2015

ANNUAL REPORT

ASCENDUM

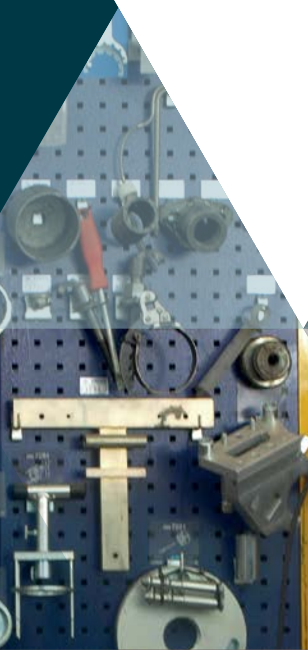
2015

ANNUAL REPORT

ASCENDUM

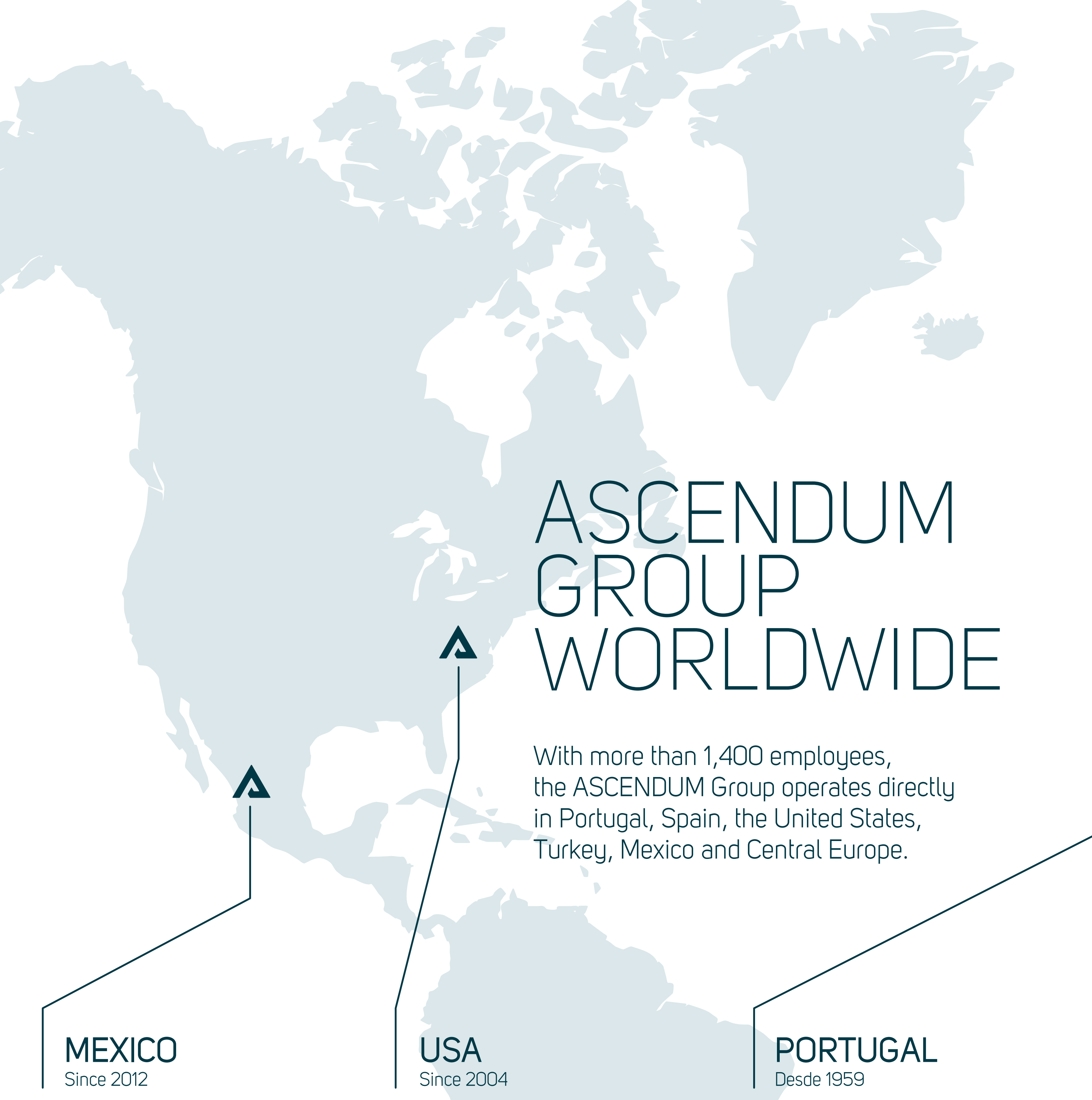
We act globally, providing global equipment solutions for a wide range of sectors and business areas.
Always being at the side of our customers means predicting their needs and finding the right solutions.

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



EFFICIENT
GLOBAL SOLUTIONS

ANNUAL REPORT **2015**

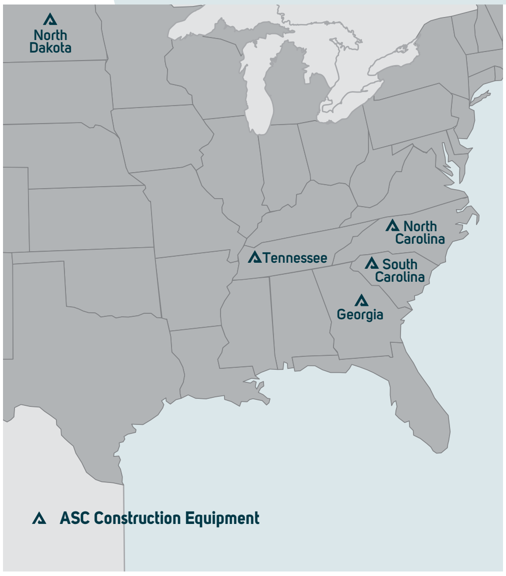


ASCENDUM GROUP WORLDWIDE

With more than 1,400 employees, the ASCENDUM Group operates directly in Portugal, Spain, the United States, Turkey, Mexico and Central Europe.

MEXICO
Since 2012

USA
Since 2004



PORTUGAL
Desde 1959

SPAIN
Since 1999

CENTRAL EUROPE
Since 2013

TURKEY
Since 2010

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2. Economic and Financial Information

ASCENDUM

SOLUTIONS BUILT TOGETHER

HANDLING

INFRASTRUCTURE

PUBLIC WORKS

AGRICULTURE

CONSTRUCTION

RECYCLING

FORESTS

MINES

Company Information 1.

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 1,400 ASCENDUM employees, for their continuous commitment and matchless contribution for the goals set by the Executive Board for 2015 to be met.

We would also like to thank our shareholders and financial partners for their unconditional support over the years and our more than 30,000 customers across the Group's various geographical platforms for their preference and the trust they have continuously placed in us.

As in the past few years, 2015 evolved under complex macroeconomic and geopolitical circumstances, with the world economy growing below expectations in terms of Product. Nevertheless, the positive signs already recorded in 2014 were confirmed in some of the economies in which ASCENDUM operates – such as the United States and Iberia. In the construction and industrial equipment market, most of the geographical platforms in which ASCENDUM operates presented positive year-on-year growth, with the exception of the Mexican and Austrian markets.

Notwithstanding the challenging context in which ASCENDUM's business evolved – in geopolitical, macroeconomic and foreign exchange terms – 2015 was a year in which, without neglecting the traditional commercial focus reflected in a turnover exceeding €800 million (increase in turnover and number of units sold of 21% and 8% respectively), ASCENDUM reduced its debt by 6%, significantly improving its financial indicators – equity to assets ratio of 30% and net debt/EBITDA below 2.5x – despite the fact that it is still financially digesting the acquisitions made since 2010.

It was also a year of consolidation of ASCENDUM's major investment in human capital, through initiatives that enhance the value of employees, consequently increasing the company's efficiency and productivity – examples such as *ASCENDUM Academy* and *My ASCENDUM*, have consolidated, despite the indeed rewarding multiplicity of operating on 4 continents, an *ASCENDUM Culture* with its own specific features – results orientation and commitment to the organization and all its stakeholders.

Although ASCENDUM is currently responsible for a machine population of more than 33,000 units and its respective technical services (which corresponds to a highly qualified human resources structure of approximately 800 employees), through logistical management associated with more than 110,000 product references in more than 18 countries, efficiency, service quality and value creation with our more than 40 commercial partners has increased and ASCENDUM has been widely recognized as an exemplary partner, from the point of view of pursuit of business objectives and from financial soundness and compliance with its financial obligations.

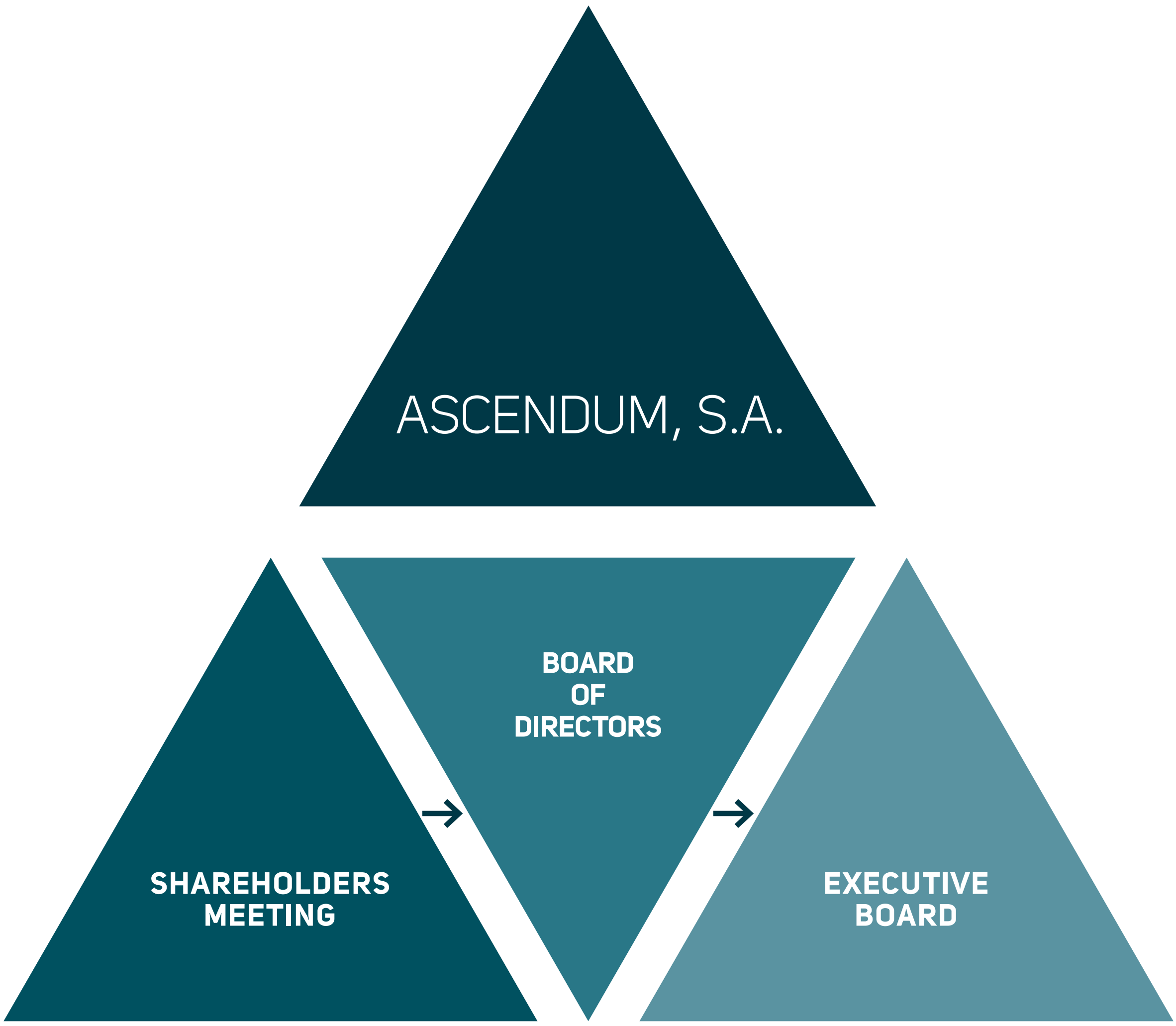
As such, more than just reiterating our satisfaction at ASCENDUM having exceeded most of its key economic and financial targets in 2015 – turnover, free cash flow, return on invested capital, equity to assets ratio and Net Debt/EBITDA – we would like to highlight the continued recognition we receive from our stakeholders, which everyone in *ASCENDUM Family* should be proud of.

March 11th, 2016
The Executive Board of ASCENDUM

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 management of ASCENDUM is currently separated into executive and non-executive functions and is carried out by the following bodies:



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
- Pedro 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

GENERAL MEETING:
- António Lobo Xavier — President
- Mariana Vilaça Fernandes — 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 Miguel Dantas Maio Marques (R.O.C.)
or by José Pereira Alves (R.O.C.)
Alternate Auditor: António Joaquim Brochado Correia (R.O.C.)

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

1.03 HIGHLIGHTS

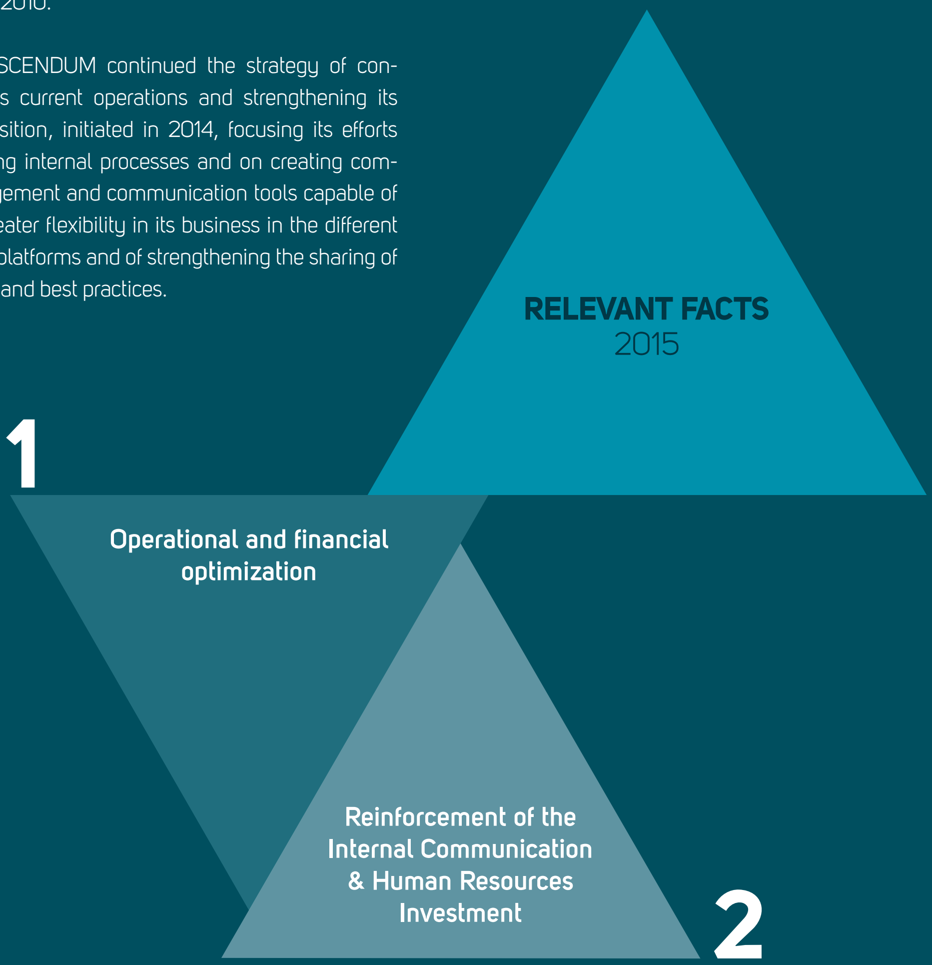
1.03.1 MAIN EVENTS

In 2015, as in recent years, ASCENDUM operated in an extremely challenging environment – geopolitical, macroeconomic and foreign currency. Nevertheless, the company overcame the mark of 800 million euros in turnover and improved most of its solvency ratios – Equity to Assets Ratio of 30% and Net Debt/EBITDA below 2.5x – further reducing its financial debt by 6%, despite the fact that it is still financially digesting the acquisitions made since 2010.

In 2015, ASCENDUM continued the strategy of consolidating its current operations and strengthening its financial position, initiated in 2014, focusing its efforts on optimizing internal processes and on creating common management and communication tools capable of ensuring greater flexibility in its business in the different geographic platforms and of strengthening the sharing of information and best practices.

2015 was also marked by a greater focus on and investment in human resources, having the Group developed a number of initiatives aimed at encouraging closer relationships between the various geographic platforms and spreading ASCENDUM values and culture.

Accordingly, we can highlight the following main events in 2015:



1. OPERATIONAL AND FINANCIAL OPTIMIZATION

In 2015, ASCENDUM continued its strategy of consolidating business in the different geographic platforms where it operates, in order to deliver an increasingly efficient response to macroeconomic and sector volatility. For this reason, at this level, in 2015 the Group focused its efforts on adapting the operational and financial structure of each one of the companies to the markets in which they operate and proceeded with the standardization of business and management processes and with the development of business information and knowledge sharing systems, in order to boost internal synergies.

In parallel, ASCENDUM sought to (i) optimize the working capital cycle management and (ii) optimize the management of the available funds, reducing the generalized cost of debt, helping geographic platforms to optimize the management of local financial debt, and balancing the liquidity needs of each geographic platform with the cycle and maturity of its business.

In turn, and alongside the strategy implemented in 2014, the Group continued the consolidation of its financial situation, in terms of debt indicators, after the period of strong investment between 2010 and 2013, with the acquisition of the operations in Turkey and Central Europe, entry into the Mexican market and the acquisition of Air-Rail.

These efforts are reflected in ASCENDUM's situation in 2015 from the point of view of results, operational efficiency and financial *robustness*:

Unit: Million Euros

	2013(1)	2013R(2)	2014	2015
TURNOVER	559	637	679	821
ASSETS TURNOVER (TURNOVER / ASSETS)	1.0x	1.2x	1.2x	1.6x
WORKING CAPITAL TURNOVER (TURNOVER / WORKING CAPITAL)	3.2x	3.6x	4.0x	4.7x
NET DEBT/ EBITDA	3.5x	3.2x	2.9x	2.4x
EQUITY / ASSETS	27%	27%	26%	30%

(1) 2013 includes 3 months of Central Europe operation (from October until December)
(2) 2013R: includes 12 months of Central Europe operation

2. STRENGTHENING INTERNAL COMMUNICATION & INVESTMENT IN HUMAN RESOURCES

2.1. STRENGTHENING INTERNAL COMMUNICATION WITH THE LAUNCH OF MY ASCENDUM

After a period of strong growth between 2010 and 2013, which implied the integration of new businesses and employees into the Group, 2015 was decisive for the stabilization of the structure, communication and image of ASCENDUM.

During the year, and in order to guarantee an increasingly cohesive team aligned with the values, vision and culture of ASCENDUM, the Group invested in the creation of regular internal communication channels and moments to support the sharing of information, knowledge and best practices between the different geographic platforms where it operates.

To this effect, in 2015 ASCENDUM launched its intranet platform – My ASCENDUM –, the Group's first truly global and cross-cutting application. Consisting of an internal website and a corporate social network (yammer), My ASCENDUM is a global channel for sharing information and knowledge.

Investment in specific working tools – *Executive blog, Library, Team Rooms, News & Video* – that promote the Group's culture and facilitate access to relevant/structured information has enabled ASCENDUM to modernize its interaction with employees, boosting internal efficiency, transparency and communication and thus contributing to a better service for end customers.

2.2. – INVESTMENT IN HUMAN RESOURCES

In 2015, through the ASCENDUM Academy, the Group's training center, ASCENDUM strengthened its commitment to promoting team work and to encouraging the personal and professional growth of its employees, alongside their integration and involvement in the Group's values and culture.

For this reason, in 2015 ASCENDUM implemented a partnership with Católica Lisbon School of Business & Economics, the business school of the Catholic University of Portugal, through a new management program for the Group's managerial levels, the *General Management Program*, a course that covers a number of topics in the areas of marketing, sales, strategy, negotiation, leadership and finance. At this level, ASCENDUM sought to (i) support the development of its employees' management skills, (ii) shorten distances and strengthen bonds between different geographic platforms and (iii) enhance synergies and the sharing of best practices.

In parallel, the Group continued to provide a cross-cutting program of coaching and development of individual skills for all second lines at ASCENDUM.

In addition to these initiatives, an e-learning platform was set up on the ASCENDUM intranet, aimed at developing cross-cutting skills for all the Group's managerial levels.

As a corollary of the strategy implemented in recent years, ASCENDUM has reinforced its recognition in corporate and business-to-business sectors and was awarded in 2015:

- Internationalization Prize in the Large Companies category in the Export and Internationalization Awards organized by Novo Banco and Jornal de Negócios, in partnership with IGNIOS;
- "Ruban d'Honneur" from the *European Business Awards*, which recognizes capacity for growth, innovation and corporate ethics;
- Top 5 in the Internationalization Ranking of Portuguese companies developed by INDEG-IUL ISCTE Executive Education, in collaboration with the Strategy and International Business Unit of Fundação Dom Cabral (FDC) and with the institutional support of AICEP Portugal Global.

Also, as a sign of the excellence of the work carried out with its main supplier – Volvo CE –, ASCENDUM was invited by Volvo CE to attend the "Volvo CE's 2015 Leadership Summit", which gathered the 1st and 2nd lines worldwide, in a strategic reflection on the biennium 2016-2017, at which ASCENDUM was the only dealer present, in order to share its vision of the business/market.

1.03.2
MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS

MAIN ECONOMIC, FINANCIAL AND OPERATIONAL INDICATORS
Figures expressed in thousands of Euros

	2015	2014	Δ (15/14)
Turnover	820,501	678,585	20.9%
EBITDA [1]	69,385	61,825	12.2%
EBIT [2]	37,831	29,593	27.8%
Net Income with non-controlling interests	16,136	12,091	33.5%
Equity with non-controlling interests	156,316	150,596	3.8%
Net Debt / EBITDA [3]	2.4x	2.9x	-0.5x
Equity / Net Debt [3]	0.9x	0.8x	0.1x
Equity / Assets [4]	30%	26%	3.6 pp
Number of employees	1,442	1,396	3.3%

[1] Earnings before interests, other financial expenses, taxes, depreciations, impairments and amortizations
[2] Earnings before interests, other financial expenses and taxes
[3] 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 in BPI and BCP
[4] Quotient between Equity with non-controlling interests and total Assets as of December, 31st

In economic, financial and operational terms, 2015 was marked by a still challenging and somewhat volatile environment:

- Macroeconomic context of consolidation, although still below potential and with a risk of slowdown:
  - In 2015, the global economy not only once again presented a growth rate below expectations (in 2014 it was estimated that the world economy would grow 3.8% in 2015 and growth was of 3.1%) but also recorded a slowdown compared to growth of 3.4% in the previous year;
  - The emerging economies again presented growth rates higher than those of the advanced economies, although maintaining the slowdown trend of the previous year (growth of 4.6% in 2014 and of 4.0% in 2015), with growth below expectations (in 2014, the expected growth rate for 2015 was 5.0%);
  - In terms of the economies in which ASCENDUM operates, the dominant trend was consolidation of economic growth, albeit below expectations in some cases – in the USA, in 2015, GDP grew 2.7%, compared with an estimate of 3.1%; in Mexico, where in 2015 GDP increased 2.3% when the estimates had suggested growth of 3.5%; in the case of Turkey, GDP increased 3.0% in 2015, in line with estimates, and in the eurozone, in 2015, GDP increased 1.5% when estimates had suggested growth of 1.3%;
  - The appreciation of the US dollar against the euro – from EUR/USD 1.214 on December 31, 2014 to EUR/USD 1.089 on December 31, 2015, partly mitigating the increased efficiency of asset management in the North American operation (reduction of total assets expressed in US dollars of ASCENDUM's North American operation of 28% in 2015 was reflected in a reduction of only 20% when translated into euros).

- Maintenance of the recovery trend, already verified in 2014, in the construction equipment markets in which the Group operates, with the exception of the Mexican market:
  - In line with the consolidation of economic growth, 2015 was marked by recovery in most of the markets in which ASCENDUM operates, particularly the Turkish market, one of the major contributors to the Group's performance, which, after a decrease in 2014 of approximately 21%, reported growth of 19% in 2015, with more than 9,000 units sold once again;
  - ASCENDUM's addressable market (Portugal, Spain, USA, Turkey, Mexico and Central Europe) represented, in 2015, approximately 62% of the Group's market in 2007 (peak year), which means that there is potential for growth, although it is expected to be gradual over the next few years.
- Optimization and efficiency measures adopted by ASCENDUM, as well as a focus on knowledge sharing and on investment in human resources, were positively reflected in 2015, with progression reported in terms of the Group's volumes and profitability:
  - In Portugal, as the Portuguese economy is under severe financial constraints, ASCENDUM focused its efforts on optimizing its operational structure and adapting its portfolio of products and services to the needs of customers;
  - Benefiting from improvements in the economy and the strong recovery of the market (increase of 58% compared with 2014), in Spain the Group developed its business with a special focus on increasing sales, on sharing best practices and in optimizing working capital management;
  - In the USA, ASCENDUM focused its efforts on investment in the human resources structure (launching various projects in the areas of recruitment and training), on optimizing the level of inventories and expanding its geographic coverage in North Dakota (with the opening of new facilities in Williston in May 2015);
  - The Group's strategy in the Turkish market involved consolidation of the core business and improving the quality of the service provided to customers, by implementing processes that increased the efficiency of its responsiveness;
  - In Mexico, the difficult macroeconomic context, together with the strong competition in the market and a lack of improvement in the conditions for customers with regard to the acquisition of equipment (strong pressure on prices and financing solutions), led to a reduction in the market of approximately 22%, penalizing ASCENDUM's business in this country. The Group therefore focused, as in previous years, on improving internal processes and on its ongoing commitment to workforce training;
  - In 2015, ASCENDUM's priority in Central Europe was to implement a new ERP system (SAP), a challenge underlying the migration plan defined following the inclusion of nine new countries in the Group. In parallel, the focus was on increasing sales, in a context of rising prices and in a volatile environment, which especially affects Romania.
- Thus, despite a macroeconomic and sectorial environment still challenging, efforts made by ASCENDUM contributed to a positive performance in 2015:
  - Operating performance – in 2015, the Group achieved a turnover of 821 million euros (increase of 20.9% compared to 2014), EBITDA of approximately 69 million euros (increase of 12.2% compared to 2014) and a net income of 16.1 million euros (increase of 33.5% compared to 2014);
  - Financial strength – following the effort to consolidate operations, optimize the working capital cycle and adapt the liquidity needs of each geographic platform to the cycle and maturity of its business, ASCENDUM presented an improvement in the levels of financial strength, reflected in an increase in its equity to assets ratio from 26% to approximately 30% and a reduction in Net Debt/EBITDA from 2.9x to 2.4x, reinforcing the Group's financial robustness, despite the investments made in recent years as a result of its internationalization strategy.

1.04 THE ORGANIZATION OF ASCENDUM

1.04.1 VISION

To Be One of the Biggest Worldwide Global Solutions Provider of Infrastructures and Construction.

WHAT DOES THIS VISION MEAN?

"One of the world's largest suppliers"

ASCENDUM operates in 18 countries: Portugal, Spain, USA, Turkey, Mexico, Austria, Hungary, Czech Republic, Slovakia, Romania, Croatia, Slovenia, Bosnia 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.

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

"Equipment and integrated solutions"

ASCENDUM'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.

The services it provides also extend 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 ASCENDUM's unique selling proposition 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.

ASCENDUM's customers include construction companies, quarries, mines, the paper, marble, glass and wood industries, 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, ASCENDUM establishes partnerships with benchmark equipment manufacturers to guarantee quality, robustness, experience and reliability.

1.04.2 VALUES

ASCENDUM's 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 value has three core competencies.

OUR VALUES

A

ACHIEVEMENT RESULTS

RESULTS ORIENTATION
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 the 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 BONDS

Maximize synergies, best practices and group efficiencies to consolidate operations and leadership. Decide, manage and invest with rigor 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

SERVICE ORIENTATION
ORGANIZATIONAL COMMITMENT
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 CHARACTERIZATION AND STRATEGY OF ASCENDUM

1.04.3.1. CHARACTERIZATION

Established in 1959, ASCENDUM is an international benchmark in the Automotive sector, operating in the supply of Construction and Industrial Equipment, Cars, Trucks and Parts, as well as in the associated technical assistance, complementing its offering with equipment rental and logistics. Additionally, ASCENDUM'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. ASCENDUM currently has 1,442 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.

In parallel, ASCENDUM has developed a *follow the customer* solution to support its customers and thereby expand its presence into the African Continent, Eastern Europe and South America. Given its presence throughout the automotive sector value chain, ASCENDUM has a broad product/brand portfolio of superior quality with applications for industries as diverse as construction and public works, mining, logistics, agriculture, recycling, etc.

ASCENDUM's excellent performance in the markets in which it operates has given it a prominent position amongst VCE dealers and it 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 as a dealer in the markets where it has established itself.

1.04.3.2. PRODUCT PORTFOLIO

ASCENDUM 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 Mazda Mitsubishi			
PORTUGAL	INFRASTRUCTURE EQUIPMENT	Air-Rail	Air-Rail	Air-Rail		
SPAIN	CONSTRUCTION EQUIPMENT	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis	VOLVO Terex Fuchs Sandvik Lännen A-Ward Genesis Volmaquinaria NTN Timken	Multi-brand
SPAIN	INFRASTRUCTURE EQUIPMENT	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir	Air-Rail Zephir	
USA	CONSTRUCTION EQUIPMENT		VOLVO Sennebogen Doosan SDLG Sandvik Carlson Paving Stewart-Amos	VOLVO		Multi-brand
TURKEY	CONSTRUCTION EQUIPMENT	VOLVO Sandvik SDLG Sany	VOLVO Sandvik SDLG Sany	VOLVO Sandvik SDLG Sany	VOLVO Sandvik SDLG Sany TRP	VOLVO SDLG
TURKEY	AGRICULTURE EQUIPMENT		Massey Ferguson		Massey Ferguson	Massey Ferguson
MEXICO	CONSTRUCTION EQUIPMENT	VOLVO Sennebogen Sandvik	VOLVO Sennebogen Sandvik	VOLVO Sennebogen	VOLVO Sennebogen Sandvik	VOLVO
CENTRAL EUROPE*	CONSTRUCTION EQUIPMENT	VOLVO Rammer	VOLVO Sennebogen Rammer	VOLVO	VOLVO	VOLVO

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

1.04.3.3. STRATEGY

ASCENDUM'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 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 six years (2010-2015), 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 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.

