



REPORT AND ACCOUNTS - 3RD QUARTER 2013

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Consolidated Results 9M13

Privileged Information

November 7, 2013

Highlights:

Turnover: 157.8 M€

(155.6 M€ in 9M12)

EBITDA: 11.4 M€

(14.2 M€ in 9M12)

Net Profit: 4.6 M€

(6.0 M€ in 9M12)

Net Cash: 25.0 M€

(37.5 M€ in 12M12)

Message from the CEO - Luís Paulo Salvado

"The accumulated results of the third quarter are positive and reflect Novabase's strategic priorities set for this year, namely the focus on the international expansion.

The 10% increase of the international business, that represents nearly 1/3 of the total business, enabled overall Turnover to maintain its growth trend. As anticipated, EBITDA and Net Profit decreased by 20% and 24%, respectively, due to the allocation of additional resources to international expansion. The Cash position remained stable during the quarter.

The domestic market conditions remain very challenging, and we expect that the high pressure on margins will continue. Still, we have managed to hold our activity in Portugal, and therefore, we believe in the compliance of the global targets set for 2013.

Finally, we highlight the appreciation of the share price by 34% since the beginning of the year, and the increase of its liquidity to nearly double over the same period of last year."

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Report available on website :
www.novabase.pt

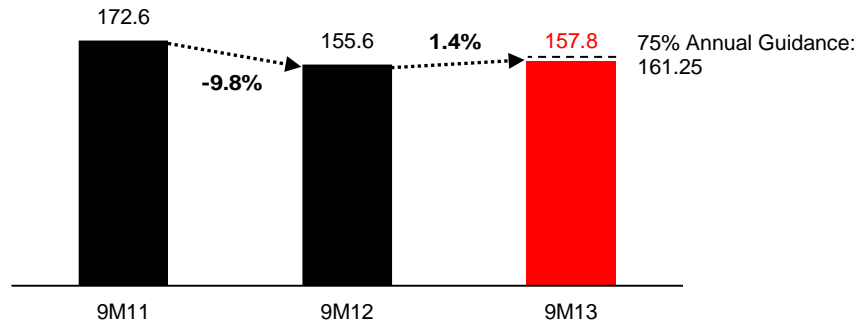
Novabase SGPS, S.A.
Public Company . Euronext code: NBA.AM .
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .
Head Office: Av. D. João II, Lote 1.03.2.3., 1998-031 Lisbon - PORTUGAL



1. Key Indicators Evolution

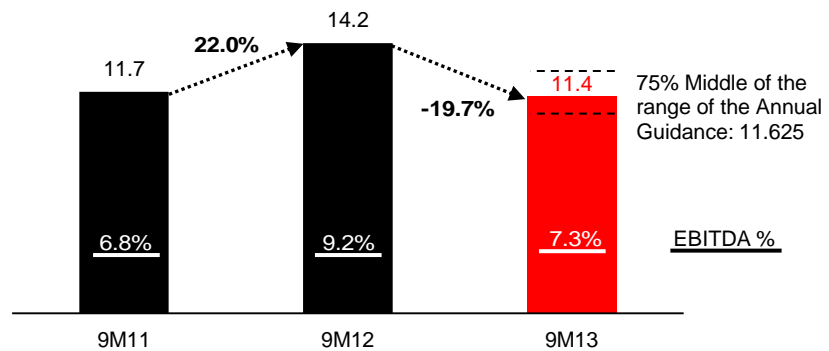
Turnover (M€)

Turnover in line with the annual Guidance linearized of 215 M€ (-2.2%), highlighting the international component growth.



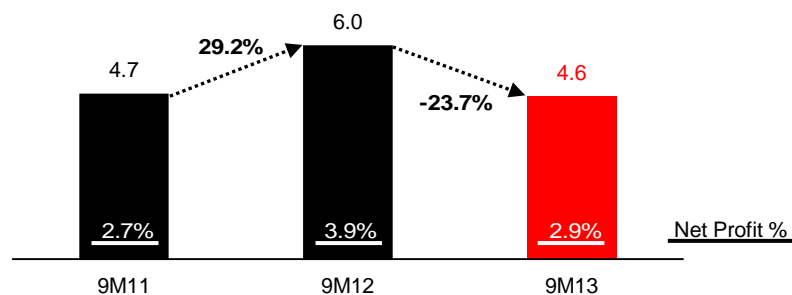
EBITDA (M€)

EBITDA within the range of the annual Guidance linearized of 14-17 M€ and 6.5%-7.9% of margin: -1.6% below the middle of the range (+0.1 percentage points).



Net Profit (M€)

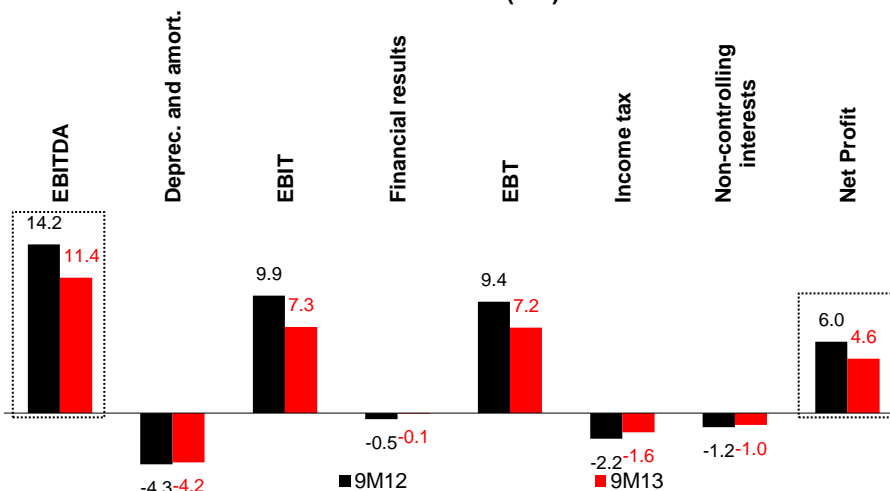
Evolution of profitability as expected, due to the costs associated to the reinforcement of the international expansion strategy.



Earnings per share (EPS) in 9M13 reached 0.15 euros per share, registering a decrease of 24.1% towards the EPS from the previous year of 0.20 euros per share.



