

Accounts



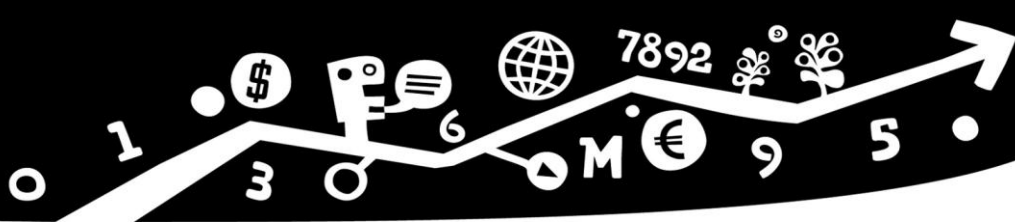
REPORT AND ACCOUNTS - 3RD QUARTER 2014

I - Management Report

- 1. Key Indicators Evolution**
- 2. Short Summary of the Activity**
- 3. Stock Performance**
- 4. Outlook 2014**

II - Consolidated Financial Statements

III - Condensed Consolidated Accounts



Consolidated Results 9M14

Privileged Information

November 6, 2014

Highlights:

Turnover: 158.6 M€

(157.8 M€ in 9M13)

EBITDA: 9.9 M€

(11.4 M€ in 9M13)

Net Profit: 2.0 M€

(4.6 M€ in 9M13)

Net Cash: -0.8 M€

(20.3 M€ in 12M13)

Message from the CEO - Luís Paulo Salvado

"The results now disclosed are aligned with our strategic priorities and reflect the very challenging conditions in the domestic market.

Excluding TV/SIP business, sold in 2013, the Turnover increased by 8%, strongly driven by the non-domestic activity. The comparable international growth was 51%, and already accounts for 38% of total business. Services also increased its weight to 69% of the total business, thanks to a 9% growth.

EBITDA decreased by 14% due to the high pressure on prices in the domestic market and as a result of the costs associated with the enhancement of the internationalization strategy. Net Profit registered a contraction of 55%, penalized by the Financial Results, which reflect the new situation of the company balance sheet and the greater international exposure. Since the beginning of the year, the cash declined by 21 M€, mainly due to investment in working capital and payment of dividends.

Excluding the shareholder remuneration, Novabase share price maintained its valuation in the first nine months of the year, with a performance above the PSI 20 and below Eurostoxx Technology.

Given the robustness of our commercial pipeline for the Q4, we are working to comply with the guidance, despite the very challenging and demanding conditions in the domestic market."

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Report available on website :
www.novabase.pt

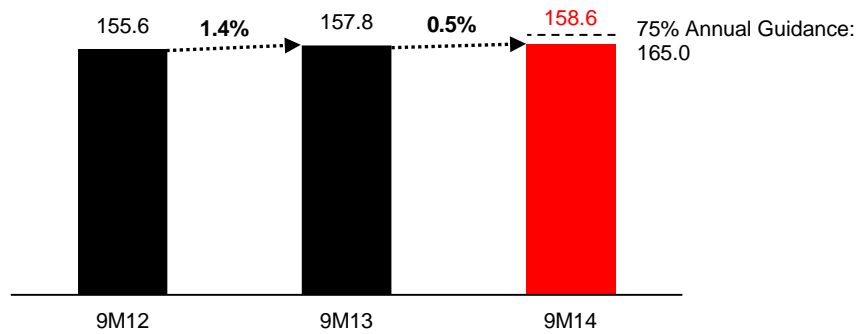
Novabase SGPS, S.A.
Public Company . Euronext code: NBA.AM .
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .
Head Office: Av. D. João II, 34, 1998-031 Lisbon - PORTUGAL



1. Key Indicators Evolution

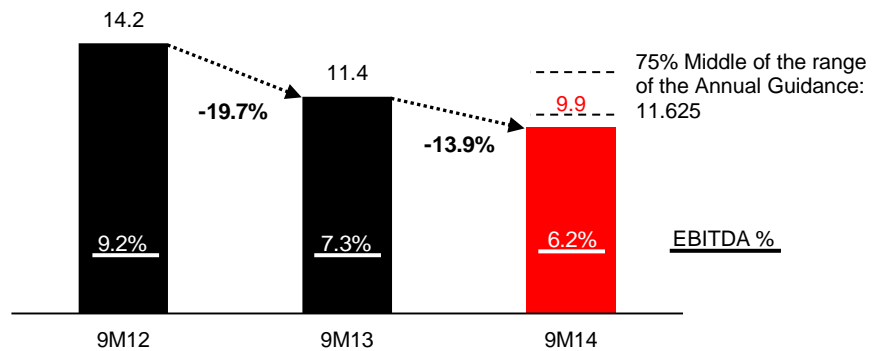
Turnover (M€)

Turnover below the annual Guidance linearized of 220 M€ (-3.8%), due to the contraction of business in Portugal, despite the significant international growth. Removing the effect of the sale of the DTV/SIP business, Turnover shows 7.7% growth, YoY.



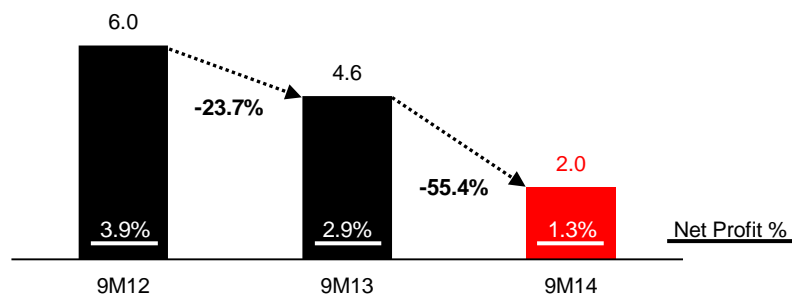
EBITDA (M€)

EBITDA below the range of the annual Guidance linearized of 14-17 M€ and 6.4%-7.7% of margin: -15.3% below the middle of the range (-0.8 points %).



