

REPORT BY THE BOARD OF DIRECTORS

To the Shareholders,

In compliance with the statutory requirements and the legal requirements set out in the Código das Sociedades Comerciais [Trading Enterprise Code] and in the Código dos Valores Mobiliários [Movable Values Code] and supplementary legislation, also corresponding to the Recommendations by the Comissão de Valores Mobiliários [Market Commission of Movable Values] relating to the management of the rated companies, this Board of Directors hereby presents to the authorities, to the shareholders, to the capital market and to the public, the Management Report, the Consolidated Accounts and the Report about the Governance of the Companies relating to the financial year 2005.

I Macroeconomic Framework

1. International Climate in 2005

The world economy registered in 2005 a very prosperous growth that has overcome the 4 per cent, together with a raise of the commercial trades of 7 per cent, in spite of the geopolitical uncertainty and the continuous raise of the oil prices and other prime materials. Like it was observed on the last few years, the financial markets continued to register a favourable evolution and the macroeconomic policies remained accommodating in the main world economies.

The activity growth rhythms continue to be distinguish at a global level, with the United States and China keeping the leadership of the world activity growth. The United States continue to register a growth rhythm more significant among the major advanced economies with about 3,5 per cent. In 2005, the activity expansion continued to lay on the private consumption and investment dynamism, in a scene of maintenance of a productivity strong growth and of continuous improvement of the working market conditions.

In China, the activity expansion rhythm approached again the 9 per cent, continuing to stand on a high increase of exports and investment. Among the major market economies resultant in Asia, India also presented a strong growth, with great investment and exports increment. In Japan, the activity had been recovering face to the slowing down trajectory registered over 2004. The most recent information points to the Japanese economy growth in 2005 might even have exceeded the 2 per cent.

The Euro Zone presented, once again, the less dynamic growth among the main advanced economies, with an aggregated value of no more than 1 per cent. The activity expansion has continued at a very reduced level, reflecting the lack of dynamism of internal search, in an absence of improvement signals of the working market context and of the consumers and entrepreneurs trust. However, and as has happened on previous years, the activity evolution was presented differently among the several State Members of the Euro Zone, Spain continues to register an activity expansion rhythm above the observed in average, and by contrast, Germany revels a growth rhythm clearly inferior reflecting the maintenance of the behaviour relatively weak of the internal search. In the new Member States of the European Union, the growth rhythm was kept high, continuing to largely exceed the observed in the Euro area.

The inflation in the main advanced economies should have been kept slightly above the 2 per cent in 2005. The import price decrease of several consumption goods, associated to the increase producers participation at low costs in the world market, has partially compensated the increase impact of the oil price in the inflation. Additionally, the salary increase have been moderated in most of the countries, in a maintenance context of the productive available capacity. The interest rate in long term kept low levels from the historic point of view. The interest rate in long term maintain in reduced levels has set, on one hand, in the fact that inflation expectations remain contained and, on the other hand, in a strong search of shares of public debt.

The main share markets registered valorisations over the year, reflecting the high profit expectations, and the uncertainty indicators remained in reduced levels. In the Euro area, it was verified share valorisation in the

generality of the activity sector and in a more stressed way in the energetic sector. In the United States, the valorisations were concentrated in the energetic and technological sectors. However, it should be said that in October it was verified a generalised fall of the stock exchange, associated to fears about the oil high prices impact on the companies results, as well as a revision of the High expectations of the interest rates in the Euro area and in the United States.

In the exchange markets it was verified an inversion of the Euro appreciation tendency observed on the last years

in spite of the United States current account deficit extension, being consistent with the economic growth expectations in the United States relatively to the Euro area. The Euro behaviour must have also been conditioned by political uncertainty factors related with the Constitutional European Treaty rejection in the referendum made in France and in the Netherlands and with the election results in Germany.

The change of the exchange system in China also constitutes an aspect to emphasise in the exchange domain. In July, the Chinese authorities formally announced the abandonment of the connection with the dollar and the introduction of a *managed floating* system, having proceeded to a revalorization of 2.1 per cent of the renminbi face to the dollar and declared that the exchange rate management will be made taking as a reference a coin basket.

2. The Portuguese economy



The Portuguese Gross Domestic Product should have practically stagnated in 2005, after a variation of 1.3 per cent in 2004. The consumption, private and public, was the most dynamic component of the global search. It is estimated that the private consumption has registered an increase of almost 2 per cent. The public administrations deficit should increase to 6 per cent of the GDP in 2005 and the public debt will continue to increase, and should have exceeded 65 per cent of the GDP by the end of the year.

The external instability kept preoccupying levels, having the economy external financing net necessities, measured by the joint deficit of the current and capital balances, exceeded 8 per cent of the GDP, which corresponds to an increase of more than 2 perceptual points (p.p.) face to the deficit registered in 2004.

The economic activity slow down in 2005 compared with the previous year shows a minor contribute of the internal search for the GDP growth, largely associated to the investment fall, once the private consumption growth, in spite of the high families in debt index, has remained supported. The exports present an unfavourable behaviour, accentuating the losses of the accumulated market shares in the last decade although, due to the strong imports slow down the net external search contribution for the GDP growth has been less negative than the one observed in 2004.

The deterioration of the economy competitive capacity has harmed the export performance. The relative work costs aggravation observed on the last decade, associated to the national export structures, where the low content technological and Human capital Products keep a high weight, have revealed to be particularly penalised in an increased low cost Products participation context in the world market.

Additionally, the foreign investment removal, namely to new Member States of the European Union – countries with better endowment in Human capital, less salaries costs and with a more favourable geographic localisation – is also conditioning the commercial trade evolution with the European Union countries, specially in what concerns the Products of major technological contents.

The private sector in debt shall register a new aggravation in 2005, being important to stress the increase estimated in about 6 p.p. of the private in debt in percentage of the available income face to the value observed in 2004, which was already very high in international terms. The Portuguese public accounts unbalance aggregated again, in spite of the correction measures introduced on the summer. Nevertheless the tax revenue

strong growth, the subjacent budget position presented a deterioration in 2005 reflecting, particularly, the significant increase of the expenses in pensions and the expenses with the staff. The public accounts evolution was spread on the Republic *rating*, which was re-evaluated by some of the most important agencies, although that has become a significant raise of the risk prize on the issuing of the public debt.

The homologous inflation rate was 2,6% by the end of the year, while the average variation of the IPC was 2,3%. The work market presented a consistent evolution with the economy cyclic position, the unemployment rate should have been about 8,3% by the end of the year.

3. Climate within the information technology and semiconductor sector

The Information Technology market should grow in the next years at a medium rate of about 8% being the expected accumulated growth in five years of about 40%, superior to the 30% projected for the European Union geographical space. Portugal will be in a beneficial position relatively to the rest of Europe, also because it is expected a recovery of the divergence registered in the last years. According to IDC, half of the predictable investments will be in hardware, leaving for the software and services rates equivalent to about 25%. This values will only be improved in specific areas in which the productivity and capacity index reflect a strategic position and of a really distinguish competitive advantage.

The same entity considers that the growth in 2006 should still be moderated which will spark off more creative strategies and perhaps new business model, with the presumable occurrence of fusion and acquisitions. The entrepreneurial models will also be more flexible and close to the recurrent utilisation and more intense than Outsourcing.

In the semiconductor and other microelectronic components production sector, it was verified during the year 2005 a new inflexion in the production growth and, necessarily, in the widening of “install capacity” investment.

The analyst consensus is that the semiconductors total sales have grew from 6,8%, being expected a new raise of 7.9 % in 2006, 10.5 % in 2007, and 13.9 % in 2008. It is to notes the fact of the year 2005 had started in a negative environment, due to an important existence correction that, initiated at the end 2004, and prolonged to the first months of 2005, with a significant impact in the total numbers for this year.

It was with pleasure we have registered that our bets in “front-end” and “smart labels” sectors seem to be in agreement with the tendencies that also seem to be confirmed in Europe.

On one hand we are before the beginning of the semiconductors factories re-equipment, qualifying for the 300 mm “wafers” production and, on the other hand, new technical Quality control demands have been made in what concerns the 150 and 200 mm wafers “handling”, with a consequent need to invest in automatic equipment, which are part of our offer.

Relatively to the “smart labels”, the indications of an “explosive” market growth are confirmed, and the use widen to the identification and safety sectors.

II Reditus Group Activity in 2005

1. The Goals and the Strategies

In the terms previously defined that fixed the goals and the strategic guiding lines, which are clearly enounced in the previous reports, taking advantage of the thin macroeconomic improvement initiated in 2004 and which was shyly prolonged in 2005, the Board of Directors tried to continue assuring:

The core business activity improvement through the shared operational companies with activity in Portugal – InterReditus, Redware and Reditus II, which allowed an increase rise of the sales and profits volume, continuing the positive *trend* initiated in 2004.

- The operational shared companies capital in circulation adequate sustaining, relevant condition to allow the effective maintenance of its activity level and the improvement of its profitability, just as happened in previous exercises, with a special emphasis in this domain for the 2004 exercise.
- The possible reduction of the shared operational companies functioning expenses in accordance with the efficiency in the services provide which is the heart of its activities and also with the sales raise which was verified, it is important to stress that it reached successfully the improvement goal of the competitive conditions resulting from an achieved productivity raise.
- The services provide increase in the relevant areas of core business from the national operational companies to Financing Groups, with a main emphasis in the services sales increase to the Group Caixa Geral de Depósitos and to Group Santander Totta and an improvement in sales and profits to the Group Millennium BCP.

It is also important to mention that the 2005 exercise and the positive results were reached, although we still have a very difficult national economic context, this served once again to prove the kindness of the strategic goals defined in the previous exercises which in alliance with the entrance in new and important clients, puts the Reditus Group operational companies in a favourable position to benefit from the economic relaunch when it happens.

It will still be an essential concern of the Board of Directors to raise the sales in the national market, without sacrificing the profits, searching always the commercial agreements and the partnerships that are most interested, giving to the organic growth the best of the attentions.

2. Activity developed by the operational companies in the national and European market

Respecting also the operational strategic lines, defined at the beginning of 2004, satisfactorily executed during that exercise, in 2005 the Board of Directors kept the effective pursuit of the goals:

- Diversification and raise of the shared operational companies Clients number which was largely achieved.
- Continuation of the *outsourcing* as a distinguish element of the Reditus Group in the national market.
- Offer to the main Clients of integrated services provided by the shared operational companies aiming at a larger added value for the main Group Clients.
- Progressive suitability of the operational companies costs structure aiming at the economic efficiency improvement, allowing a profits improvement and competitive advantages.
- Improvement of the Quality and Clients satisfaction systems.
- Investment in training and technical means aiming at the competitive improvement also a duty of the productivity raise.

Commercial Dynamic

Resulting from the development and implementation of the commercial team 'Go To Market', initiated in the last trimester 2004 and consolidated during 2005, was achieved a high rhythm and commercial dynamic whether in the contact with new clients, presenting the totality of our companies services portfolio, or with installed basis Reditus Group clients, increasing the 'cross-selling', reinforcing an important growth opportunity for our businesses.

The Reditus Group presence was more notorious in the market next to our clients by this way, also contributing for the notoriety raise of our companies and our services offer, and consequently for an identification and realisation of more opportunities that have contributed for the business volume growth.

Being the effects of this actions long lasting in time and having an experiences and opportunities accumulation effect, it allows us to face with optimism and trust the commercial success of our companies in the next years.

Services organisation and offer

During the year 2005 it was consolidated and deeply studied the organisation of the services offer of the several operational companies and the contain of those offers was improved, with a strong bet in the qualitative aspects

and in the value creation for our clients. As it was mentioned the bet in the lasting for years contracts or of automatic renovation was extended to almost every services.

In the Reditus Group, the service concept in outsourcing applied to services aspects of support to business process (BPO), to contact centre services, to services related with the information technologies (Desktop Management) equipment parks management and fleet georeferenciation and still constituting an important conquer and ‘up-grade’ of our entrepreneurial offer to the information technologies and systems areas in the software development – IT Consulting.

