

Reditus – Sociedade Gestora de Participações Sociais, S.A

Open Company

Registered Offices. Rua Pedro Nunes, 11 – 1050-169 Lisbon

Share Capital: 32.500.000 Euros

Registered with the Lisbon Registrar of Companies under no. 36.790

Corporate Body no. 500 400 997

**MANAGEMENT AND ACCOUNTING REPORT
FOR THE YEAR OF 2003**

CONSOLIDATED ACCOUNTS

Report by the Board of Directors

To the Shareholders,

In compliance with statutory requirements, and the legal requirements set out in the Trading Enterprise Code and in the Securities Code and supplementary legislation, also corresponding to the Recommendations by the Comissão de Valores Mobiliários {Marketable Securities' Commission} relating to the governance of the companies listed, this Board of Directors hereby presents the authorities, the shareholders, the capital market and the general public with its Management Report, the Consolidated Accounts and the Report on the Governance of the Companies relating to the financial year 2003.

I. Macroeconomic Framework

1. International Climate

World Economy

Following the slowdown during the years 2000 to 2002, the world's economic activity registered a gradual improvement in the second half of 2003, in line with the start of reasonably sustained progress towards recovery in the financial markets and with improved signs of confidence shown by economic agents. The latest indications point towards a slight acceleration in the world GDP during 2003, which will be consolidated in 2004 (rising from 2.8% in 2002 to an estimate of 3.3% in 2003 and a forecast of 4.1% for 2004).

The recovery of the world economy was led by the United States, where – in addition to the advancement of the cyclical position with regard to other blocks – impacts have already been felt resulting from the macroeconomic policies implemented by the current administration, and productivity has risen sharply. The acceleration of the world economy also reflects the recovery of the Japanese economy and the great dynamism of activity in the other Asian economies. In the European Union, economic activity stagnated within the Euro zone, with Germany, Italy, the Netherlands and Portugal registering two or more consecutive quarters during which the GDP shrank. During the second quarter of 2003, France's GDP also fell into minus figures.

United States

In the USA, the GDP accelerated during the second quarter of 2003 to a figure approaching its potential, and continued to perform well during the following months. The strong recovery was sustained by the very favourable trend vis-à-vis private consumption – namely with regard to the increased disposable income brought about by tax cuts – and by residential investment as well as by corporate investment. We should also highlight the great contribution made by public consumption towards the growth of the GDP, which, alongside the income tax rate reduction, contributed towards heightening the budgetary imbalance. Despite the expressive Product growth, the current upturn has not yet generated any significant increases in terms of employment, and resulted in a clear sharpening both of the budgetary imbalance and of the Balance of

Payments on Current Account, which conditions prospects for the mid-term development of the North American economy.

Euro Zone

Domestic demand stayed well down within the euro zone. Consumers' and entrepreneurs' levels of confidence remained particularly low at a time when international political uncertainty and great fluctuation in the raw materials and oil markets coincided with the lowest point in the cycle. These negative effects were further aggravated by uncertainties relating to the trend in income from work and from pensions and to the well-known inability of some of the main economies to control their public spending.

Indeed, following the trajectory which started in 2000, the public finance situation within the euro zone continued to deteriorate during 2003 (the budgetary deficit stood at 2.8% of the GDP whilst in 2002 it had been at 2.2% of the GDP), with some Member States exceeding the 3% GDP base value. The increase in budget deficits since 2001 was down to tax cuts in some Member States which were not coupled with an adequate reduction of expenditure and to the loss of revenue owing to the economic slowdown. Furthermore, the heightened imbalance between the public accounts in Germany and France hindered resorting to budgetary policy as an instrument to modulate the economic cycle in the euro zone's two largest economies.

The employment market situation in the euro zone worsened, reflecting the sharp economic slowdown, and the rate of unemployment rose gradually from 8% in December 2001 to almost 9% at the end of 2003.

Forex Markets

In the forex markets, the American dollar followed its downward trend compared with the other main currencies. The value of the dollar depreciated by over 1/5 with regard to the euro between the end of 2002 and the end of 2003, thus adversely affecting the role of exports as a driving force for growth within the euro area.

Inflation

Inflation remained low in most of the main economies. Despite a slightly accelerated rise in prices within the developed economies as a whole, partly associated with the price behaviour of energy products, the underlying inflation in the United States fell to around 1.5% in the second half of 2003, and also slowed down slightly in the euro zone, reflecting the poor growth of the last few years and the appreciation of the euro.

Interest rates

Within the context of no inflationary pressures, there were additional cuts in the official interest rates by the North American Federal Reserve and by the European Central Bank (ECB). In the USA, the Federal Reserve reduced the objective interest rate for *Fed Funds* by 25 base points in June 2003, to 1% - the lowest value of the last 45 years. In the euro area, after having lowered the official interest rates by 50 base points at the start of December 2002, the Council of the European Central Bank twice reduced the minimum rate applicable to the main refinancing operations, from 2.75% to 2.5% on 6th March, and to 2% on 5th June.

The upturn in the North American economy, the perception that many of the corporate adjustments resulting from the shrinkage prior to this have

already been made, alongside the good results posted by some of the main international companies, have all set off a recovery of the world's main stock exchanges, although the main indices still stand at significantly lower levels than the highs registered in 2000.

2. Domestic Climate

Evolution of Product

From the second half of 2002 and during the course of 2003, the Portuguese economy registered shrinkage. The drop in overall activity reflects the private sector's continued process of adjustment and efforts towards budgetary consolidation, within the context of an unfavourable international climate. The average annual GDP growth rate, which at the end of the second quarter of 2001 stood at almost 3%, therefore fell to -1.3% at the end of the second quarter of 2003. The most recent data reflects a less unfavourable trend vis-à-vis internal demand during the second half of 2003, and it is estimated that in 2003 the Portuguese economy will register a negative growth of around 1%, in real terms.

Following a growth trend based on the pressure of Overall Demand and particularly of public and private consumption, between 1996 and 2001, which resulted in a very significant increase in the needs to finance the economy externally, Portugal embarked on a process of adjustment towards the end of 2000. This resulted in a weakening of internal private demand and in a consequent reduction of the external deficit which fell from around 9% of the GDP in 2000 to less than 3% of the GDP in 2003. This adjustment decisively contributed towards decreasing Internal Demand, as well as sharply reducing private Investment (as a result of the lowered expectations and the general deterioration of conditions within the product markets).

Budget Policy

The budgetary policy followed the guidelines already put into practice in 2002, when the overall deficit of Public Administrations was reduced to 2.7% of the GDP. The estimated deficit in 2003 is 2.9% of the GDP, although this includes the effect of extraordinary measures intended to counterbalance the fall in tax revenues arising from the low point in the economic cycle and the inability to reduce the current primary expenditure. The budgetary situation continues to show few positive signs and, without performing extraordinary operations, the overall deficit will remain above 5%, which implies the need to reinforce the measures already in progress and the consequent inability to use budget policy as an instrument to modulate the economic cycle. In fact, in 2003, the Portuguese authorities introduced two one-off measures, the value of which, as a whole, was greater than 2% of the GDP: i) a fixed payment by the Post Office (CTT) to the Government, in exchange for transferring its obligations to the Government in terms of pensions without capitalisation, ii) the sale of precarious tax credit to an international financial company.

Employment Market

During the last years of the 90's and in 2000, the labour situation was characterised by an increase in the rate of participation, a great growth in employment and low rates of unemployment. In 2003, in line with the usual staggering of the economic cycle, the employment market underwent a substantial worsening of the negative trends observed since

the second quarter of 2001. Indeed, the level of employment decreased by 1.1% during the first three quarters of 2003 and during the same period, the unemployment rate, which stopped falling in 2001, stood at 6.3%.

The historical trend remained during 2003, whereby nominal salaries react significantly to the trend in the unemployment rate. Wage pressures reduced throughout the year, which has been reflected in a lesser growth of nominal salaries. On one hand, salaries in the civil service were practically frozen (1 ½ % increase only for those earning less than 1000 euros per month). On the other hand, in order to guarantee external Portuguese competitiveness, the reference for salary negotiations was the inflation expected in the euro zone. Nominal salaries implicit in collective hiring decelerated substantially in 2003, and the information available points towards an average growth of around 2.8%.

As stated by the European Commission in its Autumn forecasts, the unemployment rate should exceed 7% both in 2004 and in 2005. It is predicted that the worsening of conditions vis-à-vis the job market will reduce the salary to be negotiated for the economy's private sector. The growth rate for the total salaries per worker should decelerate from 5½% in 2002 to approximately 2¼-½%, on average, during the period 2004-2005, such that the downward trend in price competitiveness seems to be drawing to a close.

Prices

Inflation remained somewhat above the average for the euro zone, owing to salary increases which were still relatively high and to some pressure on costs. In 2002, the Harmonised Index of Consumer Prices rose by 3.7% - 1.4 percentage points above the euro zone average. In 2003, there was a slight increase in the rate of inflation during the first few months of the year, but more moderate wage increases and a less dynamic internal demand were the main factors which contributed towards reducing inflation during the second half of the year. At the end of 2003, average annual inflation should stand at around the 3.3% mark.

The economic upturn which everything points towards having started from the second half of 2003, will become sharper in 2004, as suggested by the performance of the various different advanced indicators in the Portuguese economy. It is expected that the different rate of growth between Portugal and the EU average will decrease in 2004, albeit negative, since private sector agents should continue to adjust their expenditure decisions so as to rebalance their budgets, thereby conditioning the development of internal demand. Within this context, and given the necessary containment of the Government's financial policy, the economic recovery should be driven chiefly by a more dynamic external demand.

3. Climate within the information technology and semiconductor sector

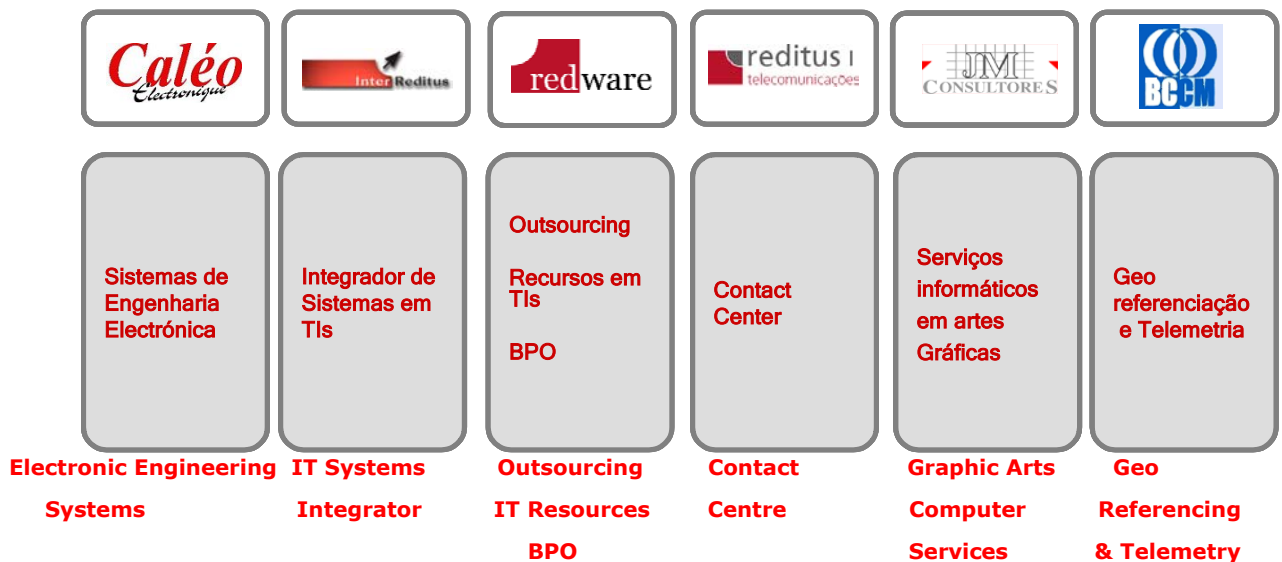
Although the year 2003 as a whole was characterised by a major shrinkage in the market, the indicators verified in the last quarter show signs of a gradual recovery emerging, with the continued cost containment policy, reflected for the main part in companies' permanent staff structures.

During the year 2003, the semiconductor and other component production sector revealed the start of what seems to be the expected upturn. This began in Asia and extended to the United States, and has already begun to have repercussions on Europe.

Following an extended period of stock reduction, manufacturers have gradually been resuming their "normal" production levels and, as and when the use of the "installed capacity" increases, there have been pressures for a resumption – albeit prudent – of investment in new production lines.

The markets served by Caleo, in which the Group holds an interest, showed an upturn in business activity starting from the last quarter of the year, which has remained throughout the start of 2004, although with a somewhat different profile.

II. Business Activity undertaken by the Reditus Group in 2003



With its experience accrued over previous years, the Reditus Group managed to put in place a strategy suited to its organisational structure, by converting resources as per the specific needs of customers who, during a period of recession, resort to those services which provide immediate added advantages and reduce their fixed costs.

1. The objectives and strategies

With reference to the objectives set out in the Management Report relating to the financial years 2001 and 2002, revised during the present financial year, as is understandable given the worsening of the European and Portuguese economic climate, reflected as a sharp deceleration in economic growth which continued to deteriorate throughout the year, it is important to underline, by referring again to the strategy previously set out by the Board of Directors, that during the present financial year, notwithstanding the unfavourable conditions which were noted, the Group acted in order to assure:

- the possible sustaining of the level of business activities of those companies in which the Group has an interest – InterReditus, Redware and Reditus II – in the areas opportunely chosen during the financial year 2000, and which had already been strengthened in previous financial years, so as to enable the profitability of the sales performed, and accepting the reduced overall turnover, without sacrificing margins;
 - the non-alteration of the amount of floating capital vis-à-vis the aforementioned company in which the Group has an interest, which was vital in order to enable the satisfactory sustaining of its level of business activity with adequate profitability, in line with what had already occurred in previous financial years;
 - the continued reduction of costs in the above companies in which an interest is held, without sacrificing the efficient provision of services, thereby always strengthening competitiveness and improving productivity within a market in which it is well known and evident that there are difficulties arising from the economic crisis which worsened during this financial year;
 - the drastic reduction of costs by J. M. Consultores, S.A., in which we hold an interest, adapting the cost structure to the downward market trend;
 - the continued reduction of costs in Caleo, in which we hold an interest, for the reasons set out in the report for 2002;
 - the compensation, albeit only partial, in said company for the decrease in equipment sales and of the engineering function associated thereto, by effectively increasing the provision of services, an area in which margins were satisfactorily improved;
 - the disposal within this company in which we hold an interest, of the establishment allocated to areas of business activity, whilst safeguarding the commercial objectives associated to future service sales;
 - the non-alteration, for the reasons set out in previous reports, of our holding of American dollars or values stated in North American dollars, justified by the intention to implement the desirable and necessary partnerships in the future;
 - the acquisition of an interest in ParaRede, SGPS, SA, justified by the commercial agreement signed with this company, whose essential objective is to reciprocally increase sales in areas where the operating companies of the two groups complement one another;
- finally, the setting up of conditions so that commercial agreements with the same purposes may – along the same lines – be extended to third parties;

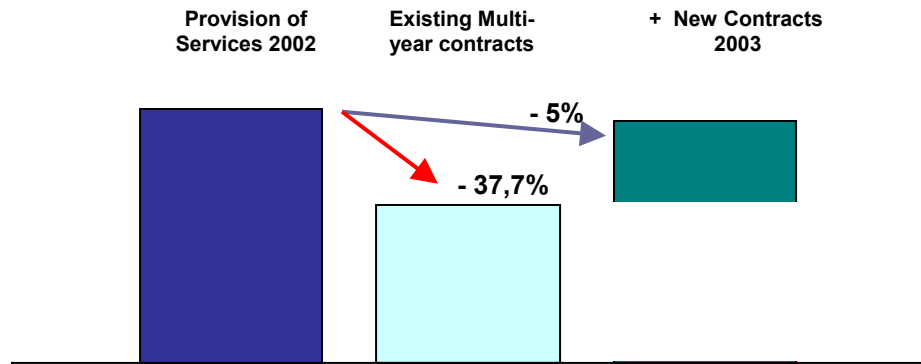
It is important to highlight once more, that the strategic objectives previously set out in 2000, 2001, 2002 and 2003 are fully valid, and it is important to wait merely for a more favourable economic climate in

national and international terms to contribute towards creating conditions which will enable these objectives to be progressively, consistently and effectively achieved.

However, it is also important to emphasise that the year 2004 appears to be a year of obvious difficulty in the sectors of business activity in which our companies operate, and that the economic climate in Portugal and in Europe, point towards a reduction in growth, if not to a non recovery from the recession in Portugal.

Therefore, and in light of this, the Board of Directors' main concern is to seek to maintain or increase sales, under the terms stipulated, albeit without sacrificing margins, by acting and continuing to act in order to reduce costs, whenever so justified.

2. Activity developed by operational companies within the domestic and European market



2.1. InterReditus

Areas of action

In 2003, the four departments at **InterReditus**:

- Directorate of Information Technologies (DTI)
- Directorate of Information Systems (DSI)
- Directorate of Security and *Networking* (DSN)
- Directorate of *Help Desk* Services (DHD)

Organisational flexibility has always characterised InterReditus

developed activities within the areas of information technologies and systems, *networking* and *help desk*, in line with the objectives stipulated. These objectives are:

1. To guarantee the operation of Information Systems via the implementation and/or operation of infrastructure components, thereby assuring excellent Levels of Service.
2. To suggest, implement and support Information Systems which can generate competitive advantages for our customers.

By maintaining special partnerships with the world's main hardware and software manufacturers, this area can offer turn-key solutions

entailing multiple installations, personalised support and computer facilities in the fields of hardware or software and an entire range of services.

Within the context of the mass installation of projects based on local networks, the vast experience in this area enables the company to offer a broad set of pre-defined services which may be adjusted to Customers' needs. The company is able to submit complete "turn-key" solutions, where the tonic of assigning responsibility prevails, via permanent auditing services.

3. To guarantee the remote support to users of our customers' computer systems, whereby our objectives are completely in line with theirs, assuring Flexibility, Cost Reduction and demanding Levels of Service.

What we do

The main areas of action of **InterReditus** are characterised by services to support users of information and communication technologies. However, during the year 2003 we also undertook major activities in areas as distinct as Networking, security and Storage.

HelpDesk & ServiceDesk Services

HelpDesk services are of great added value from the standpoint of users of information systems. This concept was consolidated during 2003 with the completion of contracts providing support to many and varied users within the domestic market. However, InterReditus still remains most active in the corporate market, and is even the *leader* in this market.

This component of the services we provide and which represented 23% of the company's total Income in 2003, is distinguished by the high levels of service and careful quality control, both in terms of the customer and internally.

By means of around 100 communicators, technicians and consultants, InterReditus provides telephone or remote support services to over 30,000 users of information systems spread out amongst its many customers.