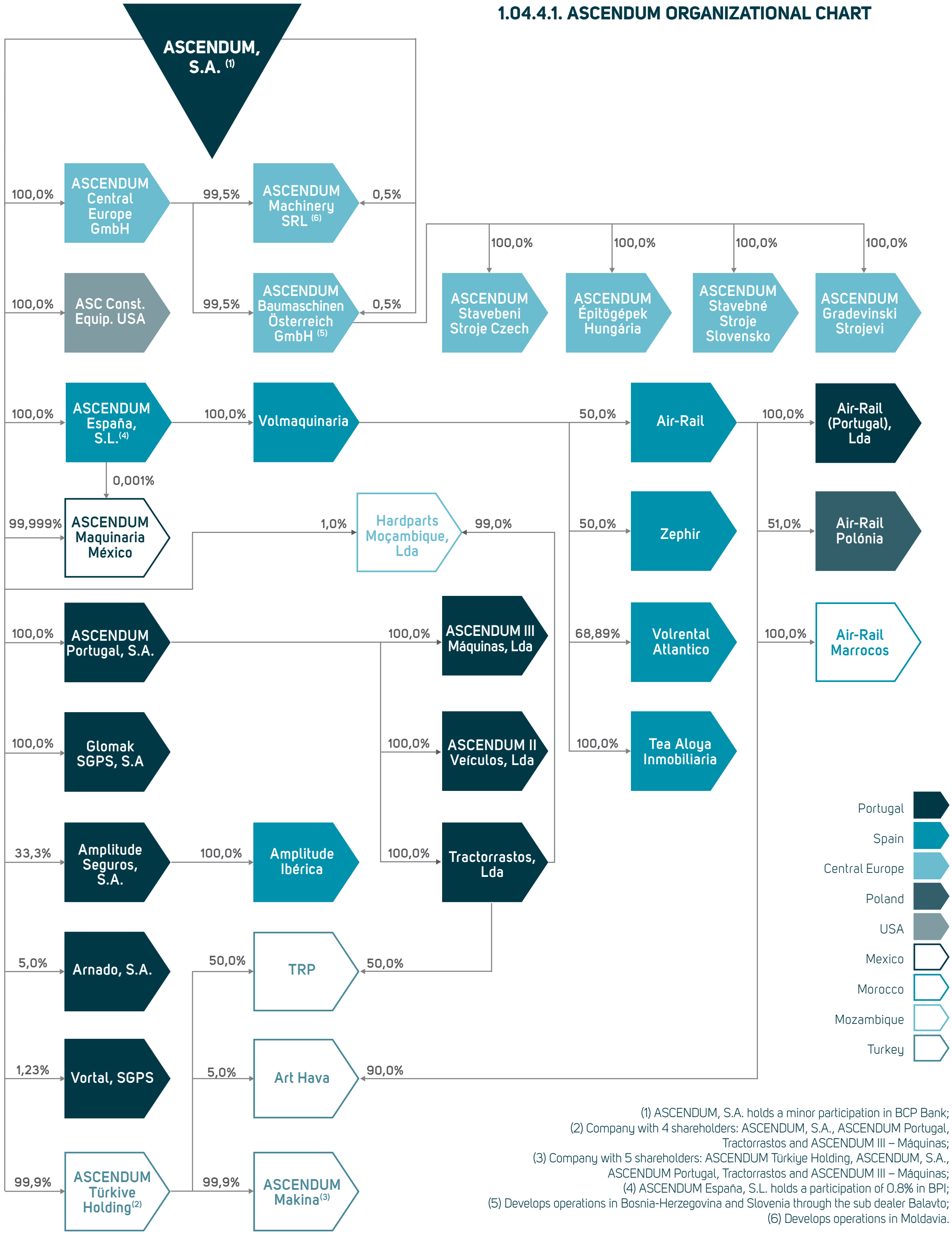
2013:
1. Acquisition of the Volvo Construction Equipment operation in Central Europe;
2. Acquisition of the Volvo Construction Equipment and industrial machinery and equipment distribution operation from the independent dealer in North Dakota;
3. Development of a partnership in the Turkish agricultural 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 Group efficiency metrics;
3. Expansion of product portfolio:
   (i) Start of generators operation in Portugal, through ASCENDUM Energy;
   (ii) Representation of new brands of core products: SDLG, among others.

2015:
1. Optimization of the current business: focus on improving internal processes to ensure more cohesive support for decision making;
2. Reinforcement of internal communication: launch of My ASCENDUM, the Group's intranet platform, with the aim to maximize communication and efficiency between ASCENDUM's different geographic platforms and to promote the Group's culture;
3. Development of human resources: investment in training, with a focus on the launch of the e-learning platform, an integral part of the ASCENDUM Academy;
4. Expansion of product portfolio: representation of new brands of core products: Terex Fuchs, Genesis, Rammer, among others.

1.04.4 ASCENDUM ORGANIZATION

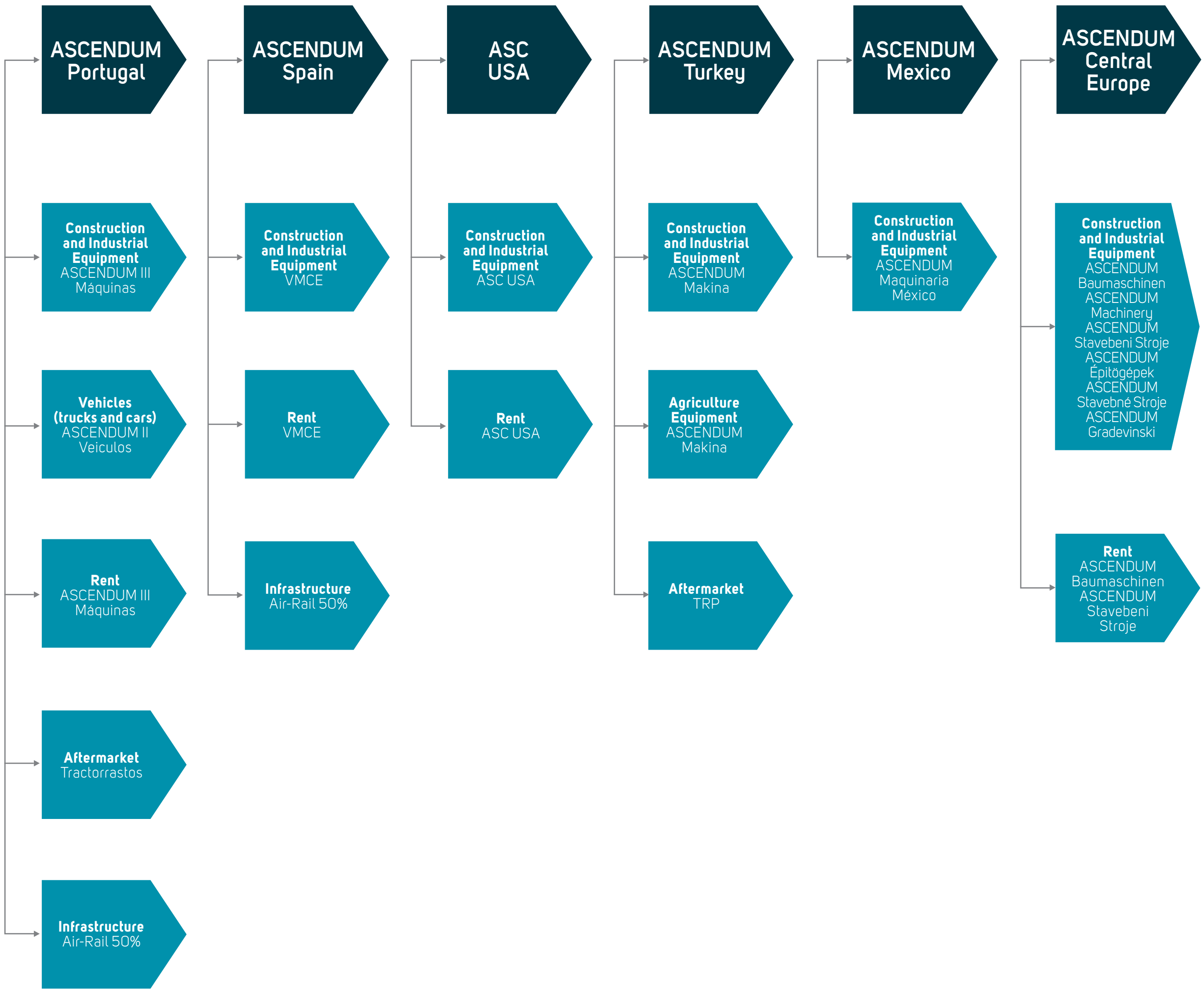
1.04.4.1. ASCENDUM ORGANIZATIONAL CHART



(1) ASCENDUM, S.A. holds 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 Türkiye 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) Develops operations in Bosnia-Herzegovina and Slovenia through the sub dealer Balavto;
(6) 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:

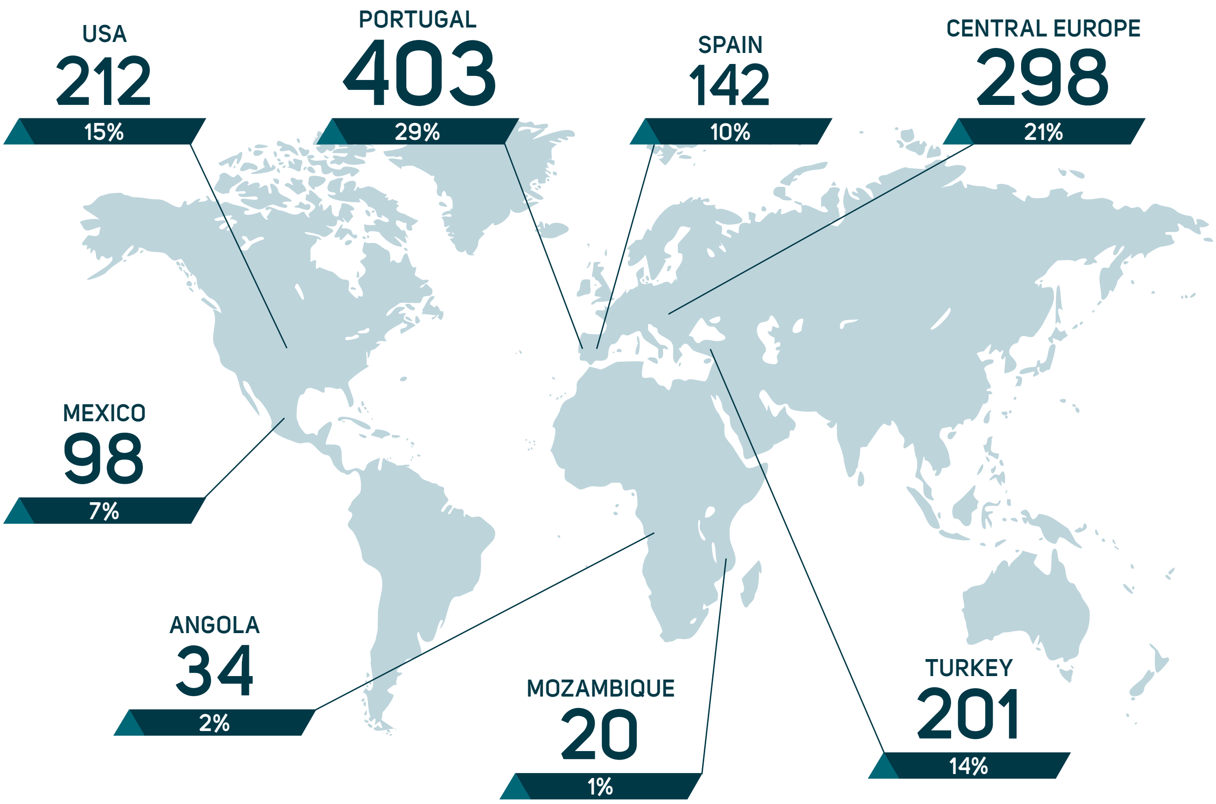


1.04.5
HUMAN RESOURCES

In 2015, following the premises outlined by the Group's Executive Board, the Corporate HR department promoted the consolidation of the Top Management policies and of impact on the general structure of the Group, ensuring a better alignment of overall ASCENDUM human resources policies.

The following graph shows the distribution of employees by geographic region as of December 31, 2015. The total number of employees was 1,442 (from 1,396 in 2014), 1,408 excluding Administrators/Company Directors.

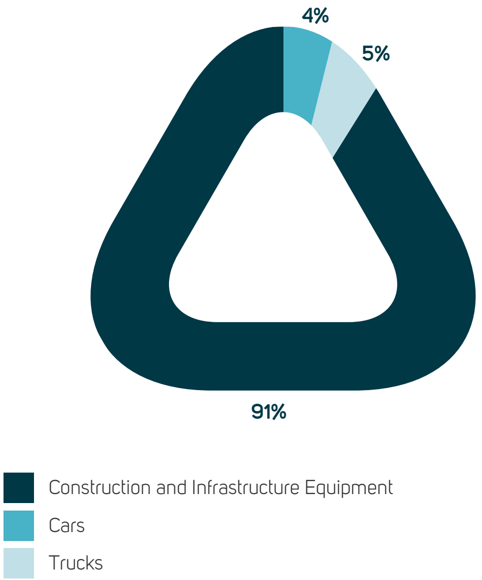
TOTAL EMPLOYEES BY GEOGRAPHIC REGION (2015)



1,442 TOTAL NUMBER OF EMPLOYEES IN THE GEOGRAPHIC REGIONS AND ADMINISTRATORS/MANAGING DIRECTORS

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

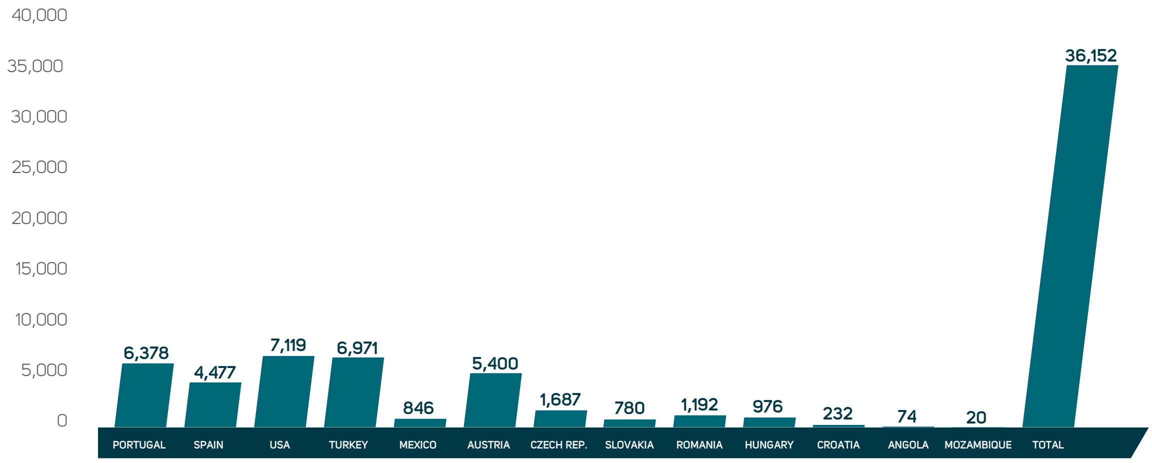
TOTAL EMPLOYEES PER BUSINESS AREA ON DECEMBER 31, 2015



In terms of training, the plan put in place in 2015 in each of the geographical platforms totaled, in consolidated terms, more than 36,000 hours of training, with an average of 26h/year per employee. This was a positive development compared with 2014, with an overall increase of approximately 4,000 hours.

This commitment to training is mainly due to the qualifications required of ASCENDUM employees at the level of the services provided to the end customers, which demand specific and profound knowledge of the features and operation of products.

TOTAL HOURS OF TRAINING IN 2015



In 2015, the Group continued its commitment to the ASCENDUM Academy, the Group's global Training Centre, managed at a corporate level and based on the development of cross-cutting skills. This structure aims to develop knowledge management across the Group, cutting across the different areas and with the following objectives:

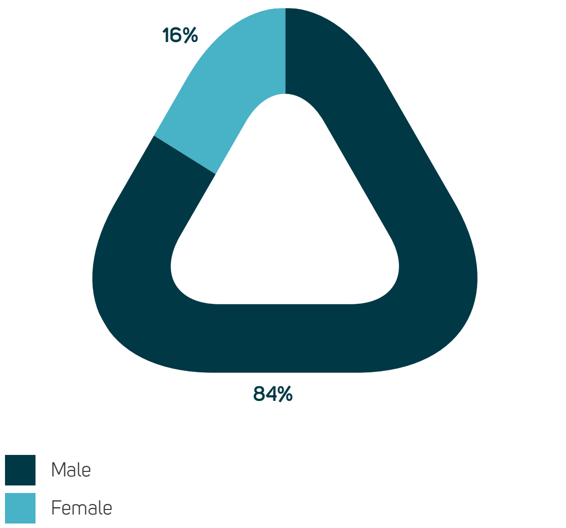
- To improve and foster internal knowledge management;
- To promote the development of business-critical skills;
- To develop the necessary leadership skills for senior positions;
- To promote innovation and the sharing of Best Practices;
- To improve the integration and involvement of new employees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

In the context of the ASCENDUM Academy initiatives throughout 2015, all geographic regions carried out a cross-cutting coaching and individual skills development program for all second lines of the Group with the support of the Korn Ferry Hay Group.

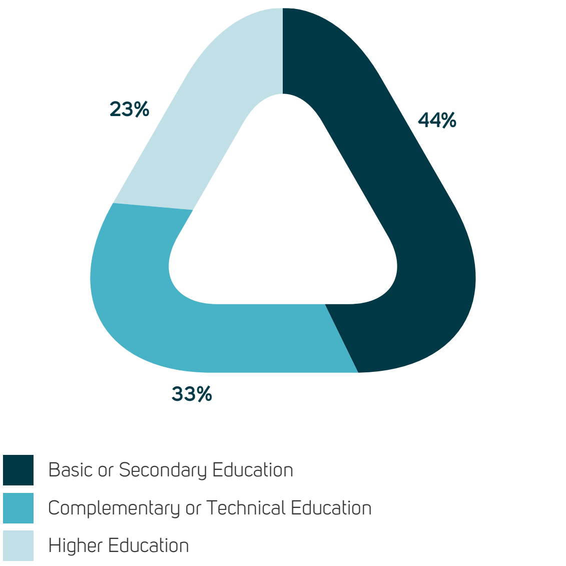
ASCENDUM also maintained its partnership with Católica Lisbon School of Business & Economics, the business school of the Catholic University of Portugal, with the first two modules of the 1st edition of a course tailored to the situation and needs of ASCENDUM departments (January and September 2015) — *General Management Program* — bringing directors of all the Group's geographical platforms together in Lisbon. The program comprises 3 modules, the last of which was concluded already in January 2016.

In gender terms, ASCENDUM's HR consists of 84% male employees and in terms of qualifications 44% have completed basic or secondary education, 33% have completed complementary or technical education and 23% have completed at least undergraduate level education.

TOTAL EMPLOYEES BY GENDER ON DECEMBER 31, 2015

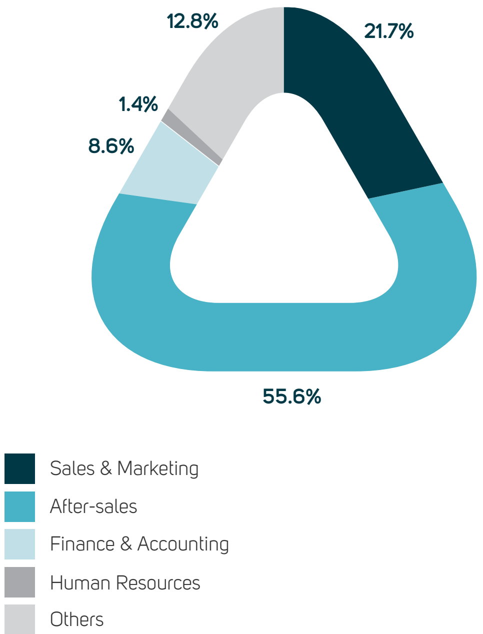


TOTAL EMPLOYEES BY LEVEL OF EDUCATION ON DECEMBER 31, 2015



With respect to HR distribution by role, the After-Sales area is the most significant, with 56% of employees. It is followed by Sales & Marketing, with 22%, Finance & Accounting with 9% and Human Resources with 1%.

TOTAL EMPLOYEES BY FUNCTION



DISTRIBUTION BY MANAGEMENT LINE

In terms of distribution by management line, the Group has 34 Administrators/Managing Directors, 53 Directors and 144 Managers, with the remaining employees distributed over the 4th and 5th lines.

Administrators / Managing Directors	34
Directors	53
Managers	144
Other Employees	1,211
TOTAL	**1,442**

1.04.6
MAIN CONSOLIDATED INDICATORS

KEY PERFORMANCE INDICATORS

Figures expressed in thousands of Euros

	2015	2014	Δ (15/14)
Turnover	820,501	678,585	20.9%
EBITDA [1]	69,385	61,825	12.2%
EBIT [2]	37,831	29,593	27.8%
Net Income with non-controlling interests	16,136	12,091	33.5%
Net Income margin	2.0%	1.8%	0.2 pp
Total Assets	525,374	576,559	-8.9%
Net Debt [3]	166,216	177,591	-6.4%
Equity with non-controlling interests	156,316	150,596	3.8%
Invested Capital [4]	322,531	328,188	-1.7%
Return on Equity [5]	10%	8%	2.3 pp
Equity / Assets [6]	30%	26%	3.6 pp
Return on capital [7]	12%	9%	2.5 pp
Number of employees	1,442	1,396	3.3%

(1) Earnings before interests, other financial expenses, taxes, depreciations, impairments and amortizations
(2) Earnings before interests, other financial expenses and taxes
(3) 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 in BPI and BCP
(4) Equity with non-controlling interests and net debt
(5) Quotient between net income with non-controlling interests and equity with non-controlling interests
(6) Quotient between equity with non-controlling interests and total assets as of December, 31st
(7) Quotient between EBIT and average invested capital

In terms of performance, the improvement in the economic environment and recovery of the markets in which the Group operates (with the exception of the Mexican market) contributed to a positive performance resulting in a turnover of 821 million euros (20.9% increase when compared to 2014), an EBITDA of 69 million euros (12.2% increase when compared to 2014) and net income of 16 million euros (33.5% increase compared to 2014). The exclusion of the negative impact of foreign exchange rate differences, resulting essentially from the devaluation of the Turkish lira and the Mexican peso, would result in an increase of the Group's net income (without the corresponding tax impact) of 54.0% compared to 2014 (in a like-for-like perspective, which implies excluding the foreign exchange rate impact from the net income of 2014), to around 19.5 million euros.

In addition, in 2015, ASCENDUM presented an improvement of financial soundness levels (equity/assets ratio of about 30% and Net Debt/EBITDA of 2.4x).

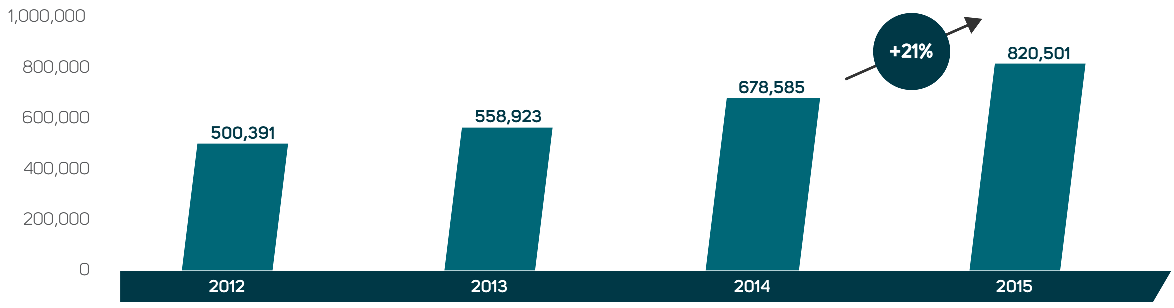
ASCENDUM's positive performance throughout 2015 is the result of not only all the efforts made in the last few years related to structure optimization and the consequential improvement of efficiency levels, but also of the consolidation of its position in the markets in which it operates, particularly in the more recent markets of Central Europe. As a result of the success of its growth strategy and the sharing of best practices in all the countries where it operates, the Group has achieved a track record of trust and value creation which is reflected, year after year, in positive economic-financial performance.

TURNOVER

In 2015, ASCENDUM's turnover increased 21% compared to 2014, to almost 821 million euros, mainly as a result of the contribution of revenues from international operations in the USA, Turkey and Central Europe.

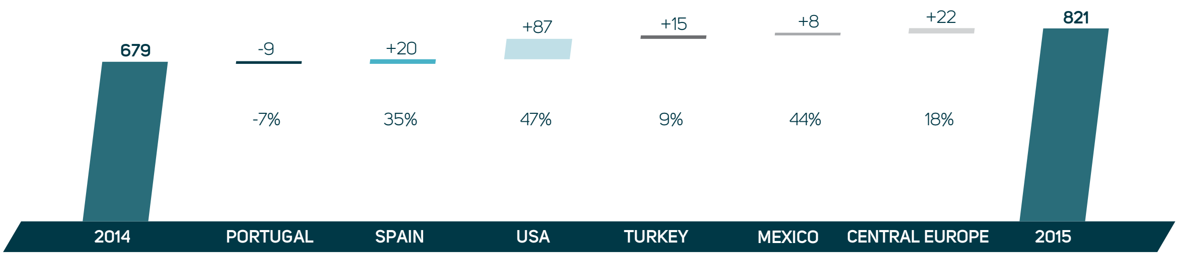
TURNOVER EVOLUTION

Thousand euros



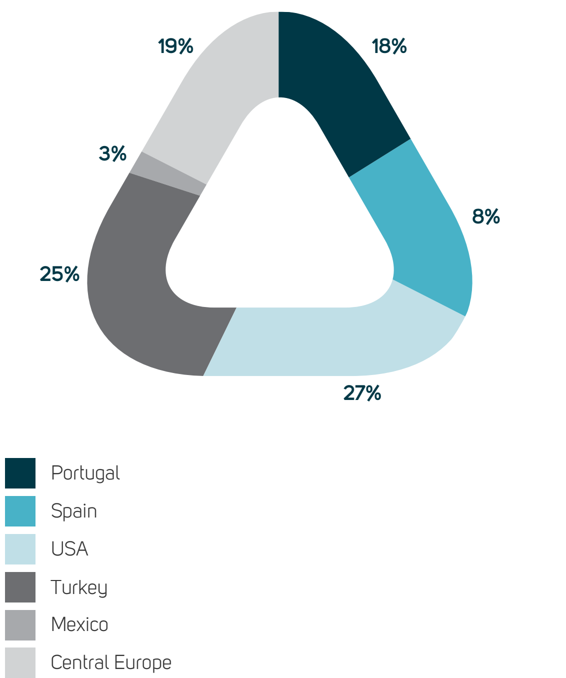
CONTRIBUTION FOR THE TURNOVER GROWTH

Million euros / % growth when compared to 2014

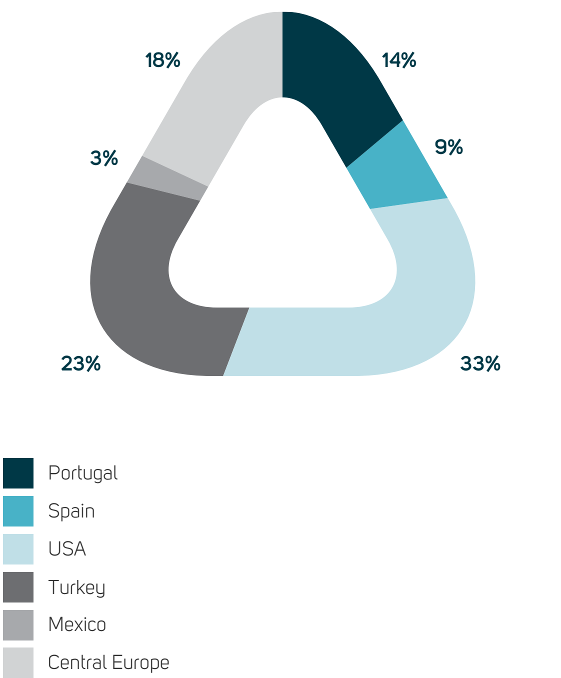


The relative weight of the external markets (Spain, USA, Turkey, Mexico and Central Europe) in the Group's consolidated turnover increased from 82% in 2014 to 86% in 2015.

TURNOVER (2014) - 679 MILLION EUROS

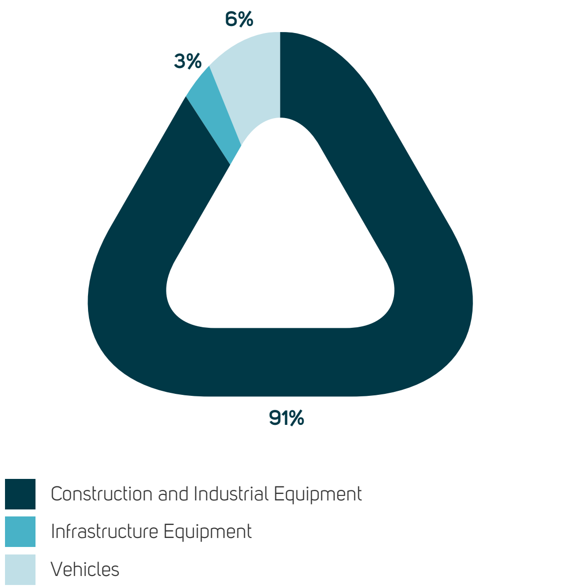


TURNOVER (2015) - 821 MILLION EUROS

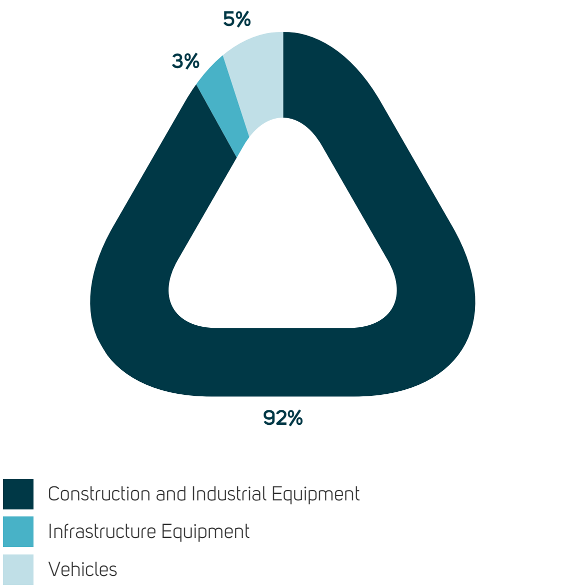


In terms of business areas, the construction and industrial equipment segment, the predominant area in ASCENDUM's operations, increased its relative weight when compared to 2014, representing 92% of the Group's turnover at the end of 2015. There was a reduction in the relative weight of the vehicles business area compared to 2014 to 5%, while the area of infrastructure equipment maintained its relative weight in the Group's turnover, at around 3%.

TURNOVER (2014) - 679 MILLION EUROS



TURNOVER (2015) - 821 MILLION EUROS



EBITDA

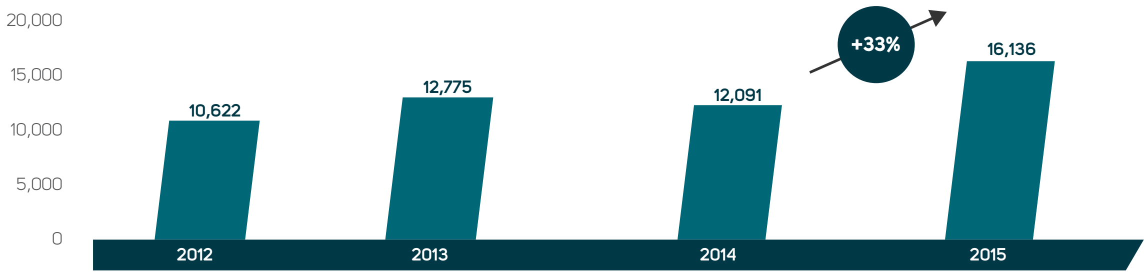
In 2015, ASCENDUM's EBITDA totaled 69.4 million euros, equivalent to 8.5% of the Group's consolidated turnover, representing an increase of 12.2% compared to 2014. Despite the negative impact of operational foreign exchange rate differences of around 1.9 million euros (recurrent EBITDA, that is, excluding the negative impact of operational foreign exchange rate differences, would be of 71.2 million euros, equivalent to an EBITDA margin of 9%), the endeavors of the Group to increase operational efficiency in most geographical platforms, through improvements in processes, tailoring of operational structures to market realities (particularly with regard to the Mexican market) and investment in human resources, were reflected in an improvement of the Group's performance in absolute terms.

NET INCOME

In 2015, the Group's net income amounted to 16.1 million euros (an increase of around 33.5% compared to 2014), equivalent to 2% of the consolidated turnover, being the major contributor to this result the Group's focus on optimizing the management of its available financial resources, thus reducing the generalized cost of debt, alongside an increase in the operational efficiency of the different geographic platforms. Excluding the negative impact of foreign exchange rate differences (operational and financial) of approximately 3.4 million euros (compared to -0.6 million euros reported in 2014), the Group's net income (without the corresponding tax impact) would be of 19.5 million euros (an increase of 54.0% when compared to the net income of 2014, excluding foreign exchange rate differences).

