. the 180.4 M€ in 9M09.

The chart below shows Turnover variation compared to the prior periods.



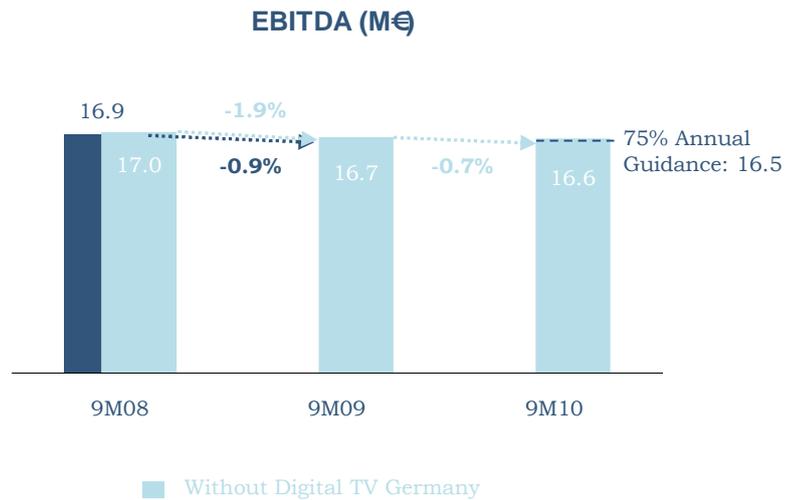
Novabase SGPS, S.A.  
Public Company  
Euronext code: NBA.AM  
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182  
Capital: 15,700,697.00 €  
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## 1.2. EBITDA

EBITDA reached 16.6 M€ in 9M10 which represents a decrease of 0.7% compared to the 16.7 M€ in the 9M09.

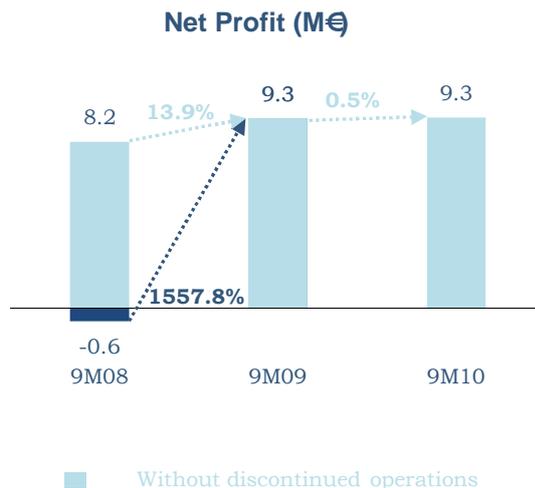
The chart below shows EBITDA variation compared to the prior periods.



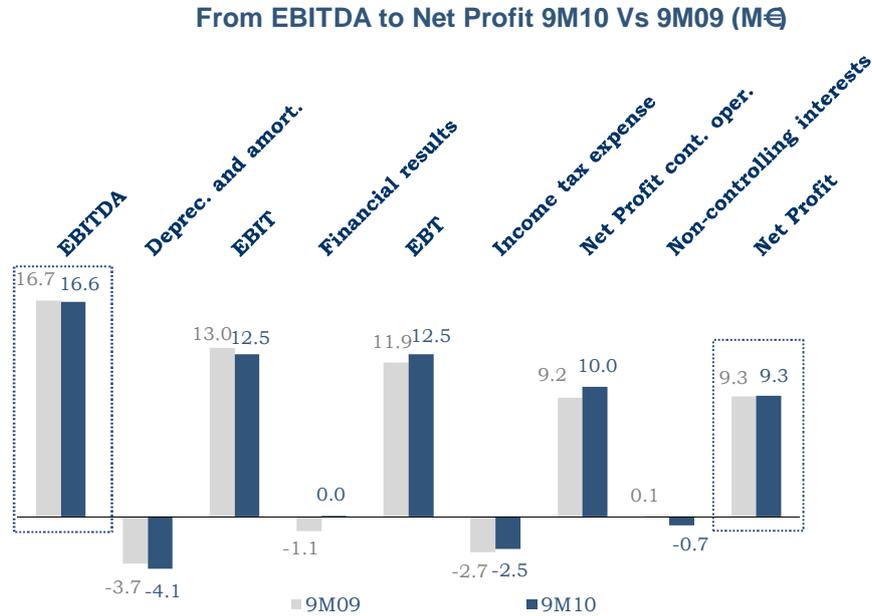
EBITDA margin in 9M10 was 9.2%, below the 9.3% margin in 9M09.

## 1.3. Net Profit

The Consolidated Net Results, after Non-controlling interests and results from discontinued operations, reached 9.3 M€, showing an increase of 0.5% vs. the 9.3 M€ in 9M09.



The reconciliation between EBITDA and Net Profit is as follows:



Depreciation and amortization reached -4.1 M€, above the amount registered in 9M09 (-3.7 M€).

Operating profit (EBIT), in the amount of 12.5 M€, decreased 3.9% compared to 9M09 (13.0 M€).

The Financial results reached a net positive value of 0.01 M€, above the net negative value of 1.1 M€ registered in the same period of the prior year. Foreign exchange gains in the amount of 0.8 M€ were recorded in 9M10.

EBT reached 12.5 M€ in this period, registering an increase of 5.1% vs. the 11.9 M€ booked in the same period of the prior year.

Income tax expense in the 9M10 reached -2.5 M€, above the -2.7 M€ in 9M09.

Non-controlling interests in 9M10 amounted to -0.7 M€, which compares to 0.1 M€ in 9M09. This evolution is due to the improvement of the results of subsidiaries Collab and Celfocus comparatively to the same period of the prior year.

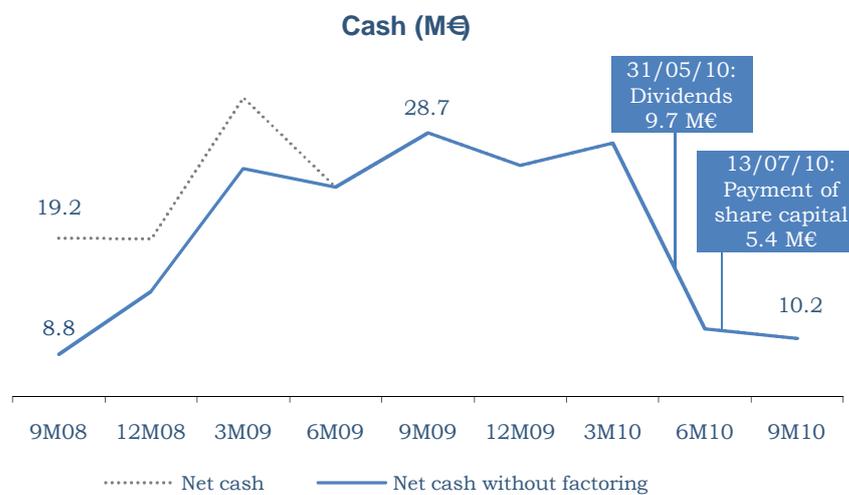
Earnings per share (EPS) increased 0.7%, from 0.307 to 0.309 euros per share.

## 1.4. Cash

In the 9M10 Novabase shows a negative performance in cash generation, although without use of factoring for the sixth consecutive quarter. Novabase ended the 9M10 with 10.2 M€ in net cash which compares to 25.7 M€ in the 12M09.

However, it is to be noted that this cash reflects the payment of dividends in the amount of 9.7 M€ and the payment of the amounts freed as a result of the share capital reduction in the amount of 5.4 M€. Removing this effect, Novabase would have ended the 9M10 with 25.3 M€ in net cash.