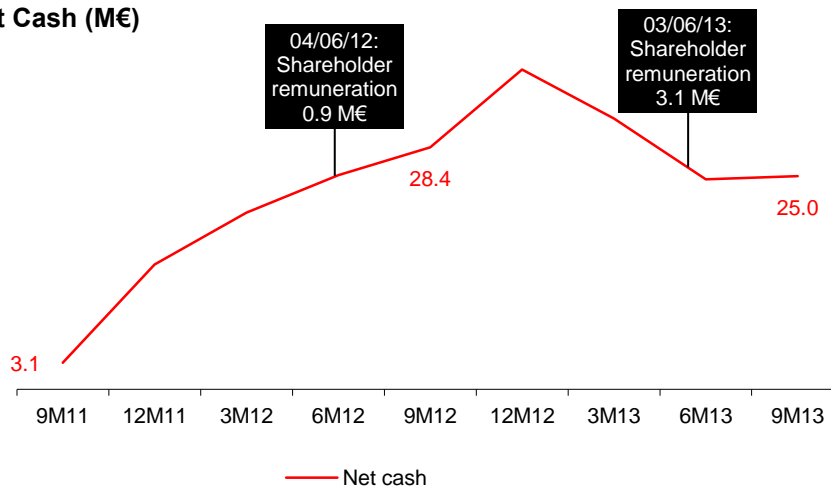
From EBITDA to Net Profit 9M13 Vs 9M12 (M€)



The Amortizations and the Financial Results registered an increase of 0.6 M€.

Non-controlling interests in 9M13 amounted to -1.0 M€, which compares to -1.2 M€ in 9M12. This variation is mainly due to the evolution of the results of subsidiaries with significant investments in international expansion.

Net Cash (M€)



Cash use of 12.5 M€ in the nine months of 2013, includes the payment of the recurring dividend and the expected increase of the investment in working capital, given the unusually lower levels recorded in the end of 2012.

In the 9M13, Novabase shows a negative evolution in cash generation. Considering the last 12 months, we observe a cash use of 3.4 M€.

Novabase ended the 9M13 with 25.0 M€ in net cash, which compares to 37.5 M€ in the 12M12.

On June 3, 2013, Novabase paid its shareholders a total amount of 3.1 M€ (0.10€/share).



2. Short Summary of the Activity

The results of the first nine months of 2013 are in line with the expectations set for the year, with focus on strengthening both the international expansion and the vertical integration and differentiation of Novabase offerings. It is worth noting that the Guidance included the costs associated to the development of these strategies.

Thus, compared to the same period of last year, the Turnover increased by 1.4%, with the international business representing 32.1% of the total business, but the EBITDA registered a decrease of 19.7%. The results of the nine months are in line with the Turnover Guidance (-2.2%), and within the range of the EBITDA Guidance (-1.6% in value and +0.1 percentage points compared to the middle of the range).

The entry into Mozambique is in line with the company's international expansion strategy, which continues to focus on the African market.

Highlights include the official opening of operations in Mozambique in the second quarter of 2013. Novabase Mozambique aspires to be a key technology partner for leading banks and mobile operators, and play an active role in the government's structural projects. Another goal is to expand its position to the rest of the African market.

These investments reflect the strengthening of Novabase's strategic commitment to innovative technology-based SMEs focused on the international market.

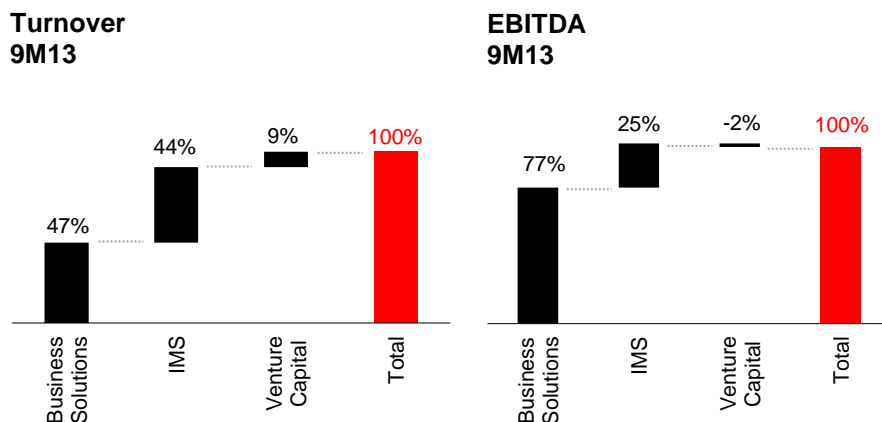
In the Venture Capital area, the Venture Capital Fund Novabase Capital Inovação e Internacionalização invested in the companies SmartGeo Solutions, a company specialising in the deployment of Geographic Information Systems (GIS), Power Data, a company focused on developing innovative solutions for the Utilities sector, and Radical Innovation, specializing in incubator projects in the area of Information and Communication Technologies (ICT) and integrated services, supported by a multi-channel IT platform.



Also worthy of note in these first nine months of 2013, is the distinction of Collab which was given the Gold award for the "Best Contact Center Technology in 2013", attributed by the Portuguese Association of Contact Centers (APCC). Additionally, during the annual European Cisco partners meeting, Cisco Partner Summit 2013, Novabase received five awards for its performance in Portugal: Architectural Excellence Borderless Networks Partner of the Year, Architectural Excellence Data Center Partner of the Year, Architectural Excellence Service Provider Architecture Partner of the Year, Commercial Partner of the Year and Services Partner of the Year.



The percentage breakdown of Turnover and EBITDA by the different businesses, in the 9M13, is as follows:



Of the overall Turnover generated in 9M13, the services rendered represent 63.6%, in line with the 65.5% in 9M12.

Of the 157.8 M€ Turnover, 32.1% is generated outside Portugal, that is 50.6 M€, which compares to the 46.2 M€ registered in 9M12.

Turnover by geography 9M12

Turnover by geography 9M13

International business increased 9.5%, reflecting a strong focus on markets outside Portugal.



Business outside Portugal generated in the Business Solutions area increased to 31.2% of the respective invoicing (26.7% in 9M12). In the IMS business area, the international business in 9M13 decreased to 21.6% (24.6% in 9M12) and in the Venture Capital area increased to 91.9% (85.2% in 9M12).

