Accounts

NOVABASE
simpler & happier

Consolidated Financial Statements
for the year ended 31 December 2014

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

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I. CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2014

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

Consolidated Statement of Financial Position as at 31 December 2014

(Amounts expressed in thousands of Euros)

	Note	31.12.14	31.12.13
Assets			
Non-Current Assets			
Property, plant and equipment	7	5,570	6,120
Intangible assets	8	30,663	32,095
Investments in associates	9	871	961
Financial assets at fair value through profit or loss	10	1,544	1,256
Deferred income tax assets	11	17,228	14,901
Other non-current assets	41	7,770	4,868
Total Non-Current Assets		**63,646**	**60,201**
Current Assets			
Inventories	12	4,943	8,925
Trade and other receivables	14	91,645	87,975
Accrued income	15	22,047	12,421
Income tax receivable		2,223	2,236
Derivative financial instruments	16	88	514
Other current assets	17	5,148	4,470
Financial assets held for trading	18	-	5,015
Cash and cash equivalents	19	20,714	32,942
Total Current Assets		**146,808**	**154,498**
Assets for discontinued operations	5	-	-
Total Assets		**210,454**	**214,699**
Equity			
Share capital	20	15,701	15,701
Treasury shares	20	(29)	(295)
Share premium	20	43,560	43,560
Reserves and retained earnings	21	24,493	23,756
Profit for the year		3,112	7,510
Total Equity attributable to owners of the parent		86,837	90,232
Non-controlling interests	22	12,431	11,522
Total Equity		**99,268**	**101,754**
Liabilities			
Non-Current Liabilities			
Borrowings	23	9,989	14,031
Provisions	24	3,638	4,386
Deferred income tax liabilities	11	-	100
Other non-current liabilities	25	70	70
Total Non-Current Liabilities		**13,697**	**18,587**
Current Liabilities			
Borrowings	23	6,418	7,353
Trade and other payables	26	59,117	61,764
Income tax payable		967	89
Derivative financial instruments	16	1,323	77
Deferred income and other current liabilities	27	29,664	24,755
Total Current Liabilities		**97,489**	**94,038**
Liabilities for discontinued operations	5	-	320
Total Liabilities		**111,186**	**112,945**
Total Equity and Liabilities		**210,454**	**214,699**

THE ACOUNTANT THE BOARD OF DIRECTORS

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

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

Consolidated Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2014

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.14	12 M * 31.12.13
Continuing Operations			
Sales	5	67,811	78,282
Services rendered	5	153,044	138,548
Cost of sales	12	(61,854)	(67,165)
External supplies and services	28	(59,898)	(54,441)
Employee benefit expense	29	(86,305)	(79,808)
Restructuring costs	30	(1,522)	-
Other gains/(losses) - net	31	1,861	(556)
Depreciation and amortisation	32	(5,917)	(5,731)
Operating Profit		**7,220**	**9,129**
Finance income	33	1,830	3,253
Finance costs	34	(3,505)	(3,900)
Share of (loss)/profit of associates	35	(90)	73
Profit Before Income Tax		**5,455**	**8,555**
Income tax expense	36	(857)	693
Profit from continuing operations		4,598	9,248
Discontinued operations			
Profit from discontinued operations	5	211	-
Profit for the Year		**4,809**	**9,248**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**4,809**	**9,248**
Profit attributable to:			
Owners of the parent		3,112	7,510
Non-controlling interests	22	1,697	1,738
		4,809	9,248
Total comprehensive income attributable to:			
Owners of the parent		3,112	7,510
Non-controlling interests	22	1,697	1,738
		4,809	9,248
Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)			
Basic earnings per share			
From continuing operations	37	**0.09 Euros**	**0.24 Euros**
From discontinued operations	37	**0.01 Euros**	**Zero Euros**
From profit for the year	37	**0.10 Euros**	**0.24 Euros**
Diluted earnings per share			
From continuing operations	37	**0.09 Euros**	**0.24 Euros**
From discontinued operations	37	**0.01 Euros**	**Zero Euros**
From profit for the year	37	**0.10 Euros**	**0.24 Euros**

12 M * - period of 12 months ended

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

Consolidated Statement of Changes in Equity
for the year ended 31 December 2014

(Amounts expressed in thousands of Euros)

	Note	Attributable to owners of the parent							
		Share capital	Treasury shares	Share premium	Legal reserves	Stock options reserves	Reserves and retained earnings	Non-controlling interests	Total Equity
Balance at 1 January, 2013		**15,701**	**(371)**	**43,560**	**3,042**	**130**	**38,215**	**10,613**	**110,890**
Total comprehensive income for the year		-	-	-	-	-	7,510	1,738	9,248
Transactions with owners									
Dividends	21, 22	-	-	-	-	-	(18,483)	-	(18,483)
Legal reserve		-	-	-	98	-	(98)	-	-
Treasury shares movements	20	-	76	-	-	-	387	-	463
Share-based payments	20, 29	-	-	-	-	196	-	-	196
Foreign currency translation reserve		-	-	-	-	-	(433)	(398)	(831)
Transactions with owners		-	76	-	98	196	(18,627)	(398)	(18,655)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	702	(431)	271
Balance at 31 December, 2013		**15,701**	**(295)**	**43,560**	**3,140**	**326**	**27,800**	**11,522**	**101,754**
Balance at 1 January, 2014		**15,701**	**(295)**	**43,560**	**3,140**	**326**	**27,800**	**11,522**	**101,754**
Total comprehensive income for the year		-	-	-	-	-	3,112	1,697	4,809
Transactions with owners									
Dividends	21, 22	-	-	-	-	-	(6,269)	(1,394)	(7,663)
Treasury shares movements	20	-	(20)	-	-	-	(132)	-	(152)
Share-based payments - stock options exercise	20	-	286	-	-	(278)	(8)	-	-
Share-based payments	20, 29	-	-	-	-	106	-	-	106
Change in consolidation universe	22	-	-	-	-	-	-	16	16
Foreign currency translation reserve		-	-	-	-	-	(192)	590	398
Transactions with owners		-	266	-	-	(172)	(6,601)	(788)	(7,295)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 31 December, 2014		**15,701**	**(29)**	**43,560**	**3,140**	**154**	**24,311**	**12,431**	**99,268**

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

Consolidated Statement of Cash Flows
for the year ended 31 December 2014

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.14	12 M * 31.12.13
Cash flows from operating activities			
Cash receipts from customers		207,596	215,143
Cash paid to suppliers and employees		(205,982)	(204,138)
Cash generated from operations		1,614	11,005
Income taxes paid		(586)	(1,469)
Other operating payments		(2,396)	(2,189)
		(2,982)	(3,658)
Net Cash generated / (used) in operating activities		**(1,368)**	**7,347**
Cash flows from investing activities			
Receipts:			
Proceeds on disposal of subsidiaries and associates		2,479	2,283
Loan repayments received from associates		3,343	498
Transactions with non-controlling interests		-	251
Proceeds on disposal of financial assets held for trading	18	10,034	15,000
Proceeds on disposal of property, plant and equipment		20	46
Interest received		660	820
		16,536	18,898
Payments:			
Acquisition of subsidiaries and associates		(286)	(224)
Loans granted to associates		(2,902)	(4,009)
Transactions with non-controlling interests		-	(151)
Purchases of financial assets held for trading	18	(5,019)	(10,015)
Purchases of property, plant and equipment		(1,102)	(1,755)
Purchases of intangible assets		(2,033)	(3,406)
		(11,342)	(19,560)
Net Cash generated / (used) in investing activities		**5,194**	**(662)**
Cash flows from financing activities			
Receipts:			
Proceeds from borrowings		3,100	9,568
Capital contribution by non-controlling interests (i)		35	2,350
		3,135	11,918
Payments:			
Repayments of borrowings		(8,389)	(4,806)
Dividends paid	21, 22	(7,663)	(18,483)
Payment of finance lease liabilities		(1,336)	(1,551)
Interest paid		(1,339)	(1,249)
Purchase of treasury shares	20	(392)	-
		(19,119)	(26,089)
Net Cash used in financing activities		**(15,984)**	**(14,171)**
Cash, cash equivalents and bank overdrafts at beg. of year	19	**32,942**	**40,452**
Net increase / (decrease) of cash, cash equivalents and bank overdrafts		**(12,158)**	**(7,486)**
Effect from exchange rate fluctuations on cash held		**(70)**	**(24)**
Cash, cash equivalents and bank overdrafts at end of year	19	**20,714**	**32,942**

12 M * - period of 12 months ended

(i) 2014: NBMSIT, Sist. De Inf. E Tecnol., S.A. (Mozambique). 2013: FCR NB Capital Inovação e Internacionalização.

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2014

1. General information

Novabase, Sociedade Gestora de Participações Sociais, SA (hereunder referred to as Novabase or Group), with its head office in Av. D. João II, 34, Parque das Nações, 1998-031 Lisbon, Portugal, holds and manages financial holdings in other companies as an indirect way of doing business, being the Holding Company of Novabase Group.

Novabase's activity is structured around six industries - Telecoms & Media, Financial Services, Government & Healthcare, Energy & Utilities, Aerospace & Transportation and Manufacturing & Services.

Novabase's activity is aggregated into 3 business areas:

(i) **Business Solutions (BS)** - This area of Novabase incorporates a number of competencies with technology, management, design and business expertise.

(ii) **Infrastructures & Managed Services (IMS)** - This area of Novabase focuses its engineering and consulting expertise in Information and Communication Technologies (ICT) to design, plan and deploy complex infrastructures as well as transform, manage, operate and optimize these assets through comprehensive projects such as outsourcing services. During 2011, and for the purpose of developing and focusing its growth on services and expanding internationally, IMS restructured its offer by consolidating its areas of Intelligent Infrastructures and IT Management solutions. Now with just one IMS Solutions portfolio, it still specializes in engineering solutions and IT management, but focusing on ongoing services for operations, maintenance and management, in particular areas involving infrastructure outsourcing.

(iii) **Venture Capital (VC)** - This area develops a corporate venture capital activity throughout Novabase Capital, Sociedade de Capital de Risco, S.A., which has as main purpose to identify and support Portuguese ICT business projects, in early development or expanding, with high value potential and synergies with Novabase. Novabase Capital has ownership in three venture capital funds: FCR Novabase Capital, FCR Novabase Capital Inovação e Internacionalização and FCR IStart I (the first two managed by Novabase Capital).

Novabase is listed on the Euronext Lisbon.

The share capital is represented by 31,401,394 shares (2013: 31,401,394 shares), and all shares have a nominal value of 0.5 Euros each.

These consolidated financial statements were approved for issue by the Board of Directors on March 26, 2015. In the opinion of the Board of Directors these financial statements fairly present the Group operations, as well as its financial position, financial performance and cash flows.

These financial statements will be approved in the General Meeting of Shareholders.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1. Basis of preparation

The consolidated financial statements of Novabase have been prepared in accordance with International Financial Reporting Standards - IFRS, as adopted by the European Union (EU) as at 31 December 2014.

Standards and interpretations that became effective as of 1 January 2014

A number of standards and interpretations became effective as of 1 January 2014 and are not material for the Group, except the following:

• **IFRS 12 (new)**, 'Disclosure of interest in other entities' (to be applied in EU at the latest in the annual periods beginning on or after 1 January 2014). This standard sets out the required disclosures for all types of interests in other entities, such as: subsidiaries, joint arrangements, associates and structured entities, to allow the evaluation of the nature, risks and financial effects associated with entity's interests. The impact of the adoption of this standard refers to additional disclosures as presented in note 6.

New standards, amendments to existing standards and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 July 2014 or later periods, but that the Group has not early adopted

It is not expected that new standards, amendments to existing standards and interpretations not yet mandatory and not early adopted have a significant impact on the consolidated financial statements of the Group, except the following set out below, for which the Group is yet to assess full impact:

• **IAS 1 (amendment)**, 'Disclosure initiative' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment provides guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

• **Annual Improvement 2010 - 2012**, (generally effective for annual periods beginning on or after 1 July 2014). These improvements are still subject to endorsement by European Union. The 2010-2012 annual improvements affects: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The Group will apply 2010-2012 annual improvements in the period it becomes effective.

• **Annual Improvement 2011 - 2013**, (effective in European Union for annual periods beginning on or after 1 January 2015). The 2011-2013 annual improvements affects: IFRS 1, IFRS 3, IFRS 13 and IAS 40. The Group will apply 2011-2013 annual improvements in the period it becomes effective.