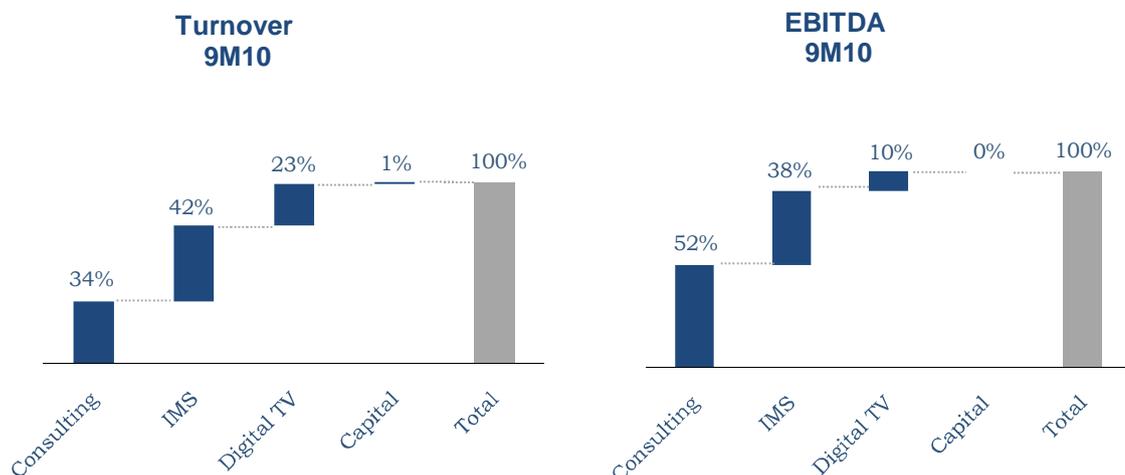
This evolution also reflects a significant investment in working capital.



## 2. Short Summary of the Activity

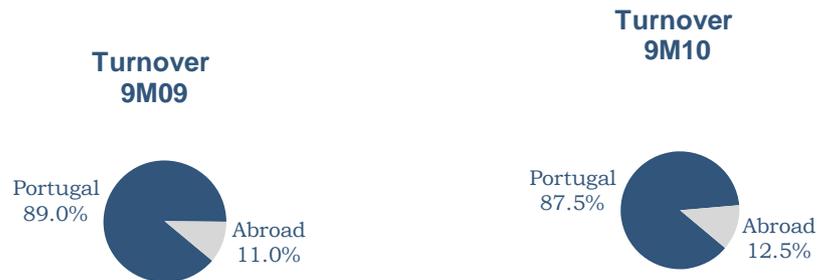
The nine months of 2010 show a positive performance given the current economic context. These results reflect the value-oriented management and the preparation for a new phase of growth with strategic stakes for the future.

The percentage breakdown of turnover and EBITDA by the different businesses in the 9M10 is as follows:



Of the overall turnover generated in 9M10, the services rendered represents 53.9%, which compares to 50.0% in 9M09, in line with Novabase strategic focus to increase the added value of its offers.

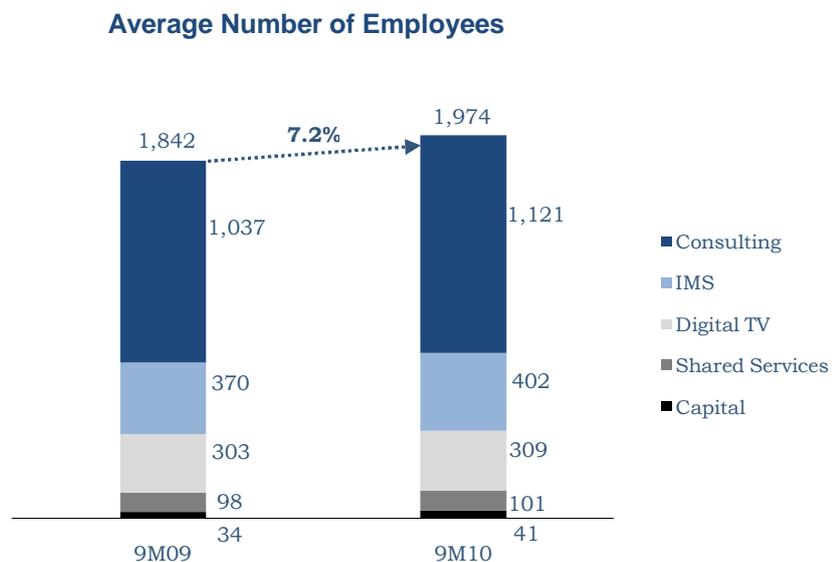
Of the 179.5 M€ turnover, 12.5% is generated outside Portugal, that is 22.4 M€, which represents an increase of 13.6% towards the 19.8 M€ registered in 9M09. This evolution reflects the strategic orientation of Novabase to reinforce its international presence.



Business outside Portugal is generated mainly in the Novabase Consulting business area, with international sales representing 14.6% of the respective turnover, and in the Novabase IMS business area, with international sales in 9M10 representing 12.7% of the respective turnover. Novabase Digital TV area increased the relative weight of the international business, which represents 6.2% of the respective turnover (compared to 4.1% in 9M09).

In terms of Human Resources, Novabase had on average in the 9M10, 1,974 employees, which represents an increase of 7.2% compared to the 9M09 (1,842) and an increase of 6.1% compared to FY09 (1,861), in line with the services growth.

Employee breakdown by business area is as follows:



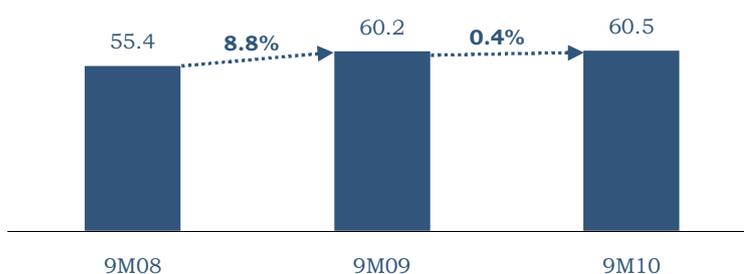
## 2.1. Novabase Consulting

Novabase Consulting is organized around the following competency areas:

- Business & IT Consulting
- Advanced Custom Development
- Business Intelligence
- Enterprise Applications & Integration
- IT Contracting

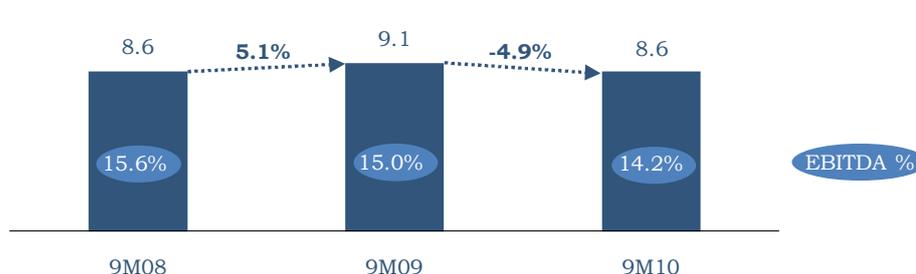
Global turnover in this business area reached 60.5 M€, which represents a growth of 0.4% compared to 9M09.

Turnover Novabase Consulting (M€)



Novabase Consulting EBITDA in 9M10 decreased 4.9% year on year (from 9.1 M€ to 8.6 M€), reaching an EBITDA margin of 14.2% (which compares to 15.0% in 9M09 and a margin of 14.6% in FY09).

EBITDA Novabase Consulting (M€)



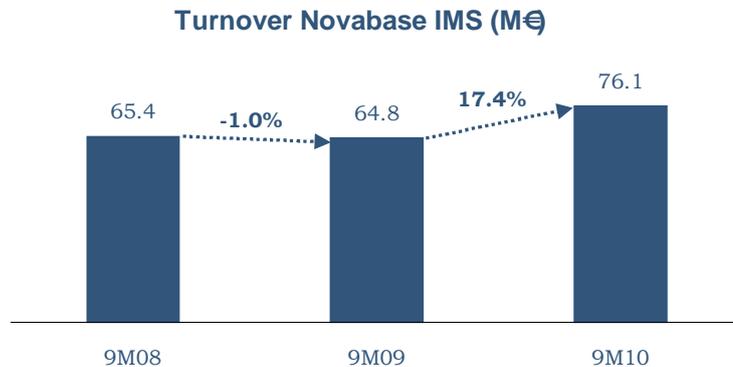
This evolution results from a reduction in the average allocation rate of employees. However, operational profitability of this area is above the comparables in the sector internationally and considered positive in the current market conditions.

## 2.2. Novabase IMS

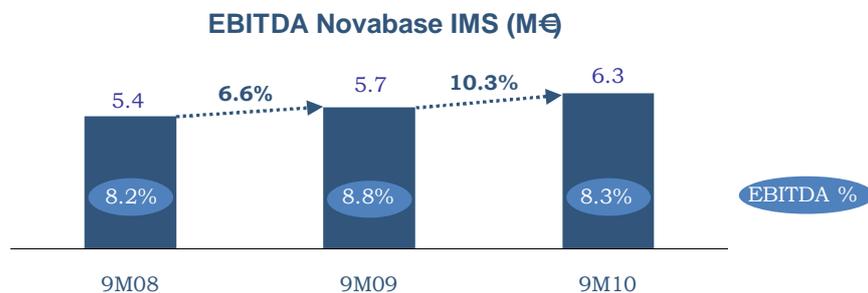
Novabase IMS includes three lines of business:

- Outsourcing: including Application Outsourcing and Infrastructure Outsourcing;
- IT Infrastructures: solutions including IT infrastructures ranging from physical components (cabling, routers, etc.) to business communications services, including videoconferencing and video on demand;
- Ticketing and Transport Solutions: core product and service offer for transports, covering the devices and systems for the whole ticket lifecycle, from production to back office revenue accounting.

