

Accounts



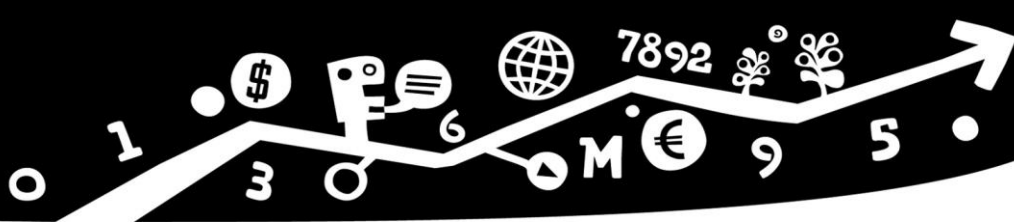
REPORT AND ACCOUNTS - 1ST QUARTER 2014

I - Management Report

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- 4. Outlook 2014**

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Consolidated Results 3M14

Privileged Information

May 8, 2014

Highlights:

Turnover: 51.6 M€

(54.4 M€ in 3M13)

EBITDA: 3.6 M€

(3.9 M€ in 3M13)

Net Profit: 1.6 M€

(2.0 M€ in 3M13)

Net Cash: 24.0 M€

(20.3 M€ in 12M13)

Message from the CEO - Luís Paulo Salvado

"The results of the first quarter are in line with the strategic priorities set for 2014. The international business grew 16% and accounts for 35% of the total business. Excluding the Digital TV/SIP business sold in the end of 2013, that increase was 44%, which reflects the significant effort in the internationalization expansion.

The progress made in terms of the services strategy and development of offerings with greater added value is also clear. The services rose and already represent 2/3 of the business and the gross margin from sales increased.

These strategic priorities and the very challenging conditions in the domestic market maintained the pressure in EBITDA and in Net Profit, which decreased by 8% and 20%, as anticipated. The cash evolution was positive, and nearly 4 M€ was generated in the quarter.

This period was also marked by the significant appreciation of Novabase share price, way above the indexes we follow as a reference (EuroStoxx Technology and PSI20).

Given the current commercial pipeline, we are confident of complying with the overall goals set for the year."

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Report available on website :
www.novabase.pt

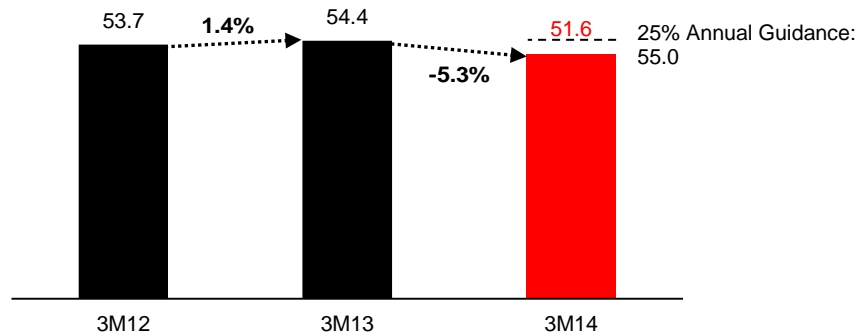
Novabase SGPS, S.A.
Public Company . Euronext code: NBA.AM .
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .
Head Office: Av. D. João II, Lote 1.03.2.3., 1998-031 Lisbon - PORTUGAL



1. Key Indicators Evolution

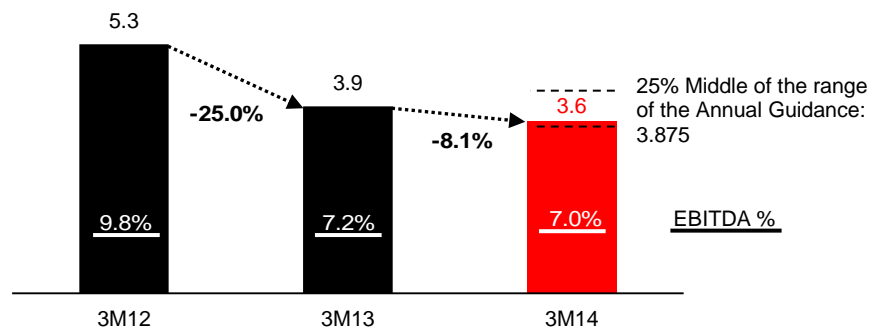
Turnover (M€)

Turnover below the annual Guidance linearized of 220 M€ (-6.3%), due to the contraction of business in Portugal in the product component, despite the significant international growth.



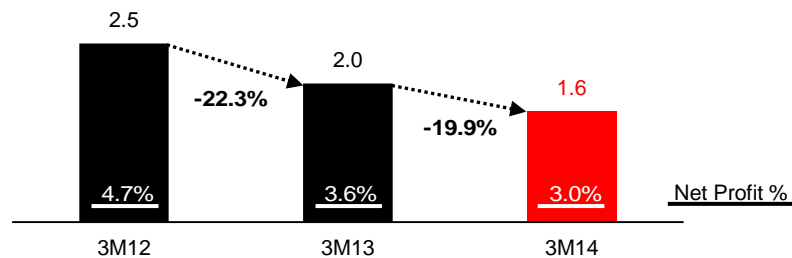
EBITDA (M€)

EBITDA within the range of the annual Guidance linearized of 14-17 M€ and 6.4%-7.7% of margin: -6.4% below the middle of the range (same percentage margin).



Net Profit (M€)

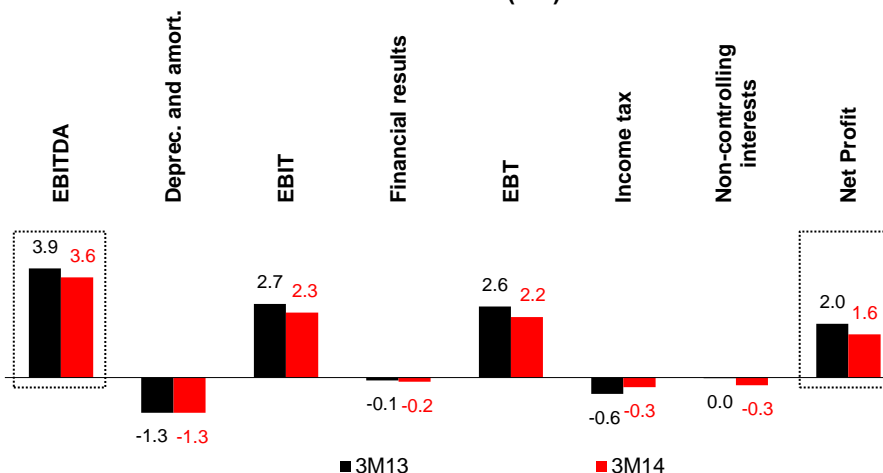
Evolution of profitability as expected, due to the costs associated to the reinforcement of the international expansion strategy.