• **Annual Improvement 2012 - 2014,** (effective for annual periods beginning on or after 1 January 2016). These improvements are still subject to endorsement by European Union. The 2012-2014 annual improvements affects: IFRS 5, IFRS 7, IAS 19 and IAS 34. The Group will apply 2012-2014 annual improvements in the period it becomes effective.

• **IFRS 15 (new)**, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017). This standard is still subject to endorsement by European Union. This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach.

The Group's consolidated financial statements have been prepared in the assumption of the continuity of operations, based on the historical cost convention except for 'Financial assets at fair value through profit or loss', 'Derivative financial instruments' and 'Financial assets held for trading', which are measured at its fair value (notes 10, 16 and 18).

The preparation of financial statements in conformity with the accounting policies referred above requires the use of certain critical estimates and assumptions which impact on the reported values for assets and liabilities, and for income and expenses presented for the year. Nevertheless the Management usage of its best judgement at the time of the decision, the final results can differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The Board of Directors believes that the estimates and assumptions adopted do not bear significant risks from which can result material adjustments to assets and liabilities value.

2.2. Consolidation

The consolidated financial statements, as of 31 December 2014, include assets, liabilities and results of the Group companies, understood as Novabase and its subsidiaries and associates, which are presented in note 6.

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to manage the relevant activities, that is, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, and the fair value of the acquirer's previously held equity interest in the acquiree before control is transferred to the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the acquisition cost, the fair value of the acquirer's previously held equity interest in the acquiree before control is transferred to the Group and the fair value of non-controlling interest, over the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If the acquisition cost, the fair value of the acquirer's previously held equity interest in the acquiree before control is transferred to the Group and the fair value of non-controlling interest, is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date, regardless of the probability of occurring. Subsequent changes to the fair value of the contingent consideration do not affect goodwill (except those made up to 12 months from the date of acquisition).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Transactions with non-controlling interests

Non-controlling interests corresponds to the proportionate share of the recognised amounts of acquiree's identifiable assets acquired and liabilities and contingent liabilities assumed, which are not directly or indirectly attributable to Novabase. Transactions with non-controlling interests are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

In any transaction with non-controlling interests, the difference between any consideration paid and the carrying amount of the relevant share acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset.

(3) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed when necessary to ensure consistency with the policies adopted by the Group.

2.3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is the responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, delegated by the Board of Directors.

An operating segment is a component or set of components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Executive Committee and for which discrete financial information is available.

The Group's activity is monitored in 3 distinct segments, Business Solutions, IMS and Venture Capital. For the purpose of preparing this information, Novabase S.G.P.S. (company that includes the top management of the Group) and Novabase Serviços (company that includes the Group's shared services) are considered as part of the Business Solutions operating segment.

2.4. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in thousands of euros (EUR thousand). Euro is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit and loss and other comprehensive income as part of the fair value gain or loss. Translation differences on monetary items, such as equities classified as available-for-sale financial assets, are included in reserves in equity.

The main exchange rates applied on the reporting date are those listed below:

Euro foreign exchange reference rates	**Rate on**		**Average rate**	
(x foreign exchange units per 1 Euro)	**31.12.14**	**31.12.13**	**2014**	**2013**
• Angolan Kwanza (AOA)	128.6326	138.6644	133.3070	133.3224
• Mozambican Metical (MZN)	40.5024	41.3041	40.6593	38.5227
• US Dollar (USD)	1.2141	1.3791	1.3331	1.3252
• Emirati Dirham (AED)	-	-	4.9028	4.8657
• British Pound (GBP)	0.7789	0.8337	0.8064	0.8472

(3) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities at the reporting date are translated at the closing exchange rate in force at the reporting date;

(ii) income and expenses in results are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of profit and loss and other comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5. Property, plant and equipment

Property, plant and equipment comprise mainly buildings and other constructions (construction works done in 'Edifício Caribe', the Company's headquarter, and in the facilities of the logistics unit), basic and transport equipment. Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items (purchase price and all the expenses supported direct or indirectly to bring the asset to its current condition).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method, over their estimated useful lives, as follows:

	N.º of years
• Buildings and other constructions	3 to 50
• Basic equipment	3 to 4
• Transport equipment	4
• Tools and utensils	4
• Furniture, fittings and equipment	3 to 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are included in profit or loss.

2.6. Intangible assets

(1) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'Investments in associates'.

Goodwill (that has an undetermined useful life), is carried at cost less accumulated impairment losses, being tested annually for impairment, in the second half of the year. Impairment losses on Goodwill are recognised whenever its carrying amount exceeds its recoverable amount, and are not reversed. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each operating segment in which Novabase operates: Business Solutions, IMS and Venture Capital. Additionally, for the purpose of impairment tests of Goodwill not allocated to those cash-generating units, the Group identified cash generating units at the level of each subsidiary/associate acquired.

(2) Internally generated intangible assets

Investigation expenses in the search of new technical and scientific knowledge are recorded in the statement of profit and loss and other comprehensive income as and when incurred. Development expenses are accounted as intangible fixed assets when: i) it is technically feasible to complete the asset or process; ii) Group is able to complete its development and intends to do so; iii) market viability is assured and iv) its cost can be reliably measured.

These assets are recorded at its production or acquisition cost, which include the acquisition cost of the assets plus employee costs directly involved in the production or outsourcing costs incurred for the same purpose, as well as an appropriate portion of relevant overheads.

Amortisation is calculated using the straight-line method, for periods between 3 to 10 years. Impairment of internally generated assets in progress is tested at the reporting date.

(3) Industrial property and other rights

Industrial property and other rights are shown at historical cost. These assets have a finite useful life and are recognised at cost less accumulated amortisation for a period between 3 to 10 years. Amortisation is calculated using the straight-line method to allocate the cost of the industrial property and other rights over their estimated useful lives.

(4) Work in progress

Intangible assets in progress refer to, mainly, the ongoing internal development of software products.

2.7. Financial assets and liabilities

The financial assets and liabilities are recognised in the date of the negotiation or contract, except if there is a contractual or legal stipulation in contrary, saying that the rights and obligations related with the amounts transacted are transferred to a different date. In this case, the relevant date is the last.

In the initial moment, the financial assets and liabilities are recognised by their fair value. The fair value is the amount that a determined asset or liability can be transferred or paid between entities both knowing and interested in doing the transaction. In the contracted date, the fair value is usually the amount of the transaction.

These assets are derecognised when i) contractual rights to receive cash flows have expired, ii) the Group has transferred substantially all risks and rewards of ownership or iii) nevertheless, maintains a part but not substantially all the risks and rewards of ownership, the Group has transferred the control of the assets.

The fair value is based in current bid prices, or in valuation methods and techniques (if the market for the financial asset is not active). A market is considered active if regular transactions occur.

The Group classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) available-for-sale financial assets and (iv) financial assets held for trading. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reassesses that classification at each reporting date.

(1) Financial assets and liabilities at fair value through profit or loss

A financial asset or financial liability at fair value through profit or loss is a financial asset that, at the time of initial recognition, is managed and its performance evaluated on a fair value basis, in accordance with a documented risk or investment management. Information about the group is provided internally to key elements in the Group management on that basis. The fair value is calculated using the method of discounted cash flows, with the changes in fair value recognised in profit or loss in the period in which they occur.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortised cost accordingly to the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are included in the current assets in 'Trade and other receivables' and 'Accrued income' headings and in non-current assets in 'Other non-current assets' heading.

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that: (i) the Group intends to maintain for undetermined period of time, (ii) are designated in this category in the moment of initial recognition or (iii) are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of it within 12 months of the end of the reporting period.

Investments are initially recognised at fair value. When the medium term expectations point to a significant decline in the fair value of the security below its cost, an impairment loss is recognised in the statement of profit and loss and other comprehensive income.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities. Dividends on available-for-sale equity instruments are recognised in the statement of profit and loss and other comprehensive income under 'Finance income' heading, when the Group's right to receive payments is established.

The fair values of listed investments are based on current market prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value by using valuation techniques. These techniques include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer’s specific circumstances.

(4) Financial assets held for trading

A financial asset held for trading is an asset that is acquired with the purpose of being sold in the short term. Gains and losses arising from changes in the fair value are included in profit or loss in the period in which they occur.

2.8. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are allocated by segment, given that it is at this level that management monitors its return on investment.

2.9. Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial or a group of financial assets is impaired.

(1) Available-for-sale financial assets

In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the instruments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit and loss and other comprehensive income. Impairment losses on equity instruments recognised in profit or loss are not reversed through profit or loss, unless if, in a subsequent period, the amount of the impairment loss decreases by any event occurred after the date in which it was recognised.

(2) Trade receivables, other debtors and other financial assets

In the case of other financial assets that show objective impairment evidence, their present value is determined, and an impairment loss (which is considered the difference between the asset's present value of estimated future cash flows and the carrying amount) is recognised in the statement of profit and loss and other comprehensive income. Several indicators are used to identify if there is objective evidence of impairment, such as:

(i) the Group is not able to collect amounts according to the original terms of the receivables;

(ii) the Group is not able to collect amounts due over 6 months;

(iii) significant financial difficulties of the debtor;

(iv) it becomes probable that the debtor will enter bankruptcy or other financial reorganization.

The amount of the impairment allowance is measured as the difference between the asset's present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, and its carrying amount and is recognised in the statement of profit and loss and other comprehensive income within 'Other gains/(losses) - net'. The carrying amount of the asset is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the same allowance account. Subsequent recoveries of amounts previously written off are credited against 'Other gains/(losses) - net' in the statement of profit and loss and other comprehensive income.

2.10. Inventories

Inventories include merchandise, raw materials and subsidiary goods and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11. Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

2.12. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.13. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options of the Company and its subsidiaries are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or stock options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Where the Company or any Group companies acquire treasury shares of parent company, they are recorded at cost and the consideration paid is deducted from the equity attributable to owners of the parent until the shares are cancelled, reissued or sold. When such shares are subsequently sold or reissued, any consideration received is included in equity attributable to owners of the parent.

2.14. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest costs on borrowings are included in the statement of profit and loss and other comprehensive income under 'Finance costs' heading.

2.15. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. The current income tax charge is calculated on the basis of profit before income tax, adjusted according to the tax laws enacted at the reporting date.

Deferred income tax is recognised, using the liability method at the reporting date, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16. Employee benefits

Bonus

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company’s employees after certain adjustments.

Obligations for vacation, vacation subsidy and Christmas subsidy

In accordance with Portuguese legislation, employees have, annually, the right to receive two months of salary, for a vacation period and a vacation subsidy, right earned in the previous year to its settlement. The employees also have, annually, the right to a Christmas subsidy, which is earned over the year and paid each December. These obligations are recorded in the respective period in which the right is earned, regardless its payment date.

Stock options

The Group rewards the services rendered by some employees through an equity-settled stock option plan. The fair value of the services received is recognised as cost in the statement of profit and loss and other comprehensive income against an increase in equity, over the vesting period. The amount registered as cost represents the fair value of the stock option attributed, estimated based only on market conditions. Acquisition conditions, different from market conditions, were used to estimate the number of options vested at the end of acquisition period. At each reporting date, the entity revises its estimates of the number of options expected to become exercisable, and recognises the impact of the revision to original estimates in profit or loss, with a corresponding adjustment to equity.

2.17. Provisions

Provisions are recognised at the reporting date when: i) the Group has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation and; iii) the amount has been reliably estimated. Provisions for restructuring include all liabilities to be paid, namely employee termination payments. These provisions do not include any estimated future operating losses or estimated profits from the disposal of assets.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Note 24 gives information about the type of provisions.

2.18. Trade and other payables

Trade and other payables balances are obligations to pay goods or services that have been acquired in the ordinary course of the business. They are initially recognised at fair value and subsequently at amortised cost accordingly with the effective interest rate method.

2.19. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax (V.A.T.), rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Software products are usually sold without a right of return. However, if there is any chance of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Sales of services

Revenue from consulting projects, classified as “time and materials” is recognised in the accounting period in which the services are rendered.

Revenue from consulting projects, classified as “fixed contract” (“turn key”) is recognised under the percentage-of-completion method based on total costs already incurred as a percentage of total estimated costs to be incurred until the end of the project, prepared by each project manager. According to this method, 'Accrued income' and 'Deferred income and other current liabilities' headings are adjusted in order to reflect the accurate result of each project at the end of each reporting period.

Revenue from outsourcing and maintenance projects is recognised linearly over the period of the contract, where there are no significant and specific activities foreseen.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20. Subsidies

Government subsidies are recognised at fair value, when there is high likelihood that the subsidy will be received and the Group fulfils all the requirements to receive it.