Global turnover in this business area reached 76.1 M€, which represents an increase of 17.4% compared to 9M09.



Novabase IMS EBITDA in 9M10 increased 10.3% year on year (from 5.7 M€ to 6.3 M€), reaching an EBITDA margin of 8.3% (which compares to 8.8% in 9M09 and a margin of 8.0% in FY09).

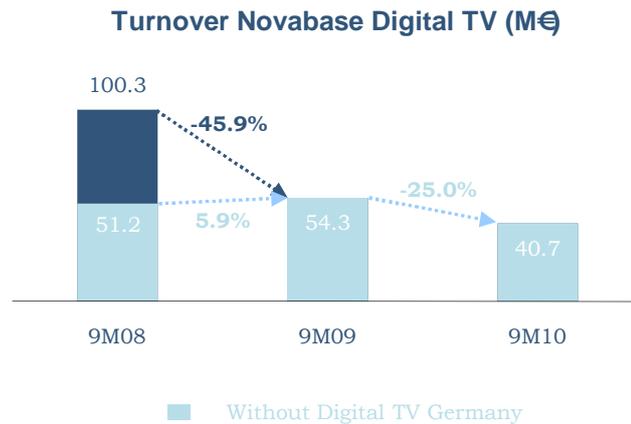


This reflects a strategy of focusing on projects with higher technological complexity and higher added value as a measure to offset the adverse economic situation and consequent pressure on prices.

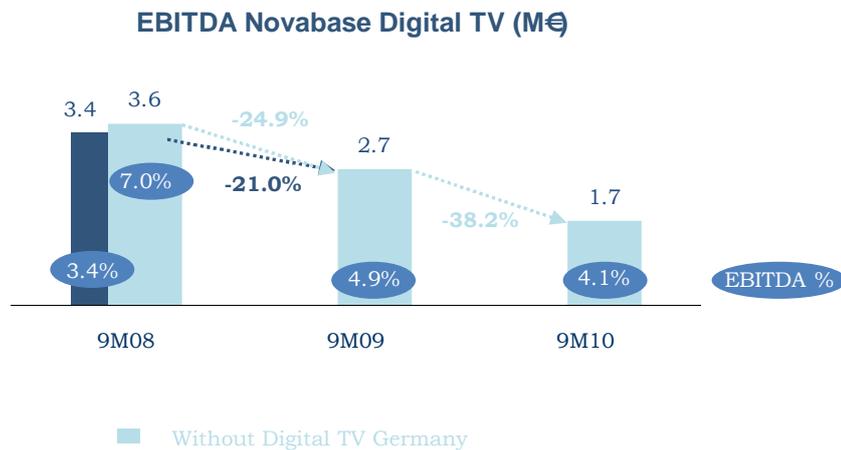
## 2.3. Novabase Digital TV

The business of Novabase Digital TV has a profound know-how and an offer oriented to the operators business, complemented with licensing solutions and Chips-on-board (COB).

Global turnover in this business area reached 40.7 M€, which represents a 25.0% decrease compared to 9M09.



Novabase Digital TV EBITDA in 9M10 decreased 38.2% year on year (from 2.7 M€ to 1.7 M€), reaching an EBITDA margin of 4.1% (which compares to 4.9% in 9M09 and a margin of 4.5% in FY09).



This evolution is mainly due to the standard offer maturity stage and the development of new technologies for the Chip-on-board / System-in-package business.

## 2.4. Novabase Capital

This area of Novabase operates in Corporate Venture Capital and supports strategic and M&A projects of the Group.

Global turnover in this area reached 2.2 M€, which represents an increase of 103.5% compared to 9M09.

Novabase Capital EBITDA in 9M10 increased 99.7% year on year (from -0.8 M€ to -0.002 M€) reaching an EBITDA margin of -0.1%.

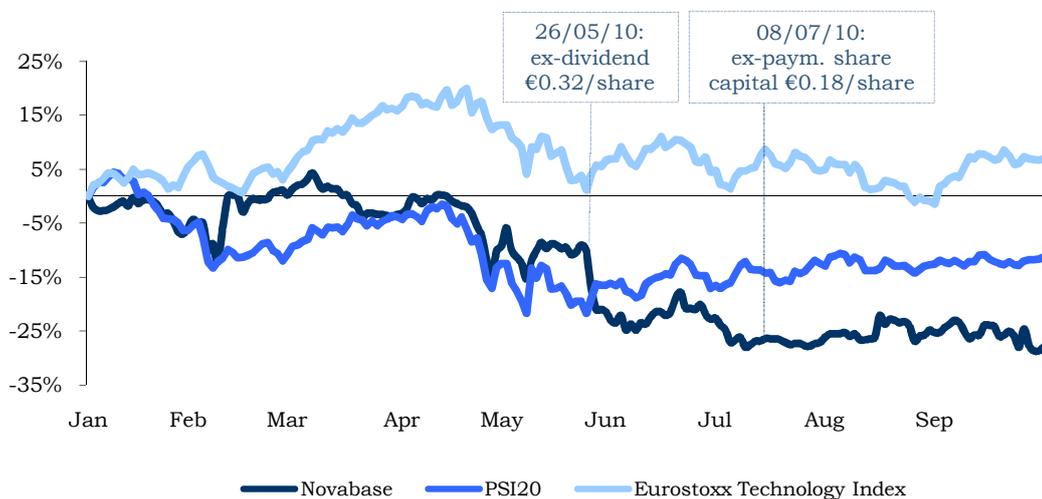
## 3. Stock Performance

The nine months of 2010 were marked by a gain in the EuroStoxx Technology Index of 6.9%.

Novabase share price in 9M10 lost 27.9%, comparing with a 11.3% loss in the PSI20 Index. In this period, a dividend of €0.32/share was distributed and the payment of the amounts related to the share capital reduction of €0.18/share occurred.

Rotation in 9M10 represented 16.3% of the capital and 5.1 million shares were traded, below the values that have occurred in 9M09 (rotation of 20.9% of the capital and 6.6 million shares traded), reflecting the current negative situation in the stock market.

Novabase and the Market



When comparing Novabase share prices with other companies in the IT sector in Europe, we verify that Novabase share performance in 9M10 was lower than the performance of other IT.

### Novabase and other TMT



The average price, weighted by volume, of Novabase shares during 9M10, was 3.96 euros per share. Approximately 5.1 million shares were traded in all the 192 Stock Exchange sessions in the 9M10, corresponding to a transaction value of 20.3 M€.

The average daily number of shares traded in 9M10 was approximately 26.6 thousand shares, corresponding to a daily average value of approximately 0.1 M€.

The price in the stock Exchange in the last tradable day of the 9M10, September 30, 2010, was 3.20 euros, which represents a loss of approximately 27.9% compared to the 4.44 euros which was Novabase's share price at the end of 2009.

The maximum closing price which took place during 3Q10 was 3.46 euros, while the minimum price registered was 3.17 euros. The market capitalization at the end of 9M10 was 100.5 M€.