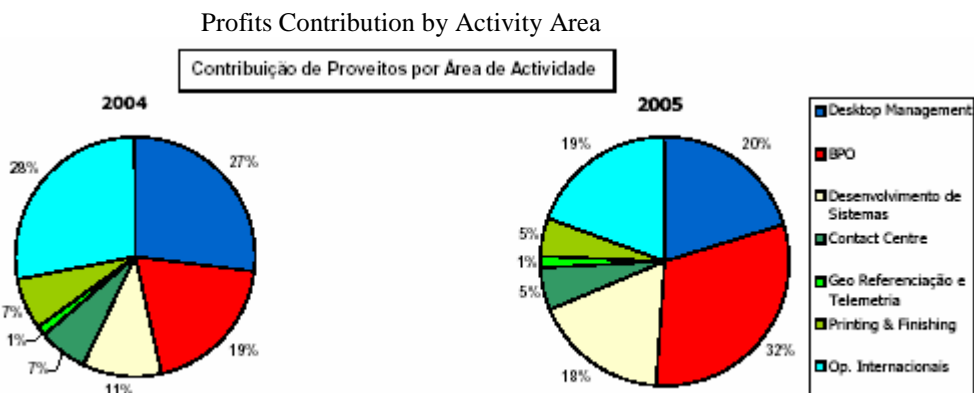
This IT Consulting area is also inductive of continuing relations and strategies with our clients, it allows to consolidate our offer end-to-end, increasing our capacity to participate in a fundamental part of our clients value chain to be connected to the business needs. The services offered in this line are centred in the technologies and the information systems in several technological platforms and go from the corrective and evolutionary maintenance of the computing applications, the development and adaptation of new systems, focusing themes of great actuality and importance for our clients as the trade applications in web (p.e. web-banking), Business Intelligence and CRM systems, product which is nowadays determinant for the development and success of marketing and our clients activity.

The Desktop Management area is intended to be a reference in the financing and telecommunications market through the offer of service level and the Quality control. The training and the technical means, allied to the adoption international “best practices” with basis in the standards ITIL (Information Technology Infrastructure Library), allow the competitive advantages that put us in the high places of the market.

The Business Process Outsourcing is presented as another primordial area in the Reditus offer as show the six services centres specialised in working: Santander Totta; Millennium BCP; Fidelidade Mundial; Vodafone; Liberty Seguros; and Tranquilidade.

The Quality of the provided service in the area of Contact Centres is a reflex of constant adjustment of the offer of new product to the specific needs of the market, being proved by the trust held by the clients and emphasised by the activity growth.

It is fundamental the great attention in the analysis of our clients needs and of the market in general, to proceed the permanent adjustment of our services portfolio and updating our offer emerging complements to the actual, improving our position and maintaining it visibly attractive so that the entrepreneurial relations with our clients and partners are kept and with a great possibility of evolution, creating mutual benefits. This was always a Reditus attitude in the market and is nowadays a settled practice and implemented by all our collaborators.



In the next years we intend to strengthen, deepen and wide our offers in the areas where we already are present and yet find new ways, internal and externally, that allow us to wide our portfolio keeping the our global offer coherency.

It was created a sub-holding – Reditus Gestão SGPS, SA – which goal is to concentrate all the operational national companies activities, and allow a better businesses operational articulation, as well as to be a support instrument to the organic growth, of eventual acquisitions and still of development of partnerships that might be opportune. With the same goal was also deliberated to implement in time an identical structure for the international operations.

3. Specialized Commissions

In the 2005 exercise, the Board of Directions started to have four specialised Commissions, presided by the independent Manager, Professor Doutor António Nogueira Leite and compound individuals of recognised competence in the respective areas with the goal to assist in relevant matters for the good activity performance:

Strategy Board – it has as a special finality to assist the Board of Directors in the pursuit of its commercial goal and the solutions definition for the entrepreneurial reality at medium and long term.

Commission of Economic-Financial Supervision – has as a special goal to assist the Board of Directors in the checking of the supervision instruments suitability of the economic-financial and in the exercise control function of the companies integrated in the Reditus group.

Commission of Inter-relational Supervision – has as a special goal to assist the Board of Directors in the profile and characteristics definition of its strategic partners, clients, workers, collaborators and commissioners and pattern creation of behaviour in the companies relations with the exterior.

Commission of Juridical-Fiscal Supervision - has as a special goal to assist the Board of Directors in suitability of the structures and the procedures of the integrated companies in the Reditus group to the permanent evolution of the juridical and fiscal arrangement.

4. Reditus in the Media

The year 2005 was at the visibility level one year of growth for Reditus operations.

With the entrance in the main index of the Euronext Lisbon, the PSI-20, the company has been strengthening the relations with the market, throw the continuous communication of its activities.

The year 2005 was also a strategy consolidation year, with the approval of a Corporate Governance new model at the beginning of the second semester, annunciation of important new contracts all over the year and with the positive results presentation. By the end of the year, Reditus made a reorganisation in the Group and obtained also a great attention from the media. All this factors contributed so that Reditus had a visibility of fundamental player in the technological sector, focused in its business and concentrated in its strategic goals.

In this way, Reditus has became over the year a matter of interest for the media, namely for the economic and technological organs due to its growth in the market, and the image of an innovating and adaptable company to the market needs that has been created over its 40 years and that knew in 2005 one of its culminating points.

All the path run by Reditus over 2004 and 2005 was awarded by two media organs with the best 9th company in 2004 by Diário de Notícias and the 10th place in the Stock Awards organised by the Jornal de Negócios.

In 2005, were published hundreds of news, contributing in this way for a better elucidation of the investors and becoming more transparent the activity developed by the Reditus Group.

5. Previsions

The year 2006 will allow an important good use of the technological investments and of the diversification – although limited – made in recent years.

The activity level nowadays make us believe that in the year 2006 we will see a significant growth of the profits, to what will contribute the predicted reinforce of the commercial sector and the hiring of new Technicians, allowing us to take advantage of the opportunities that will be offered based in the presuppositions mentioned above.

6. Internationalisation

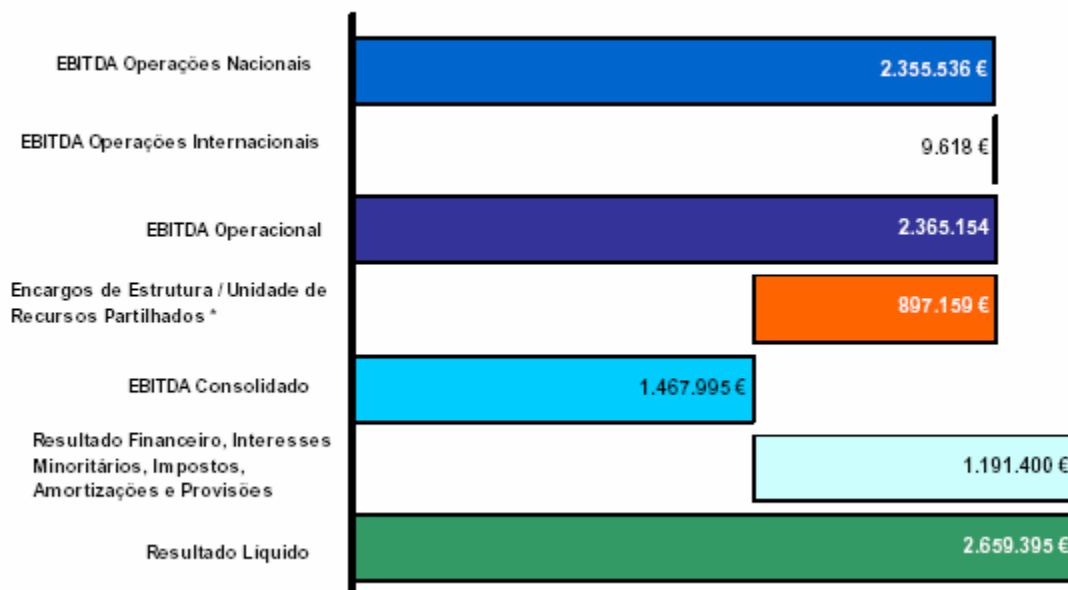
We have kept our performance line to develop our activities, in an harmonic way and at our scale, in the internal European market. Besides the direct platforms – as Caleo in France – was given a new emphasis to the indirect platforms.

In France, the Caléo activity remained centred in the solutions integration for setting (“back-end”) of semiconductors and other microelectronic components, namely through the process development and optimisation, of the project and systems fabrication, to the commercialisation “keys in hand” of personalised equipment, and in the services provide of training, installation, technical assistance and maintenance, and also in the supply of spare pieces and consume materials. We have increased the I&D activity, what allowed the development and the commercialisation of new solutions of integrated systems for the “smart labels” production, of product with medical utilisation, and of electronically components for the cars industry.

In the case of Poland were strengthened the relations and established new partnerships in the services provide area to the banking sector; in France, were established agreements of co-operation specific for the clients of the banking sector, that are hoped to constitute a more widen and mutual co-operation prelude.

III Financial Situation Evolution

FROM EBITIDA TO THE CONSOLIDATED RESULTS
DO EBITIDA AOS RESULTADOS CONSOLIDADOS



* Inclui serviços centrais de marketing, recursos humanos, jurídicos e administrativos-financeiros.

Includes central services of marketing, Human resources, juridical and administrative-financing resources

(EBITIDA National Operations; EBITIDA International Operations; Operating EBITIDA; Structure Expenses/Shared Resources Unit; Consolidated EBITIDA; Financing Result, Minorities Interests, Taxes, Amortises and Profits)

Analysis

The Patrimonial situation analysis and the evolution of the company Results in 2005, demonstrate the sustained improvement of the operation economical conditions of most of the shared, reflecting, by comparison with the year 2004, the results of the policy followed by the company over the year, in the sequence of adjustments produced in previous exercises. In spite of the Portuguese economy performance had been worse than what was anticipated at the beginning of the year, the Portuguese operations registered a clear improvement of the Profitability indicators with special prominence for Redware and Reditus II. The activity of these two companies, with significant progress, in terms of profits face to the 2004 exercise, reflects the bet success of the Group in the services offer in outsourcing for its clients and contributing in a direct way for the corresponding cost reduction and efficiency increase. It is very important to point out that, in the activities carried out by these companies, so as in the made thought InterReditus, we have assisted to the co-operation areas widening of the Reditus Group with the generality of the reference clients and with whom was possible to establish important contracts in new accounts.

The patrimonial situation developed in a particularly favourable way reflecting the good performance of the Group in 2005 and the strengthening of the financial and patrimonial situation. By comparing with the 31st December 2004, it is to register the improvement of 2 p.p. in the financial autonomy ratio and the solvency ratio improvement, which reached 14% in the 31st December 2005, a 3 p.p. progress face to the previous year end.

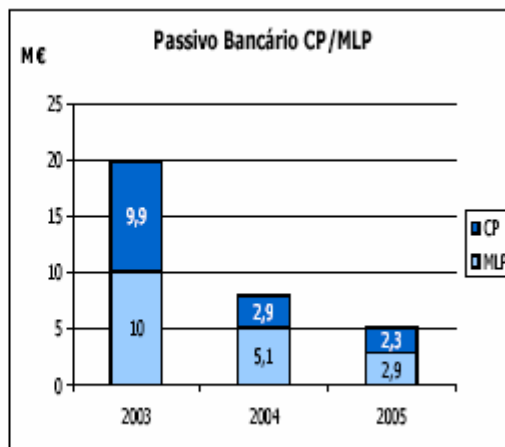
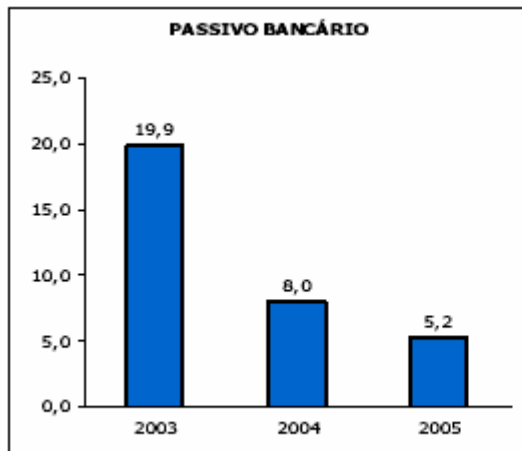
| (1000 Euros) | | 31-Dez-04 | 31-Dez-05 |
|--------------------------|----------|-----------|-----------|
| Total do Activo | (ATL) | 31.253 | 26.353 |
| Total do Capital Próprio | (CP) | 3.014 | 3.147 |
| Total do Passivo | (P) | 28.239 | 23.206 |
| Capitais Permanentes | (Cper) | 15.045 | 12.023 |
| Autonomia Financeira | (CP/ATL) | 10% | 12% |
| Solvabilidade | (CP/P) | 11% | 14% |
| Cper/ATL | | 48% | 46% |
| Endividamento | (P/ATL) | 90% | 88% |

(Total Asset; Proper Capital Total; Liability Total; Permanent Capitals; Financial Autonomy; Solvency; Cper/ATL; Debt)

As it can be seen in the graphic bellow, we have assisted to a new reduction of the banking liability that by the end of the year increased 5,2 million Euro, a reduction of 2,8 millions face to 2004 end, being the banking liability of short term of only 2,3 million Euro.

