

# Novabase

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## Report and Accounts

1<sup>st</sup> Half 2010

## **Report & Accounts**

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## Consolidated Results on June 30, 2010

Privileged Information (IFRS/IAS)

July 28, 2010

**Turnover reaches 122.8 M€**  
(119.9 M€ in 6M09)

**EBITDA reaches 11.6 M€**  
(12.0 M€ in 6M09)

**Net Profit: 7.2 M€**  
(7.0 M€ in 6M09)

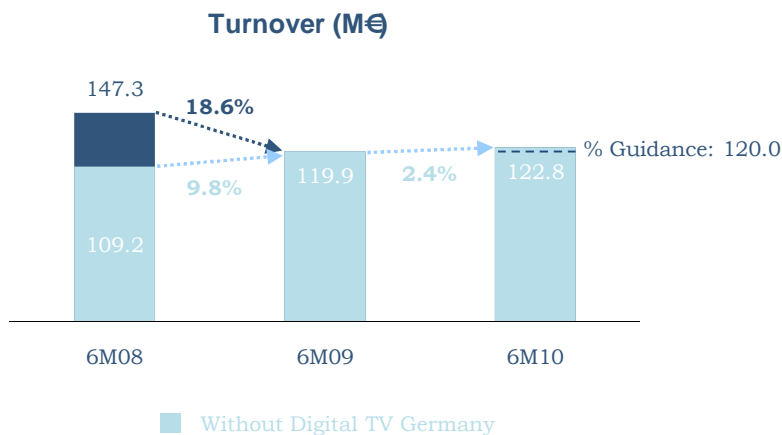
### 1. Key Indicators

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 1st half of 2010 (6M10) reached 122.8 M€ (million euros), which represents an increase of 2.4% vs. the 119.9 M€ in 6M09.

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



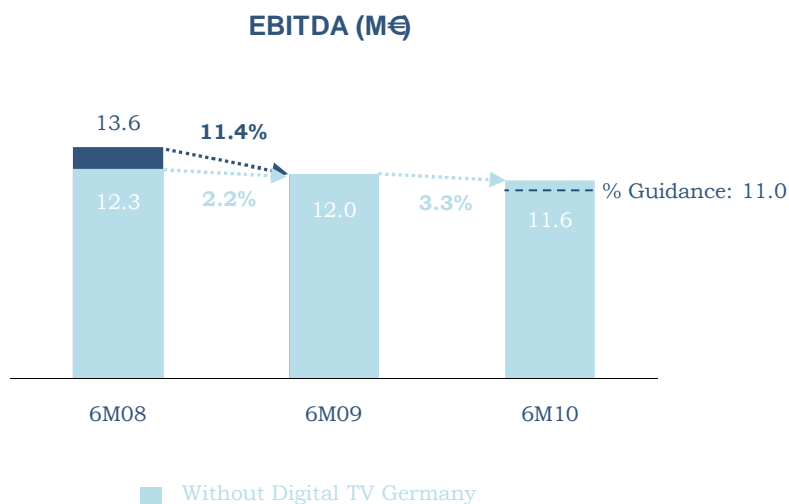
Novabase SGPS, S.A.  
Public Company  
Euronext code: NBA.AM  
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182  
Capital: 15,700,697.00 €  
Head Office: Av. D. João II, Lote 1.03.2.3., 1998-031 Lisbon - PORTUGAL

María Gil Marín  
Investor Relations  
Tel. +351 213 836 300  
Fax: +351 213 836 301  
investor.relations@novabase.pt

## 1.2. EBITDA

EBITDA reached 11.6 M€ in 6M10 which represents a decrease of 3.3% compared to the 12.0 M€ in the 6M09.

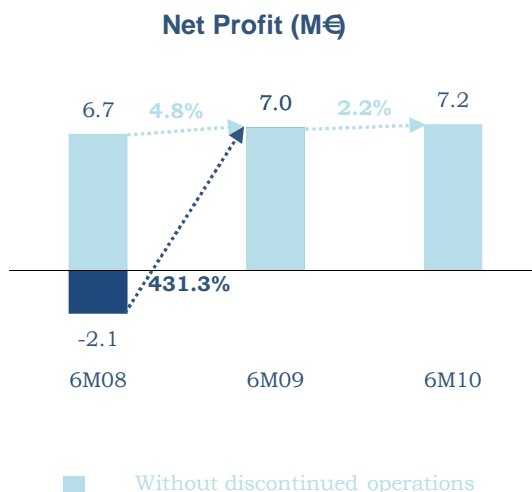
The chart below shows EBITDA variation compared to the prior periods.



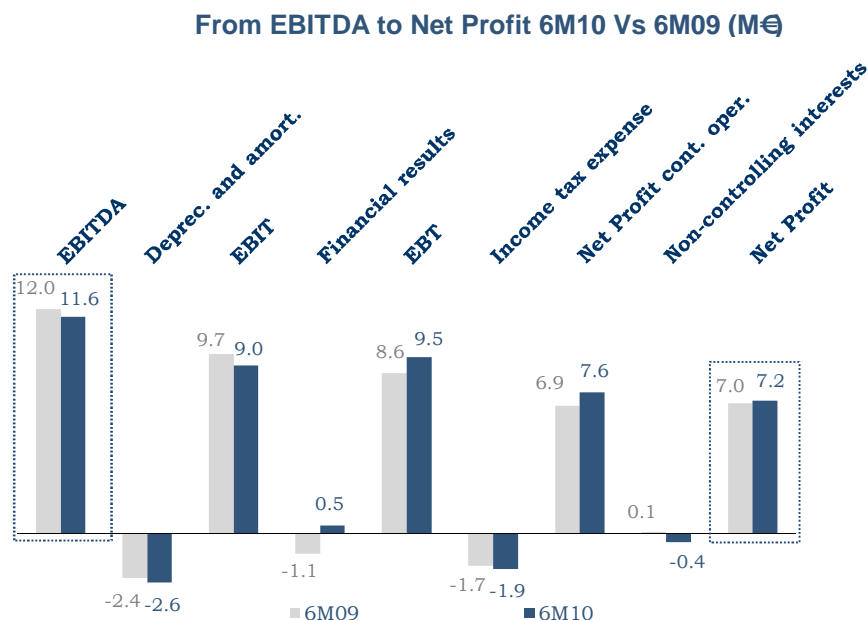
EBITDA margin in 6M10 was 9.5%, below the 10.0% margin in 6M09.

## 1.3. Net Profit

The Consolidated Net Profit, after Non-controlling interests and Results from discontinued operations, reached 7.2 M€, showing an increase of 2.2% vs. the 7.0 M€ in 6M09.



The reconciliation between EBITDA and Net Profit is as follows:



Depreciation and amortization reached -2.6 M€, above the amount registered in 6M09 (-2.4 M€).

Operating profit (EBIT), in the amount of 9.0 M€, decreased 6.6% compared to 6M09 (9.7 M€).

The Financial results reached a net positive value of 0.5 M€, above the net negative value of 1.1 M€ registered in the same period of the prior year.

EBT reached 9.5 M€ in this period, registering an increase of 10.2% vs. the 8.6 M€ booked in the same period of the prior year.

Income tax expense in the 6M10 reached -1.9 M€, above the -1.7 M€ in 6M09.

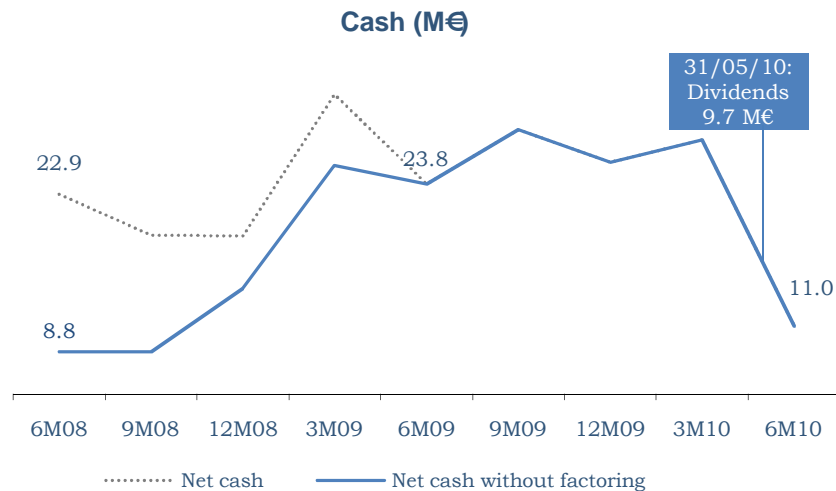
Non-controlling interests in 6M10 amounted to -0.4 M€, which compares to 0.1 M€ in 6M09.