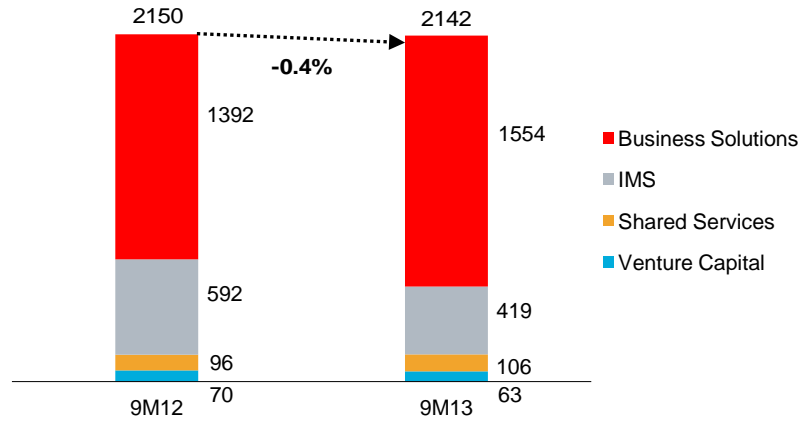
Novabase had on average, in the 9M13, 2142 employees, which represents a decrease of 0.4% compared to the 9M12 (2150).



Employee breakdown by business area, in 9M13, is as follows:

Average Number of Employees

Average number of employees' evolution includes the talent renovation by the recruitment of 140 university graduates through Novabase Academy program, which had its first edition in Mozambique.



Average Number of Employees by geography 9M12

The international team grew 23.2%, in line with the focus of Novabase on markets outside Portugal.



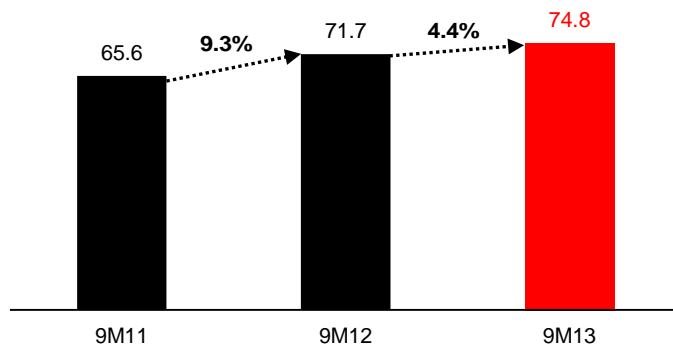
Average Number of Employees by geography 9M13

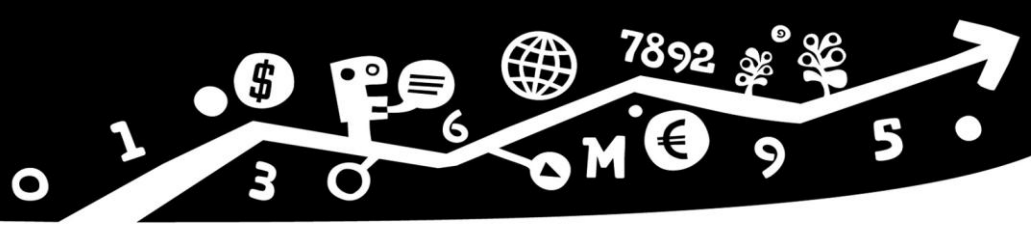


2.1. Business Solutions

Turnover Business Solutions (M€)

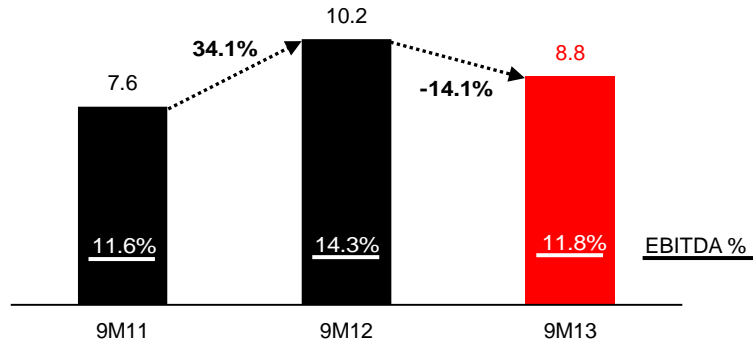
BS Turnover evolution primarily reflects the growth of the international component (+22.0%)





EBITDA Business Solutions (M€)

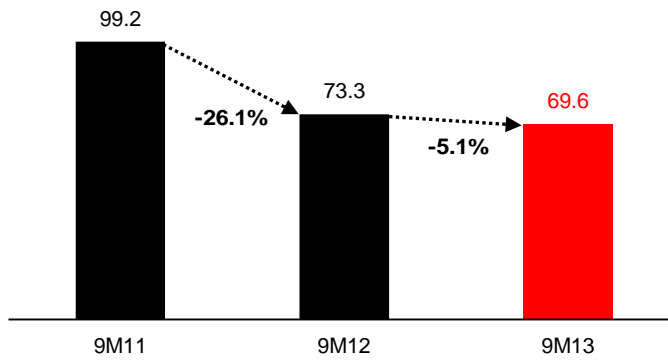
BS evolution reflects the costs associated to the intensification of the international expansion strategy, as anticipated.



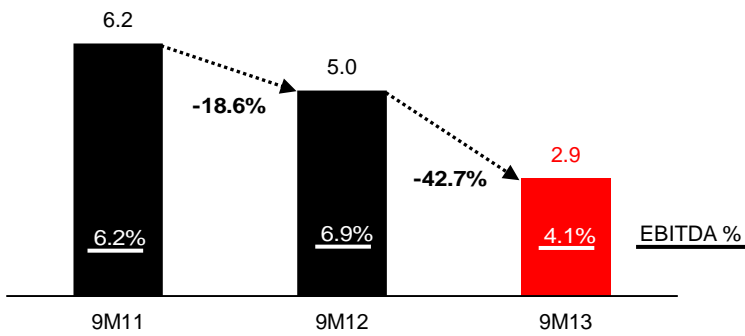
2.2. Infrastructures & Managed Services

Turnover IMS (M€)

IMS evolution is mainly due to the strong market pressure. However, we already observe a trend towards recovery.



