2013
ANNUAL REPORT

ASCENDUM GROUP

GROWTH

INTERNATIONALIZATION

CONNECTED

BY THE PATH TO THE FUTURE

In every step taken, every goal achieved, every achievement, there is a path that we are following. For nearly 55 years the ASCENDUM Group has been following a single path, one of ambition and new challenges. It is a path that grows, extends and branches out, taking us to new places, bringing us closer to more people and bringing us new knowledge. A strong, long path which moves into the future in which the whole ASCENDUM universe is united and comes together, as we all move further on our journey.


INNOVATION
GLOBALIZATION
VISION
CHALLENGES
FUTURE
STRATEGY
PERFORMANCE
SUCCESS
EXPANSION
ASCENDUM
GROUP

ASCENDUM GROUP

IN THE WORLD

WITH NEARLY 1350 EMPLOYEES
THE ASCENDUM GROUP OPERATES DIRECTLY
IN PORTUGAL, SPAIN,
UNITED STATES, TURKEY, MEXICO
AND CENTRAL EUROPE.

MEXICO
(Since 2012)

USA
(Since 2004)

PORTUGAL
(Since 1959)

Volmaquinaria
Dealers

Ascendum Makina
Dealers

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01
COMPANY INFORMATION


SUSTAINED GROWTH
EFFICIENCY
ETHICS
STRENGTH
HISTORY
CULTURE
PROXIMITY
SUSTAINABILITY

1.01 MESSAGE

FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS,

We would like to start this letter with a special word of thanks to the more than 1,348 employees of the ASCENDUM Group for their commitment and matchless contribution to the results achieved in 2013. We are fortunate to have human resources of such quality, fact that enables us to face the future with confidence and ambition.

In addition, we would like to express our gratitude to our shareholders and financial partners for their unwavering support over the years.

But, above all, we would like to thank our thousands of customers, across four continents - Europe, Asia, Africa and America - in more than 18 countries, for continuing to express a preference for the products we sell and the high added value services we produce.

UNITY

Like 2012, 2013 unfolded against the backdrop of a difficult macroeconomic context, with the World economy growing below expectations in terms of Output, Iberian markets recording historic falls and severe turbulence in exchange markets as a result of the strong performance of the Euro against most currencies (e.g. USD and TRL).

Notwithstanding this challenging environment, the ASCENDUM Group completed another important stage in its growth strategy with the acquisitions of the Volvo Construction Equipment operation in Central Europe in September and the construction and industrial machinery and equipment distribution operation of Volvo Construction Equipment in North Dakota in March.

These moves strengthened the ASCENDUM Group's installed capacity to more than 100 sales and technical support outlets which, once conditions improve in the markets in which we operate, will enable us over time to achieve the targets we have set - turnover of 1 billion Euros, EBITDA of 90 million Euros and net profit of around 30 million Euros. For this reason, investments in acquisitions are not expected in the short-term, but rather a focus on greater efficiency and streamlining of our current installed capacity.

So, given the above considerations, we feel a measure of satisfaction at the key financial indicators achieved by the ASCENDUM Group in 2013 - with most indicators, from turnover to EBITDA, exceeding objectives, without compromising the group's traditional financial strength.

This year, 2014, we are celebrating our 55th year of operations and it is our desire to see the ASCENDUM Group continue along the path it has always followed towards consolidation and path, to the satisfaction of all our stakeholders.

March 14th, 2014
The ASCENDUM Group Executive Board

Ricardo José de Pinho Mieiro (President)
Ângela Maria Silva Vieira Lança de Morais
João Manuel de Pinho Mieiro
Paulo Vieira do Nascimento Mieiro
Rui António Faustino

1.02 CORPORATE BODIES AND GOVERNANCE STRUCTURE

The ASCENDUM Group's management is currently separated into executive and non-executive functions and is carried out by the following bodies:

ASCENDUM S.A.

SHAREHOLDERS MEETING

↓

BOARD OF DIRECTORS

↓

EXECUTIVE BOARD

From left to right: Paulo Mieiro, João Mieiro, Ricardo Mieiro, José Leite de Faria, Angela Vieira, Carlos Vieira.

BOARD OF DIRECTORS:
- Ernesto Gomes Vieira – Chairman
- Ângela Maria Silva Vieira Lança de Morais
- Carlos José Gomes Vieira
- João Manuel de Pinho Mieiro
- José Manuel Bessa Leite de Faria
- Paulo Jervell
- Paulo Vieira do Nascimento Mieiro
- Ricardo José de Pinho Mieiro
- Rui António Faustino
- Tomás Jervell

EXECUTIVE BOARD:
- Ricardo José de Pinho Mieiro - President
- Ângela Maria Silva Vieira Lança de Morais
- João Manuel de Pinho Mieiro
- Paulo Vieira do Nascimento Mieiro
- Rui António Faustino

SHAREHOLDERS MEETING:
- Francisco Manuel Coelho do Sameiro Espregueira Mendes - President
- Vítor Sérgio de Castro Nunes - Vice-President

STATUTORY AUDITOR:
PriceWaterHouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Limitada
Palácio Sottomayor, Rua Sousa Martins, n.º 1, 3.º andar
1069-316 Lisbon
Represented by José Pereira Alves (R.O.C.) or by
José Miguel Dantas Maio Marques (R.O.C.)
Substitute Auditor: António Joaquim Brochado Correia (R.O.C.)

From left to right: Ernesto G. Vieira, Paulo Jervell, Tomás Jervell, Rui Faustino.

1.03
HIGHLIGHTS

1.03.1
RELEVANT FACTS

Despite the challenging global economic context, 2013 proved to be an extremely important year for the ASCENDUM Group, particularly regarding the implementation of its strategy:

Consolidation and expansion of the Construction Equipment business	Acquisition of Volvo Construction Equipment operation in Central Europe
	Expansion of construction equipment distribution to North Dakota (USA)
Business diversification	Establishment of a joint-venture in the agriculture sector in Turkey

1. ACQUISITION OF THE VOLVO CONSTRUCTION EQUIPMENT OPERATION IN CENTRAL EUROPE

In line with its growth strategy, in September 2013 the ASCENDUM Group completed the acquisition of VCE's construction machinery and industrial equipment distribution operation for a group of 9 Central European countries - Austria, Czech Republic, Slovakia, Slovenia, Croatia, Hungary, Bosnia and Herzegovina, Romania and Moldova. In terms of structure, the transaction involved the acquisition from Volvo AB of: (i) the shares of the Austrian company Volvo Baumaschinen Österreich GmbH (which in turn held the companies in the other countries) and (ii) the assets of VCE's Romanian operation.

From the perspective of the strategic rationale, the operation was supported by the following drivers:

Fit with ASCENDUM Group strategy	• Balanced portfolio between emerging markets (Romania) and mature markets (Austria) • 3 major geographic axis: Americas, South and Central Europe and Africa • Significant contribution to ASCENDUM Group strategic target of a turnover of Bn €1
Risk mitigated	• Good mix / balance of countries • Low operational risk / hub organization in Austria (management model already adopted by VCE)
Perfect timing	• Market entry spot to other markets • Entry in the low market cycle phase

The Central European operation will allow the ASCENDUM Group to enter markets offering high potential, at a turning point of the economic cycle, without sacrificing its operational and financial foundations in highly robust regional markets:

- Balanced portfolio based on the Austrian operation:

  - The Austria Hub (i) is a key skills cluster for the other countries in ASCENDUM's Central Europe geographical platform. Historically it is the pivot for the management of the other operations/countries, so the operational risk of integration is low; (ii) it is a market with a strong Volvo presence (high market share); (iii) it is an export economy, so it will naturally benefit from the European economic recovery;

  - The other economies comprising the geographical platform have high growth potential in the construction and industrial equipment market given VCE's low market share, and therefore offer a significant upside not only in sales of new equipment, but also in after sales.

- Economic growth potential:

  - The whole region was severely affected by the global economic crisis once this are, generally, very open economies, with the banking sector dominated by international banks, being therefore more vulnerable to capital flight and subject to tight budgetary constraints;

  - The expectation is that, for the period 2014/2015 - 2018, these economies may see substantially higher economic growth than the EU average.

- There is a need for investment in infrastructure and EU Funds - most of the countries in the Central European operation have significant gaps in infrastructure and there is an expectation of closer integration with the EU increased trade, which will lead to the need for investment in infrastructure (road, rail, energy, etc.), and in terms of financing the region should become one of the main beneficiaries of EU Structural Funds.

- Moderate risk - most countries comprising the operation are proceeding towards nominal convergence and consolidation of their public finances, with low spreads against German yields and benefiting from Investment Grade.

- Geostrategic position:

  - East-west and north-south intersection from the trade and transport perspective;
  - Natural route for oil & gas sourcing for Western Europe;
  - Gateway to Eastern Europe;
  - High levels of natural resources (coal and gas).

The operation has approximately 279 employees and 28 branches with a direct presence in all markets exception made for Slovenia and Bosnia and Herzegovina which, because of their small size, are currently covered by a sub-dealer.

2. ACQUISITION OF THE VCE CONSTRUCTION AND INDUSTRIAL MACHINERY AND EQUIPMENT DISTRIBUTION OPERATION FROM THE INDEPENDENT DEALER IN NORTH DAKOTA

In line with the project that ASCENDUM Group and VCENA are developing that aims to enhance the ASCENDUM Group's structure in the North American market, the first stage of which involved the sale of part of the ASCENDUM Group's territory in Alabama in 2011, it was concluded, in March 2013, the acquisition of the VCE distribution rights from the North Dakota dealer, thus giving ASC USA a presence in five US states (North Carolina, South Carolina, North Dakota, Georgia and Tennessee). In terms of strategic rationale, this acquisition will enable: (i) the ASCENDUM group to enter a state with one of the highest growth levels and potential and one of the lowest unemployment rates in the U.S.; (ii) lower the exposure to the housing sector by focusing on the Oil & Gas and agriculture sectors.

The ASCENDUM Group is present in 3 locations (Bismarck, Fargo, and Minot) and, in the future, ASCENDUM intends to: (i) strengthen its existing human resources structure; (ii) share best practices through training in the different business areas (commercial and after sales), so that it can fully take advantage of the potential of this market that is associated not only with the oil & gas industry and agriculture, but also with all the necessary infrastructure designed upstream in these sectors (road networks, creation of pipelines for oil and gas transport as per the U.S. Government's Strategic Plan for Energy Self-Sufficiency, etc.).

3. TURKEY - PARTNERSHIP DEVELOPMENT IN THE AGRICULTURAL SECTOR

Under the objective of correlated diversification, the Executive Committee has identified the agricultural equipment sector as an area of high potential. Accordingly, ASCENDUM Makina has approved the investment in the distribution/concession of AGCO group agricultural equipment - Massey Ferguson agricultural tractors and Laverda harvesters - for some Turkish provinces (south Marmara region and the central region of Anatolia).

4. INTERNAL REORGANIZATION

In parallel with the growth movements, a set of internal processes were also completed in 2013: (i) the full corporate reorganization process; (ii) consolidation of the Human Resources project, developed with the Hay Group (performance management, assessment of second lines, elaboration of individual development plans and specific coaching programmes, definition and standardization of the job family model and development of the HR Balance Scorecard).

1.03.2
MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS

MAIN ECONOMIC. FINANCIAL AND OPERATIONAL INDICATORS
Figures expressed in thousands of euros

	2013	2012	Δ (13/12)
Turnover	558,923	500,391	11.7%
EBITDA [(1)]	47,760	44,790	6.6%
Recurrent EBITDA [(2)]	54,064	44,855	20.5%
EBITDA Margin	9%	9%	-0.4 pp
EBIT [(3)]	27,377	26,136	4.7%
Net Income with non-controlling interests	12,775	10,622	20.3%
Equity with non-controlling interests	142,996	143,777	-0.5%
Net Debt / EBITDA [(4)]	3.7x	2.7x	-
Net Debt / Recurrent EBITDA [(2) (5)]	2.0x	1.9x	-
Net Debt / Equity [(4)]	1.2x	0.8x	-
Equity / Assets [(6)]	29%	34%	-4.2 pp
Number of employees	1,348	1,104	22.1%

(1) Earnings before interests. taxes. depreciations and amortizations
(2) Recurrent EBITDA considers 12 months of activity of the operations acquired in 2012 (Mexico) and 2013 (Central Europe)
(3) Earnings before interests and taxes
(4) Net debt corresponds to the interest bearing financial liabilities deducted from cash and bank deposits and the market value of the financial participations held by ASCENDUM Group in BPI. BCP and ESFG
(5) Net debt corresponds to the interest bearing financial liabilities deducted from (i) cash and bank deposits (ii) market value of the financial participations held by ASCENDUM Group in BPI. BCP and ESFG and (iii) strategic interest bearing financial liabilities (financial debt related to the acquisitions)
(6) Quotient between average equity with non-controlling interests and average of total net assets

Economically, financially and operationally, 2013 unfolded in an extremely challenging context:

- Deterioration of the macroeconomic environment:
  - In 2013, the global economy recorded a lower growth rate than in 2012 (real GDP growth rate of 2.9% in 2013 compared to 3.2% in 2012) - substantially less than the 2012 expectations for the year (estimated 3.6% growth of the world GDP in 2013);
- Despite recording higher growth than in the advanced economies, growth decelerated in the emerging economies from 4.9% in 2012 to 4.5% in 2013, which was also below estimates for 2013 (5.6%);

- In terms of the economies in which the ASCENDUM Group operates, in some cases the trend was even more pronounced: in the U.S. 2012 GDP grew 2.8% and in 2013 1.6%, compared to an estimate of 2.1%; in Portugal 2012 GDP fell 3.2%, followed by a further decrease of about 1.8% in 2013, compared to an estimated decrease of only 1%; in Mexico 2012 GDP grew by 3.6% and estimates for 2013 were of 3.4%, which GDP growth was in fact 1.3%;

- Sharp devaluations of the currencies of emerging countries, in particular the Turkish Lira, which had major impacts on the Group's profits and equity (the 2013 average was 10% below the 2012 average and at 31 December 2013, y-o-y depreciation of the Turkish Lira was about 26%).

- Major turbulence in what is currently the ASCENDUM Group's main market - throughout 2013, Turkey was buffeted by a number of factors that hindered management of the operation: (i) the challenge to Prime Minister Recep Tayyip Erdoğan (Taksim Square and the corruption scandal that involved members of his Government); (ii) the instability caused by the conflict in Syria (the rebel offensive and use of chemical weapons in July/August); and (iii) the ineffective monetary policy of the Central Bank of Turkey which failed to contain the devaluation of the Lira.

- Contraction of the construction equipment market in the Iberian Peninsula:

  - The Portuguese and Spanish markets shrank 8% compared to 2012 (which in terms of an index-adjusted to 100, compared to 2007, represents a value of 8);

  - The ASCENDUM Group's total addressable market (Portugal, Spain, USA, Turkey, Mexico and Central Europe) in 2013 was about half of the Group's market in 2007.

  - Flexibility of operational structures - the difficult environment that the ASCENDUM Group faced in 2013 also required further optimization of its structures in the various markets where it operates, particularly in the Iberian and Mexican markets, in order to adapt the organization to the situations in those markets.

Notwithstanding all these factors, the ASCENDUM Group continued with its growth strategy by: (i) acquiring the Volvo Construction Equipment Operation in Central Europe in September; (ii) acquiring the VCE construction machinery and industrial equipment distribution operation from the independent dealer in North Dakota in March; (iii) acquiring the sub-dealer and development of a partnership in the Turkish agricultural sector, aspects which in 2013 were already reflected in the ASCENDUM Group's equity situation, but only made a limited contribution in terms of profitability (inclusion in Income Statement and Cash Flow only from the time of purchase).

Thus, despite this challenging environment the ASCENDUM Group continued to perform positively in 2013, achieving a turnover of 559 million Euros, an EBITDA of approximately 48 million Euros and a net income of 13 million Euros, maintaining high levels of financial soundness (equity assets ratio of about 30% and Net Debt/ recurring EBITDA of 2.0 X):

- Operational performance - in 2013, the ASCENDUM Group achieved a turnover of 559 million Euros (increase of 12% when compared to 2012 and 5% from a like for like perspective), EBITDA of approximately 48 million Euros (increase of 7% when compared to 2012 and the same in like for like terms) and a net income of 12.8 million Euros (increase of 20% when compared to 2012), being its performance affected by non-recurring costs related with the optimization of the structures in the Iberian Peninsula and Mexico. Thus, EBITDA and Operating margins remained at 9% and 2% respectively;

- Financial strength - regardless of the Group's investment effort in 2013, the equity assets and Net Debt/EBITDA ratios remained fairly robust, despite the fact that: (i) the Group's equity was strongly affected by devaluation in the US Dollar and the Turkish Lira (negative impact of about 10 million Euros); (ii) the North Dakota and Central Europe operations only contributed with 9 and 3 months respectively to EBITDA, which penalized the group's main ratios (invested capital is considered in full whereas its profitability is only considered from the moment when the operation is integrated).

1.04
THE ORGANIZATION OF THE ASCENDUM GROUP

1.04.1
VISION

To be one of the biggest worldwide global solutions provider of infrastructures and construction equipment.

1.04.2
VALUES

The corporate values of the ASCENDUM Group are essential to improve the alignment of the Group's human resources with the skills deemed necessary to be an "ASCENDUM employee".

The values are systematized and presented in 3 clusters and each one includes three competences to be achieved. Accordingly, the ASCENDUM Group seeks the development of its employees within a framework of nine competences:

WHO WE ARE / THE ASCENDUM VALUES

A – Achieve Results
- Focus on results
- Entrepreneurship
- Anticipation and initiative

S – Sustainability
- Leadership
- Strategic thinking
- Building relationships

C – Commitment
- Focus on the costumer
- Organizational alignment
- Impact and influency

1.04.3
ASCENDUM GROUP OVERVIEW AND STRATEGY

1.04.3.1 DESCRIPTION

Established in 1959, the ASCENDUM Group is an international benchmark in the Automotive sector, operating in the supply of Construction and Industrial Equipment, Cars, Trucks and Parts, as well as the related technical assistance, complementing its offering with equipment rental and logistics. Additionally, the Group's business lines also extend to equipment for ports, airports and railways, agricultural machinery and also to the segment of multi-brand parts for industrial applications. The ASCENDUM Group currently has about 1,350 employees and is one of largest distributors of Volvo Construction Equipment in the world, operating directly in markets such as Portugal, Spain, USA, Turkey, Mexico, nine countries in Central Europe - Austria, Czech Republic, Hungary, Slovakia, Romania, Croatia, Slovenia, Bosnia-Herzegovina and Moldova - and Africa.

At the same time, the Group has developed a "follow the customer" solution to monitor its customers and thereby expand its presence to the African continent and Eastern Europe and which, given its good results, is currently being developed to a more enhanced system that translates into a new concept that we call: to be with the customer. Given its presence throughout the Automotive sector value chain, the ASCENDUM Group has a broad portfolio of high quality products/brands with applications for such diverse industries as construction and public works, mining, logistics, agriculture, recycling, etc.

The excellent performance of the ASCENDUM Group has given it a prominent position amongst VCE dealers and the Group is now recognized as one of the largest and best dealers worldwide dealers. At the same time, the Group has repeatedly achieved better performance - in terms of recognition, turnover and market share - than Volvo CE itself as a dealer in markets where it has been established.

1.04.3.2 PRODUCT PORTFOLIO

The ASCENDUM Group operates various brands in its different business areas (construction and infrastructure equipment, agricultural machinery, trucks and cars), with the following matrix:

		IMPORT	RETAIL	RENTING	AFTERMARKET	REMARKETING
Portugal	Construction Equipment	VOLVO Thwailes Sandvik Visa Gomaco Yale Tremix Ponsse Perlini Sennebogen Rubble Master	VOLVO Thwailes Sandvik Visa Gomaco Yale Tremix Ponsse Perlini Sennebogen Rubble Master	VOLVO ASCENDUM III Máquinas	Tractorrastos	ASCENDUM III Máquinas
Portugal	Trucks		VOLVO Mitsubishi			
Portugal	Cars		VOLVO Land Rover Jaguar Mazda Mitsubishi			
Portugal	Infrastructure Equipment	Air-Rail	Air-Rail	Air-Rail		
Spain	Construction Equipment	VOLVO Sandvik Lannen Solmec Taurus A-Ward	VOLVO Sandvik Lannen	VOLVO Volmaquinaria		Volmaquinaria Multi-marca
Spain	Infrastructure Equipment	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir		
USA	Construction Equipment		VOLVO Sennebogen Doosan SDLG LB Performance Sandvik	VOLVO ASC USA		ASC USA
Turkey	Construction Equipment	VOLVO Sandvik Chicago Pneumatic Sany	VOLVO Sandvik Chicago Pneumatic Sany	VOLVO	VOLVO TRP	VOLVO Sany
Turkey	Infrastructure Equipment	Air-Rail	Air-Rail	Air-Rail		
Turkey	Agriculture Equipment	Massey Ferguson Laverda	Massey Ferguson Laverda			Massey Ferguson Laverda
Mexico	Construction Equipment	VOLVO Sennebogen	VOLVO Sennebogen	VOLVO		VOLVO
Central Europe*	Construction Equipment	VOLVO	VOLVO	VOLVO		VOLVO

(*) ASCENDUM Group develops operations in the following countries of Central Europe: Austria, Czech Republic, Romania, Hungary, Croatia, Slovakia, Slovenia, Bosnia-Herzegovina and Moldavia

1.04.3.3 STRATEGY

The ASCENDUM Group's strategy is based on two fundamental pillars of growth: firstly, to consolidate and expand the construction and industrial equipment, trucks and cars business segment in order to maintain its leadership in the markets in which it operates; secondly, seeking to diversify its activity through participation in new business lines and the creation of a broader product portfolio:

I Consolidation and expansion of the business (CIE, cars and trucks)

- Optimize current business;
- Launch business in other geographical platforms / emerging markets;
- Expand the core product portfolio to other brands.

II Diversification of fhe business by participating in new business/a broader product portfolio

- Expand the product portfolio through the inclusion of infrastructure and agriculture equipments;
- Strengthen the presence in the logistics equipment segment;
- Boost the after sales multi brand business;
- Expand the service to include "turnkey" customers.

During the last three years (2010-2013), important steps have been taken to achieve these objectives, including the following:

2010:

1. Acquisition of the Volvo CE import and distribution operations in Turkey;
2. Acquisition of two new financial participations in Spanish companies - Air-Rail and Zephir - with operations in the airports, ports and railways equipment sector.

2011:

1. Reorganization of the Group along two lines: (i) reorganization of corporate investments; (ii) adoption of a new governance model;
2. Enforcement of the role of the ASCENDUM Group Corporate Centre;
3. Launch of the ports, railways and airports infrastructure equipment operation in Portugal and Turkey;
4. Extension of the Tractorrastos's operation in the African market.

2012:

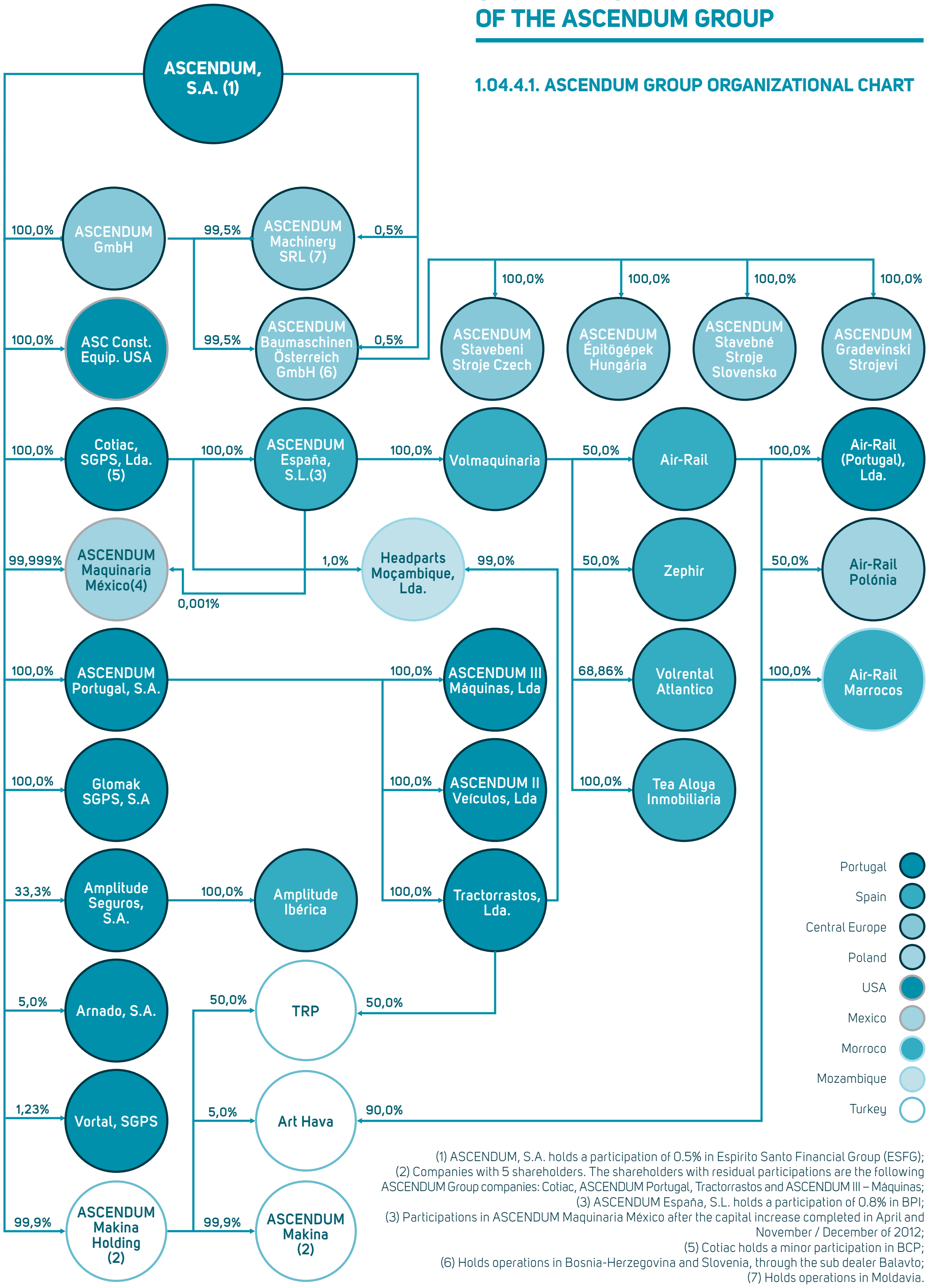
1. Consolidation of the reorganization process started in 2011;
2. Start of the Volvo Construction Equipment industrial machinery and equipment distribution operation in Mexico.

2013:

1. Acquisition of the Volvo Construction Equipment operation in Central Europe;
2. Acquisition of the Volvo Construction Equipment construction and industrial machinery and equipment distribution operation from the independent dealer in North Dakota;
3. Development of a partnership in the Turkish agricultural sector.

1.04.4. ORGANIZATION OF THE ASCENDUM GROUP

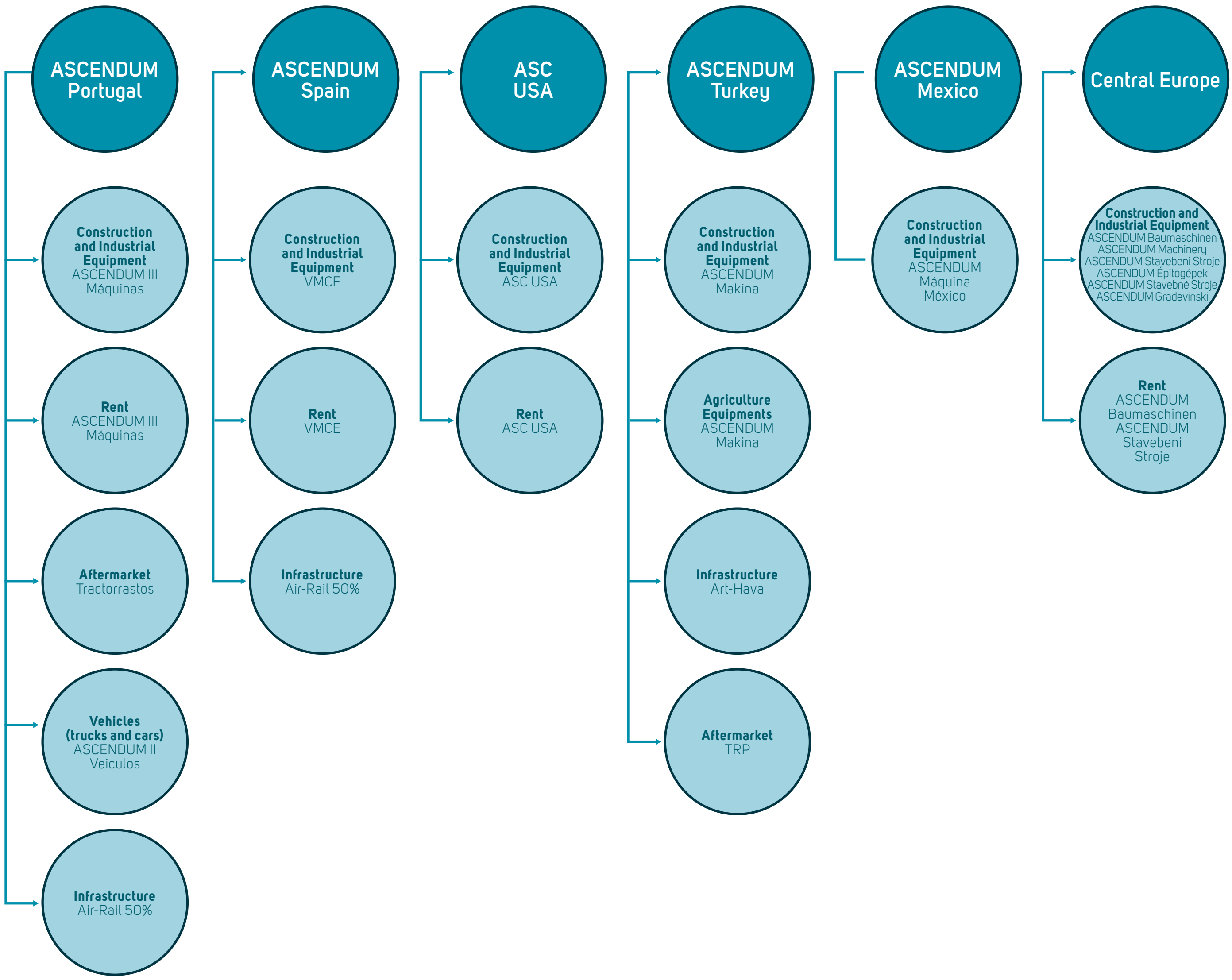
1.04.4.1. ASCENDUM GROUP ORGANIZATIONAL CHART



(1) ASCENDUM, S.A. holds a participation of 0.5% in Espirito Santo Financial Group (ESFG);
(2) Companies with 5 shareholders. The shareholders with residual participations are the following ASCENDUM Group companies: Cotiac, ASCENDUM Portugal, Tractorrastos and ASCENDUM III – Máquinas;
(3) ASCENDUM España, S.L. holds a participation of 0.8% in BPI;
(3) Participations in ASCENDUM Maquinaria México after the capital increase completed in April and November / December of 2012;
(5) Cotiac holds a minor participation in BCP;
(6) Holds operations in Bosnia-Herzegovina and Slovenia, through the sub dealer Balavto;
(7) Holds operations in Moldavia.

1.04.4.2. BUSINESS ORGANIZATIONAL CHART

In parallel, from an organizational perspective, the Group has developed a management model based on the concept of geographical platform, which aims to maximize synergies between the different businesses:



1.04.5
HUMAN RESOURCES

Throughout 2013, Corporate HR had the following main areas of activity: the Top Management of the geographical platforms and, at the level of the group's overall structure, the implementation of the Job Family Model and of the HR Balance Scorecard.

In the area of Top Management, the following aspects were developed:

- Top Management Key Roles – Clarification of the mission, responsibilities and key objectives of 1st and 2nd line functions;

- Implementation of the first and second line performance management model, based on an annual cycle of evaluation of objectives and competencies;

- Definition of the guidelines for the 1st and 2nd line compensation policy in terms of Basic and Variable Pay;

- Pay Benchmark - regular benchmark for comparison of the pay practice of the geographical areas with their local markets;

- Cross-cutting coaching and skills development programme for the Group's 2nd lines in all geographical areas.

In terms of overall Group structure the following were carried out:

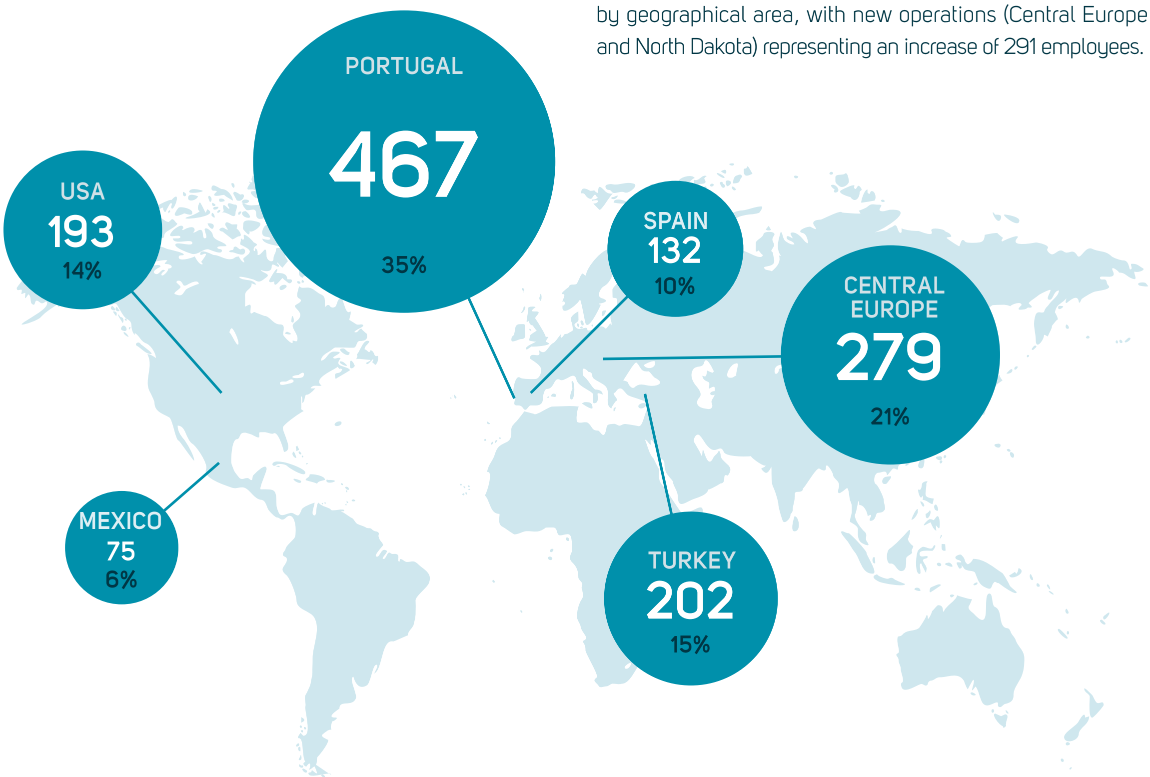
- Organizational Climate Study - Diagnosis of the organizational climate and cultural alignment, applied to all employees in the different geographical areas;

- Internal Customer Satisfaction Survey - Diagnosis of satisfaction levels with services provided internally between different departments;

- Welcome Guide - new recruit Induction and Integration Manual, to be used across the Group.

The following table presents the distribution of employees by geographical area, with new operations (Central Europe and North Dakota) representing an increase of 291 employees.

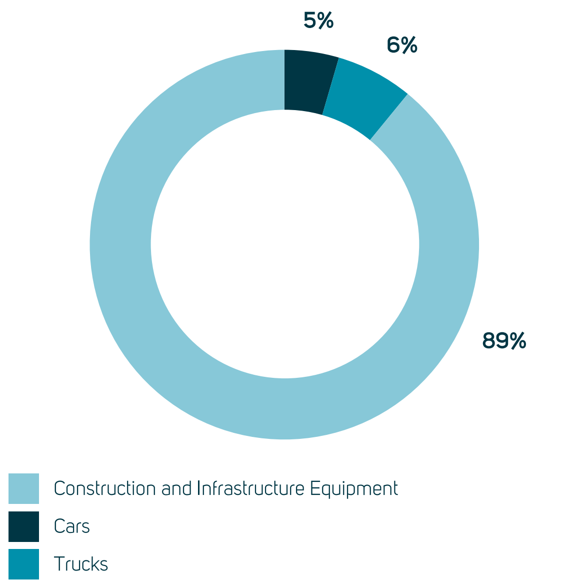
DISTRIBUTION OF EMPLOYEES BY GEOGRAPHICAL AREA (2013)



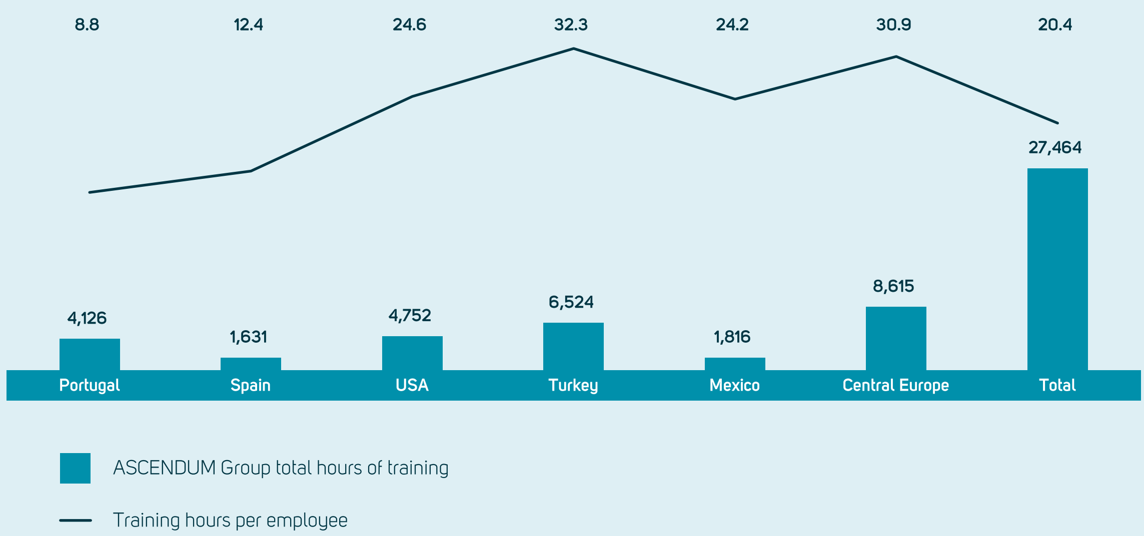
TOTAL EMPLOYEE OF ALL GROUP COMPANIES **1,348**

As with the weight from the financial point of view, also in terms of human resources, the construction equipment business area maintained preponderance in the operations of the ASCENDUM Group, representing 89% of Group employees.

TOTAL EMPLOYEES PER BUSINESS AREA

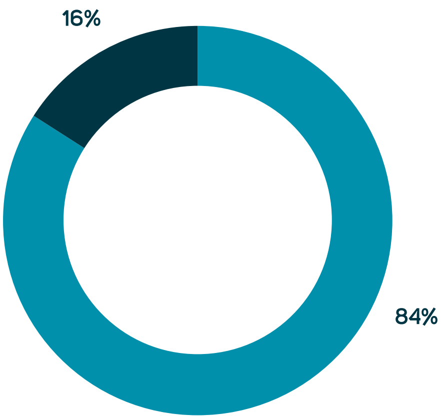


In terms of training, the plan put in place in each of the geographical platforms should be noted - in consolidated terms this amounted to about 27 thousand hours' training - i.e. an average of 20h/year per employee. This commitment to training is mainly due to the qualifications required from the employees ASCENDUM Group at the level of services provided to the end of the customer.



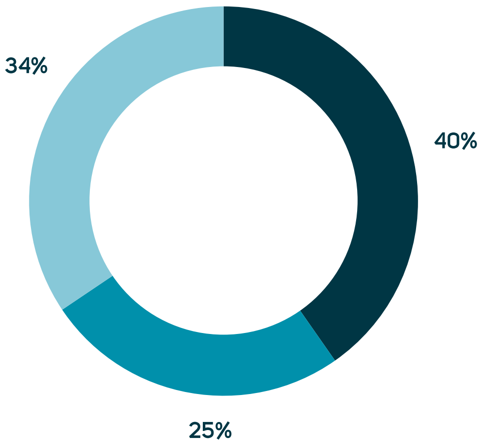
In gender terms, the ASCENDUM Group's HR consists of 84% male employees and in terms of qualifications 40% have completed basic and secondary education, 34% have completed advanced education and 25% have completed higher education.

TOTAL EMPLOYEES BY GENDER



Male
Female

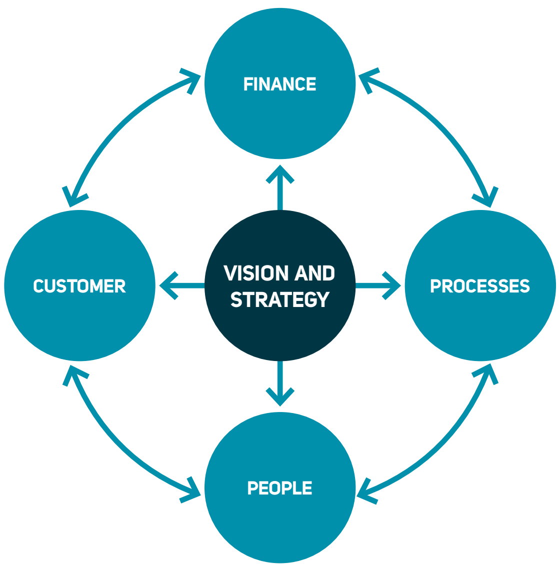
TOTAL EMPLOYEES BY LEVEL OF EDUCATION



Basic and Secondary Education
Higher Education
Technical and Complementary Education

HR BALANCE SCORECARD

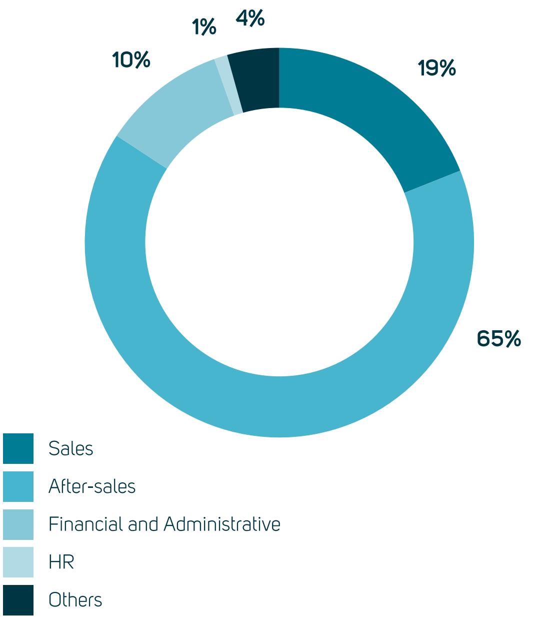
The HR Balance Scorecard as a strategic HR management system contributes to better communication of the vision, strategy and objectives of the Group's HR. It is founded on 4 key areas - People, Finance, Processes and Customers. This important management tool has been implemented across the Group; its main objective is to align the business with the needs and skills of its employees.
It is, at the same time, a management system and a strategic assessment system, which emphasizes financial and non-financial measures.



