



# ACCOUNTS

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ACCOUNTS



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**Consolidated Financial Statements  
for the year ended 31 December 2015**

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

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**I. CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2015**

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

## Consolidated Statement of Financial Position as at 31 December 2015

(Amounts expressed in thousands of Euros)

|   | Note | 31.12.15       | 31.12.14<br>restated (*) | 01.01.14<br>restated (*) |
|---|------|----------------|--------------------------|--------------------------|
| <b>Assets</b>   |      |                |                          |                          |
| <b>Non-Current Assets</b>                             |      |                |                          |                          |
| Property, plant and equipment                         | 7    | 9,704          | 5,570                    | 6,120                    |
| Intangible assets                                     | 8    | 29,304         | 30,663                   | 32,095                   |
| Investments in associates                             | 9    | 621            | 871                      | 961                      |
| Financial assets at fair value through profit or loss | 10   | 3,165          | 1,544                    | 1,256                    |
| Held-to-maturity investments                          | 18   | 4,554          | -                        | -                        |
| Deferred income tax assets                            | 11   | 16,352         | 17,228                   | 14,901                   |
| Other non-current assets                              | 39   | 7,478          | 7,770                    | 4,868                    |
| <b>Total Non-Current Assets</b>                       |      | <b>71,178</b>  | <b>63,646</b>            | <b>60,201</b>            |
| <b>Current Assets</b>                                 |      |                |                          |                          |
| Inventories   | 12   | 2,824          | 4,943                    | 8,925                    |
| Trade and other receivables                           | 14   | 94,519         | 91,645                   | 87,975                   |
| Accrued income  | 15   | 21,592         | 22,047                   | 12,421                   |
| Income tax receivable                                 |      | 2,479          | 2,223                    | 2,236                    |
| Derivative financial instruments                      | 16   | 168            | 88                       | 514                      |
| Other current assets                                  | 17   | 4,743          | 5,148                    | 4,470                    |
| Financial assets held for trading                     |      | -              | -                        | 5,015                    |
| Held-to-maturity investments                          | 18   | 845            | -                        | -                        |
| Cash and cash equivalents                             | 19   | 24,293         | 20,714                   | 32,942                   |
| <b>Total Current Assets</b>                           |      | <b>151,463</b> | <b>146,808</b>           | <b>154,498</b>           |
| <b>Total Assets</b>                                   |      | <b>222,641</b> | <b>210,454</b>           | <b>214,699</b>           |
| <b>Equity</b>   |      |                |                          |                          |
| Share capital   | 20   | 15,701         | 15,701                   | 15,701                   |
| Treasury shares                                       | 20   | (6)            | (29)                     | (295)                    |
| Share premium   | 20   | 43,560         | 43,560                   | 43,560                   |
| Reserves and retained earnings                        |      | 14,792         | 18,813                   | 18,076                   |
| Profit for the year                                   |      | 7,425          | 3,112                    | 7,510                    |
| Total Equity attributable to owners of the parent     |      | 81,472         | 81,157                   | 84,552                   |
| Non-controlling interests                             | 22   | 8,194          | 11,855                   | 10,946                   |
| <b>Total Equity</b>                                   |      | <b>89,666</b>  | <b>93,012</b>            | <b>95,498</b>            |
| <b>Liabilities</b>                                    |      |                |                          |                          |
| <b>Non-Current Liabilities</b>                        |      |                |                          |                          |
| Borrowings  | 23   | 19,634         | 9,989                    | 14,031                   |
| Provisions  | 24   | 11,497         | 9,894                    | 10,642                   |
| Deferred income tax liabilities                       | 11   | -              | -                        | 100                      |
| Other non-current liabilities                         | 25   | 271            | 70                       | 70                       |
| <b>Total Non-Current Liabilities</b>                  |      | <b>31,402</b>  | <b>19,953</b>            | <b>24,843</b>            |
| <b>Current Liabilities</b>                            |      |                |                          |                          |
| Borrowings  | 23   | 5,568          | 6,418                    | 7,353                    |
| Trade and other payables                              | 26   | 58,200         | 59,117                   | 61,764                   |
| Income tax payable                                    |      | 24             | 967                      | 89                       |
| Derivative financial instruments                      | 16   | 160            | 1,323                    | 77                       |
| Deferred income and other current liabilities         | 27   | 37,621         | 29,664                   | 24,755                   |
| <b>Total Current Liabilities</b>                      |      | <b>101,573</b> | <b>97,489</b>            | <b>94,038</b>            |
| Liabilities for discontinued operations               |      | -              | -                        | 320                      |
| <b>Total Liabilities</b>                              |      | <b>132,975</b> | <b>117,442</b>           | <b>119,201</b>           |
| <b>Total Equity and Liabilities</b>                   |      | <b>222,641</b> | <b>210,454</b>           | <b>214,699</b>           |

(\*) Restated accordingly IAS 8 - see note 2

THE CERTIFIED ACCOUNTANT

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**  
**for the year ended 31 December 2015**

(Amounts expressed in thousands of Euros)

|  | Note | 12 M *        |              |
|--|------|---------------|--------------|
|  |      | 31.12.15      | 31.12.14     |
| <b>Continuing Operations</b>   |      |               |              |
| Sales  | 5    | 63,445        | 67,811       |
| Services rendered  | 5    | 168,147       | 153,044      |
| Cost of sales  | 12   | (55,525)      | (61,854)     |
| External supplies and services   | 28   | (67,959)      | (59,898)     |
| Employee benefit expense   | 29   | (89,695)      | (86,305)     |
| Restructuring costs  |      | -             | (1,522)      |
| Other gains/(losses) - net   | 30   | (3,497)       | 1,861        |
| Depreciation and amortisation  | 31   | (5,348)       | (5,917)      |
| <b>Operating Profit</b>  |      | <b>9,568</b>  | <b>7,220</b> |
| Finance income   | 32   | 9,140         | 1,830        |
| Finance costs  | 33   | (8,357)       | (3,505)      |
| Share of loss of associates  | 34   | (200)         | (90)         |
| <b>Profit Before Income Tax</b>  |      | <b>10,151</b> | <b>5,455</b> |
| Income tax expense   | 35   | (1,745)       | (857)        |
| Profit from continuing operations  |      | 8,406         | 4,598        |
| <b>Discontinued operations</b>   |      |               |              |
| Profit from discontinued operations  | 5    | -             | 211          |
| <b>Profit for the Year</b>   |      | <b>8,406</b>  | <b>4,809</b> |
| <b>Profit attributable to:</b>   |      |               |              |
| Owners of the parent   |      | 7,425         | 3,112        |
| Non-controlling interests  | 22   | 981           | 1,697        |
|  |      | 8,406         | 4,809        |
| <b>Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)</b> |      |               |              |
| <b>Basic earnings per share</b>  |      |               |              |
| From continuing operations   | 36   | 0.24 Euros    | 0.09 Euros   |
| From discontinued operations   | 36   | Zero Euros    | 0.01 Euros   |
| From profit for the year   | 36   | 0.24 Euros    | 0.10 Euros   |
| <b>Diluted earnings per share</b>  |      |               |              |
| From continuing operations   | 36   | 0.24 Euros    | 0.09 Euros   |
| From discontinued operations   | 36   | Zero Euros    | 0.01 Euros   |
| From profit for the year   | 36   | 0.24 Euros    | 0.10 Euros   |

**12 M \* - period of 12 months ended**

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

**NOVABASE S.G.P.S., S.A.**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended 31 December 2015**

(Amounts expressed in thousands of Euros)

|  | Note | 12 M *       |              |
|--|------|--------------|--------------|
|  |      | 31.12.15     | 31.12.14     |
| <b>Profit for the Year</b>                         |      | 8,406        | 4,809        |
| <b>Other comprehensive income for the year</b>     |      |              |              |
| Exchange differences on foreign operations         |      | (9,139)      | 398          |
| <b>Other comprehensive income for the year</b>     |      | (9,139)      | 398          |
| <b>Total comprehensive income for the year</b>     |      | <b>(733)</b> | <b>5,207</b> |
| <b>Total comprehensive income attributable to:</b> |      |              |              |
| Owners of the parent                               |      | 1,901        | 2,920        |
| Non-controlling interests                          |      | (2,634)      | 2,287        |
|  |      | (733)        | 5,207        |
| <b>12 M * - period of 12 months ended</b>          |      |              |              |

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

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

## Consolidated Statement of Changes in Equity for the year ended 31 December 2015

(Amounts expressed in thousands of Euros)

|   | Note   | Attributable to owners of the parent |                 |               |                |                        |                                | Non-controlling interests | Total Equity   |
|---|--------|--------------------------------------|-----------------|---------------|----------------|------------------------|--------------------------------|---------------------------|----------------|
|   |        | Share capital                        | Treasury shares | Share premium | Legal reserves | Stock options reserves | Reserves and retained earnings |                           |                |
| <b>Balance at 1 January, 2014</b>   |        | <b>15,701</b>                        | <b>(295)</b>    | <b>43,560</b> | <b>3,140</b>   | <b>326</b>             | <b>27,800</b>                  | <b>11,522</b>             | <b>101,754</b> |
| Restatement accordingly IAS 8   | 2      | -                                    | -               | -             | -              | -                      | (5,680)                        | (576)                     | (6,256)        |
| <b>Restated Balance at 1 January, 2014</b>  |        | <b>15,701</b>                        | <b>(295)</b>    | <b>43,560</b> | <b>3,140</b>   | <b>326</b>             | <b>22,120</b>                  | <b>10,946</b>             | <b>95,498</b>  |
| Profit for the year   |        | -                                    | -               | -             | -              | -                      | 3,112                          | 1,697                     | 4,809          |
| Other comprehensive income for the year   |        | -                                    | -               | -             | -              | -                      | (192)                          | 590                       | 398            |
| Total comprehensive income for the year   |        | -                                    | -               | -             | -              | -                      | 2,920                          | 2,287                     | 5,207          |
| <b>Transactions with owners</b>   |        |                                      |                 |               |                |                        |                                |                           |                |
| 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             |
| Transactions with owners  |        | -                                    | 266             | -             | -              | (172)                  | (6,409)                        | (1,378)                   | (7,693)        |
| <b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b> |        |                                      |                 |               |                |                        |                                |                           |                |
| Transactions with non-controlling interests   |        | -                                    | -               | -             | -              | -                      | -                              | -                         | -              |
| <b>Balance at 31 December, 2014</b>   |        | <b>15,701</b>                        | <b>(29)</b>     | <b>43,560</b> | <b>3,140</b>   | <b>154</b>             | <b>18,631</b>                  | <b>11,855</b>             | <b>93,012</b>  |
| <b>Balance at 1 January, 2015</b>   |        | <b>15,701</b>                        | <b>(29)</b>     | <b>43,560</b> | <b>3,140</b>   | <b>154</b>             | <b>18,631</b>                  | <b>11,855</b>             | <b>93,012</b>  |
| Profit for the year   |        | -                                    | -               | -             | -              | -                      | 7,425                          | 981                       | 8,406          |
| Other comprehensive income for the year   |        | -                                    | -               | -             | -              | -                      | (5,524)                        | (3,615)                   | (9,139)        |
| Total comprehensive income for the year   |        | -                                    | -               | -             | -              | -                      | 1,901                          | (2,634)                   | (733)          |
| <b>Transactions with owners</b>   |        |                                      |                 |               |                |                        |                                |                           |                |
| Dividends   | 21, 22 | -                                    | -               | -             | -              | -                      | (936)                          | (1,036)                   | (1,972)        |
| Treasury shares movements   | 20     | -                                    | (141)           | -             | -              | -                      | (525)                          | -                         | (666)          |
| Share-based payments - stock options exercise   | 20     | -                                    | 164             | -             | -              | (170)                  | 6                              | -                         | -              |
| Share-based payments  | 20, 29 | -                                    | -               | -             | -              | 16                     | -                              | -                         | 16             |
| Change in consolidation universe  | 22     | -                                    | -               | -             | -              | -                      | -                              | 9                         | 9              |
| Transactions with owners  |        | -                                    | 23              | -             | -              | (154)                  | (1,455)                        | (1,027)                   | (2,613)        |
| <b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b> |        |                                      |                 |               |                |                        |                                |                           |                |
| Transactions with non-controlling interests   |        | -                                    | -               | -             | -              | -                      | -                              | -                         | -              |
| <b>Balance at 31 December, 2015</b>   |        | <b>15,701</b>                        | <b>(6)</b>      | <b>43,560</b> | <b>3,140</b>   | <b>-</b>               | <b>19,077</b>                  | <b>8,194</b>              | <b>89,666</b>  |