Earnings per share (EPS) increased 2.6%, from 0.231 to 0.237 euros per share.

## 1.4. Cash

In the 6M10 Novabase shows a negative performance in cash generation, although without use of factoring for the fifth consecutive quarter. Novabase ended the 6M10 with 11.0 M€ in net cash which compares to 25.7 M€ in the 12M09.

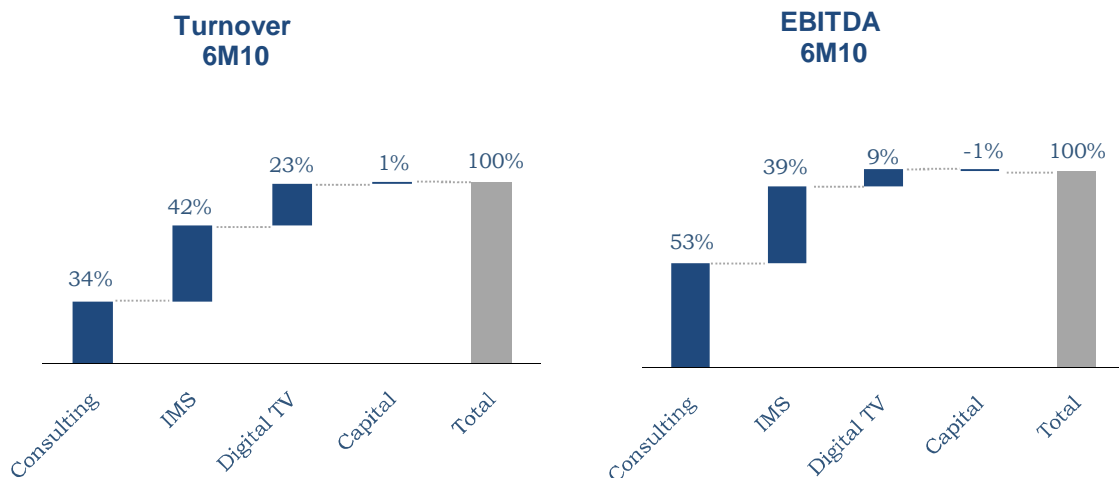
However, it is to be noted that this cash reflects the payment of dividends in the amount of 9.7 M€ and an investment in working capital.



## 2. Short Summary of the Activity

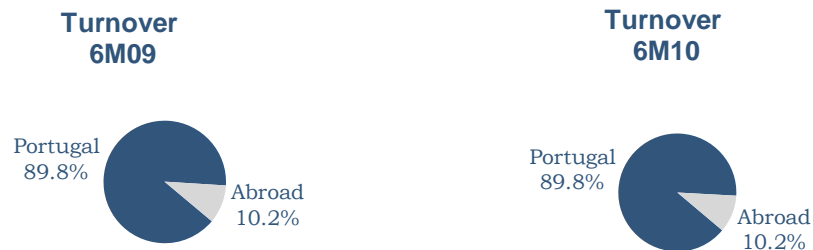
The 1st half of 2010 shows a positive performance given the current economic context. These results reflect the value-oriented management and the preparation for a new phase of growth with strategic stakes for the future.

The percentage breakdown of turnover and EBITDA by the different businesses in the 6M10 is as follows:



Of Novabase overall turnover generated in 6M10, the services rendered represents 51.7%, which compares to 50.7% in 6M09.

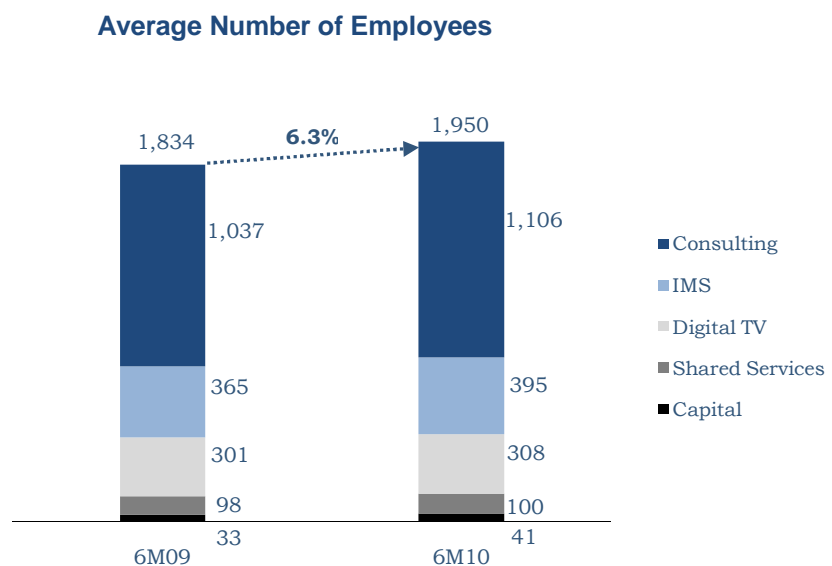
Of the 122.8 M€ turnover, 10.2% is generated outside Portugal, that is 12.5 M€, which represents an increase, in value, of 1.9% towards the 12.2 M€ registered in 6M09.



Business outside Portugal is generated mainly in the Novabase Consulting business area, with international sales representing 12.1% of the respective turnover, and in the Novabase IMS business area, with international sales in 6M10 representing 10.4% of the respective turnover. Novabase Digital TV area increased the relative weight of the international business, which represents 3.6% of the respective turnover (compared to 2.6% in 6M09).

In terms of Human Resources, Novabase had on average in the 6M10, 1,950 employees, which represents an increase of 6.3% compared to the 6M09 (1,834) and an increase of 4.8% compared to FY09 (1,861).

The distribution by business area is as follows:



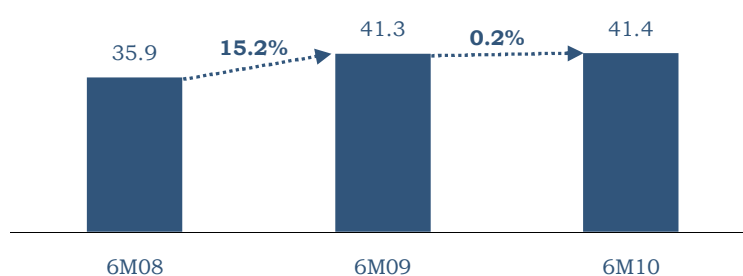
## 2.1. Novabase Consulting

Novabase Consulting is organized around the following competency areas:

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

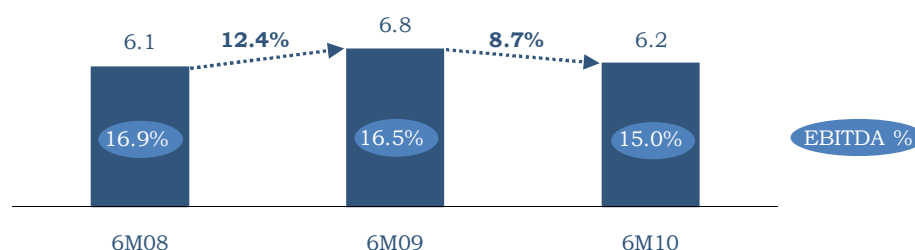
Global turnover in this business area reached 41.4 M€, which represents growth of 0.2% compared to 6M09.

**Turnover Novabase Consulting (M€)**



Novabase Consulting EBITDA in 6M10 decreased 8.7% year on year (from 6.8 M€ to 6.2 M€), reaching an EBITDA margin of 15.0% (which compares to 16.5% in 6M09 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 can be regarded as positive in the current market conditions.