FINANCIAL	**Creation of value for the business:** HR management must be optimized and should therefore be measured in terms of ROI, value added and cost optimization.
PROCESSES	**Efficiency of the HR management strategy:** The corporate HR function is implemented through the design and implementation of HR management policies to ensure the harmonization of strategic needs with employee skills.
PEOPLE	**Human capacity:** The development of the human infrastructure shall be subject to analysis in order to assess the ability of the Corporate HR Function to adjust the human resources to the organizational and business requirements and thereby enhance added value in the future.
CLIENT	**People are a strategic asset in the ASCENDUM Group:** they reflect the Group's image. It is therefore critical that employee well-being be measured.

The distribution of HR by function is as follows: the largest share is in After Sales, with 65% of employees, then 19% in the Sales area, 10% in Administration and Finance and 1% of employees in Human Resources area.

TOTAL EMPOLYEES BY FUNCTION



DISTRIBUTION BY MANAGEMENT LINE

The ASCENDUM Group has 23 Directors, 59 Administrators and 157 Managers and the remaining employees are spread within the 4th and 5th level functions.

Directors	23
Administrators	59
Managers	157
Remaining Employees	1,109
TOTAL	**1,348**

SATISFACTION OF ASCENDUM EMPLOYEES

Analysis of the organizational climate provides, through the evaluation of factors, awareness of what conditions the level of commitment and skills of employees.

People are motivated when they achieve higher levels of productivity, when they have greater capacity to innovate and develop initiatives which bring more value to the organization. Accordingly, the ASCENDUM Group is committed to the satisfaction of its employees and to their professional development.

According to the Organizational Climate Study carried out in October 2013 by the Hay Group, 78% of employees are proud to work for the ASCENDUM Group. This was a positive result, above the market average.
Likewise, and according to the study, 79% are also pleased to work in the Group.
The integration of employees and training programmes are also strengths of the ASCENDUM organizational culture.

1.04.6
MAIN CONSOLIDATED INDICATORS

KEY PERFORMANCE INDICATORS
Figures expressed in thousands of euros

	2013	2012	Δ (13/12)
Turnover	558,923	500,391	11.7%
EBITDA [1]	47,760	44,790	6.6%
Recurrent EBITDA [2]	54,064	44,855	20.5%
EBIT [3]	27,377	26,136	4.7%
Net Income with non-controlling interests	12,775	10,622	20.3%
Net Income margin	2.3%	2.1%	0.2 pp
Cash flow [4]	34,450	27,584	24.9%
Cash flow margin	6.2%	5.5%	0.7 pp
Total Assets	539,390	436,007	23.7%
Net Debt [5]	175,688	120,297	46.0%
Equity with non-controlling interests	142,996	143,777	-0.5%
Invested Capital [6]	318,685	264,074	20.7%
Return on Equity [7]	9%	7%	1.5 pp
Equity / Assets [8]	29%	34%	-4.2 pp
Return on Capital [9]	9%	10%	-0.9 pp
Number of employees	1,348	1,104	22.1%

[1] Earnings before interests, taxes, depreciations and amortizations
[2] Recurrent EBITDA considers 12 months of activity of the operations acquired in 2012 (Mexico) and 2013 (Central Europe)
[3] Earnings before interests and taxes
[4] Net income with non-controlling interests, amortizations and depreciations of the period and provisions variation
[5] Net debt corresponds to the interest bearing financial liabilities deducted from cash and bank deposits and the market value of the financial participations held by ASCENDUM Group in BPI, BCP and ESFG
[6] Equity with non-controlling interests and net debt
[7] Quotient between the net income with non-controlling interests and equity with non-controlling interests
[8] Quotient between average equity with non-controlling interests and average of total net assets
[9] Quotient between EBIT and average invested capital

In terms of performance, despite the European crisis, the retraction of some of the sectors that have historically been the engines of the ASCENDUM Group's growth and the drop in the construction equipment market - in the group formed by Portugal, Spain and the United States it fell by about 53% (compared to the peak year (2007)) - the Group recorded positive performance resulting in a turnover of 559 million Euros (12% increase when compared to 2012 and 5% like for like), an EBITDA of 48 million Euros (7% increase when compared to 2012 and like for like stagnation) and a net income of 13 million Euros (20% growth towards 2012).

It is important to note that in 2013 the ASCENDUM Group's performance was penalized due to non-recurring costs associated with the optimization of the structure in the Iberian Peninsula and in Mexico. Despite this, EBITDA and net income margins were of 9% and 2%.

Additionally, in 2013, the ASCENDUM Group maintained high levels of financial soundness (equity/assets ratio of about 30% and Net Debt / EBITDA of 2.0X), despite the fact that (i) the Group's equity was strongly affected by the devaluation of the U.S. Dollar and Turkish Lira (negative impact of approximately 10 million Euros) and (ii) EBITDA only contributed in 9 and 3 months in the case of the North Dakota and Central Europe operations, respectively, which penalized the Group's key ratios (invested capital is fully considered and its profitability is only considered from the time when the operation is integrated).

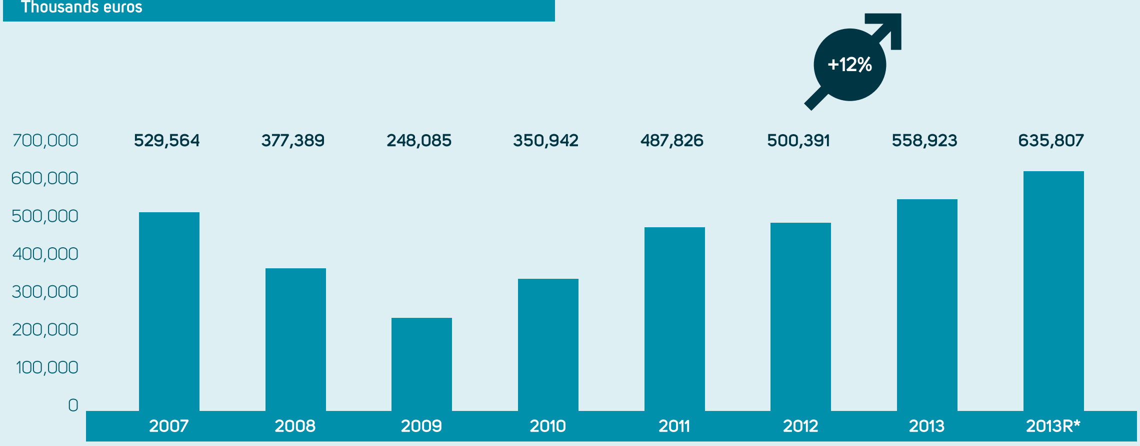
The ASCENDUM Group's strong performance throughout 2013 is the result, not only of all the efforts made in the last three years related to the optimization of the structure and consequent improvement in efficiency levels, but also of the consolidation of its position in the markets where it operates and the consideration of two new markets - North Dakota (USA) and nine Central European countries (Austria, Czech Republic, Romania, Hungary, Croatia, Slovakia, Slovenia, Bosnia - Herzegovina and Moldova).

TURNOVER

In 2013, the ASCENDUM Group's turnover increased 12% on 2012, to 559 million Euros, resulting mainly from the contribution of revenues from international operations in Turkey, USA and Central Europe, with the latter contributing only 3 months' operations (October to December) and North Dakota contributing nine months (April to December).

TURNOVER EVOLUTION

Thousands euros

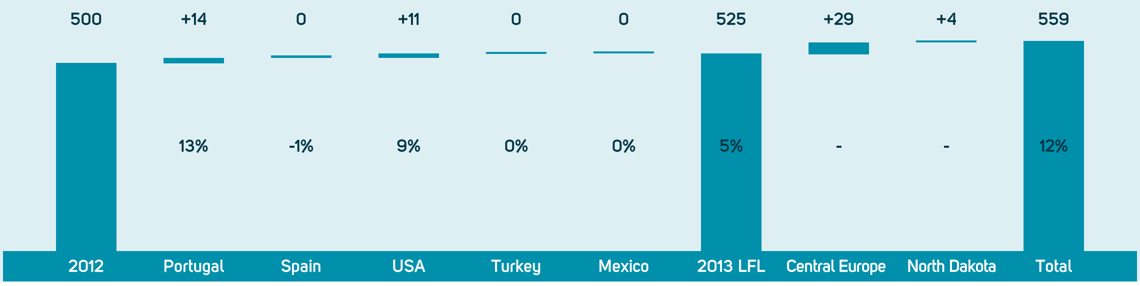


(*) Turnover including a contribution of the 12 months of operations in Central Europe and North Dakota

In individual terms, the positive contributions of Portugal and the USA, together with the inclusion of Central Europe in the perimeter of the ASCENDUM Group, offset the neutral impact in terms of turnover growth compared to 2012, recorded in Spain, Turkey and Mexico wich results, essentially, of the adverse economic environment that strongly affected the activity in these markets.

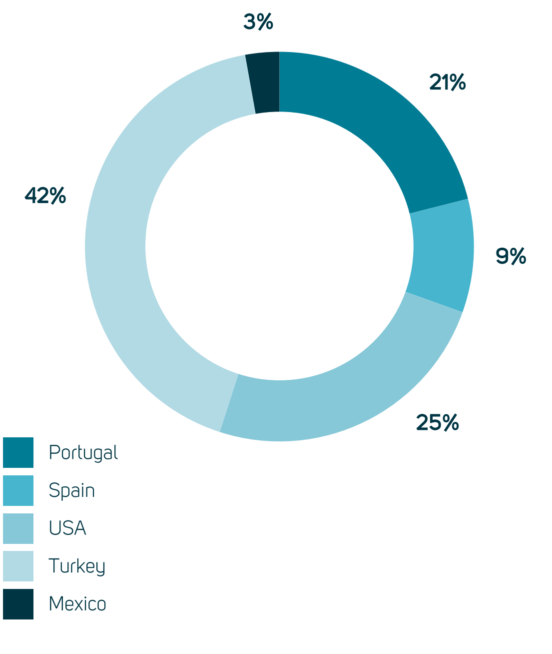
CONTRIBUITION FOR THE TURNOVER GROWTH

millions euros / % growth when compared to 2012

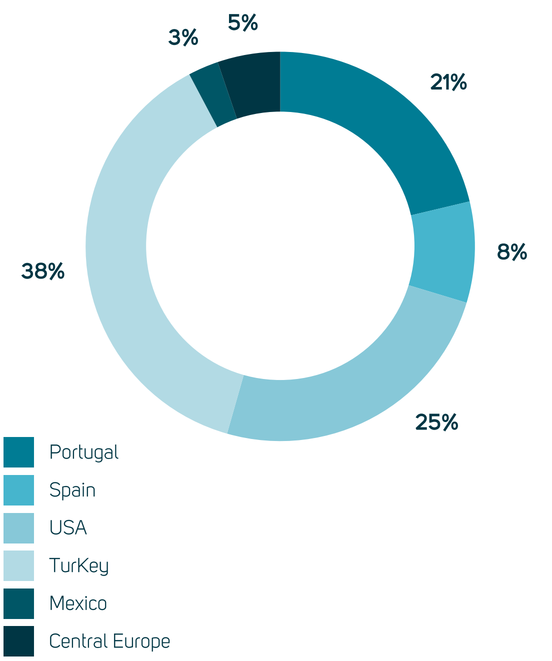


As in 2012, external markets (Spain, USA, Turkey, Mexico and Central Europe) accounted for 79% of the Group's consolidated turnover.

TURNOVER (2012) - 500 MILLION EUROS



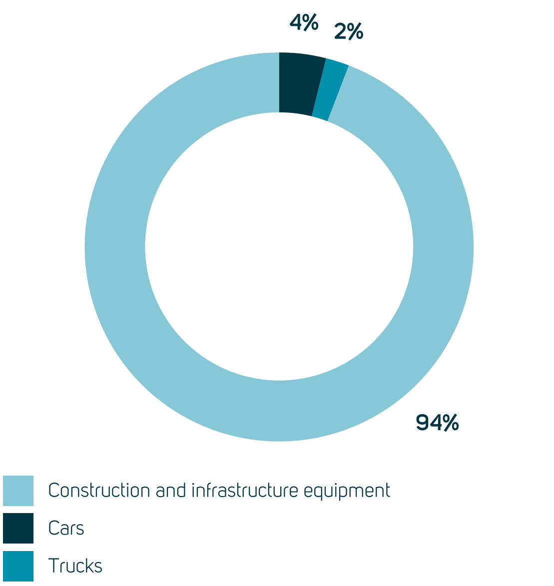
TURNOVER (2013) - 559 MILLION EUROS



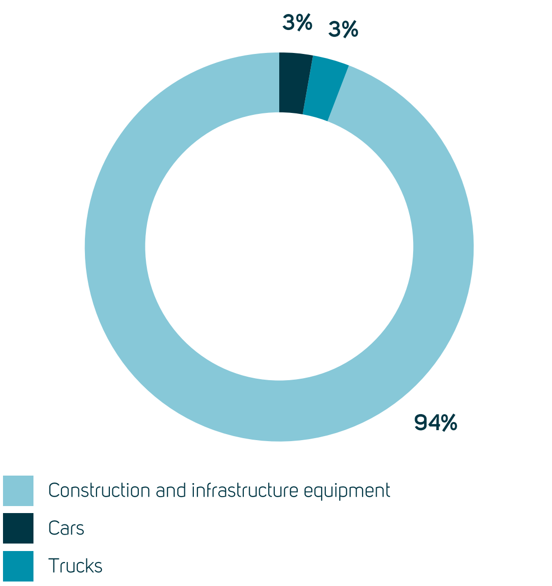
In terms of business areas, construction and infrastructure equipment, the predominant area in ASCENDUM's operations, maintained the same relative weight as in 2012, with 94% of the ASCENDUM Group's turnover at year end 2013.

The Cars area saw its relative strength decline compared to 2012, reaching 3%.
The trucks area increased its proportion of the ASCENDUM Group's turnover, with 3%, compared to 2% in 2012.

TURNOVER (2012) - 500 MILLION EUROS



TURNOVER (2013) - 559 MILLION EUROS



EBIT

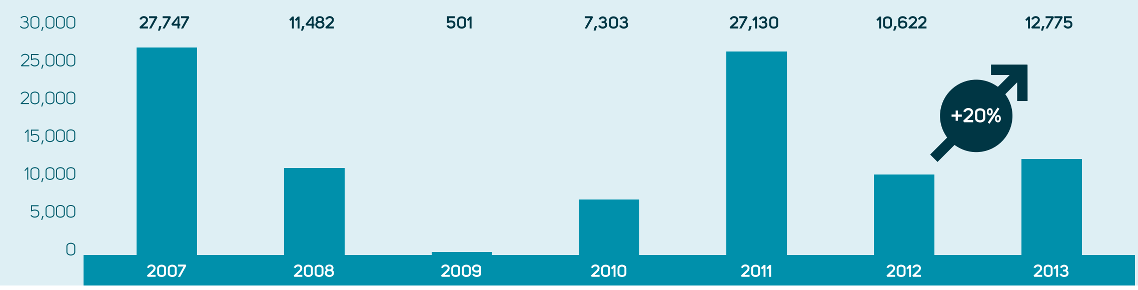
In 2013, the ASCENDUM Group's EBIT amounted to 27.4 million Euros, an increase of 5% compared to the EBIT of 2012. The EBIT margin recorded similar levels to 2012, at around 5%.

NET INCOME

In 2013, the ASCENDUM Group's efforts to streamline its operations and optimize its structure, along with the inclusion of North Dakota and Central Europe in the Group's consolidation perimeter, were sufficient to address the negative impact of market developments, mainly in Iberia, in the Group's consolidated net income (with non-controlling interests). As a result, the Group's net income increased by approximately 20% on 2012, to around 12.8 million Euros.

NET INCOME EVOLUTION

Thousand euros

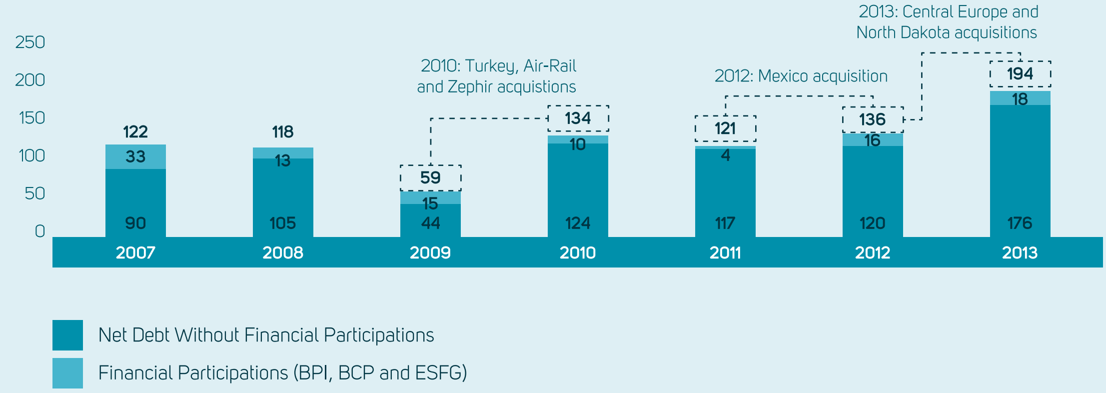


CONSOLIDATED NET DEBT

At 31 December, 2013, consolidated net debt was 194 million Euros compared to 136 million Euros recorded in December 2012 (176 million Euros in 2013 compared to 120 million Euros in 2012, if we consider the value of the ASCENDUM Group's financial investments in BPI, BCP and ESFG).

NET DEBT EVOLUTION

Thousands euros



In turn, consolidated gross debt amounted to 217 million Euros, of which 52% is medium and long term (equivalent to 113 million Euros) and 48% is short term (104 million Euros).

At year end, the net debt/EBITDA coverage ratio (including the value of the financial investments that the ASCENDUM Group holds in BPI, BCP and ESFG) was 3.7x, while the equity/net debt coverage ratio amounted to around 1.2x.

The main driver of the increase in net debt was the inclusion of the Central Europe operation in the ASCENDUM Group, which represented an increase in strategic financing and operational debt. In like for like terms (excluding the debt associated with Central Europe - strategic and operational) net debt reached approximately 142.8 million Euros, an increase of 6.6 million Euros (about 4.9%) when compared to 2012.

NET ASSETS AND EQUITY

In 2013, the ASCENDUM Group's net assets stood at 539 million Euros, an increase of approximately 103 million Euros when compared to 2012, mainly in the following items:

- Tangible fixed assets (+ 58 million Euros) – primarily explained by the inclusion of Central Europe (41 million Euros) and North Dakota (19 million Euros) in the ASCENDUM Group perimeter.

- Goodwill (+6 Million Euros) – during 2013, the growth through acquisitions policy continued with the ASCENDUM Group acquiring the shareholdings of the companies of Central Europe (Central European Volvo Group), an operation that generated goodwill in the amount of 9,948,227 Euros. Additionally, as a result of the acquisition of the construction equipment distribution contract for North Dakota (U.S.), goodwill in the amount of 465,867 Euros was also recognized. Also in 2013, goodwill was reduced in the amount of 3,829,688 Euros as a result of the adjustment, due to the effect of the Euro/TL exchange rate variation, in the goodwill associated with the 2010 acquisition of the construction equipment unit that Volvo owned in Turkey and which, following the acquisition, was renamed ASC – Turk Makina, Limited, Sirket (currently called ASCENDUM Makina).

- Financial investments (+3 million Euros) - the increase in the investments item compared to 2012 relates primarily to the appreciation, during 2013, of BPI's share value, in the amount of 3,103,726 Euros, the decrease in the value of ESFG's shares, in the amount of 428,400 Euros and the appreciation of Millennium BCP's shares, by 7,521 Euros.

- Deferred tax assets (+4 million Euros) - the increase in deferred tax assets relates primarily to tax losses carried forward and non-deductible tax provisions (+ 2.2 million Euros on 2012) and amortization of tax deductible goodwill (+2.0 million Euros on 2012).

- Customers (+18 million Euros) - in relation to the customers balance, the increase is due mainly to the inclusion of Central Europe and North Dakota (USA) in the Group's consolidation perimeter (impacts of 15 million and 7 million Euros, respectively). Moreover, the customers balance of ASCENDUM Maquinaria México dropped by approximately 4 million Euros on 2012, due to the slowdown in activity.

- Cash and bank deposits (+12 million Euros) - mainly explained by the inclusion of Central Europe in the ASCENDUM Group's perimeter (9 million Euros) and the increase in cash in Turkey (4 million Euros).

02

ECONOMIC-FINANCIAL INFORMATION


CONTINUOUS IMPROVEMENT
OPPORTUNITIES
PROACTIVITY
SOLUTIONS
RESULTS
PROFESSIONALISM
HIGH STANDARDS
DIVERSITY
CHANGE
ENTREPRENEURSHIP

2.01
MACROECONOMIC CONTEXT

2.01.1
GLOBAL ECONOMY

In 2013, the global economy recorded a lower rate of growth than in 2012, with an estimated real growth rate of Gross Domestic Product (GDP) of about 2.9% in 2013, compared to 3.2% in 2012. Although the emerging economies grew at a higher rate than countries with advanced economies, they recorded a deceleration in growth from 4.9% in 2012 to 4.5% in 2013. Projected growth rates for emerging economies (5.3% on average from 2013 to 2017) remain above the projected growth rates for advanced economies (2.4% on average from 2013 to 2017), although these are below the growth rates recorded in recent years. 2013 was marked by a slight reversal of the macroeconomic trend in advanced economies, especially with the U.S. economic recovery, based on the contribution of private demand, and with the Eurozone also showing positive indicators of growth in economic activity. However, the impact of the change in U.S. monetary policy, with a slowdown in the pace of asset purchases and uncertainty about the level of growth of the Chinese economy, are factors that cast doubt on medium term global economic projections.

MACROECONOMIC INDICATORS

	WORLD	CHINA	JAPAN	EURO ZONE	PORTUGAL	SPAIN	USA	TURKEY	MEXICO	AUSTRIA	CZECH REP.	HUNGARY	ROMANIA
POPULATION													
2013E (Millions inhab.)	7,046	1,361	127	333.8	10.6	46.1	316.5	76.5	118.2	8.5	10.5	9.9	21.3
CAGR (2013E-2017E)	n.a.	0.5%	-0.3%	n.a.	0.1%	-0.2%	0.9%	1.1%	1.0%	0.4%	0.1%	-0.2%	-0.2%
GROSS DOMESTIC PRODUCT													
2013E - nominal (B USD)	73,454	8,939	5,007	12,685	219	1,356	16,724	822	1,327	418	199	131	184
Real growth rate (2012-2013E)	2.9%	7.6%	2.0%	-0.4%	-1.8%	-1.3%	1.6%	3.8%	1.2%	0.4%	-0.4%	0.2%	2.0%
CAGR (2008-2013E)	2.9%	8.8%	0.4%	-0.4%	-1.5%	-1.4%	1.2%	3.7%	1.8%	0.4%	-0.4%	-1.1%	-0.6%
CAGR (2013E-2017E)	3.9%	7.1%	1.2%	1.3%	1.5%	0.6%	3.2%	4.2%	3.5%	1.7%	2.0%	1.5%	2.8%
OTHER INDICATORS (2013E)													
Inflation	3.7%	2.7%	0.0%	1.3%	0.7%	1.8%	1.4%	7.7%	3.6%	2.2%	1.8%	2.4%	4.5%
GFCF - growth 2012-2013E	n.a.	n.a.	2.7%	-3.0%	-8.0%	-5.6%	3.3%	3.4%	0.8%	-0.7%	-4.0%	3.2%	-2.7%
Unemployment rate	n.a.	4.1%	4.2%	12.3%	17.4%	26.9%	7.6%	9.4%	4.8%	4.8%	7.4%	11.3%	7.1%
Gross Public Debt (% of GDP)	n.a.	22.9%	243.5%	95.7%	123.6%	93.7%	106.0%	36.0%	44.0%	74.4%	47.6%	79.8%	38.2%
Corporate income tax (or equivalent)	24%	25%	38%	n.a.	25%	30%	40%	20%	30%	25%	19%	19%	16%
VAT (or equivalent)	16%	17%	5%	n.a.	23%	21%	n.a.	18%	16%	20%	21%	27%	24%
Reference interest rates - Central Banks 31-Dec	n.a.	6.00%	0.10%	0.25%	0.25%	0.25%	0.25%	4.50%	3.50%	0.25%	0.25%	3.00%	4.00%

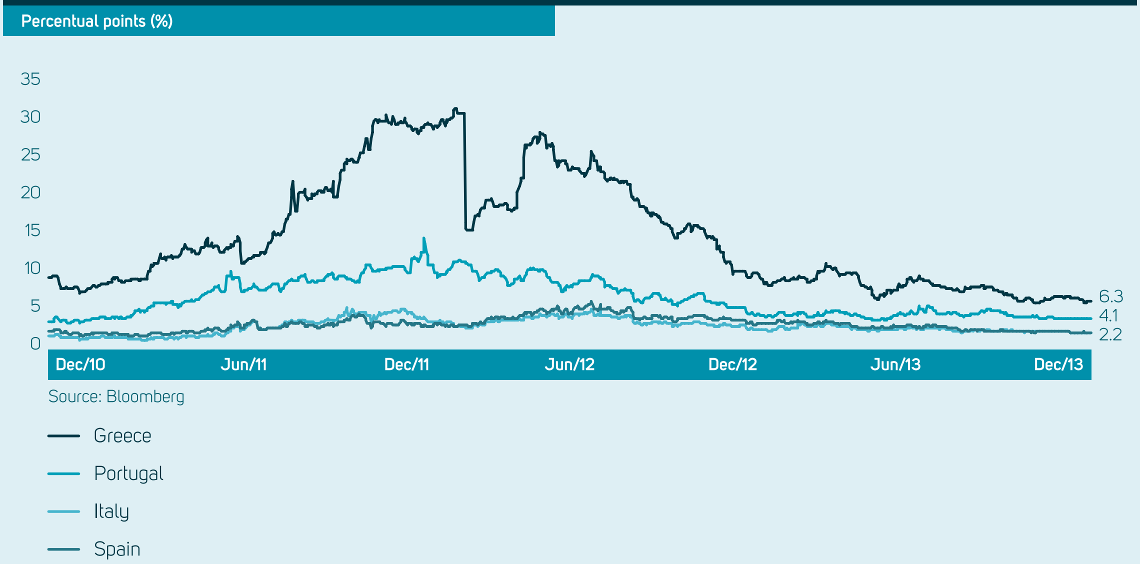
Source: World Bank, IMF (Economic Outlook - October 2013), AMECO, KPMG and Central Banks (for the respective reference interest rates).

Regarding the Eurozone macroeconomic scenario in 2013, economic activity recovered in the second quarter of the year, largely as a result of increased domestic demand. 2013 was marked by a stabilization of the Eurozone financial and economic conditions, notwithstanding some adverse factors, especially political instability in Italy and the financial crisis in Cyprus. In the Eurozone financial markets, the risk premium on sovereign debt declined significantly in the most vulnerable markets, based on: (i) greater confidence in the integrity of the Eurozone, as a result of the development of new steps towards the consolidation of banking union; (ii) greater stability in financial market conditions; (iii) a gradual improvement in business growth prospects.

(AS OF 31ST OF DECEMBER OF 2013)	GREECE	PORTUGAL	ITALY	SPAIN	IRELAND
10-year sovereign bond yields (%)	8.3%	6.0%	4.1%	4.1%	3.4%
Spreads versus Germany (p.p.) (*)	6.3 p.p.	4.1 p.p.	2.2 p.p.	2.2 p.p.	1.5 p.p.

(*) Corresponds to the difference between the 10-year sovereign bond yield of each country and the 10-year sovereign bond yield of Germany as of 31st of December of 2013, which amounted to 1.925%.
Source: Bloomberg

SPREADS OF THE 10-YEAR SOVEREIGN BOND YIELDS VS GERMANY (%)



Source: Bloomberg

However, after two years of economic contraction in the Eurozone, the legacy of the economic and financial crisis - excessive sovereign debt, financial fragmentation, economic uncertainty and the need for fiscal adjustments - may still represent a risk factor in relation to expectations for consistent positive economic growth in the medium term.

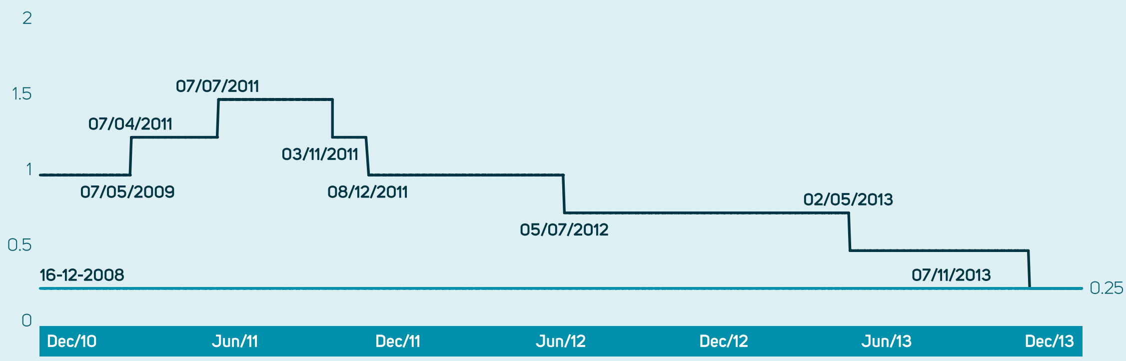
With regard to the United States, economic activity is expected to have grown 1.6% in 2013 according to the IMF forecast, driven by the recovery in private demand which offset the negative impact of cuts in public spending that were implemented at the start of the year. The adjustment in household budgets in the U.S. economy was significant, with the proportion of debt in disposable income standing at its lowest level since 2003. Similarly, the weight of debt servicing in household disposable income fell from 18% in 2008 to about 15% in 2013. The significant rise in stock and real estate prices contributed to an increase in household wealth which, together with more favourable financial conditions and an increase in confidence, stimulated growth in private consumption and residential investment. Business investment increased considerably, although the strong growth at the start of the year was associated with the end of some tax incentives.

In terms of monetary policy, there was an easing in the monetary policies adopted by the major central banks. As in previous years, in 2013, against a background of weak economic growth, high unemployment and low inflationary pressures, the major central banks decided to expand their unconventional policies. The U.S. Federal Reserve and the Bank of England kept their benchmark rates at exceptionally low levels (0.25% and 0.5%, respectively), thereby influencing long-term interest rates. The Bank of Japan announced its intention to purchase bonds (including public debt) and doubled the monetary base in order to achieve an inflation rate of 2% by the end of 2014. In 2012, the U.S. Federal Reserve had already pioneered the implementation of a monetary policy orientation that was contingent on the state of the economy, specifying explicit thresholds for unemployment and inflation and signalling the maintenance of a reduced benchmark rate whenever there were deviations from these thresholds.

Monetary policy in the Eurozone also adopted a looser approach in 2013, taking account of an environment characterized by expectations of low and stable inflation, low growth in economic activity and continued fragmentation of Eurozone financial markets. Accordingly, the Governing Council of the European Central Bank (ECB) decided to reduce the interest rate for main refinancing operations by 25 base points to 0.5% in May 2013 and to 0.25% in November 2013. The ECB also announced the decision to extend the unlimited provision of liquidity in refinancing operations to (at least) mid-2015. Moreover, the ECB proceeded to implement a forward guidance system, signalling the maintnance of benchmark interest rates at low levels for an extended period of time. However, the 3-month Euribor rose by 6 bps in Q4 and 10 bps in 2013 (0.187% to 0.287%), due mainly to the reduced liquidity associated with increased repayments of LTROs (Long-Term Refinancing Operation) by banking institutions.

EVOLUTION OF FED AND BCE REFERENCE RATES

Percentual points (%)



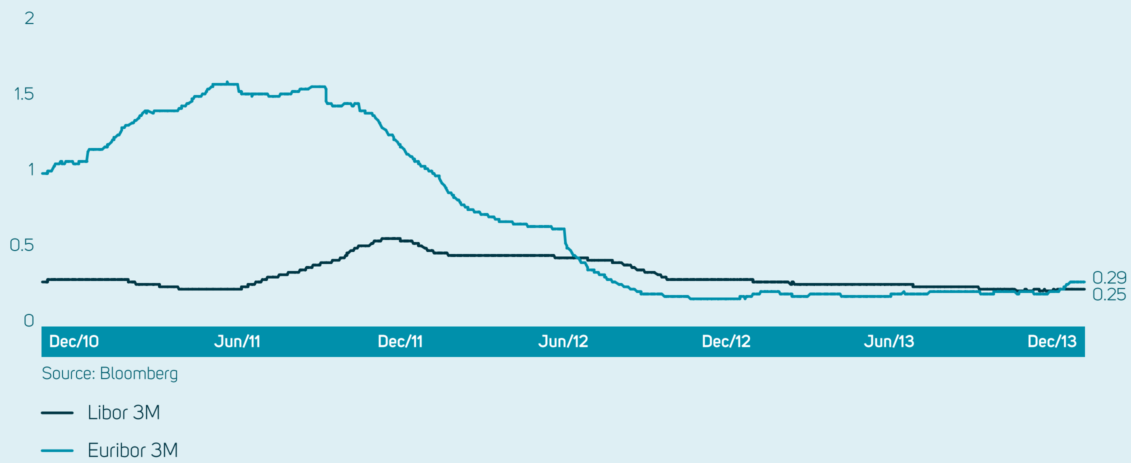
Source: Bloomberg

BCE Refi Rate

Fed Fund Rate

EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES

Percentual points (%)



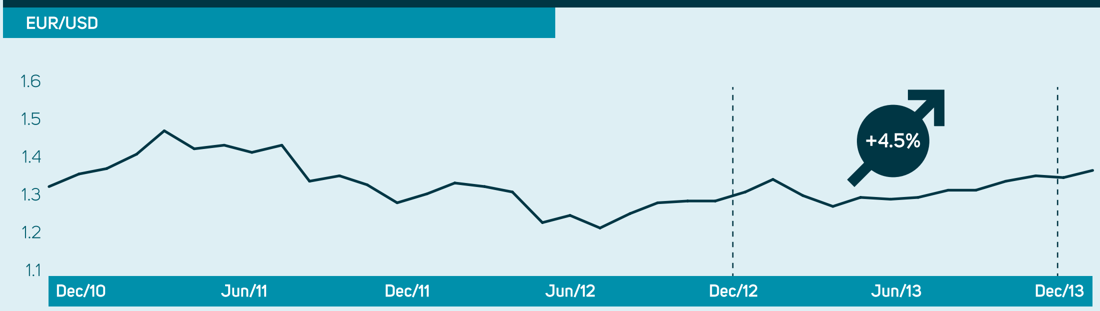
EURIBOR 3M	2011	2012	2013
maximum	1.615	1.343	0.298
average	1.393	0.574	0.220
minimum	0.995	0.181	0.188
close	1.356	0.187	0.287

LIBOR 3M	2011	2012	2013
maximum	0.581	0.583	0.305
average	0.337	0.430	0.267
minimum	0.245	0.306	0.236
close	0.581	0.306	0.246

In terms of developments in the foreign exchange market in 2013, the overall trend was the appreciation of the Euro against most currencies:

EXCHANGE RATES	31/12/12	31/12/13	Δ (13/12)
EUR/USD	1.319	1.379	4.5%
EUR/TRL	2.355	2.961	25.7%
EUR/MXN	17.185	18.073	5.2%
EUR/CZK	25.151	27.427	9.0%
EUR/HUF	292.300	297.040	1.6%
EUR/RON	4.445	4.471	0.6%

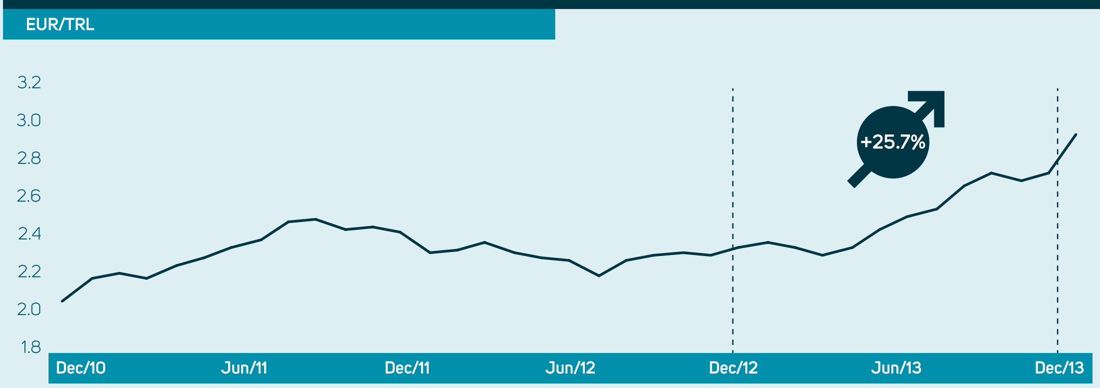
EVOLUTION OF THE EUR/USD EXCHANGE RATE



Source: Banco de Portugal

Despite the ECB's 50 bp reduction in the benchmark interest rate, the Euro appreciated against the Dollar by 4.5% over the year 2013, as a result of the performance of the Eurozone economies and the quantitative easing programme followed by the Federal Reserve throughout 2013.

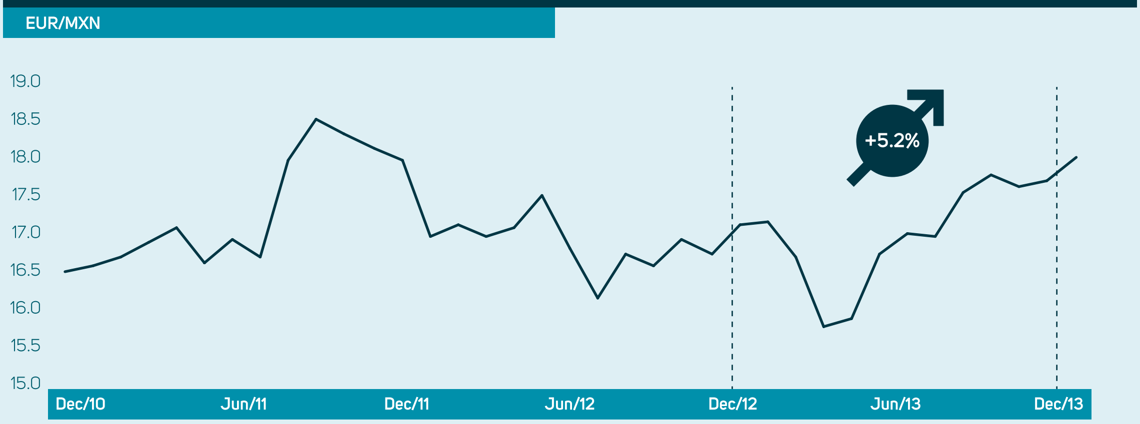
EVOLUTION OF THE EUR/TRL EXCHANGE RATE



Source: Banco de Portugal

The Euro recorded appreciation against the Turkish Lira of about 25.7% during 2013, reaching 2.961 EUR/TRL at 31 December, 2013, primarily due to the devaluation of the Turkish Lira as a result of the slowdown in the Fed's assets purchasing policy, the worsening conflict in Syria and the political crises experienced in Turkey.

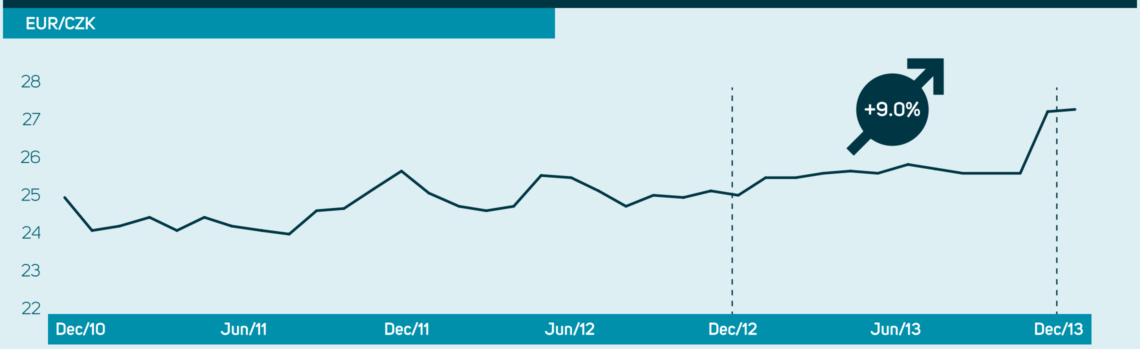
EVOLUTION OF THE EUR/MXN EXCHANGE RATE



Source: Banco de Portugal

As observed in other currencies, the Euro appreciated around 5.2% against the Mexican Peso from the beginning of 2013. However, the EUR / MXN exchange rate recorded a historic low for the past 3 years of 15.6 in April 2013.

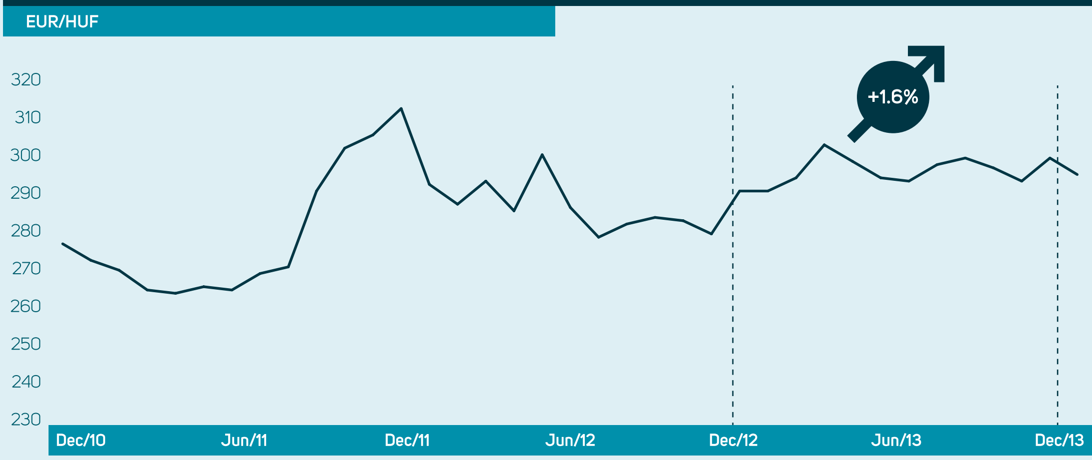
EVOLUTION OF THE EUR/CZK EXCHANGE RATE



Source: Banco de Portugal

The Euro appreciated by about 9.0% against the Czech Koruna during 2013, reaching 27.427 EUR/CZK at 31 December, 2013.