Non-refundable subsidies to finance development projects are recorded as a liability at the reporting date, in 'Deferred income and other current liabilities' heading and are recognised in profit or loss of each period by the useful life of the financed assets.

Operating subsidies are aimed to recovering the costs, incurred and recorded, with training initiatives and projects of research of new technological and scientific knowledge, and are recognised in the statement of profit and loss and other comprehensive income as the related expenses are incurred, regardless of when the subsidy is received.

2.21. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the period of the lease.

Lease contracts for tangible assets where the Group has substantially all the risks and benefits of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are recorded under liabilities (current and non-current). The interest element of the finance cost is expensed over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period. Tangible assets acquired under finance leases are depreciated over the shorter of the useful life and the lease term.

2.22. Derivative financial instruments

Novabase uses derivative financial instruments to hedge foreign exchange risks to which is exposed. The financial instruments used to manage this risk are the forward foreign exchange contracts. Novabase does not take speculative positions. The treasury department is responsible for managing derivative financial instruments, under the guidance of the Executive Committee. Derivative financial instruments are measured initial and subsequently by its fair value. The method of recognising the resulting gain or loss depends on the nature and objective of the item being hedged.

(1) Hedging derivatives

The possibility of qualifying a derivative financial instrument as a hedging instrument meets the criteria of IAS 39, namely, in what respect to the documentation required and effectiveness assessment, which is performed at the inception of the hedge and on an ongoing basis.

For hedging relationships designated as a net investment in a foreign operation hedge and that are determined to be an effective hedge, the gain or loss in the fair value of the hedging instrument is recognised in equity (under 'Foreign currency translation reserve' heading). The ineffective portion is recognised immediately as a financial result of the period.

The cumulative foreign exchange gains and losses relating to a net investment and its respective hedging operation, both registered in equity, are included in the consolidated statement of profit and loss and other comprehensive income when the foreign operation is disposed of, liquidated or discontinued, as an integral part of the gain or loss on sale.

Where the hedging relationship fails to comply with the qualifying criteria to be designated as hedge accounting, the fair value changes of the hedging instrument are recognised in profit or loss.

(2) Trading derivatives

Regarding the derivative financial instruments that, although complying with the Group's financial risk management policies, do not comply with all the requirements of IAS 39 to qualify for hedge accounting, the respective changes in fair value are included in the consolidated statement of profit and loss and other comprehensive income, under financial results, in the period in which they occur.

2.23. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.24. Comparatives

The consolidated financial statements for the year ended 31 December 2014 are comparable in all material aspects with the year 2013, and no changes in accounting policies have occurred when compared to those used for preparation of the financial statements of the previous year, presented for comparative effects.

3. Financial risk management policy

The Group's activities expose it to a variety of financial risks, namely, Foreign exchange risk, Cash flow and fair value interest rate risk, Credit Risk, Liquidity risk and Capital management risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, mainly arising from U.S. Dollar and Kwanza exposures, since some subsidiaries perform transactions in these currencies.

The finance department is responsible for the tracking of the exchange rate of the currencies mentioned above, in order to reduce the impact of the fluctuation in consolidated results. The group uses derivative financial instruments to hedge certain risk exposures (see note 16).

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December based on Group's financial assets and liabilities at carrying amounts, categorised by currency:

At 31 December 2013	**Euro**	**Dollar**	**Other**	**Total**
Assets				
Other non-current assets	4,868	-	-	4,868
Financial assets at fair value through profit or loss	1,256	-	-	1,256
Trade and other receivables	63,900	6,603	13,832	84,335
Accrued income	11,593	-	828	12,421
Derivative financial instruments	514	-	-	514
Financial assets held for trading	5,015	-	-	5,015
Cash and cash equivalents	27,857	91	4,994	32,942
	115,003	6,694	19,654	141,351
Liabilities				
Other non-current liabilities	70	-	-	70
Borrowings	21,384	-	-	21,384
Trade and other payables	53,754	3,928	4,082	61,764
Derivative financial instruments	77	-	-	77
Deferred income and other current liabilities	21,594	-	3,161	24,755
	96,879	3,928	7,243	108,050

At 31 December 2014	Euro	Dollar	Other	Total
Assets				
Other non-current assets	7,770	-	-	7,770
Financial assets at fair value through profit or loss	1,544	-	-	1,544
Trade and other receivables	65,174	6,807	13,615	85,596
Accrued income	20,673	-	1,374	22,047
Derivative financial instruments	88	-	-	88
Cash and cash equivalents	8,524	127	12,063	20,714
	103,773	6,934	27,052	137,759
Liabilities				
Other non-current liabilities	70	-	-	70
Borrowings	16,407	-	-	16,407
Trade and other payables	45,223	8,539	5,355	59,117
Derivative financial instruments	1,323	-	-	1,323
Deferred income and other current liabilities	26,116	-	3,548	29,664
	89,139	8,539	8,903	106,581

The Group uses a sensitivity analysis technique that measures the estimated changes in profit or loss and shareholders' equity of either an instantaneous 10% strengthening or weakening in Euro against all other currencies, from the rates applicable at 31 December 2014, for each class of financial instrument with all other variables held constant. This analysis has illustrative purposes only, as in practice market rates rarely change alone.

Under this assumption, with a 10% strengthening or weakening of Euro against all exchange rates, profit before income tax would have increased or decreased, respectively, by EUR 1,654 thousand in 2014 (2013: EUR 1,518 thousand).

b) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from finance investments in banks and bonds, and borrowings. Finance investments in banks and bonds are short term. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2014, 18% of the Group's borrowings were issued at fixed rates; all of the borrowings were denominated in Euros.

The Group uses a sensitivity analysis technique that measures the estimated changes in profit or loss and shareholders' equity of either an instantaneous increase or decrease of 0.5% (50 basis points) in market interest rates, from the rates applicable at 31 December 2014, for each class of financial instrument with all other variables held constant. This analysis has illustrative purposes only, as in practice market rates rarely change alone. The sensitivity analysis is based on the following assumptions:

(i) Changes in market interest rates affect the interest income or expense of variable interest financial instruments;

(ii) Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value;

(iii) Changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities;

(iv) Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows of net present values using appropriate market rates prevailing at the year end.

Under these assumptions, an increase or decrease of 0.5% in market interest rates, would impact respectively in an increase or decrease of profit before income tax of approximately EUR 34 thousand, in 2014, and in an increase or decrease, respectively, of approximately EUR 83 thousand, in 2013.

c) Credit Risk

Credit risk is managed, simultaneously, on business units' level, for the amounts of outstanding trade and other receivables, and on Group basis, for financial instruments. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently well rated parties are accepted. Credit risk management of trade and other receivables is based in credit limits, taking into account the financial position of the customer and past experience.

At 31 December 2014, the 60 customers with greater balances of the Group represented approximately 83% of the total balance (2013: 81%).

The distribution by geographical market of those customers is shown in the table below:

	31.12.14	31.12.13
Portugal	65%	65%
Germany	-	1%
Spain	2%	2%
Rest of Europe	7%	3%
Asia	-	2%
Middle East	3%	3%
Africa	23%	24%
	100%	100%

The distribution by business sector of those customers is shown in the table below:

	31.12.14	31.12.13
Telecommunications	48%	36%
Consumer electronics	2%	3%
Financial Services	20%	19%
Transport	2%	2%
Public Administration	6%	16%
Information Technology	13%	12%
Energy	6%	9%
Aeronautics	1%	2%
Other	2%	1%
	100%	100%

The table below shows the ratings attributed by Moody's Investors Services to the financial institutions with whom the Group as higher balances at 31 December 2014 (excluding financial institutions where net balance is negative):

	31.12.14	31.12.13
Ba3	4,171	28,190
B1	2,323	4,961
B2	1,761	-
	8,255	33,151

d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn committed borrowing facilities and cash and cash equivalents) on the basis of expected cash flows, taking into account the analysis of the remaining contractual maturity of the financial liabilities and the expected date of financial assets inflows. Additionally, a regular monitoring is made to the maturity concentration of borrowings and liabilities of the Group.

The plafond's of borrowings and factoring contracted by the Group are shown in the table below:

	Borrowings			Factoring
	Euro	Dollar	Kwanza	Euro
Novo Banco	7,000	2,500	-	-
Banco BPI (BPI)	15,250	-	-	-
Banco Santander Totta (Santander)	7,350	-	-	-
Barclays Bank (Barclays)	-	1,500	-	-
Banco de Fomento de Angola (BFA)	-	-	200,000	-
Banco Popular (Popular)	8,000	-	-	-
Banco BNP Paribas (BNP Paribas)	-	-	-	5,000
Banco BIC (BIC)	3,000	-	-	-
	40,600	4,000	200,000	5,000

e) *Capital management risk*

The Group’s objectives when managing capital, which is a broader concept than ‘equity’ in the consolidated statement of financial position, are:

(i) To safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;

(ii) To maintain a solid capital structure to support the development of its business;

(iii) To maintain an optimal capital structure to reduce the cost of capital.

Management monitors the Return on Capital (ROC) ratio, which the Group defines as the 'Operating Profit' divided by 'Total Equity', to measure the Group ability to generate cash flows related to the capital invested in its business.

	31.12.14	31.12.13
Operating Profit	7,220	9,129
Total Equity	99,268	101,754
Return on Capital	7.3 %	9.0 %

The Group has the objective to maintain ROC above the cost of capital (measured by WACC - weighted average cost of capital), which allows the Group to add value. The Group's WACC in 2014 is around 10.6% (2013: 10.4%). In 2014, the objective was not achieved because of the financial and economic crisis.

4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates by the Management, that affect assets, liabilities, and the disclosure of assets and contingent liabilities at the reporting date in the financial statements, as well as income and expenses during the reporting period, consequently future results can differ from the estimated ones. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgments considered more relevant in the preparation of these financial statements are presented below.

a) Analysis of impairment of goodwill

The Group tests annually, on the second half of the year, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, to forecast the cash flows of each cash-generating units, and the choice of a discount rate and a perpetual grow rate (see note 8).

b) Financial instruments measured at fair value

The fair value of financial instruments not quoted on an active market is determined based on valuation methods and financial theories. The use of valuation methodologies requires using assumptions, with some assumptions requiring the use of estimates. Therefore, changes in those assumptions could result in a change in the fair value reported.

c) Income taxes and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and the use of deferred tax assets and liabilities. Deferred tax assets and liabilities were determined based on tax legislation currently in effect for the Group's companies, or on legislation already published for future application. Changes in the tax legislation may influence the value of deferred taxes.

The Group recognises deferred tax assets related to tax incentives obtained under SIFIDE based on estimates. The final amount of these tax incentives is only known in future years based on the approval by the competent body of the Group's applications to these incentives. The amount of tax credits not yet approved reach EUR 1,553 thousand (2013: EUR 2,045 thousand).

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

d) Revenue recognition

Revenue recognition in respect of "turn key" projects is made by Management recurring to analysis and estimates of the current and future developments of consulting projects in place. These projections could have a different development in the future, from the present estimates performed by Management. Eventual changes in the estimates would be reflected under 'Accrued income' and 'Deferred income and other current liabilities' headings in the statement of financial position and under 'Services rendered' in the statement of profit and loss and other comprehensive income.

e) Warranties risk

The Group recognises a provision for warranties when the underlying products or services are sold. These provisions are established using historical information of nature, frequency and average costs of warranty claims. Any changes to estimates will impact the financial statements of the following year, under 'Provisions' in liabilities and 'Other gains/(losses) - net' in profit or loss.

f) Valuation allowance for impairment of trade and other receivables

Management maintains a valuation allowance for impairment of trade and other receivables, in order to reflect the estimated losses that result from clients' inability to make the required payments. When assuming the adequacy of an allowance for doubtful accounts, Management bases its estimates on the ageing of accounts receivable balances and historical write-off experience, customer credit worthiness and changes in customer payment terms. If the customer's financial conditions deteriorate, actual write-offs might be higher than expected.

g) Inventory impairment

The Group is exposed to inventory impairment as the result of changes in economic environment, due to operating in a very dynamic market. To manage this risk, the Group monitors market developments, as a way to identify the possible impact of those changes in its business.

h) Bonus

The Group recognises on a monthly basis an estimate for bonus and other variable remunerations, which considers the theoretical amounts agreed with employees, the monitoring of the expected objective's achievement rates and the general situation of the Company's business. The variable remuneration of the elements of the Board of Directors is set by the Remuneration Committee based on the evaluation of the previous year performance. Therefore, the cost estimate for the current exercise booked under 'Trade and other payables' heading, is prepared based on the Management's best estimate to the performance of the current year, where the actual final outcome is only known in the following exercise, after the Remuneration Committee's deliberation. More information about the Shareholders' remuneration can be found in the point regarding Remuneration, included in the Corporate Governance Report, which is an integral part of the Consolidated Annual Report.

