2014
ANNUAL REPORT

ASCENDUM GROUP

2014

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ASCENDUM
GROUP

EFFICIENT GLOBAL SOLUTIONS

We act globally, providing global equipment solutions for a wide range of sectors and business areas. Always being at the side of our customers means predicting their needs and finding the right solutions.

This is the ambition that drives us towards the future with the certainty that we can find the right solutions for all our customers.


FH16 750
ASCENDUM
GROUP

THE ASCENDUM GROUP **WORLDWIDE**

With nearly 1390 employees, the ASCENDUM Group operates directly in Portugal, Spain, the United States, Turkey, Mexico and Central Europe.

MEXICO
(Since 2012)

USA
(Since 2004)

PORTUGAL
(Since 1959)

Volmaquinaria
Dealers

Ascendum Central Europe
Dealers

Ascendum Makina
Dealers

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SOLUTIONS BUILT TOGETHER

PUBLIC WORKS . CONSTRUCTION . MINES . RECYCLING . FORESTS
INFRASTRUCTURE . HANDLING . AGRICULTURE.

01
Company Information

1.01 MESSAGE FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS,

As in previous years, we would like to start this message with a word of recognition to the more than 1,390 ASCENDUM employees, for their continuous commitment and matchless contribution that was crucial for ASCENDUM to meet the goals set for 2014.

Despite our human capital diversity, very important aspects of ASCENDUM culture are broadly present - focus on results and commitment towards the company and its stakeholders - allowing us to face the future with security and ambition.

We would also like to thank our shareholders and financial partners for their unconditional support over the years, and our customers across the various geographical platforms of the Group, for the preference and the trust they have continuously placed in us.

As in the past few years, 2014 evolved under complex macroeconomic circumstances, with the World economy growing below expectations in terms of output. Despite these challenges we cannot fail to notice some of the positive signs already present in some of the economies in which the ASCENDUM Group operates - such as the United States and (although to a lesser extent) the Iberian markets - despite the slowdown in the Turkish construction and industrial equipment market.

As a result of the growth strategy implemented over the previous four years, 2014 was a year of transition and consolidation where ASCENDUM Group, without neglecting its traditional business / commercial focus, sought to implement a number of short and medium-term measures to increase its operational efficiency by maximizing the synergies resulting from the significant installed capacity based on more than 100 points of sale and technical assistance in 18 different countries.

We would also like to highlight the improvement (albeit fragile) in expectations and performance in markets such as Portugal, Spain and Mexico, whereas the Group's most recent geographical platform - Central and Eastern Europe - responded well to the various challenges that its integration presented to all stakeholders.

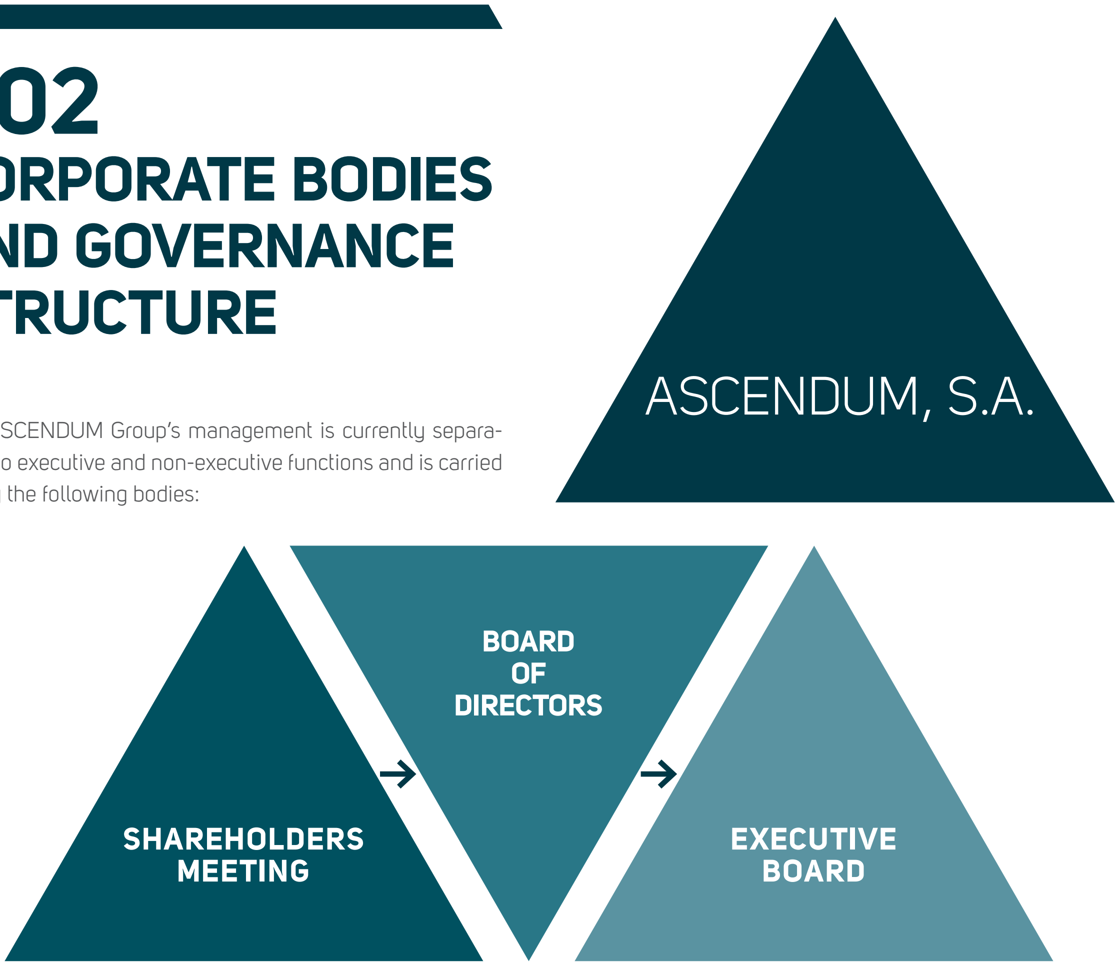
As so, more than expressing our moderate satisfaction concerning 2014 ASCENDUM key financial indicators - with Turnover and EBITDA above target, coupled with an increasing financial soundness - we would like to share with all our stakeholders our optimism towards 2015, being committed in our path of consolidation and growth.

11 March, 2015
The ASCENDUM Group Executive Board

Ricardo José de Pinho Mieiro (President)
Angela 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:



From left to right: João Mieiro, Paulo Jervell, Carlos Vieira, Ricardo Mieiro, Ernesto G. Vieira, Angela Vieira, Tomás Jervell, Paulo Mieiro, José Leite de Faria, Rui Faustino.

BOARD OF DIRECTORS:

- Ernesto Gomes Vieira – Chairman
- Angela 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
- Angela 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 Lisboa
Represented by José Pereira Alves (R.O.C.)
or by José Miguel Dantas Maio Marques (R.O.C.)
Alternate Auditor: António Joaquim Brochado Correia (R.O.C.)

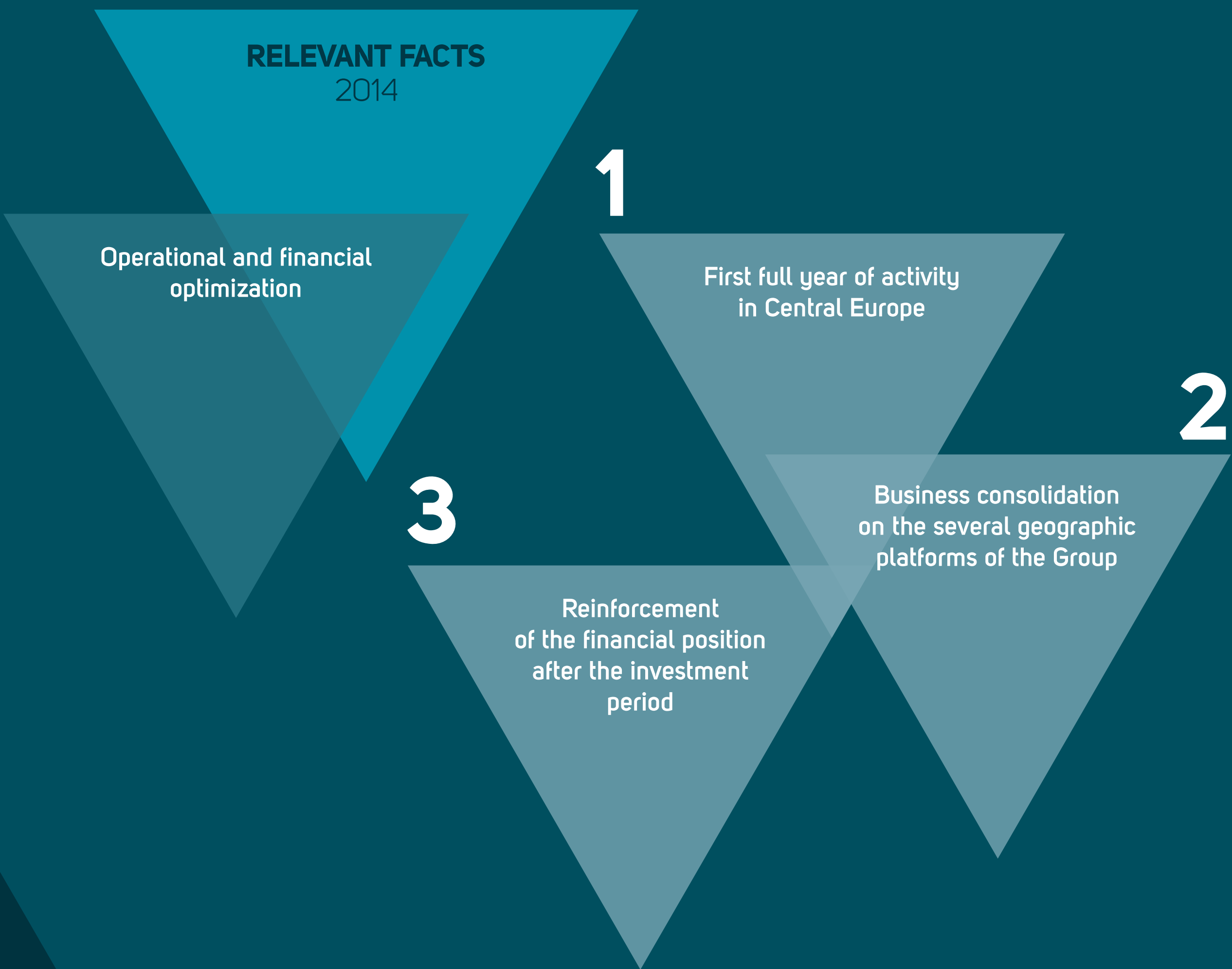
From left to right: João Mieiro, Angela Vieira, Ricardo Mieiro, Paulo Mieiro, Rui Faustino.

1.03 HIGHLIGHTS

1.03.1 MAIN EVENTS

Following a period of strong growth between 2010 and 2013 with the acquisition of the operations in Turkey and Central Europe and the entry into the Mexican market, 2014 was marked by ASCENDUM Group's focus on consolidating its existing operations and strengthening its financial position to prepare the Group for a future growth stage, without neglecting its legacy and historical values.

Accordingly, we highlight the following main events for the ASCENDUM Group in 2014:



1. FULL YEAR OF ACTIVITY OF THE CENTRAL EUROPE OPERATION

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); (ii) the assets of VCE's Romanian operation.

In economic and financial terms, Central Europe contributed with 12 months of activity to the Group's consolidated results compared to three months of activity in 2013 (October to December). The impact of this full year of activity of the Central Europe operation on the ASCENDUM Group's 2014 results was therefore as follows:

Unit: Million Euros	OCT-DEC 2013	JAN-DEC 2014
TURNOVER	29.1	126.0
EBITDA [1]	3.6	12.2
TOTAL ASSETS	85.3	74.9
NET DEBT[2]	22.6	17.3

Note: values are presented on a contributive basis for ASCENDUM Group results.
(1) Earnings before depreciations, impairments, interests and taxes;
(2) Net Debt as of the 31st of December of 2013 includes interest bearing financial liabilities related to Central Europe operation.

2. BUSINESS CONSOLIDATION ON THE GROUP'S GEOGRAPHICAL PLATFORMS

2014 was marked by the implementation of consolidation measures in the most recent operations, particularly in Mexico and Central Europe, through the investment in business support information systems and the development of the operations stated in the markets with highest growth potential (e.g. Romania), as well as by the development of operational and financial streamlining measures in the other geographical platforms, in order to respond efficiently to political and macro-economic changes with impact on the future of the Group.

As such, the ASCENDUM Group sought 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 Group knowledge and information sharing, in order to enhance the knowledge developed over 55 years of history and the scale of ASCENDUM's operations, maximizing the efficiency of the Group's operations.

In individual terms, the positive contribution of all the geographies where ASCENDUM operates allowed an increase in the Group's operational efficiency, particularly in Mexico and the Iberian Peninsula as a result of the implementation of structure optimization measures, and in the USA due to the increase of the activity and the strengthening of its position in North Dakota. Thus, in 2014, the Group's efforts in the implementation of operational optimization measures were reflected in the following consolidated indicators:

	2013	2014
TURNOVER (M€)	559	679
EBITDA MARGIN (% of Turnover)	8.5%	8.8%
ASSETS TURNOVER (Turnover / Assets)	1.0x	1.2x
WORKING CAPITAL TURNOVER (Turnover / Working Capital)	3.2x	4.0x

3. STRENGTHENING OF THE FINANCIAL POSITION FOLLOWING THE INVESTMENT PERIOD

In parallel with the operational efficiency optimization strategy implemented in 2014, the ASCENDUM Group continued to restore its financial position, in terms of debt indicators, following the period of high investment between 2010 and 2013 with the acquisition of the operations in Turkey and Central Europe and the entry in the Mexican market.

Therefore, the ASCENDUM Group recorded a significant reduction on the Net Debt/EBITDA indicator, from 3.7 x in 2013 to 3.0 x in 2014, supported by the 12 months of activity of the Central Europe operation (compared to three months in 2013) and the cash flow generation capacity of the various geographical platforms, despite the negative effect that the depreciation of the financial investments held by the Group in BPI Bank and ESFG (total negative impact of about 7.1 million Euros in total Assets) had on the reduction of the net financial debt.

The ASCENDUM Group is thus strengthening its financial position, namely in terms of net debt indicators, preparing itself for a future growth stage.

1.03.2 MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS

MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS

Figures expressed in thousands of Euros

	2014	2013	Δ (14/13)
Turnover	678,585	558,923	21.4%
EBITDA [1]	60,030	47,760	25.7%
EBITDA Margin	8.8%	8.5%	0.3 pp
Recurrent EBIT [2]	29,007	27,377	6.0%
Recurrent Net Income with non-controlling interests [3]	13,307	12,775	4.2%
Recurrent Equity with non-controlling interests [4]	155,551	142,996	8.8%
Net Debt / EBITDA [5]	3.0x	3.7x	-
Adjusted Net Debt / EBITDA [6]	2.2x	2.2x	-
Recurrent Equity / Net Debt [5]	0.9x	0.8x	-
Equity / Assets [7]	27%	27%	0.2 pp
Number of employees	1,396	1,348	3.6%

[1] Earnings before interests, taxes, depreciations, impairments and amortizations
[2] Earnings before interests and taxes. Does not consider the negative impact of ESFG bankruptcy
[3] Recurrent Net Income with non-controlling interests does not consider the negative impact of ESFG bankruptcy
[4] Recurrent Equity with non-controlling interests does not consider the negative impact of ESFG bankruptcy
[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] Net Debt corresponds to the interest bearing financial liabilities deducted from (i) cash and bank deposits, (ii) the market value of the financial participations held by ASCENDUM Group in BPI, BCP and ESFG and (iii) the strategic interest bearing financial liabilities (financial debt related to the acquisitions)
[7] Quotient between the recurrent Equity with non-controlling interests and total recurrent Assets as of December, 31st

Economically, financially and operationally, 2014 evolved under challenging circumstances:

- Macroeconomic context recovering although below expectations:
  - In 2014, global economy growth was below the 2013 expectations for this year (in 2013 world GDP was expected to grow 3.6% in 2014, and the actual growth was of 3.3%);
  - Despite recording a higher growth pace than the advanced economies, growth decelerated in the emerging economies from 4.7% in 2013 to 4.4% in 2014, which was also below estimates for 2014 (5.1%);
- In terms of the economies in which the ASCENDUM Group operates, in some cases, this trend was even more evident - in the Eurozone, in 2014, the GDP increased by 0.8%, compared to the forecast of 1.0%; in the US the GDP grew 2.2% compared to the forecast of 2.6%; in Turkey, the GDP increased by 3.0%, compared to the forecast of 3.5%; and in Mexico, the GDP grew by 2.4% compared to the forecast of 3.0%;

  - Appreciation of the US dollar against the Euro - from 1.379 USD per Euro on 31 December 2013 to 1.214 USD per Euro on 31 December 2014- thus contributing to an increase of the Group's balance sheet indicators (appreciation of the dollar justifies about 60% of the increase of the Group's total Assets).

- Recovery of the construction equipment market in the advanced economies offset by a reduction in the Turkish market (centred mainly in the first half year):

  - Despite the still small dimension of the markets that have been, historically, the growth engines of the ASCENDUM Group - in 2014 the Portuguese, Spanish and US markets accounted for a 51% reduction compared to the peak year (2007) - 2014 was marked by a slight recovery in the more mature markets (combined with the slight recovery in macroeconomic terms);

  - Nonetheless, 2014 was also marked by some political turbulence and instability in Turkey in the 1st half year, which contributed to a 21% fall in the Turkish market.

- Business consolidation in the several geographical platforms:

  - The optimization and efficiency measures adopted by the Group in the Iberian Peninsula, Mexico and Central Europe had a positive effect in 2014 in these platforms, with an increase in terms of volume and profitability.

Despite all these factors, the ASCENDUM Group continued its business growth and consolidation strategy, which, in 2014, is reflected on ASCENDUM Group's equity position and results, allowing the Group to get prepared for a new growth stage.

So, despite this challenging environment, the ASCENDUM Group presented a positive performance in 2014, achieving a turnover of 679 million Euros, an EBITDA of approximately 60 million Euros and a net income of 12 million Euros, maintaining high levels of financial soundness (equity/assets ratio of about 27% and Net Debt/EBITDA of 2.0x):

- Operational performance – in 2014, the ASCENDUM Group achieved a turnover of 679 million Euros (increase of 21.4% compared to 2013 and 7% in a like for like perspective), an EBITDA of approximately 60 million Euros (increase of 26% compared to 2013 and 11% in a like for like perspective) and a net income of 12.1 million Euros (reduction of 5% compared to 2013);

- Financial strength - as a consequence of the efforts to consolidate the operations in 2014, the equity/assets ratio and Net Debt/EBITDA remained very robust, despite the fact that (i) the Group's equity was severely affected by the negative equity change associated with the financial investments held for sale (i.e. ESFG, BPI Bank and Millennium BCP, with an overall negative impact of approximately 6.4 million Euros), and (ii) the appreciation of the US Dollar against the Euro - from 1.379 USD per Euro on 31 December 2013 to 1.214 USD per Euro on 31 December 2014- thus contributing to an increase of the Group's balance sheet indicators (appreciation of the dollar justifies about 60% of the total increase in the Group's assets), facts that penalize the Group's main ratios, particularly in terms of invested capital.

1.04 THE ORGANIZATION OF THE ASCENDUM GROUP

1.04.1 VISION

To be one of the world's largest suppliers of equipment and integrated solutions for construction, industry and infrastructure.

WHAT DOES THIS VISION MEAN?

"One of the world's largest suppliers"

The ASCENDUM Group operates in 18 countries: Portugal, Spain, USA, Turkey, Mexico, Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia and Herzegovina, Moldova, Angola, Mozambique Poland and Morocco.

It represents about 30 equipment brands for construction, industry, infrastructure, transport and logistics and is the world's largest distributor of Volvo Construction Equipment (Volvo CE). In Portugal, the Group also markets cars and trucks.

The Group's organizational structure enables it to respond to customers and projects anywhere in the world, through its "Follow the Costumer" Service.

"Equipment and integrated solutions"

The ASCENDUM Group's core business is marketing machines, equipment and parts but it also provides technical assistance, after sales services and solutions covering the entire equipment value chain, including finance, logistics, technical training and maintenance.

Service provision also extends to equipment rentals as an alternative designed to meet the needs of short- and medium-term projects.

The ability and flexibility to structure solutions tailored to customers' needs and to offer "turnkey" solutions are the ASCENDUM Group' USPs and the key to its competitiveness.

"Construction, industry and infrastructure"

The equipment that we supply supports the work of hundreds of companies in the three activity sectors, especially mining and manufacturing, construction and public works, recycling and environment, forestry, agriculture, ports, airports, railways, logistics and transport.

The ASCENDUM Group's customers include construction companies, quarries, mines, the paper industry, marble, glass and wood, industrial waste, rubbish and biomass operators, national and international freight transport companies, port terminals, town halls, armed forces and many other public and private entities.

In each area of specialization, the ASCENDUM Group establishes partnerships with benchmark equipment manufacturers to guarantee quality, robustness, experience and reliability.

1.04.2
COMPANY VALUES

The ASCENDUM Group's company values reflect what we are and how we operate. They are a reflection of our attitude and action, as well as the priorities and skills that we value in our employees who are the guarantee of the activity of the Group companies worldwide. Our values are an organized system in which each has three core competencies.

OUR VALUES

A — ACHIEVING RESULTS

RESULTS DRIVEN
ENTREPRENEURSHIP
ANTICIPATION AND INITIATIVE

The desire and ability to do better, be more effective and reach further. Deep knowledge of the market and industry, to anticipate trends, identify opportunities and define strategies that bring us competitive advantages. Innovating and acting with awareness of the risks but with an eye on the results.

S — SUSTAINABILITY

LEADERSHIP
STRATEGIC THINKING
BUILDING RELATIONSHIPS

Maximize synergies, best practices and group efficiencies to consolidate operations and leadership. Decide, manage and invest with rigour to ensure the financial strength that keeps us stable. Ability to think strategically, strengthen relationships of trust and grow sustainably without compromising the future. Creating value for *stakeholders*.

C — COMMITMENT

FOCUS ON THE CUSTOMER
ORGANIZATIONAL ALIGNMENT
IMPACT AND INFLUENCE

Know how to listen to and understand customer needs, so that solutions can be identified to help them overcome difficulties and challenges, with failure simply not being an option when something or somebody depends on us. Engage and involve employees and partners in the goals that guide us and positively influence all those involved in our value chain, motivating them to pursue the same goals with determination.

1.04.3 ASCENDUM GROUP'S CHARACTERIZATION 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 1,396 employees and is one of the 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 and Herzegovina and Moldova - and Africa.

Additionally, the Group has developed a follow the customer solution to monitor its customers and thereby expand its presence into the African continent, Eastern Europe and South America which, given its good results, is currently evolving to a more enhanced system / 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 product/brand portfolio of superior quality with applications for such diverse industries as construction and public works, mining, logistics, agriculture, recycling, etc.

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

1.04.3.2. PRODUCT PORTFOLIO

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

		IMPORT	RETAIL	RENTING	AFTERMARKET	REMARKETING
PORTUGAL	CONSTRUCTION EQUIPMENT	Volvo Thwaites Sandvik Gomaco Yale Ponsse Sennebogen ASCENDUM Energy Chicago Pneumatic	Volvo Thwaites Sandvik Gomaco Yale Ponsse Sennebogen ASCENDUM Energy Chicago Pneumatic	Volvo	Multi-brand	Multi-brand
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 Lännen Solmec A-Ward	Volvo Sandvik Lännen Solmec A-Ward	Volvo Sandvik Lännen Solmec A-Ward	Volvo Sandvik Lännen Solmec A-Ward	Multi-brand
SPAIN	INFRASTRUCTURE EQUIPMENT	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir	
USA	CONSTRUCTION EQUIPMENT		Volvo Sennebogen Doosan SDLG LB Performance Sandvik	Volvo		Multi-brand
TURKEY	CONSTRUCTION EQUIPMENT	Volvo Sandvik Chicago Pneumatic Sany	Volvo Sandvik Chicago Pneumatic Sany	Volvo	Volvo	Volvo Sany
TURKEY	INFRASTRUCTURE EQUIPMENT	Air-Rail	Air-Rail	Air-Rail		
TURKEY	AGRICULTURE EQUIPMENT	AGCO Massey Ferguson Laverda	AGCO Massey Ferguson Laverda		AGCO	AGCO Massey Ferguson Laverda
MEXICO	CONSTRUCTION EQUIPMENT	Volvo Sennebogen Sandvik	Volvo Sennebogen Sandvik	Volvo		Volvo
CENTRAL EUROPE*	CONSTRUCTION EQUIPMENT	Volvo	Volvo	Volvo	Volvo	Volvo

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

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 THE 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 four years (2010-2014), important steps have been taken to achieve these objectives, namely:

2010:
1. Acquisition of the Volvo CE import and distribution operations in Turkey;
2. Acquisition of two new financial investments 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 equity investments, and (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 operation to the African market.

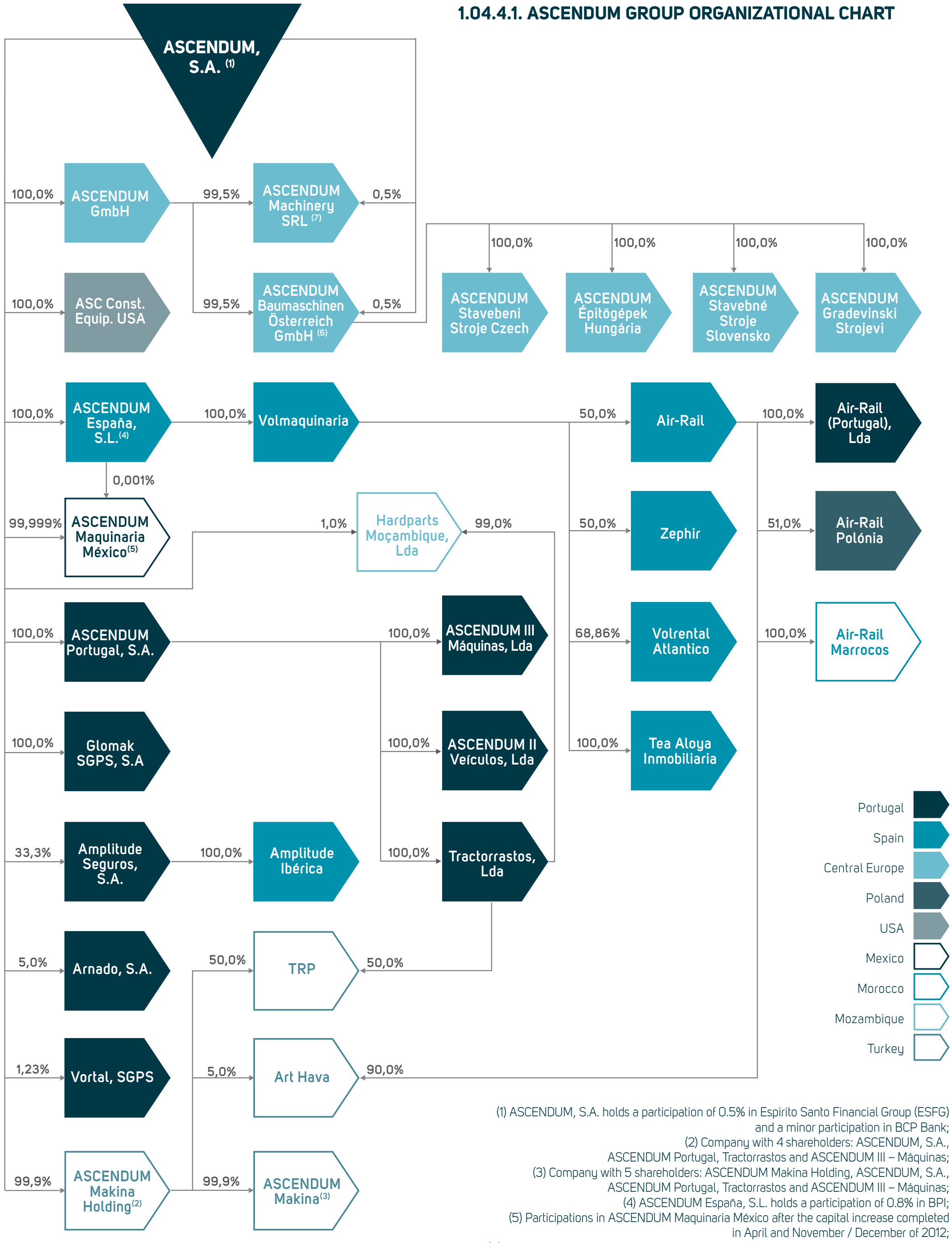
2012:
1. Consolidation of the reorganization process started in 2011;
2. Start of the Volvo Construction Equipment industrial machinery and equipment distribution operation in Mexico.

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.

2014:
1. Operational optimization in Mexico: improvement of internal processes, focus on training, improved facilities to enhance comfort, brand image and confidence;
2. Reorganization of the operation in Central Europe: adoption of a new governance model and ASCENDUM Group efficiency metrics;
3. Expansion of product portfolio: (i) Start of generators operation in Portugal, through ASCENDUM Energy brand; (ii) Representation of new brands of core products: SDLG, among others.