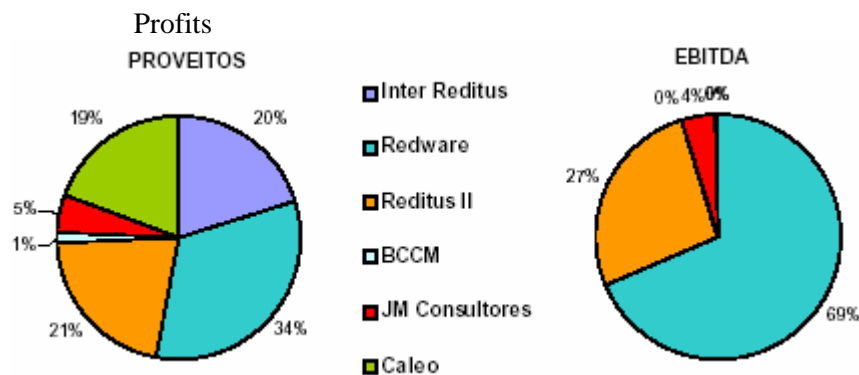
Banking Liability

Banking Liability CO/MLP



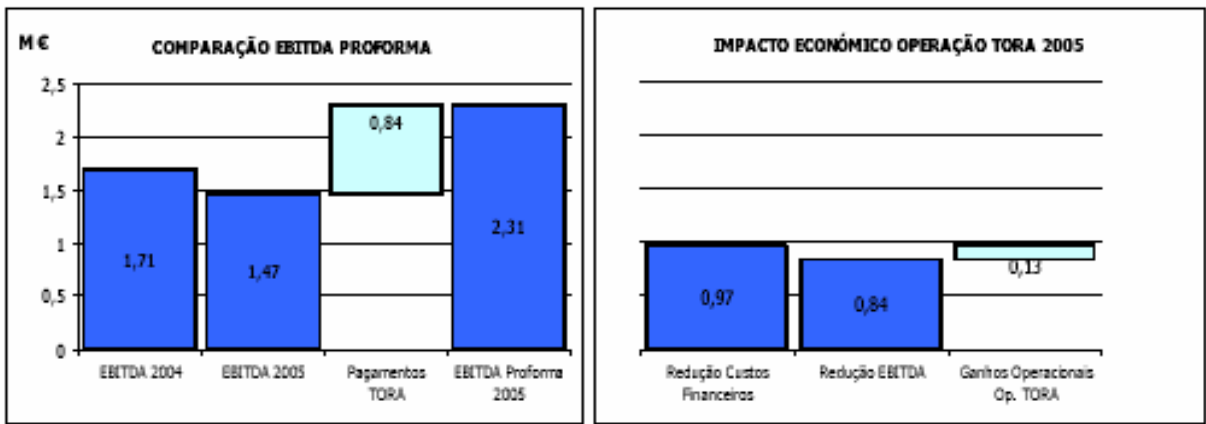
Relatively to the **Exploration** (POC basis) we must stress that the **Total Profits** reached a total of 24,2 millions Euro, from which 0,8 millions extra. In the previous year, the extra Profits had a total of about 13,5 millions. The Operational profits increased from 19,2 to 22,1 millions Euro, a 15% increase. In Portugal, the Operational Profits grew almost 29% to 17,8 millions Euro.

The main operational units of the Group registered important Profits increases, particularly Redware and Reditus II. The Redware activity registered again a very significant growth, with 7,2 millions Euro Profits, a 26% increase. Reditus II also registered a Profits increase very significant, of 360%, from 1.279 thousand Euro in 2004 to 4.697 thousand Euro in 2005. Caleo, after the activity substantial increase and corresponding Profits in 2004, registered an activity decrease in 2005, due to the semiconductors European market difficulties. However, the last trimester registered an improvement in the orders flow, which is hoped to positively affect this company performance in 2006.



The control cost policy was a constant over the year, in the sequence of the defined strategy in previous exercises, resulting in an evolution of the Operational Costs in line with the activity evolution.

The consolidated EBITDA was 1,47 millions Euro, after a registration of 1,7 millions Euro in 2004. However, comparing with 2004, to the value reached in 2005 we must add the corresponding value of the debit made by Tora to Reditus, in a total of 0,84 millions Euro, so the comparable EBITIDA value for 2005 is 2,31 millions Euro, corresponding to an increase of 35%. From that total, more than 90% result from Redware and Reditus II activity. Cáleo, which represented 19% of the Operational Profits total only contributed in 3% for the Group EBITDA, due to the smaller contribution profits typical from the sector in which operates. It is to register, that the activities with a more significant growth and where is concentrated Reditus bet, are also the ones where the profits are more favourable.



Tora Payments

Reduction of Financial Costa; EBITIDA Reduction; Operational Profits

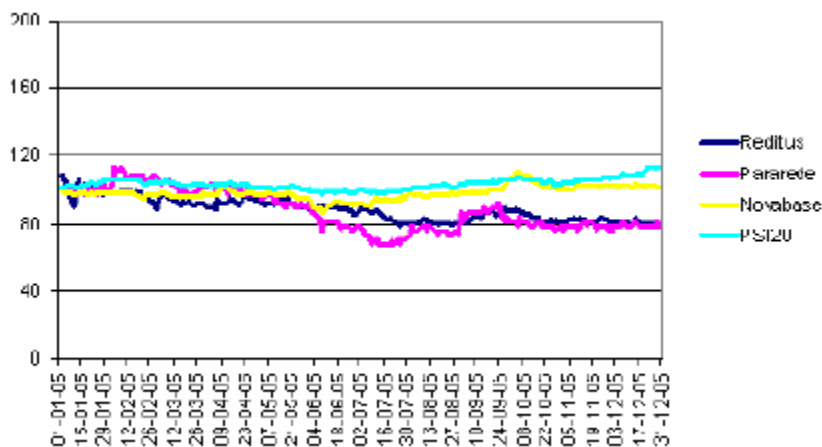
The Net Results were 2,66 millions Euro. Although the Net Results had decreased comparing with 2004, such fact was due mainly to a very significant reduction of the extra component. The reached values, compare very well with the expectations resulting from the evolution over the year and are due mainly to the company economic performance improvement.

IV Capital Market

1. Information about the speculator behaviour of Reditus SGPS shares

Reditus SGPS, S.A., company rated in Lisbon Stock Market since 1987, had over the year 2005 a thirty two millions five hundred thousand Euro capital, represented by six millions five hundred thousand stocks of five Euro unitary nominal value. Reditus SGPS, S.A. was classified as belonging to the software and computing services sector (sector 97), subsection of computing services (972) according to FTSE sectarian classification. In the Lisbon Market, classified in the same sector are the shared companies, Novabase, SA and Pararede, SGPS, SA.. Over the year 2005 Reditus took part in the main index of the Lisbon Market (PSI 20), and in December was announced its remain in the first semester of 2006.

In the Euronext Lisbon closing on 31st December 2005, the last rating of the year was 3,34 Euro; consequently, the stock speculator capitalisation of Reditus was 21.710.000 Euro on 31st December 2005.



The Reditus SGPS stocks were transacted in all Stock Market normal sessions, having operated during 2004 a total of 16.151.840 shares, in a total value of 61.882.036 Euro, which means an average of 63.093 shares of this company transacted daily.

The closing value of Reditus share was 3.34 Euro, against 4.47 Euro in the first day of the year 2005, partly correcting the increase of the deeds in the last month of 2004.

2. Shares

During the exercise, on 2nd March and on 2nd September 2005, we have made the interest payment and the capital amortisation relative to the obligor loan Reditus 91 in the term of the technical form approved in the General Obligators Assembly of the 1st March 1999 and in the amounts of € 95.621,37 and €94.632,08 respectively.

In that same dates we proceeded to the interest payment and capital amortisation relative to the obligor loan Reditus 93 in the terms of the technical form approved in the General Obligators Assembly of the 1st March 1999 and in the amounts of € 15.316,62 and € 15.158,16 respectively.

3. Liquidity Contracts

Reditus signed with three financial entities – Millennium BCP, Caixa BI and Banco BIG – contracts of liquidity provider, and simultaneously started to be closer followed, namely by Caixa Banco de Investimento.

V Human Resources

A main element in the Reditus Group goal pursuit, the Human Resources are a main area which performance is reflected in the activity evolution. Having as a priority the Quality of the provided service to the client, was always apanage of Reditus the motivation and professional satisfaction of its collaborators, sustained in the individual competencies development and assisted by the qualifications suitability and competencies to the tasks and jobs to carry out.

It has been a use of Reditus Group the realisation of satisfaction and evaluation inquiries to all the collaborators in order to improve the internal policies of resource management.

The centralisation of the administrative files related with the HR area allows, besides the costs rationalisation, a global visibility about the HR of the Reditus Group, allowing an implementation of rotation policies in the operational companies universe. By this way, it is guaranteed the suitability of the Human resources number to the volume and specific needs of the activities operated by each Group company.

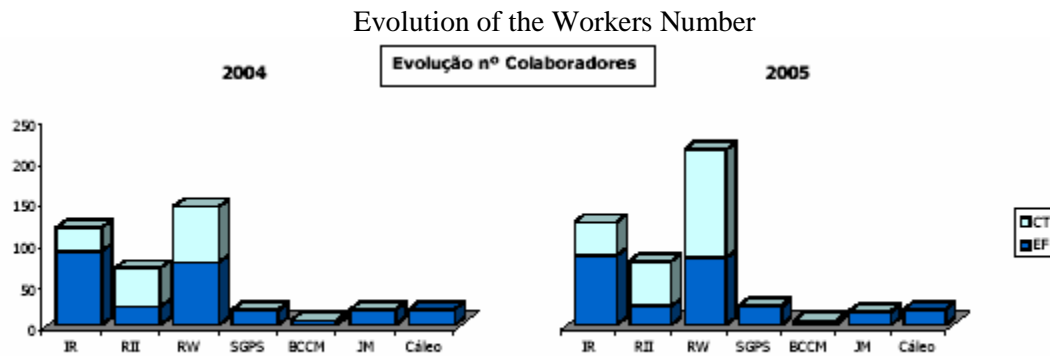
The focus in the responsibility of each collaborator is proceeded in all levels, from the first line leadership, embracing the resources totality by the capillaryty in communication of internal uses implementing them inside the organisation.

Training still is one of the key factors to the success achievement in the job execution and in reaching the goals previously established.

The reflex of the Human resources policies previously mentioned is expressed in our collaborators performance and motivation, in the Quality of the provided services, in the satisfaction of our clients, as well as in the global positive evaluation which reflects the relation with thirds.

Although the Reditus Group operate in areas traditionally of a great staff rotation, the resources retention demonstrates an effort in the fidelity of the elements with distinguished service abilities, motivating them through the careers policy, based in the responsibility and in the evaluation of the performance.

In the exercise, the Reditus Group staff had an average number of 477 collaborators, which represents an increase of 30,8% face to 2004, having about 30% a degree (with special emphasis in the Computing and Communication Technologies area), and being 65% in the age-group of 25 to 35 years old.



VI Results

The Consolidated Net Result of the exercise had a positive result, after minority interests, of 2.659.395 Euro.

VII Thanks

It is pleasant for us to manifest the public recognition for the our Collaborators performance, for the advice proportionate by the Strategy Board and by the attentive participation of the Fiscal Board, and also the excellent relation whit our Clients, Suppliers and Banks with whom was very grateful to work.