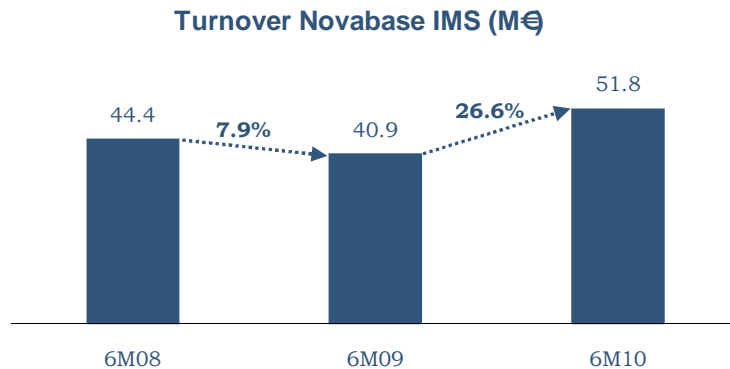


## 2.2. Novabase IMS

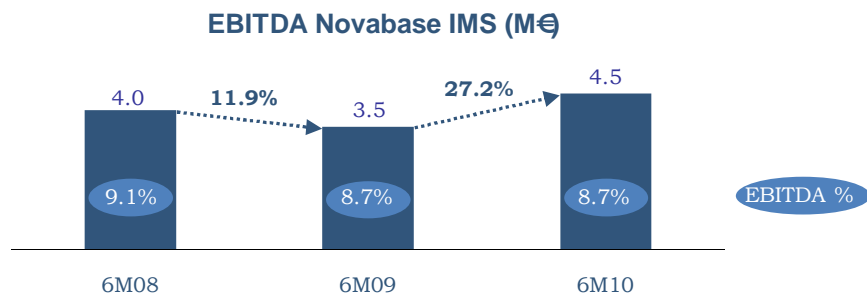
Novabase IMS includes three lines of business:

- 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 51.8 M€, which represents an increase of 26.6% compared to 6M09.



Novabase IMS EBITDA in 6M10 increased 27.2% year on year (from 3.5 M€ to 4.5 M€), reaching an EBITDA margin of 8.7% (which compares to 8.7% in 6M09 and a margin of 8.0% in FY09).

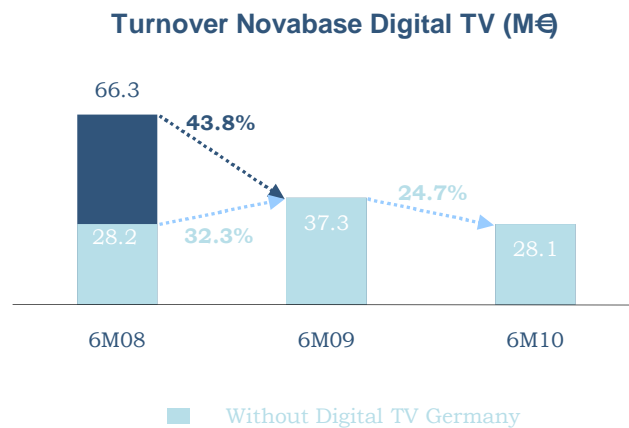


This reflects a strategy of focusing on projects with higher technological complexity and higher added value as a measure to offset the adverse economic situation and consequent pressure on prices. However, this area should be analyzed for longer time periods.

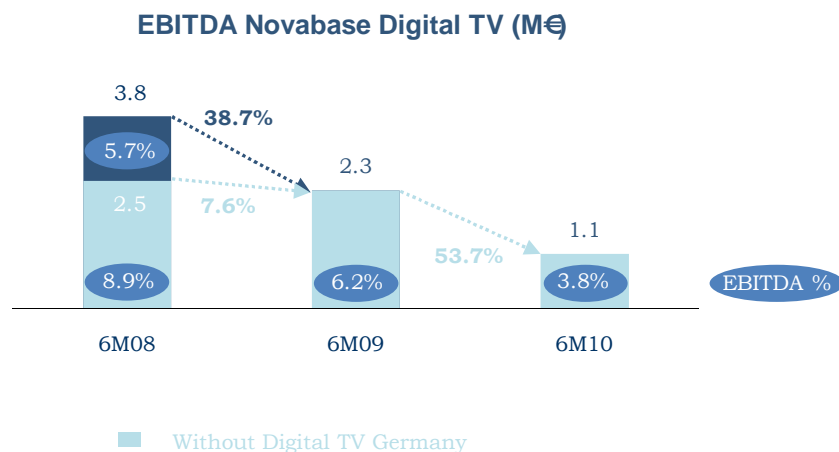
## 2.3. Novabase Digital TV

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 28.1 M€, which represents a 24.7% decrease compared to 6M09.



Novabase Digital TV EBITDA in 6M10 decreased 53.7% year on year (from 2.3 M€ to 1.1 M€), reaching an EBITDA margin of 3.8% (which compares to 6.2% in 6M09 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 COB's business. However, this area should be analyzed for longer time periods.

## 2.4. Novabase Capital

This area of Novabase develops a Corporate Venture Capital activity and supports strategic and M&A projects of the Group.

Global turnover in this area reached 1.6 M€, which represents an increase of 291.6% compared to 6M09.

Novabase Capital EBITDA in 6M10 increased 77.3% year on year (from -0.6 M€ to -0.1 M€) reaching an EBITDA margin of -8.8%.

This result was still affected by the current phase of investment in international expansion and also product development of the subsidiary Collab (software company that develops solutions for IP multimedia contact centers).

In 3M10 it was released that Novabase Capital, under COMPETE Program and the Lisbon Regional Operating Program (POR Lisboa), has received approval to establish three new Venture Capital Funds, up to a total of 30.91 M€, which will focus on investments in technology-based SMEs in the area of ICTs. The approval of the financial contribution of COMPETE and POR Lisboa Programs depends on the submission of the project applications to the QREN.

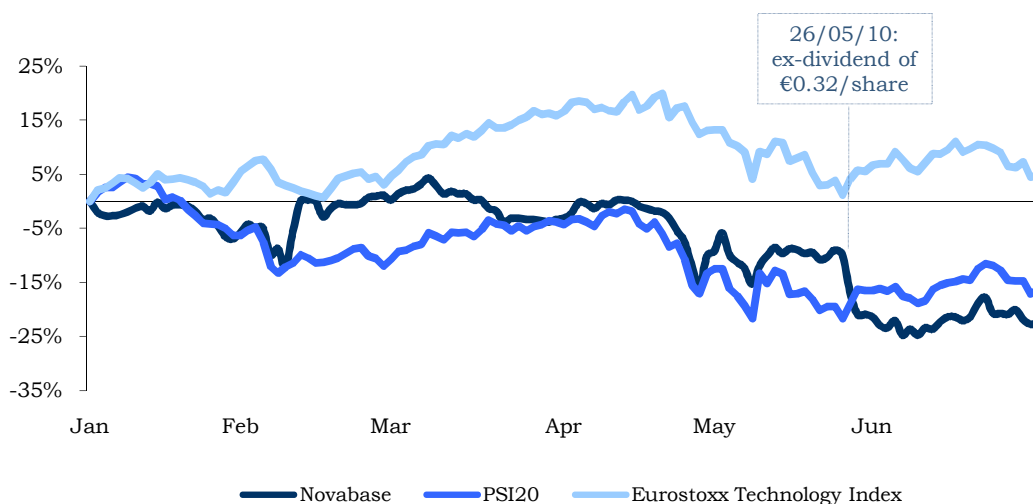
## 3. Stock Performance

The six months of 2010 were marked by a gain in the EuroStoxx Technology Index of 4.9%.

Novabase share price in 6M10 lost 22.5%, comparing with a 16.5% loss in the PSI20 Index. In this period, a dividend of €0.32/share was distributed.