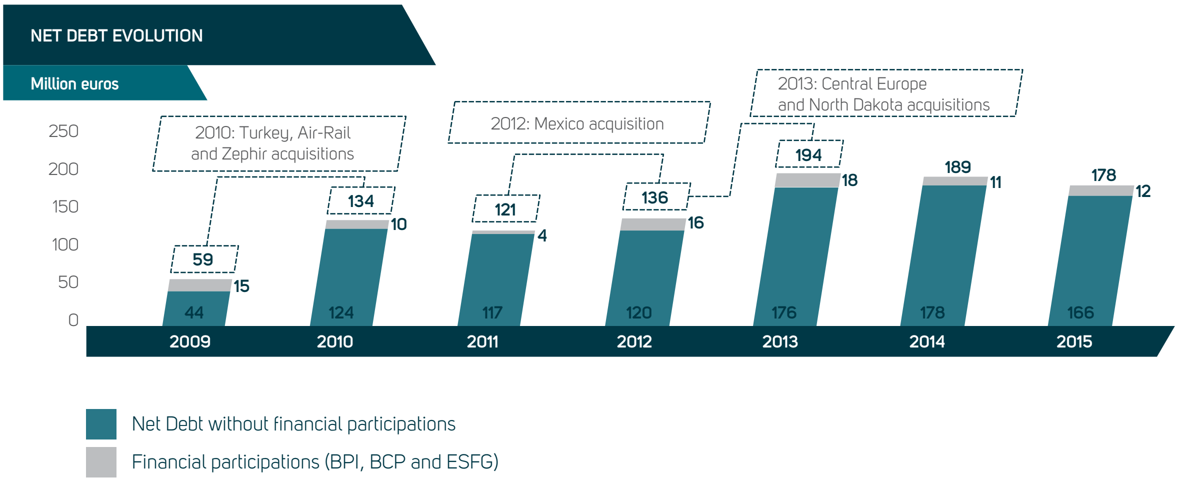
NET INCOME EVOLUTION

Thousand euros



CONSOLIDATED NET DEBT

As at December 31, 2015, the consolidated Net Debt amounted to 166 million euros compared to 178 million euros in 2014.



In turn, the consolidated gross debt amounted to 193 million euros, of which 49.5% were medium and long-term (equivalent to 96 million euros) and 50.5% short-term (equivalent to 98 million euros).

At year end, the Net Debt/EBITDA ratio (including the value of the financial investments that ASCENDUM holds in BPI and BCP) was of 2.4x, while the Equity/Net Debt ratio (including the value of the financial investments that ASCENDUM holds in BPI and BCP) amounted to around 0.9x.

In 2015, the Group's efforts to optimize the management of its financial debt, balancing the liquidity needs of each geographical platform with the cycle and maturity of their business, as well as the focus, as in 2014, on consolidating its position in the markets in which it operates and optimizing the working capital cycle, enabled the generation of cash flow and, hence, gross debt was reduced by about 9 million Euros, mainly due to the contribution of the cash flow generated by Turkey, Central Europe and the United States.

NET ASSETS AND SHAREHOLDERS' EQUITY

In 2015, ASCENDUM's net assets totaled 525 million euros, representing a reduction of approximately 51 million euros when compared to 2014, essentially in the following items:

- **Inventories (-31 million euros)** – with regard to inventories, there were reductions in all geographic platforms, particularly in the United States (-15 million euros), as a result of the Group's efforts to optimize the working capital cycle.

- **Rental Fleet (-17 million euros)** – the optimization and re-adaptation of ASCENDUM's rental fleet (essentially in the North American, Austrian and Czech Republic operations) led to a significant reduction in this asset.

In turn, shareholders' equity (with non-controlled interests) amounted to 156 million euros in 2015, representing an increase of 3.8% compared to 2014, equivalent to 5.7 million euros, in accordance with the net income (16.1 million euros) and the increase in value of BPI and BCP shares (+0.5 million euros compared to the previous year), mitigated in part by the negative foreign exchange rate effect of approximately 3.5 million euros.

ASCENDUM

SOLUTIONS THAT LEAD TO SUCCESS

TRUCKS

PASSENGER VEHICLES

LIGHT COMMERCIAL VEHICLES

2. Economic and Financial Information

2.01 MACROECONOMIC CONTEXT

2.01.1 GLOBAL ECONOMY

During 2015, the global economy consolidated the economic growth started in previous years. After a first half-year marked by solid growth in the developed economies, benefiting from low oil prices, worldwide economic activity reported some turbulence in the second half of the year with instability experienced in financial markets, affected above all by the slowdown in China. In 2015, the global economy presented a slightly lower growth pace than in 2014, with real Gross Domestic Product (GDP) growth rate being estimated to be of around 3.1% in 2015, compared to 3.4% in 2014. Despite a larger growth rate than that of the more advanced economies, emerging economies once again recorded a deceleration in growth from 4.6% in 2014 to 4.0% in 2015. The projected growth rates for emerging economies (4.9% on average from 2015 to 2019) remain above the growth rates forecast for advanced economies (2.2% on average from 2015 to 2019), although below the growth rates recorded in recent years. 2015 was marked by the consolidation of growth in the Eurozone economies which recorded growth of 1.5% in 2015 (compared to 0.9% in 2014), as well as by faster growth in the US economy, due to the positive contribution of both public and private investment in the economy. However, instability in the financial markets due to monetary policy normalization by the US Federal Reserve with a rise in the reference rate, together with geopolitical tensions in the Middle East and between Russia and Turkey, as well as the persistence of low inflation worldwide, largely due to continued low 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													
2015E (Millions inhab.)	7,235	1,375	127	339	10	46	321	78	121	9	11	10	20
CAGR (15E-19E)	n.a	0.5%	-0.4%	n.a	0.1%	-0.1%	0.7%	1.0%	1.1%	0.4%	0.1%	-0.2%	-0.2%
GROSS DOMESTIC PRODUCT													
2015E - nominal (B USD)	76,321	11,385	4,116	11,929	198	1,221	17,968	722	1,161	373	182	118	175
Real growth rate (14-15E)	3.1%	6.8%	0.6%	1.5%	1.6%	3.1%	2.6%	3.0%	2.3%	0.8%	3.9%	3.0%	3.4%
CAGR (10-15E)	3.5%	7.8%	0.7%	0.6%	-1.0%	0.1%	2.1%	4.2%	2.8%	1.0%	1.3%	1.7%	2.2%
CAGR (15E-19E)	3.8%	6.2%	0.8%	1.6%	1.3%	2.2%	2.6%	3.4%	3.1%	1.3%	2.4%	2.2%	3.4%
OTHER INDICATORS (2015E)													
Inflation	3.3%	1.5%	0.7%	0.2%	0.6%	-0.3%	0.1%	7.4%	2.8%	1.0%	0.4%	0.3%	-0.4%
GFCF - growth rate (14-15E)	n.a	n.a	0.2%	2.3%	4.3%	6.1%	3.9%	2.7%	5.5%	0.7%	7.9%	0.0%	6.5%
Unemployment rate	n.a	4.1%	3.5%	11.0%	12.3%	21.8%	5.3%	10.8%	4.3%	5.8%	5.2%	7.3%	6.9%
Gross Public Debt (% of GDP)	n.a	43.2%	245.9%	93.7%	127.8%	98.6%	104.9%	32.1%	52.0%	86.7%	40.6%	75.3%	40.9%
Corporate Income Tax (or equivalent)	24%	25%	33%	n.a	21%	28%	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	4.35%	0.10%	0.05%	0.05%	0.05%	0.50%	7.50%	3.25%	0.05%	0.05%	1.35%	1.75%

Source: World Bank, IMF (Economic Outlook - October 2015), AMECO, KPMG and Central Banks (for the respective reference interest rates)

Regarding the Eurozone macroeconomic scenario in 2015, the growth trend started in 2014 continued with economic growth, although far from the high figures recorded in previous years, to which the increase in domestic demand once again made a significant contribution. The economic growth in each quarter of the year is an encouraging sign for the evolution of the Eurozone economy. In terms of GDP expenditure components, the continued improvement of private consumption since 2013 largely reflects the evolution of real disposable income, benefiting from the consolidation of the labor market, the easing of the impact of fiscal tightening and persistently low inflation, due mainly to the reduction in energy goods prices. Public consumption is expected to have once again become one of the drivers of economic growth, with strong acceleration when compared to previous years, although public sector pay, which represents approximately half of total public consumption, has not significantly grown. With regard to investment, with the increased growth in gross fixed capital formation in 2015 compared to 2014, the outlook for the evolution of the economy over the course of 2016 is good, particularly in job creation and increased productivity. The estimated increase in investment in the construction industry in 2015 was a turning point in the downward trend of the last 7 years. With regard to external trade, despite the 4.6% increase in Eurozone exports in 2015, boosted by the depreciation of the Euro against the US Dollar, the impact of external trade on GDP should be restrained due to the 4.9% increase in imports.

In accordance with the economic growth outlook, domestic demand should be sustained by expansionary monetary and fiscal policy measures and an expected improvement in financial conditions, as well as by the maintenance or slow increase in energy goods prices. However, the economic recovery of the Eurozone is likely to continue to be limited by (i) political instability in several countries, (ii) persistently high unemployment levels in peripheral countries, (iii) high levels of spare capacity and (iv) necessary balance sheet adjustments in the public and private sectors.

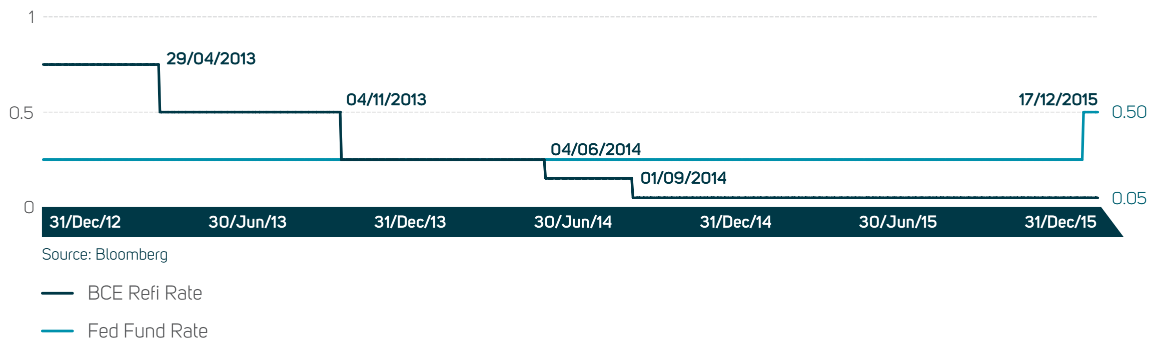
With regard to the United States, economic activity is expected to have expanded by 2.6% in 2015 according to the International Monetary Fund (IMF) forecast, driven by increased demand and investment in the economy. Economic activity maintained the greater dynamism brought over from 2014, although adverse weather conditions resulting from a severe winter negatively affected the increase in private demand. The improvement in conditions in the labor market had a limited impact on the number of jobs created, with no significant wage increases occurring in the private sector, which together with the fall in consumer confidence levels in 2015 led to a slowdown in private consumption when compared to 2014, despite positive growth. In addition, the slowdown in the increase in business investment in 2015 compared to the previous year reflects the fall in business confidence in the American economy. In terms of external trade, the growth dynamics of exports were negatively affected by the increase in value of the Dollar in 2015, resulting in an increase in imports, also boosted by the increase in domestic demand. The outlook for the US economy is for continued growth, mainly due to the improved labor market and housing conditions, although monetary policy normalization and the withdrawal of accommodative financing conditions may have a negative impact on consumer and business confidence. The presidential elections to be held in November 2016 may also lead to investment projects being postponed by business owners, at least until one of the candidates has a clear margin of victory.

In 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 maintain the interest rate for the main refinancing operations at 0.05%, and signaled that it would keep reference rates low for an extensive period of time. The Eurosystem continued with its purchases of covered bonds (mortgage bonds and public-sector securities) and of ABS — asset-backed securities – with the extension of these programs for at least 18 months, until March 2017. 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 continue to 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 proceeded with monetary policy normalization by increasing its reference rate, for the first time in almost 10 years, by 25 basis points to 0.50% in December 2015. Additionally, in the context of a strong labor market with the lowest unemployment rate in 7 years, and facing the inflationary pressure of potential wages increases in the private sector, the Federal Open Market Committee (FOMC) is considering additional rises in the reference rate in 2016 and maintaining the portfolio of financial assets acquired under the third package of unconventional measures (Quantitative Easing) until maturity. The Bank of England, in turn, will continue with the rollover of assets acquired, despite no expectations of an increase in the reference rate nor resumption of monthly acquisitions of assets.

EVOLUTION OF FED AND BCE REFERENCE RATES

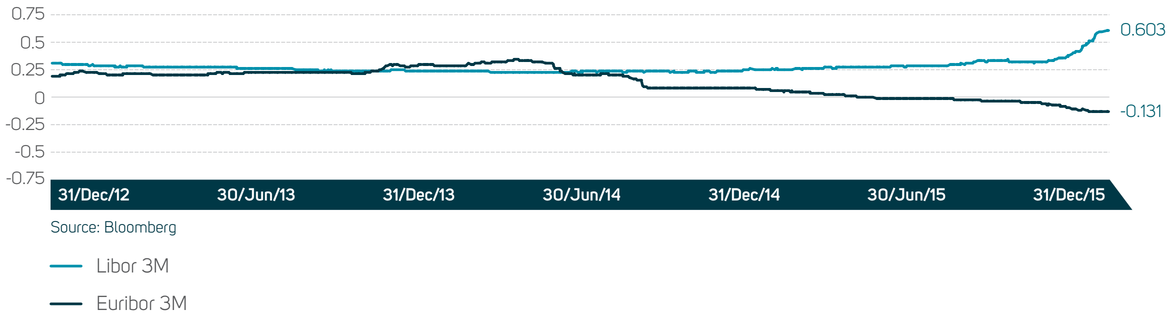
Percentual points



Source: Bloomberg

EVOLUTION OF EURIBOR 3M AND LIBOR 3M INTEREST RATES

Percentual points



Source: Bloomberg

EURIBOR 3M

	2013	2014	2015
maximum	0.298	0.347	0.076
average	0.220	0.209	-0.020
minimum	0.188	0.078	-0.133
close	0.287	0.078	-0.131

LIBOR 3M

	2013	2014	2015
maximum	0.305	0.257	0.613
average	0.267	0.234	0.316
minimum	0.236	0.223	0.251
close	0.246	0.256	0.613

In terms of the evolution of the foreign exchange market in 2015, the overall trend was for appreciation of the euro against emerging market currencies, as can be seen in the markets in which ASCENDUM operates:

EXCHANGE RATES (year end)

	2014	2015	Δ (15/14)
EUR/USD	1.214	1.089	-10.3%
EUR/TRL	2.832	3.177	12.2%
EUR/MXN	17.868	18.915	5.9%
EUR/CZK	27.735	27.023	-2.6%
EUR/HUF	315.540	315.980	0.1%
EUR/RON	4.483	4.524	0.9%
EUR/MZN	40.296	49.005	21.6%

2.01.2 PORTUGAL

In 2015, the Portuguese economy consolidated the growth recorded in 2014, with a growth rate estimated by the IMF of 1.6% (0.7 percentage points above the rate recorded in the previous year). This economic growth was largely driven by an increase in private consumption of 3.1% and in public consumption of 0.3%, the first time in six years that this indicator has recorded growth. The positive macroeconomic context was also felt in the 4.3% increase in gross fixed capital formation, with the particularly notable contribution of the construction industry which posted a positive growth rate for the first time since 2001. In terms of external trade, the 6.0% increase in imports (reflecting above all the normalization of domestic demand) offset the positive performance in exports which increased 4.9%.

The outlook for 2016 is favorable, with the IMF predicting a real GDP growth rate of 1.5%, still benefiting from a favorable financial environment (interest rates reduced by the effect of expansionary monetary policy of the European Central Bank), depreciation of the exchange rate and moderation in oil prices. However, the IMF issued some alerts for Portugal, notably with regard to the reversal and/or suspension of structural reforms that had been implemented in recent years and a possible optimism regarding the impact on private consumption of the fiscal policy envisaged for the next few years. In addition, the excessive exposure of the financial system to unproductive sectors of the economy prevents access to credit among new business initiatives associated with sectors that are more productive or have greater potential for growth. The moderation expected in private consumption and investment, measured by gross fixed capital formation, should in time reduce potential output as well as limit job creation.

In terms of price trends, the inflation rate in 2015 should be 0.6%, representing an increase of 0.8 p.p. compared to the previous period and a return to positive inflation after the deflation recorded in the previous year, even considering the downward pressure on prices from the fall in prices of energy goods.

With regard to the evolution of employment levels in Portugal, the unemployment rate fell in 2015 for the second year in a row (fall of 1.6 p.p., after a fall of 2.3 p.p. in 2014), as a result of the improvement in employer confidence and the implementation of programs to stimulate the hiring of the long-term unemployed.

In terms of the Portuguese economy indebtedness, the decrease in private sector debt in 2015 was notable (reduction of the debt of non-financial companies from 152.3% of GDP in 2014 to 146.2% in 2015 and of household debt from 86.5% to 81.2%), as well as the decrease in gross public debt by 2.4 p.p. to 127.8%. It is to be noted that this was the first decrease in public debt in many years, in parallel with both the decrease in private debt and the improvement in the country's foreign position.

PORTUGAL - REAL GROWTH RATE (%)

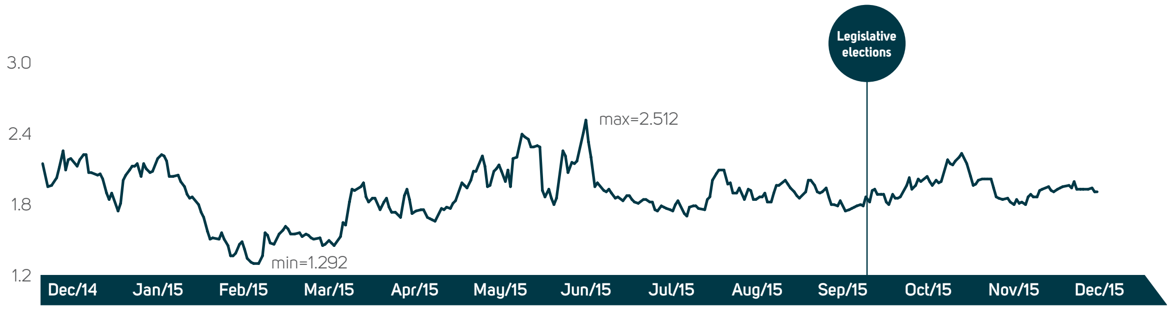
	2010	2011	2012	2013	2014	2015E
GDP	1.9%	-1.8%	-4.0%	-1.6%	0.9%	1.6%
Private consumption	2.4%	-2.0%	-3.8%	-0.4%	2.9%	3.1%
Government spending	-1.3%	-3.8%	-3.3%	-2.0%	-0.5%	0.3%
GFCF	-0.9%	-12.5%	-16.6%	-5.1%	2.8%	4.3%
GFCF - Construction sector	-3.8%	-10.3%	-20.0%	-12.1%	-3.0%	3.6%
Exports	0.3%	8.6%	-2.6%	11.6%	5.6%	4.9%
Imports	-3.1%	-5.8%	-11.7%	6.9%	8.0%	6.0%
Inflation (CPI)	1.4%	3.6%	2.8%	0.4%	-0.2%	0.6%
Unemployment rate (% total labor force)	10.8%	12.7%	15.5%	16.2%	13.9%	12.3%
Gross Public Debt (% GDP)	96.2%	111.1%	125.8%	129.7%	130.2%	127.8%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

Based on the signs of recovery observed in 2015, the spread (difference between yields) of Portuguese 10-year sovereign bond yields against the German government debt was reduced by 245 basis points and there was an improvement in the rating assigned by Standard & Poor's by one level.

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

Percentual points



Source: Investing.com

RATINGS 2015

AGENCY	BEGINNING OF THE YEAR	DATE OF CHANGE	END OF YEAR
Moody's	Ba1	-	Ba1
S&P	BB	18/09/2015	BB+
Fitch	BB+	-	BB+

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

2.01.3 SPAIN

In 2015 there was a consolidation of the economic growth recorded in 2014, following three years of contraction, with a growth rate estimated by IMF of 3.1% (1.7 percentage points higher than the increase recorded in 2014). The growth in 2015 was largely due to the rise in private consumption of 2.5% (driven by job creation, lower inflation excluding energy products and the recovery of business confidence) and in public consumption of 2.2% (the first increase in 5 years). In addition, corporate, public and household investment increased in 2015 by around 6.1%, supported by the contribution of the construction sector to the increase in gross fixed capital formation (increase of 5.4%) putting an end to eight years of annual falls in which the sector fell more than 50%. With regard to external trade, exports increased 5.1% (supported by more competitive prices and stabilization of the main external markets), although this was still insufficient to compensate for the 7.4% increase in imports.

In terms of the outlook for 2016, political instability resulting from the inconclusive parliamentary elections at the end of 2015 may negatively affect the economic consolidation recorded in the last two years. According to various surveys and opinion polls, the significant likelihood of a minority government or a government supported by a coalition of several parties cannot be excluded, with the possibility of new elections. The risk that a minority or coalition government suspends or even reverses structural reforms carried out in recent years may lead to the suspension and postponement of investment projects and of consumption of capital and value added goods by businesses and consumers, putting negative pressure on the two drivers of the economic recovery experienced in recent years.

In terms of price evolution, the inflation rate in 2015 should be negative again, -0.3%, corresponding to the second consecutive year of deflation, mainly due to the downward pressure on the prices of energy products and the insufficient recovery of consumption taking into account the compounded decrease of previous years.

With regard to the evolution of employment levels in Spain, there was once again a decrease in the unemployment rate (reduction of 2.6 p.p. in 2015, after a fall of 1.7 p.p. in 2014) as a result of the recovery in economic activity as well as the positive impacts of the 2012 Labor Reform. However, it is important to note the high percentage of long-term unemployed (around 40% of the total unemployed), as well as the percentage of workers with fixed-term contracts compared to those with permanent contracts (around 35%).

In terms of public finances, the level of public debt did not followed the positive trend in economic activity recorded in 2015, with an increase in gross public debt (in % of GDP) of 0.9 p.p. from 2014 to 2015, to 98.6%.

SPAIN - REAL GROWTH RATE (%)

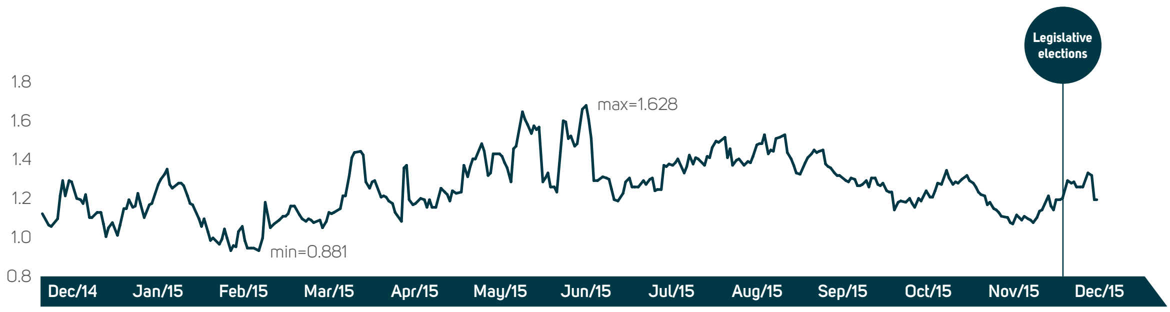
	2010	2011	2012	2013	2014	2015E
GDP	0.0%	-0.6%	-2.1%	-1.2%	1.4%	3.1%
Private Consumption	0.3%	0.0%	-1.2%	-2.1%	1.4%	2.5%
Government spending	1.5%	-0.3%	-4.5%	-2.8%	0.0%	2.2%
GFCF	-4.9%	-6.9%	-7.1%	-2.5%	3.5%	6.1%
GFCF - Construction sector	-10.1%	-11.7%	-8.3%	-7.1%	-0.2%	5.4%
Exports	9.4%	7.4%	1.2%	4.3%	4.2%	5.1%
Imports	6.9%	-0.8%	-6.3%	-0.5%	7.6%	7.4%
Inflation (CPI)	1.8%	3.2%	2.4%	1.4%	-0.2%	-0.3%
Unemployment rate (% total labor force)	19.9%	21.4%	24.8%	26.1%	24.5%	21.8%
Gross Public Debt (% GDP)	60.1%	69.2%	84.4%	92.1%	97.7%	98.6%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

Based on the macroeconomic indicators observed in 2015, the Spanish economy's financing conditions improved, since despite the slight increase of 10 basis points in the spread (difference between yields) of the Spanish 10-year sovereign bond yields against German government debt, there was an improvement in the rating assigned by S&P to the Spanish public debt. All the main global agencies rate the Spanish sovereign debt as *investment grade*.

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

Percentual points



Source: Bloomberg

RATINGS 2015

AGENCY	BEGINNING OF THE YEAR	DATE OF CHANGE	END OF YEAR
Moody's	Baa2	-	Baa2
S&P	BBB	02/10/2015	BBB+
Fitch	BBB+	-	BBB+

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

2.01.4 USA

According to IMF estimates, the US economy is expected to record GDP growth of 2.6% in 2015, the highest rate of growth of the last 10 years. In a year marked by extreme weather conditions that penalized activity in the first quarter of the year, there was a notable recovery between April and December, with GDP rising 3.2% year-on-year during those months. The positive economic growth recorded in 2015 was driven largely by the 3.4% increase in private consumption (although 0.8 percentage points below the 2014 growth rate), mainly due to the strong labor market, which reached levels close to full employment, and the reduction in fuel prices. Additionally, public consumption increased for the first time in five years, recording growth of 0.4%. Gross fixed capital formation was also positive, increasing by about 3.9%, with a notable positive contribution of the construction sector with a growth rate of 4.8%, reflecting the increase in the level of business confidence in the US economy. With regard to external trade, the appreciation of the Dollar, together with the increase in domestic demand, contributed to an external trade imbalance, with exports increasing 1.5%, insufficient to compensate the strong increase in imports of 5.9%.

In terms of the outlook for 2016, it is expected that the USA will continue the positive expansion trend registered in 2015, with private consumption as the main driver of the economy in the coming years, supported by an increase in purchasing power as a result of the recovery of the labor market and moderation in fuel prices. With regard to business activity, the growth outlook is more moderate, given the expected increase in the Federal Reserve's reference rate, which will increase the cost of corporate borrowing and of new investment projects. However, the effort made in recent years to strengthen balance sheets and the good performance of company results and cash-flows demonstrate the resilience of the US business sector and offers good prospects for the future. Additionally, with regard to the housing market, recent data points to the consolidation of the sector, although it is still subject to risk factors, such as a severe winter once more felt in the last months of 2015 and start of 2016.

In terms of price trends, the inflation rate in 2015 should be of 0.1%, representing a decrease of 1.5 p.p. compared to the previous year, driven mainly by downward pressure on oil prices and the recovery of the US dollar against the currencies of the United States' main commercial partners, which reduces the price levels of imports and services.

With regard to the evolution of employment in the US, there was a reduction of 0.9 p.p. in the unemployment rate to 5.3% in 2015, the lowest unemployment rate in the last 8 years. In recent years, average job creation has shown an increasing trend (230,000 jobs per month in 2015), with the unemployment rate approaching full employment.

In terms of public finances, the level of public debt did not followed the positive trend in economic activity recorded in 2015, with a slight increase in 2015 in gross public debt (in % of GDP) of 0.1 p.p. to 104.9%. However, private sector debt levels, and household debt in particular, have been on a strong downward trajectory in recent years.

USA - REAL GROWTH RATE (%)

	2010	2011	2012	2013	2014	2015E
GDP	2.5%	1.6%	2.2%	1.5%	2.4%	2.6%
Private Consumption	1.9%	4.8%	3.4%	3.1%	4.2%	3.4%
Government spending	0.1%	-2.7%	-0.9%	-2.5%	-0.5%	0.4%
GFCF	1.1%	3.7%	6.3%	2.4%	4.1%	3.9%
GFCF - Construction sector	-7.4%	-1.1%	6.9%	2.6%	3.6%	4.8%
Exports	11.9%	6.9%	3.4%	2.8%	3.4%	1.5%
Imports	12.7%	5.5%	2.2%	1.1%	3.8%	5.9%
Inflation (CPI)	1.6%	3.1%	2.1%	1.5%	1.6%	0.1%
Unemployment rate (% total labor force)	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%
Gross Public Debt (% GDP)	94.7%	99.0%	102.5%	104.8%	104.8%	104.9%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

Based on the macroeconomic indicators observed in 2015, the US economy's financing conditions improved, despite the rise of 10 basis points in yield of US 10-year government bonds, since interest rates denominated in US Dollars (Libor) increased on average by 20 to 30 basis points during 2015. This reduction in the implicit risk of the US 10-year government bonds is reflected in the unchanged ratings of the main agencies, and only S&P does not assign the top rating to the US public debt.

RATINGS 2015

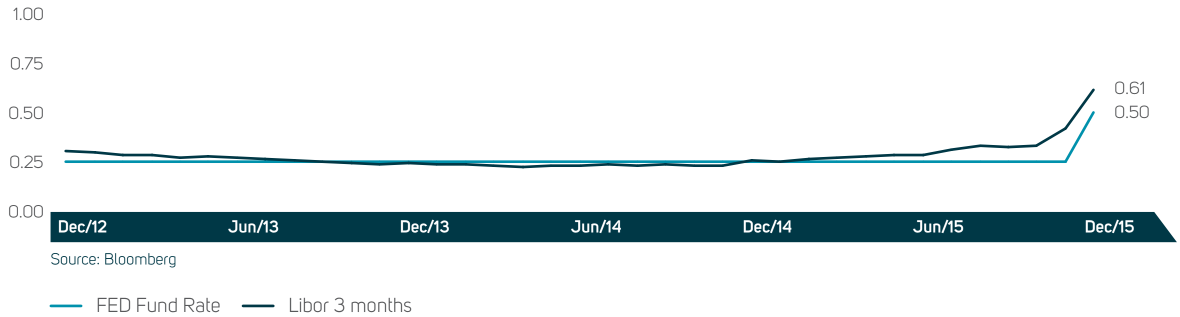
MOODY'S	S&P	FITCH
Aaa	AA+	AAA

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

With regard to US monetary policy, the Federal Reserve increased its reference rate for the first time in almost 10 years, by 0.25 basis points to 0.50%. This rise in the interest rate followed the monetary policy normalization launched in 2014, at the time of the withdrawal of stimulus and reduction in the monthly amount of asset purchases. Libor interest rates showed lower volatility, despite the upward trend recorded throughout the year as the increase in the reference rate became increasing likely (occurring in December 2015).

EVOLUTION OF THE FED FUND RATE AND LIBOR 3M INTEREST RATE

Percentual points



Source: Bloomberg

2.01.5 TURKEY

According to IMF estimates, the Turkish economy recorded GDP growth of 3.0% in 2015 (0.1 percentage points above the growth recorded in 2014), with positive contributions from the increase in private consumption of 11.0%, public consumption of 5.2% and gross fixed capital formation of 2.7% (inverting the negative growth rate recorded in 2014). However, the decrease in exports of 1.6% (negative variation of 1.3 p.p. compared to the decrease in 2014) was offset in part by the decrease in imports of 0.5% (-5.0 p.p. compared to the growth rate in 2014).

In 2015, Turkish economic activity was marked by a range of factors which have affected the economy in recent years. While, on the one hand, monetary policy was more predictable than in previous years in terms of changes in the reference rates, the inability of the Turkish Central Bank to contain high inflation and the devaluation of the Turkish Lira brought growing volatility to the capital market. Geopolitical tensions in the Middle East, particularly with the war situation in Syria, worsened with Russia's application of financial penalties on Turkey, following military incidents on the Turkish border with Syria and in the Bosphorus.

In terms of the outlook for 2016, the Turkish economy is expected to grow, driven by the better performance of domestic and external demand compared to 2015. The reduction in political instability, following the formation of a stable majority government close to the President in 2015, after inconclusive initial parliamentary elections, will enable structural reforms to be made, re-launching private investment in the economy, which will have to compensate for the suspension of construction projects expected in collaboration with Russian companies.