The *ServiceDesk*, based on the same principle as the *HelpDesk* services, involves a broader service. It is not solely centred around information and communication systems (technical component) but also supports all the needs arising at a work station.

Field Support Services

With our team of 56 technicians based in Lisbon and Oporto, and our strategic partners in Ponta Delgada and Funchal, we are able to guarantee local technical support in any part of the country.

Using specific tools for the registration and *workflow* of occurrences, we guarantee that the work carried out by these external teams is perfectly integrated with that performed by the first and second-line *HelpDesk* and *ServiceDesk* teams.

In cases where there is a concentrated number of users, we place resident teams at our customers' premises, thereby guaranteeing better levels of service.

The *Field Support* teams are also able to assure more specific activities such as the management and monitoring of customers' computer and communications networks.

Systems Installation and Maintenance

By maintaining special partnerships with the world's main hardware and software manufacturers, this area can offer turn-key solutions entailing multiple installations, personalised support and computer facilities in the fields of hardware or software and an entire range of services.

Within the context of the installation of projects based on local networks, the vast experience accrued in this area of the company's business enables us to offer a broad set of pre-defined services which may be adjusted to each Customer's needs. The InterReditus is able to supply complete and complex solutions, and achieving high levels of customer satisfaction via the implementation of permanent quality control.

Networking & Netbusiness

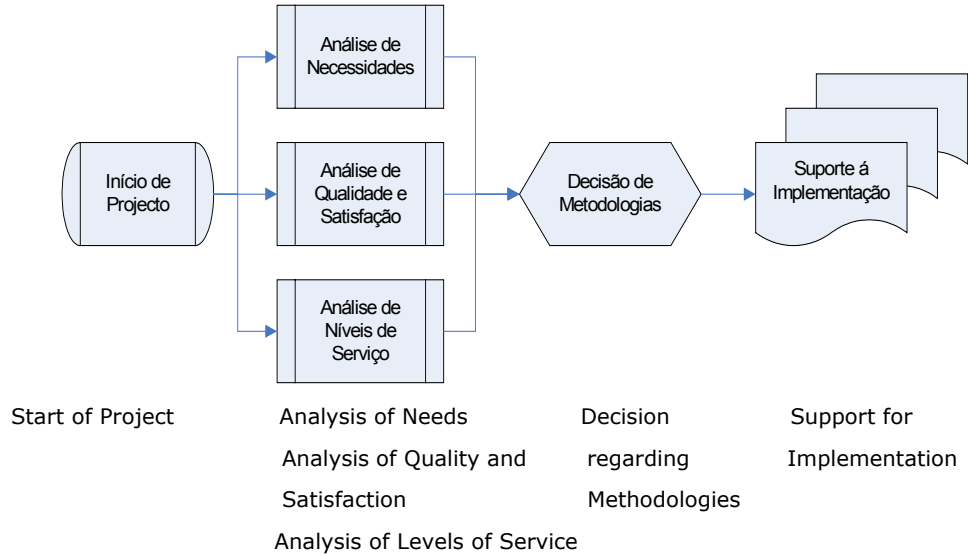
The company's success in this area depends upon its capacity to integrate its information systems, with the objective of better fulfilling its customers' increasingly complex needs.

The task of taking each business operation further via the internet begins with information systems, involves the network which connects up to the telecommunications operator (with appropriate care in terms of security) and ends with the creation of the inherent applications. By having developed capabilities for operating along these three strands, InterReditus has assured its position as an integrated provider of services in this area, and has gained a wealth of experience and achieved remarkable levels of customer satisfaction.

Know how is an imperative

Using its own methodologies, InterReditus has, throughout the years, guaranteed its customers constant adaptation in line with their actual needs. Therefore, from the implementation of each project right up to its conclusion, the working methods, quality control, measuring of customer satisfaction and even the levels of service agreed are constantly changing according to the needs at any given time.

The implementation of each project requires an in-depth study of needs



Each project is generally preceded by an in-depth study of the customer’s needs. Nevertheless, the methodologies for gauging quality, controlling satisfaction and levels of service are also subject to this preliminary study.

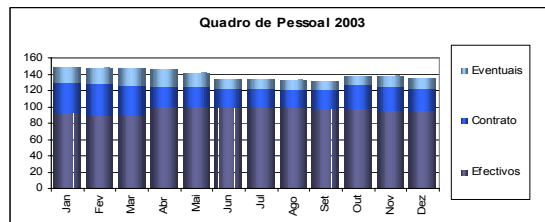
In 2003, the company successfully carried out careful work to control productivity, levels of service and degrees of satisfaction vis-à-vis our customers, thus transforming each item of data obtained into a veritable work and decision-making support tool not only for internal use but also for our customers.

Human Resources, a precious asset

In a company with a profile like that of InterReditus, where the majority of the turnover comes from the provision of services, its human resources are one of the chief factors which contribute towards the success of the projects carried out.

Our recruitment and selection procedures are therefore extremely demanding. Continuous training cycles similarly represent one of the company’s major concerns.

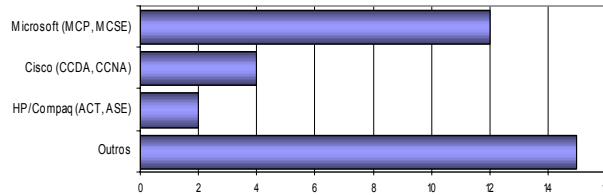
The reduction of Human Resources in 2003 is the result of greater profitability achieved from individual work



Within the context of the continuous training of our employees and of the special partnerships with major hardware and software manufacturers, we encourage our technicians to become certified. The company employs

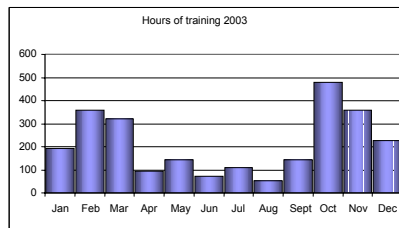
technicians certified to the highest levels in the technologies of greatest relevance to your business.

Certification and qualification of Technicians, an imperative of business activity



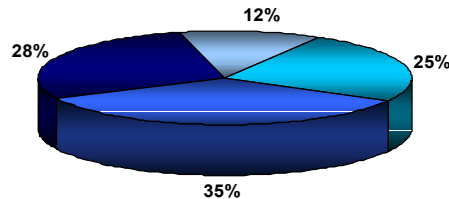
Investments in training our human resources do not end with the certification and qualification of our technical personnel. In 2003, the training of new employees and the continuous training of all staff in recycling initiatives represented an investment of 2,555 hours of training.

Investment in training human resources is as or more important than the technology applied in providing services



Keeping hold of our best resources is also a constant concern, and around 60% of our technical workers been with the company for over 3 years.

Keeping Human Resources



Technical Infrastructure

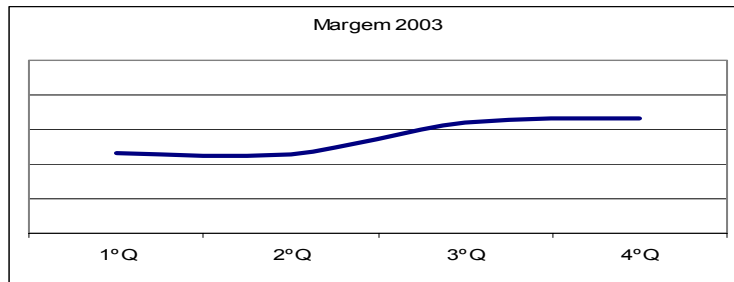
The technical infrastructure, both in terms of information systems as of telecommunications systems (voice, fax and e-mail), enables the creation of distinct, physically separate networks, thereby allowing direct operation on our customers' systems, with data security completely assured.

Supported on 3 latest generation telephone exchanges and on a complex network of servers, InterReditus' employees possess all the "tools" to guarantee maximum quality in any of its activities.

Indicators of activity

As previously stated, we can see that the market recovered somewhat during the last quarter of 2003. The table below also clearly depicts the

trend in the margin freed up by dint of the in-depth work carried out to ensure the profitability of mediums and the individual profitability of the human resources employed in this activity.



In continuing the aforementioned policy to ensure the profitability of the mediums, the year 2004 will see greater efforts to guarantee and extend the progress made.

Multi-year contracts and the trust of our Customers

Multi-year contracts are a secure value and represent our customers' trust

InterReditus has historically preferred the execution of services which continue over time. As a result, commercial relationships with our main customers were strengthened by establishing multi-year or automatically renewed contracts which not only represent a secure value for the company but also reflect our customers' trust by continually carrying out successive renewals.

Around 73% of the Turnover envisaged for 2004 is brought forward from 2003 in Multi-year Contracts

Technology serving profitability and innovation

As regards telecommunications and information systems, new technologies provide companies with constantly new ways of working, although their applicability is not always economically viable. **InterReditus**, as a service provision company for a diverse range of customers, is able to provide and ensure the profitability of some of the most innovative technologies. This is the result of constant efforts to approach new working methodologies and techniques from the standpoint of their simultaneous contribution towards value created for the customer and towards increasing the value of the provider's services.

New services for different markets

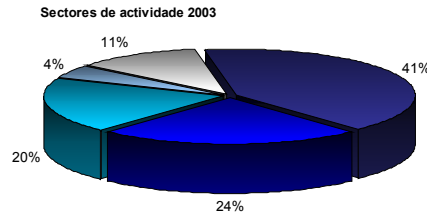
Mindful of the opportunities which emerged during the year 2003, **InterReditus** has been diversifying its range of customers. The slice of the company's overall turnover accounted for by sectors of activity such as banking and insurance has thus been decreasing, and is being compensated by more diverse customers from other sectors via new products and services.

Not only did the company extend its customer portfolio in the traditional sectors (financial, banking and insurance), it also now has a major portfolio of customers both in industry and commerce. In 2003, around

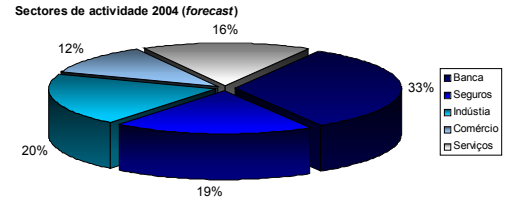
Customer diversification remains an absolute priority

one third of its customers operated outside of its traditional sectors of activity.

Sectors of activity 2003



Sectors of activity 2004 (forecast)



2.2. Redware

2.2.1. Business Process Outsourcing

Business Process Outsourcing is the concept now used for Handling Administrative Procedures in Outsourcing

Companies are increasingly concentrating on their main business activity and resorting to Outsourcing for non-core tasks or those whose skills are not considered to be vital to the sustained development of the organisation.

Business Process Outsourcing is the concept now used for Handling Administrative Procedures in Outsourcing. Reditus has for around 40 years been providing its customers with services involving data processing operatives. This original concept has been developed and sharpened as per the market trends and customers' needs.

How we do it:

Specific Methodology for the Management of Operatives
Specific Methodology for the Management of Operatives

The area of BPO has its own specific Methodology for managing Operatives:

- Survey of the Customer's Needs.
- Study and Implementation of the appropriate Flowchart for correct optimisation during the handling of the processes to be indexed.
- Allocation of the Correct Team to manage the Operatives.
- Quality Control

Controle de Qualidade dos Processos Tratados				
Diário	Análise Aleatória de 2% das Páginas Indexadas	Resultados/Erros		
		até 5	entre 5 e 10	mais de 10
Semanal	Análise Aleatória de 1% das Páginas Indexadas	Enviado para "lista de correcção"	Revisão de 20% do Trabalho dos Operadores. Enviado para a "lista de correcção"	Revisão do total do Trabalho dos Operadores. Enviado para a "lista de correcção"
Mensal	Análise Aleatória de 0,5% das Páginas Indexadas			

Quality Control of Procedures Handled

Up to 5 Results/Errors From 5 to 10 more than 10

Daily	Random analysis of 2% of pages indexed			
Weekly	Random analysis of 1% of pages indexed	Sent to "correction list"	Review of 20% of Work by Operators.	Review of all Work by Operators.
Monthly	Random analysis of 0.5% of pages indexed		Sent to "correction list"	Sent to "correction list"

Services hired are invoiced in accordance with production

Invoicing by Process

Services hired with an established SLA are invoiced in accordance with production, and constitute a truly variable cost for the customer. Customers therefore find it advantageous to access non-core services by resorting to a more efficient provider, without needing to invest in a permanent structure in order to perform such functions.

Auditing and Reporting

We provide management data which enable the customer to constantly audit the state of its service, to monitor the entire operation, and to be alerted to abnormal occurrences which require immediate intervention.

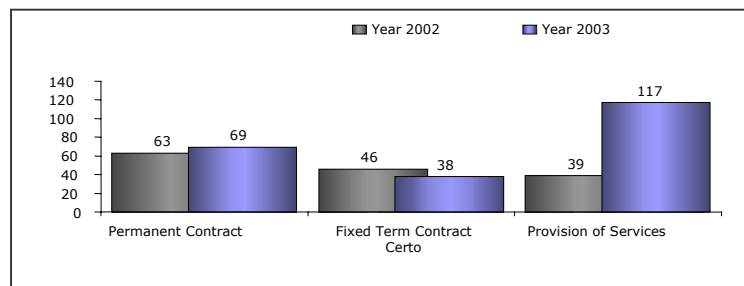
Human Resources

Integrated Management of Human Resources

The integrated management of Human Resources is one of the fundamental keys to our success and is based on a very efficient and flexible management of resources capable of performing diverse duties with great quality and efficiency. This management is founded on four fundamental pillars:

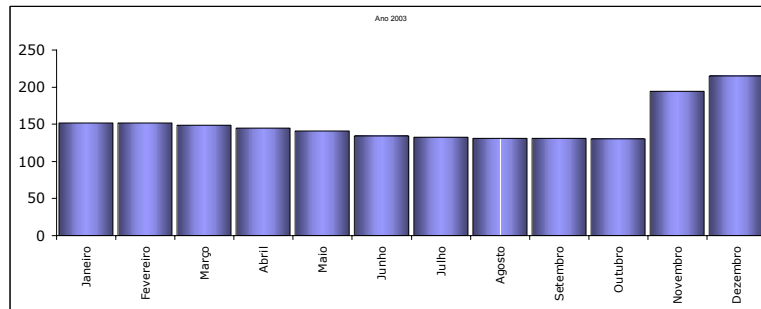
- Data Base constantly being updated.
- Careful Selection and Recruitment Procedure.
- Career Plan and Incentives for Production.
- On-the-job Training policy.

Enabling the adaptation of work forces to the needs of the market and of the customer portfolio, managing the resources portfolio in line with customers' needs. This flexibility was vital in assuring the company's profitability within a context whereby the market was slowing down, as was the case in 2002 and during the first half of 2003.



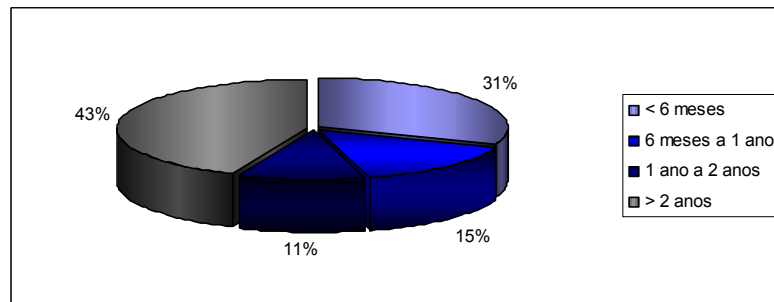
Comparison of the Headcount

Management of Costs according to services hired



Despite the need for flexibility, the management of the company has led to a permanent concern with reconciling it with great efforts to enhance and train. This has resulted in the ability to maintain a high employee retention rate.

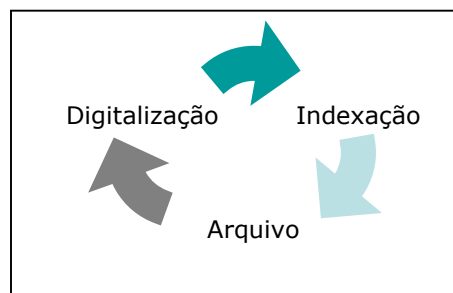
High employee retention rate



Procedures Handled

The type of procedures handled in the area of BPO is fairly diverse. From simple Marketing Campaign Handling procedures to complex procedures such as the Analysis and Indexation of Data on specific Dossiers:

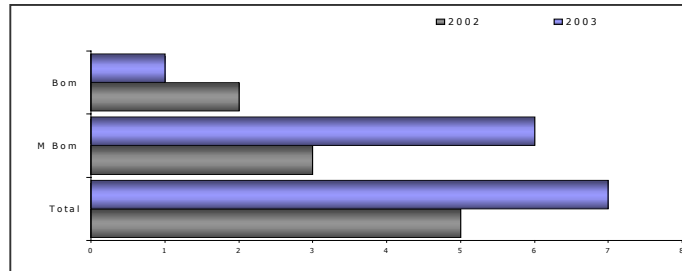
In 2003 4,234,764 documents were processed



Customer Satisfaction

Surveys carried out on Customers regarding the Overall Assessment of the Services Provided on 6 basic criteria (Technical Solution, Compliance with Deadlines, Technical Component, Staff Conduct, Cooperation and Information) returned a final score of 3.65 out of 4.

High level of satisfaction



Good
Very good
Total

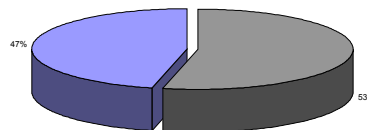
Infrastructures

The area of BPO has its own high-quality premises in the Pedro Nunes Building in the centre of Lisbon, which enable customers' many needs to be fulfilled, often from Redware's own premises:

- Computer Network with cutting edge technology.
- Premises protected with a 24-hour surveillance system.
- Over 100 work stations for data operation with integrated Document scanning units.
- A working area of over 1000 m².
- Management Centre and Archive Deposit.
- Mail Processing and Management Centre.
- Technical Centre

Pedro Nunes Building

Ratio of Operations performed in the Pedro Nunes Building and at customers' premises:

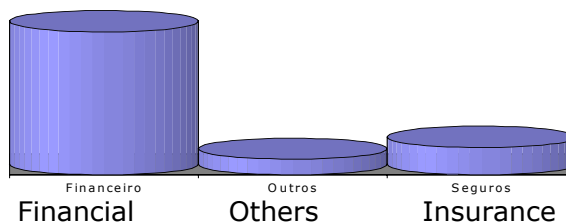


Over 50% of Operations are performed on our premises

Target Market

Growing numbers of Companies are resorting to Outsourcing procedures to manage their activities. However, the largest amount of BPO operations are concentrated in the Financial and Insurance Market.