EBITDA IMS (M€)

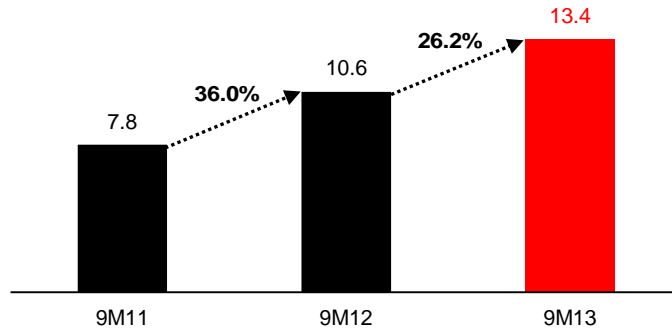




2.3. Venture Capital

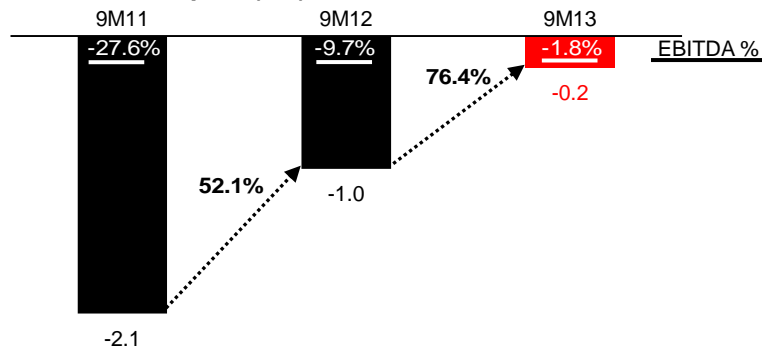
Turnover Venture Capital (M€)

VC Turnover positive evolution primarily reflects the growth of the international component (+36.0%).



EBITDA Venture Capital (M€)

Positive evolution of the VC EBITDA, typical of a stage of development with significant investments in R&D.



3. Stock Performance

Excluding the shareholder remuneration, the appreciation of Novabase share price would be 38.2%.

Novabase share price in 9M13 gained 33.9%, comparing to a 5.3% gain in the PSI20 Index and a 20.6% gain in the EuroStoxx Technology Index.

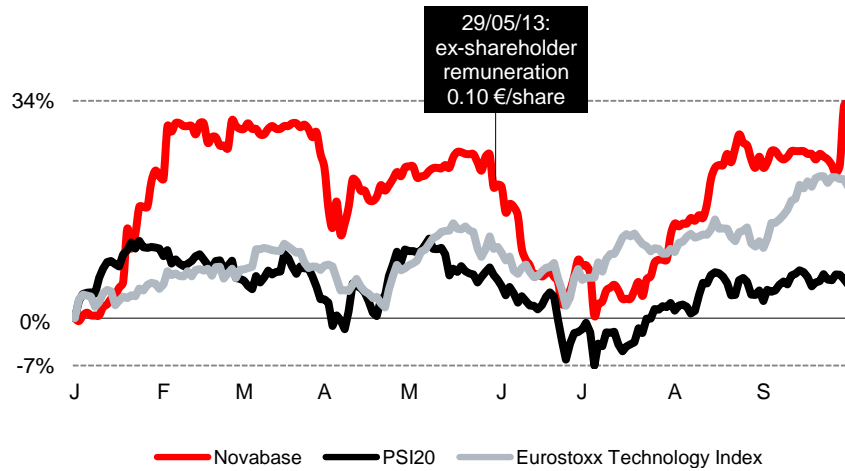
In this period, a dividend of 0.10€/share was distributed.

The Extraordinary General Meeting of Shareholders of September 25, 2013, approved the distribution to the shareholders of reserves and retained earnings in the amount of 15.7 M€, corresponding to 0.50€ per share. This payment to shareholders occurred in October 2013.

Also to be noted that Novabase was included in PSI20 index as of March, 18, and left the referred index as of June, 24.

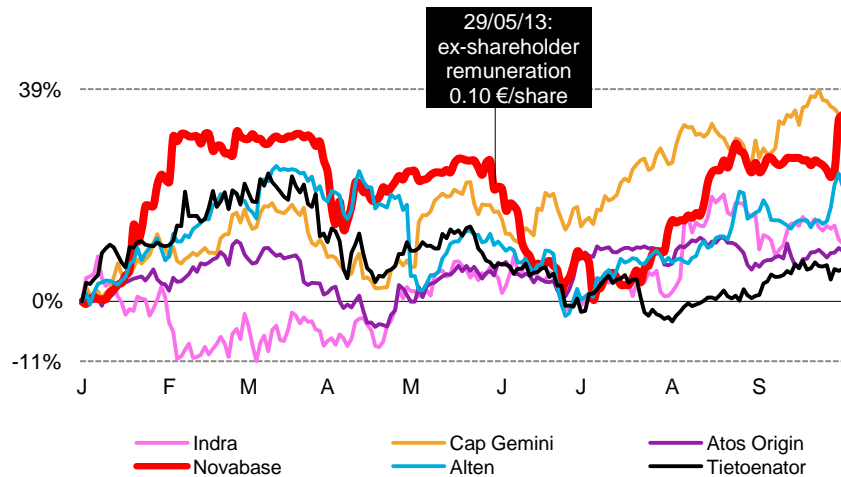


Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 9M13, was as follows:

Novabase and other TMT

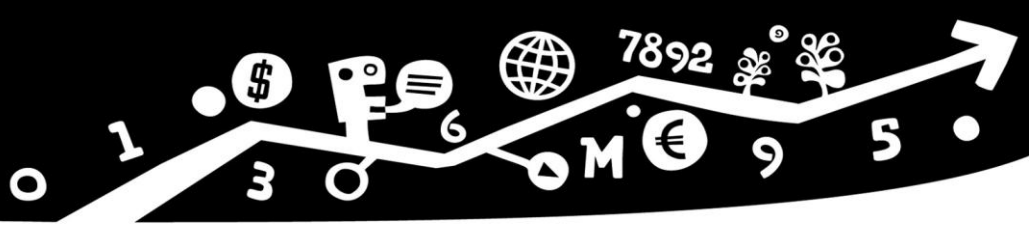


In the end of the third quarter of 2013, Novabase presented a Price to CF multiple of 6.6x and a Price to Sales multiple of 0.45x, which in both cases represents a discount of 34%, compared to the average of other companies in the sector in Europe.

Average upside of 26.6%, according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.90 euros, with unanimous recommendation to buy.

Rotation in 9M13 represented 19.1% of the capital and 6.0 million shares were traded, above the values in 9M12 (rotation of 11.6% of the capital and 3.7 million shares traded).