With respect to price evolution, the inflation rate in 2015 was slightly lower than the high level recorded in 2014, with a reduction of 1.4 p.p., i.e. from 8.9% in 2014 to 7.4% in 2015. With regard to the evolution of employment in Turkey, there was an increase of 0.8 p.p. in the unemployment rate, i.e. from 9.9% in 2014 to 10.8% in 2015. With regard to Turkish public finances, public debt dropped 1.5 p.p. during the year, from 33.6% in 2014 to 32.1% in 2015, accompanying the positive growth trend in the Turkish economy.

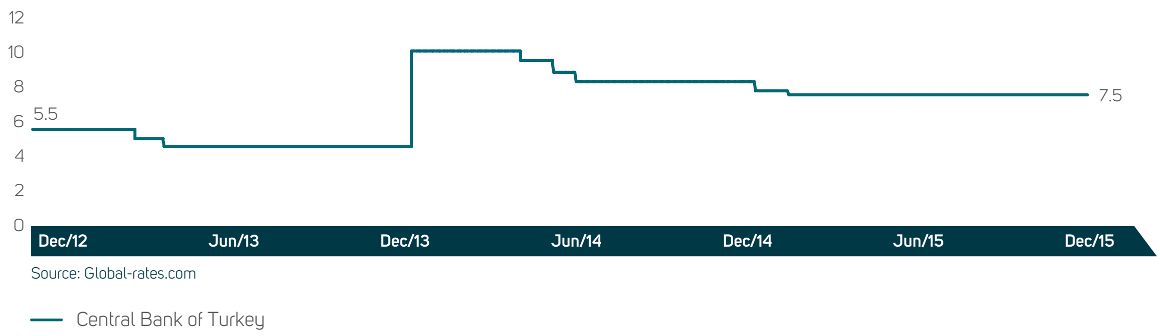
TURKEY - REAL GROWTH RATE (%)

	2010	2011	2012	2013	2014	2015E
GDP	9.2%	8.8%	2.1%	4.2%	2.9%	3.0%
Private Consumption	6.7%	17.3%	7.6%	11.6%	8.5%	11.0%
Government spending	2.0%	4.7%	6.1%	6.5%	4.7%	5.2%
GFCF	30.5%	18.0%	-2.7%	4.4%	-1.3%	2.7%
GFCF - Construction sector	18.2%	10.6%	0.8%	9.1%	1.8%	n.d.
Exports	8.8%	6.2%	12.7%	0.3%	4.5%	-0.5%
Imports	17.6%	11.3%	1.3%	8.4%	-0.3%	-1.6%
Inflation (CPI)	8.6%	6.5%	8.9%	7.5%	8.9%	7.4%
Unemployment rate (% total labor force)	11.1%	9.1%	8.4%	9.0%	9.9%	10.8%
Gross Public Debt (% GDP)	42.3%	39.1%	36.2%	36.1%	33.6%	32.1%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

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 2015, with S&P still classifying Turkey as noninvestment grade.

RATINGS 2015

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

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

2.01.6 MEXICO

In 2015, the Mexican economy expanded, with GDP increasing 2.3%, according to IMF estimates (0.2 p.p. above the 2014 growth rate). The positive economic growth in 2015 largely reflects the 6.7% increase in private consumption (1.1 p.p. above the growth rate of the previous year) and the 5.5% increase in gross fixed capital formation (3.3 p.p. above the growth rate in 2014). External trade was also a factor of growth for the Mexican economy, with exports once again rising more than imports, recording growth rates of 9.3% and 7.5% respectively.

2015 was marked by greater dynamism of the Mexican economy than in the previous year, evident on the good performance of exports which accompanied the upward trend in the United States, Mexico's main trade partner. The Mexican economy's limited exposure to the Chinese economy enabled it to avoid a negative effect due to the slowdown of the economy in that Asian country.

In terms of the outlook for 2016, the Mexican economy is expected to accelerate slightly, assuming a good performance of external demand and of private consumption, to offset the expected reduction of the weight of public consumption in the economy, as a result of structural reforms implemented in 2014 and 2015. The impact of lower oil prices on Mexico's current account should not be significant, as the sector's share of the economy is not as significant as in other oil-exporting economies and, despite being an exporter of crude oil, Mexico continues to import refined petroleum.

With respect to price evolution, the inflation rate in 2015 was close to the Central Bank's target rate (3%), falling 1.2 p.p. compared to 2014 to 2.8%.

With regard to the evolution of employment in Mexico, there was a reduction of 0.5 p.p. in the unemployment rate to 4.3%, which is the lowest unemployment rate in the last six years.

In terms of indebtedness of the economy, gross government debt (in % of GDP) increased by 2.2 p.p., from 49.8% in 2014 to 52.0% in 2015.

MEXICO - REAL GROWTH RATE (%)

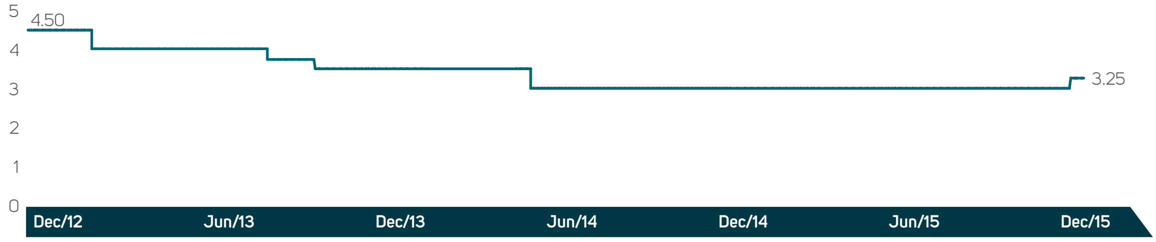
	2010	2011	2012	2013	2014	2015E
GDP	5.1%	4.0%	4.0%	1.4%	2.1%	2.3%
Private Consumption	5.7%	8.1%	9.4%	5.6%	5.7%	6.7%
Government spending	-89.8%	2.5%	3.3%	1.2%	2.5%	2.0%
GFCF	-89.9%	7.9%	4.6%	-1.8%	2.2%	5.5%
GFCF - Construction sector	-0.2%	3.0%	1.6%	n.d.	n.d.	n.d.
Exports	20.5%	8.2%	5.8%	2.4%	7.3%	9.3%
Imports	20.5%	8.1%	5.5%	2.6%	5.7%	7.5%
Inflation (CPI)	4.2%	3.4%	4.1%	3.8%	4.0%	2.8%
Unemployment rate (% total labor force)	5.3%	5.2%	4.9%	4.9%	4.8%	4.3%
Gross Public Debt (% GDP)	42.2%	43.2%	43.2%	46.4%	49.8%	52.0%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

In terms of monetary policy, the Bank of Mexico decided to replicate the US Federal Reserve's 0.25 p.p. interest rate rise, increasing the interest rate for the main refinancing operations once in 2015, from 3.0% to 3.25%. This decision is related with the need to stall the capital movements towards financial assets denominated in US Dollars by increasing the yield of assets denominated in Mexican Pesos.

EVOLUTION OF THE CENTRAL BANK OF MEXICO REFERENCE RATE

Percentual points



Source: Global-rates.com

Central Bank of Mexico

In terms of the rating assigned to the Mexican sovereign debt, the main global rating agencies maintained their ratings in 2015, with all the main agencies rating the Mexican sovereign debt as investment grade.

RATINGS 2015

MOODY'S	S&P	FITCH
A3	BBB+	BBB+

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

2.01.7 AUSTRIA

In 2015, the Austrian economy experienced moderate growth once again, with GDP rising 0.8%, according to IMF estimates (0.4 p.p. above the 2014 growth rate). The positive economic growth largely reflected the relaunch of investment measured by gross fixed capital formation, reversing the negative growth rate recorded in 2014, and a slight increase in public consumption compared to 2014. In terms of external trade, the slowdown in exports (1.1% increase in 2015, compared to 2.1% in 2014) was partly compensated by a slowdown in imports (0.6% increase in 2015, compared to an increase of 1.3% in 2014).

Although incipient, the growth in the Austrian economy recorded in 2015 offers a good outlook for the future, given the context of slowdown in external and domestic demand recorded during the year. In terms of the outlook for 2016, improvements in the economic conditions of various trade partners together with growth in domestic demand and the relaunch of investment are likely to create conditions for the economic growth rate to be the highest in recent years.

In terms of price trends, the inflation rate fell by 0.5 p.p. year-on-year, from 1.5% in 2014 to 1.0% in 2015, due to a slowdown in price increases in energy products and commodities.

In terms of the unemployment rate in Austria, 2015 was marked by an increase of 0.2 p.p. compared to 2014 to 5.8%. However, it must be noted that Austria continues to record one of the lowest unemployment rates in the European Union.

With regard to Austrian public finances, the government debt increased from 84.5% in 2014 to 86.7% in 2015, penalized by the restructuring of a national financial institution, which had an impact of about 2 p.p. of GDP. Following this financial restructuring, some fiscal consolidation measures are expected to reduce public debt levels in the economy.

AUSTRIA - REAL GROWTH RATE (%)

	2010	2011	2012	2013	2014	2015E
GDP	1.9%	2.8%	0.8%	0.3%	0.4%	0.8%
Private Consumption	0.9%	4.5%	2.9%	2.2%	2.1%	1.0%
Government spending	0.5%	0.0%	0.2%	0.6%	0.8%	0.9%
GFCF	-2.1%	6.7%	1.3%	-0.3%	-0.2%	0.7%
GFCF - Construction sector	-4.5%	2.7%	2.2%	-2.1%	-1.0%	-1.2%
Exports	13.8%	6.0%	1.7%	0.8%	2.1%	1.1%
Imports	12.0%	6.2%	1.1%	0.0%	1.3%	0.6%
Inflation (CPI)	1.7%	3.6%	2.6%	2.1%	1.5%	1.0%
Unemployment rate (% total labor force)	4.8%	4.6%	4.9%	5.3%	5.6%	5.8%
Gross Public Debt (% GDP)	82.3%	82.1%	81.5%	80.8%	84.5%	86.7%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

In terms of the rating assigned to Austrian sovereign debt, Fitch announced the reduction of its rating by one level in 2015 and only Moody's assigns the highest rating level to the Austrian sovereign debt. All the main global rating agencies rate the Austrian sovereign debt as investment grade.

RATINGS 2015

AGENCY	BEGINNING OF THE YEAR	DATE OF CHANGE	END OF YEAR
Moody's	Aaa	-	Aaa
S&P	AA+	-	AA+
Fitch	AAA	13/02/2015	AA+

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

2.01.8 CZECH REPUBLIC

2015 was marked by the consolidation of the economic growth recorded in 2014, with GDP in Czech Republic rising 3.9% according to IMF estimates (1.9 percentage points above the 2014 growth rate). The positive economic growth was largely driven by the 3.1% and 3.5% increases in private and public consumption, respectively. Furthermore, corporate, government and household investment increased in 2015 by about 7.9%, with a notable contribution of the construction sector to the growth in gross fixed capital formation. With regard to external trade, the slowdown in exports of 2.6 percentage points compared to 2014 was compensated by the even greater slowdown in imports, which increased 2.7 percentage points less than in 2014.

In terms of the outlook for 2016, it is expected that Czech Republic will continue the expansion of economic activity recorded in 2015, although with slower growth, with both private and public consumption representing the key growth factors of the economy in the coming years. The slowdown in investment, above all due to the expected contraction in the construction industry, and the continued external deficit are likely to limit economic growth in the coming years.

With respect to price evolution, inflation in 2015 should be around 0.4%, unchanged from the previous year, with the downward pressures on energy product prices (as a result of the fall in the price of oil) offset by the strong increase in private and public consumption.

With regard to the evolution of employment in Czech Republic, for the second year running there was a decrease of 0.9 p.p. in the unemployment rate to 5.2% (the lowest level in the last seven years).

In terms of public finances, the level of public debt followed the positive trend in economic activity recorded in 2015, with a reduction of public debt (in % of GDP) of 2.0 p.p. from 42.6% in 2014 to 40.6% in 2015.

CZECH REPUBLIC - REAL GROWTH RATE (%)

	2010	2011	2012	2013	2014	2015E
GDP	2.3%	2.0%	-0.9%	-0.5%	2.0%	3.9%
Private Consumption	1.0%	1.9%	0.7%	1.6%	2.0%	3.1%
Government spending	0.4%	-3.0%	-1.8%	2.3%	1.8%	3.5%
GFCF	1.3%	1.1%	-3.2%	-2.7%	2.0%	7.9%
GFCF - Construction sector	-0.3%	-3.8%	-3.2%	-5.0%	2.2%	9.9%
Exports	14.8%	9.3%	4.3%	0.0%	8.9%	6.3%
Imports	14.9%	6.7%	2.7%	0.1%	9.8%	7.1%
Inflation (CPI)	1.5%	1.9%	3.3%	1.4%	0.4%	0.4%
Unemployment rate (% total labor force)	7.3%	6.7%	7.0%	7.0%	6.1%	5.2%
Gross Public Debt (% GDP)	38.2%	39.9%	44.6%	45.1%	42.6%	40.6%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

In terms of monetary policy, the Czech National Bank kept interest rates for the main refinancing operations unchanged at 0.05%, in an attempt to prevent deflationary 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.

With regard to the rating assigned to the Czech sovereign debt, the main global rating agencies maintained their ratings in 2015, all the main agencies rating the Czech sovereign debt as investment grade.

RATINGS 2015

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

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

2.01.9 ROMANIA

According to IMF estimates, Romania recorded GDP growth of 3.4% in 2015 (0.6 percentage points above the growth recorded in 2014), mainly driven by the strong increase in private consumption of 6.5% (1.4 p.p. above of 2014 increase), the 6.5% increase in gross fixed capital formation (4.0 p.p. above the increase recorded in 2014), stimulated by a significant relaunch of the construction sector, with a 7.7% increase (inverting the negative growth rate recorded in 2014 and representing a variation of 10.6 p.p.) and the 1.4% increase in public consumption (1.1 p.p. above the increase recorded in 2014). These factors offset the negative performance of Romanian balance of trade, in which imports increased by 7.8% (0.1 p.p. above 2014) and exports slowed down, having grown only 6.4% (-1.7 p.p. when compared to 2014).

In terms of the outlook for 2016, the expansionary fiscal policies envisaged are expected to leverage growth in domestic demand and further extend the fiscal deficit. The negative effect of an increase in the external deficit must be offset by the strong rise in both public and private consumption and by the expected expansion of investment, albeit at a slower rate, supported by a new cycle for the Romanian banking system after several years of restructuring and reduction in balance sheets.

With respect to prices evolution, the inflation rate in 2015 should be -0.4%, corresponding to a deflation scenario and the lowest rate of the last 20 years, thus representing a decrease of 2.5 p.p. compared to the previous year, 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 increase of 0.1 p.p. in the unemployment rate to 6.9% in 2015.

In terms of public finances, gross government debt (as a % of GDP) increased slightly by 0.4 p.p., from 40.6% in 2014 to 40.9% in 2015.

ROMANIA - REAL GROWTH RATE (%)

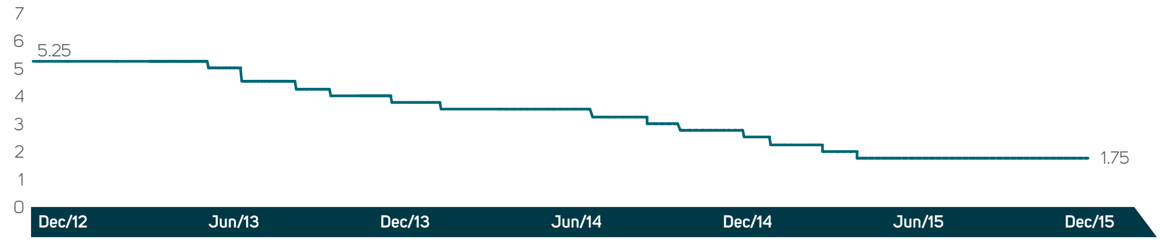
	2010	2011	2012	2013	2014	2015E
GDP	-0.8%	1.1%	0.6%	3.4%	2.8%	3.4%
Private Consumption	1.0%	5.0%	5.8%	3.4%	5.0%	6.5%
Government spending	-4.9%	0.6%	0.4%	-4.6%	0.3%	1.4%
GFCF	-90.2%	2.9%	0.1%	-5.4%	2.5%	6.5%
GFCF - Construction sector	7.4%	-4.3%	15.2%	-15.0%	-2.9%	7.7%
Exports	15.2%	11.9%	1.0%	15.5%	8.1%	6.4%
Imports	12.6%	10.2%	-1.8%	4.2%	7.7%	7.8%
Inflation (CPI)	6.1%	5.8%	3.3%	4.0%	1.1%	-0.4%
Unemployment rate (% total labor force)	7.0%	7.1%	6.8%	7.1%	6.8%	6.9%
Gross Public Debt (% GDP)	30.5%	33.9%	37.5%	38.8%	40.6%	40.9%

Source: IMF (Economic Outlook - October 2015), AMECO (February 2016).

In terms of monetary policy, the National Bank of Romania decided to reduce interest rates for the main refinancing operations four times throughout 2015, from 2.75% to 1.75%.

EVOLUTION OF THE CENTRAL BANK OF ROMANIA REFERENCE RATE

Percentual points



Source: Romanian Central Bank

— Central Bank of Romania

With regard to the rating assigned to the Romanian sovereign debt, the main global rating agencies maintained their ratings in 2015, rating the Romanian sovereign debt as investment grade.

RATINGS 2015

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

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

2.02 ASCENDUM PERFORMANCE IN 2015

ASCENDUM operates mainly in three major business areas — construction and industrial equipment, infrastructure equipment and vehicles (cars and trucks), and operates directly in 18 countries:

ASCENDUM, S.A.		
Construction and Industrial Equipment	Infrastructure Equipment	Vehicles (cars and trucks)
Portugal, Spain, USA, Turkey, Mexico, Central Europe(*)	Portugal, Turkey	Portugal

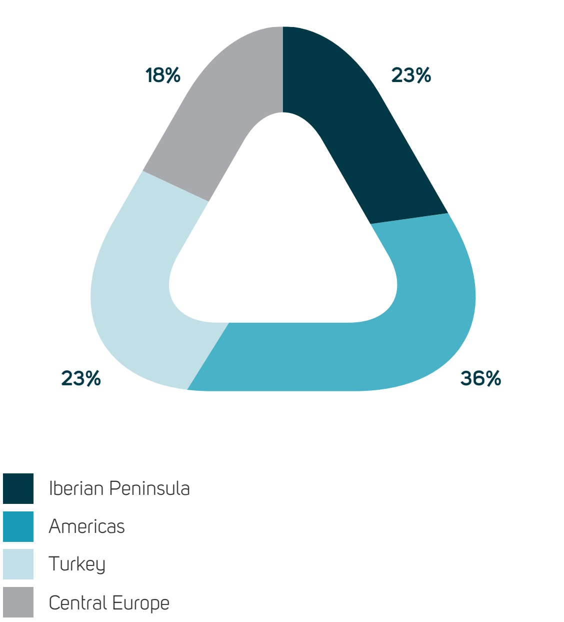
(*) Austria, Czech Republic, Romania, Hungary, Croatia, Slovakia, Slovenia, Moldova and Bosnia-Herzegovina

In 2015, the Construction and Industrial Equipment segment was, once again, the largest contributor to the Group's turnover, accounting for a relative weight of 92%, with the Americas (USA and Mexico) being the leading geographical platform in ASCENDUM's operations (36%), followed by the Iberian Peninsula alongside Turkey (23%) and Central Europe (18%).

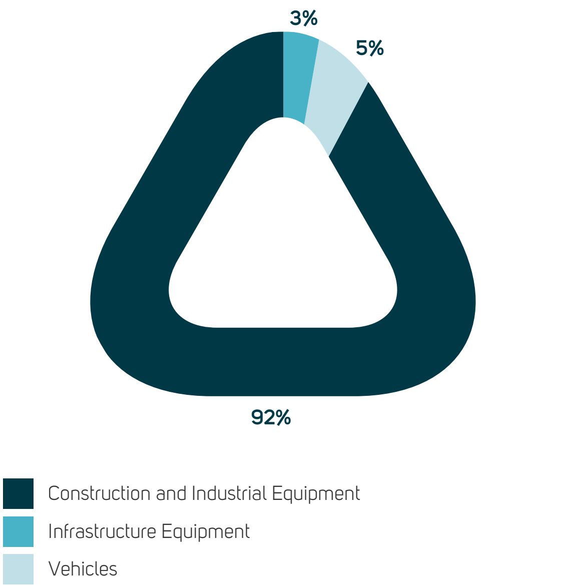
BUSINESS AREA
Unit: Thousands of Euros

	IBERIAN PENINSULA	AMERICAS	TURKEY	CENTRAL EUROPE	TOTAL
Construction and Industrial Equipment	124,845	295,293	185,105	148,056	**753,298**
Infrastructure Equipment	26,505	n.a.	n.a.	n.a.	**26,505**
Vehicles	40,698	n.a.	n.a.	n.a.	**40,698**
TOTAL	**192,048**	**295,293**	**185,105**	**148,056**	**820,501**

TURNOVER (2015) - 821 MILLION EUROS



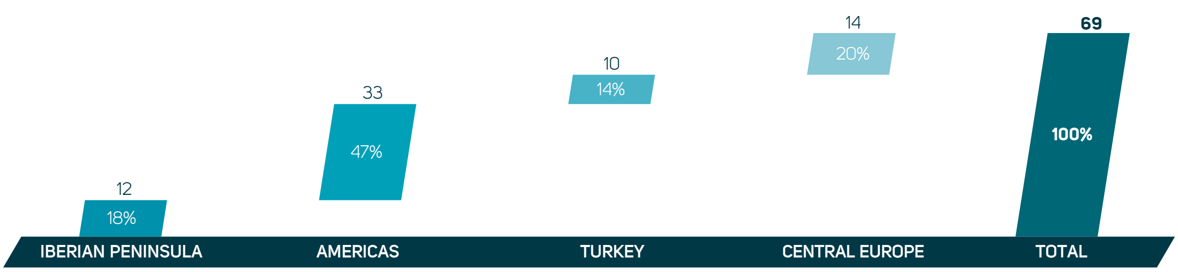
TURNOVER (2015) - 821 MILLION EUROS



With regard to EBITDA, the Americas (USA and Mexico) and Central Europe were the main contributors to ASCENDUM's total EBITDA, presenting a relative weight of 47% and 20%, respectively.

CONTRIBUTION OF EACH GEOGRAPHIC PLATFORM FOR ASCENDUM EBITDA

Million Euros / % total EBITDA 2015



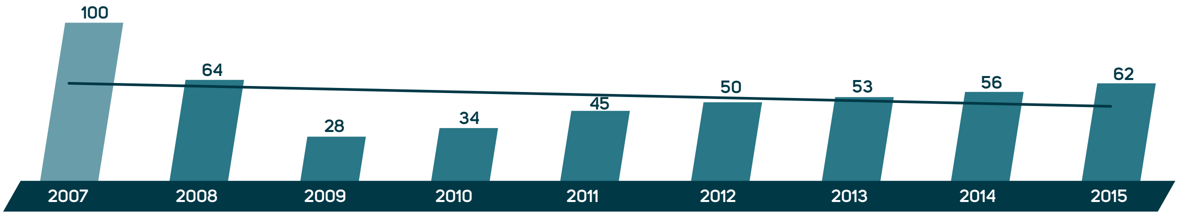
In parallel, the Construction and Industrial Equipment segment was again the leading business area in ASCENDUM's operations (96%), followed by the Vehicles segment (5%) and the Infrastructure Equipment segment (3%).

2.02.1 CONSTRUCTION AND INDUSTRIAL EQUIPMENT

The construction and industrial equipment markets in which ASCENDUM operates are recovering, albeit gradually, from the financial crisis felt worldwide. In 2015, the Group's addressable market accounted for about 62% of the levels recorded in 2007 (in 2014 it represented 56% of the peak level), in spite of the 8% increase recorded in unit sales compared to 2014.

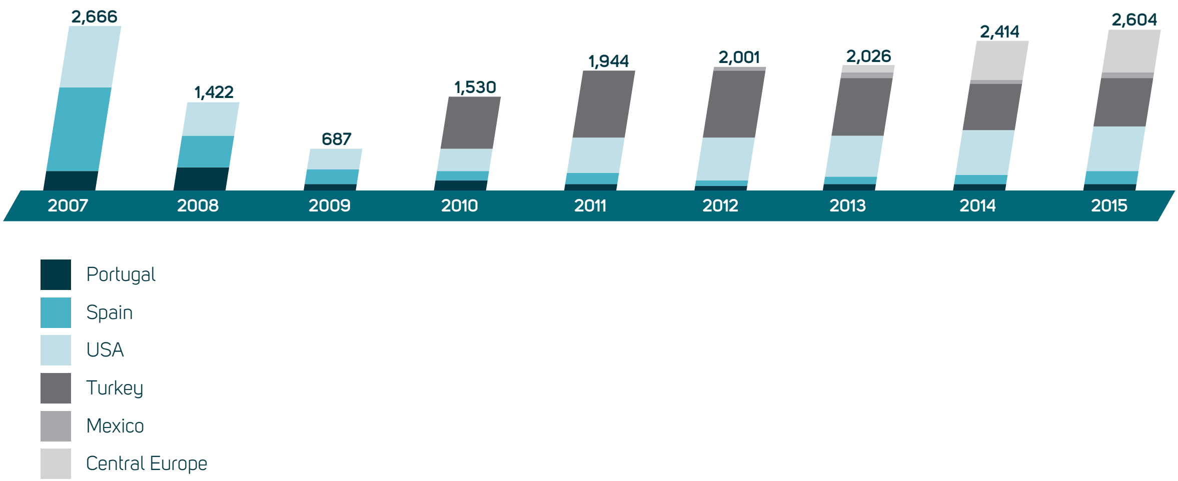
ASCENDUM ADDRESSABLE MARKET INDEX EVOLUTION

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 2015, ASCENDUM recorded a 61% decrease in unit sales compared to 2007, in a like-for-like perspective, which means considering only sales in the Iberian Peninsula and the USA.



In terms of market share, with regard to the GPE, CSE and Road Machinery segments, ASCENDUM recorded a positive global performance in 2015, with special emphasis on the GPE segment, in which ASCENDUM achieved a global market share of 16.7%:

2015	PORTUGAL[1]	SPAIN[2]	USA	TURKEY	MEXICO	CENTRAL EUROPE	TOTAL[3]
TOTAL MARKET	**889**	**1,694**	**16,513**	**9,377**	**2,890**	**5,322**	**36,685**
ASCENDUM UNITS SOLD	**117**	**202**	**725**	**768**	**89**	**703**	**2,604**
GPE	70	124	562	598	57	463	1,874
CSE	41	62	94	112	21	209	539
Road Machinery	6	16	69	58	11	31	191
MARKET SHARE	**13.2%**	**11.9%**	**4.4%**	**8.2%**	**3.1%**	**13.2%**	**7.1%**
GPE	23.0%	25.8%	14.8%	15.5%	5.8%	25.4%	16.7%
CSE	8.1%	6.1%	0.8%	2.4%	1.3%	6.6%	2.4%
Road Machinery	7.6%	8.2%	8.7%	6.3%	4.5%	8.9%	6.9%

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

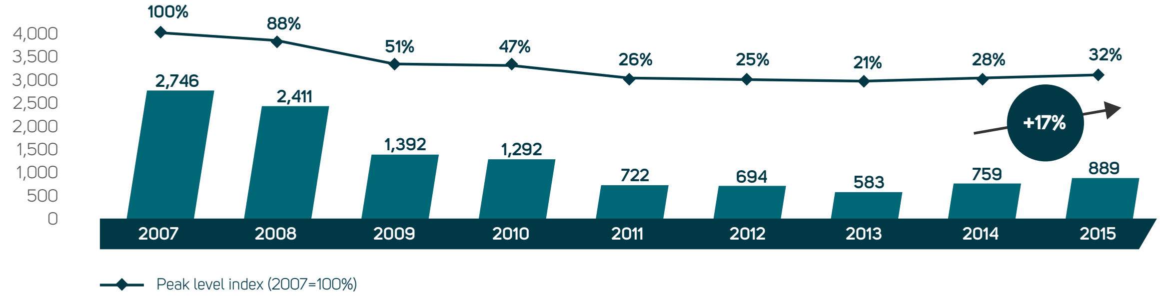
2.02.1.1 PORTUGAL

In 2015, the construction market in Portugal was once again marked by a challenging environment, recording a decrease, according to estimates from AICCOPN (Association of Construction and Public Works Contractors), of 22% in public works, compared to 2014, with approximately 1,237 million euros of public works tenders and 1,120 million euros of contracts signed (-35% than in 2014).

Even so, the domestic market for construction equipment comparable to the product portfolio marketed by ASCENDUM III Máquinas reported growth of approximately 17% compared to 2014. However, compared to 2007, the market reported a decrease of 68% in unit sales (889 units in 2015 vs. 2,746 units in 2007).

EVOLUTION OF THE PORTUGUESE MARKET WHERE ASCENDUM III MÁQUINAS OPERATES

Units



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

In 2015, given the challenging sectorial and macroeconomic environment, ASCENDUM III Máquinas focused its attention (i) on optimizing its operational structure and (ii) on adapting, in terms of product portfolio and services, to the new market trends, which, as a result of the retail financing conditions and the lack of capital for investment among customers, require a greater focus on the areas of after-sales and rental services. In parallel, the company has been analyzing financial solutions to support commercial sales, thus contributing to an improvement in the value proposition offered to end customers in support of the Group's objectives.

Despite the efforts made by ASCENDUM III Máquinas, the company's turnover fell around 16% compared to 2014, totaling approximately 33.2 million euros in 2015.

In terms of business segments, the commercial business area recorded a reduction of about 30.7% year-on-year, ending the period with a turnover of 18.3 million euros (about 55% of the company's total turnover).

The after-sales business area recorded a turnover of 12.6 million Euros in 2015, 7.4% more than the sales recorded in 2014 (11.8 million Euros), thus contributing to 38% of the total turnover of ASCENDUM III Máquinas.

Rentals achieved a total turnover of about 2.3 million euros, representing, in 2015, approximately 7% of the total turnover of ASCENDUM III Máquinas.

The following table provides a summary of the turnover performance of ASCENDUM III Máquinas in 2015:

Million Euros	2014	2015	Δ (2015/2014)
New machines	22.5	15.5	-31.4%
Used machines	3.9	2.9	-26.6%
After sales	11.8	12.6	7.4%
Rent	1.3	2.3	72.2%
TOTAL TURNOVER	**39.5**	**33.2**	**-15.9%**

2.02.1.2 SPAIN

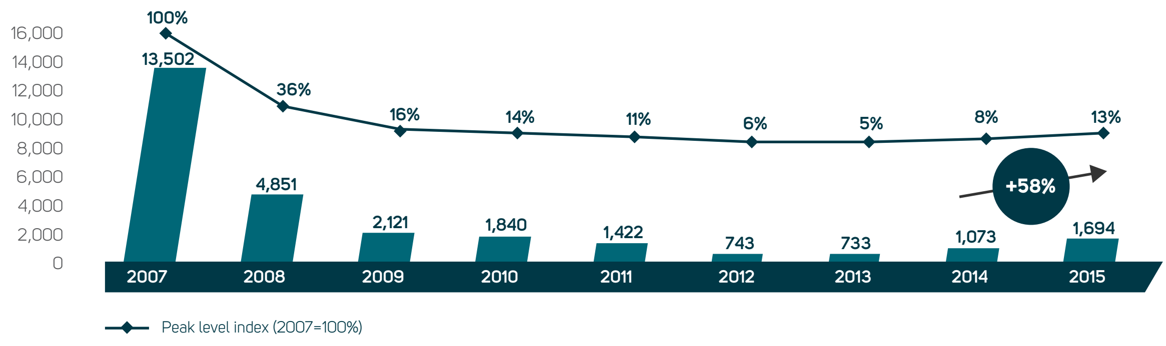
In Spain, ASCENDUM operates through Volmaquinaria, the company responsible for importing and distributing Volvo Construction Equipment throughout Spain, operating directly in Madrid, Guadalajara, Barcelona, Granada, Valladolid and Santiago de Compostela. Through a vast network of agents, Volmaquinaria offers a wide range of products and services and is considered by its major customers to be one of the highest quality companies in Spain.