Summary	3Q10	2Q10	1Q10	4Q09	3Q09
Minimum price (€)	3.17	3.34	3.90	4.33	4.46
Maximum price (€)	3.46	4.45	4.63	4.96	4.90
Volume weighted average price (€)	3.30	3.91	4.38	4.65	4.63
Closing price at the end of the Quarter (€)	3.20	3.44	4.30	4.44	4.80
Nr. of shares traded	1,000,218	2,194,905	1,916,989	1,925,349	1,390,806
Market cap in the last day of the period (M€)	100.5	108.0	135.0	139.4	150.7

# Novabase

## Consolidated Statement of Financial Position as at 30 September 2010

	30.09.10	31.12.09
	(Thousands of Euros)	
<b>Assets</b>		
Tangible assets	9,403	8,721
Intangible assets	30,265	28,778
Financial investments	1,836	1,939
Deferred income tax assets	8,315	8,341
Other non-current assets	81	134
<b>Total Non-Current Assets</b>	<b>49,900</b>	<b>47,913</b>
Inventories	17,523	8,593
Trade debtors and accrued income	88,648	99,183
Other debtors and prepaid expenses	13,672	13,219
Derivative financial instruments	452	58
Cash and cash equivalents	11,803	24,972
<b>Total Current Assets</b>	<b>132,098</b>	<b>146,025</b>
<b>Assets for continuing operations</b>	<b>181,998</b>	<b>193,938</b>
<b>Assets for discontinued operations</b>	<b>90</b>	<b>826</b>
<b>Total Assets</b>	<b>182,088</b>	<b>194,764</b>
<b>Shareholders' Equity</b>		
Share capital	15,701	15,701
Treasury shares	(603)	(723)
Share premium	43,560	49,213
Reserves and retained earnings	20,563	16,425
Net profit	9,333	12,882
<b>Total Shareholders' Equity</b>	<b>88,554</b>	<b>93,498</b>
Non-controlling interests	5,775	5,644
<b>Total Equity</b>	<b>94,329</b>	<b>99,142</b>
<b>Liabilities</b>		
Non-current borrowings	3,000	2,500
Finance lease liabilities	1,576	1,468
Provisions	1,947	2,245
Deferred income tax liabilities	100	100
Other non-current liabilities	927	1,123
<b>Total Non-Current Liabilities</b>	<b>7,550</b>	<b>7,436</b>
Current borrowings	2,479	3,162
Trade payables	25,145	28,852
Other creditors and accruals	36,020	35,552
Derivative financial instruments	808	139
Deferred income	14,913	19,662
<b>Total Current Liabilities</b>	<b>79,365</b>	<b>87,367</b>
<b>Total Liabilities for cont. operations</b>	<b>86,915</b>	<b>94,803</b>
<b>Total Liabilities for discont. operations</b>	<b>844</b>	<b>819</b>
<b>Total Liabilities</b>	<b>87,759</b>	<b>95,622</b>
<b>Total Equity and Liabilities</b>	<b>182,088</b>	<b>194,764</b>
<b>Net Cash</b>	<b>10,185</b>	<b>25,730</b>

## Consolidated Income Statement for the period of 9 Months ended 30 September 2010

	30.09.10	30.09.09	Var. %
	(Thousands of Euros)		
Sale of goods	82,726	90,231	
Cost of goods sold	(71,847)	(81,035)	
<b>Gross margin</b>	<b>10,879</b>	<b>9,196</b>	<b>18.3 %</b>
<b>Other income</b>			
Services rendered	96,726	90,166	
Supplementary income	675	263	
Other operating income	228	546	
	<b>97,629</b>	<b>90,975</b>	
	<b>108,508</b>	<b>100,171</b>	
<b>Other expenses</b>			
External supplies and services	(36,814)	(32,153)	
Employee benefit expense	(55,619)	(51,060)	
(Provisions) / Provisions reversal	1,011	68	
Other operating expenses	(500)	(321)	
	<b>(91,922)</b>	<b>(83,466)</b>	
<b>Gross Net Profit (EBITDA)</b>	<b>16,586</b>	<b>16,705</b>	<b>-0.7 %</b>
Depreciation and amortization	(4,067)	(3,673)	
<b>Operating Profit (EBIT)</b>	<b>12,519</b>	<b>13,032</b>	<b>-3.9 %</b>
Financial Gains / (Losses)	10	(1,111)	
<b>Net Profit before taxes (EBT)</b>	<b>12,529</b>	<b>11,921</b>	<b>5.1 %</b>
Income tax expense	(2,509)	(2,747)	
Non-controlling interests	(687)	112	
<b>Attributable Net Profit</b>	<b>9,333</b>	<b>9,286</b>	<b>0.5 %</b>
<b>Other information:</b>			
Turnover	179,452	180,397	<b>-0.5 %</b>
EBITDA margin	9.2 %	9.3 %	
EBT % on Turnover	7.0 %	6.6 %	
Net profit % on Turnover	5.2 %	5.1 %	

# Novabase

## Consolidated Income Statement by SEGMENTS for the period of 9 Months ended 30 September 2010

(Thousands of Euros)

	Consulting	IMS	Digital TV	Novabase Capital	NOVABASE
Sale of goods	1,274	52,011	29,441	-	82,726
Cost of goods sold	(1,273)	(44,552)	(26,022)	-	(71,847)
<b>Gross margin</b>	<b>1</b>	<b>7,459</b>	<b>3,419</b>	<b>-</b>	<b>10,879</b>
<i>Other income</i>					
Services rendered	59,198	24,063	11,253	2,212	96,726
Supplementary income and subsidies	262	2	175	236	675
Other operating income	26	104	98	-	228
	<b>59,486</b>	<b>24,169</b>	<b>11,526</b>	<b>2,448</b>	<b>97,629</b>
	<b>59,487</b>	<b>31,628</b>	<b>14,945</b>	<b>2,448</b>	<b>108,508</b>
<i>Other expenses</i>					
External supplies and services	(14,898)	(13,446)	(7,837)	(633)	(36,814)
Employee benefit expense	(36,072)	(12,207)	(5,538)	(1,802)	(55,619)
(Provisions) / Provisions reversal	281	544	186	-	1,011
Other operating expenses	(184)	(203)	(98)	(15)	(500)
	<b>(50,873)</b>	<b>(25,312)</b>	<b>(13,287)</b>	<b>(2,450)</b>	<b>(91,922)</b>
<b>Gross Net Profit (EBITDA)</b>	<b>8,614</b>	<b>6,316</b>	<b>1,658</b>	<b>(2)</b>	<b>16,586</b>
Depreciation and amortization	(2,363)	(1,117)	(538)	(49)	(4,067)
<b>Operating Profit (EBIT)</b>	<b>6,251</b>	<b>5,199</b>	<b>1,120</b>	<b>(51)</b>	<b>12,519</b>
Financial Gains / (Losses)	(182)	(6)	318	(120)	10
<b>Net Profit / (Loss) before Taxes (EBT)</b>	<b>6,069</b>	<b>5,193</b>	<b>1,438</b>	<b>(171)</b>	<b>12,529</b>
Income tax expense	(1,515)	(1,497)	444	59	(2,509)
Non-controlling interests	(624)	(44)	-	(19)	(687)
<b>Attributable Net Profit / (Loss)</b>	<b>3,930</b>	<b>3,652</b>	<b>1,882</b>	<b>(131)</b>	<b>9,333</b>
<b>Other information :</b>					
Turnover	60,472	76,074	40,694	2,212	179,452
EBITDA	8,614	6,316	1,658	(2)	16,586
EBITDA % on Turnover	14.2%	8.3%	4.1%	-0.1%	9.2%
EBT % on Turnover	10.0%	6.8%	3.5%	-7.7%	7.0%

**Condensed Consolidated Interim Financial Statements  
for the 3rd quarter 2010  
(Unaudited)**

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

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the period of 9 Months ended 30 September 2010**

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

## Condensed Consolidated Interim Statement of Financial Position as at 30 September 2010

(Amounts expressed in thousands of Euros)

	Note	30.09.10	31.12.09
<i>Assets</i>			
<b>Non-current assets</b>			
Property, plant and equipment		9,403	8,721
Intangible assets		30,265	28,778
Investments in associates		1,811	1,914
Available-for-sale financial assets		25	25
Deferred income tax assets	5	8,315	8,341
Other non-current assets		81	134
<b>Total non-current assets</b>		49,900	47,913
<b>Current assets</b>			
Inventories		17,523	8,593
Trade and other receivables	6	76,249	94,060
Accrued income		19,081	11,055
Income tax receivable		3,084	4,802
Derivative financial instruments		452	58
Other current assets		3,906	2,485
Cash and cash equivalents	7	11,803	24,972
<b>Total current assets</b>		132,098	146,025
Assets for discontinued operations		90	826
<b>Total assets</b>		182,088	194,764
<i>Equity</i>			
Share capital	8	15,701	15,701
Treasury shares	8	(603)	(723)
Share premium	8	43,560	49,213
Reserves and retained earnings	9	20,563	16,425
Profit for the period attributable to equity holders		9,333	12,882
Equity attributable to the company's equity holders		88,554	93,498
Non-controlling interests	10	5,775	5,644
<b>Total equity</b>		94,329	99,142
<i>Liabilities</i>			
<b>Non-current liabilities</b>			
Borrowings	11	4,576	3,968
Provisions	12	1,947	2,245
Deferred income tax liabilities		100	100
Other non-current liabilities		927	1,123
<b>Total non-current liabilities</b>		7,550	7,436
<b>Current liabilities</b>			
Borrowings	11	3,454	4,502
Trade and other payables	13	59,931	62,774
Income tax payable		259	290
Derivative financial instruments		808	139
Deferred income and other current liabilities		14,913	19,662
<b>Total current liabilities</b>		79,365	87,367
Liabilities for discontinued operations		844	819
<b>Total liabilities</b>		87,759	95,622
<b>Total equity and liabilities</b>		182,088	194,764