Summary	3Q13	2Q13	1Q13	4Q12	3Q12
Minimum price (€)	2.31	2.35	2.29	2.00	1.66
Maximum price (€)	3.08	2.90	3.01	2.30	2.03
Volume weighted average price (€)	2.74	2.67	2.85	2.15	1.92
Closing price at the end of the Quarter (€)	3.08	2.49	2.839	2.30	2.03
Nr. of shares traded	1,929,789	1,864,279	2,206,309	1,249,942	1,113,951
Market cap in the last day (M€)	96.7	78.2	89.1	72.2	63.7

4. Outlook 2013

The results of the nine months of 2013 are in line with the management expectations. The Turnover registered an increase of 1.4%, due to the growth of the international business (9.5%). As anticipated, EBITDA decreased by 19.7%, 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 2013, reaffirming as its strategic priorities the intensification of the international expansion and the increase of investments in vertical integration and differentiation of its offerings.

**Consolidated Statement of Financial Position
as at 30 September 2013**

	30.09.13	31.12.12
	(Thousands of Euros)	
Assets		
Tangible assets	7,026	7,101
Intangible assets	30,432	31,660
Financial investments	2,818	2,586
Deferred income tax assets	12,223	12,249
Other non-current assets	-	-
Total Non-Current Assets	52,499	53,596
Inventories	9,899	4,474
Trade debtors and accrued income	81,100	89,668
Other debtors and prepaid expenses	23,690	20,695
Derivative financial instruments	499	216
Financial assets held for trading	5,015	9,855
Cash and cash equivalents	35,721	40,452
Total Current Assets	155,924	165,360
Assets for continuing operations	208,423	218,956
Assets for discontinued operations	-	-
Total Assets	208,423	218,956
Shareholders' Equity		
Share capital	15,701	15,701
Treasury shares	(295)	(371)
Share premium	43,560	43,560
Reserves and retained earnings	22,908	33,481
Net profit	4,594	7,906
Total Shareholders' Equity	86,468	100,277
Non-controlling interests	11,385	10,613
Total Equity	97,853	110,890
Liabilities		
Bank borrowings	12,070	10,270
Finance lease liabilities	1,058	1,017
Provisions	1,260	2,436
Deferred income tax liabilities	100	100
Other non-current liabilities	70	70
Total Non-Current Liabilities	14,558	13,893
Bank borrowings	5,476	4,195
Trade payables	17,667	23,456
Other creditors and accruals	50,453	38,266
Derivative financial instruments	191	34
Deferred income	21,905	27,902
Total Current Liabilities	95,692	93,853
Total Liabilities for cont. operations	110,250	107,746
Total Liabilities for discount. operations	320	320
Total Liabilities	110,570	108,066
Total Equity and Liabilities	208,423	218,956
Net Cash	25,007	37,549

**Consolidated Income Statement
for the period of 9 months ended 30 September 2013**

	30.09.13	30.09.12	Var. %
	(Thousands of Euros)		
Sale of goods	57,366	53,677	
Cost of goods sold	(49,457)	(47,503)	
Gross margin	7,909	6,174	28.1 %
Other income			
Services rendered	100,417	101,921	
Supplementary income and subsidies	145	62	
Other operating income	1,121	3,155	
	101,683	105,138	
	109,592	111,312	
Other expenses			
External supplies and services	(39,849)	(38,467)	
Employee benefit expense	(59,336)	(57,868)	
(Provisions) / Provisions reversal	1,715	(409)	
Other operating expenses	(681)	(322)	
	(98,151)	(97,066)	
Gross Net Profit (EBITDA)	11,441	14,246	-19.7 %
Depreciation and amortization	(4,164)	(4,325)	
Operating Profit (EBIT)	7,277	9,921	-26.7 %
Financial results	(58)	(515)	
Net Profit before taxes (EBT)	7,219	9,406	-23.3 %
Income tax expense	(1,627)	(2,181)	
Non-controlling interests	(998)	(1,206)	
Attributable Net Profit	4,594	6,019	-23.7 %
Other information:			
Turnover	157,783	155,598	1.4 %
Gross margin from sales %	13.8 %	11.5 %	
EBITDA margin	7.3 %	9.2 %	
EBT % on Turnover	4.6 %	6.0 %	
Net profit % on Turnover	2.9 %	3.9 %	

Consolidated Income Statement by SEGMENTS
for the period of 9 months ended 30 September 2013

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	NOVABASE
Sale of goods	1,164	46,423	9,779	57,366
Cost of goods sold	(351)	(41,370)	(7,736)	(49,457)
Gross margin	813	5,053	2,043	7,909
Other income				
Services rendered	73,656	23,190	3,571	100,417
Supplementary income and subsidies	103	4	38	145
Other operating income	1,060	49	12	1,121
	74,819	23,243	3,621	101,683
	75,632	28,296	5,664	109,592
Other expenses				
External supplies and services	(22,157)	(14,207)	(3,485)	(39,849)
Employee benefit expense	(44,136)	(12,493)	(2,707)	(59,336)
(Provisions) / Provisions reversal	(133)	1,523	325	1,715
Other operating expenses	(410)	(232)	(39)	(681)
	(66,836)	(25,409)	(5,906)	(98,151)
Gross Net Profit (EBITDA)	8,796	2,887	(242)	11,441
Depreciation and amortization	(2,788)	(872)	(504)	(4,164)
Operating Profit (EBIT)	6,008	2,015	(746)	7,277
Financial results	(169)	195	(84)	(58)
Net Profit / (Loss) before Taxes (EBT)	5,839	2,210	(830)	7,219
Income tax expense	(1,289)	(1,014)	676	(1,627)
Non-controlling interests	(527)	(312)	(159)	(998)
Attributable Net Profit / (Loss)	4,023	884	(313)	4,594
Other information :				
Turnover	74,820	69,613	13,350	157,783
EBITDA	8,796	2,887	(242)	11,441
EBITDA % on Turnover	11.8%	4.1%	-1.8%	7.3%
EBT % on Turnover	7.8%	3.2%	-6.2%	4.6%

Condensed Consolidated Accounts
3rd quarter 2013
(Unaudited)

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the period of 9 months ended 30 September 2013

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

Condensed Consolidated Interim Statement of Financial Position as at 30 September 2013

(Amounts expressed in thousands of Euros)