Earnings per share (EPS) in 3M14 reached 0.05 euros per share, registering a decrease of 20.3% towards the EPS from the previous year of 0.06 euros per share.

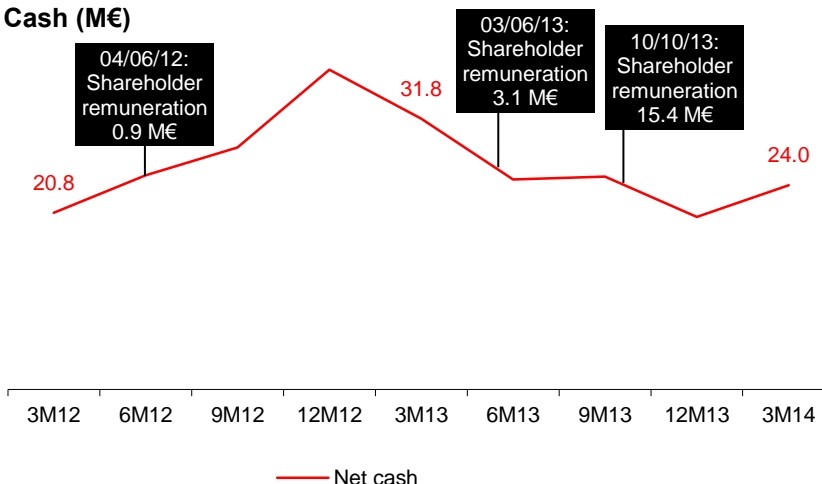


From EBITDA to Net Profit 3M14 Vs 3M13 (M€)



Non-controlling interests in 3M14 amounted to -0.3 M€, which compares to -0.03 M€ in 3M13. This variation is mainly due to the positive evolution of the results of subsidiaries focused on international expansion.

Net Cash (M€)



Cash generation of 3.7 M€ in the first quarter of 2014, with release of working capital.

In the 3M14, Novabase shows a positive evolution in cash generation. Novabase ended the 3M14 with 24.0 M€ in net cash, which compares to 20.3 M€ in the 12M13.

2. Short Summary of the Activity

These results reflect the management of the business with focus on the enhancement of internationalization and differentiation of the offerings.

The first quarter of 2014 was marked by a significant increase of the international business, in line with the expectations set for the year, however experiencing a contraction of business in Portugal in the product component.

Overall, compared to the same period of last year, the Turnover decreased by 5.3%, due to the sale of the Digital TV/SIP area. Removing this effect, the international business grew 44.0%, and now accounts for 34.9% of the total business, with the annual goal of 35%, and the weight of services increased to 66.2%. EBITDA registered a decrease of 8.1%, due to strong pressure on prices in the domestic market and, primarily, because of the costs associated to the reinforcement of the international expansion strategy.



The results of the first three months of 2014, although below the Turnover Guidance (-6.3%), are within the range of the EBITDA Guidance (-6.4% in value but with the same percentage margin, comparing to the middle of the range).

Following the sale of non-strategic assets of Digital TV/SIP, in the end of 2013, the table below shows the Turnover and EBITDA generated by this business in 3M12 and 3M13, which are included in the Venture Capital area:

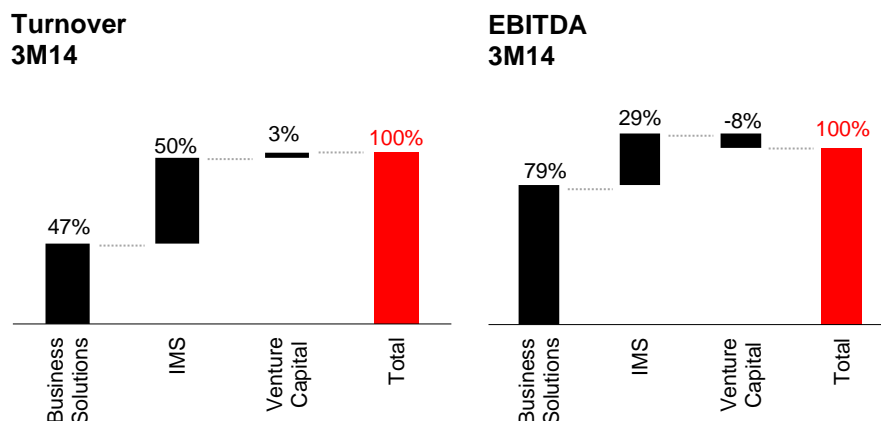
Digital TV/SIP business	3M12	3M13
Turnover (M€)	2.838	3.170
EBITDA (M€)	-0.752	-0.381

This new infrastructure will keep pace with Novabase Angola's recent growth, and is in line with the company's international expansion strategy.

Highlights include the opening of the new logistics centre of Novabase Angola, in Talatona, in the first quarter of 2014, to support local operations more efficiently and on a larger scale.

Also worthy of note is the distinction of Novabase IMS, which was given the "Growth" award in the Enterprise Group category during the annual HP partners gala, HP Partners Awards 2014. This award highlights Novabase IMS for being the partner who grew the most in the business areas of Systems, Storage, Networking and Services.

The percentage breakdown of Turnover and EBITDA by the different businesses, in the 3M14, is as follows:



Rise in services, in line with Novabase strategic orientation to increase the added value of its offers.

Of the overall Turnover generated in 3M14, the services rendered represent 66.2%, which compares to 62.0% in 3M13.