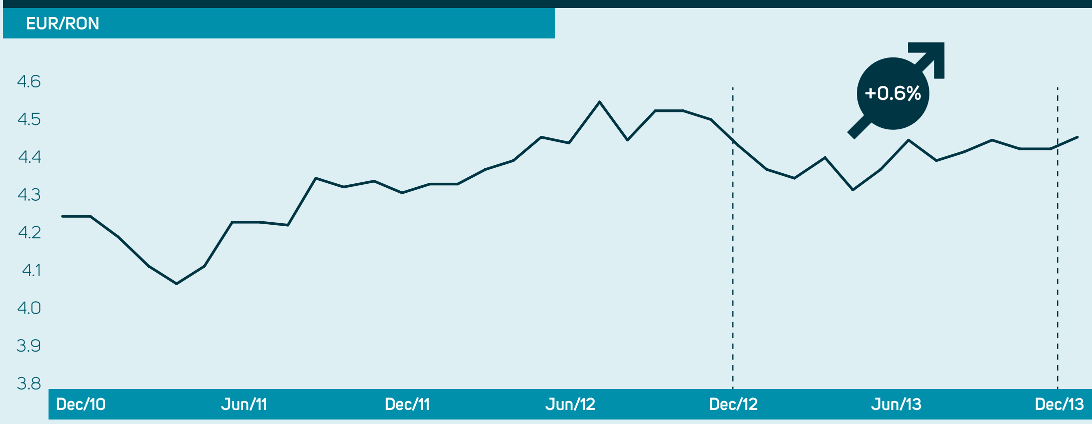
EVOLUTION OF THE EUR/HUF EXCHANGE RATE



Source: Banco de Portugal

The Euro appreciated by about 1.6% against the Hungarian Forint during 2013, reaching 297.04 EUR/HUF at 31 December, 2013.

EVOLUTION OF THE EUR/RON EXCHANGE RATE



Source: Banco de Portugal

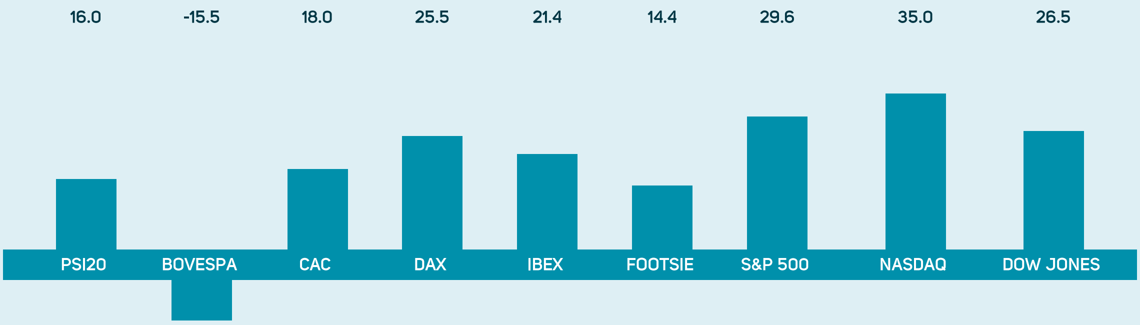
The Euro appreciated by about 0.6% against the Romanian Leu during 2013, reaching 4.471 EUR/RON at 31 December, 2013.

With regard to the evolution of the major capital markets in 2013, the respective stockmarket indexes showed a noteworthy appreciation in 2013, driven by the recovery of growth and confidence in the context of the expansionary monetary policies pursued in the U.S. and Europe. In the Eurozone, there was appreciation of 25.5% in the DAX, 21.4% in the IBEX, 18.0% in the CAC and 16.0% in the PSI20, as a result of the economic recovery of the major Eurozone economies.

Similarly, in the UK the FTSE climbed by 14.4% in 2013. Additionally, the major U.S. stock indexes showed significant increases, especially the NASDAQ (35.0%), the S&P 500 (29.6%) and the DOW JONES (26.5%) Contrary to the trend observed in the most developed economies, the main stock exchange index of the Brazilian capital market showed a decline of -15.5% in 2013.

EVOLUTION OF THE MAIN STOCK MARKET INDEXES IN 2013

(%)



Source: Bloomberg

2.01.2
PORTUGAL

According to International Monetary Fund estimates, in 2013 Portugal recorded a contraction in GDP of about 1.8% (although with quarterly increases from the 2nd quarter and a return to yoy growth of 1.6% in Q4), due essentially to: (i) implementation of measures with contractionary impacts, related to the fiscal consolidation effort and the implementation of austerity measures and (ii) the deleveraging of the Portuguese financial sector, creating difficulties in access to finance for companies and individuals. The adverse macroeconomic environment was reflected particularly in private consumption and gross fixed capital formation, which contracted by 1.8% and 8.0%, respectively, albeit with less intensity than in 2012 and with some recovery in the latter part of the year. The positive performance of exports and a trend of stabilization in domestic demand resulted in a recovery in activity from the 2nd quarter of 2013.

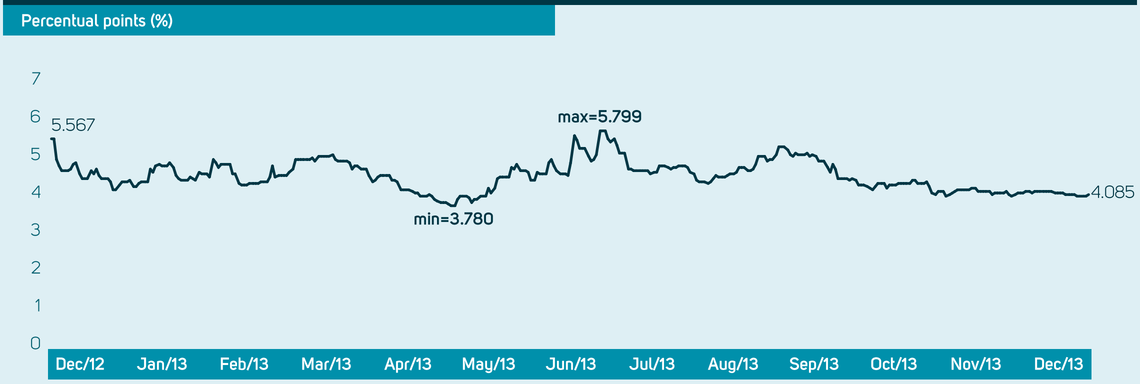
PORTUGAL - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	0.0%	-2.9%	1.9%	-1.3%	-3.2%	-1.8%
Private consumption	1.3%	-2.3%	2.5%	-3.3%	-5.3%	-1.8%
Government spending	0.3%	4.7%	0.1%	-5.0%	-4.7%	-2.0%
GFCF	-0.3%	-8.6%	-3.1%	-10.5%	-14.4%	-8.0%
GFCF - Construction sector	-4.6%	-6.6%	-4.2%	-11.5%	-18.1%	-13.6%
Exports	2.3%	-11.9%	0.8%	8.1%	-2.0%	6.0%
Imports	4.4%	-12.1%	-2.3%	-5.0%	-11.3%	0.8%
Inflation (CPI)	2.7%	-0.9%	1.4%	3.6%	2.8%	0.7%
Unemployment rate (% total labor force)	7.6%	9.5%	10.8%	12.7%	15.7%	17.4%
Gross Public Debt (% GDP)	71.7%	83.7%	94.0%	108.4%	123.8%	123.6%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

As a result of the signs of recovery recorded from the 2nd quarter, Portugal managed to reduce the spread (difference between yields) of its 10-year government bonds compared to Germany by 148 base points, despite the rating assigned by the three major global agencies not being changed in 2013.

SPREAD OF THE PORTUGUESE 10-YEAR SOVEREIGN BOND YIELDS VS GERMANY (%)



Source: Bloomberg

RATINGS 2013

MOODY'S	S&P	FITCH
Ba3	BB	BB+

Source: Bloomberg

With respect to foreign trade, exports recorded real growth of 6.0% in 2013, highlighting the positive contribution of goods and services, due mainly to the increase in fuel production and export capacity and strong foreign demand in the tourism sector. Together with the increase in domestic savings, this result contributed to a GDP surplus of 2.6% in the combined current and capital accounts.

The recovery in activity and fiscal consolidation measures helped to reduce the general government deficit (adjusted by the Troika criteria) to a value of around 4.5%, below the target of 5.5% of GDP. Portugal returned to the capital markets for a debt swap in December (6.6 billion Euros), which was followed in early 2014 by syndicated 5 and 10 year issues, in a total amount of 6.25 billion Euros.

In December 2013, as part of the tenth review of the Economic and Financial Assistance Programme, the European Commission, European Central Bank and International Monetary Fund teams highlighted the following: (i) positive signs of economic recovery in economic growth and a reduction in unemployment; (ii) achievement of the fiscal targets of the programme, with good performance in the collection of taxes; (iii) stability of the banking sector, although with lower profitability; (iv) the need to continue the structural reform efforts.

Overall, despite the implementation of the fiscal consolidation programme, Portuguese public debt reached 123.6% of GDP, according to International Monetary Fund estimates.

Regarding changes in the level of employment in Portugal, the Portuguese economy recorded a loss of about 120,000 jobs in 2013, highlighting the increase in the unemployment rate from 15.7% in 2012 to 17.4% according to International Monetary Fund estimates. However, the labour market trend followed the turnaround in economic activity, with unemployment decreasing from 17.7% to 15.3% of the working population between the 1st and 4th quarters of 2013, as a result of: (i) the creation of about 130,000 jobs in Q2 - Q3 - Q4 of the year; (ii) reduction in the working population (partly as a result of a high migratory outflow).

Annual average inflation stood at 0.7%.

2.01.3
SPAIN

In 2013, there was a recovery in economic activity in Spain, particularly from the 3rd quarter, following the tension experienced in 2012 in the Spanish banking system and in the sovereign debt market, thus improving the indices of confidence in the Spanish economy, as well as the financing conditions of its business environment.

According to the latest IMF estimates, Spanish GDP recorded a contraction of about 1.3% in 2013 (0.3 percentage points above the rate of growth in 2012) as a result of reductions in private consumption and government consumption, of 2.4% and 1.1%, respectively, although the fall was less sharp than in 2012. Moreover, business, government and household investment experienced a drop of about 5.6% in 2013 which, again, was a smaller reduction than in 2012. However, despite the climate of recession, the 5.7% increase in exports (supported by greater price competition and stabilization of key external markets) and the 1.0% reduction in imports offset some of the negative impacts on Spanish GDP.

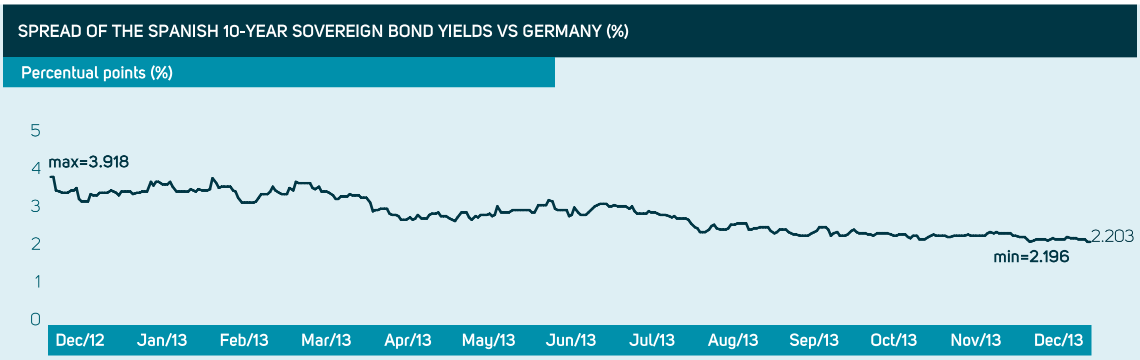
SPAIN - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	0.9%	-3.8%	-0.2%	0.1%	-1.6%	-1.3%
Private consumption	-0.6%	-3.7%	0.2%	-1.2%	-2.8%	-2.4%
Government spending	5.9%	3.7%	1.5%	-0.5%	-4.8%	-1.1%
GFCF	-4.7%	-18.0%	-5.5%	-5.4%	-7.0%	-5.6%
GFCF - Construction sector	-5.8%	-16.6%	-9.9%	-10.8%	-9.7%	-10.0%
Exports	-1.0%	-10.0%	11.7%	7.6%	2.1%	5.7%
Imports	-5.2%	-17.2%	9.3%	-0.1%	-5.7%	-1.0%
Inflation (CPI)	4.1%	-0.2%	2.0%	3.1%	2.4%	1.8%
Unemployment rate (% total labor force)	11.3%	18.0%	20.1%	21.7%	25.0%	26.9%
Gross Public Debt (% GDP)	40.2%	54.0%	61.7%	70.4%	85.9%	93.7%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

According to the European Commission's projection, the deleveraging of the private sector will continue to limit consumption and private investment. In this context, it is estimated that the housing market has not yet reached the turning point, with the number of house-building permits still in a downward trend.

In 2013, Spain successfully exited the Financial Assistance Programme for the recapitalization of financial institutions and stabilization of financial markets, with the yield on sovereign bonds reaching new lows. In general, financing conditions in the economy improved, although they remain onerous for SMEs. In this context, Spain managed to reduce the spread (difference between yields) of its 10-year government bonds compared to Germany by 172 base points, despite the rating assigned by the three major global agencies not being changed in 2013.



Source: Bloomberg

RATINGS 2013

MOODY'S	S&P	FITCH
Baa3	BBB-	BBB

Source: Bloomberg

In terms of labour market macroeconomic data, it is estimated that unemployment increased from 25.0% in 2012 to 26.9% in 2013, although it reached a maximum of 27.2% in the first quarter of 2013 and recovered slightly by the end of the year, mainly due to a reduction in the working population. However, according to the European Commission's forecast for 2014, it is estimated that the job destruction process reached minimum levels in 2013 and that employment will record positive growth in 2014 which will lead to a slight fall in unemployment.

According to the European Commission, Spanish economic activity still shows certain downside risks for 2014, particularly with regard to a higher than expected slowdown in emerging economies, in particular the economies of South America, where the Spanish banking sector is highly exposed. By contrast, a higher than expected improvement in financing conditions may contribute to an acceleration in Spanish domestic demand.

2.01.4
USA

According to International Monetary Fund estimates, the U.S. economy recorded growth of 1.6% in 2013, decelerating from the previous year (2.8%), albeit with a more dynamic activity in the 2nd half-year (annualized quarterly growth of 3.2% in Q4).

In this context, the U.S. registered GDP growth of 1.6% in 2013, a result of positive increases of 2.0% in private consumption, 3.3% in business, government and household investment and 2.4% in exports. However, the 2.1% reduction in public consumption and the 1.5% increase in imports hampered the growth of the US economy.

USA - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	-0.3%	-2.8%	2.5%	1.8%	2.8%	1.6%
Private consumption	-0.4%	-1.6%	2.0%	2.5%	2.2%	2.0%
Government spending	2.5%	3.7%	0.1%	-2.7%	-0.2%	-2.1%
GFCF	-4.8%	-13.1%	1.1%	3.4%	5.5%	3.3%
GFCF - Construction sector	-9.7%	-15.7%	-7.4%	-1.6%	7.7%	3.8%
Exports	5.7%	-9.1%	11.5%	7.1%	3.5%	2.4%
Imports	-2.6%	-13.7%	12.8%	4.9%	2.2%	1.5%
Inflation (CPI)	3.8%	-0.3%	1.6%	3.1%	2.1%	1.4%
Unemployment rate (% total labor force)	5.8%	9.3%	9.6%	8.9%	8.1%	7.6%
Gross Public Debt (% GDP)	73.3%	86.3%	95.2%	99.4%	102.7%	106.0%

Source: IMF (Economic Outlook - October 2013). AMECO (February 2014).

Regarding the weaker economic performance of the 1st half-year, this was essentially due to the negative impacts on internal demand of the tightening of budgetary policy. However, the recovery of economic activity in the second half of the year was helped by progress in household and company balance sheets, recovery in the labour market, rising house prices and good stock market performance, despite the political crisis in the autumn in connection with the approval of the U.S. public debt ceiling, which led to the government shut-down and an increased risk of default.

In line with the risk perception and analysis of U.S. sovereign debt, the three major global rating agencies made no changes in the ratings assigned to the U.S. in 2013.

RATINGS 2013

MOODY'S	S&P	FITCH
Aaa	AA+u	AAA

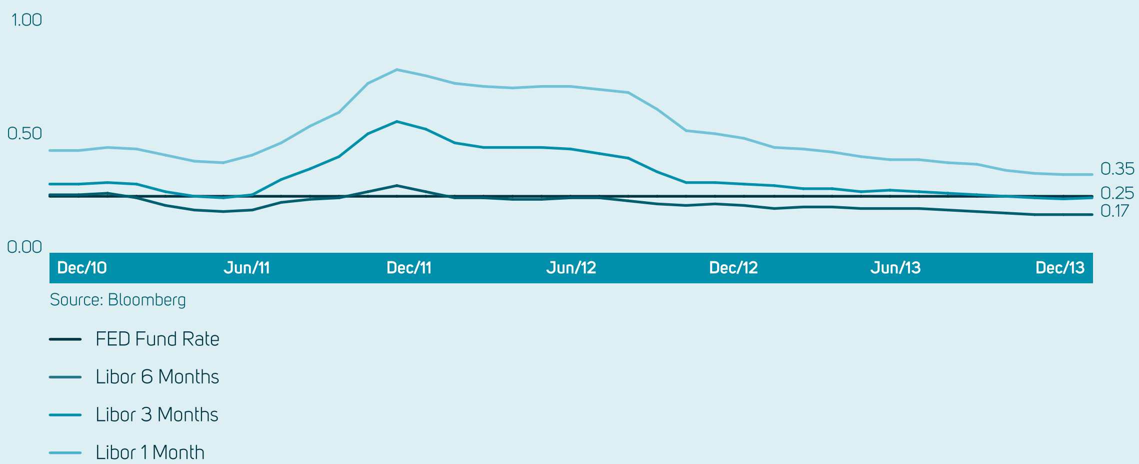
Source: Bloomberg

Regarding the U.S. public finances, the American public deficit fell from 9.3% to 6.5% of GDP, reflecting the containment of public spending and recovery in economic activity, with U.S. public debt reaching 106.0% of GDP. With fiscal policy on a consolidation path it fell to monetary policy to manage the instruments for stimulation of the economy.

With inflation at low levels (approximately 1.4%) and in the absence of inflationary pressures, throughout the year the Federal Reserve continued the asset purchasing programme (quantitative easing) defined in 2012, at the monthly rate of USD 85 billion and also kept the fed funds target rate in the range of 0% to 0.25%. However, the improvement in activity enabled the Fed to signal the tapering of quantitative easing, announced in December 2013, with an expected completion date in 2014.

EVOLUTION OF THE FED FUND RATE AND LIBOR INTEREST RATES (1M, 3M AND 6M)

Percentual points (%)



Source: Bloomberg

In terms of labour market macroeconomic data, the recovery of economic activity led to an improvement in the labour market, with unemployment dropping from 8.1% to 7.6% of the working population. However, employment growth slowed significantly in December, partly as a result of adverse winter weather conditions at the end of the year.

It should also be noted that the inflation rate stood at 1.4%, 0.7 percentage points below the rate recorded in 2012.

U.S. economic activity presents some downside risks for 2014, particularly with regard to the consequences of the recent slowdown in the labour and housing markets, driven in part by the adverse winter weather conditions at the end of 2013 and uncertainty about the recovery in economic growth.

2.01.5
TURKEY

After a slowdown in economic activity in 2012, Turkey showed renewed signs of acceleration in the first half of 2013. The performance observed in the first 6 months of the year was partly due to loose monetary policy and a significant increase in public spending, particularly investment. However, in the second half of 2013, the economic growth once again showed signs of deceleration.

According to International Monetary Fund estimates, Turkey recorded a GDP growth of 3.8% in 2013 (1.6 pp higher than the growth recorded in 2012) with positive contributions from increases of 4.2% in private consumption (motivated in part by an increase in bank lending and employment growth), 5.1% in government consumption, 3.4% in business, public and household investment and 3.5% in exports. However, the significant increase in imports of 9.3% penalized Turkish economic growth.

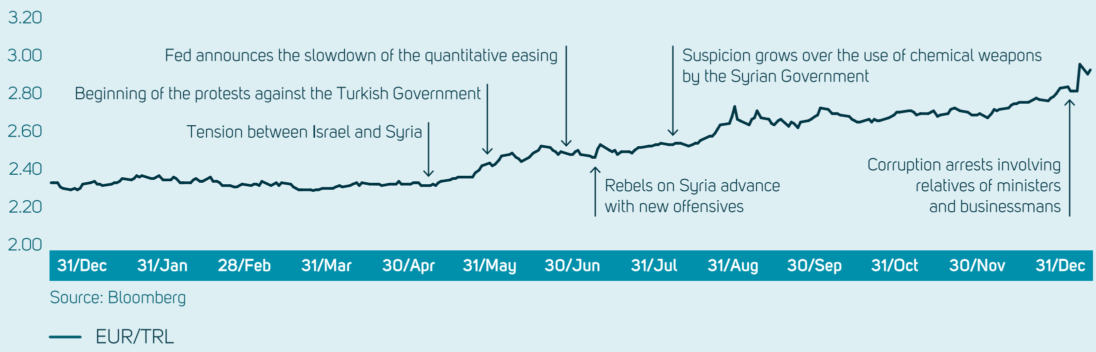
TURKEY - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	0.7%	-4.8%	9.2%	8.8%	2.2%	3.8%
Private consumption	-0.3%	-2.3%	6.7%	7.7%	-0.6%	4.2%
Government spending	1.7%	7.8%	2.0%	4.7%	6.1%	5.1%
GFCF	-6.2%	-19.0%	30.5%	18.0%	-2.7%	3.4%
GFCF - Construction sector	-6.9%	-14.7%	18.2%	10.6%	0.7%	n.a.
Exports	7.2%	-7.8%	8.8%	6.0%	13.0%	3.5%
Imports	-1.3%	-12.4%	17.6%	10.9%	-0.1%	9.3%
Inflation (CPI)	10.4%	6.3%	8.6%	6.5%	8.9%	7.7%
Unemployment rate (% total labor force)	10.9%	14.0%	11.9%	9.8%	9.2%	9.4%
Gross Public Debt (% GDP)	40.0%	46.1%	42.3%	39.1%	36.2%	36.0%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

In 2013, Turkish capital markets and the Turkish Lira experienced a steep decline from May 2013, due mainly to the Fed's policy of an asset purchase slowdown, two domestic political crises and increasing tensions over the civil war in Syria during the year.

EVOLUTION OF THE EUR/TRL EXCHANGE RATE IN 2013



Source: Bloomberg

In addition to interventions in the foreign exchange market and after following a more restrictive monetary policy, the Turkish Central Bank took more aggressive measures in January 2014, with an increase in the overnight lending rate from 7.75% to 12% and in the one-week repo rate from 4.5% to 10%.

With regard to the consequences of the macroeconomic scenario, the devaluation of the Turkish Lira will reduce private and public consumption in real terms in 2014, which will also be affected by the increase in interest rates. By contrast, in foreign trade, the depreciation of the Turkish Lira is expected to improve the competitiveness of Turkish goods and services, with economic activity redirected towards the replacement of imports by exports.

In the first half of the year, both Moody's and S&P announced an upgrade in the rating of Turkish sovereign debt and, unlike the other major rating agencies, S&P still classifies Turkey in the level below investment grade.

BEGINNING OF THE YEAR 2013

MOODY'S	S&P	FITCH
Ba1	BB	BBB-

Source: Bloomberg

CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
Baa3	16/May/13	BB+u	27/Mar/13		

Source: Bloomberg

With regard to Turkish public finances, Turkey's public debt fell from 36.2% in 2012 to 36.0% in 2013, despite the depreciation of the Turkish Lira leading to a relative increase in the book value of the debt denominated in foreign currency.

Furthermore, it should be noted that in 2013 Turkey continued to record a high level of unemployment, which stood at 9.4%.

At the end of the year, inflation continued at a high value, at 7.7%, 1.2 pp points below the inflation rate in 2012.

2.01.6
MEXICO

In 2013, the Mexican economy recorded growth of 1.2%, 2.4 percentage points below the economic growth of 2012. Although private consumption was below the previous year (2.7% compared to 4.3% in 2012), trade balance performance improved on the previous year with growth in exports of 2.6% - higher than growth in imports, which stood at 0.2%. Additionally, growth in public consumption remained 1 pp below its 2012 level, while growth in business, government and household investment stood at 0.8% (down 3.7 percentage points from 2012).

MEXICO - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	1.2%	-4.5%	5.1%	4.0%	3.6%	1.2%
Private consumption	1.7%	-7.2%	4.9%	4.4%	4.3%	2.7%
Government spending	1.1%	3.2%	2.3%	2.1%	2.2%	1.2%
GFCF	5.5%	-11.8%	0.3%	8.1%	4.5%	0.8%
GFCF - Construction sector	4.2%	-6.3%	-0.7%	3.6%	n.a.	n.a.
Exports	0.5%	-13.5%	21.6%	7.5%	3.5%	2.6%
Imports	2.9%	-18.5%	19.7%	7.1%	3.7%	0.2%
Inflation (CPI)	5.1%	5.3%	4.2%	3.4%	4.1%	3.6%
Unemployment rate (% total labor force)	4.0%	5.5%	5.4%	5.2%	5.0%	4.8%
Gross Public Debt (% GDP)	42.9%	43.9%	42.4%	43.6%	43.5%	44.0%

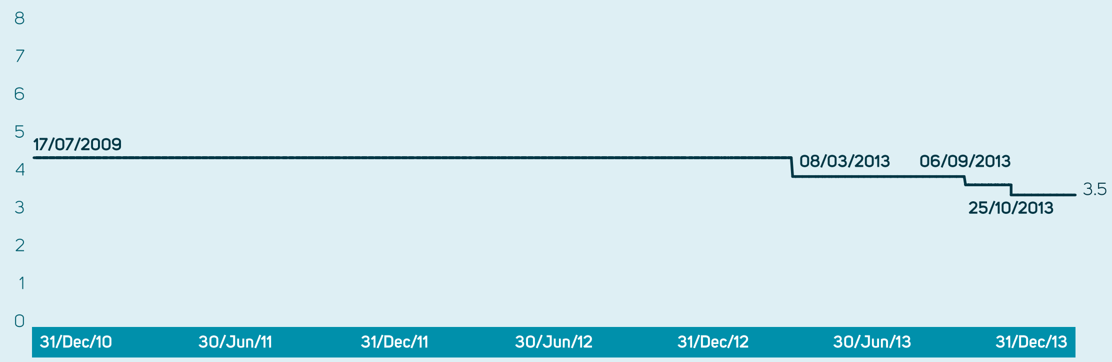
Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

According to the International Monetary Fund, the outlook for Mexican economic growth for 2014 depends on the evolution of U.S. demand, which has a direct influence on the performance of Mexican industry and on the evolution of public spending and the implementation of structural reforms. In the medium term, the IMF estimates that Mexico will grow at 3.5% to 4% on average per year, based on the estimated impact of the implemented structural reforms.

In terms of monetary policy, the Central Bank of Mexico decided to reduce interest rates for the main refinancing operations three times throughout 2013, from 4.5% to 3.5%. While monetary policy saw reductions in interest rates, inflation was 0.5 percentage points below the inflation rate of 2012.

EVOLUTION OF THE CENTRAL BANK OF MEXICO REFERENCE RATE

Percentual points (%)



Source: Bloomberg

— Central Bank of Mexico

In 2013, S&P and Fitch announced an upgrade in Mexico's sovereign debt rating, with all the major agencies classifying Mexico as investment grade.

BEGINNING OF THE YEAR 2013

MOODY'S	S&P	FITCH
Baa1	BBB	BBB

Source: Bloomberg

CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
		BBB+	19/Dec/13	BBB+	8/May/13

Source: Bloomberg

With regard to Mexico's public finances, public debt remained at moderate levels, 44.0% at year-end 2013.

The unemployment rate in Mexico dropped in 2013 - to 4.8% from 5.0% in 2012.

2.01.7
AUSTRIA

According to International Monetary Fund estimates, Austria recorded GDP growth of 0.4% in 2013 (0.5 pp below the growth recorded in 2012) with positive contributions from increased public consumption (0.1%) and the performance of Austria's trade balance with exports rising by around 2.1% against an increase of only 0.6% in imports. By contrast, the 0.2% drop in private consumption and the 0.7% reduction in business, public and household investment contributed negatively to growth in Austria in 2013.

AUSTRIA - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	1.4%	-3.8%	1.8%	2.8%	0.9%	0.4%
Private consumption	0.7%	0.9%	2.0%	0.8%	0.5%	-0.2%
Government spending	4.1%	0.7%	0.2%	0.3%	0.2%	0.1%
GFCF	0.7%	-7.8%	-1.4%	8.5%	1.6%	-0.7%
GFCF - Construction sector	0.9%	-7.1%	-3.9%	2.5%	2.5%	0.2%
Exports	1.4%	-15.6%	9.4%	6.6%	1.2%	2.1%
Imports	0.0%	-13.6%	9.1%	7.6%	-0.3%	0.6%
Inflation (CPI)	3.2%	0.4%	1.7%	3.6%	2.6%	2.2%
Unemployment rate (% total labor force)	3.8%	4.8%	4.4%	4.2%	4.3%	4.8%
Gross Public Debt (% GDP)	63.8%	69.2%	72.3%	72.8%	74.1%	74.4%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

In general, business and consumer economic confidence levels showed a trend towards growing improvement during the year 2013, despite some inconsistency with regard to their evolution. Order levels in the industrial sector recorded an upward trend, although the level of capacity utilization in Austrian industry remains at moderate levels.

In terms of the rating assigned to Austrian sovereign debt, the leading global rating agencies maintained their rating in 2013, with Moody's and Fitch classifying Austrian sovereign debt in their highest rating level.

RATINGS 2013

MOODY'S	S&P	FITCH
Aaa	AA+	AAA

Source: Bloomberg

Regarding Austrian public finances, public debt in Austria increased from 74.1% in 2012 to 74.4% in 2013, despite the one off measures that the Austrian government adopted to reduce the budget deficit in 2013 (estimated at 1.7% of GDP), namely the sale of telephone licences (about 0.7% of GDP) and revenues accruing from the tax agreement with Switzerland (about 0.3% of GDP) which offset the negative impact of support for the banking sector (about 0.6% of GDP).

Furthermore, it should be noted that, in 2013, Austria continued to record a low level of unemployment, which stood at 4.8%, registering an increase of 0.5 pp compared to 2012.

There was also a decrease in the inflation rate from 2.6% in 2012 to 2.2% in 2013, due to a slowdown in food and energy price increases.

2.01.8
CZECH REPUBLIC

According to International Monetary Fund estimates, the Czech Republic recorded a GDP drop of 0.4% in 2013 (0.8 percentage points higher than the growth recorded in 2012), with negative contributions from lower private consumption (-0.4%) and business, public and household investment (-4.0%). By contrast, the 1.4% increase in government consumption and the performance of the Czech trade balance, with exports increasing by about 2.1% for a 2.0% increase in imports, contributed positively to economic growth in the Czech Republic in 2013.

CZECH REP. - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	3.1%	-4.5%	2.5%	1.8%	-1.2%	-0.4%
Private consumption	2.8%	0.2%	0.9%	0.5%	-2.1%	-0.4%
Government spending	1.2%	4.0%	0.2%	-2.7%	-1.9%	1.4%
GFCF	4.1%	-11.0%	1.0%	0.4%	-4.5%	-4.0%
GFCF - Construction sector	-1.9%	-4.1%	-0.1%	-5.0%	-5.3%	-7.5%
Exports	4.0%	-10.9%	15.4%	9.5%	4.0%	2.1%
Imports	2.7%	-12.1%	15.4%	7.0%	2.3%	2.0%
Inflation (CPI)	6.3%	1.0%	1.5%	1.9%	3.3%	1.8%
Unemployment rate (% total labor force)	4.4%	6.7%	7.3%	6.7%	7.0%	7.4%
Gross Public Debt (% GDP)	28.7%	34.2%	37.9%	41.0%	45.9%	47.6%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

In terms of GDP growth over the year, in the third quarter of 2013 GDP in the Czech Republic grew by 0.2%, thus confirming the recovery that had started in the second quarter. Additionally, according to the Czech Statistical Office, the Czech Republic's GDP has grown 1.4% in the fourth quarter, contributing to a favourable growth expectation for 2014, based on the recovery in the global economy. With regard to the expectation of growth in export-oriented sectors, the devaluation of the Czech Koruna and the gradual acceleration of the economies of its European Union partners are the main drivers of growth for 2014.

In terms of the rating assigned to Czech sovereign debt, the leading global rating agencies maintained their ratings in 2013.

RATINGS 2013

MOODY'S	S&P	FITCH
A1	AA-	A+

Source: Bloomberg

Regarding Czech public finances, the Czech Republic's public debt increased from 45.9% in 2012 to 47.6% in 2013 and the budget deficit reached 2.7% in 2013, mainly due to budget consolidation measures (about 0.7% of GDP) and a reduction in public investment of 9% on the previous year.

In terms of monetary policy, the Central Bank of the Czech Republic kept interest rates for the main refinancing operations at 0.25%. However, it proceeded to weaken the Czech Koruna, signalling its intention to maintain a monetary policy in support of the economy during the year 2014. Despite the decrease in the inflation rate from 3.3% in 2012 to 1.8% in 2013, the Consumer Price Index rose significantly in December. However, the gradual disappearance of the effect of the increase in indirect taxes as well as the reduction of regulated electricity prices should control the evolution of inflation in 2014.

Additionally, with respect to macroeconomic variables for the labour market, it should be noted that the unemployment rate in the Czech Republic increased from 7.0% in 2012 to 7.4% in 2013, in line with upward trend recorded since 2011.

2.01.9
HUNGARY

Having gone back into recession in 2012, Hungary recorded GDP growth of 0.2% in 2013 (1.9 pp above the growth recorded in 2012) with positive contributions from increased public consumption (1.1%), increased business, public and household investment (3.2%) and the performance of the trade balance with exports rising by around 2.2% against an increase of 1.2% in imports. On the other hand, private consumption showed zero growth in 2013, which was, however, an increase of 1.6 percentage points when compared to 2012.

HUNGARY - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	0.9%	-6.8%	1.3%	1.6%	-1.7%	0.2%
Private consumption	-0.7%	-6.6%	-3.0%	0.4%	-1.6%	0.0%
Government spending	1.1%	0.7%	-1.2%	0.0%	-1.2%	1.1%
GFCF	2.9%	-11.1%	-8.5%	-5.9%	-3.7%	3.2%
GFCF - Construction sector	2.2%	-5.9%	-13.7%	-13.3%	-9.1%	4.3%
Exports	4.2%	-12.7%	17.0%	9.9%	3.1%	2.2%
Imports	4.3%	-17.1%	15.2%	6.8%	2.3%	1.2%
Inflation (CPI)	6.1%	4.2%	4.9%	3.9%	5.7%	2.4%
Unemployment rate (% total labor force)	8.0%	10.5%	10.9%	10.9%	10.9%	11.3%
Gross Public Debt (% GDP)	73.0%	79.8%	81.8%	81.4%	79.2%	79.8%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

In 2013, investment showed positive growth, again mainly due to the increase in public investment as well as the acceleration of private investment as a result of the allocation of funds by the European Union and the funding for growth programme, particularly for SMEs.

In terms of the rating assigned to Hungarian sovereign debt, the leading global rating agencies maintained their ratings in 2013 at levels below investment grade.

RATINGS 2013

MOODY'S	S&P	FITCH
Ba1	BB	BB+

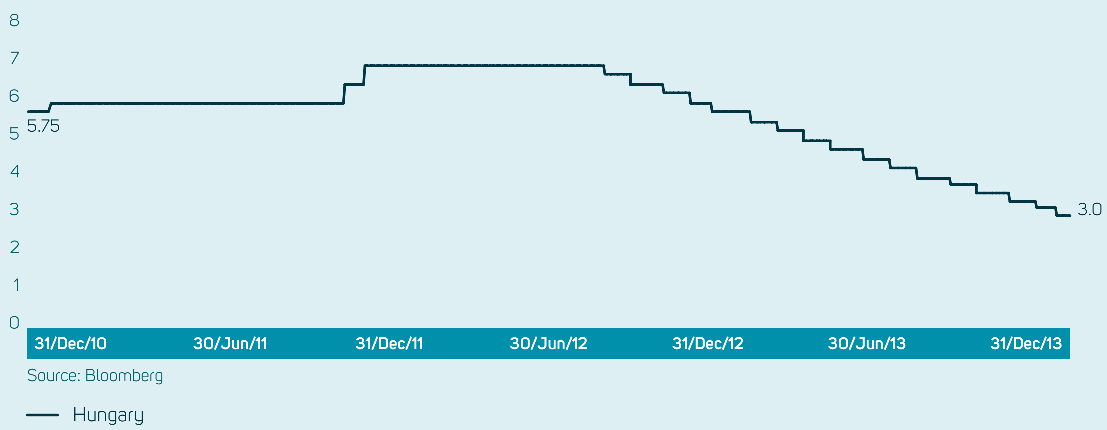
Source: Bloomberg

Regarding Hungarian public finances, public debt in Hungary increased from 79.2% in 2012 to 79.8% in 2013 and the budget deficit reached 2.4% in 2013 (below the target of 2.7% of GDP), as a result of: (i) fiscal consolidation measures, including higher taxes and contributions to Social Security (about 0.15% of GDP); (ii) one-off measures, including changes to the accounting method for co-payments of European Union Funds (about 0.1% of GDP) and (iii) savings made by public agencies.

In terms of monetary policy, the Central Bank of Hungary maintained the trend of reducing interest rates for the main refinancing operations, with a reduction from 5.75% at the end of 2012 to 3.0% at year-end 2013. Despite the expansionary monetary policy, the inflation rate was at 3.3 pp below the inflation recorded in 2012, as a result of reductions in the regulated price of electricity and other utilities, as well reduced prices of imported goods.

EVOLUTION OF THE CENTRAL BANK OF HUNGARY REFERENCE RATE

Percentual points (%)



Source: Bloomberg

Additionally, with respect to macroeconomic variables for the labour market, it should be noted that the unemployment rate in Hungary increased from 10.9% in 2012 to 11.3% in 2013, following stabilization at 10.9% the previous three years. However, according to the Labour Force Survey, the unemployment rate in the last quarter of the year was below 10%, due in part to the expansion of the Public Work Scheme and increasing transparency in the economy.

2.01.10
ROMANIA

According to International Monetary Fund estimates, Romania recorded GDP growth of 2.0% in 2013 (1.3 pp higher than the growth recorded in 2012) with positive contributions from increased public consumption (0.9%) and the performance of Romania's trade balance with exports rising by around 6.6% (mainly driven by an increase in industrial and agricultural production) against an increase of only 2.3% in imports. By contrast, the 1.5% drop in private consumption and the 2.7% reduction in business, public and household investment contributed negatively to growth in Romania in 2013.

ROMANIA - REAL GROWTH RATE (%)

	2008	2009	2010	2011	2012	2013E
GDP	7.3%	-6.6%	-1.1%	2.2%	0.7%	2.0%
Private consumption	9.0%	-10.1%	-0.3%	1.1%	1.1%	0.9%
Government spending	7.2%	3.1%	-4.7%	0.2%	1.7%	-1.5%
GFCF	15.6%	-28.1%	-1.8%	7.3%	4.9%	-2.7%
GFCF - Construction sector	20.3%	-28.7%	11.3%	n.a.	n.a.	n.a.
Exports	8.3%	-6.4%	13.2%	10.3%	-3.0%	6.6%
Imports	7.9%	-20.5%	11.1%	10.0%	-0.9%	2.3%
Inflation (CPI)	7.8%	5.6%	6.1%	5.8%	3.3%	4.5%
Unemployment rate (% total labor force)	5.8%	6.9%	7.3%	7.4%	7.0%	7.1%
Gross Public Debt (% GDP)	13.6%	23.8%	31.1%	34.4%	38.2%	38.2%

Source: IMF (Economic Outlook - October 2013), AMECO (February 2014).

In the first half of 2013, GDP growth was about 1.8%, due in part to the positive contribution of exports in the automotive industry. However, the positive external trade performance was offset in part by poor performance in private demand, with private consumption stagnating and investment contracting in the first six months of the year. In the second half-year, good performance in the harvest contributed to an acceleration of economic growth in agricultural output.

In terms of the rating assigned to Romanian sovereign debt, the leading global rating agencies maintained their ratings in 2013 although, unlike the other major rating agencies, S&P still classifies Romania in the level below investment grade.

RATINGS 2013

MOODY'S	S&P	FITCH
Baa3	BB+	BBB-

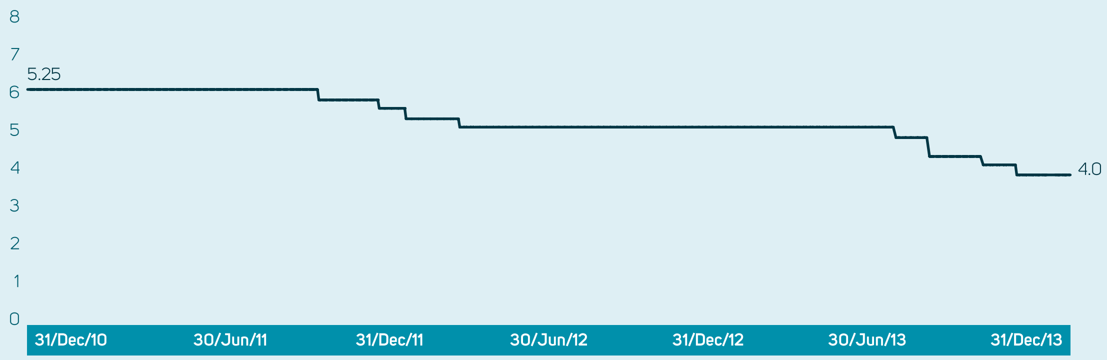
Source: Bloomberg

Regarding the Romanian public finances, in 2013 Romania's public debt will have remained at a similar level than the one recorded in 2012 (38.2% of GDP) while the budget deficit will have reached 2.6% (0.4 pp below the deficit recorded in 2012).