5. Segment information

The companies considered in each operating segment are presented in note 6. For the purpose of preparing this information, Novabase S.G.P.S. and Novabase Serviços are considered as part of the Business Solutions segment.

	Business Solutions	IMS	Venture Capital	NOVABASE
At 31 December 2013				
Total segment Sales and services rendered	176,458	117,617	25,240	319,315
Inter-segment Sales and services rendered	74,149	19,173	9,163	102,485
Sales and services rendered	102,309	98,444	16,077	216,830
Depreciation and amortisation	(3,760)	(1,298)	(673)	(5,731)
Operating profit/(loss)	7,430	2,820	(1,121)	9,129
Finance costs – net	(476)	628	(799)	(647)
Share of (loss)/profit of associates (note 35)	-	-	73	73
Income tax expense	579	(613)	727	693
Profit/(Loss) from operations	7,533	2,835	(1,120)	9,248
Other information:				
(Provisions) / Provisions reversal	(3,070)	1,093	396	(1,581)

	Business Solutions	IMS	Venture Capital	NOVABASE	Discontinued operations
At 31 December 2014					
Total segment Sales and services rendered	177,444	132,440	5,571	315,455	-
Inter-segment Sales and services rendered	72,388	20,970	1,242	94,600	-
Sales and services rendered	105,056	111,470	4,329	220,855	-
Depreciation and amortisation	(4,263)	(1,367)	(287)	(5,917)	-
Operating profit/(loss)	2,988	3,009	1,223	7,220	211
Finance costs – net	(805)	(991)	121	(1,675)	-
Share of (loss)/profit of associates (note 35)	-	-	(90)	(90)	-
Income tax expense	702	(1,683)	124	(857)	-
Profit/(Loss) from operations	2,885	335	1,378	4,598	211
Other information:					
(Provisions) / Provisions reversal	(283)	1,092	380	1,189	-

The amount of discontinued operations reflects the completion of the closure process of the 'Mobility Solutions' area, discontinued during 2008, with a value lower than the one provisioned.

6. Companies included in consolidation

The companies consolidated by full method, as at 31 December 2014, were the following:

	Holding company and Subsidiaries	Head Office	Share capital 31.12.14	% Interest held 31.12.14	% Interest held 31.12.13
	Parent company:				
	Novabase S.G.P.S., S.A.	Lisbon - Portugal	€ 15,700,697	-	-
	Business Solutions:				
	Novabase Business Solutions, S.A.	Lisbon - Portugal	€ 3,466,000	100.0%	100.0%
	NBO Recursos em TI, S.A.	Lisbon - Portugal	€ 50,000	100.0%	100.0%
	Novabase Consulting SGPS, S.A.	Lisbon - Portugal	€ 11,629,475	100.0%	100.0%
	Novabase E.A., S.A.	Lisbon - Portugal	€ 150,000	100.0%	100.0%
	CelFocus, S.A.	Lisbon - Portugal	€ 100,000	55.0%	55.0%
	Nbase International Investments B.V.	Amsterd. - Netherl.	€ 1,220,800	100.0%	100.0%
	Novabase Solutions Middle East FZ-LLC	Dubai - UAE	€ 699,670	100.0%	100.0%
	Octal - Engenharia de Sistemas, S.A.	Lisbon - Portugal	€ 3,000,000	100.0%	100.0%
	Evolvespace Solutions, Lda.	Lisbon - Portugal	€ 5,000	100.0%	100.0%
	Binómio, Lda.	Lisbon - Portugal	€ 2,626	100.0%	100.0%
	NBMSIT, Sist. de Inf. e Tecnol., S.A.	Maputo - Mozambique	8,235,000 MZN	74.0%	74.0%
	Celfocus B. T. T. H. T. Limited Ş.	Istanbul - Turkey	100,000 TRY	55.0%	-
	IMS:				
	Novabase Infraestruturas, SGPS, S.A.	Lisbon - Portugal	€ 50,000	100.0%	100.0%
	Novabase IMS Infr. & Manag. Services, S.A.	Lisbon - Portugal	€ 70,500	100.0%	100.0%
	Novabase Sistemas de Informacion, S.A.	Madrid - Spain	€ 1,000,000	100.0%	100.0%
	Novabase Infr. Integracion S. Inf., S.A.	Madrid - Spain	€ 120,202	100.0%	100.0%
(i)	NBASIT-Sist. de Inf. e Telecomunic., S.A.	Luanda - Angola	47,500,000 AOA	49.4%	49.4%
	Novabase Interactive TV SGPS, S.A.	Lisbon - Portugal	€ 278,125	100.0%	100.0%
	Novabase Digital TV E.S. Tel. Inter., S.A.	Lisbon - Portugal	€ 250,000	100.0%	100.0%
	TVLab, S.A.	Lisbon - Portugal	€ 1,312,920	70.0%	70.0%
	Venture Capital:				
	Novabase Capital SGCR, S.A.	Lisbon - Portugal	€ 2,500,000	100.0%	100.0%
	COLLAB – Sol. I. Com. e Colab., S.A.	Lisbon - Portugal	€ 61,333	81.0%	81.0%
	FCR NB Capital Inovação e Internacionalização	-	€ 11,360,000	51.6%	51.6%
	Novabase Shared Services:				
	Novabase Serviços, S.A.	Lisbon - Portugal	€ 250,000	100.0%	100.0%

(i) The Group has the control over this company, as described in note 2.2, therefore this financial holding was included in the consolidation by full method.

The companies consolidated using the equity method, as at 31 December 2014, were the following:

Associates (see note 9)	Head Office	Share capital 31.12.14	% Interest held 31.12.14	% Interest held 31.12.13	Equity 31.12.14	Results 31.12.14
Fundo Capital Risco NB Capital	Lisbon - Portugal	€ 7,142,857	30.0%	30.0%	2,775	(301)
Globaleda, S.A.	P. Delg. - Portugal	€ 300,000	25.1%	25.1%	unavailable info	unavailable info
Novabase Digital TV Technologies GmbH	Munich - Germany	€ 25,000	51.0%	51.0%	unavailable info	unavailable info

Summarized information on subsidiaries with significant value of Non-controlling interests (amounts before inter-company eliminations):

	Celfocus 31.12.14	Celfocus 31.12.13	Collab 31.12.14	Collab 31.12.13
Balance sheet:				
Total Non-Current Assets	4,564	6,100	4,560	3,294
Total Current Assets	28,777	24,035	4,106	2,667
Total Non-Current Liabilities	(963)	(1,400)	(773)	(772)
Total Current Liabilities	(20,392)	(16,313)	(2,117)	(1,459)
Net Assets	11,986	12,422	5,776	3,730
Net Assets attributable to non-controlling interests	5,310	5,456	1,222	720

	Celfocus		Collab	
	31.12.14	31.12.13	31.12.14	31.12.13
Results:				
Sales and Services rendered	42,428	34,021	4,086	3,975
Earnings Before Taxes	3,738	2,576	1,871	984
Income tax expense	(964)	(381)	181	771
Results from continuing operations	2,774	2,195	2,052	1,755
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	2,774	2,195	2,052	1,755
Comprehensive income attributable to non-controlling interests	1,248	988	505	466
Cash Flows:				
Net Cash generated / (used) in operating activities	(5,309)	1,575	118	(188)
Net Cash generated in investing activities	30	99	1	169
Net Cash used in financing activities	(2,247)	(1)	-	-
Net increase / (decrease) of cash, cash equivalents and bank overdrafts	(7,526)	1,673	119	(19)
Cash, cash equivalents and bank overdrafts at beg. of year	7,842	6,117	26	35
Effect from exchange rate fluctuations on cash held	(99)	52	(34)	10
Cash, cash equivalents and bank overdrafts at end of year	217	7,842	111	26
Dividends paid to non-controlling interests	1,394	-	-	-

7. Property, plant and equipment

	31.12.14			31.12.13		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	4,300	2,603	1,697	4,295	2,195	2,100
Basic equipment	8,873	7,015	1,858	8,116	6,092	2,024
Transport equipment	3,522	2,120	1,402	3,987	2,661	1,326
Tools and utensils	-	-	-	-	-	-
Furniture, fittings and equipment	1,835	1,228	607	1,730	1,066	664
Other tangible assets	17	11	6	14	8	6
	18,547	12,977	5,570	18,142	12,022	6,120

During 2013, movements in property, plant and equipment were as follows:

	Balance at 01.01.13	Acquisitions / increases	Write-offs	Transfers	Change in consolidation universe	Exchange differences	Balance at 31.12.13
Cost:							
Buildings and other constructions	4,212	83	-	-	-	-	4,295
Basic equipment	7,976	1,558	(31)	-	(1,381)	(6)	8,116
Transport equipment	4,446	1,014	(1,446)	-	-	(27)	3,987
Tools and utensils	60	-	-	1	(61)	-	-
Furniture, fittings and equipment	1,619	136	(14)	(1)	(8)	(2)	1,730
Other tangible assets	11	3	-	-	-	-	14
	18,324	2,794	(1,491)	-	(1,450)	(35)	18,142
Accumulated depreciation:							
Buildings and other constructions	1,791	404	-	-	-	-	2,195
Basic equipment	5,468	1,371	(30)	-	(714)	(3)	6,092
Transport equipment	2,980	1,019	(1,323)	-	-	(15)	2,661
Tools and utensils	49	11	-	1	(61)	-	-
Furniture, fittings and equipment	929	155	(13)	(1)	(3)	(1)	1,066
Other tangible assets	6	2	-	-	-	-	8
	11,223	2,962	(1,366)	-	(778)	(19)	12,022

During 2014, movements in property, plant and equipment were as follows:

	Balance at 01.01.14	Acquisitions / increases	Write-offs	Transfers	Change in consolidation universe	Exchange differences	Balance at 31.12.14
Cost:							
Buildings and other constructions	4,295	5	-	-	-	-	4,300
Basic equipment	8,116	814	(65)	-	-	8	8,873
Transport equipment	3,987	1,028	(1,538)	-	-	45	3,522
Tools and utensils	-	-	-	-	-	-	-
Furniture, fittings and equipment	1,730	106	(4)	-	-	3	1,835
Other tangible assets	14	3	-	-	-	-	17
	18,142	1,956	(1,607)	-	-	56	18,547
Accumulated depreciation:							
Buildings and other constructions	2,195	408	-	-	-	-	2,603
Basic equipment	6,092	971	(54)	-	-	6	7,015
Transport equipment	2,661	891	(1,459)	-	-	27	2,120
Tools and utensils	-	-	-	-	-	-	-
Furniture, fittings and equipment	1,066	163	(3)	-	-	2	1,228
Other tangible assets	8	3	-	-	-	-	11
	12,022	2,436	(1,516)	-	-	35	12,977

Buildings and other constructions includes construction works in the net amount of EUR 1,471 thousand made in the Group's headquarter and in the facilities of the logistics unit. These construction works are being depreciated over the estimated period of lease of such facilities.

Depreciation is included in 'Depreciation and amortisation' heading in the statement of profit and loss and other comprehensive income (note 32).