Net Profit (M€)

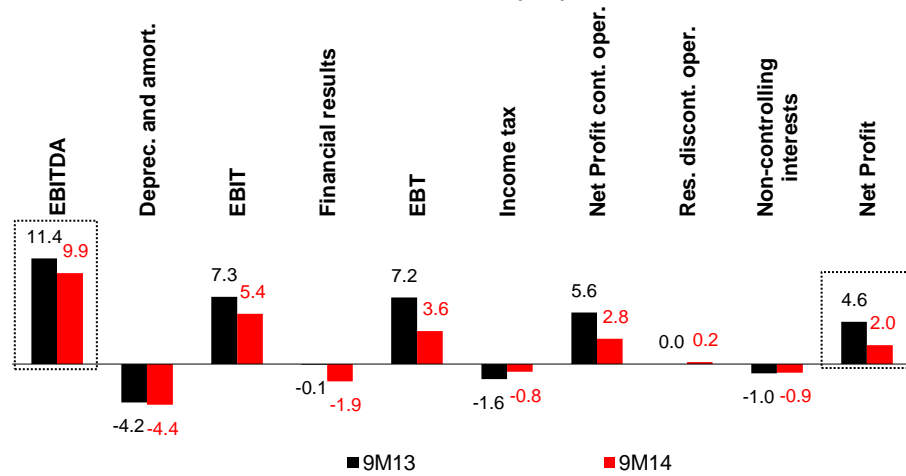
Evolution of profitability penalized by the degradation of margins in the domestic market and by the reinforcement of the international expansion strategy.



Earnings per share (EPS) in 9M14 reached 0.07 euros per share, registering a decrease of 55.9% towards the EPS from the previous year of 0.15 euros per share.



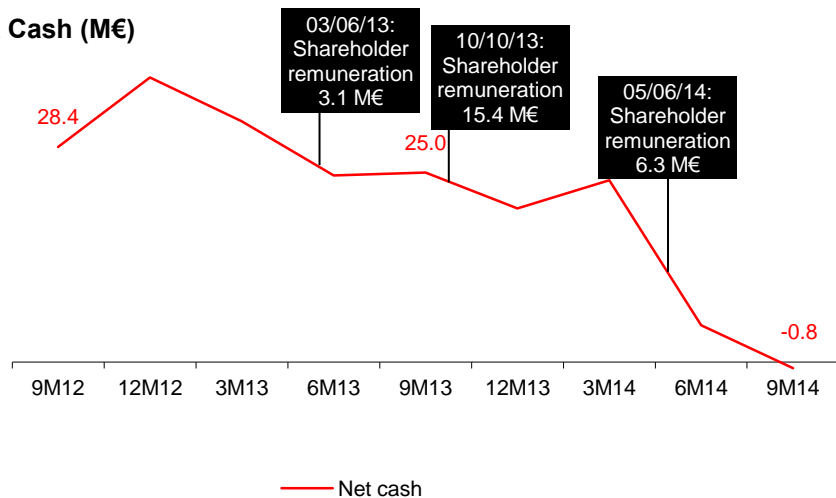
From EBITDA to Net Profit 9M14 Vs 9M13 (M€)



The Financial Results reached a net negative value of 1.9 M€, a decrease of 1.8 M€, especially due to the foreign exchange differences recorded and because of the decline in the short term bank deposits gains compared to the same period of last year.

Results from discontinued operations in 9M14 reached a 0.2 M€ profit. This figure reflects the completion of the closure process of the 'Mobility Solutions' area, discontinued during 2008, with a value lower than the one provisioned.

Net Cash (M€)



Cash use of 21.1 M€ includes the payment of dividends to Shareholders and Non-controlling interests and a significant investment in working capital.

In the 9M14, Novabase shows a negative evolution in cash generation. Novabase ended the 9M14 with -0.8 M€ in net cash, which compares to 20.3 M€ in the 12M13.

On June 5, 2014, Novabase paid its Shareholders a total amount of 6.3 M€ (0.20€/share). Additionally, this quarter, occurred the payment of 1.4 M€ to Non-controlling interests.



2. Short Summary of the Activity

The first nine months of 2014 were marked by a significant increase of the international business considering the same perimeter, however, we also observed a relevant contraction of business in Portugal.

Overall, compared to the same period of last year, the Turnover increased by 0.5%, affected by the sale of the Digital TV/SIP area. Removing this effect, the international business grew 51.0%, and now accounts for 38.1% of the total business, above the annual goal of 35%. In the nine months of 2014, the weight of services increased to 68.8%. EBITDA registered a decrease of 13.9%, due to the strong pressure on prices in the domestic market and the costs associated to the reinforcement of the international expansion strategy.

The results of the nine months of 2014, are below the Turnover Guidance (-3.8%), and below the range of the EBITDA Guidance (-15.3% in value and -0.8 percentage points, comparing to the middle of the range).

Following the transaction of 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 9M12 and 9M13, which are included in the Venture Capital area:

Digital TV/SIP business	9M12	9M13
Turnover (M€)	8.269	10.523
EBITDA (M€)	-1.580	-0.928

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.

In the second quarter of 2014, the subsidiary of Novabase, Celfocus, opened a new Delivery and R&D (research and development) centre in the UPTEC science and technology park's at Oporto University. This unit reflects the continued strategic investment of Novabase in R&D for the specialization of its offerings.

These investments reflect the strengthening of Novabase's strategic commitment to innovative technology-based SMEs, with complementary offerings.

In the Venture Capital area, the Venture Capital Fund Novabase Capital Inovação e Internacionalização invested in the companies Wizdee, a company specializing in the development of Business Intelligence self-service solutions through natural language, City Pulse, a company with differentiated expertise in the areas of mobility and smart-cities, and Livian Technologies, a company dedicated to developing intelligent multichannel solutions for the financial sector.