1.04.4
ORGANIZATION OF THE ASCENDUM GROUP

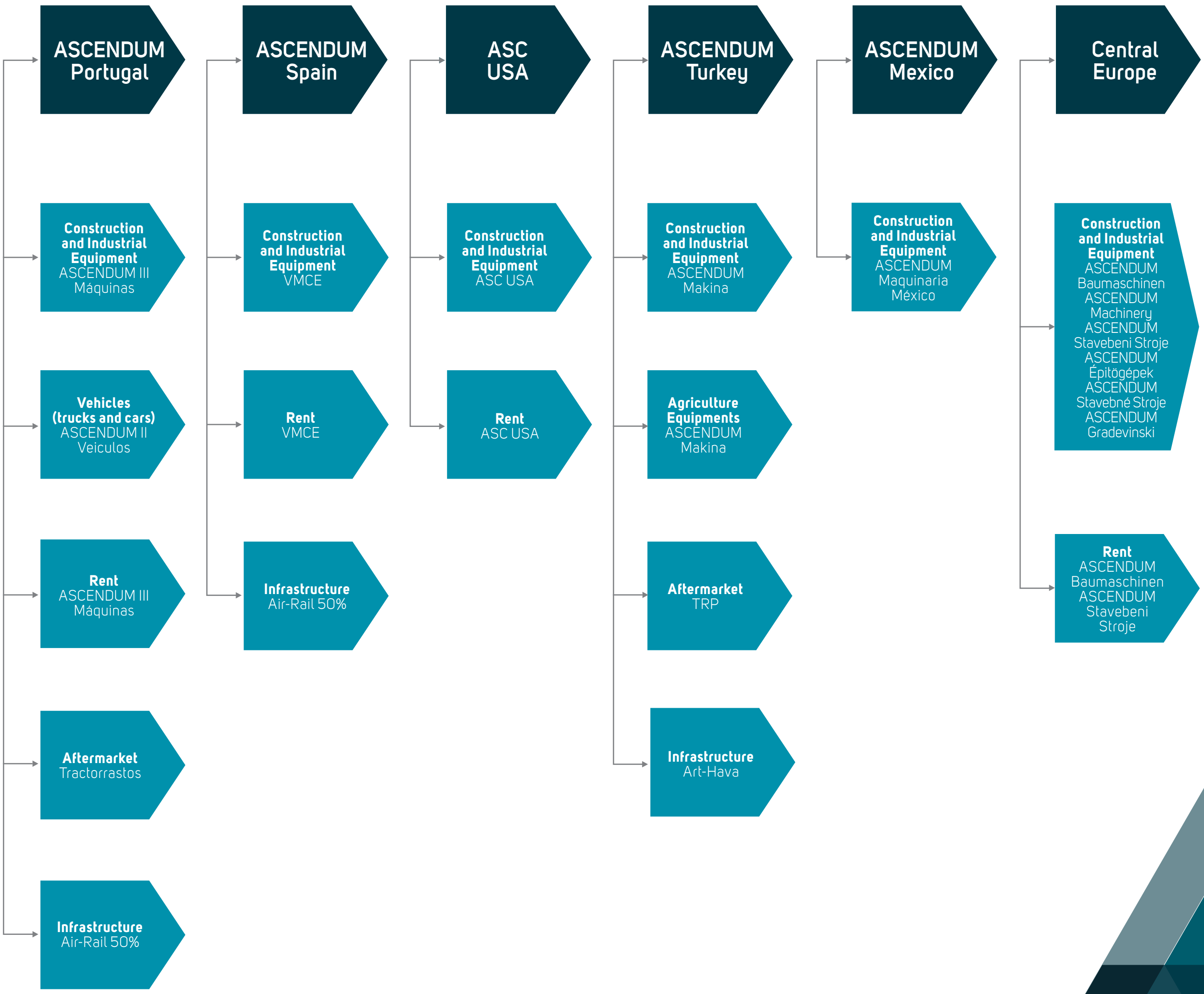
1.04.4.1. ASCENDUM GROUP ORGANIZATIONAL CHART



(1) ASCENDUM, S.A. holds a participation of 0.5% in Espirito Santo Financial Group (ESFG) and a minor participation in BCP Bank;
(2) Company with 4 shareholders: ASCENDUM, S.A., ASCENDUM Portugal, Tractorrastos and ASCENDUM III – Máquinas;
(3) Company with 5 shareholders: ASCENDUM Makina Holding, ASCENDUM, S.A., ASCENDUM Portugal, Tractorrastos and ASCENDUM III – Máquinas;
(4) ASCENDUM España, S.L. holds a participation of 0.8% in BPI;
(5) Participations in ASCENDUM Maquinaria México after the capital increase completed in April and November / December of 2012;
(6) Develops operations in Bosnia-Herzegovina and Slovenia through the sub dealer Balavto;
(7) Develops 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:

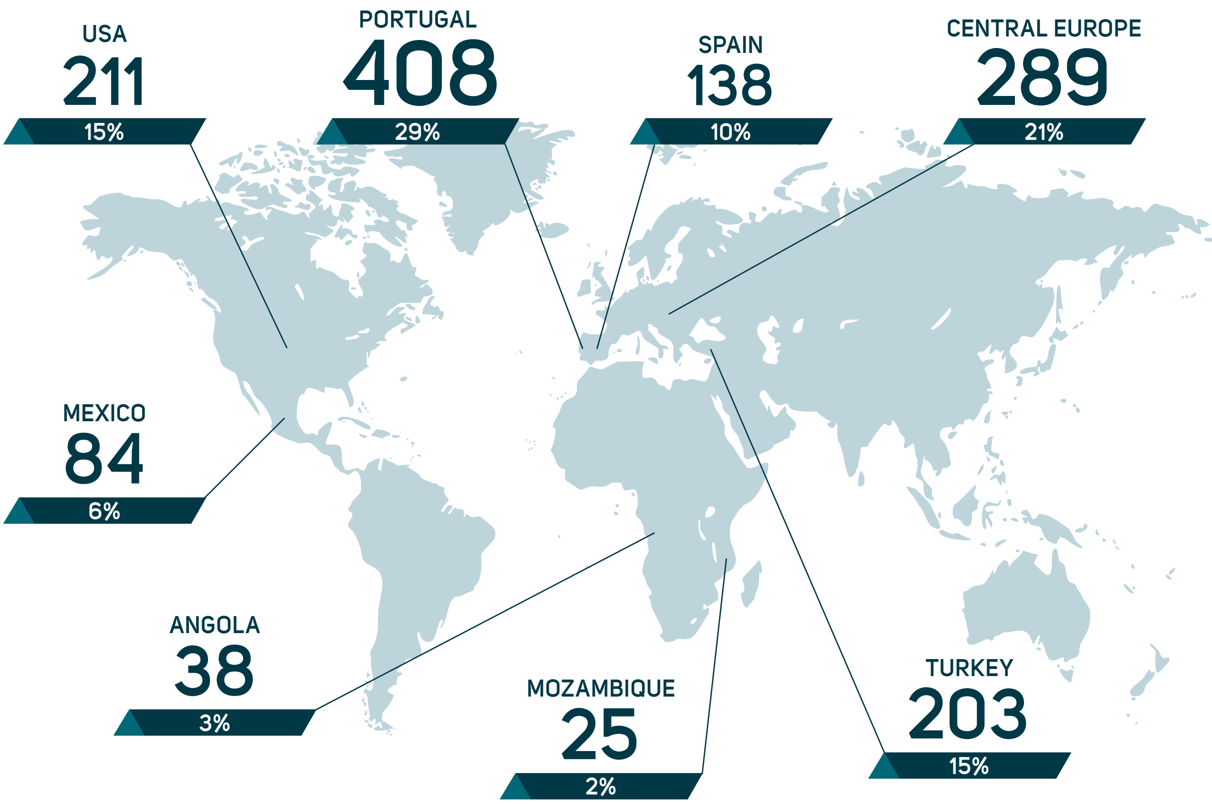


1.04.5
HUMAN RESOURCES

In 2014, following the premises outlined by the ASCENDUM Group's Executive Board, *Corporate HR* focused its action on the areas of Top Management (*Key Roles*, implementation of the performance management and remuneration policy model of first and second line departments, pay *bench-marking* and cross-cutting *coaching* programme – see the ASCENDUM Academy project) and on the general structure of the group (organizational climate and internal customer satisfaction study), thus continuing the implementation of the *Job Family Model* and *HR Balance Scorecard* projects.

The following graph shows the distribution of employees by geography. In 2014 there was an increase of 48 employees compared to the previous year.

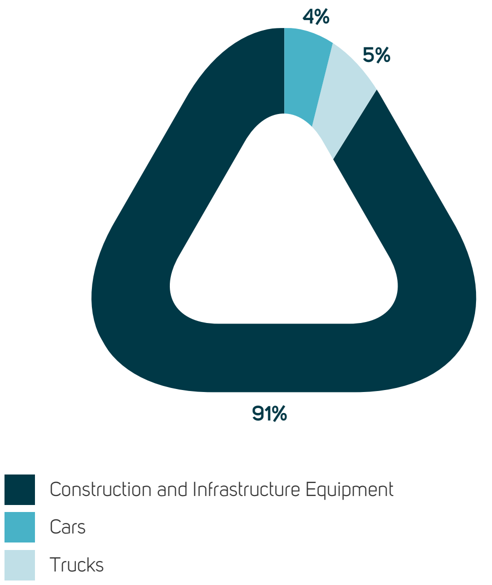
TOTAL EMPLOYEES BY GEOGRAPHY (2014)



1,396 TOTAL EMPLOYEES OF ALL THE GROUP'S COMPANIES

As with its proportional importance in financial terms, in terms of human resources the construction equipment business area maintained it predominance in the ASCENDUM Group's operations, representing 91% of Group employees.

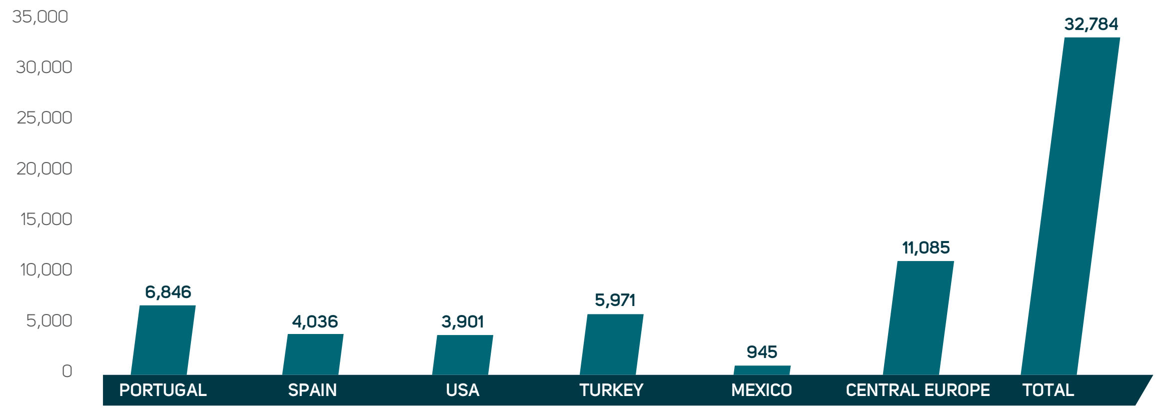
TOTAL EMPLOYEES PER BUSINESS AREA 2014



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 32 thousand hours' training - i.e. an average of 23h/year per employee.

This commitment to training is mainly due to the qualifications required of ASCENDUM Group employees at the level of the services provided to the end customer.

ASCENDUM GROUP TOTAL HOURS' TRAINING 2014



In 2014, the ASCENDUM Academy, the ASCENDUM Group's Internal Training Centre, was also created. This structure aims to develop knowledge management across the group, cutting across the different areas and with the following objectives:

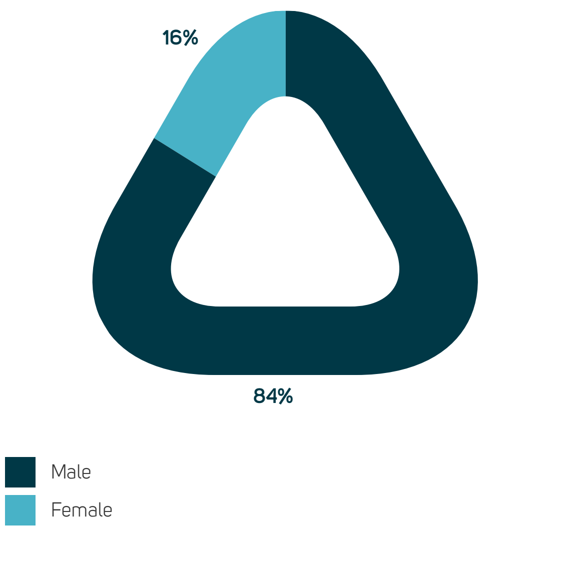
- To improve and foster internal knowledge management;
- Promote the development of business-critical skills;
- Develop the necessary leadership skills for senior positions;
- Promote innovation and the sharing of Best Practices;
- Improve the integration and involvement of new employees in the Group's values.

In the context of the ASCENDUM Academy initiatives, all geographies carried out a cross-cutting coaching and individual skills development programme for all second lines of the group with the support of the Hay Group.

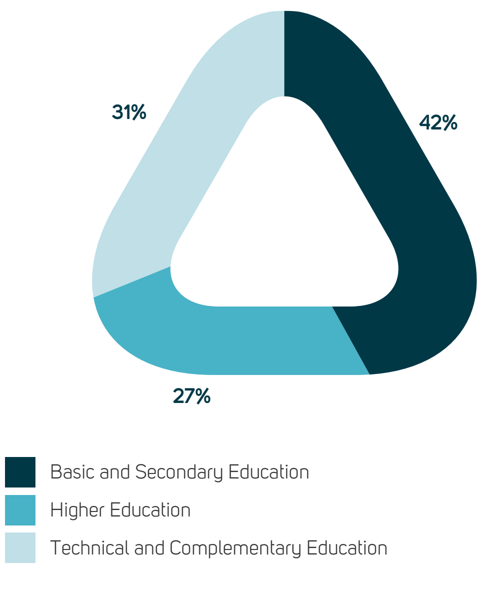
A partnership has also been established with the Católica-Lisbon, the Business Training School of the Portuguese Catholic University, to create a course tailored to the situation and needs of the ASCENDUM Group's directorates. This course, named the General Management Program, brings the directors of all the Group's geographical platforms together in Lisbon.

In gender terms, the ASCENDUM Group's HR consists of 84% male employees and in terms of qualifications 42% have completed basic and secondary education, 31% have completed advanced education and 27% have completed graduate level education.

TOTAL EMPLOYEES BY GENDER 2014

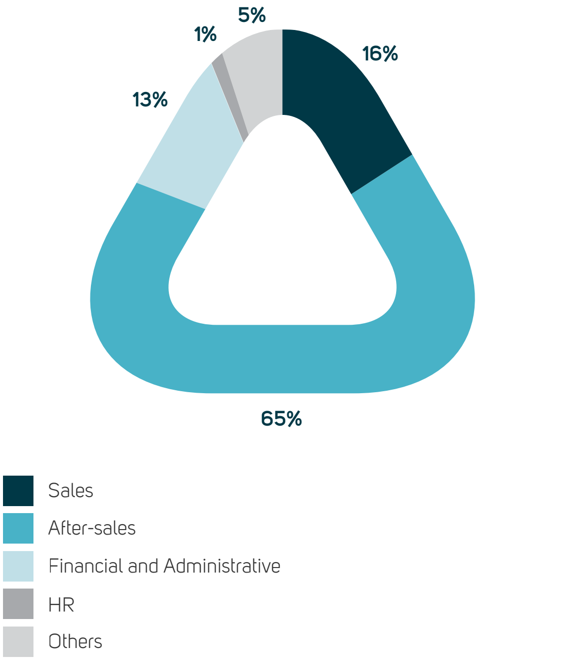


TOTAL EMPLOYEES BY LEVEL OF EDUCATION 2014



With respect to HR distribution by role, the After Sales area is the most significant, with 65% of employees. It is followed by Sales, with 16%, Administrative and Finance with 13% and Human Resources with 1%.

TOTAL EMPLOYEES BY FUNCTION



DISTRIBUTION BY LINE MANAGEMENT

In terms of distribution by line management, the ASCENDUM Group has 23 Directors, 59 Managing Directors and 157 Managers, with the remaining employees distributed over the 4th and 5th lines.

Directors	23
Managing Directors	59
Managers	157
Remaining Employees	1,157
TOTAL	**1,396**

SATISFACTION OF ASCENDUM EMPLOYEES

Analysis of the organizational climate provides awareness of what drives the level of commitment and skills of employees.

ASCENDUM is aware that when people are motivated their productivity increases, they are better able to innovate and develop initiatives and they add more value to the Organization; the Group is therefore committed to the professional satisfaction and motivation of its employees.

According to the Organizational Climate Study carried out in November 2014 by the Hay Group, 76% of employees are proud to work for the ASCENDUM Group, a positive figure that is above the market average.

Similarly, 72% of employees are pleased to be working in the Group, which is reflected in the satisfaction they derive from the performance of their duties: 77% consider their work interesting and challenging.

There was a noteworthy increase in the study participation rate compared to last year. In 2013 the overall participation rate was 65%, which rose to 84% in 2014. This significant year-on-year increase indicates a very positive level of engagement that is above the market average.

Employee integration and training programmes are also strengths of ASCENDUM's organizational culture.

1.04.6
SUSTAINABILITY POLICY

In the ASCENDUM Group, sustainability is the result of the balance between three fundamental priorities - Economic, Social and Environmental - complemented by a quality policy that aims continuously to improve the delivery of the Group in all its operating areas.

The desired economic growth is therefore guided by sustainability and is based on:

- Entrepreneurship, innovation and quality, as pathways to creation and sharing value with customers, suppliers, partners and the community at large;
- Corporate responsibility, based on valuing the people and communities where it operates, particularly through the integration of disadvantaged young people and those at risk of dropping out of school;
- Reducing the environmental impacts of the Group's business, whether arising directly from its operations or by the involvement and choice of suppliers and partners that share the same concerns;
- Implementation and validation of management procedures and systems to ensure high Quality indices in all operations and services provided by the ASCENDUM Group.

CORPORATE RESPONSIBILITY

Apart from training, which contributes to the development of our employees, ASCENDUM has again made its resources available for the training of disadvantaged young people, as part of initiatives developed with the EPIS - Entrepreneurs for Social Inclusion, an Association of which we are founding partners. In this context, in 2014, ASCENDUM Portugal organized a mini training course, to offer these young people a first approach to the professional world, opening avenues for the various functions performed in the geographical area.

epis
EMPRESÁRIOS
PELA INCLUSÃO SOCIAL

ENVIRONMENT

The majority of the companies of the ASCENDUM Group are certified have their Environmental Management Systems certified (ISSO 14001); the systems therefore undergo internal and external audits, and it should be noted that the companies that do not yet have the certification are preparing to obtain the certificates in question.

Also as a result of the ASCENDUM Group's demanding environmental policy, a number of environmental awareness raising campaigns and various environmental programmes have been implemented in the different geographical platforms, with particular emphasis on waste separation, recycling and reduction of consumption of natural resources.

In addition to the initiatives of each geographical platform, we continue to give preference to partners and suppliers presenting innovative solutions in terms of reduction of the environmental impact of the Group's activity - such as Volvo, which is developing construction equipment with hybrid technology - *diesel* and electric engines - that contribute to the lower CO2 emissions and fuel consumption, and which it incorporates in the greener versions of its range of cars and trucks.

Moreover, all the Group's business strictly complies with environmental legislation in the various regions and countries, and even in countries where the Environmental Management System is not yet certified, such as Spain or the USA, no environmental incidents have been recorded.

QUALITY

Portugal, Spain, Turkey, Austria, Slovakia and Hungary continued the procedures already implemented as part of their Quality Management Systems, as well as internal and external audits and their certification (ASCENDUM Portugal Quality Management System for Load Handling After Sales) and preparation for future certification (Romania).

The ASCENDUM Group's various geographical platforms strengthened or implemented initiatives to enhance their customer knowledge and the quality of services provided, with particular emphasis on recording and handling nonconformities and complaints.

COMMUNICATION AND IMAGE

After several years internationalization and integration of new businesses and people, the stabilization of the ASCENDUM Group's structure in 2014 enabled Communication and Image activities to be strengthened and structured around three central themes:

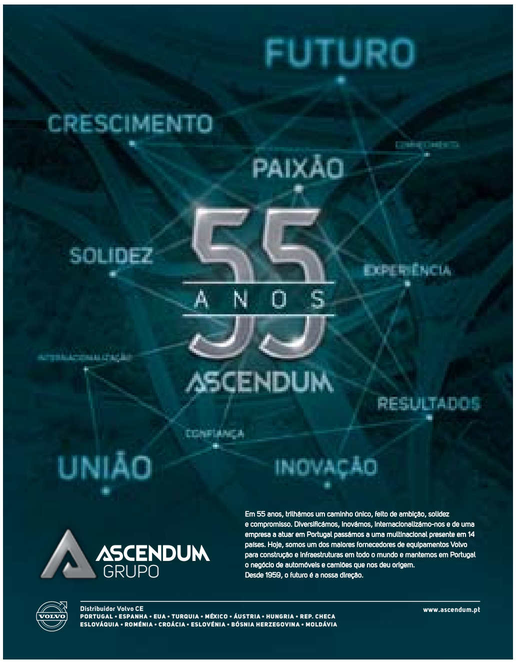
- A single, consistent image - with standardization of the external communication structures of new operations and geographies, in accordance with the ASCENDUM Group's identity. The standardization of the identity and image of the websites of the various ASCENDUM Group geographies was started and this work will continue ongoing in 2015. The Group's corporate film was released to support the presentation of the ASCENDUM Group in all markets and in numerous professional contexts;

- A cohesive and aligned team - with the creation of channels and regular internal communication times to support the group culture, the circulation of information, knowledge between operations and the sharing of best practices, opportunities, strategies and business ideas. The 55th anniversary of the ASCENDUM Group was celebrated with of an advertising campaign in traditional and online economic media in Portugal, together with a strong internal communication campaign involving the various geographies in the production of an internal video and a direct marketing campaign directed at all Group employees;

- A commitment to in knowledge as the channel of our reputation - with the creation of materials and participation in initiatives to raise the awareness of external stakeholders about ASCENDUM, reinforcing the Group's recognition and reputation, especially among institutional and *Business to Business* segments. The following are some projects of relevance: definition of the ASCENDUM Intranet architecture and the launch of its pilot project;

- A focus on communication of the application to the *European Business Awards* 2014/2015, which recognize growth capacity, innovation and business ethics. The final results will be made known in 2015.

ASCENDUM Group Website



ASCENDUM Group 55 years campaign

European Business Awards 2014/15 - "Ruban d'Honneur" and "National Public Champion" distinction

INSTITUTIONAL RELATIONS AND ASSET MANAGEMENT

The Assets functional area is responsible for managing and monitoring the Group's real estate portfolio, including the associated investments and disposals, as well as all the operations involved in asset management, such as acquisitions, sales, leases, maintenance and improvements or construction. The objectives include optimizing the Group's real estate portfolio - which, given the different Group companies and their presence in a range of highly distinctive markets - is in itself a challenge.

From the perspective of institutional relations, the ASCENDUM Group's representation in internal or external, national or international company-oriented initiatives is pursued and promoted actively and systematically. These functions and objectives are global, cross-cutting and fully aligned with the Group's goals, strategy and values. The main objective is to develop and strengthen the Group's *networking*, by creating closer socio-economic relations with strategic stakeholders. Sustained relationships with government agencies, trade associations, chambers of commerce, government and their consolidation to open new horizons that can support the Group's growth and internationalization.

In terms of what has already been developed within this new context, the following are of note:

- The establishment of closer institutional relations with the Portuguese Agency for Investment and Foreign Trade (AICEP) and the various Chambers of Commerce of the countries where the Group operates;

- Institutional presence in official visits and ceremonies - for example, the official visits to Portugal of the Mexican President and the King and Queen of Spain, the business and diplomatic mission to Indonesia and the State visit to Mexico, together with other meetings with prominent personalities from the business community and government;

- Participation in the 2nd INDEG-IUL International Conference at the Executive School of the Higher Institute of Employment and Business Sciences, during which ASCENDUM was awarded second place in the "Internationalization of Portuguese Companies" raking and made a brief group presentation;

- Institutional sponsorship of one of the major sporting events held in Portugal, the ATP Portugal Tennis Open, sponsored by the ASCENDUM Group for the first time in 2014 and involving both customers and partners;

2nd INDEG - IUL International Conference - 2nd place in the Ranking of "Internationalization of Portuguese Companies"

- The application to the *European Business Awards* 2014/15, which recognize growth capacity, innovation and business ethics, in which the ASCENDUM Group the jury's distinction as "Ruben D'Onneur" in 2014;

ATP Portugal Tennis Open Sponsorship

- In the area of asset management, the main focus in 2014 was on a general survey of ASCENDUM's property assets and consultation with several industry operators in relation to the market values of several properties. The process of disposal of certain properties not related to the Group's business was also started.

1.04.7
MAIN CONSOLIDATED INDICATORS

KEY PERFORMANCE INDICATORS

Figures expressed in thousands of Euros

	2014	2013	Δ (14/13)
Turnover	678,585	558,923	21.4%
EBITDA [(1)]	60,030	47,760	25.7%
Recurrent EBIT [(2)]	29,007	27,377	6.0%
Recurrent Net Income with non-controlling interests [(3)]	13,307	12,775	4.2%
Net Income margin	2.0%	2.3%	-0.3 pp
Cash flow [(4)]	44,331	33,158	33.7%
Cash flow margin	6.5%	5.9%	0.6 pp
Total Assets	576,559	539,390	6.9%
Net Debt [(5)]	177,591	175,688	1.1%
Recurrent Equity with non-controlling interests [(6)]	155,551	142,996	8.8%
Invested Capital [(7)]	333,143	318,685	4.5%
Return on Equity [(8)]	8%	9%	-1.2 pp
Equity / Assets [(9)]	27%	27%	0.2 pp
Return on capital [(10)]	9%	9%	-0.5 pp
Number of employees	1,396	1,348	3.6%

(1) Earnings before interests, taxes, depreciations, impairments and amortizations
(2) Earnings before interests and taxes. Does not consider the negative impact of ESFG bankruptcy
(3) Recurrent Net Income with non-controlling interests does not consider the negative impact of ESFG bankruptcy
(4) Net Income with non-controlling interests, amortizations and depreciations of the period, impairments and provisions
(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) Recurrent Equity with non-controlling interests does not consider the negative impact of ESFG bankruptcy
(7) Recurrent Equity with non-controlling interests and Net Debt
(8) Quotient between the Net Income with non-controlling interests and the recurrent Equity with non-controlling interests
(9) Quotient between the recurrent Equity with non-controlling interests and total recurrent Assets as of December, 31st
(10) Quotient between Recurrent EBIT and average Invested Capital

In terms of performance, despite the European crisis, the retraction of some of the sectors that have been, historically, the engines of ASCENDUM Group's growth and the reduction in the construction equipment market - in the group formed by Portugal, Spain and the United States it fell by about 51% compared to the peak year (2007) - the Group recorded positive performance resulting in a turnover of 679 million Euros (21.4% increase when compared to 2013 and 7% on a like for like perspective), an EBITDA of 60 million Euros (26% increase when compared to 2013 and 11% on a like for like perspective) and a net income of 12 million Euros (5% decrease when compared to 2013), mainly due to the impact of the bankruptcy of ESFG on the Group results , fact that, if not occurred, would imply an increase of 4.2% when compared to 2013.

Moreover, in 2014, the ASCENDUM Group maintained high levels of financial soundness (equity/assets ratio of about 27% and Net Debt / EBITDA of 3.0 X).

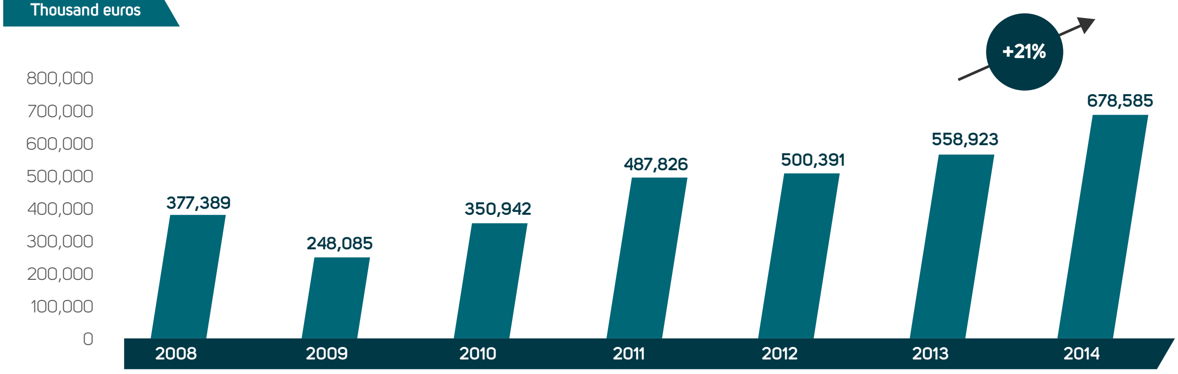
The ASCENDUM Group's positive performance throughout 2014, is the result, not only of all the efforts made in the last few years related with the structure optimization and consequential improvement of the efficiency levels, but also of the consolidation of its position in the markets where it operates, particularly in the more recent markets of Central Europe (Austria, Czech Republic, Romania, Hungary, Croatia, Slovakia, Slovenia, Bosnia and Herzegovina and Moldova). As a result of the success of its growth strategy and the sharing of best practices in all the countries where it operates, the ASCENDUM Group has achieved a track record of trust and value creation which is reflected, year after year, in positive economic-financial performance.

TURNOVER

In 2014, the ASCENDUM Group's turnover increased 21% compared to 2013, to almost 679 million Euros, mainly as a result of the contribution of the international operations in Turkey, USA and Central Europe, with the last contributing with 12 months' of activity compared to the 3 months of 2013 (October to December).

TURNOVER EVOLUTION

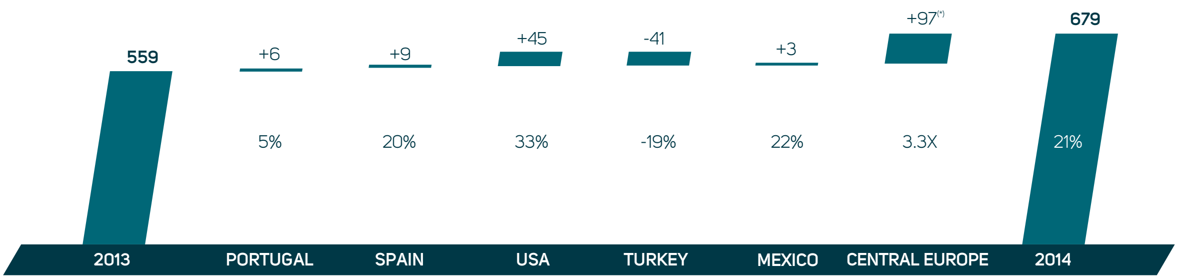
Thousand euros



In individual terms, the positive contribution of all the markets where ASCENDUM operates was able to offset the negative impact recorded in Turkey, in terms of turnover growth when compared to 2013, which resulted mainly from the political and geopolitical instability occurred during 2014, particularly in the first half year.

CONTRIBUTION FOR THE TURNOVER GROWTH

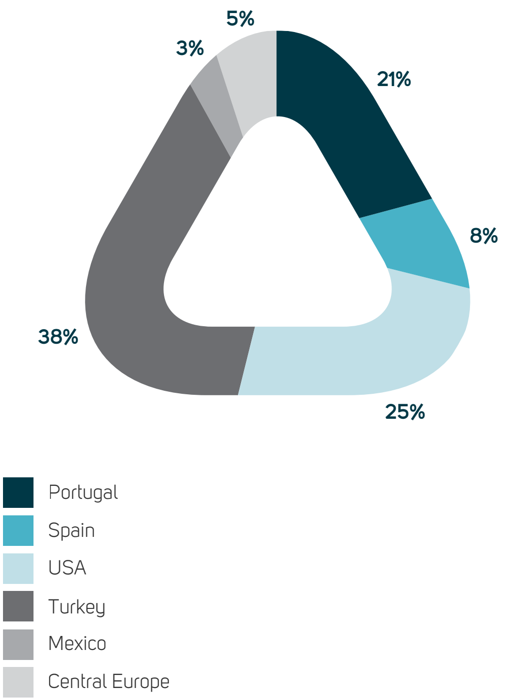
Million euros / % growth when compared to 2013



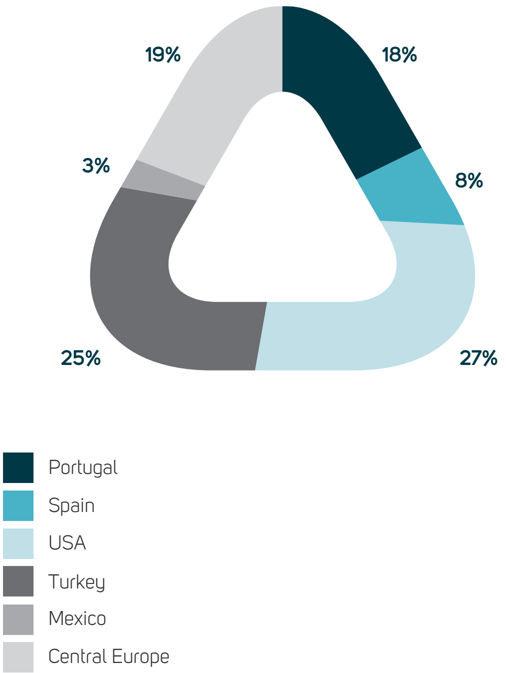
(*) Increase of 12 million Euros on a like-for-like perspective - considering only the period of activity between October and December.

The relative weight of the external markets (Spain, USA, Turkey, Mexico and Central Europe) in the consolidated turnover of the Group increased from 79% in 2013 to 82% in 2014.

TURNOVER (2013) - 559 MILLION EUROS



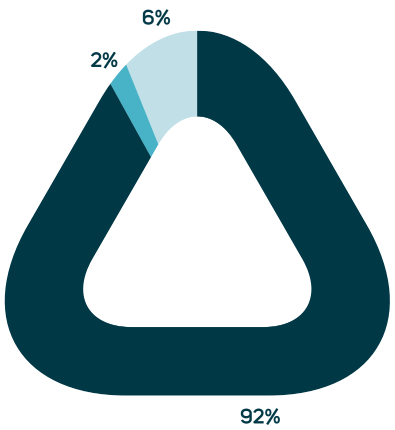
TURNOVER (2014) - 679 MILLION EUROS



In terms of business areas, the construction and industrial equipment segment, the predominant area in ASCENDUM'S operations, has reduced its relative weight when compared to 2013, representing 91% of the ASCENDUM Group's turnover at year end.

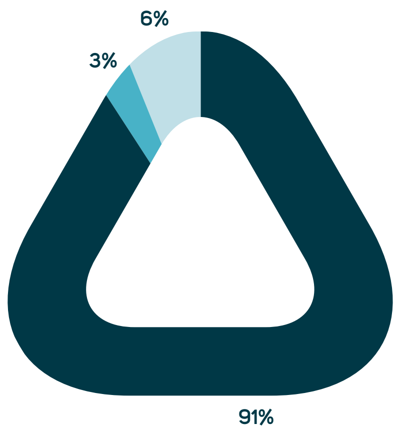
The vehicles business area maintained its relative weight on the Group's turnover, while the infrastructure equipment segment saw its relative weight increase, when compared to 2013, to 3%.