'Basic equipment' and 'Transport equipment' headings include the following finance lease contracts:

	Basic equipment		Transport equipment	
	31.12.14	31.12.13	31.12.14	31.12.13
Acquisition cost	752	756	2,837	3,409
Accumulated depreciation	(531)	(331)	(1,748)	(2,372)
Net book value	221	425	1,089	1,037
	31.12.14	31.12.13	31.12.14	31.12.13
Depreciation charge	204	176	730	877

8. Intangible assets

	31.12.14			31.12.13		
	Cost	Accumulated amortisation	Net book value	Cost	Accumulated amortisation	Net book value
Internally generated intangible assets	9,855	5,800	4,055	6,578	2,976	3,602
Industrial property and other rights	11,189	10,872	317	11,133	10,215	918
Work in progress	2,562	-	2,562	3,862	-	3,862
Goodwill	23,729	-	23,729	23,713	-	23,713
	47,335	16,672	30,663	45,286	13,191	32,095

During 2013, movements in intangible assets were as follows:

	Balance at 01.01.13	Acquisitions / increases	Impairment ch. / Write-offs	Transfers	Change in consolidation universe	Balance at 31.12.13
Cost:						
Internally generated intangible assets	4,211	279	-	2,088	-	6,578
Industrial property and other rights	12,682	-	-	82	(1,631)	11,133
Work in progress	2,926	3,127	(21)	(2,170)	-	3,862
Goodwill	23,716	-	-	-	(3)	23,713
	43,535	3,406	(21)	-	(1,634)	45,286
Accumulated amortisation:						
Internally generated intangible assets	1,095	1,881	-	-	-	2,976
Industrial property and other rights	10,780	888	-	-	(1,453)	10,215
	11,875	2,769	-	-	(1,453)	13,191

During 2014, movements in intangible assets were as follows:

	Balance at 01.01.14	Acquisitions / increases	Impairment ch. / Write-offs	Transfers	Change in consolidation universe	Balance at 31.12.14
Cost:						
Internally generated intangible assets	6,578	135	-	3,142	-	9,855
Industrial property and other rights	11,133	35	-	21	-	11,189
Work in progress	3,862	1,863	-	(3,163)	-	2,562
Goodwill	23,713	16	-	-	-	23,729
	45,286	2,049	-	-	-	47,335
Accumulated amortisation:						
Internally generated intangible assets	2,976	2,824	-	-	-	5,800
Industrial property and other rights	10,215	657	-	-	-	10,872
	13,191	3,481	-	-	-	16,672

Acquisitions of intangible assets include capitalised employee costs in the amount of EUR 1,852 thousand.

Amortisation is included in 'Depreciation and amortisation' heading in the statement of profit and loss and other comprehensive income (note 32).

The balance of '**Industrial property and other rights**' heading is analysed as follows:

	Business	Amortisation period	Company	Cost	Accumulated amortisation	Net book value
(i)	ATX Projects	10 years	Novabase Business Solutions	8,295	8,295	-
(ii)	SAP Logística	6 years	Novabase Serviços	465	465	-
(iii)	Software SCADA	5 years	Novabase Business Solutions	750	675	75
(iv)	SAP HCM	6 years	Novabase Serviços	292	246	46
	Other			1,387	1,191	196
				11,189	10,872	317

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

(ii) Management information system (mySAP) for the Group internal use.

(iii) Management and control platform for wind power production.

(iv) Management information system (mySAP), new HR solution - Human Capital Management, for the Group internal use.

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

The amount with research and development recognised as a cost, related to the main research projects, reached EUR 6.7 Million (2013: EUR 7.8 Million).

Impairment tests were performed on '**Work in progress**' and it was concluded there is no impairment.

Movements in **goodwill** were as follows:

	31.12.14	31.12.13
Balance at 1 January	25,332	25,335
Change in consolidation universe	-	(3)
Goodwill arising from the incorporation of Celfocus Turquia	16	-
Balance at 31 December	25,348	25,332

Movements in **goodwill impairment** were as follows:

	31.12.14	31.12.13
Balance at 1 January	(1,619)	(1,619)
Balance at 31 December	(1,619)	(1,619)

Impairment tests for goodwill

Goodwill is allocated to the Group's Cash-Generating Units (CGUs) identified according to operating segments.

	31.12.14	31.12.13
Business Solutions	14,878	14,862
IMS	8,851	8,851
	23,729	23,713

The impairment test for goodwill was performed based on the discounted cash flow method, using a 5 year business plan forecasted by Management, with the following key assumptions:

	Business Solutions	IMS
Discounted rate (pre tax)	13.8%	13.8%
Perpetual growth rate	2.0%	2.0%
Annual growth rate of turnover	5.0%	2.0%

The application of the previously described method generates a recoverable amount (determined by value in use) of assets that exceeds its carrying amount, concluding therefore that there is no need for an impairment charge to the goodwill allocated to the Cash-Generating Units.

A reasonably possible change in the key assumptions on which Management has based its determination of the recoverable amount wouldn't cause the carrying amount to exceed its recoverable amount.

9. Investments in associates

		% Interest held					
		% Holding		% held directly		Amount	
		31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
	Fundo Capital Risco NB Capital (notes 6 and 35)	30.0%	30.0%	30.0%	30.0%	821	911
	Globaleda, S.A. (note 6)	25.1%	25.1%	25.1%	25.1%	50	50
(*)	TechnoTrend GmbH (note 6)	51.0%	51.0%	51.0%	51.0%	-	-
						871	961

(*) The Group does not have the control over this company, as described in note 2.2, therefore this financial holding was considered an associate.

10. Financial assets at fair value through profit or loss

		% Interest held					
		% Holding		% held directly		Amount	
		31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
(i)	FCR IStart I	10.0%	10.0%	10.0%	10.0%	300	300
(ii)	Feedzai, Lda	5.7%	5.7%	11.1%	11.1%	404	403
(iii)	Powergrid, Lda	45.8%	45.8%	88.9%	88.9%	402	401
(iv)	Bright Innovation, Lda	46.4%	46.4%	90.0%	90.0%	23	23
	Smartgeo Solutions, Lda	12.9%	12.9%	25.0%	25.0%	1	1
	Radical Innovation, Lda	37.0%	37.0%	80.0%	80.0%	6	6
	Power Data, Lda	29.4%	29.4%	80.0%	80.0%	3	3
	Other					405	119
						1,544	1,256

(i) Venture Capital Fund established in 2011, focused on creating proofs-of-concept and prototypes and developing intellectual property and business models. This Fund is managed by Espírito Santo Ventures.

(ii) Company dedicated to developing solutions for processing large volumes of data in real time, acquired by FCR NB Capital Inovação e Internacionalização. This Fund has a significant influence on Feedzai.

(iii) Company acquired by FCR NB Capital Inovação e Internacionalização, focused on developing an application platform for SmartGrids.

(iv) Company specializing in incubator projects in the area of Information and Communication Technologies (ICT) and integrated services, supported by a multi-channel IT platform, held by FCR NB Capital Inovação e Internacionalização.

Novabase does not have the control nor significant influence over the companies held by FCR NB Capital Inovação e Internacionalização, therefore they were not considered subsidiaries or associates.

The valuation of these companies was performed based on the discounted cash flow method, using a 5 year business plan forecasted by Management, with the following key assumptions:

	Feedzai	Powergrid
Discounted rate	12.3%	12.3%
Perpetual growth rate	2.0%	2.0%
Annual growth rate of turnover	22.0%	26.1%

Movements in this heading were as follows:

	31.12.14	31.12.13
Balance at 1 January	1,256	1,731
Acquisitions	286	54
Change in acquisition cost	-	210
Disposals	-	(190)
Profit or loss charge (see notes 33 and 34)	2	(549)
Balance at 31 December	1,544	1,256

11. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts were determined after its offsetting:

	31.12.14	31.12.13
Deferred tax assets		
To be recovered within 12 months	2,174	1,614
To be recovered after more than 12 months	15,054	13,287
	17,228	14,901
Deferred tax liabilities		
To be recovered within 12 months	-	-
To be recovered after more than 12 months	-	100
	-	100

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

	31.12.14	31.12.13
Balance at 1 January	14,901	12,249
Exchange differences	(1)	(16)
Profit or loss charge (see note 36)	2,328	2,668
Balance at 31 December	17,228	14,901

The movement in the deferred income tax liabilities was as follows:

	31.12.14	31.12.13
Balance at 1 January	100	100
Profit or loss charge (see note 36)	(100)	-
Balance at 31 December	-	100

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

	Tax Losses	Tax Incentives	Provisions / Adjustments	Total
Balance at 1 January 2013	1,300	8,491	2,458	12,249
Profit or loss charge	(581)	2,963	286	2,668
Exchange differences	(16)	-	-	(16)
Balance at 31 December 2013	703	11,454	2,744	14,901
Profit or loss charge	1,669	1,116	(457)	2,328
Exchange differences	(1)	-	-	(1)
Balance at 31 December 2014	2,371	12,570	2,287	17,228

Deferred tax assets related to tax incentives result from projects of research and development submitted under the incentive program SIFIDE.

The expiry date of the deferred tax assets can be analysed as follows:

	Tax Losses	Tax Incentives	Provisions / Adjustments	Total
No later than 1 year	-	1,810	-	1,810
Between 1 and 2 years	-	2,517	-	2,517
Between 2 and 3 years	85	1,930	-	2,015
Between 3 and 4 years	124	2,226	-	2,350
Between 4 and 5 years	242	2,533	-	2,775
Between 5 and 6 years	20	1,554	-	1,574
Over 6 years	1,900	-	-	1,900
With no defined date	-	-	2,287	2,287
	2,371	12,570	2,287	17,228

12. Inventories

	31.12.14	31.12.13
Merchandise	5,205	9,195
Finished products	3	47
Raw materials, subsidiary goods and consumables	117	165
	5,325	9,407
Inventory impairment	(382)	(482)
	4,943	8,925

Movements in inventory impairment are analysed as follows:

	31.12.14	31.12.13
Balance at 1 January	482	599
Impairment (see note 31)	28	275
Impairment reversal (see note 31)	(128)	(245)
Write-offs	-	(147)
Balance at 31 December	382	482

The cost of inventories recognised as expense and included in 'Cost of sales' and 'External supplies and services' headings amounted to EUR 76,089 thousand (2013: EUR 78,460 thousand).

13. Financial instruments by category

At 31 December 2013	Loans and receivables	Assets/liabilit. at fair value through P&L	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets					
Other non-current assets	4,868	-	-	-	4,868
Financial assets at fair value through profit or loss	-	1,256	-	-	1,256
Trade and other receivables	84,335	-	-	3,640	87,975
Accrued income	12,421	-	-	-	12,421
Derivative financial instruments	-	514	-	-	514
Other current assets	-	-	-	4,470	4,470
Financial assets held for trading	-	5,015	-	-	5,015
Cash and cash equivalents	32,942	-	-	-	32,942
	134,566	6,785	-	8,110	149,461
Liabilities					
Other non-current liabilities	-	-	70	-	70
Borrowings	-	-	21,384	-	21,384
Trade and other payables	-	-	61,764	-	61,764
Derivative financial instruments	-	77	-	-	77
Deferred income and other current liabilities	-	-	24,755	-	24,755
	-	77	107,973	-	108,050

At 31 December 2014	Loans and receivables	Assets/liabilit. at fair value through P&L	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets					
Other non-current assets	7,770	-	-	-	7,770
Financial assets at fair value through profit or loss	-	1,544	-	-	1,544
Trade and other receivables	85,596	-	-	6,049	91,645
Accrued income	22,047	-	-	-	22,047
Derivative financial instruments	-	88	-	-	88
Other current assets	-	-	-	5,148	5,148
Cash and cash equivalents	20,714	-	-	-	20,714
	136,127	1,632	-	11,197	148,956
Liabilities					
Other non-current liabilities	-	-	70	-	70
Borrowings	-	-	16,407	-	16,407
Trade and other payables	-	-	59,117	-	59,117
Derivative financial instruments	-	1,323	-	-	1,323
Deferred income and other current liabilities	-	-	29,664	-	29,664
	-	1,323	105,258	-	106,581

The following table shows the Group's financial assets and financial liabilities that are measured at fair value according with the following hierarchy levels:

- **Level 1**: The fair value of financial instruments is based on quoted prices in active and liquid markets at reporting date.
- **Level 2**: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Main inputs used on these valuation models are based on observable market data.
- **Level 3**: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, and main inputs are not based on observable market data.

	31.12.14			31.12.13		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value						
Financial assets at fair value through profit or loss	-	-	1,544	-	-	1,256
Derivative financial instruments	-	88	-	-	514	-
Financial assets held for trading	-	-	-	-	5,015	-
	-	88	1,544	-	5,529	1,256
Financial liabilities at fair value						
Derivative financial instruments	-	1,323	-	-	77	-
	-	1,323	-	-	77	-

14. Trade and other receivables

	31.12.14	31.12.13
Trade receivables	86,262	77,309
Allowance for impairment of trade receivables	(4,488)	(4,434)
	81,774	72,875
Prepayments to suppliers	684	503
Employees	640	125
Value added tax	4,725	3,012
Receivables from related parties (note 41)	799	4,788
Financial investments disposal	67	67
Disposal of Digital TV international business	-	2,478
Receivables from financed projects	2,889	2,963
Other receivables	4,126	4,547
Allowance for impairment of other receivables	(4,059)	(3,383)
	9,871	15,100
	91,645	87,975

The fair value of 'Trade and other receivables' balance approximates its carrying amount.

The carrying amount of this heading plus the balance of 'Accrued income' (see note 15) represents the maximum exposure to credit risk.