In terms of monetary policy, the Central Bank of Romania decided to reduce interest rates for the main refinancing operations four times throughout 2013, from 5.25% to 4.0%. In line with the expansionary monetary policy, inflation was 1.2 percentage points above the inflation rate of 2012.

EVOLUTION OF THE CENTRAL BANK OF ROMANIA REFERENCE RATE

Percentual points (%)



Source: Bloomberg

Romania

Additionally, with respect to macroeconomic variables for the labour market, it should be noted that the unemployment rate in Romania increased slightly from 7.0% in 2012 to 7.1% in 2013, as a result of lower self-employment, partially offset by a marginal increase in salaried employment.

2.02
ASCENDUM - FINAL PERFORMANCE 2013

The ASCENDUM Group's operates, essencially, in three major business areas - construction and industrial equipment, infrastructure equipment and vehicles (cars and trucks). The Group operates in 14 countries:

ASCENDUM, S.A.

Contruction and Industrial Equipment	Infrastructure Equipment	Vehicles (cars and trucks)
Portugal, Spain, USA, Turkey, Mexico, Central Europe(*)	Portugal, Spain, Turkey	Portugal

(*) Austria, Czech Republic, Romania, Hungary, Croatia, Slovakia, Slovenia, Moldavia and Bosnia-Herzegovina

In 2013, the Construction and Industrial equipment segment was, once again, the largest contributor to the Group's Turnover, accounting for 92%, with Turkey being the leading geographical platform in ASCENDUM's operations (38%), followed by the Iberian Peninsula (30%) and the Americas - USA and Mexico - (27%).

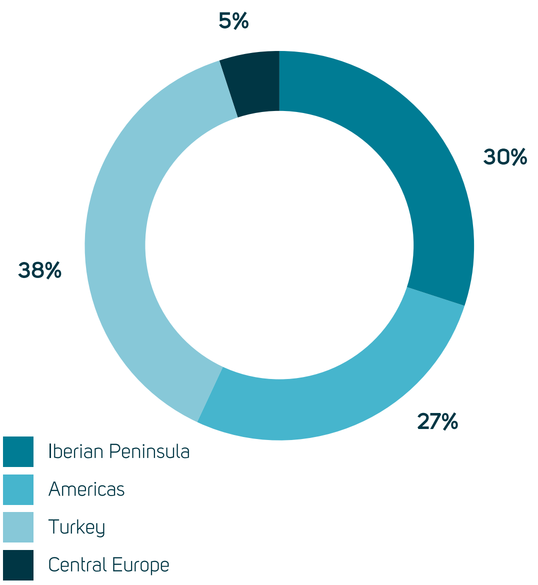
BUSINESS AREA

Unit: thousands of euros

	IBERIAN PENINSULA	AMERICAS	TURKEY	CENTRAL EUROPE	TOTAL
Construction and Industrial Equipment	119,119	152,407	210,662	29,139	511,326
Infrastructure Equipment	11,456	n.a.	865	n.a.	12,320
Vehicles	35,276	n.a.	n.a.	n.a.	35,276
TOTAL	**165,850**	**152,407**	**211,527**	**29,139**	**558,923**

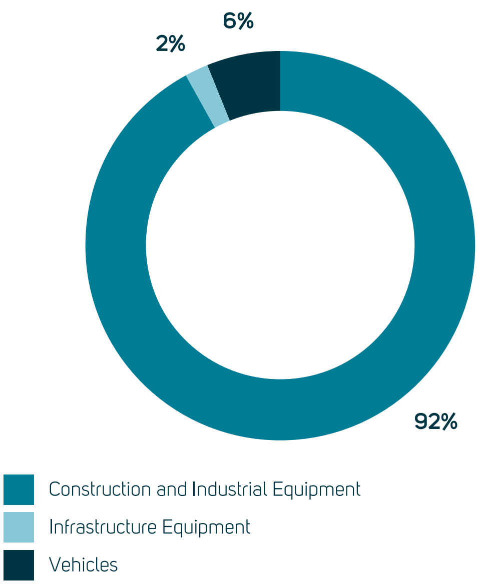
TURNOVER (2013)

559 million euros



TURNOVER (2013)

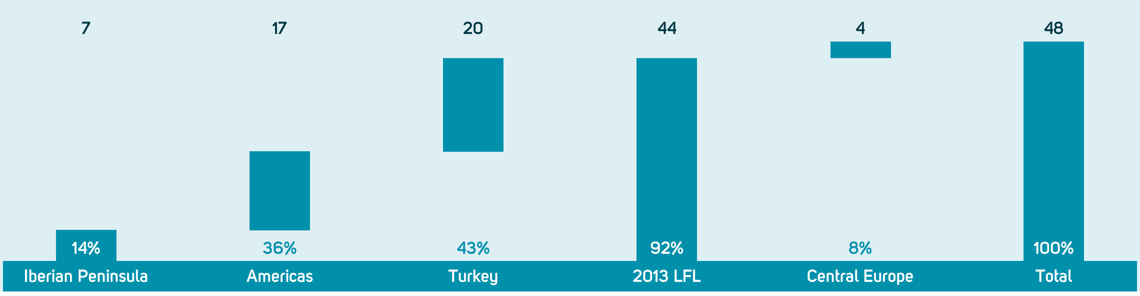
559 million euros



With regard to EBITDA, Turkey and the Americas (USA and Mexico), were the main contributors to the ASCENDUM Group's total, accounting for 43% and 36%, respectively.

CONTRIBUTION OF EACH GEOGRAPHIC PLATFORM FOR ASCENDUM GROUP EBITDA

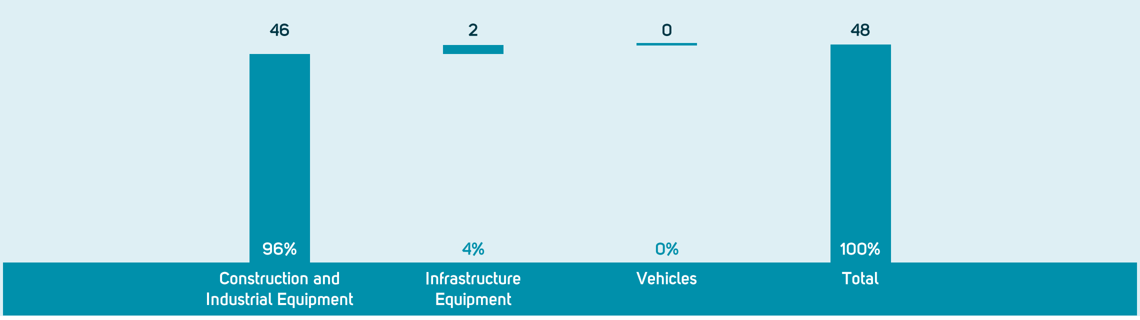
million euros / % total EBITDA 2013



In parallel, the Construction and Industrial Equipment segment was again the leading business area in ASCENDUM's operations (96%), followed by the Infrastructure Equipment segment (4%).

CONTRIBUTION OF EACH BUSINESS AREA FOR ASCENDUM GROUP EBITDA

million euros / % total EBITDA 2013

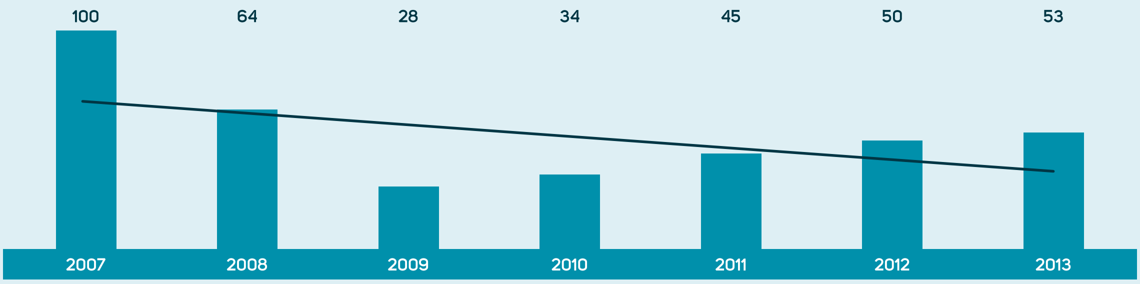


2.02.1
CONSTRUCTION AND INDUSTRIAL EQUIPMENT

The construction and industrial equipment markets where the ASCENDUM Group operates were severely affected by the financial crisis felt worldwide. In 2013, the Group's addressable market accounted for only about 53% of the levels recorded in 2007 in spite of the 7% increase recorded in unit sales compared to 2012, as a result of the gradual recovery in the sectors contributing to the ASCENDUM Group's activity.

ASCENDUM GROUP ADDRESSABLE MARKET INDEX EVOLUTION

Historical peak year 2007 = 59,038 units (index 100 = 2007)

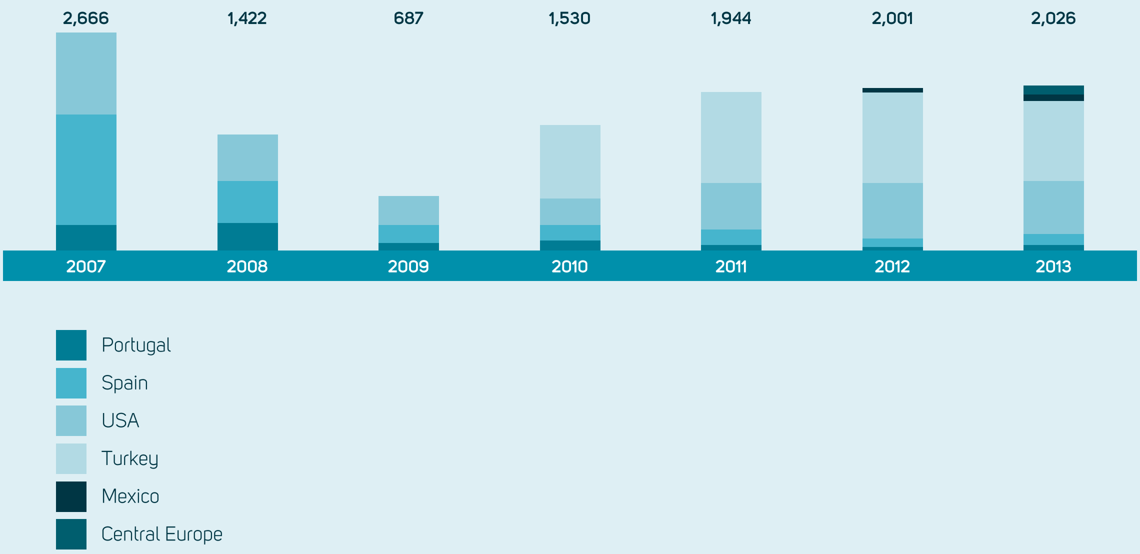


Note: the addressable market is based on the sum of the new units sold in all the geographies, regardless of the year of Ascendum entrance.

As a result, in 2013, in terms of like for like, the ASCENDUM Group recorded a decrease in unit sales of 67% compared to 2007 (Portugal, Spain and the USA).

ASCENDUM GROUP NUMBER OF UNITS SOLD EVOLUTION

Historical peak year 2007 = 59,038 units (index 100 = 2007)

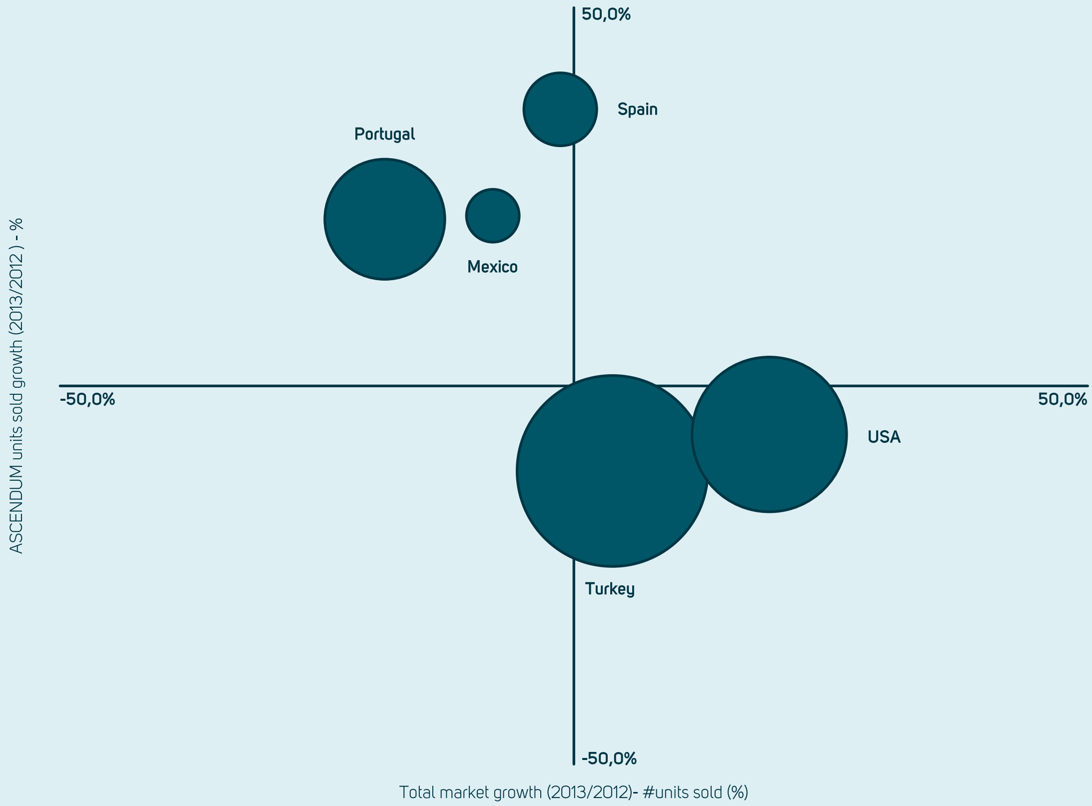


In terms of market shares for the GPE, CSE and Road Machinery segments, the ASCENDUM Group recorded the following performance in 2013 in each of the geographical platforms:

2013	PORTUGAL[1]	SPAIN[2]	USA	TURKEY	MEXICO	CENTRAL EUROPE[3]	TOTAL[4]
TOTAL MARKET	**592**	**733**	**13,455**	**9,899**	**2,750**	**928**	**28,357**
ASCENDUM UNITS SOLD	**100**	**125**	**655**	**955**	**77**	**114**	**2,026**
GPE	75	93	446	727	37	61	1,439
CSE	10	23	135	137	25	47	377
Road Machinery	15	9	74	91	15	6	210
MARKET SHARE	**16.9%**	**17.0%**	**4.9%**	**9.6%**	**2.8%**	**12.3%**	**7.1%**
GPE	31.0%	31.3%	14.0%	14.0%	3.7%	20.4%	19.1%
CSE	21.0%	6.1%	1.4%	3.3%	1.7%	8.1%	6.9%
Road Machinery	4.0%	15.0%	11.7%	17.6%	4.6%	12.8%	10.9%

Note: the figures presented correspond, essentially, to new Volvo machines
[1] Data related to ASCENDUM III Máquinas
[2] Data related to Volmaquinaria
[3] Figures correspond to the period between October and December of 2013 (Austria, Czech Republic, Romania, Hungary, Croatia and Slovakia)
[4] Average figures for the segments market share

As a result of the market contraction in 2013, the ASCENDUM Group gained market share in all the markets where it operates exception made for Turkey and the USA; in the Turkish case, this situation relates to the predominance of local producers, the fierce competition af other dealers and the competition from Japanese whose prices benefited from the depreciation of the yen.



2.02.1.1 PORTUGAL

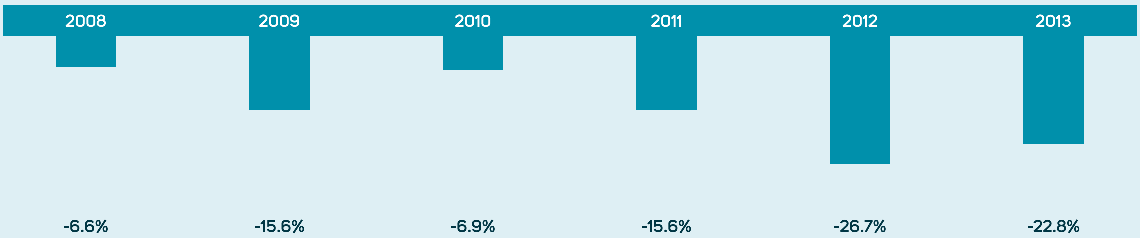
As in 2012, 2013 was once again reflected in a worrying set of indicators, with the construction industry being one of the sectors most affected by the debt crisis experienced in Portugal.

In addition to the freezing of credit by banks and the consequent impact on the execution of works projects, the MoU of April 2011 put a brake on public investment, preventing the state from taking on new commitments.

According to FEDICOP data, cement consumption in the national market recorded a cumulative drop as of October 2013 of 25.2%, with the expectation of "a record low" in 2013. In turn, in the construction industry, cement sales fell by 22.8% (-26.7% in 2012).

CONCRETE SALES FOR THE CONSTRUCTION SEGMENT

% growth when compared to previous year

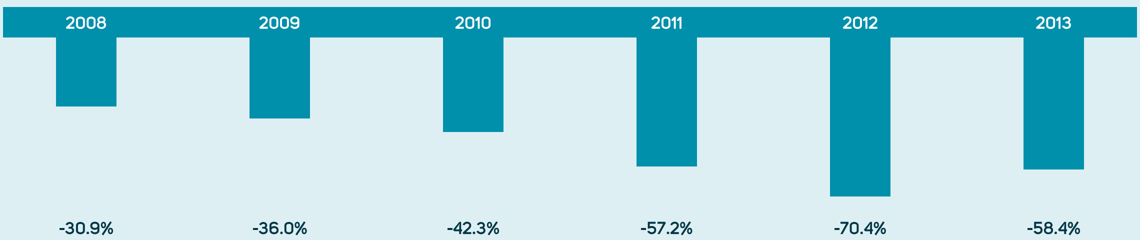


Source: GEE - Indicadores de Actividade Económica (11th of February of 2014)

Also in construction, we have witnessed, since 2002, a cumulative reduction of around 319,693 jobs, a fall of about 53% in the sector.

Awards of public works contracts as of October 2013 decreased by 27.8% and, at the same time, the volume of public works contracts contracted by about 10% (less than half the figure recorded in 2011, according to AICCOPN). The total of contracts awarded was approximately 53% of total contracts put out to tender.

CONSTRUCTION CONFIDENCE INDEX

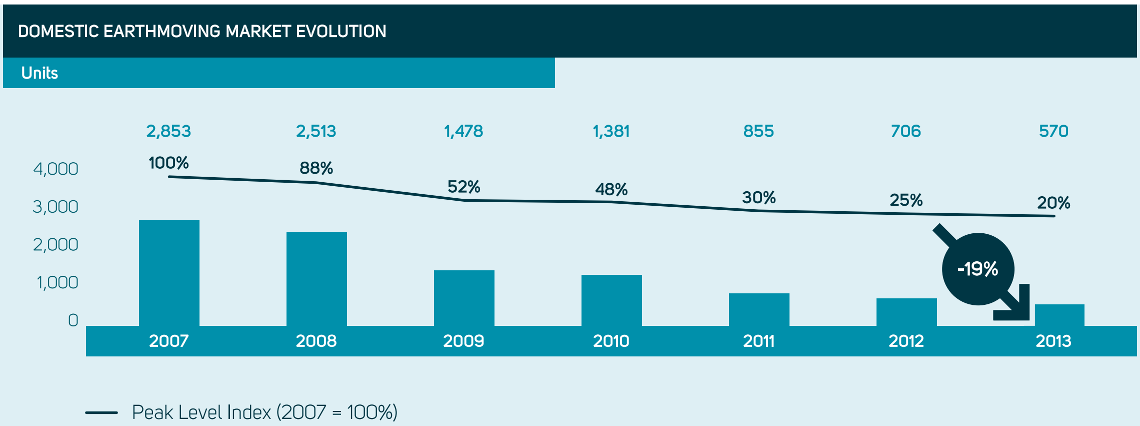


Source: GEE - Indicadores de Actividade Económica (11th of February of 2014)

The construction output index in Portugal recorded successive falls throughout the year with an average decrease of 16.3% when compared to 2012. The decrease in the output index were recorded in both the construction of buildings (-14.3% compared to 2012) and in civil engineering (-14.5% compared to 2012).

At the same time, the number of building permits in the first nine months of 2013 decreased by 29.5% yoy. In terms of non-residential buildings, in the same period there was a 2.9% decrease, highlighting a reduction in the licensed area in non-commercial and commercial buildings and rise in buildings for agriculture and tourism. As a way of mitigating the sharp falls in operations developed in the national territory, the trend was for construction companies to enhance their operations in foreign markets.

The domestic earthworks market fell 19% in 2013, with around 570 unit sales (706 units sold in 2012). The heavy machinery segment fell approximately 21.7% when compared to 2012, with a total of 404 units sold in 2013, with the decrease in sales of industrial plant (27% compared to 2012) and hydraulic excavators (11.2% YoY) being determinant to this negative trend.



The light equipment market fell 12.6% when compared to 2012, with compact wheel loaders contributing with a decrease of 15.9% and compact crawler excavators with a decrease of 11%. Similarly, the compacting machinery market in 2013 recorded a decrease of 19.6% by contrast with the 120% increase recorded in the pavers segment.

The loading machinery segment recorded in 2013 yoy growth of 21.2% as a result of sales increases of 31.7% in diesel forklifts and 25.9% in electric forklifts.

In Portugal, the ASCENDUM Group operates in this sector through ASCENDUM III Máquinas, the company that directly distributes and sells Volvo construction equipment and industrial machinery across the country, to diverse sectors such as construction and public works, forestry, recycling, load handling, etc. In parallel, the ASCENDUM III Máquinas also offers to its customers rental services and after-sales support.

With regard to ASCENDUM III Máquinas's activity in 2013, we highlight the merger of Volrent (a company specialized in the rental of equipment for construction and public works rental of equipment in Portugal) in ASCENDUM III Máquinas, both companies 100% owned by ASCENDUM Portugal, with the aim of increasing synergies between the complementary businesses of the two companies.

In operational terms, 2013 was very favourable, essentially as a result of actions taken under the Follow the Customer programme - more specifically, in Equatorial Guinea, where ASCENDUM III Máquinas supports a customer involved in a range of public works, ranging from construction of the country's future international airport to roads, bridges, viaducts and several other urban infrastructure projects. Accordingly, ASCENDUM III Máquinas's turnover increased by 26% when compared to 2012 (equivalent to 9.0 million Euros), reaching around 43.2 million Euros in 2013.

In terms of business segments, the commercial area recorded a positive performance of about 43% ending the year with a turnover of 27.8 million Euros (about 64% of the company's total turnover). In terms of volume, ASCENDUM III Máquinas sold 100 units in 2013 (+26% when compared to 2012), excluding light equipment and load handling machinery.

As a result, ASCENDUM III Máquinas ended 2013 with a GPE market share of 31% (26% in 2012), 21% in CSE (6% in 2012) and 4% in RM (6% in 2012).

The after-sales business area recorded in 2013 a turnover of 14.0 million Euros, 5.3% below the sales registered in 2012 (14.8 million Euros), thus contributing for 32% of ASCENDUM III Máquina total turnover.

Rentals, as a result of the merger of ASCENDUM III Máquina with Volrent, achieved a total turnover of about 1.4 million Euros, representing, in 2013, approximately 3% of ASCENDUM III Máquina a total turnover.

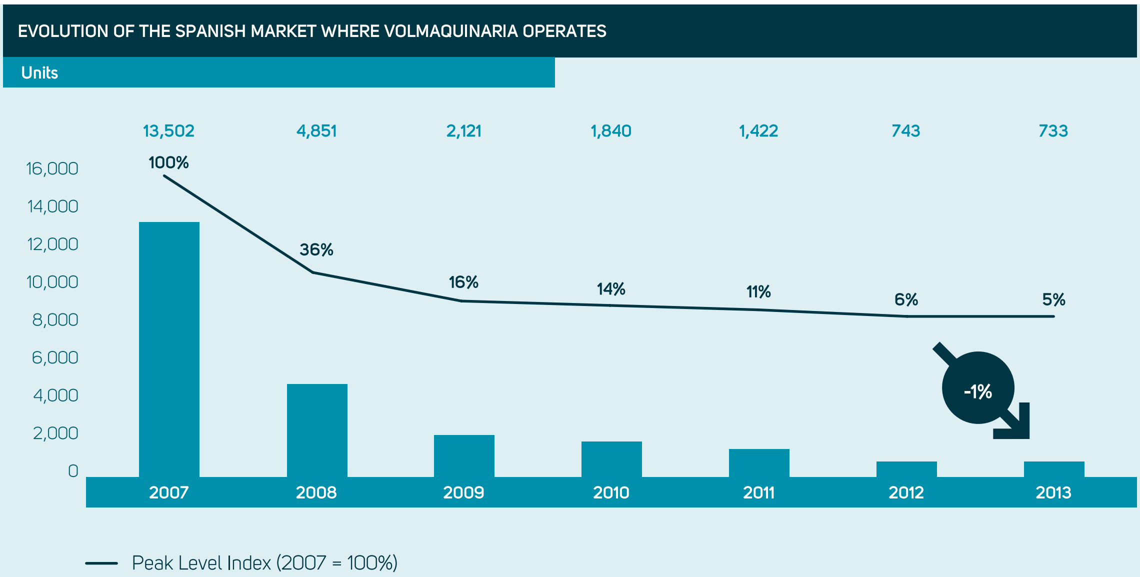
In summary, the following table shows ASCENDUM III Máquina performance in terms of sales in 2013:

Million Euros	2012	2013	Δ (2013/2012)
New machines	16.0	21.2	32.7%
Used machines	3.4	6.6	90.4%
After sales	14.8	14.0	-5.3%
Rent	0.0	1.4	-
TOTAL TURNOVER	**34.2**	**43.2**	**26.2%**

In 2014, the ASCENDUM Group intends to continue to invest in the competences that ensure the external operations linked to the Follow the Costumer programme, to support any customer, wherever he may be.

2.02.1.2 SPAIN

In Spain, after five consecutive years of decline in the construction and public works sector, the market seems to be showing signs of recovery, and remained at levels similar to those recorded in 2012, with a decrease of only 1% yoy. However, compared to 2007, the market recorded a fall of 95% in total construction equipment units sold (733 machines in 2013 vs. 13,502 machines in 2007).



Volmaquinaria is the ASCENDUM Group company responsible for the import and distribution of Volvo Construction Equipment in Spain; it operates directly in Madrid, Barcelona, Granada, Valladolid and Galicia. Through a vast network of agents, Volmaquinaria develops its activity by offering a wide range of products and services, and its major customers consider it to be one of the highest quality companies in Spain.

Given the difficult macroeconomic and market context experienced in 2013, and as in 2012, Volmaquinaria focused its efforts during the year on two lines of action:

1. Maintenance of market shares – as a result of the gradual market recovery and the efforts made in terms of the sales force, Volmaquinaria saw its overall market share increase five percentual points, from 12% in 2012 to 17% in 2013;

2. Reduction of operating costs – because of the need to adapt the operational structure to the new market situation, Volmaquinaria proceeded the optimization of its its human resources structure through the implementation of the ERE (Expediente de Regulación de Empleo). As a result, the human resources structure of Volmaquinaria went from 121 employees in 2012 to 94 employees at year-end 2013 (decrease of 27 employees). At the same time, a reduction in working hours was applied, with a corresponding reduction in current salaries (-30% on the totals before application of the ERE), to the existing human resources structure.

With respect to market shares, Volmaquinaria showed improved levels of market penetration, exception made for the CSE segment (- 1pp compared to 2012):

MARKET SHARE	2012	2013
GPE	20%	31%
CSE	7%	6%
Road Machinery	1%	15%
TOTAL	**12%**	**17%**

As a result, Volmaquinaria's turnover (excluding intra-group sales) increased by 14.0% when compared to 2012, from 31.7 to 36.2 million Euros:

Million Euros	2012	2013	Δ (2013/2012)
New machines	12.5	16.5	31.7%
Used machines	3.0	4.4	47.7%
Rent	1.2	1.5	24.9%
After sales	15.1	13.8	-8.1%
TOTAL TURNOVER	**31.7**	**36.2**	**14.0%**

Volmaquinaria's increased market share resulted in a growth of about 32% in turnover of new machines compared to 2012 (16.5 million Euros in 2013 compared to 12.5 million Euros in 2012); it should be noted that, in parallel, there was strong growth in the used machinery segment (approximately 48% yoy), with turnover of around 4.4 million Euros (3.0 million Euros in 2012). Moreover, with regard to the rental segment, the difficulties faced by customers in obtaining financing resulted in an increase in demand for rental solutions, which was reflected in growth in sales of about 25% compared to 2012 (1.5 million Euros in 2013 compared to 1.2 million Euros in 2012).

Due to the deterioration in retail financing conditions and the lack of customer investment capital, the Spanish market saw an increase in demand for machines in the used and rental segment, a trend that is expected to be mantained in the near future.

2.02.1.3 USA

In the USA, the ASCENDUM Group operates through ASC Construction Equipment USA, Inc., a company established in 2004 following the ASCENDUM Group's acquisition of the assets of Saba Holding (a Volvo Group company), the company that then owned the distribution of Volvo construction equipment for an enormous area of the country, including the States of North and South Carolina, Alabama, Georgia and Tennessee.

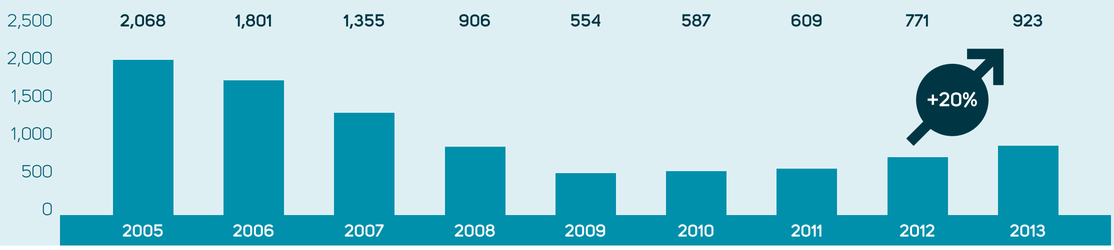
With activity in the business segments related to the sale, rental and after-sales service of Volvo Construction Equipment, ASC USA is recognized as the largest Volvo dealer in North America since 2005, since when it has received many prizes, both in the finance area and in the technical area, in Volvo dealership associations.

In 2013, with regard to the North American construction equipment market, despite the uncertain climate throughout the year, resulting primarily from the impact of the change in US monetary policy, which led to a reduction in the pace of asset buying, the North American construction equipment market, in line with what had been happening since 2010, recorded an increase in activity, resulting mainly from the contribution of the residential construction sector.

In this context, the recovery of the US economy and consequent increase in private consumption and decrease in financing costs, stimulated demand, with 923,000 new buildings recorded in 2013, compared to 771,000 recorded in 2012 (+20%). Despite the recorded growth, the number of new buildings in 2013 represented only 45% of the amount achieved in 2005 (peak year). As in 2012, the segment related to multifamily housing proved to be the most significant in most parts of the country during the year 2013.

NUMBER OF HOUSING STARTS EVOLUTION

Units (thousands)

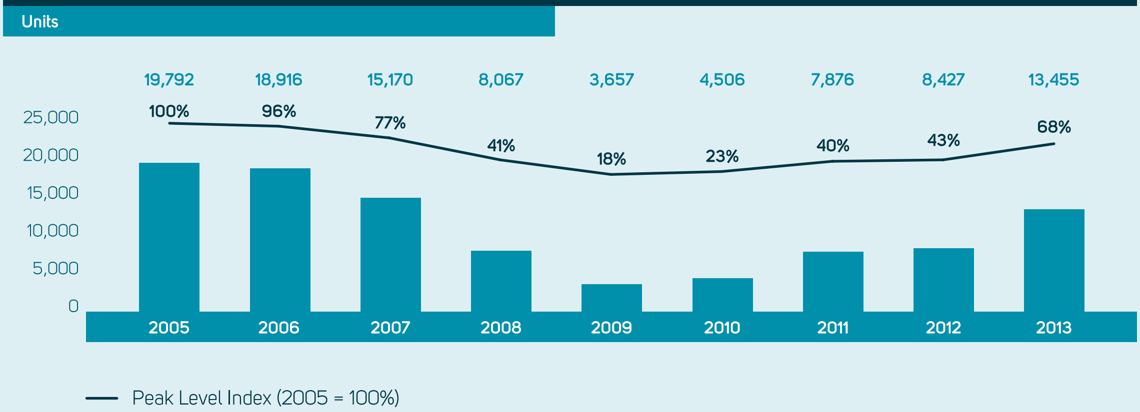


In turn, the non-residential sector decreased by 1% when compared to 2012, mainly due to the decrease recorded in the private sector (1.7% compared to 2012). The increase in construction projects related to commercial buildings, offices and hotels failed to offset the reduction in works related to the energy segment (-25.7% compared to 2012).

With regard to the territory in which ASC USA operates, the number of units sold in 2013 increased by about 20% on a like for like basis (excluding North Dakota) compared to 2012, with demand reaching about 10,127 units (13,455 including North Dakota).

Despite the recorded growth, the market is still a long way from the sales levels recorded in the period 2004 to 2007, with the number of units sold in 2013, on a like for like basis (excluding North Dakota), at 51% of the value achieved in 2005 (peak year) (68% including North Dakota).

EVOLUTION OF THE NORTH-AMERICAN MARKET WHERE ASC USA OPERATES



As a result of the structure optimization efforts, the gradual improvement of the market and the geographical expansion into North Dakota, ASC USA's turnover in 2013 recorded an increase of 16.5% when compared to 2012, totalling about 183.8 million dollars (138.3 million Euros):

Million US Dollars	2012	2013	Δ (2013/2012)
New and used machines	107.3	125.5	16.9%
Rent	14.7	18.7	26.9%
After sales	35.6	39.6	11.0%
TOTAL TURNOVER	**157.7**	**183.8**	**16.5%**

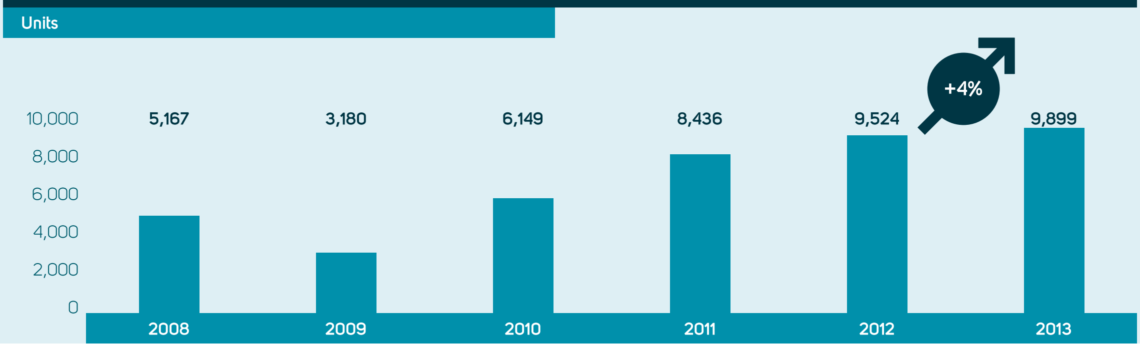
Sales of new and used machines increased by about 17% in 2013 yoy, due, in particular, to the recovery in the residential market. Meanwhile, with regard to the rental segment, the lack of customer investment capital continued to feed, as in 2012, demand for rental solutions resulting in an increase in sales relative to rentals of about 27% compared to 2012.

2.02.1.4 TURKEY

On 30 June, 2010, the ASCENDUM Group acquired from two of the subsidiaries of Volvo Construction Equipment A.B. (VTC Holding Holland N.V. and Volvo Automotive Holding B.V.), the import and distribution operations of Volvo CE in Turkey.

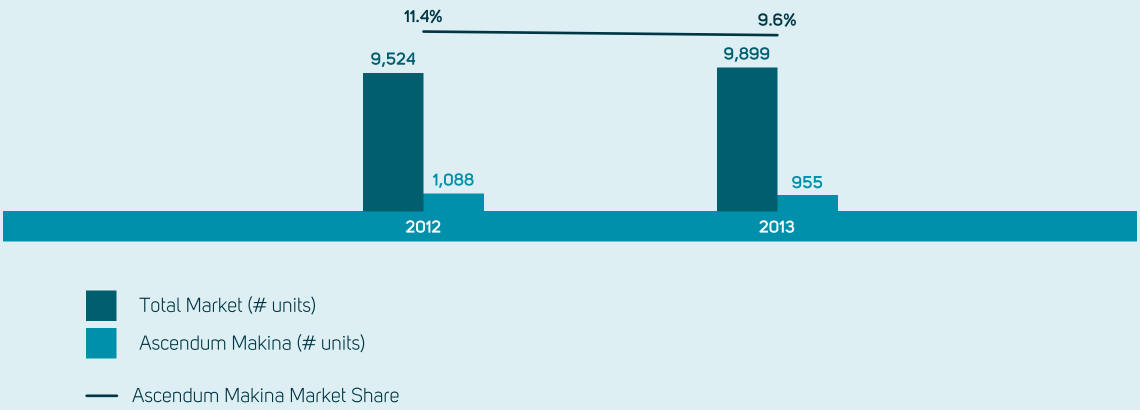
Despite the turbulence experienced in Turkey throughout 2013, mainly due to: (i) the political crisis which affected the country (a corruption scandal that led to the resignation of the Ministers of the Economy, Interior and Environment) and affected confidence in the economy (since the country entered in an election an election period, political turnoil is affecting all sectors); (ii) the reduction in economic stimulous already initiated by the U.S. Federal Reserve (FED) and its impact on the group of countries known as BIIST (Brazil, Indonesia, India, South Africa and Turkey) and (iii) the devaluation of the Turkish Lira, demand for construction equipment, comparable to the portfolio of products marketed by ASCENDUM Makina, amounted to 9,899 units sold, recording an increase of approximately 4% on 2012.

EVOLUTION OF THE TURKISH MARKET WHERE ASCENDUM MAKINA OPERATES



Despite the growth recorded in the market, the number of units sold by ASCENDUM Makina in 2013 decreased compared to that recorded in 2012, resulting in a reduction in market share of approximately 1.8 pp, from 11.4% in 2012 to 9.6% in 2013. This fall was the result of the increasing fragmentation of the market and the fact that local producers have an increasingly strong presence compared to other players. At the same time, fierce competition from Japanese producers - who saw their prices benefit from the depreciation of the yen - as well as the aggressive pricing policy that Caterpillar has been practising in the market, together with its huge product portfolio, hindered the ASCENDUM group's activity in Turkey.

MARKET SHARE- ASCENDUM MAKINA



Based on the ASCENDUM Group's two strategic priorities, in 2013 ASCENDUM Makina:

- Diversified its activity by including agricultural machinery in its product portfolio, through the signing of a concession contract with AGCO, a globally recognized company and leader in the design, manufacture and distribution of agricultural machinery;

- As a result of this agreement, ASCENDUM Makina started marketing Massey Ferguson agricultural tractors in the southern Marmara region and Laverda agricultural harvesters in central Anatolia. Additionally, AGCO also includes brands such as Challenger, Fendt, Valtra and Gleaner in its portfolio.

In 2014, ASCENDUM Makina aims to: (i) develop partnerships with large construction companies on projects abroad (devaluation of the Turkish Lira means that exporting firms are gaining an advantage and, as such, ASCENDUM Makina intends to keep a watch on large construction companies with international contracts); (ii) focus on projects with an impact on the areas of mining, infrastructure, urban renewal and high speed.

2.02.1.5 MEXICO

Having started operations in March 2012, ASCENDUM Maquinaria México is the ASCENDUM Group company that operates in the marketing of Volvo construction equipment in Mexico.

2013 was a particularly difficult year, in which the Mexican construction equipment market reached 2,750 units sold, 8% lower than in 2012, mainly due to the failure to implement public investment programmes in infrastructure planned by the Mexican Government. Within the units sold, there were notable sales of CSE equipment with 1,430 units sold, representing about 52% of total units sold in Mexico, followed by the GPE segment, with 993 units sold (36% of the market total) and, finally, the Road Machinery segment where sales reached a total of 327 units (12% of the market total).

As a result of the deterioration in the financing conditions available for retail, the fierce competition of other player tha provide financing solutions, including rental purchase options, on very favourable terms, as well as strong pressure on prices, the ASCENDUM Group was confronted with a highly complex situation and in 2013 sold about 77 units, equivalent to an overall market share of 2.8%.

Additionally, the difficulties associated with the entrance in a new market and the creation from scratch of a network of infrastructures suitable for the territory and the business, were, again, a challenge for the ASCENDUM Group throughout 2013. As a result, ASCENDUM Maquinaria México's performance resulted in a decrease in turnover of 0.2% compared to 2012, at about 239.9 million pesos (14.1 million Euros).

Despite the business and market complexity faced by the Group during 2013, ASCENDUM Maquinaria México is cautiously optimistic for 2014, since it is estimated that the Government will start the long awaited National Infrastructure Plan, involving investment of 400 billion dollars until 2018.

In parallel, the improvement of internal processes, the sharing and implementation of the Group's best practices and its ongoing commitment to employee training, will be key elements for ASCENDUM Maquinaria México in tackling the complex challenges that characterise this market, in 2014.

2.02.1.6 CENTRAL EUROPE

In October 2013, the ASCENDUM Group began operations in nine countries in Central Europe, through: (i) the acquisition of the entire share capital of the Austrian company Volvo Baumaschinen Österreich GmbH, which in turn had 100% control of the companies in the Czech Republic, Hungary, Slovakia, Croatia and (ii) the purchase of the construction equipment division, integrated in the Romanian subsidiary of Volvo AB. In addition to these countries, the ASCENDUM Group operates in Slovenia, Bosnia-Herzegovina, and Moldova through local sub-dealers.

Based on the performance achieved by the management team in the past four years, namely in Austria, Volvo CE products remained in first place with respect to the excavators, dumpers and wheel loaders segments and in second place in compact excavators. Even so, the ASCENDUM Group will now face a challenging year, as it is expected that major competing brands will enter the Austrian market. The other markets in Central Europe achieved a variety of different results, notably the Czech Republic, followed by Hungary which, with its young and ambitious team, generated positive income following several years of negative balances. The remaining markets (Romania, Slovakia, Croatia, Moldova, Slovenia and Bosnia-Herzegovina) are under pressure from the enormous economic challenges faced by the countries themselves.

Of the total markets included in the Central European operation, the Austrian market is the main contributor, accounting for about 45% of total units sold in 2013, followed by the Czech Republic (27%) and Hungary (11%). With only three months' operations, the ASCENDUM Group sold 114 units in 2013, with GPE equipment sales leading with about 54% of total Group sales in Central Europe (Austria once again being the leader, with approximately 54% of total Group sales in Central Europe in 2013).