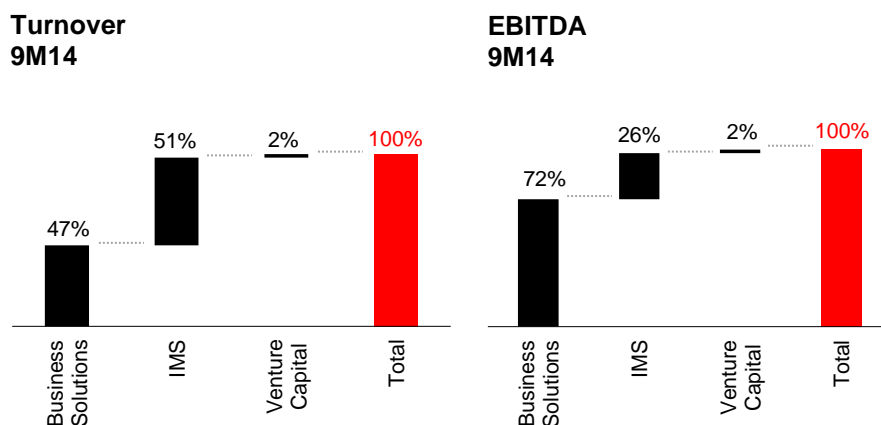


Also worthy of note, is the distinction of Novabase IMS which was given the “Growth” award in the Enterprise Group category, during the annual HP partners gala, HP Partners Awards 2014. This award highlights Novabase IMS for being the partner who grew the most in the business areas of Systems, Storage, Networking and Services. Additionally, is the distinction of Collab by the Portuguese Association of Contact Centers (APCC), in the Gold category, for four out of five awards: ACD Technologies, Call Recorder Technologies, CTI + IVR + Dialler Technologies and the Global Customer Satisfaction Technologies Award. This subsidiary was also highlighted in the categories of Contact Centre Workforce Optimization and Contact Centres IP-Based, together with the category of Private Cloud Communications, in the Gartner 2014 Hype Cycle for Contact Centre Infrastructure and the 2014 Hype Cycle for Unified Communications and Collaboration.

Additionally, highlight the new certifications from Microsoft achieved in Angola and Mozambique: Gold certification in Volume Licensing, Gold certification in Server Platform and Silver certification in Collaboration and Content. Novabase continues to invest in internationalization, with certifications being a key differentiating factor.

Finally, mentioning the distinction of Novabase by Thomson Reuters as the Best Company in Investor Relations in Portugal, in the category of Small Caps.

The percentage breakdown of Turnover and EBITDA by the different businesses, in the 9M14, 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 9M14, the services rendered represent 68.8%, which compares to 63.6% in 9M13.

Of the 158.6 M€ Turnover, 38.1% is generated outside Portugal, that is 60.5 M€, which compares to the 50.6 M€ registered in 9M13.

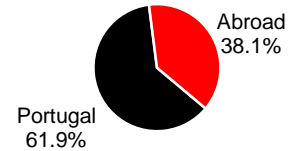
However, it is to be noted that in 9M13 the Digital TV/SIP business was still being consolidated, which contributed with 10.5 M€, that is 20.8% of total Turnover generated outside of Portugal.



Turnover by geography 9M13

Turnover by geography 9M14

International Turnover increased by 51.0%, removing the effect of the sale of the Digital TV/SIP business.



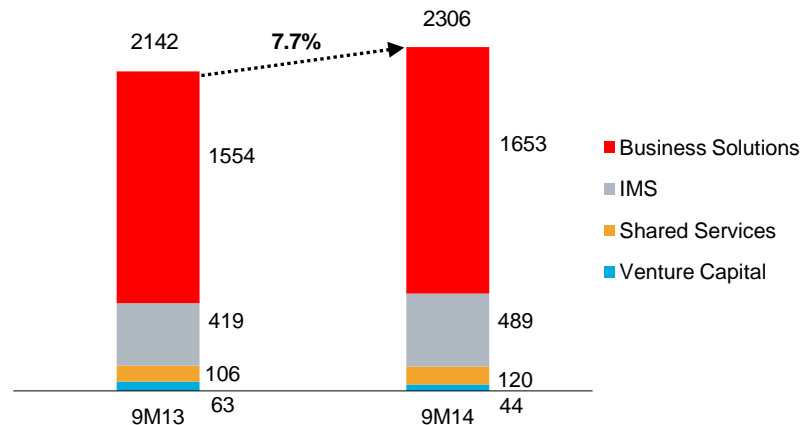
Business outside Portugal generated in the Business Solutions area increased to 40.0% of the respective invoicing (31.2% in 9M13). In the IMS business area, the international business in 9M14 increased to 35.3% (21.6% in 9M13) and in the Venture Capital area decreased to 65.6% (91.9% in 9M13 but 61.7% in 9M13 without Digital TV/SIP business).

Novabase had on average, in the 9M14, 2306 employees, which represents an increase of 7.7% compared to the 9M13 (2142).

Employee breakdown by business area, in 9M14, is as follows:

Average Number of Employees

Average number of employees' evolution in line with the services growth (8.6%). Includes the talent renovation by the recruitment of 117 university graduates through Novabase Academy program, which had its first edition in Angola and second edition in Mozambique.



Average Number of Employees by geography 9M13

Average Number of Employees by geography 9M14

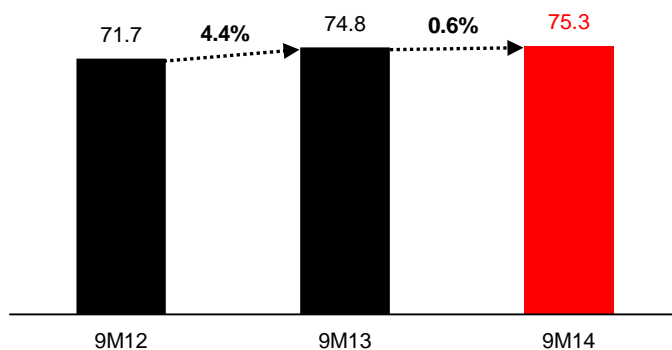
Removing the effect of the sale of the Digital TV/SIP subsidiaries, the international team grew 27.0%, according to the focus of Novabase on markets outside Portugal.





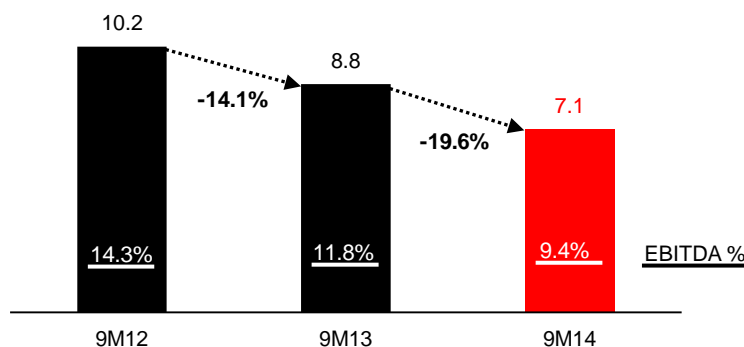
2.1. Business Solutions

Turnover Business Solutions (M€)



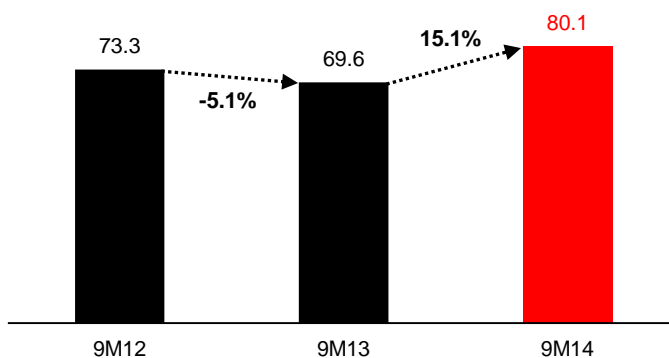
Despite the growth of the international component (+29.1%), BS evolution reflects the strong pressure on prices in the domestic market and the costs associated to the intensification of the international expansion strategy.