	Note	30.09.13	31.12.12
Assets			
Non-Current Assets			
Property, plant and equipment	6	7,026	7,101
Intangible assets	6	30,432	31,660
Investments in associates		823	855
Financial assets at fair value through profit or loss		1,995	1,731
Deferred income tax assets	7	12,223	12,249
Total Non-Current Assets		52,499	53,596
Current Assets			
Inventories		9,899	4,474
Trade and other receivables	8	79,318	92,489
Accrued income		17,396	10,035
Income tax receivable		2,192	2,057
Derivative financial instruments		499	216
Other current assets		5,884	5,782
Financial assets held for trading		5,015	9,855
Cash and cash equivalents	9	35,721	40,452
Total Current Assets		155,924	165,360
Assets for discontinued operations		-	-
Total Assets		208,423	218,956
Equity			
Share capital		15,701	15,701
Treasury shares		(295)	(371)
Share premium		43,560	43,560
Reserves and retained earnings	10	22,908	33,481
Profit for the period		4,594	7,906
Total Equity attributable to owners of the parent		86,468	100,277
Non-controlling interests	11	11,385	10,613
Total Equity		97,853	110,890
Liabilities			
Non-Current Liabilities			
Borrowings	12	13,128	11,287
Provisions	13	1,260	2,436
Deferred income tax liabilities	7	100	100
Other non-current liabilities		70	70
Total Non-Current Liabilities		14,558	13,893
Current Liabilities			
Borrowings	12	6,727	5,246
Trade and other payables	14	66,862	59,755
Income tax payable		7	916
Derivative financial instruments		191	34
Deferred income and other current liabilities		21,905	27,902
Total Current Liabilities		95,692	93,853
Liabilities for discontinued operations		320	320
Total Liabilities		110,570	108,066
Total Equity and Liabilities		208,423	218,956

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 Comprehensive Income for the period of 9 months ended 30 September 2013

(Amounts expressed in thousands of Euros)

	Note	9 M *		3 M *	
		30.09.13	30.09.12	30.09.13	30.09.12
Sales	5	57,366	53,677	12,122	18,308
Services rendered	5	100,417	101,921	31,912	28,737
Cost of sales		(49,457)	(47,503)	(9,352)	(16,806)
External supplies and services		(39,849)	(38,467)	(12,558)	(9,895)
Employee benefit expense		(59,336)	(57,868)	(19,257)	(19,366)
Other gains/(losses) - net	15	2,300	2,486	497	3,002
Depreciation and amortisation		(4,164)	(4,325)	(1,463)	(1,455)
Operating Profit		7,277	9,921	1,901	2,525
Finance income		2,422	3,400	1,012	760
Finance costs		(2,448)	(3,675)	(928)	(787)
Share of loss of associates		(32)	(240)	(16)	(98)
Profit Before Income Tax		7,219	9,406	1,969	2,400
Income tax expense	16	(1,627)	(2,181)	(395)	(603)
Profit for the period		5,592	7,225	1,574	1,797
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		5,592	7,225	1,574	1,797
Profit attributable to:					
Owners of the parent		4,594	6,019	1,023	1,505
Non-controlling interests	11	998	1,206	551	292
		<u>5,592</u>	<u>7,225</u>	<u>1,574</u>	<u>1,797</u>
Total comprehensive income attributable to:					
Owners of the parent		4,594	6,019	1,023	1,505
Non-controlling interests	11	998	1,206	551	292
		<u>5,592</u>	<u>7,225</u>	<u>1,574</u>	<u>1,797</u>
Earnings per share					
attributable to owners of the parent (Euros per share)					
Basic earnings per share	17	<u>0.15 Euros</u>	<u>0.20 Euros</u>	<u>0.03 Euros</u>	<u>0.05 Euros</u>
Diluted earnings per share	17	<u>0.15 Euros</u>	<u>0.20 Euros</u>	<u>0.03 Euros</u>	<u>0.05 Euros</u>

9 M * - period of 9 months ended

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 9 months ended 30 September 2013

(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, 2012		15,701	(490)	43,560	2,505	1,407	29,945	9,811	102,439
Total comprehensive income for the period		-	-	-	-	-	6,019	1,206	7,225
Transactions with owners									
Dividends	10	-	-	-	-	-	(920)	-	(920)
Legal reserve		-	-	-	537	-	(537)	-	-
Treasury shares movements		-	119	-	-	-	584	-	703
Share-based payments (a)		-	-	-	-	(1,459)	1,459	-	-
Share-based payments	18	-	-	-	-	256	-	-	256
Foreign currency translation reserve		-	-	-	-	-	(53)	(51)	(104)
Transactions with owners		-	119	-	537	(1,203)	533	(51)	(65)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 30 September, 2012		15,701	(371)	43,560	3,042	204	36,497	10,966	109,599
(a) Transfer of the balance of share options fully vested.									
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		-	-	-	-	-	4,594	998	5,592
Transactions with owners									
Dividends	10	-	-	-	-	-	(18,781)	-	(18,781)
Legal reserve		-	-	-	98	-	(98)	-	-
Treasury shares movements		-	76	-	-	-	387	-	463
Share-based payments	18	-	-	-	-	147	-	-	147
Foreign currency translation reserve		-	-	-	-	-	(232)	(226)	(458)
Transactions with owners		-	76	-	98	147	(18,724)	(226)	(18,629)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 30 September, 2013		15,701	(295)	43,560	3,140	277	24,085	11,385	97,853

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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 9 months ended 30 September 2013

(Amounts expressed in thousands of Euros)

	Note	9 M *		3 M *	
		30.09.13	30.09.12	30.09.13	30.09.12
Cash flows from operating activities					
Net Cash generated / (used) in operating activities		(4,718)	20,215	1,899	4,370
Cash flows from investing activities					
Receipts:					
Proceeds on disposal of subsidiaries and associates		-	81	-	81
Loan repayments received from associates		478	277	34	34
Proceeds on disposal of financial assets held for trading		15,000	-	15,000	-
Proceeds on disposal of property, plant and equipment		46	1	5	-
Interest received		923	617	271	209
		16,447	976	15,310	324
Payments:					
Acquisition of subsidiaries and associates		(191)	(543)	(104)	(83)
Loans granted to associates		(3,909)	(3,642)	(999)	(1,670)
Purchases of financial assets held for trading		(10,015)	(10,000)	(5,015)	-
Purchases of property, plant and equipment		(1,318)	(605)	(170)	(251)
Purchases of intangible assets		(779)	(356)	(189)	(123)
		(16,212)	(15,146)	(6,477)	(2,127)
Net Cash generated / (used) in investing activities		235	(14,170)	8,833	(1,803)
Cash flows from financing activities					
Receipts:					
Proceeds from borrowings		6,493	-	-	-
Capital contribution by non-controlling interests (i)		2,000	1,500	-	1,500
		8,493	1,500	-	1,500
Payments:					
Repayments of borrowings		(3,496)	(2,822)	(1,295)	(603)
Dividends paid	10	(3,080)	(920)	-	-
Payment of finance lease liabilities		(1,151)	(1,287)	(404)	(450)
Interest paid		(1,087)	(823)	(411)	(270)
		(8,814)	(5,852)	(2,110)	(1,323)
Net Cash (used) / generated in financing activities		(321)	(4,352)	(2,110)	177
Cash, cash equivalents and bank overdrafts at beg. of period	9	40,452	27,157	27,037	26,105
Net increase / (decrease) of cash, cash equivalents and bank overdrafts		(4,804)	1,693	8,622	2,744
Effect from exchange rate fluctuations on cash held		(11)	(10)	(22)	(9)
Cash, cash equivalents and bank overdrafts at end of period	9	35,637	28,840	35,637	28,840

9 M * - period of 9 months ended

3 M * - period of 3 months ended

(i) FCR NB Capital Inovação e Internacionalização.