TURNOVER (2013) - 559 MILLION EUROS



- Construction and Industrial Equipment
- Infrastructure Equipment
- Vehicles

TURNOVER (2014) - 679 MILLION EUROS



- Construction and Industrial Equipment
- Infrastructure Equipment
- Vehicles

EBITDA

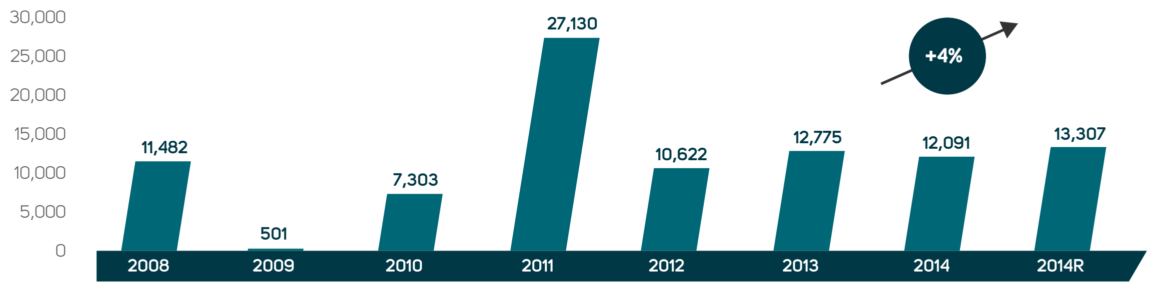
In 2014, the ASCENDUM Group's EBITDA totalled 60.0 million Euros, 9% of the Group's consolidated turnover, representing an increase of 25.7% compared to 2013, influenced by: (i) the increase of the geographical and portfolio diversity, especially the inclusion of 12 months of Central Europe activity in the Group's consolidation scope, and (ii) the increase of the operational efficiency in most of the Group's geographical platforms, thereby offsetting the lower performance recorded in the Turkish market.

NET INCOME

In 2014, ASCENDUM Group's net income amounted to 12.1 million Euros, equivalent to 2% of the consolidated turnover. Despite the lower contribution of the Turkish market, the increase of the geographical and portfolio diversity (which allowed the Iberian Peninsula, Mexico and Central Europe, on a like for like perspective, to offset the lower contribution of the Turkish operation), with the inclusion of 12 months of Central Europe activity in the consolidation scope, as well as the increase of the operational efficiency in most of the Group's geographical platforms, contributed to an increase of the recurrent net income of 4.2%.

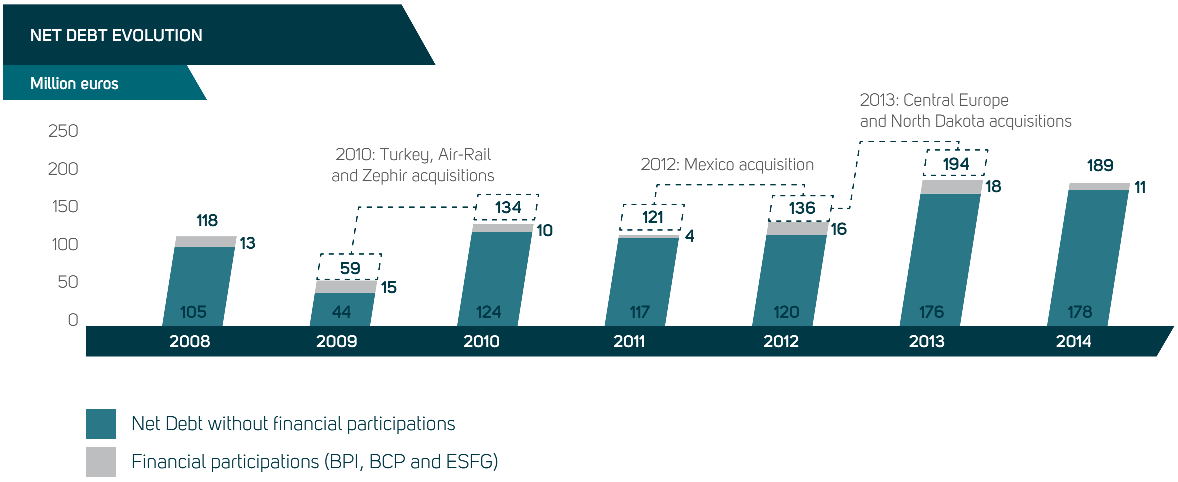
NET INCOME EVOLUTION

Thousand euros



CONSOLIDATED NET DEBT

As of 31 December, 2014, consolidated net debt was of 189 million Euros compared to 194 million Euros recorded on the 31 December, 2013 (178 million Euros in 2014 compared to 176 million Euros in 2013, if we consider the value of the ASCENDUM Group's financial investments in BPI, BCP and ESFG).



In turn, consolidated gross debt amounted to 202 million Euros, of which 54% is medium and long term (equivalent to 109 million Euros) and 46% is short term (93 million Euros).

At year end, the net debt/EBITDA ratio (including the value of the financial investments that the ASCENDUM Group holds in BPI, BCP and ESFG) was 3.0x, while the Equity/Net Debt ratio (including the value of the financial investments that the ASCENDUM Group holds in BPI, BCP and ESFG) amounted to around 0.9x.

In 2014, the ASCENDUM Group's efforts to consolidate its position in the markets in which operates and optimize the working capital cycle enabled the cash flow generation and, hence, gross debt was reduced by about 15 million Euros, mainly due to the contribution of the cash flow generated by Central Europe, Spain, Mexico and Turkey.

NET ASSETS AND EQUITY

In 2014, despite the increase of the Working Capital rotation (from 3.2x in 2013 to 4.0x in 2014), ASCENDUM Group Net Assets amounted to 577 million Euros, representing an increase of approximately 37 million Euros when compared to 2013 (mainly due to the appreciation of the US dollar against the Euro - from 1.379 USD per Euro as of the 31st of December of 2013 to 1.214 USD per Euro as of the 31st of December of 2014, accounting for about 60% of the total increase of the Group's assets), essentially in the following items:

- Tangible fixed assets (+8 million Euros) – regarding the level of tangible fixed assets, the decreases recorded in Central Europe and Spain (8 million Euros) were offset by the increase in the US and Mexico (16 million Euros) - if the EUR/USD exchange rate had not changed throughout 2014, the increase in the Group's tangible fixed assets would have been nil (the EUR / USD exchange rate effect was responsible for an increase of 8 million Euros in the Group's tangible fixed assets), which represents an increase in efficiency at this level.

- Financial investments (-7 million Euros) – the decrease in the financial investments item compared to 2013 results, essentially, of the depreciation, occurred in 2014, of BPI's share value, in the amount of 2,106,100 Euros, and of ESFG's share value, in the amount of 4,955,160 Euros (total investment), partly offset by the appreciation of Millennium BCP's shares, in the amount of 1,180 Euros (following the subscription of 144,634 new shares).

- Deferred tax assets (+4 million Euros) – the increase in deferred tax assets is mainly related to reportable tax losses (+2 million Euros compared to 2013) and the exchange rate effect in the USA - if the EUR/USD exchange rate had not changed throughout 2014, the increase in deferred tax assets would have been of 2 million Euros (the EUR / USD exchange effect was responsible for an increase of 2 million Euros in the Group's deferred tax assets).

- Inventories (+36 million Euros) – with regard to the level of inventories, the decreases recorded in Central Europe and Spain (3 million Euros) were offset by the increase in the USA (+25 million Euros - due to increased activity with the turnover being 45 million Euros above the values recorded in 2013, and the appreciation of the US dollar against the Euro), Portugal, Mexico and Turkey (totalling 39 million Euros) - if the EUR / USD exchange rate had not changed throughout 2014, the increase in the Group's inventories would have been of 26 million Euros (the EUR / USD exchange rate effect was responsible for an increase of 10 million Euros in the Group's inventories).

- Customers (+1 million Euros) – regarding the customer balance, the decreases recorded in Portugal and Turkey (8 million Euros) were offset by the increase recorded in Central Europe, USA, Mexico and Spain (9 million Euros) - if the EUR/USD exchange rate had not changed throughout 2014, there would have been a decrease of 1 million Euros in the customer balance (the EUR / USD exchange rate effect was responsible for an increase of 2 million Euros in the Group's customer balance). It is also important to note the improvement recorded in the days of sales outstanding which resulted on a 11 day reduction in the ASCENDUM Group total.

- State and other public entities (+2 million Euros) – with regard to the State and other public entities balance, the 2014 increase compared to 2013 was mainly due to VAT balances in Mexico, which resulted from an increase of the activity.

- Cash and bank deposits (-10 million Euros) – essentially explained by the efforts of the various Group companies to optimize the cash management and reduce the level of cash and bank deposits to offset gross debt, particularly in Central Europe and Turkey.

SOLUTIONS THAT LEAD
TO SUCCESS

TRUCKS . PASSENGER VEHICLES . LIGHT COMMERCIAL VEHICLES

02
Economic and Financial Information

2.01 MACROECONOMIC CONTEXT

2.01.1 GLOBAL ECONOMY

During 2014, global economy gradually continued its path of recovery. Following a moderate and volatile growth in the first half year, economic activity strengthened in the second half year, boosted mainly by the dynamism recorded in some advanced economies, despite signs of a slowdown in the final quarter. In 2014, the global economy recorded a slightly higher growth than in 2013, with an estimated real Gross Domestic Product (GDP) growth rate of about 3.31%, compared to 3.28% in 2013. Although the emerging economies grew at a higher rate than countries with advanced economies, they recorded a deceleration of growth from 4.7% in 2013 to 4.4% in 2014. The projected growth rates for emerging economies (5.1% on average from 2014 to 2018), remain above the growth rates forecasted for the advanced economies (2.4% on average from 2014 to 2018), although below the growth rates recorded in recent years. 2014 was marked by a reversal in the macroeconomic trend in the Eurozone economies, which recorded an economic growth of 0.8% in 2014 (compared to -0.4% in 2013), as well as by the growth in the US economy, due to the positive contribution of private consumption and investment. However, the geopolitical tensions in Ukraine and the Middle East, together with the reduction in global inflation, driven, essentially, by the sharp fall in oil prices, are factors that cast doubt on the medium term forecast for the global economy.

MACROECONOMIC INDICATORS

	WORLD	CHINA	JAPAN	EURO ZONE	PORTUGAL	SPAIN	USA	TURKEY	MEXICO	AUSTRIA	CZECH REP.	HUNGARY	ROMANIA
POPULATION													
2014E (Millions inhab.)	7,125	1,368	127	334	10	47	319	77	120	9	11	10	20
CAGR (14E-18E)	n.a.	0.5%	-0.3%	n.a.	0.1%	-0.2%	0.6%	1.0%	1.0%	0.4%	0.1%	-0.2%	-0.5%
GROSS DOMESTIC PRODUCT													
2014E - nominal (B USD)	77,609	10,355	4,770	13,241	228	1,400	17,416	813	1,296	436	200	130	202
Real growth rate (13-14E)	3.3%	7.4%	0.9%	0.8%	1.0%	1.3%	2.2%	3.0%	2.4%	1.0%	2.5%	2.8%	2.4%
CAGR (09-14E)	3.9%	8.5%	1.6%	0.7%	-0.6%	-0.3%	2.2%	5.4%	3.3%	1.3%	1.0%	1.0%	1.5%
CAGR (14E-18E)	4.0%	6.7%	0.9%	1.6%	1.7%	1.8%	3.0%	3.5%	3.7%	1.6%	2.3%	1.9%	3.0%
OTHER INDICATORS (2014E)													
Inflation	3.8%	2.3%	2.7%	0.5%	0.0%	0.0%	2.0%	9.0%	3.9%	1.7%	0.6%	0.3%	1.5%
GFCF - growth rate (13-14E)	n.a.	n.a.	2.9%	0.9%	2.4%	3.2%	3.8%	-1.8%	1.8%	1.0%	3.4%	13.7%	-5.4%
Unemployment rate	n.a.	4.1%	3.7%	11.6%	14.2%	24.6%	6.3%	9.5%	4.8%	5.0%	6.4%	8.2%	7.2%
Gross Public Debt (% of GDP)	n.a.	40.7%	245.1%	96.4%	131.3%	98.6%	105.6%	33.6%	48.0%	80.1%	44.4%	79.1%	39.9%
Corporate Income Tax (or equivalent)	24%	25%	36%	n.a.	23%	30%	40%	20%	30%	25%	19%	19%	16%
VAT (or equivalent)	16%	17%	8%	n.a.	23%	21%	n.a.	18%	16%	20%	21%	27%	24%
Reference interest rates - Central Banks 31-Dec	n.a.	5.60%	0.10%	0.05%	0.05%	0.05%	0.25%	8.25%	3.00%	0.05%	0.05%	2.10%	2.75%

Source: World Bank, IMF (Economic Outlook - October 2014), AMECO, KPMG and Central Banks (for the respective reference interest rates).

Regarding the Eurozone macroeconomic scenario in 2014, there was a reversal in the macroeconomic trend towards a positive, although moderate, economic growth, for which has contributed, mostly, the increase of the domestic demand. Following three quarters of encouraging growth, there was a slight decrease in the final quarter of the year, calling into question the positive outlook for the Eurozone economy. In terms of GDP expenditure components, the improvement of the private consumption underlying dynamics that began in the second quarter of 2013 largely reflected the evolution of the real disposable income, benefiting from the slight improvement in labour market conditions, the easing of the impact of fiscal tightening and low inflation, due mainly to the reduction in energy goods prices. Public consumption is expected to have grown slowly, especially in terms of marginal growth in public sector pay, which represents approximately half of total public consumption. With regard to investment, growth in gross fixed capital formation was interrupted in the second quarter of 2014 following four consecutive quarters of positive growth. The reduction of the investment in the construction sector was caused by a decrease in buildings construction, despite the increase of the activity in the first quarter, supported by favourable weather conditions in several Euro countries. With regard to the external trade, despite the 3.5% increase in Eurozone exports, boosted by the depreciation of the Euro, the impact of the external trade on GDP should be restrained due to the 3.4% increase in imports.

In accordance with the economic growth outlook, domestic demand should be sustained by monetary and fiscal political expansionary measures and improved financial conditions, as well as by the reduction in energy goods prices, thus increasing real disposable income. However, the economic recovery of the Eurozone should be limited by (i) high unemployment levels, (ii) high levels of spare capacity and (iii) necessary balance sheet adjustments in the public and private sectors.

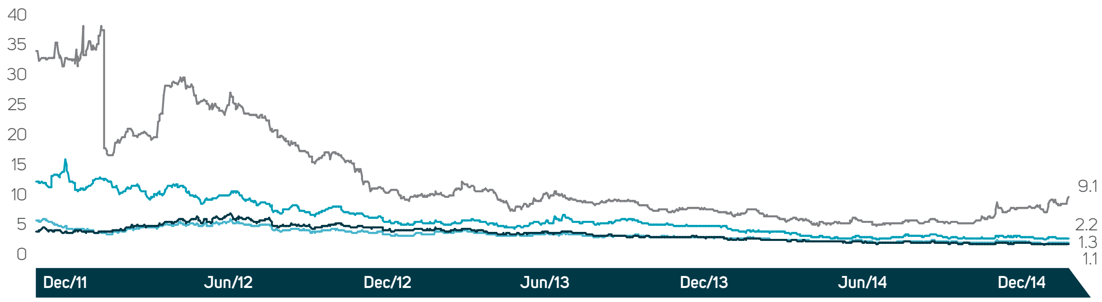
With regard to the bond markets, in 2014 we attended to a general decline of the Eurozone long term government bond yields, in particular the 1.4 pp reduction of the German 10-year sovereign bond yield. Except for Greece in the last half year, during the sovereign debt crisis the most vulnerable Eurozone economies recorded a reduction in government bond spreads against German debt, thus continuing the downward trend of their public debt yields.

(AS OF 31 DECEMBER OF 2014)	GREECE	PORTUGAL	ITALY	SPAIN	IRELAND
10-year sovereign bond yields (%)	9.6%	2.7%	1.9%	1.6%	1.2%
Spread versus Germany (p.p.) (*)	9.1 p.p.	2.2 p.p.	1.3 p.p.	1.1 p.p.	0.7 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 2014, which amounted to 0.541%.
Source: Investing.com

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

Percentual points



Source: Investing.com

Greece   Portugal   Italy   Spain

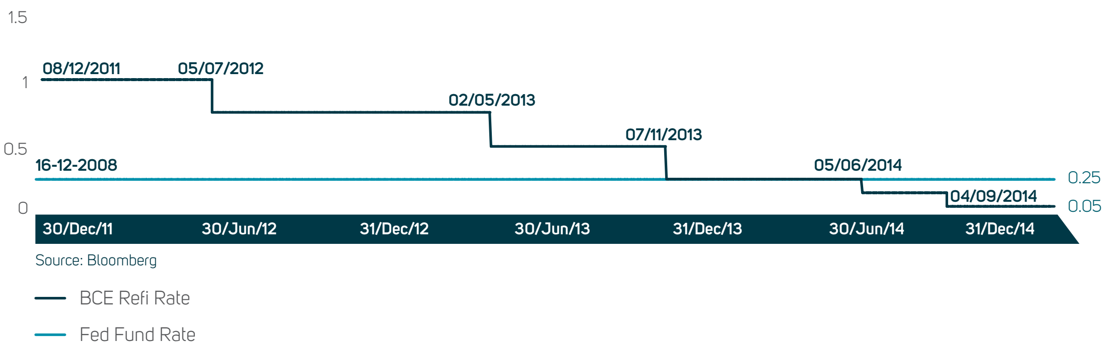
With regard to the United States, economic activity is expected to have grown 2.2% in 2014 according to the International Monetary Fund (IMF) forecast, driven by increased demand (internal and external) and investment in the economy. The American economic activity has shown a greater dynamism in the last quarters of the year, after a first quarter that was negatively affected by adverse weather conditions. In 2014, the increase in private consumption in the US economy was mainly due to improved labour market conditions, increased consumer confidence and lower fuel prices. Additionally, the increase of enterprises' investment reflects the increased level of the business confidence in the US economy. In terms of external trade, the growth dynamics of exports was negatively affected by the appreciation of the dollar at the end of the year and the increase of the imports for which has contributed the increase of the domestic demand. The outlook for the US economy is for a continued positive growth, mainly due to improved labour market and housing conditions, an easing of financial conditions and a reduction in the demands associated with household income adjustments and fiscal policy.

In the advanced economies, monetary policies remained accommodative, although with some differences between the Euro area and the other countries. The European Central Bank (ECB) decided to reduce the interest rate for the main refinancing operations by 20 basis points, i.e., from 0.25% at the end of 2013 to 0.05% at the end of 2014, in order to turn the monetary policy more accommodative. During 2014, the ECB maintained its forward guidance policy, signalling the maintenance of benchmark interest rates at low levels for an extended period of time. With regard to unconventional monetary policy measures, the Eurosystem started to purchase covered bonds (mortgage bonds and public sector securities) and asset-backed securities. According to the ECB, the purchase programmes will be extended for at least two years and, as a whole, the measures will have a considerable impact on the Eurosystem balance sheet so that it moves towards the figures recorded in early 2012. However, given the macroeconomic forecasts, in particular the low inflation rates, the ECB will reassess the scheduled monetary stimulus and, if necessary, use additional unconventional instruments, changing the size, pace and composition of the measures, in order to re-establish inflation rates at levels below, but close to, 2%.

For its part, the United States Federal Reserve and the Bank of England showed signs of monetary policy normalization, in particular by reducing the monthly pace of asset purchases. With regard to US monetary policy, the Federal Reserve kept its reference rate unchanged at 0.25% throughout 2014. Additionally, in the context of a more favourable economic outlook, in October 2014, the Federal Open Market Committee (FOMC) announced its decision to end the third package of unconventional measures, continuing, however, with the rollover of the portfolio and the maintenance of the fed-funds rates on low levels for a considerable period of time.

EVOLUTION OF FED AND BCE REFERENCE RATES

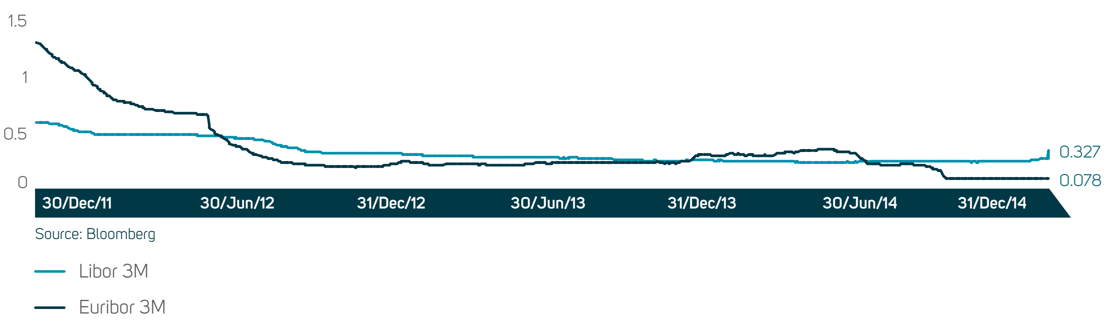
Percentual points



Source: Bloomberg

EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES

Percentual points



Source: Bloomberg

EURIBOR 3M	2012	2013	2014
maximum	1.343	0.298	0.347
average	0.574	0.220	0.209
minimum	0.181	0.188	0.078
close	0.187	0.287	0.078

Source: Bloomberg

LIBOR 3M	2012	2013	2014
maximum	0.583	0.305	0.327
average	0.430	0.267	0.234
minimum	0.306	0.236	0.223
close	0.306	0.246	0.327

Source: Bloomberg

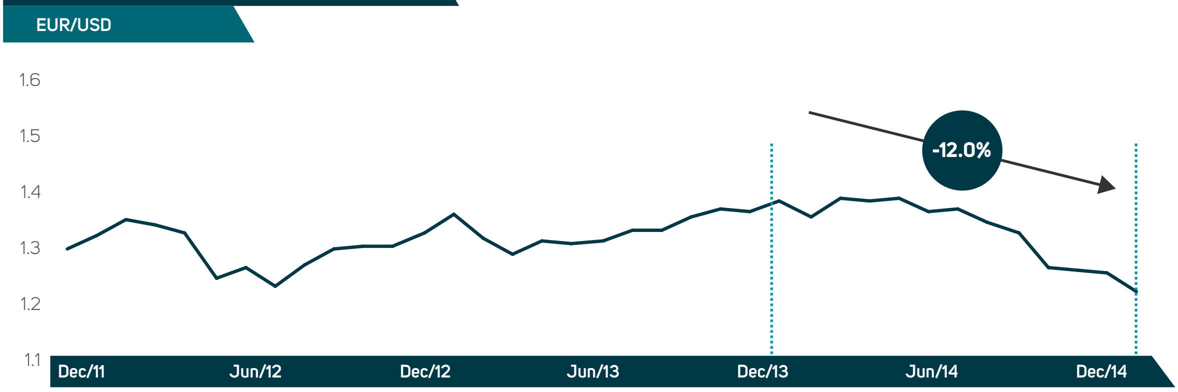
In terms of the evolution of the foreign exchange market in 2014, the overall trend was Euro depreciation against most currencies:

EXCHANGE RATES (year end)	2013	2014	Δ (14/13)
EUR/USD	1.379	1.214	-12.0%
EUR/TRL	2.961	2.832	-4.3%
EUR/MXN	18.073	17.868	-1.1%
EUR/CZK	27.427	27.735	1.1%
EUR/HUF	297.040	315.540	6.2%
EUR/RON	4.471	4.483	0.3%

Source: Banco de Portugal

In line with the reference interest rate reduction of 20 basis points performed by the ECB, the Euro depreciated against the Dollar by 12.0% throughout 2014, as a result of the normalization of the USA monetary policy, together with an accommodative monetary policy of the ECB.

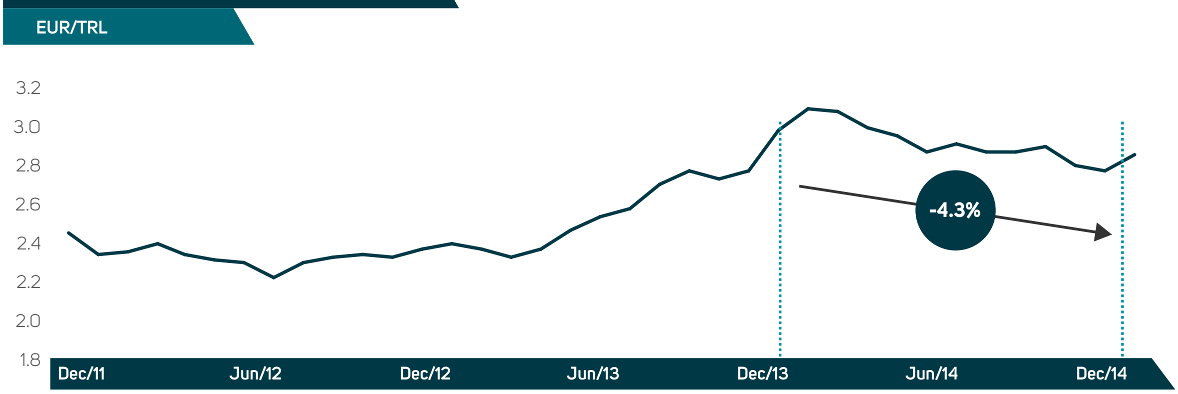
EVOLUTION OF THE EUR/USD EXCHANGE RATE



Source: Banco de Portugal

The Euro depreciated by about 4.3% against the Turkish Lira during 2014, reaching 2.832 EUR/TRL at 31 December, 2014.

EVOLUTION OF THE EUR/TRL EXCHANGE RATE

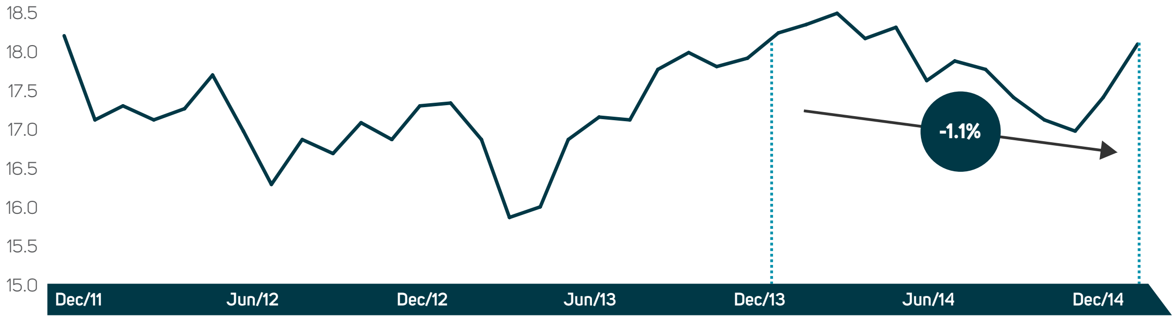


Source: Banco de Portugal

As occurred with other currencies, the Euro depreciated about 1.1% against the Mexican Peso from the beginning of 2014.

EVOLUTION OF THE EUR/MXN EXCHANGE RATE

EUR/MXN

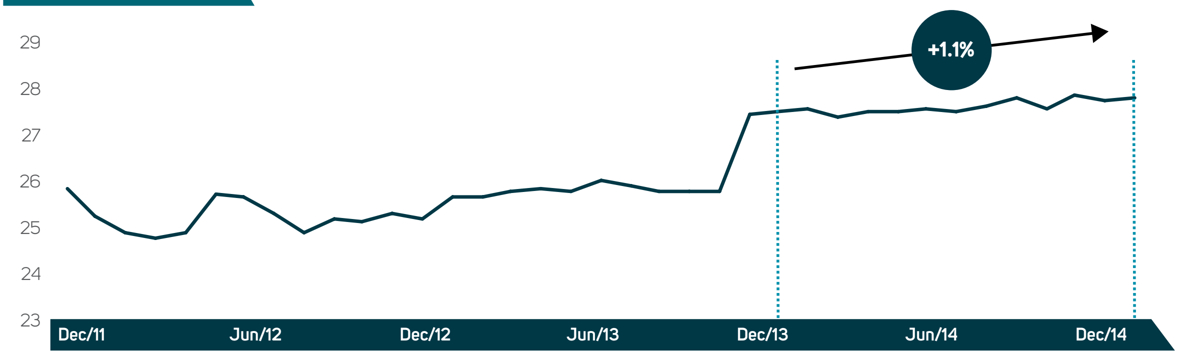


Source: Banco de Portugal

The Euro appreciated by about 1.1% against the Czech Koruna during 2014, reaching 27.735 EUR/CZK at 31 December, 2014.

EVOLUTION OF THE EUR/CZK EXCHANGE RATE

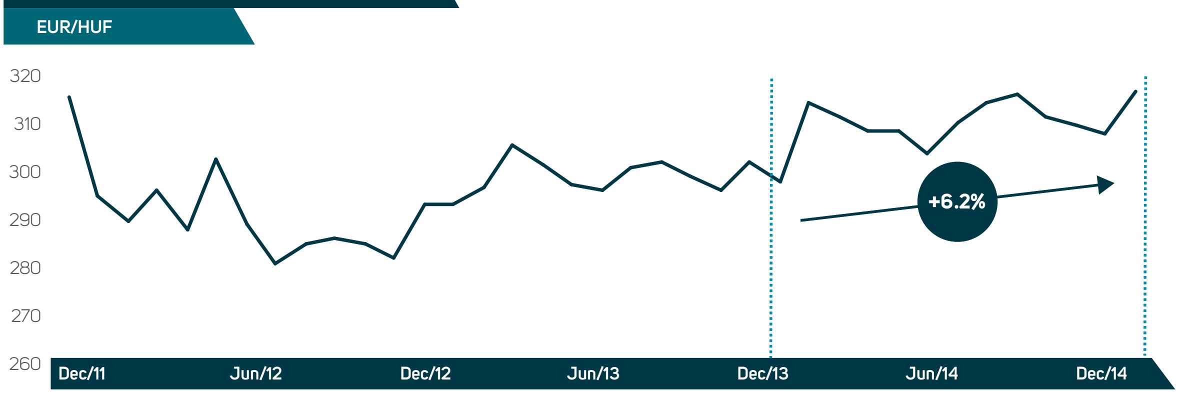
EUR/CZK



Source: Banco de Portugal

The Euro appreciated by about 6.2% against the Hungarian Forint during 2014, reaching 315.54 EUR/HUF at 31 December, 2014.

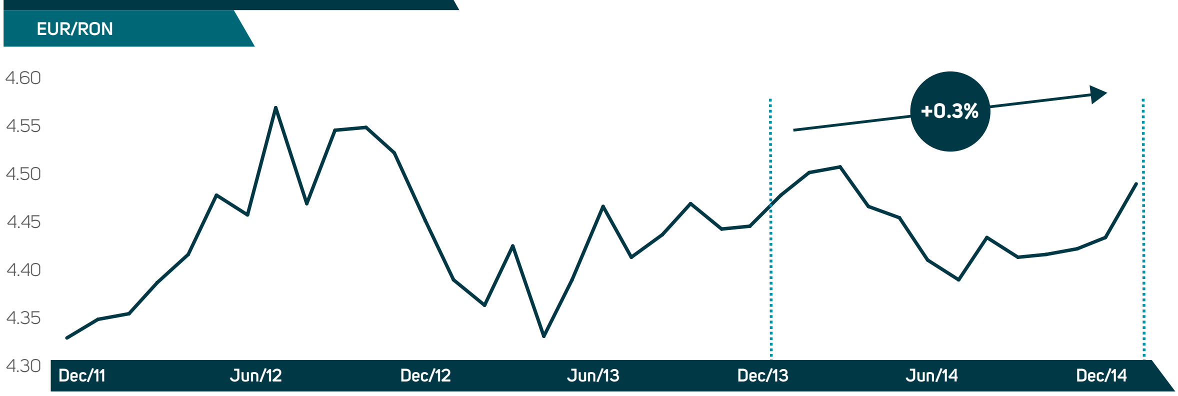
EVOLUTION OF THE EUR/HUF EXCHANGE RATE



Source: Banco de Portugal

The Euro appreciated by about 0.3% against the Romanian Leu during 2014, reaching 4.483 EUR/RON at 31 December, 2014.

EVOLUTION OF THE EUR/RON EXCHANGE RATE

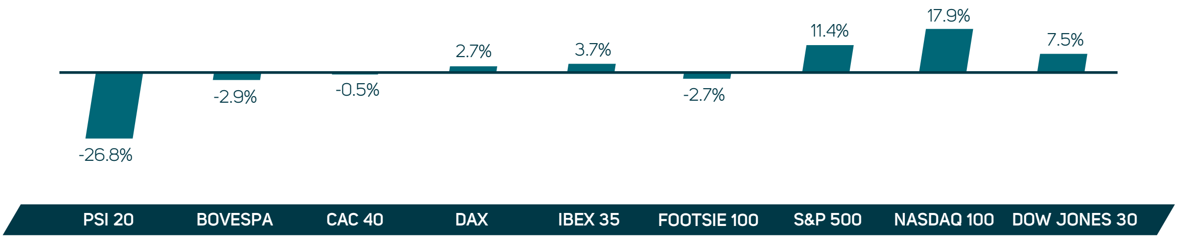


Source: Banco de Portugal

With regard to the evolution of the capital markets in 2014, the main North American stock market indexes recorded a noteworthy appreciation in 2014, driven by the growth recovery and the increased investor confidence. We highlight the appreciation of 17.9%, 11.4% and 7.5% of the NASDAQ100, S&P500 and DowJones 30 indexes, respectively. On the other hand, in Europe, we assisted to a mixed evolution of the main stock market indexes as a result of contradictory data in several economic areas and widespread uncertainty about growth. We highlight the 3.7% appreciation of the IBEX35 and 2.7% of the DAX, compared to the 2.7% devaluation of the FTSE 100 and 0.5% of the CAC40. In Portugal, the main Portuguese stock market index showed a significant depreciation of 26.8% in 2014, due primarily to the resolution measure applied to BES Bank by the Bank of Portugal, the bankruptcy of ESFG and the fall in the price of PT shares. Additionally, the main stock market index of the Brazilian capital market recorded a fall of 2.9% in 2014.