Lisbon, 27th February 2006

The Board of Directors,
Dr. Frederico José Appleton Moreira Rato
 Chairman

Eng.º José António da Costa Limão Gatta
 Administrator

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos
 Administrator

Professor Doutor António do Pranto Nogueira Leite
 Administrator

Dr. Rui Miguel de Freitas e Lamego Ferreira
 Administrator

REDITUS, SGPS, AS

CONSOLIDATED BALANCE SHEET
ON 31st DECEMBER 2005 AND 2004
(Amounts in Euro)

| | notes | 31-12-2005 in IFRS basis | 31-12-2004 in IFRS basis | 31-12-2004 in POC basis |
|--|----------|-----------------------------|-----------------------------|----------------------------|
| ASSETS | | | | |
| Non Flow Assets | | | | |
| Tangible Fixed Assets | 2.5 e 5 | 3.817.926 | 3.804.375 | 3.804.375 |
| Intangible Fixed Assets | 2.6 e 5 | 5.089.050 | 3.647.612 | 37.454.928 |
| Financial Investments | 2.7 e 10 | 126.764 | 122.585 | 122.585 |
| Deferred Assets Taxes | 11 | 4.100.104 | 6.342.184 | 1.920.041 |
| Others non flow assets | | <u>0</u> | <u>0</u> | <u>0</u> |
| | | <u>13.133.844</u> | | <u>43.301.930</u> |
| Flow Assets | | | | |
| stocktaking | 2.8 e 12 | 1.437.846 | 1.452.902 | 1.452.902 |
| Counts to receive from clients | | 4.859.706 | 4.869.347 | 4.869.347 |
| Other debts to others | 13 | 4.074.422 | 5.362.912 | 5.362.912 |
| Other flow assets | 15 | 418.735 | 469.286 | 1.692.327 |
| Cash and cash equivalents | 16 | <u>2.428.208</u> | <u>5.181.589</u> | <u>5.181.589</u> |
| | | <u>13.218.917</u> | | <u>18.559.076</u> |
| Asset Total | | <u><u>26.352.761</u></u> | | <u><u>61.861.006</u></u> |
| OWN CAPITAL AND LIABILITY | | | | |
| Capital and Reservations | | | | |
| Issued capital | 17 | 32.500.000 | 32.500.000 | 32.500.000 |
| Reservations | | -888.925 | 20.997.388 | 20.997.388 |
| Retained results | | -31.191.741 | -60.439.958 | -30.024.701 |
| Net result of the exercise | | <u>2.659.395</u> | <u>9.700.349</u> | <u>9.406.177</u> |
| | | <u>3.078.730</u> | | |
| Minority interests | 18 | <u>68.490</u> | <u>256.364</u> | <u>743.493</u> |
| Capital Own Total | | <u><u>3.147.220</u></u> | | <u><u>33.622.356</u></u> |
| Non Flow liabilities | | | | |
| Banking loans | 19 | 2.923.304 | 5.049.011 | 5.049.011 |
| Other creditors non flow | | 4.362.429 | 5.010.351 | 5.010.351 |
| Deferred taxes liabilities | 11 | <u>1.521.757</u> | <u>1.971.395</u> | <u>1.971.395</u> |
| | | <u>8.807.490</u> | | <u>12.030.757</u> |
| Flow liabilities | | | | |
| Banking loans | 19 | 2.246.504 | 2.913.306 | 2.913.306 |
| Suppliers | | 3.297.447 | 2.524.253 | 2.524.253 |
| Others debts to others | 20 | 6.832.999 | 8.410.793 | 8.410.793 |
| Provisions | 21 | 5.325 | 6.450 | 6.450 |
| Other flow liabilities | 22 | <u>2.015.776</u> | <u>2.353.090</u> | <u>2.353.090</u> |
| | | <u>14.398.051</u> | | <u>16.207.892</u> |
| Total of own capital, interests m and liability | | <u><u>26.352.761</u></u> | | <u><u>61.861.006</u></u> |

REDITUS, SGPS, AS

CONSOLIDATED DEMONSTRATION OF THE RESULTS
OF THE EXERCISE ENDED ON 31st DECEMBER 2005 AND 2004
(Amounts Euro)

| | notes | 31-12-2005 | 31-12-2004 | 31-12-2004 |
|--|--------------|-----------------------------|-----------------------------|-----------------------------|
| | | in IFRS basis | in IFRS basis | in POC basis |
| Operational Incomes | | | | |
| Sales and Services Provide | 2.3.1 and 6 | 19.834.689 | 18.965.466 | 18.965.466 |
| Other Operational Incomes | 7 | 2.988.294 | 13.957.123 | 13.957.123 |
| Production Variation | | 113.158 | 180.769 | 180.769 |
| Total of Operational Incomes | | <u>22.936.140</u> | <u>33.103.358</u> | <u>33.103.358</u> |
| Operational Costs | | | | |
| Goods and consumed materials | | 3.144.695 | 4.026.506 | 4.026.506 |
| External supplies and services | | 8.333.419 | 5.958.413 | 5.958.413 |
| Payroll | 25 | 8.616.961 | 6.641.142 | 6.641.142 |
| Amortisation | | 601.095 | 740.978 | 740.978 |
| Provisions | | 5.325 | 158.344 | 158.344 |
| Other Operational Costs | | 1.373.070 | 4.163.210 | 4.163.210 |
| Total of Operational Costs | | <u>22.074.565</u> | <u>21.688.592</u> | <u>21.688.592</u> |
| Operational Result | | 861.575 | 11.414.766 | 11.414.766 |
| Financial Results | 2.3.2 | 451.826 | 171.981 | 171.981 |
| Losses relative to Associate Companies | | <u> </u> | <u> </u> | <u> </u> |
| Profits before taxes | | 1.313.402 | 11.586.747 | 11.586.747 |
| Income Tax | 2.11 | -1.282.276 | 1.895.461 | 1.895.461 |
| Results after taxes | | <u>2.595.677</u> | <u>9.691.286</u> | <u>9.691.286</u> |
| Minority Interests | 18 | <u>-63.718</u> | <u>-9.063</u> | <u>-9.063</u> |
| Consolidated Result of the Exercise | | <u>2.659.395</u> | <u>9.700.349</u> | <u>9.700.349</u> |

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

Demonstration of the changes in the Consolidated Proper Capital

on 31st December 2005

| <i>Accounts</i> | <i>Opening Balance 31/12/2004</i> | <i>Application Result 2004</i> | <i>Net Results of the Exercise</i> | <i>Debts paid to stockholders</i> | <i>Others</i> | <i>Final Balance 31/12/05</i> |
|--|---------------------------------------|------------------------------------|--|---------------------------------------|-------------------|-----------------------------------|
| Social Capital | 32.500.000 | | | | | 32.500.000 |
| Share issue premiums | 16.211 | | | | | 16.211 |
| Consolidation differences | -598.037 | | | | | -598.037 |
| Capital Adjustments with branch/assoc | -2.739.943 | | | | | -2.739.943 |
| Revaluation Reservations | 22.347.096 | | | | -22.341.157 | 5.939 |
| Legal Reservations | 449.791 | 454.845 | | | | 904.636 |
| Other Reservations | 1.522.269 | | | | | 1.522.269 |
| Transited Results | -60.439.958 | 9.245.504 | | | 20.002.713 | -31.191.741 |
| Exercise Net | 9.700.349 | -9.700.349 | 2.659.395 | | | 2.659.395 |
| Total | 2.757.778 | 0 | 2.659.395 | 0 | -2.338.444 | 3.078.730 |

The Operation of 22.341.157 € in the Revaluation Funds results from the Reditus SGPS brand annulment registered in previous exercises. With the transitions to the IFR'S the brand value was withdrawn and the corresponding re-evaluation fund annulled.

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

Notes to the Consolidated Results Demonstration on 31st December 2005

(Amounts in Euro)

I.- Activity

Reditus – Sociedade Gestora de Participações Sociais, S.A. is located in Lisbon and its activity is concentrated in the area of information technologies, Business Process Outsourcing, contact center for non technological processes of In/Out Bound and Outsourcing of Specialized resources of TIs.

2.- Policies related to accounts

The most significant policies related to accounts used in the results determination of the exercise and presentation of the situation are the following:

2.1 – Presentation Basis

The consolidated financial demonstration of Reditus – Sociedade Gestora de Participações Sociais, S.A. was prepared in agreement with the Normas Internacionais de Contabilidade (IAS/IFRS) issued by *International Accounting Standards Board* (IASB) and with the interpretations of *Standing Interpretation Committee* (SIC) from IASB.

The application of the consolidated terms was enough to the consolidated financial demonstration to present a true and appropriate image of the financial situation and of the companies joint results included in the consolidation.

2.2 - Consolidation Basis

2.2.1 - Reference dates

The consolidated financial demonstration includes, with reference to the 31st December 2005, the assets, the liabilities and the results of the Group companies, which are presented in Note 3.

2.2.2 - Financial Shares in Group Companies

The companies identified in Note 3 were consolidated by the integral consolidation method, due to the capital holders hold the majority of the voting rights.

2.2.3 - Consolidation differences

The consolidation differences presented in the proper capital, in the amount of € (598.037), are due mainly to the differences between the acquisition cost amounts of the share and the proportional amounts of the own capitals of the shared J.M Consultores, S.A., Redware – Sistemas de Informação, S. A., which were consolidated by the global integration method.

The positive consolidation differences, net amount of € 2.277.979, presented in the asset, refer to the remaining between the amounts related with accounts of the CALEO shared capital and the proportion that represent the proper capitals of this company, with a reference to 01st January 2004, date in which stopped to amortize the positive consolidation differences in agreement with paragraph 79 of the IFRS 3.

Are discounted to the positive consolidation differences amount, in the Fixed Asset, the respective impairment losses fixed annually at the balance date. Until the balance date there were no impairment losses.

2.2.4 - Balance and transactions between Group Companies

The balance and the transactions between Group Companies are annulled in the consolidation.

2.2.5 - Consistence with the previous exercise

The methods and procedures were applied in a consistent way relatively to the 2004 exercise.

2.2.6 - Changes in the consolidated Companies joint

During this exercise there were no changes in the composition of the companies joint included in the consolidation. The consolidation perimeter was changed by the obtaining without tax of the 2% participation in Reditus II – Telecomunicações, S.A. holding Reditus, SGPS,S.A. the total share in this company.

2.3 - Recognition of revenue

2.3.1 - Sales and services provide

The profits current from the sales are recognized in the results demonstrations when the risks and the advantages inherent to the sold assets possession are transferred to the buyer. The profits associated with the services provide are recognized in the Results Statement according to the execution degree of the service.

The profits current from the sales and services provide are not recognized if there is any doubt about the charging of the sale product or of the services provide.

The warranties of the sold equipment are supported by the contractors of the represented brands.

2.3.2 - Net financial costs

The financial net costs represent mainly the obtained loan interests, financial application interests and obligor interests.

The financial net costs are recognized in the results on a rise base during the period they correspond.

2.4 - Management of financial risks

2.4.1 - Rate Interest Risk

The loans bear interests at variable rates. The group does not have resort to cover instruments of the rate interest.

2.4.2 - Credit Risk

The group does not have a significant concentration of credit risk. The policies assure that the sales are made to clients with an adequate historical credit.

2.5 - Tangible Fixed Assets

The tangible fixed assets are quoted at the acquisition or re-evaluation cost discounted from the accumulated reintegration.

The maintenance and reparation costs which do not rise the tangible fixed assets are debited from results of the exercise in which it occur.

The considered reintegration is designated to devalue the tangible fixed assets, in a twelfth system and in agreement with the life periods accordingly with the Decreto Regulamentar no. 2/90 of 12th January.

Location Contracts

The financial location contracts are registered on the beginning date as an asset and liability by the minor of the juste amount of the located good or of the actual amount of the location incomes.

The location incomes considered operating, namely, because of the non-existent of buying intention of the good, are summarized as cost of the exercise.

Amortisation

The amortization is calculated, on the acquisition amounts, by the constant quotes method, with twelfth imputation. The applied annual rates reflect satisfactory economic life of the goods.

The estimated useful lives are as follows:

| | years |
|-----------------------------------|-------|
| Buildings and other constructions | 50 |
| Basic Equipment | 8-20 |
| Transportation Equipment | 4-6 |
| Tools and utensils | 3-4 |
| Administrative Equipment | 4-10 |
| Other intangible fixed assets | 10-20 |

2.6.- Intangible Fixed Assets

The intangible fixed assets refer to the developing expenses, subsided from the accumulated reintegration, calculated in twelfth for a three year period and at the amount of the positive consolidation difference, resulting from the acquisition of the financial participation in Caleo.

Amortisation

The amortization is calculated on acquisition amounts, by the quote method, with twelfth imputation, by its useful life time.

The amortisation rates change accordingly with the following periods:

| | Years |
|------------------------------|-------|
| Other Incorporeal Stagnation | 10 |

2.7 - Financial Investments

The Financial Immobilization is valued, in the balance date, at the market value, relatively to the titles, and by the patrimonial equivalency relatively to the group companies and associated. The effective

great value and less value which result from the selling of the referred titles are recognized as results of the exercise in which occur.

The financial participation that have experienced permanent reductions of the realization value, are provisioned.

2.8 – Existences

The verified movements in the referred period obeyed to the criteria of "Acquisition cost" and to the method of defrayal "pondered medium cost".

2.9 – Impairment

The group assets are analyzed at the balance date to evaluate the eventual indication of impairment losses.

2.10 – Rises and Deferment

Are registered in this note the expenses early paid, being registered as costs in the period they refer to, as well as expenses with the vacations allowance and the due and not paid rates, with exception of the ones referring to the restructure agreements that are added to the respective liability accounts.

2.11 - Income Tax

The income tax is calculated accordingly with the taxable results of the companies included in the consolidation and finds the subjection to tax deferred.