2013 (OCTOBER UNTIL DECEMBER)

	AUSTRIA[1]	CZECH REP.[1]	ROMANIA[1]	HUNGARY[1]	CROATIA[1]	SLOVAKIA[1]	TOTAL[2]
TOTAL MARKET	**414**	**252**	**81**	**101**	**28**	**52**	**928**
ASCENDUM UNITS SOLD	**39**	**27**	**23**	**14**	**4**	**7**	**114**
GPE	33	14	2	9	1	2	61
CSE	6	13	16	5	2	5	47
Road Machinery	0	0	5	0	1	0	6
MARKET SHARE	**9.4%**	**10.7%**	**28.4%**	**13.9%**	**14.3%**	**13.5%**	**12.3%**
GPE	19.2%	21.5%	14.3%	40.9%	6.3%	20.0%	20.4%
CSE	2.9%	7.0%	28.1%	6.7%	16.7%	11.9%	12.2%
Road Machinery	0.0%	-	50.0%	0.0%	-	-	16.7%

Note: the figures presented correspond, essentially, to new Volvo machines.
[1] Figures correspond to the period between October and December
[2] Average figures for the segments market share

Generally, and notwithstanding the challenges posed by the context of the different countries involved in the operation, in 2014, its first full year of operations in Central Europe under the Group's management, the ASCENDUM Group intends to maintain the positive results of 2013 and even achieve a slight improvement in the markets that are still more fragile but which have high growth potential, such as Romania.

In 2013, based on only three months of operations (October to December) contributing to the overall results of the ASCENDUM Group, the Central Europe operation achieved a turnover of around 29.1 million Euros (about 5% of total consolidated turnover), with the major contributors being Austria (62% of the total turnover of Central Europe), followed by the Czech Republic (20% of the total turnover of Central Europe) and Hungary (8% of the total turnover of Central Europe).

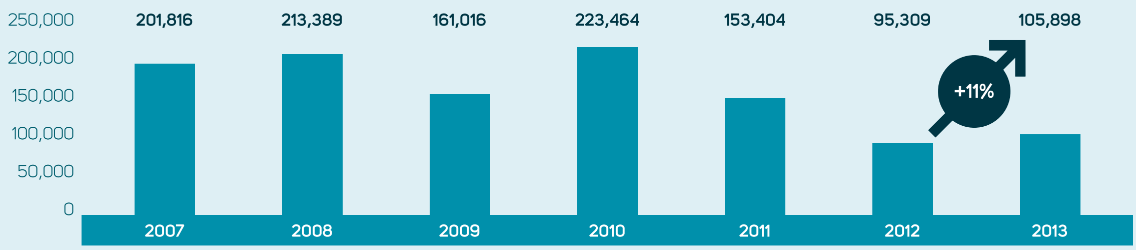
2.02.2 VEHICLES (CARS AND TRUCKS)

According to the ACEA (Association of European Automobile Manufacturers), in 2013, sales of passenger cars registered a fall of 1.7% compared to 2012, with 11,850,905 vehicles sold. This means that sales for this segment have been in decline for six consecutive years. The UK and Spain recorded growth in 2013 of 10.8% and 3.3%, respectively, when compared to 2012. Germany, France and Italy, recorded a drop of 4.2%, 5.7% and 7.1%, respectively.

In turn, Portugal recorded a increase of 11% in 2013 with 105,898 units sold in the light passenger vehicles market, 10,500 units more than in 2012.

EVOLUTION OF THE LIGHT PASSENGER CARS MARKET

Units



Source: ACAP

In the premium and luxury cars segment (including the brands marketed by ASCENDUM II Veículos - Volvo, Land Rover and Jaguar), demand increased by 9% in 2013, with 23,834 units sold, 1,980 units more than in 2012. This increase is explained, not by a sudden increase in consumer disposable income, but because of the offer on by the premium brands in the compact segment. For the range of brands sold by ASCENDUM II Veículos - Volvo, Land Rover, Jaguar, Mazda and Mitsubishi - there was an increase of 9.5%, with sales amounting to 4,922 units, compared to 4,496 units sold in 2012. The Mazda and Jaguar brands showed the highest yoy growth, 42.6% and 57.7%, respectively.

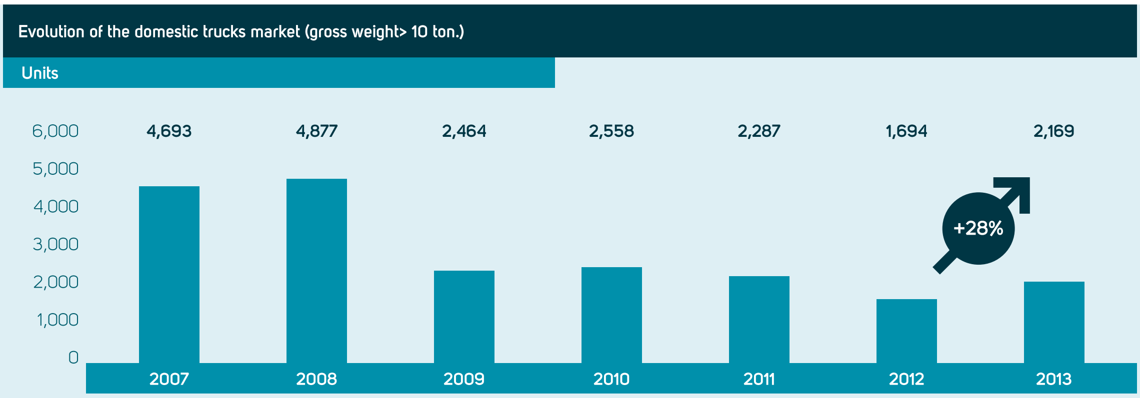
In 2013, ASCENDUM II Veículos operated in the automotive segment through four business units located in Coimbra, Viseu, Leiria and Portela de Sacavém. The performance achieved by the Group in this business area was strongly conditioned by the evolution of the market itself which, after contracting by about 38% in 2012 (compared to 2011), grew 11% in 2013 (compared to 2012). Thus, the turnover of ASCENDUM II Veículos, in the automotive segment, stood at around 19.0 million Euros, 4.8% higher than the turnover recorded in 2012.

Commercial activity sales totalled 13.9 million Euros, representing an increase of 11.9% when compared to 2012. In the after-sales segment - components and service - turnover was 5.1 million Euros (decrease of 10.5% when compared to 2012).

The following table presents a summary of the performance of ASCENDUM III Veículos in terms of sales in the automotive business area:

Million Euros	2012	2013	Δ (2013/2012)
New cars	10.3	11.4	10.7%
Used cars	2.1	2.5	17.4%
After sales	5.7	5.1	-10.5%
TOTAL TURNOVER	**18.1**	**19.0**	**4.8%**

The domestic market of heavy goods vehicles - gross weight of over 10 tonnes - grew by 28% in 2013 compared to 2012 (+475 units), reversing the downward trend that had been recorded since 2008.



Source: ASL

In the heavy goods vehicles market, the fastest growing segment was the international long haul, as a result of exports and some concentration of carrier companies. Additionally, the Special Investment Tax Credit (CEFEI), launched in mid-year 2013 to encourage investment, plus the fact that, from 2014, engines move from Euro 5 to Euro 6, led some operators to anticipate their purchases to 2013.

Volvo finished 2013 as the leader in HGVs (with gross vehicle weight exceeding 16 tonnes) in the domestic market, with 468 units licensed (mid- and high-end segment), 97% more than the previous year, and a penetration rate of 22% against 14% in 2012.

With regard to the trucks business area, ASCENDUM II Veículos recorded a turnover of 16.9 million Euros, approximately 50.2% above the turnover achieved in 2012 (11.3 million Euros). Business activity showed strong sales growth, with 109 new Volvo trucks sold, more than triple of the units sold in 2012 (35 units), resulting mainly from a special campaign that ran throughout 2013 to dispose old models and consequently launch new models (Volvo renewed its entire range of trucks within a single year).

In after sales activity (service and components) there was a decrease in sales of approximately 1.6% on the previous year, due to the reduction in heavy vehicle fleets in the market where the company operates.

The following table presents a summary of the performance of ASCENDUM III Veículos in terms of sales in the trucks business area:

Million Euros	2012	2013	Δ (2013/2012)
New trucks	3.1	9.1	3.0x
Used trucks	0.4	0.2	-56.8%
After sales	7.9	7.7	-1.6%
TOTAL TURNOVER	**11.3**	**16.9**	**50.2%**

2.02.3 INFRASTRUCTURE EQUIPMENT

With regard to the infrastructure equipment business area, the ASCENDUM Group has consolidated its position in the sector, through the geographical expansion of the business.

In 2010, despite the international economic crisis that severely affected the Iberian Peninsula in particular the ASCENDUM Group expanded its product portfolio to the business segment of equipment for airports, ports and railways, through two new investments (50%) in Spanish companies - Air-Rail and Zephir.

In 2011 another step was taken towards consolidation of the operation in this sector, through the establishment of Art Hava, an ASCENDUM Group company (50% owned by Air-Rail and 5% by ASCENDUM Makina) which is engaged in the marketing and distribution of equipment for ports, airports and railway infrastructure in Turkey. At the same time, the ASCENDUM Group also started to operate in this sector in the domestic market, developing its operations through Air-Rail Portugal.

In 2012, Air-Rail España acquired 50% of Air-Rail Polska, a company operating in the marketing and distribution of infrastructure equipment in Poland. In 2013, the ASCENDUM Group expanded to Morocco, by starting to develop its business through Air-Rail Morocco (a company 100% owned by Air-Rail España).

In 2013, due to the stagnation of the activity in this sector, the ASCENDUM Group's turnover in the infrastructure equipment business area decreased by 12.2% compared to 2012, totalling 12.3 million Euros.

2.03 SUSTAINABILITY POLICY

For the ASCENDUM Group it is important to grow but to grow sustainably because sustainability is understood as the fundamental balance between our economic, environmental and social priorities.

For this reason, the commitment to quality and respect for the environment based on all projects and services is developed responsibly.

2.03.1 ECONOMY AND INNOVATION

The ASCENDUM Group is governed by standards of excellence, working to establish close relationships with all of its customers and partners to ensure their full satisfaction and add value to its business.

In order to achieve sustainable growth, while ensuring the financial stability of the Group and the profitability of its invested capital, the ASCENDUM Group continually and systematically evaluates its results in all its operational areas.

In parallel, the ASCENDUM Group, as part of the automotive and machinery industry value chain, primarily as a distributor of Vehicles and Construction Equipment, seeks to monitor its growth through rigorous selection of partners and suppliers that offer innovative solutions for reduction of the environmental impact of the Group's activity.

An example is the case of Volvo, which has already started development of construction equipment with hybrid technology, with diesel and electric motors, which contribute to reductions in CO2 emissions and fuel consumption. Also in cars and trucks, Volvo includes greener versions in its range, in line with its long tradition of concern to reduce the environmental impact of its products and also to comply with EC Directives, in particular the Euro 5 standard. In the automotive area, all the marks that the ASCENDUM Group represents are subject to environmental impact reduction programmes.

2.03.2
ENVIRONMENT AND QUALITY

2.03.2.1 ASCENDUM PORTUGAL

In 2013 the Quality Management and Environment System was audited three times: two internal audits (June and October) and an external audit in November.

In terms of Environmental aspects- NP EN ISO 14001:2012, the following aspects were noteworthy:

a) Analysis of indoor air quality and achievement of the energy certificate for the Leiria branch;

b) Renewal of authorization for the operation of compressed air tanks in Leiria, Albergaria-a-Velha, Viseu and São João da Talha;

c) Environmental drills in the Coimbra, Leiria, Viseu and Albergaria branches;

d) Good Environmental Practice awareness raising campaigns (waste separation, minimizing consumption, use of chemicals, etc.);

e) Analysis of wastewater discharged into aquatic environment (Albergaria and Leiria) or in the public collector, in the Business Units of Coimbra (bimonthly), and Albergaria and Leiria (quarterly), and Sacavém and Viseu (semi-annual);

f) Recording and processing of environmental Accidents;

g) Monitoring of various types of consumption (electricity, water, fuel, gas);

h) Data reporting to the Portuguese Environment Agency:
  a. Completion and submission by each Business Unit of the Integrated Waste Recording Chart (MIRR);
  b. Wastewater analysis certificates and renewal of the Leiria WWTP licence;
  c. Data reporting in relation to equipment in the BUs containing fluorinated gases.

i) Data reporting to the CCDRC - Centre Regional Coordination and Development Committee (for 2012), on chimneys in the Business Units (Albergaria, Coimbra and Leiria): No. of operating hours and fuel consumed;

j) Evaluation of environmental legal compliance of the Albergaria, Coimbra, Leiria and Viseu BUs.

In terms of Quality - NP EN ISO 9001:2008, with the following highlights:

a) Extension of the Quality Management System to the new facilities of the Porto Business Unit, which transferred its operations from the facilities at Gaia to Lavra-Matosinhos;

b) Calibration of measurement and monitoring equipment used in the car, trucks and machinery workshops, which influence customer satisfaction;

c) Gauging of equipment covered by legal metrology (tachographs, weighing line, brake measuring device, compressed air tanks gauges, air weighing devices);

d) Recording and processing of non-conformities and complaints.

2.03.2.2 ASCENDUM SPAIN

In relation to quality issues for ASCENDUM Spain the following aspects are of note:

a) In 2013, the NP EN ISO 9001:2008 quality management system was audited twice, both internally and externally;

b) Air Rail was granted the approval of the Ministry of Public Works as a railway equipment workshop;

c) A new Quality Portal was created to ensure access for all employees to the required information on the company's quality department;

d) Recording and processing of complaints and non-conformities.

In relation to quality environmental for ASCENDUM Spain the following aspects are of note:

a) Qualification of 10 technicians for servicing of air conditioning systems in motor vehicles systems, under Decree-Law No. 795/2010 and Regulation (EC) No 307/ 2008;

b) Environmental awareness campaigns (separation of waste, consumption of natural resources, etc.).

c) Treatment and reuse of water in the major business units;

d) Waste management contracts with companies approved by the local authorities (Municipal Council);

e) Recording and processing of environmental accidents; Zero environmental accidents recorded in 2013;

f) Monitoring of electricity, water and fuel consumption. Adjustment of power to actual needs.

2.03.2.3 ASCENDUM MAKINA

The services offered by ASCENDUM Makina are carried out in accordance with the terms of the ISO 9001:2008 and ISO 10002:2004 standards.

ASCENDUM Makina implemented the Quality Management System (QMS) in accordance with the standards of ISO 9001:2008, with the following points worthy of note:

a) Definition of the processes required for proper operation of the QMS, its applications within the organization and procedures;

b) Determination of the criteria and methods needed to achieve maximum efficiency in processes and their control;

c) Presentation of the availability of resources and the information necessary for continued operation;

d) Monitoring, analysis and evaluation of ongoing processes and provision of inputs for their improvement.

ISO 10002:2004 provides guidance on how to handle complaints related to the company's products. This complaints handling process is one of the general quality management system processes.

ISO 10002:2004 addresses the following areas of complaints handling:

a) Providing greater customer satisfaction by creating a customer-focused environment that is open to feedback (including complaints), to improve the responsiveness of the organization and its customer service department;

b) Acquisition and appropriate implementation of resources, including staff training;

c) Identifying and responding to customer needs and expectations, through an open, effective and user-friendly complaints process;

d) Audit of the complaints handling process;

e) Reviewing the effectiveness and efficiency of the complaints handling process.

2.03.2.4 ASCENDUM CENTRAL EUROPE

In the Central Europe Group, the Austria and Slovakia companies are ISO 9001 certified, while the remaining Group companies are taking the necessary steps to achieve the same certification.

Regarding environmental certification ISO 14001, the Czech Republic and Austria are certified while the remaining countries are working towards meeting the requirements for obtaining environmental certification.

In all Group companies the following environmental actions are observed:

a) Waste separation;

b) Monthly analysis of collectors;

c) Annual external tests the collectors in all the companies;

d) Separation of hazardous waste into special containers through a service outsourced to specialized companies licensed to dispose of these types of waste;

e) Companies without environmental certification have never been fined for failure to comply with the environmental protection requirements.

2.03.3 SOCIALLY RESPONSIBLE

The ASCENDUM Group believes that it can contribute positively to the development of the communities in which it operates and it adopts the basic principle of maximum respect for local cultures, believing that it has an obligation to evaluate the impact (Environmental, Social and Economic) of its operations in the various areas in which it operates.

The ASCENDUM Group engages in a range of actions such as support for EPIS - Entrepreneurs for Social Inclusion - an organization founded in 2007 under the patronage of the Presidency of the Republic, with a contribution which goes to the Vocational Training Support Fund to provide traineeships in business environments for young people with learning difficulties at risk of dropping out of school, so that they can access training and integration in the labour market.

The results of this investment have been very positive, with many young having problems in education being able to find a career path.

epis
EMPRESÁRIOS
PELA INCLUSÃO SOCIAL

2.04
RISKS AND UNCERTAINTIES

2.04.1
LIQUIDITY RISK

Liquidity risk is defined as the risk of inability to settle or meet obligations under the defined terms and at a reasonable price.

The existence of liquidity in the Group companies requires performance parameters to be defined in the management function of that liquidity, to enable maximization of the return and minimization of the opportunity costs associated with retaining this liquidity, in a safe and efficient manner.

The ASCENDUM Group's liquidity risk management seeks to ensure:

(i) Liquidity, to guarantee continued access in the most efficient manner to sufficient funds to meet current payments on their due dates as well as any requests for funds by the deadlines set, even if these are not foreseen;

(ii) Certainty, to minimize the probability of default in repayment of any investment of funds;

(iii) Financial efficiency, to ensure that the companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short term.

The strategy adopted by the ASCENDUM Group for the management of liquidity risk is based on the following factors, among others:

(i) Financial planning and integrated financial management of the Group, based on the cash flow budgets of the various companies;

(ii) Diversification of funding sources and suitability of the maturity of commitments, in line with the rate of liquidity generation;

(iii) Suitability of maturity of financial commitments in relation to investments in non-current assets, in line with the cash generation rate of those assets;

(iv) Negotiation of short-term credit lines to address occasional cash requirement peaks.

Any surplus liquidity is used in so as to best serve the Group's liquidity and profitability objectives, either in short-term financial investments or by repaying short-term debt, in accordance with criteria of economic and financial reasonableness.

At 31 December, 2013 and 2012, the Group had net debt of 194,136,394 Euros and 136,142,042 Euros, respectively, divided between current and non-current loans and cash and cash equivalents entered into with a range of institutions. The Group has credit lines in the amount of 337 million Euros.

2.04.2
EXCHANGE RISK

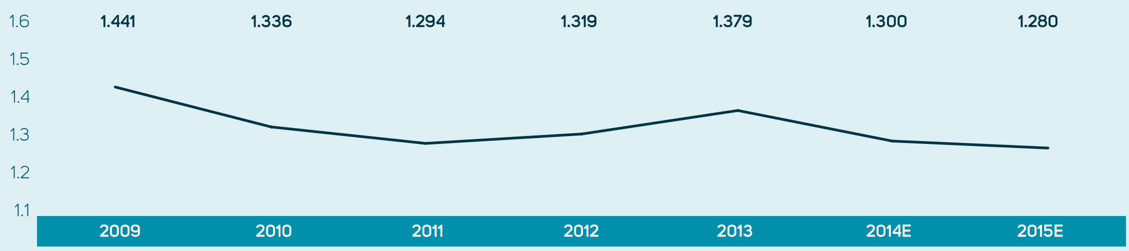
The exchange rate risk reflects the possibility of recording gains or losses resulting from changes in exchange rates between different currencies.

The Group's exposure to exchange rate risk results from: (i) subsidiaries in countries where the functional currency is not the Euro (including the U.S., Turkey, Mexico, Czech Republic, Hungary, Romania and Croatia); (ii) transactions between these subsidiaries and other Group companies; (iii) transactions carried out by operational companies in currencies other than the ASCENDUM Group's reporting currency; (iv) financial/operational transactions in a currency other than the local/functional currency (bank loans, payments to suppliers/from customers) since the change in this contraction of credit/debt and payment/receipt gives rise to exchange gains/losses.

As so, the ASCENDUM Group's currency risk exposure arises because, firstly, the preparation of the Group's consolidated financial statements requires the translation of the financial statements of the subsidiaries in Euros and, secondly, because of the existence of transactions/financing in currencies other than local/functional currencies (local financial statements).

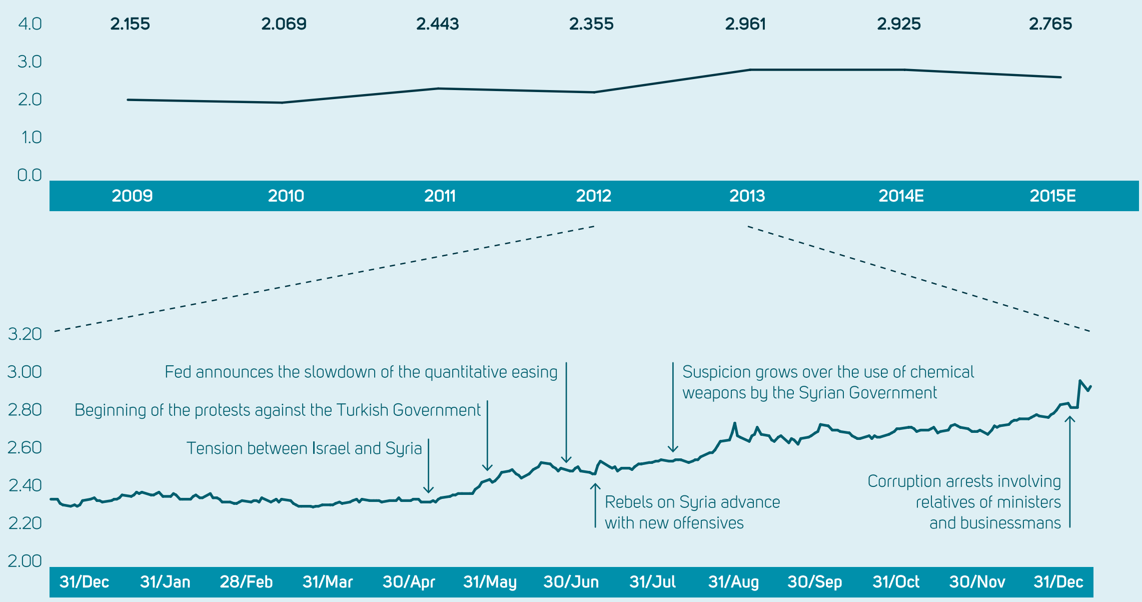
The following figure presents the closing exchange rates for the currencies where the Group operates directly:

EUR/USD



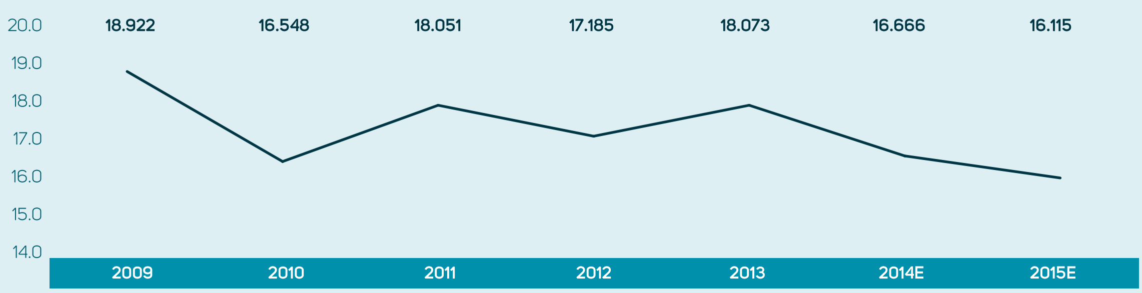
Source: Banco de Portugal and Bloomberg

EUR/TRL



Source: Banco de Portugal and Bloomberg

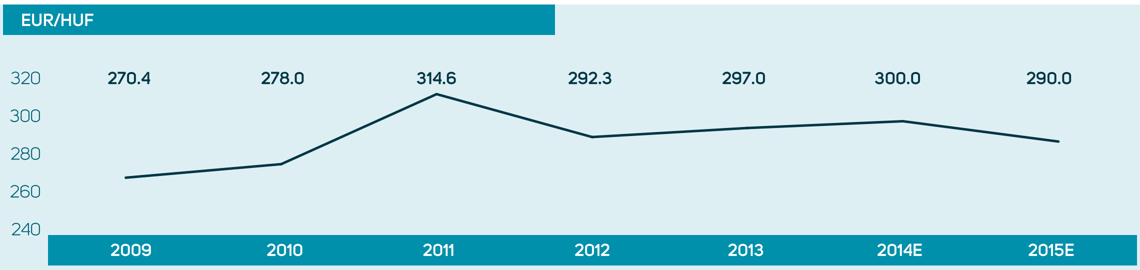
EUR/MXN



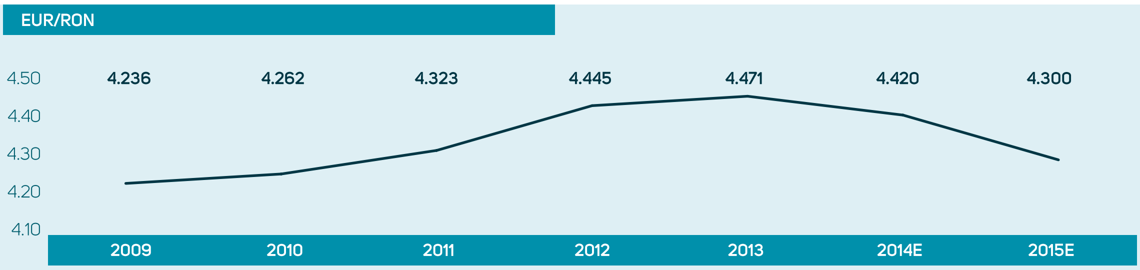
Source: Banco de Portugal and Bloomberg

EUR/CZK

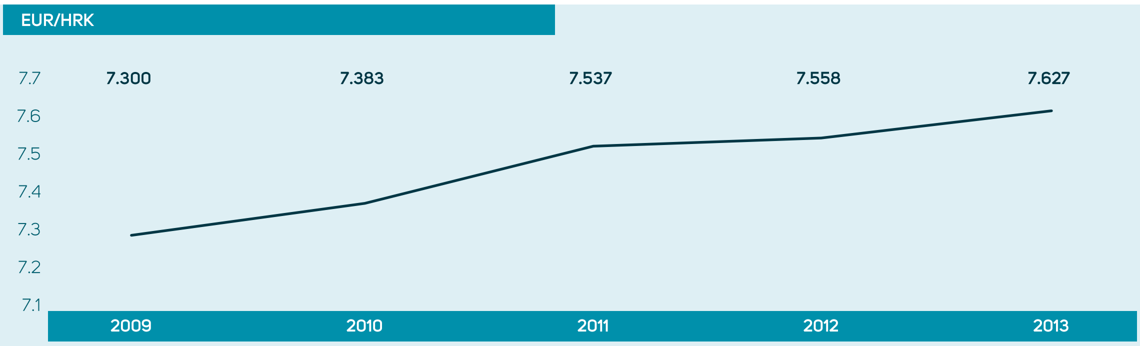
Source: Banco de Portugal and Bloomberg



Source: Banco de Portugal and Bloomberg



Source: Banco de Portugal and Bloomberg



Source: Banco de Portugal and Bloomberg

Exchange rate variations in the currencies of those countries against the Euro will affect the translation of the results attributable to the ASCENDUM Group and will therefore have an impact on the income and financial position of the Group.

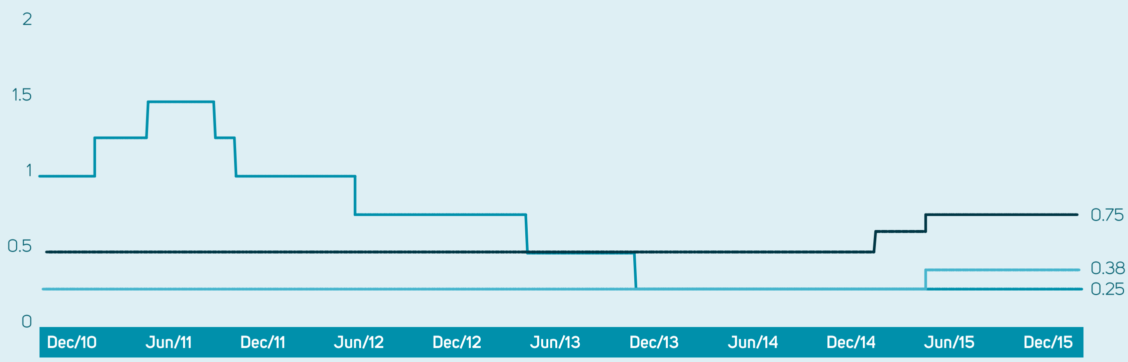
Against this background, and in light of the uncertainty about the evolution of the quotation of the US Dollar, Turkish Lira, Mexican Peso, Czech Koruna, Hungarian Forint, Romanian Leu and Croatian Kuna against the Euro in the coming years, the exchange rate risk management policy followed by the ASCENDUM group will aim to reduce as much as possible in the sensitivity of its income to exchange rate fluctuations.

2.04.3
INTEREST RATE RISK

Interest rate risk reflects the possibility of fluctuations in the amount of future financial expenses due to changes in market interest rates, which may adversely affect the ASCENDUM Group's income.

EVOLUTION OF REFERENCE INTEREST RATES (HISTORIC AND PROSPECTIVE)

Percentual points (%)



Source: Bloomberg

EVOLUTION OF LIBOR 3M AND EURIBOR 3M INTEREST RATES (HISTORIC AND PROSPECTIVE)

Percentual points (%)

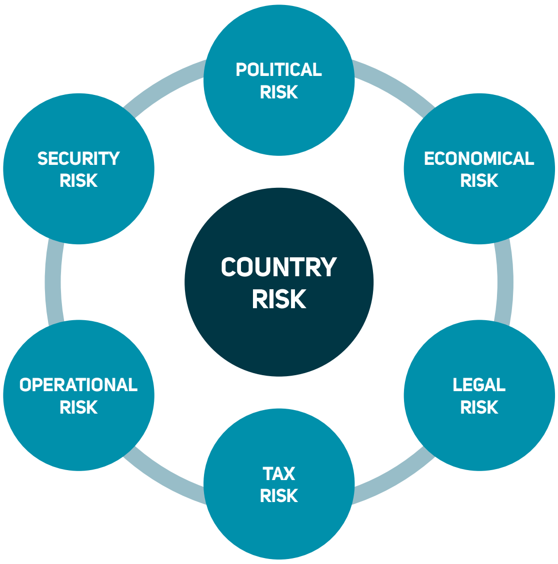
Source: Bloomberg

The introduction of standards in the banking system at various international levels poses challenges on the access to credit for companies and individuals. Thus, the uncertainty surrounding the granting of medium/long-term credit persists, with potential impacts on the financial operations of the Group.

2.04.4
COUNTRY RISK

Country risk is an economic and financial concept regarding the possibility of changes in a country's business environment having negative impacts on income or on the value of the assets of foreign companies established in that country and on the profits, dividends or royalties that they expect to achieve from the investment made there.

The country risk concept covers several risk categories that may be associated with a country:



In this context, and with regard to the measurement of country risk, risk rating agencies operate, including Moody's, Standard & Poor's and Fitch Ratings. Their main activity involves assigning classifications or ratings to the countries under analysis, to indicate the security offered by the government and companies to foreign investors who invest their funds in debt securities of the countries concerned.

The country risk management policy followed by the ASCENDUM Group aims to reduce, as far as possible, exposure to countries whose risk is deemed to be high, by always carrying out a careful and thorough analysis of all the markets where it intends to establish operations, prior to any investment decision.

At 31 December, 2013, the rating of the countries in which the Group develops its business directly (Portugal, Spain, USA, Turkey, Mexico, Austria, Czech Republic, Hungary, Romania, Slovakia and Croatia) were as follows:

MOODY'S

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Portugal	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3	Ba3
Spain	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
USA	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Turkey	Ba1	Ba1	Ba1	Ba1	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
Mexico	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1
Austria	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Czech Republic	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1
Hungary	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1
Romania	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
Slovakia	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2
Croatia	Baa3	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1

Downgrade
Upgrade

Source: Bloomberg
Escala: Aaa-Aa1-Aa2-Aa3-A1-A2-A3-Baa1-Baa2-Baa3-Ba1-Ba2-Ba3-B1-B2-B3-Caa1-Caa2-Caa3-Ca-C (classified as non investment grade since Ba1)

STANDARD & POOR'S

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Portugal	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB
Spain	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
USA	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u	AA+ u
Turkey	BB	BB	BB+u	BB+u	BB+u	BB+u	BB+u	BB+u	BB+u	BB+u	BB+u	BB+u
Mexico	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB+
Austria	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
Czech Republic	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
Hungary	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB
Romania	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+
Slovakia	A	A	A	A	A	A	A	A	A	A	A	A
Croatia	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+

Downgrade
Upgrade

Source: Bloomberg
Escala: AAA;AA+;AA;AA-;A+;A;A-;BBB+;BBB;BBB-;BB+;BB;BB-;B+;B;B-;CCC;CC;C;D (classified as non investment grade since BB+)

FITCH

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Portugal	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+
Spain	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB
USA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Turkey	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
Mexico	BBB	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
Austria	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Czech Republic	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+
Hungary	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+
Romania	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
Slovakia	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+
Croatia	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BB+	BB+	BB+	BB+

Downgrade
Upgrade

Source: Bloomberg
Escala: AAA;AA+;AA;AA-;A+;A;A-;BBB+;BBB;BBB-;BB+;BB;BB-;B+;B;B-;CCC;CC;C;D (classified as non investment grade since BB+)

2.05
FINAL CONSIDERATIONS

2.05.1
OUTLOOK FOR 2014

After a three-year period in which the ASCENDUM Group has emerged as one of the leading global players of Volvo Construction Equipment's construction and industry equipment, through the acquisition of operations in Turkey and Central Europe and through its entry into the Mexican market, the moment has arrived for reflection on this investment effort by focusing the Group's attention on the consolidation of its existing operations.

Thus, in 2014, the ASCENDUM Group's priorities will be on the following areas:

1. OPTIMIZATION OF SYSTEMS AND BUSINESS PROCESSES

At this level, the ASCENDUM Group will seek to: (i) develop mechanisms for sharing best practices by standardizing business and management processes; (ii) streamline its operating structures, with a clear focus on business information systems and knowledge sharing tools and Group level reporting, in order to enhance the knowledge developed over 55 years of history at the scale of ASCENDUM's operations, to maximize the efficiency of the Group's operations.

2. DEVELOPMENT AND CONSOLIDATION OF OPERATIONS IN CENTRAL EUROPE

2014 will be another year of strong investment in the development of the Central Europe operation in a joint effort between local teams, in close cooperation with the Executive Board/Group Corporate Centre, especially through investment in terms of business support information systems and the development of operations in high potential markets (e.g. Romania).

Concurrently and regardless of the outlook for investment in infrastructure by the Turkish and Mexican governments, which is constrained by the uncertainty associated with these markets, the ASCENDUM Group will seek to streamline its operations so that they can be adapted quickly to market cycles.

In summary, in 2014 the ASCENDUM Group shall focus on internal process optimization from an operational and financial perspective, thus seeking to increase the satisfaction of its stakeholders, which is something that enables it to look forward to 2014 with cautious optimism.

2.05.2
RELEVANT EVENTS OCCURRING AFTER THE END OF THE YEAR

The Board of Directors of ASCENDUM SA, pursuant to and for the purposes of the disclosures required by Article 66 (5) (b) of the Commercial Companies Code, hereby declares that after the end of the financial year to which this management report relates, no relevant events took place which could materially affect the financial position of the company, set forth in the financial statements at December 2013, which are hereby presented.

2.05.3
DATE OF THE MANAGEMENT REPORT

14 March, 2014

THE BOARD OF DIRECTORS
- Ernesto Gomes Vieira – Chairman
- Ângela Maria Silva Vieira Lança de Morais
- Carlos José Gomes Vieira
- João Manuel de Pinho Mieiro
- José Manuel Bessa Leite de Faria
- Paulo Jervell
- Paulo Vieira do Nascimento Mieiro
- Ricardo José de Pinho Mieiro
- Rui António Faustino
- Tomás Jervell

03

FINANCIAL STATEMENTS AND ANNEX


RESPONSIBILITY
QUALITY
CUSTOMER FOCUS
SERVICE
VALUE
COMMITMENT
DEDICATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2013

Amounts expressed in Euros

	NOTES	31-12-2013	31-12-2012
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7 and 32	147,329,160	88,977,585
Investment properties	8	3,026,216	3,073,654
Goodwill	9	39,630,354	33,133,271
Intangible assets	6	5,664,121	5,045,697
Financial Investments - Equity method		60,610	62,793
Assets held for sale	10	18,774,465	16,091,618
Other accounts receivable	13	1,102,665	1,094,819
Other financial assets	10	392,758	166,597
Deferred tax assets	15	22,399,232	18,731,444
		238,379,581	**166,377,478**
CURRENT ASSETS			
Inventories	11 and 32	154,813,579	153,951,153
Biological assets			
Trade and other receivables	12 and 32	100,264,570	82,337,155
Advances to suppliers	13	1,120,035	2,075,817
State and other public entities	23	14,023,762	13,218,892
Other Accounts receivables	13 and 32	5,940,103	5,922,560
Deferrals - (Assets)	14	1,834,570	978,366
Assets held for sale	10	0	40,332
Other financial assets	10	52,411	59,796
Cash and bank deposits	16	22,961,152	11,045,077
		301,010,183	**269,629,147**
TOTAL ASSETS		**539,389,764**	**436,006,625**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	17	15,000,000	15,000,000
Legal reserves		3,000,000	3,000,000
Revaluation reserves		8,475,091	8,325,969
Retained earnings and Investment adjustments		48,040,709	59,429,117
Fair value reserves		5,611,675	3,867,467
Other reserves		46,575,855	40,080,388
Net profit for the year		12,342,317	11,495,467
		139,045,648	141,198,406
Non controlling interests	19	3,950,541	2,578,659
TOTAL EQUITY	**18**	**142,996,189**	**143,777,065**
LIABILITIES			
NON CURRENT LIABILITIES			
Provisions	25 and 32	2,412,467	1,326,732
Borrowings	20 and 32	113,135,385	70,720,900
Deferred tax liabilities	15	25,442,938	25,055,498
Other liabilities	22	38,654,176	26,627,282
		179,644,965	**123,730,411**
CURRENT LIABILITIES			
Accounts payable	21 and 32	56,857,755	57,897,996
Advances from customers		1,726,055	2,729,370
State and other public entities	23	10,076,616	7,275,366
Borrowings	20 and 32	103,962,162	76,466,219
Other liabilities	22 and 32	38,891,852	21,577,123
Deferrals	24	5,234,169	2,553,074
		216,748,609	168,499,149
TOTAL LIABILITIES		**396,393,575**	**292,229,560**
TOTAL EQUITY AND LIABILITIES		**539,389,764**	**436,006,625**

CERTIFIED ACCOUNTANT
Luís Almeida

THE BOARD OF ADMINISTRATION
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Rui António Faustino
Tomás Jervell

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2013

Amounts expressed in Euros

INCOME AND EXPENSES	NOTES	2013	2012
Sales and services rendered	32	558,922,855	500,391,353
Increase/decrease in production	11	326,089	149,616
Works for the entity		6,773	1,874,935
Cost of sales	11 and 32	-417,151,594	-366,481,801
GROSS PROFIT		**142,104,124**	**135,934,103**
External supplies and services	32 and 40	-47,247,672	-51,049,009
Personnel expenses	31, 32 and 41	-47,375,871	-44,723,053
Inventories impairments (losses/reversals)	25	132,992	198,803
Accounts receivable imparments (losses/reversals)	25	91,643	-1,896,837
Provisions (increases/decreases)	25	-4,812	269,048
Impairment of depreciable and non-depreciable investment (losses/reversals)		-13,053	0
Fair value increases/decreases	10.1	7,521	-5,042
Government grants		5,248	626
Gains/losses on subsidiaries, associated companies and joint ventures		18,337	31,118
Other income and gains	32 and 33	10,976,883	17,284,107
Other expenses and losses	32 and 42	-10,728,548	-12,682,453
Depreciation and amortization expenses/reversals	6 and 7	-20,589,578	-17,225,597
Operating profit (before tax)		**27,377,214**	**26,135,814**
Interest and similar income	35	274,836	292,149
Interest and similar costs	35	-13,085,636	-9,428,371
PROFIT BEFORE TAX		**14,566,414**	**16,999,592**
Income tax expense	28	-1,791,237	-6,377,883
NET PROFIT FOR THE YEAR	**32**	**12,775,176**	**10,621,710**
Attributable to:			
Equity holders of the parent		12,342,317	11,495,467
Non controlling interests	19	432,859	-873,758
	32	**12,775,176**	**10,621,710**
Earnings per share	**29**	**0.85**	**0.71**

CERTIFIED ACCOUNTANT
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2013 AND 2012

(Amounts expressed in Euros)

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT			
		RESERVES		
	ISSUED CAPITAL	LEGAL RESERVES	REVALUATION RESERVES	RETAINED EARNINGS INVESTMENT ADJUSTMENTS
AS AT 31 DECEMBER 2011	**15,000,000**	**3,000,000**	**8,294,084**	**59,378,869**
CHANGES IN THE PERIOD:				
≠Consolidated net profit application - 2011				10,000,000
Fair value variation on assets held for sale				
Goodwill exchange differences				362,128
Financial statements exchange differences				(474,565)
Hedging operations exchange differences				
Others			31,885	162,685
	-	**-**	**31,885**	**10,050,248**
NET PROFIT FOR THE YEAR				
FULL YEAR CONSOLIDATED INCOME				
OPERATIONS WITH SHAREHOLDERS IN THE PERIOD:				
Distributions				(10,000,000)
	-	**-**	**-**	**(10,000,000)**
AT DECEMBER 31, 2012	**15,000,000**	**3,000,000**	**8,325,969**	**59,429,117**
AT JANUARY 1, 2013	**15,000,000**	**3,000,000**	**8,325,969**	**59,429,117**
CHANGES IN THE PERIOD:				
Consolidated net profit application - 2012				5,000,000
Fair value variation on assets held for sale				
Goodwill exchange differences				(2,053,632)
Financial statements exchange differences				(9,143,879)
Hedging operations exchange differences				
Others			149,122	(190,897)
	-	**-**	**149,122**	**(6,388,408)**
NET PROFIT FOR THE YEAR				
FULL YEAR CONSOLIDATED INCOME				
OPERATIONS WITH SHAREHOLDERS IN THE PERIOD:				
Distributions				(5,000,000)
	-	**-**	**-**	**(5,000,000)**
AT DECEMBER 31, 2013	**15,000,000**	**3,000,000**	**8,475,091**	**48,040,709**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2013 AND 2012

(Amounts expressed in Euros)

	2013	2012
CONSOLIDATED NET PROFIT INCLUDING NON CONTROLLING INTERESTS	**12,775,176**	**10,621,710**
Components of other comprehensive income for the period, net of tax:		
Fair value variation on assets held for sale	2,675,326	5,422,458
Goodwill exchange differences	(931,118)	(1,510,959)
Financial statements exchange differences	(2,053,632)	362,128
Hedging operations exchange differences	(9,180,321)	(500,227)
COMPREHENSIVE INCOME FOR THE PERIOD	**3,285,432**	**14,395,109**
Attributable to:		
Equity holders of the parent	2,889,015	15,294,529
Non controlling interests	396,417	(899,420)

The notes are an integral part of this statement at December 31, 2013

CERTIFIED ACCOUNTANT
Luís Almeida

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ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT						
RESERVES						
FAIR VALUE RESERVES	OTHER RESERVES	TOTAL RESERVES	NET PROFIT FOR THE YEAR	SUB TOTAL	NON CONTROLLING INTERESTS	TOTAL
(44.032)	23.279.229	93.908.150	26.801.159	135.709.309	4.101.564	139.810.873
	16,801,159	26,801,159	(26,801,159)	0		0
3,911,499		3,911,499		3,911,499		3,911,499
		362,128		362,128		362,128
		(474,565)		-474,565	(25,662)	(500,227)
		0		0		0
		194,570		194,570	(623,485)	(428,915)
3,911,499	16,801,159	30,794,791	(26,801,159)	3,993,632	(649,147)	3,344,485
			11,495,467	11,495,467	(873,758)	10,621,709
			15,294,529	15,294,529	(899,420)	14,395,109
		(10,000,000)		(10,000,000)		(10,000,000)
-	0	(10,000,000)	0	(10,000,000)	0	(10,000,000)
3,867,467	40,080,388	114,702,941	11,495,467	141,198,408	2,578,659	143,777,067
3,867,467	40,080,388	114,702,941	11,495,467	141,198,408	2,578,659	143,777,067
	6,495,467	11,495,467	(11,495,467)	0		0
1,744,208		1,744,208		1,744,208		1,744,208
		(2,053,632)		-2,053,632		(2,053,632)
		(9,143,879)		-9,143,879	(36,442)	(9,180,321)
		0		0	1,000,000	1,000,000
		(41,775)		-41,775	(24,535)	(66,310)
1,744,208	6,495,467	2,000,390	(11,495,467)	(9,495,077)	939,023	(8,556,054)
			12,342,317	12,342,317	432,859	12,775,176
			2,889,015	2,889,015	396,417	3,285,432
		(5,000,000)		(5,000,000)		(5,000,000)
-	0	(5,000,000)	0	(5,000,000)	0	(5,000,000)
5,611,675	46,575,855	111,703,331	12,342,317	139,045,648	3,950,541	142,996,189

The notes are an integral part of this statement at December 31, 2013

CERTIFIED ACCOUNTANT
Luís Almeida

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CONSOLIDATED STATEMENT OF CASH FLOWS AT DECEMBER 31, 2013

Amounts expressed in Euros

	NOTES	2013	2012
OPERATING ACTIVITIES			
Accounts receivables		556,494,576	532,466,519
Accounts payables		-461,087,553	-451,185,783
Staff payables		-47,213,340	-42,176,835
Operating cash flows		**48,193,682**	**39,103,902**
Income tax payable/receivable		-5,027,754	-5,062,280
Other receivables/payables		-11,158,511	-9,899,014
Net cash flows from operating activities (1)		**32,007,418**	**24,142,608**
INVESTING ACTIVITIES			
PAYMENTS:			
Property, plant and equipment		-16,849,835	-20,144,368
Intangible assets		-1,611,136	-1,145,873
Financial Investments	16	-32,160,852	-8,565,199
Other assets		0	-1,000,000
RECEIPTS:			
Property, plant and equipment		5,462,770	9,753,593
Financial Investments		186,291	6,441,637
Interest and similar income		274,836	292,149
Net cash flows from investing activities (2)		**-44,697,926**	**-14,368,061**
FINANCING ACTIVITIES			
RECEIPTS:			
Borrowings		56,880,027	14,982,585
PAYMENTS:			
Borrowings		-15,858,784	-13,856,157
Operational and financial leasings		-1,819,009	-4,397,016
Interest and similar costs paid		-9,217,628	-8,615,588
Dividends paid		-5,000,000	-10,000,000
Net cash flows from financing activities (3)		**24,984,605**	**-21,886,175**
Net increase in cash and cash equivalents (1+2+3)		12,294,097	-12,111,629
Perimeter variation			
Net foreign exchange difference		-378,021	-133,452
Cash and cash equivalents at 1 January		11,045,077	23,290,158
Cash and cash equivalents at 31 December	16	22,961,152	11,045,077

CERTIFIED ACCOUNTANT
Luís Almeida

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3.02 ANNEX

1. INTRODUCTORY NOTE

The ASCENDUM Group consists of a group of companies located in Portugal, Spain, USA, Turkey, Mexico, and Central Europe (Austria, Croatia, Slovakia, Hungary, Romania and the Czech Republic). The parent company - ASCENDUM S.A. was established in 1959 and had its headquarters in Coimbra until the end of 2011. However on 28 November, 2011 the partners decided to transform the company into a limited company and also decided to change its headquarters to Praça Marquês de Pombal, No. 3-A, 5º andar, LISBON – PORTUGAL. The Group operates mainly in the import and distribution of equipment for construction and public works and in Portugal it is also the representative of the Volvo, Jaguar, Land Rover and Mitsubishi vehicles for part of the country. It also imports and distributes parts and components and has repair workshops for the equipment and vehicles that it represents.

