Report and Accounts 2015

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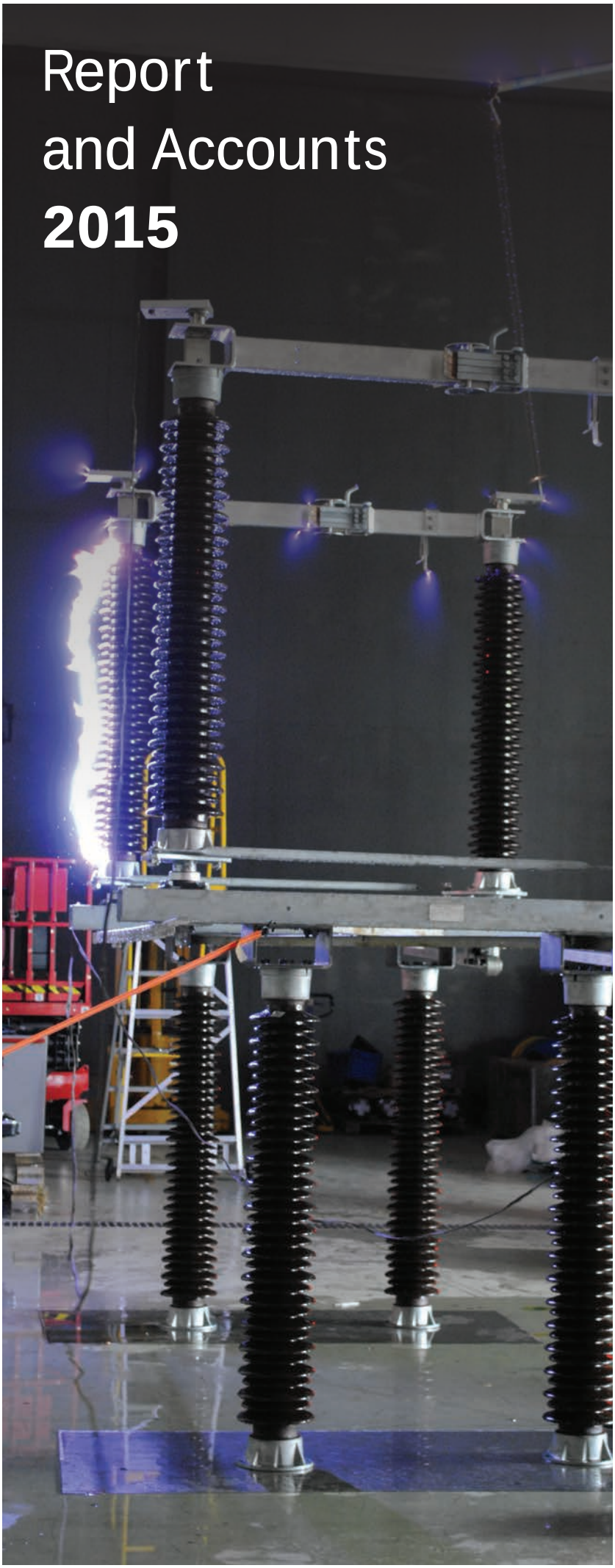

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A Portuguese company with a strong exporter profile, Efacec Power Solutions (EPS Group) started, in late 2015, a new cycle of its existence, after the acquisition of the majority of its share capital by Winterfell society.

Committed to its future sustainable development, Efacec is presently facing new challenges at corporate, management and organizational levels and has a new management team committed to enhance the dimensions and fundamental Values that will have to mark the day-to-day life of the company.

I emphasize focus on customers, anticipating their needs with daily support to achieve their objectives as well as focus on expertise, by developing technical solutions, technologies and products that meet market needs, which add value, are different and incorporate the latest technologies. I also highlight focus on People, for our ability to develop and retain talent, to be self-critical and adjust ourselves, or even anticipate, continuously, market needs. These are indeed fundamental dimensions the new shareholders of Efacec want also to see strengthened.