As in 2014, there was a trend of consolidation of economic growth in 2015, supported by the contribution of the construction industry to the increase in gross fixed capital formation (increase of 5.4% compared to 2014) putting an end to a period of eight years of annual reductions in which the sector fell more than 50%. The 5% increase in production of cement and other aggregates compared to 2014, the increase in investment in non-residential buildings and the continued positive trend concerning exports of products for the construction industry contributed to this recovery.

In 2015, there was therefore a 58% year-on-year increase in demand for construction equipment matching the portfolio of products marketed by Volmaquinaria. Even so, compared to 2007, the market reported a decrease of 87% in unit sales (1,694 units in 2015 vs. 13,502 units in 2007).

EVOLUTION OF THE SPANISH MARKET WHERE VOLMAQUINARIA OPERATES

Units



In 2015, Volmaquinaria focused its efforts on the following lines of action:

1. **Operational optimization:** special focus on increasing sales guaranteeing that there is no deterioration/increase of margins, optimization of the cost structure, sharing of best practices/knowledge between the different branches, namely in the after-sales business area, processes improvement and optimization of working capital management;

2. **Diversification of the portfolio:** consolidation of the new business division dedicated to provide products and services to the recycling sector;

3. **Focus on increasing customer retention** through improvement of the service provided/product portfolio available;

4. **Investment in human resources** – training plan in sales and after-sales business areas (as in 2014);

5. **Increase in geographic coverage:** focus on geographic areas with lower population density such as Lérida and Cádiz.

In terms of performance, the turnover of Volmaquinaria increased 32.4% compared to 2014, from 38.4 to 50.8 million euros:

Million Euros	2014	2015	Δ (2015/2014)
New machines	14.6	25.5	75.1%
Used machines	6.0	5.7	-4.2%
Rent	2.6	2.8	7.7%
After sales	15.2	16.7	9.9%
TOTAL TURNOVER	**38.4**	**50.8**	**32.4%**

With respect to the business areas, we highlight the strong year-on-year turnover growth in the new machinery segment of about 75% compared to 2014 (25.5 million euros in 2015 compared to 14.6 million euros in 2014), as a result of the market recovery, as well as the after-sales and rental segments (increase in turnover of 9.9% and 7.7% respectively compared to 2014), which consolidates, as in the previous year, the new market trend resulting from retail financing conditions and the lack of capital available to customers to invest.

2.02.1.3 USA

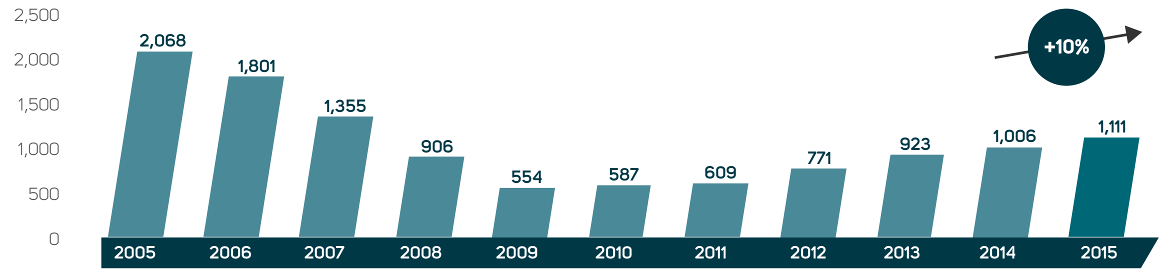
In the USA, ASCENDUM operates through ASC Construction Equipment USA, Inc., a company established in 2004 following the Group's acquisition of the assets of Saba Holding (a Volvo Group company), the company that then owned the distribution of Volvo construction equipment for a vast area of the country,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

With activity in business segments related 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, in both finance and technical areas, at Volvo dealership meetings.

In 2015, IMF estimates for the economic growth in the USA of around 2.6%, the fastest expansion rate in the last 10 years, resulted on an increase of 10% of the number of housing starts compared to the previous year, overcoming the threshold of one million new buildings for the second consecutive year. Despite this growth, the number of housing starts in 2015 represented only 54% of the number achieved in 2005 (peak year).

NUMBER OF HOUSING STARTS EVOLUTION

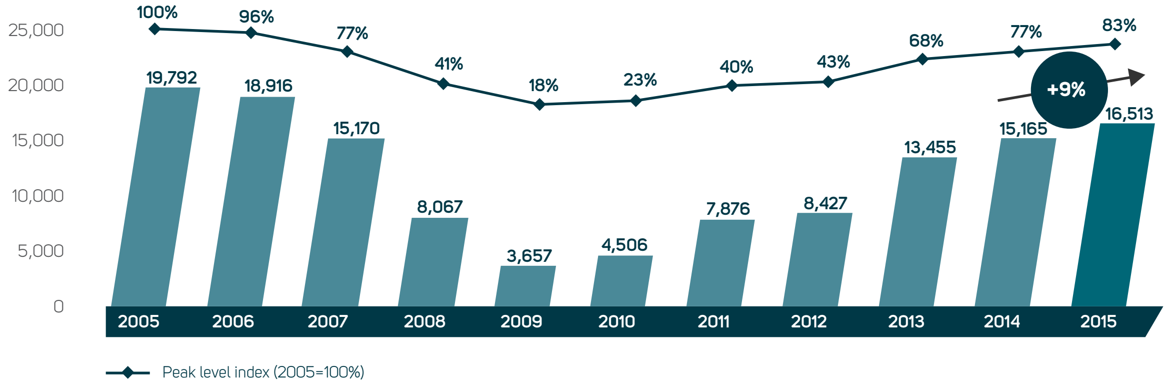
Units (thousands)



With regard to the territory in which ASC USA operates, the number of units sold in 2015 increased by about 9% compared to 2014, with demand reaching about 16,513 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 2015 representing, on a like for like perspective (excluding North Dakota), 72% of the value achieved in 2005 (peak year) (83% including North Dakota).

EVOLUTION OF THE NORTH-AMERICAN MARKET WHERE ASC USA OPERATES

Units



In 2015, with regard to its economic and financial performance, ASC USA directed its efforts towards the following areas:

- **Operational optimization:**
  - Optimization of working capital management, particularly with regard to inventory levels;
  - Focus on the remarketing of used machinery;
  - Increase penetration levels in the parts segment.
- **Development of the operation in North Dakota:**
  - Increase of geographic coverage in the region, by opening the new ASC USA facilities in May 2015;
  - Optimization of the operational structure in order to guarantee a better alignment with the market;
  - Greater focus on the development of know-how regarding the specific characteristics of the region/market.
- **Investment in the human resources structure:**
  - In order to ensure a better response to customer expectations/needs, and the sustainable growth of the company, ASC USA strengthened its human resources structure throughout 2015;
  - In addition, ASC USA has developed a new recruitment program, named HIT — Hiring Initiative for Talent;
  - In parallel, the investment in training almost doubled in comparison with 2014 and an important program entitled Rising Stars was implemented, aimed at developing the management team.

As a result of these efforts and of the market recovery, ASC USA's turnover in 2015 presented an increase of 22.9% compared to 2014, totaling about 300.0 million dollars (270.4 million euros):

Million US Dollars	2014	2015	Δ (2015/2014)
New and used machines	178.7	229.9	28.6%
Rent	21.7	22.1	1.9%
After sales	43.6	48.0	10.1%
TOTAL TURNOVER	**244.0**	**300.0**	**22.9%**

The sales of new machines increased by about 21% in 2015 when compared to 2014, due, in particular, to large package sales deals and to the renewal of the articulated dumper fleet. In turn, the sales of used machines increased 57% compared to 2014, as a result of more incentives made available to customers to encourage sales in this segment.

With regard to the after-sales and rental business segments, turnover increased approximately 10% and 2% when compared to 2014, respectively.

2.02.1.4 TURKEY

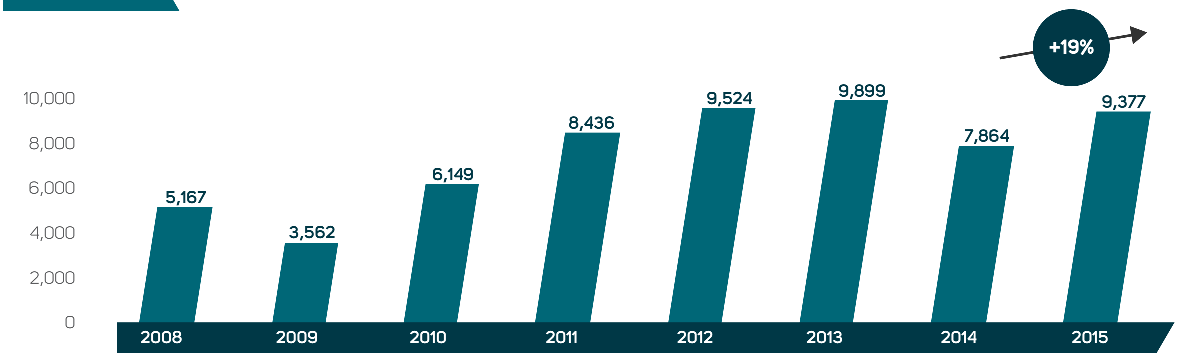
On June 30, 2010, ASCENDUM acquired from two subsidiaries of Volvo Construction Equipment A.B (VTC Holding Holland N.V and Volvo Automotive Holding B.V), the import and distribution operations of Volvo CE for the whole territory of Turkey. In 2013, the Turkish company diversified its product portfolio, establishing a partnership in the agricultural sector.

As in previous years, the activity of ASCENDUM Makina was affected by geopolitical tensions in the Middle East, the devaluation of the Turkish lira, as well as high inflation.

Despite the difficult geopolitical context, demand for construction equipment matching the portfolio of products marketed by ASCENDUM Makina increased approximately 19% compared to 2014, totaling around 9,377 units sold (compared to 7,864 units sold in 2014).

EVOLUTION OF THE TURKISH MARKET WHERE ASCENDUM MAKINA OPERATES

Units



As a result, in 2015, the turnover of ASCENDUM Makina increased approximately 11.6% compared to 2014, totaling approximately 553.2 million Turkish liras (182.8 million euros):

Million Turkish Liras	2014	2015	Δ (2015/2014)
Construction Equipment - new and used	365.6	410.8	12.3%
Construction Equipment - rent	6.0	4.7	-22.6%
Construction Equipment - after sales	122.3	130.5	6.8%
Agriculture Equipment	1.6	7.2	3.4x
TOTAL TURNOVER	**495.5**	**553.2**	**11.6%**

In respect of business areas, we highlight the increase compared to 2014 in the commercial segment of construction equipment (new and used) of around 12.3%, having ASCENDUM Makina sold 768 new Volvo units (746 new Volvo units in 2014).

In parallel, the increase compared to 2014 of the after-sales segment turnover of approximately 6.8% reflected the efforts made by ASCENDUM Makina in 2015 to improve the quality of the service provided, particularly, the implementation of processes that increased the efficiency of the response to end customers.

In addition, in line with the Group's strategic objective of portfolio diversification, we highlight the increase of the agricultural equipment segment turnover of about 3.4x compared to 2014 (7.2 million Turkish liras in 2015 compared to 1.6 million Turkish liras in 2014).

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.

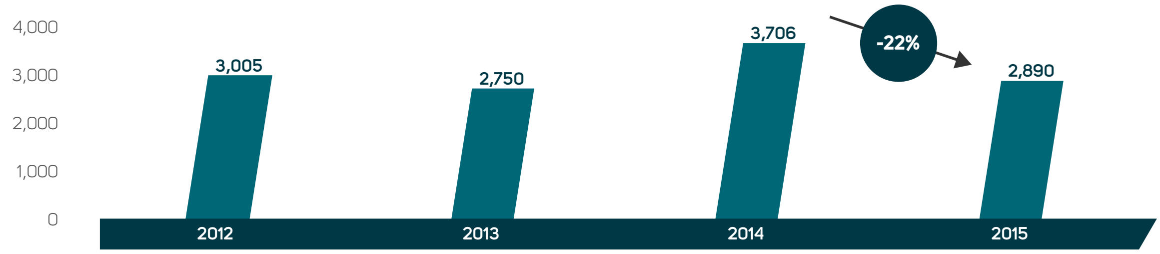
In 2015, ASCENDUM continued its strategy of consolidation of the Mexican market operation, focusing on improving internal processes, on optimizing the operational structure and on strengthening the skills of its employees.

Thus, despite a macroeconomic and operational context that remained unfavorable for the activity of ASCENDUM Maquinaria México, the Group's performance and all its efforts to adapt its structure to the market reality were reflected in a 44% increase in turnover compared to 2014, reaching around 438.8 million pesos (24.9 million euros).

With regard to the territory in which ASCENDUM Maquinaria México operates, the number of units sold in 2015 decreased by about 22% compared to 2014, with demand reaching about 2,890 units (3,706 units in 2014).

EVOLUTION OF THE MEXICAN MARKET WHERE ASCENDUM MAQUINARIA MEXICO OPERATES

Units



ASCENDUM Maquinaria México's turnover increased by 43.8% compared to 2014, from 305.3 to 438.8 million Mexican pesos (24.9 million euros):

Million Mexican Pesos	2014	2015	Δ (2015/2014)
New and used equipment	235.9	322.8	36.8%
Rent	17.3	27.3	57.3%
After sales	52.1	88.8	70.6%
TOTAL TURNOVER	**305.3**	**438.8**	**43.8%**

2.02.1.6 CENTRAL EUROPE

In October 2013, ASCENDUM 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 companies in Czech Republic, Hungary, Slovakia and Croatia and also (ii) the purchase of the construction equipment division, integrated in the Romanian subsidiary of Volvo AB. In addition to these countries, the Group operates in Slovenia, Bosnia-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 33% of total units sold in 2015, followed by Czech Republic (25%) and Romania (18%). ASCENDUM sold 703 units during the year, with notable sales of GPE equipment amounting to about 66% of total sales (again Austria is predominant, representing approximately 47% of total Group sales in Central Europe in 2015).

2015

	AUSTRIA	CZECH REP.	ROMANIA	HUNGARY	CROATIA	SLOVAKIA	TOTAL(*)
Total market	**1,749**	**1,354**	**960**	**550**	**190**	**519**	**5,322**
ASCENDUM units sold	**329**	**188**	**79**	**41**	**29**	**37**	**703**
GPE	254	129	22	20	15	23	463
CSE	59	51	52	21	14	12	209
Road Machinery	16	8	5	0	0	2	31
Market share	**18.8%**	**13.9%**	**8.2%**	**7.5%**	**15.3%**	**7.1%**	**13.2%**
GPE	31.9%	33.6%	11.3%	11.2%	19.0%	12.4%	25.4%
CSE	7.9%	5.4%	7.5%	6.2%	14.1%	3.6%	6.6%
Road Machinery	7.7%	26.7%	7.1%	0.0%	0.0%	n.a.	8.9%

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

In 2015, the Central Europe operation achieved a turnover of around 148.1 million euros (about 18% of total consolidated turnover, with the major contributors being Austria (57% of the total turnover of Central Europe), followed by Czech Republic (23% of the total turnover of Central Europe) and Romania (8% of the total turnover of Central Europe).

2.02.2 VEHICLES (CARS AND TRUCKS)

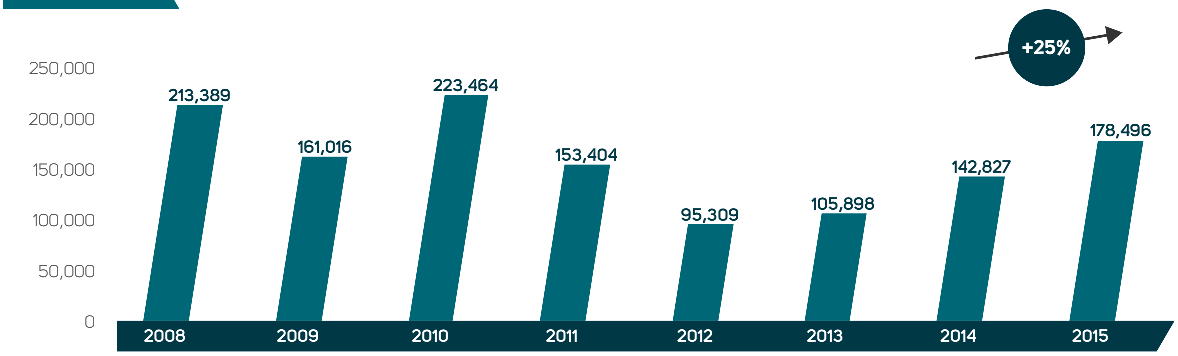
The improvement of some decisive factors of private consumption, such as the recovery of the labor market, the decrease of fuel prices and the reduction of interest rates, contributed favorably to changes in consumers' expectations in 2015, resulting on a positive impact on vehicle sales.

In 2015 the light passenger car market recorded an increase of approximately 25% compared to 2014, totaling 178,496 units sold (142,827 units sold in 2014), clearly suggesting a consolidation of the growth trend following the sharp decrease recorded between 2010 and 2012.

According to data released by the ACEA (European Automobile Manufacturers' Association), in 2015 the European Union recorded a 9.3% increase in the sales of passenger cars, being Portugal the country with the second highest increase of new car registrations, exceeded only by Ireland.

EVOLUTION OF THE LIGHT PASSENGER CARS MARKET

Units



Source: ACAP

Despite the growth recorded in 2015, the market has still not yet reached the figures considered normal for the size of the country, remaining below the average recorded over the last 15 years. In parallel, the average age of passenger cars circulating in the market has increased, being around 12 years in 2015, when it was 7 years in 2001.

For the range of brands sold by ASCENDUM II Veículos — Volvo, Land Rover, Jaguar, Mazda and Mitsubishi — there was a year-on-year increase of 28.5%, with sales amounting to 8,726 units (6,790 units sold in 2014).

In 2015, ASCENDUM II Veículos operated in the cars segment through five business units located in Coimbra, Viseu, Leiria, North of Lisbon and Albergaria. In terms of market visibility, ASCENDUM II Veículos increased its weight in Volvo, Jaguar and Land Rover sales, achieving market shares of 10.4%, 9.7% and 7.0%, respectively.

The turnover of ASCENDUM II Veículos, in the cars segment, was around 24.6 million euros, 15.6% higher than the turnover recorded in 2014 (21.3 million euros).

Commercial activity sales totaled 19.5 million euros, representing an increase of 19.5% when compared to 2014. In after sales business area — components and assistance — turnover was approximately 5.1 million euros (increase of about 2.9% compared to 2014).

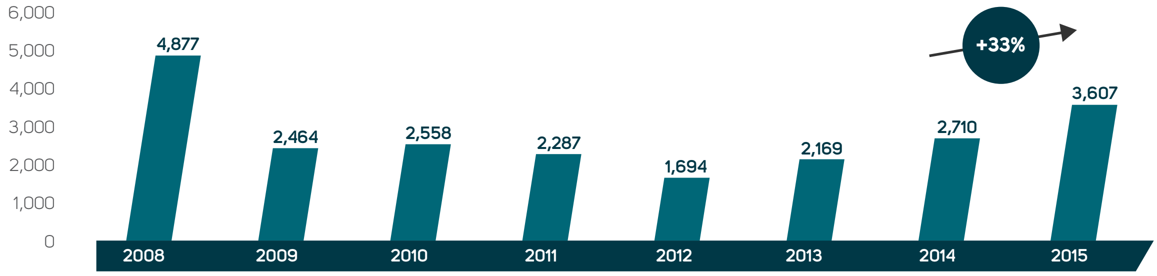
The following table presents a summary of the performance of ASCENDUM II Veículos in terms of sales in the cars business area:

Million Euros	2014	2015	Δ (2015/2014)
New cars	13.9	16.1	15.6%
Used cars	2.4	3.4	41.8%
After sales	5.0	5.1	2.9%
TOTAL TURNOVER	**21.3**	**24.6**	**15.6%**

For the third consecutive year, the domestic market of heavy goods vehicles — gross weight exceeding 10 tonnes — recorded a positive performance registering an increase of 33% in 2015 when compared to 2014 (+897 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.

With regard to the trucks business area, ASCENDUM II Veículos recorded a turnover of 16.5 million euros, approximately 6.6% below the turnover achieved in 2014 (17.7 million euros).

Commercial activity recorded a reduction of 9.5% compared to 2014 (sales of 9.3 million euros in 2015 compared to 10.3 million euros in 2014), in line with the performance of the brand.

The after sales business area (assistance and components) recorded a decrease in sales of approximately 2.5% compared to the previous year, due to the reduction of the heavy vehicles population in the market where the company operates.

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

Million Euros	2014	2015	Δ (2015/2014)
New trucks	10.0	9.0	-10.5%
Used trucks	0.3	0.3	28.9%
After sales	7.4	7.2	-2.5%
TOTAL TURNOVER	**17.7**	**16.5**	**-6.6%**

2.02.3 INFRASTRUCTURE EQUIPMENT

With regard to the infrastructure equipment business area, ASCENDUM 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 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, ASCENDUM 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 Group expanded to Morocco, starting to develop its business through Air-Rail Morocco (a company 100% owned by Air-Rail España).

In 2015, ASCENDUM's turnover in the infrastructure equipment business area increased by about 35% compared to 2014, totaling 26.5 million euros, mainly as the result of the positive performance in the Spanish market.

2.03 SUSTAINABILITY POLICY

In ASCENDUM, sustainability is the result of a balance between three fundamental priorities — Economic, Social and Environmental — complemented by a quality policy that aims to continuously 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 creating and sharing value with customers, suppliers, partners and the community at large;
- Corporate responsibility, based on valuing the people and communities in which 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 ASCENDUM.

CORPORATE RESPONSIBILITY

ASCENDUM has again made its resources available for training disadvantaged young people, as part of initiatives developed with EPIS — Empresários Pela Inclusão Social, an Association of which we are a founding partner. Within this scope, besides the annual donation made by ASCENDUM, S.A., the Group also took part in the process of raising awareness and training young students in basic education, welcoming students at its premises in São João da Talha, in Lisbon.

In addition to this initiative of ASCENDUM, S.A., throughout 2015 the geographic platforms also developed local activities with a focus on corporate responsibility, in order to promote the well-being of the communities in which they operate. The 3 key activities carried out during the year are described below.

In the United States, various activities to support the local community were carried out in 2015. These included the donation made to the victims of flooding in South Carolina; donations by the company and employees to the Food Bank in Charlotte; donation of meals and Christmas gifts to disadvantaged households in North Dakota; and a donation of time by employees from the Georgia branch, to demonstrate equipment and talks about mechanics in high schools, in order to support the professional future of young people.

In Turkey, the "Plant a tree" project was implemented, under which, for each birthday of an employee and for each new unit sold, a tree was planted. In 2015, ASCENDUM in Turkey was responsible for planting approximately 720 trees, in partnership with the TEMA foundation (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats).

In Mexico, support was given to "Rancho El Refugio", a nonprofit organization run by a family dedicated to taking in orphans. ASCENDUM equipment was made available to help expand the premises of the center and provide support to a larger number of children at risk.

In Austria, a monetary donation was made to the charity Licht ins Dunkel which looks after around 130 women and children victims of abuse in Salzburg. ASCENDUM made a donation at Christmas and was also responsible for raising funds from visitors to the sector trade fair in Austria, MAWEV, held in March 2015.

ENVIRONMENT

In ASCENDUM, the companies in Portugal and Austria have certified Environmental Management Systems (ISO 14001), which are subject to internal and external audits.

However, as a result of the Group's demanding environmental policy, in 2015 a number of environmental awareness raising campaigns were 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 that present 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 lower CO2 emissions and fuel consumption, and incorporates greener versions in its range of cars and trucks.

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

QUALITY

Portugal, Spain, Turkey, Austria, Slovakia and Hungary maintained the procedures already implemented as part of their Quality Management Systems (ISO 9001), conducting their internal and external audits during the year.

Likewise, in 2015 ASCENDUM's various geographical platforms continued to strengthen and implement initiatives to enhance their customer knowledge and the quality of services provided, with particular emphasis on recording and handling nonconformities and complaints.

2.04 RISKS AND UNCERTAINTIES

2.04.1 LIQUIDITY RISK

Liquidity risk is defined as the risk of the 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 managing liquidity, to maximize return and minimize opportunity costs associated with holding this liquidity, in a safe and efficient manner.

ASCENDUM's liquidity risk management seeks to ensure:

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

(ii) Safety, to minimize the probability of default on the repayment of funds; and

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

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

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

(ii) Diversification of funding sources and adaptation of the maturity of liabilities to cash flow generation;

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

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

Any surplus liquidity is applied 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 .

As of December 31, 2015 and 2014, the Group presented a Net Debt of 166,215,828 Euros and 177,591,314 Euros, divided between current and non-current loans and cash and cash equivalents entered into/invested with various institutions and financial participations in Banco BPI and Millennium BCP. The Group has credit lines amounting to 540 million euros and as of December 31, 2015, the available amount was 347 million euros.

2.04.2
FOREIGN EXCHANGE RISK

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

ASCENDUM's exposure to exchange risk results from: (i) subsidiaries in countries where the functional currency is not the euro (including the USA, Turkey, Mexico, Czech Republic, Hungary, Romania, Croatia, Angola and Mozambique); (ii) transactions between these subsidiaries and other group companies; iii) transactions carried out by operational companies in currencies other than ASCENDUM'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 changes from this credit/debt and payment/receipt causing exchange gains/losses.

Accordingly, ASCENDUM'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:

EXCHANGE RATES EVOLUTION

EUR / Currency	2011	2012	2013	2014	2015
USD	1.294	1.319	1.379	1.214	1.089
TRL	2.443	2.355	2.961	2.832	3.177
MXN	18.051	17.185	18.073	17.868	18.915
CZK	25.787	25.151	27.427	27.735	27.023
HUF	314.58	292.30	297.04	315.54	315.98
RON	4.323	4.445	4.471	4.483	4.524
HRK	7.537	7.558	7.627	7.658	7.638
MZN	34.510	39.063	41.301	40.296	49.005

Source: Banco de Portugal, Banco Nacional de Angola and Banco de Moçambique

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

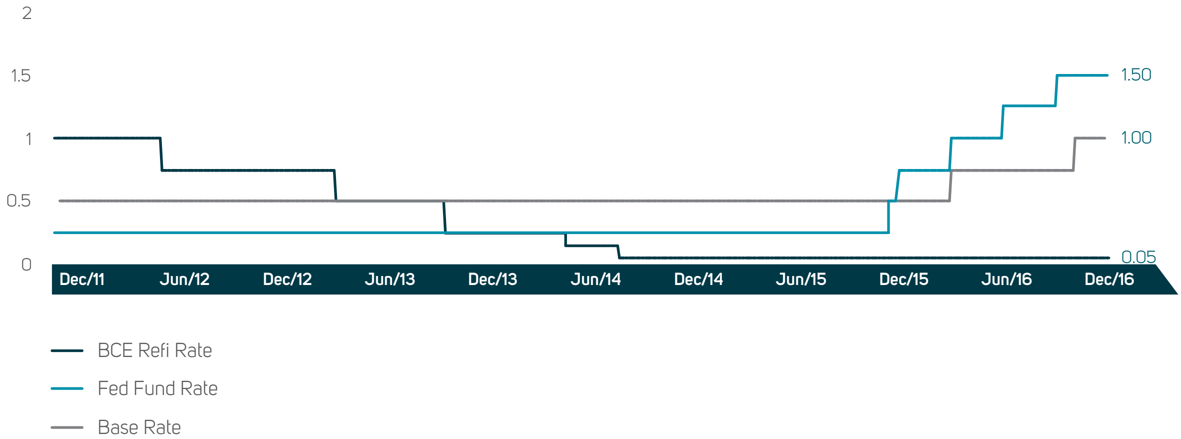
In this context, and due to the uncertainty about the evolution of the price of the US Dollar, Turkish Lira, Mexican Peso, Czech Koruna, Hungarian Forint, Romanian Leu and Croatian Kuna against the Euro in the coming years, the foreign exchange risk management policy followed by the ASCENDUM Group will aim to reduce, as far as possible, the sensitivity of its results to currency fluctuations through natural currency hedging policies.

2.04.3 INTEREST RATE RISK

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

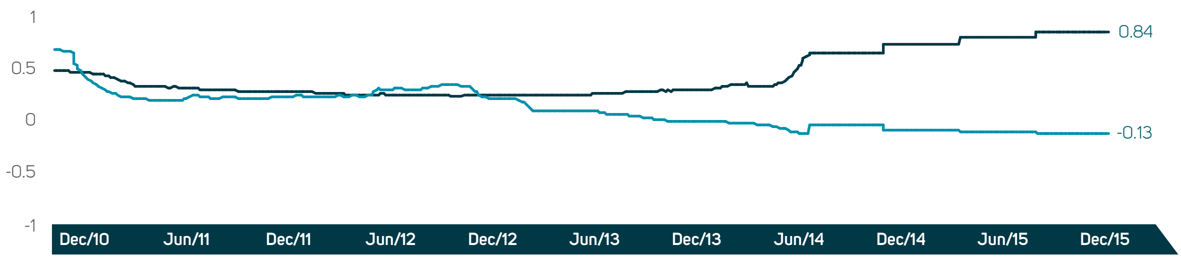
EVOLUTION OF REFERENCE INTEREST RATES (HISTORIC AND PROSPECTIVE)

Percentual points



EVOLUTION OF LIBOR 3M AND EURIBOR 3M INTEREST RATES

Percentual points



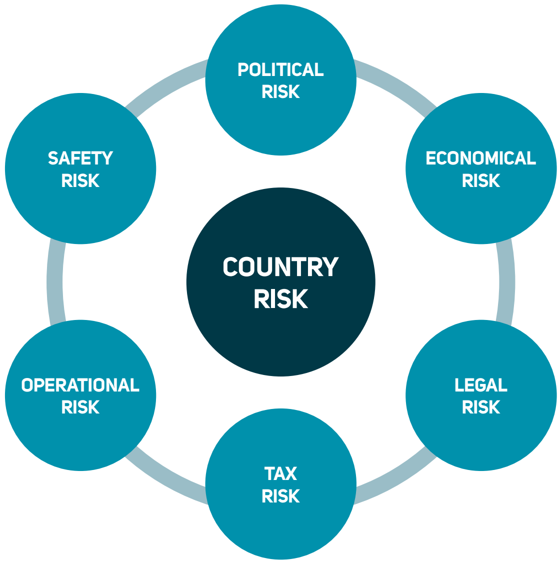
Source: Bloomberg

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

2.04.4 COUNTRY RISK

Country risk is a concept in finance and economics concerning 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 concept of country risk 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, including Moody's, Standard & Poor's and Fitch Ratings, operate. 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 ASCENDUM aims to reduce, as far as possible, its 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 December 31, 2015, the ratings of the countries in which the Group directly operates (Portugal, Spain, USA, Turkey, Mexico, Austria, Czech Republic, Hungary, Romania, Slovakia, Croatia, Angola and Mozambique) were as follows:

RATINGS AS OF 31/12/2015

COUNTRY	MOODY'S	STANDARD & POOR'S	FITCH
Portugal	Ba1	BB+ (*)	BB+
Spain	Baa2	BBB+ (**)	BBB+
USA	Aaa	AA+	AAA
Turkey	Baa3	BB+	BBB-
Mexico	A3	BBB+	BBB+
Austria	Aaa	AA+	AA+ (‡)
Czech Republic	A1	AA-	A+
Hungary	Ba1	BB+ (***)	BB+
Romania	Baa3	BBB-	BBB-
Slovakia	A2	A+ (†)	A+
Croatia	Ba1	BB	BB
Angola	Ba2	B+	B+
Mozambique	B2	B-	B

Source: Bloomberg (*) Upgrade to BB+ on 18 September of 2015; (**) Upgrade to BBB+ on 2 October of 2015; (***) Upgrade to BB+ at 20 of March of 2015; (†) Upgrade to A+ on 17 July of 2015; (‡) Downgrade to AA+ on 13 February of 2015

2.05 FINAL CONSIDERATIONS

2.05.1 OUTLOOK FOR 2016

As in 2015, where the focus was on consolidation of current operations, after a period of strong growth between 2010 and 2013 with the acquisition of operations in Turkey and Central Europe and entry into the Mexican market, ASCENDUM will continue to prioritize the optimization of operations and business processes in 2016, in order to maximize the Company's future growth capacity. In parallel, ASCENDUM will seek to analyze new investment opportunities, in order to prepare a new period of growth in the medium/long term.