Growing numbers of companies resort to Outsourcing procedures to manage their activities



The sector

There are several companies operating within this sector, some of which are major companies. However, the **vast majority are small and usually dependent upon a single customer.**

Integrated Offer (BPO)

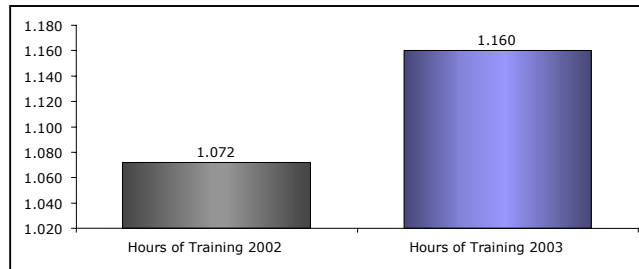
It can also be affirmed that the vast majority still work with services geared towards "Manpower" which is not directly comparable with integrated services (BPO) such as those offered by **Reditus**. In particular, an integrated approach implies that compensation for the services rendered relates directly with the quantified output of services rendered and not with the number of resources placed, resulting in obvious advantages for customers both in terms of deadlines and costs.

Investments

Two types of investment can be highlighted in the **year 2003** in the area of BPO:

- The obtaining of Own Premises – Pedro Nunes Building
- And On-the-Job Training of Employees. Every year Reditus invests a sizeable amount in training its employees so that they may be capable of performing their tasks in accordance with the highest standards of efficiency and quality:

Over 1,000 hours of training of Human Resources are invested every year

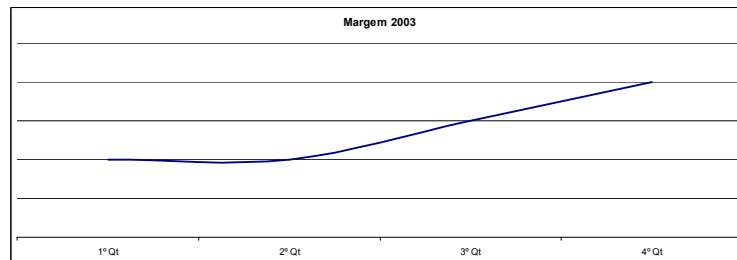


In 2003 Reditus invested in over 1100 hours of training for its employees in this area, thereby exceeding the already high values registered in 2002.

Indicators of activity

The margin freed up in the activity in 2003 corresponded to that budgeted for, representing a certain stability vis-à-vis value with a tendency to rise in the Third and Fourth Quarters in line with the recovery noted in the second half of the year.

Activity with a comfortable margin freed up



Multi-year Contracts

The area of **BPO** accounts for a high percentage of multi-year contracts which reflects great customer loyalty and reveals favourable prospects for the development of activity in the near future.

Around 67% of the Turnover envisaged for 2004 is brought forward from 2003 in Multi-year Contracts

2.2.2. Outsourcing of Specialist IT Resources

The costs defrayed on the **Development of Computer Applications** represents extraordinarily high values for Companies. Within this context, resorting to the Outsourcing of Specialist Information Technology Resources (IT) is one of the means available to Companies to minimise the financial cost arising from this need.

The Reditus group has therefore been taking on a relevant position in this area, by associating **good management of resources indexed to variable costs** with a very demanding management of resource allocation times. This has enabled it to maintain and develop highly competitive services offered in this area.

Resorting to **Outsourcing of Specialist IT Resources** is one of the means available to Companies to minimise costs of **Developing Applications**

How we do it:

The Area of Specialist IT Resources has its own specific Methodology for business management, entailing:

- Recruitment and Selection
- Training
- Management and Monitoring of Resources at customer premises

Selección de Recursos
Recruitment and Selection
Development of Resources
Training
Management of Resources
Monitoring
Assignment of Resources
Allocation

Own specific methodology for business management



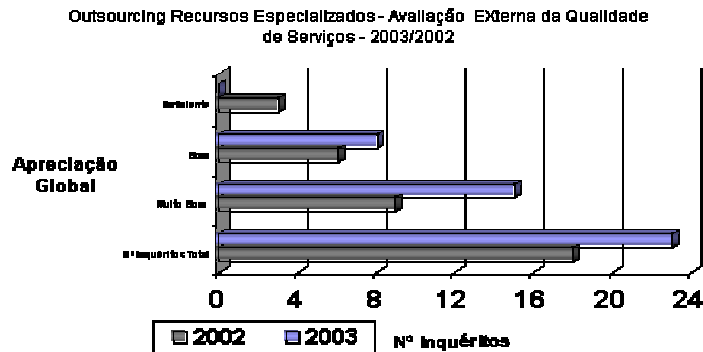
Type of Profiles



Project Manager	Programmer
DB Administrator	Systems Administrator
Technical Analyst	Functional Analyst
Networking Technician	Security Technician

Quality Control

High Quality Standards



Outsourcing of Specialist Resources – External Evaluation of Service Quality

	Sufficient
	Good
Overall	Very Good
Assessment	Total No. of questionnaires

The company's activity is subject to permanent internal and external quality controls, and shows high levels of customer satisfaction.

Provision of Services

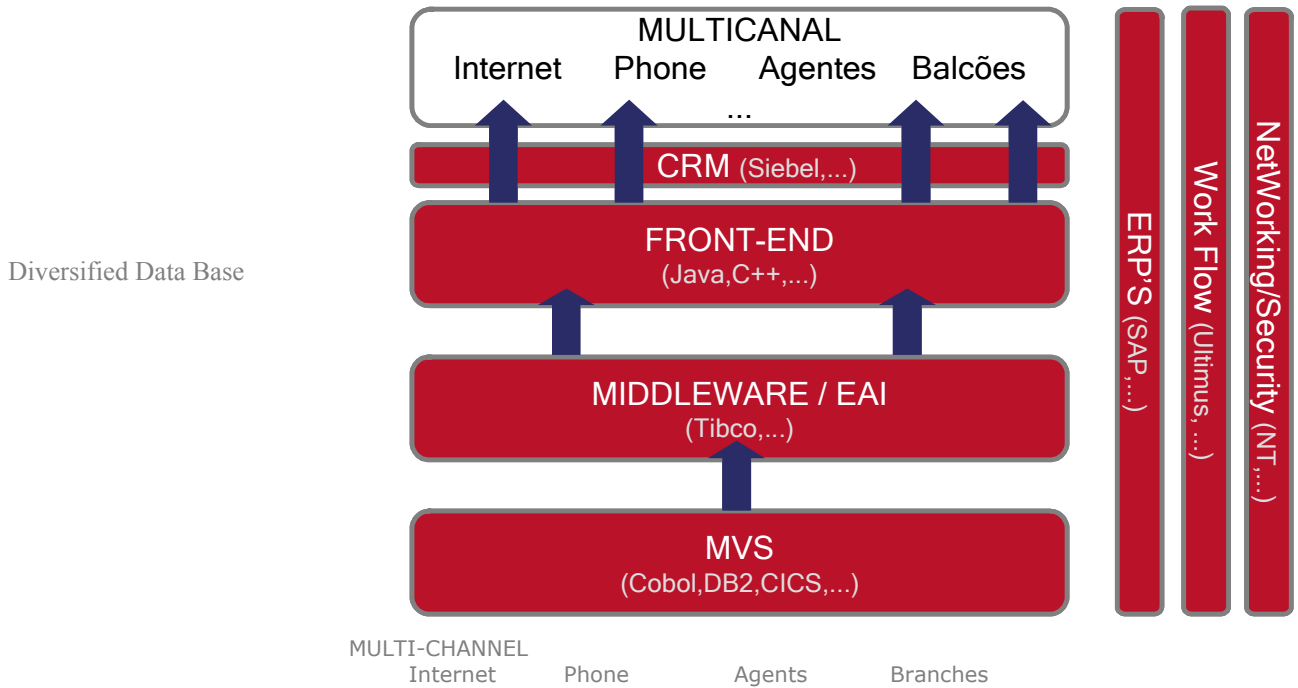
Evolving Maintenance of Applications

The activity is performed via the signing of service provision contacts with customers where, in certain cases, an **SLA (service level agreement)** is

associated, **with pre-set levels of service.** This is the case with the Evolving Maintenance of Applications.

Technologies

Redware's Data Base holds Resources with fairly diverse technical profiles and capacities, which has enabled it to fulfil the increasingly sophisticated needs of the company's clientele:



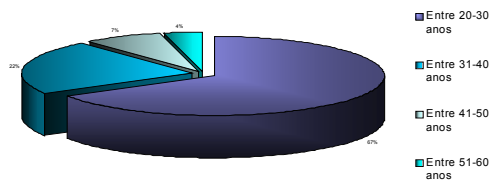
Management of **Costs** according to the services contracted

The integrated management of Human Resources is one of the fundamental keys to our success and entails:

- Data Base **constantly being updated.**
- Careful **Selection and Recruitment** Procedure.
- **Career Plan** and **Incentives,**

It also entails the constant updating and increased valuing of a highly qualified and generically young resource base.

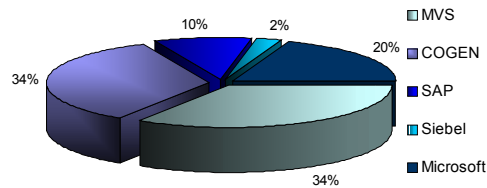
Average Age



- From 20-30 years old
- From 31-40 years old
- From 41-50 years old
- From 51-60 years old

Specialists in Cutting-Edge Technologies

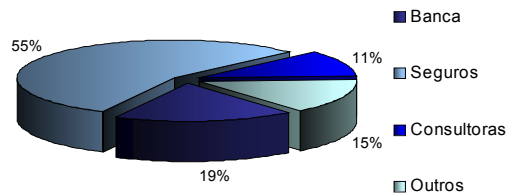
Technological Skills



Sectors of Activity in which we provide services

This is another area in which we have implemented a customer portfolio diversification policy, not only in the traditional sectors of banking and insurance but also by attracting customers in other sectors, which already represented a significant slice of our activity (around 1/3) at the end of 2003.

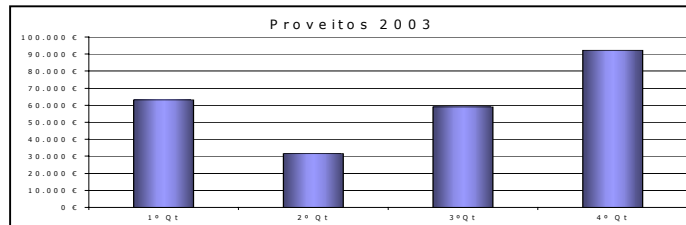
Banking
Insurance
Consultants
Others



Indicators of activity

Income registered in this area related directly with the country's current economic situation and customers' indicators of activity. A shrinkage was therefore registered during the 1st and 2nd Quarters and a progressive and sustained rise in activity during the Third and Fourth Quarters.

Start of upturn in 3rd and 4th Quarter



Around 71% of the Turnover envisaged for 2004 is brought forward from 2003 in Multi-year Contracts

2.3. Reditus II

Who we are

Reditus II is a company geared towards the **excellence** of the operational aspect of Services by and for *ContactCenters*.

Excellence in Contact Centers
The Traditional focus on Service and on quality

Reactivated in 2003, as a result of the *spin-off* created at **InterReditus**, it brings with it all the experience and tradition of excellence vis-à-vis the *HelpDesk* services which gave rise to this company, and has taken on some of its resources, procedures and customers.

Giving autonomy to this area of business in a new company has allowed greater focusing on and specialisation in a highly demanding and increasingly competitive market.

Our services offered

Reditus II has joined the market with a broad set of services, resulting from the experience gained, and its fundamental objective is direct customer and end **customer satisfaction**.

The services offered are integrated and can be divided into 5 distinct areas of action:

- Support for Contact Centers
- Inbound Services
- Outbound Services
- Outsourcing of specialist resources in ContactCenter
- Outsourcing of ContactCenter Infrastructures

Our traditional flexibility, supported by Proven Methods enable us to guarantee customer satisfaction

The flexibility which characterises the **Reditus Group** applies in full at **Reditus II**, since the capacity for adjusting each operation to the specific aspects of each project is an imperative differentiating requirement in this activity, and has been a distinctive and valued element of the services offered by the company.

We have our own coordinating and supervisory body which assures the use of **proven methods** and uniform levels of quality in all projects.

The methodologies to be applied depend upon the type of project itself, but all involve a heavy concentration on the **permanent evaluation** of the actual results (using standard industry measurement) and of the results perceived by the customers (via questionnaires and periodical meetings).

The level of customer satisfaction can be measured by the fact that – except in cases where the service was no longer needed – **not one customer of Reditus II has switched suppliers**, and these customers are always **increasing their activity**, which is somewhat unusual in this industry.

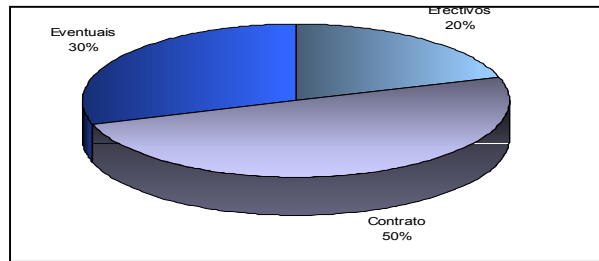
Differentiation by people, considered as being the main advantage of Reditus II.

Human Resources as a guarantee of quality

At **Reditus II** it is explicitly acknowledged that people are a guarantee of the satisfactory operation of our methodologies. For this reason, the company implements welcome, training, technical and behavioural monitoring and organisational growth programmes.

It is thus able to retain high numbers of personnel and its rate of absenteeism is very low for the sector, thus contributing towards fairly high indices of productivity and levels of quality.

Staff Structure



The employee selection procedure complies with the rules in place for the Reditus Group, and there is additional concern over each employee's ability to integrate when performing teamwork, when under constant pressure and in contact with the public. All employees hired or changes to the team are validated by the corresponding supervisors, thereby assuring they are held responsible and that customer service is uniform for each project.

Responsibility at all levels

Career progress is based on a system of graded qualifications and on a programme of **incentives to ensure quality and productivity** from each employee and from the project in which he or she is involved. The emergence of new projects has allowed evolution to increasingly complex levels of supervision, allowing career progress for our most promising employees. In addition to the continuous training promoted internally, we encourage individual initiative in undergoing external supplementary training.

Flexible operation

Reditus II has its own *ContactCenter* endowed with the best basic *ContactCenter* technical infrastructures. However, around **80% of its activity is performed on the customer's premises** – a trend which has been increasing over time.

80% of our business activity is represented by services performed on our customers' premises

Good Customers are demanding Customers

We focus our activity on **medium-sized/large customers**, where *ContactCenter* activity is **critical to their business**, and which therefore require greater professionalism in terms of management. These customers use our operating and Consultancy services.

Customer diversification is a fundamental priority

The diversification of customers was one of our priorities in 2003 and will also form one of the major axes of our commercial policy for 2004.

At this time, 80% of our turnover is centred around the 3 main customers. However, our efforts to **diversify** should mean that the 3 main customers represent around 50% of the turnover.

Investment in 2003 and for 2004

Investments in training in 2003 will be complemented in 2004 with investments in infrastructure.

In 2002 and 2003 there was no need for heavy investment in infrastructures, and maintenance and customer training investments were therefore given priority.

Indicators of activity

Growth of current customers and growth of new customers.

During the 2nd half of 2003, we also commenced specialise consultancy and training activities for *ContactCenter* resources, which, by their nature, will not extend into 2004, but which can be replicated for new customers.

Around 61% of the Turnover envisaged for 2004 is brought forward from 2003 in Multi-year Contracts

2.4. JM Consultores

Climate within the sector

The market for personalising documents via outsourcing – an activity to which JM Consultores is almost 100% dedicated – has not varied greatly in terms of turnover over the last few years.

We can see that Portugal has 3 main suppliers of this type of service under a system of outsourcing, and JM Consultores accounts for around 25% of the market.

During 2002 and 2003 JM Consultores focused its activity on providing services via outsourcing, and disposed of its less strategically important activities such as those developed by TerraDesign.

What we do

Over 24 million documents are processed annually

Based on the highest technology, JM Consultores provides full outsourced services involving personalisation, finishing and handling of cheques and various different documents for the financial market.

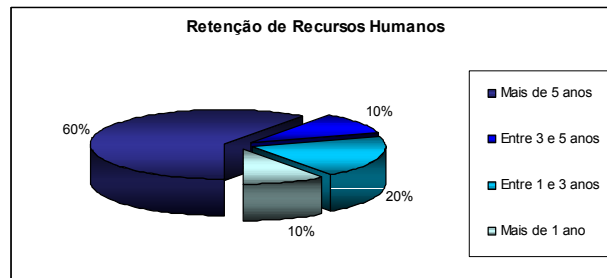
Today, around 2 million documents are processed monthly. These documents pass through the different stages of printing, finishing and handling, such as personalisation, printing of optical recognition characters, cutting and finishing, binding, enveloping and despatch, thus completing the entire circuit commencing with the receipt and processing of electronic files.

Human Resources

The disposal of those activities with a lower added value was directly reflected in the company's staff structure, which was reduced by around 43%.



Nevertheless, retaining our best resources was one of our main concerns.

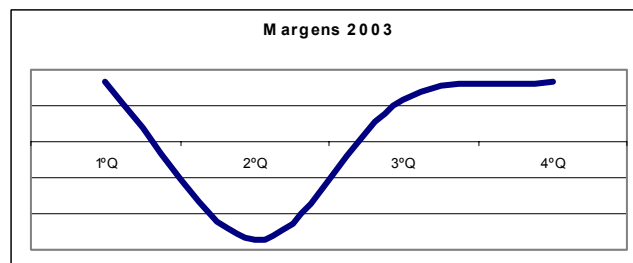


Technology at the forefront is one of the major elements of differentiation

Technology serving quality

Based on LFF printing technology and on specific applications developed for this activity, JM Consultores offers its customers the highest quality in terms of finish and error control.

Indicators of Activity



Around 98% of the Turnover envisaged for 2004 is brought forward from 2003 in Multi-year Contracts.

2.5. BCCM

Brief History

The 1st European company to install an SAE (Running Support System)

BCCM was incorporated in 1995 with the aim of building software for public passenger transport, known as SAE – Running Support System.

The SAE allows the real time control of buses whilst running and dynamic timetable information, via panels located at bus shelters, for users.

BCCM managed to be the first European company to bring this system on line at the time of Expo 98.

Transport of € to banks was controlled at a distance via Gesto software

Out of the 4 projects which exist in Portugal, 2 have been produced by BCCM.

BCCM simultaneously developed another system - Gesto – for the real-time control of a fleet for transporting valuables.

How we do it

The systems produced by BCCM are specific and many diverse skills are necessary for their integration.

- As regards the *Hardware* associated with the solutions, the company performs:
 - ✓ The hardware project and the respective production engineering.
 - ✓ Development of the applied *firmware*
 - ✓ Design and supervision of the installation
 - ✓ Maintenance
- As regards *Software* production, the company develops:
 - ✓ Various different communication drivers
 - ✓ Server applications
 - ✓ Data Base
 - ✓ Configuration applications
 - ✓ User Interface
 - ✓ Datawarehouse and reports

All these components should be developed and securely integrated, in an uninterrupted process. For these reasons, the **participation of each employee** is guided in order to take the best advantage of his or her abilities, whilst never restricting his or her access to the other areas of the project.