The deferred tax is calculated accordingly with the balance responsibility method, on the temporary differences between the assets and liabilities accounts values and the respective subject to tax basis. The deferred tax is not calculated on the consolidation differences and on the initial recognition differences of an asset and liability when the same does not affect the account or tax result.

The assets and liabilities taxable basis is determinate to reflect the derived consequences for which the group expects at the balance date, to recover or to sell off the writ amount of its assets liabilities.

For the determination of the deferred tax is used the rate in force at the balance date.

The deferred taxes assets are recognized when there is a reasonable safety that there will be generated profits against which the assets can be used. The deferred taxes assets are annually reviewed and every time that there is no longer probable the same can be used.

2.12 - Information by segments

The Reditus Group develops its activity on the Information Technologies area.

About the business and geographic information by segments is necessary to distinguish:

- The shared "core business" - Inter Reditus, Redware e Reditus II.
- The activity developed by the shared Caleo, S.A. in France which offers, from that country, integrated solutions for the assembling of semiconductores and other electronic components;
- The activity of Reditus Imobiliária, S.A. which works in the real estate sector;

The shared in areas non "core business" - JM Consultores and BCCM – which activities are the cheques elaboration area and the development of communication systems, respectively.

3.- Group Companies included in the consolidation

The companies group included in the consolidation at 30th June 2005 and 2004 are the following:

| | | 2005 | 2004 |
|--|--------|------|------|
| Reditus – Sociedade Gestora de Participações Sociais, SA | Lisbon | - | - |

| | | | |
|--|-----------|------|------|
| Reditus Gestão, SGPS, S.ª | Lisbon | 100% | 100% |
| Redware – Sistemas de Informação, SA | Lisbon | 100% | 100% |
| Inter Reditus – Prestação Integrada de Serviços Informáticos, SA | Lisbon | 100% | 100% |
| Reditus II – Telecomunicações, SA | Lisbon | 100% | 98% |
| Reditus – Imobiliária, SA | Lisbon | 100% | 100% |
| J. M. Consultores de Informática e Artes Gráficas, SA | Alfragide | 68% | 68% |
| BCCM – Inovação Tecnológica, Lda | Cascais | 50% | 50% |
| Caleo, SA | France | 55% | 55% |

4. – Companies excluded from the consolidation

The companies excluded from the consolidation at 31st December 2005 and 2004 are the following:

| | | | |
|--|-------|-------------|-------------|
| Reditus Consulting, SL | Spain | <u>2005</u> | <u>2004</u> |
| Exclusion motive: not materially relevant. | | 80% | 80% |

5.- Fixed asset transactions and the corresponding amortization and provisions

Gross Asset

| | Opening balance 31/12/2004 | Increase by Incorporation | Increase through subsidiary acquisitions | Others acquisitions | Write off and Disposals | Corrections and transferenc e | Closing Balance 30/06/2005 |
|--|----------------------------|---------------------------|--|---------------------|-------------------------|-------------------------------|----------------------------|
| Intangible fixed assets | | | | | | | |
| Goodwill | 2.921.499 | | | | | | 2.921.499 |
| Developing costs. | 2.605.364 | 260.000 | | | 22.471 | 1.833.329 | 4.676.223 |
| Ind. Prop. and other rights | 360.471 | | | | 239.018 | | 121.453 |
| Other intangible fixed assets | 155.564 | | | | | | 155.564 |
| | 6.042.898 | 260.000 | 0 | 0 | 261.489 | 1.833.329 | 7.874.738 |
| Tangible fixed assets | | | | | | | |
| Land and natural resources | 317.984 | | | | | | 317.984 |
| Buildings and others structures | 2.102.335 | | | | | | 2.102.335 |
| Basic Equipment | 2.087.747 | | | 24.206 | 15.015 | 193 | 2.096.745 |
| Transportation Equipment | 706.283 | | | | | | 706.283 |
| Tools and utensils | 11.525 | | | | | 214 | 11.311 |
| Administrative Equipment | 1.109.383 | | | 20.331 | | 172.229 | 957.485 |
| Others tangible fixed assets | 2.359.639 | | | | 12.622 | 2.038 | 2.344.979 |
| Fixed assets in course | 0 | | | | | | 0 |
| | 8.694.896 | 0 | 0 | 44.537 | 0 | 174.267 | 8.537.122 |
| Financial Investments | | | | | | | |
| Holdings in Group Companies | 2.522.547 | | | | | | 2.522.547 |
| Holdings in ass. companies | 776.050 | | | | | | 776.050 |
| Instruments and other financial applications | 929.370 | | | 9.744 | 566 | 5.000 | 933.548 |
| | 4.227.967 | 0 | 0 | 0 | 566 | 0 | 4.232.145 |

Amortisation and Adjustments

| | Opening balance | increase | decrease. | Closing balance |
|--|-----------------|----------|-----------|-----------------|
|--|-----------------|----------|-----------|-----------------|

| | | | | |
|--|------------------|----------------|----------|------------------|
| Intangible fixed assets | | | | |
| Goodwill | 643.520 | | | 643.520 |
| Developing costs. | 1.272.333 | 648.459 | | 1.920.792 |
| Ind. Prop. and other rights | 357.018 | | 241.483 | 115.535 |
| Other intangible fixed assets | 122.415 | | 16.574 | 105.841 |
| | 2.395.286 | 648.459 | | 2.785.688 |
| Tangible fixed assets | | | | |
| Land and natural resources | | | | |
| Buildings and others structures | 96.910 | 43.672 | | 140.582 |
| Basic Equipment | 1.077.072 | 134.957 | | 1.212.029 |
| Transportation Equipment | 580.514 | 40.163 | | 620.677 |
| Tools and utensils | 5.485 | 1.937 | | 7.422 |
| Administrative Equipment | 1.018.243 | 54.814 | 465.382 | 607.675 |
| Others tangible fixed assets | 2.112.297 | 18.515 | | 2.130.812 |
| | 4.890.520 | 294.057 | 0 | 4.719.196 |
| Financial Investments | | | | |
| Holdings in Group Companies | 2.522.547 | 0 | | 2.522.547 |
| Holdings in ass. companies | 776.050 | 0 | | 776.050 |
| Instruments and other financial applications | 806.785 | 0 | | 806.785 |
| | 4.105.381 | 0 | 0 | 4.105.381 |

6.- Sales and Services Provide

The net sales amount € 3.914.718 as well as the Service Provide amount of € 15.919.9711 are referent, in its total, to the commercial activity of the companies in the computing and technologies of information sector, for the National and European Union Market.

The activities developed by the companies group are presented on the following box, where the business and geographic segments are summed up:

| | Interests | Operating Result | Net Result | Net Asset | Liabilities |
|------------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------|
| Reditus SGPS | | -2.315.257 | -222.660 | 6.922.383 | 5.581.191 |
| Reditus Imobiliária | | -65.682 | -142.972 | 2.526.497 | 3.208.319 |
| Reditus Gestão | | -1.598 | -4.940 | 1.150 | 10.584 |
| Structure | 0 | -2.382.536 | --370.572 | 9.450.029 | 8.800.094 |
| | Interests | Operating Result. | Net Result | Net Asset | Liabilities |
| Caleo | 4.159.913 | 59.689 | 7.786 | 3.606.854 | 1.574.158 |
| Overseas | 4.159.913 | 59.689 | 7.786 | 3.606.854 | 1.574.158 |
| Structure + Overseas | 4.159.913 | --2.322.848 | --362.786 | 13.056.883 | 10.374.252 |
| | Interests | Operating Result | Net Result | Net Asset | Liabilities |
| Inter Reditus | 4.199.895 | -767.759 | -2.770 | 4.394.220 | 6.137.613 |
| Redware | 5.660.525 | 2.871.843 | 2.229.730 | 3.330.128 | 3.868.026 |
| Reditus II | 4.404.492 | 1.132.472 | 859.173 | 1.915.665 | 803.711 |
| "Core" Operations | 14.264.912 | 3.236.556 | 3.086.133 | 9.640.014 | 10.809.351 |
| BCCM | 295.762 | -129.105 | -70.799 | 1.558.690 | 453.245 |
| JM Consultores | 1.114.102 | 76.971 | 6.846 | 922.167 | 1.568.693 |
| "Non Core" Operations | 1.409.864 | -52.133 | -63.952 | 2.480.857 | 2.021.938 |

| | | | | | |
|----------------------------|-------------------|------------------|------------------|-------------------|-------------------|
| <i>National Operations</i> | 15.674.776 | 3.184.423 | 3.022.181 | 12.120.871 | 12.831.289 |
| Consolidated | 19.834.689 | 861.575 | 2.659.395 | 26.352.761 | 23.205.541 |

Resulting from the contract signed between Reditus Group and the company Tora in 2004, were handed over to this the amounts that were registered in the liabilities referring to the banking liabilities restructuring agreements ratified in 2002 between BCP Group and Reditus Group, in exchange of the contractual position held by the Reditus Group companies in the contract signed with BCP Group.

The contractual concession originated, in this exercise of 2005, a payment to Tora of € 842 626 in compensation of the business obtain near the BCP Group.

7.- Other Operacional Provisions

| | 2005 | 2004 |
|-------------------------------------|-----------|------------|
| Works to proper Company | 2.079.445 | 50.411 |
| Supplementary incomes | 65.300 | 0 |
| Subsidy to exploration | 720 | 0 |
| Other incomes and operational gains | 10.783 | 0 |
| Extra incomes | 818.161 | 13.906.712 |

8.- Average workers in service, during the exercise:

| | <i>Tecn/Prd</i> | <i>Admin</i> | <i>Comerc</i> | Total |
|-----------------------------|-----------------|--------------|---------------|--------------|
| Reditus SGPS, SA | 1 | 14 | 7 | 22 |
| Reditus Imobiliária, SA | 0 | 0 | 0 | 0 |
| Caleo `SA | 15 | 3 | 1 | 19 |
| Redware, SA | 204 | 8 | 0 | 212 |
| JM Consultores, SA | 15 | 2 | 0 | 17 |
| Inter Reditus, SA. | 113 | 11 | 0 | 124 |
| Reditus II Telecomunic., SA | 76 | 1 | 0 | 77 |
| Reditus Gestão, SA | 0 | 0 | 0 | 0 |
| BCCM | 4 | 1 | 1 | 6 |
| Total | 428 | 40 | 9 | 477 |

9.- Equipment in financial location system

The group has varied equipment under the financial location system. By the end of the contract, the Group has the option of buying that equipment at a price lower than the market value. The financial location payments do not include any amount referent to the incomes.

The acquired goods in financial location systems are related do the group activity. They are registered according to its amount value. Are composed by building related to the Reditus Imobiliária activity estimated in €2.400.000, being the other amounts for the vehicles and communications equipment.

10.- Negotiable Securities

The Negotiable Securities are quoted, at the Balance date, at the lower cost of acquisition or of the market.

11. - Deferred Taxes assets and liabilities

The deferred assets and liabilities taxes are attributed to the following:

| | Assets | | Liabilities | | Net Amounts | |
|--|-----------|-----------|-------------|-----------|-------------|------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Provisions | 1.974.917 | 4.466.594 | | | 1.974.917 | 4.466.594 |
| Reportable taxes losses | 2.125.187 | 1.875.590 | | | 2.125.187 | 1.875.590 |
| Others | | | 1.521.757 | 1.971.395 | -1.521.757 | -1.971.395 |
| Net deferred taxes assets/ (liabilities) | 4.100.104 | 6.342.184 | 1.521.757 | 1.971.395 | 2.578.347 | 4.370.789 |

The liabilities amount registered for the deferred taxes in the amount of €1.521.757 comes from the amount not yet fiscally recognized of the incomes related with the agreement celebrated between BCP and Tora in 2004.

12.- Stocks

| | 2005 | 2004 |
|--------------------------------|-----------|-----------|
| Raw materials and consumables | 288.410 | 78.251 |
| Production in course | 24.300 | 24.300 |
| Finished Products | 144.851 | 27.824 |
| Merchandise | 980.285 | 1.322.527 |
| Advanced payment to purchasing | | |
| | 1.437.846 | 1.452.902 |

13. - Others Debts to others

| | 2005 | 2004 |
|---------------------------------|-----------|-----------|
| State and Other public Entities | 334.336 | 371.831 |
| Others shareholders | 3.634 | 46.920 |
| Advanced payment to suppliers | 310.701 | 31.572 |
| Other debtor | 3.425.751 | 4.912.590 |
| | 4.074.422 | 5.362.912 |

14. - State and Other Public Entities

On the 31st December 2005, all the amounts that were registered as being in delay were contested or being regularized in a installment regime, and were constituted as follows:

IRS/IRC – € 257.977

Social Security - € 3.443.058

Stamp duty - € 2.644

The debts regularization to Social Security is mentioned in note 23.