Of the 51.6 M€ Turnover, 34.9% is generated outside Portugal, that is 18.0 M€, which compares to the 15.5 M€ registered in 3M13.

However, it is to be noted that in 3M13 the Digital TV/SIP business was still being consolidated, which contributed with 3.2 M€, that is 20.4% of total Turnover generated outside of Portugal.

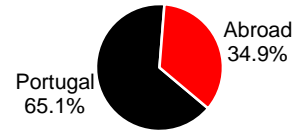
Removing this effect, the percentage of Turnover generated outside Portugal in 3M13 would have been 24.1% (12.4 M€).



Turnover by geography 3M13

Turnover by geography 3M14

International business increased 15.7%, reflecting a strong focus on markets outside Portugal.



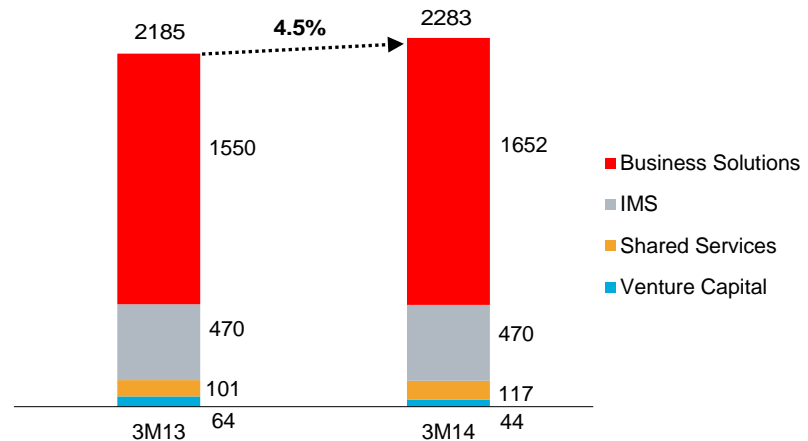
Business outside Portugal generated in the Business Solutions area increased to 36.4% of the respective invoicing (30.3% in 3M13). In the IMS business area, the international business in 3M14 increased to 33.0% (16.1% in 3M13) and in the Venture Capital area decreased to 40.9% (94.6% in 3M13 but 76.9% in 3M13 without Digital TV/SIP business).

Novabase had on average, in the 3M14, 2283 employees, which represents an increase of 4.5% compared to the 3M13 (2185).

Employee breakdown by business area, in 3M14, is as follows:

Average Number of Employees

Average number of employees' evolution includes the talent renovation by the recruitment of 142 university graduates through Novabase Academy program.



Average Number of Employees by geography 3M13

Average Number of Employees by geography 3M14

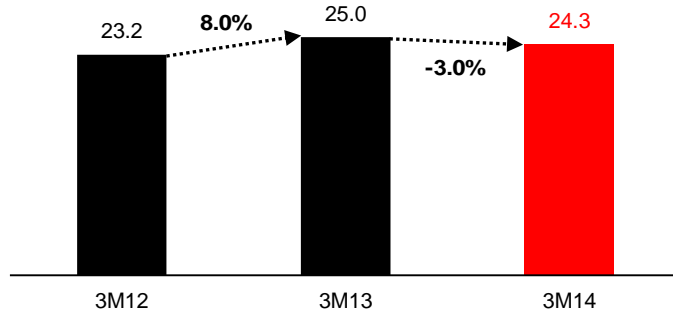
Removing the effect of the sale of the Digital TV/SIP subsidiaries, the international team grew 13.4%, in line with the focus of Novabase on markets outside Portugal.





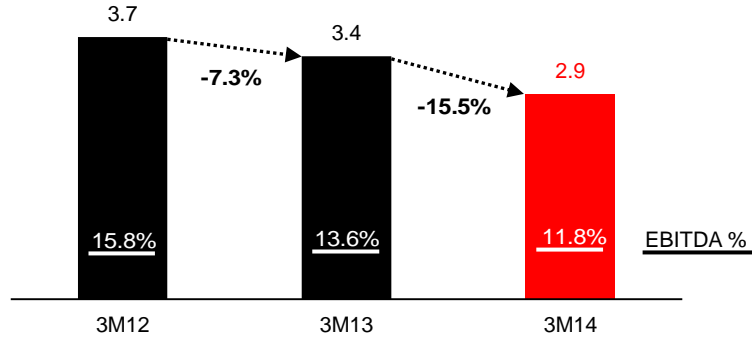
2.1. Business Solutions

Turnover Business Solutions (M€)



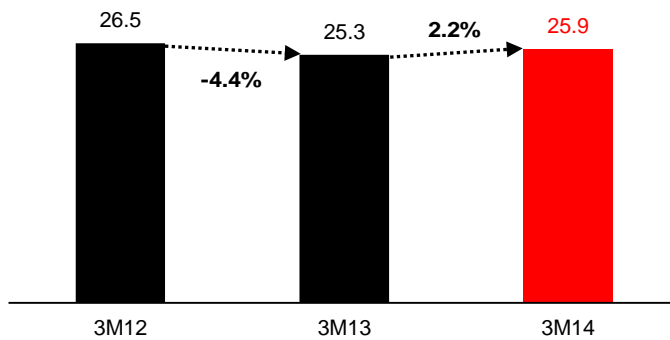
Despite the significant growth of the international component (+16.7%), BS evolution reflects the costs associated to the intensification of the international expansion strategy, and the pressure on prices in the domestic market.