Maintaining this focus, each member is given information about the operation of the other components in the System, via internal dissemination initiatives. The employee thus gains the ability to articulate his or her knowledge and to constitute a critical mass. In the field, all members are prepared to diagnose problems, be they real or potential problems, and in the event that they are unable to resolve them, to pass them onto someone who can find a solution.

The **Quality Control** of the services provided is performed in the first instance within the development team. The Customer's view is seen via a

quality auditing mechanism common to the Reditus Group, which is based on implementing periodical or episodic questionnaires to this end.

Human Resources

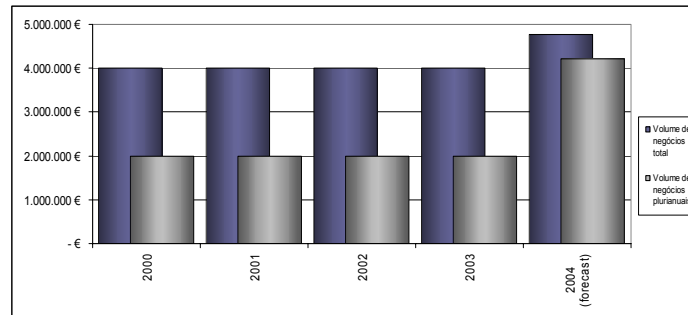
BCCM employs a total of 6 staff. Employees are trained to a medium or high level in the fields of Electronics and Telecommunications, Programming and Computer Systems.

Although none of the technicians is certificated, they are fully able to master the technologies used, from the oldest to the most recent.

In order to build the projects produced, the team became fluent in the languages of Microsoft (VB 6.0, VB.Net, VC++ (MFC,ATL and .NET framework), ASP.NET, SQL SERVER 2000, NT/XP Embedded), and specialised in various different computer tools (PROTEL DXP,HI-TECH PICC-18 C, MPLAB IDE Debugger, Microsoft Visual Studio.NET, Microsoft Windows Embedded, Microsoft SQL SERVER 2000 and Crystal Reports).

As well as developing software, the team also administers Networks, Servers and Data Bases.

Indicators of Activity



2.6. Caléo

Definition of the business area

Caléo's business activity centres around the integration of solutions for the ("back-end") assembly of semiconductors and other microelectronic components, namely by developing and optimising processes, by designing and manufacturing systems and by marketing the turn-key personalised equipment, as well as providing training and instruction services, and also supplying spare parts and consumables.

The services we offer have enabled our customers to regularly equip themselves with production systems, which are amongst the most advanced in the world market. Our solutions are often unique and are consolidated on developing and installing custom-tailored solutions which enable our customers to deal with the most advanced miniaturisation requirements – with the resulting demands for precision – and manufacturing speeds.

Our offer has enabled our customers to become regularly equipped with production systems which are amongst the most advanced on the world market

Successful
investments in R&D

For historical reasons, Caléo had, since 1988, held a minority interest in an English company specialising in providing services to the microelectronic sector by employing lasers. Our policy of centring once more on the core business led to the disposal of the interest held, and we gained a significant added value (44%) on the cost of acquisition.

During the period 1999-2003, with more emphasis in 2002 and 2003, major investments were made in R&D in the smart label sector, which resulted in the development of specific techniques for the manufacture of these products, which allowed a much more economical production and the subsequent massification of these products in many and varied sectors involving the identification and control of people and goods. This is a sector with great potential, entailing the most encouraging market projections. Caleo recently had the opportunity of validating the importance on the market of the advances made, namely via very successfully making a practical demonstration of this innovative system to an English retail leader, thereby proving the practical validity of these new technologies.

Amongst the positive consequences of this smart tag project, we highlight the fact that despite transferring our know-how on the manufacture of these products, it allowed Caléo to become endowed with the knowledge necessary for the development of the most advanced and specialised production lines on the market, which will be required to equip an increasing number of smart tags producers starting this year, 2004.

How we do it

Caléo was founded in 1974 in the Industrial Area of Buc (Versailles, France) and has, throughout the intervening 30 years, been developing its technical know-how which enables it to implement the assembly solutions required by its customers.

The Group's business activity centres around the integration of solutions for the ("back-end") assembly of semiconductors and other microelectronic components, namely by developing and optimising processes, by designing and manufacturing systems and by marketing turn-key personalised equipment, as well as providing training and instruction services, installation, technical assistance and maintenance, and also supplying spare parts and consumables.

Multi-year contracts
with world leaders

Our activity is carried out with the support of exclusive, multi-year collaboration contracts, some of which have been in force for over 25 years, with strategic partners located around the world, such as Kulicke & Soffa Ind. Inc, Datacon AG, Integrated Dynamics Engineering Inc., Dr. Tresky AG, XYZTEC Instruments GmbH, and ePAK Ltd., each of which are leaders in their area of activity.

Human Resources

The multi-faceted nature of the activities described above determined the existence of:

- A technical corps of 11 highly specialised staff, whose average length of service in the company is around 8 years and who are typically trained as head technicians or engineers; these technicians regularly attend training and recycling courses offered

by our partners, and they themselves assure the technical training of our customers.

- A commercial support group comprising 4 members of staff who are responsible for all processing of services offered, orders, imports, invoices, scheduling of service interventions and also managing spare parts and marketing production material.

One of the characteristics of our body of employees, who are obviously under contracts for indefinite time periods, is their stability, both in terms of numbers and in terms of rotation.

Highly qualified employees

This stability is a necessary condition to assure the levels of service required by a market which is very demanding as regards levels of technical knowledge and knowledge of equipment, and many of these employees have been serving the company for over ten years.

The company values employee Loyalty, and several years ago set up cash bonuses for those who have been with the company for over 5 years. The amount of these bonuses is independent from the level of responsibility or salary, and increases up to a maximum of 20 years of employment.

An Incentive Programme was also established, entailing major tax advantages, which is based on a combination of overall and departmental objectives, via which employees may have access to amounts which go as high as the equivalent of two monthly salaries. The programme is based on periods of 3 to 5 years, and is submitted for approval by the Tax Authorities and Social Security. The specific objectives of the programme may be reviewed every year, via negotiation with the employees.

The technical employees attend regular training and recycling courses provided by our partners, and obtain certifications which will enable them to give technical assistance for the specific types of equipment and systems.

Quality Control

Given the nature of the operations, quality Control falls along two strands covering Equipment and Material and Services Provided.

Emphasis on quality control

The former is measured based on "Pre-Acceptance Reports", on "Out-of-Box Quality Reports" and also on "Final Acceptance Reports", whilst the latter is measured based on "Service Reports".

The "Pre-Acceptance Reports" are drawn up as per the results of internal checks on the functionality of the systems and enable the identification – and correction – of any discrepancies between the existing functionalities and those envisaged, prior to the equipment being despatched.

Our technicians carry out the final installation of the equipment and also produce a report which reflects the conditions found when the equipment is unpacked and prior to being installed – "Out-of-Box Quality".

Once installed, the equipment is subject to another functional check, including the manufacture of a number of products agreed in advance.

Following the verification of quality, of production speed, of compliance with the safety standards in force, and of any other pre-set criteria, the Final Acceptance Report is produced. This report stipulates the formal

date for bringing the equipment on line, and sets issues such as the Warranty period and or the release of the final payment.

The level of customer Satisfaction is evaluated at over 95%, based on the Acceptance reports and on the Technical Intervention reports, as well as on the results of periodical consultations with customers by our commercial department.

Markets

Our markets include the largest manufacturers of semiconductors and other microelectronic components, to wit those used in military and aerospace equipment, in automobile electronics, in telecommunications, in optoelectronics and in smart tags, covering a geographical area which includes French-speaking Switzerland, Belgium, France, Spain Portugal and Morocco.

Although in "cruising" years the three largest customers typically represent around 50 % of our turnover, trading climate phenomena involving the crisis in microelectronics and the closure and relocation of factories owned by French companies meant that in 2003 no single customer represented over 10% of the overall turnover.

The size of the market served by Caléo decreased by over 2/3 during the period 2002-2003, but we were nevertheless able to maintain – and even to increase – our traditional share of around 60%.

All these factors had a very relevant impact on Caleo's activity, which saw a reduction in its net results for the second consecutive year.

The successes achieved in the meantime by extending our activities, as announced in advance, to the "front end" (manufacture of *wafers*), and which includes approval by one of the world's major producers both of the equipment and of the packing materials proposed by ourselves and which will be marketed starting from 2004, allows us to consider that the aforementioned reduction in the market we serve may be – at least partially – compensated for.

Our strategy must take into account the initial positive impacts resulting from the aforementioned extension of our activity to the "front end", as well as from the growth of the new smart tag sector. Annual growth forecast for this sector is several times greater than that of the traditional microelectronic component sectors, and we are in a privileged position to enter the running to supply production lines.

Evolution by area of activity

For the reasons set out above, 2003 saw a 39% fall in Caleo's consolidated net income, which obliged us to make major efforts to maintain our financial autonomy without resorting to payments from shareholders or to drastic staffing cost containment measures, which may have led to a loss of capacity to respond to our customers' needs or even have rendered it impossible to keep up our levels of research and development which are essential for maintaining our position as technological leaders. The company thus resorted to the use of short-term bank credit negotiated in a timely manner.

Diversification into "front end" and "smart tags".

Shrinkage of the world semiconductor market and relocation of main customers

As previously stated, Caleo – a pioneer in the fields of microelectronic assembly and which in the past has developed the first integrated smart card production lines – has been developing specific manufacturing techniques with the aim of ensuring the feasibility of an economic production and the subsequent massification of smart labels, whose use in many and varied sectors involving the identification and control of people and goods has been the object of the most encouraging market projections. The branch “IdealTag” was thus created, which concentrates all the group’s activities in the areas of developing these labels, namely their design and manufacturing techniques. All the know-how pertaining to production systems remains with Caleo Engineering.

Success in obtaining innovative technology

The success obtained during a practical demonstration of our innovative technology to a leading English retailer proved its practical validity and drew the attention of various industrial groups focusing on this new segment of the market. Having achieved the objective of establishing the feasibility of this new technology, it was decided to centre Caleo once more on its core business, i.e. on the supply of production lines and services, for a market now extended to all manufacturers of “smart labels” – a sector in which annual growth forecast is several times greater than that of the traditional microelectronic component sectors.

Recruitment in the “core business”

It was therefore decided to accept the proposal made by a major French industrial group in order to transfer the know-how of IdealTag. Negotiations began in the fourth quarter and were completed at the start of 2004. By assigning these assets, Caleo has obtained a significant cash injection, the impact of which will effectively be felt during the financial year 2004, and which will enable it not only to maintain its traditional level of investment in R&D in the areas of its core business, but also in any others which may be identified as possibly benefiting from the application of its extensive know-how.

The agreement established also envisages, over a period of 3 years, the supply of production lines to be acquired by the purchaser and the receipt of royalties for any labels which this purchaser may manufacture and market.

Caleo’s actual performance in 2003 can be described using the following figures:

Consolidated income of € 2,356,299, which led to a Consolidated Result of minus (€ 536,303).

	2003	2002	Variation
Equipment and Materials:	1.659.643	3.117.832	-46,77 %
Net Margin:	653.509 (39,4%)	1.029.416 (33,0%)	-36,52 %
Services:	696.566	685.512	+1,63 %
Total Income:	2.356.299	3.856.647	-38,90 %

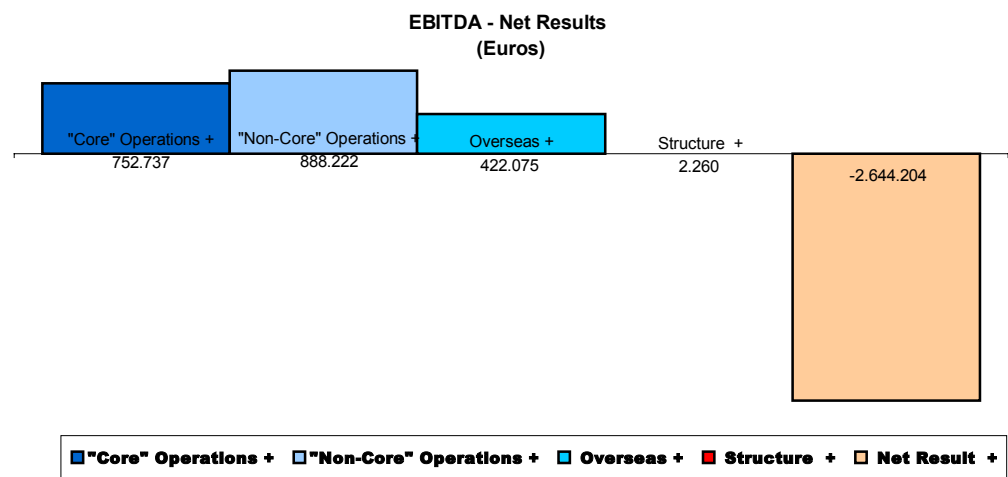
3. Internationalisation

We have maintained our line of action in order to develop our activities in a harmonious fashion and on our scale, in the new internal European

market. This is why the direct platforms are very relevant – Caleo in France and Reditus Consulting in Spain - and indirect platforms – ComputerLand in Poland – which continue to operate and will continue to be the focus of our attention in order to assure our international presence and to guarantee compliance with the strategic objectives stated.

We would like to point out, in this regard, that we shall remain very active in evaluating opportunities to sign international partnerships and we note that in 2003, 19% of the Group’s total income was obtained outside of Portugal.

II. Development of Financial Position



At the time of writing, the correction of provisions and the development forecast vis-à-vis the increasing value of the financial portfolio is reflected as a positive turnaround in the Net Results set out, which thus confirms what had been happening at the end of the financial year under assessment.

1. Analysis

An analysis of the company’s consolidated net worth and of the development of its results in 2003 demonstrates that the trend seen during the previous year has continued. This was conditioned by the period of recession affecting the Portuguese economy and in particular the Information Technology sector during said year: It should, however, be noted that the second half saw a clearly positive development compared to the 2nd half of 2003, namely with regard to the indicators Income and Profitability in most of the business undertaken by Inter Reditus, Redware and Reditus II, as well as a significant increase in the order portfolio, namely vis-à-vis Caleo, in France, in which the company holds an interest.

In order to better understand the development in the company accounts, whose main indicators are set out in this chapter, we have indicated some

of the effects arising from the operations performed by those companies in which it holds an interest.

We highlight the fact that the overall consolidated net worth involves figures and ratios which indicate the relative stability of the Group's business activity and its sound financial position, despite the aforementioned decrease in turnover during the current year, for reasons which are set out later on in the text.

Below is a summary of the main operations carried out in those companies in which the group holds an interest, which impact on both the Balance sheet of net worth and on the consolidated results.

✓ Brand Value

During the current year, and as occurred in previous financial years, the Brand increased by € 6,250,000 under the conditions described below.

✓ Acquisition of Pararede Shares

10,809,885 shares in Pararede were acquired at the end of 2003 under the terms of the commercially-based strategic partnership agreement signed with said company. The shares have been entered into the accounts at their acquisition value, and as a result of a subsequent increase in their stock exchange value, this asset was valued at over € 649,000 as at 31/12/2003.

✓ Assets via deferred taxes

Assets via deferred taxes amounting to € 1,217,501 were registered in the accounts during this financial year, relating to companies which are deemed highly likely to recover losses from previous financial years.

✓ The item results carried forward includes amounts relating to previous financial years relating to:

- Unrecoverable debt from the company Reditus Soluções Informáticas, SA, in which the Group formerly held an interest
- Transfer of the result from the previous financial year

✓ During this financial year, an amount for provisions was entered into the accounts, totalling € 96,152, as was a sum of € 1,576,616 pertaining to total amortizations. Some of the provisions relating to financial applications may yet be totally or partially recovered in line with the development of the dollar value compared to the European currency.

<i>(1000 euros)</i>		<i>31-Dec-01</i>	<i>31-Dec-02</i>	<i>31-Dec-03</i>
<i>Total Assets</i>	<i>(ATL)</i>	<i>61,976</i>	<i>58,016</i>	<i>61,609</i>
<i>Total Equity</i>	<i>(CP)</i>	<i>33,435</i>	<i>27,973</i>	<i>25,863</i>
<i>Total Liabilities</i>	<i>(P)</i>	<i>27,160</i>	<i>29,131</i>	<i>35,001</i>
<i>Permanent Capital</i>	<i>(Cper)</i>	<i>39,882</i>	<i>39,882</i>	<i>44,848</i>
<i>Financial Autonomy</i>	<i>(CP/ATL)</i>	<i>54%</i>	<i>48%</i>	<i>42%</i>
<i>Solvency</i>	<i>(CP/P)</i>	<i>123%</i>	<i>96%</i>	<i>74%</i>
<i>Cper/ATL</i>		<i>64%</i>	<i>69%</i>	<i>73%</i>
<i>Indebtedness</i>	<i>(P/ATL)</i>	<i>44%</i>	<i>50%</i>	<i>57%</i>

Relating to the Operating Account

✓ **Total Income** fell by around 31% against the same period in the previous year. However:

- As regards the set of companies in which the group holds an interest - Inter Reditus, Redware and Reditus II - which account for a slice of over 78% of the total income, the decrease was just 5%; it should be pointed out that this item entitled Income showed an upward trend of 8.7% - around €337,000 - during the 2nd half of 2003 against the 1st half, thus demonstrating a clear improvement in the operating activity carried out by the main companies in which the group holds an interest, during the second half of the year.
- In 2002, a sum of € 2,439,000 was entered into the accounts under extraordinary Income, compared to € 420,000 as recorded during this financial year

✓ Total Operating Income fell by 25%, and the Service Provision item decreased by 14% throughout the course of the period.

The decrease in Income was essentially down to the aforementioned disposal of the design business owned by the company JM Consultores, in which the group holds an interest, to the drop in hardware sales by Inter Reditus, and by Caleo's decreased production.

✓ With regard to the effort to contain costs which commenced in 2002, there was another significant reduction of said costs - €1,389,000 - in order to adapt Staffing costs and the costs of External Supplies and Services to the company's current business activity.

✓ The operating results amounting to minus €2,212,00 are essentially derived from the Structure Costs and from the results of CALEO and JM, for the reasons set out above

✓ The following table shows the trend in the main items pertaining to the operating account.

The column "correction 2002" indicates the values which may have arisen during the financial year 2002 if:

- 1) the Balance Sheet Allowances amounting to € 1,089,000 were considered as costs for the financial year
- 2) a sum of around € 2,439,000 had not been registered under the item Extraordinary Income.

By comparing the columns, we can obtain a more realistic view of the substantial figures set out in the accounts for 2003, compared to those for 2002, i.e., as can be seen from the table, if we consider the same accounting criteria and exclude extraordinary elements, we can see that there was an improvement in the operating performance achieved during the second half of the year.