The priorities of the ASCENDUM in 2016 will therefore remain centered on the following areas:

- **Optimization of operations and business processes**

  At this level, ASCENDUM will continue to streamline its operating structures, through a clear focus on business information systems (e.g. roll out of SAP ERP on the different geographical platforms, optimization of treasury/financial management) and knowledge and information sharing tools in order to enhance its business know-how, maximizing the efficiency of the Company's operations in the different geographical platforms in which it operates.

  In 2016, ASCENDUM management will continue to strongly focus on the application of measures aimed at the optimization/consolidation of its most recent operations – Mexico and Central Europe – in their operational and support areas, as well as continuous monitoring and effective management of the various operational risks faced by the Company.

- **Leveraging synergies**

  In addition and in order to maximize the dimension of ASCENDUM's operations and leverage the substantial investment made in training and in internal knowledge-sharing mechanisms, projects will be developed across the different geographical platforms to *take advantage* of the dimension of these operations.

- **Investment opportunities**

  In parallel with the development of projects concerning operational optimization and the leveraging of synergies between the different geographical platforms, ASCENDUM will seek to analyze new investment opportunities, in order to prepare a new stage of growth in the medium/long term, increasingly reaffirming its position as one of the major global players in the area of construction and industry equipments.

2.05.2 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of ASCENDUM, S.A., 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 31, 2015, which are hereby presented.

2.05.3 DATE OF THE MANAGEMENT REPORT

March 11^{th}, 2016

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
- Pedro Vieira do Nascimento Mieiro
- Ricardo José de Pinho Mieiro
- Rui António Faustino
- Tomás Jervell

ASCENDUM

COMPLEMENTARY AND EFFICIENT SOLUTIONS

AIRPORTS

PORTS

RAILWAYS

Financial Statements and Annex 3.

ANNUAL REPORT **2015**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2015 AND 2014

Amounts expressed in Euros

	NOTES	31-12-2015	31-12-2014
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7 and 32	146,494,023	155,413,984
Investment properties	8	2,970,483	3,066,787
Goodwill	9	38,504,192	40,460,837
Intangible assets	6	7,172,487	6,268,907
Financial Investments - Equity method	10	136,133	86,411
Assets held for sale	10	12,349,353	11,659,039
Other accounts receivable	13	1,053,780	1,055,876
Other financial assets	10	198,651	231,906
Deferred tax assets	15	17,093,362	26,459,065
		225,972,464	**244,702,813**
CURRENT ASSETS			
Inventories	11 and 32	159,684,115	190,889,513
Trade and other receivables	12 and 32	102,145,130	100,976,479
Prepayments to suppliers	13	2,803,014	1,952,937
State and other public entities	23	13,972,394	15,965,950
Other Accounts receivables	13 and 32	3,878,005	5,825,063
Deferrals	14	1,831,071	3,106,239
Other financial assets	10	9,248	8,911
Cash and bank deposits	16	15,078,654	13,130,776
		299,401,632	**331,855,867**
TOTAL ASSETS		**525,374,096**	**576,558,680**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	15,000,000	15,000,000
Legal reserves		3,000,000	3,000,000
Revaluation reserves		8,373,768	8,614,081
Retained earnings and Investment adjustments		67,176,986	51,149,275
Fair value reserves		276,924	387,406
Other reserves		42,660,850	56,116,096
Net profit for the year		15,818,739	11,529,604
		152,307,268	145,796,461
Non-controlling interests	19	4,008,385	4,799,843
TOTAL EQUITY	**18**	**156,315,653**	**150,596,303**
LIABILITIES			
NON CURRENT LIABILITIES			
Provisions	25 and 32	4,497,817	3,406,957
Borrowings	20 and 32	95,815,535	109,029,225
Deferred tax liabilities	15 and 32	19,858,676	31,165,136
Other liabilities	22 and 32	24,287,696	54,412,164
		144,459,725	**198,013,483**
CURRENT LIABILITIES			
Trade and other payables	21 and 32	69,449,477	84,181,657
Prepayments from customers	12	2,149,222	1,222,582
State and other public entities	23	20,865,046	11,412,565
Borrowings	20 and 32	97,583,505	93,080,734
Other liabilities	22 and 32	31,412,686	35,004,670
Deferrals	24	3,138,782	3,046,686
		224,598,718	227,948,893
TOTAL LIABILITIES		**369,058,443**	**425,962,376**
TOTAL EQUITY AND LIABILITIES		**525,374,096**	**576,558,680**

CERTIFIED ACCOUNTANT
Luís Almeida

THE BOARD OF ADMINISTRATION
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Rui António Faustino
Tomás Jervell

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2015 AND 2014

Amounts expressed in Euros

INCOME AND EXPENSES	NOTES	31-12-2015	31-12-2014
Sales and services rendered	32	820,501,351	678,584,544
Changes in inventories of work in progress	11	(447,476)	(60,146)
Works for the entity		195,073	116,374
Cost of sales	11 and 32	(626,189,956)	(506,374,911)
GROSS PROFIT		**194,058,992**	**172,265,861**
External supplies and services	32 and 40	(56,575,475)	(54,757,824)
Personnel expenses	31, 32, and 41	(68,819,046)	(59,251,280)
Inventories impairments (losses/reversals)	25	(418,008)	(864,915)
Accounts receivable impairments (losses/reversals)	25	114,015	(692,645)
Provisions (variation)	25	(342,512)	(337,409)
Impairment of depreciable and non-depreciable investments (losses/reversals)	10.2	(15,292)	(1,210,661)
Fair value (variation)	10.2	(3,818)	(8,188)
Government grants		28,765	138,441
Gains/losses on subsidiaries, associated companies and joint ventures	10.1	49,723	32,593
Other income and gains	33	18,265,788	11,269,278
Other expenses and losses	42	(17,620,324)	(9,667,089)
Depreciation and amortization expenses/reversals	6 and 7	(30,680,965)	(29,126,180)
Impairment of depreciable investments (losses/reversals)		(211,218)	0
OPERATING PROFIT (BEFORE TAX)		**37,830,626**	**27,789,980**
Interest and similar income	35	112,521	138,405
Interest and similar costs	35	(11,658,180)	(10,667,742)
PROFIT BEFORE TAX		**26,284,967**	**17,260,643**
Income tax expense	28	(10,149,244)	(5,170,042)
NET PROFIT FOR THE YEAR	**32**	**16,135,723**	**12,090,601**
Attributable to:			
Equity holders of the parent		15,818,739	11,529,604
Non controlling interests	19	316,982	560,997
	32	**16,135,723**	**12,090,601**
Earnings per share	**29**	**1.08**	**0.81**

CERTIFIED ACCOUNTANT
Luís Almeida

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AT DECEMBER 31, 2015 AND 2014

Amounts expressed in Euros

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT			
		RESERVES		
	SHARE CAPITAL	LEGAL RESERVES	REVALUATION RESERVES	RETAINED EARNINGS INVESTMENT ADJUSTMENTS
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
Capital increase Air Rail Spain				(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**
AS AT 1 JANUARY 2015	**15,000,000**	**3,000,000**	**8,614,081**	**51,149,275**
CHANGES IN THE PERIOD:				
Consolidated net profit application - 2014				11,529,604
Fair value variation on assets held for sale				
Goodwill exchange differences				(999,549)
Financial statments exchange differences				(3,382,708)
Transfer of retained earnings to other reserves				8,455,246
Others			(240,313)	425,118
	-	**-**	**(240,313)**	**16,027,712**
NET PROFIT FOR THE YEAR				
FULL YEAR CONSOLIDATED INCOME				
OPERATIONS WITH SHAREHOLDERS IN THE PERIOD:				
Distributions				
	-	**-**	**-**	**-**
AT DECEMBER 31, 2015	**15,000,000**	**3,000,000**	**8,373,768**	**67,176,986**

The notes are an integral part of this statement at December 31, 2015

CERTIFIED ACCOUNTANT
Luís Almeida

THE BOARD OF ADMINISTRATION
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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
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**
387,406	**56,116,096**	**119,266,857**	**11,529,604**	**145,796,461**	**4,799,843**	**150,596,303**
		11,529,604	(11,529,604)	-		-
627,642		627,642		627,642		627,642
		(999,549)		(999,549)		(999,549)
		(3,382,708)		(3,382,708)	(902,344)	(4,285,051)
	(8,455,246)	-		-		-
(738,123)		(553,317)		(553,317)	(206,097)	(759,414)
(110,481)	**(8,455,246)**	**7,221,672**	**(11,529,604)**	**(4,307,932)**	**(1,108,440)**	**(5,416,372)**
			15,818,739	**15,818,739**	**316,982**	**16,135,723**
			11,326,002	**11,326,002**	**(585,361)**	**10,740,640**
	(5,000,000)	(5,000,000)		(5,000,000)		(5,000,000)
-	**(5,000,000)**	**(5,000,000)**	**-**	**(5,000,000)**	**-**	**(5,000,000)**
276,925	**42,660,850**	**121,488,529**	**15,818,739**	**152,307,268**	**4,008,385**	**156,315,653**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2015 AND 2014

Amounts expressed in Euros

	31-12-2015	31-12-2014
CONSOLIDATED NET PROFIT INCLUDING NON CONTROLLING INTERESTS	**16,135,723**	**12,090,601**
Components of other comprehensive income for the period, net of tax:		
Fair value variation on assets held for sale	709,423	(5,856,099)
Tax impact of changes in fair value on assets held for sale	(81,781)	631,830
Goodwill exchange differences	(999,549)	456,199
Financial statments exchange differences	(4,285,051)	5,799,425
Others	(738,123)	-
COMPREHENSIVE INCOME FOR THE PERIOD	**10,740,640**	**13,121,956**
Attributable to:		
Equity holders of the parent	11,326,002	12,497,221
Non-controlling interests	(585,361)	624,735

The notes are an integral part of this statement at December 31, 2015

CERTIFIED ACCOUNTANT
Luís Almeida

THE BOARD OF ADMINISTRATION
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
Pedro Vieira do Nascimento Mieiro
Ricardo José de Pinho Mieiro
Rui António Faustino
Tomás Jervell

CONSOLIDATED STATEMENT OF CASH FLOWS AT DECEMBER 31, 2015 AND 2014

Amounts expressed in Euros

	NOTES	2015	2014
OPERATING ACTIVITIES			
Accounts receivables		820,427,468	675,874,324
Accounts payables		(692,365,756)	(570,520,983)
Staff payables		(67,923,083)	(58,942,540)
Operating cash flows		**60,138,629**	**46,410,801**
Income tax payable/receivable		3,225,317	(8,033,168)
Other receivables/payables		(25,999,059)	(5,070,038)
Net cash flows from operating activities (1)		**37,364,887**	**33,307,594**
INVESTING ACTIVITIES			
PAYMENTS:			
Property, plant and equipment		(24,013,283)	(17,486,252)
Intangible assets		(1,149,012)	(1,049,395)
Financial investments		(175,989)	(600,000)
RECEIPTS:			
Property, plant and equipment		13,509,901	6,269,337
Interest and similar income		1,229,498	138,405
Net cash flows from investing activities (2)		**(10,598,884)**	**(12,727,904)**
FINANCING ACTIVITIES			
RECEIPTS:			
Borrowings			
PAYMENTS:			
Borrowings		(8,710,920)	(14,987,586)
Interest and similar costs paid		(10,317,888)	(10,726,631)
Dividends paid		(5,000,000)	(5,000,000)
Net cash flows from financing activities (3)		**(24,028,808)**	**(30,714,217)**
Net increase in cash and cash equivalents (1+2+3)		**2,737,195**	**(10,134,527)**
Net foreign exchange difference		(789,317)	304,151
Cash and cash equivalents at 1 January	16	**13,130,776**	**22,961,152**
Cash and cash equivalents at 31 December	16	**15,078,654**	**13,130,776**

The notes are an integral part of this statement at December 31, 2015

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3.02 ANNEX

1. INTRODUCTORY NOTE

The ASCENDUM Group consists of a group of companies located in Portugal, Spain, USA, Turkey, Mexico, and Central Europe (Austria, Croatia, Slovakia, Hungary, Romania and the Czech Republic) as well as, through its subsidiaries, being present in Poland, Morocco, Angola and Mozambique. The parent company — ASCENDUM S.A., was founded in 1959 and had its headquarters in Coimbra until the end of 2011. However on November 28, 2011 the partners decided to transform the company into a limited liability company and to change its headquarters to Praça Marquês de Pombal, n.º 3-A, 5.º andar, LISBON – PORTUGAL. ASCENDUM mainly operates in the import and distribution of equipment for construction and public works, logistics, port and airport infrastructures, railways and agriculture, and in Portugal it is also the representative of the Volvo, Jaguar, Land Rover, Mazda and Mitsubishi vehicle brands for part of the country. It also imports and distributes parts and components and has repair workshops for the equipment and vehicles it represents.

At December 31, 2015, the ASCENDUM Group Companies, and their headquarters were as follows:

COMPANY	HEADQUARTERS	% SHAREHOLDING
HEADQUARTERED IN PORTUGAL:		
AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA.	Estrada Nacional 10, Apartado 2094, 2696-801 São João da Talha, Loures - PORTUGAL	50%
AMPLITUDE SEGUROS - Corretores de Seguros, S.A.	R. Conde da Covilhã, nº 1637, 4100-189 PORTO	33,3%
ARNADO - Sociedade de Exploração e Administração de Imóveis S.A.	R. João de Ruão 12 - 3000-229 COIMBRA - PORTUGAL	5%
ASCENDUM II - VEICULOS, UNIPESSOAL LDA.	R. Manuel Madeira, Marcos da Pedrulha, 3021-901 COIMBRA - PORTUGAL	100%
ASCENDUM III - MÁQUINAS, UNIPESSOAL LDA.	R. Vasco da Gama, nº 15, 2696-997 PORTELA, SACAVÉM - PORTUGAL	100%
ASCENDUM PORTUGAL, Serviços de Gestão, S.A.	Rua do Brasil, nº 27 – Apartado 2094 | 2696-801 São João da Talha	100%
ASCENDUM, S.A.	Praça Marquês de Pombal nº 3 A - 5º, 1250-161 LISBOA - PORTUGAL	Parent company
GLOMAK SGPS, S.A.	R. Vilar de senhor, 461, 4455-213, Lavra, Matosinhos - PORTUGAL	100%
TRACTORRASTOS - Sociedade vendedora de acessórios, LDA.	Rua da Mata, nº3 Padrão - Leiria 2410-199 Leiria	100%
HEADQUARTERED IN OTHER COUNTRIES:		
AIR RAIL MAROC, S.A.R.L.A.U.	4 Lotissement La Coline - Sidi Maarouf - 20270 - Casablanca - MAROC	50%
AIR-RAIL POLSKA, Sp. Z.o.o.	Ul. Szpitalna 8 lokal 9, 00-0031 Warsawa	50%
AIR-RAIL, S.L.	Calle Alsasua, 16, 28023 MADRID, ESPAÑA	50%
ART HAVA VE RAY EKIPMANLARI LTD. STI	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	50%
ASC CONSTRUCTION EQUIPMENT, INC.	9115 Harris Corner Parkway, suite 450, CHARLOTTE, NC 28269 - USA	100%
ASCENDUM MAQUINARIA MEXICO, S.A. DE C.V.	Carretera Mexico Queretaro KM 32.5	100%
ASCENDUM MAKINA TICARET A.Ş.	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	100%
ASCENDUM BAUMASCHINEN ÖSTERREICH GMBH	Grafenholzweg 1, 5101 Bergheim bei Salzburg, Bergheim - AUSTRIA	100%
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKEDELMI Kft	1141 Budapest, Nótárius utca 13-15 - HUNGARY	100%
ASCENDUM ESPAÑA, S.L.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID - ESPAÑA	100%
ASCENDUM CENTRAL EUROPE GMBH	Grafenholzweg 1, 5101 Bergheim bei Salzburg, Bergheim - AUSTRIA	100%
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	Karlovačka 94, Zagreb – Lučko, 10250 - CROATIA	100%
ASCENDUM MACHINERY SRL	Str. Zborului nr. 10 sector 3, cod 030595, Bucuresti - ROMANIA	100%
ASCENDUM TÜRKİYE YATIRIM HOLDİNG ANONİM ŞİRKETİ	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	100%
ASCENDUM STAVEBENI STROJE CZECH s.r.o	Plzeňská 430, Loděnice, postal code 267 12 - CZECH REPUBLIC	100%
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	Pestovateľská 10, 821 04 Bratislava - SLOVAKIA	100%
HARDPARTS MOÇAMBIQUE, Limitada	Avenida Julius Neyerere, 2399, Maputo - MOÇAMBIQUE	100%
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L.	Calle Alsasua, 16, 28023 MADRID, ESPAÑA	50%
TEA ALOYA INMOBILIARIA, S.A.U.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID - ESPAÑA	100%
TRP YEDEK PARÇA ITHALAT IHRACAT VE PAZARLAMA LIMITED SIRKETI	Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, ISTANBUL - TURQUIA	100%
VOLMAQUINARIA DE CONSTRUCCIÓN DE ESPAÑA, S.A.	Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 MADRID - ESPAÑA	100%
VOLRENTAL ATLÁNTICO, S.A.U.	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 line with the policy described in paragraph 2.2 d).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies used in preparing the attached consolidated financial statements were the following:

2.1 BASIS OF PRESENTATION

The accompanying financial statements relate to the consolidated financial statements of ASCENDUM and were prepared according to 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 January 1, 2015.

Impact of adopting standards and interpretations that became effective on January 1, 2015:

a) **Improvements to standards 2011 — 2013.** This round of improvements affects the following standards: IFRS 1, IFRS 3, IFRS 13 and IAS 40. The adoption of these improvements had no impact on the company's financial statements.

Interpretation

b) **IFRIC 21** (new), 'Taxes'. IFRIC 21 is a new interpretation of IAS 37 and of the recognition of liabilities, clarifying that a past event that results in an obligation to pay a tax or levy (other than corporate tax) corresponds to the activity described in the relevant legislation that requires such payment. The adoption of these improvements had no impact on the company's financial statements.

Standards and amendments to existing and previously published standards whose application is statutory for annual periods beginning on or after February 1, 2015, and that the Company decided in advance not to adopt:

a) **Improvements to the 2010 — 2012 standards** (applicable, in general, to the financial years that begin on or after February 1, 2015). This round of improvements affects the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38 and IAS 24. The adoption of these improvements will have no impact on the company's financial statements.

b) **IAS 19** (amendment), 'Defined Benefit Plans: Employee Contributions' (applicable to financial years that begin on or after February 1, 2015). The amendment to IAS 19 applies to contributions from employees or third parties for defined benefit plans and is intended to simplify their accounting, when the amount of the contributions is independent of the number of years of service. The adoption of this amendment will have no impact on the company's financial statements.

c) **IAS 1** (amendment), 'Review of disclosure' (applicable to financial years that begin on or after 0January 1, 2016). The amendment provides guidelines about materiality and aggregation, presentation of subtotals, the structure of financial statements, disclosure of accounting policies, and the presentation of other comprehensive income generated by investments recorded by the equity method. The adoption of this amendment will have no impact on the company's financial statements.

d) **IAS 16 and IAS 38** (amendment), 'Acceptable Methods of Depreciation and Amortization' (applicable to financial years that begin on or after January 1, 2016). This amendment clarifies that the use of methodologies to calculate depreciation/amortization of assets based on the income obtained are not generally considered appropriate to record the pattern of consumption of the economic benefits associated with the asset. The amendment is prospectively applicable. The adoption of this amendment will have no impact on the company's financial statements.

e) **IAS 16 and IAS 41** (amendment), 'Agriculture: plants producing consumable biological assets' (applicable to financial years that begin on or after January 1, 2016). This amendment defines the concept of a plant that produces consumable biological assets, and transfers this type of assets from the scope of IAS 41 — Agriculture to the scope of IAS 16 — Tangible assets, with a resulting impact on accounting. However, the biological assets produced by these plants will remain within the scope of IAS 41 — Agriculture. The adoption of this amendment will have no impact on the company's financial statements.

f) **IAS 27** (amendment), 'Equity method in separate financial statements' (applicable to financial years that begin on or after January 1, 2016). This amendment allows companies to use the equity method of accounting in measuring investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. This amendment is retroactively applicable. The adoption of this amendment will have no impact on the company's financial statements.

g) Amendments to IFRS 10, 12 and IAS 28, 'Investment entities: applying the consolidation exemption' (applicable to financial years that begin on or after January 1, 2016). This amendment is still subject to European Union approval. This amendment clarifies that the consolidation exemption of an "Investment Entity" is applicable to an intermediate holding company that sets up a subsidiary of an investment entity. Additionally, the option of applying the equity method, in accordance with IAS 28, may be extended to an entity, other than an investment entity, but that holds an interest in an associate or joint venture that is an "Investment entity". The adoption of this amendment will have no impact on the company's financial statements.

h) IFRS 11 (amendment), 'Accounting for acquisitions interests in joint operations' (applicable to financial years that begin on or after January 1, 2016). This amendment introduces guidelines about accounting for acquisitions of an interest in a joint operation that qualifies as a business, by applying the relevant principles of IFRS 3 — business combinations. The adoption of this amendment will have no impact on the company's financial statements.

i) Improvements to the 2012 — 2014 standards (applicable, in general, to the financial years that begin on or after January 1, 2016). This round of improvements affects the following standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The adoption of these improvements will have no impact on the company's financial statements.

j) IFRS 9 (new), 'Financial instruments' (applicable to financial years that begin on or after January 1, 2018). This standard is still subject to European Union approval. IFRS 9 replaces the requirements of IAS 39, in relation to: (i) the classification and measuring of financial assets and liabilities; (ii) recognition of impairments on receivables (under the expected losses approach); and (iii) the requirements for recognizing and classifying hedge accounting. The adoption of this new standard will have no impact on the company's financial statements.

k) IFRS 15 (new), 'Revenue from contracts with customers' (applicable to financial years that begin on or after January 1, 2018). This standard is still subject to European Union approval. This new standard only applies to contracts The adoption of products or services and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity is entitled, as outlined in the "five-step model". The adoption of this new standard will have no impact on the company's financial statements.

SUMMARY TABLE OF NEW STANDARDS

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
1. AMENDMENTS AND INTERPRETATIONS EFFECTIVE ON DECEMBER 31, 2015		
Improvements to standards 2011 — 2013	Clarifications	January 1, 2015
IFRIC 21 – "Levies"	New interpretation — Accounting of liabilities and taxes	January 1, 2015
2. ALTERATIONS EFFECTIVE ON OR AFTER FEBRUARY 1, 2015.		
Improvements to standards 2010 — 2012	Clarifications	February 1, 2015
IAS 19 — Defined benefit plans	Accounting of contributions from employees or other entities	February 1, 2015
IAS 16 and IAS 38 – Methods of depreciation and amortization	The methods of depreciation/amortization based on revenues, are not acceptable.	January 1, 2016
IAS 16 and IAS 41 – Agriculture: plants producing consumable biological assets	Plants producing consumable biological assetsare under the scope of IAS 16 and are measured by the cost model or the revaluation model.	January 1, 2016
IFRS 11 – Joint arrangements	Accounting for acquisitions of an interest in a joint operation that is a business	January 1, 2016
IAS 1 — Presentation of financial statements	Review of disclosure as part of the IASB "Disclosure Initiative"	January 1, 2016
IAS 27 — Separate financial statements	Option to use the equity method in calculating investments in subsidiaries, joint ventures and associates, in the separate financial statements.	January 1, 2016
Improvements to standards 2012 — 2014	Various clarifications	January 1, 2016
3. STANDARDS AND AMENDMENTS EFFECTIVE ON OR AFTER FEBRUARY 1, 2015, THAT HAVE YET TO BE ENDORSED BY THE EU		
Amendments IFRS 10, 12 and IAS 28: Investment entities — applying consolidation exemption	Exemption from consolidation offered to investment entities, extended to a parent-company that does not qualify as an investment entity but is a subsidiary of an investment entity.	January 1, 2016
IFRS 9 – Financial instruments	New standard for accounting financial instruments	January 1, 2018
IFRS 15 — Revenue from contracts with customers	Recognizing revenue related to the transfer of goods and services to customers by using the "five-step model."	January 1, 2018

2.2 CONSOLIDATION PRINCIPLES

The consolidation principles adopted by the Group are the following:

a) Financial investments in Group companies

The financial shareholdings in companies in which the Group has direct or indirect voting rights of over 50% of the voting rights at the General Meeting of Shareholders or Partners or in which it has the power to control its financial and operating policies in order to benefit from their activities have been included in the consolidated financial statements using the full consolidation method. The equity and net income of these companies, attributable to the investments of third parties in those same companies, are included separately in the consolidated statement of financial position and the consolidated income statement, under "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 mergers prior to 2010 the purchase method was followed. The assets and liabilities of each subsidiary are measured at fair value at acquisition date. Any excess in 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 income statements after reconfirming their 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 mergers after January 1, 2010, the Group has applied the revised IFRS 3. According to this revised standard, the purchase method continues to be applied to business mergers, but with some significant amendments:

(i) all amounts that make up the purchase price are valued at fair value and there is the option to measure "non-controlling interests", on a transaction by transaction basis, by the proportion of the value of the acquired entity's net assets or at the fair value of the acquired assets and liabilities.

(ii) all costs related to the acquisition are recorded as expenses.

Since January 1, 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 no goodwill or gains and losses shall be recorded. When there is a loss of control over the entity, any remaining interest in the entity is remeasured at fair value and profit or loss is recognized in the income statement for the period.

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

Whenever necessary, adjustments are made to the financial statements of subsidiaries to keep their accounting policies in line with those used by the Group. Transactions, margins generated between Group companies, balances and dividends distributed 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 does not have control, through involvement in the financial and operational decisions of the Companies — generally investments of 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 associates, against gains or losses in the period as well as dividends received and other changes in equity recorded in the associates.

Differences between purchase cost and fair value of the assets and liabilities of the associate identified at the purchase date are recognized as goodwill if they are positive and are recorded under "Financial holdings — Equity method" (Note 2.2 c)). If these differences are negative they are recorded as a gain in the period under "Other income and gains" in the income statement, following reconfirmation of fair value.

Investments in associates are valued, when there are indications that the asset might be impaired, and any confirmed impairment losses are recorded as an expense. When impairment losses recognized in previous periods no longer exist, they are reversed.

When the Group's share of the associate's accumulated losses exceeds the carrying value of the financial investment, the investment is recorded at nil value for as long as the associate's equity is negative, except when the Group has made commitments to the associate. In this case a provision to meet these obligations is recorded.

Unrealized gains on transactions with associates are eliminated in proportion to the Group's interest in the associate, against the financial investment in that associate. Unrealized losses are similarly eliminated but only to the point where they are not a sign that the transferred asset is impaired.

c) Goodwill

Differences between the cost of investments in Group companies, plus the share of non-controlling interests at fair value of acquired assets and liabilities (including contingent liabilities) or 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). When negative, they are recorded directly in the income statement as gains, following reconfirmation of their recognized fair value.

Differences between the acquisition cost of investments in associated companies and the amount recognized as the fair value of the assets and liabilities of those companies at the purchase date, when positive, are recorded under "Financial holdings — Equity method" (MEP). When negative, they are recorded directly as gains in the income statement, following reconfirmation of the recognized fair value.

The goodwill amount is not amortized and is tested for impairment losses on an annual basis. The recoverable amount is determined based on the current value of estimated future cash flow expected to arise from continued use of the asset. Goodwill impairment losses recorded in the period are recorded in the income statement under "Impairments in non-depreciable investments."

Impairment losses relating to goodwill cannot be reversed.

d) Conversion of financial statements of foreign entities

The assets and liabilities included in the financial statements of foreign entities are converted into euros using the exchange rates at the date of the statement of financial position. Income and expenses and cash flows are converted into euros using the average exchange rate recorded in the period. Exchange rate differences arising after January 1, 2010 are recorded as equity.

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

In the 2015 and 2014 financial years, the rates used in the conversion of financial statements of foreign subsidiaries into Euros were the following:

2015

COMPANY	CURRENCY	YEAR END EXCHANGE RATE 2015	AVERAGE HISTORICAL EXCHANGE RATE 2015	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	YEAR END EXCHANGE RATE 2014
ASC CONSTRUCTION EQUIPMENT, INC.	USD	1,09	1,11	1,36	1,21
ASCENDUM MAKINA TICARET A.S.	TRY	3,18	3,03	1,94	2,83
ASCENDUM TÜRKKYE YATIRIM HOLDING ANONIM SIRKETI	TRY	3,18	3,03	1,94	2,83
ART HAVA VE RAY EKIPMANLARI LTD. STI	TRY	3,18	3,03	1,94	2,83
HARDPARTS MOÇAMBIQUE, LIMITADA	MZN	49,01	42,59	39,75	40,30
AIR RAIL POLSKA	PLN	4,26	4,18	4,18	4,27
ASC MAQUINARIA MEXICO	MXN	18,91	17,62	16,89	17,87
AIR-RAIL MAROC	MAD	10,78	10,82	11,16	10,98
ASCENDUM ÉPÍTOGÉPEK HUNGÁRIA KERESKE-DELMI Kft	HUF	315,98	310,00	298,15	315,54
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA d.o.o	HRK	7,64	7,61	7,62	7,66
ASCENDUM MACHINERY SRL	RON	4,52	4,45	4,46	4,48
ASCENDUM STAVEBENI STROJE CZECH s.r.o	CZK	27,02	27,28	25,73	27,74
TRP YEDEK PARÇA ITHALAT IHRACAT VE PAZARLAMA LIMITED SIRKETI	TRY	3,18	3,03	2,31	2,83
APPLICABILITY		**STATEMENT OF FINANCIAL POSITION ACCOUNTS EXCEPT FOR EQUITY**	**P&L**	**ISSUED CAPITAL**	**RETAINED EARNINGS**

2014

COMPANY	CURRENCY	YEAR END EXCHANGE RATE 2014	AVERAGE HISTORICAL EXCHANGE RATE 2014	EXCHANGE RATE ESTABLISHMENT DATE / ACQUIRED	YEAR END 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
HARDPARTS MOÇAMBIQUE, LIMITADA	MZN	40,30	41,42	39,75	41,30
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**

2.3 PRINCIPAL VALUATION CRITERIA

The principal valuation criteria used by ASCENDUM in preparing the consolidated financial statements were the following:

a) Fixed tangible assets

Tangible fixed assets purchased before January 1, 2009 (date of the transition to IFRS) are recorded at "deemed cost", which is their acquisition cost or revalued acquisition cost in line 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 recorded at cost less accumulated depreciation and impairment losses.

Impairment losses identified 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 depreciation method, according to the following estimated useful lives:

	YEARS
Buildings and other constructions	20 - 50
Basic Equipment	6 - 16
Transport Equipment	4 - 5
Tools and utensils	4 - 14
Administrative equipment	3 - 14
Other tangible 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 available to be used in the operating conditions required by management.

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

b) Intangible assets

Intangible assets are recorded at acquisition cost net of accumulated amortization 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 incurred with new technical knowledge are 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 fulfill these criteria are recognized as an expense in the income statement in the year in which 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 are directly related to projects that 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 depreciation 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 owned to generate income from rental or capital gains, 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 January 1, 2009 (date of the transition to IFRS) are recorded at "deemed cost", which is their acquisition cost or revalued acquisition cost in line 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 purchased after that date are recorded at cost less accumulated depreciation and impairment losses.

Whenever the fair value of these assets is deemed to be less than 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. As soon as the recorded accumulated impairment losses cease to exist, they are immediately reversed through a counter-entry under "Other income and gains" in the income statement to the maximum that would have been ascertained, if no impairment loss had been recognized in previous periods, net of depreciation or amortization.

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

d) Leasing

Leases are classified as (i) finance leases, if they involve substantial transfer of all inherent risks and benefits of owning the leased asset; (ii) operating leases, if they do not involve substantial transfer of all inherent risks and benefits of owning the leased asset.