EBITDA Business Solutions (M€)



2.2. Infrastructures & Managed Services

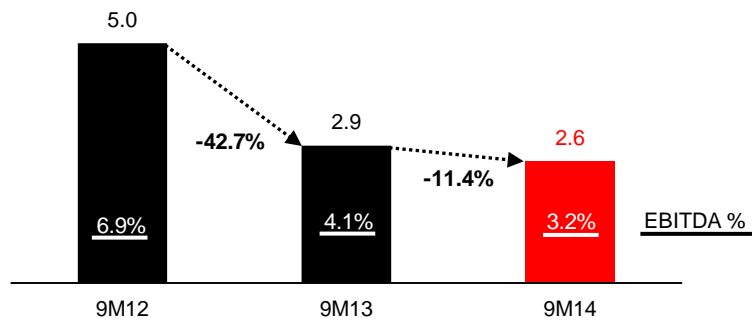
Turnover IMS (M€)





EBITDA IMS (M€)

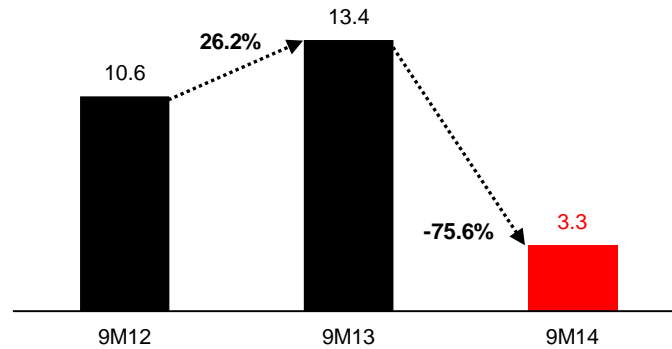
IMS evolution is due to the significant international growth (+88.4%), which partially offset the difficulties experienced in the domestic market.



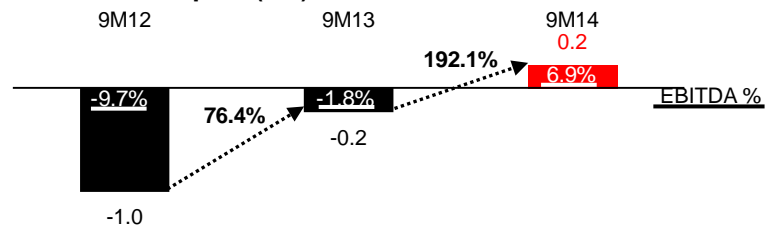
2.3. Venture Capital

Turnover Venture Capital (M€)

VC evolution primarily reflects the exit of the Digital TV/SIP business.



EBITDA Venture Capital (M€)



3. Stock Performance

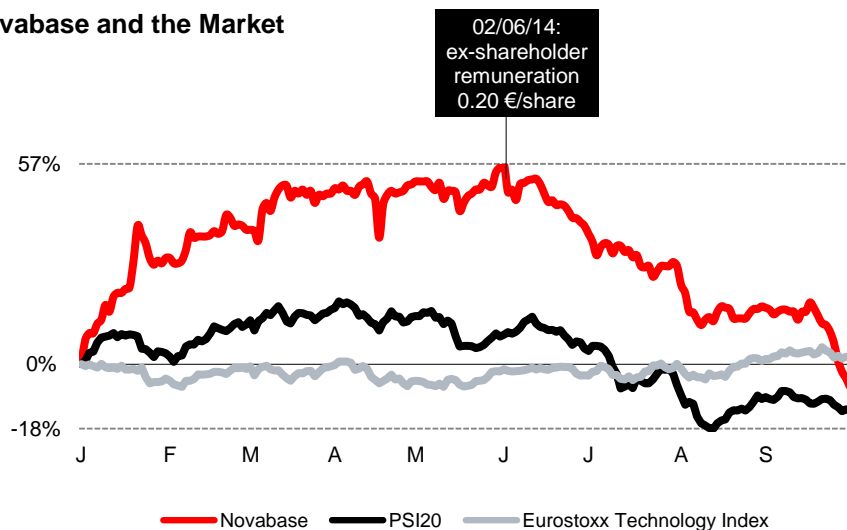
Excluding the shareholder remuneration, Novabase share price would have registered an appreciation of 0.4%.

Novabase share price in 9M14 lost 7.2%, comparing to a 12.5% loss in the PSI20 Index and a 2.2% gain in the EuroStoxx Technology Index.

In this period, a dividend of 0.20€/share was distributed.

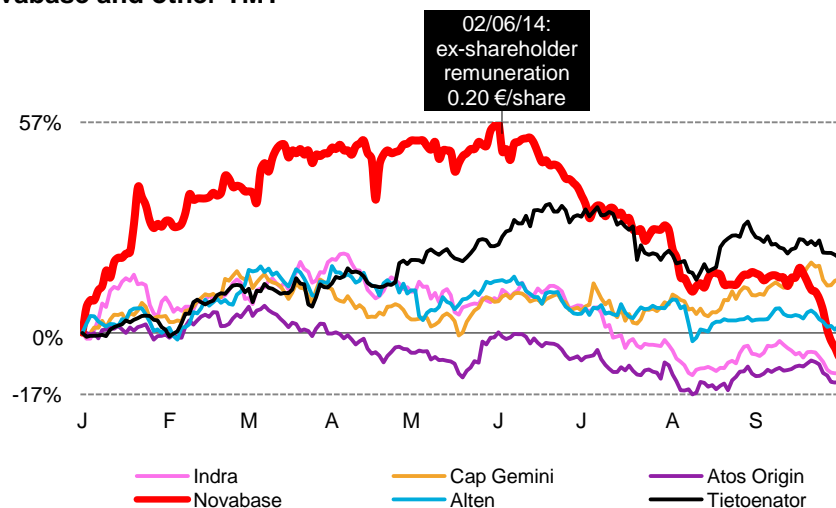


Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 9M14, was as follows:

Novabase and other TMT



In the end of the third quarter of 2014, Novabase presented a Price to Sales multiple of 0.37x and a Price to Earnings multiple of 13.72x, which represents a discount of 54% and 27%, respectively, compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 30/9).