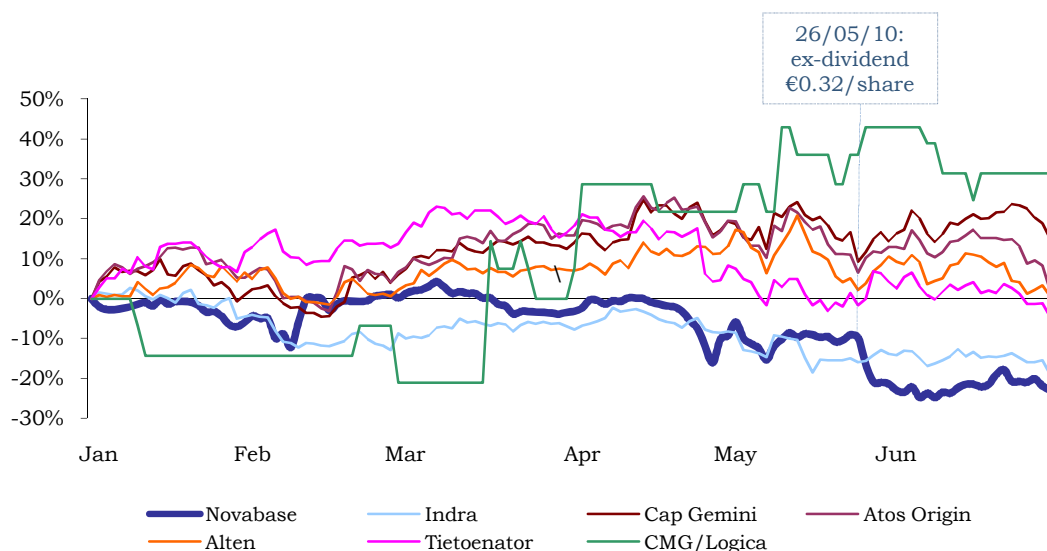
Rotation in 6M10 represented 13.1% of the capital and 4.1 million shares were traded, below the values that have occurred in 6M09 (rotation of 16.4% of the capital and 5.2 million shares traded), reflecting the current negative situation in the stock market.

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 6M10 was lower than the performance of other IT.

### Novabase and other TMT



The average price, weighted by volume, of Novabase shares during 6M10, was 4.13 euros per share. Approximately 4.1 million shares were traded in all the 126 Stock Exchange sessions in the 6M10, corresponding to a transaction value of 17.0 M€.

The average daily number of shares traded in 6M10 was approximately 32.6 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 6M10, June 30, 2010, was 3.44 euros, which represents a loss of approximately 22.5% 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 2Q10 was 4.45 euros, while the minimum price registered was 3.34 euros. The market capitalization at the end of 6M10 was 108.0 M€.

Summary	2Q10	1Q10	4Q09	3Q09	2Q09
Minimum price (€)	3.34	3.90	4.33	4.46	4.09
Maximum price (€)	4.45	4.63	4.96	4.90	5.05
Volume weighted average price (€)	3.91	4.38	4.65	4.63	4.67
Closing price at the end of the Quarter (€)	3.44	4.30	4.44	4.80	4.86
Nr. of shares traded	2,194,905	1,916,989	1,925,349	1,390,806	2,541,391
Market cap in the last day of the period (M€)	108.0	135.0	139.4	150.7	152.6

# Novabase

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

	30.06.10	31.12.09
	(Thousands of Euros)	
<b>Assets</b>		
Tangible assets	9,408	8,721
Intangible assets	29,479	28,778
Financial investments	1,946	1,939
Deferred income tax assets	7,985	8,341
Other non-current assets	139	134
<b>Total Non-Current Assets</b>	<b>48,957</b>	<b>47,913</b>
Inventories	13,083	8,593
Trade debtors and accrued income	110,241	99,183
Other debtors and prepaid expenses	16,314	13,219
Derivative financial instruments	1,011	58
Cash and cash equivalents	10,837	24,972
<b>Total Current Assets</b>	<b>151,486</b>	<b>146,025</b>
<b>Assets for continuing operations</b>	<b>200,443</b>	<b>193,938</b>
<b>Assets for discontinued operations</b>	<b>226</b>	<b>826</b>
<b>Total Assets</b>	<b>200,669</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	20,445	16,425
Net profit	7,151	12,882
<b>Total Shareholders' Equity</b>	<b>86,254</b>	<b>93,498</b>
Non-controlling interests	5,557	5,644
<b>Total Equity</b>	<b>91,811</b>	<b>99,142</b>
<b>Liabilities</b>		
Non-current borrowings	2,000	2,500
Finance lease liabilities	1,569	1,468
Provisions	2,094	2,245
Deferred income tax liabilities	100	100
Other non-current liabilities	927	1,123
<b>Total Non-Current Liabilities</b>	<b>6,690</b>	<b>7,436</b>
Current borrowings	1,946	3,162
Trade payables	40,416	28,852
Other creditors and accruals	39,630	35,552
Derivative financial instruments	541	139
Deferred income	18,787	19,662
<b>Total Current Liabilities</b>	<b>101,320</b>	<b>87,367</b>
<b>Total Liabilities for cont. operations</b>	<b>108,010</b>	<b>94,803</b>
<b>Total Liabilities for discont. operations</b>	<b>848</b>	<b>819</b>
<b>Total Liabilities</b>	<b>108,858</b>	<b>95,622</b>
<b>Total Equity and Liabilities</b>	<b>200,669</b>	<b>194,764</b>
<b>Net Cash</b>	<b>11,042</b>	<b>25,730</b>

## Consolidated Income Statement for the period of 6 Months ended 30 June 2010

	30.06.10	30.06.09	Var. %
	(Thousands of Euros)		
Sale of goods	59,307	59,045	
Cost of goods sold	(51,820)	(52,809)	
<b>Gross margin</b>	<b>7,487</b>	<b>6,236</b>	<b>20.1 %</b>
<b>Other income</b>			
Services rendered	63,489	60,822	
Supplementary income	365	203	
Other operating income	74	393	
	<b>63,928</b>	<b>61,418</b>	
	<b>71,415</b>	<b>67,654</b>	
<b>Other expenses</b>			
External supplies and services	(22,927)	(21,251)	
Employee benefit expense	(36,916)	(34,086)	
(Provisions) / Provisions reversal	461	(8)	
Other operating expenses	(385)	(268)	
	<b>(59,767)</b>	<b>(55,613)</b>	
<b>Gross Net Profit (EBITDA)</b>	<b>11,648</b>	<b>12,041</b>	<b>-3.3 %</b>
Depreciation and amortization	(2,627)	(2,378)	
<b>Operating Profit (EBIT)</b>	<b>9,021</b>	<b>9,663</b>	<b>-6.6 %</b>
Financial Gains / (Losses)	463	(1,053)	
<b>Net Profit before taxes (EBT)</b>	<b>9,484</b>	<b>8,610</b>	<b>10.2 %</b>
Income tax expense	(1,888)	(1,733)	
Non-controlling interests	(445)	119	
<b>Attributable Net Profit</b>	<b>7,151</b>	<b>6,996</b>	<b>2.2 %</b>
<b>Other information:</b>			
Turnover	122,796	119,867	<b>2.4 %</b>
EBITDA margin	9.5 %	10.0 %	
EBT % on Turnover	7.7 %	7.2 %	
Net profit % on Turnover	5.8 %	5.8 %	

# Novabase

## Consolidated Income Statement by SEGMENTS for the period of 6 Months ended 30 June 2010

(Thousands of Euros)