EBITDA Business Solutions (M€)



2.2. Infrastructures & Managed Services

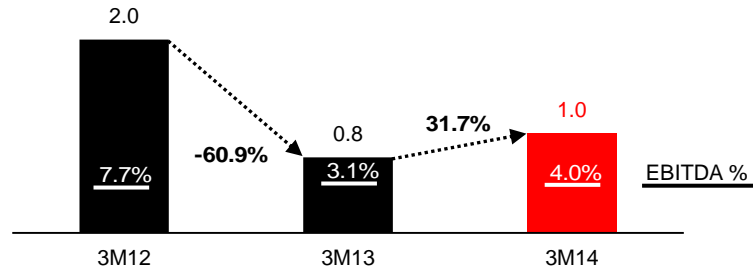
Turnover IMS (M€)





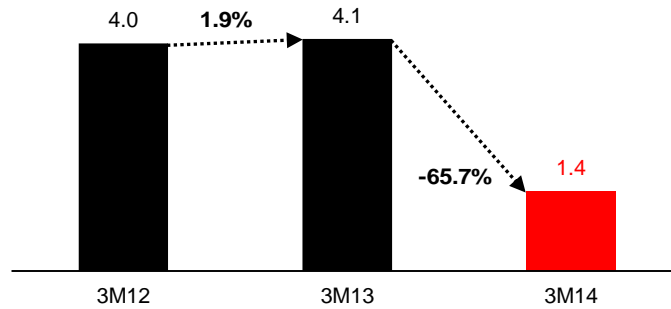
EBITDA IMS (M€)

IMS positive evolution is due to the significant international growth. However, this area should be analysed for time periods longer than a quarter.



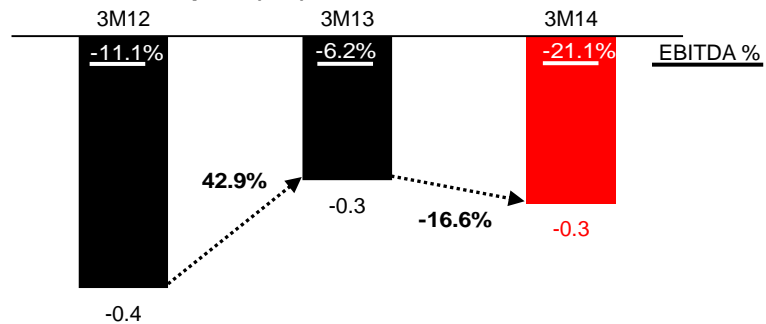
2.3. Venture Capital

Turnover Venture Capital (M€)



VC performance typical of the development stage of the investments of the Funds. The YoY evolution primarily reflects the exit of the Digital TV/SIP business.

EBITDA Venture Capital (M€)



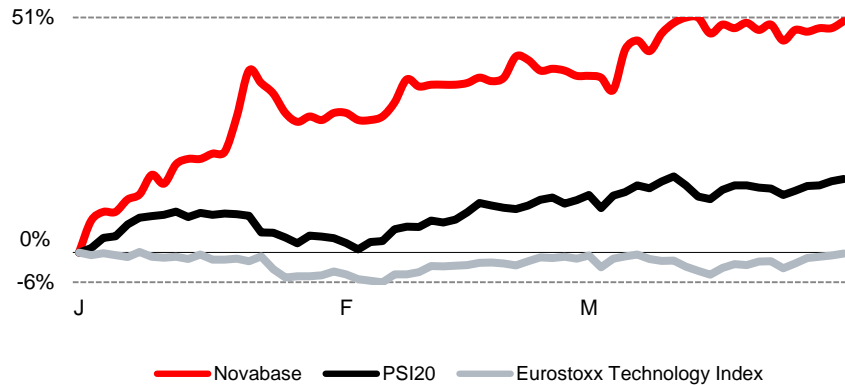
3. Stock Performance

Novabase share price in 3M14 gained 50.2%, comparing to a 16.0% gain in the PSI20 Index and a 0.2% loss in the EuroStoxx Technology Index.



Up to the date of issue of this report, it was approved in the General Meeting of Shareholders of May 7, 2014, the distribution of dividends to the shareholders in the amount of 6.2 M€, corresponding to 0.20€ per share. The payment of these dividends will occur in the second quarter of 2014.

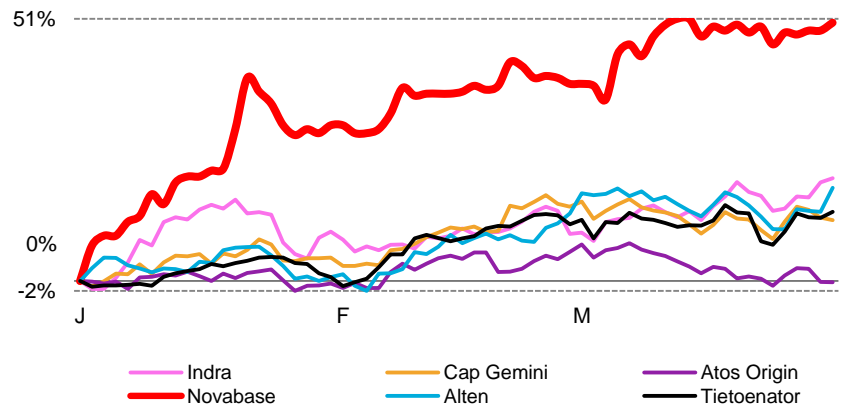
Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 3M14, was as follows:

Novabase and other TMT

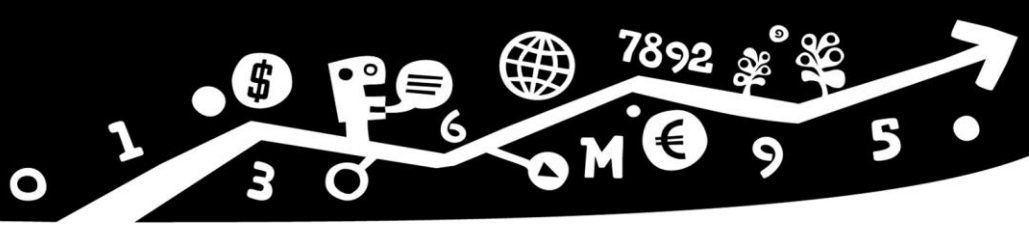
In the end of the first quarter of 2014, Novabase presented a Price to Sales multiple of 0.56x and a Price to Earnings multiple of 16.09x, which represents a discount of 34% and 25%, respectively, compared to the average of other companies in the sector in Europe.



Average upside of 8.0%, according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 4.23 euros.

Rotation in 3M14 represented 6.0% of the capital and 1.9 million shares were traded, below the values in 3M13 (rotation of 7.0% of the capital and 2.2 million shares traded).