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

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

## Condensed Consolidated Interim Statement of Comprehensive Income for the period of 9 Months ended 30 September 2010

(Amounts expressed in thousands of Euros)

	Note	9 M *		3 M *	
		30.09.10	30.09.09	30.09.10	30.09.09
Sales	3	82,726	90,231	23,419	31,186
Services rendered	3	96,726	90,166	33,237	29,344
Cost of sales		(71,847)	(81,035)	(20,027)	(28,226)
External supplies and services		(36,814)	(32,153)	(13,887)	(10,902)
Employee benefit expense		(55,619)	(51,060)	(18,703)	(16,974)
Other gains/ (losses) - net	14	1,414	556	899	236
Depreciation and amortisation		(4,067)	(3,673)	( 1 440)	( 1 295)
<b>Operating profit</b>		<b>12,519</b>	<b>13,032</b>	<b>3,498</b>	<b>3,369</b>
Finance income		4,947	2,410	496	464
Finance costs		(4,817)	(3,197)	(839)	(613)
Share of (loss)/profit of associates		(120)	(324)	(110)	91
<b>Profit before income tax</b>		<b>12,529</b>	<b>11,921</b>	<b>3,045</b>	<b>3,311</b>
Income tax expense	15	(2,509)	(2,747)	(621)	(1,014)
<b>Profit for the period</b>		<b>10,020</b>	<b>9,174</b>	<b>2,424</b>	<b>2,297</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>10,020</b>	<b>9,174</b>	<b>2,424</b>	<b>2,297</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		9,333	9,286	2,182	2,290
Non-controlling interests	10	687	(112)	242	7
		<b>10,020</b>	<b>9,174</b>	<b>2,424</b>	<b>2,297</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		9,333	9,286	2,182	2,290
Non-controlling interests	10	687	(112)	242	7
		<b>10,020</b>	<b>9,174</b>	<b>2,424</b>	<b>2,297</b>
<b>Earnings per share</b> <b>attributable to the equity holders of the Company (expressed in EUR per share)</b>					
<b>Basic earnings per share</b>	16	<b>0.31 euros</b>	<b>0.31 euros</b>	<b>0.10 euros</b>	<b>0.08 euros</b>
<b>Diluted earnings per share</b>	16	<b>0.31 euros</b>	<b>0.31 euros</b>	<b>0.10 euros</b>	<b>0.08 euros</b>

9 M \* - period of 9 months ended

3 M \* - period of 3 months ended

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

## Condensed Consolidated Interim Statement of Changes in Equity for the period of 9 Months ended 30 September 2010

(Amounts expressed in thousands of Euros)

	Note	Attributable to equity holders of the Company					Retained earnings	Non-controlling Interests	Total Equity
		Share Capital	Treasury shares	Share premium	Legal reserves	Stock Options reserves			
<b>Balance at January 1, 2009</b>		15,701	(429)	49,213	1,276	854	16,818	5,165	88,598
Total comprehensive income for the period		-	-	-	-	-	9,286	(112)	9,174
<b>Transactions with owners</b>									
Legal reserve		-	-	-	282	-	(282)	-	-
Treasury shares movements		-	(159)	-	-	-	(1,326)	-	(1,485)
Share-based payments		-	-	-	-	142	-	-	142
Changes in consolidation universe		-	-	-	-	-	-	(142)	(142)
Transactions with owners		-	(159)	-	282	142	(1,608)	(142)	(1,485)
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b>									
Transactions with non-controlling interests		-	-	-	-	-	77	(272)	(195)
<b>Balance at September 30, 2009</b>		15,701	(588)	49,213	1,558	996	24,573	4,639	96,092
<b>Balance at January 1, 2010</b>		15,701	(723)	49,213	1,558	379	27,370	5,644	99,142
Total comprehensive income for the period		-	-	-	-	-	9,333	687	10,020
<b>Transactions with owners</b>									
Share capital reduction	8	(5,652)	-	-	-	-	217	-	(5,435)
Share capital increase	8	5,652	-	(5,652)	-	-	-	-	-
Dividends to equity holders		-	-	-	-	-	(9,662)	-	(9,662)
Legal reserve		-	-	-	807	-	(807)	-	-
Treasury shares movements		-	120	-	-	-	816	-	936
Share-based payments		-	-	-	-	426	-	-	426
Changes in consolidation universe	10	-	-	-	-	-	-	176	176
Foreign currency translation reserve		-	-	-	-	-	8	10	18
Transactions with owners		-	120	(5,652)	807	426	(9,428)	186	(13,541)
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b>									
Transactions with non-controlling interests	9 and 10	-	-	-	-	-	(549)	(742)	(1,291)
<b>Balance at September 30, 2010</b>		15,701	(603)	43,560	2,365	805	26,726	5,775	94,329

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

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

## Condensed Consolidated Interim Statement of Cash Flows for the period of 9 Months ended 30 September 2010

(Amounts expressed in thousands of Euros)

	Note	9 M *		3 M *	
		30.09.10	30.09.09	30.09.10	30.09.09
<i>Cash flows from operating activities</i>					
Net Cash generated in operating activities		8,793	20,511	7,334	7,886
<i>Cash flows from investing activities</i>					
Receipts:					
Proceeds on disposal of subsidiaries		78	78	78	78
Cash of Novabase Angola consolidated for the 1 <sup>st</sup> time		349	-	-	-
Loan repayments received from associates		529	229	529	-
Interest received		152	726	31	141
		1,108	1,033	638	219
Payments:					
Acquisition of subsidiaries		(430)	(3,245)	-	-
Dissolution of subsidiary		-	(215)	-	(215)
Loans granted to associates		(185)	(547)	-	(32)
Loans received from associates		-	(1,505)	-	(1,505)
Purchases of property, plant and equipment		(2,614)	(690)	(1,167)	(173)
Purchases of intangible assets		(2,902)	(1,903)	(1,303)	(685)
		(6,131)	(8,105)	(2,470)	(2,610)
Net Cash used in investing activities		(5,023)	(7,072)	(1,832)	(2,391)
<i>Cash flows from financing activities</i>					
Receipts:					
Proceeds from borrowings		1,018	3,000	1,018	-
Proceeds from sale of treasury shares	8	-	45	-	-
		1,018	3,045	1,018	-
Payments:					
Repayments of borrowings		(1,445)	(3,424)	(674)	(704)
Dividends paid		(9,662)	-	-	-
Share capital reduction		(5,435)	-	(5,435)	-
Payment of finance lease liabilities		(1,336)	(1,264)	(472)	(446)
Interest paid		(351)	(709)	(124)	(99)
Purchase of treasury shares	8	-	(2,448)	-	-
		(18,229)	(7,845)	(6,705)	(1,249)
Net Cash used in financing activities		(17,211)	(4,800)	(5,687)	(1,249)
Cash, cash equivalents and bank overdrafts at beginning of period		24,026	19,796	10,837	24,189
Net increase / (decrease) of cash, cash equivalents and bank overdrafts		(13,441)	8,639	(185)	4,246
Effect of exchange rate fluctuations on cash held		28	-	(39)	-
Cash, cash equivalents and bank overdrafts at end of period	7	10,613	28,435	10,613	28,435

9 M \* - period of 9 months ended

3 M \* - period of 3 months ended

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**NOVABASE S.G.P.S., S.A.**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the period of 9 Months ended 30 September 2010**

**1. General Information**

Novabase, S.G.P.S., SA (hereunder referred to as Novabase or the Company), with its head office in Av. D. João II, Lote 1.03.2.3, Parque das Nações - 1998-031 Lisboa - Portugal, holds and manages financial holdings in other companies as an indirect way of doing business, being the Holding Company of Novabase Group.

Novabase is listed on the Euronext Lisbon.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 25, 2010. In the opinion of the Board of Directors these financial statements fairly present the Group operations, as well as its financial position, financial performance, and cash flows.

**2. Accounting Policies**

These condensed consolidated interim financial statements for the period of nine months ended September 30, 2010 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs, as adopted by the European Union (EU).