EVOLUTION OF THE MAIN STOCK MARKET INDEXES IN 2014

%



Source: Investing.com

2.01.2 PORTUGAL

In 2014, following three consecutive years of contraction, the Portuguese economy recorded an expansion, with GDP rising 1.0%, according to IMF estimates. The positive economic growth in 2014 was largely driven by the 2.1% increase in private consumption, and resulted on a 2.4% growth of the gross fixed capital formation, thus reversing the negative growth trend recorded since 2009. However, the slowdown in gross fixed capital formation in the 4th quarter, together with the significant contribution of stock formation to annual growth in 2014 may suggest a less positive evolution of total investment in 2015. On the other hand, public consumption showed again negative growth rates, with a contraction of 0.5%. In terms of external trade, the 4.3% increase in imports, mainly reflecting the normalization of domestic demand, offset the positive performance in exports (albeit with less intensity than in 2013) with an increase of 4.3%, undermined by the temporary closure of the oil refining unit in the first months of 2014.

The outlook for 2015 is favourable, with the IMF predicting a real GDP growth rate of 1.5%, benefiting from a favourable financial environment (low interest rates), depreciation of the exchange rate and decrease of oil prices. However, as part of the IMF's regular monitoring, following the completion of the Adjustment Program, the institution has issued some alerts for Portugal related to the high stock of foreign liabilities, unfavourable demographic trends and negative net investment (gross capital formation net of depreciations), thereby restraining the potential output and job creation. In this context, the growth projection is based on an increase of the total factors productivity, which depends on the efective implementation of structural reforms to strengthen the weak external competitiveness, which restrains the exports, as well as the high indebtedness of companies, which limits investment. Additionally, according to the IMF, the current account surplus has been declining (reflecting the reduction in exports growth), due to structural factors, as well as the recovery of domestic demand.

In terms of prices evolution, the inflation rate in 2014 should be of 0.0%, representing a decrease of 0.4 p.p. compared to the previous year, mainly due to the downward pressures on domestic and external prices, particularly import prices (including and excluding energy goods).

With regard to the evolution of employment levels in Portugal, for the first time since 2009 the unemployment rate decreased (reduction of 2.0 p.p. in 2014), as a result of the improvement in the employer confidence, methodological changes associated with the inclusion of 2011 census data and the implementation of employment promotion programmes.

In terms of the debt level of the Portuguese economy, we highlight the reduction of the private sector debt in 2014 (reduction of the debt of non-financial companies from 183.5% of GDP in 2013 to 167.6% in 2014 and of households debt from 93.6% to 87.7%), offset by the increase of the gross public debt (despite the increase of nominal GDP) from 128.9% in 2013 to 131.3% in 2014.

PORTUGAL - REAL GROWTH RATE (%)

	2009	2010	2011	2012	2013	2014E
GDP	-2.9%	1.9%	-1.3%	-3.2%	-1.4%	1.0%
Private consumption	-2.3%	2.4%	-3.6%	-5.2%	-1.4%	2.1%
Government spending	2.6%	-1.3%	-3.8%	-4.3%	-1.9%	-0.5%
GFCF	-7.6%	-0.9%	-12.5%	-15.0%	-6.3%	2.4%
GFCF - Construction sector	-7.0%	-3.8%	-10.3%	-18.7%	-14.1%	-3.4%
Exports	-11.8%	0.6%	8.6%	-3.2%	10.9%	4.3%
Imports	-11.5%	-2.8%	-4.9%	-11.9%	6.0%	4.3%
Inflation (CPI)	-0.9%	1.4%	3.6%	2.8%	0.4%	0.0%
Unemployment rate (% total labor force)	9.4%	10.8%	12.7%	15.5%	16.2%	14.2%
Gross Public Debt (% GDP)	83.7%	94.0%	108.2%	124.1%	128.9%	131.3%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

Based on the signs of recovery observed in 2014, the spread (difference between yields) of the Portuguese 10 year sovereign bond yields against the German government debt was reduced by 195 basis points and there was an improvement in the rating assigned by Moody's in two levels.

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

Percentual points

Source: Investing.com

BEGINNING OF THE YEAR 2014

MOODY'S	S&P	FITCH
Ba3	BB	BB+

Source: Fitch, S&P, Moody's websites

CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
Ba1	25/07/14	-		-	

Source: Fitch, S&P, Moody's websites

2.01.3 SPAIN

In 2014, after two years of contraction, the Spanish economy expanded, with GDP rising 1.3%, according to IMF estimates (2.5 p.p. above the 2013 growth rate). The positive economic growth in 2014 was largely affected by the increase in private consumption (driven by job creation, price moderation and the recovery of the economic agents confidence) and government consumption, by 2.3% and 0.5%, respectively. Moreover, enterprises, government and household investment increased in 2014 by about 3.2%, despite the negative contribution of the construction sector to the growth of gross fixed capital formation. In the final three months of the year, the investment increased by 5.1% (3.9% in the third quarter), especially the investment in capital goods, with an expansion rate of two digits and the investment in construction which registered an increase of 2.4%, following the 0.1% increase in the previous quarter, suggesting that the correction in the sector may already be over. With regard to external trade, we highlight the 4.1% increase in exports (supported by more competitive prices and stabilization of the main external markets), offset by a 4.2% increase in imports.

In terms of the outlook for 2015, the evolution of the European Commission's economic sentiment indicator, as well as the improvement of the consumer confidence index in January (confidence index at -1.4, above the average of -9.6 recorded in the 4th quarter of 2014) and of the retail confidence index (retail and car sales with double digits growth rates) suggest a consolidation of the recovery in economic activity in the coming quarters. On the supply side, there were also positive signs in the Spanish economy, such as the increase in the installed capacity utilization rate to 78.1% in Q4 2014, highest level since September 2008.

In terms of prices evolution, the inflation rate in 2014 should be of 0.0%, representing a decrease of 1.5 p.p. compared to 2013, mainly due to downward pressure on the prices of energy (given the drop in the oil price) and food goods.

With regard to the evolution of employment levels in Spain, for the first time since 2007 the unemployment rate fell (reduction of 1.5 p.p. in 2014), as a result of the recovery in productive activity, wage restraint and the positive impacts of the Labour Reform. However, it is important to note the increase in the percentage of the long-term unemployed, as well as the increased percentage of workers with fixed-term contracts compared to those with permanent contracts.

In terms of public finances, the level of public debt did not follow the positive trend of the economic activity recorded in 2014 and registered a 4.7 percentage point increase (in % of GDP) from 2013 to 2014.

SPAIN - REAL GROWTH RATE (%)

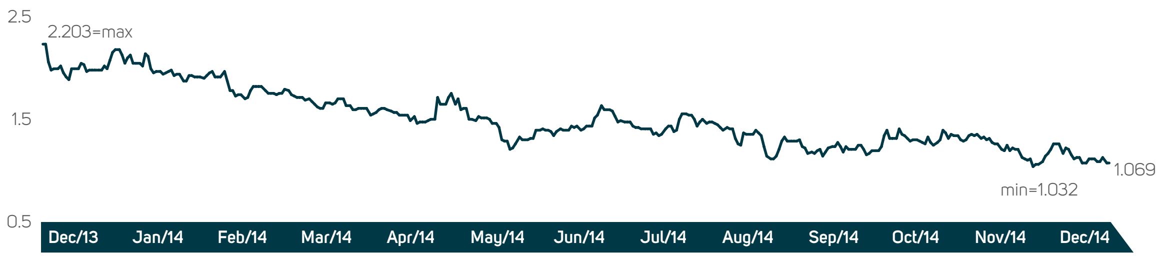
	2009	2010	2011	2012	2013	2014E
GDP	-3.8%	-0.2%	0.1%	-1.6%	-1.2%	1.3%
Private Consumption	-3.6%	0.3%	-2.0%	-2.9%	-2.3%	2.3%
Government spending	4.1%	1.5%	-0.3%	-3.7%	-2.9%	0.5%
GFCF	-16.9%	-4.9%	-6.3%	-8.1%	-3.8%	3.2%
GFCF - Construction sector	-16.5%	-10.1%	-10.6%	-9.3%	-9.2%	-2.8%
Exports	-10.0%	11.7%	7.6%	2.1%	4.9%	4.1%
Imports	-17.2%	9.3%	-0.1%	-5.7%	0.4%	4.2%
Inflation (CPI)	-0.2%	2.0%	3.1%	2.4%	1.5%	0.0%
Unemployment rate (% total labor force)	17.9%	19.9%	21.4%	24.8%	26.1%	24.6%
Gross Public Debt (% GDP)	54.0%	61.7%	70.5%	85.9%	93.9%	98.6%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

Based on the macroeconomic indicators observed in 2014, the Spanish economy's financing conditions improved, with a notable reduction of 113 basis points in the spread (difference between yields) of Spanish 10-year sovereign bond yields against German government debt, and a simultaneous improvement in the rating assigned by the three major global agencies.

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

Percentual points



Source: Bloomberg

BEGINNING OF THE YEAR 2014

MOODY'S	S&P	FITCH
Baa3	BBB-	BBB

Source: Fitch, S&P, Moody's websites

CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
Baa2	21/02/14	BBB	23/05/14	BBB+	25/04/14

Source: Fitch, S&P, Moody's websites

2.01.4 USA

According to IMF estimates, the US economy is expected to record a GDP growth of 2.2% in 2014, in line with the growth rates of the last two years. In a year marked by extreme weather conditions that penalized the activity in the first quarter of the year, we attended to a notable recovery between April and September, with GDP rising 2.6% year-on-year during those months. The positive economic growth recorded in 2014 was driven largely by the 2.5% increase in private consumption, mainly due to improved labour market conditions, the increase of the consumer confidence and the reduction of the fuel prices. Additionally, public consumption increased 0.5% compared to the previous year and gross fixed capital formation increased by about 3.8%, with a notable positive contribution of the construction sector with a growth rate of 3.6%, reflecting the increased business confidence level in the US economy. With regard to external trade, the appreciation of the dollar, together with the increase of the domestic demand, contributed to a external trade imbalance, with exports increasing 2.8% while imports increased 3.8%.

In terms of the outlook for 2015, it is expected that the USA will continue the positive expansion trend registered in 2014, with the private consumption as the main driver of the economy in the coming years, supported by lower oil prices and the recovery of the labour market. With regard to business activity, the growth outlook is also optimistic, especially regarding high levels of business confidence, healthier private sector balance sheets, strong corporate income and cash--flows and signs of acceleration in investment and consumption. Additionally, with regard to the housing market, recent data suggests a continued recovery in the sector, as indicated by the increase in home sales, new builds and building permits. However, the slow pace of credit concession and the reversal of the monetary policy with the withdraw of the stimulus by the Federal Reserve may justify the persistence of a modest growth trend.

In terms of prices evolution, the inflation rate in 2014 should be of 2.0%, representing an increase of 0.5 p.p. compared to 2013, despite the downward pressure on oil prices.

With regard to the evolution of employment in the US, there was a reduction of 1.1 p.p. in the unemployment rate to 6.3% in 2014. In recent years, average job creation has shown an increasing trend (241,000 jobs per month in the first 11 months of 2014), with the unemployment rate approaching full employment.

In terms of public finances, the level of public debt did not follow the positive trend of the economic activity recorded in 2014 registering a 1.4 percentage point increase (in % of GDP) from 2013 to 2014. However, private sector debt levels, and household debt in particular, are on a downward trajectory.

USA - REAL GROWTH RATE (%)

	2009	2010	2011	2012	2013	2014E
GDP	-2.8%	2.5%	1.6%	2.3%	2.2%	2.2%
Private Consumption	-1.6%	1.9%	2.3%	1.8%	2.4%	2.5%
Government spending	3.7%	0.1%	-2.7%	-0.6%	-1.3%	0.5%
GFCF	-13.1%	1.1%	3.7%	5.3%	2.7%	3.8%
GFCF - Construction sector	-15.7%	-7.4%	-1.1%	7.5%	3.7%	3.6%
Exports	-8.8%	11.9%	6.9%	3.3%	3.0%	2.8%
Imports	-13.7%	12.7%	5.5%	2.3%	1.1%	3.8%
Inflation (CPI)	-0.3%	1.6%	3.1%	2.1%	1.5%	2.0%
Unemployment rate (% total labor force)	9.3%	9.6%	8.9%	8.1%	7.4%	6.3%
Gross Public Debt (% GDP)	86.1%	94.8%	99.0%	102.5%	104.2%	105.6%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

Based on the macroeconomic indicators observed in 2014, the US economy's financing conditions improved, with a notable reduction of 86 basis points in the yield of US 10-year government bonds and a stabilisation of the rating assigned by S&P.

With regard to US monetary policy, the Federal Reserve kept its reference rate unchanged at 0.25% throughout 2014 and began the process of withdrawal of the stimulus, namely, by reducing the monthly pace of asset purchases. Libor interest rates showed a trend towards lower volatility, despite the increase recorded in late 2014.

BEGINNING OF THE YEAR 2014

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

Source: Fitch, S&P, Moody's websites

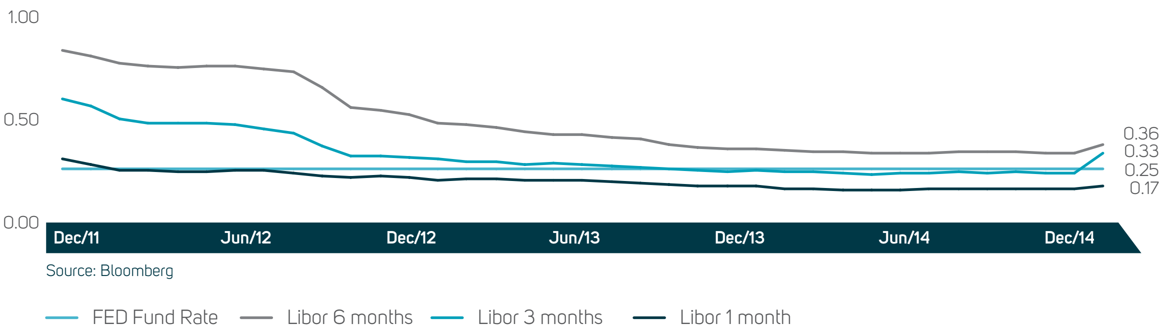
CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
-		AA+	10/06/14	-	

Source: Fitch, S&P, Moody's websites

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

Percentual points



Source: Bloomberg

2.01.5 TURKEY

According to IMF estimates, the Turkish economy recorded a GDP growth of 3.0% in 2014 (1.0 p.p. below 2013), reflecting a 1.4% increase in private consumption, a 4.9% increase in government consumption and 5.3% growth in exports and a 1.3% decrease in imports. However, as in 2013, gross fixed capital formation recorded a decrease compared to the previous year (reduction of 1.8% compared to 2013), thereby penalizing the growth of the Turkish economy.

In 2014, the Turkish economic activity was marked by a range of factors which had a mixed impact on the evolution of the economy. On the one hand, in terms of monetary policy, 2014 was marked by the implementation of aggressive measures by the Turkish Central Bank, with the increase of the overnight lending rate from 7.75% to 12% and of the one-week repo rate from 4.5% to 10% in January 2014, in order to contain the devaluation of the Turkish Lira in the economy and stabilize price volatility. As the relaxation of the monetary policy began to be felt in the economy (from May), the economic activity in Turkey began to show a greater dynamism in industrial production and retail sales. On the other hand, measures were also implemented to contain domestic demand in order to reduce the high budget deficit and increasing volatility in the capital markets. Simultaneously, there was a deterioration in external financial conditions and a weakening of external demand, due to moderate growth in the European Union, increasing tensions in Iraq and lower demand from Russia.

In terms of prices evolution, the inflation rate in 2014 remained high, at 9.0%, 1.5 p.p. above 2013, with negative impact on household purchasing power. With regard to the evolution of employment in Turkey, there was an increase of 0.5 p.p. in the unemployment rate, from 9.0% in 2013 to 9.5% in 2014. With regard to Turkish public finances, public debt dropped from 36.3% in 2013 to 33.6% in 2014.

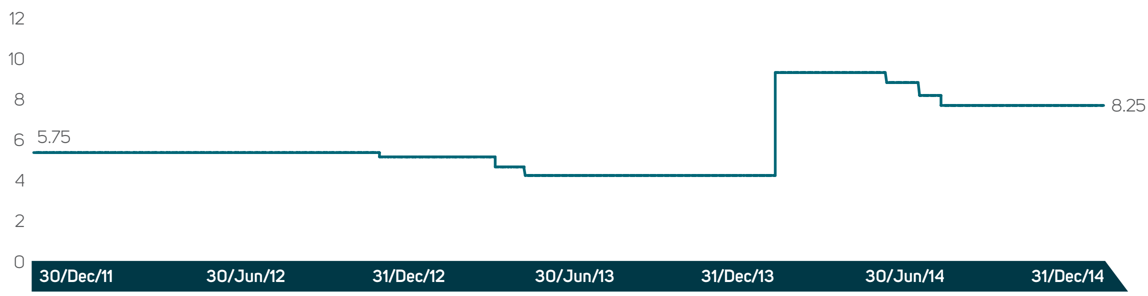
TURKEY - REAL GROWTH RATE (%)

	2009	2010	2011	2012	2013	2014E
GDP	-4.8%	9.2%	8.8%	2.1%	4.0%	3.0%
Private Consumption	-2.3%	6.7%	7.7%	-0.5%	5.1%	1.4%
Government spending	7.8%	2.0%	4.7%	6.1%	6.2%	4.9%
GFCF	-19.0%	30.5%	18.0%	-2.7%	4.2%	-1.8%
GFCF - Construction sector	-14.7%	18.2%	10.6%	0.8%	8.8%	-
Exports	-7.8%	8.8%	6.0%	12.7%	0.4%	5.3%
Imports	-12.4%	17.6%	11.3%	1.2%	8.4%	-1.3%
Inflation (CPI)	6.3%	8.6%	6.5%	8.9%	7.5%	9.0%
Unemployment rate (% total labor force)	13.1%	11.1%	9.1%	8.4%	9.0%	9.5%
Gross Public Debt (% GDP)	46.1%	42.3%	39.1%	36.2%	36.3%	33.6%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

EVOLUTION OF THE CENTRAL BANK OF TURKEY REFERENCE RATE

Percentual points



Source: Global-rates.com

In terms of the rating assigned to Turkish sovereign debt, the leading global rating agencies maintained their classifications in 2014 (following upgrades in 2012 and 2013) although S&P still classifies Turkey as sub-investment grade.

RATINGS 2014

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

Source: Fitch, S&P, Moody's websites

2.01.6 MEXICO

In 2014, the Mexican economy expanded, with GDP rising 2.4%, according to IMF estimates (1.3 p.p. above the 2013 growth rate). The positive economic growth in 2014 largely reflects the 2.2% increase in private consumption (although this was below the growth rate of the previous year), the 2.1% increase in government consumption and the 1.8% increase in gross fixed capital formation, reversing the negative growth rate recorded in 2013. However, 2014 was also characterized by a negative trade balance, with exports recording a 1.0% increase against a significant increase in imports of 6.8%. External trade performance was marked by the fall in oil exports and an increase in the cost of imports.

2014 was marked by a greater dynamism of the Mexican economy than in 2013, although conditioned by the US economic cycle, fact that became evident on the beginning of the year with the slowdown of the Mexican economy due to the slowdown in the US economy in early 2014, with a subsequent recovery due to the increase of the external demand. However, the growth of the Mexican economy in 2014 was constrained by a number of factors such as lower oil production and prices, delays in investment projects and reduced domestic demand.

In terms of the outlook for 2015, the Mexican economy is expected to accelerate slightly, assuming a good external demand performance and the implementation of structural reforms. The impact of lower oil prices on the exchange rate and the current account should not be significant compared to other oil-exporting countries, as the sector's share of the economy is not as significant as in other economies and, despite being an exporter of crude oil, Mexico continues to import refined petroleum.

In terms of prices evolution, although close to the upper limit of the Central Bank's target rate, the inflation rate in 2014 was at acceptable levels, i.e. 3.9%, representing an increase of 0.1 pp when compared to the previous year.

With regard to the evolution of employment levels in Mexico, there was a reduction of 0.1 p.p. in the unemployment rate to 4.8% in 2014.

In terms of indebtedness of the economy, gross government debt (as a % of GDP) increased by 1.6 p.p., from 46.4% in 2013 to 48.0% in 2014.

MEXICO - REAL GROWTH RATE (%)

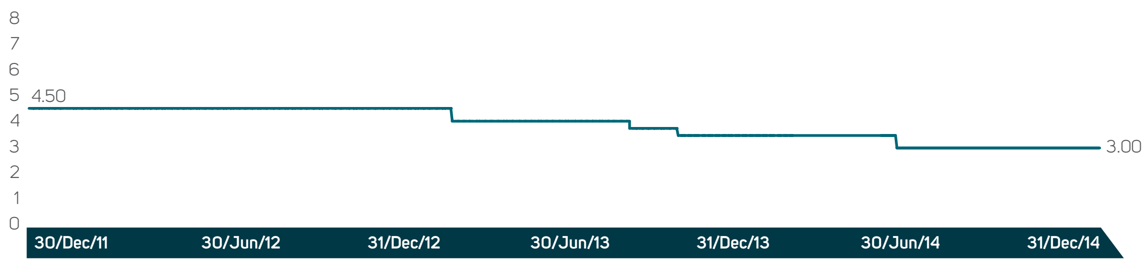
	2009	2010	2011	2012	2013	2014E
GDP	-4.7%	5.1%	4.0%	4.0%	1.1%	2.4%
Private Consumption	-6.5%	5.7%	4.5%	4.7%	2.9%	2.2%
Government spending	2.2%	1.7%	2.5%	3.3%	1.4%	2.1%
GFCF	-9.3%	1.3%	7.9%	4.6%	-1.7%	1.8%
GFCF - Construction sector	-5.7%	-0.2%	3.1%	1.6%	-	-
Exports	-13.5%	21.6%	7.5%	3.5%	1.2%	1.0%
Imports	-16.6%	20.3%	8.2%	4.4%	1.8%	6.8%
Inflation (CPI)	5.3%	4.2%	3.4%	4.1%	3.8%	3.9%
Unemployment rate (% total labor force)	5.5%	5.4%	5.2%	5.0%	4.9%	4.8%
Gross Public Debt (% GDP)	43.9%	42.2%	43.2%	43.2%	46.4%	48.0%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

In terms of monetary policy, the Central Bank of Mexico decided to reduce the interest rate for the main refinancing operations once during 2014, from 3.5% to 3.0%, with the aim of boosting the weak growth.

EVOLUTION OF THE CENTRAL BANK OF MEXICO REFERENCE RATE

Percentual points



Source: Global-rates.com

Central Bank of Mexico

In 2014, Moody's announced an upgrade of Mexico's sovereign debt rating, with all the major agencies classifying Mexico as investment grade.

BEGINNING OF THE YEAR 2014

MOODY'S	S&P	FITCH
Baa1	BBB+	BBB+

Source: Fitch, S&P, Moody's websites

CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
A3	05/02/14		-		-

Source: Fitch, S&P, Moody's websites

2.01.7 AUSTRIA

In 2014, the Austrian economy expanded, with GDP rising 1.0%, according to IMF estimates (0.7 p.p. above the 2013 growth rate). The positive economic growth in 2014 largely reflects the 0.4% increase in private consumption, reversing the negative growth rate recorded in 2013, the 0.9% increase in government consumption and the 1.0% increase in gross fixed capital formation. In terms of external trade, the 2.7% increase in exports, benefiting from a slight recovery in the Eurozone economies, was offset by an increase in imports on the same percentage.

Despite the positive economic growth, 2014 in Austria was marked by moderate growth due to weak external demand and the decrease of confidence levels of economic agents. In terms of the outlook for 2015, macroeconomic stability together with an improvement in financial conditions and in the external environment should enable the Austrian economy to grow above the levels seen in recent years. However, the geopolitical conflict in Ukraine and Russia may represent an increased risk to the growth forecast, in particular in relation to exports to Central and Eastern Europe.

In terms of prices evolution, the inflation rate fell by 0.4 p.p. year on year, from 2.1% in 2013 to 1.7% in 2014, due to a slowdown in price increases in energy products and commodities.

It should also be noted that, in 2014, Austria continued to record a low level of unemployment, which stood at 5.0% (one of the lowest rates in the European Union), in spite of an increase of 0.1 pp compared to 2013.

With regard to the Austrian public finances, Austrian government debt increased from 74.5% in 2013 to 80.1% in 2014, penalized by the financial restructuring of a national financial institution, so the implementation of some fiscal consolidation measures will be expected to reduce public debt levels in the economy.

AUSTRIA - REAL GROWTH RATE (%)

	2009	2010	2011	2012	2013	2014E
GDP	-3.8%	1.8%	2.8%	0.9%	0.3%	1.0%
Private Consumption	0.6%	1.5%	0.7%	0.6%	-0.1%	0.4%
Government spending	2.5%	0.5%	0.1%	0.4%	0.7%	0.9%
GFCF	-7.3%	-2.4%	6.8%	0.5%	-1.5%	1.0%
GFCF - Construction sector	-8.1%	-4.1%	2.6%	1.2%	-2.2%	0.4%
Exports	-15.6%	9.4%	6.6%	1.2%	2.7%	2.7%
Imports	-13.6%	9.1%	7.6%	-0.3%	0.5%	2.7%
Inflation (CPI)	0.4%	1.7%	3.6%	2.6%	2.1%	1.7%
Unemployment rate (% total labor force)	4.8%	4.4%	4.2%	4.4%	4.9%	5.0%
Gross Public Debt (% GDP)	69.2%	72.5%	73.1%	74.4%	74.5%	80.1%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

In terms of the rating assigned to Austrian sovereign debt, the leading global rating agencies maintained their classification in 2014, with Moody's and Fitch classifying Austrian sovereign debt at their highest rating level.

RATINGS 2014

MOODY'S	S&P	FITCH
Aaa	AA+	AAA

Source: Fitch, S&P, Moody's websites

2.01.8 CZECH REPUBLIC

In 2014, after two years of contraction, the Czech economy expanded, with GDP rising 2.5%, according to IMF estimates (3.4 p.p. above the 2013 growth rate). The positive economic growth in 2014 was largely driven by the 1.4% and 1.7% increases in, respectively, private and public consumption. Furthermore, enterprises, government and household investment increased in 2014 by about 3.4%, with a notable contribution of the construction sector to the growth in gross fixed capital formation. With regard to external trade, there was a notable 7.2% increase in exports, partially offset by the 7.0% increase in imports.

In terms of the outlook for 2015, it is expected that Czech Republic will continue with the expansion of economic activity recorded in 2014, with private consumption and investment representing the key growth factors of the economy in the coming years. In addition, the latest indicators on industrial production give cause for optimism about the outlook for economic growth in 2015. However, the geopolitical conflict in Ukraine and Russia may represent an increased risk to the growth forecast, in particular in relation to exports to Central and Eastern Europe.

In terms of prices evolution, the inflation in 2014 should be of 0.6%, representing a decrease of 0.8 p.p. compared to 2013, mainly due to the downward pressures on energy product prices (as a result of the fall in the price of oil).

With regard to the evolution of employment in Czech Republic, there was a decrease of 0.6 p.p. in the unemployment rate to 6.4% in 2014 (lowest level in the last six years).

In terms of public finances, the level of public indebtedness did not follow the positive trend of economic activity recorded in 2014 - there was a 1.6 percentage point reduction in gross public debt (as a % of GDP) from 46.0% in 2013 to 44.4% in 2014.

CZECH REP. - REAL GROWTH RATE (%)

	2009	2010	2011	2012	2013	2014E
GDP	-4.5%	2.5%	1.8%	-1.0%	-0.9%	2.5%
Private Consumption	-0.7%	1.0%	0.2%	-1.8%	0.4%	1.4%
Government spending	3.0%	0.4%	-2.9%	-1.0%	2.3%	1.7%
GFCF	-10.1%	1.3%	1.1%	-2.9%	-4.4%	3.4%
GFCF - Construction sector	-5.1%	-0.3%	-3.8%	-4.1%	-4.1%	2.9%
Exports	-10.9%	15.4%	9.5%	4.5%	0.2%	7.2%
Imports	-12.1%	15.4%	7.0%	2.3%	0.6%	7.0%
Inflation (CPI)	1.0%	1.5%	1.9%	3.3%	1.4%	0.6%
Unemployment rate (% total labor force)	6.7%	7.3%	6.7%	7.0%	7.0%	6.4%
Gross Public Debt (% GDP)	34.6%	38.4%	41.4%	46.2%	46.0%	44.4%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

In terms of monetary policy, the Central Bank of Czech Republic kept interest rates for the main refinancing operations unchanged at 0.05%, in an attempt to prevent inflationary pressures. However, if the positive economic growth projections are confirmed in the coming years, the Central Bank of Czech Republic can be expected to make adjustments to monetary policy, in particular by increasing the reference interest rate.

In terms of the rating assigned to Czech sovereign debt, the leading global rating agencies maintained their ratings in 2014.

RATINGS 2014

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

Source: Fitch, S&P, Moody's websites

2.01.9 HUNGARY

In 2014, the Hungarian economy expanded, with GDP rising 2.8%, according to IMF estimates (1.7 p.p. above the 2013 growth rate). The positive economic growth in 2014 was largely a result of the 13.7% increase in gross fixed capital formation (a record high), with a notable contribution of the construction sector, benefiting from temporary measures and factors such as the use of EU funds and the small and medium enterprise financing programme. In addition, private and public consumption increased by 1.8% and 1.4%, respectively. With regard to external trade, there was a notable 6.3% increase in exports, offset by the 6.5% increase in imports.

2014 was marked by the high economic growth recorded in the 2nd quarter of the year (the highest level since the country came out of recession) and a slowdown in activity that was recorded in the following quarters. According to the same trend, growth in industrial production slowed down at the end of the year and the economic sentiment index showed a decrease.

In terms of the outlook for 2015, Hungary is expected to grow at a slower pace compared to 2014, given the evolution of the latest quarterly data. In order to accelerate economic growth, the Hungarian Central Bank intends to extend the financing plan *Funding for Growth* (a funding programme awarded for companies with more favourable financial terms) to large Hungarian companies, given that it was formerly available only to small and medium enterprises.

In terms of prices evolution, the inflation rate in 2014 should be of 0.3%, representing a decrease of 1.4 p.p. compared to 2013, mainly due to downward pressures on prices of energy products, (given the drop in oil prices).

With regard to the evolution of employment levels in Hungary, there was a decrease of 2.1 p.p. in the unemployment rate, to 8.2% in 2014.

In terms of indebtedness of the economy, gross government debt (as a % of GDP) decreased by 0.2 p.p., from 79.3% in 2013 to 79.1% in 2014.

HUNGARY - REAL GROWTH RATE (%)

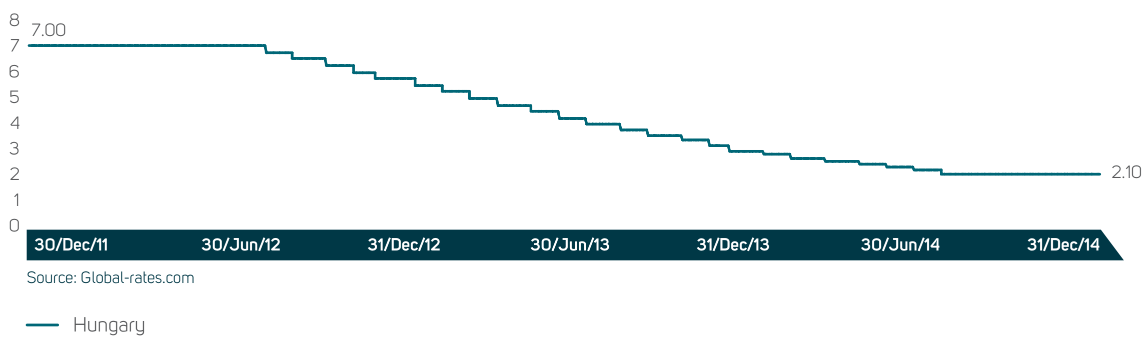
	2009	2010	2011	2012	2013	2014E
GDP	-6.8%	1.1%	1.6%	-1.7%	1.1%	2.8%
Private Consumption	-6.7%	-2.8%	0.8%	-1.9%	-0.1%	1.8%
Government spending	1.4%	-0.6%	0.0%	-1.3%	3.2%	1.4%
GFCF	-8.2%	-9.5%	-2.2%	-4.2%	5.2%	13.7%
GFCF - Construction sector	-5.8%	-13.6%	-7.9%	-7.7%	1.9%	13.8%
Exports	-10.2%	11.3%	8.4%	1.7%	5.3%	6.3%
Imports	-14.8%	10.9%	6.4%	-0.1%	5.3%	6.5%
Inflation (CPI)	4.2%	4.9%	4.0%	5.7%	1.7%	0.3%
Unemployment rate (% total labor force)	10.0%	11.2%	11.0%	11.0%	10.3%	8.2%
Gross Public Debt (% GDP)	79.8%	82.1%	82.1%	79.8%	79.3%	79.1%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

In terms of monetary policy, the Central Bank of Hungary maintained the trend of reducing interest rates for the main refinancing operations in the first half year, establishing a reference rate of 2.1% from July 2014.