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NOVABASE S.G.P.S., S.A.
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the period of 9 months ended 30 September 2013

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 November 28, 2013. 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 nine months ended 30 September 2013 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 2012, 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 2012, 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 2013.

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 2012.

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 30 September 2012				
Total segment Sales and services rendered	119,730	85,102	12,898	217,730
Inter-segment Sales and services rendered	48,040	11,775	2,317	62,132
Sales and services rendered	71,690	73,327	10,581	155,598
Depreciation and amortisation	(2,702)	(1,209)	(414)	(4,325)
Operating profit/(loss)	7,533	3,829	(1,441)	9,921
Finance costs – net	251	(437)	(89)	(275)
Share of loss of associates	(135)	-	(105)	(240)
Income tax expense	(1,603)	(494)	(84)	(2,181)
Profit/(Loss) from operations	6,046	2,898	(1,719)	7,225
Other information:				
(Provisions) / Provisions reversal	147	(352)	(204)	(409)
At 30 September 2013				
Total segment Sales and services rendered	124,414	79,650	16,292	220,356
Inter-segment Sales and services rendered	49,594	10,037	2,942	62,573
Sales and services rendered	74,820	69,613	13,350	157,783
Depreciation and amortisation	(2,788)	(872)	(504)	(4,164)
Operating profit/(loss)	6,008	2,015	(746)	7,277
Finance costs – net	(169)	195	(52)	(26)
Share of loss of associates	-	-	(32)	(32)
Income tax expense	(1,289)	(1,014)	676	(1,627)
Profit/(Loss) from operations	4,550	1,196	(154)	5,592
Other information:				
(Provisions) / Provisions reversal	(133)	1,523	325	1,715

6. Property, plant and equipment and intangible assets

During the periods ended at 30 September 2013 and 30 September 2012, 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 2012	9,000	31,127
Acquisitions / increases	966	606
Write off's / disposals	(337)	-
Change in consolidation universe	27	3
Exchange differences	(6)	-
Depreciation and amortisation	(2,375)	(1,950)
Net book value at 30 September 2012	7,275	29,786
Net book value at 1 January 2013	7,101	31,660
Acquisitions / increases	2,227	779
Write off's / disposals	(138)	-
Exchange differences	(7)	-
Depreciation and amortisation	(2,157)	(2,007)
Net book value at 30 September 2013	7,026	30,432

7. Deferred income tax assets and liabilities

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

	30.09.13	31.12.12
Balance at 1 January	12,249	12,387
Change in consolidation universe	-	15
Exchange differences	(10)	(7)
Profit or loss charge	(16)	(146)
Balance at the end of the period	<u>12,223</u>	<u>12,249</u>

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

	30.09.13	31.12.12
Balance at 1 January	100	100
Profit or loss charge	-	-
Balance at the end of the period	<u>100</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 2012	2,904	7,690	1,793	12,387
Profit or loss charge	(1,612)	801	665	(146)
Change in consolidation universe	15	-	-	15
Exchange differences	(7)	-	-	(7)
Balance at 31 December 2012	1,300	8,491	2,458	12,249
Profit or loss charge	392	67	(475)	(16)
Exchange differences	(10)	-	-	(10)
Balance at 30 September 2013	<u>1,682</u>	<u>8,558</u>	<u>1,983</u>	<u>12,223</u>

8. Trade and other receivables

	30.09.13	31.12.12
Trade receivables	68,483	84,442
Allowance for impairment of trade receivables	(4,779)	(4,809)
	<u>63,704</u>	<u>79,633</u>
Prepayments to suppliers	996	448
Employees	279	114
Value added tax	1,667	725
Receivables from related parties (note 18)	7,909	4,407
Financial investments disposal	67	67
Receivables from financed projects	3,043	3,912
Capital subscribers of FCR NB Capital Inovação e Internacionalização	350	2,350
Other receivables	4,960	4,954
Allowance for impairment of other receivables	(3,657)	(4,121)
	<u>15,614</u>	<u>12,856</u>
	<u>79,318</u>	<u>92,489</u>

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

	Trade receivables		Other receivables		Total	
	30.09.13	31.12.12	30.09.13	31.12.12	30.09.13	31.12.12
Balance at 1 January	4,809	2,854	4,121	3,661	8,930	6,515
Change in consolidation universe	-	7	-	-	-	7
Impairment	597	2,180	-	525	597	2,705
Impairment reversal	(595)	(157)	(463)	(55)	(1,058)	(212)
Exchange differences	(23)	-	(1)	(10)	(24)	(10)
Write off's	(9)	(75)	-	-	(9)	(75)
Balance at the end of the period	4,779	4,809	3,657	4,121	8,436	8,930

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:

	30.09.13	31.12.12
- Cash	16	34
- Short term bank deposits	35,705	40,418
Cash and cash equivalents	35,721	40,452
- Overdrafts	(84)	-
	35,637	40,452

10. Reserves and retained earnings

In the annual General Meeting of Shareholders held on May 2013, it was approved the payment to shareholders of an amount of EUR 3,140 thousand, corresponding to 0.10 Euros per share. The payment occurred in June, 2013.

The Extraordinary General Meeting of Shareholders of September 25, 2013, approved the distribution to the shareholders of reserves and retained earnings in the amount of EUR 15.7 Million, corresponding to 0.50 Euros per share. These financial statements reflect the amount payable (see note 14).

	30.09.13	30.09.12
Payment to shareholders	18,781	920
Remuneration of the treasury shares held by the Company	60	22
	18,841	942

11. Non-controlling interests

	30.09.13	31.12.12
Balance at 1 January	10,613	9,811
(*) Change in consolidation universe	-	66
Dividends paid by Celfocus to non-controlling interests	-	(900)
Foreign currency translation differences for foreign operations	(226)	(219)
Profit attributable to non-controlling interests	998	1,855
Balance at the end of the period	11,385	10,613

(*) In 2012, NBMSIT was established.