These financial statements are presented in thousands of Euros.

These financial statements have not been audited.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those financial statements.

Taxes on income in this interim period were accrued using the tax rate that would be applicable to expected total annual earnings for the year 2010.

a) The impacts of the adoption of standards and amendments to standards that became effective at 1 January 2010, are the following:

**Standards**

- **IFRS 1 (amendment)**, 'First-time Adoption of International Financial Reporting Standards'. This amendment exempt entities that use the full cost method for oil and gas properties from retrospective application of IFRSs. It also exempts entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining whether an arrangement contains a lease', as long as the earlier assessment in accordance with the previous GAAP would have resulted in the same outcome. This amendment had no impact on the Group's financial statements, as Novabase is already reporting under IFRSs.

- **IFRS 3 (revised)**, 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations but with some significant changes. For example, all payments to purchase a business are recorded at fair value. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at the non-controlling interest's proportionate share of the acquiree's net assets or at fair value of the assets and liabilities acquired. All acquisition-related costs are expensed. There have been no business combinations until the reporting date.

- **IAS 27 (revised)**, 'Consolidated and separate financial statements'. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains or losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. There have been transactions with non-controlling interests as disclosed in note 9.

- **IFRS 5 (2008 improvement)**, 'Non-current assets held for sale and discontinued operations'. This improvement clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made if the subsidiary described above is a disposal group meeting the definition of a discontinued operation. There have been no disposal or partial disposal of any subsidiary until the reporting date.

- **IFRS 2 (amendment)**, 'Group cash-settled share-based payment transactions'. This amendment incorporate IFRIC 8, 'Scope of IFRS 2' and IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions', and address the classification of group arrangements, in which the entity that receive goods or services in a share-based payment transaction settled by the Group, is not responsible for any payment. The amended IFRS 2 had no impact on the Group's financial statements.

- **IAS 39 (amendment)**, 'Financial instruments - Eligible hedged items'. This amendment clarifies on what principles to apply in specific situations to determine whether a hedged risk or a portion of cash-flows is eligible to be designated as "hedging". This amendment had no impact on the Group's financial statements.

- **Annual Improvements to IFRSs - 2009**. As part of the 'annual improvements project', the IASB decided to improve some standards with the objective to clarify areas of inconsistency in IFRSs. The more significant improvements refers to the amendments to standards IAS 17, IAS 36 and IAS 38. The adoption of these 2009 improvements had no impact on the Group's financial statements.

**Interpretations**

- **IFRIC 12**, 'Service concession arrangements'. IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements. This interpretation had no impact on the Group's financial statements.

- **IFRIC 15**, 'Agreements for construction of real estates'. IFRIC 15 clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts', should be applied to particular transactions, resulting that a wider range of transactions will qualify for the application of IAS 18, 'Revenue'. This interpretation had no impact on the Group's financial statements.

- **IFRIC 16**, 'Hedges on a net investment in a foreign operation'. IFRIC 16 is applied to group's that hedges the currency risks resulted from investments in foreign operations and clarifies the conditions that should be satisfied in order to classify it as an accounting hedge. This interpretation also clarifies the amounts that should be reclassified from foreign currency reserve in equity to profit or loss, when the investment in a foreign operation is disposed. IFRIC 16 had no impact on the Group's financial statements.

- **IFRIC 17**, 'Distributions of non-cash assets to owners'. This interpretation clarifies that: (a) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (b) an entity should measure the dividend payable at the fair value of the net assets to be distributed; (c) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. IFRIC 17 had no impact on the Group's financial statements.

- **IFRIC 18**, 'Transfers of assets from customers'. This interpretation clarifies the accounting for arrangements where an item of property, plant and equipment, which is provided by the customer, is used to provide an ongoing service. This is particularly relevant to the utility sector by involving services such as gas or electricity. IFRIC 18 had no impact on the Group's financial statements.

b) There are new standards, amendments and interpretations to existing standards, that although have been published, are only mandatory for annual periods beginning on or after 1 February 2010, and have not been early adopted by the Group:

#### Standards

- **IAS 32 (amendment)**, 'Financial instruments: presentation - classification of rights issues' (effective for annual periods beginning on or after 1 February 2010). The amendment to IAS 32 addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. If the rights are issued pro rata to all existing shareholders for a fixed amount in any currency, then these rights should be classified as equity instruments. Otherwise, should be accounted for as a derivative liability.

- **IFRS 1 (amendment)**, 'First time adoption of IFRS' (effective for annual periods beginning on or after 1 July 2010, in EU). This amendment provides first-time adopters with the same transition provisions as included in amendment to IFRS 7, 'Financial instruments: Disclosures', regarding comparative information for the three level classification disclosures required by IFRS 7.

- **IAS 24 (amendment)**, 'Related party disclosures' (effective for annual periods beginning on or after 1 January 2011). The amended standard eliminates general requirements in respect of certain related party disclosures for public-sector entities, but requires providing information about the relationship of the entity with the Government and significant transactions with the Government or other Government-related entities. Additionally, the definition of a related party has been amended to remove some inconsistencies in the identification and disclosure of related parties.

- **IFRS 9 (new)**, 'Financial Instruments: recognition and measurement' (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to the adoption process by EU. IAS 39 establishes two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the objective is to collect contractual cash flows and the cash flows are solely payments of principal and interest on principal. Otherwise, all debt instruments are measured at fair value through profit or loss.

- **Annual Improvements to IFRSs - 2010**, generally applicable for annual periods beginning on or after 1 January 2011. These improvements to several standards have not been yet adopted by EU. The annual improvements process provides a vehicle for making non-urgent but necessary amendments to IFRSs and affect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

#### Standards

- **IFRIC 14 (amendment)**, 'The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective for annual periods beginning on or after 1 January 2011). IFRIC 14 clarifies that when an asset is consequence of pre-payment of minimum funding contributions in respect of future service, the surplus can be recognised as an asset.

- **IFRIC 19**, 'Extinguishing financial liabilities with equity' (effective for annual periods beginning on or after 1 July 2010). IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in profit or loss, based on the fair value of the equity instruments issued and comparing to the carrying amount of the financial liability. The simple reclassification of the financial liability to equity is not allowed.

## 3. Segment information

	Consulting	IMS	Digital TV	Novabase Capital	Novabase
<b>At 30 September 2009</b>					
Sales and services rendered	60,239	64,795	54,276	1,087	180,397
Operating profit/ (loss)	6,943	4,790	2,110	(811)	13,032
Finance costs - net	741	(370)	(1,134)	(24)	(787)
Share of (loss)/profit of associates	(3)	-	-	(321)	(324)
Income tax expense	(1,349)	(1,370)	(265)	237	(2,747)
Profit/ (Loss) from operations	6,332	3,050	711	(919)	9,174
<b>At 30 September 2010</b>					
Sales and services rendered	60,472	76,074	40,694	2,212	179,452
Operating profit/ (loss)	6,251	5,199	1,120	(51)	12,519
Finance costs - net	(161)	(6)	318	(21)	130
Share of (loss)/profit of associates	(21)	-	-	(99)	(120)
Income tax expense	(1,515)	(1,497)	444	59	(2,509)
Profit/ (Loss) from operations	4,554	3,696	1,882	(112)	10,020

## 4. Companies included in consolidation

In the first half of 2010, NBASIT - Sistema de Informação e Telecomunicações, S.A. (Angola) and Novabase Digital TV EURL (France) were incorporated, to strengthening activities in the IMS and Digital TV business areas, respectively, and the international presence of the Group.