The ageing analysis of the carrying amounts of trade receivables is as follows:

	31.12.14	31.12.13
Carrying amount of receivables not due	47,964	44,802
Carrying amount of receivables not impaired		
Past due for less than 6 months	28,421	22,763
Past due for more than 6 months	5,389	5,309
Carrying amount of receivables due and not impaired	33,810	28,072
Carrying amount of receivables impaired		
Past due for less than 6 months	394	100
Past due for more than 6 months	4,094	4,335
Carrying amount of receivables due and impaired	4,488	4,435
	86,262	77,309

80% of trade receivables that are neither past due nor impaired is owed by entities with which there is no past experience of default, although might have had some punctual delay in the invoices payment. The remaining 20% are distributed by 305 entities with an average balance of EUR 62 thousand, that the credit department has no information that leads to suppose that there is a high risk of default.

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

	Trade receivables		Other receivables		Total	
	31.12.14	**31.12.13**	**31.12.14**	**31.12.13**	**31.12.14**	**31.12.13**
Balance at 1 January	4,434	4,809	3,383	4,121	7,817	8,930
Impairment (note 31)	577	2,805	681	234	1,258	3,039
Impairment reversal (note 31)	(144)	(2,703)	(52)	(735)	(196)	(3,438)
Exchange differences	(23)	(25)	47	(4)	24	(29)
Write-offs	(356)	(452)	-	(233)	(356)	(685)
Balance at 31 December	4,488	4,434	4,059	3,383	8,547	7,817

15. Accrued income

	31.12.14	**31.12.13**
- Ongoing projects	20,745	10,483
- Other accrued income	1,302	1,938
	22,047	12,421

16. Derivative financial instruments

The fair value of derivative financial instruments can be analysed as follows:

	Assets		Liabilities	
	31.12.14	**31.12.13**	**31.12.14**	**31.12.13**
- Forward foreign exchange contracts	88	514	1,323	77
	88	514	1,323	77

The Group is exposed to foreign exchange risk in sales and purchases in various currencies, primarily with respect to the U.S. Dollar and Kwanza. Novabase's exposure to currency risk mainly results from the presence of several of its subsidiaries in various markets, namely, Angola and Mozambique, where the activity represents an increasingly important part of the turnover.

The financial instruments used to manage this exchange risk are the forward foreign exchange contracts. The fair value is classified as a non-current asset or liability if the remaining maturity is more than 12 months and as a current asset or liability if the maturity is less than 12 months. In 2014, the derivative financial instruments were classified as current assets and liabilities.

At 31 December 2014, the Group had forward foreign exchange contracts of EUR Call / USD Put with the notional amount of USD 26,933,698 and forward foreign exchange contracts of EUR Put / USD Call with the notional amount of USD 16,545,849. Also, the Group had contracts of EUR Call / GBP Put with the notional amount of GBP 176,656 and of EUR Put / GBP Call with the notional amount of GBP 59,243.

17. Other current assets

The amounts recorded regarding prepayments of contracted services are as follows:

	31.12.14	**31.12.13**
- Hardware and software maintenance	447	85
- Subcontracts	1,504	1,568
- Rents	397	223
- Software licensing	136	134
- Consulting	191	310
- Other prepayments	2,473	2,150
	5,148	4,470

In order to ensure the proper balancing of the services provided by third parties, costs and income were deferred and will be recognised in profit or loss in the next period.

18. Financial assets held for trading

	31.12.14	31.12.13
National bonds	-	5,015
	-	5,015

The fair value of this heading is based in current bid prices.

19. Cash and cash equivalents

With reference to the consolidated statement of cash flows, the detail and description of **Cash, cash equivalents and bank overdrafts** is analysed as follows:

	31.12.14	31.12.13
- Cash	15	16
- Short term bank deposits	20,699	32,926
Cash and cash equivalents	20,714	32,942
- Overdrafts	-	-
	20,714	32,942

The fair value of 'Cash and cash equivalents' balance approximates its carrying amount.

The carrying amount of this heading represents the maximum exposure to credit risk.

20. Share Capital, share premium, treasury shares and stock options

The share capital at 31 December 2014, fully subscribed and paid of 15,700,697 Euros, is represented by 31,401,394 shares with a nominal value of 0.5 Euros each.

	Number of shares (thousands)	Share capital	Treasury shares	Share premium	Total
Balance at 1 January 2013	31,401	15,701	(371)	43,560	58,890
Treasury shares transferred	-	-	76	-	76
Balance at 31 December 2013	31,401	15,701	(295)	43,560	58,966
Treasury shares purchased	-	-	(50)	-	(50)
Treasury shares transferred	-	-	316	-	316
Balance at 31 December 2014	31,401	15,701	(29)	43,560	59,232

'Treasury shares' heading reflects the number of shares held by the Group at its nominal value.

According to legislation in force, by deliberation of the General Meeting of Shareholders held on 12 April 2007, the purchase of treasury shares by Novabase S.G.P.S. is permitted up to a maximum of 10% of its share capital.

At 31 December 2013, Novabase S.G.P.S. held 589,954 treasury shares, representing 1.88% of its share capital.

During 2014, the Company acquired on the market 100,000 shares at the average price of 3.92 Euros, and transferred 632,948 own shares at the average price of 3.87 Euros, 61,198 of which as bonuses to employees and 571,750 were used for the settlement of the exercised options under the terms of the Stock Options Plan in force.

At 31 December 2014, Novabase S.G.P.S. held 57,006 treasury shares, representing 0.18% of its share capital.

Issuance share premiums resulted from gains obtained with share capital increases. According to the current legislation, the amounts included under this heading can be used only to increase share capital or to absorb losses carried forward (no need for prior use of other reserves), it cannot be used for attribution of dividends or purchase of treasury shares.

Stock options

At 31 December 2014, one stock options plan is in force (2012-2014 Plan), approved in Shareholders General Meeting of 3 May 2012, which covers only the shareholders of Novabase S.G.P.S..

This stock options plan is based on granting stock options over Novabase ordinary shares, as a performance bonus for participants of the plan.

The stock options granted have as only condition for its acquisition, the permanency of the employee in the dates defined in the plan, and automatically expire whenever the employee stops working in any of the Group companies.

Under the terms of the plan, exercised options are settled through the attribution of treasury shares held by Novabase (net share settlement).

Movements in the number of share options outstanding are as follows:

	31.12.14		31.12.13	
	Average exercise price per share	**Options (thousands)**	**Average exercise price per share**	**Options (thousands)**
Balance at 1 January		1,709		1,960
Exercised	3.858	(964)	2.837	(251)
Balance at 31 December		745		1,709

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		Options (thousands)	
Expiry date	**Exercise price**	**31.12.14**	**31.12.13**
2015	2.19	745	1,709
		745	1,709

In the statement of profit and loss and other comprehensive income, under 'Employee benefit expense' heading, was booked a cost of EUR 106 thousand (2013: EUR 196 thousand) - see note 29.

21. Reserves and retained earnings

According to legislation in force, Portuguese based companies that integrate Novabase Group are required to transfer a minimum of 5% of annual net profit to legal reserves until this balance reaches at least 20% of the share capital. This reserve cannot be distributed to shareholders, though it may be used to absorb losses carried forward or to increase share capital.

In the Annual General Meeting of Shareholders held on May 2014, it was approved the payment to shareholders of an amount of EUR 6,280 thousand, corresponding to 0.20 Euros per share. The payment occurred in June, 2014.

	31.12.14	31.12.13
Payment to shareholders	6,269	18,483
Remuneration of the treasury shares held by the Company	11	358
	6,280	18,841

22. Non-controlling interests

		31.12.14	31.12.13
	Balance at 1 January	11,522	10,613
	Transactions with non-controlling interests	-	(431)
(*)	Change in consolidation universe	16	-
	Dividends paid by Celfocus to non-controlling interests	(1,394)	-
	Foreign currency translation differences for foreign operations	590	(398)
	Profit attributable to non-controlling interests	1,697	1,738
	Balance at 31 December	12,431	11,522

(*) In 2014, Celfocus Turquia was established.

23. Borrowings

	31.12.14	31.12.13
Non-current		
Bank borrowings	8,376	13,024
Finance lease liabilities	1,613	1,007
	9,989	14,031
Current		
Bank borrowings	5,561	6,202
Finance lease liabilities	857	1,151
	6,418	7,353
Total borrowings	16,407	21,384

The periods in which the current bank borrowings will be paid are as follows:

	31.12.14	31.12.13
6 months or less	3,203	3,237
6 to 12 months	2,358	2,965
	5,561	6,202

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

	31.12.14	31.12.13
Between 1 and 2 years	4,556	4,701
Between 2 and 5 years	3,820	8,323
	8,376	13,024

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

	31.12.14	31.12.13
Bank borrowings	5.007%	5.325%

Gross finance lease liabilities – minimum lease payments:

	31.12.14	31.12.13
No later than 1 year	1,184	1,386
Between 1 and 5 years	2,059	1,338
	3,243	2,724
Future finance charges on finance leases	(773)	(566)
Present value of finance lease liabilities	2,470	2,158

The present value of finance lease liabilities is analysed as follows:

	31.12.14	31.12.13
No later than 1 year	857	1,151
Between 1 and 5 years	1,613	1,007
	2,470	2,158

The covenants of the Group's bank borrowings are as follows:

- Total Equity/Total Assets >=20%
- Total Equity/Total Assets >=35% ; Net Debt/EBITDA <2.5 ; Net Debt/Total Equity <0.5
- Net Debt/EBITDA <2
- Net Debt/EBITDA <=2 ; EBIT/Interest paid >=3 ; Total Equity/Total Assets >=25%
- Consolidated Total Equity/Consolidated Total Assets >=40%

24. Provisions

Movements in provisions are analysed as follows:

	Warranties	Legal Claims	Restructuring	Other Risks and Charges	Total
Balance at 1 January 2013	747	240	-	1,449	2,436
Additional provisions (note 31)	45	472	-	3,009	3,526
Reversals (note 31)	(147)	-	-	(1,429)	(1,576)
Balance at 31 December 2013	645	712	-	3,029	4,386
Additional provisions (notes 30 and 31)	108	-	1,403	756	2,267
Reversals (note 31)	(587)	(647)	-	(1,781)	(3,015)
Balance at 31 December 2014	166	65	1,403	2,004	3,638

Provisions balance includes, among others, the following matters:

Warranties - Liabilities related with third parties subcontracts in the supply of hardware for the TV business, to cover the clients' warranty period. Cash outflows relative to such liabilities occurs in the moment the guarantee is exercised.

Legal claims - Responsibility with indemnities to third parties related with the legal processes in progress. The payment of this liability depends on the conclusion of the referred legal actions (see note 42).

Other risks and charges - Refers mainly to responsibilities with costs to be incurred with possible contractual penalties relative to ongoing projects.

25. Other non-current liabilities

	31.12.14	31.12.13
Acquisition of financial interest in Binómio	70	70
	70	70

This heading refers to the contingent consideration for the acquisition of Binómio, Lda.

The due date of these liabilities is as follows:

	31.12.14	31.12.13
Between 1 and 2 years	70	-
Between 2 and 5 years	-	70
	70	70

26. Trade and other payables

	31.12.14	31.12.13
Trade payables	20,992	21,117
Remunerations, vacations and vacation subsidy	8,939	8,481
Bonus	7,843	9,127
Ongoing projects	4,837	4,849
Value added tax	5,878	7,198
Social security contributions	2,040	1,839
Income tax withholding	1,680	1,488
Employees	320	277
Prepayments from trade receivables	820	756
Acquisition of financial interest in FCR Istart I	72	72
Other accrued expenses	5,529	6,282
Other payables	167	278
	59,117	61,764

The fair value of 'Trade and other payables' balance approximates its carrying amount.