Summary	1Q14	4Q13	3Q13	2Q13	1Q13
Minimum price (€)	2.79	2.61	2.31	2.35	2.29
Maximum price (€)	3.94	3.11	3.08	2.90	3.01
Volume weighted average price (€)	3.45	2.87	2.74	2.67	2.85
Closing price at the end of the Quarter (€)	3.92	2.61	3.08	2.49	2.839
Nr. of shares traded	1,898,155	2,314,482	1,929,789	1,864,279	2,206,309
Market cap in the last day (M€)	123.1	82.0	96.7	78.2	89.1

4. Outlook 2014

The results of the first quarter of 2014 are in line with the management orientations and priorities set for the year. Thus, the international business increased by 15.7%, representing now 34.9% of the total business, and the weight of services grew to 66.2%. However, Turnover declined by 5.3%, affected by the exit of the Digital TV/SIP business. EBITDA decreased by 8.1%, year on year, due to strong pressure on prices in the domestic market and, primarily, because of the costs associated to the reinforcement of the international expansion strategy.

Novabase is committed to compliance with the Guidance for 2014, reaffirming as its strategic focus the intensification of the international expansion and the increase of investments in R&D with the aim of differentiation of its offerings.

**Consolidated Statement of Financial Position
as at 31 March 2014**

	31.03.14	31.12.13
	(Thousands of Euros)	
Assets		
Tangible assets	6,134	6,120
Intangible assets	31,682	32,095
Financial investments	2,200	2,217
Deferred income tax assets	14,853	14,901
Other non-current assets	4,868	4,868
Total Non-Current Assets	59,737	60,201
Inventories	3,795	8,925
Trade debtors and accrued income	76,413	85,296
Other debtors and prepaid expenses	18,160	21,806
Derivative financial instruments	235	514
Financial assets held for trading	5,019	5,015
Cash and cash equivalents	34,501	32,942
Total Current Assets	138,123	154,498
Assets for continuing operations	197,860	214,699
Assets for discontinued operations	-	-
Total Assets	197,860	214,699
Shareholders' Equity		
Share capital	15,701	15,701
Treasury shares	(295)	(295)
Share premium	43,560	43,560
Reserves and retained earnings	31,166	23,756
Net profit	1,562	7,510
Total Shareholders' Equity	91,694	90,232
Non-controlling interests	11,737	11,522
Total Equity	103,431	101,754
Liabilities		
Bank borrowings	11,851	13,024
Finance lease liabilities	1,098	1,007
Provisions	2,554	4,386
Deferred income tax liabilities	-	100
Other non-current liabilities	70	70
Total Non-Current Liabilities	15,573	18,587
Bank borrowings	5,993	6,202
Trade payables	17,252	22,268
Other creditors and accruals	31,907	40,736
Derivative financial instruments	48	77
Deferred income	23,336	24,755
Total Current Liabilities	78,536	94,038
Total Liabilities for cont. operations	94,109	112,625
Total Liabilities for discount. operations	320	320
Total Liabilities	94,429	112,945
Total Equity and Liabilities	197,860	214,699
Net Cash	23,989	20,271

**Consolidated Income Statement
for the period of 3 months ended 31 March 2014**

	31.03.14	31.03.13	Var. %
	(Thousands of Euros)		
Sale of goods	17,430	20,705	
Cost of goods sold	(15,445)	(19,417)	
Gross margin	1,985	1,288	54.1 %
Other income			
Services rendered	34,120	33,734	
Supplementary income and subsidies	61	52	
Other operating income	602	258	
	34,783	34,044	
	36,768	35,332	
Other expenses			
External supplies and services	(12,080)	(12,064)	
Employee benefit expense	(21,970)	(19,560)	
Provisions reversal	1,949	444	
Other operating expenses	(1,039)	(206)	
	(33,140)	(31,386)	
Gross Net Profit (EBITDA)	3,628	3,946	-8.1 %
Depreciation and amortization	(1,280)	(1,276)	
Operating Profit (EBIT)	2,348	2,670	-12.1 %
Financial results	(157)	(100)	
Net Profit before taxes (EBT)	2,191	2,570	-14.7 %
Income tax expense	(345)	(589)	
Non-controlling interests	(284)	(30)	
Attributable Net Profit	1,562	1,951	-19.9 %
Other information:			
Turnover	51,550	54,439	-5.3 %
Gross margin from sales %	11.4 %	6.2 %	
EBITDA margin	7.0 %	7.2 %	
EBT % on Turnover	4.3 %	4.7 %	
Net profit % on Turnover	3.0 %	3.6 %	

**Consolidated Income Statement by SEGMENTS
for the period of 3 months ended 31 March 2014**

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	NOVABASE
Sale of goods	183	16,928	319	17,430
Cost of goods sold	(150)	(15,040)	(255)	(15,445)
Gross margin	33	1,888	64	1,985
Other income				
Services rendered	24,096	8,943	1,081	34,120
Supplementary income and subsidies	34	27	-	61
Other operating income	292	5	305	602
	24,422	8,975	1,386	34,783
	24,455	10,863	1,450	36,768
Other expenses				
External supplies and services	(5,896)	(5,252)	(932)	(12,080)
Employee benefit expense	(16,239)	(5,076)	(655)	(21,970)
Provisions reversal	668	726	555	1,949
Other operating expenses	(112)	(214)	(713)	(1,039)
	(21,579)	(9,816)	(1,745)	(33,140)
Gross Net Profit (EBITDA)	2,876	1,047	(295)	3,628
Depreciation and amortization	(873)	(336)	(71)	(1,280)
Operating Profit (EBIT)	2,003	711	(366)	2,348
Financial results	(340)	125	58	(157)
Net Profit / (Loss) before Taxes (EBT)	1,663	836	(308)	2,191
Income tax expense	68	(403)	(10)	(345)
Non-controlling interests	(205)	(79)	-	(284)
Attributable Net Profit / (Loss)	1,526	354	(318)	1,562
Other information :				
Turnover	24,279	25,871	1,400	51,550
EBITDA	2,876	1,047	(295)	3,628
EBITDA % on Turnover	11.8%	4.0%	-21.1%	7.0%
EBT % on Turnover	6.8%	3.2%	-22.0%	4.3%