12. Borrowings

	30.09.13	31.12.12
Non-current		
Bank borrowings	12,070	10,270
Finance lease liabilities	1,058	1,017
	<u>13,128</u>	<u>11,287</u>
Current		
Bank borrowings	5,476	4,195
Finance lease liabilities	1,251	1,051
	<u>6,727</u>	<u>5,246</u>
Total borrowings	<u><u>19,855</u></u>	<u><u>16,533</u></u>

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

	30.09.13	31.12.12
6 months or less	2,889	2,289
6 to 12 months	2,587	1,906
	<u>5,476</u>	<u>4,195</u>

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

	30.09.13	31.12.12
Between 1 and 2 years	4,257	3,831
Between 2 and 5 years	7,715	5,912
Over 5 years	98	527
	<u>12,070</u>	<u>10,270</u>

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

	30.09.13	31.12.12
Bank borrowings	5.680%	5.532%
Bank overdrafts	3.813%	N/A

Gross finance lease liabilities – minimum lease payments:

	30.09.13	31.12.12
No later than 1 year	1,570	1,392
Between 1 and 5 years	1,412	1,331
	<u>2,982</u>	<u>2,723</u>
Future finance charges on finance leases	(673)	(655)
Present value of finance lease liabilities	<u>2,309</u>	<u>2,068</u>

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

	30.09.13	31.12.12
No later than 1 year	1,251	1,051
Between 1 and 5 years	1,058	1,017
	<u>2,309</u>	<u>2,068</u>

13. Provisions

Movements in provisions are analysed as follows:

	Warranties	Legal Claims	Other Risks and Charges	Total
Balance at 1 January 2012	901	240	580	1,721
Additional provisions	165	-	1,876	2,041
Reversals	(319)	-	(983)	(1,302)
Exchange differences	-	-	(24)	(24)
Balance at 31 December 2012	747	240	1,449	2,436
Additional provisions	43	-	116	159
Reversals	(102)	-	(1,233)	(1,335)
Balance at 30 September 2013	688	240	332	1,260

14. Trade and other payables

	30.09.13	31.12.12
Trade payables	16,416	22,405
Remunerations, vacations and vacation and Christmas subsidies	9,437	8,045
Bonus	7,242	9,619
Ongoing projects	5,152	4,147
Value added tax	3,423	7,129
Social security contributions	1,210	2,049
Income tax withholding	1,163	1,508
Shareholders - see note 10	15,701	-
Employees	112	201
Prepayments from trade receivables	841	14
Acquisition of financial interests to related parties (note 18)	4	205
Acquisition of financial interest in Evolvespace Solutions	-	151
Acquisition of financial interest in FCR Istart I	72	-
Other accrued expenses	6,003	4,068
Other payables	86	214
	<u>66,862</u>	<u>59,755</u>

15. Other gains/(losses) - net

	30.09.13	30.09.12
Impairment and impairment reversal of trade and other receivables	461	(27)
Impairment and impairment reversal of inventories	78	32
Warranties provision	59	138
Provisions for other risks and charges	1,117	(552)
Compensation paid to Novabase - Electronic School Card	-	2,697
Other operating income and expense	585	198
	<u>2,300</u>	<u>2,486</u>

16. 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:

	30.09.13	30.09.12
Profit before income tax	7,219	9,406
Income tax expense at nominal rate (25%)	1,805	2,352
Tax benefit on the net creation of employment for young and long term unemployed people	(308)	(350)
Provisions and amortisations not considered for tax purposes	52	155
Recognition of tax on the events of previous years	(129)	151
Associates' results reported net of tax	8	60
Autonomous taxation	559	487
Losses in companies where no deferred tax is recognised	(2)	(119)
Expenses not deductible for tax purposes	(198)	(121)
Differential tax rate on companies located abroad	(34)	115
Research & Development tax benefit	(447)	(864)
Municipal surcharge and State surcharge	106	136
Impairment of Special Payment on Account, tax losses and withholding taxes	215	179
Income tax expense	1,627	2,181

17. Earnings per share

	30.09.13	30.09.12
Weighted average number of ordinary shares in issue	30,749,788	30,579,175
Stock options adjustment	352,515	-
Adjusted weighted average number of ordinary shares in issue	31,102,303	30,579,175
Profit attributable to owners of the parent	4,594	6,019
Basic earnings per share (Euros per share)	0.15 Euros	0.20 Euros
Diluted earnings per share (Euros per share)	0.15 Euros	0.20 Euros

18. Related-party transactions

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

i) Key management compensation

	30.09.13	30.09.12
Salaries and other short-term employee benefits	3,643	4,208
Stock options granted	147	256
	3,790	4,464

ii) Balances arising from acquisitions of financial interests to related parties (former shareholders)

	Non-current		Current (note 14)		Total	
	30.09.13	31.12.12	30.09.13	31.12.12	30.09.13	31.12.12
Novabase A.C.D.	-	-	-	40	-	40
SAF	-	-	-	32	-	32
Novabase International Solutions B.V.	-	-	4	133	4	133
	-	-	4	205	4	205

iii) Other balances with related parties

	<u>30.09.13</u>	<u>31.12.12</u>
Loan to Novabase Atlântico, SI, S.A.	684	1,023
Loan to Powergrid, Lda	2,050	550
Loan to DTV Research, Lda	2,310	1,310
Loan to Bright Innovation, Lda	1,477	1,477
(*) Loan to SmartGeo Solutions, Lda	99	-
(*) Loan to Radical Innovation, Lda	994	-
(*) Loan to Power Data, Lda	248	-
Loans to other shareholders	47	47
	<u>7,909</u>	<u>4,407</u>
Receivables from related parties (note 8)	<u>7,909</u>	<u>4,407</u>

(*) New investments from FCR NB Capital Inovação e Internacionalização.

19. Contingencies

Given the disclosed in the annual financial statements for the year 2012, the significant changes in the judicial processes are the following:

Three court procedures brought by former collaborators of the company Novabase Digital TV claiming payment of credits due referring to the years they were in service prior to 2012. They petitioned the Court to recognize the existence of a formal employment contract rather than a services agreement and have petitioned the Company to be condemned to the payment of credits in an amount totaling EUR 120 thousand. Procedures are pending a ruling on final trial date.

20. Events after the reporting period

No events worthy of note happened until the date of conclusion of this report.

21. 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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