Leases are classified as financial or operating based on the substance rather than the form of the contract.

Assets acquired under finance leases as well as the corresponding liabilities, are recorded using the financial method. According to this method, the cost of the asset is recorded in fixed tangible assets and the corresponding liabilities are recorded as accounts payable to investment suppliers. Rents are made up of financial charges and capital repayments. Financial charges are allocated to the financial years covered by the term of the lease, applying a constant periodic interest rate on the outstanding balance of the liability, with the tangible fixed asset depreciated as described in Note 2.3.a.

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

e) Inventories

Goods classified as construction equipment and vehicles are stated at their specific acquisition cost, while parts, components and raw materials, subsidiary materials and consumables are valued at average acquisition cost, which is lower than their respective market value.

Work in progress is valued at production cost, which is lower than market value. Production costs include the cost of the raw materials used, direct labor, 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) Grants from government or other public entities

Government grants are recognized at fair value when it can be reasonably assured that they will be received and that the Company will meet with the conditions of the grant.

Grants and non-refundable contributions received to finance 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 conditions of eligibility are met.

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 in circumstances is identified that means the asset's carrying value may no longer be recoverable.

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

To evaluate evidence of impairment of assets the Group uses available external and internal sources which prove to be most suitable, such as: (i) significantly higher than expected decrease in the market value of an asset, in the period; (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.

Specifically, evidence of impairment in receivables arises when:

- the counterparty is in significant financial difficulties;
- there are significant delays in the main payments from the counterparty; and
- it becomes likely that the borrower will enter bankruptcy or file for 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 on several inventories rotation indicators which are then reviewed and adjusted by the responsible departments in order to ensure that the value of the inventories does not exceed its net realizable value.

Reversal of impairment losses recognized in previous years is recorded when it is concluded that the impairment losses no longer exist or have decreased. This analysis is carried out whenever there are signs that a 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 recorded 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 leases) are capitalized if they relate to assets they qualify, otherwise they are recognized as an expense in the period in which they are incurred, in line with the accrual principle.

i) Provisions

Provisions are recognized when, and only when, the Group has a current (legal or constructive) obligation as a result of 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 reasonably be 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 a formal and detailed restructuring plan has been put in place and when it has been communicated to the parties involved.

j) Financial instruments

i) **Investments**

The Group classifies its financial investments into 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 investment's acquisition.

Investments at fair value through profit and loss

This category is divided into two sub-categories: '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 the statement of financial position.

At December 31, 2015 and 2014, ASCENDUM did not hold financial instruments in the categories of "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 the Board of Directors intends to keep them until they mature. These investments are classified as non-current assets unless they mature within 12 months of the date of the statement of financial position.

Available-for-sale investments

These include non-derivative financial assets that are designated available for sale or those that do not fall into the above mentioned categories. This 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 the statement of financial position.

At December 31, 2014, ASCENDUM 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 measured at fair value through profit or loss and available-for-sale investments are revalued at their fair values based on their market value at the date of the statement of financial position that corresponds 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 considered an impairment loss, at which point the accumulated loss is recorded in the income statement.

Available-for-sale financial investments representing shareholdings in unlisted companies are recorded at cost, taking into account any applicable impairment losses. The Group's Board of Directors is convinced that the fair value of these investments does not significantly differ from their acquisition cost.

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

Investments are derecognized when the right to receive cash flows has expired or transferred and, therefore, all related 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 based on their market value at the date of the statement of financial position, without deducting 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 arising from changes in the fair value of non-monetary investment 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 considered 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 any impairment losses into consideration. The Group's Board of Directors is convinced that the fair value of these investments does not significantly differ 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 the date of each statement of financial position, the Group carries out valuations whenever 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 stable market, is a sign that the asset is impaired. If there is evidence of impairment of "Available-for-sale investments", the accumulated losses — measured as the difference between purchase cost and fair value less any previously recognized impairment loss in the income statement — are withdrawn from Equity and recognized in the income statement.

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

ii) **Accounts receivable**

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

Interest-bearing receivables (including those related to sales of vehicles under installment plans) are recognized as assets at full value. The portion relating to interest is recorded as a liability, 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 those liabilities. Calculation of financial charges are based on the current interest rate and recognized in the income statement for the period based on the accrual principle.

iv) **Accounts payable**

Accounts payable are stated at 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 as a way of reducing exposure to those risks. The derivative financial instruments normally used are interest rate Swaps (Cash flow hedges), whose aim is to hedge the risk of interest rate fluctuations on obtained loans.

These derivatives, although enteredwith the above mentioned purposes (essentially 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. They are later 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 December 31, 2015 and December 31, 2014 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) potential obligations arising from past events whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not fully under the Group's control or (ii) current 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 potential assets resulting from past events and that will only be confirmed by the occurrence or not of one or more uncertain future events, not fully under the Group's control.

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 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 companies included in the consolidation.

Deferred taxes are calculated based on the statement of financial position liability method and reflect the temporary differences between assets and liabilities for accounting purposes and the corresponding amounts for taxation purposes. Deferred tax assets and liabilities are calculated and valued on an annual basis, using current taxation rates, or those that have been announced for the future, at the expected date of reversal of provisional differences.

Deferred tax assets are only recognized when future tax profits can be reasonably expected 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 financial year deferred taxes are reviewed and reduced whenever their future use is no longer likely.

Deferred taxes are recorded as gains or losses for the year, unless they relate to items recognized directly in Equity. In this case a counter-entry of deferred tax is also made under the same heading.

m) Fiscal consolidation

In Portugal income tax for the year is calculated based on the Special Taxation Scheme for Corporate Groups ("RETGS"), which includes Portugal-based companies in which ASCENDUM S.A. has had a shareholding of at least 75% for over 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.

In Austria ASCENDUM CENTRAL EUROPE GmbH is taxed on a consolidated basis, including its tax statement, the fiscal results of its direct subsidiary ASCENDUM Baumaschinen Österreich GmbH, as well as tax losses, should they occur, of foreign subsidiaries: ASCENDUM Építogépek Hungária Kereskedelmi Ktf. — Hungary; ASCENDUM gradevinski strojevi Hrvatska, d.o.o. Croatia; ASCENDUM Stavebné stroje Slovensko, s.r.o. – Slovakia and ASCENDUM Machinery, S.R.L., — Romania).

The remaining Group companies are taxed on an individual basis, according to applicable law

n) Accrual basis and revenue recognition

Income and costs are recorded on an accruals basis, by which revenue and expenditure are stated when they are earned or incurred, regardless of the moment when they are received or paid. The differences between the amounts received and paid and corresponding revenues and expenses are recorded under "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/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 income can be reasonably quantified;
- Revenue from services rendered corresponds to the price paid for repairs to customers' equipment and vehicles.

The expenses of these repairs include materials and labor; 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 leasing 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 ownership are transferred to the customer. This type of contract is recognized as an operating lease if those risks are not transferred.

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

o) Subsequent Events

Events occurring after the date of the statement of financial position that provide additional information about conditions at the date of the statement of financial position ("adjusting events") are reflected in the consolidated financial statements. Events after the statement of financial position date that provide information on conditions that occur 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 after more than one year from the date of the statement of financial position are classified as non-current assets and liabilities. 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 based on the exchange rate 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 on the date of the collection, payment or on the date of the statement of financial position, are recorded as gains or losses in the consolidated income statement for 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 being held for sale if their carrying value will be recovered through the sale, and not through continued use. This condition is considered to be met only when a sale is extremely likely and the asset (and other related assets and liabilities to be disposed) is available for immediate sale in its current condition. Additionally, measures must be underway that suggest 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 being held for sale are recorded at the lower of their carrying value or fair value, less costs of sale.

At December 31, 2015 and 2014, there were no non-current assets held for sale.

s) Judgments and estimates

The Board of Directors of ASCENDUM based its preparation of the consolidated financial statements on the best knowledge and experience of past and/or current events, taking into account certain assumptions about future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended December 31, 2015 and 2014 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) Impairment tests for goodwill

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 unforeseeable at the approval date of the financial statements and the estimates have not taken these into consideration. For this reason and given the related degree of uncertainty, the actual results of the transactions may differ from their corresponding estimates. Any changes to these estimates that occur after the date of the consolidated financial statements will be corrected prospectively in the results, as per IAS 8.

The main estimates and assumptions about 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, inherent to the outlook for ongoing long-term operations, focuses on the unpredictability of financial markets and seeks to minimize any adverse effects that this may have on its financial performance.

The Group's risk management is essentially the responsibility of the finance department, based on the policies approved by the Group's Board of Directors. Accordingly, the Board of Directors has set out the key principles of overall risk management as well as policies covering specific areas, such as interest rate risk and credit risk.

According to International Accounting Standards, financial risk is 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 any other 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 2.2d) the assets and liabilities included in the financial statements of foreign entities are translated into euros using the exchange rates at the date of the statement of financial position. The gains and losses of those financial statements are translated into euros using the average exchange rate for the period. Resulting exchange rate differences are recorded as equity.

The assets and liabilities included in the Consolidated Statement of financial position, arising from conversion of Financial Statements in currencies other than the Euro, are summarized as follows:

	ASSETS				LIABILITIES			
	DEC-15	%	DEC-14	%	DEC-15	%	DEC-14	%
Turquish Lira (TRY)	97,292,406	19%	108,638,052	19%	39,877,235	11%	43,875,336	10%
American Dolar (USD)	147,383,992	28%	183,507,420	32%	106,165,353	29%	149,256,284	35%
Poland Zloty (PLN)	11,237	0%	11,213	0%	614	0%	612	0%
Mexican Peso (MXN)	23,294,150	4%	27,277,827	5%	16,728,209	5%	21,966,384	5%
Romanian Lei (RON)	6,881,612	1%	6,394,793	1%	5,547,206	2%	5,231,001	1%
Moroccan Dirham (MAD)	321,680	0%	315,869	0%	351,802	0%	345,448	0%
Hungary Forint (HUF)	1,984,419	0%	2,927,539	1%	1,552,807	0%	2,749,369	1%
Croatian Kuna (HRK)	1,223,554	0%	1,318,305	0%	635,550	0%	934,394	0%
Czech Koruna (CZK)	9,814,223	2%	8,347,335	1%	4,990,515	1%	4,472,091	1%
TOTAL - CONSOLIDATED BALANCE SHEET - IFRS	**525,374,096**		**576,558,680**		**369,058,443**		**425,962,377**	

ii) **Price risk**

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, along with other assets and financial instruments that the company holds, with the intention of future sale.

1) The Group's price risk management of goods in stock is mainly monitored by the sales departments of each company, based on policies approved by ASCENDUM's Board of Directors. Accordingly, the Board of Directors issues guidelines for anticipating trends in the prices of traded goods and to best adapt the purchasing and inventories management policy to circumstances. The ASCENDUM's Board of Directors believes that the risk associated to the price of goods in stock is under control to a reasonable extent.

2) Management of the price risks related to financial instruments and other assets has a higher level of exposure and mechanisms of control/minimization may require the use of more sophisticated hedging instruments.

At December 31, 2015, the Group's portfolio of available-for-sale securities representing equity instruments of companies listed on the Lisbon Stock Exchange was as follows:

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

- 227,282 Banco Millennium BCP shares.

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

		2015	
INVESTMENTS AVAILABLE FOR SALE	VARIATION	EQUITY	TOTAL
BPI	-10%	(1,208,236)	(1,208,236)
	-20%	(2,416,472)	(2,416,472)
	10%	1,208,236	1,208,236
	20%	2,416,472	2,416,472
BCP	-10%	(1,118)	(1,118)
	-20%	(2,236)	(2,236)
	10%	1,118	1,118
	20%	2,236	2,236

Note: Net of tax effect

3) Furthermore, the relationships that the various Group companies have with their main suppliers are set out in formal contracts and protocols. Therefore the commodity or credit price is reasonably under control and monitored by the Group's Board of Directors, ensuring the normal continuity of operations and the development of the different activities and business areas.

iii) Interest rate risk

The Group's indebtedness is mainly related to variable interest rates, which exposes the cost of the debt to high volatility risk. The impact of this volatility on the Group's results or equity 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 Group's consolidated results (including operational results), thus partially offsetting increased financial costs ("natural hedge"); (ii) existence of consolidated liquidity or cash also bearing interest at variable rates.

ASCENDUM's Board of Directors has approved the terms and conditions of financing by analyzing the structure of the debt, its inherent risks and the different market options available. These include the type of interest rate (fixed/variable) and, by continuously monitoring 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 liabilities with variable rates, the following assumptions were made:

(i) The actual interest rate is higher/lower than the interest rate borne, by 1 percentage point;

(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 while all others remain constant. In reality, this assumption is unlikely to hold true and there may be related changes in some of the assumptions.

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

		DEC-2015	DEC-2014
	VARIATION	P&L	P&L
Bank loans	1 p.p	2,042,450	2,059,771
Bank loans	(1 p.p)	(2,042,450)	(2,059,771)

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, in order to maximize return and minimize opportunity costs related to keeping hold of this liquidity in a safe and efficient manner.

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

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

(ii) Safety, which is to minimize the probability of default in repayment of any investment of funds; and

(iii) Financial efficiency, which is 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 to manage 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 financial commitments in line with the rate of liquidity generation;

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

(iv) Entering into short-term credit lines to address occasional cash requirement peaks.

Any surplus liquidity is applied with a view to best serve the Group's liquidity and profitability objectives, either in short-term financial investments or by repaying short-term debt, in line with economic and financial reasonableness criteria.

An analysis of the maturity of the financing of each class of financial liabilities is outlined in Note 20, presenting undiscounted amounts and based on the worst case scenario, i.e. the shortest period in which the liability becames payable.

At December 31, 2015 and 2014, the Group had net debt of 178,320,386 euros and 188,979,183 euros, respectively, divided between current and non-current loans (Note 20) and cash and cash equivalents (Note 16) taken on through several institutions.

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.

Managing this risk aims to ensure actual debt recovery within the set terms, without affecting the Group's financial health. This risk is regularly monitored and the aim of its management is to: (i) limit credit granted to customers taking into account average customer payment periods, homogeneous groups of customers and individually by customer; (ii) monitor the evolution of the amount of credit provided; (iii) regularly carry out impairment analyses of amounts receivable. The Group secures credit guarantees, whenever a customer's financial position might suggest it is advisable.

The Group also uses credit rating agencies and has specific departments for credit control, collection and management of legal proceedings, which all work towards mitigating that risk.

Adjustments to accounts receivable are calculated by taking into consideration: (a) the customer's risk profile; (b) the average collection period; (c) the customer's financial position. The movements of these adjustments for the years ended December 31, 2015 and 2014 are disclosed in Note 25.

At December 31, 2015 and 2014, the Group considered that there was no need for additional impairment losses beyond the amounts recorded on those dates and outlined, in summary form, in Note 25.

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

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF BASIC ERRORS

In the year ended December 31, 2015, there were no changes in accounting policies or material errors relating to previous years.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The Group companies included in the consolidation and the proportion of capital held at December 31, 2015 and 2014 are as follows:

COMPANY	EFFECTIVE SHAREHOLDING PERCENTAGE		CONSOLIDATION METHOD
	DEC-15	DEC-14	
ASCENDUM, S.A.	Parent Company	Parent Company	Full
AIR-RAIL (PORTUGAL), Sociedade Unipessoal, LDA.	50%	50%	Full
AIR RAIL MAROC, S.A.R.L.A.U.	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	50%	50%	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, S.A.	100%	100%	Full
ASCENDUM STAVEBENI STROJE CZECH s.r.o	100%	100%	Full
ASCENDUM STRAVEBENE STROJE SLOVENSKO s.r.o	100%	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
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 voting rights, or other mechanism, as owner of company shares — Note 2.1 a)).

The 50% holdings included in the above list were included in the Consolidated Financial Statements using the full consolidation method since, as well as the direct or indirect percentage it holds, the Group has decision-making controls within the Board of Directors of Air Rail, S.L., which in turn controls the other subsidiaries "Air Rail" and "Importadora Distribuidora de Maquinaria Industrial Zephir, S.L."

5. CHANGES IN THE CONSOLIDATION SCOPE

In the year ended December 31, 2015 there were no changes to the consolidation perimeter.

In the year ended December 31, 2014 there was only the following change in the consolidation scope:

- Exit of companies:

  COTIAC, SGPS, Unipessoal Lda. was merged by incorporation into ASCENDUM S.A.

6. INTANGIBLE ASSETS

During the financial years ended December 31, 2015 and 2014, movements in intangible assets and in the respective amortizations and accumulated impairment losses, were as follows:

2015	INDUSTRIAL PROPERTY AND OTHER RIGHTS	COMPUTER PROGRAMS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
GROSS ASSETS:				
2015 Opening balance	6,307,260	2,716,329	2,097	9,025,687
Additions	1,049,666	99,342	2,600	1,151,609
Translation differences	337,088	(133,192)	0	203,893
Transfers and write-offs	0	(122,562)	0	(122,559)
DECEMBER 31, 2015 FINAL BALANCE	**7,694,014**	**2,559,917**	**4,697**	**10,258,629**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES:				
2015 Opening balance	(832,215)	(1,924,566)	0	(2,756,780)
2015 Amortization for the year	(123,965)	(342,420)	0	(466,385)
Translation differences	5,644	104,535	0	110,179
Disposals, transfers and write-offs	580	26,265	0	26,845
DECEMBER 31, 2015 FINAL BALANCE	**(949,955)**	**(2,136,186)**	**0**	**(3,086,142)**
NET VALUE	**6,744,059**	**423,731**	**4,697**	**7,172,487**

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 under Industrial property and other rights registered in 2015 are related to surface rights on a plot of land in Angola by subsidiary Glomak, S.G.P.S., S.A.

Industrial property and other rights at December 31, 2015 includes costs of registering the ASCENDUM brand, surface rights over land and a distribution contract for Volvo in the United States of America.

7. TANGIBLE FIXED ASSETS

During the financial years ended December 31, 2015 and 2014, movements in tangible fixed assets and in respective depreciations and accumulated impairment losses, were as follows:

2015	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS IN PROGRESS	TOTAL
GROSS ASSETS:								
2015 Opening 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
Additions	261,440	2,094,519	10,415,996	3,285,608	974,085	166,591	(266,932)	16,931,306
Disposals, transfers and write-offs		(1,704,613)	(1,944,449)	(1,255,729)	(39,879)	(19,566)		(4,964,235)
Translation differences	289,042	153,470	5,555,247	(60,209)	248,335	(36,463)	133,954	6,283,377
DECEMBER 31, 2015 FINAL BALANCE	**25,869,331**	**54,111,963**	**142,763,658**	**12,545,585**	**14,501,113**	**1,345,656**	**1,728,615**	**252,865,921**
DEPRECIATIONS AND ACCUMULATED IMPAIRMENT LOSSES:								
2015 Opening balance	0	(24,231,813)	(36,681,964)	(6,418,834)	(10,947,704)	(921,175)	0	(79,201,489)
Depreciation for the year		(947,734)	(27,386,994)	(1,106,505)	(679,754)	(93,593)		(30,214,580)
Disposals, transfers and write-offs		46,176	2,399,712	777,826	31,834	19,566		3,275,114
Translation differences		(262,320)	(90,434)	(7,622)	(261,466)	21,412		(600,430)
Impairment losses			369,488					369,488
DECEMBER 31, 2015 FINAL BALANCE	**0**	**(25,395,691)**	**(61,390,192)**	**(6,755,134)**	**(11,857,090)**	**(973,791)**	**0**	**(106,371,898)**
NET VALUE	**25,869,331**	**28,716,272**	**81,373,466**	**5,790,451**	**2,644,023**	**371,865**	**1,728,616**	**146,494,023**

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)
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**

In 2015 Plant and machinery was mainly responsible for investments in tangible fixed assets, despite being at a much lower level than in the previous financial year, as a result of measures adopted by the board in order to reduce the rental fleet.

In 2014, the most significant variations were recorded under Additions and are mainly explained by the increase in vehicles in the rental fleet, particularly in the United States of America and Austria.

8. INVESTMENT PROPERTIES

At December 31, 2015 and 2014, "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 re-valued cost at the date IFRS was first applied (01-01-2009).

In order to collect up-to-date market indicators to establish if there are signs of impairment compared to the book values of the investment properties, independent valuations were carried out of the assets which at the latter valuation shown market values close to the book values. The results of these valuations showed market values higher than the book values at December 31 and the board of directors therefore considered (i) extending the conclusions thereof to all investment properties in the statement of financial position at December 31, 2015, (ii) there is no evidence that they are impaired at that date, (iii) the book values of the investment properties, taking into account all the evidence collected, are an appropriate reflection of their fair value at that date.

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

The investment properties shown in the 2015 and 2014 statement of financial positions 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 2015 and 2014:

	DEC-14 OPENING BALANCE	INCREASES	DECREASES	DEC-15 FINAL BALANCE
AIR RAIL, S.L.	3,024		1,728	1,296
ASCENDUM, S.A.	2,799,487	6,454	0	2,805,941
GLOMAK, S.G.P.S, Lda.	140,232		95,943	44,288
ASCENDUM III, Máquinas, LDA	45,783		5,087	40,696
TEA ALOYA INMOBILIARIA, S.A.	78,260			78,260
TOTAL	**3,066,787**	**6,454**	**102,759**	**2,970,483**

	DEC-13 OPENING BALANCE	INCREASES	DECREASES	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, LDA	0	45,783		45,783
TEA ALOYA INMOBILIARIA, S.A.	78,260			78,260
TOTAL	**3,026,216**	**255,339**	**214,768**	**3,066,787**

During the 2015 and 2014 financial years there was no income or expenses related to investment properties.

9. GOODWILL

The following table discloses the initial and final balances and variations during the 2015 and 2014 financial years under Goodwill.

GOODWILL	DEC-2015	DEC-2014
GROSS ASSETS:		
Opening balance	42,053,023	41,222,540
Transfers, write-offs and adjustments	(1,756,645)	830,483
FINAL BALANCE	**40,296,379**	**42,053,023**
AMORTIZATIONS AND ACCUMULATED IMPAIRMENT LOSSES:		
Opening balance	(1,592,186)	(1,592,186)
Impairment of the year	(200,000)	0
FINAL BALANCE	**(1,792,186)**	**(1,592,186)**
NET VALUE	**38,504,192**	**40,460,837**

The increase in the value of Goodwill in 2015, compared to 2014, relates to the effect of adjustments in exchange rates, resulting from conversion of the functional currencies in which they are recognized into the currency used to report the consolidated financial statements.

The overall value of Goodwill at December 31, 2015 is presented in the following table, as well as the methods and assumptions used to determine whether they are impaired:

2015	ASC MÁQUINAS	ASC USA	ASC TURK	ASC MEXICO	ASCENDUM GMBH	ASCENDUM ROMANIA	TRACTORRASTOS
Goodwill	7,923	594,395	13,592,123	1,129,395	8,898,227	1,022,331	935,850
Forecast 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%
Applied discount rate [(2)]	8.8%	13.0%	18.0%	9.91%	8.3%	8.3%	8.76%

[(1)] Rate of growth used to extrapolate cash flows beyond the period considered in the business plan
[(2)] Discount rate applied to projected cash flows

2015 (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	**38,504,192**
Forecast 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%	
Applied discount rate [(2)]	8.76%	6.6%	7.9%	9.1%	7.9%	9.1%	

[(1)] Rate of growth used to extrapolate cash flows beyond the period considered in the business plan
[(2)] Discount rate applied to projected cash flows

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
Forecast 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%
Applied discount rate [2]	8.3%	13.0%	16.0%	9.2%	8.3%	8.3%	8.33%

[1] Rate of growth 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**
Forecast 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%	
Applied discount rate [2]	8.33%	7.8%	7.9%	9.1%	7.9%	9.1%	

[1] Rate of growth 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 the projected cash flows, discounted at the deemed applicable rate, concluded that, at December 31, 2015, the book value of the net assets, including goodwill, did not exceed their recoverable value.

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

10. FINANCIAL HOLDINGS AND OTHER FINANCIAL ASSETS

10.1 FINANCIAL HOLDINGS – EQUITY METHOD

2015	TOTAL EQUITY	NET PROFIT FOR THE YEAR	% SHARE CAPITAL HELD	PARTICIPATION BOOK VALUE	APPROPRIATED RESULT
Amplitude Seguros - Corretores de Seguros S.A.	408,441	149,182	33.33%	136,133	49,723

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

10.2 FINANCIAL HOLDINGS – OTHER METHODS AND FINANCIAL ASSETS

	DEC-2015	DEC-2014
Financial Investments - Other methods	12,349,353	11,659,039
Other non-current financial assets	198,651	231,906
Other current financial assets	9,248	8,911

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

In the financial years ended December 31, 2015 and 2014, the Group held the following securities portfolio available for sale:

	SHARES	SHARE VALUE 31.12.15	VALUE AT 31.12.15
BPI	11,084,734	1.090	12,082,360
BCP	227,282	0.049	11,183
ESFG	1,020,000	0.00	0
TOTAL			**12,093,543**
	SHARES	**SHARE VALUE 31.12.14**	**VALUE AT 31.12.14**
ESFG	11,084,734	1.026	11,372,937
BPI	227,282	0.066	15,001
BCP	1,020,000	0.000	0
TOTAL			**11,387,938**

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

	DEC-15	DEC-14
Fair Value on January, 1st	11,387,938	18,449,957
Acquisitions during the year	0	9,401
Increase/(decrease) in Fair Value - Equity	709,423	(5,856,099)
Increase/(decrease) in Fair Value - P&L	(3,818)	(8,188)
Impairment losses in investiments held for sale	0	(1,208,700)
Other adjustments	0	1,567
FAIR VALUE ON DECEMBER, 31ST	**12,093,543**	**11,387,938**
Non current assets	12,093,543	11,387,938
TOTAL	**12,093,543**	**11,387,938**

During 2015 there were no acquisitions/sales in this asset category. Therefore variation, against the previous year, resulted only from recognition of the effects of adjustments to carrying value in the listed price of the securities, at December 31, 2015, which resulted in an appreciation of the BPI holding of 709,423 euros and a depreciation of the Millennium BCP holding of 3,818 euros.

In 2014, financial investments available for sale were moved by depreciations recorded during the year, compared to prices at December 31, 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 euros — until the date on which the shares of the latter company were withdrawn from the Lisbon Stock Exchange following the company's bankruptcy. The ASCENDUM's Board Directors, faced with the bankruptcy of ESFG, decided to recognize immediately, as impairment for the period, the carrying amount at that date, which was1,208,700 euros.

Acquisition in 2014 of 144,634 Millennium BCP shares for 9,401 euros.

Furthermore, the effect on equity and impairment losses in the 2015 and 2014 financial years on Investments held for sale at their fair value can be summarized as follows:

	DEC-15	DEC-14
Fair Value adjustments	709,423	(5,856,099)
Deferred Tax Assets	(81,781)	631,830
Others	(738,123)	0
EQUITY EFFECT	**(110,481)**	**(5,224,270)**
Increase/(decrease) in Fair Value	(3,818)	(8,188)

b) Financial holdings — other methods — Other holdings

	SHAREHOLDING %	DEC-15 GLOBAL BOOK VALUE	DEC-14 GLOBAL BOOK VALUE	VARIATION
Arnado, Lda	5%			
Garval, Lisgarnte, Norgarante	-	255,810	271,102	(15,292)
Vortal, SGPS S.A.	1.23%			

	SHAREHOLDING %	DEC-14 GLOBAL BOOK VALUE	DEC-13 GLOBAL BOOK VALUE	VARIATION
Arnado, Lda	5%			
Garval, Lisgarnte, Norgarante	-	271,102	324,508	(53,406)
Vortal, SGPS S.A.	1.23%			

c) Other financial assets

The balance recorded in 2015 and 2014 in "non-current" mainly corresponded to collateral related to our facilities in Spain.

11. INVENTORIES

At December 31, 2015 and 2014, this heading had the following composition:

	DEC-15	DEC-14
Raw Materials, Subsidiaries, and Consumption Materials		
Products and works in progress	1,918,152	2,159,902
Finished and intermediate products	9,432	9,106
Goods	163,280,492	194,234,026
Advances on account of purchases	1,999	(601)
Inventories Impairments (Note 25)	(5,525,960)	(5,512,921)
TOTAL	**159,684,115**	**190,889,513**

The cost of sales in the financial years ended at December 31, 2015 and 2014 is the following:

	DEC-15			DEC-14		
	GOODS	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL	GOODS	RAW MATERIALS, SUBSIDIARY, AND CONSUMPTION MATERIALS	TOTAL
Opening inventories	194,234,026	0	194,234,026	157,812,202	0	157,812,202
Net purchases	595,236,422	0	595,236,422	542,796,735	0	542,796,735
Perimeter variation	0	0	0	0	0	0
Final inventories	163,280,492	0	163,280,492	194,234,026	0	194,234,026
TOTAL	**626,189,956**	**0**	**626,189,956**	**506,374,911**	**0**	**506,374,911**

Variations in output for the financial years ended at December 31, 2015 and 2014 is the following:

	FINISHED, INTERMEDIATE PRODUCTS, AND WORKS IN PROGRESS	
	DEC-15	DEC-14
Final inventories	1,927,583	2,169,008
Inventory adjustments	(206,051)	(49,848)
Opening inventories	2,169,008	2,179,307
TOTAL	**(447,476)**	**(60,146)**

12. CUSTOMERS

At December 31, 2015 and 2014, this heading had the following composition:

	ASSETS	
	DEC-15	**DEC-14**
Customers - current	96,303,421	93,965,152
Customers - trade bills receivable	8,311,992	9,481,928
Customers - doubtful debts	18,284,093	18,528,570
	122,899,507	**121,975,650**
Accumulated impairment losses - doubtful debts (Note 25)	(20,754,376)	(20,999,171)
	102,145,130	**100,976,479**

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

The customer balance amounts recorded as assets are not affected by advances made by them for goods and services yet to be purchased. These are presented as liabilities under "Customer advances", which at year-end 2015 and 2014 totaled 2,149,222 and 1,222,582 euros, respectively.

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

13. OTHER ACCOUNTS RECEIVABLE AND SUPPLIER ADVANCES

At December 31, 2015 and 2014, this heading had the following composition:

	DEC-15		DEC-14	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Prepayments to suppliers	2,803,014		1,952,937	
SUB-TOTAL	**2,803,014**	**-**	**1,952,937**	**-**
Other accounts receivables	2,918,675	1,053,780	4,385,654	1,055,876
Accrued income	959,330		1,439,408	
SUB-TOTAL	**3,878,005**	**1,053,780**	**5,825,063**	**1,055,876**
TOTAL	**6,681,019**	**1,053,780**	**7,778,000**	**1,055,876**

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

Other accounts receivable in 2015 and 2014 includes 1,587,606 euros relating to an outstanding balance with non-controlling interests.

14. DEFERRALS — (ASSETS)

At December 31, 2015 and 2014, this heading had the following composition:

	DEC-15	DEC-14
DEFERRED COSTS:		
Insurance	465,788	420,624
Financial costs	8,875	24,005
Rents	155,866	157,027
Other bank services	63,516	298,514
Others	1,137,025	2,206,068
TOTAL	**1,831,071**	**3,106,239**

ASCENDUM recognizes expenses on the accrual basis regardless of their payment. At the end of the financial year this heading costs that have already been paid but which will only have an economic effect on the following financial year(s). The amounts disclosed in the table above are related to insurance payments, rents, interest, etc. which based on the accrual accounting principle should not affect the results of each of the respective years.