Average upside of 54.9%, according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.75 euros.

Rotation in 9M14 represented 14.6% of the capital and 4.6 million shares were traded, below the values in 9M13 (rotation of 19.1% of the capital and 6.0 million shares traded).

Summary	3Q14	2Q14	1Q14	4Q13	3Q13
Minimum price (€)	2.421	3.551	2.790	2.610	2.310
Maximum price (€)	3.520	4.100	3.940	3.110	3.080
Volume weighted average price (€)	3.089	3.892	3.447	2.868	2.735
Closing price at the end of the Quarter (€)	2.421	3.580	3.920	2.610	3.080
Nr. of shares traded	1,417,140	1,283,056	1,898,155	2,314,482	1,929,789
Market cap in the last day (M€)	76.0	112.4	123.1	82.0	96.7



4. Outlook 2014

The results of the nine months of 2014 are in line with the management priorities set for the year. Thus, the international business accounts for 38.1% of the total business, and the weight of services grew to 68.8%. Turnover registered a slight increase of 0.5%, affected by the exit of the Digital TV/SIP business. EBITDA decreased by 13.9%, year on year, due to the strong pressure on prices in the domestic market and the costs associated to the reinforcement of the international expansion strategy.

For the last quarter we reaffirm the continuity of the strategic focus on internationalization. Despite the very challenging and demanding conditions in the domestic market, given the robustness of our commercial pipeline, we are committed to compliance with the guidance for the FY14.

**Consolidated Statement of Financial Position
as at 30 September 2014**

	30.09.14	31.12.13
	(Thousands of Euros)	
Assets		
Tangible assets	5,719	6,120
Intangible assets	30,100	32,095
Financial investments	2,371	2,217
Deferred income tax assets	15,762	14,901
Other non-current assets	7,770	4,868
Total Non-Current Assets	61,722	60,201
Inventories	6,008	8,925
Trade debtors and accrued income	98,480	85,296
Other debtors and prepaid expenses	17,451	21,806
Derivative financial instruments	463	514
Financial assets held for trading	-	5,015
Cash and cash equivalents	16,612	32,942
Total Current Assets	139,014	154,498
Assets for continuing operations	200,736	214,699
Assets for discontinued operations	-	-
Total Assets	200,736	214,699
Shareholders' Equity		
Share capital	15,701	15,701
Treasury shares	(29)	(295)
Share premium	43,560	43,560
Reserves and retained earnings	25,473	23,756
Net profit	2,047	7,510
Total Shareholders' Equity	86,752	90,232
Non-controlling interests	11,791	11,522
Total Equity	98,543	101,754
Liabilities		
Bank borrowings	9,581	13,024
Finance lease liabilities	1,014	1,007
Provisions	1,727	4,386
Deferred income tax liabilities	-	100
Other non-current liabilities	70	70
Total Non-Current Liabilities	12,392	18,587
Bank borrowings	7,993	6,202
Trade payables	18,811	22,268
Other creditors and accruals	34,212	40,736
Derivative financial instruments	1,428	77
Deferred income	27,256	24,755
Total Current Liabilities	89,700	94,038
Total Liabilities for cont. operations	102,092	112,625
Total Liabilities for discount. operations	101	320
Total Liabilities	102,193	112,945
Total Equity and Liabilities	200,736	214,699
Net Cash	(824)	20,271

**Consolidated Income Statement
for the period of 9 months ended 30 September 2014**

	30.09.14	30.09.13	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	49,576	57,366	
Cost of goods sold	(44,862)	(49,457)	
Gross margin	4,714	7,909	-40.4 %
<i>Other income</i>			
Services rendered	109,073	100,417	
Supplementary income and subsidies	228	145	
Other operating income	1,372	1,121	
	110,673	101,683	
	115,387	109,592	
<i>Other expenses</i>			
External supplies and services	(41,483)	(39,849)	
Employee benefit expense	(65,185)	(59,336)	
Provisions reversal	2,766	1,715	
Other operating expenses	(1,633)	(681)	
	(105,535)	(98,151)	
Gross Net Profit (EBITDA)	9,852	11,441	-13.9 %
Depreciation and amortization	(4,405)	(4,164)	
Operating Profit (EBIT)	5,447	7,277	-25.1 %
Financial results	(1,857)	(58)	
Net Profit before taxes (EBT)	3,590	7,219	-50.3 %
Income tax expense	(831)	(1,627)	
Net Profit from continuing operations	2,759	5,592	-50.7 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	219	-	
Non-controlling interests	(931)	(998)	
Attributable Net Profit	2,047	4,594	-55.4 %
Other information:			
Turnover	158,649	157,783	0.5 %
Gross margin from sales %	9.5 %	13.8 %	
EBITDA margin	6.2 %	7.3 %	
EBT % on Turnover	2.3 %	4.6 %	
Net profit % on Turnover	1.3 %	2.9 %	

Consolidated Income Statement by SEGMENTS
for the period of 9 months ended 30 September 2014