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Condensed Consolidated Accounts
1st quarter 2014
(Unaudited)

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the period of 3 months ended 31 March 2014

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

Condensed Consolidated Interim Statement of Financial Position as at 31 March 2014

(Amounts expressed in thousands of Euros)

	Note	31.03.14	31.12.13
Assets			
Non-Current Assets			
Property, plant and equipment	6	6,134	6,120
Intangible assets	6	31,682	32,095
Investments in associates		944	961
Financial assets at fair value through profit or loss		1,256	1,256
Deferred income tax assets	7	14,853	14,901
Other non-current assets	17	4,868	4,868
Total Non-Current Assets		59,737	60,201
Current Assets			
Inventories		3,795	8,925
Trade and other receivables	8	67,006	87,975
Accrued income		19,450	12,421
Income tax receivable		2,438	2,236
Derivative financial instruments		235	514
Other current assets		5,679	4,470
Financial assets held for trading		5,019	5,015
Cash and cash equivalents	9	34,501	32,942
Total Current Assets		138,123	154,498
Assets for discontinued operations		-	-
Total Assets		197,860	214,699
Equity			
Share capital		15,701	15,701
Treasury shares		(295)	(295)
Share premium		43,560	43,560
Reserves and retained earnings		31,166	23,756
Profit for the period		1,562	7,510
Total Equity attributable to owners of the parent		91,694	90,232
Non-controlling interests	10	11,737	11,522
Total Equity		103,431	101,754
Liabilities			
Non-Current Liabilities			
Borrowings	11	12,949	14,031
Provisions	12	2,554	4,386
Deferred income tax liabilities	7	-	100
Other non-current liabilities		70	70
Total Non-Current Liabilities		15,573	18,587
Current Liabilities			
Borrowings	11	7,098	7,353
Trade and other payables	13	47,988	61,764
Income tax payable		66	89
Derivative financial instruments		48	77
Deferred income and other current liabilities		23,336	24,755
Total Current Liabilities		78,536	94,038
Liabilities for discontinued operations		320	320
Total Liabilities		94,429	112,945
Total Equity and Liabilities		197,860	214,699

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

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

Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income for the period of 3 months ended 31 March 2014

(Amounts expressed in thousands of Euros)

	Note	3 M *	
		31.03.14	31.03.13
Sales	5	17,430	20,705
Services rendered	5	34,120	33,734
Cost of sales		(15,445)	(19,417)
External supplies and services		(12,080)	(12,064)
Employee benefit expense		(21,970)	(19,560)
Other gains/(losses) - net	14	1,573	548
Depreciation and amortisation		(1,280)	(1,276)
Operating Profit		2,348	2,670
Finance income		332	881
Finance costs		(472)	(981)
Share of loss of associates		(17)	-
Profit Before Income Tax		2,191	2,570
Income tax expense	15	(345)	(589)
Profit for the period		1,846	1,981
Other comprehensive income for the period		-	-
Total comprehensive income for the period		1,846	1,981
Profit attributable to:			
Owners of the parent		1,562	1,951
Non-controlling interests	10	284	30
		1,846	1,981
Total comprehensive income attributable to:			
Owners of the parent		1,562	1,951
Non-controlling interests	10	284	30
		1,846	1,981
Earnings per share			
attributable to owners of the parent (Euros per share)			
Basic earnings per share	16	0.05 Euros	0.06 Euros
Diluted earnings per share	16	0.05 Euros	0.06 Euros

3 M * - period of 3 months ended

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

Condensed Consolidated Interim Statement of Changes in Equity for the period of 3 months ended 31 March 2014

(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		
Balance at 1 January, 2013		15,701	(371)	43,560	3,042	130	38,215	10,613	110,890
Total comprehensive income for the period		-	-	-	-	-	1,951	30	1,981
Transactions with owners									
Share-based payments	17	-	-	-	-	49	-	-	49
Foreign currency translation reserve		-	-	-	-	-	163	164	327
Transactions with owners		-	-	-	-	49	163	164	376
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 31 March, 2013		15,701	(371)	43,560	3,042	179	40,329	10,807	113,247
Balance at 1 January, 2014		15,701	(295)	43,560	3,140	326	27,800	11,522	101,754
Total comprehensive income for the period		-	-	-	-	-	1,562	284	1,846
Transactions with owners									
Share-based payments	17	-	-	-	-	27	-	-	27
Foreign currency translation reserve		-	-	-	-	-	(127)	(69)	(196)
Transactions with owners		-	-	-	-	27	(127)	(69)	(169)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 31 March, 2014		15,701	(295)	43,560	3,140	353	29,235	11,737	103,431

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

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

Condensed Consolidated Interim Statement of Cash Flows for the period of 3 months ended 31 March 2014

(Amounts expressed in thousands of Euros)

	Note	3 M *	
		31.03.14	31.03.13
Cash flows from operating activities			
Net Cash used in operating activities		(1,578)	(5,807)
Cash flows from investing activities			
Receipts:			
Proceeds on disposal of subsidiaries and associates		2,079	-
Loan repayments received from associates		3,343	31
Proceeds on disposal of financial assets held for trading		5,015	-
Proceeds on disposal of property, plant and equipment		-	1
Interest received		429	432
		10,866	464
Payments:			
Acquisition of subsidiaries and associates		-	(25)
Loans granted to associates		-	(1,383)
Purchases of financial assets held for trading		(5,019)	-
Purchases of property, plant and equipment		(309)	(580)
Purchases of intangible assets		(285)	(205)
		(5,613)	(2,193)
Net Cash generated / (used) in investing activities		5,253	(1,729)
Cash flows from financing activities			
Receipts:			
Proceeds from borrowings		100	1,350
Capital contribution by non-controlling interests (i)		-	2,000
		100	3,350
Payments:			
Repayments of borrowings		(1,483)	(806)
Payment of finance lease liabilities		(337)	(358)
Interest paid		(386)	(300)
		(2,206)	(1,464)
Net Cash generated / (used) in financing activities		(2,106)	1,886
Cash, cash equivalents and bank overdrafts at beg. of period	9	32,942	40,452
Net increase / (decrease) of cash, cash equivalents and bank overdrafts		1,569	(5,650)
Effect from exchange rate fluctuations on cash held		(10)	18
Cash, cash equivalents and bank overdrafts at end of period	9	34,501	34,820

3 M * - period of 3 months ended

(i) In 2013: FCR NB Capital Inovação e Internacionalização.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

NOVABASE S.G.P.S., S.A.
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the period of 3 months ended 31 March 2014

1. General information

Novabase, Sociedade Gestora de Participações Sociais, SA (hereunder referred to as Novabase or Group), with its head office in Av. D. João II, Lote 1.03.2.3, Parque das Nações – 1998-031 Lisboa - Portugal, holds and manages financial holdings in other companies as an indirect way of doing business, being the Holding Company of Novabase Group.