THE CERTIFIED ACCOUNTANT

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 Cash Flows for the year ended 31 December 2015

(Amounts expressed in thousands of Euros)

|  | Note   | 12 M *          |                 |
|--|--------|-----------------|-----------------|
|  |        | 31.12.15        | 31.12.14        |
| <b>Cash flows from operating activities</b>                                    |        |                 |                 |
| Cash receipts from customers   |        | 223,177         | 207,596         |
| Cash paid to suppliers and employees   |        | (205,211)       | (205,982)       |
| Cash generated from operations   |        | 17,966          | 1,614           |
| Income taxes paid  |        | (1,680)         | (586)           |
| Other operating proceeds / (payments)  |        | 1,525           | (2,396)         |
|  |        | (155)           | (2,982)         |
| <b>Net Cash generated / (used) in operating activities</b>                     |        | <b>17,811</b>   | <b>(1,368)</b>  |
| <b>Cash flows from investing activities</b>                                    |        |                 |                 |
| Receipts:  |        |                 |                 |
| Proceeds on disposal of subsidiaries and associates                            |        | 1,270           | 2,479           |
| Loan repayments received from associates                                       |        | 139             | 3,343           |
| Disposal of financial assets held for trading / held-to-maturity               | 18     | -               | 10,034          |
| Proceeds on disposal of property, plant and equipment                          |        | 241             | 20              |
| Interest received  |        | 435             | 660             |
|  |        | 2,085           | 16,536          |
| Payments:  |        |                 |                 |
| Acquisition of subsidiaries and associates                                     |        | (152)           | (286)           |
| Loans granted to associates  |        | (2,000)         | (2,902)         |
| Settlement of derivatives  |        | (2,364)         | -               |
| Purchases of financial assets held for trading / held-to-maturity              | 18     | (5,958)         | (5,019)         |
| Purchases of property, plant and equipment                                     |        | (1,490)         | (1,102)         |
| Purchases of intangible assets   |        | (1,585)         | (2,033)         |
|  |        | (13,549)        | (11,342)        |
| <b>Net Cash generated / (used) in investing activities</b>                     |        | <b>(11,464)</b> | <b>5,194</b>    |
| <b>Cash flows from financing activities</b>                                    |        |                 |                 |
| Receipts:  |        |                 |                 |
| Proceeds from borrowings   |        | 19,921          | 3,100           |
| Capital contribution by non-controlling interests (i)                          |        | -               | 35              |
|  |        | 19,921          | 3,135           |
| Payments:  |        |                 |                 |
| Repayments of borrowings   |        | (15,478)        | (8,389)         |
| Dividends paid   | 21, 22 | (1,342)         | (7,663)         |
| Payment of finance lease liabilities   |        | (1,166)         | (1,336)         |
| Interest paid  |        | (1,098)         | (1,339)         |
| Purchase of treasury shares  | 20     | (778)           | (392)           |
|  |        | (19,862)        | (19,119)        |
| <b>Net Cash (used) / generated in financing activities</b>                     |        | <b>59</b>       | <b>(15,984)</b> |
| <b>Cash, cash equivalents and bank overdrafts at beg. of year</b>              | 19     | <b>20,714</b>   | <b>32,942</b>   |
| <b>Net increase / (decrease) of cash, cash equivalents and bank overdrafts</b> |        | <b>6,406</b>    | <b>(12,158)</b> |
| <b>Effect from exchange rate fluctuations on cash held</b>                     |        | <b>(2,827)</b>  | <b>(70)</b>     |
| <b>Cash, cash equivalents and bank overdrafts at end of year</b>               | 19     | <b>24,293</b>   | <b>20,714</b>   |
| <b>12 M * - period of 12 months ended</b>                                      |        |                 |                 |

(i) 2014: NBMSIT, Sist. De Inf. E Tecnol., S.A. (Mozambique).

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

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

**NOVABASE S.G.P.S., S.A.**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 December 2015**

**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 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 is specialized 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 is listed on the Euronext Lisbon.

The share capital is represented by 31,401,394 shares (2014: 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 April 5, 2016. 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**

In the year ending in 31 December 2015, the Group reassessed its provisions in light of the recent interpretations from the IFRS Interpretations Committee, which stipulate that, for the purpose of measuring risks and uncertainties, companies should estimate the cost of liquidation of any obligations by weighing all possible controllable results and the associated probabilities of occurrence. As established in IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this new interpretation shall be applied retroactively and, as a result, changes were made to the Consolidated Statement of Financial Position as of 1 January 2014. The financial information pertaining to the year ending in 31 December 2014 has been restated with the following effects:

Consolidated Statement of Financial Position as at 1 January 2014:

|   | <u>Published</u> | <u>Restatement</u> | <u>Restated</u> |
|---|------------------|--------------------|-----------------|
| <b>Assets</b>                                     |                  |                    |                 |
| <b>Total Assets</b>                               | 214,699          | -                  | 214,699         |
| <b>Equity</b>                                     |                  |                    |                 |
| Reserves and retained earnings                    | 23,756           | (5,680)            | 18,076          |
| Total Equity attributable to owners of the parent | 90,232           | (5,680)            | 84,552          |
| Non-controlling interests                         | 11,522           | (576)              | 10,946          |
| <b>Total Equity</b>                               | 101,754          | (6,256)            | 95,498          |
| <b>Liabilities</b>                                |                  |                    |                 |
| <b>Non-Current Liabilities</b>                    |                  |                    |                 |
| Provisions  | 4,386            | 6,256              | 10,642          |
| <b>Total Non-Current Liabilities</b>              | 18,587           | 6,256              | 24,843          |
| <b>Total Liabilities</b>                          | 112,945          | 6,256              | 119,201         |
| <b>Total Equity and Liabilities</b>               | 214,699          | -                  | 214,699         |

Consolidated Statement of Financial Position as at 31 December 2014:

|   | <u>Published</u> | <u>Restatement</u> | <u>Restated</u> |
|---|------------------|--------------------|-----------------|
| <b>Assets</b>                                     |                  |                    |                 |
| <b>Total Assets</b>                               | 210,454          | -                  | 210,454         |
| <b>Equity</b>                                     |                  |                    |                 |
| Reserves and retained earnings                    | 24,493           | (5,680)            | 18,813          |
| Total Equity attributable to owners of the parent | 86,837           | (5,680)            | 81,157          |
| Non-controlling interests                         | 12,431           | (576)              | 11,855          |
| <b>Total Equity</b>                               | 99,268           | (6,256)            | 93,012          |
| <b>Liabilities</b>                                |                  |                    |                 |
| <b>Non-Current Liabilities</b>                    |                  |                    |                 |
| Provisions  | 3,638            | 6,256              | 9,894           |
| <b>Total Non-Current Liabilities</b>              | 13,697           | 6,256              | 19,953          |
| <b>Total Liabilities</b>                          | 111,186          | 6,256              | 117,442         |
| <b>Total Equity and Liabilities</b>               | 210,454          | -                  | 210,454         |

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 2015.

This statements are presentend in thousands of euro.

#### **New standards, amendments to existing standards and interpretations that have been published and are mandatory for the accounting periods beginning after 1 January 2015 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 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' and 'Derivative financial instruments', which are measured at its fair value (notes 10 and 16).

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 2015, 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 structured 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.

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 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 Management.

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 Management 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., Novabase Consulting S.G.P.S., NBASE S.G.P.S and Novabase Serviços (companies that includes the top management of the Group and the 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 profit or loss in the consolidated statement of profit and loss. Translation differences on monetary items are included in other comprehensive income in the consolidated statement of comprehensive income.

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

| Euro foreign exchange reference rates<br>(x foreign exchange units per 1 Euro) | Rate on  |          | Average rate |          |
|--|----------|----------|--------------|----------|
|  | 31.12.15 | 31.12.14 | 2015         | 2014     |
| • Angolan Kwanza (AOA)   | 174.7141 | 128.6326 | 138.3236     | 133.3070 |
| • Mozambican Metical (MZN)   | 49.3181  | 40.5024  | 37.3248      | 40.6593  |
| • Turkish Lira (TRY)   | 3.1765   | 2.8320   | 3.2124       | 2.8320   |
| • US Dollar (USD)  | 1.0887   | 1.2141   | 1.1125       | 1.3331   |
| • British Pound (GBP)  | 0.7340   | 0.7789   | 0.7288       | 0.8064   |

##### (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 results 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 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. 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 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.

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) held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### (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. 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 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) Held-to-maturity financial assets**

A held-to-maturity investment is a nonderivative financial asset that has either fixed or determinable payments and a fixed maturity, and for which an entity has the intention to collect the original principal, and not to sell or trade in the market.

**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. 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. 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 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.

### 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 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, 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 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 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 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 other comprehensive income. 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 other comprehensive income, are included in the consolidated statement of profit and loss 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, 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 2015, except as referred at the beginning of this note, are comparable in all material aspects with the year 2014, 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, Kwanza and Metical 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:

| <b>At 31 December 2014</b>                            | <b>Euro</b>    | <b>Dollar</b> | <b>Kwanza</b> | <b>Metical</b> | <b>Other</b> | <b>Total</b>   |
|---|----------------|---------------|---------------|----------------|--------------|----------------|
| <b>Assets</b>   |                |               |               |                |              |                |
| 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         | 11,110        | 2,311          | 194          | 85,596         |
| Accrued income  | 20,673         | -             | 1,177         | 197            | -            | 22,047         |
| Derivative financial instruments                      | 88             | -             | -             | -              | -            | 88             |
| Cash and cash equivalents                             | 8,524          | 127           | 9,515         | 2,439          | 109          | 20,714         |
|   | <u>103,773</u> | <u>6,934</u>  | <u>21,802</u> | <u>4,947</u>   | <u>303</u>   | <u>137,759</u> |
| <b>Liabilities</b>                                    |                |               |               |                |              |                |
| Other non-current liabilities                         | 70             | -             | -             | -              | -            | 70             |
| Borrowings  | 16,407         | -             | -             | -              | -            | 16,407         |
| Trade and other payables                              | 45,223         | 8,539         | 4,079         | 1,276          | -            | 59,117         |
| Derivative financial instruments                      | 1,323          | -             | -             | -              | -            | 1,323          |
| Deferred income and other current liabilities         | 26,116         | -             | 1,190         | 2,358          | -            | 29,664         |
|   | <u>89,139</u>  | <u>8,539</u>  | <u>5,269</u>  | <u>3,634</u>   | <u>-</u>     | <u>106,581</u> |
| <b>At 31 December 2015</b>                            |                |               |               |                |              |                |
|   | <b>Euro</b>    | <b>Dollar</b> | <b>Kwanza</b> | <b>Metical</b> | <b>Other</b> | <b>Total</b>   |
| <b>Assets</b>   |                |               |               |                |              |                |
| Other non-current assets                              | 7,478          | -             | -             | -              | -            | 7,478          |
| Financial assets at fair value through profit or loss | 3,165          | -             | -             | -              | -            | 3,165          |
| Held-to-maturity investments - non-current            | -              | -             | 4,554         | -              | -            | 4,554          |
| Trade and other receivables                           | 64,773         | 9,596         | 11,081        | 4,716          | 3            | 90,169         |
| Accrued income  | 20,862         | -             | 572           | 158            | -            | 21,592         |
| Derivative financial instruments                      | 168            | -             | -             | -              | -            | 168            |
| Held-to-maturity investments - current                | -              | -             | 845           | -              | -            | 845            |
| Cash and cash equivalents                             | 13,906         | 156           | 6,242         | 3,808          | 181          | 24,293         |
|   | <u>110,352</u> | <u>9,752</u>  | <u>23,294</u> | <u>8,682</u>   | <u>184</u>   | <u>152,264</u> |
| <b>Liabilities</b>                                    |                |               |               |                |              |                |
| Other non-current liabilities                         | 271            | -             | -             | -              | -            | 271            |
| Borrowings  | 24,481         | -             | 721           | -              | -            | 25,202         |
| Trade and other payables                              | 49,080         | 3,848         | 4,249         | 1,023          | -            | 58,200         |
| Derivative financial instruments                      | 160            | -             | -             | -              | -            | 160            |
| Deferred income and other current liabilities         | 30,802         | -             | 3,980         | 2,839          | -            | 37,621         |
|   | <u>104,794</u> | <u>3,848</u>  | <u>8,950</u>  | <u>3,862</u>   | <u>-</u>     | <u>121,454</u> |

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 2015, 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 2,525 thousand in 2015 (2014: EUR 1,654 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. 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 2015, 20% of the Group's borrowings were issued at fixed rates.