At 31 December, 2013, the ASCENDUM Group Companies, their headquarters and abbreviations were as follows:

COMPANY	ACRONYM	HEADQUARTERS	% SHAREHOLDING
HEADQUARTERED IN PORTUGAL:			
AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA.	AIR-RAIL	Estrada Nacional 10, Apartado 2094, 2696-801 São João da Talha, Loures - PORTUGAL	50%
AMPLITUDE SEGUROS - Corretores de Seguros, S.A.	AMPLITUDE	R. Conde da Covilhã, nº 1637, 4100-189 PORTO	33.3%
ARNADO - Sociedade de Exploração e Administração de Imóveis S.A.	ARNADO	R. João de Ruão 12 - 3000-229 COIMBRA - PORTUGAL	5%
ASCENDUM II - VEICULOS, UNIPESSOAL LDA.	ASC VEÍCULOS	R. Manuel Madeira, Marcos da Pedrulha, 3020-199 COIMBRA - PORTUGAL	100%
ASCENDUM III - MÁQUINAS, UNIPESSOAL LDA.	ASC MÁQUINAS	R. Vasco da Gama, nº 15, 2685-244 PORTELA, SACAVÉM - PORTUGAL	100%
ASCENDUM PORTUGAL, Serviços de Gestão, Unipessoal, LDA.	ASCENDUM PORTUGAL	Estrada Nacional 1, Alto do Vieiro, LEIRIA - PORTUGAL	100%
ASCENDUM, S.A.	ASC	Praça Marquês de Pombal nº 3 A - 5º, 1250-161 LISBOA - PORTUGAL	Holding Company
COTIAC - SGPS, Unipessoal, LDA.	COTIAC	Praça Marquês de Pombal nº 3 A - 5º, 1250-161 LISBOA - PORTUGAL	100%
GLOMAK SGPS, S.A.	GLOMAK	R. Vilar de senhor, 461, 4455-213, Lavra, Matosinhos - PORTUGAL	100%
TRACTORRASTOS - Sociedade vendedora de acessórios, LDA.	TRACTORRASTOS	Estrada Nacional 116, 2615-907 ALVERCA - PORTUGAL	100%
VORTAL - SGPS, S.A.	VORTAL	Rua Prof. Fernando da Fonseca, Edifício Visconde de Alvalade, 3º	1.23%
HEADQUARTERED IN OTHER COUNTRIES:			
AIR RAIL MAROC, S.A.R.L.A.U.	AIRMAROC	4 Lotissement La Coline - Sidi Maarouf - 20270 - Casablanca - MAROC	50%
AIR-RAIL POLONIA, Sp. Z.o.o.	AIRPOL	Ul. Szpitalna 8 lokal 9, 00-0031 Warsawa	50%
AIR-RAIL, S.L.	AIRESP	Calle Alsasua, 16, 28023 MADRID, ESPAÑA	50%
ART HAVA VE RAY EKIPMANLARI LTD. STI	ARTHAVA	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	93%
ASC CONSTRUCTION EQUIPMENT, INC.	ASC USA	9115 Harris Corner Parkway, suite 450, CHARLOTTE, NC 28269 - USA	100%
ASCENDUM MAQUINARIA MEXICO, S.A. DE C.V.	ASC MEXICO	Carretera Mexico Queretaro KM 32.5	100%
ASC TÜRK MAKINA TICARET, LIMITED SIRKETI	ASC TÜRK	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	100%
ASCENDUM BAUMASCHINEN ÖSTERREICH GMBH	ABO	Grafenholzweg 1, 5101 Bergheim bei Salzburg, Bergheim - AUSTRIA	100%
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKE-DELMI Kft	AEHK	1141 Budapest, Nótárius utca 13-15 - HUNGARY	100%
ASCENDUM ESPAÑA, S.L.	AMTA	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID - ESPAÑA	100%
ASCENDUM GmbH	AGMBH	Grafenholzweg 1, 5101 Bergheim bei Salzburg, Bergheim - AUSTRIA	100%
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	AGSHR	Karlovačka 94, Zagreb – Lučko, 10250 - CROATIA	100%
ASCENDUM MACHINERY SRL	AMSRL	Str. Zborului nr. 10 sector 3, cod 030595, Bucuresti - ROMANIA	100%
ASCENDUM MAKINA YATIRIM HOLDING A.S	ASC BOGAZICI	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	100%
ASCENDUM STAVEBENI STROJE CZECH s.r.o	ASSCZ	Plzeňská 430, Loděnice, postal code 267 12 - CZECH REPUBLIC	100%
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	ASSS	Pestovatel'ská 10, 821 04 Bratislava - SLOVAKIA	100%
HARDPARTS MOÇAMBIQUE, Limitada	HARDPA	Avenida Julius Neyerere, 2399, Maputo - MOÇAMBIQUE	100%
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L.	ZEPHIR	Calle Alsasua, 16, 28023 MADRID, ESPAÑA	50%
TEA ALOYA INMOBILIARIA, S.A.U.	TAISA	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID - ESPAÑA	100%
TRP YEDEK PARÇA ITHALAT IHRACAT VE PAZARLA-MA LIMITED SIRKETI	TRP	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	100%
VOLMAQUINARIA DE CONSTRUCCIÓN DE ESPAÑA, S.A.	VMCE	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID - ESPAÑA	100%
VOLRENTAL ATLÁNTICO, S.A.U.	VRATL	Carretera de Castilla nº 167, BETANZOS (La Coruña) - ESPAÑA	68.89%

The accompanying financial statements are presented in Euros (rounded to the nearest unit). Foreign operations that use a functional currency other than the Euro are entered in the consolidated financial statements in accordance with the policy described in paragraph 2.2 d).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies used in the preparation of the attached consolidated financial statements are as follows:

2.1. PRESENTATION BASES

The accompanying financial statements relate to the consolidated financial statements of the ASCENDUM Group and were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and their interpretations - IFRIC and SIC issued respectively by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC), adopted by the European Union and in force for the financial years beginning on 1 January, 2013.

a) Impact of adoption of standards and interpretations that became effective on 1 January 2013:

STANDARDS

- **IAS 1** (amendment), 'Presentation of Financial Statements'. This amendment changes the presentation of items recognized as Other Comprehensive Income (OCI), by requiring entities to separate items entered in OCI based on whether or not they are reclassified to profit or loss in the future, as well as the related tax effect when the items are presented on a gross basis. The adoption of this amendment had an impact on the Entity's Financial Statements.

- **IAS 12** (amendment), 'Income taxes'. This amendment requires an Entity to measure the deferred tax related to an asset, given the way the Entity expects to realize the carrying amount of the asset through use or sale. The amendment also incorporates the SIC 21 accounting guidelines in IAS 12, as the former has been revoked. The adoption of this amendment had no impact on the Entity's Financial Statements.

- **IAS 19** (revision), 'Employee benefits'. This revision to IAS 19 introduces significant changes in the recognition and measurement of expenses for defined benefit plans and termination benefits as well as the disclosures for all employee benefits. Actuarial gains and losses are recognized immediately and only in Other comprehensive income (the corridor method is no longer permitted). The financial cost of defined benefit plans with constituted funds is calculated based on the net value of unfunded liabilities. Employment termination benefits are only recognized when the employee's obligation to provide service in the future ceases. The adoption of this amendment had no impact on the Entity's Financial Statements.

- **Improvements to the standards 2009-2011**: the cycle of annual improvements affects the following standards: IFRS 1 (second Adoption of IFRS 1 and exemptions), IAS 1 (presentation of additional financial statements when a change in accounting policy is mandatory or voluntary), IAS 16 (classification of spare parts and service equipment when the definition of a tangible fixed asset is met), IAS 32 (classification of tax impacts related to transactions involving equity or dividends), and IAS 34 (exemption from disclosure of assets and liabilities by segment). The adoption of these amendments had no impact on the Entity's Financial Statements.

- **IFRS 1** (amendment) 'First-time adoption of IFRS'. This change creates an additional exemption for cases in which an Entity that has been subject to severe hyperinflation is presenting IFRS Financial Statements for the first time. The other amendment relates to the replacement of references to a fixed date with 'date of transition to IFRS', in the exemptions to the retrospective adoption. The adoption of this amendment had no impact on the Entity's Financial Statements as they are already presented under IFRS.

- **IFRS 1** (amendment) 'First-time adoption of IFRS - Government Loans'. This amendment clarifies how a first-time adopter accounts for a Government loan with interest rates lower than market interest rates, in the transition to IFRS. The amendment introduces an exception to the retrospective application of IFRS, assigning the same application waiver that was granted to preparers of financial statements under IFRS in 2009. The adoption of this amendment had no impact on the Entity's Financial Statements as they are already presented under IFRS.

- **IFRS 7** (amendment) 'Disclosures - Offsetting Financial assets and liabilities'. This amendment is part of the project "compensation of financial assets and liabilities" of the IASB, and introduces new disclosure requirements about an entity's right to compensate (assets and liabilities), the offset amounts, and their effects on exposure to credit risk. The adoption of this amendment had no impact on the Financial Statements for the financial year.

• **IFRS 13** (new), 'Fair Value: Measurement and Disclosure '. IFRS 13 seeks to improve the consistency of financial statements by presenting a precise definition of fair value and a single source of fair value measurement and the disclosure requirements to be applied across all IFRS. The adoption of this standard had no impact on the Financial Statements for the financial year.

INTERPRETATIONS

• **IFRIC 20** (new), 'Discovery costs in the production phase of an open cast mine.' This interpretation refers to the accounting of waste removal costs recorded as an asset during the production phase (initial phase) of a surface mine, given that the removal of waste generates two types of potential benefit: immediate extraction of mineral resources and improved access to additional quantities of mineral resources for future extraction. The adoption of this interpretation had no impact on the Financial Statements for the financial year.

b) New standards, amendments to existing standards and published interpretations of mandatory application for the annual periods of ASCENDUM, S.A. beginning on or after 1 January, 2014, or later periods, that ASCENDUM, S.A. has not adopted in advance:

STANDARDS

IFRS 10 (new), 'Consolidated financial statements' (applicable in the European Union for annual periods starting, at the latest, on or after 1 January, 2014). IFRS 10 replaces all accounting procedures and guidelines for control and consolidation included in IAS 27 and SIC 12 and changes the definition of control and the criteria for determining control. The fundamental principle that a consolidated entity presents the parent company and its subsidiaries as a single entity remains unchanged. The Entity shall apply IFRS 10 in the annual period in which it becomes effective.

IFRS 11 (new), 'Joint Arrangements' (applicable in the European Union in annual periods beginning, at the latest, on or after 1 January, 2014). IFRS 11 focuses on the rights and obligations of joint arrangements rather than their legal form. Joint arrangements can be joint operations (rights over assets and liabilities) or joint ventures (rights over net assets by application of the equity method). Proportionate consolidation of joint ventures is no longer permitted. The Entity shall apply IFRS 11 in the annual period in which it becomes effective.

IFRS 12 (new), 'Disclosure of interests in other entities' (applicable in the European Union in annual periods beginning, at the latest, on or after 1 January, 2014). This standard establishes the disclosure requirements for all types of interests in other entities, such as: subsidiaries, joint arrangements, associates and structured entities, in order to allow assessment of the nature, risks and financial effects associated with the Entity's interests. The Entity shall apply IFRS 12 in the annual period in which it becomes effective.

Changes to IFRS 10, IFRS 11 and IFRS 12, 'Transition Regime' (applicable in the European Union for annual periods starting, at the latest, on or after 1 January, 2014). This amendment clarifies that when an accounting treatment different from guidelines IAS 27/SIC 12 results from the adoption of IFRS 10, the comparisons shall only be adjusted for the immediately preceding accounting period and the calculated differences shall be recognized at the beginning of the comparative period in equity. The amendment to IFRS 11 refers to the impairment testing requirement for the financial investment resulting from the discontinuation of proportionate consolidation. The specific disclosure requirements are included in IFRS 12. The Entity shall apply these amendments at the start of the annual period in which they become effective.

IAS 27 (2011 revision), 'Separate financial statements' (applicable in the European Union for annual periods starting, at the latest, on or after 1 January, 2014). IAS 27 was revised following the issue of IFRS 10 and contains the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Entity shall apply this revision to the standard at the start of the annual period in which it becomes effective.

IAS 28 (2011 revision), 'Investments in associates and joint ventures' (applicable in the European Union in annual periods beginning, at the latest, on or after 1 January, 2014). IAS 28 was revised following the issue of IFRS 11 and prescribes the accounting treatment for investments in associates and joint ventures and also defines the requirements for the application of the equity method. The Entity shall apply this revision to the standard at the start of the annual period in which it becomes effective.

• **IAS 32** (amendment) 'Offsetting financial assets and liabilities' (effective for annual periods beginning on or after 1 January, 2014). This amendment is part of the IASB's "offsetting assets and liabilities" project, which aims to clarify the concept of "currently holding the legal right to set off," and clarifies that some systems of gross settlement (clearing houses) may be equivalent to net settlement. The Entity shall apply this standard at the start of the annual period in which it becomes effective.

- **IAS 36** (amendment) 'Recoverable amount disclosures for non-financial assets' (effective for annual periods beginning on or after 1 January, 2014). This amendment addresses the disclosure of information about the recoverable value of impaired assets where this has been measured using the model of fair value less costs to sell. This amendment is not expected to have an impact on the Entity's Financial Statements.

- **IAS 39** (amendment) 'Novation of derivatives and continuation of hedge accounting' (effective for annual periods beginning on or after 1 January, 2014). The amendment to IAS 39 allows an Entity to continue hedge accounting when the counterparty of a derivative that has been designated as a hedging instrument is changed to a clearing house or equivalent as a result of the application of a law or regulation. This amendment is not expected to have an impact on the Entity's Financial Statements.

• **Amendments to IFRS 10, IFRS 12 and IAS 27** - 'Investment entities' (applicable for annual periods beginning on or after 1 January, 2014). The amendment defines an investment entity and introduces an exception to the application of consolidation under IFRS 10 for entities that qualify as investment companies whose investments in subsidiaries shall be measured at fair value through profit or loss by reference to IAS 39. Specific disclosures required by IFRS 12. The Entity shall apply this amendment at the start of the annual period in which it becomes effective.

- **IAS 19** (amendment) 'Defined benefit plans - Employee contributions' (applicable for annual periods beginning on or after 1 January, 2014). This amendment is still subject to endorsement by the European Union. The amendment to IAS 19 applies to employee or third party contributions to defined benefit plans, and seeks to simplify their accounting when the contributions are independent of the number of years of service. This amendment is not expected to have an impact on the Entity's Financial Statements.

- **Improvements to standards 2010-2012** (applicable in general to periods beginning on or after 1 July, 2014). These amendments are still subject to endorsement by the European Union. This cycle of improvements affects the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The Entity shall implement the improvements to the 2010-2012 cycle standards in the period in which they become effective.

- **Improvements to standards 2011 - 2013** (applicable in general to periods beginning on or after 1 July, 2014). These amendments are still subject to endorsement by the European Union. This cycle of improvements affects the following standards: IFRS 1, IFRS 3, IFRS 13 and IAS 40. The Entity shall apply the improvements to the 2010-2012 cycle standards in the period in which they become effective, except for improvements to IFRS 1 because the Entity has already applied IFRS.

- **IFRS 9** (new), 'Financial instruments - classification and measurement' (application date not yet defined). This standard is subject to endorsement by the European Union. IFRS 9 corresponds to the first part of the new IFRS standard for financial instruments which requires two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. Financial instruments are measured at amortized cost only when the Entity holds them to receive contractual cash flows and the cash flows are capital/nominal value and interest. Otherwise, financial instruments are measured at fair value through profit or loss. The Entity shall apply IFRS 9 in the annual period in which it becomes effective.

- **IFRS 9** (amendment), 'Financial instruments - hedge accounting' (application date not yet defined). This amendment is still subject to endorsement by the European Union. This amendment is the third phase of IFRS 9 and reflects a substantial revision of the IAS 39 hedge accounting rules, eliminating the quantitative assessment of hedge effectiveness, making a greater number of items eligible as hedged items and allowing the deferral of certain hedging instruments impacts in Other comprehensive Income. This amendment seeks to align hedge accounting with the Entity's management practices. The Entity shall apply IFRS 9 in the annual period in which it becomes effective.

INTERPRETATIONS

- **IFRIC IAS 21** (new) 'Government levies' (effective for annual periods beginning on or after 1 January, 2014). This interpretation is still subject to endorsement by the European Union. IFRIC 21 is an interpretation of IAS 37 and of the recognition of liabilities, clarifying that the past event resulting in an obligation to pay a fee or tax ("levy") corresponds to the activity described in the relevant legislation requiring the payment. The Entity shall apply IFRIC 21 in the annual period in which it becomes effective.

SUMMARY TABLE - NEW STANDARDS:

DESCRIPTION	ALTERATION	EFFECTIVE DATE
EFFECTIVE STANDARDS AT 31 DECEMBER 2013		
IAS 1 – Presentation of Financial Statements	Presentation of other comprehensive income	July 1, 2012
IAS 12 – Taxes	Deferred tax	January 1, 2013
IAS 19 – Benefits to employees	Defined benefits	January 1, 2013
Standards improvement 2009 – 2011	Clarifications	January 1, 2013
IFRS 1 – First time adoption - IFRS	Hyper-inflacionary and removal of fixed dates	January 1, 2013
IFRS 7 – Financial instruments - disclosure	Presentation of compensation	January 1, 2013
IFRS 13 – Fair value: measurement and disclosure	New standard – unification of the fair value concept	January 1, 2013
IFRS 1 – First time adoption - IFRS	Subsidized loans	January 1, 2013
EFFECTIVE INTERPRETATIONS AT DECEMBER 31, 2013		
IFRIC 20 – Stripping costs in the production phase of a surfasse mine	New interpretation – treatment of waste removal costs	January 1, 2013
Effective standards in the EU, on or after January 1, 2014		
IFRS 10 Consolidated financial statements	New standard - consolidation	January 1, 2014
IFRS 11 Joint arrangements	New standard – accounting treatment of joint agreements	January 1, 2014
IFRS 12 Disclosure of interests in other entities	New standard – Disclosure for all interests in other entities	January 1, 2014
Alterações IFRS 10, 11 e 12	Transitional Regime	January 1, 2014
IAS 27 Separate Financial Statements	Consolidation withdrawal of the scope	January 1, 2014
IAS 28 Investiments in associates	Applying to joint ventures	January 1, 2014
IAS 32 – Financial instruments - Presentation	Offsetting financial assets and liabilities	January 1, 2014
IAS 36 – Impairment of assets	Disclosures about the recoverable value of impaired assets	January 1, 2014
IAS 39 – Financial Instruments: Recognition and Measurement	Derivatives novation and hedge accounting continuity	January 1, 2014
Amendments to IFRS 10, 11 and IAS 27	Exemption from consolidation to investment companies	January 1, 2014
EFFECTIVE STANDARDS, ON OR AFTER JANUARY 1, 2014, NOT ENDORSED BY EU		
IAS 19 – Benefits to employees	Employee contributions accounting or other entities	July 1, 2014
Standards improvement 2010 – 2012	Clarifications	July 1, 2014
Standards improvement 2011 – 2013	Clarifications	July 1, 2014
IFRS 9 – Financial Instruments: Classification and Measurement	New standard – classification and measurement of financial instruments	To be set
Alteração IFRS 9 – Financial Instruments: hedge accounting	Amendment – substantial review of hedge accounting	To be set
EFFECTIVE INTERPRETATIONS ON OR AFTER JANUARY 1, 2014, NOT ENDORSED BY EU		
IFRIC 21 – Levies	New interpretation – liabilities accounting for taxes	January 1, 2014

2.2. CONSOLIDATION PRINCIPLES

The following are the consolidation principles adopted by the Group:

a) Financial investments in Group companies

Financial investments in companies in which the Group holds, directly or indirectly, more than 50 % of the voting rights at the General Meeting of Shareholders or Partners and has power of control of their financial and operating policies, were included in the consolidated financial statements by the full consolidation method. The equity and net income of these companies attributable to the investments of third parties in those same companies are presented separately in the consolidated statement of financial position and the consolidated income statement under the heading "Non-controlling interests". The Group companies included in the consolidated financial statements are listed in Note 4.

The accumulated losses of a subsidiary are attributed to the non-controlling interests, in the proportions held, which may result in the recognition of negative non-controlling interests.

In business combinations prior to 2010 the purchase method was followed. The assets and liabilities of each subsidiary are measured at their fair value at acquisition date. Any excess of the acquisition cost over the fair value of net assets and liabilities acquired is recognized as goodwill (Note 2.2 c)). If the difference between the acquisition cost and the fair value of net assets and liabilities acquired is negative, it is recognized as income in the financial statements of the profit and loss following reassessment of the assigned fair value. The interests of holders of non-controlling interests are presented proportionally to the fair value of identified assets and liabilities.

For business concentrations after 1 January, 2010 the Group has applied the revised IFRS 3. According to this revised standard, the purchase method continues to be applied to business concentrations, but with some significant amendments:

(i) all amounts that make up the purchase price are valued at fair value and there is the option, transaction by transaction, to measure "non-controlling interests" by the acquired proportion of the value of the entity's net assets or at the fair value of the assets and liabilities acquired.
(ii) all costs associated with the acquisition are recorded as expenses.

Since 1 January 2010 the revised IAS 27 has also been applied. This requires that all transactions with "non-controlling interests" are recorded in Equity if there is no change in control over the Entity, and goodwill or gains and losses shall not be recorded. When there is loss of control over the entity, any remaining interest in the entity is remeasured at fair value and a gain or loss is recognized in the income statement for the period.

The results of subsidiaries acquired or sold during the period are included in the consolidated income statement from the effective date of acquisition or until the date of sale.

Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by the Group. Transactions, generated margins between Group companies, balances and distributed dividends between Group companies are eliminated in the consolidation process.

In situations where the Group holds, in substance, control of other entities created for a specific purpose, even if it has no direct shareholdings in these entities, they are consolidated by the full consolidation method.

b) Financial investments in associated companies

Financial investments in associated companies (companies in which the Group exercises significant influence but not control, through participation in the financial and operational decisions of the Companies - generally investments of between 20 % to 50 % of the share capital of a company) are recorded using the equity method.

Under the equity method, shareholdings are initially recorded at their acquisition cost and annually adjusted by the amount representing the Group's share in changes in equity (including net profit) of the associates, against gains or losses in the period and dividends received and other changes in equity recorded in the associates.

The differences between the acquisition cost and the fair value of the assets and liabilities of the associate identifiable at the acquisition date are recognized as goodwill if they are positive and are entered under the "Financial investments - Equity Method" heading (Note 2.2 c)). If these differences are negative, they are recorded as a gain in the period under the income statement heading "Other Income and Gains", following reassessment of the fair value.

An assessment is made of investments in associates, when there are indications that the asset might be impaired, and any confirmed impairment losses recorded as an expense. When the impairment losses recognized in prior periods no longer exists, they are reversed.

When the Group's share of the accumulated losses of the associate exceeds the carrying amount of the financial investment, the investment is reported at nil value as long as the equity of the associate is not positive, except where the Group has undertaken commitments to the associate in which case a provision to meet these obligations is recorded.

Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the associate, against the financial investment in that associate. Unrealised losses are similarly eliminated but only to the extent that they do not show that the transferred asset is impaired.

c) Goodwill

Differences between the acquisition cost in Group companies investments, plus the share of non-controlling interests at fair value of acquired assets and liabilities (including contingent liabilities) or, alternatively, plus the fair value of the share of the non-controlling interests in the acquired subsidiary and the fair value of the total net assets and liabilities of the acquired subsidiary, when positive, are recorded as "goodwill " (Note 9) and, when negative, directly as gains in the income statement following reassessment of the assigned fair value.

Differences between the acquisition cost of investments in associated companies and the amount assigned to the fair value of the assets and liabilities of those companies at the date of acquisition, when positive, are recorded under "Financial investments - Equity Method" (MEP) and, when negative, directly as gains in the income statement following reassessment of the fair value assigned.

The goodwill amount is not amortized and is annually tested for impairment losses. The recoverable amount is determined based on the present value of estimated future cash flows expected to arise from continued use of the asset. Goodwill impairment losses recorded in the period are entered in the income statement under "Impairments in non-depreciable investment."

Impairment losses relating to goodwill cannot be reversed.

d) Translation of financial statements of foreign entities

The assets and liabilities of the financial statements of foreign entities are translated into Euros using the exchange rates prevailing at the date of the statement of financial position and the income and expenses and cash flows are translated into Euros using the average exchange rate for the year. Exchange rate differences arising after 1 January, 2010 are recorded in equity.

When a foreign entity is sold, accumulated exchange rate differences are recognized in the income statement as a gain or loss in the sale.

In the periods 2013 and 2012 the rates used in the translation to Euros of financial statements of foreign subsidiaries were as follows:

2013

COMPANY	CURRENCY	FINAL EXCHANGE RATE 2013	AVERAGE HISTORICAL EXCHANGE RATE 2013	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	FINAL EXCHANGE RATE 2012
ASC CONSTRUCTION EQUIPMENT, INC.	USD	1.38	1.33	1.36	1.32
ASC TÜRK MAKINA, LIMITED SIRKETI	TRY	2.96	2.53	1.94	2.36
ASCENDUM MAKINA YATIRIM HOLDING A.S	TRY	2.96	2.53	1.94	2.36
ART HAVA VE RAY EKIPMANLARI LTD. STI	TRY	2.96	2.53	1.94	2.36
AIR RAIL POLSKA	PLN	4.15	4.20	4.18	4.07
ASC MAQUINARIA MEXICO	MXN	18.07	16.96	16.89	17.18
AIR-RAIL MAROC	MAD	11.24	11.20	11.16	11.14
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI Kft	HUF	297.04	297.43	298.15	292.30
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	HRK	7.63	7.63	7.62	7.56
ASCENDUM MACHINERY SRL	RON	4.47	4.45	4.46	4.44
ASCENDUM STAVEBENI STROJE CZECH s.r.o	CZK	27.43	26.66	25.73	25.15
TRP YEDEK PARÇA ITHALAT IHRACAT VE PAZARLAMA LIMITED SIRKETI	TRY	2.96	2.53	2.31	2.36
APPLICABILITY		**STATEMENT OF FINANCIAL POSITION ACCOUNTS EXCEPT FOR EQUITY**	**P&L**	**ISSUED CAPITAL**	**RETAINED EARNINGS**

2012

COMPANY	CURRENCY	FINAL EXCHANGE RATE 2013	AVERAGE HISTORICAL EXCHANGE RATE 2013	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	FINAL EXCHANGE RATE 2012
ASC CONSTRUCTION EQUIPMENT, INC.	USD	1.319	1.285	1.362	1.294
ASC TÜRK MAKINA, LIMITED SIRKETI	TRY	2.355	2.314	1.937	2.443
ASCENDUM MAKINA YATIRIM HOLDING A.S	TRY	2.355	2.314	1.937	2.443
ART HAVA VE RAY EKIPMANLARI LTD. STI	TRY	2.355	2.314	1.937	2.443
AIR RAIL POLSKA	PLN	4.074	4.165	4.180	
ASC MAQUINARIA MEXICO	MXN	17.185	16.865	16.894	
APPLICABILITY		**STATEMENT OF FINANCIAL POSITION ACCOUNTS EXCEPT FOR EQUITY**	**CONTAS DE RESULTADOS**	**CAPITAL SOCIAL**	**RESULTADOS TRANSITADOS**

2.3. PRINCIPAL VALUATION CRITERIA

The principal valuation criteria used by the ASCENDUM Group in the preparation of the consolidated financial statements are as follows:

a) Tangible fixed assets

Tangible fixed assets acquired before 1 January, 2009 (date of transition to IFRS) are recorded at "deemed cost", which is their acquisition cost or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal (and in the countries of the Group's subsidiaries) until that date, net of accumulated depreciation and accumulated impairment losses.

Tangible fixed assets acquired after that date are stated at cost less accumulated depreciation and impairment losses.

Impairment losses detected in the realizable value of tangible fixed assets are recorded in the year in which they are estimated, under "Impairment of Depreciable/Amortizable Investments" in the income statement.

Depreciations are calculated from the moment that the goods are in use, by the straight-line method, in accordance with the following estimated useful lives:

	YEARS
Buildings and other constructions	20-50
Basic equipment	7-16
Transportation equipment	4-5
Tools and utensils	4-14
Office equipment	3-14
Other fixed assets	4-8

Expenditure on fixed asset repairs and maintenance are considered an expense in the period in which they occur. Improvements of significant amount which increase the estimated period of use of the goods are capitalized and depreciated in accordance with the remaining useful life of the corresponding goods.

Current tangible fixed assets in progress are tangible assets still under construction/development and are recorded at cost less accumulated impairment losses. These assets are transferred to tangible fixed assets and depreciated from the moment that the underlying assets are ready for use in the necessary operating conditions as intended by management.

Gains or losses resulting from the sale or write-down of fixed assets are determined as the difference between the sale price and the net book value at the sale/write-down date and are recorded in the income statement as "Other income and gains" or "Other expenses and losses".

b) Intangible Assets

Intangible assets are stated at cost less accumulated depreciation and impairment losses. Intangible assets are only recognized if they are likely to result in future economic benefits for the Group, if the Group has the power to control them and if their value can be reasonably measured.

Research costs associated with new technical knowledge is recognized as an expense in the income statement, when incurred.

Development expenditures, for which the Group has proven ability to complete the development and begin marketing and/or use and for which the created asset is likely to generate future economic benefits, are capitalized. Development costs that do not meet these criteria are recognized as an expense in the income statement in the year they are incurred.

Internal costs associated with software maintenance and development are recorded as expenses in the income statement when they are incurred, except where these costs relate directly to projects which are likely to generate future economic benefits for the Group. In these cases, the costs are capitalized as intangible assets.

Intangible assets are amortized by the straight-line method over a period of three to five years, except those related to concession rights, which are considered to have an indefinite useful life and, as such, are not amortized and are subject to annual impairment testing.

Amortizations of intangible assets in the period are recorded in the income statement under "Depreciation and amortization expenses".

c) Investment properties

Investment properties, which are real estate assets held for profits from rents or capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, are recorded at cost and their fair value is disclosed (Note 8).

Investment properties acquired before 1 January, 2009 (date of transition to IFRS) are recorded at "deemed cost", which is their acquisition cost or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal (and in the countries of the Group's subsidiaries) until that date, net of accumulated depreciation and accumulated impairment losses.

Investment properties acquired after that date are stated at cost less accumulated depreciation and impairment losses.

Where the fair value of these assets is deemed to be below their respective carrying amount an impairment loss is recorded in the period in which the loss is estimated, under the "Impairment of depreciable/amortizable investments" in the income statement. When the recorded accumulated impairment losses cease, they are immediately reversed by a counter-entry under "Other income and gains" in the income statement to the limit of the amount that would have been ascertained, net of depreciation or amortization, if no impairment loss had been recognized in prior periods.

The fair value of investment properties that is subject to disclosure was based on property valuations carried out by independent experts.

d) Leases

Leases are classified as: (i) finance leases, if they are used for substantial transfer of all the inherent risks and advantages of ownership of the leased asset; (ii) operating leases, if they are not used for substantial transfer of all the inherent risks and advantages of ownership of the leased asset.

The leases are classified as finance or operating based on the substance rather than the form of the contract.

Assets acquired under finance leases, and the corresponding liabilities, are recorded by the financial method. Under this method, the cost of the asset is recorded in fixed assets and the corresponding liabilities are recorded as accounts payable to investment suppliers. Rents are composed of interest and capital repayment, with financial charges assigned to the financial years during the lease term, applying a constant periodic interest rate on the remaining balance of the liability, with the tangible fixed asset being depreciated as described in Note 2.3.a.

In operating leases, the lease payments are recognized as an expense in the income statement in the period to which they relate (Note 34).

e) Inventories

Goods belonging to the construction equipment and vehicles groups are stated at the specific acquisition cost, parts, while parts, components and raw materials, subsidiary materials and consumables are valued at average cost of acquisition, which are lower than the respective market value.

Work in progress is valued at production cost, which is lower than the market value. Production costs include the cost of the raw materials used, direct labour, manufacturing overheads and services carried out externally.

Impairment losses reflect the difference between the cost of acquisition and/or production and the net realizable market value of inventories.

f) Government grants and grants from other public entities

Government grants are recognized at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions of the grant.

Grants and non-refundable contributions received for financing tangible fixed assets are recorded, only when there is reasonable assurance of receipt, under "Deferred income" and are recognized as a gain in the income statement in proportion to the depreciation of the subsidized tangible fixed assets.

Grants related to incurred expenses are recorded as a gain to the extent that there is reasonable assurance that they will be received, that the company has already incurred the subsidized expenses and that the conditions for the granting are fulfilled.

g) Impairment of assets other than goodwill and concession rights

The impairment of Group assets is assessed at the date of each statement of financial position and whenever an event or change is identified in circumstances indicating that the carrying amount of the asset may not be recoverable.

Where the carrying amount of the asset is higher than its recoverable amount (defined as the higher of the net selling price and its value in use, or as the net selling price for assets held for sale), an impairment loss is recognized and recorded in the income statement. The net selling price is the amount that would be obtained from the sale of the asset in a transaction between independent entities, less the costs directly attributable to the disposal. Value in use is the present value of estimated future cash flows that are expected to arise from the continued use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for each asset individually or, if this is not possible, for the cash-flow generating unit to which the asset belongs.

To evaluate evidence of impairment of assets, the Group uses the available external and internal sources which prove most suitable, such as: (i) significantly higher than expected decrease, in the period, in the market value of an asset; (ii) change in the technological, market, economic or legal environment, with a direct impact on the asset or on the entity itself; (iii) the asset's carrying amount is greater than its market capitalization; (iv) evidence of obsolescence or physical damage of/to the asset; (v) evidence that the economic performance of an asset is, or will be, significantly lower than expected.

In particular evidence of impairment in receivables arises when:

- the counterparty is in significant financial difficulties;
- there are significant delays in the principal payments from the counterparty; and
- it becomes likely that the borrower will enter bankruptcy or financial restructuring.

For accounts receivable, the Group uses the historical data and information of its credit control and legal departments, enabling it to make an estimate of the amounts impaired.

In the case of Inventories, impairment losses are calculated based on market indicators and several indicators of rotation of inventories which are then reviewed and adjusted by the departments responsible to ensure that the value of the inventories does not exceed their net realizable value.

Reversal of impairment losses recognized in prior years is recorded when it is concluded that the impairment losses no longer exists or have decreased. This analysis is performed whenever there is an indication that the previously recognized impairment loss has been reversed. A reversal of impairment losses is recognized in the income statement in the respective impairment items. However, reversal of the impairment loss is made up to the amount that would be recognized (net of amortization or depreciation) if the impairment loss had not been recognized in previous periods.

h) Financial charges

Financial charges relating to loans (interest, premiums, ancillary costs and interest on finance leases) are capitalized if they relate to assets that they qualify, otherwise they are recognized as an expense in the period in which they are incurred, in accordance with the accrual principle.

i) Provisions

Provisions are recognized when, and only when, the Group has a current (legal or constructive) obligation arising from a past event, whenever it is likely that to settle the obligation an outflow of resources will take place and the amount of the obligation can be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and are adjusted to reflect the best estimate of their fair value at that date (Note 25).

Provisions for restructuring costs are recognized by the Group whenever there is a formal and detailed restructuring plan that has been communicated to the parties involved.

j) Financial instruments

i) Investments

The Group assigns its financial investments to the following categories: 'Investments at fair value through profit or loss', 'Investments held to maturity ' and 'Available-for-sale investments'. The classification depends on the intention underlying the acquisition of the investment.

Investments at fair value through profit and loss

This category is divided into two subcategories: 'financial assets held for trading' and 'investments at fair value through profit or loss'. A financial asset is classified in this category if it is acquired to be sold in the short term or if the adoption of valuation using this method removes or significantly reduces an accounting mismatch. Derivative instruments are also classified as held for trading unless they are assigned to hedging operations. Assets in this category are classified as current assets if they are held for trading or are expected to be realized within 12 months of the date of statement of financial position.

At 31 December, 2013 and 2012, the ASCENDUM Group did not hold financial instruments in the categories "financial assets held for trading" and "instruments at fair value through profit or loss".

Investments held to maturity

This category includes financial assets, other than derivatives, with fixed or variable repayments and a fixed maturity and for which it is the intention of the Board of Directors to keep them until they mature. These investments are classified as non-current assets unless they mature within 12 months of the date of statement of financial position.

Available-for-sale investments

These include financial assets, other than derivatives, that are designated available for sale or those that do not fit in the above categories. The category is included in non-current assets, unless the Board of Directors intends to dispose of the investment within 12 months of the date of statement of financial position.

At 31 December 2013, the ASCENDUM Group held investments in this category corresponding to shares in entities listed on the Lisbon Stock Exchange (Lisbon Euronext).

Investments are initially recorded at their acquisition cost, which is the fair value of the paid price; in the case of investments held to maturity and available-for-sale investments, transaction costs are included.

Following initial recognition, investments at fair value through profit or loss and available-for-sale investments are revalued at their fair values by reference to their market value at the date of the statement of financial position corresponding to their listing on the stock exchange, without any deduction for transaction costs that may be incurred until their sale.