		31 Dec 01	31 Dec 02	31 Dec 03	correction 2002	2002 proforma
<i>Total Income</i>	(TP)	26,580	21,038	14,466		
<i>Operating Results</i>	(RO)	964	-1,185	-2,212	-1,089	-2,274
<i>Net Results</i>	(RL)	-386	-1,147	-3,019	-2,439	-3,586

2. Brand

In 2003, we approached this issue as in previous financial years, for reasons which are transcribed below.

As stated at the time in the report relating to the financial year 1996 - the year during which financial restructuring agreements were made - we obtained advice regarding how we should account for the new position resulting from there being a company which became responsible for generating the majority of funds intended for the settlement, over time, of the restructured liabilities. The financial transfers arising from this represent a positive cash-flow for those Group companies responsible for liabilities, which in fact corresponds to an asset resulting from the actual transfer to InterReditus - which is not responsible for those liabilities - of the know-how, personnel, customer portfolio, initial capital and strategic liaisons.

The advice we were given led to a figure being calculated for this asset. The Directors decided to register said asset in the accounts at a more conservative value and to distribute it amongst the Group companies as per the attendant turnover transferred.

The Chartered Accountant and External Auditor has been expressing his disagreement as regards the fact that the company acknowledges this intangible asset in the 1996 accounts, and from 1997 onwards, he has been issuing his opinion with Reservations regarding the registering of this intangible fixed asset. At our request, in 1997 the Chartered Accountant explained that the reason for his reservation regarding the Reditus brand is down to the fact that the manner in which we have registered own brands in the accounts is not, in his opinion, in accordance with the generally accepted accounting principles. Thus, having made no statement

regarding the value, but having had access to the report which stipulates the brand value, he confirms that the method used for valuing the brand – the DCF – would be suitable for the value to be attributed to a brand purchased.

During the current year, and as per previous financial years, the Brand was reevaluated by around €6,250,000, to €35,174,183, based on evaluations carried out by independent bodies with acknowledged technical skills.

IV. Capital Market

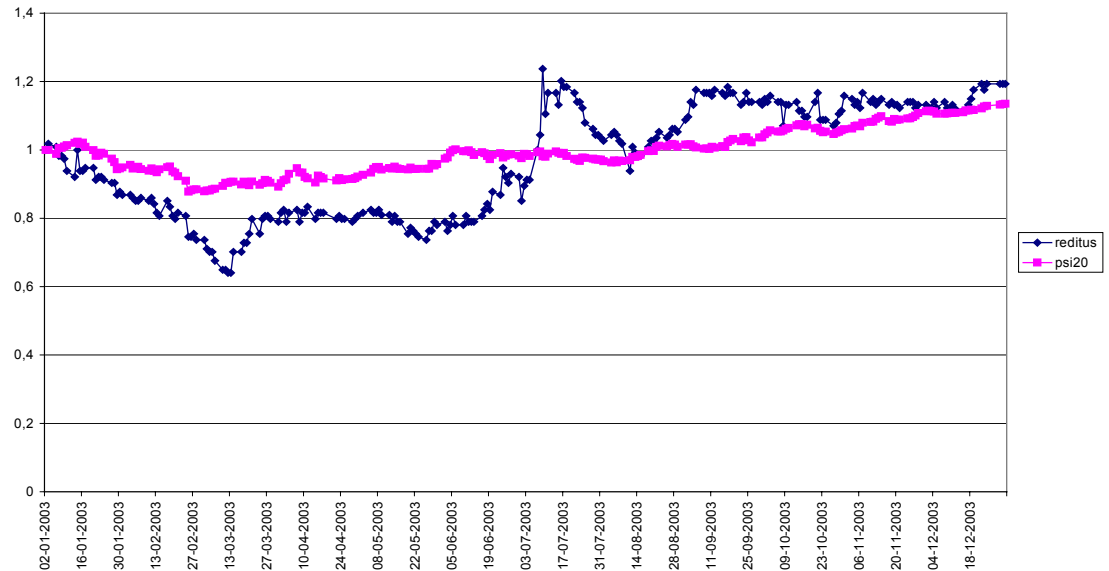
1. Information regarding the performance on the Stock Exchange of shares in Reditus SGPS

Reditus SGPS, S.A., a company listed on the Lisbon Stock Exchange since 1987, started the year 2003 with a capital of thirty-two million five hundred thousand Euros, represented by six million five hundred thousand shares at five Euros each. Reditus SGPS, S.A. was classified as belonging to the software and computer services sector (sector 97), and the computer services subsector (972) in accordance with the FTSE sector classification. The listed companies Novabase, SA and Pararede, SGPS, SA are classified on the Lisbon exchange in the same subsector.

At the close of Euronext Lisbon on 31st December 2003, the last quotation for the year was 1.36 euros; as a result, the stock exchange capitalisation of Reditus shares was 8,840,000 euros as at 31st December 2003.

Transactions of shares in Reditus SGPS took place in 252 of the 255 normal sessions of the Lisbon Stock Exchange, and during 2003, a total of 6,113,786 shares were bought and sold, totalling 7,394,507 Euros, which was reflected as an average of 16,750 shares in this company transacted daily.

The graph reproduced below sets out the comparative development of quotations of shares in Reditus SGPS and of the main Euronext Lisbon index between January and December 2003.



Looking at the above graph, the following details stand out from the facts described above and conveniently indicated therein, as being relevant to the development of the share listings:

- The relatively poor performance of Reditus quotations during the first half, reflecting the climate of recession and uncertainty in the markets which particularly affected the areas of technology;
- The relatively good performance of Reditus SGPS quotations during the second half, clearly exceeding the market valuation as reflected by its main index.

Reditus SGPS formed part of the Euronext Next Economy segment and its shares have, since September, been transacted on the PEX – an organised, non-regulated market.

2. Bonds

We highlight the fact that during the financial year, on 2nd March and 2nd September 2003, we paid the interest and amortized capital relating to the Reditus 91 bond loan under the terms of the technical file approved at the General Meeting of Bond-Holders held on 1st March 1999, amounting to € 72,370.60 and € 71,880.18, respectively.

On the above dates, paid the interest and amortized capital relating to the Reditus 93 bond loan under the terms of the technical file approved at the General Meeting of Bond-Holders held on 1st March 1999, amounting € 11,323.62 and € 11,513.76, respectively.

V. Research and Development

In the current economic and financial climate, investments in R&D by a Corporate Group essentially geared towards Service Provision should be carefully planned and placed in projects to develop products and create

new processes and solutions which fit in harmoniously with the market itself and with Customers' objective needs.

In effect, and in accordance with IAS standard 38, an intangible asset should be an identifiable non-monetary asset with no physical substance owned for the purpose of producing or supplying goods and services, to lease to others, or for administrative purposes. An asset is therefore a resource controlled by a company as a result of past events and which is expected to yield future economic benefits for the company.

Examples of such assets are costs defrayed on acquiring, developing, maintaining or improving resources, such as the development of new procedures or systems, to wit computer software, amongst others.

In this regard, the Group made investments of around € 1,186,000 (€ 1,122,000 in 2002), the value of which has already been partially amortized during the financial year.

In order to consolidate this policy, the Group has continued to develop strategic partnership protocols and agreements with Universities, Technological Centres, Suppliers and other entities with a predominant presence in the domestic and international market. This has enabled the Group to extend its presence in large-scale European projects, namely in Spain, France and Poland.

Within this context, the Group extended its commercial agreements with manufacturers of equipment and products and service providers which support or complement our business activities, and have been appointed as enhanced Service Providers.

VI. Trend Forecast

Inter Reditus

Continuing along the strategic lines adopted during the last half of 2003 and considering the inherent trend, the year 2004 should be governed by the following strategic lines:

- Continuation of the policy to ensure the profitability of means of control and the profitability of resources;
- Careful control of inherent costs;
- Enhancement of quality control systems and customer satisfaction;
- Continued investment in training and in technical resources which may be reflected as competitive advantages.
- Seeking and development of new products and new services;
- Constant adaptation to the needs of the market;
- Reinforcement of differentiating factors.

Market confidence in the provision of services by Reditus throughout the years

Positive business trend

Sustained growth for 2004

We will know how to develop with the market, by adjusting the services we offer to our customers' concerns

Redware

2004 is forecast as showing a tendency towards an increased desire by companies for BPO procedures and Outsourcing procedures, particularly in the field of application development.

- DTD

- Greater visibility and **importance of BPO** for organisations.
- Need to reduce fixed costs.
- Development of *Outplacement* procedures.

Continued **customer diversification** is an important factor for 2004, with emphasis on entering new markets of activity **outside of the financial and insurance markets.**

The diversification of current services offered in the field of BPO and always after business opportunities have been detected may contemplate the following themes:

- Expansion of the area of Archive Deposit and Management.
- **Reinforcement of** document scanning services.
- Introduction of new areas to complement the current areas.

- DRE

- Careful management of time for the allocation of resources to projects.
- Need to transfer fixed costs into variable costs.
- Gathering the fruits of commercial labour developed in **2003.**
- Reinforcement of the concept of Evolving Maintenance of Applications
- Continued implementation of the concept of Training Academies for recent graduates seeking their first job in IT.

Reditus II

According to *Datamonitor*, the growth prospects for the ContactCenter industry in EMEA countries will continue to grow until 2007 and there will be a great tendency towards investments in outsourcing. Although countries where this industry is more developed will not show significant signs of growth (France, United Kingdom and Ireland), Portugal appears, according to the same analyst, amongst the top five countries with the greatest potential.

In terms of the domestic ContactCenters market, it can be seen that there is an awareness within companies and institutions of the need to **contact and get to know their customers better**, by opting to implement ContactCenters and endow them with specialist management.

However, and at the same time, **concerns over costs will lead to finding substitutes in technology via automated services** to reduce the size of ContactCenters (IVR, Internet, MobilNet, SMS), thereby eliminating human interaction in situations of lesser added value.

These phenomena were and are particularly apparent in Reditus' traditional markets (Banking and Insurance), but should reach other companies as and when technology becomes more accessible.

We support technological evolution, and complement it with the human factor

This tendency which has been decreasing the size of ContactCenters, has been proving the value of Reditus II's focus on quality and of the technological investments envisaged.

Our focus will follow these guidelines:

- To maintain levels of quality which will enable us to grow with current customers via satisfaction;
- To increase presence at ContactCenters belonging to medium-sized and large customers with offers which are differentiated and of high quality;
- To adjust the offer of new products to the needs and requests of the market;
- To maintain and improve the policy to control costs and ensure the profitability of technical and human resources.

JM Consultores

The installed capacity will enable the growth of operations without significant investments

The amount of over 2,000,000 documents handled every month represents around 40% of the capacity currently installed, and it is therefore envisaged that 2004 will see a growth based on customer diversification, without the need for significant investments.

BCCM

A young market with a great potential for growth

The markets for SAE Solutions, in the case of public passenger transport, and Gesto for transporting merchandise, are at the initial stages and there are therefore many business opportunities, in the event that the positive signs of an economic upturn are confirmed in 2004. Maintenance contracts for current customers are a major contribution towards the stability of the company.

CALÉO

Judging by the level of business activity at the end of 2003, which has been confirmed by notable commercial activity during the first quarter of 2004, we predict that this year will enable Caleo to regain its equilibrium and will constitute a new basis for a stage of expansion, to some extent in line – although attenuated given our specific aspects – with the new cycle of expansion in the semiconductor industry.

Forecasts for the year 2004 are therefore encouraging, since they are based on an order portfolio of around € 600,000 as at 31st December 2003, negotiations in progress for over € 1,000,000 – in the meantime satisfactorily concluded – and also a positive forward analysis of the market.

These forecasts are based on the assumption of a continued worldwide recovery in the sectors we serve, and also that economic activity will enable companies within the sector to increase their levels of investment, following two years of drastic reductions.

It also falls to us to mention the successes achieved by extending our activities to the "front-end" (manufacture of *wafers*), which includes approval by one of the world's major producers both of the equipment and

of the packing materials proposed by ourselves and which will be marketed starting from 2004.

Our projections must take into account the initial positive impacts resulting from the aforementioned extension of our activity to the "front end", as well as from the investments envisaged by the industry in equipment to manufacture the new "smart tags".

VII. The Strategy Council

As in previous financial years, during the financial year 2003, the Group maintained the full operation of the Strategy Council, which met on a quarterly basis in order to discuss the suitability of the strategies drawn up by the Board of Directors and likewise to go into more depth, in the strategic plan, regarding the various different alternatives which were profiled in terms of implementing the business plans of each of the Group's companies.

As a non-statutory body, it is made up of Messrs. Professor Manuel Valsassina Heitor, Eng., Dr. Jorge Pereira da Costa and Dr. Luís Gravito, who are all major figures in the technological, academic and consultancy fields.

Throughout the year, the Strategy Council did indeed operate as an advisory and analytical body regarding the Group's strategy, its business surroundings, and the opportunities found, as well as assisting the prospective with regard to the development trends within the sector in Portugal and within the broader context of the economies which most directly relate to ours.

VIII. Staff

The Reditus Group comprises a set of companies operating within the fields of technology, and is essentially geared towards service provision. The human resources which make up the Group are its most important asset.

The year 2003 progressed in a climate of recession and adversity, and for this reason our employees played a major role in pursuing the objectives proposed. The continuous training and recycling of the professionals who comprise the permanent staff structure of the companies within the Group, together with cost containment practices, were reflected in the motivation and commitment which enabled the operation of the business activities to be solidified, with a view to assuring quality and excellence in the services provided.

The staffing policy already implemented in previous financial years was followed in 2003, with emphasis on the streamlining and productivity of resources, whilst endowing our companies with the necessary flexibility and multidisciplinary capacity of its teams, in order to develop within a market as adverse as that experienced in 2003. Quality control and customer satisfaction, guaranteed by the levels of service achieved,

formed the cornerstones which supported the performance of the professionals employed by the Group companies.

During the financial year which drew to a close, the Group had an average headcount of 367 permanent staff, around 30% of whom are educated to degree level (especially in the areas of Information and Communication Technology), and the majority are aged between 25 and 35.

IX. Results

Given the effect of the transactions set out in chapter III of this Report – Development of Financial Position – the net result calculated for the financial year was minus 2,660,094 Euros, after minority interests.

X. Acknowledgements

We would like to express our public acknowledgement of the commitment shown by our Employees, of the advice provided by the Strategy Council and of the attentive participation of the Internal Audit Board, as well as of our excellent relations with our Customers, Suppliers and Banks with whom we have had the pleasure of working.

Lisbon: 23rd February 2004.

The Board of Directors,

Dr. José Carlos Appleton Moreira Rato
Chairman

Dr. Frederico José Appleton Moreira Rato
Managing Director

José António da Costa Limão Gatta, Eng.
Director

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos
Director

Professor Dr. António do Pranto Nogueira Leite
Director

REDITUS SGPS, S.A.		CONSOLIDATED BALANCE SHEET			
		EUROS			
Accounts Code		2003			2002
		Gross Assets	Amort. & Prov.	Net Assets	Net Assets
	Assets				
	Fixed Assets				
	<i>Intangible Fixed Assets</i>				
431	Set-Up Costs	1.690.175	1.539.739	150.436	315.902
432	Research & Development Costs	862.660	754.503	108.157	287.082
433	Industrial Property	35.557.402	352.856	35.204.546	28.484.717
434	Goodwill	55.868	55.868	0	0
441/6	Fixed Assets in progress	0		0	149.639
439	Other intang. Fixed assets	105.841	105.841	0	66
	Consolidation Gains/Losses	2.921.499	643.520	2.277.979	2.572.463
		41.193.445	3.452.327	37.741.118	31.809.869
	<i>Tangible Fixed Assets</i>				
421	Land and natural resources	317.984		317.984	317.984
422	Buildings and Other Constructions	2.102.335	53.237	2.049.098	2.092.770
423	Basic Equipment	2.069.996	982.609	1.087.387	483.384
424	Transport equipment	576.250	514.029	62.221	161.733
425	Tools & Utensils	11.525	3.860	7.665	1.569
426	Administrative equipment	1.107.332	962.889	144.443	245.518
429	Other tang. Fixed assets	2.416.364	1.869.303	547.061	883.774
441/6	Fixed Assets in progress	89.087	0	89.087	89.087
		8.690.873	4.385.927	4.304.946	4.275.819
	<i>Financial Investments</i>				
4111	Interest in group companies	2.522.547	2.522.547	0	0
4112	Interest in associated companies	776.050	776.050	0	0
4113+414+415	Securities & Other Financial Applications	1.402.989	753.141	649.848	604.836
		4.701.586	4.051.738	649.848	604.836
	Floating Assets				
	<i>Stocks</i>				
36	Raw Mat., Semi-finished Prod. & Consumab	88.263	0	88.263	306.854
35	Products and works in progress	0	0	0	624.546
	Finished Products	27.824	0	27.824	27.824
32	Merchandise	1.533.976	5.000	1.528.976	1.394.682
		1.650.063	5.000	1.645.063	2.353.906
	<i>Medium & long-term third party debts</i>				
252	Group Companies	313.947	313.947	0	0
262+266+267+	Other debtors	0	0	0	79.680
268+221		313.947	313.947	0	79.680
	<i>Short-term third party debts</i>				
211	Customers, current accounts	4.154.364	0	4.154.364	4.915.245
212	Customers with securities receivable	89.797	0	89.797	179.641
218	Customers, Bad Debtors	844.168	844.168	0	0
252	Group Companies	3.922.490	3.922.490	0	0
253+254	Companies in which an interest is held	0	0	0	0
251+255	Other shareholders	46.854	0	46.854	46.854
229	Advances to suppliers	19.773	0	19.773	19.773
24	State and Other Public Bodies	155.736	0	155.736	189.494
262+266+267+		0	0		
268+221	Other debtors	8.889.759	6.106.780	2.782.979	6.878.671
		18.122.941	10.873.438	7.249.503	12.229.678
	<i>Marketable securities</i>				
153/9	Other Marketable securities	3.653.451	817.647	2.835.804	591.134
		3.653.451	817.647	2.835.804	591.134
	<i>Bank deposits and cash</i>				
12+13+14	Bank deposits	3.286.755		3.286.755	3.796.410
11	Cash	25.724		25.724	26.574
		3.312.479		3.312.479	3.822.984
	Accruals and deferred income				
271	Accrued Income	274.834		274.834	272.560
272	Deferred costs	2.378.169		2.378.169	1.975.195
276	Assets via deferred taxes	1.217.501		1.217.501	0
		3.870.504		3.870.504	2.247.755
	Total Amortisations		7.838.254		
	Total provisions		16.061.770		
	Total assets	85.509.289	23.900.024	61.609.265	58.015.661