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 2015, 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 13 thousand, in 2015, and in an increase or decrease, respectively, of approximately EUR 34 thousand, in 2014.

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 2015, the 60 customers with greater balances of the Group represented approximately 84% of the total balance (2014: 83%).

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

|                | <u>31.12.15</u> | <u>31.12.14</u> |
|----------------|-----------------|-----------------|
| Portugal       | 57%             | 65%             |
| Spain          | 1%              | 2%              |
| Rest of Europe | 11%             | 7%              |
| Middle East    | 4%              | 3%              |
| Africa         | 27%             | 23%             |
|                | <u>100%</u>     | <u>100%</u>     |

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

|                        | <u>31.12.15</u> | <u>31.12.14</u> |
|------------------------|-----------------|-----------------|
| Telecommunications     | 38%             | 48%             |
| Consumer electronics   | 1%              | 2%              |
| Financial Services     | 23%             | 20%             |
| Transport              | 1%              | 2%              |
| Public Administration  | 7%              | 6%              |
| Information Technology | 14%             | 13%             |
| Energy                 | 9%              | 6%              |
| Aeronautics            | -               | 1%              |
| Other                  | 7%              | 2%              |
|                        | <u>100%</u>     | <u>100%</u>     |

The table below shows the ratings attributed by Moody's Investors Services to the financial institutions with whom the Group has higher balances at 31 December 2015 (excluding financial institutions where net balance is negative):

|     | <u>31.12.15</u> | <u>31.12.14</u> |
|-----|-----------------|-----------------|
| Ba2 | 4,598           | -               |
| Ba3 | 9,128           | 4,171           |
| B1  | 2,658           | 2,323           |
| B2  | -               | 1,761           |
|     | <u>16,384</u>   | <u>8,255</u>    |

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, and taking into account the cash transfer restrictions from Angola and Mozambique. 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:

|                                   | <b>Borrowings</b> |               |                |
|-----------------------------------|-------------------|---------------|----------------|
|                                   | <b>Euro</b>       | <b>Dollar</b> | <b>Kwanza</b>  |
| Novo Banco                        | 7,000             | 2,500         | -              |
| Banco BPI (BPI)                   | 13,000            | -             | -              |
| Caixa Geral de Depósitos (CGD)    | 5,000             | -             | -              |
| Banco Santander Totta (Santander) | 4,000             | -             | -              |
| Barclays Bank (Barclays)          | -                 | 1,500         | -              |
| Banco de Fomento de Angola (BFA)  | -                 | -             | 200,000        |
| Banco Popular (Popular)           | 8,000             | -             | -              |
| Banco BIC (BIC)                   | 3,000             | -             | -              |
|                                   | <u>40,000</u>     | <u>4,000</u>  | <u>200,000</u> |

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.

|                   | <b>31.12.15</b> | <b>31.12.14</b>   |
|-------------------|-----------------|-------------------|
| Operating Profit  | 9,568           | 7,220             |
| Total Equity      | <u>89,666</u>   | <u>93,012</u> (*) |
| Return on Capital | 10.7 %          | 7.8 %             |

(\*) Restated accordingly IAS 8 - see note 2

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 2015 is around 9.3% (2014: 10.6%). In 2015, the objective was achieved.

#### 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 1,455 thousand (2014: EUR 1,553 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.

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., Novabase Consulting S.G.P.S., NBASE S.G.P.S. and Novabase Serviços are considered as part of the Business Solutions segment.

|   | <b>Business<br/>Solutions</b> | <b>IMS</b> | <b>Venture<br/>Capital</b> | <b>NOVABASE</b> | <b>Discontinued<br/>Operations</b> |
|---|-------------------------------|------------|----------------------------|-----------------|------------------------------------|
| <b>At 31 December 2014</b>                |                               |            |                            |                 |                                    |
| 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 of associates (note 34)     | -                             | -          | (90)                       | (90)            | -                                  |
| Income tax expense                        | 702                           | (1,683)    | 124                        | (857)           | -                                  |
| Profit/(Loss) from operations             | 2,885                         | 335        | 1,378                      | 4,598           | 211                                |
| <b>Other information:</b>                 |                               |            |                            |                 |                                    |
| (Provisions) / Provisions reversal        | (283)                         | 1,092      | 380                        | 1,189           | -                                  |
| <b>At 31 December 2015</b>                |                               |            |                            |                 |                                    |
| Total segment Sales and services rendered | 193,347                       | 123,334    | 5,214                      | 321,895         |                                    |
| Inter-segment Sales and services rendered | 70,747                        | 18,919     | 637                        | 90,303          |                                    |
| Sales and services rendered               | 122,600                       | 104,415    | 4,577                      | 231,592         |                                    |
| Depreciation and amortisation             | (3,704)                       | (1,319)    | (325)                      | (5,348)         |                                    |
| Operating profit/(loss)                   | 7,815                         | 1,599      | 154                        | 9,568           |                                    |
| Finance costs – net                       | (1,362)                       | 2,270      | (125)                      | 783             |                                    |
| Share of loss of associates (note 34)     | -                             | -          | (200)                      | (200)           |                                    |
| Income tax expense                        | (1,234)                       | (334)      | (177)                      | (1,745)         |                                    |
| Profit/(Loss) from operations             | 5,219                         | 3,535      | (348)                      | 8,406           |                                    |
| <b>Other information:</b>                 |                               |            |                            |                 |                                    |
| (Provisions) / Provisions reversal        | (1,842)                       | (1,920)    | (60)                       | (3,822)         |                                    |

## 6. Companies included in consolidation

The companies consolidated by full method, as at 31 December 2015, were the following:

| Holding company<br>and Subsidiaries            | Principal place<br>of business | Share capital<br>31.12.15 | % Interest held |          |
|--|--------------------------------|---------------------------|-----------------|----------|
|  |                                |                           | 31.12.15        | 31.12.14 |
| <b>Parent company:</b>                         |                                |                           |                 |          |
| Novabase S.G.P.S., S.A.                        | Portugal                       | € 15,700,697              | -               | -        |
| <b>Business Solutions:</b>                     |                                |                           |                 |          |
| Novabase Business Solutions, S.A.              | Portugal                       | € 3,466,000               | 100.0%          | 100.0%   |
| NBO Recursos em TI, S.A.                       | Portugal                       | € 50,000                  | 100.0%          | 100.0%   |
| Novabase Consulting SGPS, S.A.                 | Portugal                       | € 11,629,475              | 100.0%          | 100.0%   |
| Novabase E.A., S.A.                            | Portugal                       | € 150,000                 | 100.0%          | 100.0%   |
| CelFocus, S.A.                                 | Portugal                       | € 100,000                 | 55.0%           | 55.0%    |
| Nbase International Investments B.V.           | The Netherlands                | € 1,220,800               | 100.0%          | 100.0%   |
| Novabase Solutions Middle East FZ-LLC          | Dubai                          | € 699,670                 | 100.0%          | 100.0%   |
| Octal - Engenharia de Sistemas, S.A.           | Portugal                       | € 3,000,000               | 100.0%          | 100.0%   |
| Evolvespace Solutions, Lda.                    | Portugal                       | € 5,000                   | 100.0%          | 100.0%   |
| Binómio, Lda.                                  | Portugal                       | € 2,626                   | 100.0%          | 100.0%   |
| NBMSIT, Sist. de Inf. e Tecnol., S.A.          | Mozambique                     | 8,235,000 MZN             | 74.0%           | 74.0%    |
| Celfocus B. T. T. H. T. Limited Ş.             | Turkey                         | 100,000 TRY               | 55.0%           | 55.0%    |
| NBASE SGPS                                     | Portugal                       | € 50,000                  | 100.0%          | -        |
| Celfocus LTD                                   | UK                             | 15,000 GBP                | 55.0%           | -        |
| (i) Novabase Sistemas de Informacion, S.A.     | Spain                          | € 1,000,000               | 100.0%          | 100.0%   |
| <b>IMS:</b>                                    |                                |                           |                 |          |
| Novabase Infraestruturas, SGPS, S.A.           | Portugal                       | € 50,000                  | 100.0%          | 100.0%   |
| Novabase IMS Infr. & Manag. Services, S.A.     | Portugal                       | € 70,500                  | 100.0%          | 100.0%   |
| Novabase Infr. Integracion S. Inf., S.A.       | Spain                          | € 120,202                 | 100.0%          | 100.0%   |
| (ii) NBASIT-Sist. de Inf. e Telecomunic., S.A. | Angola                         | 47,500,000 AOA            | 49.4%           | 49.4%    |
| Novabase Interactive TV SGPS, S.A.             | Portugal                       | € 278,125                 | 100.0%          | 100.0%   |
| Novabase Digital TV E.S. Tel. Inter., S.A.     | Portugal                       | € 250,000                 | 100.0%          | 100.0%   |
| TVLab, S.A.                                    | Portugal                       | € 52,517                  | 70.0%           | 70.0%    |
| <b>Venture Capital:</b>                        |                                |                           |                 |          |
| Novabase Capital SGCR, S.A.                    | Portugal                       | € 2,500,000               | 100.0%          | 100.0%   |
| COLLAB – Sol. I. Com. e Colab., S.A.           | Portugal                       | € 61,333                  | 81.0%           | 81.0%    |
| FCR NB Capital Inovação e Internacionalização  | -                              | € 11,360,000              | 51.6%           | 51.6%    |
| <b>Novabase Shared Services:</b>               |                                |                           |                 |          |
| Novabase Serviços, S.A.                        | Portugal                       | € 250,000                 | 100.0%          | 100.0%   |

(i) In 2014, this company was included in IMS segment.

(ii) 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 2015, were the following:

| Associates<br>(see note 9)                  | Principal place<br>of business | Share capital<br>31.12.15 | % Interest held |          | Equity<br>31.12.15 | Results<br>31.12.15 |
|---|--------------------------------|---------------------------|-----------------|----------|--------------------|---------------------|
|   |                                |                           | 31.12.15        | 31.12.14 |                    |                     |
| Fundo Capital Risco NB Capital              | Portugal                       | € 7,142,857               | 30.0%           | 30.0%    | 2,108              | (668)               |
| (iii) Novabase Digital TV Technologies GmbH | Germany                        | unavailable info          | 51.0%           | 51.0%    | unavailable info   | unavailable info    |

(iii) The Group doesn't have the control over this company, as described in note 2.2, therefore is considered an associate.