	Consulting	IMS	Digital TV	Novabase Capital	NOVABASE
Sale of goods	1,267	37,532	20,508	-	59,307
Cost of goods sold	(1,264)	(32,232)	(18,324)	-	(51,820)
<b>Gross margin</b>	<b>3</b>	<b>5,300</b>	<b>2,184</b>	<b>-</b>	<b>7,487</b>
<i>Other income</i>					
Services rendered	40,125	14,220	7,562	1,582	63,489
Supplementary income and subsidies	224	-	141	-	365
Other operating income	18	35	21	-	74
	<b>40,367</b>	<b>14,255</b>	<b>7,724</b>	<b>1,582</b>	<b>63,928</b>
	<b>40,370</b>	<b>19,555</b>	<b>9,908</b>	<b>1,582</b>	<b>71,415</b>
<i>Other expenses</i>					
External supplies and services	(10,428)	(6,708)	(5,283)	(508)	(22,927)
Employee benefit expense	(23,963)	(8,052)	(3,698)	(1,203)	(36,916)
(Provisions) / Provisions reversal	360	(131)	232	-	461
Other operating expenses	(125)	(162)	(87)	(11)	(385)
	<b>(34,156)</b>	<b>(15,053)</b>	<b>(8,836)</b>	<b>(1,722)</b>	<b>(59,767)</b>
<b>Gross Net Profit (EBITDA)</b>	<b>6,214</b>	<b>4,502</b>	<b>1,072</b>	<b>(140)</b>	<b>11,648</b>
Depreciation and amortization	(1,554)	(695)	(345)	(33)	(2,627)
<b>Operating Profit (EBIT)</b>	<b>4,660</b>	<b>3,807</b>	<b>727</b>	<b>(173)</b>	<b>9,021</b>
Financial Gains / (Losses)	20	195	262	(14)	463
<b>Net Profit / (Loss) before Taxes (EBT)</b>	<b>4,680</b>	<b>4,002</b>	<b>989</b>	<b>(187)</b>	<b>9,484</b>
Income tax expense	(1,292)	(917)	231	90	(1,888)
Non-controlling interests	(451)	(4)	-	10	(445)
<b>Attributable Net Profit / (Loss)</b>	<b>2,937</b>	<b>3,081</b>	<b>1,220</b>	<b>(87)</b>	<b>7,151</b>
<b>Other information :</b>					
Turnover	41,392	51,752	28,070	1,582	122,796
EBITDA	6,214	4,502	1,072	(140)	11,648
EBITDA % on Turnover	15.0%	8.7%	3.8%	-8.8%	9.5%
EBT % on Turnover	11.3%	7.7%	3.5%	-11.8%	7.7%

## Annex I - Board of Directors' Report June 30, 2010

### Shareholder Structure and Qualified Holdings

Shareholdings of Members of the Management and Supervisory Boards (point 5 of Article 447 of the Company Code) <sup>1</sup>

Shareholders	no. shares	% capital and voting rights
José Afonso Oom Ferreira de Sousa	2,514,947	8.01%
Pedro Miguel Quinteiro Marques de Carvalho	2,170,679	6.91%
Rogério dos Santos Carapuça	1,884,787	6.00%
Luís Paulo Cardoso Salvado	1,918,040	6.11%
João Nuno da Silva Bento	1,799,793	5.73%
Álvaro José da Silva Ferreira	935,000	2.98%
Nuno Carlos Dias dos Santos Fórneas	81,017	0.26%
Manuel Alves Monteiro	9,000	0.03%
Luís Mira Amaral	6,305	0.02%
João Luís Correia Duque	500	0.00%
Total	11,320,068	36.05%

Shareholdings of Members of the Corporate Boards and Qualified Holdings (point 4 of Article 448 of the Company Code and Article 16 of the Securities Code - 'CVM') <sup>1</sup>

Shareholders	partial no.	no. shares	% capital and voting rights
Partbleu, Sociedade Gestora de Participações		3,180,444	10.13%
ES TECH VENTURES, SGPS, SA	1,792,144		
Other Group Companies	1,157,395		
Corporate Board Members	100		
Grupo Banco Espírito Santo, SA (point 1 of Article 20 of CVM)		2,949,639	9.39%
José Afonso Oom Ferreira de Sousa		2,514,947	8.01%
Pedro Miguel Quinteiro Marques de Carvalho		2,170,679	6.91%
Rogério dos Santos Carapuça		1,884,787	6.00%
Luís Paulo Cardoso Salvado		1,918,040	6.11%
João Nuno da Silva Bento		1,799,793	5.73%
Fernando Fonseca Santos		1,575,020	5.02%
Álvaro José da Silva Ferreira		935,000	2.98%
Fundo Santander Ações Portugal	1,234,775		
Fundo Santander PPA	191,663		
Outros	144,128		
Santander Asset Management - Soc.Gestora de Fundos de Investimento Mobiliário, SA (point 1 of Article 20 of CVM)		1,570,566	5.00%
Total		20,498,915	65.28%

<sup>1</sup> The shareholding of each of these Shareholders is the last position reported to the company until June 30, 2010.

## Annex II - Board of Directors' Report June 30, 2010

### Management Transactions

List of Management Transactions (pursuant to the terms of points 6 and 7 of Article 14.º of the Portuguese Securities Commission Regulation nº. 5/2008)

Director	Transaction	Date	Time	Location	Number of shares	Price per share (€)
Luís Paulo Cardoso Salvado	Acquisition	23-03-2010	08:12:18	Euronext Lisbon	15,000	4.30
Alvaro José da Silva Ferreira	Acquisition	23-03-2010	08:12:18	Euronext Lisbon	15,000	4.30
Nuno Carlos Dias dos Santos Fórneas	Acquisition	30-03-2010	-	Over-the-Counter	15,405	3.40
Nuno Carlos Dias dos Santos Fórneas	Acquisition	26-05-2010	-	Over-the-Counter	3,906	4.00

The above mentioned directors, as a result of such transactions, hold the following shareholdings in the company's share capital:

Director	no. shares	% capital and voting rights
Luís Paulo Cardoso Salvado	1,918,040	6.11%
Alvaro José da Silva Ferreira	935,000	2.98%
Nuno Carlos Dias dos Santos Fórneas	81,017	0.26%



## Annex III - Board of Directors' Report June 30, 2010

### Own Shares Transactions

Information of transactions on own shares (pursuant to the terms of d) of point 5 of Article 66.º of the Company Code)

Transaction	Date	Location	Number of shares	Price per share (€)
Transfer	30-03-2010	Over-the-Counter	90,132	3.40
Transfer	30-03-2010	Over-the-Counter	17,779	4.42
Transfer	30-03-2010	Over-the-Counter	7,324	4.42
Transfer	30-03-2010	Over-the-Counter	26,316	4.19
Transfer	17-05-2010	Over-the-Counter	24,826	4.29
Transfer	18-05-2010	Over-the-Counter	12,413	4.29
Transfer	18-05-2010	Over-the-Counter	12,413	4.29
Transfer	21-05-2010	Over-the-Counter	12,413	4.29
Transfer	21-05-2010	Over-the-Counter	15,558	3.98
Transfer	25-05-2010	Over-the-Counter	5,580	4.00
Transfer	25-05-2010	Over-the-Counter	1,674	4.00
Transfer	25-05-2010	Over-the-Counter	3,348	4.00
Transfer	25-05-2010	Over-the-Counter	5,580	4.00
Transfer	26-05-2010	Over-the-Counter	3,906	4.00

At 31 December 2009, Novabase S.G.P.S. held 1,445,905 own shares, representing 4.60% of its share capital.

During 1st half 2010, the company transferred 239,262 own shares at the average price of 3.91 euros.

Own shares transfers were used in the settlement of acquisitions to non-controlling interests occurred in 2008 and in 2010 and as bonuses to employees.

At 30 June 2010, Novabase S.G.P.S. held 1,206,643 own shares, representing 3.84% of its share capital.