EVOLUTION OF THE CENTRAL BANK OF HUNGARY REFERENCE RATE

Percentual points



Source: Global-rates.com

In terms of the rating assigned to Hungarian sovereign debt, the leading global rating agencies maintained their ratings in 2014 at levels below investment grade.

RATINGS 2014

MOODY'S	S&P	FITCH
Ba1	BB	BB+

Source: Fitch, S&P, Moody's websites

2.01.10 ROMANIA

According to IMF estimates, Romania recorded a GDP growth of 2.4% in 2014 (1.1 pp below the growth recorded in 2013) for which contributed positively the 5.0% increase in private consumption (3.8 p.p. above the increase in 2013), a 2.5% increase in government consumption, reversing the negative growth rate observed in 2013, and the performance of the Romanian trade balance with exports increasing by about 10.3% compared to an increase of 8.6% in imports. Conversely, the 5.4% reduction in enterprises, government and household investment had a negative impact on Romania's economic growth in 2014, specially in the negative growth of the construction sector.

In terms of the outlook for 2015, despite the downturn in the Romanian economy in the last quarter of 2014 (following robust growth in the 3rd quarter), Romania has recorded indicators suggesting an increase in economic activity in 2015, namely in terms of industrial production and retail sales. Additionally, in September 2015, the financial assistance programme will come to an end. This programme led to the establishment in July 2013 of a precautionary credit line of 4 billion Euros, to be granted by the EU and IMF for two years, following previous financial assistance programmes and in the context of the financial crisis and negative impact of reduced foreign investment in the Romanian economy.

In terms of prices evolution, the inflation rate in 2014 should be of 1.5%, (the lowest rate of the last 20 years), a decrease of 2.5 p.p. compared to 2013, mainly due to downward pressures on prices of energy products (given the drop in oil prices).

With regard to the evolution of the employment levels in Romania, there was a slight decrease of 0.1 p.p. in the unemployment rate to 7.2% in 2014.

In terms of public finances, gross government debt (as a % of GDP) increased slightly by 0.5 p.p., from 39.4% in 2013 to 39.9% in 2014.

ROMANIA - REAL GROWTH RATE (%)

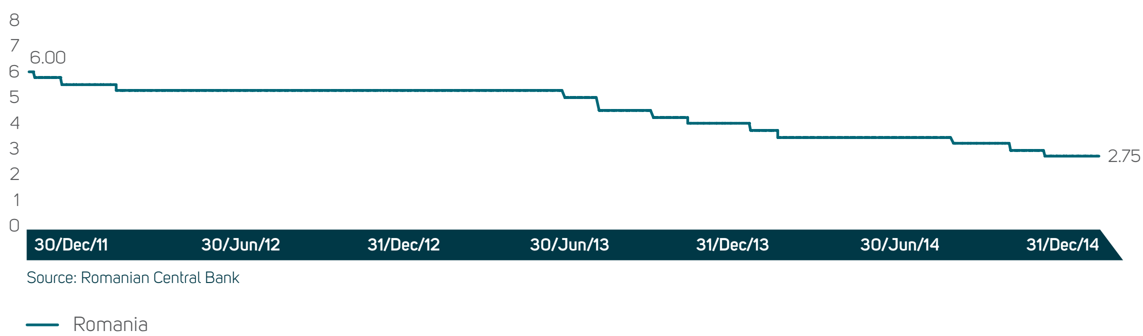
	2009	2010	2011	2012	2013	2014E
GDP	-6.6%	-1.1%	2.3%	0.6%	3.5%	2.4%
Private Consumption	-10.1%	1.0%	0.8%	1.2%	1.2%	5.0%
Government spending	3.7%	-4.9%	0.6%	0.4%	-4.8%	2.5%
GFCF	-36.6%	-2.4%	2.9%	0.1%	-7.9%	-5.4%
GFCF - Construction sector	-42.5%	7.4%	-4.3%	15.2%	-8.1%	-5.3%
Exports	-6.4%	13.2%	11.6%	-1.5%	13.5%	10.3%
Imports	-20.5%	11.1%	10.5%	-0.2%	2.4%	8.6%
Inflation (CPI)	5.6%	6.1%	5.8%	3.3%	4.0%	1.5%
Unemployment rate (% total labor force)	6.9%	7.3%	7.4%	7.0%	7.3%	7.2%
Gross Public Debt (% GDP)	23.8%	31.1%	34.3%	38.2%	39.4%	39.9%

Source: IMF (Economic Outlook - October 2014), AMECO (February 2015).

In terms of monetary policy, the Central Bank of Romania decided to reduce interest rates for the main refinancing operations five times throughout 2014, from 4.0% to 2.75%.

EVOLUTION OF THE CENTRAL BANK OF ROMANIA REFERENCE RATE

Percentual points



Source: Romanian Central Bank

In terms of the rating assigned to Romanian sovereign debt, S&P announced an upgrade of Romania's sovereign debt rating, with all the major agencies classifying Romanian as investment grade.

BEGINNING OF THE YEAR 2014

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

Source: Fitch, S&P, Moody's websites

CHANGES

MOODY'S	Date of Change	S&P	Date of Change	FITCH	Date of Change
	-	BBB-	16/05/14		-

Source: Fitch, S&P, Moody's websites

2.02
ASCENDUM GROUP PERFORMANCE IN 2014

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

ASCENDUM, S.A.

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

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

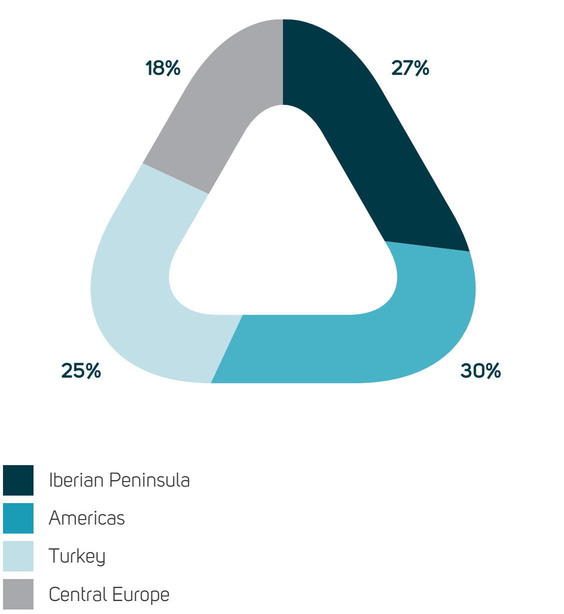
In 2014, the Construction and Industrial Equipment segment was, once again, the largest contributor to the Group's Turnover, accounting for a relative weight of 91%, with the Americas (USA and Mexico) being the leading geographical platform in ASCENDUM's operations (30%), followed by the Iberian Peninsula (27%), Turkey (25%) and Central Europe (18%).

BUSINESS AREA

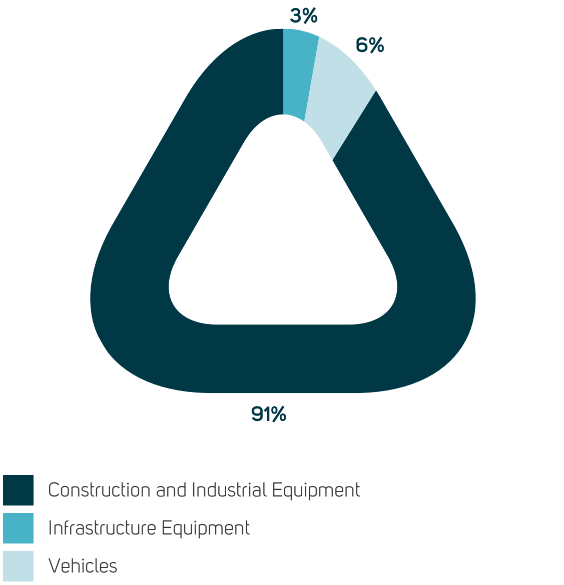
Unit: Thousands of Euros

	IBERIAN PENINSULA	AMERICAS	TURKEY	CENTRAL EUROPE	TOTAL
Construction and Industrial Equipment	123,351	200,957	170,357	125,990	**620,655**
Infrastructure Equipment	19,657	n.a.	21	n.a.	**19,678**
Vehicles	38,251	n.a.	n.a.	n.a.	**38,251**
TOTAL	**181,259**	**200,957**	**170,378**	**125,990**	**678,585**

TURNOVER (2014) - 679 MILLION EUROS



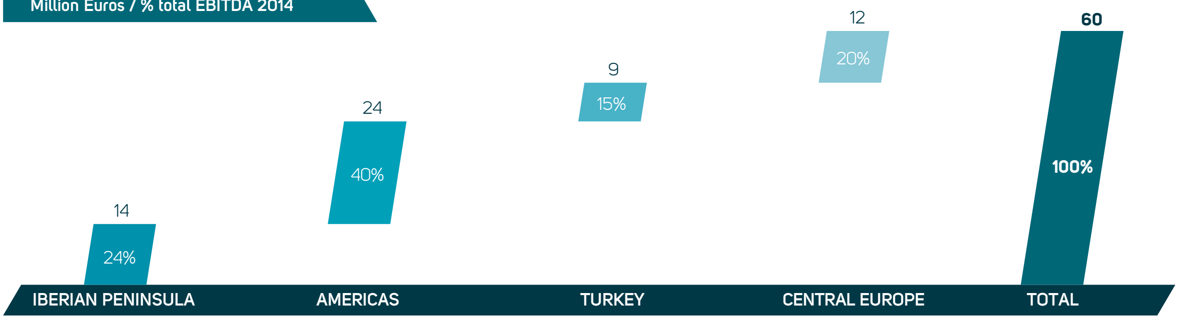
TURNOVER (2014) - 679 MILLION EUROS



With regard to EBITDA, the Americas (USA and Mexico) and the Iberian Peninsula were the main contributors to the ASCENDUM Group's total, presenting a relative weight of 40% and 24%, respectively.

CONTRIBUTION OF EACH GEOGRAPHIC PLATFORM FOR ASCENDUM GROUP EBITDA

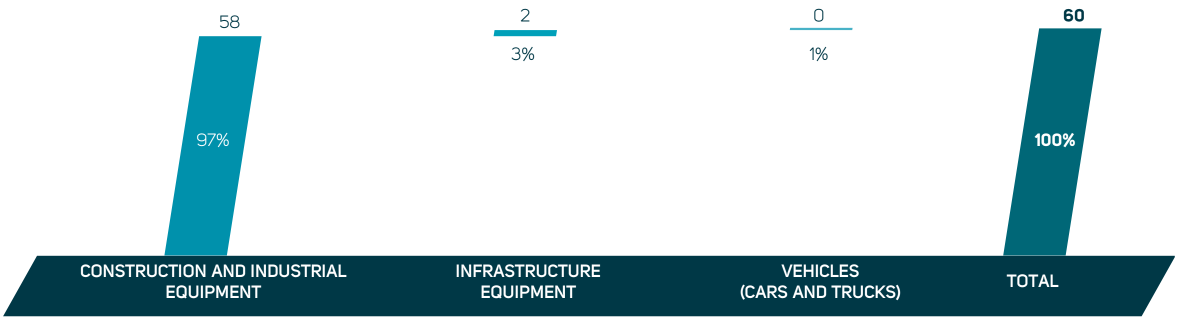
Million Euros / % total EBITDA 2014



In parallel, the Construction and Industrial Equipment segment was again the leading business area in ASCENDUM's operations (97%), followed by the Infrastructure Equipment segment (3%).

CONTRIBUTION OF EACH BUSINESS AREA FOR ASCENDUM GROUP EBITDA

Million Euros / % total EBITDA 2014

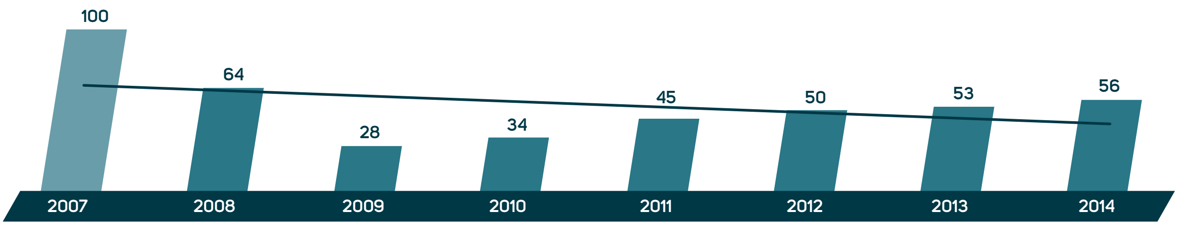


2.02.1 CONSTRUCTION AND INDUSTRIAL EQUIPMENT

The construction and industrial equipment markets where ASCENDUM Group operates were severely affected by the financial crisis felt worldwide. In 2014, the Group's addressable market accounted for about 56% of the levels recorded in 2007 in spite of the 4% increase recorded in unit sales compared to 2013, as a result of the gradual recovery in the sectors contributing to the ASCENDUM Group's activity.

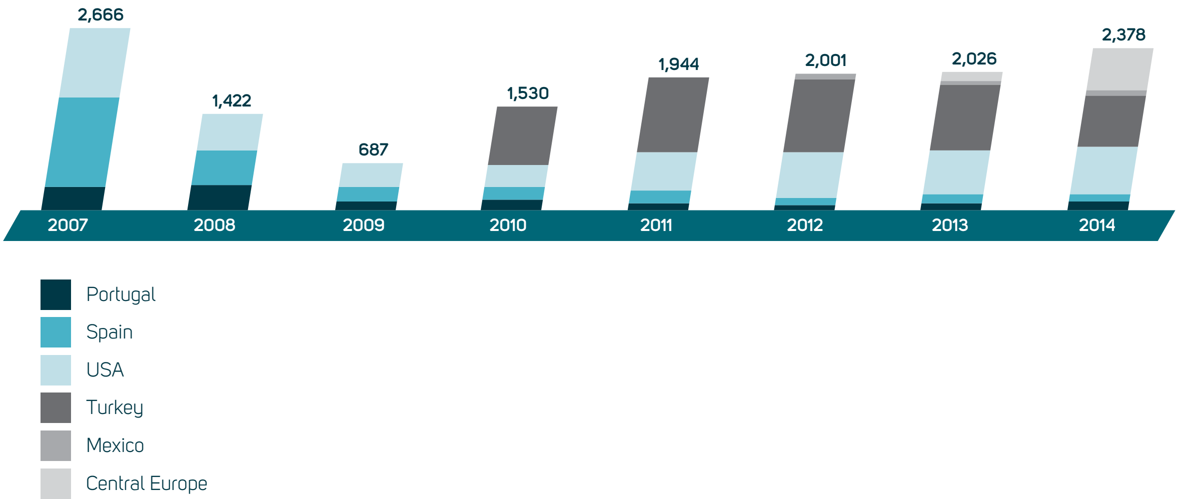
ASCENDUM GROUP ADDRESSABLE MARKET INDEX EVOLUTION

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



Note: the addressable market is based on the sum of parts of the new Volvo units sold in all geograpahies, regardless of the year of ASCENDUM entrance.

As a result, in 2014, the ASCENDUM Group recorded a 47% decrease in unit sales compared to 2007, on a like-for-like perspective, i.e. only including sales in the Iberian Peninsula and USA.



In terms of market share, with regard to the GPE, CSE and Road Machinery segments, ASCENDUM Group recorded a positive global performance in 2014, with special emphasis on the GPE segment, where ASCENDUM Group achieved a global market share of 14.4%:

2014

	PORTUGAL(1)	SPAIN(2)	USA	TURKEY	MEXICO	CENTRAL EUROPE	TOTAL(3)
TOTAL MARKET	**704**	**884**	**15,165**	**7,864**	**3,706**	**4,839**	**33,162**
ASCENDUM UNITS SOLD	**123**	**106**	**714**	**746**	**81**	**608**	**2.378**
GPE	78	69	530	517	49	373	1.616
CSE	45	34	93	159	15	215	561
Road Machinery	0	3	91	70	17	20	201
MARKET SHARE	**17.5%**	**12.0%**	**4.7%**	**9.5%**	**2.2%**	**12.6%**	**7.2%**
GPE	27.9%	20.7%	14.4%	13.0%	3.4%	24.2%	14.4%
CSE	12.2%	7.7%	0.9%	4.6%	0.9%	7.3%	2.8%
Road Machinery	0.0%	2.8%	13.8%	16.6%	3.0%	5.5%	9.2%

Note: the figures presented correspond, essentially, to new Volvo machines.
(1) Data related to ASCENDUM III Máquinas
(2) Data related to Volmaquinaria
(3) Average figures for the segments market share

2.02.1.1 PORTUGAL

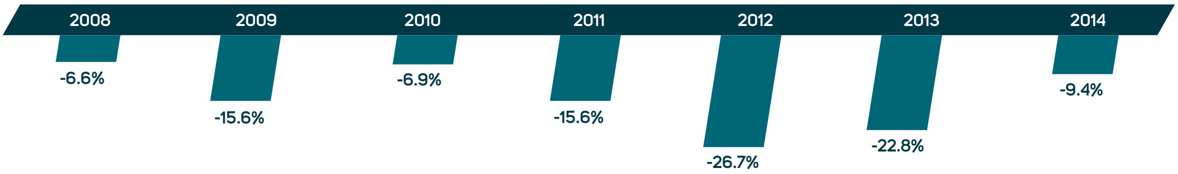
In 2014, there was a slight recovery in the construction sector, reflecting the easing of the crisis in the country, although still within an unfavourable environment.

Despite the marked shortage of business in the area of public works, there was a 34% increase in works awarded until September 2014, with a positive impact on companies operating in this market segment. In turn, the trend in the construction of buildings was negative both in the area of permits for residential buildings, which decreased by 13% until September 2014, and for non-residential buildings, which recorded a decrease of 4%.

Cement sales improved significantly on year on year having registered a decrease of about 9.4% compared to 2013.

CONCRETE SALES FOR THE CONSTRUCTION SEGMENT

% growth when compared to previous year

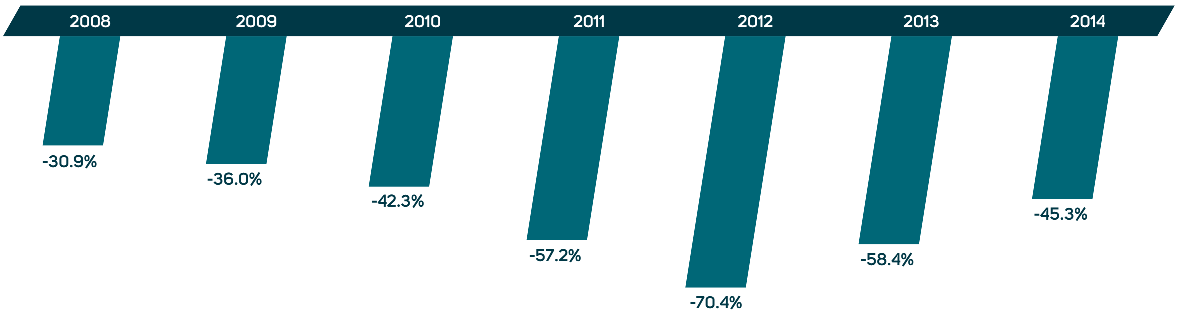


Source: GEE - Economic Activity Indicators (11 February of 2015)

Loans to construction companies maintained the negative trend recorded since 2011 while bad loans recorded an increase in their share of the total credit granted to construction sector companies.

The Construction Confidence Index, which results from assessments made by entrepreneurs of the orders registers of their companies and of the future level of employment in the sector, showed some recovery year on year.

CONSTRUCTION CONFIDENCE INDEX



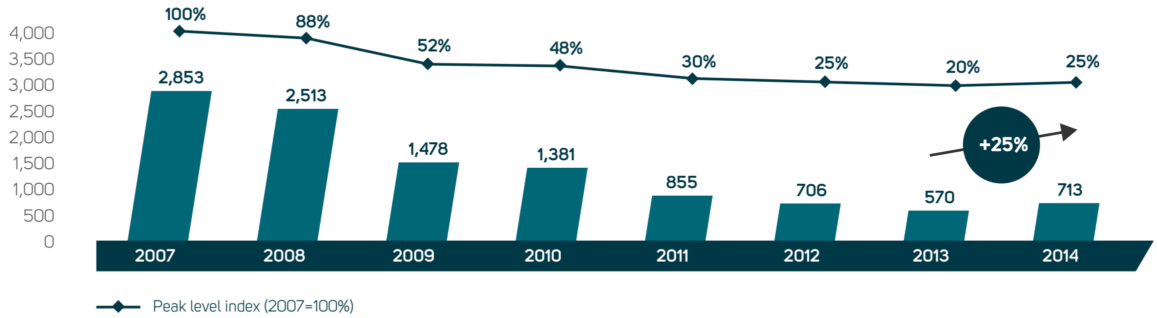
Source: GEE - Economic Activity Indicators (11 February of 2015)

As a way of mitigating the decrease in the domestic territory, the trend has been for construction companies to enhance their operations in foreign markets.

The domestic earthmoving market, after consecutive years of contraction, grew by approximately 25% compared to 2013. However, compared to 2007, the market recorded a fall of 75% in total construction equipment units sold (713 machines in 2014 vs. 2,853 machines in 2007).

DOMESTIC EARTHMOVING MARKET EVOLUTION

Units



Source: ACAP

The earthmoving heavy machinery segment recorded positive growth of 15.3% (466 units in 2014 compared to 404 units in 2013), due to the positive performance of crawler excavators, a segment that grew by 42% when compared to 2013 (169 units in 2014 compared to 119 units in 2013), the 18% increase recorded in wheeled excavators (33 units in 2014 compared to 28 units in 2013) and the sales of backhoe loaders - 178 units in 2014 compared to 154 units in 2013 (15.6% growth).

The light equipment segment grew by 49%, mainly as a result of the positive contribution of mini crawler excavators which recorded a 70% increase, with a total of 192 units sold in 2014.

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 a wide range of sectors such as construction and public works, forestry, recycling, handling, etc. Simultaneously, ASCENDUM III Máquinas also offers its customers rental services and after-sales support.

Operationally, during 2014, ASCENDUM III Máquinas remained focused on the *Follow The Costumer* programme and sought, where possible, to diversify its supply according to the market and/or market niches, in order to respond to new needs and new customers.

However, the efforts made by ASCENDUM III Máquinas were unable to mitigate the challenging situation of the industry, and the company's turnover recorded a decrease of 9% compared to 2013 (equivalent to 4.0 million Euros) totalling around 39.5 million Euros in 2014.

In terms of business segments, the commercial business area (new and used machines sales) recorded a reduction of about 5.8% year on year, ending the period with a turnover of 26.4 million Euros (about 67% of the company's total turnover). In terms of volume, ASCENDUM III Máquinas sold 123 units in 2014 (+23% compared to 2013), excluding light equipment and handling machinery.

As a result, ASCENDUM III Máquinas ended 2014 with a GPE market share of 28% and 12% in CSE.

The after-sales business area recorded a turnover of 11.8 million Euros in 2014, 16.1% lower than the sales recorded in 2013 (14.0 million Euros), thus contributing to 30% of ASCENDUM III Máquinas' total turnover.

Rentals achieved a total turnover of about 1.3 million Euros, representing, in 2014, approximately 3% of ASCENDUM III Máquinas' total turnover.

The following table provides a summary of ASCENDUM III Máquinas' turnover performance in 2014:

Million Euros	2013	2014	Δ (2014/2013)
New machines	21.2	22.5	6.1%
Used machines	6.8	3.9	-42.9%
After sales	14.0	11.8	-16.1%
Rent	1.4	1.3	-6.2%
TOTAL TURNOVER	**43.5**	**39.5**	**-9.1%**

2.02.1.2 SPAIN

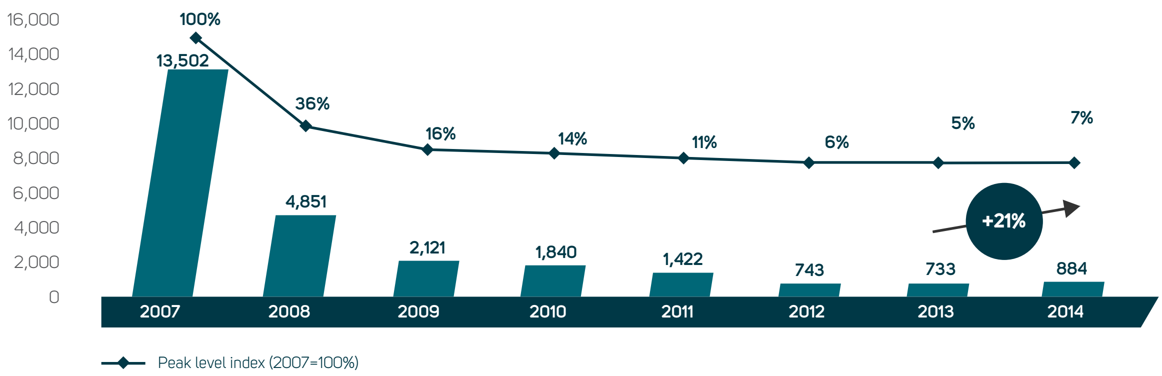
Volmaquinaria is the ASCENDUM Group company responsible for importing and distributing Volvo Construction Equipment in the whole Spanish territory; it operates directly in Madrid, Guadalajara, Barcelona, Granada, Valladolid and Galicia (Pontevedra). Through a vast network of agents, Volmaquinaria develops its operation by offering a wide range of products and services, being considered by its major customers as one of the highest quality companies in Spain.

Following seven consecutive years of contraction in the Spanish market, the construction sector seems to be recovering, albeit moderately. The increase in purchases, new mortgages, employment and public and private investment in the construction sector, contributed positively to the evolution of the sector in 2014, with the residential investment recording its first positive value in the final quarter of the year, with an increase of 2.1% year on year, according to the Bank of Spain.

In 2014, we therefore attended to a 21% year on year increase in the demand for construction equipment matching the portfolio of products marketed by Volmaquinaria. However, compared to 2007, the market recorded a fall of 93% in total construction equipment units sold (884 machines in 2014 vs. 13,502 machines in 2007).

EVOLUTION OF THE SPANISH MARKET WHERE VOLMAQUINARIA OPERATES

Units



VOLMAQUINARIA - ASCENDUM SPAIN

In 2014, Volmaquinaria focused its efforts on the following lines of action:

1. **Increased visibility** with customers;
2. **Diversification** of products/brands/segments of action (particularly diversification into the recycling sector);
3. **Structural optimization** with a special focus on cost reduction;
4. **Investment in human resources** – training plan in the sales and after-sales areas;
5. **Working capital management.**

With respect to market shares, Volmaquinaria recorded a decrease in the levels of market penetration, except in the CSE segment (+ 1 p.p. compared to 2013). This reduction was the result of the increasing fragmentation of the market and the fierce competition (Caterpillar, Komatsu, Hitachi and Liebherr) operating in the Spanish market with more aggressive pricing policies and a larger product portfolio than Volmaquinaria:

MARKET SHARE

	2013	2014
GPE	23%	21%
CSE	7%	8%
Road Machinery	13%	3%
TOTAL	**14%**	**12%**

Volmaquinaria's Turnover (excluding intra-group sales) increased by 5.9% compared to 2013, from 36.2 to 38.4 million Euros:

Million Euros	2013	2014	Δ (2014/2013)
New machines	16.5	14.6	-11.5%
Used machines	4.4	6.0	36.4%
Rent	1.5	2.6	71.5%
After sales	13.8	15.2	9.9%
TOTAL TURNOVER	**36.2**	**38.4**	**5.9%**

As in 2013, we highlight the positive growth, of about 36%, of the turnover of the used machines segment compared to 2013 (6.0 million Euros in 2013 compared to 4.4 million Euros in 2013) as well as of the rental segment, (71.5 % increase in turnover compared to 2013), thus consolidating the new market trend resulting from retail financing conditions and the lack of customer capital for investment.

VOLMAQUINARIA - WORKSHOP CABANILLAS

2.02.1.3 USA

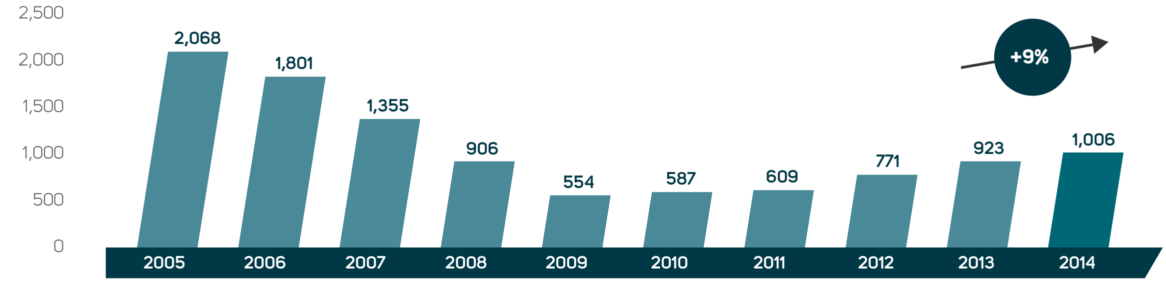
In the USA, the ASCENDUM Group operates through ASC Construction Equipment USA, Inc., a company established in 2004 following the ASCENDUM Group's acquisition of the assets of Saba Holding (a Volvo Group company), the company that then owned the distribution of Volvo construction equipment for an enormous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

With activity in the business segments relating to the sale, rental and after-sales service of Volvo Construction Equipment, ASC USA has been recognized as the largest Volvo dealer in North America since 2005, having received, since then, many prizes, both in the finance and technical areas, in Volvo dealership meetings.

In 2014, the favourable economic conditions in the USA resulted in a 9% growth of the number of housing starts compared to the previous year, passing the threshold of a million new buildings compared to the 923,000 recorded in 2013. Despite this growth, the number of new buildings in 2014 represented only 49% of the number achieved in 2005 (peak year).

NUMBER OF HOUSING STARTS EVOLUTION

Units (thousands)

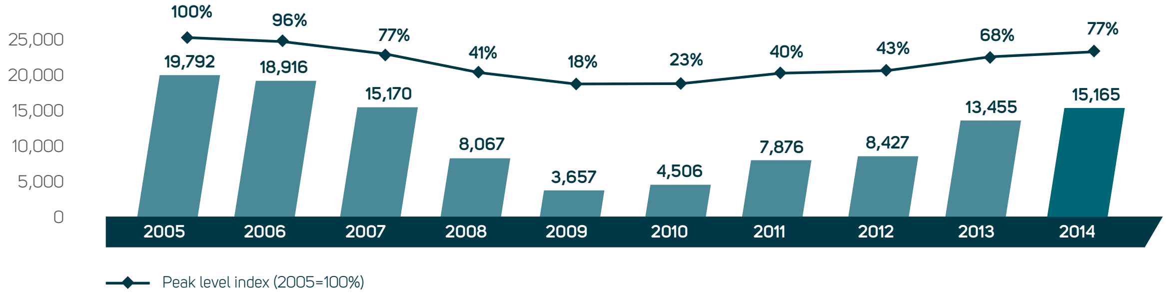


With regard to the territory in which ASC USA operates, the number of units sold in 2014 increased by about 13% compared to 2013, with demand reaching about 15,165 units.

Despite the recorded growth, the market is still a long way from the sales levels recorded in the period from 2004 to 2007, with the number of units sold in 2014 representing, on a like for like perspective (excluding North Dakota), 61% of the value achieved in 2005 (peak year) (77% including North Dakota).

EVOLUTION OF THE NORTH-AMERICAN MARKET WHERE ASC USA OPERATES

Units



In 2014, with regard to its economic and financial performance, ASC USA directed its efforts towards the following areas:

- Better response to customer expectations/needs;
- Development of its human resources structure;
- Increase the profitability by improving margins and optimizing the cost structure;
- Development of the operation in North Dakota:
  - Organic growth (purchase of a plot of land located at the epicentre of the region in which ASC USA's future premises will be built);
- Reformulation of the organizational structure;
- Optimization of the structure / cost control / P&L management;
- Strategic focus on increasing product visibility and brand awareness.