15. - Other Current Assets

| | 2005 | 2004 |
|----------------|---------|---------|
| Incomes growth | 176.900 | 4.000 |
| Deferred costs | 241.835 | 465.286 |
| | 418.735 | 469.286 |

16. - Cash and cash equivalents

| | <u>2005</u> | <u>2004</u> |
|-----------------------------|------------------|------------------|
| Other negotiable securities | 815.447 | 2.293.995 |
| Deposits | 1.560.936 | 2.835.472 |
| Cash | 51.825 | 52.122 |
| | <u>1.582.574</u> | <u>5.181.589</u> |

17. - Social Capital

The Social Capital is € 32.500.000, represented by 6.500.000 stocks to the bearer of nominal value of €5 each, which were in 31st December 2005 quoted in the Euronext Lisboa.

18. - Minority Interests

On 31st December 2005 and 2004 the minority interests were represented as follows:

| | <u>% Minority Interests</u> | | <u>Balance Amount</u> | | <u>Attributed Results</u> | |
|-------------------------------------|-----------------------------|-------------|-----------------------|-------------|---------------------------|-------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| J. M. Consult. de Inf., SA | 33% | 33% | | -299.576 | | -23.659 |
| BCCM – Inovação Tecnológica, Lda | 50% | 50% | | -276.605 | | -14.717 |
| Caleo, SA | 45% | 45% | | 826.444 | | 30.847 |
| Reditus II | | | | | | |
| Total | | | | 256.364 | | -9.105 |

19. - Obtained Loans

The obtained loans are as follows:

| | <u>2005</u> | <u>2004</u> |
|----------------------|------------------|------------------|
| Short Term | 2.334.098 | 3.000.900 |
| Medium and Long Term | 4.188.138 | 6.497.576 |
| | <u>6.522.236</u> | <u>9.498.475</u> |

On Debts to others of Medium/Long Term is registered an amount of € 5.350.002 resulting from the loans related with shares Reditus 91 and Reditus 93, from the financing for the participation acquisition, to which were agreed payment dead lines superior to five years.

On the General Shareholders Assembly carried on the 1st March 1999 was approved the following:

The rates relative to the first three semesters from the 2nd March 1999 would be, as happened on the previous five semesters, capitalized on the overcoming when it falls and paid together with the capital repayment installments.

- The capital repayment would be in agreement with the following plan:
 - o Year 2000 – One installment of 2,8571% of the capital, on the 2nd September
 - o From 2001 to 2004 inclusive - Two installments of 2,8571% of the capital, on the 2nd March and 2nd September.
 - o From 2004 to 2006 inclusive – Two installments of 4,2857% of the capital, on the 2nd March and 2nd September.

- Year 2007 – One installment of 4,2857% of the capital, on the 2nd March and one of 7,1429% on the 2nd September.
- From 2008 to 2010 inclusive - Two installment of 7,1429% of the capital, on the 2nd March and 2nd September.

20. - Other Debts to Others

| | 2005 | 2004 |
|----------------------------------|------------------|------------------|
| Other Stockholders | 46.785 | 77.278 |
| Estate and Other Public Entities | 5.096.567 | 6.838.243 |
| Advanced Payment to Clients | 161.746 | 145.077 |
| Other Creditors | 1.440.306 | 1.262.602 |
| | <u>6.745.404</u> | <u>8.323.200</u> |

21. – Provisions and Adjustments

| | Initial Balance 31/12/04 | Increases | Decreases | Final Balance 30/12/05 |
|------------------------|--------------------------------|-----------|------------------|------------------------------|
| Provision for: | | | | |
| Cash Applications | 761.430 | | 146.749 | 614.681 |
| Doubtful debts | 12.246.199 | | 8.211.032 | 4.035.167 |
| Other doubtful debts | | | | |
| Risks and Costs | 6.450 | | 1.125 | 5.325 |
| Stock depreciation | 5.000 | | | 5.000 |
| Financial applications | 4.105.381 | | | 4.105.381 |
| | <u>17.124.460</u> | <u>0</u> | <u>8.358.906</u> | <u>8.765.554</u> |

22. - Other Current Liabilities

| | 2005 | 2004 |
|------------------|------------------|------------------|
| Cost Increase | 1.013.994 | 1.499.236 |
| Deferred Porfias | 1.001.783 | 853.854 |
| | <u>2.015.776</u> | <u>2.353.090</u> |

23. – Eventualities

Tax Inspections:

On previous exercises there were made tax inspections by the tax authority to the group companies. The situations referring to each company are indicated as follows:

Inter Reditus – Inspection of the years 1997 and 1998, the company was notified to make corrections and to pay the corresponding VTA and IRC.

The company did not agree with the tax corrections and appealed, it's still waiting for the decision.

Reditus SGPS – Inspection of the years 1997 and 1998, the company was notified to make corrections and to pay the corresponding VTA.

The company did not agree with the indicated corrections and appealed, it's still waiting for the decision

Reditus Imobiliária – Inspection of the years 1993 to 1997, some of the appeals made by the company were deferred, due to the that decision the corrections notified by the tax inspection were cancelled.

Payment of Debts to Social Security.

On the 31st December 2005 were paid the net amounts in debt during the exercise resulting from the collaborators retention, increased with the respective extra interest for delayed payment. It was asked to the Centro Regional da Segurança Social de Lisboa e Vale do Tejo to send the debt processes so that the tax execution can be installed, requiring the companies the installment payment system.

24. Guarantees

The Reditus revenues answer by the service of the emerging debt of the obligator loans redivis 91 e 93 issuing, in the amount of 253.497 € and for a five year term.

25. - Directors Remuneration

| | 2005 | 2004 |
|---|-------------|-------------|
| - <i>Reditus, SGPS, S.A.</i> Board of Directors (includes cost help) | 399.279 | 435.273 |
| - <i>InterReditus- Prest.Integ.Serviços Informáticos, SA.</i> Board of Directors | 198.461 | 271.947 |

In the other Group companies the Directors are not remunerated.

26. – Financial Results

It is registered in Costs and Financial Losses the amount of 538.808€ referring to Supported Interests.

27. - Subsequent events at the balance date

There are no subsequent events at the balance date that might have a material impact on the financial demonstrations.

Consolidated Demonstration of Cash Flows of Reditus SGPS, on 31st December

Euro

| | | 2005 | 2004 |
|---|--|---------------------|---------------------|
| CASH FLOWS OF THE OPERATIONAL ACTIVITIES | | | |
| 1 | Receipts from Clients..... | 18 218 575 | 18 218 575 |
| 2 | Payment to Suppliers..... | (5 955 141) | (5 955 141) |
| 3 | Payroll..... | (4 315 537) | (4 315 537) |
| 4 | Payment/Receipt of income tax..... | (49 678) | (49 678) |
| 5 | Other receipts/payments relating to operational activity.... | (5 541 551) | (5 541 551) |
| 6 | Receipts related to extraordinary items..... | 193 297 | 193 297 |
| 7 | Payments related to extraordinary items..... | (22 079) | (22 079) |
| Cash flow from the operational activities | | 2 527 886 | 2 527 886 |
| CASH FLOWS OF THE INVESTMENT ACTIVITIES | | | |
| Receipts from: | | | |
| 8 | Financial investments..... | | |
| 9 | Tangible fixed assets..... | | |
| 10 | Intangible fixed assets..... | | |
| 11 | Investment contributions..... | | |
| 12 | Interests and similar incomes..... | 190 522 | 190 522 |
| 13 | Dividends..... | | |
| 14 | Others..... | | |
| Payments from: | | | |
| 15 | Financial investment..... | | |
| 16 | Tangible fixed assets..... | | |
| 17 | Intangible fixed assets | | |
| 18 | Other..... | | |
| Cash flow from the investment activities | | 190 522 | 190 522 |
| CASH FLOWS FROM FINANCIAL ACTIVITIES | | | |
| Receipts from: | | | |
| 19 | Loans obtained..... | | |
| 20 | Capital raises, issuing prizes | | |
| 21 | Subsidies and donation..... | | |
| 22 | Stock sale | | |
| 23 | Coverage of losses..... | | |
| 24 | Others..... | | |
| Payments from: | | | |
| 25 | Granted loans..... | (3 508 122) | (3 508 122) |
| 26 | Amortization of financial leasing agreements..... | (13 673) | (13 673) |
| 27 | Interests and similar costs..... | (393 451) | (393 451) |
| 28 | Paid dividends and distributed results..... | | |
| 29 | Capital reductions and additional installments..... | | |
| 30 | Acquisition of stocks..... | | |
| 31 | Others..... | | |
| Cash Flows from financial activities | | (3 915 246) | (3 915 246) |
| Net variation of cash and cash equivalents..... | | (1 196 838) | (1 196 838) |
| Cash and cash equivalents at the beginning of the period..... | | 1 810 253 | 3 007 091 |
| Cash and cash equivalents at the end of the period..... | | 613 415 | 1 810 253 |

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

**APPENDIX TO THE CONSOLIDATED DEMONSTRATION OF CASH FLOWS
EURO**

31st DECEMBER 2005

1 – N.A.

2 – Specification of the cash components and of cash equivalents:

| | 2005 | 2004 |
|-----------------------------------|---------------|---------------|
| | | |
| Cash | 51.824,60 | 52.122,05 |
| Bank deposits available on demand | 1.560.936,10 | 2.866.608,74 |
| Cash equivalents | 815.446,95 | 2.293.995,01 |
| Cash in the balance sheet | 2.428.208 | 5.212.726 |
| | | |
| Overdrafts | -1.814.792,73 | -3.402.473,17 |
| | | |
| Cash and cash equivalents | 613.415 | 1.810.253 |

3 – N.

APPENDIX TO THE MANAGMENT REPORT

Relative to Exercise of 2005

I. INFORMATION PROVIDED PURSUANT TO ART. 447º, No. 5 OF THE CSC

Information about the ownership of the stocks and shares of the Administrative Board members and the Supervisory Board members and as well as all its acquisitions, encumbering or cessation of ownership of stocks and shares of the same company and of companies which it control or which are members of the same group.

A) Members of the Administration Board

Dr. Frederico José Appleton Moreira Rato

Held at the beginning of 2005 242.055 socks of the Company.

On 31.12.2005 held 293.967 stock of the Company.

He does not hold any share of the Company.

Eng.º José António da Costa Limão Gatta

At the beginning of 2005 did not hold any stocks.

On 31.12.2005 held 63.585 stock of the Company.

He does not hold any share of the Company.

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos

Held at the beginning of 2005 137.541 socks of the Company.

On 31.12.2005 held 189 .455 stock of the Company.

He does not hold any share of the Company.

Professor Doutor António do Pranto Nogueira Leite

Held at the beginning of 2005 15.000 socks of the Company.

On 31.12.2005 held 46.142 stock of the Company.

He does not hold any share of the Company.

Dr. Rui Miguel de Freitas e Lamego Ferreira

At the beginning of 2005 did not hold any stocks.

On 31.12.2005 held 51.912 stock of the Company.

He does not hold any share of the Company.

B) Members of the Supervisory Board

Dr. Rui António Nascimento Gomes Barreira

He does not hold any share of the Company.

Eng.º Manuel Luis Canas de Sousa Callé

He does not hold any share of the Company.

Dr. Manuel Rui dos Santos Caseirão

He does not hold any share of the Company.

Dr. João Paulo Torres Cunha Ferreira

He does not hold any share of the Company.

II. INFORMATION PROVIDED PURSUANT TO ART. 448th, No. 4 OF THE CSC

The list of the stockholders that at the closing date of the exercise of 2005 and according to the records of the Company and the offered information are holders of about one tenth, one third or half of the capital and of the stockholders who stopped being holders of the referred capital share.

LISORTA – Estufas e Assistência Técnica, Lda.

Holds directly 1.074.699 stocks corresponding to 16,53 % of the Company Capital and the same percentage of the voting rights.

ELAO – SGPS, S.A.

Holds directly 910.261 stocks corresponding to 14% of the Company Capital and the same percentage of the voting rights.

III. INFORMATION PROVIDED PURSUANT TO ART. 324th, No. 2 OF THE CSC

The Company did not acquire, nor disposed and does not hold stocks.

IV. INFORMATION PROVIDED PURSUANT TO ART. 397th, No 4 OF THE CSC

There was no solicitation and due to this no authorisations were granted in the terms expected in the no. 2 of article 397º of the Código das Sociedades Comerciais.

V. REPORT ABOUT THE COMPANY MANAGEMENT

Chapter 0. Declaration of Fulfilment

1. In what concerns the information spread, the Company follows the recommendations of CMVM about the management of the shared companies.