REDITUS SGPS, S.A.			
CONSOLIDATED BALANCE SHEET			
EUROS			
Accounts Code		2003	2002
	Equity and liabilities		
	Equity		
51	Capital	32.500.000	32.500.000
	Own shares stakes		
521	Nominal value	0	0
54	Share issue premiums	16.211	16.211
	Consolidation gains/losses	(598.037)	(458.025)
55	Adjustments for cap. affiliated/associated com	(11.427.114)	(11.598.013)
56	Re-evaluation reserves	33.265.550	26.683.944
	Reserves:		
571	Legal reserves	726.151	581.346
574 to 579	Other Reserves	1.891.935	1.862.454
59	Results carried forward	(27.867.389)	(20.777.038)
	<i>Subtotal</i>	28.507.307	28.810.879
88	Net result for financial year	(2.644.204)	(838.506)
89	Interim dividends		
	<i>Total Equity</i>	25.863.103	27.972.373
	Minority Interests	744.875	912.545
	Liabilities		
	Provisions for risks and costs		
293/8	Other Provisions	18.750	6.300
	Debts to third parties-Medium and long-term		
	Bond loans		
2321	Convertible		
2322	Non-convertible	1.510.193	1.633.054
231+12	Debts to Credit Institutions	14.046.204	6.682.498
221	Suppliers, Current Account	0	74.930
24	State and Other Public Bodies	0	0
222	Suppliers of Assets, Current Account	2.429.491	2.520.192
268+211	Other creditors	998.600	998.600
		18.984.488	11.909.274
	Debts to third parties - short term		
	Bond loans		
2321	Convertible		
2322	Non-convertible	87.594	87.594
231+12	Debts to Credit Institutions	5.818.669	8.694.887
269	Advances on Sales	0	0
221	Suppliers, Current Account	2.652.469	2.932.008
228	Suppliers - invoice. rec.conf.	0	413.182
222	Suppliers - securities payable	157.089	93.311
2612	Suppliers of assets. - securities payable	6.944	0
252	Group Companies	0	0
251+255	Other shareholders	171.116	153.322
219	Advances from customers	199.076	13.147
239	Other loans obtained	4.305	72.980
2611	Suppliers of Assets, Current Account	375.863	494.067
24	State and Other Public Bodies	3.487.525	2.116.612
262+263+264+ 265+267+ 268+211	Other creditors	1.389.104	846.654
		14.349.754	15.917.764
	Accruals and deferred income		
273	Accrued Income	1.633.069	1.297.405
274	Deferred costs	15.226	0
		1.648.295	1.297.405
	<i>Total liabilities</i>	35.001.287	29.130.743
	<i>Total equity/min.int./liabilities</i>	61.609.265	58.015.661

REDITUS SGPS, S.A.					
CONSOLIDATED PROFIT-AND-LOSS ACCOUNT				EUROS	
Accounts Code		2003		2002	
	Costs and losses				
61	Cost of merchandise sold/materials consumed				
	Merchandise	1.320.406		3.061.874	
	Materials	406.090	1.726.496	519.518	3.581.392
62	External Supplies and Services		4.304.007		4.631.102
	Staffing Costs:				
641+642	Salaries	5.809.660		6.703.776	
	Corporate costs:				
643+644	Pensions			1.674.388	
645/8	Other	1.506.367	7.316.027		8.378.164
66	Amortisations of tang. and intang. fixed assets	1.576.616		1.887.038	
67	Provisions	52.484	1.629.100	33.364	1.920.402
63	Taxes	165.473		121.599	
65	Other operating costs/losses	712.514	877.987	756.224	877.823
	(A)		15.853.617		19.388.883
682	Losses in group and associated companies				
683+684	Amortiz. and prov. for financ. applic. and invest.	43.668		549.917	
681+685+686+	Interest and similar costs:				
687+688	Relating to group companies				
	Other	2.034.135	2.077.803	1.659.599	2.209.516
	(C)		17.931.420		21.598.399
69	Extraordinary costs and losses		527.797		493.054
	(E)		18.459.217		22.091.453
86	Income Tax for the financial year		(973.908)		93.552
	(G)		17.485.309		22.185.005
	Minority Interests		(375.217)		(308.635)
88	Net consolidated result for the financial year		(2.644.204)		(838.506)
			14.465.888		21.037.864

REDITUS SGPS, S.A.					
CONSOLIDATED PROFIT-AND-LOSS ACCOUNT				EUROS	
Accounts Code		2003		2002	
	Income and Gains				
71	Sales:				
	Merchandise	2.059.893		4.266.400	
	Products	0		36.510	
72	Provision of services	10.245.931	12.305.824	11.883.180	16.186.090
	Variation in production	0		88.966	
75	Works for the Company Itself	1.186.389		1.122.753	
73	Supplementary Income	94.448		56.253	
74	Operating Subsidies	0		0	
76	Other income and operating gains	55.040	1.335.877	750.000	2.017.972
	(B)		13.641.701		18.204.062
782	Gains in group and associated companies	0		0	
784	Income from interests	24.527		136.905	
7812+7815	Income from marketable sec./financial applic.:				
7816+783	Relating to group companies			0	
	Other			8.853	
7811+7813+	Other interest and similar income				
7814+7818+	Relating to group companies			0	
785+786+787+	Other	380.057	404.584	248.809	394.567
788					
	(D)		14.046.285		18.598.629
79	Extraordinary Income and Gains		419.603		2.439.235
	(F)		14.465.888		21.037.864
	Summary:				
	Operating Results: (B)-(A)=		(2.211.916)		(1.184.821)
	Financial results: (D-B)-(C-A)=		(1.673.219)		(1.814.949)
	Current results: (D)-(C)=		(3.885.135)		(2.999.770)
	Pre-tax results: (F)-(E)=		(3.993.329)		(1.053.589)
	Net result for the financial year: (F)-(G)=		(3.019.421)		(1.147.141)

Reditus - Sociedade Gestora de Participações Sociais,S.A.

Annex to the Consolidated Balance Sheet and Profit-and-Loss Account

as at December 31st 2003

(Values stated in Euros)

I. Information relating to the companies included in the consolidation and to others

1. Companies included in the consolidation:

Reditus - Sociedade Gestora de Participações Sociais,SA
Registered Offices: Rua Pedro Nunes no. 11 R/C - Lisbon

Reditus - Imobiliária, SA
Registered Offices: Rua Pedro Nunes no. 11 R/C - Lisbon
100% of capital held by REDITUS - SGPS, SA

Redware - Sistemas de Informação, SA
Registered Offices: Rua Pedro Nunes no. 11 R/C - Lisbon
100% of capital held by REDITUS - SGPS,SA

Inter Reditus - Prestação Integrada de Serviços Informáticos, SA
Registered Offices: Rua Pedro Nunes, no. 11 R/C - Lisbon
83.3% of capital held by REDITUS - SGPS, SA
16.6% of capital held by REDITUS GESTÃO, SA

J.M. Consultores de Informática e Artes Gráficas, SA
Registered Offices: Av. Almeida Garrett, 18 - Alfragide
67% of capital held by REDITUS - SGPS, SA

Reditus II - Telecomunicações, Lda.
Registered Offices: Rua Pedro Nunes, no. 11 R/C - Lisbon
100% of capital held by REDITUS - SGPS, SA

BCCM – Inovação Tecnológica, Lda.
Registered Offices: R.Cidade Viana Castelo, Vivd^a Toquinha, S.Domingos Rana - Cascais
50% of capital held by REDITUS - SGPS, SA

Reditus Gestão – Prestação de Serviços Informáticos, SA.
Registered Offices: Rua Pedro Nunes, no. 11 R/C - Lisbon
100% of capital held by REDITUS - SGPS, SA.

CALEO, SA.

Registered Offices: Rue Hélène Boucher, 421 ZI – Paris - France
55% of capital held by REDITUS - SGPS, SA

CALEO ENGINEERING, SARL.

Registered Offices: Rue Hélène Boucher, 641 ZI – Paris - France
100% of capital held by CALEO, SA.

CALEO ELECTRONIQUE, SARL.

Registered Offices: Rue Hélène Boucher, 421 ZI – Paris - France
100% of capital held by CALEO, SA.

CALEO INFORMATIQUE, SARL.

Registered Offices: Rue Hélène Boucher, 421 ZI – Paris - France
99.6% of capital held by CALEO, SA.

These companies were consolidated using the full consolidation method, due to the fact that the holders of capital hold the majority of the voting rights.

2. Companies not included in the consolidation

Reditus Consulting, SL.

Registered Offices: Calle Velázquez no. 94 - Madrid - Spain

80% of capital held by REDITUS - SGPS, SA

Reason for exclusion: not materially relevant.

3., 4. and 5. N.A.

6. Companies with an interest of not less than 10%:

Redserv-Manutenção e Serviços de Informática, Lda.,

Registered Offices: Rua Pedro Nunes no. 11 R/C - Lisbon

48.57% of capital held by Reditus - SGPS,SA.

7. Average headcount during the financial year:

	<i>Techn./Prd.</i>	<i>Admin.</i>	<i>Commercia l</i>	Total
Reditus SGPS, SA	1	13	0	14
Reditus Imobiliária, SA	0	0	0	0
Caleo AS	11	5	3	19
Redware, SA	109	8	0	117
JM Consultores, SA	17	2	1	20
Inter Reditus, SA.	109	15	1	125
Reditus II Telecomunicações, Lda	63	1	0	64
Reditus Gestão, SA	0	0	0	0
BCCM	6	1	1	8
Total	316	45	6	367

II. Information Relating to the true and appropriate reflection

8. Application of consolidation standards

The application of the consolidation standards was sufficient for the consolidated financial statements to show a true and appropriate reflection of the financial standing and results of the set of companies included in the consolidation.

9. N.A.

III. Information relating to the consolidation procedures

10. Consolidation differences

The consolidation differences, amounting to € 598,037, set out under equity, are essentially due to the differences between the values of the cost of acquisition of the interest and the proportional values of the equity in those companies in which the interest is held - J.M. Consultores, S.A., Redware, Sistemas de Informação, S.A. – which were consolidated using the overall integration method.

The consolidation gains, totalling € 2,921,499, set out under assets, refer to the remainder between the accounting values of the interest in the capital of CALEO and the proportion which they represent in the equity of said company, with reference to 30th September 2001, the balance sheet date of the first consolidation.

11. Consistency with the previous financial year

The consolidation methods and procedures were applied consistently with the financial year 2002.

12. N. A.

13. Reference date

The consolidated Financial Statements were produced with reference to the same date as the annual Financial Statements pertaining to the Umbrella Company, i.e., December 31st 2003.

14. Alterations to the set of consolidated companies

During this financial year, there were no changes as regards the composition of the set of companies included in the consolidation:

15. and 16.N.A.

17. Amortization of consolidation Differences

There is no change to any of the expectations of the Reditus Group regarding the profitability which will arise from the purchase of the companies belonging to the Caleo Group, vis-à-vis the capital invested therein.

This acquisition took place at the end of 2001, for a value of less than the value survey carried out by a competent company whose ability in this field has been recognised. However, there were significant changes not only to the conditions of the market in which said companies operate, but also to the world economy in general.

Thus considering:

- the market value stipulated for Caleo
- its cyclical business activity
- its actual value in the current state of the world's economy
- the time estimated as being necessary to fully amortize the purchase value, and also that
- the working life estimated for the company and for the business activity it represents will be greater than 10 years, then

the Goodwill value entered into the accounts continues, for reasons of accounting prudence, to be amortized over 10 years.

18. Accounting regarding interests:

Interests in associated companies are accounted for using the accounting value (cost of acquisition).

19. and 20. N.A.

IV. Information relating to commitments

21. Financial commitments

Following a decision taken at the General Meeting of Reditus–Processamento Automático de Informação, SA, a Pension Supplement system was set up on November 28th 1990 for the members of the Board of Directors; this system – as set out in article 14 of the company's articles of association – would be sustained by insurance contracts, the costs of which would be borne by the company.

With regard to the Company's economic position, it was decided from 1993 onwards, with the consent of the potential beneficiaries, that the revenue accrued by the insurance in force would revert to the Company. However, those Directors who comply with the conditions stipulated in the aforementioned decision taken at the General Meeting will remain as the creditors of this amount which is entered into the accounts under "other creditors".

22. Liabilities

In addition to the guaranties provided as arising from the total domain of the Company's Articles of Association, the following guaranties are also in place:

In contracts for the restructuring of bank liabilities and those regarding other creditors, as well as in the agreement relating to the bond loans, subscribed by Group Companies (including Reditus Soluções Informáticas, SA.) at a value of € 1,743,394, Reditus SGPS is joint and severally liable for compliance, as well as being the guarantor and the main body responsible for paying each and every obligation arising therefrom.

As a result of the contract for the consolidation, restructuring of credit and financing, Reditus set up a debenture on the shares representing its interest in the company JM Consultores SA, guaranteeing a value of up to one million euros.

Equipment belonging to the group companies was submitted as debenture to assure the solvency of the group companies' commitments to the state.

The funds obtained in order to acquire financial interests and investments were guaranteed via the partial debenture of marketable securities set out in the balance sheet, as well as via a time bank application.

V. Information relating to accounting policies

23. Valuation Criteria

A) Generic

The consolidated accounts were drawn up in conformity with the Chart of Accounts, particularly with Decree Law no. 238/91 enacted on July 2nd 1991.

The accounts for the Group Companies were drawn up in concordance with the basic historical cost accounting principle, in conformity with the Chart of Accounts (POC – Statute Law no. 410/89 enacted on 21st November 1989) and in accordance with the accounting principles generally accepted in Portugal, as below:

- As regards Historical Cost
- As regards Continuity of the Company
- As regards Consistency of Financial Years
- As regards Implementation of Operations
- As regards Conservatism
- As regards Substance in Form
- As regards Material Nature

The accounts for the Caleo Group Companies Caleo were drawn up in concordance with the basic historical cost accounting principle, in conformity with the French Chart of Accounts and in accordance with the accounting principles generally accepted in France.

Based on a study carried out by a specialist company, a sum of € 22,096,747 was registered as Intangible Fixed Assets in 1997, and reevaluated at € 28,177,093 in 1998. Increases were registered in 2001 and 2003, and the total value of the Reditus brand is € 35,174,183, set off against the net worth item.

B) Specific aspects

a) Available Funds, Debts by and to Third Parties

Available funds and debts by and to third parties stated in a foreign currency were converted into euros at the exchange rates in force on the date of the Balance Sheet.

b) Marketable Securities and Financial Assets

Marketable Securities are valued, on the date of the Balance Sheet, at the lowest cost of acquisition or market cost.

Financial Assets are valued, on the date of the Balance Sheet, at the market value, as regards securities, and using the asset-related equivalence method as regards group and associated companies. Effective appreciations and depreciations resulting from the sale of the aforementioned securities are acknowledged as results of the financial year in which they occur.

Any financial interests which have undergone permanent reductions vis-à-vis the exploitation value, are provided for.

c) Stocks

Transactions taking place during the period in question complied with the "Cost of Acquisition" valuation criterion and with the "Average weighted cost" method of costing outgoings.

d) Intangible Fixed Assets

Intangible fixed assets refer, in the main, to the value of the Reditus brand which was not amortized, to costs defrayed on procedures to increase the capital of Reditus SGPS, which took place during the previous financial year, to research and development costs rebated from accrued reintegrations, calculated under a system of duodecimals for a period of three years.

This item also includes the value of the consolidation gain resulting from the acquisition of the financial interest in Caleo, amortized under a system of duodecimals for a period of ten years.

e) Tangible Fixed Assets

Tangible fixed assets are valued at the cost of acquisition or of reevaluation rebated from the accrued reintegrations.

Any maintenance and repair costs which do not increase the working life of the fixed assets are debited from the results for the financial year in which they occur.

The reintegrations considered are intended to depreciate the fixed assets, under a system of duodecimals and in accordance with the periods of working life according to Executory Decision no. 2/90 enacted on 12th January 1990.

f) Leasing

Property held under a leasing regime is entered into the accounts according to the Chart of Accounts (POC), following the lifting of the restriction set out in article 4 of DL 410/89, by applying the accounting principle of substance in form.

g) Accruals and deferred income

This item is used to register expenses paid in advance, which are registered as costs during the period to which they relate, as well as costs defrayed on holiday allowances and interest due but not paid, with the exception of interest relating to the restructuring agreements which are added to the attendant liabilities accounts. Assets for deferred taxes were also entered into the accounts during the current financial year.

h) Provisions for Risks and Costs

h) Provisions for Customers and Other Bad Debtors and for Stocks are set up or topped up, respectively, on a commercial basis and according to obsolescence and actual devaluation.

hh) Companies acknowledge income and costs in accordance with the principle of specialisation.

i) Acknowledgement of Income and Costs via Warranties

Sales of merchandise and services to Customers are registered when they are delivered or finished, respectively.

Warranties for equipment sold are borne by the suppliers of the brands represented.

24. Quotations used for converting foreign currency, as at December 31st 2003.

The quotations used for conversion from other currencies were those in force for the euro on the date of the balance sheet.

VI. Information relating to certain items

25. Set-up Costs and Research and Development Costs

	2003	2002
Set-up Costs	1,690,175	1,540,536
Research and Development Costs	862,660	948,921

The above note should be read in conjunction with note no. 27 particularly with regard to the attendant amortizations.

26. N.A.

27. Transactions Taking Place under the items pertaining to Fixed Assets and under the attendant Amortizations and Provisions:

Gross Assets

	Initial	Reevaluation	Increases	Disposals	Transf/rebates	Final balance
Intangible Fixed Assets						
Set-Up Costs	1.540.536		149.639			1.690.175
Research & Develop. Costs	948.921				(86.261)	862.660
Industrial Property	28.777.402		6.780.000			35.557.402
Goodwill	55.868					55.868
Fixed Assets in progress	149.639				(149.639)	0
Other intang. Fixed assets	106.451				(610)	105.841
Consolidation Gains/Losses	2.921.499					2.921.499
	34.500.316	0	6.929.639	0	(236.510)	41.193.445
Tangible Fixed Assets						
Land and natural resources	317.984					317.984
Buildings & Other	2.102.335					2.102.335
Basic Equipment	1.350.970		719.026			2.069.996
Transport equipment	617.717			(41.467)		576.250
Tools & Utensils	3.517		8.008			11.525
Administrative equipment	1.091.976		15.356			1.107.332
Other tang. Fixed assets	2.485.163			(68.799)		2.416.364
Fixed Assets in progress	89.087					89.087
	8.058.749	0	742.390	(110.266)	0	8.690.873
Financial Investments						
Interest in group companies	2.522.547					2.522.547
Interest in associated	776.050					776.050
Securities & Other Financial	1.357.977		45.012			1.402.989

Amortizations and Provisions

	Initial Balance	Reinforcement	Adjustments	Final balance
Intangible Fixed Assets				
Set-Up Costs	1.224.634	315.105		1.539.739
Research & Development Costs	661.839	92.664		754.503
Goodwill	55.868	296.988		352.856
Industrial Property	292.685		(236.817)	55.868
Other intang. Fixed assets	106.385		(544)	105.841
Consolidation Gains/Losses	349.036	294.484		643.520
	2.690.447	999.241	(237.361)	3.452.327
Tangible Fixed Assets				
Land and natural resources				
Buildings & Other Constructions	9.565	43.672		53.237
Basic Equipment	867.586	115.023		982.609
Transport equipment	455.984	58.045		514.029
Tools & Utensils	1.948	1.912		3.860
Administrative equipment	846.458	116.431		962.889
Other tang. Fixed assets	1.601.389	267.914		1.869.303
	3.782.930	602.997	0	4.385.927
Financial Investments				
Interest in group companies	2.522.547			2.522.547
Interest in assoc.companies	776.050			776.050
Secur.Other Financ. Applic.	753.141			753.141
	4.051.738	0	0	4.051.738

28. and 29. NA

30. Differences between the accounting value and the market price

Below are the differences between the values registered in the balance sheet under the item "marketable securities" and the attendant market prices:

Account	Value entered into the accounts	31-12-2003	
		Market value	Variation
Marketable Securities	2.767.011	3.415.604	648.593

31. and 32.; NA

33. A sum of € 18,984,488 is registered under Medium and Long-Term Debts to Third Parties resulting from the various agreements for the restructuring of liabilities, whether these third parties are banks or other creditors, from the Reditus 91 and Reditus 93 bond

loans, from funding to acquire interests, for which payment terms of over five years were agreed. Over 15 million euros have been amortized vis-à-vis the restructuring of liabilities which was carried out within the group in 1996.