The maturity of these liabilities is as follows:

	31.12.14	31.12.13
No later than 1 year	59,117	61,764
	59,117	61,764

27. Deferred income and other current liabilities

	31.12.14	31.12.13
Research and development subsidies	4,424	4,960
Consulting projects	25,240	19,795
	29,664	24,755

At 31 December 2014, the Group expect to comply with the relevant conditions to receive the following financial incentives for research and development:

	Contracted amount	Acum. received amount
Subsidies:		
- NSRF - Incentive Scheme for Research and Technological Development (R&D)	5,656	3,754
- Other subsidies	2,528	1,541
	8,184	5,295

28. External supplies and services

	31.12.14	31.12.13
Subcontracts	31,380	27,382
Supplies and services		
Commissions and consultancy fees	7,401	7,578
Transportation, travel and accommodation expenses	8,732	7,566
Rents	4,367	4,390
Specialized services	2,162	1,563
Freight	870	728
Advertising and promotion	1,082	861
Water, electricity and fuel	870	930
Communications	1,033	991
Insurance	445	406
Utensils, office supplies and technical documentation	230	257
Other supplies and services	1,326	1,789
	28,518	27,059
	59,898	54,441

29. Employee benefit expense

	31.12.14	31.12.13
Board members remuneration	4,289	4,858
Salaries and wages	66,629	61,836
Social security charges	11,649	10,637
Stock options granted (note 20)	106	196
Other personnel expenses	3,632	2,281
	86,305	79,808

Average number of personnel, by business unit, is detailed as follows:

	31.12.14	31.12.13
Business Solutions	1,667	1,571
IMS	495	426
Venture Capital	45	65
Novabase Shared Services	119	108
	2,326	2,170

30. Restructuring costs

In the end of 2014, Novabase conducted a restructuring process with the double objective of improving the domestic competitiveness and, simultaneously, freeing additional resources to the internationalization effort. As a result, restructuring costs relating to indemnities to employees, in the amount of EUR 1,522 thousand (2013: null) were recognised, of which EUR 1,403 thousand is an estimate of the amount to be paid in 2015 (see note 24).

31. Other gains/(losses) - net

		31.12.14	31.12.13
(*)	Gains on financial investments disposal	-	293
	Impairment and impairment reversal of trade and other receivables (note 14)	(1,062)	399
	Impairment and impairment reversal of inventories (note 12)	100	(30)
	Warranties provision (note 24)	479	102
	Legal claims provision (note 24)	647	(472)
	Provisions for other risks and charges (note 24)	1,025	(1,580)
	Other operating income and expense	672	732
		1,861	(556)

(*) Disposal of the Digital TV/SIP business assets.

32. Depreciation and amortisation

	31.12.14	31.12.13
Property, plant and equipment (note 7):		
Buildings and other constructions	408	404
Basic equipment	971	1,371
Transport equipment	891	1,019
Tools and utensils	-	11
Furniture, fittings and equipment	163	155
Other tangible assets	3	2
	2,436	2,962
Intangible assets (note 8):		
Internally generated intangible assets	2,824	1,881
Industrial property and other rights	657	888
	3,481	2,769
	5,917	5,731

33. Finance income

	31.12.14	31.12.13
Interest received	318	965
Positive exchange differences	1,421	2,211
Fair value of financial assets adjustment (note 10)	2	-
Other financial gains	89	77
	1,830	3,253

34. Finance costs

	31.12.14	31.12.13
Interest expenses		
- Borrowings	(933)	(1,013)
- Finance lease liabilities	(365)	(392)
- Other interest	(37)	(41)
Bank guarantees charges	(144)	(134)
Bank services	(206)	(265)
Negative exchange differences	(1,808)	(1,456)
Fair value of financial assets adjustment (note 10)	-	(549)
Other financial costs	(12)	(50)
	(3,505)	(3,900)

35. Share of (loss)/profit of associates

	31.12.14	31.12.13
Fundo Capital Risco NB Capital (note 9)	(90)	73
	(90)	73

36. Income tax expense

Novabase and its subsidiaries with head offices in Portugal are subject to Corporate Income Tax at the nominal rate of 23%, which can be increased by a Municipal Surcharge up to a maximum rate of 1.5% of taxable income, resulting in a total tax rate of 24.5%. Additionally, taxable income exceeding EUR 1,500 thousand and up to EUR 7,500 thousand is subject to a State Surcharge at the rate of 3%, from EUR 7,500 thousand and up to EUR 35,000 thousand is subject to a State Surcharge at the rate of 5%, and the part of taxable income exceeding EUR 35,000 thousand is subject to a State Surcharge at the rate of 7%.

For the purpose of determining the deferred income tax assets, Novabase used the rate of 21%, taking into account the publication of Law No. 82-B/2014, of 31 December, which amends the corporation tax rate from 1 January 2015. The impact of this change resulted in a cost of EUR 382 thousand.

Since 1 January 2009, Novabase is being taxed in Corporate Income Tax under the Special Taxation Regime for Groups of Companies (Group taxation relief). For taxation purposes, this group includes companies detained in 75% or more by Novabase S.G.P.S. which comply with the further requirements under article 69º and following of the Corporate Income Tax Code.

This heading is analysed as follows:

	31.12.14	31.12.13
Current tax	3,285	1,975
Deferred tax on temporary differences (note 11)	(2,428)	(2,668)
	857	(693)

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

	31.12.14	31.12.13
Profit before income tax	5,455	8,555
Income tax expense at nominal rate (25% in 2013, 23% in 2014)	1,255	2,139
Tax benefit on the net creation of employment for young and long term unemployed people	(303)	(373)
Provisions and amortisations not considered for tax purposes	64	70
Recognition of tax on the events of previous years	(63)	146
Associates' results reported net of tax	21	(18)
Autonomous taxation	874	(232)
Losses in companies where no deferred tax is recognised	298	136
Expenses not deductible for tax purposes	(269)	(158)
Differential tax rate on companies located abroad	259	(9)
Research & Development tax benefit	(2,202)	(3,221)
Municipal surcharge and State surcharge	215	249
Adjustment for income tax rate	382	238
Impairment of Special Payment on Account, tax losses and withholding taxes	326	340
Income tax expense	857	(693)

37. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (note 20).

Diluted

Diluted earnings per share is calculated by adjusting the average weighted number of ordinary shares outstanding to assume the conversion of all dilutive potential ordinary shares. Novabase has just one type of dilutive potential ordinary shares: stock options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares). The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of all the stock options.

Earnings per share are analysed as follows:

	31.12.14	31.12.13
Weighted average number of ordinary shares in issue	31,163,505	30,765,201
Stock options adjustment	232,327	367,289
Adjusted weighted average number of ordinary shares in issue	31,395,832	31,132,490
Profit attributable to owners of the parent	3,112	7,510
Basic earnings per share (Euros per share)	0.10 Euros	0.24 Euros
Diluted earnings per share (Euros per share)	0.10 Euros	0.24 Euros
Profit from continuing operations attributable to owners of the parent	2,901	7,510
Basic earnings per share (Euros per share)	0.09 Euros	0.24 Euros
Diluted earnings per share (Euros per share)	0.09 Euros	0.24 Euros
Profit from discontinued operations attributable to owners of the parent	211	-
Basic earnings per share (Euros per share)	0.01 Euros	-
Diluted earnings per share (Euros per share)	0.01 Euros	-

38. Dividends per share

The amounts paid in 2014 and 2013 reached EUR 6,280 thousand (0.20 Euros per share) and EUR 18,841 thousand (0.60 Euros per share, of which 0.10 Euros per share corresponds to a regular dividend and 0.50 Euros per share refers to an extraordinary remuneration of shareholders), respectively. These amounts differ from the ones shown in the consolidated statement of cash flows due to the remuneration of the treasury shares held by the Company, which remained in Novabase (note 21). In respect to the year 2014, the Board of Directors will propose to the Annual General Meeting of Shareholders of 2015, the payment of 0.03 Euros per share, that is, a total amount of EUR 942 thousand. These financial statements do not reflect this dividend payable.

39. Commitments

The financial commitments not included in the consolidated statement of financial position related with bank guarantees provided to third parties for ongoing projects, are detailed as follows:

	Bank	31.12.14	31.12.13
Novabase S.G.P.S., S.A.	BPI	-	1,450
Novabase E.A., S.A.	Novo Banco	17	17
Novabase Business Solutions, S.A.	BPI	411	458
Novabase Business Solutions, S.A.	Novo Banco	1,602	2,879
Novabase Business Solutions, S.A.	BCP	1,483	100
Novabase Serviços, S.A.	Novo Banco	390	390
CelFocus, S.A.	Novo Banco	112	112
COLLAB – Sol. I. Com. e Colab., S.A.	Novo Banco	4	4
Octal - Engenharia de Sistemas, S.A.	BCP	-	438
Octal - Engenharia de Sistemas, S.A.	Novo Banco	154	154
Novabase IMS Infr. & Manag. Services, S.A.	Novo Banco	5,188	6,485
Novabase IMS Infr. & Manag. Services, S.A.	BCP	122	127
Novabase IMS Infr. & Manag. Services, S.A.	BPI	150	273
Novabase IMS Infr. & Manag. Services, S.A.	BTA	525	300
Novabase IMS Infr. & Manag. Services, S.A.	BAR	31	-
Novabase Digital TV E.S. Tel. Inter., S.A.	BCP	257	238
Novabase Digital TV E.S. Tel. Inter., S.A.	Novo Banco	11	10
Novabase Sistemas de Informacion, S.A.	Novo Banco	35	75
NBASIT-Sist. de Inf. e Telecomunic., S.A.	BFA	403	357
NBASIT-Sist. de Inf. e Telecomunic., S.A.	BMA	-	377
Binómio, Lda.	Novo Banco	5	5
		10,900	14,249

In 2014, the Group had the following grouped credit line contracted:

Group of companies	Plafond
Novabase IMS; Novabase Digital TV	2.5 M USD

There are commitments resulting from operating leases. At 31 December 2014, these obligations refers mainly to the leases of 'Edifício Caribe', the Company's headquarter and of the facilities of the logistics unit. The minimum lease payments under these operating lease liabilities amounts to EUR 6,542 thousand (2013: EUR 8,238 thousand).

40. Net Cash

With reference to the Board of Directors' Report, the detail and description of **Net Cash** is analysed as follows:

	31.12.14	31.12.13
Cash (note 19)	15	16
Short term bank deposits (note 19)	20,699	32,926
Financial assets held for trading (note 18)	-	5,015
Treasury shares held by the Company (*)	126	1,540
Non-current bank borrowings (note 23)	(8,376)	(13,024)
Current bank borrowings (note 23)	(5,561)	(6,202)
	6,903	20,271

(*) The share price in the Stock Exchange in the last tradable day of 2014 was 2.214 Euros (2013: 2.610 Euros).

41. Related-party transactions

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

i) Key management compensation

	31.12.14	31.12.13
Wages and other short-term employee benefits	4,289	4,858
Stock options granted (note 29)	106	196
	4,395	5,054

ii) Acquisition and merger of financial interests with related parties

	31.12.14	31.12.13
Acquisitions to former shareholders of Collab	-	(151)
Merger of Techno Trend GmbH into TV Lab	-	422
	-	271

iii) Other balances with related parties

		Non-current		Current (note 14)	
		31.12.14	31.12.13	31.12.14	31.12.13
	Loan to NB Digital TV GmbH	-	-	-	2,800
	Loan to Globaleda, S.A.	-	-	784	784
	Loan to Powergrid, Lda	2,050	2,050	-	-
	Loan to DTV Research, Lda	-	-	-	1,182
	Loan to Bright Innovation, Lda	1,477	1,477	-	-
	Loan to SmartGeo Solutions, Lda	99	99	-	-
	Loan to Radical Innovation, Lda	994	994	-	-
	Loan to Power Data, Lda	248	248	-	-
(*)	Loan to City Pulse, Lda	1,410	-	-	-
(*)	Loan to Livian Technologies, Lda	1,492	-	-	-
	Loans to other shareholders	-	-	15	22
		7,770	4,868	799	4,788

(*) New investment made by FCR NB Capital Inovação e Internacionalização.

42. Contingencies

At 31 December 2014, the Group was part intervenient in the following legal processes:

- Court procedure brought by the company CES - Comércio de Equipamentos de Escritório, S.A. against Novabase IMS, under which the plaintiff claims (i) the restitution of equipment and furniture that was installed in the premises of the co-defendant of the subsidiary of Novabase and that belongs to it and (ii) the payment of an indenisation for de damages it suffered to be determined at the time of enforcement of the decision. Under the same proceedings, Novabase's subsidiary in question filled a reply and a counterclaim in the amount of approximately EUR 176 thousand regarding amounts unlawfully paid to the plaintiff. The preliminary hearing has already taken place. The procedure awaits scheduling of the final hearing.

- Court procedure brought by the company Digisat – Digital Satélite, Lda., under which Novabase Digital TV is co-Defendant and has presented its reply. The Court requested the Plaintiff to rectify the terms of the claim in order to clarify the action value (approximately EUR 40 thousand) and the amount of the claim (approximately EUR 100 thousand). The action awaits the pronunciation of the Plaintiff, meanwhile the Plaintiff's lawyer has renounced his power of attorney. To this effect, court procedure is suspended by Judge's Orders as of June 24, 2008. Should the suspension continue for a period in excess of one year due to negligence of the parties in promoting its continuance the procedure will be deemed interrupted. Within two years of interruption of the procedure it will be considered deserted, thereby terminating without any further action. There is no order of the Judge, yet.