Gains or losses arising from changes in the fair value of available-for-sale investments are recorded in equity, until the investment is sold, received, or otherwise disposed of, or until the fair value of the investment falls below its acquisition cost and this is an impairment loss, at which point the accumulated loss is entered in the income statement.

Available-for-sale financial investments representing shareholdings in unlisted companies are recorded at cost, with consideration of the existence, or not, of impairment losses. It is the conviction of the Group's Board of Directors that the fair value of these investments does not differ significantly from their acquisition cost.

All purchases and sales of financial investments are recognized on the transaction date, i.e. the date on which the Group assumes all the inherent risks and obligations of the purchase or sale of the asset. Investments are initially recorded at fair value plus transaction costs, with the only exception being the "investments at fair value through profit or loss". In the latter case, the investments are initially recognized at fair value and the transaction costs are recorded in the income statement.

Investments are derecognised when the right to receive cash flows has expired or has been transferred and, therefore, all the risks and benefits have been transferred.

'Available-for-sale investments' and 'investments at fair value through profit or loss are subsequently carried at fair value by reference to their market value at the date of the statement of financial position, without any deduction for transaction costs that may be incurred until their sale.

'Investments held to maturity' are carried at depreciated cost using the effective interest rate method.

Gains and losses, where or not they are realized, arising from changes in the fair value of "Investments at fair value through profit or loss" are recognized in the income statement for the period. Gains or losses, where or not they are realized, arising from changes in the fair value of non-monetary investments classified as available for sale, are recorded in equity, until the investment is sold, received, or otherwise disposed of, or until the fair value of the investment falls below its acquisition cost and this is an impairment loss, at which point the accumulated loss is entered in the income statement.

The fair value of available-for-sale financial investments is based on current market prices. If the market to which the investments belong is not an active/liquid market (unlisted investments), the Group records them at cost, taking account of any impairment losses. It is the conviction of the Group's Board of Directors that the fair value of these investments does not differ significantly from their acquisition cost. The fair value of listed investments is calculated based on the closing price of the stock market where they are traded, on the date of the statement of financial position.

At each statement of financial position date, the Group carries out valuations when there is objective evidence that a financial asset may be impaired. In the case of equity instruments classified as available for sale, a significant or prolonged loss in fair value to levels below their acquisition cost, in a context of market stability, is an indication that the asset is impaired. If there is evidence of impairment of "Available-for-sale investments", the accumulated losses - measured as the difference between acquisition cost and fair value less any impairment loss previously recognized in the income statement - are withdrawn from equity and recognized in the income statement.

All these purchases and sales are recognized on the date that the respective purchase and sale contracts are signed, regardless of their date of settlement.

ii) Accounts Receivable

Non-interest bearing receivables are stated at their nominal value, less any impairment losses so that they reflect their present net realizable value. These amounts are not discounted because the effect of their financial updating is not deemed material.

Interest bearing receivables (including those relating to instalment sales of vehicles) are recognized as assets at their full value, and the portion relating to interest is recorded in liabilities as income to be recognized and recorded in the income statement based on its maturity.

iii) Loans

Loans are recorded as liabilities at their nominal value less transaction costs directly attributable to the issuance of such liabilities. Financial charges are calculated based on the current interest rate and recognized in the income statement for the period in accordance with the accrual principle.

iv) Accounts payable

Accounts payable are stated at their nominal value.
These amounts are not discounted because the effect of their financial updating is not deemed material.

v) Derivative financial instruments

The Group's policy is to use derivative financial instruments to manage its financial risks in order to reduce its exposure to these risks. The derivative financial instruments normally used are interest rate "Swaps" ("Cash flow hedges") whose aim is to hedge the risk of interest rate fluctuations on obtained loans.

These derivatives, although entered with the above-mentioned purposes (fundamentally derivatives in the form of, or including, interest rate options), for which the company has not applied "hedge accounting", are initially recorded at cost, which corresponds to their fair value, and subsequently reassessed at fair value, changes in which, calculated through valuations performed by banking entities with whom the Group enters into the contracts, directly affect the headings of the financial results of the consolidated income statement.

At 31 December, 2013 and 31 December, 2012 the Group had no open transactions of this type.

vi) Cash and bank deposits

The amounts included under "Cash and bank deposits" are cash, bank deposits, term deposits and other treasury applications which mature in less than three months and can be immediately mobilized with negligible risk of change in value.

k) Contingent assets and liabilities

Contingent liabilities are defined by the Group as: (i) possible obligations arising from past events whose existence will be confirmed only by the occurrence or not of one or more uncertain future events not fully under the control of the Group; (ii) present obligations arising from past events, but which are not recognized because it is unlikely that an outflow of resources including economic benefits will be required to settle the obligation or its amount cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Group's financial statements, but are disclosed in the Notes to the Consolidated Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not even disclosed.

Contingent assets are possible assets arising from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events, not fully under the control of the Group.

Contingent assets are not recognized in the Group's financial statements but are disclosed in the Notes to the Consolidated Financial Statements, when it is likely that there will be future economic benefits.

l) Income Taxes

Income tax for the financial year is calculated based on the taxable results of the companies included in the consolidation, in accordance with the tax rules in force at the headquarters of each Group company. It also considers deferred taxation.

Current income tax is calculated based on the taxable results of the companies included in the consolidation.

Deferred Taxes are calculated based on the method of responsibility for the statement of financial position and reflect provisional differences between the amount of assets and liabilities for accounting reporting purposes and their amounts for taxation purposes. Deferred tax assets and liabilities are calculated and valued annually, using the taxation rates in force, or which have been announced as coming into force, at the expected date of the reversal of the provisional differences.

Deferred tax assets are only recognized when there is a reasonable expectation of sufficient future tax profits for their use, or in situations where there are temporary taxable differences that offset temporary deductible differences in the reversion period. At the end of each year these deferred taxes are reviewed and they are reduced whenever their future use ceases to be likely.

Deferred taxes are recorded as gains or losses for the year, unless they relate to items recognized directly in equity, in which case the deferred tax is also counter-entered under the same heading.

m) Fiscal consolidation

Income taxes for the year are calculated in Portugal based on the Corporate Groups Special Taxation Scheme ("RETGS"), which includes companies based in Portugal in which ASCENDUM S.A., has held a shareholding of at least 90% for more than a year, namely: ASCENDUM S.A., Cotiac SGPS, Lda., ASCENDUM II – Veículos, Unipessoal, Lda., ASCENDUM III – Máquinas, Unipessoal, Lda., ASCENDUM Portugal Serviços de Gestão, S.A., Tractorrastos Sociedade Vendedora de Acessórios, Lda.

In Spain income taxes of the subsidiaries - ASCENDUM ESPAÑA, S.L., Volmaquinaria de Construcción España, S.A., and Tea Aloya Inmobiliaria, S.A.U., are calculated on a consolidated basis.

The remaining group companies are taxed on an individual basis, in accordance with applicable law.

n) Accrual and Revenue

All income and expenses are stated in accordance with the accrual principle, by which they are stated as they are generated, regardless of the point in time when they are received or paid. The differences between amounts received and paid and the corresponding income and expenses are recorded under the accruals and deferrals headings in "Other accounts receivable", "Other accounts payable" and "Deferrals".

Gains and income whose real amount is not known are estimated based on the best assessment of the Management Board and the Board of Directors of the Group companies.

Revenue is recognized net of taxes and trade discounts, at the fair value of the amount received or receivable, as follows:

- Revenue from sales is recognized in the income statement when a significant number of the risks and benefits of ownership have been transferred to the buyer, it is likely that economic benefits will flow to the Group and the amount of that such income can be reasonably quantified;
- Revenue from the provision of services represents the price paid for repairs to customer equipment and vehicles.

The expenses of these repairs include materials and labour; the final cost and concomitant price payable by the customer is known only on the date of completion of the repairs, when the invoice is issued and the repaired goods are delivered to the customer, which is also when the related revenue is recognized.

Equipment purchased by customers under lease contracts negotiated by them with financial entities, in which there is a buyback option, is recognized as revenue at the time of delivery to the customers whenever the inherent risks and advantages of possession are transferred to the customer. This type of contract is recognized as an operating lease if the risks are not transferred.

Dividends are recognized as revenue in the year they are assigned.

o) Subsequent Events

Events occurring after the date of the statement of financial position that provide additional information about conditions existing at the date of the statement of financial position ("adjusting events") are reflected in the consolidated financial statements. Events after the date of the statement of financial position that provide information on conditions occurring after the date of the statement of financial position ("non-adjusting events"), if they are material, are disclosed in the Notes to the Consolidated Financial Statements.

p) Classification of statement of financial position

Realizable assets and payable liabilities for more than one year from the date of the statement of financial position are classified as non-current assets and liabilities and deferred tax assets and liabilities are also included in these headings.

q) Balances and transactions expressed in foreign currency

Assets and liabilities expressed in foreign currencies have been converted to Euros using the exchange rate in force on the date of the statement of financial position. Exchange differences - gains and losses - resulting from differences between the exchange rates on the transaction date and those on the date of the collections, payments or on the date of the statement of financial position, are recorded as gains or losses in the consolidated profit and loss statement of the period.

r) Non-current assets held for sale

Non-current assets (and all related assets and liabilities to be disposed of) are classified as held for sale if their carrying amount will be recovered through the sale rather than their continuing use. This condition is considered fulfilled only when sale is highly likely and the asset (and other related assets and liabilities to be disposed of) is available for immediate sale in its present condition. Furthermore, measures must be in place to enable it to be concluded that the sale can be expected to take place within 12 months of the date of classification.

Non-current assets (and all related assets and liabilities to be disposed of) classified as held for sale are measured at the lower of their carrying value and fair value, less their sale costs.

At 31 December, 2013 and 2012, there were no non-current assets held for sale.

s) Judgements and estimates

The Board of Directors of the Group based its preparation of the consolidated financial statements on the best knowledge and experience of past and/or current events, considering certain assumptions as to future events.

The most significant accounting estimates reflected in the financial statements for the years ended 31 December, 2013 and 2012 include:

a) Useful lives of tangible and intangible assets;
b) Adjustment recordings in the assets value (accounts receivable and inventories) and provisions;
c) Goodwill impairment tests;

The estimates and underlying assumptions were determined based on the best knowledge, at the approval date of the financial statements, of events and transactions in progress, and experience of past and/or current events. However, situations may arise in subsequent periods that are not foreseeable at the approval date of the financial statements and these have not been considered in these estimates. For this reason and given the associated degree of uncertainty, the actual results of the transactions may differ from the corresponding estimates. Any changes to these estimates occurring after the date of the consolidated financial statements will be corrected prospectively in the results, as per IAS 8.

The main estimates and assumptions regarding future events included in the preparation of the consolidated financial statements are disclosed in the corresponding notes.

t) Risk management policy

In the course of its business, the Group is exposed to a range of financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program, underlying an outlook of ongoing long-term operations, focuses on the unpredictability of financial markets and seeks to minimize any adverse effects that they may have on its financial performance.

The Group's risk management is essentially controlled by the finance department, in accordance with policies approved by the Group's Board of Directors. Accordingly, the Board of Directors has defined the key principles of overall risk management and also policies covering specific areas, such as interest rate risk and credit risk.

In accordance with the International Accounting Standards, financial risk means the risk of possible future change in one or more interest rates, financial instrument prices, commodity prices, exchange rates, price indices or rates, credit ratings or credit indices or another specified variable, provided that, in the case of a non-financial variable, the variable is not a specific part of the contract.

i) Exchange rate risk

As mentioned in Note 2.2.d), the assets and liabilities of the financial statements of foreign entities are translated into Euros using the exchange rates prevailing at the date of the statement of financial position and the income and expenses and cash flows are translated into Euros using the average exchange rate for the year. Exchange rate differences are recorded in equity.

The amount of assets and liabilities included in the Consolidated Balance Sheet, in Euros, arising from transposition of Financial Statements in currencies other than the Euro, can be summarized as follows:

	ASSETS				LIABILITIES			
	DEC-13	%	DEC-12	%	DEC-13	%	DEC-12	%
Turkys Lira (TRY)	112,460,349	21%	82,011,566	19%	48,811,791	12%	46,683,756	16%
U.S. Dollar (USD)	138,853,736	26%	92,313,914	21%	109,857,482	28%	87,167,281	30%
Polish Zloty (PLN)	11,534	0%	273,689	0%	630	0%	239,634	0%
Mexican Peso (MXN)	20,046,523	4%	11,845,036	3%	14,498,737	4%	11,862,404	4%
Romanian Lei (RON)	4,909,579	1%	0	0%	3,945,236	1%	0	0%
Marrocan Dirham (MAD)	29,264	0%	0	0%	6,132	0%	0	0%
Hungarian Florin (HUF)	2,602,689	0%	0	0%	2,510,463	1%	0	0%
Croatian Kuna (HRK)	534,556	0%	0	0%	244,367	0%	0	0%
Chech Crown (CZK)	11,718,955	2%	0	0%	8,302,149	2%	0	0%
TOTAL - CONSOLIDATED BALANCE SHEET - IFRS	**539,389,764**		**436,006,625**		**396,393,575**		**292,229,560**	

ii) Price risk

The price risk reflects the degree of exposure of a company to price changes in fully competitive markets for goods which include, at all times, its inventories and other assets and financial instruments that the company holds, with the intention of future sale.

1) The Group's management of the price risk associated with goods in store is essentially controlled by the sales departments of each company, in accordance with the policies approved by the Group's Board of Directors. Accordingly, the Board of Directors issues guidelines to anticipate change trends in the prices of traded goods and adapts the purchasing and inventory management policy in the most suitable manner for the circumstances. The ASCENDUM Group's Board of Directors believes that the risk associated with price of goods in stock is reasonably controlled.

2)The price risk management associated with financial instruments and other assets presents a higher level of exposure and the control/minimization mechanisms may require the use of more sophisticated hedging instruments.

At 31 December, 2013 the Group held a portfolio of available-for-sale securities representing equity instruments of companies listed on the Lisbon Stock Exchange:

- 11,084,734 shares of the Banco Português de Investimento (Portuguese Investment Bank),
- 82,648 shares of the Banco Millennium BCP,
- 1,020,000 Shares of the E.S. Financial Group

The Group's sensitivity to listing changes in the above available-for-sale Investments, compared to the price recorded at 31 December, 2013, can be summarized as follows (increases/(decreases)):

INVESTMENTS AVAILABLES FOR SALE	VARIATION	2013		TOTAL
		P&L	CAPITAL EQUITY	
BPI	-10%		(1,347,904)	(1,347,904)
	-20%		(2,695,807)	(2,695,807)
	10%		1,347,904	1,347,904
	20%		2,695,807	2,695,807
BCP	-10%		(1,372)	(1,372)
	-20%		(2,744)	(2,744)
	10%		1,372	1,372
	20%		2,744	2,744
ESFG	-10%		(495,720)	(495,720)
	-20%		(991,440)	(991,440)
	10%		495,720	495,720
	20%		991,440	991,440

3) Furthermore, the relationships that the various group companies have with their main suppliers are established in duly formalized contracts and protocols, whereby the commodity or credit price is reasonably controlled and monitored by the Group's Board of Directors, ensuring the normal continuity of operations and the development of the various activities and business areas.

iii) Interest rate risk

The Group's indebtedness is primarily indexed to variable interest rates, which exposes the cost of the debt to high volatility risk. The impact of this volatility on the results or equity of the Group is not significant as a result of the following factors: (i) possible correlation between market interest rate levels and economic growth, with the latter having a positive impact on other areas of the consolidated results (including operational) of the Group, thus partially offsetting increased financial costs ("natural hedge"); (ii) existence of consolidated liquidity or cash also bearing interest at variable rates.

The Group's Board of Directors approved the terms and conditions of the financing, by analysing the structure of the debt, the inherent risks and the different market options available, such as the type of interest rate (fixed/variable) and, by continuous monitoring of the conditions and alternatives in the market, it is responsible for any decisions to enter into occasional derivative financial instruments to hedge interest rate risk exposure.

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis described below was calculated based on exposure to interest rates for financial instruments existing at the date of the statement of financial position. For variable rate liabilities, the following assumptions were considered:

(i) The actual interest rate is higher by 1 percentage point than the interest rate borne;
(ii) The basis for the calculation was the financing of the Group at year-end;
(iii) Maintenance of traded spreads.

Sensitivity analyses assume the manipulation of a single variable with all other assumptions remaining constant. In reality, this assumption is unlikely to hold and changes in some of the assumptions may be related.

The Group's sensitivity to changes in the interest rates on the financial instruments can be summarized as follows (increases/ (decreases)):

		2013		2012	
	VARIATION	P&L	CAPITAL EQUITY	P&L	CAPITAL EQUITY
Bank loans	1 p.p	2,170,975		1,471,871	
Bank loans	(1 p.p)	(2,170,975)		(1,471,871)	

iv) Liquidity risk

Liquidity risk is defined as the risk of inability to settle or meet obligations under the defined terms and at a reasonable price.

The existence of liquidity in the Group companies requires performance parameters to be defined in the management function of that liquidity, to enable maximization of the return and minimization of the opportunity costs associated with the holding of this liquidity, in a safe and efficient manner.

The ASCENDUM Group's liquidity risk management has the following objective:

(i) Liquidity, i.e. to ensure continued access and in the most efficient manner to sufficient funds to meet current payments on their due dates as well as any requests for funds by the deadlines set, even if these are not foreseen;
(ii) Safety, i.e. to minimize the probability of default in repayment of any investment of funds; and
(iii) Financial efficiency, i.e. to ensure that the Companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short term.

The strategy adopted by the Group for the management of liquidity risk is based on the following factors, among others:

(i) Financial planning and integrated financial management of the group, based on the cash budgets of the various companies;
(ii) Diversification of funding sources and suitability of the maturity of commitments, in line with the rate of liquidity generation;
(iii) Suitability of maturity of financial commitments in relation to investments in non-current assets, in line with the cash generation rate of those assets;
(iv) Entry into short-term credit lines to address occasional cash requirement peaks.

Any surplus liquidity is used in so as to best serve the Group's liquidity and profitability objectives, either in short-term financial investments or by repaying short-term debt, in accordance with criteria of economic and financial reasonableness.

The maturity analysis of the financing of each class of financial liabilities is presented in Note 20, with the amounts undiscounted and based on the worst case scenario, i.e. the shortest period in which the liability becomes payable.

At 31 December, 2013 and 2012, the Group had net debt of 194,083,983 Euros and 136,082,246 Euros, respectively, divided between current and non-current loans (Note 20) and cash and cash equivalents (Note 16) entered into with a range of institutions.

The Group has credit lines of up to 336 million Euros, which could be used if necessary.

v) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations, resulting in losses to the Group.

The Group's exposure to credit risk is mainly related to accounts receivable arising from operations.

Management of this risk aims to ensure actual recovery of debts within the set deadlines, without affecting the financial health of the Group. This risk is monitored on a regular basis, and the aim of its management is to: (i) limit credit granted to customers with consideration of average periods of receipt from customers, homogeneous groups of customers and individually by customer; (ii) monitor the evolution of the level of credit granted; (iii) perform impairment analyses of amounts receivable on a regular basis. The Group obtains credit guarantees, whenever the financial condition of a customer deems it advisable.

The Group also uses credit rating agencies and has specific departments for credit control, collection and management of lawsuits, which contribute to risk mitigation.

Adjustments to accounts receivable are calculated by taking account of: (a) the risk profile of the customer; (b) the average collection period; (c) the financial situation of the customer. The movements of these adjustments for the years ended 31 December, 2013 and 2012 are disclosed in Note 25.

At 31 December, 2013 and 2012, the Group judged that there was no need for additional impairment losses beyond the amounts recorded on those dates and shown, in summary form, in Note 25.

The amount relating to customers and other accounts receivable in the financial statements, which are net of impairment losses, represents the Group's maximum credit risk exposure.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF BASIC ERRORS

During the year ended 31 December, 2013, there were no changes in accounting policies or material errors relating to prior years.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The Group companies included in the consolidation and the respective proportion the capital held at 31 December, 2013 and 2012, are as follows:

COMPANY	EFFECTIVE SHAREHOLDING PERCENTAGE		CONSOLIDATION METHOD
	DEC-13	DEC-12	
ASCENDUM, S.A.		Parent Company	Full
AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA.	50%	50%	Full
AIR-RAIL MAROC	50%		Full
AIR-RAIL POLSKA, Sp. Z.o.o.	50%	50%	Full
AIR-RAIL, S.L.	50%	50%	Full
AMPLITUDE SEGUROS - Corretores de Seguros, S.A.	33.3%	33.3%	Equity Method
AMPLITUDE IBÉRICA, S.L	33.3%	33.3%	Equity Method
ART HAVA VE RAY EKIPMANLARI LTD. STI	92.5%	92.5%	Full
ASCENDUM II - VEICULOS, UNIPESSOAL LDA.	100%	100%	Full
ASC CONSTRUCTION EQUIPMENT, INC.	100%	100%	Full
ASCENDUM MAQUINARIA MEXICO, S.A. DE C.V.	100%	100%	Full
ASCENDUM III - MÁQUINAS, UNIPESSOAL LDA.	100%	100%	Full
ASC TÜRK MAKINA, LIMITED SIRKETI	100%	100%	Full
ASCENDUM BAUMASCHINEN ÖSTERREICH GmBH	100%		Full
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI Kft	100%		Full
ASCENDUM ESPAÑA, S.L.	100%	100%	Full
ASCENDUM GmbH	100%		Full
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	100%		Full
ASCENDUM MACHINERY SRL	100%		Full
ASCENDUM MAKINA YATIRIM HOLDING A.S	100%	100%	Full
ASCENDUM PORTUGAL, SERVIÇOS DE GESTÃO, Unipessoal, LDA.	100%	100%	Full
ASCENDUM STAVEBENI STROJE CZECH s.r.o	100%		Full
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	100%		Full
COTIAC - SGPS, Unipessoal, LDA.	100%	100%	Full
GLOMAK SGPS, S.A.	100%	100%	Full
HARDPARTS MOÇAMBIQUE, LDA.	100%		Full
IMPORTADORA DISTRIBUIDORA dE MAQUINARIA INDUSTRIAL ZEPHIR, S.L.	50%	50%	Full
TEA ALOYA INMOBILIARIA, S.A.U.	100%	100%	Full
TRACTORRASTOS - Sociedade vendedora de acessórios, LDA.	100%	100%	Full
TRP YEDEK PARÇA ITHALAT IHRACAT VE PAZARLAMA LIMITED SIRKETI	100%	100%	Full
VOLMAQUINARIA DE CONSTRUCCIÓN DE ESPAÑA, S.A.	100%	100%	Full
VOLRENT, Aluguer de máquinas e equipamentos, Unipessoal, LDA.	0%	100%	Full
VOLRENTAL ATLÁNTICO, S.A.U.	68.89%	68.89%	Full

These companies were included in the consolidation using the full consolidation method, as established by IAS 27 - "Consolidated and separate financial statements" (control of the subsidiary through majority of voting rights, or other mechanism, as owner of company shares - Note 2.2 a)).

In financial year 2012, the whole stake in Amplitude Ibérica, S.L. was sold.

In financial year 2013, shares in the companies of the Central European Group (CEG) were bought from Volvo Construction Equipment.

Under this operation, two companies were also incorporated, one under Austrian law and the other under Romanian law and these also appear in the list of companies included in the consolidation.

5. CHANGES IN THE CONSOLIDATION PERIMETER

During financial year ended 31 December, 2013, the following changes occurred in the composition of the consolidation perimeter:

- Addition of new companies by subscription of constitutive share capital:
  - ASCENDUM GmBH
  - ASCENDUM MACHINERY SRL
  - HARDPARTS MOÇAMBIQUE LDA.
  - AIR RAIL MAROC

- Addition of new companies by purchase of share capital:
  - ASCENDUM BAUMASCHINEN ÖSTERREICH

And, as a result of the acquisition of this company, the integration of its subsidiaries in the group:
- ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI Kft
- ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o
- ASCENDUM STAVEBENI STROJE CZECH s.r.o
- ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o

- Exit of companies:
  - The company Volrent, Aluguer de máquinas e equipamentos, Unipessoal, Lda., underwent merger by incorporation into ASCENDUM III – Máquinas, Unipessoal, Lda.

The following discloses the assets and liabilities of the companies that entered the consolidation perimeter in 2013, on their acquisition date:

ASSETS AND LIABILITIES INCORPORATED WITH THE ACQUISITION OF CEG (EUROPE CENTRAL GROUP) IN SEPTEMBER 30, 2013

	AMOUNT
ASSETS	
Property, plant and equipment	37,541,093
Investment properties	5,233,751
Intangible assets	7,024
Deferred tax assets	748,328
Inventories	14,856,513
Trade and other receivables	19,574,158
Cash and bank deposits	8,938,762
TOTAL ASSETS	**86,899,629**
LIABILITIES	
Provisions	2,078,541
Deferred tax liabilities	14,830
Other liabilities	56,694
Accounts payable	8,896,910
Advances from customers	289,253
State and other public entities	6,922,426
Borrowings	7,750,280
Other liabilities	42,531,524
Deferrals	411,180
TOTAL LIABILITIES	**68,951,637**

The above values do not include the assets and liabilities allocated to the construction equipment business in Romania, in the amount of 2,385,632 Euros, which were already purchased by the subsidiary ASCENDUM MACHINERY, previously incorporated by the ASCENDUM Group in that country.

6. INTANGIBLE ASSETS

During the financial years ended 31 December, 2013 and 2012, movements in intangible assets and in the respective depreciations and accumulated impairment losses, were as follows:

2013	INDUSTRIAL PROPERTY AND OTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
GROSS ASSETS				
2013 Opening balance	4,530,060	2,032,375	1,617	6,564,051
Additions	1,304,006	314,266		1,618,271
Disposals		(10,371)		(10,371)
Translation differences	(210,534)	(247,234)		(457,768)
Transfers and write-offs				0
DECEMBER 31, 2013 FINAL BALANCE	**5,623,531**	**2,089,035**	**1,617**	**7,714,184**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES:				
2013 Opening balance	(577,706)	(940,649)	0	(1,518,355)
2013 Amortization for the year	(137,985)	(528,385)		(666,371)
Translation differences	8,291	116,001		124,292
Disposals, transfers and write-offs		10,371		10,371
DECEMBER 31, 2013 FINAL BALANCE	**(707,400)**	**(1,342,662)**	**0**	**(2,050,063)**
NET VALUE	**4,916,131**	**746,373**	**1,617**	**5,664,121**

The heading of additions in Industrial Property and Other Rights, includes amounts related to the ASCENDUM brand, totalling 356,772 Euros and intangibles identifiable in the acquisition of the North Dakota operation in the United States, with a Euro equivalent of 843 338.

2012	INDUSTRIAL PROPERTY ANDOTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
GROSS ASSETS:				
2012 Opening balance	4,733,461	653,328	2,276	5,389,064
Additions	279,321	866,553		1,145,873
Disposals				0
Translation differences	(262,262)	(24,573)		(286,835)
Transfers and write-offs	(220,460)	537,068	(659)	315,949
DECEMBER 31, 2012 FINAL BALANCE	**4,530,060**	**2,032,375**	**1,617**	**6,564,051**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES				
2012 Opening balance	(616,473)	(141,521)	(1,756)	(759,750)
2012 Amortization for the year	(49,912)	(350,115)		(400,026)
Translation differences	1,440	13,944		15,384
Disposals, transfers and write-offs	87,239	(462,958)	1,756	(373,963)
DECEMBER 31, 2012 FINAL BALANCE	**(577,706)**	**(940,649)**	**0**	**(1,518,355)**
NET VALUE	**3,952,354**	**1,091,726**	**1,617**	**5,045,697**

7. TANGIBLE FIXED ASSETS

During the financial years ended 31 December, 2013 and 2012, movements in tangible fixed assets and in the respective depreciations and accumulated impairment losses, were as follows:

2013	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
GROSS ASSETS								
2013 Opening balance	21,569,591	45,636,352	45,815,171	7,411,601	11,927,869	6,165,024	536,308	139,061,916
Additions	2,779,128	3,322,925	87,919,030	4,734,966	1,015,029	157,633	2,294,626	102,223,338
Disposals, transfers and write-offs		(5,873)	(27,495,649)	(1,189,013)	(78,098)	(5,108,004)		(33,876,637)
Translation differences	(206,480)	(501,338)	(3,737,838)	(223,839)	(349,535)	(11,085)	(101,541)	(5,131,656)
Transfers								0
DECEMBER 31, 2013 FINAL BALANCE	**24,142,240**	**48,452,066**	**102,500,714**	**10,733,715**	**12,515,265**	**1,203,567**	**2,729,393**	**202,276,960**
DEPRECIATIONS AND ACCUMULATED IMPAIRMENT LOSSES								
2013 Opening balance	0	(19,482,079)	(12,324,235)	(5,282,590)	(9,032,656)	(3,962,771)	0	(50,084,331)
2013 Depreciation for the year		(2,419,873)	(13,660,883)	(2,619,665)	(1,101,321)	(121,466)		(19,923,208)
Disposals, transfers and write-offs			12,172,499	795,597	63,378	3,260,567		16,292,040
Translation differences		165,457	283,010	123,555	243,030	5,875		820,927
Impairment losses			(2,053,229)					(2,053,229)
DECEMBER 31, 2013 FINAL BALANCE	**0**	**(21,736,495)**	**(15,582,838)**	**(6,983,104)**	**(9,827,569)**	**(817,795)**	**0**	**(54,947,801)**
NET VALUE	**24,142,240**	**26,715,571**	**86,917,876**	**3,750,612**	**2,687,696**	**385,772**	**2,729,394**	**147,329,160**

2012	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
GROSS ASSETS								
2012 Opening balance	22,426,454	46,957,245	58,694,196	8,329,679	18,100,719	10,195,637	882,459	165,586,389
Additions	75,704	1,413,755	10,307,290	3,459,180	3,039,952	404,913	8,823	18,709,618
Disposals, transfers and write-offs	(836,792)	(2,536,262)	(22,780,626)	(4,331,446)	(9,177,395)	(4,432,163)	(354,974)	(44,449,659)
Translation differences	(95,775)	(198,385)	(405,690)	(45,812)	(35,407)	(3,363)		(784,433)
Transfers								0
DECEMBER 31, 2012 FINAL BALANCE	**21,569,591**	**45,636,352**	**45,815,171**	**7,411,601**	**11,927,869**	**6,165,024**	**536,308**	**139,061,916**
DEPRECIATIONS AND ACCUMULATED IMPAIRMENT LOSSES:								
2012 Opening balance	0	(18,795,643)	(32,281,909)	(6,142,549)	(9,434,100)	(2,014,641)	0	(68,668,843)
2012 Depreciation for the year		(2,186,269)	(11,665,431)	(972,934)	(774,997)	(1,155,940)		(16,755,571)
Disposals, transfers and write-offs		1,469,890	31,594,356	1,796,754	1,124,002	(791,437)		35,193,565
Translation differences		29,943	28,749	36,139	52,439	(753)		146,517
Impairment losses								0
DECEMBER 31, 2012 FINAL BALANCE	**0**	**(19,482,079)**	**(12,324,235)**	**(5,282,590)**	**(9,032,656)**	**(3,962,771)**	**0**	**(50,084,331)**
NET VALUE	**21,569,591**	**26,154,273**	**33,490,936**	**2,129,011**	**2,895,213**	**2,202,252**	**536,308**	**88,977,585**

In 2013 the most significant variations are at the level of the "Additions" line and are primarily explained by the entry into the perimeter of tangible fixed assets as a result of the acquisition of companies (€ 37,541,093), already mentioned in Note 5, on their acquisition date.

In 2012, the amounts disclosed in the "Disposals, write-offs and transfers" lines also include accounting reclassifications arising from the harmonization of the Group's accounting policies.

8. INVESTMENT PROPERTIES

At 31 December, 2013 and 2012, the heading "Investment properties" refers to real estate assets held by the Group for income generation through leases or by capital appreciation. These assets are recorded at cost or at cost revalued at the date of initial application of IFRS (01-01-2009).

In order to collect updated market indicators to determine whether or not there is evidence of impairment against the book values of the investment properties, independent valuations were made of two assets which, in the latter evaluation, showed market values close to the book values. The results obtained in these two valuations showed values higher than the market values recorded at 31 December, so the Board of Directors considered: (i) extension of the conclusions thereof to all investment properties in the balance sheet at 31 December, 2013; (ii) that there is no evidence that they are impaired at that date; (iii) the book values of the investment properties, taking account of all the evidence collected, are an appropriate reflection of their fair value at that date.

The valuation assumptions used by the experts were the compared market values or the market value.

The investment properties shown in the 2013 and 2012 balance sheets represented land held by the group with the intention of future appreciation.

The following table shows the position of the investment properties at the end of 2013 and 2012:

	DEC-12 OPENING BALANCE	INCREASES	DECREASES	NEW ENTRIES ON THE PERIMETER	DEC-13 FINAL BALANCE
AIR RAIL, S.L.	6,481		1,729		4,752
ASCENDUM, S.A.	2,841,314		39,816		2,801,498
GLOMAK, S.G.P.S, Lda.	147,599		5,893		141,706
TEA ALOYA INMOBILIARIA, S.A.	78,260				78,260
TOTAL	**3,073,654**	**0**	**47,438**	**0**	**3,026,216**

	DEC-11 OPENING BALANCE	INCREASES	DECREASES	NEW ENTRIES ON THE PERIMETER	DEC-12 FINAL BALANCE
AIR RAIL. S.L.	8,065		1,584		6,481
ASCENDUM. S.A.	2,576,033	265,281			2,841,314
GLOMAK. S.G.P.S. Lda.	77,734	69,865			147,599
TEA ALOYA INMOBILIARIA. S.A.	78,260				78,260
TOTAL	**2,740,092**	**335,146**	**1,584**	**0**	**3,073,654**

During financial years 2013 and 2012, there was no income or expenses related to the investment properties.

9. GOODWILL

In 2013, the policy of growth through acquisitions continued. In this context, shareholdings were acquired in companies of the CEG (Central European Volvo Group) as well as net assets allocated to the construction equipment business in Romania, generating goodwill in the amount of 9,948,227 Euros, as shown below:

PURCHASE PRICE ALLOCATION (PPA)	TOTAL
Purchase price	30,281,851
Equity of the acquired companies	21,728,425
Difference between the fair values of acquired assets and liabilities	1,394,801
Fair value of acquired net assets	20,333,624
GOODWILL	**9,948,227**

As a result of the acquisition of the construction equipment distribution contract for North Dakota (USA), Goodwill amounting to 465,867 Euros (USD 647,118), was also recognized, as shown below:

In U.S. Dollars

PURCHASE PRICE ALLOCATION (PPA)	TOTAL
Purchase price	15,289,897
Net assets acquired	13,522,778
Difference between the fair value of acquired assets	1,120,000
Fair value of acquired net assets	14,642,778
GOODWILL	**647,118**

Also in financial year 2013, goodwill was reduced in the amount of 3,829,688 Euros as a result of the adjustment, due to effect of the EUR/TL exchange rate variation, in the goodwill associated with the 2010 acquisition of the construction equipment unit that Volvo held in Turkey and which, following the acquisition, changed its name to ASC – Turk Makina, Limited, Sirketi.

The amortization of 70,000 Euros recognized in financial year 2013 with respect to the Transfer of the finite useful life contributed to the consolidated balance sheet by the subsidiary - GLOMAK.

During financial year 2012 a new company was incorporated in Mexico (ASCENDUM MACHINERY MEXICO, SA de C.V.), to represent and distribute Volvo brand construction equipment and operate other additional representations throughout the United Mexican States and to this end it purchased the right to represent Volvo from the local distributor for $ 1.65 million, the equivalent of 1,232,183 Euros which, under the contractual terms, was recognized with assets of indefinite useful life.

Also in financial year 2012, goodwill was increased in the amount of 752,620 Euros as a result of the adjustment, due to the effect of the EUR/TL exchange rate variation, in the goodwill associated with the 2010 acquisition of the construction equipment unit that Volvo held in Turkey and that, following the acquisition, changed its name to ASC - Turk Makina, Limited, Sirketi. The amortization of 70,000 Euros recognized in financial year 2012 with respect to the transfer of the finite useful life contributed to the consolidated balance sheet by the subsidiary - GLOMAK.

The following table discloses the initial and final balances and variations during financial years 2013 and 2012 under the goodwill heading.

GOODWILL	2013	2012
GROSS ASSETS		
Opening balance	34,655,457	32,670,654
Additions	10,396,771	1,232,183
Transfers, write-offs and adjustments	(3,829,688)	752,620
FINAL BALANCE	**41,222,540**	**34,655,457**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES:		
Opening balance	(1,522,186)	(1,452,186)
Depreciation for the year	(70,000)	(70,000)
FINAL BALANCE	**(1,592,186)**	**(1,522,186)**
NET VALUE	**39,630,354**	**33,133,271**

The following presents a breakdown of the overall goodwill value at 31 December, 2013 and 2012, as well as the method and assumptions used to ascertain the existence or otherwise of impairment, associated with each:

2013	ASC MÁQUINAS	ASC USA	ASC TURK	ASC MEXICO	ASCENDUM GMBH	ASCENDUM ROMÉNIA	TRACTORRASTOS
Goodwill	7,923	469,232	14,580,523	1,181,975	8,898,227	1,032,677	1,135,850
Explicit period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years
Growth rate (g)[1]	2%	3%	5%	3%	2%	2%	2%
Used discount rate[2]	9.8%	13.0%	16.0%	9.20%	8.3%	8.3%	7.70%

[1] Growth rate used to extrapolate cash flows beyond the period considered in the business plan
[2] Discount rate applied to projected cash flows

2013	ASCENDUM PORTUGAL	GLOMAK S.G.P.S.	AIR-RAIL ESPANHA	GRANADA ESPANHA	ZEPHIR	VOLCATALAN	TOTAL
Goodwill	155,000	502,085	6,053,838	2,255,828	2,620,298	736,897	39,630,354
Explicit period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	
Growth rate (g)[1]	2%	1%	2%	2%	2%	2%	
Used discount rate[2]	9.8%	9.4%	7.9%	9.1%	7.9%	9.1%	

[1] Growth rate used to extrapolate cash flows beyond the period considered in the business plan
[2] Discount rate applied to projected cash flows

2012	ASC MÁQUINAS	ASC TURK	ASC MEXICO	TRACTOR-RASTOS	ASCENDUM PORTUGAL	GLOMAK S.G.P.S.	AIR-RAIL ESPANHA	GRANADA ESPANHA	ZEPHIR	VOLCATALAN	TOTAL
Goodwill	7,923	18,363,368	1,232,183	1,135,850	155,000	572,085	6,053,838	2,255,828	2,620,298	736,897	33,133,271
Explicit period	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	Cash flow projections for 5 years	
Growth rate (g)[1]	2%	5%	3%	2%	2%	1%	2%	2%	2%	2%	
Used discount rate[2]	9.8%	14.1%	8.94%	9.84%	9.80%	8.6%	10.4%	10.4%	10.4%	10.4%	

[1] Growth rate used to extrapolate cash flows beyond the period considered in the business plan
[2] Discount rate applied to projected cash flows

The Board of Directors, based on projected cash flow values discounted at rates deemed applicable, concluded that at 31 December, 2013, the carrying value of net assets, including goodwill, did not exceed their recoverable value.

Projected cash flows were based on past performance and expectations of improved efficiency. Those responsible for these segments believe that a possible change (within a normal scenario) in the principal assumptions used to calculate the recoverable amount will not result in impairment losses.

10. FINANCIAL INVESTMENTS – OTHER METHODS, AND OTHER FINANCIAL ASSETS

	2013	2012
Financial Investments - Other methods	18,774,465	16,091,618
Financial assets held for trading	0	40,332
Other non-current financial assets	392,758	166,597
Other current financial assets	52,411	59,796

10.1 FINANCIAL INVESTMENTS – OTHER METHODS

a) Available-for-sale financial investments:

During the financial years ended 31 December, 2013 and 2012 the group held the following available for sale securities portfolio (number of shares):

	2013	2012
BPI	11,084,734	11,084,734
ESFG	1,020,000	1,020,000
BCP	82,648	82,648

	SHARES	QUOTE 31.12.13	VALUE AT 31.12.13
ESFG	1,020,000	4.86	4,957,200
BPI	11,084,734	1.216	13,479,037
BCP	82,648	0.166	13,720
	SHARES	**QUOTE 31.12.12**	**VALUE AT 31.12.12**
ESFG	1,020,000	5.28	5,385,600
BPI	11,084,734	0.943	10,452,904
BCP	82,648	0.075	6,199

Movements in the “Available-for-sale investments” heading in each of the years were as follows:

	DEC-13	DEC-12
Fair Value on January, 1st	15,852,728	3,793,963
Acquisitions during the year		6,641,348
Disposals during the year		
Increase/(decrease) in Fair Value - Equity	2,675,326	5,422,458
Increase/(decrease) in Fair Value - P&L	7,521	(5,042)
Other adjustments		
FAIR VALUE ON DECEMBER, 31	**18,535,575**	**15,852,728**
Non current assets	18,535,575	15,812,395
Current assets	0	40,332
TOTAL	**18,535,575**	**15,852,727**

In financial year 2013 available-for-sale financial investments were moved by appreciation during the year, against the prices at 31 December, 2013, of the BPI shares, amounting to 3,103,726. Euros, and depreciation of the shares of ESFG, by 428,400 Euros, with counter-entry in equity and also by appreciation of the shares of Millennium BCP, in the amount of 7,521 Euros, with counter-entry in the results for the period.

The amount of 6,641,348 Euros, related to acquisitions in 2012, were the result of the purchase of 1,020,000 shares of the Espirito Santo Financial Group, S.A. (ESFG) at a price of 4.998 million Euros and the purchase of 3,206,032 shares of Banco Português de Investimentos, S.A. (BPI) for 1,603,016 Euros and also available-for-sale financial investments contributed by the subsidiary ASC Turk, in the amount of 40,332 Euros.

Furthermore, the effect on equity and impairment losses of recording “Available-for-sale investments” at fair value in financial years 2013 and 2012 can be summarized as follows:

	DEC-13	DEC-12
Assets disposals recognised in P&L		0
Fair Value variations	2,675,326	5,422,458
Deferred Tax Assets	-931,118	-1,510,959
EQUITY EFFECT	**1,744,208**	**3,911,499**
Impairment losses	7,521	(5,042)

b) Other investments:

	SHAREHOLDING %	DEC-13 GLOBAL VALUE	DEC-12 GLOBAL VALUE
Arnado, Lda	5%		
Garval, Lisgarnte, Norgarante	-	238,890	279,222
Vortal, SGPS S.A.	1.23%		

10.2 OTHER FINANCIAL ASSETS

The balance in 2013 in "non-current" corresponds to collateral relating to our facilities in Spain and also to actions linked to credit guarantee companies in Portugal.