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

|                                  | NBMSIT   |          | NBASIT   |          | Celfocus |          | Collab   |          |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                  | 31.12.15 | 31.12.14 | 31.12.15 | 31.12.14 | 31.12.15 | 31.12.14 | 31.12.15 | 31.12.14 |
| <i>Balance sheet:</i>            |          |          |          |          |          |          |          |          |
| Total Non-Current Assets         | 775      | 459      | 193      | 268      | 3,557    | 4,564    | 5,033    | 4,560    |
| Total Current Assets             | 11,049   | 6,346    | 26,818   | 28,450   | 33,793   | 28,777   | 4,304    | 4,106    |
| Total Non-Current Liabilities    | -        | -        | (144)    | -        | (1,795)  | (963)    | (1,564)  | (773)    |
| Total Current Liabilities        | (13,527) | (7,663)  | (29,860) | (25,977) | (23,786) | (20,392) | (1,780)  | (2,117)  |
| Net Assets                       | (1,703)  | (858)    | (2,993)  | 2,741    | 11,769   | 11,986   | 5,993    | 5,776    |
| Net Assets attrib. to NCI        | (522)    | (221)    | (2,382)  | 1,310    | 5,367    | 5,310    | 1,276    | 1,222    |
| <i>Results:</i>                  |          |          |          |          |          |          |          |          |
| Sales and Services rendered      | 9,815    | 4,947    | 23,119   | 27,485   | 50,603   | 42,428   | 4,334    | 4,086    |
| Earnings Before Taxes            | (1,888)  | (654)    | (8,020)  | 2,523    | 3,372    | 3,738    | 483      | 1,871    |
| Income tax expense               | 567      | 118      | 2,634    | (875)    | (772)    | (964)    | (147)    | 181      |
| Results from contin. operations  | (1,321)  | (536)    | (5,386)  | 1,648    | 2,600    | 2,774    | 336      | 2,052    |
| Other compr. income for the year | -        | -        | -        | -        | -        | -        | -        | -        |
| Total compr. income for the year | (1,321)  | (536)    | (5,386)  | 1,648    | 2,600    | 2,774    | 336      | 2,052    |
| Compr. income attrib. to NCI     | (54)     | (164)    | 88       | 429      | 1,225    | 1,248    | 86       | 505      |
| <i>Cash Flows:</i>               |          |          |          |          |          |          |          |          |
| Cash, cash eq. at beg. of year   | 2,523    | 887      | 9,524    | 4,127    | 217      | 7,842    | 111      | 26       |
| Cash, cash eq. at end of year    | 3,811    | 2,523    | 7,081    | 9,524    | 2,399    | 217      | 3        | 111      |
| Change in cash, cash equiv.      | 1,288    | 1,636    | (2,443)  | 5,397    | 2,182    | (7,625)  | (108)    | 85       |
| Dividends paid to NCI            | -        | -        | 412      | -        | 624      | 1,394    | -        | -        |

**7. Property, plant and equipment**

|                                   | 31.12.15 |                          |                | 31.12.14 |                          |                |
|-----------------------------------|----------|--------------------------|----------------|----------|--------------------------|----------------|
|                                   | Cost     | Accumulated depreciation | Net book value | Cost     | Accumulated depreciation | Net book value |
| Buildings and other constructions | 4,082    | 2,832                    | 1,250          | 4,300    | 2,603                    | 1,697          |
| Basic equipment                   | 8,050    | 6,034                    | 2,016          | 8,873    | 7,015                    | 1,858          |
| Transport equipment               | 7,788    | 1,874                    | 5,914          | 3,522    | 2,120                    | 1,402          |
| Furniture, fittings and equipment | 1,893    | 1,373                    | 520            | 1,835    | 1,228                    | 607            |
| Other tangible assets             | 17       | 13                       | 4              | 17       | 11                       | 6              |
|                                   | 21,830   | 12,126                   | 9,704          | 18,547   | 12,977                   | 5,570          |

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

|                                   | <b>Balance at<br/>01.01.14</b> | <b>Acquisitions<br/>/ increases</b> | <b>Write-offs</b> | <b>Exchange<br/>differences</b> | <b>Balance at<br/>31.12.14</b> |
|-----------------------------------|--------------------------------|-------------------------------------|-------------------|---------------------------------|--------------------------------|
| <i>Cost:</i>                      |                                |                                     |                   |                                 |                                |
| 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                          |
| Furniture, fittings and equipment | 1,730                          | 106                                 | (4)               | 3                               | 1,835                          |
| Other tangible assets             | 14                             | 3                                   | -                 | -                               | 17                             |
|                                   | <b>18,142</b>                  | <b>1,956</b>                        | <b>(1,607)</b>    | <b>56</b>                       | <b>18,547</b>                  |
| <i>Accumulated depreciation:</i>  |                                |                                     |                   |                                 |                                |
| 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                          |
| Furniture, fittings and equipment | 1,066                          | 163                                 | (3)               | 2                               | 1,228                          |
| Other tangible assets             | 8                              | 3                                   | -                 | -                               | 11                             |
|                                   | <b>12,022</b>                  | <b>2,436</b>                        | <b>(1,516)</b>    | <b>35</b>                       | <b>12,977</b>                  |

During 2015, movements in property, plant and equipment were as follows:

|                                   | <b>Balance at<br/>01.01.15</b> | <b>Acquisitions<br/>/ increases</b> | <b>Write-offs</b> | <b>Exchange<br/>differences</b> | <b>Balance at<br/>31.12.15</b> |
|-----------------------------------|--------------------------------|-------------------------------------|-------------------|---------------------------------|--------------------------------|
| <i>Cost:</i>                      |                                |                                     |                   |                                 |                                |
| Buildings and other constructions | 4,300                          | 75                                  | (293)             | -                               | 4,082                          |
| Basic equipment                   | 8,873                          | 1,193                               | (1,982)           | (34)                            | 8,050                          |
| Transport equipment               | 3,522                          | 5,585                               | (1,149)           | (170)                           | 7,788                          |
| Furniture, fittings and equipment | 1,835                          | 85                                  | (16)              | (11)                            | 1,893                          |
| Other tangible assets             | 17                             | 1                                   | -                 | (1)                             | 17                             |
|                                   | <b>18,547</b>                  | <b>6,939</b>                        | <b>(3,440)</b>    | <b>(216)</b>                    | <b>21,830</b>                  |
| <i>Accumulated depreciation:</i>  |                                |                                     |                   |                                 |                                |
| Buildings and other constructions | 2,603                          | 522                                 | (293)             | -                               | 2,832                          |
| Basic equipment                   | 7,015                          | 837                                 | (1,789)           | (29)                            | 6,034                          |
| Transport equipment               | 2,120                          | 862                                 | (972)             | (136)                           | 1,874                          |
| Furniture, fittings and equipment | 1,228                          | 171                                 | (14)              | (12)                            | 1,373                          |
| Other tangible assets             | 11                             | 3                                   | -                 | (1)                             | 13                             |
|                                   | <b>12,977</b>                  | <b>2,395</b>                        | <b>(3,068)</b>    | <b>(178)</b>                    | <b>12,126</b>                  |

Depreciation is included in 'Depreciation and amortisation' heading in the statement of profit and loss (note 31).

## 8. Intangible assets

|  | 31.12.15      |                          |                | 31.12.14      |                          |                |
|--|---------------|--------------------------|----------------|---------------|--------------------------|----------------|
|  | Cost          | Accumulated amortisation | Net book value | Cost          | Accumulated amortisation | Net book value |
| Internally generated intangible assets | 13,987        | 8,488                    | 5,499          | 9,855         | 5,800                    | 4,055          |
| Industrial property and other rights   | 11,169        | 11,103                   | 66             | 11,189        | 10,872                   | 317            |
| Work in progress                       | -             | -                        | -              | 2,562         | -                        | 2,562          |
| Goodwill                               | 23,739        | -                        | 23,739         | 23,729        | -                        | 23,729         |
|  | <u>48,895</u> | <u>19,591</u>            | <u>29,304</u>  | <u>47,335</u> | <u>16,672</u>            | <u>30,663</u>  |

During 2014, movements in intangible assets were as follows:

|  | Balance at 01.01.14 | Acquisitions / increases | Impairment ch. / Write-offs | Transfers | Balance at 31.12.14 |
|--|---------------------|--------------------------|-----------------------------|-----------|---------------------|
| <i>Cost:</i>                           |                     |                          |                             |           |                     |
| 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              |
|  | <u>45,286</u>       | <u>2,049</u>             | <u>-</u>                    | <u>-</u>  | <u>47,335</u>       |
| <i>Accumulated amortisation:</i>       |                     |                          |                             |           |                     |
| Internally generated intangible assets | 2,976               | 2,824                    | -                           | -         | 5,800               |
| Industrial property and other rights   | 10,215              | 657                      | -                           | -         | 10,872              |
|  | <u>13,191</u>       | <u>3,481</u>             | <u>-</u>                    | <u>-</u>  | <u>16,672</u>       |

During 2015, movements in intangible assets were as follows:

|  | Balance at 01.01.15 | Acquisitions / increases | Impairment ch. / Write-offs | Transfers | Balance at 31.12.15 |
|--|---------------------|--------------------------|-----------------------------|-----------|---------------------|
| <i>Cost:</i>                           |                     |                          |                             |           |                     |
| Internally generated intangible assets | 9,855               | 1,111                    | -                           | 3,021     | 13,987              |
| Industrial property and other rights   | 11,189              | 14                       | (34)                        | -         | 11,169              |
| Work in progress                       | 2,562               | 459                      | -                           | (3,021)   | -                   |
| Goodwill                               | 23,729              | 10                       | -                           | -         | 23,739              |
|  | <u>47,335</u>       | <u>1,594</u>             | <u>(34)</u>                 | <u>-</u>  | <u>48,895</u>       |
| <i>Accumulated amortisation:</i>       |                     |                          |                             |           |                     |
| Internally generated intangible assets | 5,800               | 2,688                    | -                           | -         | 8,488               |
| Industrial property and other rights   | 10,872              | 265                      | (34)                        | -         | 11,103              |
|  | <u>16,672</u>       | <u>2,953</u>             | <u>(34)</u>                 | <u>-</u>  | <u>19,591</u>       |

Amortisation is included in 'Depreciation and amortisation' heading in the statement of profit and loss (note 31).

'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 3.9 Million (2014: EUR 6.7 Million).

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

Movements in **goodwill** were as follows:

|                                       | 31.12.15      | 31.12.14      |
|---------------------------------------|---------------|---------------|
| <b>Balance at 1 January</b>           | 25,348        | 25,332        |
| Goodwill from Celfocus UK and Turquia | 10            | 16            |
| <b>Balance at 31 December</b>         | <u>25,358</u> | <u>25,348</u> |

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

|                               | <u>31.12.15</u> | <u>31.12.14</u> |
|-------------------------------|-----------------|-----------------|
| <b>Balance at 1 January</b>   | (1,619)         | (1,619)         |
| <b>Balance at 31 December</b> | <u>(1,619)</u>  | <u>(1,619)</u>  |

#### Impairment tests for goodwill

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

|                    | <u>31.12.15</u> | <u>31.12.14</u> |
|--------------------|-----------------|-----------------|
| Business Solutions | 14,888          | 14,878          |
| IMS                | 8,851           | 8,851           |
|                    | <u>23,739</u>   | <u>23,729</u>   |

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:

|                                | <u>Business Solutions</u> | <u>IMS</u> |
|--------------------------------|---------------------------|------------|
| Discounted rate (pre tax)      | 11.8%                     | 11.8%      |
| Perpetual growth rate          | 2.0%                      | 2.0%       |
| Annual growth rate of turnover | 4.4%                      | -0.7%      |

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 possible increase or decrease of 1 percentage point in the WACC wouldn't cause the carrying amount to exceed its recoverable amount.

#### 9. Investments in associates

|   | <u>% Interest held</u> |                 |                        |                 | <u>Amount</u>   |                 |
|---|------------------------|-----------------|------------------------|-----------------|-----------------|-----------------|
|   | <u>% Holding</u>       |                 | <u>% held directly</u> |                 | <u>31.12.15</u> | <u>31.12.14</u> |
|   | <u>31.12.15</u>        | <u>31.12.14</u> | <u>31.12.15</u>        | <u>31.12.14</u> |                 |                 |
| Fundo Capital Risco NB Capital (notes 6 and 34) | 30.0%                  | 30.0%           | 30.0%                  | 30.0%           | 621             | 821             |
| (*) Globaleda, S.A.                             |                        |                 |                        |                 | -               | 50              |
|   |                        |                 |                        |                 | <u>621</u>      | <u>871</u>      |

(\*) The Group does not have significant influence over this company, therefore is no longer considered as an associate (see note 10).