Novabase is listed on the Euronext Lisbon.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 29, 2014. In the opinion of the Board of Directors these financial statements fairly present the Group operations, as well as its financial position, financial performance and cash flows.

2. Significant accounting policies

These condensed consolidated interim financial statements for the period of three months ended 31 March 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs, as adopted by the European Union (EU).

These financial statements are presented in thousands of euros (EUR thousand).

These financial statements have not been audited.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those financial statements.

Taxes on income in this interim period were accrued using the tax rate that would be applicable to expected total annual earnings for the year 2014.

3. Critical accounting estimates and judgements

The preparation of interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant estimates and judgments made are the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

4. Seasonality

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

5. Segment information

	Business Solutions	IMS	Venture Capital	NOVABASE
At 31 March 2013				
Total segment Sales and services rendered	41,009	27,681	4,781	73,471
Inter-segment Sales and services rendered	15,970	2,364	698	19,032
Sales and services rendered	25,039	25,317	4,083	54,439
Depreciation and amortisation	(910)	(203)	(163)	(1,276)
Operating profit/(loss)	2,494	592	(416)	2,670
Finance costs – net	(24)	(110)	34	(100)
Share of loss of associates	-	-	-	-
Income tax expense	(439)	(488)	338	(589)
Profit/(Loss) from operations	2,031	(6)	(44)	1,981
Other information:				
(Provisions) / Provisions reversal	152	103	189	444
At 31 March 2014				
Total segment Sales and services rendered	38,651	31,908	1,584	72,143
Inter-segment Sales and services rendered	14,372	6,037	184	20,593
Sales and services rendered	24,279	25,871	1,400	51,550
Depreciation and amortisation	(873)	(336)	(71)	(1,280)
Operating profit/(loss)	2,003	711	(366)	2,348
Finance costs – net	(340)	125	75	(140)
Share of loss of associates	-	-	(17)	(17)
Income tax expense	68	(403)	(10)	(345)
Profit/(Loss) from operations	1,731	433	(318)	1,846
Other information:				
(Provisions) / Provisions reversal	668	726	555	1,949

6. Property, plant and equipment and intangible assets

During the periods ended at 31 March 2014 and 31 March 2013, the movements in the net book value of property, plant and equipment and intangible assets, were as follows:

	Property, plant and equipment	Intangible assets
Net book value at 1 January 2013		
Acquisitions / increases	7,101	31,660
Write off's / disposals	819	205
Exchange differences	(44)	-
Depreciation and amortisation	15	-
	(682)	(594)
Net book value at 31 March 2013	7,209	31,271
Net book value at 1 January 2014		
Acquisitions / increases	6,120	32,095
Write off's / disposals	647	285
Exchange differences	(45)	-
Depreciation and amortisation	(6)	-
	(582)	(698)
Net book value at 31 March 2014	6,134	31,682

7. Deferred income tax assets and liabilities

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

	31.03.14	31.12.13
Balance at 1 January	14,901	12,249
Exchange differences	(18)	(16)
Profit or loss charge	(30)	2,668
Balance at the end of the period	<u>14,853</u>	<u>14,901</u>

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

	31.03.14	31.12.13
Balance at 1 January	100	100
Profit or loss charge	(100)	-
Balance at the end of the period	<u>-</u>	<u>100</u>

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

	Tax Losses	Tax Incentives	Provisions / Adjustments	Total
Balance at 1 January 2013	1,300	8,491	2,458	12,249
Profit or loss charge	(581)	2,963	286	2,668
Exchange differences	(16)	-	-	(16)
Balance at 31 December 2013	703	11,454	2,744	14,901
Profit or loss charge	424	174	(628)	(30)
Exchange differences	(18)	-	-	(18)
Balance at 31 March 2014	<u>1,109</u>	<u>11,628</u>	<u>2,116</u>	<u>14,853</u>

8. Trade and other receivables

	31.03.14	31.12.13
Trade receivables	61,440	77,309
Allowance for impairment of trade receivables	(4,477)	(4,434)
	<u>56,963</u>	<u>72,875</u>
Prepayments to suppliers	843	503
Employees	231	125
Value added tax	3,115	3,012
Receivables from related parties (note 17)	806	4,788
Financial investments disposal	67	67
Disposal of Digital TV international business	400	2,478
Receivables from financed projects	3,299	2,963
Other receivables	4,612	4,547
Allowance for impairment of other receivables	(3,330)	(3,383)
	<u>10,043</u>	<u>15,100</u>
	<u>67,006</u>	<u>87,975</u>

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

	Trade receivables		Other receivables		Total	
	31.03.14	31.12.13	31.03.14	31.12.13	31.03.14	31.12.13
Balance at 1 January	4,434	4,809	3,383	4,121	7,817	8,930
Impairment	86	2,805	-	234	86	3,039
Impairment reversal	(42)	(2,703)	(52)	(735)	(94)	(3,438)
Exchange differences	(1)	(25)	(1)	(4)	(2)	(29)
Write off's	-	(452)	-	(233)	-	(685)
Balance at the end of the period	4,477	4,434	3,330	3,383	7,807	7,817

9. Cash and cash equivalents

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

	31.03.14	31.12.13
- Cash	32	16
- Short term bank deposits	34,469	32,926
Cash and cash equivalents	34,501	32,942
- Overdrafts	-	-
	34,501	32,942