- The company Qimonda Portugal S.A. has filed for insolvency, whereby NBO has claimed credits in the amount of approximately EUR 980 thousand corresponding to the unpaid invoices and compensation for breach of prior notice for termination of contract. General Creditors Assembly has voted the Recovery Plan for the company and process is in place to start making payments to creditors.

- It was closed the procedure of Corrections project brought by DGCI – Direcção Geral de Contribuições e Impostos (Portuguese Tax Authority) against former Novabase A.C.D. (merged into Novabase Business Solutions S.A. in 2009), to the tax profit assessed concerning the years 2003, 2004 and 2005, with the regularization by the Tax Authority of the liquidation notes previously issued, and the reversal of the existent provision by Novabase, in the amount of EUR 140 thousand.

43. Additional information requested by law

In accordance with article 508-F of the Portuguese Commercial Companies Code, we hereby inform of the following:

(i) In addition to all operations described in the notes above, as well as in the Management's Report, there are no other operations considered relevant which are not already contained either in the consolidated statement of financial position or its annex;

(ii) The total remuneration paid to the Statutory Auditor in 2014 was 162,394 Euros (2013: 151,250 Euros), of which 159,744 Euros correspond to legal accounts audit services, while the remaining 2,650 Euros relate to reliability assurance services;

(iii) Note 41 of the Notes to the Consolidated Financial Statements includes all the related parties' disclosures, in accordance with the International Financial Reporting Standards.

44. Events after the reporting period

Novabase obtained a financing line of up to EUR14 Million from the European Investment Bank (EIB) for the next six years, dedicated to investments in R&D, as part of the European Union's research and innovation program, Horizon 2020. This is the first EIB transaction in Portugal supported by "InnovFin – EU Finance for Innovators" and acknowledges Novabase's work in the area of innovation.

The Board of Directors informed on its intention to propose, at the 2015 Annual General Meeting of Shareholders, the distribution of dividends in the amount of EUR 942 thousand. This payment, equal to 30.3% of the consolidated net profit, represents a dividend of 3 euro cents per share.

45. Note added for translation

These financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

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

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NOVABASE

Audit Committee

Opinion of the Audit Committee on the Consolidated Financial Information

Dear Shareholders,

Pursuant to the law, the mandate from our shareholders and the provisions of Article 423-F, Item g) of the Portuguese Company Code and nº of Article 508-D of the same code, we now present a brief summary of our supervisory activities, together with our opinion on the Annual Report and Consolidated Financial Statements presented by the Novabase SGPS, SA Board of Directors for the year ending 31 December 2014.

Over the course of the period ended December 31, 2014, the Audit Committee held 8 formal meetings and several informal meetings to supervise the following:

- Company management, in terms of compliance with the law, the memorandum of association and other regulations in force, as well as in relation to management activities, policies pursued and the transparency, diligence and credibility of conduct;

- The efficacy of risk management systems and internal control and auditing activities; and

- Mechanisms, procedures and activities employed in preparing and disclosing financial information and reviewing the accuracy of the accounting documentation and accounting policies used by the Company, to ensure that these entail an accurate assessment of the Company's financial status and results.

NOVABASE

Audit Committee

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

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

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

Therefore, in light of the information received from the Board of Directors and the Company's various departments, together with the conclusions of the Statutory Auditors Report of the Limited Review Report which deserved our agreement, it is our opinion that:

- The Annual Report be approved;

- The Consolidated Financial Statements be approved.

Lisbon, March 26th 2015

The Audit Committee

Luis Mira Amaral (Chairman)

Manuel Alves Monteiro (Member)

João Luís Duque (Member)

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of Novabase, SGPS, SA., comprising the consolidated statement of financial position as at December 31, 2014, (which shows total assets of Euros 210.454 thousand and total shareholder's equity of Euros 99.268 thousand including non-controlling interests of Euros 12.432 thousand and a net profit of Euros 3.112 thousand), the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness of the accounting principles used and their

disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Novabase, SGPS, SA. as at December 31, 2014, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245-A of the Portuguese Securities Market Code.

March 26, 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

Jorge Manuel Santos Costa, R.O.C.

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

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DETAIL ON SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY BOARD MEMBERS OF NOVABASE S.G.P.S. AND OF OTHER GROUP COMPANIES

	Share Capital	Total Number of Shares / Quotas	Number of Shares / Quotas held by Board Members at 31.12.13	Transactions	Number of Shares / Quotas held by Board Members at 31.12.14	% held by Board Members at 31.12.14
Novabase S.G.P.S., S.A.	**€ 15,700,697**	**31,401,394**	**5,221,102**	**133,130**	**5,354,232**	**17.1%**
José Afonso Oom Ferreira de Sousa			2,721	(2,720)	1	0.0%
Pedro Miguel Quinteiro Marques de Carvalho			2,279,012	0	2,279,012	7.3%
Luís Paulo Cardoso Salvado			13,602	(13,601)	1	0.0%
João Nuno da Silva Bento			699,799	0	699,799	2.2%
Rogério dos Santos Carapuça			1,993,120	94,729	2,087,849	6.6%
Álvaro José da Silva Ferreira			13,602	(13,601)	1	0.0%
Nuno Carlos dos Santos Fórneas			122,757	47,961	170,718	0.5%
Paulo Jorge de Barros Pires Trigo			68,864	5,947	74,811	0.2%
Maria do Carmo do Brito Palma			11,820	14,415	26,235	0.1%
Manuel Fernando Macedo Alves Monteiro			9,000	0	9,000	0.0%
Luís Fernando de Mira Amaral			6,305	0	6,305	0.0%
João Luís Correia Duque			500	0	500	0.0%
NBASIT - Sist. Inf. e Telecomunicações, S.A.	**47.500.000 AOA**	**100,000**	**800**	**0**	**800**	**0.8%**
Álvaro José da Silva Ferreira			400	0	400	0.4%
Francisco Paulo Figueiredo Morais Antunes			200	0	200	0.2%
Luís Paulo Cardoso Salvado			200	0	200	0.2%
CelFocus, S.A.	**€ 100,000**	**100,000**	**2**	**0**	**2**	**0.0%**
Paulo Jorge de Barros Pires Trigo			1	0	1	0.0%
José Afonso Oom Ferreira de Sousa			1	0	1	0.0%
COLLAB – Sol. I. Com. e Colab., S.A.	**€ 61,333**	**61,333**	**3,750**	**0**	**3,750**	**6.1%**
Pedro Cabrita Quintas			3,750	0	3,750	6.1%
FeedZai, S.A. (a)	**€ 108,068**	**12,714,218**	**5,649,000**	**(293,388)**	**4,905,612**	**38.6%**
Nuno Jorge da Cruz Sebastião			1,749,500	(97,796)	1,651,704	13.0%
Paulo Jorge Pimenta Marques			1,724,750	(97,796)	1,626,954	12.8%
Pedro Gustavo Santos Rodrigues Bizarro			1,724,750	(97,796)	1,626,954	12.8%
Pedro Miguel Quinteiro Marques de Carvalho (b)			450,000	0	N/A	-
PowerGrid, Lda	**€ 450,000**	**450,000**	**50,000**	**0**	**50,000**	**11.1%**
Vitor Manuel Spinola Prisca			50,000	0	50,000	11.1%
Dosapac, Automação de Edifícios, S.A. (c)	**€ 50,000**	**50,000**	**35,000**	**0**	**0**	**0.0%**
José da Conceição Martins da Mota			35,000	0	N/A	-
Bright Innovation, Lda	**€ 25,000**	**25,000**	**2,500**	**0**	**2,500**	**10.0%**
Patrícia Delgado Tavares Nunes G. Costa			2,500	0	2,500	10.0%
NBMSIT, Sist. de Inf. e Tecnol., S.A.	**8.235.000 MZN**	**27,450**	**4,941**	**0**	**4,941**	**18.0%**
Lucas Fazine Chacine			4,941	0	4,941	18.0%
DTV Research, Lda (d)	**€ 200,000**	**200,000**	**10,000**	**0**	**0**	**0.0%**
Humberto João da Silva dos Santos Abel			10,000	0	N/A	-
Power Data, Lda	**€ 10,000**	**10,000**	**2,000**	**0**	**2,000**	**20.0%**
Vitor Manuel Spinola Prisca			2,000	0	2,000	20.0%
Radical Innovation, Lda	**€ 10,000**	**10,000**	**2,000**	**0**	**2,000**	**20.0%**
Patrícia Delgado Tavares Nunes G. Costa			2,000	0	2,000	20.0%
Smartgeo Solutions Lda (e)	**€ 5,000**	**5,000**	**3,750**	**(278)**	**3,472**	**69.4%**
Sandra Maria Loureiro Bernardo			1,000	0	1,000	20.0%
Pedro Manuel Gonçalves Reino			1,000	0	1,000	20.0%
Victor José Luz Ramos			1,000	0	1,000	20.0%
Carlos Simões			0	472	472	9.4%
Nuno Miguel Sousa			250	(250)	0	0.0%
Carlos Eduardo Vieira Caçador			250	(250)	0	0.0%
João Negrão Antunes			250	(250)	0	0.0%
City Pulse, Lda (f)	**€ 100,000**	**100,000**	**0**	**10,000**	**10,000**	**10.0%**
Manuel Maximiano Relvas do Nascimento			N/A	10,000	10,000	10.0%
Wizdee, S.A. (f)	**€ 122,325**	**12,232,498**	**0**	**9,359,092**	**9,359,092**	**76.5%**
Bruno Emanuel Machado Antunes			N/A	4,679,546	4,679,546	38.3%
Paulo Jorge de Sousa Gomes			N/A	4,679,546	4,679,546	38.3%
Livian Technologies, Lda (f)	**€ 10,000**	**10,000**	**0**	**2,000**	**2,000**	**20.0%**
Pedro Luís Gaspar			N/A	2,000	2,000	20.0%

(a) The total number of shares considers now the rights for the acquisition of shares, being the participation in Feedzai diluted.
(b) Ceases to belong to the Corporate Boards.
(c) Financial holding disposed in 2014.
(d) Financial holding disposed in 2013. Formally, the shares were transferred only at 01/31/2014.
(e) SmartGeo have its own quota amounting to € 277.77.
(f) Company incorporated in 2014.

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STATEMENT OF COMPLIANCE

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

Statement of the Board of Directors

(Free translation from the original version in Portuguese)

Under the terms of sub-paragraph c) paragraph 1 of article 245 of the Portuguese Securities Code, the undersigned, as members of the Board of Directors of Novabase S.G.P.S., S.A., below identified declare that to the best of their knowledge:

(i) the information contained in the management report, the annual accounts, the Auditors' Report and all other accounting documentation required by law or regulation, regarding the year ended 31 December 2014, was prepared in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, financial position and results of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter; and

(ii) the management report faithfully states the evolution of the businesses, of the performance and of the position of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter, containing namely an accurate description of the main risks and uncertainties which they face.

Lisbon, March 26, 2015

Rogério dos Santos Carapuça
(Non-Executive Member, Chairman of the Board of Directors)

Luís Paulo Cardoso Salvado
(Executive Member, Chairman of the Executive Committee - CEO)

José Afonso Oom Ferreira de Sousa
(Non-Executive Member)

Pedro Miguel Quinteiro Marques de Carvalho
(Non-Executive Member)

João Nuno da Silva Bento
(Executive Member, Member of the Executive Committee)

Álvaro José da Silva Ferreira
(Executive Member, Member of the Executive Committee)

Joaquim Manuel Jordão Sérvulo Rodrigues
(Non-Executive Member)

Luís Fernando de Mira Amaral
(Non-Executive Member, Independent, Chairman of the Audit Committee)

Manuel Fernando de Macedo Alves Monteiro
(Non-Executive Member, Independent, Member of the Audit Committee)

Francisco Paulo Figueiredo Morais Antunes
(Executive Member, Member of the Executive Committee - CFO)

João Luís Correia Duque
(Non-Executive Member, Independent, Member of the Audit Committee)

Nuno Carlos Dias dos Santos Fórneas
(Executive Member, Member of the Executive Committee)

Paulo Jorge de Barros Pires Trigo
(Non-Executive Member)

Maria do Carmo do Brito Palma
(Executive Member, Member of the Executive Committee)

Pedro Miguel Gonçalves Afonso
(Executive Member, Member of the Executive Committee)

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