**10. Financial assets at fair value through profit or loss**

|                              | % Interest held |          |                 |          | Amount       |              |
|------------------------------|-----------------|----------|-----------------|----------|--------------|--------------|
|                              | % Holding       |          | % held directly |          | 31.12.15     | 31.12.14     |
|                              | 31.12.15        | 31.12.14 | 31.12.15        | 31.12.14 |              |              |
| (i) FCR IStart I             | 10.0%           | 10.0%    | 10.0%           | 10.0%    | 300          | 300          |
| (ii) Feedzai, Lda            | 2.1%            | 5.7%     | 4.0%            | 11.1%    | 1,795        | 404          |
| (iii) Powergrid, Lda         | 45.8%           | 45.8%    | 88.9%           | 88.9%    | 82           | 402          |
| (iv) Bright Innovation, Lda  | 46.4%           | 46.4%    | 90.0%           | 90.0%    | 3            | 23           |
| Globaleda, S.A. - see note 9 | 25.1%           | 25.1%    | 25.1%           | 25.1%    | 731          | -            |
| Other                        |                 |          |                 |          | 254          | 415          |
|                              |                 |          |                 |          | <u>3,165</u> | <u>1,544</u> |

- (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. In 2015, the Venture Capital Fund Novabase Capital Inovação e Internacionalização sold part of its investment in the company Feedzai, in a round of a venture capital investment, led by Oak HC/FT, a leading world venture capital firm in the area of fintech, generating a EUR 1,110 thousand gain. Subsequently, the remaining interest in this company was appreciated in EUR 1,546 thousand (see note 32). The Venture Capital 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 participate in the financial and operating policy decisions of 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 business plan forecasted by Management, with the following key assumptions:

|  | Feedzai | Powergrid |
|--|---------|-----------|
| Discounted rate                        | 10.1%   | 10.1%     |
| Perpetual growth rate                  | 2.7%    | 2.7%      |
| Average annual growth rate of turnover | 67.6%   | 24.2%     |

Movements in this heading were as follows:

|   | 31.12.15     | 31.12.14     |
|---|--------------|--------------|
| <b>Balance at 1 January</b>                 | 1,544        | 1,256        |
| Acquisitions / share capital increase       | 79           | 286          |
| Change in acquisition cost of Globaleda     | 731          | -            |
| Disposals                                   | (161)        | -            |
| Profit or loss charge (see notes 32 and 33) | 972          | 2            |
| <b>Balance at 31 December</b>               | <u>3,165</u> | <u>1,544</u> |



**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:

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| <b>Deferred tax assets</b>                |                 |                 |
| To be recovered within 12 months          | 3,870           | 2,174           |
| To be recovered after more than 12 months | 12,482          | 15,054          |
|   | <u>16,352</u>   | <u>17,228</u>   |
| <b>Deferred tax liabilities</b>           |                 |                 |
| To be recovered within 12 months          | -               | -               |
| To be recovered after more than 12 months | -               | -               |
|   | <u>-</u>        | <u>-</u>        |

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

|                                     | <u>31.12.15</u> | <u>31.12.14</u> |
|-------------------------------------|-----------------|-----------------|
| <b>Balance at 1 January</b>         | 17,228          | 14,901          |
| Exchange differences                | (833)           | (1)             |
| Profit or loss charge (see note 35) | (43)            | 2,328           |
| <b>Balance at 31 December</b>       | <u>16,352</u>   | <u>17,228</u>   |

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

|                                     | <u>31.12.15</u> | <u>31.12.14</u> |
|-------------------------------------|-----------------|-----------------|
| <b>Balance at 1 January</b>         | -               | 100             |
| Profit or loss charge (see note 35) | -               | (100)           |
| <b>Balance at 31 December</b>       | <u>-</u>        | <u>-</u>        |

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:

|                                    | <u>Tax<br/>Losses</u> | <u>Tax<br/>Incentives</u> | <u>Provisions /<br/>Adjustments</u> | <u>Total</u>  |
|------------------------------------|-----------------------|---------------------------|-------------------------------------|---------------|
| <b>Balance at 1 January 2014</b>   | 703                   | 11,454                    | 2,744                               | 14,901        |
| Profit or loss charge              | 1,669                 | 1,116                     | (457)                               | 2,328         |
| Exchange differences               | (1)                   | -                         | -                                   | (1)           |
| <b>Balance at 31 December 2014</b> | <u>2,371</u>          | <u>12,570</u>             | <u>2,287</u>                        | <u>17,228</u> |
| Profit or loss charge              | 2,455                 | (2,703)                   | 205                                 | (43)          |
| Exchange differences               | (833)                 | -                         | -                                   | (833)         |
| <b>Balance at 31 December 2015</b> | <u>3,993</u>          | <u>9,867</u>              | <u>2,492</u>                        | <u>16,352</u> |

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:

|                       | <u>Tax<br/>Losses</u> | <u>Tax<br/>Incentives</u> | <u>Provisions /<br/>Adjustments</u> | <u>Total</u>  |
|-----------------------|-----------------------|---------------------------|-------------------------------------|---------------|
| No later than 1 year  | -                     | 1,320                     | -                                   | 1,320         |
| Between 1 and 2 years | 60                    | 1,878                     | -                                   | 1,938         |
| Between 2 and 3 years | 1,959                 | 2,024                     | -                                   | 3,983         |
| Between 3 and 4 years | 173                   | 2,533                     | -                                   | 2,706         |
| Between 4 and 5 years | 438                   | -                         | -                                   | 438           |
| Between 5 and 6 years | 25                    | -                         | -                                   | 25            |
| Over 6 years          | 307                   | 2,112                     | -                                   | 2,419         |
| With no defined date  | 1,031                 | -                         | 2,492                               | 3,523         |
|                       | <u>3,993</u>          | <u>9,867</u>              | <u>2,492</u>                        | <u>16,352</u> |

**12. Inventories**

|   | <b>31.12.15</b>     | <b>31.12.14</b>     |
|---|---------------------|---------------------|
| Merchandise                                     | 3,094               | 5,205               |
| Finished products                               | 17                  | 3                   |
| Raw materials, subsidiary goods and consumables | 119                 | 117                 |
|   | <u>3,230</u>        | <u>5,325</u>        |
| Inventory impairment                            | (406)               | (382)               |
|   | <u><u>2,824</u></u> | <u><u>4,943</u></u> |

Movements in inventory impairment are analysed as follows:

|                                   | <b>31.12.15</b>   | <b>31.12.14</b>   |
|-----------------------------------|-------------------|-------------------|
| <b>Balance at 1 January</b>       | 382               | 482               |
| Impairment (see note 30)          | 309               | 28                |
| Impairment reversal (see note 30) | (230)             | (128)             |
| Exchange differences              | (6)               | -                 |
| Write-offs                        | (49)              | -                 |
|                                   | <u><u>406</u></u> | <u><u>382</u></u> |

The cost of inventories recognised as expense and included in 'Cost of sales' and 'External supplies and services' headings amounted to EUR 69,490 thousand (2014: EUR 76,089 thousand).

**13. Financial instruments by category**

| <b>At 31 December 2014</b>                            | <b>Loans and<br/>receivables</b> | <b>Assets/liabilit.<br/>at fair value<br/>through P&amp;L</b> | <b>Other<br/>financial<br/>liabilities</b> | <b>Non-financial<br/>assets/<br/>liabilities</b> | <b>Total</b>   |
|---|----------------------------------|---|--|--|----------------|
| <b>Assets</b>   |                                  |   |  |  |                |
| 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         |
|   | <u>136,127</u>                   | <u>1,632</u>  | <u>-</u>                                   | <u>11,197</u>                                    | <u>148,956</u> |
| <b>Liabilities</b>                                    |                                  |   |  |  |                |
| 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         |
|   | <u>-</u>                         | <u>1,323</u>  | <u>105,258</u>                             | <u>-</u>   | <u>106,581</u> |

| At 31 December 2015                                   | Loans and<br>receivables | Assets/liabilit.<br>at fair value<br>through P&L | Other<br>financial<br>liabilities | Non-financial<br>assets/<br>liabilities | Total          |
|---|--------------------------|--|-----------------------------------|---|----------------|
| <b>Assets</b>   |                          |  |                                   |   |                |
| Other non-current assets                              | 7,478                    | -  | -                                 | -                                       | 7,478          |
| Financial assets at fair value through profit or loss | -                        | 3,165  | -                                 | -                                       | 3,165          |
| Held-to-maturity investments - non-current            | 4,554                    | -  | -                                 | -                                       | 4,554          |
| Trade and other receivables                           | 90,169                   | -  | -                                 | 4,350                                   | 94,519         |
| Accrued income  | 21,592                   | -  | -                                 | -                                       | 21,592         |
| Derivative financial instruments                      | -                        | 168  | -                                 | -                                       | 168            |
| Other current assets                                  | -                        | -  | -                                 | 4,743                                   | 4,743          |
| Held-to-maturity investments - current                | 845                      | -  | -                                 | -                                       | 845            |
| Cash and cash equivalents                             | 24,293                   | -  | -                                 | -                                       | 24,293         |
|   | <u>148,931</u>           | <u>3,333</u>                                     | <u>-</u>                          | <u>9,093</u>                            | <u>161,357</u> |
| <b>Liabilities</b>                                    |                          |  |                                   |   |                |
| Other non-current liabilities                         | -                        | -  | 271                               | -                                       | 271            |
| Borrowings  | -                        | -  | 25,202                            | -                                       | 25,202         |
| Trade and other payables                              | -                        | -  | 58,200                            | -                                       | 58,200         |
| Derivative financial instruments                      | -                        | 160  | -                                 | -                                       | 160            |
| Deferred income and other current liabilities         | -                        | -  | 37,621                            | -                                       | 37,621         |
|   | <u>-</u>                 | <u>160</u>                                       | <u>121,294</u>                    | <u>-</u>                                | <u>121,454</u> |

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.

|   | 31.12.15 |            |              | 31.12.14 |              |              |
|---|----------|------------|--------------|----------|--------------|--------------|
|   | Level 1  | Level 2    | Level 3      | Level 1  | Level 2      | Level 3      |
| <b>Financial assets at fair value</b>                 |          |            |              |          |              |              |
| Financial assets at fair value through profit or loss | -        | -          | 3,165        | -        | -            | 1,544        |
| Derivative financial instruments                      | -        | 168        | -            | -        | 88           | -            |
|   | <u>-</u> | <u>168</u> | <u>3,165</u> | <u>-</u> | <u>88</u>    | <u>1,544</u> |
| <b>Financial liabilities at fair value</b>            |          |            |              |          |              |              |
| Derivative financial instruments                      | -        | 160        | -            | -        | 1,323        | -            |
|   | <u>-</u> | <u>160</u> | <u>-</u>     | <u>-</u> | <u>1,323</u> | <u>-</u>     |

#### 14. Trade and other receivables

|   | 31.12.15      | 31.12.14      |
|---|---------------|---------------|
| Trade receivables                             | 93,503        | 86,262        |
| Allowance for impairment of trade receivables | (5,763)       | (4,488)       |
|   | <u>87,740</u> | <u>81,774</u> |
| Prepayments to suppliers                      | 982           | 684           |
| Employees                                     | 128           | 640           |
| Value added tax                               | 3,240         | 4,725         |
| Receivables from related parties (note 39)    | 15            | 799           |
| Financial investments disposal                | 67            | 67            |
| Receivables from financed projects            | 1,537         | 2,889         |
| Other receivables                             | 4,166         | 4,126         |
| Allowance for impairment of other receivables | (3,356)       | (4,059)       |
|   | <u>6,779</u>  | <u>9,871</u>  |
|   | <u>94,519</u> | <u>91,645</u> |

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:

|  | <b>31.12.15</b> | <b>31.12.14</b> |
|--|-----------------|-----------------|
| <b>Carrying amount of receivables not due</b>              | 49,234          | 47,964          |
| Carrying amount of receivables not impaired                |                 |                 |
| Past due for less than 6 months                            | 26,706          | 28,421          |
| Past due for more than 6 months                            | 10,262          | 5,389           |
| <b>Carrying amount of receivables due and not impaired</b> | <b>36,968</b>   | <b>33,810</b>   |
| Carrying amount of receivables impaired                    |                 |                 |
| Past due for less than 6 months                            | 3,741           | 394             |
| Past due for more than 6 months                            | 3,560           | 4,094           |
| <b>Carrying amount of receivables due and impaired</b>     | <b>7,301</b>    | <b>4,488</b>    |
|  | <b>93,503</b>   | <b>86,262</b>   |

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 280 entities with an average balance of EUR 87 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:

|                               | <b>Trade receivables</b> |                 | <b>Other receivables</b> |                 | <b>Total</b>    |                 |
|-------------------------------|--------------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|
|                               | <b>31.12.15</b>          | <b>31.12.14</b> | <b>31.12.15</b>          | <b>31.12.14</b> | <b>31.12.15</b> | <b>31.12.14</b> |
| <b>Balance at 1 January</b>   | 4,488                    | 4,434           | 4,059                    | 3,383           | 8,547           | 7,817           |
| Impairment (note 30)          | 2,296                    | 577             | 67                       | 681             | 2,363           | 1,258           |
| Impairment reversal (note 30) | (851)                    | (144)           | (716)                    | (52)            | (1,567)         | (196)           |
| Exchange differences          | (170)                    | (23)            | (54)                     | 47              | (224)           | 24              |
| Write-offs                    | -                        | (356)           | -                        | -               | -               | (356)           |
| <b>Balance at 31 December</b> | <b>5,763</b>             | <b>4,488</b>    | <b>3,356</b>             | <b>4,059</b>    | <b>9,119</b>    | <b>8,547</b>    |

## 15. Accrued income

|                        | <b>31.12.15</b> | <b>31.12.14</b> |
|------------------------|-----------------|-----------------|
| - Ongoing projects     | 20,100          | 20,745          |
| - Other accrued income | 1,492           | 1,302           |
|                        | <b>21,592</b>   | <b>22,047</b>   |

## 16. Derivative financial instruments

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

|                                      | <b>Assets</b>   |                 | <b>Liabilities</b> |                 |
|--------------------------------------|-----------------|-----------------|--------------------|-----------------|
|                                      | <b>31.12.15</b> | <b>31.12.14</b> | <b>31.12.15</b>    | <b>31.12.14</b> |
| - Forward foreign exchange contracts | 168             | 88              | 160                | 1,323           |
|                                      | <b>168</b>      | <b>88</b>       | <b>160</b>         | <b>1,323</b>    |

The Group is exposed to foreign exchange risk in sales and purchases in various currencies, primarily with respect to the U.S. Dollar, Kwanza and Metical. 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 2015, the derivative financial instruments were classified as current assets and liabilities.