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**Condensed Consolidated Interim Financial Statements  
for the 1st half 2010**

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

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**I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the period of 6 Months ended 30 June 2010**

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

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

(Amounts expressed in thousands of Euros)

	Note	30.06.10	31.12.09
<i>Assets</i>			
<b>Non-current assets</b>			
Property, plant and equipment		9,408	8,721
Intangible assets		29,479	28,778
Investments in associates		1,921	1,914
Available-for-sale financial assets		25	25
Deferred income tax assets	5	7,985	8,341
Other non-current assets		139	134
<b>Total non-current assets</b>		48,957	47,913
<b>Current assets</b>			
Inventories		13,083	8,593
Trade and other receivables	6	101,276	94,060
Accrued income		16,200	11,055
Income tax receivable		3,726	4,802
Derivative financial instruments		1,011	58
Other current assets		5,353	2,485
Cash and cash equivalents	7	10,837	24,972
<b>Total current assets</b>		151,486	146,025
Assets for discontinued operations		226	826
<b>Total assets</b>		200,669	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	20,445	16,425
Profit for the period attributable to equity holders		7,151	12,882
Equity attributable to the company's equity holders		86,254	93,498
Non-controlling interests	10	5,557	5,644
<b>Total equity</b>		91,811	99,142
<i>Liabilities</i>			
<b>Non-current liabilities</b>			
Borrowings	11	3,569	3,968
Provisions	12	2,094	2,245
Deferred income tax liabilities		100	100
Other non-current liabilities		927	1,123
<b>Total non-current liabilities</b>		6,690	7,436
<b>Current liabilities</b>			
Borrowings	11	3,460	4,502
Trade and other payables	13	78,393	62,774
Income tax payable		139	290
Derivative financial instruments		541	139
Deferred income and other current liabilities		18,787	19,662
<b>Total current liabilities</b>		101,320	87,367
Liabilities for discontinued operations		848	819
<b>Total liabilities</b>		108,858	95,622
<b>Total equity and liabilities</b>		200,669	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 6 Months ended 30 June 2010

(Amounts expressed in thousands of Euros)

	Note	6 M *		3 M * (Unaudited)	
		30.06.10	30.06.09	30.06.10	30.06.09
Sales	3	59,307	59,045	32,660	31,498
Services rendered	3	63,489	60,822	32,133	29,470
Cost of sales		(51,820)	(52,809)	(28,990)	(27,957)
External supplies and services		(22,927)	(21,251)	(12,057)	(11,354)
Employee benefit expense		(36,916)	(34,086)	(18,486)	(16,465)
Other gains/ (losses) - net	14	515	320	221	126
Depreciation and amortisation		(2,627)	(2,378)	(1 432)	(1 200)
<b>Operating profit</b>		<b>9,021</b>	<b>9,663</b>	<b>4,049</b>	<b>4,118</b>
Finance income		4,451	1,946	2,535	764
Finance costs		(3,978)	(2,584)	(2,470)	(1,595)
Share of (loss)/profit of associates		(10)	(415)	8	(415)
<b>Profit before income tax</b>		<b>9,484</b>	<b>8,610</b>	<b>4,122</b>	<b>2,872</b>
Income tax expense	15	(1,888)	(1,733)	(733)	(434)
<b>Profit for the period</b>		<b>7,596</b>	<b>6,877</b>	<b>3,389</b>	<b>2,438</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>7,596</b>	<b>6,877</b>	<b>3,389</b>	<b>2,438</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		7,151	6,996	3,129	2,803
Non-controlling interests	10	445	(119)	260	(365)
		<b>7,596</b>	<b>6,877</b>	<b>3,389</b>	<b>2,438</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		7,151	6,996	3,129	2,803
Non-controlling interests	10	445	(119)	260	(365)
		<b>7,596</b>	<b>6,877</b>	<b>3,389</b>	<b>2,438</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>0.24 euros</b>	<b>0.23 euros</b>	<b>0.10 euros</b>	<b>0.09 euros</b>
<b>Diluted earnings per share</b>	16	<b>0.24 euros</b>	<b>0.23 euros</b>	<b>0.10 euros</b>	<b>0.09 euros</b>

6 M \* - period of 6 months ended

3 M \* - period of 3 months ended

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

## Condensed Consolidated Interim Statement of Changes in Equity for the period of 6 Months ended 30 June 2010

(Amounts expressed in thousands of Euros)

	Attributable to equity holders of the Company						Non- -controlling Interests	Total Equity
	Share Capital	Treasury shares	Share premium	Legal reserves	Stock Options reserves	Retained earnings		
<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	-	-	-	-	-	6,996	(119)	6,877
<b>Transactions with owners</b>								
Legal reserve	-	-	-	282	-	(282)	-	-
Treasury shares movements	-	(159)	-	-	-	(1,327)	-	(1,486)
Share-based payments	-	-	-	-	57	-	-	57
Transactions with owners	-	(159)	-	282	57	(1,609)	-	(1,429)
<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 June 30, 2009</b>	15,701	(588)	49,213	1,558	911	22,282	4,774	93,851
<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	-	-	-	-	-	7,151	445	7,596
<b>Transactions with owners</b>								
Share capital reduction	(5,652)	-	-	-	-	217	-	(5,435)
Share capital increase	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	-	-	-	-	284	-	-	284
Changes in consolidation universe	-	-	-	-	-	-	176	176
Foreign currency translation reserve	-	-	-	-	-	32	34	66
Transactions with owners	-	120	(5,652)	807	284	(9,404)	210	(13,635)
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b>								
Transactions with non-controlling interests	-	-	-	-	-	(549)	(742)	(1,291)
<b>Balance at June 30, 2010</b>	15,701	(603)	43,560	2,365	663	24,568	5,557	91,811

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 Cash Flows for the period of 6 Months ended 30 June 2010

(Amounts expressed in thousands of Euros)

	Note	6 M *		3 M * (Unaudited)	
		30.06.10	30.06.09	30.06.10	30.06.09
<i>Cash flows from operating activities</i>					
Net Cash generated/ (used) in operating activities		1,459	12,625	(3,349)	(6,686)
<i>Cash flows from investing activities</i>					
Receipts:					
Cash of Novabase Angola consolidated for the 1 <sup>st</sup> time		349	-	349	-
Loan repayments received from associates		-	229	-	229
Interest received		121	585	28	305
		470	814	377	534
Payments:					
Acquisition of subsidiaries		(430)	(3,245)	(430)	(195)
Loans granted to associates		(185)	(515)	(120)	(22)
Purchases of property, plant and equipment		(1,447)	(517)	(781)	(63)
Purchases of intangible assets		(1,599)	(1,218)	(826)	(1,118)
		(3,661)	(5,495)	(2,157)	(1,398)
Net Cash used in investing activities		(3,191)	(4,681)	(1,780)	(864)
<i>Cash flows from financing activities</i>					
Receipts:					
Proceeds from borrowings		-	3,000	-	2,974
Proceeds from sale of treasury shares	8	-	45	-	45
		-	3,045	-	3,019
Payments:					
Repayments of borrowings		(771)	(2,720)	(47)	(871)
Dividends paid		(9,662)	-	(9,662)	-
Payment of finance lease liabilities		(864)	(818)	(455)	(422)
Interest paid		(227)	(610)	(69)	(429)
Purchase of treasury shares	8	-	(2,448)	-	(1,447)
		(11,524)	(6,596)	(10,233)	(3,169)
Net Cash used in financing activities		(11,524)	(3,551)	(10,233)	(150)
Cash, cash equivalents and bank overdrafts at beginning of period		24,026	19,796	26,132	31,889
Net increase/ (decrease) of cash, cash equivalents and bank overdrafts		(13,256)	4,393	(15,362)	(7,700)
Effect of exchange rate fluctuations on cash held		67	-	67	-
Cash, cash equivalents and bank overdrafts at end of period	7	10,837	24,189	10,837	24,189

6 M \* - period of 6 months ended

3 M \* - period of 3 months ended

THE ACCOUNTANT

THE BOARD OF DIRECTORS

**NOVABASE S.G.P.S., S.A.**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the period of 6 Months ended 30 June 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 July 26, 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 six months ended June 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.