10. Non-controlling interests

	31.03.14	31.12.13
Balance at 1 January	11,522	10,613
Transactions with non-controlling interests	-	(431)
Foreign currency translation differences for foreign operations	(69)	(398)
Profit attributable to non-controlling interests	284	1,738
Balance at the end of the period	11,737	11,522

11. Borrowings

	31.03.14	31.12.13
Non-current		
Bank borrowings	11,851	13,024
Finance lease liabilities	1,098	1,007
	12,949	14,031
Current		
Bank borrowings	5,993	6,202
Finance lease liabilities	1,105	1,151
	7,098	7,353
Total borrowings	20,047	21,384

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

	31.03.14	31.12.13
6 months or less	3,337	3,237
6 to 12 months	2,656	2,965
	5,993	6,202

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

	31.03.14	31.12.13
Between 1 and 2 years	4,708	4,701
Between 2 and 5 years	7,143	8,323
Over 5 years	-	-
	<u>11,851</u>	<u>13,024</u>

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

	31.03.14	31.12.13
Bank borrowings	5.358%	5.325%

Gross finance lease liabilities – minimum lease payments:

	31.03.14	31.12.13
No later than 1 year	1,407	1,386
Between 1 and 5 years	1,472	1,338
	<u>2,879</u>	<u>2,724</u>
Future finance charges on finance leases	(676)	(566)
Present value of finance lease liabilities	<u>2,203</u>	<u>2,158</u>

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

	31.03.14	31.12.13
No later than 1 year	1,105	1,151
Between 1 and 5 years	1,098	1,007
	<u>2,203</u>	<u>2,158</u>

12. Provisions

Movements in provisions are analysed as follows:

	Warranties	Legal Claims	Other Risks and Charges	Total
Balance at 1 January 2013	747	240	1,449	2,436
Additional provisions	45	472	3,009	3,526
Reversals	(147)	-	(1,429)	(1,576)
Balance at 31 December 2013	645	712	3,029	4,386
Additional provisions	2	-	-	2
Reversals	(536)	(289)	(1,009)	(1,834)
Balance at 31 March 2014	<u>111</u>	<u>423</u>	<u>2,020</u>	<u>2,554</u>

13. Trade and other payables

	31.03.14	31.12.13
Trade payables	16,147	21,117
Remunerations, vacations and vacation and Christmas subsidies	9,899	8,481
Bonus	5,654	9,127
Ongoing projects	3,648	4,849
Value added tax	2,509	7,198
Social security contributions	1,345	1,839
Income tax withholding	3,172	1,488
Employees	138	277
Prepayments from trade receivables	756	756
Acquisition of financial interest in FCR Istart I	72	72
Other accrued expenses	4,430	6,282
Other payables	218	278
	<u>47,988</u>	<u>61,764</u>

14. Other gains/(losses) - net

	31.03.14	31.03.13
Impairment and impairment reversal of trade and other receivables	8	151
Impairment and impairment reversal of inventories	109	56
Warranties provision	534	(6)
Legal claims provision	289	-
Provisions for other risks and charges	1,009	243
Operating subsidies	31	-
Other operating income and expense	(407)	104
	<u>1,573</u>	<u>548</u>

15. Income tax expense

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

	31.03.14	31.03.13
Profit before income tax	2,191	2,570
Income tax expense at nominal rate (25% in 2013, 23% in 2014)	504	643
Tax benefit on the net creation of employment for young and long term unemployed people	(86)	(103)
Provisions and amortisations not considered for tax purposes	16	18
Recognition of tax on the events of previous years	(100)	(72)
Associates' results reported net of tax	4	-
Autonomous taxation	226	190
Losses in companies where no deferred tax is recognised	(20)	37
Expenses not deductible for tax purposes	194	(28)
Differential tax rate on companies located abroad	9	(7)
Research & Development tax benefit	(484)	(214)
Municipal surcharge and State surcharge	31	43
Impairment of Special Payment on Account, tax losses and withholding taxes	51	82
Income tax expense	<u>345</u>	<u>589</u>

16. Earnings per share

	31.03.14	31.03.13
Weighted average number of ordinary shares in issue	30,811,440	30,659,078
Stock options adjustment	623,204	455,564
Adjusted weighted average number of ordinary shares in issue	<u>31,434,644</u>	<u>31,114,642</u>
Profit attributable to owners of the parent	1,562	1,951
Basic earnings per share (Euros per share)	<u>0.05 Euros</u>	<u>0.06 Euros</u>
Diluted earnings per share (Euros per share)	<u>0.05 Euros</u>	<u>0.06 Euros</u>

17. Related-party transactions

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

i) Key management compensation

	31.03.14	31.03.13
Salaries and other short-term employee benefits	1,332	1,475
Stock options granted	27	49
	<u>1,359</u>	<u>1,524</u>

ii) Acquisition and merger of financial interests with related parties

	<u>31.03.14</u>	<u>31.12.13</u>
Acquisitions to former shareholders of Collab	-	(151)
Merger of Techno Trend GmbH into TV Lab	-	422
	<u>-</u>	<u>271</u>

iii) Other balances with related parties

	<u>Non-current</u>		<u>Current (note 8)</u>	
	<u>31.03.14</u>	<u>31.12.13</u>	<u>31.03.14</u>	<u>31.12.13</u>
Loan to NB Digital TV GmbH	-	-	-	2,800
Loan to Globaleda, S.A.	-	-	784	784
Loan to Powergrid, Lda	2,050	2,050	-	-
Loan to DTV Research, Lda	-	-	-	1,182
Loan to Bright Innovation, Lda	1,477	1,477	-	-
Loan to SmartGeo Solutions, Lda	99	99	-	-
Loan to Radical Innovation, Lda	994	994	-	-
Loan to Power Data, Lda	248	248	-	-
Loans to other shareholders	-	-	22	22
	<u>4,868</u>	<u>4,868</u>	<u>806</u>	<u>4,788</u>

18. Contingencies

Given the disclosed in the annual financial statements for the year 2013, there are no significant changes in the judicial processes.

19. Events after the reporting period

Novabase informed in May, that the amounts concerning the allocation of the 2013 financial year profits will be paid on 5 June 2014, in the following value per share: 0.20 Euros (gross amount).

20. 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.