At 31 December 2015, the Group had forward foreign exchange contracts of EUR Call / USD Put with the notional amount of USD 11,149,167 and forward foreign exchange contracts of EUR Put / USD Call with the notional amount of USD 9,806,345. Also, the Group had contracts of EUR Call / GBP Put with the notional amount of GBP 2,597 and of EUR Put / GBP Call with the notional amount of GBP 90,576.

#### 17. Other current assets

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

|  | <u>31.12.15</u> | <u>31.12.14</u> |
|--|-----------------|-----------------|
| - Rents  | 707             | 397             |
| - Software licensing   | 374             | 136             |
| - Hardware and software maintenance and specialized services | 3,662           | 4,615           |
|  | <u>4,743</u>    | <u>5,148</u>    |

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. Held-to-maturity investments

|  | <u>31.12.15</u> | <u>31.12.14</u> |
|--|-----------------|-----------------|
| <b>Non-Current</b>   |                 |                 |
| Angola National bonds  | 3,753           | -               |
| Interest bearing bonds denominated in AOA with embedded exchange rate protection (AOA/USD) | 801             | -               |
|  | <u>4,554</u>    | <u>-</u>        |
| <b>Current</b>   |                 |                 |
| Angola National bonds  | 845             | -               |
|  | <u>845</u>      | <u>-</u>        |

#### 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:

|                            | <u>31.12.15</u> | <u>31.12.14</u> |
|----------------------------|-----------------|-----------------|
| - Cash                     | 18              | 15              |
| - Short term bank deposits | 24,275          | 20,699          |
| Cash and cash equivalents  | <u>24,293</u>   | <u>20,714</u>   |
| - Overdrafts               | -               | -               |
|                            | <u>24,293</u>   | <u>20,714</u>   |

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 2015, 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<br>shares<br>(thousands) | Share<br>capital | Treasury<br>shares | Share<br>premium | Total  |
|------------------------------------|------------------------------------|------------------|--------------------|------------------|--------|
| <b>Balance at 1 January 2014</b>   | 31,401                             | 15,701           | (295)              | 43,560           | 58,966 |
| Treasury shares purchased          | -                                  | -                | (50)               | -                | (50)   |
| Treasury shares transferred        | -                                  | -                | 316                | -                | 316    |
| <b>Balance at 31 December 2014</b> | 31,401                             | 15,701           | (29)               | 43,560           | 59,232 |
| Treasury shares purchased          | -                                  | -                | (165)              | -                | (165)  |
| Treasury shares transferred        | -                                  | -                | 188                | -                | 188    |
| <b>Balance at 31 December 2015</b> | 31,401                             | 15,701           | (6)                | 43,560           | 59,255 |

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

During 2015, the Company acquired on the market 330,000 shares at the average price of 2.36 Euros, and transferred 375,049 own shares at the average price of 2.39 Euros, 46,968 of which as bonuses to employees and 328,081 were used for the settlement of the exercised options under the terms of the Stock Options Plan in force.

At 31 December 2015, Novabase S.G.P.S. held 11,957 treasury shares, representing 0.04% 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**

In 2015, has expired the stock options plan (2012-2014 Plan), approved in Shareholders General Meeting of 3 May 2012, which covered only the shareholders of Novabase S.G.P.S..

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

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

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

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

|                        | 31.12.15                               |                        | 31.12.14                               |                        |
|------------------------|--|------------------------|--|------------------------|
|                        | Average<br>exercise price<br>per share | Options<br>(thousands) | Average<br>exercise price<br>per share | Options<br>(thousands) |
| Balance at 1 January   |  | 745                    |  | 1,709                  |
| Exercised              | 2.401                                  | (745)                  | 3.858                                  | (964)                  |
| Balance at 31 December |  | -                      |  | 745                    |

In the statement of profit and loss, under 'Employee benefit expense' heading, was booked a cost of EUR 16 thousand (2014: EUR 106 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 April 2015, it was approved the payment to shareholders of an amount of EUR 942 thousand, corresponding to 0.03 Euros per share. The payment occurred in May, 2015.

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Payment to shareholders                                 | 936             | 6,269           |
| Remuneration of the treasury shares held by the Company | 6               | 11              |
|   | <u>942</u>      | <u>6,280</u>    |

## 22. Non-controlling interests

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| <b>Balance at 1 January</b>                                 | 11,855          | 11,522          |
| Restated accordingly IAS 8 - see note 2                     | -               | (576)           |
| (*) Change in consolidation universe                        | 9               | 16              |
| (**) Distribution of dividends to non-controlling interests | (1,036)         | (1,394)         |
| Exchange differences on foreign operations                  | (3,615)         | 590             |
| Profit attributable to non-controlling interests            | 981             | 1,697           |
| <b>Balance at 31 December</b>                               | <u>8,194</u>    | <u>11,855</u>   |

(\*) In 2015, Celfocus UK was established. In 2014, Celfocus Turquia was established.

(\*\*) In 2015, NBASIT (Angola) and Celfocus distributed dividends to its shareholders, from which EUR 630 thousand are still to be settled - see note 26. In 2014, Celfocus distributed dividends to its shareholders.

## 23. Borrowings

|                           | <u>31.12.15</u> | <u>31.12.14</u> |
|---------------------------|-----------------|-----------------|
| <b>Non-current</b>        |                 |                 |
| Bank borrowings           | 14,387          | 8,376           |
| Finance lease liabilities | 5,247           | 1,613           |
|                           | <u>19,634</u>   | <u>9,989</u>    |
| <b>Current</b>            |                 |                 |
| Bank borrowings           | 3,992           | 5,561           |
| Finance lease liabilities | 1,576           | 857             |
|                           | <u>5,568</u>    | <u>6,418</u>    |
| Total borrowings          | <u>25,202</u>   | <u>16,407</u>   |

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

|                  | <u>31.12.15</u> | <u>31.12.14</u> |
|------------------|-----------------|-----------------|
| 6 months or less | 1,744           | 3,203           |
| 6 to 12 months   | 2,248           | 2,358           |
|                  | <u>3,992</u>    | <u>5,561</u>    |

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

|                       | <u>31.12.15</u> | <u>31.12.14</u> |
|-----------------------|-----------------|-----------------|
| Between 1 and 2 years | 4,079           | 4,556           |
| Between 2 and 5 years | 8,808           | 3,820           |
| Over 5 years          | 1,500           | -               |
|                       | <u>14,387</u>   | <u>8,376</u>    |

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

|                 | <u>31.12.15</u> | <u>31.12.14</u> |
|-----------------|-----------------|-----------------|
| Bank borrowings | 3.080%          | 5.007%          |

Gross finance lease liabilities – minimum lease payments:

|  | <u>31.12.15</u> | <u>31.12.14</u> |
|--|-----------------|-----------------|
| No later than 1 year                       | 1,865           | 1,184           |
| Between 1 and 5 years                      | 5,563           | 2,059           |
|  | <u>7,428</u>    | <u>3,243</u>    |
| Future finance charges on finance leases   | (605)           | (773)           |
| Present value of finance lease liabilities | <u>6,823</u>    | <u>2,470</u>    |

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

|                       | <u>31.12.15</u> | <u>31.12.14</u> |
|-----------------------|-----------------|-----------------|
| No later than 1 year  | 1,576           | 857             |
| Between 1 and 5 years | 5,247           | 1,613           |
|                       | <u>6,823</u>    | <u>2,470</u>    |

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

- Solvability ratio  $\geq 40\%$ ; Net Debt / EBITDA  $\leq 3$
- Solvability ratio  $\geq 35\%$ ; Net Debt / EBITDA  $\leq 2.5$  ; Net Debt / Total Equity  $\leq 0.5$
- Total Equity / Total Assets  $\geq 40\%$ ; Net Debt / EBITDA  $< 2$ ; Net Debt / Total Equity  $< 0.5$ ; EBIT / Interest paid  $> 3$
- Net Debt / EBITDA  $\leq 2$
- Bond seniority determined pari passu
- Cross Default
- Good standing with tax and social security authorities
- Published accounts
- Information disclosure obligations regarding court disputes
- Active insurance policies



**24. Provisions**

Movements in provisions are analysed as follows:

|   | <b>Warranties</b> | <b>Legal<br/>Claims</b> | <b>Restructuring</b> | <b>Other Risks<br/>and Charges</b> | <b>Total</b> |
|---|-------------------|-------------------------|----------------------|------------------------------------|--------------|
| <b>Balance at 1 January 2014</b>        | 645               | 712                     | -                    | 3,029                              | 4,386        |
| Restated accordingly IAS 8 - see note 2 | -                 | -                       | -                    | 6,256                              | 6,256        |
| Additional provisions (note 30)         | 108               | -                       | 1,403                | 756                                | 2,267        |
| Reversals / utilisations (note 30)      | (587)             | (647)                   | -                    | (1,781)                            | (3,015)      |
| <b>Balance at 31 December 2014</b>      | 166               | 65                      | 1,403                | 8,260                              | 9,894        |
| Additional provisions (note 30)         | 237               | -                       | -                    | 5,807                              | 6,044        |
| Reversals / utilisations (note 30)      | (204)             | (15)                    | (1,343)              | (2,878)                            | (4,440)      |
| Exchange differences                    | -                 | -                       | -                    | (1)                                | (1)          |
| <b>Balance at 31 December 2015</b>      | 199               | 50                      | 60                   | 11,188                             | 11,497       |

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 40).

Restructuring - Responsibility with indemnities to employees, resulting from the restructuring process implemented in the end of 2014.

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

**25. Other non-current liabilities**

|  | <b>31.12.15</b> | <b>31.12.14</b> |
|--|-----------------|-----------------|
| Acquisition of financial interest in Binómio | 271             | 70              |
|  | 271             | 70              |

This heading refers to the contingent consideration for the acquisition of Binómio, Lda. Its fair value was reassessed in 2015 - see note 33.