34. and 35. N.A.

36. Financial Report by segments

The net Sales value of € 2,059,893 as well as the net Service Provision value of € 10,245,931, refer, in their entirety, to the commercial activity of the companies within the computer and information technology sector in the Domestic and French Markets.

The Reditus Group undertakes most of its business activity within the field of Information Technologies.

With regard to information by business and geographical segments, we should distinguish between:

- the business activity undertaken by Caleo, S.A. in France, a company in which Reditus holds an interest, which develops offers integrated solutions in the above country for the assembly of semi-conductors and other electronic components;
- the business activity of Reditus Imobiliária, S.A. which operates within the real estate sector;
- those companies in which Reditus holds an interest, in areas which are not its “core business” - JM Consultores and BCCM – which carry out their business activities in the areas of cheque production and the development of communication systems, respectively.

The business activities undertaken by the group of companies can be represented via the following table, which summarises the business and geographical segments:

<i>(Following consolidation entries)</i>	Réditos	Operating Result	Net Result	Net Assets	Liabilities
Reditus SGPS		-1.429.339	-2.660.094	31.766.751	9.629.977
Reditus Imobiliária		127.669	-157.487	8.204.373	7.370.863
Reditus Gestão		-143	-146.520	34.219	3.314
Structure	0	-1.301.813	-2.964.101	40.005.343	17.004.154
	Réditos	Operating Result	Net Result	Net Assets	Liabilities
Caleo	2.356.299	-852.275	-536.303	2.895.489	1.127.596
Overseas	2.356.299	-852.275	-536.303	2.895.489	1.127.596
Structure + Overseas	2.356.299	-2.154.088	-3.500.404	42.900.832	18.131.750
	Réditos	Operating Result	Net Result	Net Assets	Liabilities
Inter Reditus	3.959.610	-762.518	-871.137	8.213.033	11.178.360
Redware	3.427.125	568.773	585.743	5.366.568	1.377.670
Reditus II	1.021.469	261.976	256.503	696.121	422.912
"Core" operations	8.408.204	68.231	-28.891	14.275.722	12.978.942
BCCM	245.095	36.753	31.777	2.113.874	1.526.658
JM Consultores	1.296.226	-162.812	-453.847	2.731.796	2.373.943
"Not Core" Operations	1.541.321	-126.059	-422.070	4.845.670	3.900.601
Domestic Operations	9.949.525	-57.828	-450.961	19.121.392	16.879.543
Consolidated	12.305.824	-2.211.916	-2.644.204	62.022.224	35.011.293

37. N.A.

38. Deferred Taxes

In those companies in which positive results can be expected, assets for deferred taxes were created, based on the tax losses which may be used in accordance with Accounting Guideline no. 28. However, as a matter of prudence, we did not consider the full recoverability of the tax losses from previous financial years which may be imputed, and disregarded older losses amounting to € 1,465,279.

39. Salaries attributed to the members of the Governing Bodies of Reditus SGPS, S.A.

	2003	2002
Board of Directors	405,190	367,013

40., 41., 42. and 43. N.A

44. Consolidated Financial Statement of Results

	2003	2002
Costs and Losses		
Interest Borne	1,188,584	646,360
Provisions for financial applications	44,488	549,917
Exchange losses	736,815	945,926
Losses during the disposal of financial applications		
Other financial costs and losses	107,918	67,314
Financial Results	-1,673,221	-1,814,950
	404,584	394,567
Income and Gains		
Interest obtained	23,399	98,290
Gains in interests in other companies	24,527	142,763
Exchange gains	356,405	149,713
Prompt payment discounts obtained	253	
Gain in treasury applications		115
Other income and financial gains		3,686
	404,584	394,567

45. Consolidated Statement of Extraordinary Results

	2003	2002
Costs and Losses		
Donations		1,000
Losses vis-à-vis fixed assets	453	50,808
Fines and penalties	4,822	3,307
Increases in amortizations and provisions		22,202
Adjustments relating to previous financial years	126,437	265,102
Other extraordinary costs and losses	396,084	150,635
Extraordinary Results	-108,192	1,946,181
	419,604	2,439,235
Income and Gains		
Recovery of debts	257,101	
Gains vis-à-vis fixed assets	32,241	171,431
Reductions in amortizations and provisions		70,120
Adjustments relating to previous financial years	4,328	197,397
Other extraordinary income and gains	125,934	2,000,287
	419,604	2,439,235

46. Transactions on Accrued Provisions

Provision for:	Initial Balance	Increases	Reductions	Final Balance
Treasury applications	773,192	44,455		817,647
Bad debt customers	844,168			844,168
Other bad debtors	5,948,712	4,394,505		10,343,217
Risks and costs	6,300	12,450		18,750
Depreciation of stocks	5,000			5,000
Financial applications	4,051,738			4,051,738
	11,629,110	4,451,410	0	16,080,520

47. Leasing

Goods acquired under a leasing regime are allocated to the group's business activity. They are registered at their accounting value. They comprise the building allocated to the business activity undertaken by Reditus Imobiliária entered into the accounts at € 2,400,000, with the remaining amounts pertaining to vehicles and communication equipment.

48. NA

V. Miscellaneous Information

49. Other information required by law

50. Other information

a) Tax Inspections:

Tax inspections were carried out on group companies in previous financial years, by the tax authorities. The situations relating to each company are set out below:

Inter Reditus – Inspection of years 1997 and 1998, whereby the company was notified to carry out the corrections and to make the attendant VAT and Corporate Income Tax payments.

The company deemed that the tax corrections were inaccurate and complained against them, and is to date awaiting the results of these complaints.

Reditus SGPS – Inspection of years 1997 and 1998, whereby the company was notified to carry out the corrections and to make the attendant VAT payment.

The company did not agree with the corrections indicated and complained against them, and is to date awaiting the results of the aforementioned complaints.

Reditus Imobiliária – Inspection of years 1993 to 1997, whereby some of the complaints made by the company have already been conceded, and the corrections which the company was ordered to make by the tax inspectors were annulled.

b) The adjustment of third party accounts, relating to previous financial years, led to a correction being made in the account pertaining to Results Carried Forward, amounting to € 4,174,256.

c) The company has followed the procedure of debiting from its interests, at the end of the year, any value calculated as regards contract conditions and owing for the use of the brands it owns. During the previous and present financial years, and taking into account the results obtained, this procedure was not followed; nevertheless, under any circumstances this situation is neutral in the consolidated accounts.

d) Settlement of monies owing to the Social Security.

The amounts owing from the financial year resulting from monies retained from employees, plus the corresponding interest on arrears, were settled on December 31st 2003. The remainder shall be paid in instalments in accordance with the schedule submitted at the opportune time.

e) Reditus 91 and Reditus 93 bonds

The following was approved at the General Meeting of Bond-Holders held on March 1st 1999:

- Interest relating to the first three half-years commencing from March 2nd 1999 would, as occurred with that relating to the previous five half-years, be capitalised as the respective bonds matured and paid together with the capital reimbursement instalments.
- Capital would be reimbursed in accordance with the following schedule:
 - o Year 2000 – One instalment of 2.8571% of the capital, on September 2nd
 - o From the year 2001 to 2003 inclusive – Two instalments of 2.8571% of the capital, on March 2nd and September 2nd.
 - o From the year 2004 to 2006 inclusive - Two instalments of 4.2857% of the capital, on March 2nd and September 2nd.
 - o Year 2007 – One instalment of 4.2857% of the capital, on March 2nd and one of 7.1429% on September 2nd.
 - o From the year 2008 to 2010 inclusive - Two instalments of 7.1429% of the capital, on March 2nd and September 2nd.

f) Contract for the restructuring of liabilities

During the re-drafting of the contract for the restructuring of liabilities put into effect in December 2002, it was stipulated that the creditor formally “undertakes to consult Reditus” for the supply and provision of services.

CONSOLIDATED CASH-FLOW STATEMENT

(direct method)

Euros

	Financial Years	
	2003	2002
OPERATING ACTIVITIES:		
Monies received from customers	15.698.704	20.554.930
Payments to suppliers	2.357.779	7.028.327
Staff payments	7.957.592	8.162.168
Flow generated by operations	5.383.332	5.364.435
Payment/receipt of income tax	-17.551	-3.063.544
Other monies received/payments relating to operating activity	-4.869.310	-2.179.452
Flows generated prior to extraordinary items	496.471	121.439
Monies received relating to extraordinary items	130.262	896
Payments relating to extraordinary items	-215.570	-51.619
Flows from operating activities (1)	411.163	70.716
INVESTMENT ACTIVITIES:		
Monies received from:		
Tangible fixed assets	32.241	10.000
Financial investments	0	0
Interest and similar income	23.399	98.009
	55.640	108.009
Payments pertaining to:		
Financial investments	40.012	77.506
Tangible fixed assets	110.669	953
Others	0	0
	150.681	78.459
Flows from investment activities (2)	-95.041	29.550
FINANCING ACTIVITIES:		
Monies received from:		
Loans obtained	3.765.347	4.252.622
Subsidies and Donations	0	0
Other	0	5.361
	3.765.347	4.257.983
Payments pertaining to:		
Loans obtained	4.134.253	0
Interest and similar costs	991.004	1.011.284
Amortization of leasing contracts	479.474	53.102
Dividends	0	0
Other	0	0
	5.604.731	1.064.386
Flows from finance activities (3)	-1.839.384	3.193.597
Cash variations and its equivalents (4)=(1)+(2)+(3)	-1.523.262	3.293.863
Effects of exchange gains/losses	0	0
Cash and its equivalents at the start of the period	5.187.310	1.893.447
Cash and its equivalents at the end of the period	3.664.048	5.187.310

REDITUS – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.

ANNEX TO THE CONSOLIDATED CASH-FLOW STATEMENT
EUROS

FINANCIAL YEAR 2003

2 – Breakdown of cash components and its equivalents:

	2003	2002
Cash	25.724	26.574
Bank deposits which may be immediately called upon	1.081.458	1.048.684
Cash equivalents	5.051.108	4.112.052
Available funds set out in the balance sheet	6.158.290	5.187.310
Bank overdrafts	-2.494.242	
Cash and its equivalents	3.664.048	5.187.310

REDITUS-Sociedade Gestora de Participações Sociais, SA**Consolidated Profit-and-Loss Account by Function
up to 31st December**

	2003	2002
	Euros	Euros
Sales and provisions of services	12.305.824	16.186.090
Costs of sales and provisions of services	8.075.123	14.331.926
Gross Results	4.230.701	1.854.164
Other operating income and gains	1.731.844	4.126.690
Distribution costs	92.351	1.895.795
Administrative costs	1.788.839	2.194.373
Other operating costs and losses	6.087.903	1.293.560
Operating Results	-2.006.546	597.126
Net financing cost	1.387.439	1.410.790
Gains (losses) in affiliated and associated companies	43.668	
Gains (losses) in other investments	-426.374	404.159
Current Results	-3.776.691	-1.217.823
Taxes on current results	-982.818	
Current results after tax	-2.793.873	-1.217.823
Results of operations being discontinued	-210.889	
Extraordinary results	-14.659	164.234
Taxes on extraordinary results		93.552
Net Results	-3.019.420	-1.147.141
Results per share	-0,465	-0,176

ANNEX TO THE MANAGEMENT REPORT
Relating to the financial year 2003

ANNEX

I. INFORMATION DUE UNDER THE TERMS OF ARTICLE 447, NO. 5 OF THE TEC

Information regarding the ownership of shares and bonds by the members of the Board of Directors and of the Internal Audit Board, as well as regarding all their acquisitions, encumbrances or transfers of ownership of shares and of bonds in the same Company and in companies with which said company shares a dominant or group relationship.

A) Members of the Board of Directors

Dr. José Carlos Appleton Moreira Rato

At the start of 2003, held 130,573 Company shares.

As at 31.12.2003 held 130,573 Company shares.

Does not own Company bonds.

Dr. Frederico José Appleton Moreira Rato

At the start of 2003, held 240,871 Company shares.

As at 31.12.2003 held 253,644 Company shares.

Does not own Company bonds.

José António da Costa Limão Gatta, Eng.

At the start of 2003, held 37,540 Company shares.

As at 31.12.2003 held 37,540 Company shares.

Does not own Company bonds.

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos

At the start of 2003, 137,541 Company shares.

As at 31.12.2003 held 137,541 Company shares.

Does not own Company bonds.

Professor Dr. António do Pranto Nogueira Leite

At the start of 2003, did not hold any Company shares.

As at 31.12.2003 also did not hold any Company shares.

Does not own Company bonds.

B) Members of the Internal Audit Board

Dr. Rui António Nascimento Gomes Barreira

Does not own Company shares or bonds.

Manuel Luis Canas de Sousa Callé, Eng.

Does not own Company shares or bonds.

Dr. Manuel Rui dos Santos Caseirão
Does not own Company shares or bonds.

Dr. João Paulo Torres Cunha Ferreira
Does not own Company shares or bonds.

II. INFORMATION DUE UNDER THE TERMS OF ARTICLE 448, NO. 4 OF THE TEC

List of shareholders who, on the date of closure of the financial year 2003 and according to company records and the information provided, hold at least one tenth, one third, or half the capital, and of shareholders who ceased to own the aforementioned fractions of said capital.

Lisorta – Estufas e Assistência Técnica, Lda.
Directly holds 886,991 shares corresponding to 13.65 % of the Company's capital and to the same percentage of voting rights.

ELAO – SGPS, S.A.
Directly holds 975,261 shares corresponding to 15% of the Company's capital and to the same percentage of voting rights.

III. INFORMATION DUE UNDER THE TERMS OF ARTICLE 324, NO. 2 OF THE TEC.

The Company did not acquire, nor dispose of, nor does it hold any own shares.

IV. INFORMATION DUE UNDER THE TERMS OF ARTICLE 397, NO. 4 OF THE TEC

No authorisations were requested and hence neither were any granted under the terms envisaged in no. 2 of article 397 of the Trading Enterprise Code.

V. REPORT ON THE GOVERNANCE OF THE COMPANY

Chapter 0. Declaration of Compliance

1. With regard to the disclosure of information, the Company follows the CMVM's recommendations on the governance of listed companies.

2. With regard to the exercising of voting rights and the representation of shareholders, the Company follows the CMVM's recommendations, except as regards the Company's provision of ballot papers to shareholders so that they may exercise their right to voting by correspondence.

The Company did not adopt the recommendation relating to the provision of ballot papers to shareholders wishing to exercise their voting right by correspondence since it was not yet considered to be relevant.

3. The company has information management systems whose outputs are periodically analysed and validated, thereby assuring the quality of the information produced. It is not deemed necessary for the number and complexity of the company's operations, to establish a specific statutory body.

4. With regard to measures intended to hinder the success of tender offers, the Company follows the CMVM's recommendations, and has not established any specific measures to this end.

5. The Company follows the CMVM's recommendations regarding the administration body's comprising multiple members who perform effective guidance vis-à-vis the management of the Company and those in charge thereof.

6. The Company follows the CMVM's recommendations regarding the administration body's inclusion of at least one independent member.

7. As regards the administration body's formation of internal committees responsible for evaluating the structure and governance of the company, the Company consults a Strategic Advisory Council which regularly comments on the Group's activities and on its organisational structure, and suggests any adaptations it feels to be most appropriate in order to achieve the desired results. For this reason, it the Company follows the CMVM's recommendations.

It also has an Investor Support Bureau and a Shared Resources Unit.

8. Reditus advises of the salaries for the Group's Directors, as per their duties, and thus partially follows the CMVM's recommendations.

9. There is a Salary Committee comprising the Chairman of the General Meeting, the Chairman of the Internal audit Board and the Representative of Lisorta – Estufas e Assistência Técnica, Ld^a, and the Company therefore follows the CMVM's recommendations in this regard.

10. No proposals have been submitted to the Company general meeting regarding the approval of plans to allocate shares and/or share options to members of the administration body and/or employees, and the Company therefore does not infringe the CMVM's recommendation in this regard.

11. The Company is not an institutional investor, and the recommendation relating to this point therefore does not apply.

Chapter I. Disclosure of Information

1. Functional breakdown relating to the division of responsibilities between the company's governing bodies:

Dr. José Carlos Appleton Moreira Rato

Chairman of the Board of Directors, with no responsibilities.

Dr. Frederico José Appleton Moreira Rato

Managing Director, responsible for monitoring companies in Portugal in which the company holds an interest.

José António da Costa Limão Gatta, Eng.

Director, responsible for monitoring companies overseas in which the company holds an interest.

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos

Director, responsible for new investments and partnerships.

Professor Dr. António do Pranto Nogueira Leite

Director, responsible for relations with shareholders, for supervising issues relating to accounting and the rendering of accounts, and the representative of the Board of Directors on the Strategic Advisory Council.

2. List of the Company's specific Committees:

There is a Strategic Advisory Council whose responsibilities are set out in the previous chapter, and which comprises Messrs. Prof. Dr. António do Pranto Nogueira Leite, Dr. Luis Manuel Mena Gravito, Dr. Jorge Pereira da Costa and Prof. Manuel Valssassina Heitor, Eng.

A Shared Resources Unit was formed at Reditus SGPS, which provides services to all the Group companies within the realms of: accounting, auditing, human resources management, quality assurance and customer quality regulation.

There is also an Investor Support Bureau whose activities are set out in the following chapter.

3. Description of the risk control system implemented within the Company:

Taking into account the specific nature of its social object, the company adopts internal control procedures to monitor its business activity. These procedures generically constitute the practice to which the internationally accepted auditing standards refer.

The risks to which the company is exposed are of a financial nature. In order to prevent the relevant implication of said risks:

- evaluation criteria are applied vis-à-vis the likelihood of customers being bad debtors, and the amounts of material exposure are provided for;
- business deals are pre-validated with regard to the value generated;
- acquisitions are subject to control systems in an effort to generate value and avoid financial dependence on third parties;

- investments are subject to careful analyses.