As a result of the above mentioned efforts and of the consideration of a full year of activity in North Dakota, ASC USA's turnover in 2014 presented an increase of 32.9% compared to 2013, totalling about 244.0 million dollars (183.7 million Euros):

Million US Dollars	2013	2014	Δ (2014/2013)
New and used machines	125.3	178.7	42.6%
Rent	18.7	21.7	16.1%
After sales	39.6	43.6	10.1%
TOTAL TURNOVER	**183.6**	**244.0**	**32.9%**

Sales of new and used machines increased by about 42.6% in 2014 when compared to 2013, due, in particular, to the recovery in the residential market and the inclusion of a full year of North Dakota activity. With regard to the rental segment, the increase of customer focus on rental solutions led to an increase of rental sales of about 16% compared to 2013.

ASC CONSTRUCTION EQUIPMENT - ASCENDUM USA

2.02.1.4 TURKEY

On 30 June, 2010, ASCENDUM Group acquired from two 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 for the whole territory of Turkey.

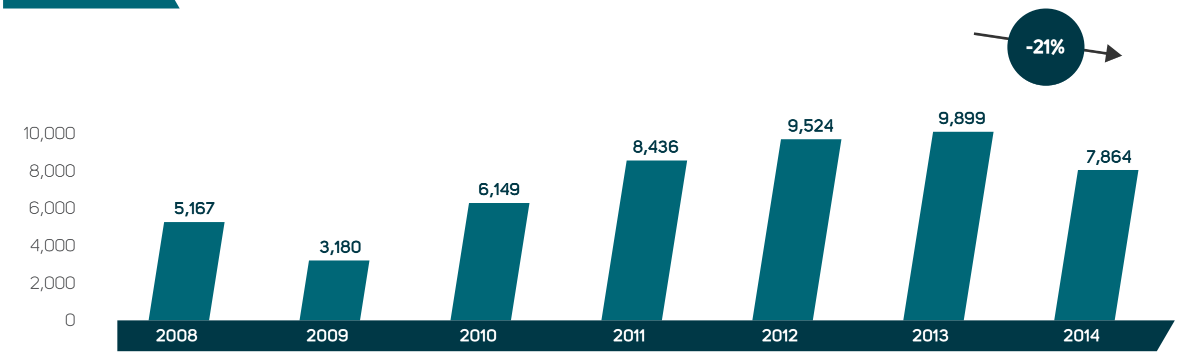
In 2014, and as occurred in 2013, the Group's performance in Turkey was strongly affected by the political instability of the country, which restricted confidence in the economy, as well as by the reduction of the economic stimulus implemented by the Federal Reserve System (FED) in 2013.

Additionally, the geopolitical developments in countries around Turkey (Syria, Iraq and Russia) also contributed negatively to the economy and hence to the performance of the ASCENDUM Group in the country.

In this context, the demand for construction equipment matching the portfolio of products marketed by ASCENDUM Makina decreased by approximately 21% compared to 2013, totalling around 7,864 units sold (compared to 9,899 in 2013).

EVOLUTION OF THE TURKISH MARKET WHERE ASCENDUM MAKINA OPERATES

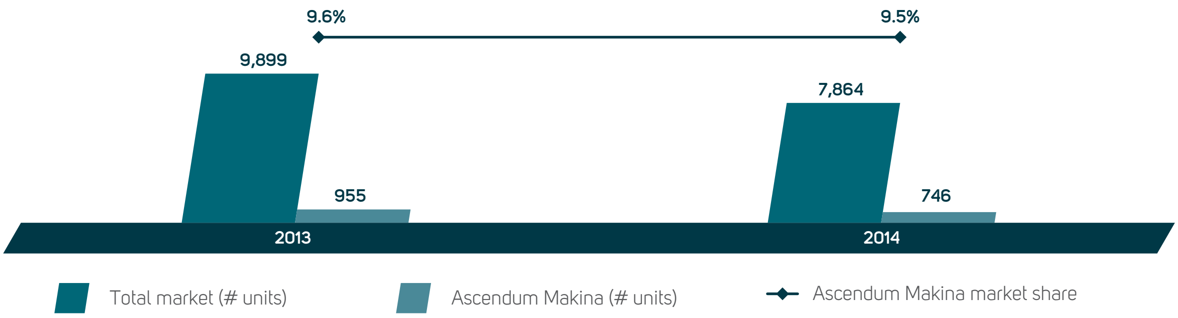
Units



Despite the decrease recorded in the market, ASCENDUM Makina managed to maintain its market share very close to the levels recorded in 2013 (9.5% in 2014 compared to 9.6% in 2013) with the sale of 746 new Volvo units.

ASCENDUM TURKEY

MARKET SHARE - ASCENDUM MAKINA



As a result of the difficult geopolitical context and the market contraction, ASCENDUM Makina's Turnover in 2014 recorded a decrease of 7.2% compared to 2013, totalling about 495.5 million Turkish liras (170.5 million Euros):

Million Turkish Liras	2013	2014	Δ (2014/2013)
Construction Equipment - new and used	411.6	365.6	-11.2%
Construction Equipment - rent	5.9	6.0	1.7%
Construction Equipment - after sales	116.2	122.3	5.2%
Agriculture Equipment	0.0	1.6	-
TOTAL TURNOVER	**533.7**	**495.5**	**-7.2%**

ASCENDUM TURKEY

2.02.1.5 MEXICO

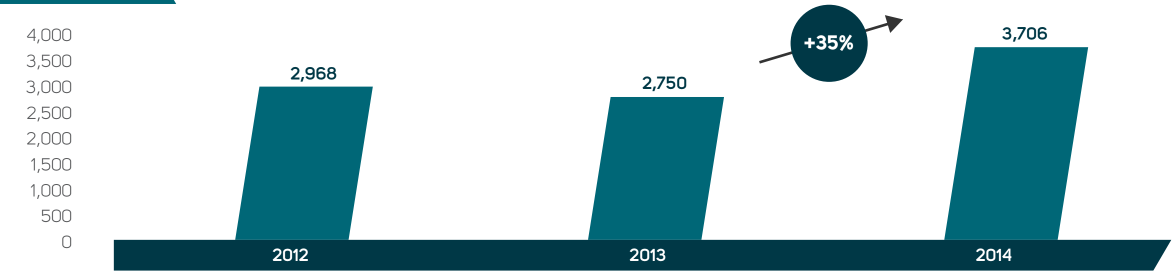
Having started operations in March 2012, ASCENDUM Maquinaria México is the ASCENDUM Group company that operates in the sale of Volvo construction equipment in Mexico.

After 2013, a particularly difficult year, due to the challenges inherent in entering a new market and creating, from scratch, a network of infrastructures suitable for the territory and the business, in 2014 the ASCENDUM Group managed to overcome the challenges it had set itself at the end of 2013, involving the improvement of its internal processes, the implementation of the Group's best practices and the strengthening of the skills of its employees.

Thus, despite a macroeconomic and operational context that remained unfavourable for the activity of ASCENDUM Maquinaria México, ASCENDUM's performance and all its efforts to adapt its structure to the market reality were reflected in a 27% increase in turnover compared to 2013, reaching around 305.3 million pesos (17.3 million Euros).

With regard to the territory in which ASCENDUM Maquinaria México operates, the number of units sold in 2014 increased by about 35% compared to 2013, with demand reaching about 3,706 units (2,750 units in 2013). Among the units sold, the sales of CSE equipment were noteworthy (1,709 units), representing about 46% of total units sold in Mexico, followed by the GPE segment, with 1,429 units sold (39% of total market) and, finally, the Road Machinery segment, which sales achieved a total of 568 units (15% of total market).

EVOLUTION OF THE MEXICAN MARKET WHERE ASCENDUM MAQUINARIA MEXICO OPERATES



The ASCENDUM Group sold about 81 units in 2014, correspondent to a global market share of 2.2%.

ASCENDUM Maquinaria México's turnover increased by 27.2% compared to 2013, from 239.9 to 305.3 million Mexican pesos (17.3 million Euros):

Million Mexican Pesos	2013	2014	Δ (2014/2013)
New and used equipment	176.0	235.9	34.0%
Rent	10.9	17.3	58.4%
After sales	53.0	52.1	-1.7%
TOTAL TURNOVER	**239.9**	**305.3**	**27.2%**

ASCENDUM MEXICO

2.02.1.6 CENTRAL EUROPE

In October 2013 the ASCENDUM group began operations in nine Central European countries, with (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 Czech Republic, Hungary, Slovakia and 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 and Herzegovina, and Moldova through local sub-dealers.

Of the total markets included in the Central European operation, the Austrian market is the main contributor, accounting for about 43% of total units sold in 2014, followed by Czech Republic (19 %) and Romania (18 %). After a full year of activity (in 2013 the Group began operations in Central Europe in October), the ASCENDUM Group sold 608 units, with notable sales of GPE equipment amounting to about 61% of total sales (again Austria is predominant, representing approximately 56% of total Group sales in Central Europe in 2014).

2014	AUSTRIA	CZECH REP.	ROMANIA	HUNGARY	CROATIA	SLOVAKIA	TOTAL(*)
Total market	**2,060**	**909**	**850**	**632**	**160**	**228**	**4,839**
ASCENDUM units sold	**338**	**90**	**73**	**54**	**21**	**32**	**608**
GPE	231	60	20	35	12	15	373
CSE	95	30	49	16	8	17	215
Road Machinery	12	0	4	3	1	0	20
Market share	**16.4%**	**9.9%**	**8.6%**	**8.5%**	**13.1%**	**14.0%**	**12.6%**
GPE	26.5%	25.2%	12.6%	20.2%	22.2%	30.6%	24.2%
CSE	9.7%	4.5%	7.8%	3.9%	9.9%	9.8%	7.3%
Road Machinery	5.6%	0.0%	6.1%	5.9%	4.0%	0.0%	5.5%

Note: the figures presented correspond, essentially, to new Volvo machines.
(*) Average figures for the segments market share.

In 2014, and with a full year of activity contributing to the overall results of the ASCENDUM Group, the Central Europe operation achieved a turnover of around 126.0 million Euros (about 19% of total consolidated turnover, and compared to a 12-month turnover for the year 2013 of approximately 104 million Euros), with the major contributors being Austria (60% of the total turnover of Central Europe), followed by Czech Republic (17% of the total turnover of Central Europe) and Romania (9% of the total turnover of Central Europe).

ASCENDUM CENTRAL EUROPE

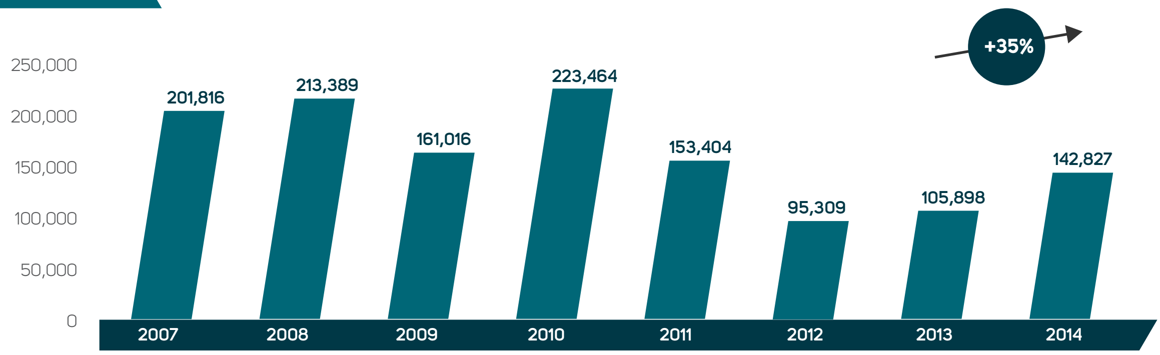
2.02.2 VEHICLES (CARS AND TRUCKS)

In 2014 the light passenger car market recorded an increase of approximately 35%, with 142,827 units sold, thus confirming the consolidation of the growth trend following the sharp decrease recorded between 2010 and 2012 (from 223, 464 to 95,309 units).

According to data released by the ACEA (European Automobile Manufacturers' Association), in 2014 the European Union recorded a 5.6% increase in the sales of light passenger cars, the first increase since 2007. Although Portugal only has a 1.1% share of the total European market, it registered the highest growth in light passenger vehicle sales (about 35%) year on year.

EVOLUTION OF THE LIGHT PASSENGER CARS MARKET

Units



Source: ACAP

For the range of brands sold by ASCENDUM II Veículos - Volvo, Land Rover, Jaguar, Mazda and Mitsubishi - there was an increase of 38%, with sales amounting to 6,788 units, compared to 4,922 units sold in 2013.

In 2014, ASCENDUM II Veículos developed its activity in the cars segment through four business units located in Coimbra, Viseu, Leiria and North Lisbon. In terms of market visibility, ASCENDUM II Veículos increased its share in Land Rover, Jaguar and Mazda sales, achieving market shares of 10.4%, 11.3% and 3.9%, respectively.

The turnover of ASCENDUM II Veículos, in the cars segment, was of around 21.3 million Euros, 12.4% higher than the turnover recorded in 2013 (19 million Euros).

Commercial activity sales totalled 16.4 million Euros, representing an increase of 18% when compared to 2013. In the after-sales service - components and assistance - turnover was of approximately 5 million Euros (slight decrease of about 2.8% compared to 2013).

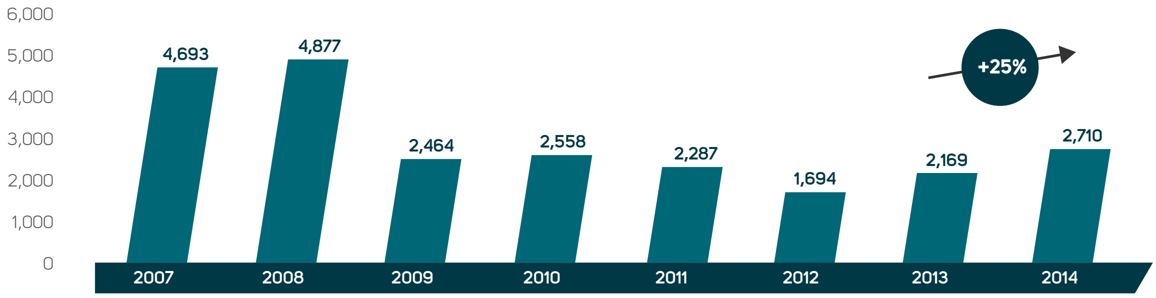
The following table presents a summary of the performance of ASCENDUM II Veículos in terms of sales in the cars business area:

Million Euros	2013	2014	Δ (2014/2013)
New cars	11.4	13.9	22.2%
Used cars	2.5	2.4	-1.7%
After sales	5.1	5.0	-2.8%
TOTAL TURNOVER	**19.0**	**21.3**	**12.4%**

For the second consecutive year, the domestic market of heavy goods vehicles - gross weight exceeding 10 tonnes - recorded a positive performance registering an increase of 25% in 2014 when compared to 2013 (+541 units).

EVOLUTION OF THE DOMESTIC TRUCKS MARKET (GROSS WEIGHT > 10 TON.)

Units



Source: ASL

As in previous years, the segment that experienced the highest growth was international long haul, as a result of the export dynamics of some business sectors, as well as the increase in the level of imports.

In 2014, there was a 25% increase in the Top Range (> 16 Ton.), with 88% of these registrations (2,231) being related with Tractors, which are mainly destined to the strengthening or renewing the International Transport fleet.

Volvo ended 2014, in this market and segment, with a market share of 17.6% (21.5% in 2013), having sold 478 units, which represented an increase of 2.1% when compared to 2013 (468 units in 2013).

With regard to the trucks business area, ASCENDUM II Veículos recorded a turnover of 17.7 million Euros, approximately 4.2% above the turnover achieved in 2013 (16.9 million Euros).

Commercial activity recorded an increase of 11.6% compared to 2013 (sales of 10.3 million Euros in 2014 compared to 9.2 million Euros in 2013) correspondent to 108 new Volvo trucks sold.

The after sales business (assistance and components) recorded a decrease in sales of approximately 4.6% compared to the previous year, due to the reduction of the heavy vehicles population in the market where the company operates and the closure of Castelo Branco business unit.

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

Million Euros	2013	2014	Δ (2014/2013)
New trucks	9.1	10.0	10.6%
Used trucks	0.2	0.3	66.8%
After sales	7.7	7.4	-4.6%
TOTAL TURNOVER	**16.9**	**17.7**	**4.2%**

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 (of 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 operates in the marketing and distribution of equipment for ports, airports and railway infrastructures 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, starting to develop its business through Air-Rail Morocco (a company 100% owned by Air-Rail España).

In 2014, the ASCENDUM Group's turnover in the infrastructure equipment business area increased by about 60% compared to 2013, totalling 19.7 million Euros, mainly as the result of the positive performance in the Spanish market.

2.03 RISKS AND UNCERTAINTIES

2.03.1 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 of that liquidity, to enable the return maximization and minimization of the opportunity costs associated with holding this liquidity, in a safe and efficient manner.

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

(i) Liquidity, to guarantee 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, to minimize the probability of default in funds repayment; and

(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 treasury forecasts of the various companies;

(ii) Diversification of funding sources and suitability of the maturity of commitments with the cash flow generation;

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

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

Any surplus liquidity is applied 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 reasonability .

As of 31 December, 2014 and 2013, the Group presented a net debt of 188,979,183 Euros and 194,136,394 Euros, divided, respectively, between current and non-current loans and cash and cash equivalents settled with several institutions. The Group has credit lines amounting to 518 million Euros, and as of 31 December, 2014, the available amount was of 316 million Euros.

2.03.2 EXCHANGE RISK

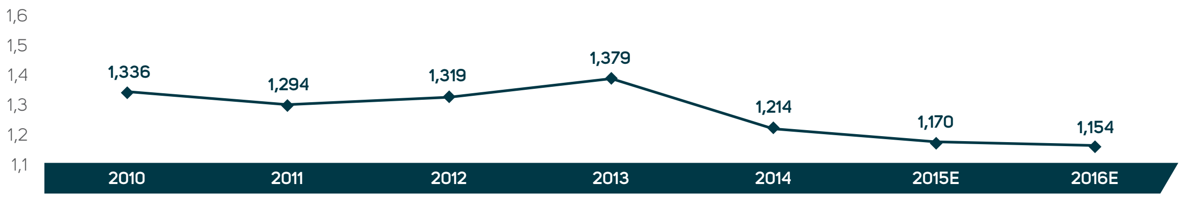
The exchange rate risk reflects the possibility of recording gains or losses resulting from changes in exchange rates between different currencies.

The Group's exposure to exchange rate risk results from: (i) subsidiaries in countries where the functional currency is not the Euro (including the USA, 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; and (iv) financial/operational transactions in a currency other than the local/functional currency (bank loans, payments to suppliers/from customers) with the change in this contraction of credit/debt and payment/receipt causing exchange gains/losses.

Accordingly, 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 into Euros and, secondly, because of the existence of transactions/financing in currencies other than local/functional currencies (local financial statements).

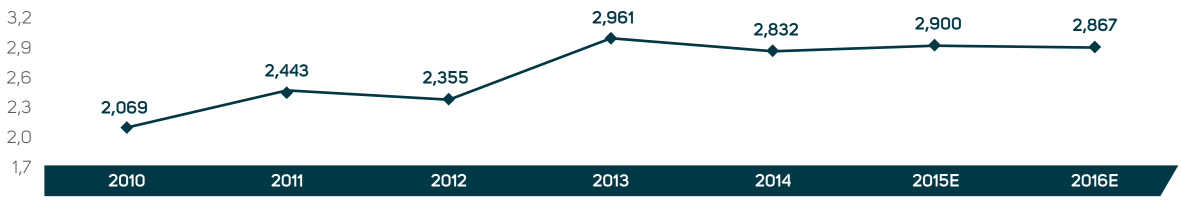
The following presents the closing exchange rates for the currencies in which the Group operates directly:

EUR/USD



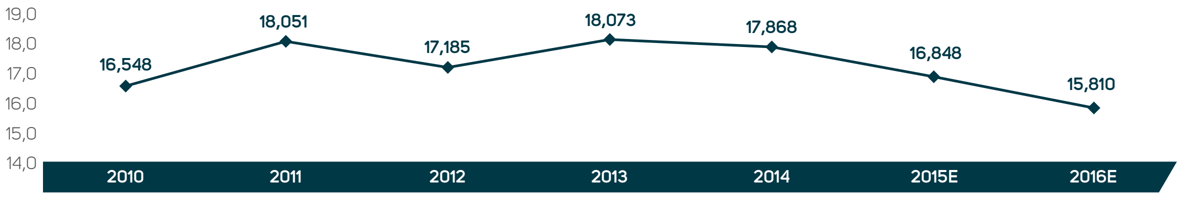
Source: Banco de Portugal and Bloomberg

EUR/TRL



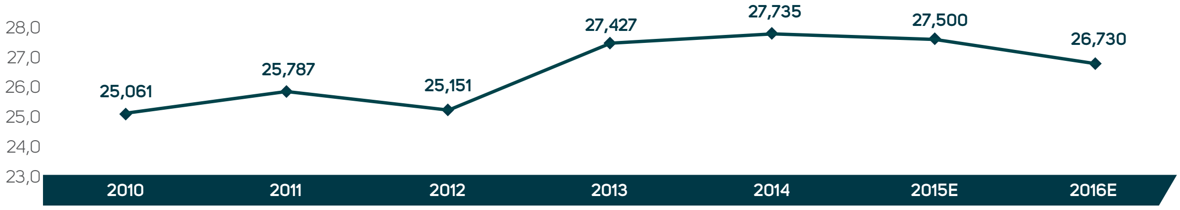
Source: Banco de Portugal and Bloomberg

EUR/MXN



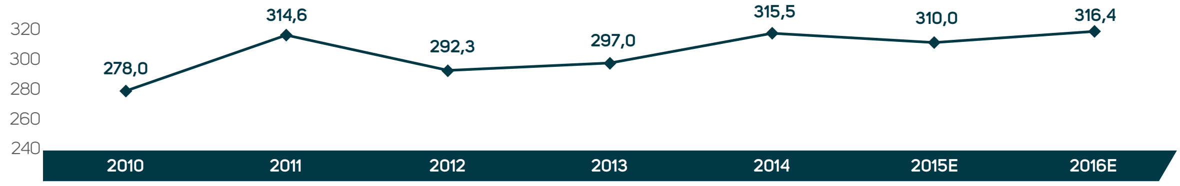
Source: Banco de Portugal and Bloomberg

EUR/CZK



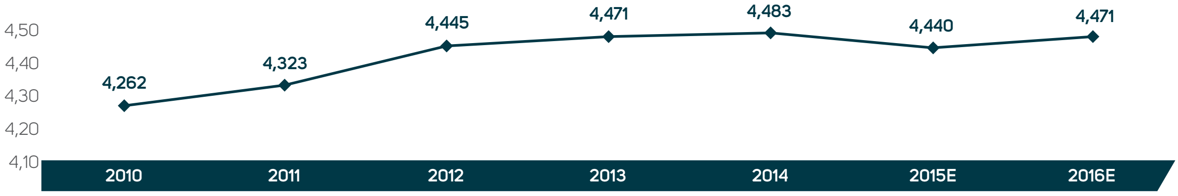
Source: Banco de Portugal and Bloomberg

EUR/HUF



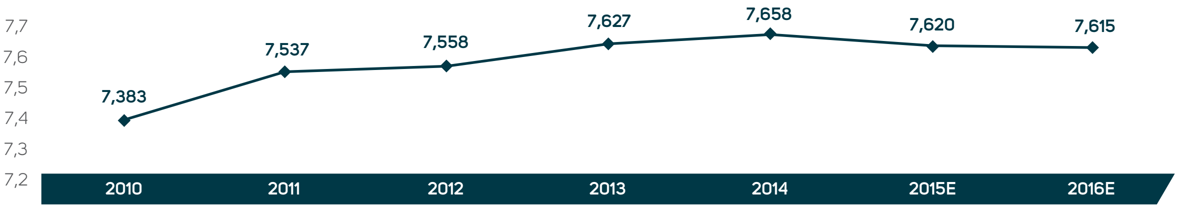
Source: Banco de Portugal and Bloomberg

EUR/RON



Source: Banco de Portugal and Bloomberg

EUR/HRK



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 results and financial position of the Group.

In this context, and due to the uncertainty about the evolution of the price 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 possible, the sensitivity of its results to currency fluctuations.

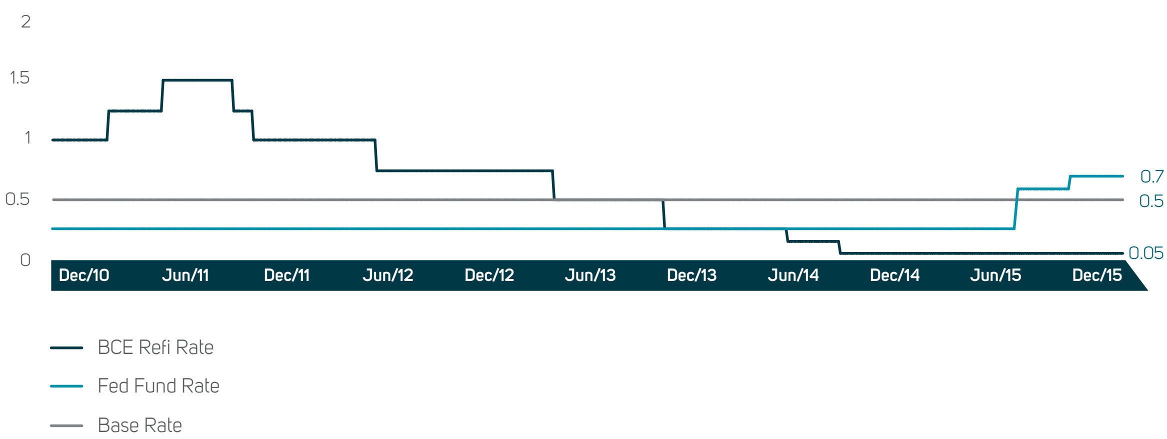
In practical terms, the management of the exchange risk policy takes into account the balance/trade-off between the impact on the Financial Statements and the impact on cash flows.

2.03.3
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 results.

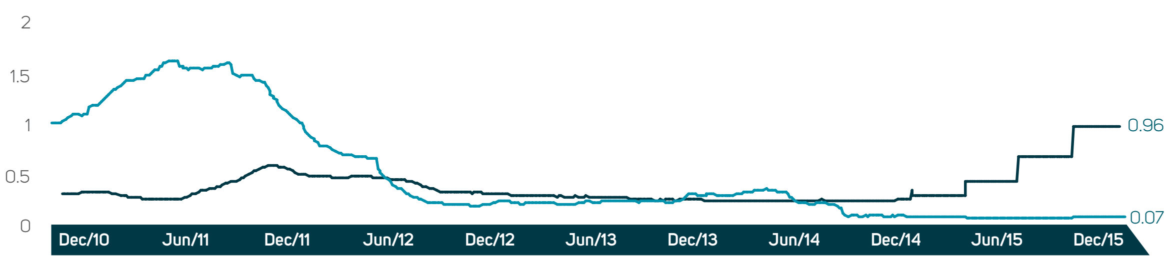
EVOLUTION OF REFERENCE INTEREST RATES (HISTORIC AND PROSPECTIVE)

Percentual points



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

Percentual points



Source: Bloomberg

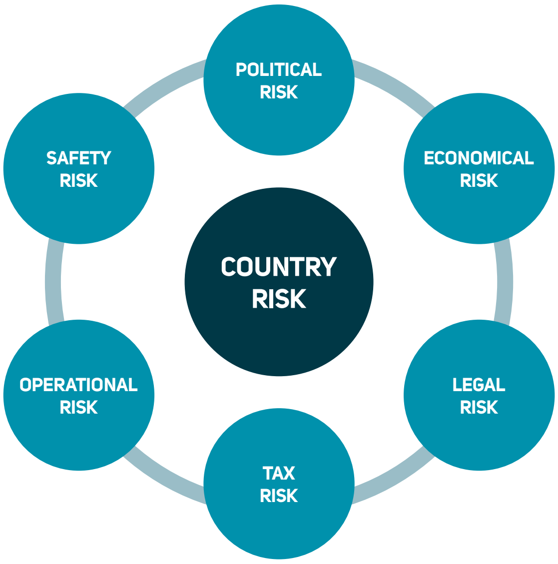
The introduction of standards in the banking system at various international levels poses challenges on the access to credit for companies and individuals. Thus, the uncertainty surrounding the granting of medium/long-term credit persists, with potential impacts on the financial operations of the Group.

In practical terms, the management of the interest rate risk policy takes into account the balance/trade-off between the impact on the Financial Statements and the impact on cash flows.

2.03.4 COUNTRY RISK

Country risk is a concept in finance and economics with regard to the possibility of changes in a country's business environment having negative impacts on results or on the value of the assets of foreign companies established in the country and on the profits, dividends or royalties that they expect to achieve from their investments.

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



It is in this context, and with regard to the measurement of country risk, that 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 those countries.

The country risk management policy followed by the ASCENDUM Group aims to reduce, as far as possible, the 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.

As of 31 December, 2014, the rating of the countries in which the Group develops, directly, its activity (Portugal, Spain, USA, Turkey, Mexico, Austria, Czech Republic, Hungary, Romania, Slovakia and Croatia) was as follows:

MOODY'S

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Portugal	Ba3	Ba3	Ba3	Ba3	Ba2	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1
Spain	Baa3	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2
USA	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Turkey	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
Mexico	Baa1	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3
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	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1	Ba1

Source: Bloomberg Scale: 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)

Downgrade *Upgrade*

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+	AA+	AA+	AA+	AA+	AA+	AA+
Turkey	BB+u	BB+u	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+	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
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

Source: Bloomberg Scale: 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+)

Downgrade *Upgrade*

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	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB	BB	BB	BB	BB

Source: Bloomberg Scale: 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+)

Downgrade *Upgrade*

2.04 FINAL CONSIDERATIONS

2.04.1 OUTLOOK FOR 2015

2014 was a year marked by ASCENDUM Group's focus on the consolidation of its current operations, following a strong growth phase between 2010 and 2013 involving the acquisition of operations in Turkey and Central Europe and the entry into the Mexican market. The Group now intends to continue its trajectory of optimization of its operations and business processes to create solid and sustainable foundations for a future growth stage and to establish itself increasingly as one of the major global players in the business area of Volvo Construction Equipment's construction and industry equipment.

Thus, in 2015, the ASCENDUM Group's priorities will be on the following areas:

A) BUSINESS PROCESS AND OPERATIONAL OPTIMIZATION

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, in order to enhance the know-how developed over 55 years of history and the scale of ASCENDUM's operations, maximizing the efficiency of the Group's operations.

2015 will be characterised by the continuity of the optimization/consolidation measures implementation in the most recent operations, particularly with regard to the activity in Mexico and Central Europe, through the investment in business support information systems and the development of the operations in the markets with the greatest potential (e.g. Romania), as well as by the development of operational and financial streamlining measures in the other geographical platforms, in order to respond efficiently to political and macroeconomic changes with an impact on the future prospects of the Group.

In short, in 2015 the ASCENDUM Group will focus on the internal process optimization from an operational and financial perspective, thus seeking to increase the satisfaction of its stakeholders, fact that enables it to look forward to 2015 with cautious optimism.

B) PREPARATION OF THE GROUP FOR A NEW GROWTH PHASE

Concurrently with the operational optimization strategy, the ASCENDUM Group will create solid and sustainable foundations for a future growth stage and to establish itself increasingly as one of the major global players in the business area of Volvo Construction Equipment's construction and industry equipment.

2.04.2
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 2014, which are hereby presented.