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**

	<b>Consulting</b>	<b>IMS</b>	<b>Digital TV</b>	<b>Novabase Capital</b>	<b>Novabase</b>
<b>At 30 June 2009</b>					
Sales and services rendered	41,330	40,872	37,261	404	119,867
Operating profit/ (loss)	5,415	2,956	1,938	(646)	9,663
Finance costs - net	673	(273)	(1,026)	(12)	(638)
Share of (loss)/profit of associates	(3)	-	-	(412)	(415)
Income tax expense	(841)	(840)	(247)	195	(1,733)
Profit/ (Loss) from operations	5,244	1,843	665	(875)	6,877
<b>At 30 June 2010</b>					
Sales and services rendered	41,392	51,752	28,070	1,582	122,796
Operating profit/ (loss)	4,660	3,807	727	(173)	9,021
Finance costs - net	30	195	262	(14)	473
Share of (loss)/profit of associates	(10)	-	-	-	(10)
Income tax expense	(1,292)	(917)	231	90	(1,888)
Profit/ (Loss) from operations	3,388	3,085	1,220	(97)	7,596

**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:

	<b>30.06.10</b>	<b>31.12.09</b>
<b>Opening balance</b>	8,341	10,092
Transfers	(23)	224
Profit or loss charge	(333)	(1,975)
<b>Balance at the end of the period</b>	<b>7,985</b>	<b>8,341</b>

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:

	<b>Tax losses</b>	<b>Tax incentives</b>	<b>Provisions</b>	<b>Total</b>
<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	(672)	(258)	597	(333)
Transfers	(12)	-	(11)	(23)
<b>Balance at 30 June 2010</b>	<b>2,630</b>	<b>3,156</b>	<b>2,199</b>	<b>7,985</b>

**6. Trade and other receivables**

	<b>30.06.10</b>	<b>31.12.09</b>
Trade receivables	96,640	91,580
Allowance for impairment of trade receivables	(2,599)	(3,452)
	<u>94,041</u>	<u>88,128</u>
Prepayments to suppliers	946	1,011
Employees	62	151
V.A.T.	1,263	2,167
Receivables from related parties (note 17)	1,070	896
Financial investments disposal	152	149
Receivables from funded projects	2,481	1,206
Other receivables	4,801	4,107
Allowance for impairment of other receivables	(3,540)	(3,755)
	<u>7,235</u>	<u>5,932</u>
	<u><u>101,276</u></u>	<u><u>94,060</u></u>

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

	<b>Trade receivables</b>		<b>Other receivables</b>		<b>Total</b>	
	<b>30.06.10</b>	<b>31.12.09</b>	<b>30.06.10</b>	<b>31.12.09</b>	<b>30.06.10</b>	<b>31.12.09</b>
Balance at 1 January	3,452	2,693	3,755	3,960	7,207	6,653
Impairment	52	978	-	66	52	1,044
Impairment reversal	(424)	(219)	(56)	(225)	(480)	(444)
Transfers	111	-	-	(232)	111	(232)
Write-offs	(592)	-	(159)	186	(751)	186
	<u>2,599</u>	<u>3,452</u>	<u>3,540</u>	<u>3,755</u>	<u>6,139</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:

	<b>30.06.10</b>	<b>31.12.09</b>
- Cash	17	4
- Short term bank deposits	10,820	24,968
Cash and cash equivalents	<u>10,837</u>	<u>24,972</u>
- Overdrafts	-	(946)
	<u><u>10,837</u></u>	<u><u>24,026</u></u>

## 8. 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
<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 June 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.

In accordance with the resolutions of the referred General Meeting, share capital reduction and increase operations above mentioned were executed. The payment of the amounts freed as a result of the share capital reduction is to be settled at the reporting date, being that the amount to deliver to the shareholders is EUR 5,435 thousand (note 13) and the amount corresponding to the treasury shares that will not be paid is EUR 217 thousand, which was already transferred to other reserves in these financial statements.

## 9. Reserves and retained earnings

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

	30.06.10			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>30.06.10</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	34	-
Profit attributable to non-controlling interests	<u>445</u>	<u>166</u>
	<u>5,557</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>30.06.10</u>	<u>31.12.09</u>
<b>Non-current</b>		
Bank borrowings	2,000	2,500
Finance lease liabilities	<u>1,569</u>	<u>1,468</u>
	3,569	3,968
<b>Current</b>		
Bank borrowings	1,946	3,162
Finance lease liabilities	<u>1,514</u>	<u>1,340</u>
	3,460	4,502
Total borrowings	<u>7,029</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>30.06.10</u>	<u>31.12.09</u>
6 months or less	1,446	1,980
6 to 12 months	<u>500</u>	<u>1,182</u>
	<u>1,946</u>	<u>3,162</u>

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

	<u>30.06.10</u>	<u>31.12.09</u>
Between 1 and 2 years	1,000	1,000
Between 2 and 5 years	<u>1,000</u>	<u>1,500</u>
	<u>2,000</u>	<u>2,500</u>

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

	<u>30.06.10</u>	<u>31.12.09</u>
Bank borrowings	2.776%	2.658%
Bank overdrafts	N/A	2.016%

Gross finance lease liabilities - minimum lease payments:

	<u>30.06.10</u>	<u>31.12.09</u>
No later than 1 year	1,939	1,817
Between 1 and 5 years	<u>2,118</u>	<u>1,989</u>
	4,057	3,806
Future finance charges on finance leases	<u>(974)</u>	<u>(998)</u>
Present value of finance lease liabilities	<u>3,083</u>	<u>2,808</u>

The present value of finance lease liabilities is as follows:

	<u>30.06.10</u>	<u>31.12.09</u>
No later than 1 year	1,514	1,340
Between 1 and 5 years	1,569	1,468
	<u>3,083</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>	790	499	956	2,245
Additional provisions	104	-	256	360
Used during the period	(396)	(15)	(100)	(511)
	<u>498</u>	<u>484</u>	<u>1,112</u>	<u>2,094</u>

## 13. Trade and other payables

	<u>30.06.10</u>	<u>31.12.09</u>
Trade payables	38,902	27,512
Remunerations, vacations and vacation and Christmas subsidies	11,001	7,468
Bonus	5,707	10,413
Ongoing projects	2,716	1,959
V.A.T.	7,090	7,000
Social security contributions	958	1,704
Income tax withholding	916	1,050
Amount to pay to shareholders from the share capital reduction (note 8)	5,435	-
Employees	26	122
Prepayments from trade receivables	201	205
Acquisition of financial interests to non-controlling interests (note 17)	913	646
Other accrued expenses	3,951	4,099
Other payables	577	596
	<u>78,393</u>	<u>62,774</u>

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

	<u>30.06.10</u>	<u>30.06.09</u>
Impairment and impairment reversal of trade and other receivables	428	(138)
Impairment and impairment reversal of inventories	(118)	3
Warranties provision	292	46
Legal claims provision	15	-
Provisions for other risks and charges	(156)	81
Operating subsidies	290	146
Other	(236)	182
	<u>515</u>	<u>320</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>30.06.10</u>	<u>30.06.09</u>
Profit before income tax	9,484	8,610
<b>Income tax expense at nominal rate</b>	<b>2,371</b>	<b>2,153</b>
Tax benefit on the net creation of employment for young and long term unemployed people	(184)	(200)
Provisions and amortisations not considered for tax purposes	109	103
Associates' results reported net of tax	3	104
Autonomous taxation	281	272
Losses in companies where no deferred tax is recognised	(65)	14
Expenses not deductible for tax purposes	142	(88)
Research & Development tax benefit	(1,089)	(828)
Municipal surcharge	230	206
Impairment of Special Payment on Account	97	-
Other	(7)	(3)
<b>Income tax expense</b>	<b><u>1,888</u></b>	<b><u>1,733</u></b>

**16. Earnings per share**

	<u>30.06.10</u>	<u>30.06.09</u>
Weighted average number of ordinary shares in issue	30,082,427	30,378,646
Stock options adjustment	42,706	-
Adjusted weighted average number of ordinary shares in issue	<u>30,125,133</u>	<u>30,378,646</u>
Profit attributable to equity holders of the Company	7,151	6,996
Basic earnings per share (euro per share)	0.24 euros	0.23 euros
Diluted earnings per share (euro per share)	<u>0.24 euros</u>	<u>0.23 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>30.06.10</u>	<u>30.06.09</u>
BES Group	6,659	10,957
	<u>6,659</u>	<u>10,957</u>