4. Description of the trend in the listing of company shares:

Please see point IV of the Management Report, which highlights the fact that the publication of the Accounts for 2002 took place on 17.04.2003, those for the 1st Quarter of 2003 on 30.04.2003, those for the Half-Year of 2003 on 30.09.2003 and those for the 3rd Quarter of 2003 on 30.10.2003.

5. Dividend distribution policy:

The Board of Directors does not propose to distribute dividends relating to the financial year 2003.

No dividends have been distributed during the last three financial years.

6. There are no plans to attribute shares and/or plans to attribute share options.

7. There were no operations between the Company and auditing members or bodies, holders of qualified interests or companies with which said company shares a dominant or group relationship

8. Investor Support Bureau

- Duties of the Bureau:

To assure permanent and constant contact with the market in compliance with the principle of shareholder equality and thereby preventing any lack of consistency in investors' access to information, and providing – within the terms permitted in law – any information which is requested or which in some way contributes towards greater transparency and participation in the life of the Company, to wit:

- Providing all clarifications to queries by shareholders, analysts, investors and other interested parties;
- Organising presentations and *conference calls* for financial analysts and institutional investors;
- Collaborating in the preparation and disclosure of relevant facts and other communications;
- Collaborating in the preparation and disclosure of communiqués regarding annual, half-yearly and quarterly results;
- Collaborating and participating in sessions for the presentation of annual and half-yearly results;
- Collaborating in drawing up prospectuses relating to operations on the capital market;
- Guiding analysts on the company's strategy, objectives and prospects as regards results, including reviewing research notes drawn up by said analysts.

- Type of Information provided by the Bureau:

- Generally all kinds of information which may be provided under the terms of the law and which is requested by shareholders, analysts, investors or other interested parties
- Preparatory documents for general meetings;
- Relevant facts and other communications of consequence for the life of the company, namely qualified interests;
- Annual, half-yearly and quarterly results.

- Ways of accessing the Bureau:

In person – at the company’s registered offices by way of a prior request;

Telephone – 21 4124100;

Fax – 21 4124199;

Post – to the company’s registered offices;

E-mail – *accionistas@reditus.pt*

- The Company’s Internet site

www.reditus.pt

- Identification of the Representative for Market Relations

Dr. Frederico José Appleton Moreira Rato

9. See point 9 of the previous chapter.

10. The total payment received by the Audit Companies for the services rendered in performing the legal qualification of accounts for the companies in the Reditus Group amounted to € 62,758.

Chapter II. Exercising of Voting Rights and Representation of Shareholders

1. Statutory rules regarding the exercising of voting rights:

This issue is regulated in article 9 of the Memorandum of Association.

One hundred shares correspond to one vote.

Only those shareholders who prove that they hold a minimum of one hundred shares may attend and take part in general meetings, either by registering their shares in the company’s books, or by providing proof of a bank deposit, up to five days prior to the respective meeting being held.

Shareholders with voting rights may arrange to be represented at general meetings by any person, in compliance with the provisions set out in no. 3 of article 381 of

the Trading Enterprise Code. In order to prove this mandate, it is sufficient to address a letter to the chairman of the board of the General meeting which should be delivered to the latter by the eve of the meeting.

2. Method for exercising voting rights by correspondence:

- a) Shareholders with a right to vote may exercise this right by correspondence;
- b) Votes by correspondence shall be considered if the declarations pertaining thereto are despatched by a letter sent by recorded delivery with an acknowledgement of receipt and received at the Company's registered offices by the third working day prior to the date of the respective General Meeting;
- c) The letter to which the above point refers should be addressed to the Chairman of the Board of the General Meeting;
- d) Voting declarations should be sent in a closed envelope stating "vote by correspondence", indicating the General Meeting to which they relate;
- e) The envelope mentioned in the above number should contain the voting declaration stating the full name of the shareholder and an indication of which way to vote as regards each point of the corresponding order of business;
- f) The voting declaration should be signed, and the signing shareholder should, (i) if an individual, state the number, date of issue and issuing body as regards his or her identity card or an equivalent document issued by an appropriate authority in the European Union, or a passport, and (ii) if a corporate body, stamp and indicate the capacity of the representative;
- g) The letter stated in sub-paragraph b) should, in addition to the voting envelope, contain a certificate which proves legitimacy to exercise this voting right issued by the registering entity or by the depository, under the terms of articles 55 and 104 of the Securities Code;
- h) Any envelopes containing declarations to vote by correspondence shall be opened during the course of the respective General Meeting;
- i) The presence at the General Meeting of any Shareholder who has opted to exercise his or her voting right by correspondence, or of his or her representative, is considered to be a rescission of the vote by correspondence issued.

3. It is not yet possible to exercise one's voting right by electronic means, since the Company has not yet developed the resources necessary to verify the authenticity of voting declarations, or to assure the integrity and confidentiality of the contents thereof, as recommended by the CMVM {Marketable Securities' Commission}.

4. As stated in point one of this chapter, only those shareholders who prove that they hold a minimum of one hundred shares may attend and take part in general meetings, either by registering their shares in the company's books, or by providing proof of a bank deposit, up to five days prior to the respective meeting being held.

5. As stated in point two of this chapter, votes by correspondence shall be considered if the declarations pertaining thereto are despatched by a letter sent by recorded delivery with an acknowledgement of receipt and received at the Company's registered offices by the third working day prior to the date of the respective General Meeting.

6. As stated in point one of this chapter, one hundred shares correspond to one vote.

Chapter III. Company Rules

The Company does not have any specific rules which set out its conduct or any internal regulations which refer to situations where there is a conflict of interest, secrecy and incompatibilities, nor any special internal procedures to control the risk inherent in its business activity, other than those described above.

No limits have been set on the exercising of voting rights and neither does any shareholder have any special rights.

No defensive measures have been taken with a view to hindering the success of tender offers.

Given the Company's nature as an SGPS {corporate holding company} and its structure, and since most members of the Board of Directors perform executive duties, the Company has not yet felt the need to establish rules of conduct or internal regulations, having carried out its activity according to the general rules set out in the Trading Enterprise Code and in the Securities Code. As a result of the duties which these rules impose, they sufficiently discipline and safeguard those situations which are intended to be safeguarded by setting out the aforementioned rules.

Chapter IV. Administrative Bodies

1. Characterisation of the Board of Directors

The Board of Directors comprises multiple members.

- Members of the Board of Directors:

Dr. José Carlos Appleton Moreira Rato

Chairman of the Board of Directors.

Non-executive member.

Posts held in other companies:

Manager of José Moreira Rato Imobiliária, Lda., Lisorta – Assistência Técnica, Lda., Solmora – Gestão Imobiliária, Lda., Pessoa, Pinto & Costa – Sociedade de Construções, Lda. and Reditus II-Telecomunicações, Lda..

Chairman of the Board of Directors of Reditus Imobiliária, S.A.

Administrador de TORA – Sociedade Imobiliária, S.A., URCOM – Urbanização e Comércio, S.A., Formiagro – Sociedade Agrícola, S.A. and Sociedade Agrícola Casal Outeiro de Polima, S.A..

Dr. Frederico José Appleton Moreira Rato

Managing Director.

Executive member.

Posts held in other companies:

Manager of Pessoa, Pinto & Costa – Sociedade de Construções, Lda., BCCM – Inovação Tecnológica, Lda. and Reditus II-Telecomunicações, Lda..

Chairman of the Board of Directors of Reditus Gestão – Prestação de Serviços Informáticos, S.A., InterReditus – Prestação Integrada de Serviços Informáticos, S.A. and Redware – Sistemas de Informação, S.A.

Director of TORA – Sociedade Imobiliária, S.A., URCOM – Urbanização e Comércio, S.A., Formiagro – Sociedade Agrícola, S.A., Sociedade Agrícola Casal Outeiro de Polima, S.A., Reditus Imobiliária, S.A.

José António da Costa Limão Gatta, Eng.

Executive Director.

Posts held in other companies:

Chairman of the Board of Directors of ELAO – SGPS, S.A., Caleo, S.A. (Versailles, France), Caleo Engineering SARL (Versailles, France), Giessen Beteiligungs KG (Munich, Germany).

Director of Scorpion Group Ltd. (Cambridge, UK).

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos

Executive Director.

Posts held in other companies:

Director of ELAO – SGPS, S.A and of Sport Lisboa e Benfica – Futebol SAD {Public Limited Football Company}.

Professor Dr. António do Pranto Nogueira Leite

Executive Director.

Posts held in other companies:

Director of Brisa – Auto-Estradas de Portugal, S.A., of CUF – Companhia União Fabril, SGPS, S.A. and of Quimigal – Química de Portugal, S.A .

Chairman of the General Board of OPEX, S.A .

- Independent Member of the Board of Directors:

Professor Dr. António do Pranto Nogueira, independent in relation to the reference shareholders. To this end, the company considers a reference shareholder to be one who directly or indirectly holds over 2% of the votes. Prof. António Nogueira Leite neither directly nor indirectly owns any Company shares.

2. There is no Executive Committee, since all the members of the Board of Directors – with the exception of the Chairman of the Board of Directors - perform executive duties.

3. Description of how the Board of Directors operates

The Board of Directors meets whenever convened by the Chairman or by a director, and must compulsorily meet once every half-year. During the financial year 2003, it met formally 7 times, and informally more than once a month, on average.

There is no list of incompatibilities stipulated internally by the Board of Directors, nor a maximum number of posts which may be taken up concurrently by the directors on the administrative bodies of other companies.

4. The remuneration of those comprising the administrative body for the financial year 2003 were not dependent upon the company's results or upon the trend in the listing of shares issued thereby.

The Memorandum of Association, however, envisaged in article Thirteen, number eight, that the remunerations of the members of the administrative bodies may be fixed or partially consist of a percentage of the profits from the financial year, and the percentage of profits globally intended for directors must not exceed ten per cent.

Therefore, and since the remuneration of Directors is set annually by the Salary Committee elected at the general meeting of shareholders, as envisaged in article Thirteen, number seven, it can be expected – given the recommendation by the CMVM – that this shall be taken into account, and that the method of stipulating the aforementioned remunerations shall be altered in conformity with this.

5. The salaries of those Directors of Reditus SGPS who also hold posts in companies in which Reditus SGPS holds an interest, are 405,190 Euros.

The total salaries of the Administrative Bodies of the corporate holding company and of all the companies in which it holds an interest is 659,000 Euros.

This value is divided as per duties performed, as below:

- Duties in the Operational Area: 261,000 Euros
- Duties in the Financial Area: 227,000 Euros
- Non-Executive Duties: 171,000 Euros

VI. LIST OF HOLDERS OF QUALIFIED INTERESTS, CALCULATED UNDER THE TERMS OF ARTICLE 20 OF THE CVM

LISORTA – Ass. Técnica, Lda.	No. of Shares	% of Voting Rights
Directly	886,991	13.65%
Via Dr. José Carlos Moreira Rato, Chairman of the Company’s Board of Directors, who is the shareholder’s Manager	130,573	2%
Total which may be imputed	1,017,564	15.65%

ELAO – SGPS, S.A.	No. of Shares	% of Voting Rights
Directly	975,261	15.00%
Via Dr. Fernando da Fonseca Santos, Company Director, who is a Director of the shareholder	137,541	2.12%
Via Mr. José António da Costa Limão Gatta, Eng., Company Director, who is a Director of the shareholder company	37,540	0.58%
Total which may be imputed	1,150,342	17.70%

TORA – Sociedade Imobiliária, S.A.	No. of Shares	% of Voting Rights
Directly	9,750	0.15%
Via Mr. José Manuel Moreira Rato, Eng., who is the Chairman of the Board of Directors of the shareholder company	8,519	0.13%
Via Dr. José Carlos Moreira Rato who is a Director of the shareholder company	130,573	2%
Via Dr. Frederico José Moreira Rato who is a Director of the shareholder company	240,871	3.71%
Total which may be imputed	389,713	5.99%

DR. FREDERICO JOSÉ APLETON MOREIRA RATO	No. of Shares	% of Voting Rights
Directly	253,644	3.90%
Total which may be imputed	253,644	3.90%

DR. FERNANDO MANUEL CARDOSO MALHEIRO DA FONSECA SANTOS	No. of Shares	% of Voting Rights
Directly	137,541	2.12%
Total which may be imputed	137,541	2.12%

DR. NELSON MAIA OLIVEIRA	No. of Shares	% of Voting Rights
Directly	130,000	2.00%
Via Sociedade RIA – Sociedade Agrícola Imobiliária, SA	199,360	3.067%
Total which may be imputed	329,360	5.07%

SEGUROS E PENSÕES GERE, SGPS, S.A.	No. of Shares	% of Voting Rights
Directly	130,123	2.00%
Total which may be imputed	130,123	2.00%

During the financial year 2003, no reduction or total disposal of the interest was notified.



LEGAL QUALIFICATION OF ACCOUNTS AND AUDIT REPORT ON THE CONSOLIDATED ACCOUNTS

Reditus, Sociedade Gestora de Participações Sociais, S.A,
Lisbon

Introduction

1. Under the terms of the applicable legislation, we hereby set out the Legal Qualification of Accounts and the Audit Report regarding the financial information contained in the Management Report and in the annexed consolidated financial statements for the financial year drawing to a close on 31st December 2003, for **Reditus, Sociedade Gestora de Participações Sociais, S.A.** (henceforth also called Company), which include: the Balance Sheet as at 31st December 2003 (which shows a total of 61,609,265 euros and a total equity of 25,863,103 euros, including a net result of minus 2,644,204 euros), the consolidated Profit-and-Loss Accounts by natures and functions and the consolidated cash flow statement for the financial year drawing to a close on the above date, and in the corresponding Annexes.

Responsibilities

2. The Board of Directors of Reditus, Sociedade Gestora de Participações Sociais, S.A, is responsible for: (i) preparing financial statements which provide a true reflection of the financial standing of the set of companies included in the consolidation, their consolidated operating result and consolidated cash flow; (ii) preparing historical financial information, which must be in accordance with generally accepted accounting criteria and which must be complete, true, up-to-date, clear, objective and lawful, as required by the Securities Code; (iii) adopting suitable accounting policies and criteria; (iv) keeping an appropriate internal control system; and (v) providing information regarding any relevant fact which has influenced the business activity of the set of companies included in the consolidation, its financial standing or its results.

3. It is our responsibility to check the financial information contained in the aforementioned documents pertaining to the rendering of accounts, namely whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Securities Code, and it falls to us to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Technical Standards and Review/Audit Guidelines of the Association of Chartered Accountants. These require an examination to be planned and carried out with a view to obtaining an acceptable degree of certainty as to whether the consolidated financial statements contain materially relevant distortions. To this end, the said examination included: (i) a verification of whether the financial statements of the companies included in the consolidation have been appropriately examined, and, for any significant cases in which they have not been, a test check on the figures and disclosures contained therein, and an assessment of the estimates used in the preparation of financial statements based on opinions and criteria defined by the Board of Directors; (ii) a check on the consolidation operations; (iii) an evaluation of the accounting policies adopted and of the form of their publication, in view of current conditions; (iv) an assessment as to whether the consistency concept can be applied or not; (v) an assessment as to whether the presentation of the financial statements is appropriate or not; and (vi) an assessment of whether the financial information is complete, true, up-to-date, clear, objective and lawful.

5. Our examination also covered checking whether the consolidated financial information set out in the Management Report is in agreement with the other documents pertaining to the rendering of accounts.

6. We feel that the examination performed provides an acceptable basis for expressing our opinion.

Reservation

7. Following the process to restructure the REDITUS group which took place in 1996, Intangible Fixed Assets totalling around 28,400,000 euros were acknowledged in the consolidated accounts for previous years. This value relates to the value attributed to brands, customer portfolio, the transfer of permanent staff and the corresponding *know-how*, as essentially exploited by a Group company. In 2003, intangible fixed assets of around 6,750,000 euros were acknowledged in two Group companies, relating to industrial property and other rights. The acknowledgement of these values as an asset, which totalled around 35,150,000 euros as at December 31st 2003, does not fit in with the generally accepted accounting principles.

Opinion

8. In our opinion, with the exception of the effects of the situation described in paragraph 7, the aforementioned consolidated financial statements provide a true and appropriate reflection of the consolidated financial standing of Reditus, Sociedade Gestora de Participações Sociais, S.A. as at 31st December 2003, the consolidated result of its operations and cash flow, for the financial year drawing to a close on said date, in all materially relevant aspects, in accordance with the generally accepted accounting principles, and the information set out therein is complete, true, up-to-date, clear, objective and lawful.

Emphasis

9. Without affecting the opinion expressed in the above paragraph, it should be stated that during the course of 2003 Reditus, Sociedade Gestora de Participações Sociais, SA acknowledged the debts of one of the companies in which it holds an interest, which has in the meantime been disposed of, essentially relating to debts by said company to other Group companies included within the consolidation. This resulted in a negative impact on the Results Carried Forward of around 4,200,000 euros.

Lisbon: February 25th 2004

Manuel Rui dos Santos Caseirão, representing
Barroso, Dias, Caseirão & Associados - Chartered
Accountants
(Registered with the CMVM's Register of Auditors under no. 1 122)

REPORT AND OPINION OF THE INTERNAL AUDIT BOARD

Dear Sirs,

Report

In compliance with the mandate which you granted us and in performing our legal and statutory duties, during the financial year 2003 we monitored the consolidated business activity of Reditus, Sociedade Gestora de Participações Sociais, S.A, by regularly examining the books, accounting records and other documentation, and noted that there had been compliance with the law and with the articles of association, and the Board of Directors gave us all the clarifications, information and documents as requested. The Internal Audit Board assessed the final Report by BDC (Chartered Accountants which are a member of this Board) regarding the auditing performed, with whose contents we agreed, and which, under the terms of the law, shall hereby form an integral part of the present report.

The consolidated Balance Sheet, the consolidated Profit-and-Loss Accounts by natures and functions, the consolidated Cash Flow Statement, the corresponding annexes and the consolidated Management Report, read in conjunction with the Legal Qualification of Accounts and Audit Report, enable an adequate understanding of the financial standing and of the results of the set of companies included in the consolidation and comply with the legal and statutory provisions in force. We agree with the valuation criteria used.

Opinion

We are therefore of the opinion that the consolidated Management Report, the consolidated Balance Sheet, the Consolidated Profit-and-Loss Accounts by natures and functions, the Consolidated Cash Flow Statement and the corresponding annexes, as submitted by the Administration relating to the financial year drawing to a close on 31st December 2003, be approved;

Lisbon: 25th February 2004

THE INTERNAL AUDIT BOARD

Dr. Rui António Nascimento Gomes Barreira - Chairman

Manuel Luís Canas de Sousa Callé, Eng. – Member of the Board

Dr. Manuel Rui dos Santos Caseirão, representing
Barroso, Dias, Caseirão & Associados – Chartered Accountants