2.04.3
DATE OF THE MANAGEMENT REPORT

11 March, 2015

THE BOARD OF DIRECTORS

- Ernesto Gomes Vieira – Chairman
- Angela 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

COMPLEMENTARY AND EFFICIENT SOLUTIONS

AIRPORTS . PORTS . RAILWAYS

03

Financial Statements and Annex

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2014

Amounts expressed in Euros

	NOTES	31-12-2014	31-12-2013
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7 and 32	155,413,984	147,329,160
Investment properties	8	3,066,787	3,026,216
Goodwill	9	40,460,837	39,630,354
Intangible assets	6	6,268,907	5,664,121
Financial Investments - Equity method	10	86,411	60,610
Assets held for sale	10	11,659,039	18,774,465
Other accounts receivable	13	1,055,876	1,102,665
Other financial assets	10	231,906	392,758
Deferred tax assets	15	26,459,065	22,399,232
		244,702,813	**238,379,581**
CURRENT ASSETS			
Inventories	11 and 32	190,889,513	154,813,579
Trade and other receivables	12 and 32	100,976,479	100,264,570
Advances to suppliers	13	1,952,937	1,120,035
State and other public entities	23	15,965,950	14,023,762
Other Accounts receivables	13 and 32	5,825,063	5,940,103
Deferrals - (Assets)	14	3,106,239	1,834,570
Other financial assets	10	8,911	52,411
Cash and bank deposits	16	13,130,776	22,961,152
		331,855,867	**301,010,183**
TOTAL ASSETS		**576,558,680**	**539,389,764**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	17	15,000,000	15,000,000
Legal reserves		3,000,000	3,000,000
Revaluation reserves		8,614,081	8,475,091
Retained earnings and Investment adjustments		51,149,275	48,040,709
Fair value reserves		387,406	5,611,675
Other reserves		56,116,096	46,575,855
Net profit for the year		11,529,604	12,342,317
		145,796,461	139,045,648
Non controlling interests	19	4,799,843	3,950,541
TOTAL EQUITY	**18**	**150,596,303**	**142,996,189**
LIABILITIES			
NON CURRENT LIABILITIES			
Provisions	25 and 32	3,406,957	2,412,467
Borrowings	20 and 32	109,029,225	113,135,385
Deferred tax liabilities	15 and 32	31,165,136	25,442,938
Other liabilities	22 and 32	54,412,164	38,654,176
		198,013,483	**179,644,965**
CURRENT LIABILITIES			
Accounts payable	21 and 32	84,181,657	56,857,755
Advances from customers	12	1,222,582	1,726,055
State and other public entities	23	11,412,565	10,076,616
Borrowings	20 and 32	93,080,734	103,962,162
Other liabilities	22 and 32	35,004,670	38,891,852
Deferrals	24	3,046,686	5,234,169
		227,948,893	216,748,609
TOTAL LIABILITIES		**425,962,376**	**396,393,575**
TOTAL EQUITY AND LIABILITIES		**576,558,680**	**539,389,764**

CERTIFIED ACCOUNTANT
Luís Almeida

THE BOARD OF ADMINISTRATION
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Tomás Jervell

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2014

Amounts expressed in Euros

INCOME AND EXPENSES	NOTES	2014	2013
Sales and services rendered	32	678,584,544	558,922,855
Increase/decrease in production	11	-60,146	326,089
Works for the entity		116,374	6,773
Cost of sales	11 and 32	-506,374,911	-417,151,594
GROSS PROFIT		**172,265,861**	**142,104,124**
External supplies and services	32 and 40	-54,757,824	-47,247,672
Personnel expenses	31, 32, and 41	-59,251,280	-47,375,871
Inventories impairments (losses/reversals)	25	-864,915	132,992
Accounts receivable imparments (losses/reversals)	25	-692,645	91,643
Provisions (increases/decreases)	25	-337,409	-4,812
Impairment of depreciable and non-depreciable investment (losses/reversals)	10.2	-1,210,661	-13,053
Fair value increases/decreases	10.2	-8,188	7,521
Government grants		138,441	5,248
Gains/losses on subsidiaries, associated companies and joint ventures	10.1	32,593	18,337
Other income and gains	32 and 33	11,269,278	10,976,883
Other expenses and losses	32 and 42	-9,667,089	-10,728,548
Depreciation and amortization expenses/reversals	6 and 7	-29,126,180	-20,589,578
OPERATING PROFIT (BEFORE TAX)		**27,789,980**	**27,377,214**
Interest and similar income	35	138,405	274,836
Interest and similar costs	35	-10,667,742	-13,085,636
PROFIT BEFORE TAX		**17,260,643**	**14,566,414**
Income tax expense	28	-5,170,042	-1,791,237
NET PROFIT FOR THE YEAR	**32**	**12,090,601**	**12,775,176**
Attributable to:			
Equity holders of the parent		11,529,604	12,342,317
Non controlling interests	19	560,997	432,859
	32	**12,090,601**	**12,775,176**
Earnings per share	**29**	**0.81**	**0.85**

CERTIFIED ACCOUNTANT
Luís Almeida

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AT DECEMBER 31, 2014 AND 2013

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 1 JANUARY 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 statments exchange differences				(9,143,879)
Capital increase Air Rail Spain				
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**
AS AT 1 JANUARY 2014	**15,000,000**	**3,000,000**	**8,475,091**	**48,040,709**
CHANGES IN THE PERIOD:				
Consolidated net profit application - 2013				5,740,000
Fair value variation on assets held for sale				
Goodwill exchange differences				456,199
Financial statments exchange differences				5,735,687
Transfer of retained earnings to other reserves				(7,937,924)
Others			138,990	(885,397)
	-	**-**	**138,990**	**3,108,565**
NET PROFIT FOR THE YEAR				
FULL YEAR CONSOLIDATED INCOME				
OPERATIONS WITH SHAREHOLDERS IN THE PERIOD:				
Distributions				
	-	**-**	**-**	**-**
AT DECEMBER 31, 2014	**15,000,000**	**3,000,000**	**8,614,081**	**51,149,275**

The notes are an integral part of this statement at December 31, 2014

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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
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)	-		-
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)
		-		-	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)
-	**-**	**(5,000,000)**	**-**	**(5,000,000)**	**-**	**(5,000,000)**
5,611,675	**46,575,855**	**111,703,331**	**12,342,317**	**139,045,648**	**3,950,541**	**142,996,189**
5,611,675	**46,575,855**	**111,703,331**	**12,342,317**	**139,045,648**	**3,950,541**	**142,996,189**
	6,602,317	12,342,317	(12,342,317)	-		-
(5,224,270)		(5,224,270)		(5,224,270)		(5,224,270)
		456,199		456,199		456,199
		5,735,687		5,735,687	63,738	5,799,425
	7,937,924	-		-		-
		(746,407)		(746,407)	224,566	(521,841)
(5,224,270)	**14,540,241**	**12,563,526**	**(12,342,317)**	**221,209**	**288,304**	**509,514**
			11,529,604	**11,529,604**	**560,997**	**12,090,601**
			12,497,221	**12,497,221**	**624,735**	**13,121,956**
	(5,000,000)	(5,000,000)		(5,000,000)		(5,000,000)
-	**(5,000,000)**	**(5,000,000)**	**-**	**(5,000,000)**	**-**	**(5,000,000)**
387,406	**56,116,096**	**119,266,857**	**11,529,604**	**145,796,461**	**4,799,843**	**150,596,303**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2014 AND 2013

Amounts expressed in Euros

	31-12-2014	31-12-2013
CONSOLIDATED NET PROFIT INCLUDING NON CONTROLLING INTERESTS	**12,090,601**	**12,775,176**
Components of other comprehensive income for the period, net of tax:		
Fair value variation on assets held for sale	(5,856,099)	2,675,326
Goodwill exchange differences	631,830	(931.118)
Financial statments exchange differences	456,199	(2,053,632)
Hedging operations exchange differences	5,799,425	(9,180,321)
COMPREHENSIVE INCOME FOR THE PERIOD	**13,121,956**	**3,285,432**
Attributable to:		
Equity holders of the parent	12,497,221	2,889,015
Non controlling interests	624,735	396,417

The notes are an integral part of this statement at December 31, 2014

CERTIFIED ACCOUNTANT
Luís Almeida

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Rui António Faustino
Tomás Jervell

CONSOLIDATED STATEMENT OF CASH FLOWS AT DECEMBER 31, 2014

Amounts expressed in Euros

	NOTES	2014	2013
OPERATING ACTIVITIES			
Accounts receivables		675,874,324	556,494,576
Accounts payables		-570,520,983	-461,087,553
Staff payables		-58,942,540	-47,213,340
Operating cash flows		**46,410,801**	**48,193,682**
Income tax payable/receivable		-8,033,168	-5,027,754
Other receivables/payables		-5,070,038	-11,158,511
Net cash flows from operating activities (1)		**33,307,594**	**32,007,418**
INVESTING ACTIVITIES			
PAYMENTS:			
Property, plant and equipment		-17,486,252	-16,849,835
Intangible assets		-1,049,395	-1,611,136
Financial investments		-600,000	-32,160,852
RECEIPTS:			
Tangible fixed assets		6,269,337	5,462,770
Intangible assets			
Financial investments			186,291
Other assets			
Interest and similar income		138,405	274,836
Dividends			
Net cash flows from investing activities (2)		**-12,727,904**	**-44,697,926**
FINANCING ACTIVITIES			
RECEIPTS:			
Borrowings			56,880,027
PAYMENTS:			
Borrowings		-14,987,586	-15,858,784
Operational and financial leasings			-1,819,009
Interest and similar costs paid		-10,726,631	-9,217,628
Dividends paid		-5,000,000	-5,000,000
Net cash flows from financing activities (3)		**-30,714,217**	**24,984,605**
Net increase in cash and cash equivalents (1+2+3)		-10,134,527	12,294,097
Perimeter variation			
Net foreign exchange difference		304,151	-378,021
Cash and cash equivalents at 1 January		22,961,152	11,045,077
Cash and cash equivalents at 31 December		13,130,776	22,961,152

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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 – President of the Executive Board
Rui António Faustino
Tomás Jervell

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, 5th floor, 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, Mitsubishi and Mazda 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, 2014, 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	Parent company
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 A.Ş.	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 KERESKEDELMI 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 CENTRAL EUROPE 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 TÜRKİYE YATIRIM HOLDİNG ANONİM ŞİRKETİ	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 PAZARLAMA 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). External 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).

The subsidiaries in Austria, Hungary, Croatia, Romania, Czech Republic and Slovakia, were only integrated into the group in the final quarter of 2013. As a result the consolidated financial statements for 2014 are not fully comparable with those of 2013, since the latter only include the income and expenses of the final three months of 2013 for those subsidiaries.

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 BASIS OF PRESENTATION

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, 2014.

a) Impact of adoption of standards and interpretations that became effective on 01 January 2014:

Standards

- **IAS 32** (amendment) 'Offsetting Financial assets and liabilities'. 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 offset" and clarifies that some systems of gross settlement (clearing houses) may be equivalent to net settlement. The adoption of this amendment had no impact on the Entity's Financial Statements.

- **IAS 36** (amendment) 'Disclosure of recoverable amount for non-financial assets'. 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. The adoption of this amendment had no impact on the Entity's Financial Statements.

- **IAS 39** (amendment) 'Novation of derivatives and continuation of hedge accounting'. 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. The adoption of this amendment had no impact on the Entity's Financial Statements.

- **Amendments to IFRS 10, 12 and IAS 27** - 'Investment Entities'. The amendment defines an investment entity and introduces an exception to the application of consolidation under IFRS 10 for entities that qualify as investment Entities whose investments in subsidiaries shall be measured at fair value through the profit or loss of the period by reference to IAS 39. Specific disclosures required by IFRS 12. This amendment is not applicable to the Entity, as it does not qualify as an investment Entity.

- **IFRS 10** (new) 'Consolidated financial statements'. 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 adoption of this amendment had no impact on the Entity's Financial Statements.

- **IFRS 11** (new), 'Joint agreements'. IFRS 11 focuses on the rights and obligations of joint agreements rather than their legal form. Joint agreements 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 adoption of this amendment had no impact on the Entity's Financial Statements.

- **IFRS 12** (new), 'Disclosure of interests in other entities'. This standard establishes the disclosure requirements for all types of interests in other entities, such as: subsidiaries, joint agreements, associates and structured entities, in order to allow assessment of the nature, risks and financial effects associated with the Entity's interests. The impact of the adoption of this standard refers to additional disclosures as presented in Note 10.

- **Amendments to IFRS 10, 11 and 12**, 'Transitional provisions'. 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 adoption of this amendment had no impact on the Entity's Financial Statements.

- **IAS 27** (2011 revision), 'Separate financial statements'. 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. Not applicable to consolidated accounts.

- **IAS 28** (2011 revision), 'IAS 28 Investments in associates and joint ventures'. 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 impact of the adoption of this standard refers to additional disclosures as presented in Note 10.1.

b) Standards, amendments to existing standards and previously published interpretations whose application is statutory for annual periods beginning on or after July 1, 2014, or later, and that the Entity decided not to adopt in advance:

Standards

- **IAS 1** (amendment), 'Revision of disclosures' (for application to periods starting on or after 1 January, 2016). This amendment is still subject to endorsement by the European Union. The amendment gives an indication about the materiality and aggregation, the presentation of subtotals, the structure of the financial statements and disclosure of accounting policies. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's Financial Statements.

- **IAS 16 and IAS 38** (amendment) 'Permitted amortization and depreciation calculation methods' (effective for annual periods beginning on or after 1 January, 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the use of the methods for calculation of asset depreciation/amortization based on revenue obtained are not generally deemed suitable for measurement of the pattern of consumption of economic benefits associated with the asset. This amendment applies prospectively. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's Financial Statements.

- **IAS 16 and IAS 41** (amendment) 'Agriculture: plants producing consumable biological assets' (effective for annual periods beginning on or after 1 January, 2016). This amendment is still subject to endorsement by the European Union. This amendment defines the concept of a plant that produces consumable biological assets and transfers this type of asset from the scope of IAS 41 - Agriculture to IAS 16 - Tangible assets, with consequent impact on measurement. However, the biological assets produced by these plants remain in the scope of IAS 41 - Agriculture. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's Financial Statements.

- **IAS 19** (amendment) 'Defined benefit plans - Employee contributions' (applicable for annual periods beginning on or after 1 July, 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. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's Financial Statements.

- **IAS 27** (amendment) 'Equity method in separate financial statements' (applicable for annual periods beginning on or after 1 January, 2016). This amendment is still subject to endorsement by the European Union. This amendment permits an entity to apply the equity method in the measurement of investments in subsidiaries, joint ventures and associates, in separate financial statements. This amendment applies retrospectively. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's consolidated Financial Statements.

- **Amendments to IFRS 10 and IAS 28**, 'Sale or contribution of assets between an investor and its Associate or Joint Venture' (effective for annual periods beginning on or after 1 January, 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that in the sale or contribution of assets between an investor and its associate or joint venture, the calculated gain/loss is recognized in full when the transferred assets are a business and only partially (in the share held by third parties) when the transferred assets are not a business. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's consolidated Financial Statements.

- **Amendments to IFRS 10, IFRS 12 and IAS 28**, 'Investment Entities: application of the exemption from the obligation to consolidate' (applicable for annual periods beginning on or after 1 January, 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the exemption from the obligation to consolidate applies to an intermediate holding company that is a subsidiary of an investment entity. Additionally, the option of applying the equity method, in accordance with IAS 28, extends to an entity which is not an investment entity, but which does hold an interest in an associate or joint venture that is an "Investment entity ". The adoption of this amendment, when it becomes effective, will have no impact on the Entity's consolidated Financial Statements.

- **IFRS 11** (amendment), "Accounting for the acquisition of an interest in a joint operation' (effective for annual periods beginning on or after 1 January, 2016) .This amendment is still subject to endorsement by the European Union. This amendment introduces guidance on accounting for the acquisition of an interest in a joint operation that qualifies as a business, to which the principles of IFRS 3 - business combinations -are applicable. The adoption of this amendment, when it becomes effective, is not expected to have an impact on the Entity's consolidated 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 will apply the expected improvements in each of these standards when they become effective, but no significant impacts are expected on the consolidated financial statements of the Entity.

- **Improvements to standards 2011 - 2013**, (applicable in the European Union to periods beginning on or after 1 January, 2015). 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. No significant impacts on the consolidated Financial Statements of the Entity are expected.

- **Improvements to standards 2012 - 2014**, (applicable in general to periods beginning on or after 1 January, 2016). These amendments are still subject to endorsement by the European Union. This cycle of improvements affects the following standards: IFRS 5, IFRS 7, IFRS 19 and IAS 34. The Entity will apply the expected improvements in each of these standards when they become effective, but no significant impacts are expected on the consolidated financial statements of the Entity.

- **IFRS 9** (new), "Financial instruments' (effective for annual periods beginning on or after 1 January, 2018). This standard is subject to endorsement by the European Union. IFRS 9 replaces the requirements of IAS 39 in respect of: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of impairment of receivables (through the expected loss model); and (iii) the requirements for recognizing and classifying hedge accounting. The Entity shall apply this amendment in the annual period in which it becomes effective. This amendment may have an impact on recycling impairments by results resulting from exceptional variations in financial instruments available for sale, recognized in Equity and that will no longer be made with the adoption of this new standard.

- **IFRS 14** (new), "Tariff deviations' (effective for annual periods beginning on or after 1 January, 2016). This standard is subject to endorsement by the European Union. This standard allows first-time adopters of IFRS to continue to recognize statutory assets and liabilities in accordance with the policy under the previous standard. However, to enable comparison with entities that have already adopted IFRS and that do not recognize statutory assets/liabilities, the amounts must be disclosed separately in the financial statements. The adoption of this amendment, when it becomes effective, will have no impact on the Entity's consolidated Financial Statements.

- **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January, 2017). This standard is subject to endorsement by the European Union. This new standard applies only to contracts for the delivery of products or services and requires an entity to recognize revenue when the contractual obligation to deliver assets or provide services is satisfied, for the amount that reflects the consideration to which the entity is entitled, as provided in the "5-step model". The adoption of this amendment, when it becomes effective, will have no impact on the Entity's consolidated Financial Statements.

INTERPRETATIONS

- **IFRIC 21** (new) 'Government levies' (effective for annual periods beginning on or after 17 June, 2014). IFRIC 21 is an interpretation of IAS 37 and of the recognition of liabilities. It clarifies that the past event resulting in an obligation to pay a fee or tax (not income tax) corresponds to the activity described in the relevant legislation requiring the payment. This standard does not apply to the entity.

SUMMARY TABLE - NEW STANDARDS:

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
EFFECTIVE STANDARDS AT 31 DECEMBER 2014		
IAS 32 - Financial instruments – Presentation	Offsetting financial assets and liabilities	1 January, 2014
AS 36 - Impairment of assets	Disclosures about the recoverable value of impaired assets	1 January, 2014
IAS 39 - Financial instruments – recognition and measurement	Derivatives novation and hedge accounting continuity	1 January, 2014
Amendments to IFRS 10, 12 and IAS 27: Investment Entities	Exemption from consolidation for investment Entities	1 January, 2014
IFRS 10 - Consolidated financial statements	New standard – Consolidation	1 January, 2014
IFRS 11 - Joint agreements	New standard - accounting treatment of joint agreements	1 January, 2014
IFRS 12 - Disclosure of interests in other entities	New standard - Disclosure for all interests in other entities	1 January, 2014
Amendments to IFRS 10, 11 and 12: Transition	Transitional arrangements	1 January, 2014
IAS 27 - Separate Financial Statements	Consolidation withdrawn from scope	1 January, 2014
IAS 28 - Investments in associates and joint ventures	Application to measurement of joint ventures	1 January, 2014
EFFECTIVE STANDARDS, ON OR AFTER 1 JULY, 2014, YET NOT ENDORSED BY THE EU		
IAS 1 - Presentation of financial statements	Revision of disclosures	1 January, 2016
IAS 16 and IAS 38 - Amortization/depreciation calculation methods	Income-based depreciation/amortization methods are not permitted in the measurement of the consumption of the economic benefits of tangible and intangible assets	1 January, 2016
IAS 16 and IAS 41 - Agriculture: Plants that produce consumable biological assets	Plants that only produce consumable biological assets fall under the scope of IAS 16 and are measured using the cost model or the revaluation model	1 January, 2016
IAS 19 - Employee benefits	Employee contributions accounting or other entities	1 July, 2014
IAS 27 - Separate Financial Statements	Option to use the equity method for measurement of investment in subsidiaries, joint ventures and associates	1 January, 2016
Amendments to IFRS 10 and IAS 28: sale and contribution of assets to associate or joint venture	Gain/loss on sale or contribution of assets to an associate or joint venture, based on the definition of "business"	1 January, 2016
Amendments to IFRS 10, 12 and IAS 28: application of the exemption from consolidation	Exemption from consolidation applied to investment entities, which may be extended to a parent company that does not qualify as an investment Entity but which is a subsidiary of an investment Entity	1 January, 2016
IFRS 11 - Joint agreements	Accounting for the acquisition of an interest in a joint operation that is a business	1 January, 2016
Improvement to standards 2010 – 2012	Clarifications	1 July, 2014
Improvement to standards 2012 – 2014	Clarifications	1 January, 2016
IFRS 9 - Financial Instruments	New standard - classification and measurement of financial instruments	1 January, 2018
IFRS 14 - Tariff deviations	Amendment to IFRS 1 to allow the adoption of the previous regulatory policy	1 January, 2016
IFRS 15 - Revenue from contracts with customers	Recognition of revenue related to the delivery of assets and provision of services, by applying the 5-step model	1 January, 2017
INTERPRETATIONS AND AMENDMENTS EFFECTIVE ON OR AFTER 1 JULY, 2014		
Standards improvement 2011 – 2013	Clarifications	1 January, 2015
IFRIC 21 – 'Government Levies'	New interpretation - Accounting for tax liabilities	17 June, 2014

2.2 CONSOLIDATION PRINCIPLES

The following are the consolidation principles adopted by the Group:

a) Financial investments in Group companies

Financial holdings 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 combinations 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 adjusted annually by the amount representing the Group's share in changes in the 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 holdings - 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 holdings - 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 2014 and 2013 the rates used in the translation to Euros of financial statements of foreign subsidiaries were as follows:

2014

COMPANY	CURRENCY	FINAL EXCHANGE RATE 2014	AVERAGE HISTORICAL EXCHANGE RATE 2014	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	FINAL EXCHANGE RATE 2013
ASC CONSTRUCTION EQUIPMENT, INC.	USD	1,21	1,33	1,36	1,38
ASCENDUM MAKINA TICARET A.S.	TRY	2,83	2,91	1,94	2,96
ASCENDUM TÜRKIYE YATIRIM HOLDING ANONIM SIRKETI	TRY	2,83	2,91	1,94	2,96
ART HAVA VE RAY EKIPMANLARI LTD. STI	TRY	2,83	2,91	1,94	2,96
AIR RAIL POLSKA	PLN	4,27	4,18	4,18	4,15
ASC MAQUINARIA MEXICO	MXN	17,87	17,66	16,89	18,07
AIR-RAIL MAROC	MAD	10,98	11,17	11,16	11,24
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKE-DELMI Kft	HUF	315,54	308,71	298,15	297,04
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	HRK	7,66	7,63	7,62	7,63
ASCENDUM MACHINERY SRL	RON	4,48	4,44	4,46	4,47
ASCENDUM STAVEBENI STROJE CZECH s.r.o	CZK	27,74	27,54	25,73	27,43
TRP YEDEK PARÇA ITHALAT IHRACAT VE PAZARLAMA LIMITED SIRKETI	TRY	2,83	2,91	2,31	2,96
APPLICABILITY		**STATEMENT OF FINANCIAL POSITION ACCOUNTS EXCEPT FOR EQUITY**	**P&L**	**ISSUED CAPITAL**	**RETAINED EARNINGS**

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
ASCENDUM MAKINA TICARET A.S.	TRY	2,96	2,53	1,94	2,36
ASCENDUM TÜRKIYE YATIRIM HOLDING ANONIM SIRKETI	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 KERESKE-DELMI 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**

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
Transport Equipment	4-5
Tools and utensils	4-14
Administrative 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.

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 tangible 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) Leasing

Leases are classified as: (i) finance leases, if they are used for substantial transfer of all the inherent risks and rewards of ownership of the leased asset; (ii) operating leases, if they are not used for substantial transfer of all the inherent risks and rewards 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 exist 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 measured 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, 2014 and 2013, the ASCENDUM Group did not hold financial instruments in the categories "financial assets held for trading and" "instruments measured 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 2014, 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, whether 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, whether 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) Current 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 loans obtained.

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, 2014 and 31 December, 2013 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 tax

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 75% for more than a year.

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 basis and Revenue recognition

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, 2014 and 2013, 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 consolidated financial statements for the years ended 31 December, 2014 and 2013 include:

a) Useful lives of tangible and intangible assets;

b) Recording of adjustments in the values of assets (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-14	%	DEC-13	%	DEC-14	%	DEC-13	%
Turquish Lira (TRY)	88,270,022	15%	112,460,349	21%	43,531,418	10%	48,811,791	12%
American Dolar (USD)	152,925,628	27%	138,853,736	26%	149,146,854	35%	109,857,482	28%
Poland Zloty (PLN)	-4,079	0%	11,534	0%	612	0%	630	0%
Mexican Peso (MXN)	18,428,097	3%	20,046,523	4%	21,966,384	5%	14,498,737	4%
Romanian Lei (RON)	5,249,669	1%	4,909,579	1%	5,148,934	1%	3,945,236	1%
Moroccan Dirham (MAD)	307,497	0%	29,264	0%	345,448	0%	6,132	0%
Hungary Forint (HUF)	2,264,910	0%	2,602,689	0%	2,746,337	1%	2,510,463	1%
Croatian Kuna (HRK)	496,049	0%	534,556	0%	930,050	0%	244,367	0%
Czech Koruna (CZK)	5,573,969	1%	11,718,955	2%	4,447,167	1%	8,302,149	2%
TOTAL - CONSOLIDATED BALANCE SHEET - IFRS	**576,558,680**		**539,389,764**		**425,962,377**		**396,393,575**	

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 price risk management in relation to stored goods is monitored primarily 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 which seek to anticipate change trends in the prices of traded goods and to adapt 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 management of the price risk 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, 2014, the Group held a portfolio of available-for-sale securities representing equity instruments of companies listed on the Lisbon Stock Exchange:

   - 11,084,734 Banco Português de Investimento (Portuguese Investment Bank) shares;

   - 227,282 Banco Millennium BCP shares.

The Group's sensitivity to listing changes in the above available-for-sale Investments, compared to the price recorded at 31 December, 2014, can be summarized as follows (increases/(decreases)):

	2014		
INVESTMENTS AVAILABLE FOR SALE	VARIATION	CAPITAL EQUITY	TOTAL
BPI	-10%	(1,137,294)	(1,137,294)
	-20%	(2,274,587)	(2,274,587)
	10%	1,137,294	1,137,294
	20%	2,274,587	2,274,587
BCP	-10%	(1,493)	(1,493)
	-20%	(2,986)	(2,986)
	10%	1,493	1,493
	20%	2,986	2,986

Note: Net of tax effect

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)):

		2014	2013
	VARIATION	P&L	P&L
Bank loans	1 p.p	2,059,771	1,760,695
Bank loans	(1 p.p)	(2,059,771)	(1,760,695)

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, 2014 and 2013, the Group had net debt of 188,979,183 Euros and 194,083,983 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 518 million Euros. At 31 December, 2014, 316 million Euros were available for use 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 terms, 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, 2014 and 2013 are disclosed in Note 25.

At 31 December, 2014 and 2013, 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, 2014, 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 of capital held at 31 December, 2014 and 2013, are as follows:

COMPANY	EFFECTIVE SHAREHOLDING PERCENTAGE		CONSOLIDATION METHOD
	DEC-14	DEC-13	
ASCENDUM, S.A.	Parent Company	Parent Company	Full
AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA.	50%	50%	Full
AIR-RAIL MAROC	50%	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%	33%	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
ASCENDUM MAKINA TICARET A.S.	100%	100%	Full
ASCENDUM BAUMASCHINEN ÖSTERREICH GmBH	100%	100%	Full
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI Kft	100%	100%	Full
ASCENDUM ESPAÑA, S.L.	100%	100%	Full
ASCENDUM CENTRAL EUROPE GMBH	100%	100%	Full
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	100%	100%	Full
ASCENDUM MACHINERY SRL	100%	100%	Full
ASCENDUM TÜRKIYE YATIRIM HOLDING ANONIM SIRKETI	100%	100%	Full
ASCENDUM PORTUGAL, SERVIÇOS DE GESTÃO, Unipessoal, LDA.	100%	100%	Full
ASCENDUM STAVEBENI STROJE CZECH s.r.o	100%	100%	Full
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	100%	100%	Full
COTIAC - SGPS, Unipessoal, LDA.		100%	Full
GLOMAK SGPS, S.A.	100%	100%	Full
HARDPARTS MOÇAMBIQUE, LDA.	100%	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
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 IFRS 10 - "Consolidated and separate financial statements" (control of the subsidiary through majority of voting rights, or other mechanism, as owner of company shares - Note 2.1 a)).

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.

50% holdings in the above list released were included in the consolidated Financial Statements using the full consolidation method. This is because, in addition to the percentage of direct and/or indirect holding, the group controls decisions taken in the Board of Directors of Air Rail, S.L., which in turn controls the other "Air Rail" subsidiaries and also the subsidiary "Importadora Distribuidora de Maquinaria Industrial Zephir, S.L.

5. CHANGES IN THE CONSOLIDATION SCOPE

During the year ended December 31, 2014 there was only one change in the consolidation scope:

- Exit of companies:

  The company COTIAC, SGPS, Unipessoal Lda, underwent merger by incorporation in ASCENDUM S.A.

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

6. INTANGIBLE ASSETS

During the financial years ended 31 December, 2014 and 2013, movements in intangible assets and in the respective depreciations and accumulated impairment losses, were as follows:

2014	INDUSTRIAL PROPERTY AND OTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
GROSS ASSETS:				
2014 Opening balance	5,623,531	2,089,035	1,617	7,714,183
Additions	466,670	582,244	480	1,049,395
Disposals	(60,949)	(2,889)		(63,838)
Translation differences	278,008	47,939		325,947
DECEMBER 31, 2014 FINAL BALANCE	**6,307,260**	**2,716,329**	**2,097**	**9,025,687**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES:				
2014 Opening balance	(707,400)	(1,342,662)	0	(2,050,062)
2014 Amortization for the year	(142,900)	(555,012)		(697,912)
Translation differences	15,002	(29,954)		(14,952)
Disposals, transfers and write-offs	3,084	3,062		6,145
DECEMBER 31, 2014 FINAL BALANCE	**(832,215)**	**(1,924,566)**	**0**	**(2,756,780)**
NET VALUE	**5,475,046**	**791,763**	**2,097**	**6,268,907**

Additions recognized in 2014, under the headings of Industrial Property and Other Rights and Computer Programs, relate to investment in the new ERP project, "AsSAP", which is intended to be a medium-term project, with all group companies using the same computer and management system.

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)
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, in 2013, 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.

7. TANGIBLE FIXED ASSETS

During the financial years ended 31 December, 2014 and 2013, movements in tangible fixed assets and in the respective depreciations and accumulated impairment losses, were as follows:

2014	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
GROSS ASSETS:								
2014 Opening 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
Additions	526,428	4,944,259	26,263,185	2,556,999	468,818	190,575	1,218,508	36,168,772
Disposals, transfers and write-offs		(122,306)	(6,557,442)	(2,372,864)	(13,080)	(9,201)		(9,074,893)
Translation differences	650,181	294,569	6,530,407	(341,935)	347,569	(149,848)	(2,086,308)	5,244,634
DECEMBER 31, 2014 FINAL BALANCE	**25,318,849**	**53,568,587**	**128,736,863**	**10,575,916**	**13,318,572**	**1,235,093**	**1,861,593**	**234,615,474**
DEPRECIATIONS AND ACCUMULATED IMPAIRMENT LOSSES:								
2014 Opening balance	0	(21,736,495)	(15,582,838)	(6,983,104)	(9,827,569)	(817,795)	0	(54,947,801)
2013 Depreciation for the year		(2,383,195)	(23,793,764)	(1,263,197)	(798,599)	(189,513)		(28,428,268)
Disposals, transfers and write-offs		2,567	1,530,958	1,635,515	12,909	10,414		3,192,362
Translation differences		(114,690)	(188,481)	191,953	(334,445)	75,720		(369,943)
Impairment losses			1,352,161					1,352,161
DECEMBER 31, 2014 FINAL BALANCE	**0**	**(24,231,813)**	**(36,681,964)**	**(6,418,834)**	**(10,947,704)**	**(921,175)**	**0**	**(79,201,489)**
NET VALUE	**25,318,849**	**29,336,775**	**92,054,899**	**4,157,082**	**2,370,868**	**313,918**	**1,861,593**	**155,413,984**

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**

In 2014 the most significant variations were under "Additions" and are mainly explained by an increase in rental fleet equipment, primarily in the United States and Austria.

In 2013, the most significant variations are under "Additions" and are primarily explained by the inclusion of tangible fixed assets in the scope, due to the acquisition of the Central Europe companies, as mentioned in Note 5.

8. INVESTMENT PROPERTIES

At 31 December, 2014 and 2013, 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 the assets which, in the latter evaluation, showed market values close to the book values. The results of the evaluations showed market values higher than the book values at 31 December. The Directors therefore considered: (i) extension of the conclusions thereof to all investment properties in the balance sheet at 31 December, 2014; (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 2014 and 2013 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 2014 and 2013:

	DEC-13 OPENING BALANCE	INCREASES	DECREASES	NEW ENTRIES ON THE PERIMETER	DEC-14 FINAL BALANCE
AIR RAIL, S.L.	4,752		1,728		3,024
ASCENDUM, S.A.	2,801,498	209,555	211,566		2,799,487
GLOMAK, S.G.P.S, Lda	141,706		1,474		140,232
ASCENDUM III, Máquinas	0	45,783			45,783
TEA ALOYA INMOBILIARIA, S.A.	78,260				78,260
TOTAL	**3,026,216**	**255,339**	**214,768**	**0**	**3,066,787**

	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**

During financial years 2014 and 2013, there was no income or expenses related to the investment properties.

9. GOODWILL

The following table discloses the initial and final balances and variations during financial years 2014 and 2013 under the goodwill heading.