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	Discontin. Operations	NOVABASE
CONTINUING OPERATIONS					
Sale of goods	183	49,074	319	-	49,576
Cost of goods sold	(139)	(44,680)	(43)	-	(44,862)
Gross margin	44	4,394	276	-	4,714
Other income					
Services rendered	75,117	31,023	2,933	-	109,073
Supplementary income and subsidies	158	70	-	-	228
Other operating income	892	174	306	-	1,372
	76,167	31,267	3,239	-	110,673
	76,211	35,661	3,515	-	115,387
Other expenses					
External supplies and services	(21,946)	(18,170)	(1,367)	-	(41,483)
Employee benefit expense	(47,938)	(15,591)	(1,656)	-	(65,185)
Provisions reversal	1,137	1,073	556	-	2,766
Other operating expenses	(392)	(416)	(825)	-	(1,633)
	(69,139)	(33,104)	(3,292)	-	(105,535)
Gross Net Profit (EBITDA)	7,072	2,557	223	-	9,852
Depreciation and amortization	(3,179)	(1,012)	(214)	-	(4,405)
Operating Profit (EBIT)	3,893	1,545	9	-	5,447
Financial results	(955)	(933)	31	-	(1,857)
Net Profit / (Loss) before Taxes (EBT)	2,938	612	40	-	3,590
Income tax expense	(289)	(911)	369	-	(831)
Net Profit / (Loss) from cont. operations	2,649	(299)	409	-	2,759
DISCONTINUED OPERATIONS					
Net Profit from discontinued operations	-	-	-	219	219
Non-controlling interests	(736)	(21)	(174)	-	(931)
Attributable Net Profit / (Loss)	1,913	(320)	235	219	2,047
Other information :					
Turnover	75,300	80,097	3,252	-	158,649
EBITDA	7,072	2,557	223	-	9,852
EBITDA % on Turnover	9.4%	3.2%	6.9%	-	6.2%
EBT % on Turnover	3.9%	0.8%	1.2%	-	2.3%

Condensed Consolidated Accounts
3rd quarter 2014
(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 2014

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

Condensed Consolidated Interim Statement of Financial Position as at 30 September 2014

(Amounts expressed in thousands of Euros)

	Note	<u>30.09.14</u>	<u>31.12.13</u>
Assets			
Non-Current Assets			
Property, plant and equipment	6	5,719	6,120
Intangible assets	6	30,100	32,095
Investments in associates		897	961
Financial assets at fair value through profit or loss		1,474	1,256
Deferred income tax assets	7	15,762	14,901
Other non-current assets	18	7,770	4,868
Total Non-Current Assets		<u>61,722</u>	<u>60,201</u>
Current Assets			
Inventories		6,008	8,925
Trade and other receivables	8	82,973	87,975
Accrued income		27,145	12,421
Income tax receivable		2,125	2,236
Derivative financial instruments		463	514
Other current assets		3,688	4,470
Financial assets held for trading		-	5,015
Cash and cash equivalents	9	16,612	32,942
Total Current Assets		<u>139,014</u>	<u>154,498</u>
Assets for discontinued operations		-	-
Total Assets		<u><u>200,736</u></u>	<u><u>214,699</u></u>
Equity			
Share capital		15,701	15,701
Treasury shares		(29)	(295)
Share premium		43,560	43,560
Reserves and retained earnings	10	25,473	23,756
Profit for the period		2,047	7,510
Total Equity attributable to owners of the parent		<u>86,752</u>	<u>90,232</u>
Non-controlling interests	11	11,791	11,522
Total Equity		<u>98,543</u>	<u>101,754</u>
Liabilities			
Non-Current Liabilities			
Borrowings	12	10,595	14,031
Provisions	13	1,727	4,386
Deferred income tax liabilities	7	-	100
Other non-current liabilities		70	70
Total Non-Current Liabilities		<u>12,392</u>	<u>18,587</u>
Current Liabilities			
Borrowings	12	8,704	7,353
Trade and other payables	14	51,977	61,764
Income tax payable		335	89
Derivative financial instruments		1,428	77
Deferred income and other current liabilities		27,256	24,755
Total Current Liabilities		<u>89,700</u>	<u>94,038</u>
Liabilities for discontinued operations		101	320
Total Liabilities		<u>102,193</u>	<u>112,945</u>
Total Equity and Liabilities		<u><u>200,736</u></u>	<u><u>214,699</u></u>

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 9 months ended 30 September 2014

(Amounts expressed in thousands of Euros)

	Note	9 M *		3 M *	
		30.09.14	30.09.13	30.09.14	30.09.13
Continuing Operations					
Sales	5	49,576	57,366	14,978	12,122
Services rendered	5	109,073	100,417	37,762	31,912
Cost of sales		(44,862)	(49,457)	(14,294)	(9,352)
External supplies and services		(41,483)	(39,849)	(14,507)	(12,558)
Employee benefit expense		(65,185)	(59,336)	(21,007)	(19,257)
Other gains/(losses) - net	15	2,733	2,300	507	497
Depreciation and amortisation		(4,405)	(4,164)	(1,468)	(1,463)
Operating Profit		5,447	7,277	1,971	1,901
Finance income		1,180	2,422	667	1,012
Finance costs		(2,973)	(2,448)	(2,047)	(928)
Share of loss of associates		(64)	(32)	(17)	(16)
Profit Before Income Tax		3,590	7,219	574	1,969
Income tax expense	16	(831)	(1,627)	(134)	(395)
Profit from continuing operations		2,759	5,592	440	1,574
Discontinued operations					
Profit from discontinued operations		219	-	-	-
Profit for the period		2,978	5,592	440	1,574
Other comprehensive income for the period					
		-	-	-	-
Total comprehensive income for the period		2,978	5,592	440	1,574
Profit attributable to:					
Owners of the parent		2,047	4,594	98	1,023
Non-controlling interests	11	931	998	342	551
		2,978	5,592	440	1,574
Total comprehensive income attributable to:					
Owners of the parent		2,047	4,594	98	1,023
Non-controlling interests	11	931	998	342	551
		2,978	5,592	440	1,574
Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)					
Basic earnings per share					
From continuing operations	17	0.06 Euros	0.15 Euros	Zero Euros	0.03 Euros
From discontinued operations	17	0.01 Euros	Zero Euros	Zero Euros	Zero Euros
From profit for the year	17	0.07 Euros	0.15 Euros	Zero Euros	0.03 Euros
Diluted earnings per share					
From continuing operations	17	0.06 Euros	0.15 Euros	Zero Euros	0.03 Euros
From discontinued operations	17	0.01 Euros	Zero Euros	Zero Euros	Zero Euros
From profit for the year	17	0.07 Euros	0.15 Euros	Zero Euros	0.03 Euros

9 M * - period of 9 months ended

3 M * - period of 3 months ended

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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 Changes in Equity for the period of 9 months ended 30 September 2014

(Amounts expressed in thousands of Euros)