## 5. Deferred income tax assets

The movement in the deferred income tax assets is as follows:

	30.09.10	31.12.09
<b>Opening balance</b>	8,341	10,092
Transfers	(24)	224
Profit or loss charge	(2)	(1,975)
<b>Balance at the end of the period</b>	<u>8,315</u>	<u>8,341</u>

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

	Tax losses	Tax incentives	Provisions	Total
<b>Balance at 1 January 2009</b>	4,121	4,380	1,591	10,092
Profit or loss charge	(1,026)	(966)	17	(1,975)
Transfers	219	-	5	224
<b>Balance at 31 December 2009</b>	3,314	3,414	1,613	8,341
Profit or loss charge	(809)	183	624	(2)
Transfers	(12)	-	(12)	(24)
<b>Balance at 30 September 2010</b>	<u>2,493</u>	<u>3,597</u>	<u>2,225</u>	<u>8,315</u>

**6. Trade and other receivables**

	<u>30.09.10</u>	<u>31.12.09</u>
Trade receivables	71,674	91,580
Allowance for impairment of trade receivables	(2,107)	(3,452)
	<u>69,567</u>	<u>88,128</u>
Prepayments to suppliers	1,645	1,011
Employees	176	151
V.A.T.	661	2,167
Receivables from related parties (note 17)	518	896
Financial investments disposal	148	149
Receivables from funded projects	2,229	1,206
Other receivables	4,853	4,107
Allowance for impairment of other receivables	(3,548)	(3,755)
	<u>6,682</u>	<u>5,932</u>
	<u><u>76,249</u></u>	<u><u>94,060</u></u>

Movements in allowances for impairment of trade and other receivables are as follows:

	<u>Trade receivables</u>		<u>Other receivables</u>		<u>Total</u>	
	<u>30.09.10</u>	<u>31.12.09</u>	<u>30.09.10</u>	<u>31.12.09</u>	<u>30.09.10</u>	<u>31.12.09</u>
Balance at 1 January	3,452	2,693	3,755	3,960	7,207	6,653
Impairment	100	978	8	66	108	1,044
Impairment reversal	(891)	(219)	(56)	(225)	(947)	(444)
Transfers	111	-	-	(232)	111	(232)
Recovery of bad debts	16	-	-	-	16	-
Write-offs	(681)	-	(159)	186	(840)	186
	<u>2,107</u>	<u>3,452</u>	<u>3,548</u>	<u>3,755</u>	<u>5,655</u>	<u>7,207</u>

**7. Cash and cash equivalents**

With reference to the Consolidated Statement of Cash Flows, the detail and description of **Cash, cash equivalents and bank overdrafts** is analysed as follows:

	<u>30.09.10</u>	<u>31.12.09</u>
- Cash	15	4
- Short term bank deposits	11,788	24,968
Cash and cash equivalents	<u>11,803</u>	<u>24,972</u>
- Overdrafts	(1,190)	(946)
	<u><u>10,613</u></u>	<u><u>24,026</u></u>

## 8. Share capital, share premium and treasury shares

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
<b>Balance at 1 January 2009</b>	31,401	15,701	49,213	(429)	64,485
Treasury shares purchased	-	-	-	(416)	(416)
Treasury shares transferred	-	-	-	117	117
Treasury shares disposed	-	-	-	5	5
<b>Balance at 31 December 2009</b>	31,401	15,701	49,213	(723)	64,191
Share capital reduction	-	(5,652)	-	-	(5,652)
Share capital increase	-	5,652	(5,652)	-	-
Treasury shares transferred	-	-	-	120	120
<b>Balance at 30 September 2010</b>	31,401	15,701	43,560	(603)	58,658

In the annual General Meeting of Shareholders held on April 29, 2010, it was approved:

(i) The reduction of the share capital to EUR 10,048,446, to be carried out by means of a reduction of the nominal value of all the shares representing the share capital. Each share will have the nominal value of EUR 0.32 and the freed amount of EUR 5,652,251 shall be directly allocated to shareholders, corresponding to EUR 0.18 per share; and

(ii) The increase of the share capital to EUR 15,700,697 by incorporation of EUR 5,652,251 from share premium reserve, to be carried out by means of an increase of the nominal value of all the shares representing the share capital in the amount of EUR 0.18. As a result of the share capital increase, each share will have the nominal value of EUR 0.50.

As a result of the registration of these operations, the nominal value of all shares representing Novabase's share capital is EUR 0.50, as prior to the execution of such operations.

## 9. Reserves and retained earnings

In 2010, the Group performed operations of acquisitions to non-controlling interests, with the following impact (see note 17):

	30.09.10			31.12.09		
	Acquisition/ disposal cost	% share of the equity acquired / (disposed)	Acquisition Difference	Acquisition/ disposal cost	% share of the equity acquired / (disposed)	Acquisition Difference
(i) Acquisition of 12.73% of NB Infraestructuras	214	-	214	180	-	180
(i) Acquisition of the business of Digital TV	(16)	-	(16)	(206)	-	(206)
(ii) Reorganization of Novabase EA	-	-	-	-	(727)	727
Acquisition of 24.5% of Collab	-	-	-	15	272	(257)
(iii) Acquisition of 10% of NB Internat.Solutions	1,093	742	351	-	-	-
	1,291	742	549	(11)	(455)	444

(i) In the sequence of the transactions with non-controlling interests occurred in 2008, the acquisition cost was reviewed, in 2009 and 2010, based on the achievement of goals by the subsidiary.

(ii) Internal reorganization of Novabase EA with dilution effect in the Group share.

(iii) Acquisition of 10% of NB International Solutions and, consequently, of the remaining financial holding of NB Solutions Middle East and Novabase EA, and of 5.5% of Celfocus.

In the operations described above, as the financial holdings were acquired to non-controlling interests in which the Group already had control, the Economic Entity Model Method was applied, and the difference between the acquisition cost and the net assets value of the subsidiaries acquired has been booked in Equity, in the total amount of EUR 549 thousand. The non-controlling interests decreased by EUR 742 thousand.

**10. Non-controlling interests**

	<u>30.09.10</u>	<u>31.12.09</u>
Balance at 1 January	5,644	5,165
Transactions with non-controlling interests - see note 9	(742)	455
Change in consolidation universe (*)	176	(142)
Foreign currency translation differences for foreign operations	10	-
Profit attributable to non-controlling interests	687	166
	<u>5,775</u>	<u>5,644</u>

(\*) In 2009, Contactless was dissolved, being lapsed the balance of non-controlling interests (EUR 142 thousand). In 2010, NBASIT - Sistema de Informação e Telecomunicações, S.A. (Angola) was incorporated.

**11. Borrowings**

	<u>30.09.10</u>	<u>31.12.09</u>
<b>Non-current</b>		
Bank borrowings	3,000	2,500
Finance lease liabilities	1,576	1,468
	<u>4,576</u>	<u>3,968</u>
<b>Current</b>		
Bank borrowings	2,479	3,162
Finance lease liabilities	975	1,340
	<u>3,454</u>	<u>4,502</u>
Total borrowings	<u>8,030</u>	<u>8,470</u>

The contractual repricing dates of the current bank borrowings at the end of the reporting period are as follows:

	<u>30.09.10</u>	<u>31.12.09</u>
6 months or less	1,979	1,980
6 to 12 months	500	1,182
	<u>2,479</u>	<u>3,162</u>

The maturity of non-current bank borrowings is as follows:

	<u>30.09.10</u>	<u>31.12.09</u>
Between 1 and 2 years	1,200	1,000
Between 2 and 5 years	1,600	1,500
Over 5 years	200	-
	<u>3,000</u>	<u>2,500</u>

The effective interest rates at the reporting date were as follows:

	<u>30.09.10</u>	<u>31.12.09</u>
Bank borrowings	2.905%	2.658%
Bank overdrafts	1.517%	2.016%

Gross finance lease liabilities - minimum lease payments:

	<u>30.09.10</u>	<u>31.12.09</u>
No later than 1 year	1,403	1,817
Between 1 and 5 years	2,122	1,989
	<u>3,525</u>	<u>3,806</u>
Future finance charges on finance leases	(974)	(998)
Present value of finance lease liabilities	<u>2,551</u>	<u>2,808</u>

The present value of finance lease liabilities is as follows:

	<u>30.09.10</u>	<u>31.12.09</u>
No later than 1 year	975	1,340
Between 1 and 5 years	1,576	1,468
	<u>2,551</u>	<u>2,808</u>

## 12. Provisions

Movements in **Provisions** are analyzed as follows:

	<u>Warranties</u>	<u>Legal claims</u>	<u>Other risks and charges</u>	<u>Total</u>
<b>Balance at 1 January 2009</b>	791	100	959	1,850
Additional provisions	626	15	460	1,101
Used during the year	(627)	-	(300)	(927)
Transfers	-	384	(163)	221
	<u>790</u>	<u>499</u>	<u>956</u>	<u>2,245</u>
<b>Balance at 31 December 2009</b>	142	-	402	544
Additional provisions	(470)	(15)	(357)	(842)
Used during the period	<u>462</u>	<u>484</u>	<u>1,001</u>	<u>1,947</u>
<b>Balance at 30 September 2010</b>				