The due date of these liabilities is as follows:

|                       | <b>31.12.15</b> | <b>31.12.14</b> |
|-----------------------|-----------------|-----------------|
| Between 1 and 2 years | 271             | 70              |
| Between 2 and 5 years | -               | -               |
|                       | 271             | 70              |

**26. Trade and other payables**

|  | <b>31.12.15</b> | <b>31.12.14</b> |
|--|-----------------|-----------------|
| Trade payables   | 17,038          | 20,992          |
| Remunerations, vacations and vacation subsidy                | 9,522           | 8,939           |
| Bonus  | 8,691           | 7,843           |
| Ongoing projects   | 5,088           | 4,837           |
| Value added tax  | 5,910           | 5,878           |
| Social security contributions                                | 2,067           | 2,040           |
| Income tax withholding                                       | 1,571           | 1,680           |
| Amount to be paid to non-controlling interests - see note 22 | 630             | -               |
| Employees  | 217             | 320             |
| Prepayments from trade receivables                           | 72              | 820             |
| Acquisition of financial interest in FCR Istart I            | -               | 72              |
| Other accrued expenses                                       | 7,273           | 5,529           |
| Other payables   | 121             | 167             |
|  | 58,200          | 59,117          |

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

The maturity of these liabilities is as follows:

|                      | <u>31.12.15</u> | <u>31.12.14</u> |
|----------------------|-----------------|-----------------|
| No later than 1 year | 58,200          | 59,117          |
|                      | <u>58,200</u>   | <u>59,117</u>   |

## 27. Deferred income and other current liabilities

|                                    | <u>31.12.15</u> | <u>31.12.14</u> |
|------------------------------------|-----------------|-----------------|
| Research and development subsidies | 2,494           | 4,424           |
| Consulting projects                | 35,127          | 25,240          |
|                                    | <u>37,621</u>   | <u>29,664</u>   |

At 31 December 2015, the Group expect to comply with the relevant conditions to receive the following financial incentives for research and development:

|  | <u>Contracted amount</u> | <u>Acum. received amount</u> |
|--|--------------------------|------------------------------|
| Subsidies:   |                          |                              |
| - NSRF - Incentive Scheme for Research and Technological Development (R&D) | 5,229                    | 4,679                        |
| - Other subsidies  | 2,528                    | 1,541                        |
|  | <u>7,757</u>             | <u>6,220</u>                 |

## 28. External supplies and services

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| <b>Subcontracts</b>                                   | 36,854          | 31,380          |
| <b>Supplies and services</b>                          |                 |                 |
| Commissions and consultancy fees                      | 8,421           | 7,401           |
| Transportation, travel and accommodation expenses     | 10,130          | 8,732           |
| Rents   | 4,338           | 4,367           |
| Specialized services                                  | 2,676           | 2,162           |
| Freight   | 850             | 870             |
| Advertising and promotion                             | 1,066           | 1,082           |
| Water, electricity and fuel                           | 830             | 870             |
| Communications  | 986             | 1,033           |
| Insurance   | 470             | 445             |
| Utensils, office supplies and technical documentation | 210             | 230             |
| Other supplies and services                           | 1,128           | 1,326           |
|   | <u>31,105</u>   | <u>28,518</u>   |
|   | <u>67,959</u>   | <u>59,898</u>   |

## 29. Employee benefit expense

|                                 | <u>31.12.15</u> | <u>31.12.14</u> |
|---------------------------------|-----------------|-----------------|
| Board members remuneration      | 4,638           | 4,289           |
| Salaries and wages              | 70,053          | 66,629          |
| Social security charges         | 12,214          | 11,649          |
| Stock options granted (note 20) | 16              | 106             |
| Other personnel expenses        | 2,774           | 3,632           |
|                                 | <u>89,695</u>   | <u>86,305</u>   |

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

|                          | <u>31.12.15</u> | <u>31.12.14</u> |
|--------------------------|-----------------|-----------------|
| Business Solutions       | 1,813           | 1,667           |
| IMS                      | 413             | 495             |
| Venture Capital          | 50              | 45              |
| Novabase Shared Services | 114             | 119             |
|                          | <u>2,390</u>    | <u>2,326</u>    |

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

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Impairment and impairment reversal of trade and other receivables (note 14) | (796)           | (1,062)         |
| Impairment and impairment reversal of inventories (note 12)                 | (79)            | 100             |
| Warranties provision (note 24)  | (33)            | 479             |
| Legal claims provision (note 24)  | 15              | 647             |
| Provisions for other risks and charges (note 24)                            | (2,929)         | 1,025           |
| Other operating income and expense  | 325             | 672             |
|   | <u>(3,497)</u>  | <u>1,861</u>    |

### 31. Depreciation and amortisation

|  | <u>31.12.15</u> | <u>31.12.14</u> |
|--|-----------------|-----------------|
| <i>Property, plant and equipment (note 7):</i> |                 |                 |
| Buildings and other constructions              | 522             | 408             |
| Basic equipment                                | 837             | 971             |
| Transport equipment                            | 862             | 891             |
| Furniture, fittings and equipment              | 171             | 163             |
| Other tangible assets                          | 3               | 3               |
|  | <u>2,395</u>    | <u>2,436</u>    |
| <i>Intangible assets (note 8):</i>             |                 |                 |
| Internally generated intangible assets         | 2,688           | 2,824           |
| Industrial property and other rights           | 265             | 657             |
|  | <u>2,953</u>    | <u>3,481</u>    |
|  | <u>5,348</u>    | <u>5,917</u>    |

### 32. Finance income

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Interest received                                   | 562             | 318             |
| Positive exchange differences                       | 5,922           | 1,421           |
| Fair value of financial assets adjustment (note 10) | 1,546           | -               |
| (*) Gain on disposal of financial assets            | 1,110           | 2               |
| Other financial gains                               | -               | 89              |
|   | <u>9,140</u>    | <u>1,830</u>    |

(\*) Feedzai (see note 10).

**33. Finance costs**

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Interest expenses   |                 |                 |
| - Borrowings  | (673)           | (933)           |
| - Finance lease liabilities                                   | (328)           | (365)           |
| - Other interest  | (41)            | (37)            |
| Bank guarantees charges                                       | (168)           | (144)           |
| Bank services   | (256)           | (206)           |
| Negative exchange differences                                 | (3,782)         | (1,808)         |
| Fair value of financial assets adjustment (note 10)           | (574)           | -               |
| Provisions for loans granted to related parties (note 39 ii)) | (2,292)         | -               |
| Fair value adjustment for contingent consideration (note 25)  | (243)           | -               |
| Other financial losses  | -               | (12)            |
|   | <u>(8,357)</u>  | <u>(3,505)</u>  |

**34. Share of loss of associates**

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Fundo Capital Risco NB Capital (note 9) | (200)           | (90)            |
|   | <u>(200)</u>    | <u>(90)</u>     |

**35. Income tax expense**

Novabase and its subsidiaries with head offices in Portugal are subject to Corporate Income Tax at the nominal rate of 21%, 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 22.5%. 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%.

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 69<sup>o</sup> and following of the Corporate Income Tax Code.

This heading is analysed as follows:

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Current tax                                     | 1,702           | 3,285           |
| Deferred tax on temporary differences (note 11) | 43              | (2,428)         |
|   | <u>1,745</u>    | <u>857</u>      |

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

|   | <u>31.12.15</u> | <u>31.12.14</u> |
|---|-----------------|-----------------|
| Profit before income tax  | 10,151          | 5,455           |
| <b>Income tax expense at nominal rate (23% in 2014, 21% in 2015)</b>                    | 2,132           | 1,255           |
| Tax benefit on the net creation of employment for young and long term unemployed people | (327)           | (303)           |
| Provisions and amortisations not considered for tax purposes                            | -               | 64              |
| Recognition of tax on the events of previous years                                      | (34)            | (63)            |
| Associates' results reported net of tax   | 42              | 21              |
| Autonomous taxation   | 788             | 874             |
| Losses in companies where no deferred tax is recognised                                 | 79              | 298             |
| Expenses not deductible for tax purposes  | (75)            | (269)           |
| Differential tax rate on companies located abroad                                       | (916)           | 259             |
| Research & Development tax benefit  | (558)           | (2,202)         |
| Municipal surcharge and State surcharge   | 574             | 215             |
| Adjustment for income tax rate  | -               | 382             |
| Impairment of Special Payment on Account, tax losses and withholding taxes              | 40              | 326             |
| <b>Income tax expense</b>   | <u>1,745</u>    | <u>857</u>      |
| <b>Effective tax rate</b>   | 17.2%           | 15.7%           |

**36. 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:

|  | <u>31.12.15</u>   | <u>31.12.14</u>   |
|--|-------------------|-------------------|
| Weighted average number of ordinary shares in issue                      | 31,350,835        | 31,163,505        |
| Stock options adjustment   | -                 | 232,327           |
| Adjusted weighted average number of ordinary shares in issue             | <u>31,350,835</u> | <u>31,395,832</u> |
| Profit attributable to owners of the parent                              | 7,425             | 3,112             |
| Basic earnings per share (Euros per share)                               | <u>0.24 Euros</u> | <u>0.10 Euros</u> |
| Diluted earnings per share (Euros per share)                             | <u>0.24 Euros</u> | <u>0.10 Euros</u> |
| Profit from continuing operations attributable to owners of the parent   | 7,425             | 2,901             |
| Basic earnings per share (Euros per share)                               | <u>0.24 Euros</u> | <u>0.09 Euros</u> |
| Diluted earnings per share (Euros per share)                             | <u>0.24 Euros</u> | <u>0.09 Euros</u> |
| Profit from discontinued operations attributable to owners of the parent | -                 | 211               |
| Basic earnings per share (Euros per share)                               | <u>-</u>          | <u>0.01 Euros</u> |
| Diluted earnings per share (Euros per share)                             | <u>-</u>          | <u>0.01 Euros</u> |

**37. Dividends per share**

The amounts paid in 2015 and 2014 reached EUR 942 thousand (0.03 Euros per share) and EUR 6,280 thousand (0.20 Euros per share), 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 2015, the Board of Directors will propose to the Annual General Meeting of Shareholders of 2016, the payment of 0.12 Euros per share, that is, a total amount of EUR 3,768 thousand. These financial statements do not reflect this dividend payable.

**38. 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:

|  | <u>Bank</u> | <u>31.12.15</u> | <u>31.12.14</u> |
|--|-------------|-----------------|-----------------|
| Novabase E.A., S.A.                        | Novo Banco  | -               | 17              |
| Novabase Business Solutions, S.A.          | BPI         | 48              | 411             |
| Novabase Business Solutions, S.A.          | Novo Banco  | 790             | 1,602           |
| Novabase Business Solutions, S.A.          | BCP         | 5,599           | 1,483           |
| Novabase Business Solutions, S.A.          | BAR         | 534             | -               |
| Novabase Serviços, S.A.                    | Novo Banco  | 484             | 390             |
| CelFocus, S.A.                             | Novo Banco  | -               | 112             |
| CelFocus, S.A.                             | BAR         | 500             | -               |
| COLLAB – Sol. I. Com. e Colab., S.A.       | Novo Banco  | -               | 4               |
| Octal - Engenharia de Sistemas, S.A.       | Novo Banco  | 154             | 154             |
| Novabase IMS Infr. & Manag. Services, S.A. | Novo Banco  | 1,353           | 5,188           |
| Novabase IMS Infr. & Manag. Services, S.A. | BCP         | 556             | 122             |
| Novabase IMS Infr. & Manag. Services, S.A. | BPI         | -               | 150             |
| Novabase IMS Infr. & Manag. Services, S.A. | BTA         | 830             | 525             |
| Novabase IMS Infr. & Manag. Services, S.A. | BAR         | -               | 31              |
| Novabase Digital TV E.S. Tel. Inter., S.A. | BCP         | 21              | 257             |
| Novabase Digital TV E.S. Tel. Inter., S.A. | Novo Banco  | -               | 11              |
| Novabase Sistemas de Informacion, S.A.     | Novo Banco  | 46              | 35              |
| NBASIT-Sist. de Inf. e Telecomunic., S.A.  | BFA         | 461             | 403             |
| NBMSIT, Sist. de Inf. e Tecnol., S.A.      | BIM         | 6               | -               |
| Binómio, Lda.                              | Novo Banco  | -               | 5               |
|  |             | <u>11,382</u>   | <u>10,900</u>   |

In 2015, the Group had the following grouped credit line contracted:

| <u>Group of companies</u>         | <u>Plafond</u> |
|-----------------------------------|----------------|
| Novabase IMS; Novabase Digital TV | 2.5 M USD      |

There are commitments resulting from operating leases. At 31 December 2015, 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 4,843 thousand (2014: EUR 6,542 thousand).

**39. 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

|  | <u>31.12.15</u> | <u>31.12.14</u> |
|--|-----------------|-----------------|
| Wages and other short-term employee benefits | 5,549           | 4,289           |
| Stock options granted (note 29)              | 16              | 106             |
|  | <u>5,565</u>    | <u>4,395</u>    |

## ii) Other balances with related parties

|   | Non-current  |              | Current (note 14) |            |
|---|--------------|--------------|-------------------|------------|
|   | 31.12.15     | 31.12.14     | 31.12.15          | 31.12.14   |
| Loan to Globaleda, S.A.                                       | -            | -            | -                 | 784        |
| Loan to Powergrid, Lda  | 2,050        | 2,050        | -                 | -          |
| 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                                       | 2,410        | 1,410        | -                 | -          |
| Loan to Livian Technologies, Lda                              | 2,492        | 1,492        | -                 | -          |
| Loans to other shareholders                                   | -            | -            | 15                | 15         |
|   | <u>9,770</u> | <u>7,770</u> | <u>15</u>         | <u>799</u> |
| Provisions for loans granted to related parties - see note 33 | (2,292)      | -            | -                 | -          |
|   | <u>7,478</u> | <u>7,770</u> | <u>15</u>         | <u>799</u> |

## iii) Transactions with non-controlling interests from subsidiaries

|                                 | 31.12.15 | 31.12.14 |
|---------------------------------|----------|----------|
| Microcenter (NBASIT)            | 1,343    | 1,777    |
| H. Gamito & Associados (NBMSIT) | 939      | 299      |

**40. Contingencies**

At 31 December 2015, 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 indemnisation 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 pronouncement 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.
- Celfocus, NB SGPS and Octal have been served regarding a procedure brought forward by the Instituto de Gestão Financeira da Segurança Social which refers to alleged absence of payment of social security contributions for some of past years, in the amount of EUR 21, 26 and 4 thousand, respectively. The company has filed opposition demonstrating compliance with applicable laws, payment of all amounts due and providing documents to that respect. The procedure awaits decision by IGFSS.