2. In what concerns the voting right exercise and the share holders representation as is showed in the themes for discussion order of the next General Assembly of the Company, scheduled for 30th March 2006, is the change to the number 3 of the article 9 and of the article 10 Of the Company Statutes in the following terms, as well as the settlement of a new model for the vote exercise by correspondence so that the Company starts to fulfil integrally the CMVM recommendations about this.

Change Proposition of the Statutes to be deliberated in the General Company Assembly on the 30th March 2006.

Article Nine

Third – It will only be able to attend and take part in the general assemblies the shareholders with proved voting right, until three working days before the respective reunion, of the referred Quality

with a document issued by the registering entity or by the trustee that certifies the quantity of the stocks held at that date and also its blockade.

Article Ten

The voting right in General Assembly can be made by correspondence vote or by electronically means, in the term and conditions settled in general assembly, being the vote by electronically means verified by the President of the General Assembly, before the convocation, of the existence of mean that assure safety and reliability in the vote issued this way.

3. The Company has management information systems, which *outputs* are periodically analysed and validated, assuring the produced information Quality, not being necessary for the operations volume and complexity the establishment of a proper organ.

4. In what concerns the measures that may prevent the acquisition public offers success, the Company follows the CMVM recommendations not having established any specific measures for that.

5. In what concerns the administration organ it should be composed by a majority of members that exercise an effective orientation about the Company management and its responsible, the Company follows the CMVM recommendations.

6. In what concerns the administration organ including at least an independent member, the Company follows the CMVM recommendations.

7. In what concerns creation of internal commissions by the administration organ, conferring the competence in the evaluation of the structure and associate management, the Company has 4 commissions: Strategic Board, Commission of Economical and Financial Management, Commission of Juridical-Fiscal Supervision, Commission of Inter-Relational Supervision, the Company follows the CMVM recommendations.

8. The Company informs about the Reditus Group Directors remuneration by duties, partly following the CMVM recommendations.

9. There is a Commission of Remuneration compound by President of the General Assembly, Dr. António de Magalhães Cardoso, President of the Fiscal Board, Dr. Rui Barreira and, representing Lisorta, Dr.Jorge Pereira da Costa, the Company follows the CMVM recommendations.

10. There are no proposal that have been submitted to the general assembly of the Company relatively to the attribution of stocks plans approval and/or of stocks acquisition options de to members of the administration organ and/or to workers, the Company does not break the CMVM recommendation in this matter.

11. The Society is not an institutional investor so the recommendation concerning this point is not applicable.

Chapter I. Information Divuligation

1. Functional map concerning the competence distribution between the company organs:

Members of the Board of Directors

Dr. Frederico José Appleton Moreira Rato

Chairman of the Board of Directors, with the departments of the Board, Strategy, Human Resources, Communication and Compliance co-ordination.

Eng.º José António da Costa Limão Gatta

Director with the department of supervision of the operational companies that are part of the Reditus Group abroad and of international partnerships dynamization.

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos

Director with the juridical department and of new developments implementation.

Professor Doutor António do Pranto Nogueira Leite

Director with the department of the relations with the share market and with the shareholders and also the account matters supervision.

Dr. Rui Miguel de Freitas e Lamego Ferreira

Director, Chief Operating Officer, with the department of the co-ordination of the operational activities that form the Reditus Group in Portugal and the established partnerships dynamization, designedly with the business partners with whom exist specific commercial agreements.

2. List of the Company specialised Commissions, co-ordinated by the independent Director Professor Doutor António Nogueira Leite:

- **Board of Strategy**, has as a special finality to assist the Board of Directors in the pursuit of its commercial goals and in the solutions definition for the entrepreneurial reality in a medium and long term. It is constituted by Dr. Luis Manuel Mena Gravito, Dr. Jorge Pereira da Costa, Prof. Eng.º Manuel Valssassina Heitor (presently with the mandate suspended due to the fact of being in the exercise of governative duties) and Prof. Doutor António Monteiro Fernandes;

- **Commission of Economical-Financial Management**, has as a special goal to assist the Board of Directors in the verification of the suitability of the economical-financial situation supervision instrument and the companies integrated in the Reditus Group control function in the exercise. It is constituted by Prof. Doutor Rui Alpalhão and Dr. Miguel Garcia Lopes;

- **Commission of Juridical-Accounting Supervision**, has as a special goal to assist the Board of Directors in the suitability of the structures and procedures of the integrated companies in the Reditus Group to the permanent evolution of the juridical and accounting arrangement. It is constituted by Dr. Rui Barreira e Dr. José Andrade e Sousa;

- **Commission of Inter-Relational Supervision**, has as a special goal to assist the Board of Directors in the definition of profiles and characteristics of its strategically partners, clients, workers, collaborators and commissars and the creation of a behaviour pattern in the company relations with the exterior. It is constituted by Dr. Diogo Lacerda Machado e Dr. José Gonçalo Maury.

In Reditus SGPS there is Shared Resources Unit that provides services to all the Group companies in the domain of: accounting, audit, Human resources management, Quality control and client purveyor's department.

It is also inserted in Reditus SGPS structure, a unit of promotion and Products and services sale to the shared companies.

There is also a Support Office to the Investor with the activities mentioned in the following chapter.

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

The Company adopts internal control procedures in the supervision of its activity, adequate to the specificity of the social object and of the its shared activities. Such procedures follow generically the audit norms internationally accepted, and, specifically, the recommendations of each one of the commissions mentioned before.

4. Description of the Company stocks quotation evolution:

It is mentioned in the point IV of the Management Report, to which we remit, stressing that the spread of the 2004 Accounts occurred on the 29.04.2005, the ones of 2005 1st Trimester on 02.05.2005, the ones of 2005 Semester on the 20.09.2005 and the ones of 2005 3rd Trimester on 23.11.2005.

5. Dividends distribution policy:

The Board of Directors does not propose the dividends distribution relative to 2005 exercise. In the last three exercises there also were not distributed dividends.

6. There are not any plans of stocks attribution and/or attribution plans of stocks acquisition options.

7. There were no operations between the Company and the members or administration and inspection organs, holders of qualified shares or companies that are a relation of domain or of group.

8. Support Office to the Investor:

- Office functions:

To assure the permanent and constant contact with the market respecting the principle of the shareholders equality and preventing the irregularities in the access to the information by the investors, making available, in the terms legally allowed, information that is asked or that by any mean contribute to a greater transparency and participation in the Company life, namely:

- Providing all the elucidation to the shareholders, analysts, investors and other interested parties doubts;
- Organising presentations and *conference calls* for financing analysts and institutional investors;
- Collaborating in the preparation and spread of relevant facts and other communications;
- Collaborating in the preparation and spread of communiqués about the annual, semestral and trimestral results;
- Collaborating and participating in presentation sessions of the annual and semestral results;
- Collaborating in the prospects elaboration related with operations in the capital market;
- Orienting analysts about the strategy, goals and the company results perspectives, including the revision of the de *research* notes elaborated by these.

- Information type made available by the Office:

- In general, all the kind of information that in the law terms may be given and that are asked by shareholders, analysts, investors and other interested.
- Preliminary documents of general assemblies;

- Relevant facts and other relevant communications for the company life, namely qualified participation;
- Annual, semestral and trimestral results.
- Access to the Office:
 - In presence – in the Company headquarters, by previous solicitation;
 - Telephone – 21 4124100;
 - Fax – 21 4124199;
 - Mail – for the Company headquarters;
 - E-mail – accionistas@reditus.pt
- Internet Site
 - www.reditus.pt
- Identification of the Representing for the Relations with the Market
- Professor Doutor António do Pranto Nogueira Leite

9. See point 9 of the previous chapter.

10. The total remuneration obtained by the Audit Companies by its services in the legal revision of accounts of the Reditus Group companies raised to 50.219 (five hundred thousand two hundred and nineteen) Euro.

Chapter II. Exercise of the right of Vote and Shareholders Representation

1. Statutory rules about the exercise of voting right:

This matter is regulated in Article 9 of the Company Statutes.

To each one hundred shares corresponds one vote.

It will only be able to present and take part in the general assemblies the shareholders who prove the holding of a title of at least one hundred stocks, whether by registration in the company books, whether by banking deposit prove, until five days before the respective reunion.

The shareholders with voting right may be represented in the general assemblies by any person, accordingly with the predicted in number 3 of the article 381 of the Código das Sociedades Comerciais, being enough, for the mandate proof, a simple letter addressed to the president of the General Assembly and delivered to him until the day before the reunion.

The Article 9 and, as well the Article 10 of the Statutes were proposed to change in the next general assembly of the Company scheduled for the 30th March 2006, in the terms mentioned in Chapter 0, number 2 of this Report about the Company Management.

2. Model for the exercise of the voting right by correspondence:

a. The Shareholders with voting right may exercise it by correspondence;

- b. It will be considered the votes by correspondence which declarations are mailed by registered letter with sign receipt and received in the Company headquarters until the third working day before the date of the respective General Assembly;
- c. The letter mentioned in the previous point must be addressed to the President of the General Assembly;
- d. The declaration votes should be sent in a closed envelop mentioning "vote by correspondence" indicating the General Assembly to which it concerns;
- e. The envelop mentioned in the previous number should contain the vote declaration indicating the shareholder full name and the vote purpose about each one of the working order points;
- f. The vote declaration should be signed, the undersigned shareholder should, (i) in case of being a singular person, indicate the number, issuing date and issuing entity of the identification card or equivalent document issued by a competent authority of the European Union or the passport, and, (ii) in case of corporative body, stamp and indicate the representative Quality;
- g. The letter mentioned in b) must have, besides the vote envelop, a certificate that proves the legitimacy for the exercise of the voting right issued by the registering entity or by the trustee, in the terms of art. 55 and 104 of the Código de Valores Mobiliários;
- h. The envelops that have the correspondence vote declarations will be opened during the General Assembly;
- i. The presence of the Shareholder in the General Assembly that had chosen to exercise his voting right by correspondence or of his representative is considered a revocation to the vote issued by correspondence.

This model was proposed to change by deliberation in General Assembly of the Company scheduled for the 30th March 2006.

3. There is not yet, the possibility of the voting right exercise by electronically means, because the Company has not yet developed the necessary means to check the authentic of the voting declarations, as well as to assure the integrity and the confidentiality of the contain in accordance with the CMVM recommendation.

About this see the change proposal to Article 10 of the Company Statutes to be deliberated in the next General Assembly of the Company scheduled for the 30th March 2006 as written in Chapter 0, number 2 of this Report About the Company Management.

4. As mentioned in the first point of this chapter, it will only be able to presence and take part of the general assemblies the shareholders that prove their ownership of a minimum of one hundred stocks, whether by the registration in the company books, whether by banking deposit prove, until five days before the meeting.

About this see the change proposal to Article 9 of the Company Statutes to be deliberated in the next General Assembly of the Company scheduled for the 30th March 2006 as written in Chapter 0, number 2 of this Report About the Company Management.

5. As mentioned in the second point of this chapter, it will be considered votes by correspondence which declarations are mailed by registered letter with signed receipt and received in the Company headquarters until the third working day before the date of the general assembly.

This model was proposed to be changed by deliberation of the Company General Assembly scheduled for the 30th March 2006.

6. As was mentioned in the first point of this chapter, to each one hundred stocks corresponds one vote.

Capítulo III. Associate Rules

The company obeys to proper and specific rules that define its conduct and internal regulations that concern to conflicts of interests, secrecy and incompatibilities situations, and applies special internal procedures to the risk control of its activity.

There are no established limits to voting rights exercise and are not any special rights of any shareholder.

There are no preventive measures that intend to prevent the success of the acquisition public offers.

The Company due to its SGPS nature, its structure and once the members of the Board of Directors have executive duties has not felt yet the need to establish conduct rules or internal regulations, developing its activity according to the general rules of the Código das Sociedades Comerciais and of the Código dos Valores Mobiliários that, by the duties that imposes, disciplines and protects sufficiently, the situations that need to be protected as the definition of the mentioned rules.

Chapter IV. Administration Organs

1. Characterisation of the Board of Directors

The Board of Directors is constituted by a great number of members.

• Members of the Board of Directors:

Dr. Frederico José Appleton Moreira Rato

Chairman of the Board of Directors
Executive member.

Functions he exercises in other companies:

Manager of Pessoa, Pinto & Costa – Sociedade de Construções, Lda., BCCM – Inovação Tecnológica, Lda.

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

Director of 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.