GOODWILL	2014	2013
GROSS ASSETS:		
Opening balance	41,222,540	34,655,457
Additions	0	10,396,771
Transfers, write-offs and adjustments	830,483	(3,829,688)
FINAL BALANCE	**42,053,023**	**41,222,540**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES:		
Opening balance	(1,592,186)	(1,522,186)
Depreciation for the year	0	(70,000)
FINAL BALANCE	**(1,592,186)**	**(1,592,186)**
NET VALUE	**40,460,837**	**39,630,354**

The increase in the value of Goodwill in 2014, compared to 2013, relates to the effect of adjustments in exchange rates, arising from translation of the functional currencies in which they are recognized, to the reporting currency of the consolidated financial statements.

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), also in 2013, Goodwill amounting to 465,867 Euros (USD 647,118), was also recognized, as shown below:

U.S. Dollars

PURCHASE PRICE ALLOCATION (PPA)	FAIR VALUE
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.

The following presents a breakdown of the overall goodwill value at 31 December, 2014 and 2013, as well as the method and assumptions used to ascertain the existence, or otherwise, of impairment, associated with each:

2014	ASC MÁQUINAS	ASC USA	ASC TURK	ASC MEXICO	ASCENDUM GMBH	ASCENDUM ROMANIA	TRACTORRASTOS
Goodwill	7,923	533,002	15,333,662	1,195,549	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)	8.3%	13.0%	16.0%	9.20%	8.3%	8.3%	8.33%

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

2014 (cont.)	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	**40,460,836**
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%	0%	0%	0%	0%	0%	
Used discount rate (2)	8.33%	7.8%	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

2013	ASC MÁQUINAS	ASC USA	ASC TURK	ASC MEXICO	ASCENDUM GMBH	ASCENDUM ROMANIA	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 (cont.)	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

The Board of Directors, based on projected cash flow values discounted at rates deemed applicable, concluded that at 31 December, 2014, 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 HOLDINGS

10.1 FINANCIAL HOLDINGS – EQUITY METHOD

2014	TOTAL EQUITY	NET PROFIT FOR THE YEAR	% SHARE CAPITAL HELD	CARRIED VALUE FROM THE FINANCIAL PARTICIPATION	APPROPRIATED RESULT
Amplitude Seguros - Corretores de Seguros S.A.	259,259	97,787	33.33%	86,411	32,593

2013	TOTAL EQUITY	NET PROFIT FOR THE YEAR	% SHARE CAPITAL HELD	CARRIED VALUE FROM THE FINANCIAL PARTICIPATION	APPROPRIATED RESULT
Amplitude Seguros - Corretores de Seguros S.A.	181,848	55,019	33.33%	60,610	18,337

10.2 FINANCIAL HOLDINGS - OTHER METHODS, AND OTHER FINANCIAL ASSETS

	2014	2013
Financial Investments - Other methods	11,659,039	18,774,465
Other non-current financial assets	231,906	392,758
Other current financial assets	8,911	52,411

a) Financial holdings - other methods - financial investments available for sale:

During the financial years ended 31 December, 2014 and 2013 the group held the following securities portfolio available for sale:

	SHARES	QUOTE 31.12.14	VALUE AT 31.12.14
BPI	11,084,734	1.026	11,372,937
BCP	227,282	0.066	15,001
ESFG	1,020,000	0.00	0
TOTAL			**11,387,938**

	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
TOTAL			**18,449,957**

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

	DEC-14	DEC-13
Fair Value on January, 1st	18,449,957	15,852,728
Acquisitions during the year	9,401	
Increase/(decrease) in Fair Value - Equity	(5,856,099)	2,675,326
Increase/(decrease) in Fair Value - P&L	(8,188)	7,521
Impairment losses in investiments held for sale	(1,208,700)	
Other adjustments	1,567	(85,618)
FAIR VALUE AS OF 31 DECEMBER	**11,387,938**	**18,449,957**
Non current assets	11,387,938	18,449,957
TOTAL	**11,387,938**	**18,449,957**

During 2014, financial investments available for sale were moved by depreciations recorded during the year, compared to prices at 31 December, 2013, in the shares of BPI, in the amount of 2,107,599 Euros, Millennium BCP, in the amount of 8,188 Euros and ESFG, in the amount of 3,748,500 - until the date on which the shares of the latter company were withdrawn from the Lisbon Stock Exchange as a result of the bankruptcy of the company. The ASCENDUM board of directors, in response to the declaration of bankruptcy of ESFG, decided to recognize immediately, as impairment for the period, the carrying amount at that date, which was 1,208,700 Euros.

Acquisition in the year 2014 of 144,634 shares in Millennium BCP for 9,401 Euros.

In financial year 2013 available-for-sale financial investments were moved by appreciation during the year, against the prices at 31 December, 2012, in the shares of BPI, in the amount of 3,103,726 Euros and depreciation in the shares of ESFG, in the amount of 428,400 Euros, with counter-entry in equity, and by appreciation in the shares of Millennium BCP, in the amount of 7,521 Euros, with counter-entry in the income of the period.

Furthermore, the effect on equity and impairment losses of recording "Available-for-sale investments" at fair value in financial years 2014 and 2013 can be summarized as follows:

	DEC-14	DEC-13
Fair Value variations	(5,856,099)	2,675,326
Deferred Tax Assets	631,830	(931,118)
EQUITY EFFECT	**(5,224,270)**	**1,744,208**
Increase/(decrease) in Fair Value	(8,188)	7,521

b) Financial holdings - other methods - Other holdings:

	SHAREHOLDING %	DEC-14 GLOBAL VALUE	DEC-13 GLOBAL VALUE
Arnado, Lda	5%		
Garval, Lisgarnte, Norgarante	-	271,102	324,508
Vortal, SGPS S.A.	1.23%		

10.3 OTHER FINANCIAL ASSETS

The balance presented in 2014 and 2013 as "non-current", basically relates to collateral related to our facilities in Spain.

11. INVENTORIES

At 31 December, 2014 and 2013, this heading had the following composition:

	DEC-14	DEC-13
Raw Materials, Subsidiary, and Consumption Materials		
Products and works in progress	2,159,902	2,159,532
Finished and intermediate products	9,106	19,775
Stock	194,234,026	157,812,202
Advances on account of purchases	(601)	0
Inventories Impairments (Note 25)	(5,512,921)	(5,177,930)
TOTAL	**190,889,513**	**154,813,579**

The cost of sales in financial years ended 31 December, 2014 and 2013 was calculated as follows:

	DEC-14			DEC-13		
	STOCK	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL	STOCK	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL
Opening inventories	157,812,202	0	157,812,202	157,361,357	0	157,361,357
Net purchases	542,796,735	0	542,796,735	402,745,926	0	402,745,926
Perimeter variation	0	0	0	14,856,513	0	14,856,513
Final inventories	194,234,026	0	194,234,026	157,812,202	0	157,812,202
TOTAL	**506,374,911**	**0**	**506,374,911**	**417,151,594**	**0**	**417,151,594**

Variation in output for the financial years ended 31 December, 2014 and 2013 was calculated as follows:

	FINISHED, INTERMEDIATE PRODUCTS, AND WORKS IN PROGRESS	
	DEC-14	DEC-13
Final inventories	2,169,008	2,179,307
Stock adjustments	49,848	602,952
Opening inventories	2,179,307	1,250,266
TOTAL	**(60,146)**	**326,089**

12. CUSTOMERS

At 31 December, 2014 and 2013, this heading had the following composition:

	ASSETS	
	DEC-14	DEC-13
Customers - current	93,965,152	92,999,272
Customers - trade bills receivable	9,481,928	9,633,870
Customers - doubtful debts	18,528,570	18,452,119
	121,975,650	**121,085,261**
Impairment losses - doubtful debts (Note 25)	(20,999,171)	(20,820,691)
	100,976,479	**100,264,570**

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 2014 and 2013 amounted to 1,222,582 and 1,726,055 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, 2014 and 2013, this heading had the following composition:

	DEC-14		DEC-13	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Advances to suppliers	1,952,937		1,120,035	
SUB-TOTAL	**1,952,937**	**-**	**1,120,035**	**-**
Other accounts receivables	4,385,654	1,055,876	4,255,187	1,102,665
Accrued income	1,439,408		1,684,917	
SUB-TOTAL	**5,825,063**	**1,055,876**	**5,940,103**	**1,102,665**
TOTAL	**7,778,000**	**1,055,876**	**7,060,139**	**1,102,665**

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

Other accounts receivable in 2014 and 2013 contained 1,587,606 relating to a receivable balance with non-controlling interests.

14. DEFERRALS - (ASSETS)

At 31 December, 2014 and 2013, this heading had the following composition:

	DEC-14	DEC-13
DEFERRED COSTS:		
Insurance	420,624	173,924
Financial costs	24,005	401,749
Rents	157,027	117,251
Other bank services	298,514	95,337
Others	2,206,068	1,046,309
TOTAL	**3,106,239**	**1,834,570**

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, 2014 and 2013, can be summarized as follows:

2014	DEC-13	PERIMETER VARIATION	P&L IMPACT	EQUITY IMPACT	DEC-14
DEFERRED TAX ASSETS:					
Non-tax deductible provisions	4,266,423	0	785,042	0	5,051,465
Reportable Tax Losses	10,719,122	0	1,995,932	0	12,715,054
Non-tax deductible amortizations	1,386,743	0	417,802	4,119	1,808,664
Amortization of Goodwill - Tax deductible	2,021,798	0	(134,865)	0	1,886,933
Reporting of net Financing Expenses	0	0	438,053	0	438,053
Elimination - Internal Margins	729,472	0	(78,080)	0	651,392
Investment Properties Impairments	66,944	0	0	0	66,944
Financial Investments Impairments	3,208,729	0	0	631,830	3,840,559
	22,399,232	**0**	**3,423,884**	**635,949**	**26,459,065**
DEFERRED TAX LIABILITIES:					
Amortizations resulting from legal and free revaluations	(3,955,555)	0	584,559	89,956	(3,281,039)
Effect of reinvesting capital gains generated by fixed assets disposals	(21,487,382)	0	(3,005,285)	(3,391,429)	(27,884,097)
	(25,442,938)	**0**	**(2,420,726)**	**(3,301,473)**	**(31,165,136)**
NET EFFECT	**(3,043,706)**	**0**	**1,003,158**	**(2,665,524)**	**(4,706,071)**

2013	DEC-12	PERIMETER VARIATION	P&L IMPACT	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
Investment Properties Impairments	66,944	0	0	0	66,944
Financial Investments Impairments	4,139,847	0	0	(931,118)	3,208,729
	18,731,445	**748,328**	**3,850,577**	**(931,118)**	**22,399,232**
DEFERRED TAX LIABILITIES:					
Amortizations resulting from legal and free revaluations	(4,067,055)	0	1,012,845	(901,345)	(3,955,555)
Effect of reinvesting capital gains generated by fixed assets disposals	(20,988,442)	(14,830)	(484,110)	0	(21,487,382)
	(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)**

In 2014, the deferred taxes presented above include:

1 - Movements in assets, relating mainly to:

(i) Tax losses, essentially those of ASCENDUM, S.A., resulting from taxation of consolidated profits for companies based in Portugal, and the operations of Glomak outside Portugal;

(ii) Increase in non-tax-deductible tax provisions and impairments;

(iii) Net expenditure on bank financing supported in Portugal, not accepted in the period in which it occurred due to it exceeding the tax limit and which can be carried forward up to the fifth following year.

(iv) Reduction in deferred tax assets relating to the valuation of the BPI shares.

2 - In terms of deferred tax liabilities, the increase was due primarily to the increase in the deferred tax liability of the US subsidiary - ASC USA - due to the tax effect of reinvested capital gains.

b) Tax losses carried forward:

COMPANY	TAX LOSSES CARRIED FORWARD	DEADLINE FOR THE USE OF TAX LOSSES
ASCENDUM - 2011	1,603,307	2015
ASCENDUM - 2012	1,737,564	2017
ASCENDUM - 2013	1,185,178	2018
Volmaquinaria - 2009	36,478	2024
Volmaquinaria - 2010	164,624	2025
ASC USA - 2010	8,015,364	2030
ASC USA - 2011	9,743,285	2031
ASC USA - 2012	1,689,809	2032
ASC USA - 2014	957,669	2034
ASC Bogazici - 2013	896,796	2018
ASC Bogazici - 2014	732,059	2019
ART - 2012	106,699	2017
ART - 2013	89,720	2018
ART - 2014	117,052	2019

In 2014 deferred tax assets on tax losses in ASCENDUM, SA were recognized to the extent that all the requirements of paragraph 34 of IAS - 12 were satisfied, at the balance sheet date and according to forecast future taxable income.

Under existing legislation in Portugal, tax losses can be carried forward for six years for periods ending up to 31 December, 2009, 4 years for periods ending up to 31 December, 2010 and 2011, 5 years for periods ending in 2012 and 2013 and 12 years for periods ending in 2014, following their occurrence and subject to deduction from taxable profits during this carry-forward period up to 70% of taxable income.

In Spain there is no limit on the use of tax losses from 2014.

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 75% of the capital has been held for more than one year, are taxed subject to CIT - Corporate Income Tax in accordance with the Special Taxation System for Groups of Companies ("RETGS") provided for in Articles 70 and 71 of the CIT 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 existing legislation, 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 are 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:	2014	2013
Austria	25.0%	25.0%
Croatia	20.0%	20.0%
Slovakia	22.0%	23.0%
Spain	30.0%	30.0%
United States of America	35.0%	35.0%
Hungary	19.0%	19.0%
Mexico	30.0%	30.0%
Portugal	24.5%	26.5%
Czech Republic	19.0%	19.0%
Romania	16.0%	16.0%
Turkey	20.0%	20.0%

At each reporting date, the Group carries out a rigorous evaluation of the recoverability capacity of carrying forward tax losses, for recognition of the corresponding Deferred Tax Assets. In 2014 Deferred Tax Assets were only recognized on the part of tax losses that are likely to be recovered in future income, in accordance with the business plans of the respective companies, based on tax rates in effect in the future and which are currently unknown.

16. CASH AND BANK DEPOSITS

At 31 December, 2014 and 2013 the breakdown of cash and cash equivalents was as follows:

	DEC-14	DEC-13
Cash	148,976	146,637
Current Bank Deposits	12,981,800	22,814,516
	13,130,776	**22,961,152**

At 31 December, 2014 the Company and its subsidiaries had available credit lines of up to 518 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, in the 2013 period, 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, 2014, 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 Euro 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

Dividends

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

By resolution of the General Meeting of Shareholders of 1 April, 2014, dividends were paid in the amount of 5,000,000 Euros.

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 result 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, 2014 and 2013 was as follows:

	DEC-14	DEC-13
Opening balance on January, 1st	3,950,541	2,578,658
Net profit for the period attributed to non-controlled interests	560,997	432,859
Other variations in equity attributed to non-controlled interests	0	1,000,000
Other variations in equity	288,304	(60,976)
FINAL BALANCE ON DECEMBER, 31TH	**4,799,843**	**3,950,541**

20. LOANS OBTAINED

At 31 December, 2014 and 2013, the structure of the heading "Loans Obtained" was as follows:

	DEC-14		DEC-13	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bank loans/current accounts /overdrafts	80%	8%	66%	11%
Commercial papers, leasings and others	20%	92%	34%	89%
	100%	**100%**	**100%**	**100%**

Under the loans heading, non-current at 31 December, 2014, 20% matures in more than 5 years.

Bank loans bear interest in accordance with market rules and spreads traded by the Group, based, in most situations, on the 3-month Euribor.

21. SUPPLIERS

At 31 December, 2014 and 2013 this heading consisted of current payables to suppliers all with short-term maturities.

At 31 December, 2014 and 2013, 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, 2014 and 2013, this heading had the following composition:

	CURRENT LIABILITIES		NON-CURRENT LIABILITIES	
	DEC-14	DEC-13	DEC-14	DEC-13
Accrued expenses liabilities	13,350,177	11,393,928	-	-
Investments suppliers	17,351,310	19,031,490	14,964,860	16,436,733
Other accrued expenses	4,303,183	8,466,434	39,447,304	22,217,444
	35,004,670	**38,891,852**	**54,412,164**	**38,654,176**

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, 2014 and 2013 the “State and Other Public Entities” item can be broken down as follows:

	ASSETS		LIABILITIES	
	DEC-14	DEC-13	DEC-14	DEC-13
Withholding tax on income	0	0	671,745	849,503
Value Added Tax	15,185,314	13,316,630	8,285,437	5,846,209
Income Tax	771,705	692,177	1,449,376	2,508,838
Social Security Contributions	0	0	934,203	809,669
Others	8,931	14,956	71,804	62,397
TOTAL	**15,965,950**	**14,023,762**	**11,412,565**	**10,076,616**

24. DEFERRALS - (LIABILITIES)

At 31 December, 2014 and 2013 the "Deferrals" item can be broken down as follows:

	DEC-14	DEC-13
REVENUE DEFERRALS		
Sales and services to recognize	2,337,334	4,623,137
Others	709,352	611,033
TOTAL	**3,046,686**	**5,234,169**

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, 2014 and 2013 was as follows:

2014

DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	PERIMETER VARIATION	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - accounts receivables (Note 12)	20,820,691	23,135	0	2,194,061	(1,501,415)	(537,300)	20,999,171
Accumulated impairment losses - inventories (Note 11)	5,177,930	(52,550)	0	1,986,733	(1,121,818)	(477,374)	5,512,921
Provisions	2,412,467	(12,840)	0	646,582	(309,173)	669,921	3,406,957

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

At 31 December, 2014 and 2013, the detail of the "Provisions" item presented in the balance sheet is as follows:

DESCRIPTION	DEC-14	DEC-13
Provisions for guarantees	1,663,925	1,770,440
Legal proceedings in progress	27,500	27,766
Other provisions	1,715,532	614,262
TOTAL	**3,406,957**	**2,412,467**

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 Legal Proceedings in Progress 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, 2014 and 2013, 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, 2014 and 2013 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 2014 and 2013 the ASCENDUM Group had the following financial commitments:

Responsabilities	DEC-14	DEC-13
Buybacks	15,992,060	21,440,358
TOTAL	**15,992,060**	**21,440,358**

The decrease in the liabilities listed in the above table was due to a reduction in liabilities due to an equipment repurchase agreement in ASC USA and Volmaquinaria.

TYPES	DEC-14	DEC-13
Warranties granted to importers of represented brands	2,165,000	1,305,000
Guarantees provided in public contests	204,718	1,628,475
Guarantees for the supply of water, electricity, fuel and similar	592,370	593,253
Other guarantees	209,547	671,673
TOTAL	**3,171,634**	**4,198,401**

At year end 2014 and 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 ÖSTERREICH GMBH and ASCENDUM MACHINERY as collateral for loans used to acquire those shareholdings.

28. INCOME TAX

Income taxes recognized in the financial years ended 31 December, 2014 and 2013 are broken down as follows:

RESPONSABILITIES	DEC-14	DEC-13
Current Tax	6,173,200	6,119,949
Deferred Tax (Note 15)	(1,003,158)	(4,328,711)
TOTAL	**5,170,042**	**1,791,237**

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 2014 and 2013, 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-14	DEC-13
Profit/Loss of the period	12,090,601	12,775,176
Average number of ordinary shares	15,000,000	15,000,000
Basic earnings per share	**0.81**	**0.85**
Diluted earnings per share	**0.81**	**0.85**

30. INFORMATION BY GEOGRAPHICAL MARKETS AND ACTIVITY

The main information on geographical markets and activity at 31 December, 2014 and 2013 is as disclosed in Note 32.

31. AVERAGE NUMBER OF EMPLOYEES

During the financial years ended 31 December, 2014 and 2013, the average number of employees of the Group was as follows:

STAFF	DEC-14	DEC-13
Board	23	23
Directors	59	59
Managers	157	157
Human Resources	11	11
Financial and Administrative	182	166
Commercial	227	211
After-Sales	737	721
TOTAL	**1,396**	**1,348**

The increase in the HR total in 2014 compared to 2013 (48 people) is primarily explained by an increase of 18 people in the USA ASC operation and 10 people in Central Europe (CEG).

32. CONTRIBUTION OF GEOGRAPHICAL AREAS TO THE STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2014 AND 2013

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, 2014 and 2013, was as follows:

	DEC-14		DEC-13	
MARKET	**VALUE**	**%**	**VALUE**	**%**
Portugal	108,070,423	15.93%	118,966,559	21.28%
Spain	64,108,991	9.45%	46,852,504	8.38%
United States of America	183,665,911	27.07%	138,264,833	24.74%
Turkey	170,378,196	25.11%	211,526,577	37.85%
Mexico	17,291,299	2.55%	14,142,460	2.53%
Poland	0	0.00%	4,730	0.00%
Morocco	171,403	0.03%	23,279	0.00%
Austria	75,599,412	11.14%	17,929,770	3.21%
Hungary	9,114,685	1.34%	2,268,820	0.41%
Romania	11,272,660	1.66%	1,577,515	0.28%
Croatia	3,311,832	0.49%	447,848	0.08%
Czech Republic	21,622,692	3.19%	5,721,617	1.02%
Slovakia	5,069,058	0.75%	1,193,046	0.21%
Mozambique	8,907,982	1.31%	3,297	0.00%
TOTAL	**678,584,544**	**100%**	**558,922,855**	**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 2014:

2014	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	25,902,168	30,616,954	26,325,018	83,427,986	2,602,858	-15,230,862	25,934,685
Spain	20,338,569	17,442,985	17,403,318	3,568,053	983,438	17,828,543	6,233,671
United States of America	67,133,279	82,025,957	18,067,790	-	82,274,944	38,057,670	28,412,132
Turkey	5,085,409	31,639,865	19,274,073	4,749,067	-	12,436,568	25,473,922
Mexico	1,831,936	12,420,306	4,746,332	288,923	-	13,092,538	4,160,178
Poland	-	-	6,400	-	-	270	-
Morocco	203	-	209,667	-	-	310,579	-
Austria	30,789,369	5,491,523	8,930,644	16,995,196	2,221,160	33,310,449	2,866,146
Hungary	557,440	496,834	1,320,072	-	144,533	1,951,430	-
Romania	139,597	1,444,756	3,425,767	-	299,056	4,466,583	-
Croatia	6,965	97,817	422,373	-	30,688	770,612	-
Czech Republic	2,541,496	1,215,369	3,700,384	-	347,738	3,589,686	-
Slovakia	345,851	876,152	1,159,443	-	79,842	969,870	-
Mozambique	741,701	7,120,996	1,810,260	-	-	7,632,390	-
TOTAL	**155,413,984**	**190,889,513**	**106,801,541**	**109,029,225**	**88,984,257**	**119,186,327**	**93,080,734**

2013	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	27,331,965	29,819,148	39,106,990	87,877,530	2,849,634	-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
United States of America	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**	**66,509,580**	**95,749,607**	**103,962,162**

2014	SALES AND SERVICES RENDERED	COSTS OF SALES	SUPPLIERS AND EXTERNAL SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	PROFIT/LOSS OF THE PERIOD
Portugal	108,070,423	(80,639,754)	(11,873,290)	(13,390,999)	(1,026,351)	1,140,029
Spain	64,108,991	(46,796,743)	(7,448,843)	(6,073,410)	(4,004,902)	(214,906)
United States of America	183,665,911	(137,317,970)	(5,813,288)	(15,960,629)	(20,345,605)	4,228,419
Turkey	170,378,196	(135,648,781)	(13,079,771)	(8,883,515)	(7,922,170)	4,843,959
Mexico	17,291,299	(13,262,903)	(3,720,944)	(3,561)	(846,695)	(542,804)
Morocco	171,403	0	(219,280)	0	(1,806)	(49,682)
Austria	75,599,412	(48,075,953)	(7,336,136)	(10,077,930)	(9,577,301)	532,093
Hungary	9,114,685	(7,408,324)	(836,169)	(643,184)	(133,634)	93,374
Romania	11,272,660	(9,117,960)	(896,121)	(1,000,425)	(54,412)	203,742
Croatia	3,311,832	(2,587,720)	(232,761)	(281,818)	(100,268)	109,265
Czech Republic	21,622,692	(16,142,210)	(1,743,119)	(1,822,246)	(1,415,145)	499,972
Slovakia	5,069,058	(3,732,329)	(516,563)	(670,351)	(86,188)	63,626
Mozambique	8,907,982	(5,644,264)	(1,041,540)	(443,212)	(595,451)	1,183,515
TOTAL	**678,584,544**	**(506,374,911)**	**(54,757,824)**	**(59,251,280)**	**(46,109,927)**	**12,090,601**

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)
United States of America	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**

Additionally, the distribution of sales and after-sales (parts and service provision) by activity is as follows:

	DEC-14		DEC-13	
MARKET	**VALUE**	**%**	**VALUE**	**%**
Construction equipment and other equipment	640,333,816	94.36%	524,257,766	93.80%
Vehicles	21,083,770	3.11%	18,115,760	3.24%
Trucks	17,166,958	2.53%	16,549,329	2.96%
TOTAL	**678,584,544**	**100%**	**558,922,855**	**100%**

33. OTHER INCOME AND GAINS

At 31 December, 2014 and 2013, the “Other income and gains” was broken down as follows:

DESCRIPTION	DEC-14	DEC-13
Cash discounts obtained	131,545	58,990
Capital gains from fixed tangible assets disposals	717,707	259,176
Excess of income tax estimate	62,413	31,100
Adjustments related to prior years	7,140	35,811
Favorable foreign exchange differences	4,806,134	5,793,275
Claims	112,089	161,218
Others	5,432,250	4,637,312
TOTAL	**11,269,278**	**10,976,883**

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 2014:

(i) The exchange differences item comes primarily from the operations of the subsidiaries in Turkey (1.2 million Euros) and Mexico (2.4 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, 2014 and 2013 with operating leases are as follows:

MINIMUM PAYMENTS FOR OPERATING LEASES	DEC-14	DEC-13
Less than a year	2,130,895	2,528,577
Between 1 and 5 years	6,250,040	6,543,129
TOTAL	**8,380,935**	**9,071,706**

The change in 2014 on the previous year was primarily due to a decrease in commitment in companies' operations in Portugal.

35. FINANCIAL INCOME

At 31 December, 2014 and 2013 financial income was broken down as follows:

EXPENSES AND FINANCIAL LOSSES	DEC-14	DEC-13
Interests	9,936,070	9,805,058
Foreign exchange differences	731,672	3,280,578
	10,667,742	**13,085,636**

The reduction in the exchange differences item was primarily in the ASC Turk subsidiary and was the result of the appreciation during 2014 of the Turkish Lira against the Euro.

FINANCIAL REVENUES AND EARNINGS	DEC-14	DEC-13
Interests	138,405	274,836
	138,405	**274,836**

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 S.A. Group and related entities can be summarized as follows:

	COMMERCIAL AND OTHER DEBTS	
	RECEIVABLE	PAYABLE
Key management personnel	397,718	374,114

OUTSTANDING BALANCES WITH RELATED PARTIES	
Customers/other accounts receivable:	
Auto-Sueco, Lda	307,157
Suppliers/other accounts payable:	
Auto-Sueco, Lda	3,330,958

TRANSACTIONS WITH RELATED PARTIES	SALES	SERVICES RENDERED	PURCHASES	OTHER EXPENSES	OTHER INCOME
Auto-Sueco, Lda	277,991	689,373	14,256,954	567,012	49,741

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, 2014 financial assets and liabilities were broken down as follows:

FINANCIAL ASSETS	CATEGORY	ACCOUNTING VALUE	VALUATION METHOD
Financial Investments - Equity method	Equity method	86,411	Fair value
Financial Investments - Other methods	Available for sale	11,659,039	Fair value
Other accounts receivable	Accounts receivable	5,441,530	amortized cost
Other financial assets	Accounts receivable	240,817	amortized cost
Customers	Accounts receivable	100,976,479	amortized cost
Suppliers advances	Accounts receivable	1,952,937	amortized cost
State and other public entities	Accounts receivable	15,965,950	amortized cost
Cash and Bank Deposits	Accounts receivable	13,130,776	amortized cost
		149,453,940	
FINANCIAL LIABILITIES	**CATEGORY**	**ACCOUNTING VALUE**	**VALUATION METHOD**
Loans	Other liabilities	202,109,960	amortized cost
Other accounts payable	Other liabilities	76,066,657	amortized cost
Suppliers	Other liabilities	84,181,657	amortized cost
Customers advances	Other liabilities	1,222,582	amortized cost
State and other public entities	Other liabilities	11,412,565	amortized cost
		374,993,421	

Only Financial Assets (Customers, Other receivables and Financial holdings) present impairment losses, as shown in Notes 10.1, 12 and 25.

Gains and losses on financial assets and liabilities in 2014 and 2013 were as follows:

	GAIN / (LOSS)	
	31.12.2014	31.12.2013
Accounts receivable	(692,645)	91,643
Assets held for sale	(1,216,888)	7,521
	(1,909,534)	**99,164**

Interest on financial assets and liabilities in 2014 and 2013 were as follows:

	GAIN / (LOSS)	
	31.12.2014	31.12.2013
Accounts receivable	138,405	274,836
Liabilities at amortised cost	(10,667,742)	(13,085,636)
	(10,529,337)	**(12,810,800)**

Exchange differences on financial assets and liabilities in 2014 and 2013 were as follows:

	GAIN / (LOSS)	
	31.12.2014	31.12.2013
Gains in foreign exchange differences	4,806,134	5,793,275
Losses in foreign exchange differences	(4,655,002)	(5,233,234)
	151,132	**560,041**

38. REMUNERATION OF MEMBERS OF GOVERNING BODIES

The remuneration of the members of the governing bodies of the ASCENDUM Group, in the financial years 2014 and 2013, was as follows:

BOARD	DEC-14	DEC-13
Board	3,596,726	2,872,107

39. REMUNERATION OF THE STATUTORY AUDITOR

The fees paid to the Statutory Auditor, Pricewaterhouse-Coopers & Associados – S.R.O.C., Lda., in the financial years 2014 and 2013, were as follows:

	CURRENCY	DEC-14	DEC-13
Portugal	EUR	65,600	64,900
Spain	EUR	44,600	51,700
United States of America	USD	134,800	132,500
Mexico	EUR	11,380	11,000
Turkey	EUR	27,000	30,000
Romania	EUR	8,000	7,500
Hungary	EUR	10,000	15,148
Austria	EUR	19,400	44,500
Croatia	EUR	7,000	10,962
Slovakia	EUR	13,600	20,000
Czech Republic	EUR	14,000	19,311

The fees for 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, 2014 and 2013 external supplies and services were broken down as follows:

	DEC-14	DEC-13
Subcontracts/ Specialized services	22,683,706	19,384,442
Advertising and promotion	1,838,846	1,518,153
Surveillance and security	601,974	592,637
Maintenance/repairs/tools	2,206,256	1,504,808
Office supplies/technical documentation	645,468	479,731
Electricity/fuels/water/other fluids	1,658,428	1,464,081
Travel and accommodation	3,784,698	3,178,181
Transport of goods	1,990,350	2,248,627
Rents and leases	11,128,207	8,995,381
Communications	1,328,066	1,123,531
Insurance	1,938,820	1,367,733
Clean hygiene and comfort	746,401	703,385
Other external supplies and services	4,206,605	4,686,983
TOTAL	**54,757,824**	**47,247,672**

41. STAFF COSTS

At 31 December, 2014 and 2013 the staff costs item was broken down as follows:

	DEC-14	DEC-13
Payroll	35,270,619	27,583,727
Social charges	5,468,276	4,643,652
Insurance against labour accident	99,095	86,111
Subsidies	3,490,497	1,959,904
Commissions	3,556,196	2,355,184
Awards and Bonuses	5,597,211	3,790,792
Compensations	327,178	1,204,166
Other staff related expenses	5,442,208	5,752,335
TOTAL	**59,251,280**	**47,375,871**

42. OTHER EXPENSES AND LOSSES

At 31 December, 2014 and 2013 the other expenses and losses item was broken down as follows:

	DEC-14	DEC-13
Unfavorable exchange rate differences	4,655,002	5,233,234
Taxes and fees	1,435,412	1,737,981
Interest and bank charges	2,063,054	3,049,853
Insufficient income tax estimate	8,251	18,752
Adjustments related to prior years	591	46,123
Donations	69,239	138,984
Subscriptions	69,123	17,180
Other costs	1,366,417	486,441
TOTAL	**9,667,089**	**10,728,548**

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 2014, 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 2014.

44. SUBSEQUENT EVENTS

Between 31 December 2014 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 on 11 March, 2015. Additionally, the attached financial statements at 31 December, 2014, are awaiting approval by the General Assembly. However, the Board of Directors expects that they will be approved without significant changes.

SOLUTIONS WITH GREATER POTENTIAL

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04

Legal Certificate of Consolidated Accounts and Opinion of Statutory Auditor

pwc

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, 2014 (which shows total assets of Euro 576.558.680 and total shareholder's equity of Euro 150.596.303, including non-controlling interests of Euro 4.799.843 and a net profit of Euro 11.529.604), 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.

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, 2014, 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 16, 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques

José Miguel Dantas Maio Marques, R.O.C.

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