## 13. Trade and other payables

	<u>30.09.10</u>	<u>31.12.09</u>
Trade payables	24,170	27,512
Remunerations, vacations and vacation and Christmas subsidies	9,833	7,468
Bonus	7,580	10,413
Ongoing projects	5,271	1,959
V.A.T.	4,208	7,000
Social security contributions	1,083	1,704
Income tax withholding	881	1,050
Employees	518	122
Prepayments from trade receivables	35	205
Acquisition of financial interests to non-controlling interests (note 17)	913	646
Other accrued expenses	4,649	4,099
Other payables	790	596
	<u>59,931</u>	<u>62,774</u>

## 14. Other gains/(losses) - net

	<u>30.09.10</u>	<u>30.09.09</u>
Impairment and impairment reversal of trade and other receivables	839	(112)
Impairment and impairment reversal of inventories	(126)	6
Warranties provision	328	70
Legal claims provision	15	-
Provisions for other risks and charges	(45)	104
Operating subsidies	565	150
Other	(162)	338
	<u>1,414</u>	<u>556</u>

**15. Income tax expense**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the consolidated entities as follows:

	<u>30.09.10</u>	<u>30.09.09</u>
Profit before income tax	12,529	11,921
<b>Income tax expense at nominal rate</b>	<b>3,132</b>	<b>2,980</b>
Tax benefit on the net creation of employment for young and long term unemployed people	(264)	(300)
Provisions and amortisations not considered for tax purposes	160	158
Recognition of tax on the events of previous years	5	2
Non taxable gains arising from financial holdings disposals	-	(23)
Associates' results reported net of tax	30	104
Autonomous taxation	438	400
Losses in companies where no deferred tax is recognised	(51)	99
Expenses not deductible for tax purposes	93	(87)
Differential tax rate on companies located abroad	(3)	(4)
Research & Development tax benefit	(1,409)	(828)
Municipal surcharge	299	266
Impairment of Special Payment on Account	97	-
Other	(18)	(20)
<b>Income tax expense</b>	<b><u>2,509</u></b>	<b><u>2,747</u></b>

**16. Earnings per share**

	<u>30.09.10</u>	<u>30.09.09</u>
Weighted average number of ordinary shares in issue	30,119,868	30,327,594
Stock options adjustment	-	-
Adjusted weighted average number of ordinary shares in issue	<u>30,119,868</u>	<u>30,327,594</u>
Profit attributable to equity holders of the Company	9,333	9,286
Basic earnings per share (euro per share)	<u>0.31 euros</u>	<u>0.31 euros</u>
Diluted earnings per share (euro per share)	<u>0.31 euros</u>	<u>0.31 euros</u>

**17. Related-party transactions**

For reporting purposes, related-party consider subsidiaries, associates, shareholders with management influence and key elements in the Group management.

The following transactions were carried out with related parties:

- i) Sales of goods and services rendered

	<u>30.09.10</u>	<u>30.09.09</u>
BES Group	8,835	19,203
	<u>8,835</u>	<u>19,203</u>

The above identified transactions were performed at arm's length.

- ii) Purchases of goods and services

	<u>30.09.10</u>	<u>30.09.09</u>
BES Group	373	159
	<u>373</u>	<u>159</u>

iii) Key management compensation						
			<b>30.09.10</b>	<b>30.09.09</b>		
Salaries and other short-term employee benefits			6,116	5,696		
Stock options granted			426	-		
			<u>6,542</u>	<u>5,696</u>		
iv) Advanced payments / loans to key management						
			<b>30.09.10</b>	<b>31.12.09</b>		
Advanced payments			-	98		
			<u>-</u>	<u>98</u>		
v) Balances arising from purchases/sales of goods and services						
			<b>30.09.10</b>	<b>31.12.09</b>		
Receivables from related parties						
BES Group			2,100	6,607		
			<u>2,100</u>	<u>6,607</u>		
Payables from related parties						
BES Group			100	-		
			<u>100</u>	<u>-</u>		
vi) Acquisition of financial interests to related parties (see note 9)						
			<b>30.09.10</b>	<b>31.12.09</b>		
Former shareholders of Novabase Infraestruturas, SGPS			214	180		
Former shareholders of NB Digital TV, S.A.			(16)	(206)		
Former shareholders of Collab			-	15		
Former shareholders of in Novabase International Solutions B.V.			1,093	-		
			<u>1,291</u>	<u>(11)</u>		
vii) Balances arising from acquisitions of financial interests to related parties						
			<b>Non-current</b>	<b>Current (note 13)</b>	<b>Total</b>	
			<b>30.09.10</b>	<b>31.12.09</b>	<b>30.09.10</b>	<b>31.12.09</b>
Former shareholders of NB C. SGPS			306	612	307	307
Former shareholders of NB Infraestr.			-	-	-	50
Former shareholders of DTV, ITV and OnTV			-	179	230	178
Former shareholders of NB ACD.			157	235	78	78
Former shareholders of SAF			65	97	32	33
Former shareholders of NB Int. Sol.			399	-	266	-
			<u>927</u>	<u>1,123</u>	<u>913</u>	<u>646</u>
					<u>1,840</u>	<u>1,769</u>
viii) Other balances with related parties						
			<b>30.09.10</b>	<b>31.12.09</b>		
Loan to Mind			259	259		
Loan to Forward			22	22		
Loan to NB Atlântico			215	559		
Loans to other associates			22	56		
Receivables from related parties (note 6)			<u>518</u>	<u>896</u>		
Provisions for loans provided to associates			<u>(259)</u>	<u>(259)</u>		
			<u>259</u>	<u>637</u>		
ix) Bank deposits and finance investments (including overdrafts)						
			<b>30.09.10</b>	<b>31.12.09</b>		
BES Group			6,838	7,692		

## 18. Contingencies

Given the disclosed in the annual financial statements for the year 2009, the material changes in the judicial processes are the following:

- Court procedure brought by the company Drink In and counter-claim by Novabase EA. The hearing has finished and final ruling has been issued by the Court considering unfounded the Plaintiff's arguments thereby ruling in favour of Novabase and in addition considering the amounts claimed by Novabase concerning unpaid invoices and interests accrued and to be accrued to be due. The company Drink In has filed for insolvency whereby Novabase EA has claimed credits in the amount of approximately EUR 404 thousand concerning unpaid invoices. By Court ruling dated February 8th 2010, the Judge has called off the Creditor's Assembly and determined that the Insolvency administrator should decide on the proposal from the spanish group Damm to buy the industrial unit of Drink In, who decided for the cession of the plant' operations. The proceedings of the sale are being inventoried for payment of creditors.
- A labour court action brought forward by a former employee of SAF, in which the plaintiff claimed the existence of an employment contract and requested the payment of compensation by seniority and the payment of wage credits accrued and to be accrued - Novabase Consulting and the plaintiff have reached a settlement according to which Novabase will pay the plaintiff an amount of EUR 20 thousand as compensation for moral damages and for termination of the contract.
- Court procedure brought by Novabase IMS against Arcelomittal to recover an amount of EUR 10 thousand plus interest in late payment and counter-claim brought forward by the defendant in the amount of EUR 15 thousand - final ruling on this procedure has been issued by the Court, condemning the plaintiff in the amount petitioned by Novabase and absolving Novabase of the plaintiff's counter-claim.
- TV Lab has filed a claim against Pelicano requesting payment of the amount EUR 212 thousand - TV Lab and the plaintiff have reached a settlement whereby the plaintiff will pay TV Lab the amount of EUR 71 thousand, payable in 10 monthly installments, beginning on October 2010.
- The Capital Fund for Qualified Investors Novabase/FCR FIQ, which is managed by the subsidiary Novabase Capital, is co-defendant in a procedure brought forward by a shareholder of a Manchete against the other two shareholders, the Fund and another individual shareholder. The Plaintiff is claiming violation of the Shareholders Agreement and requests (i) payment of a compensation in the amount of EUR 446 thousand in lieu of remunerations he would have received for the remaining period that the Shareholders Agreement would remain in force; (ii) an amount equal to 8.5% of company results before tax related to the years 2010 and further until final decision on the proceeding is issued; (iii) that the defendants are ordered to buy the plaintiff's shares for the price of EUR 750 thousand. The defendants have filed their opposition and the procedure awaits its ulterior terms.
- Novabase Serviços has been served regarding a procedure brought forward by the Instituto de Gestão Financeira da Segurança Social which refers to alleged absence of payment of social security contributions in the years 2005, 2006, 2007, 2008 and 2009, in the amount of EUR 103 thousand. The company has filed opposition regarding the allegations demonstrating compliance with applicable laws, payment of all amounts due and providing documents to that respect.

## 19. Seasonality

The activity of Consulting and IMS is usually lower in 3rd quarter due to holiday period.

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