	Note	Attributable to owners of the parent					Reserves and retained- earnings	Non- controlling interests	Total Equity
		Share capital	Treasury shares	Share premium	Legal reserves	Stock options reserves			
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
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		-	-	-	-	-	2,047	931	2,978
Transactions with owners									
Dividends	10, 11	-	-	-	-	-	(6,269)	(1,394)	(7,663)
Treasury shares movements		-	(20)	-	-	-	(132)	-	(152)
Share-based payments - stock options exercise		-	286	-	-	(278)	(8)	-	-
Share-based payments	18	-	-	-	-	79	-	-	79
Foreign currency translation reserve		-	-	-	-	-	815	732	1,547
Transactions with owners		-	266	-	-	(199)	(5,594)	(662)	(6,189)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 30 September, 2014		15,701	(29)	43,560	3,140	127	24,253	11,791	98,543

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

Condensed Consolidated Interim Statement of Cash Flows for the period of 9 months ended 30 September 2014

(Amounts expressed in thousands of Euros)

	Note	9 M *		3 M *	
		30.09.14	30.09.13	30.09.14	30.09.13
Cash flows from operating activities					
Net Cash generated / (used) in operating activities		(11,382)	(4,718)	(1,975)	1,899
Cash flows from investing activities					
Receipts:					
Proceeds on disposal of subsidiaries and associates		2,079	-	-	-
Loan repayments received from associates		3,343	478	-	34
Proceeds on disposal of financial assets held for trading		10,034	15,000	-	15,000
Proceeds on disposal of property, plant and equipment		13	46	9	5
Interest received		617	923	46	271
		16,086	16,447	55	15,310
Payments:					
Acquisition of subsidiaries and associates		(218)	(191)	(8)	(104)
Loans granted to associates		(2,902)	(3,909)	(1,492)	(999)
Purchases of financial assets held for trading		(5,019)	(10,015)	-	(5,015)
Purchases of property, plant and equipment		(782)	(1,318)	(211)	(170)
Purchases of intangible assets		(625)	(779)	(165)	(189)
		(9,546)	(16,212)	(1,876)	(6,477)
Net Cash generated / (used) in investing activities		6,540	235	(1,821)	8,833
Cash flows from financing activities					
Receipts:					
Proceeds from borrowings		3,100	6,493	3,000	-
Capital contribution by non-controlling interests (i)		35	2,000	-	-
		3,135	8,493	3,000	-
Payments:					
Repayments of borrowings		(4,752)	(3,496)	(1,685)	(1,295)
Dividends paid	10, 11	(7,663)	(3,080)	(1,394)	-
Payment of finance lease liabilities		(1,002)	(1,151)	(340)	(404)
Interest paid		(1,028)	(1,087)	(301)	(411)
Purchase of treasury shares		(392)	-	-	-
		(14,837)	(8,814)	(3,720)	(2,110)
Net Cash used in financing activities		(11,702)	(321)	(720)	(2,110)
Cash, cash equivalents and bank overdrafts at beg. of period	9	32,942	40,452	20,911	27,037
Net increase / (decrease) of cash, cash equivalents and bank overdrafts		(16,544)	(4,804)	(4,516)	8,622
Effect from exchange rate fluctuations on cash held		214	(11)	217	(22)
Cash, cash equivalents and bank overdrafts at end of period	9	16,612	35,637	16,612	35,637
9 M * - period of 9 months ended					
3 M * - period of 3 months ended					

(i) In 2014: NBMSIT, Sist. De Inf. E Tecnol., S.A. (Mozambique). In 2013: 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 2014

1. General information

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

Novabase is listed on the Euronext Lisbon.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 27, 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 nine months ended 30 September 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 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	
At 30 September 2014					
Total segment Sales and services rendered	124,093	96,169	4,124	224,386	-
Inter-segment Sales and services rendered	48,793	16,072	872	65,737	-
Sales and services rendered	75,300	80,097	3,252	158,649	-
Depreciation and amortisation	(3,179)	(1,012)	(214)	(4,405)	-
Operating profit/(loss)	3,893	1,545	9	5,447	219
Finance costs – net	(955)	(933)	95	(1,793)	-
Share of loss of associates	-	-	(64)	(64)	-
Income tax expense	(289)	(911)	369	(831)	-
Profit/(Loss) from operations	2,649	(299)	409	2,759	219
Other information:					
(Provisions) / Provisions reversal	1,137	1,073	556	2,766	-

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

6. Property, plant and equipment and intangible assets

During the periods ended at 30 September 2014 and 30 September 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	2,227	779
Exchange differences	(138)	-
Depreciation and amortisation	(7)	-
	(2,157)	(2,007)
Net book value at 30 September 2013		
	7,026	30,432
Net book value at 1 January 2014		
Acquisitions / increases	6,120	32,095
Write off's / disposals	1,449	625
Exchange differences	(93)	-
Depreciation and amortisation	28	-
	(1,785)	(2,620)
Net book value at 30 September 2014		
	5,719	30,100

7. Deferred income tax assets and liabilities

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

	30.09.14	31.12.13
Balance at 1 January	14,901	12,249
Exchange differences	13	(16)
Profit or loss charge	848	2,668
Balance at the end of the period	<u>15,762</u>	<u>14,901</u>

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

	30.09.14	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	1,375	412	(939)	848
Exchange differences	13	-	-	13
Balance at 30 September 2014	<u>2,091</u>	<u>11,866</u>	<u>1,805</u>	<u>15,762</u>

8. Trade and other receivables

	30.09.14	31.12.13
Trade receivables	75,842	77,309
Allowance for impairment of trade receivables	(4,507)	(4,434)
	<u>71,335</u>	<u>72,875</u>
Prepayments to suppliers	1,179	503
Employees	289	125
Value added tax	3,925	3,012
Receivables from related parties (note 18)	799	4,788
Financial investments disposal	67	67
Disposal of Digital TV international business	400	2,478
Receivables from financed projects	3,535	2,963
Other receivables	4,788	4,547
Allowance for impairment of other receivables	(3,344)	(3,383)
	<u>11,638</u>	<u>15,100</u>
	<u>82,973</u>	<u>87,975</u>

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

	Trade receivables		Other receivables		Total	
	30.09.14	31.12.13	30.09.14	31.12.13	30.09.14	31.12.13
Balance at 1 January	4,434	4,809	3,383	4,121	7,817	8,930
Impairment	201	2,805	-	234	201	3,039
Impairment reversal	(142)	(2,703)	(52)	(735)	(194)	(3,438)
Exchange differences	14	(25)	13	(4)	27	(29)
Write off's	-	(452)	-	(233)	-	(685)
Balance at the end of the period	<u>4,507</u>	<u>4,434</u>	<u>3,344</u>	<u>3,383</u>	<u>7,851</u>	<u>7,817</u>

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:

	<u>30.09.14</u>	<u>31.12.13</u>
- Cash	22	16
- Short term bank deposits	16,590	32,926
Cash and cash equivalents	<u>16,612</u>	<u>32,942</u>
- Overdrafts	-	-
	<u>16,612</u>	<u>32,942</u>

10. Reserves and retained earnings

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

	<u>30.09.14</u>	<u>30.09.13</u>
Payment to shareholders	6,269	18,781
Remuneration of the treasury shares held by the Company	11	60
	<u>6,280</u>	<u>18,841</u>

11. Non-controlling interests

	<u>30.09.14</u>	<u>31.12.13</u>
Balance at 1 January	11,522	10,613
Transactions with non-controlling interests	-	(431)
Dividends paid by Celfocus to non-controlling interests	(1,394)	-
Foreign currency translation differences for foreign operations	732	(398)
Profit attributable to non-controlling interests	931	1,738
Balance at the end of the period	<u>11,791</u>	<u>11,522</u>

12. Borrowings

	<u>30.09.14</u>	<u>31.12.13</u>
Non-current		
Bank borrowings	9,581	13,024
Finance lease liabilities	1,014	1,007
	<u>10,595</u>	<u>14,031</u>
Current		
Bank borrowings	7,993	6,202
Finance lease liabilities	711	1,151
	<u>8,704</u>	<u>7,353</u>
Total borrowings	<u>19,299</u>	<u>21,384</u>

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

	<u>30.09.14</u>	<u>31.12.13</u>
6 months or less	5,642	3,237
6 to 12 months	2,351	2,965
	<u>7,993</u>	<u>6,202</u>

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

	30.09.14	31.12.13
Between 1 and 2 years	4,673	4,701
Between 2 and 5 years	4,908	8,323
Over 5 years	-	-
	<u>9,581</u>	<u>13,024</u>

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

	30.09.14	31.12.13
Bank borrowings	4.721%	5.325%

Gross finance lease liabilities – minimum lease payments:

	30.09.14	31.12.13
No later than 1 year	992	1,386
Between 1 and 5 years	1,410	1,338
	<u>2,402</u>	<u>2,724</u>
Future finance charges on finance leases	(677)	(566)
Present value of finance lease liabilities	<u>1,725</u>	<u>2,158</u>

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

	30.09.14	31.12.13
No later than 1 year	711	1,151
Between 1 and 5 years	1,014	1,007
	<u>1,725</u>	<u>2,158</u>

13. 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	17	-	3	20
Reversals	(570)	(457)	(1,652)	(2,679)
Balance at 30 September 2014	<u>92</u>	<u>255</u>	<u>1,380</u>	<u>1,727</u>

14. Trade and other payables

	30.09.14	31.12.13
Trade payables	18,100	21,117
Remunerations, vacations and vacation and Christmas subsidies	10,148	8,481
Bonus	5,873	9,127
Ongoing projects	4,240	4,849
Value added tax	4,749	7,198
Social security contributions	1,316	1,839
Income tax withholding	1,177	1,488
Employees	70	277
Prepayments from trade receivables	819	756
Acquisition of financial interest in FCR Istart I	72	72
Other accrued expenses	5,209	6,282
Other payables	204	278
	<u>51,977</u>	<u>61,764</u>

15. Other gains/(losses) - net

	30.09.14	30.09.13
Impairment and impairment reversal of trade and other receivables	(7)	461
Impairment and impairment reversal of inventories	114	78
Warranties provision	553	59
Legal claims provision	457	-
Provisions for other risks and charges	1,649	1,117
Other operating income and expense	(33)	585
	<u>2,733</u>	<u>2,300</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:

	30.09.14	30.09.13
Profit before income tax	3,590	7,219
Income tax expense at nominal rate (25% in 2013, 23% in 2014)	826	1,805
Tax benefit on the net creation of employment for young and long term unemployed people	(257)	(308)
Provisions and amortisations not considered for tax purposes	48	52
Recognition of tax on the events of previous years	(63)	(129)
Associates' results reported net of tax	15	8
Autonomous taxation	736	559
Losses in companies where no deferred tax is recognised	234	(2)
Expenses not deductible for tax purposes	(312)	(198)
Differential tax rate on companies located abroad	130	(34)
Research & Development tax benefit	(922)	(447)
Municipal surcharge and State surcharge	147	106
Impairment of Special Payment on Account, tax losses and withholding taxes	249	215
Income tax expense	<u>831</u>	<u>1,627</u>

17. Earnings per share

	30.09.14	30.09.13
Weighted average number of ordinary shares in issue	31,103,211	30,749,788
Stock options adjustment	273,392	352,515
Adjusted weighted average number of ordinary shares in issue	<u>31,376,603</u>	<u>31,102,303</u>
Profit attributable to owners of the parent	2,047	4,594
Basic earnings per share (Euros per share)	0.07 Euros	0.15 Euros
Diluted earnings per share (Euros per share)	0.07 Euros	0.15 Euros
Profit from continuing operations attributable to owners of the parent	1,828	4,594
Basic earnings per share (Euros per share)	0.06 Euros	0.15 Euros
Diluted earnings per share (Euros per share)	0.06 Euros	0.15 Euros
Profit from discontinued operations attributable to owners of the parent	219	-
Basic earnings per share (Euros per share)	0.01 Euros	-
Diluted earnings per share (Euros per share)	0.01 Euros	-

18. 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>30.09.14</u>	<u>30.09.13</u>
Salaries and other short-term employee benefits	3,021	3,643
Stock options granted	79	147
	<u>3,100</u>	<u>3,790</u>

ii) Acquisition and merger of financial interests with related parties

	<u>30.09.14</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>30.09.14</u>	<u>31.12.13</u>	<u>30.09.14</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	-	-
(*) Loan to City Pulse, Lda	1,410	-	-	-
(*) Loan to Livian Technologies, Lda	1,492	-	-	-
Loans to other shareholders	-	-	15	22
	<u>7,770</u>	<u>4,868</u>	<u>799</u>	<u>4,788</u>

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

19. Contingencies

Given the disclosed in the annual financial statements for the year 2013, the significant changes in the judicial processes are the following:

- In the 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 (and 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 270 thousand), an Agreement has been reached in seven of the eight pending procedures, wherein Novabase paid the Plaintiffs an amount equal to 56% of the amount initially claimed and the Plaintiffs dropped all claims against Novabase.

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.