Qualifications and professional activities:

Degree in Mathematics by the F. C. Lisboa
Post-Graduations in Biometry and Numerical Taxonomy

- Director of APESI – Associação Portuguesa das Empresas de Serviços de Informática
- Director and founder of APRITEL – Associação dos Operadores Privados de Telecomunicações
- Representative of Reditus in Cotec
- Member of the General Board of APDSI – Associação para a Promoção e Desenvolvimento da Sociedade de Informação.

Number of Company stocks which is holder:

293.967 stocks.

First designation: 30.03.1982

End of the mandate: Year of 2007

Engº José António da Costa Limão Gatta

Executive Director.

Functions he exercises in other companies:

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

Director of Scorpion Group Ltd. (Cambridge, UK)

Qualifications and professional activities:

Degree in Electronically Engineer by the Academia Militar
Ordinary Member of the Engineers Association

Number of Company stocks which is holder:

63.585 stocks

First designation: March 2000

End of the mandate: Year of 2007

Dr. Fernando Manuel Cardoso Malheiro da Fonseca Santos

Executive Director.

Functions he exercises in other companies:

Director of ELAO – SGPS, S.A.

Qualifications and professional activities:

Degree in Law by the Universidade Clássica de Lisboa
- Advocacy

Number of Company stocks which is holder:

189.455 stocks

First designation: November 2000

End of the mandate: Year of 2007

Professor Doutor António do Pranto Nogueira Leite

Executive Director.

Functions he exercises in other companies:

- Professor, Faculdade de Economia, Universidade Nova de Lisboa;
- Chairman of the Geral Board of OPEX, SGMVM, SA
- Chairman of the Board of Directors of GlobalUnion, S.A.
- Director of CUF – SGPS, SA, Brisa, SA, Comitur – SGPS, SA
- Member of the Consultative of Banif – Banco de Investimentos
- Voting member of the Direction of IPRI

Qualifications and professional activities:

Degree in Economics, Universidade Católica Portuguesa, 1983

MSc in Economics, University of Illinois (EUA), 1986

PhD in Economics, University of Illinois (EUA), 1988

Aggregation in Microeconomic, Universidade Nova de Lisboa

Number of Company stocks which is holder:

46.142 stocks

First designation: March 2002

End of the mandate: Year of 2007

Dr. Rui Miguel de Freitas e Lamego Ferreira

Executive Director.

Functions he exercises in other companies:

- Manager of Four Tops Investments Portugal – Gestão Imobiliária, Unipessoal, Lda., Four Tops Investments – Engenharia e Gestão Financeira, Unipessoal, Lda., Inventum, SGPS, Lda. and Inventum – Serviços de Consultoria e Gestão Financeira, Unipessoal, Lda.

Qualifications and professional activities:

Degree in Mathematics

Specialisation in Information Systems

Specialisation in Operational Research
Post-Graduation in Company Management

Number of Company stocks which is holder:

51.912 stocks

First designation: May 2004

End of the mandate: Year of 2007

• Independent Members of the Board of Directors:

The Prof. Doutor António do Pranto Nogueira Leite is, since 11.04.2002, and Dr. Rui Miguel de Freitas e Lamego Ferreira, since 11.05.2004, independent in relation to the reference shareholders. Considering the Company that is a reference shareholder the shareholder who holds direct or indirectly more than 2% of the votes.

2. There is no Executive Commission, because all the members of the Board of Directors have presently executive functions.

3. Description of the functioning of the Boards of Directors

The Board of Directors meet every time it is convoked by the Chairman or by a director and obligatorily once a semester. During the exercise of 2005 it formally met 8 times and, informally, in an average of more than once a month.

There is no incompatibility list defined internally by the Board of Directors nor a maximum of accumulative positions by the directors in administration organ of other companies.

4. The remuneration of the administration organ holders for the exercise of 2005 did not depend of the Company result or of the share quotation evolution.

The Company Statutes, however, imply in the number 8 of article 13, that the remuneration of the administration organs members can be fixed or be, partially, a percentage of the exercise profits, the profits percentage globally designated to the directors can not exceed ten per cent.

So, and once the Directors remuneration is fixed annually by the Commission of Remuneration elected in general shareholders assembly, as implied in the number 7 of article 13, it is predictable that given the CMVM recommendation the same will be taken into consideration, changing in that conformity the determination of the mentioned remuneration.

5. The remuneration of Reditus Directors, that also exercise functions in shared, are 399.279 Euro.

The remuneration total of the Company Administration Organs ad of all the shared is 609.213 Euro, which distribution by performed functions is the following:

- Functions in Operational Area: 359.687 Euro
- Functions in Financing Area: 228.813 Euro
- Functions non Executive: 20.713 Euro

VI. LIST OF HOLDERS OF QUALIFIED SHAREHOLDING; CALCULATED IN THE TERMS OF ART. 20° OF THE CVM

| LISORTA – Ass. Técnica, Lda. | Number of Shares | % Of Voting Rights |
|--|-------------------------|---------------------------|
| Directly | 1.074.699 16 | 53% |
| Through Dr. José Carlos Moreira Rato who is Director of the shareholder | 79.117 | 1,22% |
| Total holding | 1.153.816 | 17,75% |

| ELAO – SGPS, S.A. | Number of Shares | % Of Voting Rights |
|---|-------------------------|---------------------------|
| Directly | 910.261 | 14,00% |
| Through Dr. Fernando da Fonseca Santos, Director of the Company, who is Director of the shareholder | 189.455 | 0,98% |
| Through Engº. José António da Costa Limão Gatta, Director of the Company, who is Director of the shareholder | 63.585 | 0,99% |
| Total holding | 1.163.301 | 17,90% |

| TORA – Sociedade Imobiliária, S.A. | Number of Shares | % Of Voting Rights |
|---|-------------------------|---------------------------|
| Directly | 9.750 | 0,15% |
| Through Engº. José Manuel Moreira Rato who is é President of the Board of Directors of the shareholder | 8.519 | 0,13% |
| Through Dr. José Carlos Moreira Rato who is Director of the shareholder | 79.117 | 1,22% |
| Through Dr. Frederico José Moreira Rato who is Director of the shareholder | 293.650 | 4,52% |
| Total holding | 391.353 | 6,02% |

| DR. FREDERICO JOSÉ APLETON MOREIRA RATO | Number of Shares | % Of Voting Rights |
|--|-------------------------|---------------------------|
| Directly | 293.650 | 4,52% |
| Total holding | 293.650 | 4,52% |

| DR. FERNANDO MANUEL CARDOSO MALHEIRO DA FONSECA SANTOS | Number of Shares | % Of Voting Rights |
|---|-------------------------|---------------------------|
| Directly | 189.138 | 2,91% |
| Total holding | 189.138 | 2,91% |

During the exercise of 2005:

- On the 01-06-2005, the Banco Millennium BCP Investimento, S.A. increased its share to 133.779 stocks, corresponding to 2,05% of the social capital; on the 04-10-2005, decreased that share to 65.447 stocks, corresponding to 1,01% of the social capital;
- The shareholder Lisorta acquired 187.708 stocks, increasing its share to 1.074.699 stocks, corresponding to 16,53% of the social capital;
- Dr. Nelson Maia Oliveira gave up of his share totality, directly and indirectly, not holding any share in his name nor in the name of the Companhia da Ria, SA.

LEGAL CERTIFICATION AND AUDIT REPORT OF THE CONSOLIDATED ACCOUNTS

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

Introduction

1. In the terms of the applicable legislation, we present the Accounts Legal Certification and the Audit Report about the financing information of the Management Report and in the consolidated financial demonstrations attached to the exercise ended on 31st December 2005, of Reditus, Sociedade Gestora de Participações Sociais, SA (forward also designated as Company), of which are part: the Balance Sheet on 31st December 2005 (which displays a total of 26 352 761 Euro and a total of proper capital of 3 147 220 Euro, including a positive net result of 2 659 395 Euro), the consolidated Demonstration of the results by nature and the consolidated Demonstration of the cash of the exercise ended in that date and the corresponding Appendixes.

Responsibilities

2. It is the Board of Directors of Reditus, Sociedade Gestora de Participações Sociais, SA responsibility: (i) the preparation of financing consolidated demonstrations that present in a true and appropriate way the financial position of the companies joint included in the consolidation, the consolidated result of its operations and the consolidated cash flows; (ii) the preparation of historical financial information, that is in agreement with the accounting principles generally accepted and that is complete, true, actual, clear, objective and licit, as demanded by the Código dos Valores Mobiliários; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of a appropriate internal control system; and (v) to give information about any relevant fact that might influence the companies joint activity included in the consolidation, its financing position or its results.

3. Our responsibility is to check the financing information included in the documents of accounts provision mentioned above, designedly if it is complete, true, actual, clear, objective and licit, as is demanded by the Código dos Valores Mobiliários, being our job to issue a professional and independent report based on our examination. We did not audit directly the financing demonstrations of a companies joint included in the consolidation by the integral method.

Ambit

4. The examination we made was in accordance with the Normas Técnicas e Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, which demand that the same is planned and executed with the objective of obtaining an acceptable safety degree if consolidated financing demonstrates are free from distortions materially relevant. The mentioned examination included: (i) the verification of the companies financing demonstrations included in the consolidation having been properly examined and, for the significant cases in which were not, the verification, in a sample basis, of amounts supports and spread present in it and the evaluation of the estimates, based in opinions and criteria defined by the Boards of Directors of those companies used in its preparation; (ii) the verification of the consolidated operations; (iii) the appraisal about if are adequate to the adopted accounting policies and its spread, taking into account the circumstances; (iv) the verification of the applicability of the continuity principle; (v) the appreciation about if it is adequate, in global terms, the

financing demonstrations presentation; and (vi) the appreciation if the financing information is complete, true, actual, clear, objective and licit.

5. Our examination also consisted of the verification of the consolidated financing information concordance feature in the Management Report with the other accounts providing documents.

6. We believe that the developed work gives an acceptable basis to the issue of this report about the expression of our opinion.

Opinion

7. In our opinion, the mentioned consolidated financing demonstrations present in a true and appropriated way, in all the relevant aspects, the consolidated financing position of Reditus, Sociedade Gestora de Participações Sociais, SA, on 31st December 2005, the results of its operations and consolidated cash flows in the exercise ended in that date, in conformity with the accounting principles generally accepted and the information is complete, true, actual, clear, objective and licit.

Emphasis

8. Without affecting the expressed conclusions of the previous paragraph, should be referred that:

8.1. In the exercise of 2005, as mentioned in note 2 of the appendix to the consolidated financing demonstrations, the mentioned financing demonstrations were prepared, by the first time, in agreement with the International Norms of Financing Report, such as adopted in the European Union (“IAS/IFRS”). The transition date for the IAS/IFRS was reported on the 1st January 2004, according with the established in IFRS 1 – “*First Adoption of the International Norms of Financing Report*”, in the financing demonstrations of 31st December 2005, the financing information comparative referring to the exercise of 2004 was re-expressed in conformity with the IAS/IFRS.

8.2. The consolidated financial demonstrations referring to 31st December 2004, prepared in agreement with the principles regarding the accounts generally accepted in Portugal and examined by us were matter of opinion containing a relative reservation to the recognition in Intangible Fixed assets attributed to brands, clients, staff transference and respective Know-how, explored by the Group. In 2005 the regularisation of those amounts was made.

Lisbon, 1st March 2006

Manuel Rui dos Santos Caseirão, in representation of
Barroso, Dias, Caseirão & Associados - SROC
(Registered in the CMVM Register of Auditors under the 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 the performance of our legal and statutory duties, we monitored during the exercise of 2005, Reditus, Sociedade Gestora de Participações Sociais, S.A consolidated activity, examined regularly the books, accounting records and other documentation, we noted the compliance with the law and the statutes and obtain from the Board of Directors the requested clarifications, information and documents. The Internal Audit Board assessed the final Report of BDC (Chartered Accounts which are member of this Board) about the performed audit, which content deserved our agreement and which, under the terms of the law, shall hereby form an integral part of the present report.

The consolidated Balance Sheet, the consolidated Results Demonstrations by natures, the consolidated Cash Flows Demonstration, the corresponding Appendixes and the Consolidated Management Report, reed in conjunction with the Legal Qualification of Accounts and Audit Report, enable an adequate understanding of the financing situation of the results of the companies joint 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 Demonstrations if the Consolidated Results nature, the Consolidated Demonstration of the Cash Flows and the corresponding Appendixes, presented by the Administration, relating to the exercise ended on 31st December 2005 be approved.

Lisbon, 1st March 2006

THE INTERNAL AUDIT BOARD

Dr. Rui António Nascimento Gomes Barreira – Chiaram

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

Dr. Manuel Rui dos Santos Caseirão, in representation of
Barroso, Dias, Caseirão & Associados - SROC