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

- ii) Purchases of goods and services

	<u>30.06.10</u>	<u>30.06.09</u>
BES Group	216	99
	<u>216</u>	<u>99</u>

iii) Key management compensation						
			<b>30.06.10</b>	<b>30.06.09</b>		
Salaries and other short-term employee benefits			4,125	2,925		
Stock options granted			284	-		
			<u>4,409</u>	<u>2,925</u>		
iv) Advanced payments / loans to key management						
			<b>30.06.10</b>	<b>31.12.09</b>		
Advanced payments			1	98		
			<u>1</u>	<u>98</u>		
v) Balances arising from purchases/sales of goods and services						
			<b>30.06.10</b>	<b>31.12.09</b>		
Receivables from related parties						
BES Group			3,408	6,607		
			<u>3,408</u>	<u>6,607</u>		
Payables from related parties						
BES Group			94	-		
			<u>94</u>	<u>-</u>		
vi) Acquisition of financial interests to related parties (see note 9)						
			<b>30.06.10</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>30.06.10</b>	<b>31.12.09</b>	<b>30.06.10</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>30.06.10</b>	<b>31.12.09</b>		
Loan to Mind			259	259		
Loan to Forward			22	22		
Loan to NB Atlântico			744	559		
Loans to other associates			45	56		
Receivables from related parties (note 6)			<u>1,070</u>	<u>896</u>		
Provisions for loans provided to associates			<u>(259)</u>	<u>(259)</u>		
			<u>811</u>	<u>637</u>		
ix) Bank deposits and finance investments (including overdrafts)						
			<b>30.06.10</b>	<b>31.12.09</b>		
BES Group			7,200	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:

- 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 procedure waits the term for filing opposition by the defendants.
- 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. Events after the reporting period

### **Novabase strengthens its energy area through the acquisition of Iberwind assets**

In July 2010, Novabase and Iberwind, leading producer of wind energy in Portugal, signed a deal for the acquisition of a management and control platform for wind power production – SCADA, in the amount of EUR 750 thousand. Simultaneously, Novabase and Iberwind signed a five year outsourcing contract of 2,7 Million euros that begins by transferring to Novabase the team responsible for the SCADA system, that shall continue to ensure the operations of the wind farms explored by Iberwind.

## 20. Seasonality

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

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**II. SUPERVISORY BOARD AND AUDITORS REPORT IN RESPECT OF THE  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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## Opinion of the Audit Committee on the Consolidated Financial Information

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Dear Shareholders,

Pursuant to the law, the mandate from our shareholders and the provisions of Article 423-F, Item g) and number 1 of Article 508-D, both of the Portuguese Company Code, we now present a brief summary of our supervisory activities, together with our opinion on the Half Year Report and Consolidated Financial Statements presented by the Novabase SGPS, SA Board of Directors for the period of 6 month ended 30 June 2010.

Over the course of the six month period ended June 30 2010, the Audit Committee held 8 formal meetings as well as some informal meetings to supervise the following:

- Company management, in terms of compliance with the law, the memorandum of association and other regulations in force, as well as in relation to management activities, policies pursued and the transparency, diligence and credibility of conduct;
- The efficacy of risk management systems and internal control and auditing activities; and
- Mechanisms, procedures and activities employed in preparing and disclosing financial information and reviewing the accuracy of the accounting documentation, accounting policies and valuation criteria used by the Company, to ensure that these entail an accurate assessment of the Company's assets and results.

**Under the powers given to us, we have confirmed that:**

- The Consolidated Report accurately, clearly and fully reflects the most significant aspects of the Company's business and financial situation; similarly, all existing risks of both an operational and financial nature have been duly identified; and

## *Audit Committee*

- The Consolidated Financial Statements and corresponding Annex truly and fairly reflect the Company's financial situation.

Therefore, in light of the information received from the Board of Directors and the Company's various departments, together with the conclusions of the Limited Review Report on the Consolidated half year Financial Information, that received our agreement, it is our opinion that:

- The Consolidated Half Year Report be approved;
- The Consolidated Financial Statements be approved.

Lisbon, 26 July 2010

### **The Audit Committee**

Luis Mira Amaral (Chairman)

Manuel Alves Monteiro (Member)

João Luís Duque (Member)

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## Limited Review Report on the Consolidated Half Year Financial Information

(Free Translation from the original version in Portuguese)

### Introduction

1 We present our Limited Review Report on the consolidated condensed information for the period of six months ended 30 June 2010, of Novabase SGPS, SA., included in: the interim Directors' Report, the consolidated statement of financial position (which shows a total of euros 200.669 thousand and a total shareholders' equity of euros 91.811 thousand, including non-controlling interests of euros 5.557 thousand and a profit for the period of euros 7.151 thousand), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the period then ended and the respective condensed 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 Portuguese 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 Portuguese Securities Market Code ("Código dos Valores Mobiliários"), and to issue a professional and independent report based on our work.

Novabase SGPS, SA.

## 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: (a) mainly of inquiries 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; and (b) in substantive tests to the unusual significant transactions.

6 Our work also covered verification of the consistency of the consolidated condensed 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 condensed financial information for the period of six months ended 30 June 2010 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, 16 August 2010

PricewaterhouseCoopers & Associados, SROC, Lda.  
represented by:

[This is a translation not to be signed]

Jorge Manuel Santos Costa, R.O.C.

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

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**DETAIL ON SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY BOARD MEMBERS**

	Share Capital	Total Number of Shares	Number of shares held by board members at 31.12.09	Transactions	Number of shares held by board members at 30.06.10	% of shares held by board members at 30.06.10
<b>Novabase SGPS, S.A.</b>	<b>15,700,697 €</b>	<b>31,401,394</b>	<b>11,270,757</b>	<b>49,311</b>	<b>11,320,068</b>	<b>36.0%</b>
José Afonso Oom Ferreira de Sousa			2,514,947	0	2,514,947	8.0%
Pedro Miguel Quinteiro Marques de Carvalho			2,170,679	0	2,170,679	6.9%
Rogério dos Santos Carapuça			1,884,787	0	1,884,787	6.0%
Luís Paulo Cardoso Salvado			1,903,040	15,000	1,918,040	6.1%
João Nuno da Silva Bento			1,799,793	0	1,799,793	5.7%
Álvaro José da Silva Ferreira			920,000	15,000	935,000	3.0%
Nuno Carlos dos Santos Fórneas			61,706	19,311	81,017	0.3%
Manuel Alves Monteiro			9,000	0	9,000	0.0%
Luis Mira Amaral			6,305	0	6,305	0.0%
João Luís Correia Duque			500	0	500	0.0%
<b>NBASIT - Sist. Inf. e Telecomunicações, S.A.</b>	<b>47,500,000 AOA</b>	<b>100,000</b>	<b>0</b>	<b>800</b>	<b>800</b>	<b>0.8%</b>
Álvaro José da Silva Ferreira			0	400	400	0.4%
Francisco Paulo Figueiredo Morais Antunes			0	200	200	0.2%
Luís Paulo Cardoso Salvado			0	200	200	0.2%
<b>CelFocus</b>	<b>100,000 €</b>	<b>100,000</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0.0%</b>
Paulo Jorge Barros Pires Trigo			1	0	1	0.0%
Francisco Manuel Martins Pereira do Valle			1	0	1	0.0%
José Afonso Oom Ferreira de Sousa			1	0	1	0.0%
<b>COLLAB - Sol. I. Com. e Colab., S.A.</b>	<b>61,333 €</b>	<b>61,333</b>	<b>3,750</b>	<b>0</b>	<b>3,750</b>	<b>6.1%</b>
Pedro Cabrita Quintas			3,750	0	3,750	6.1%
<b>Forward, S.A.</b>	<b>250,000 €</b>	<b>250,000</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>	<b>80.0%</b>
Bernardo Gomes Pinto			50,000	0	50,000	20.0%
Carlos Costa Brito			50,000	0	50,000	20.0%
Miguel Leite Fragoso			50,000	0	50,000	20.0%
Nuno Baião dos Santos			50,000	0	50,000	20.0%
<b>Manchete, S.A.</b>	<b>150,000 €</b>	<b>150,000</b>	<b>37,501</b>	<b>0</b>	<b>37,501</b>	<b>25.0%</b>
Mª de Fátima da Silva Rebelo			37,501	0	37,501	25.0%
<b>Novabase International Solutions, B.V.</b>	<b>18,000 €</b>	<b>18,000</b>	<b>1,080</b>	<b>(1,080)</b>	<b>0</b>	<b>0.0%</b>
Paulo Jorge Barros Pires Trigo			720	(720)	0	0.0%
Jamie Bridel			360	(360)	0	0.0%
<b>Novabase S.R.L</b>	<b>35,920 RON</b>	<b>3,592</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0.0%</b>
Álvaro José da Silva Ferreira			1	0	1	0.0%

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