**41. 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 notes;
- (ii) The total remuneration paid to the Statutory Auditor in 2015 was 138,809 Euros (2014: 162,394 Euros), of which 110,000 Euros correspond to legal accounts audit services, while the remaining 28,809 Euros relate to tax advisory services;
- (iii) Note 39 of the Notes to the Consolidated Financial Statements includes all the related parties' disclosures, in accordance with the International Financial Reporting Standards.

**42. Events after the reporting period**

The Board of Directors informed on its intention to propose, at the 2016 Annual General Meeting of Shareholders, the distribution of dividends in the amount of EUR 3,768 thousand. This payment, equal to 50.7% of the consolidated net profit, represents a dividend of 12 euro cents per share.

**43. 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. REPORTS ISSUED BY THE SUPERVISORY BOARD AND BY THE CMVM  
REGISTERED AUDITOR**

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## **REPORT AND OPINION OF THE AUDIT BOARD ON THE CONSOLIDATED ACCOUNTS**

To the Shareholders of  
Novabase, S.G.P.S., S.A.

In compliance with the applicable legal and statutory provisions and the mandate given to the Audit Board presents this report for the year ended December 31, 2015.

### **Supervision**

During the financial year, the Audit Board monitored the company's management, the evolution of its business and the business of its most significant subsidiaries, having held meetings with the frequency and extension considered appropriate. Given the matters discussed, these meetings had the presence of the head of finance of the company. The Audit Board also maintained close contact with the chartered accountant and the external auditor, having been kept informed on the audit proceedings and findings. In fulfillment of these functions, the Audit Board has always obtained from the management, the several company departments and the chartered accountant all information and explanations that were requested, in particular in what was necessary for the proper understanding and evaluation of the business development, performance and financial position, as well as of the risk management and internal control systems.

The Audit Board also followed the preparation and disclosure of financial information, as well as the review of the company's consolidated financial statements, and received from the chartered accountant all the information and explanations that were requested. The supervision of the policies, criteria and accounting practices of the company and of its subsidiaries and the reliability of the consolidated financial information was conducted by the Audit Board through the analysis and discussion of the reports made by the chartered accountant and the external auditor.

### **Whistleblowing procedures**

During 2015, the Audit Board did not receive any communications on irregularities through the means established for this purpose.

### **Related Party Transactions**

The company usually reports in its annual report, information on transactions with related parties.

During 2015 no transactions of this nature were submitted to assessment by the Audit Board.

### **Independence of the External Auditor**

Within the procedure of verification of compliance with the independence rules applicable to the External Auditor, the Audit Board has in place a policy of hiring of services not related to the audit activity, in line with the recommendation IV.2 of the Corporate Governance Code of the CMVM, approved in 2013. In addition, the Audit Board verified the effective enforcement of the rules in question during the 2015 financial year.

### **Internal risk management system**

The Audit Board assessed the policies of identification and management of risk adopted by the Company, and monitored its implementation.

## **Acknowledgement**

The Audit Board expresses its appreciation for the cooperation received from the Board of Directors and the company departments.

## **Opinion on the Consolidated Accounts**

In light of the above, the Audit Board is of the opinion that the information contained in the analyzed consolidated financial statements has been drafted in accordance with the applicable legal, statutory and accounting rules and standards, and gives a true and fair view of the assets, liabilities, consolidated financial position and the consolidated results of Novabase SGPS, SA and of the companies included in the consolidation perimeter, and the management report accurately shows the evolution of the business, the performance and the position of the issuer and of the companies included in the consolidation perimeter, containing a description of the principal risks and uncertainties they face. The report on Corporate Governance complies with the provisions of Article 245-A of the Portuguese Securities Code.

As a result of the above, and of the information received from the Board of Directors and the Company's departments, as well as of the conclusions contained in the Chartered Accountant Legal Certification, the Audit Board is of the opinion that the General Meeting is able to approve:

The management report, the consolidated financial statements and the accompanying notes;

Lisbon, April 5, 2016

Paulo Soares de Pinho  
(Chairman)

Fátima Farinha

Nuno Pires



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## **AUDITORS' REPORT**

### **CONSOLIDATED FINANCIAL STATEMENTS**

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

(This report is a free translation to English from the original Portuguese version  
In case of doubt or misinterpretation the Portuguese version will prevail)

#### **Introduction**

- 1 In accordance with the applicable legislation, we present our Auditors' Report on the consolidated financial information included in the Board of Directors report and in the accompanying consolidated financial statements as at and for the year ended 31 December 2015 of **Novabase, SGPS, S.A.**, which comprise the consolidated statement of financial position as at 31 December 2015 (showing total assets of 222,641 thousand euros and shareholder's equity attributable to the shareholders of 81,472 thousand euros, including a net profit attributable to the shareholders of 7,425 thousand euros), the consolidated statements of income, the comprehensive income, changes in equity and cash flows for the year then ended, and the corresponding notes.

#### **Responsibilities**

- 2 The Board of Directors is responsible for:
  - a) the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") that present fairly the consolidated financial position of the group of companies included in the consolidation, the consolidated results of its operations, the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows;
  - b) the historical financial information prepared in accordance with IFRS that is complete, true, current, clear, objective and lawful as required by the Portuguese Securities Market Code ('CVM');
  - c) the adoption of adequate accounting policies and criteria;
  - d) the maintenance of an appropriate internal control system; and,
  - e) the communication of any relevant fact that may have influenced the activity of the companies included in the consolidation, their financial position or results.
- 3 Our responsibility is to verify the consolidated financial information included in the documents referred to above, namely as to whether it is complete, true, current, clear, objective and lawful as required by the CVM in order to issue a professional and independent report based on our audit.

## Scope

- 4 We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors (‘Ordem dos Revisores Oficiais de Contas’), which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. Accordingly our audit included:
- verification that the financial statements of the companies included in the consolidation have been properly audited and in those significant cases in which they were not, verification, on a sample basis, of the documents underlying the figures and disclosures contained therein, and an assessment of the estimates, based on judgments and criteria defined by the Board of Directors, used in the preparation of the referred financial statements;
  - verification of the consolidation procedures and of the application of the equity method;
  - evaluation of the appropriateness of the accounting policies used and of their disclosure, taking into account the applicable circumstances;
  - assessment of the applicability of the going concern principle;
  - assessment of the appropriateness of the overall presentation of the consolidated financial statements; and,
  - assessment of whether the consolidated financial information is complete, true, current, clear, objective and lawful.
- 5 Our audit also included the verification that the consolidated financial information included in the Board of Directors report is consistent with the financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of article 451, of the Portuguese Companies Code (“Código das Sociedades Comerciais”).
- 6 We believe that our audit provides a reasonable basis for our opinion.

## Opinion

- 7 In our opinion, the referred consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Novabase, SGPS, S.A.**, as at 31 December 2015, the consolidated results of its operations, the consolidated comprehensive income, the consolidated cash flows and the consolidated changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and the information contained therein is complete, true, current, clear, objective and lawful.



### **Report on other legal requirements**

- 8 It is also our opinion that the consolidated financial information included in the Board of Directors report is consistent with the consolidated financial statements and that Corporate Governance report includes the information required by article 245.º-A of CVM.

Lisbon, 5 April 2016

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**KPMG & Associados -**  
**Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)**  
represented by  
Paulo Alexandre Martins Quintas Paixão (ROC n.º 1427)

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**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.**

|  | Share Capital         | Total Number of Shares / Quotas | Number of Shares / Quotas held by Board Members at 31.12.14 | Transactions     | Number of Shares / Quotas held by Board Members at 31.12.15 | % held by Board Members at 31.12.15 |
|--|-----------------------|---------------------------------|---|------------------|---|-------------------------------------|
| <b>Novabase SGPS, S.A.</b>                         | <b>15,700,697 €</b>   | <b>31,401,394</b>               | <b>10,600,078</b>   | <b>373,743</b>   | <b>10,973,821</b>   | <b>34.9%</b>                        |
| José Afonso Oom Ferreira de Sousa                  |                       |                                 | 1   | 10,056           | 10,057  | 0.0%                                |
| Pedro Miguel Quinteiro Marques de Carvalho         |                       |                                 | 2,279,012   | 10,056           | 2,289,068   | 7.3%                                |
| Luís Paulo Cardoso Salvado                         |                       |                                 | 1   | 50,281           | 50,282  | 0.2%                                |
| Francisco Antunes                                  |                       |                                 | 0   | 30,335           | 30,335  | 0.1%                                |
| HNB - SGPS, SA (a)                                 |                       |                                 | 8,321,019   | 0                | 8,321,019   | 26.5%                               |
| <b>NBASIT - Sist. Inf e Telecomunicações, S.A.</b> | <b>47,500,000 AOA</b> | <b>100,000</b>                  | <b>400</b>  | <b>0</b>         | <b>400</b>  | <b>0.4%</b>                         |
| Francisco Paulo Figueiredo Morais Antunes          |                       |                                 | 200   | 0                | 200   | 0.2%                                |
| Luís Paulo Cardoso Salvado                         |                       |                                 | 200   | 0                | 200   | 0.2%                                |
| <b>CelFocus, S.A.</b>                              | <b>100,000 €</b>      | <b>100,000</b>                  | <b>1</b>  | <b>0</b>         | <b>1</b>  | <b>0.0%</b>                         |
| José Afonso Oom Ferreira de Sousa                  |                       |                                 | 1   | 0                | 1   | 0.0%                                |
| <b>FeedZai, S.A.</b>                               | <b>150,855 €</b>      | <b>18,444,594</b>               | <b>450,000</b>  | <b>(224,999)</b> | <b>225,001</b>  | <b>1.2%</b>                         |
| Pedro Miguel Quinteiro Marques de Carvalho         |                       |                                 | 450,000   | (224,999)        | 225,001   | 1.2%                                |

(a) José Afonso Oom Ferreira de Sousa and Luís Paulo Cardoso Salvado are shareholders of this company.

Novabase reports as directors the company HNB - S.G.P.S., S.A. and the board members of the Company.

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# **STATEMENT OF COMPLIANCE**

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

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**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 2015, 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, April 5, 2016

Luís Paulo Cardoso Salvado  
Chairman and CEO

Francisco Paulo Figueiredo Morais Antunes  
CFO

José Afonso Oom Ferreira de Sousa  
Non-Executive member of the Board

Pedro Miguel Quinteiro Marques de Carvalho  
Non-Executive member of the Board

**Statement by the members of the Audit Board under paragraph 1, a) of article 245 of the Portuguese Securities Code**

Paulo Soares de Pinho, chairman of the Audit Board of Novabase S.G.P.S. S.A. declares that to the best of his knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation that was drafted in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, the financial position and the results of the issuer and, when applicable, of the companies included in the consolidation perimeter, and the management reports faithfully state the evolution of the businesses, of the performance and of the position of the issuer and, when applicable, of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face.

Lisbon, April 5, 2016

Fátima Farinha, member of the Audit Board of Novabase S.G.P.S. S.A. declares that to the best of his knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation that was drafted in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, the financial position and the results of the issuer and, when applicable, of the companies included in the consolidation perimeter, and the management reports faithfully state the evolution of the businesses, of the performance and of the position of the issuer and, when applicable, of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face.

Lisbon, April 5, 2016

Nuno Miguel Dias Pires, member of the Audit Board of Novabase S.G.P.S. S.A. declares that to the best of his knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation that was drafted in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, the financial position and the results of the issuer and, when applicable, of the companies included in the consolidation perimeter, and the management reports faithfully state the evolution of the businesses, of the performance and of the position of the issuer and, when applicable, of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face.

Lisbon, April 5, 2016



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