15. DEFERRED TAXES

a) Details of the amounts and nature of deferred tax assets and liabilities recorded in the consolidated financial statements at December 31, 2015 and 2014, are summarized as follows:

2015	DEC-14	PERIMETER VARIATION	P&L IMPACT	EQUITY IMPACT	DEC-15
DEFERRED TAX ASSETS:					
Non-tax deductible impairments	5,051,465	0	1,388	0	5,052,853
Carry forward tax losses	12,715,054	0	(8,574,968)	0	4,140,086
Non-tax deductible amortizations	1,808,664	0	65,252	0	1,873,916
Amortization of Goodwill - Tax deductible	1,886,933	0	0	0	1,886,933
Carry forward of net Financing Expenses	438,053	0	0	0	438,053
Elimination - Internal Margins	651,392	0	(149,033)	0	502,359
Taxable Deferrals	0	0	111,561	0	111,561
Investment Properties Impairments	66,944	0	0	0	66,944
Financial Investments Impairments	3,840,559	0	0	(819,904)	3,020,656
	26,459,065	**0**	**(8,545,799)**	**(819,904)**	**17,093,362**
DEFERRED TAX LIABILITIES:					
Depreciations resulting from legal and free revaluations	(3,281,039)	0	(161,650)	0	(3,442,689)
Effect of reinvesting capital gains generated by fixed assets disposals	(27,884,097)	0	7,418,000	4,050,110	(16,415,987)
	(31,165,136)	**0**	**7,256,350**	**4,050,110**	**(19,858,676)**
NET EFFECT	**(4,706,071)**	**0**	**(1,289,449)**	**3,230,206**	**(2,765,314)**

2014	DEC-13	PERIMETER VARIATION	P&L IMPACT	EQUITY IMPACT	DEC-14
DEFERRED TAX ASSETS:					
Non-tax deductible impairments	4,266,423	0	785,042	0	5,051,465
Carry forward 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
Carry forward 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:					
Depreciations 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)**

In 2015 the Deferred Taxes presented above essentially reflected:

(i) Reversal of deferred tax assets related to the use of reported tax losses in the US subsidiary (7.348 million euros) and reversals resulting from tax losses that have not been used.

(ii) Reversal of deferred tax liabilities related to capital gains taxation of the US subsidiary, whose tax had been deferred in previous periods.

In 2014 the Deferred Taxes presented above include:

1 — Movements in assets, essentially related to:

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

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

(iii) Net expenditure on bank loans supported in Portugal, which are not accepted in the period in which they occurred due to exceeding tax limits and which can be carried forward for up to the following five years.

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

2 — In terms of deferred tax liabilities, the increase was mainly due to an 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 S.A - 2012	1,737,564	2017
ASCENDUM S.A - 2013	1,185,178	2018
ASCENDUM S.A - 2015	1,897,548	2027
ASCENDUM Espanha S.L - 2010	19,865	2024
ASCENDUM Espanha S.L - 2012	417,530	2026
ASCENDUM Espanha S.L - 2013	265,708	2027
Glomak Espanha - 2008	209,458	2022
Glomak Espanha - 2009	3,588,515	2023
Glomak Espanha - 2010	1,502,386	2024
Glomak Espanha - 2011	1,716,675	2025
Glomak Espanha - 2012	2,255,621	2026
Glomak Espanha - 2013	1,199,837	2027
Glomak Espanha - 2014	414,355	2028
ASCENDUM M. MEXICO - 2013	525,568	2024
ASCENDUM M. MEXICO - 2015	841,464	2026
ASCENDUM STRAVEBENE STROJE SLOVENSKO - 2014	147,633	2017
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA	68,754	2016
ASCENDUM GRADEVINSKI STROJEVI HRVATSKA	80,518	2017
ASCENDUM TÜRKIYE HOLDING - 2013	799,929	2018
ASCENDUM TÜRKIYE HOLDING - 2014	572,070	2019
ASCENDUM TÜRKIYE HOLDING - 2015	119,810	2020
ART HAVA - 2012	95,147	2017
ART HAVA - 2013	90,507	2018
ART HAVA - 2014	126,538	2019
ART HAVA - 2015	44,278	2020

In 2014 deferred tax assets on tax losses in ASCENDUM, SA were recognized to the extent that on the date of the statement of financial position, and according to projections of its future taxable income, all the requirements of paragraph 34 of IAS — 12 were met.

Under current legislation in Portugal, tax losses can be carried forward for five years for financial years up to December 31, 2012 and 2013, and 12 years for financial years ending in 2014 and 2015, following their occurrence and subject to deduction from taxable profits during this reporting period up to 70% of taxable income.

In Spain, there is no limit for reporting tax losses as of 2014.

In the United States, tax losses are reportable for a period of 20 years.

In Turkey, tax losses are reportable for a period of five years.

The ASCENDUM Group companies with headquarters in Portugal, of which at least 75% of their capital has been held for over a year, are taxed subject to Corporate Income Tax (IRC) according to the Special Taxation System for Groups of Companies ("RETGS") outlined in Articles 70 and 71 of the IRC Code. For financial years beginning from January 1, 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 current legislation, the tax return of the ASCENDUM Group and companies headquartered in Portugal are subject to review and corrections by the Tax Authority over a period of up to four years (five years for Social Security), except when there have been tax losses, when tax benefits have been granted or when claims or appeals are taking place, situations in which, depending on the circumstances, deadlines may be lengthened or suspended. ASCENDUM's Board of Directors considers that possible corrections from reviews/inspections by the tax authorities of the income statements for the years open to inspection will not have significant impact on the attached consolidated financial statements.

Under the terms of article 88 of the Corporate Income Tax Code, companies headquartered in Portugal are additionally liable for autonomous taxation on several classes of expenses listed in the aforementioned article.

The ASCENDUM Group companies headquartered in Spain outlined below are taxed on a consolidated basis:

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

The remaining Group companies with headquarters in Spain are taxed individually according to their respective taxable income.

In line with current legislation, the ASCENDUM Group's income tax returns and the companies with headquarters in Spain are subject to review and correction by the tax authorities for a period of four years.

Austrian subsidiary ASCENDUM Central Europe GmbH, consolidates its individual fiscal results with the fiscal results of ASCENDUM Baumaschinen Österreich GmbH, along with the fiscal results of the subsidiaries in Hungary, Croatia, Slovakia and Romania.

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

In Turkey the tax returns of Group company — ASCENDUM Makina Limited Sirketi, are subject to review and correction by the tax authorities for a period of five years.

INCOME TAX RATE BY COUNTRY:	2015	2014
Austria	25.0%	25.0%
Croatia	20.0%	20.0%
Slovakia	22.0%	22.0%
Spain	28.0%	30.0%
United States of America	35.0%	35.0%
Hungary	19.0%	19.0%
Mexico	30.0%	30.0%
Portugal	21.0%	23.0%
Czech Republic	19.0%	19.0%
Romania	16.0%	16.0%
Turkey	20.0%	20.0%

On each reporting date, the Group carries out a rigorous assessment of the capacity to recover the tax carried forward, in order to recognize the corresponding Deferred Tax Assets. In the 2015 financial year, Deferred Tax Assets were only recognized on tax losses that were likely to be recovered in future income, according to the business plans of the respective companies, based on tax rates in effect in the future, which are currently unknown.

16. CASH AND BANK DEPOSITS

At December 31, 2015 and 2014, the breakdown of cash and cash equivalents were the following:

	DEC-15	DEC-14
Cash	155,283	148,976
Current Bank Deposits	14,923,370	12,981,800
	15,078,654	**13,130,776**

17. SHARE CAPITAL STRUCTURE

At December 31, 2015, the capital of the parent company — ASCENDUM, S.A. — fully subscribed and paid up, is represented by 15,000,000 nominal shares of 1.00 euro each.

The legal entities with more than 20 % of the subscribed capital are the following:

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

18. EQUITY

Dividends

The dividend policy is the responsibility of the Shareholders' General Meeting.

According to a decision of the Shareholders' General Meeting held on April 1, 2015, dividends in the amount of 5,000,000 euros were paid.

The dividend payment that is deliberated by the shareholders will have no fiscal impact for the Group.

Legal reserve:

Portuguese corporate law states that at least 5% of the annual net profit of each company for the year, as calculated in their individual accounts, has to be assigned to legal reserves of up to 20% of the total share capital. These reserves cannot be distributed, except in case of Company liquidation, but can be used to absorb losses after other reserves have been used, or incorporated 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

This includes the amounts of all and any available reserves, whose allocation is determined by the shareholders.

Fair value reserves

Fair value reserves reflect changes in the fair value of the financial instruments held for sale.

Retained earnings

The net result of the previous year is recorded under this heading. It is subsequently moved according to any application of profits or coverage of losses that may be decided.

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

19. NON-CONTROLLING INTERESTS

Movements in this heading in the financial years ended at December 31, 2015 and 2014 were the following:

	DEC-15	DEC-14
Opening balance on January, 1st	4,799,842	3,950,541
Net profit for the period attributed to non-controlling interests	316,982	560,997
Other variations in equity	(1,108,440)	288,304
FINAL BALANCE ON DECEMBER, 31ST	**4,008,385**	**4,799,842**

20. LOANS OBTAINED

At December 31, 2015 and 2014, the structure of "Loans obtained" was as follows:

	DEC-15		DEC-14	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bank loans / current accounts /overdrafts	83%	5%	80%	8%
Commercial papers, leasings and others	17%	95%	20%	92%
	100%	**100%**	**100%**	**100%**

Of the non-current loans obtained at December 31, 2014, 20% mature in more than 5 years.

Bank loans bear interest according to market rules and spreads traded by the Group, based, in most cases, on the three-month Euribor rate.

21. SUPPLIERS

At December 31, 2015 and 2014, this heading was made up of current payable balances to suppliers, all of which are due in the short term.

At December 31, 2015 and 2014, the aggregate balance of Suppliers item was not affected by payment plans that included interest payments and the financial risk associated with interest rate changes is therefore negligible in this case.

22. OTHER ACCOUNTS PAYABLE

At December 31, 2015 and 2014, this heading had the following breakdown:

	CURRENT LIABILITIES		NON-CURRENT LIABILITIES	
	DEC-15	DEC-14	DEC-15	DEC-14
Accrued expenses liabilities	16,592,478	13,350,177	-	-
Investments suppliers	10,732,675	17,351,310	5,095,874	14,964,860
Other creditors	4,087,534	4,303,183	19,191,822	39,447,304
	31,412,686	**35,004,670**	**24,287,696**	**54,412,164**

The accrued expenses includes accruals for staff payments and charges, interest payable, taxes, and other miscellaneous operating expenses.

The significant reduction seen in 2015 against 2014 in Investment suppliers and other creditors is essentially explained by a reduction in the number of leasing contracts associated with the leasing fleet at the US subsidiary.

23. STATE AND OTHER PUBLIC ENTITIES

At December 31, 2015 and 2014, State and other public entities has the following composition:

	ASSETS		LIABILITIES	
	DEC-15	DEC-14	DEC-15	DEC-14
Withholding income tax	0	0	554,110	671,745
Value Added Tax	12,984,750	15,185,314	5,823,123	8,285,437
Income Tax	976,469	771,705	13,436,988	1,449,376
Social Security Contributions	0	0	950,378	934,203
Others	11,176	8,931	100,447	71,804
TOTAL	**13,972,394**	**15,965,950**	**20,865,046**	**11,412,565**

24. DEFERRALS — (LIABILITIES)

At December 31, 2015 and 2014, Deferrals has the following composition:

	DEC-15	DEC-14
REVENUE DEFERRALS		
Sales and services to recognize	2,909,933	2,337,334
Others	228,849	709,352
TOTAL	**3,138,782**	**3,046,686**

The Group recognizes revenues on the accrual basis regardless of their payment. At the end of the financial year this heading defers transactions that have already been invoiced for which, at December 31, not all requirements had been met for their recognition as revenue in the financial year itself. This was specifically because not all the inherent rights of ownership of the goods involved in the transaction had been transferred at that date.

25. PROVISIONS AND LOSSES FOR ACCUMULATED IMPAIRMENTS

Movements in provisions in the financial years ended at December 31, 2015 and 2014 were the following:

2015

DESCRIPTION	OPENING BALANCE	EXCHANGE RATE EFFECT	INCREASES	REVERSALS	UTILIZATIONS/ ADJUSTMENTS	TOTAL
Accumulated impairment losses - accounts receivables (Note 12)	20,999,171	(170,300)	662,866	(776,881)	39,520	20,754,376
Accumulated impairment losses - inventories (Note 11)	5,512,921	26,608	1,784,626	(1,366,618)	(431,576)	5,525,960
Provisions	3,406,957	5,762	403,766	(61,253)	742,586	4,497,817

2014

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

At December 31, 2015 and 2014, the details of "Provisions" presented in the statement of financial position were as follows:

DESCRIPTION	DEC-15	DEC-14
Provisions for guarantees	2,106,052	1,663,925
Provisions for risks and costs - Litigation	27,500	27,500
Other provisions	2,364,265	1,715,532
TOTAL	**4,497,817**	**3,406,957**

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

Legal Proceedings in Progress also provides best estimates of total outflows that may occur in future due to legal proceedings filed by third parties.

Other Provisions provides a set of estimates of other current obligations of uncertain timing not included in the two previous categories.

Given the uncertainty about when these provisions will be reversed and their purpose, 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 level of exposure to the various inherent risks of the activities of its companies, including price risk, interest rate risk and exchange rate risk.

At December 31, 2015 and 2014, the Group had not entered into any interest rate fixing instruments.

Additionally, although an increasing proportion of the Consolidated Statement of financial position is impacted by exchange rate variations (euro/US dollar and euro/Turkish lira) (see Note 2.3. (t)(i)), the degree of exposure continued to be considered limited.

Therefore, at December 31, 2015 and 2014, the Group had not entered into any type of derivative financial instrument.

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

27. FINANCIAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

At December 31, 2015 and 2014, ASCENDUM had the following financial commitments:

Responsabilities	DEC-15	DEC-14
Buybacks	17,028,528	15,992,060
For granted guarantees	1,648,000	1,380,000
TOTAL	**18,676,528**	**17,372,060**

The increase in the financial commitments and guarantees provided shown in the above table, is essentially explained by an increase in liabilities for equipment buybacks, and an increase in the guarantees provided.

TYPES	DEC-15	DEC-14
Warranties granted to importers of represented brands	2,290,925	2,165,000
Guarantees provided in public tenders	549,255	204,718
Guarantees for suppliers of water, electricity, fuel and similar	333,190	592,370
Other guarantees	7,507,240	209,547
TOTAL	**10,680,609**	**3,171,634**

At the end of 2015 and 2014, powers of attorney were in place in favor of Banco Português de Investimentos (BPI) for a collateral arrangement on all the shares representing the share capital of the subsidiary ASCENDUM TURK MAKINA, and a pledge for a collateral arrangement on the shares of the subsidiaries ASCENDUM CENTRAL EUROPE GMBH, ASCENDUM BAUMASCHINEN ÖSTERREICH GMBH and ASCENDUM MACHINERY SRL, for loans used to acquire those shareholdings.

In 2014 Miscellaneous Guarantees did not include guarantees (Stand-by letter of credit) provided by ASCENDUM S.A, to financial institutions on behalf of its subsidiary ASCENDUM Maquinaria México S.A de C.V., in the amount of 5,500,535 euros, which in 2015 was increased to 7,197,667 euros.

28. INCOME TAX

Income tax recognized in the financial years ended at December 31, 2015 and 2014 is the following:

RESPONSABILITIES	DEC-15	DEC-14
Current Income Tax	8,859,795	6,173,200
Deferred Income Tax (Note 15)	1,289,449	(1,003,158)
TOTAL	**10,149,244**	**5,170,042**

29. EARNINGS PER SHARE

Earnings per share can be expressed as “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.

Following a shareholder resolution of November 28, 2011, the parent company, ASCENDUM, was transformed into a public limited company, with share capital of 15,000,000 euros, represented by 15,000,000 shares with a nominal value of 1 (one) euro each.

In the 2015 and 2014 financial years, there was no other issuance/reduction or withdrawal of shares and therefore the average number of ordinary shares in circulation during the year was 15,000,000.

There was also no issuance/amortization of any instruments that could be converted into ordinary shares.

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

Earnings per share are as follows:

	DEC-15	DEC-14
Net Profit/Loss of the period	16,135,723	12,090,601
Average number of ordinary shares	15,000,000	15,000,000
Basic earnings per share	**1.08**	**0.81**
Diluted earnings per share	**1.08**	**0.81**

30. INFORMATION BY GEOGRAPHICAL MARKET AND BUSINESS

The main information about geographical markets and business at December 31, 2015 and 2014 is detailed in Note 32.

31. AVERAGE NUMBER OF EMPLOYEES

In the financial years ended on December 31, 2015 and 2014, the average number of employees working for the Group was the following:

STAFF	DEC-15	DEC-14
Administrators	34	34
Directors	53	48
Managers	144	141
Human Resources	12	11
Financial and Administrative	86	80
Logistics, IT, General support and others	177	171
Commercial	248	234
After-Sales	688	677
TOTAL	**1,442**	**1,396**

The number of employees in 2015, compared to 2014, remained stable.

32. CONTRIBUTION OF GEOGRAPHICAL AREAS TO THE STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2015 AND 2014

The details of sales and services rendered by geographical markets by Group companies from their locations in the financial years ended December 31, 2015 and 2014 were as follows:

	DEC-15		DEC-14	
MARKET	AMOUNT	%	AMOUNT	%
Portugal	99,899,887	12.18%	108,070,423	15.93%
Spain	85,172,898	10.38%	64,108,991	9.45%
United States of America	270,380,496	32.95%	183,665,911	27.07%
Turkey	185,104,557	22.56%	170,378,196	25.11%
Mexico	24,912,115	3.04%	17,291,299	2.55%
Morocco	0	0.00%	171,403	0.03%
Austria	84,127,589	10.25%	75,599,412	11.14%
Hungary	6,021,462	0.73%	9,114,685	1.34%
Romania	12,393,483	1.51%	11,272,660	1.66%
Croatia	3,939,136	0.48%	3,311,832	0.49%
Czech Republic	33,910,489	4.13%	21,622,692	3.19%
Slovakia	7,663,824	0.93%	5,069,058	0.75%
Mozambique	6,975,414	0.85%	8,907,982	1.31%
TOTAL	**820,501,351**	**100%**	**678,584,544**	**100%**

The following tables show the main headings of the Statement of financial position and Income Statement divided by the geographical markets in which ASCENDUM operates, for 2015 and 2014:

2015	NON-CURRENT ASSETS	CURRENT ASSETS		NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	FIXED TANGIBLE ASSETS	INVENTORIES	CLIENTS AND OTHER ACCOUNTS RECEIVABLE	LOANS	OTHER LIABILITIES	SUPPLIERS AND OTHER ACCOUNTS PAYABLE	LOANS
Portugal	26,436,575	28,540,612	24,813,541	74,053,752	2,699,693	18,380,334	34,305,947
Spain	29,066,605	15,844,595	20,883,338	10,001,806	1,291,681	12,145,804	8,148,681
United States of America	57,466,781	66,806,195	13,553,023	-	41,103,128	31,100,786	22,727,090
Turkey	3,405,763	25,770,391	20,066,782	1,385,172	-	19,148,068	18,196,014
Mexico	2,255,262	9,462,639	7,063,732	1,856,651	-	2,459,134	11,066,534
Poland	-	-	6,414	-	-	271	10
Morocco	207	-	213,524	-	-	316,292	-
Austria	25,131,805	5,095,028	7,210,378	8,518,154	1,642,425	10,743,646	3,125,868
Hungary	464,254	983,481	360,102	-	221,337	429,885	-
Romania	294,860	1,684,486	3,727,745	-	612,260	988,995	13,315
Croatia	6,396	60,067	456,088	-	69,349	447,710	-
Czech Republic	1,027,899	1,228,329	5,282,567	-	849,830	3,491,096	46
Slovakia	281,364	724,952	636,228	-	154,487	746,221	-
Mozambique	656,250	3,483,339	1,749,673	-	-	463,922	-
TOTAL	**146,494,023**	**159,684,115**	**106,023,135**	**95,815,535**	**48,644,190**	**100,862,163**	**97,583,505**

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**

2015	SALES AND SERVICES RENDERED	COSTS OF SALES	SUBCONTRACTS AND EXTERNAL SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	NET PROFIT/LOSS FOR THE PERIOD
Portugal	99,899,887	(74,757,772)	(11,467,296)	(15,305,396)	459,212	(1,171,364)
Spain	85,172,898	(63,564,609)	(7,996,036)	(8,308,014)	(5,048,355)	255,884
United States of America	270,380,496	(210,773,098)	(6,596,287)	(20,321,952)	(25,217,028)	7,472,131
Turkey	185,104,557	(149,142,701)	(12,588,995)	(8,761,908)	(8,882,516)	5,728,436
Mexico	24,912,115	(18,959,525)	(5,089,081)	(3,743)	(1,640,320)	(780,554)
Austria	84,127,589	(55,333,949)	(7,319,841)	(10,889,220)	(9,109,950)	1,474,630
Hungary	6,021,462	(4,260,732)	(813,414)	(700,561)	11,833	258,587
Romania	12,393,483	(10,106,539)	(868,555)	(902,033)	(33,233)	483,123
Croatia	3,939,136	(3,081,538)	(235,509)	(257,947)	(160,407)	203,735
Czech Republic	33,910,489	(27,017,736)	(1,589,555)	(1,922,304)	(1,740,406)	1,640,488
Slovakia	7,663,824	(5,437,086)	(648,789)	(955,793)	(129,275)	492,880
Mozambique	6,975,414	(3,754,670)	(1,362,116)	(490,175)	(1,290,707)	77,746
Total	**820,501,351**	**(626,189,956)**	**(56,575,475)**	**(68,819,046)**	**(52,781,152)**	**16,135,723**

2014	SALES AND SERVICES RENDERED	COSTS OF SALES	SUBCONTRACTS AND EXTERNAL SERVICES	PERSONNEL COSTS	OTHER GAINS/ LOSSES	NET PROFIT/LOSS FOR 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**

Additionally, the division of sales and after-sales (parts and services) by activity is as follows:

	DEC-15		DEC-14	
SEGMENTS	**AMOUNT**	**%**	**AMOUNT**	**%**
Construction equipment and other equipment	779,803,259	95.04%	640,333,816	94.36%
Vehicles	24,873,933	3.03%	21,083,770	3.11%
Trucks	15,824,159	1.93%	17,166,958	2.53%
TOTAL	**820,501,351**	**100%**	**678,584,544**	**100%**

33. OTHER INCOME AND GAINS

At December 31, 2015, "Other income and gains" had the following composition:

DESCRIPTION	DEC-15	DEC-14
Cash discounts obtained	146,548	131,545
Capital gains from fixed tangible assets disposals	1,135,281	717,707
Excess of income tax estimate	127,601	62,413
Adjustments related to prior years	2,757	7,140
Favorable foreign exchange differences	11,039,435	4,806,134
Claims	204,081	112,089
Others	5,610,084	5,432,250
TOTAL	**18,265,788**	**11,269,278**

Comments on some entries in the above table, in the 2015 financial year:

i) Exchange rate differences is mainly the result of operations in subsidiaries in Mexico (3.6 million euros) and the subsidiary Glomak (5.3 million euros).

(ii) "Others" is the result of miscellaneous income and recovery of expenses related to the companies' normal operations.

Comments on some entries in the above table, in the 2014 financial year:

i) Exchange rate differences is mainly the result of operations in subsidiaries in Mexico (1.2 million euros) and the subsidiary Glomak (2.4 million euros).

(ii) "Others" is the result of miscellaneous income and recovery of expenses related to the companies' normal operations.

34. OPERATIONAL LEASING

The commitments held at December 31, 2015 and 2014 for operational leasing contracts were as follows:

MINIMUM PAYMENTS FOR OPERATING LEASES	DEC-15	DEC-14
Less than a year	1,983,684	2,130,895
Between 1 and 5 years	7,203,053	6,250,040
TOTAL	**9,186,737**	**8,380,935**

35. FINANCIAL NET INCOME

At December 31, 2015 and 2014, financial net income had the following composition:

EXPENSES AND FINANCIAL LOSSES	DEC-15	DEC-14
Interests	10,134,716	9,936,070
Foreign exchange differences	1,523,464	731,672
	11,658,180	**10,667,742**

In 2014 an amount of 1,803,439 euros related to banking commissions was not reclassified into Interest borne and was presented in Other gains and losses (note 42).

Considering what was previously mentioned, in 2015 there was a reduction in cost of loans as a result of a drop in interest rates charged by banks following negotiations throughout 2015 as well as the positive impact of the overall reduction of loans achieved in 2015.

The increase in Exchange rate differences was registered in subsidiaries: ASCENDUM MAKINA, ASCENDUM MEXICO and GLOMAK.

FINANCIAL REVENUES AND EARNINGS	DEC-15	DEC-14
Interests	112,521	138,405
	112,521	**138,405**

36. RELATED PARTIES

A related party 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 staff 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 eliminated in the consolidation process and are therefore not disclosed in this Note. The details of balances and transactions between the ASCENDUM S.A. and related parties can be summarized as follows:

ACCOUNTS RECEIVABLES FROM COMMERCIAL AND OTHER DEBTS	DEC-2015	DEC-2014
Key management personnel	401,575	397,718

OUTSTANDING BALANCES WITH RELATED PARTIES	
Customers/other accounts receivable:	
Auto-Sueco, Lda	326,476
Suppliers/other accounts payable:	
Auto-Sueco, Lda	3,340,936

TRANSACTIONS WITH RELATED PARTIES	SALES	SERVICES RENDERED	PURCHASES	OTHER EXPENSES	OTHER INCOME
Auto-Sueco, Lda	75,906	765,353	12,172,130	450,636	29,317

Relations with Ernesto Vieira & Filhos are of very limited significance as they basically involve distribution of dividends, expenses payments related to assigned personnel and facilities rent debts.

The purchase and sale of goods and services rendered to related parties were performed at market prices.

37. TOTAL FINANCIAL ASSETS AND LIABILITIES

At December 31, 2015, financial assets and liabilities had the following composition:

FINANCIAL ASSETS	CATEGORY	BOOK VALUE	VALUATION METHOD
Financial Investments - Equity method	Equity method	136,133	Fair value
Financial Investments - Other methods	Available for sale	12,349,353	Fair value
Other accounts receivable	Accounts receivable	3,972,455	amortized cost
Other financial assets	Accounts receivable	207,899	amortized cost
Customers	Accounts receivable	102,145,130	amortized cost
Suppliers prepayments	Accounts receivable	2,803,014	amortized cost
State and other public entities	Accounts receivable	13,972,394	amortized cost
Cash and Bank Deposits	Accounts receivable	15,078,654	amortized cost
		150,665,033	
FINANCIAL LIABILITIES	**CATEGORY**	**BOOK VALUE**	**VALUATION METHOD**
Loans	Other liabilities	193,399,040	amortized cost
Other accounts payable	Other liabilities	39,107,906	amortized cost
Suppliers	Other liabilities	69,449,477	amortized cost
Customers prepayments	Other liabilities	2,149,222	amortized cost
State and other public entities	Other liabilities	20,865,046	amortized cost
		324,970,691	

Impairment losses on Financial Assets (Customers, Other accounts receivable and Financial holdings) are listed in Notes 10.1, 12 and 25.

Gains and losses on financial assets and liabilities in 2015 and 2014 were as follows:

	GAIN / (LOSS)	
	DEC-2015	**DEC-2014**
Accounts receivable	114,015	(692,645)
Assets held for sale	(15,292)	(1,216,888)
	98,724	**(1,909,534)**

Interest on financial assets and liabilities in 2015 and 2014 were as follows:

	GAIN / (LOSS)	
	DEC-2015	**DEC-2014**
Accounts receivable	112,521	138,405
Liabilities at amortised cost	(9,403,190)	(10,667,742)
	(9,290,669)	**(10,529,337)**

Exchange differences on financial assets and liabilities related to operating activities in 2014 and 2015 were as follows:

	GAIN / (LOSS)	
	DEC-2015	**DEC-2014**
Gains in foreign exchange differences	11,039,435	4,806,134
Losses in foreign exchange differences	(12,890,065)	(4,655,002)
	(1,850,630)	**151,132**

38. REMUNERATION OF THE MEMBERS OF THE GOVERNING BODIES

The remuneration of the members of the governing bodies of the ASCENDUM Group in 2015 and 2014 were as follows:

BOARD	**DEC-15**	**DEC-14**
Board	4,375,588	3,596,726

39. REMUNERATION OF THE STATUTORY AUDITOR

The fees paid to the Statutory Auditor, Pricewaterhouse-Coopers & Associados – S.R.O.C., Lda., in the 2015 and 2014 financial years were as follows:

	CURRENCY	DEC-15	DEC-14
Portugal	EUR	65,600	65,600
Spain	EUR	54,600	44,600
United States of America	USD	134,800	134,800
Mexico	EUR	11,380	11,380
Turkey	EUR	27,000	27,000
Romania	EUR	12,000	8,000
Hungary	EUR	7,500	10,000
Austria	EUR	19,400	19,400
Croatia	EUR	6,000	7,000
Slovakia	EUR	11,500	13,600
Czech Republic	EUR	14,000	14,000

40. EXTERNAL SUPPLIES AND SERVICES

At December 31, 2015 and 2014, external supplies and services had the following composition:

	DEC-15	DEC-14
Subcontracts/ Specialized services	21,227,354	22,683,706
Advertising and promotion	2,250,103	1,838,846
Surveillance and security	664,430	601,974
Maintenance/repairs/tools	2,517,338	2,206,256
Office supplies/technical documentation	709,478	645,468
Electricity/fuels/water/other fluids	992,298	1,658,428
Travel and accommodation	4,389,929	3,784,698
Transport of goods	2,032,589	1,990,350
Rents and leases	12,509,675	11,128,207
Communications	1,487,507	1,328,066
Insurance	2,215,730	1,938,820
Clean hygiene and comfort	801,671	746,401
Other external supplies and services	4,777,372	4,206,605
TOTAL	**56,575,475**	**54,757,824**

41. STAFF EXPENSES

At December 31, 2015 and 2014, Staff Expenses had the following composition:

	DEC-15	DEC-14
Payroll	40,001,682	35,270,619
Social charges	5,905,196	5,468,276
Insurance against labour accident	111,442	99,095
Subsidies	3,572,494	3,490,497
Commissions	5,034,116	3,556,196
Awards and Bonuses	6,614,103	5,597,211
Indemnities	138,457	327,178
Other staff related expenses	7,441,555	5,442,208
TOTAL	**68,819,046**	**59,251,280**

42. OTHER EXPENSES AND LOSSES

At December 31, 2015, other expenses and losses had the following composition:

	DEC-15	DEC-14
Unfavorable exchange rate differences	12,890,065	4,655,002
Taxes and fees	1,573,710	1,435,412
Bank commissions and other charges	1,007,128	2,063,054
Insufficient income tax estimate	124,469	8,251
Adjustments related to prior years	21,192	591
Donations	102,976	69,239
Subscriptions and contributions	56,030	69,123
Other costs	1,844,754	1,366,417
TOTAL	**17,620,324**	**9,667,089**

In 2014, Banking commissions, expenses and others included a figure of 1,803,439 euros for banking commissions, which in 2015 were included in "interest borne" (Note 35).

The increase in Unfavorable exchange rate differences was mainly stated in the subsidiaries: ASCENDUM MAKINA, ASCENDUM MEXICO and GLOMAK.

43. ENVIRONMENTAL INFORMATION

The Group adopts necessary measures on environmental matters to comply with current legislation.

ASCENDUM's Board of Directors, in 2015, does not estimate any risks related to environmental protection and improvement, and was not notified of any administrative notifications of offences in this matter in the 2015 financial year.

44. SUBSEQUENT EVENTS

Between December 31, 2015 and the date this consolidated annual report was issued, there were no events or transactions of consequence requiring recognition or disclosure.

45. APPROVAL OF THE FINANCIAL STATEMENTS

These Financial Statements were approved by the Board of Directors on March 11, 2016. Additionally, the attached financial statements at December 31, 2015 are awaiting approval by the General Assembly Meeting. However, the ASCENDUM's Board of Directors believes they will be approved without significant changes.

ASCENDUM

SOLUTIONS WITH GREATER POTENTIAL

WE PROVIDE GLOBAL EQUIPMENT SOLUTIONS FOR VARIOUS SEGMENTS AND ACTIVITY AREAS.

Legal Certificate of Consolidated Accounts and Opinion of Statutory Auditor

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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 31 December 2015 (which shows total assets of Euro 525.374.096 and total shareholder's equity of Euro 156.315.653, including non-controlling interests of Euro 4.008.385 and a net profit of Euro 15.818.739), 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 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 judgements 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 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 31 December 2015, 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 European Union.

Report on other legal requirements

8 It is also our opinion that the information included in the consolidated Directors' Report is consistent with the consolidated financial statements for the year.

22 March 2016

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

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

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