11. INVENTORIES

At 31 December, 2013 and 2012, this heading had the following composition:

	DEC-13	DEC-12
Raw Materials, Subsidiary, and Consumption Materials		
Products and works in progress	2,159,532	1,221,851
Finished and intermediate products	19,775	28,415
Stock	157,812,202	157,361,357
Inventories Impairments (Note 25)	(5,177,930)	(4,660,470)
TOTAL	**154,813,579**	**153,951,154**

The cost of sales in financial years ended 31 December, 2013 and 2012 was calculated as follows:

	DEC-13			DEC-12		
	STOCK	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL	STOCK	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL
Opening Inventories	157,361,357	0	157,361,357	143,400,849	0	143,400,849
Net Purchases	402,745,926	0	402,745,926	380,442,309	0	380,442,309
Permieter Variation	14,856,513	0	14,856,513	0	0	0
Final Inventories	157,812,202	0	157,812,202	157,361,357	0	157,361,357
TOTAL	**417,151,594**	**0**	**417,151,594**	**366,481,801**	**0**	**366,481,801**

Variation in output for the financial years ended 31 December, 2013 and 2012 was calculated as follows:

	FINISHED, INTERMEDIATE PRODUCTS, AND WORKS IN PROGRESS	
	DEC-13	DEC-12
Final inventories	2,179,307	1,250,266
Stock adjustments	602,952	(249,312)
Opening inventories	1,250,266	1,349,962
TOTAL	**326,089**	**149,616**

12. CUSTOMERS

At 31 December, 2013 and 2012, this heading had the following composition:

	ASSETS	
	DEC-13	DEC-12
Customers - current	92,999,272	73,151,196
Customers - trade bills receivable	9,633,870	11,080,348
Customers - doubtful debts	18,452,119	18,672,762
	121,085,261	**102,904,307**
Impairment losses - doubtful debts (Note 25)	(20,820,691)	(20,567,152)
	100,264,570	**82,337,155**

The amounts presented in the statement of financial position are net of accumulated impairment losses for bad debts, which were estimated by the Group in accordance with the adopted and disclosed accounting policy and based on its assessment of the current macroeconomic climate on the date of the statement of financial position. The credit risk concentration is limited, as the customer base is broad and non-relational. Thus, the Board of Directors believes that the carrying amount of accounts receivable approximates to their fair value.

The Customer balance amounts included as assets are not influenced by advances made by them on account for services and goods to be purchased; these are presented as liabilities under "Customers Advances", which at year-end 2013 and 2012 amounted to 1,726,055 and 2,729,370 Euros respectively.

Given the Group's terms and conditions of sales and the fact that transactions with m/l term deferred payments are carried out through financial institutions, the overall amount of the customers item represents claims with agreed maturity up to 12 months.

13. OTHER ACCOUNTS RECEIVABLE

At 31 December, 2013 and 2012, this heading had the following composition:

	DEC-13		DEC-12	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Advances to suppliers	1,120,035		2,075,817	
SUB-TOTAL	**1,120,035**	**-**	**2,075,817**	**-**
Other Accounts receivables	4,255,187	1,102,665	4,674,594	1,094,819
Accrued income	1,684,917		1,247,966	
SUB-TOTAL	**5,940,103**	**1,102,665**	**5,922,560**	**1,094,819**
TOTAL	**7,060,138**	**1,102,665**	**7,998,377**	**1,094,819**

Income accruals of income mainly includes interest, bonuses and other miscellaneous accruals.

Other accounts receivable in 2013 and 2012 contained 1,587,606 and 2,174,392 Euros, respectively, relating to a receivable balance with non-controlling interests.

14. DEFERRALS - (ASSETS)

At 31 December, 2013 and 2012, this heading had the following composition:

	DEC-13	DEC-12
DEFERRED COSTS		
Insurance	173,924	194,688
Financial costs	401,749	0
Rents	117,251	101,787
Other bank services	95,337	
Others	1,046,309	681,890
TOTAL	**1,834,570**	**978,365**

The group recognizes expenses on the accrual basis regardless of their payment. At year end in this heading costs already paid but which shall only economically affect later financial years are deferred. The amounts disclosed in the table above relate to insurance payments, rents, interest, etc. that under the accrual accounting principle should not affect the results of each of the respective years.

15. DEFERRED TAXES

a) The detail of the amounts and nature of deferred tax assets and liabilities recorded in the consolidated financial statements at 31 December, 2013 and 2012, can be summarized as follows:

2013	DEC-12	PERIMETER VARIATION	P&L IMPACT (NOTE 28)	EQUITY IMPACT	DEC-13
DEFERRED TAX ASSETS					
Non-tax deductible provisions	3,552,047	0	714,376	0	4,266,423
Reportable Tax Losses	9,557,530	0	1,161,592	0	10,719,122
Non-tax deductible amortizations	349,259	748,328	289,156	0	1,386,743
Amortization of Goodwill - Tax deductible	0	0	2,021,798	0	2,021,798
Elimination - Internal Margins	1,065,817	0	(336,345)	0	729,472
Taxable Deferrals	0	0	0	0	0
Investment Properties Impairments	66,944	0	0	0	66,944
Financial Investments Impairments	4,139,847	0	0	(931,118)	3,208,729
Merger Costs	0	0	0	0	0
	18,731,445	**748,328**	**3,850,577**	**(931,118)**	**22,399,232**
DEFERRED TAX LIABILITIES					
Amortizations resulting from legal and free revaluations	(1,491,973)	0	1,012,845	0	(479,128)
Effect of reinvesting capital gains generated	(20,988,442)	(14,830)	(484,110)	0	(21,487,382)
by fixed assets disposals	0	0	0	0	0
Revaluations of Land/ Fixed Assets	(2,575,083)	0	0	(901,345)	(3,476,427)
	(25,055,498)	**(14,830)**	**528,735**	**(901,345)**	**(25,442,938)**
NET EFFECT	**(6,324,053)**	**733,498**	**4,379,312**	**(1,832,462)**	**(3,043,706)**

2012	DEC-11	PERIMETER VARIATION	P&L IMPACT (NOTE 28)	EQUITY IMPACT	DEC-12
DEFERRED TAX ASSETS					
Non-tax deductible provisions	1,977,632	0	1,404,489	169,926	3,552,047
Reportable Tax Losses	2,385,126	0	7,172,404		9,557,530
Non-tax deductible amortizations	295,213	0		54,046	349,259
Elimination - Internal Margins	862,034	0	203,782		1,065,817
Taxable Deferrals	0	0			0
Investment Properties Impairments	66,944	0			66,944
Financial Investments Impairments	5,650,806	0		(1,510,959)	4,139,847
Merger Costs	0	0			0
	11,237,756	**0**	**8,780,675**	**(1,286,987)**	**18,731,445**
DEFERRED TAX LIABILITIES					
Amortizations resulting from legal and free revaluations	(1,331,095)	0	(575,846)	414,969	(1,491,973)
Effect of reinvesting capital gains generated	(10,601,221)	0	(10,387,222)		(20,988,442)
by fixed assets disposals					
Revaluations of Land/ Fixed Assets	(2,575,083)	0			(2,575,083)
	(14,507,399)	**0**	**(10,963,068)**	**414,969**	**(25,055,498)**
NET EFFECT	**(3,269,642)**	**0**	**(2,182,393)**	**(872,018)**	**(6,324,053)**

In 2013, the Deferred Taxes presented above included movements in assets primarily related to:

(i) Tax losses of Glomak S.G.P.S;
(ii) Changes in the consolidation perimeter
(iii) Increase in non tax-deductible tax provisions;
(iv) Reduction in deferred tax assets relating to the increase of value of BPI shares.

On the deferred tax liabilities side, the increase was due primarily to the change in perimeter.

b) Tax losses carried forward:

COMPANY	TAX LOSSES CARRIED FORWARD	DEADLINE FOR THE USE OF TAX LOSSES
ASCENDUM - 2011	3,214,258	2015
ASCENDUM - 2012	2,409,581	2017
ASCENDUM - 2013	1,901,946	2018
Volmaquinaria - 2009	36,478	2024
Volmaquinaria - 2010	164,624	2025
ASC USA	17,040,099	2030
ASC Bogazici - 2013	868,672	2018
ART - 2012	101,984	2017
ART - 2013	89,221	2018

Deferred tax Assets were not recognized on tax losses in financial year 2013 in ASCENDUM, S.A., as at the balance sheet date not all the requirements of paragraph 34 of IAS - 12 were satisfied.

Under the legislation in force in Portugal, tax losses can be carried forward for a period of five years (6 years for financial years ending up to 31 December, 2009 and 4 years for the years ended 31 December, 2010 and 2011) following their occurrence and may be deducted from taxable profits during this carry-forward period up to 75 % of taxable income.

In Spain, tax losses can be carried forward for a period of 18 years.

In the United States, tax losses can be carried forward for a period of 20 years.

In Turkey, tax losses can be carried forward for a period of 5 years.

ASCENDUM Group Companies based in Portugal, of which at least 90 % of the capital has been held for more than one year, are taxed subject to Corporate Income Tax in accordance with the Special Taxation System for Groups of Companies ("RETGS") provided for in Articles 70 and 71 of the IRC Code. For financial years beginning from 1 January, 2012, taxable income in excess of 1.5 million Euros is also subject to a state surcharge of between 3% and 5 %.

In accordance with the legislation in force, the tax returns of the ASCENDUM Group and companies headquartered in Portugal are subject to audit and correction by the tax authorities for a period of four years (five years for Social Security), unless tax losses have occurred, tax benefits have been granted or inspections, claims and challenges or ongoing; in these cases, depending on the circumstances, the deadlines are extended or suspended. The Group's Board of Directors believes that any corrections resulting from audits/inspections by the tax authorities of the tax returns of years still open to inspection shall not have a significant effect on the consolidated financial statements.

Under Article 88 of the Corporate Income Tax Code, companies based in Portugal are additionally subject to autonomous taxation on a set of charges at the rates set forth in the above-mentioned article.

The following ASCENDUM Group Companies headquartered in Spain are taxed on a consolidated basis:

- ASCENDUM ESPAÑA, S.L.
- Tea Aloya Inmobiliaria S.A.U.
- Volmaquinaria de Construcción España, S.A.
- Volrental S.A.U.

The other group companies headquartered in Spain are taxed individually according to their taxable income.

Under the legislation in force, the tax returns of the ASCENDUM Group and companies headquartered in Spain are subject to audit and correction by the tax authorities for a four year period.

In the United States the tax returns of the group company - ASC Construction Equipment Inc., are subject to audit and correction by the tax authorities for a period of three years.

In Turkey the tax returns of the group company - ASC Turk Makina Limited Sirketi, are subject to audit and correction by the tax authorities for a period of 5 years.

TAX RATE BY COUNTRY	2013
Austria	25.0%
Croatia	20.0%
Slovakia	23.0%
Spain	30.0%
USA	35.0%
Hungary	19.0%
Mexico	30.0%
Portugal	26.5%
Czech Republic	19.0%
Romania	16.0%
Turkey	20.0%

16. CASH AND BANK DEPOSITS

At 31 December, 2013 and 2012 the breakdown of cash and cash equivalents was as follows:

	DEC-13	DEC-12
Cash	146,637	97,667
Current Bank Deposits	22,814,516	10,947,410
	22,961,152	**11,045,077**

At 31 December, 2013 the Company and its subsidiaries had available credit lines of up to 336 million Euros, which could be used for future operating activities and to meet financial commitments, with no restriction on the use of this facility.

The value for payments of financial investments in the Cash Flow Statement relates primarily to the net flow from the acquisition of the CEG operation (20M Euros) and the acquisition of the North Dakota operation (12M Euros).

17. SHARE CAPITAL STRUCTURE

At 31 December, 2013, the capital of the parent company - ASCENDUM, S.A., fully subscribed and paid up, is held in 15,000,000 registered shares of 1.00 Euros each, fully subscribed and paid up.

The identification of the legal entities with more than 20 % of the subscribed capital is as follows:

• Ernesto Vieira & Filhos, S.A. 50%
• Auto Sueco, Lda. 50%

18. EQUITY OF THE PARENT COMPANY (ASCENDUM, S.A.)

Dividends

The dividend policy is the remit of the General Meeting of shareholders.

By resolution of the General Meeting of Shareholders of 11 April, 2013, dividends were paid in the amount of 5,000,000 Euros.

For financial year 2013, the Board of Directors proposes to transfer the net results for the year to retained earnings until the shareholders decide on their final application.

Any dividend payment resolved by the shareholders shall have no fiscal impact for the Group.

Legal Reserve

Portuguese commercial legislation requires that at least 5 % of the annual net profit of each company, determined in their individual accounts, must be used to strengthen the legal reserve until it represents 20 % of the share capital. This reserve cannot be distributed, except in the event of liquidation of the Company, but it may be used to absorb losses, once all other reserves are exhausted, and for incorporation into the share capital.

Valuation surplus

Revaluation reserves relate to the amount of the tangible fixed Assets revaluation reserve, net of deferred taxes.

Other Reserves

Covers the amounts of any and all available reserves whose allocation is determined by the shareholders.

Fair value reserves

The fair value reserve reflects changes in the fair value of available-for-sale financial instruments.

Retained Earnings

The net profit of the previous year is recorded under this heading. It is subsequently moved in accordance with any application of profits or coverage of losses that may be decided.

The reserves available for distribution to shareholders are determined based on the individual Financial Statements of ASCENDUM, S.A.

19. NON-CONTROLLING INTERESTS

Movement under this heading during the financial years ended 31 December, 2013 and 2012 was calculated as follows:

	DEC-13	DEC-12
Opening balance on January, 1st	2,578,658	4,101,565
Net profit for the period attributed to non-controlled interests	432,859	(873,758)
Other variations in equity attributed to non-controlled interests	1,000,000	(649,149)
Other variations in equity	(60,976)	
Variations arising from the acquisition of subsidiaries and associates	0	0
FINAL BALANCE ON DECEMBER, 31TH	**3,950,541**	**2,578,658**

20. LOANS

At 31 December, 2013 and 2012, the structure of the heading " Loans " was as follows:

	DEC-13		DEC-12	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bank loans/current accounts /overdrafts	66%	11%	79%	32%
Commercial papers, leasings and others	34%	89%	21%	68%
	100%	**100%**	**100%**	**100%**

Under the financing obtained heading, non current at 31 December, 2013, 48 % matures in more than 5 years.

21. SUPPLIERS

At 31 December, 2013 and 2012 this heading consisted of current payables to suppliers all with short-term maturities.

At 31 December, 2013 and 2012, the aggregate balance of the suppliers item was not conditioned by payment plans including interest payments and the financial risk associated with interest rate changes is therefore negligible here.

22. OTHER ACCOUNTS PAYABLE

At 31 December, 2013 and 2012, this heading had the following composition:

	CURRENT LIABILITIES		NON-CURRENT LIABILITIES	
	DEC-13	DEC-12	DEC-13	DEC-12
Accrued expenses liabilities	11,393,928	7,844,895	0	0
Investments suppliers	19,031,490	10,171,811	16,436,733	5,502,898
Other accrued expenses	8,466,434	3,560,416	22,217,444	21,124,384
	38,891,852	**21,577,123**	**38,654,176**	**26,627,282**

The accrued expenses item includes accruals for staff pay and costs, interest payable, taxes and other miscellaneous operating expenses.

23. STATE AND OTHER PUBLIC ENTITIES

At 31 December, 2013 and 2012 the "State and Other Public Entities" item can be broken down as follows:

	ASSETS		LIABILITIES	
	DEC-13	DEC-12	DEC-13	DEC-12
Withholding tax on income	0	0	849,503	646,750
Value Added Tax	13,316,630	11,926,015	5,846,209	4,127,554
Income Tax	692,177	1,254,982	2,508,838	1,875,917
Social Security Contributions	0	0	809,669	472,588
Others	14,956	37,896	62,397	152,557
TOTAL	**14,023,762**	**13,218,892**	**10,076,616**	**7,275,366**

24. DEFERRALS - (LIABILITIES)

At 31 December, 2013 and 2012 the "Deferrals" item can be broken down as follows:

	DEC-13	DEC-12
REVENUE DEFERRALS		
Sales and services to recognize	4,623,137	2,420,893
Others	611,033	132,182
TOTAL	**5,234,169**	**2,553,074**

The group recognizes revenue on the accrual basis for the financial year regardless of receipt. This heading is used at year end to defer already invoiced transactions for which, at 31 December, all the requirements for recognition as revenue in the current year have not yet been fulfilled, including the fact that all the inherent rights of ownership of the transacted goods have not been transferred by that date.

25. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movement in provisions during the financial years ended 31 December, 2013 and 2012 was as follows:

2013

DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	PERIMETER VARIATION	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - accounts receivables (Note 12)	20,567,152	(110,990)	311,148	827,992	(694,999)	(79,611)	20,820,691
Accumulated impairment losses - inventories (Note 11)	4,660,470	(70,806)	1,694,646	623,693	(532,050)	(1,198,023)	5,177,930
Provisions	1,326,732	(7,238)	2,078,541	252,878	(257,690)	(980,756)	2,412,467

2012

DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	PERIMETER VARIATION	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - accounts receivables (Note 12)	19,731,210	13,044	0	3,963,839	(2,067,002)	(1,073,939)	20,567,152
Accumulated impairment losses - inventories (Note 11)	6,146,052	1,543	0	1,381,262	(1,580,065)	(1,288,322)	4,660,470
Provisions	1,590,225	0	0	50,568	(319,616)	5,555	1,326,732

At 31 December, 2013 and 2012, the detail of the "Provisions" item presented in the balance sheet is as follows:

DESCRIPTION	DEC-13	DEC-12
Provisions for guarantees	1,770,440	505,171
Legal proceedings in progress	27,766	0
Other provisions	614,262	821,561
TOTAL	**2,412,467**	**1,326,732**

Under Provisions for Guarantees, the Group discloses best estimates for current obligations of uncertain timing related to guarantees provided to customers arising from the normal flow of operations.

Under the Ongoing Legal Cases item, best estimates of the total amount of outflows which may occur in the future due to lawsuits filed by third parties, are also disclosed.

Other Provisions is used to disclose a set of estimates of other current obligations of uncertain timing not included in the two above categories.

Given the uncertainty about when these provisions will be reversed and given the purposes for which they are intended, the Group did not proceed to update them financially.

26. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate derivatives

The Board of Directors regularly assesses the Group's degree of exposure to the various risks inherent in the operations of the various companies, including price risk, interest rate risk and exchange rate risk.

At 31 December, 2012 and 2011, the Group had not entered into any interest rate fixing instruments.

Moreover, although an increasing proportion of the Consolidated Balance Sheet is subject to the impacts of exchange rate variations (Euro/Dollar and Euro/Turkish Lira) (see Note 2.3. (u) (i)), the degree of exposure was still considered to be limited.

Accordingly at 31 December, 2013 and 2012 the group had not entered into any type of financial derivative instrument.

The ASCENDUM Group's Board of Directors regularly monitors the Group's level of exposure to exchange rate variability and reviews reports on the matter, which may justify the future negotiation of hedging instruments that prove suitable for the respective risk types.

27. FINANCIAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

At 31 December 2013 and 2012 the ASCENDUM Group had the following financial commitments:

RESPONSABILITIES	DEC-13	DEC-12
for discounted bills	0	0
for open credits	0	0
Buybacks	21,440,358	9,737,686
for guarantees provided	0	0
TOTAL	**21,440,358**	**9,737,686**

The change between 2012 and 2013 is explained by the entry into the perimeter of the CEG (around 3M Euros) and by an increase in commitments to repurchase equipment sold in the subsidiaries ASC Construction Equipment, Inc. (USA) and Volmaquinaria (Spain) (about 7M and 2.3M Euros, respectively).

TYPES	DEC-13	DEC-12
Warranties granted to importers of represented brands	1,305,000	1,122,934
Guarantees provided in public contests	1,628,475	630,972
Guarantees for the supply of water, electricity, fuel and similar	593,253	50,541
Other guarantees	671,673	1,673,177
TOTAL	**4,198,401**	**3,477,624**

At year end 2013, there were powers of attorney in favour of the Banco Português de Investimentos (BPI) for the establishment of a pledge on all the shares representing the share capital of the subsidiaries ASCENDUM TURK MAKINA, ASCENDUM GMBH, ASCENDUM BAUMASCHINEN OSTERREICH GMBH and ASCENDUM MACHINERY as collateral for loans used to acquire those shareholdings.

28. INCOME TAXES

Income taxes recognized in the financial years ended 31 December, 2013 and 2012 are broken down as follows:

RESPONSABILITIES	DEC-13	DEC-12
Current Tax	6,119,949	4,195,490
Deferred Tax (Note 15)	(4,328,711)	2,182,393
TOTAL	**1,791,237**	**6,377,883**

29. EARNINGS PER SHARE

Earnings per share may be expressed in terms of "basic earnings" or "diluted earnings".
Basic earnings per share are calculated by dividing profit or loss for the year by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing profit or loss for the year by the weighted average number of ordinary shares outstanding during the period, plus the number of ordinary shares that may be issued as a result of conversion of other instruments issued by the entity.

By shareholder resolution of 28 November, 2011, the parent company, ASCENDUM, was transformed into a public limited company, with share capital in the amounts of 15.000.000 Euros, held as 15.000.000 shares with a nominal value of 1 (one) Euro each.

During the financial years 2013 and 2012, there was no other movement of issue/reduction or withdrawal of shares and the average number of ordinary shares outstanding during the year was therefore 15.000.000.

No instruments that can be converted into ordinary shares were issued or withdrawn.

There are no shares with special and/or limited rights.

The following discloses the earnings per share:

	DEC-13	DEC-12
Profit/Loss of the period	12,775,176	10,621,710
Average number of ordinary shares	15,000,000	15,000,000
Average number of instruments convertible into shares		0
Basic earnings per share	**0.85**	**0.71**
Diluted earnings per share	**0.85**	**0.71**

30. INFORMATION BY GEOGRAPHICAL MARKETS AND ACTIVITY

The main information on geographical markets and activity at 31 December, 2013 and 2012 is as disclosed in Note 32.

31. AVERAGE NUMBER OF EMPLOYEES

During the financial years ended 31 December, 2013 and 2012, the average number of employees of the Group was as follows:

<table>
<tr><th>STAFF</th><th>DEC-13</th><th>DEC-12</th></tr>
<tr><td>Board</td><td>23</td><td rowspan="3">47 (*)</td></tr>
<tr><td>Directors</td><td>59</td></tr>
<tr><td>Managers</td><td>157</td></tr>
<tr><td>Human Resources</td><td>11</td><td rowspan="2">269 (*)</td></tr>
<tr><td>Financial and Administrative</td><td>166</td></tr>
<tr><td>Commercial</td><td>211</td><td>129</td></tr>
<tr><td>After-Sales</td><td>721</td><td>677</td></tr>
<tr><td>TOTAL</td><td>1,348</td><td>1,122</td></tr>
</table>

(*) During 2013, Corporate HR had two main areas of activity, the implementation of the Job Family Model and the HR Balance Scorecard; the form of distribution of Human Resources was therefore reformulated by functions, with an impact on the level of comparability of the functional areas of Business Administration, Directorship, Management, HR and Finances, whose numbers cannot be compared line by line.

The increase in total HR in between 2012 and 2013 (226 individuals) is explained as follows:

- Reduction of 53 people due to reorganization of the business and operations within the Group;

- Increase of 279 people, resulting from the acquisition of the Central Europe operation (CEG).

32. CONTRIBUTION OF GEOGRAPHICAL AREAS TO THE STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2013 AND 2012

The detail of sales and provision of services by geographical markets, carried out by group companies from their locations in the financial years ended 31 December, 2013 and 2012, was as follows:

	DEC-13		DEC-12	
MARKET	VALUE	%	VALUE	%
Portugal	118,966,559	21.28%	105,352,722	21.05%
Spain	46,852,504	8.38%	46,884,719	9.37%
USA	138,264,833	24.74%	122,623,319	24.51%
Turkey	211,526,577	37.85%	211,146,996	42.20%
Mexico	14,142,460	2.53%	14,149,667	2.83%
Poland	4,730	0.00%	233,931	0.05%
Morocco	23,279	0.00%	0	0.00%
Austria	17,929,770	3.21%	0	0.00%
Hungary	2,268,820	0.41%	0	0.00%
Romania	1,577,515	0.28%	0	0.00%
Croatia	447,848	0.08%	0	0.00%
Czech Republic	5,721,617	1.02%	0	0.00%
Slovakia	1,193,046	0.21%	0	0.00%
Mozambique	3,297	0.00%	0	0.00%
TOTAL	**558,922,855**	**100%**	**500,391,353**	**100%**

In the following tables we report the main headings of the Balance Sheet and Income Statement, also broken down by the geographical markets in which the ASCENDUM Group operates, for 2013 and 2012:

	NON-CURRENT ASSETS	CURRENT ASSETS		NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
2013	FIXED TANGIBLE ASSETS	INVENTORIES	CLIENTS AND OTHER ACCOUNTS RECEIVABLE	LOANS	OTHER LIABILITIES	SUPPLIERS AND OTHER ACCOUNTS PAYABLE	LOANS
Portugal	27,331,965	29,819,148	39,106,990	87,877,530	1,549,723	-12,828,529	34,429,036
Spain	20,884,853	14,345,958	12,827,433	4,987,125	795,072	6,369,217	8,737,999
USA	52,095,092	57,385,744	15,566,002	1,269,770	55,362,589	31,400,746	21,138,721
Turkey	5,395,111	30,294,238	20,974,637	4,949,813	-	14,236,011	27,417,541
Mexico	1,001,696	10,445,625	2,676,828	510,591	-	3,825,660	7,761,456
Poland	-	-	6,583	-	-	278	10
Morocco	307	-	1,659	-	-	6,132	-
Austria	35,470,920	7,597,497	7,744,320	13,540,557	7,024,600	38,758,621	4,477,399
Hungary	487,518	710,338	936,593	-	92,072	2,000,737	-
Romania	672,153	1,027,815	1,521,625	-	116,741	3,626,455	-
Croatia	32,572	106,981	164,279	-	-	94,580	-
Czech Republic	3,583,987	2,151,272	4,240,297	-	169,169	7,610,861	-
Slovakia	330,603	624,240	435,466	-	99,703	217,174	-
Mozambique	42,386	304,726	1,961	-	-	431,664	-
TOTAL	**147,329,160**	**154,813,579**	**106,204,673**	**113,135,385**	**65,209,669**	**95,749,607**	**103,962,162**

2012	NON-CURRENT ASSETS	CURRENT ASSETS		NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	FIXED TANGIBLE ASSETS	INVENTORIES	CLIENTS AND OTHER ACCOUNTS RECEIVABLE	LOANS	OTHER LIABILITIES	SUPPLIERS AND OTHER ACCOUNTS PAYABLE	LOANS
Portugal	26,799,273	37,192,904	42,879,707	48,053,300	3,365,673	32,791,331	36,650,582
Spain	23,218,732	14,165,877	14,308,192	7,802,214	174,044	3,127,009	5,506,714
USA	33,124,408	60,639,686	8,740,216	4,887,041	48,143,062	20,784,315	12,710,487
Turkey	4,944,282	38,000,450	15,623,328	9,978,345	-	14,302,715	20,094,576
Mexico	890,891	3,952,236	6,470,557	-	-	8,325,443	1,503,860
Poland	-	-	237,714	-	-	144,306	-
TOTAL	**88,977,586**	**153,951,153**	**88,259,714**	**70,720,900**	**51,682,779**	**79,475,119**	**76,466,219**

2013	SALES AND SERVICES RENDERED	COSTS OF SALES	SUPPLIERS AND EXTERNAL SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	PROFIT/LOSS OF THE PERIOD
Portugal	118,966,559	(88,016,232)	(13,131,107)	(15,448,458)	(3,967,871)	(1,597,109)
Spain	46,852,504	(32,099,211)	(6,456,137)	(6,055,885)	(3,072,309)	(831,038)
USA	138,264,833	(99,250,353)	(4,538,070)	(14,100,282)	(17,249,288)	3,126,839
Turkey	211,526,577	(167,347,724)	(14,512,065)	(8,638,830)	(9,878,984)	11,148,974
Mexico	14,142,460	(10,869,204)	(5,245,794)	0	(961,275)	(2,933,813)
Poland	4,730	(174)	(19,296)	(11,002)	(6,685)	(32,427)
Morocco	23,279	(793)	(5,669)	0	(1,643)	15,174
Austria	17,929,770	(11,460,322)	(2,230,905)	(2,054,350)	1,742,423	3,926,616
Hungary	2,268,820	(1,778,905)	(206,262)	(173,460)	(77,104)	33,089
Romania	1,577,515	(1,040,800)	(247,092)	(204,366)	(165,790)	(80,533)
Croatia	447,848	(323,870)	(59,771)	(77,524)	(34,567)	(47,884)
Czech Republic	5,721,617	(4,078,055)	(414,724)	(431,114)	(595,647)	202,077
Slovakia	1,193,046	(884,407)	(152,548)	(177,618)	(102,076)	(123,602)
Mozambique	3,297	(1,545)	(28,232)	(2,981)	(1,726)	(31,188)
TOTAL	**558,922,855**	**(417,151,594)**	**(47,247,672)**	**(47,375,871)**	**(34,372,542)**	**12,775,176**

2012	SALES AND SERVICES RENDERED	COSTS OF SALES	SUPPLIERS AND EXTERNAL SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	PROFIT/LOSS OF THE PERIOD
Portugal	105,352,722	(74,836,477)	(16,033,373)	(16,817,010)	4,199,110	(6,926,361)
Spain	46,884,719	(29,195,001)	(7,089,239)	(7,201,866)	(529,751)	(1,246,569)
USA	122,623,319	(87,919,727)	(4,154,021)	(13,307,245)	(822,041)	3,327,839
Turkey	211,146,996	(163,491,454)	(20,685,874)	(7,392,108)	1,738,167	15,465,715
Mexico	14,149,667	(10,868,138)	(3,050,689)	0	18,970	(17,367)
Poland	233,931	(171,005)	(35,814)	(4,824)	(2,801)	18,453
TOTAL	**500,391,353**	**(366,481,801)**	**(51,049,009)**	**(44,723,053)**	**4,601,654**	**10,621,710**

Additionally, the distribution of sales and after-sales (parts and service provision) by activity was as follows:

ACTIVITY	DEC-13		DEC-12	
	VALUE	%	VALUE	%
Construction equipment and other equipment	524,257,766	93.80%	471,293,055	94.18%
Vehicles	18,115,760	3.24%	17,810,298	3.56%
Trucks	16,549,329	2.96%	11,288,000	2.26%
TOTAL	**558,922,855**	**100%**	**500,391,353**	**100%**

33. OTHER INCOME AND GAINS

At 31 December, 2013 and 2012, the "Other income and gains" was broken down as follows:

DESCRIPTION	DEC-13	DEC-12
Cash discounts obtained	58,990	25,832
Capital gains from fixed tangible assets disposals	259,176	517,360
Excess of income tax estimate	31,100	7,908
Interest income	0	34,285
Adjustments related to prior years	35,811	419
Favorable foreign exchange differences	5,793,275	9,980,487
Inventory gains		
Claims	161,218	207,530
Others	4,637,312	6,510,287
TOTAL	**10,976,883**	**17,284,107**

Comments on some of the lines of the above table, for financial year 2013:

(i) The exchange differences item comes primarily from the operations of the subsidiaries in Turkey (1.8 million Euros) and Mexico (2.8 million Euros).

(ii) The "Other" item represents miscellaneous income and recovery of expenses related to the normal activity of the companies.

Comments on some of the lines of the above table, for financial year 2012:

(i) The exchange differences item comes primarily from the operations of the subsidiaries in Turkey (7.7 million Euros) and Mexico (0.8 million Euros).

(ii) The "Other" item represents miscellaneous income and recovery of expenses related to the normal activity of the companies.

34. OPERATING LEASE

Commitments undertaken at 31 December, 2013 and 2012 with operating leases are as follows:

	DEC-13	DEC-12
MINIMUM PAYMENTS FOR OPERATING LEASES		
Less than a year	2,528,577	1,170,181
Between 1 and 5 years	6,543,129	2,106,345
TOTAL	**9,071,706**	**3,276,526**

The change in 2013 on the previous year was primarily due to the acquisition of the CEG operation.

35. FINANCIAL INCOME

At 31 December, 2013 and 2012 financial income was broken down as follows:

	DEC-13	DEC-12
EXPENSES AND FINANCIAL LOSSES		
Interests	9,805,058	8,703,927
Foreign exchange differences	3,280,578	724,444
	13,085,636	**9,428,371**

	DEC-13	DEC-12
FINANCIAL REVENUES AND EARNINGS		
Interest	274,836	292,149
Foreign exchange differences		
	274,836	**292,149**

36. RELATED ENTITIES

A related entity is a party that controls or is controlled by the other party, or that has a significant influence over it, exercises joint control, is a member of the key management personnel, or a close member of the persons controlling the entity or of the key management individuals, or the party is a post-employment benefits plan for the entity's employees.

Balances and transactions between the Parent company and its subsidiaries or between subsidiaries, where these are related parties, have been removed in the consolidation process and therefore are not disclosed in this Note. The detail of balances and transactions between the ASCENDUM Group and related entities can be summarized as follows:

	COMMERCIAL AND OTHER DEBTS	
	RECEIVABLE	PAYABLE
Key management personnel	374,114	

OUTSTANDING BALANCES WITH RELATED PARTIES	
Customers/other accounts receivable:	
Auto-Sueco, Lda	363,282
Suppliers/other accounts payable:	
Auto-Sueco, Lda	2,219,979

TRANSACTIONS WITH RELATED PARTIES	SALES	SERVICES RENDERED	PURCHASES	OTHER EXPENSES	OTHER INCOME
Auto-Sueco, Lda.	252,482	684,884	12,144,408	520,073	15,042

Relations with the entity Ernesto Vieira & Filhos are of very limited significance as they basically consist of the distribution of dividends, expenses debt related to allocated personnel and facilities rent debts.

The purchase and sale of goods and provision of services to related parties were performed at market prices.

37. FINANCIAL ASSETS AND LIABILITIES

At 31 December, 2013 financial assets and liabilities were broken down as follows:

FINANCIAL ASSETS	CATEGORY	ACCOUNTING VALUE	VALUATION METHOD
Financial Investments - Equity method	Equity method	60,610	Fair value
Financial Investments - Other methods	Available for sale	18,774,465	Fair value
Other accounts receivable	Accounts receivable	4,109,886	amortized cost
Other financial assets	Accounts receivable	445,169	amortized cost
Customers	Accounts receivable	100,264,570	amortized cost
Suppliers advances	Accounts receivable	1,120,035	amortized cost
State and other public entities	Accounts receivable	14,023,762	amortized cost
Financial assets held for trading	Held for trading	0	amortized cost
Cash and Bank Deposits	Accounts receivable	22,961,152	amortized cost
		161,759,649	
FINANCIAL LIABILITIES	**CATEGORY**	**ACCOUNTING VALUE**	**VALUATION METHOD**
Loans	Other liabilities	217,097,546	amortized cost
Other accounts payable	Other liabilities	66,152,101	amortized cost
Suppliers	Other liabilities	56,857,755	amortized cost
Customers advances	Other liabilities	1,726,055	amortized cost
State and other public entities	Other liabilities	10,076,616	amortized cost
		351,910,073	

Only Financial Assets (Customers, Other receivables and Financial investments) present impairment losses, as shown in Notes 10.1, 12 and 25.

Gains and losses on financial assets and liabilities in 2013 and 2012 were as follows:

	GAIN / (LOSS)	
	31.12.2013	31.12.2012
Accounts receivable	91,643	-1,896,837
Assets held for sale		-5,042
Other assets at amortised cost		
	91,643	**-1,901,878**

Interest on financial assets and liabilities in 2013 and 2012 were as follows:

	GAIN / (LOSS)	
	31.12.2013	31.12.2012
Accounts receivable	274,836	326,434
Assets held for sale	0	0
Liabilities at amortised cost	-9,736,639	-8,703,927
	-9,461,803	**-8,377,493**

Exchange differences on financial assets and liabilities in 2013 and 2012 were as follows:

	GAIN / (LOSS)	
	31.12.2013	31.12.2012
Gains in foreign exchange differences	5,793,275	9,980,487
Losses in foreign exchange differences	-8,513,812	-10,551,934
	-2,720,537	**-571,447**

38. REMUNERATION OF MEMBERS OF GOVERNING BODIES

The remuneration of the members of the governing bodies of the ASCENDUM S.A. Group, in the financial years 2013 and 2012, was as follow:

	31.12.2013	31.12.2012
Board od Management	2,246,471	1,448,049

39. REMUNERATION OF THE STATUTORY AUDITOR

The fees paid to the Statutory Auditor, PricewaterhouseCoopers & Associados – S.R.O.C., Lda., in the financial years 2013 and 2012, were as follows:

	DEC-13	DEC-12
Portugal	64,900	64,900
Spain	51,700	44,000
USA	132,500	86,207
Mexico	11,000	10,000
Turkey	30,000	18,500
Romania	7,500	0
Hungary	15,148	0
Austria	44,500	0
Croatia	10,962	0
Slovakia	20,000	0
Czech Republic	19,311	0
TOTAL	**407,521**	**223,607**

The fees for the 2013 include total non-recurring amounts of 90,858 Euros related to the audit of the financial statements of the CEG, on the date of acquisition, plus audit work related to the acquisition of the North Dakota operation.

40. EXTERNAL SUPPLIES AND SERVICES

At 31 December, 2013 and 2012 external supplies and services were broken down as follows:

	DEC-13	DEC-12
Subcontracts/ Specialized services	19,384,442	22,086,590
Advertising and promotion	1,518,153	992,440
Surveillance and security	592,637	641,494
Maintenance/repairs/tools	1,504,808	1,614,360
Office supplies/technical documentation	479,731	407,094
Electricity/fuels/water/other fluids	1,464,081	1,472,509
Travel and accommodation	3,178,181	2,987,598
Transport of goods	2,248,627	1,404,660
Rents and leases	8,995,381	8,147,726
Communications	1,123,531	1,054,091
Insurance	1,367,733	1,424,853
Clean hygiene and comfort	703,385	759,440
Other external supplies and services	4,686,983	8,056,154
TOTAL	**47,247,672**	**51,049,009**

41. PERSONNEL

At 31 December, 2013 and 2012 the personnel item was broken down as follows:

	DEC-13	DEC-12
Payroll	27,583,727	26,511,188
Social charges	4,643,652	4,902,828
Insurance against labour accident	86,111	102,020
Subsidies	1,959,904	1,916,648
Commissions	2,355,184	1,643,610
Awards and Bonuses	3,790,792	2,739,395
Compensations	1,204,166	712,583
Other staff related expenses	5,752,335	6,194,781
TOTAL	**47,375,871**	**44,723,053**

42. OTHER EXPENSES AND LOSSES

At 31 December, 2013 and 2012 the other expenses and losses item was broken down as follows:

	DEC-13	DEC-12
Unfavorable exchange rate differences	5,233,234	9,827,490
Taxes and fees	1,737,981	1,427,665
Interest and bank charges	3,049,853	721,460
Insufficient income tax estimate	18,752	35,442
Adjustments related to prior years	46,123	6,841
Donations	138,984	39,575
Subscriptions	17,180	6,352
Other costs	486,441	617,629
TOTAL	**10,728,548**	**12,682,453**

43. INFORMATION ON ENVIRONMENTAL MATTERS

The Group adopts the necessary measures relating to environmental matters, in order to comply with current legislation.

The Board of Directors of the Group, in 2013, estimates that there are no risks associated with environmental protection and improvement, and did not receive any administrative notifications of offences related to this matter during the year 2013.

44. SUBSEQUENT EVENTS

Between 31 December 2013 and the date of issue of this consolidated annual report, there were no events or transactions requiring recognition or disclosure herein.

45. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors 14 March, 2014. Additionally, the attached financial statements at 31 December, 2013, are awaiting approval by the General Assembly. However, the Board of Directors expects that they will be approved without significant changes.

04

LEGAL CERTIFICATE OF CONSOLIDATED ACCOUNTS AND OPINION OF STATUTORY AUDITOR


EVOLUTION
INTERDISCIPLINARITY
SKILLS
RECOGNITION
SUPPORT
CHANGE
COMMUNICATION
LINKS
UNDERSTANDING
UNITY
LEARNING

Consolidated Statutory Audit Report

(Free translation from the original in Portuguese)

Introduction

1 We have audited the consolidated financial statements of Ascendum, S.A., comprising the consolidated statement of financial position as at December 31, 2013 (which shows total assets of Euro 539.389.764 and total shareholder's equity of Euro 142.996.189, including non-controlling interests of Euro 3.950.541 and a net profit of Euro 12.342.317), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors to prepare the consolidated Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows, as well as to adopt appropriate accounting policies and criteria and to maintain appropriate systems of internal control.

3 Our responsibility is to express an independent and professional opinion on these consolidated financial statements based on our audit.

Scope

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

5 Our audit also covered the verification that the consolidated financial information included in the consolidated Directors' Report is consistent with the consolidated financial statements.

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

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Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 9077

Opinion

7 In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of Ascendum, S.A., as at December 31, 2013, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal requirements

8 It is also our opinion that the consolidated financial information included in the consolidated Directors' Report is consistent with the consolidated financial statements for the year.

March 14, 2014

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques, R.O.C.

Report and Opinion of the Supervisory Body

(Free translation from the original in Portuguese)

To the Shareholders,

1 In accordance with the law and our mandate, we herewith present the report on our supervisory activity and our opinion on the consolidated Directors' Report and consolidated financial statements as presented by the Board of Directors of Ascendum, S.A. with respect to the year ended on 31 December 2013.

2 During the year, we have accompanied the evolution of the activity of the company and its more significant subsidiaries, as and when deemed necessary. We have verified the timeliness and adequacy of the accounting records and respective supporting documentation, as well as the effectiveness of the internal control system, only to the extent that the controls are of relevance for the control of the Company's activity and the presentation of the financial statements. We have also ensured that the law and the Company's articles of association have been complied with.

3 As a consequence of our work, we have issued the attached Statutory Audit Report.

4 Within the scope of our mandate, we have verified that:

i) the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flows statement for the year ended and the corresponding notes to the accounts, permit an adequate understanding of the financial position, of its results, of its comprehensive income, the changes in equity and cash flows of the Company;

ii) the accounting policies and valuation methods applied are appropriate;

iii) the consolidated Directors' Report is sufficiently clear as to the developments of the business and the position of the Company and the subsidiaries included in the consolidation and highlights the more significant aspects.

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Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

5 On this basis, and taking into account information obtained from the Board of Directors and the Company's employees, together with the conclusions in the Statutory Audit Report, we are of the opinion that:

i) the consolidated Directors' Report be approved;

ii) the consolidated financial statements be approved;

14 March 2014

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques, R.O.C.


ASCENDUM
GROUP

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