It should be noted that the year 2015 was characterized by very significant corporate and business achievements for Efacec, with the company ensuring important orders and implementing major projects in Portugal and in several other markets. The EPS Group achieved a turnover of 416 million euros with international markets representing a significant part of its business, with a weight of 76% of revenues and 76% of orders contracted during this financial year. Despite the contraction of the Portuguese market in recent years, it was possible to maintain and, in some cases, even increase the position on other markets, highlighting here the markets of Northern Europe, Central Europe and some countries in Latin America, proving in this way the diversification of the Group's policy and focus on new geographies.

The input of the entry of the new reference shareholder in the capital of EPS led to a significant improvement of its financial debt through early repayment of its bank debt and rescheduling of loans with major creditor banks. The Net Financial Debt registered on 31 December 2015 an amount of 49,9 million euros, which represents a significant reduction of 110,3 million when compared to 2014.

As a matter of fact, and although in recent years the company has developed some projects that affected its financial sustainability, presently, and due to recent changes occurred at Efacec, the restructuring, the repositioning of core business and a much bigger and better ability to manage risk, the company has a strong balance sheet, as shown by the ratio net debt / EBITDA equal to 1.9x.

However and despite the evident financial recovery, the enormous competitive pressure that characterize the complex market environment in which we operate and the difficulties that the Portuguese and world economies have denoted to maintain a trajectory of global and sustainable growth had a negative impact on the results of 2015, that are not yet those we would like to register and we believe are achievable, Efacec being strongly focused on adjusting its cost structure to the market reality.

We know that throughout its history, Efacec has been able to overcome challenges and anticipate the changes and requirements of an increasingly competitive world and place itself as a valuable brand in technological components and relationships with its customers.

Introductory Message

I moreover highlight that therefore, and particularly in the last decade, the company strengthened its integration capabilities and its position, particularly in sectors that contributed unequivocally to a change in paradigm associated with the new models of energy and environmental sustainability, as it is the case for smart-grids, electric mobility and renewable energies. I note that 2015 was in this context, a year particularly rich in achievements.

Efacec is integrating multiple skills that promote the convergence of supply of products and services to a demanding and adequate response to new needs of the market and business partners, in particular customers. This integration operates, in technical and technological fields, equipment and electrical and electronic systems, information and communication, as well as product engineering. The integration referred to is also possible due to the large number of R&D+I programs underway at Efacec (that dedicates an average of about 2,5% of its turnover to these activities) and which are based, in essence, on national and international partnerships with companies and prestigious academic groups.

Thus, while looking to the future and willing to go further, we started, already in 2016, a striking and structural project of strategic reflection, that we have named Efacec 2020 which will enable us to rethink the company in its different areas (skills, products/systems, markets, clients, organization, governance model) and will be the keystone for the construction of the Strategic Plan for the period 2016/2020, future guiding instrument of Business Plans and Annual budgets of the company.

For everything mentioned and because we know that our technical expertise, the references that we have won around the world related to projects and achievements, systems and products speak for themselves and we are easily recognized for these attributes, even by reference players as by partners and / or main competitors, we believe that Efacec will be more prepared than ever to pursue the international expansion plan of its business and meet the challenges of its different stakeholders. And despite we are newcomers at the company, we strongly believe in a more agile Efacec, more flexible, more sustainable and staying always close to its customers.

Focused on these commitments, we will do everything to meet goals and objectives, overcome challenges, ensure return and add value to the substantial investment that our shareholders have made in our company and meet the expectations they placed in us.

Ângelo Ramalho
Efacec Chief Executive Officer

Management Report

Macroeconomic Environment

Eight years after the beginning of the financial crisis, the world economy was not able to keep a trajectory of global and sustainable growth. The latest IMF forecasts, after consecutive downward revisions, point to a global growth of 3.1% in 2015 (against 3.5% estimated in January) while the Organization for Economic Cooperation and Development (OECD) expects 2.9% (compared with 3.1% forecast in June) and with both international institutions estimating 3.3% in 2016 (against 3.8% expected initially).

According to the OECD, global trade is expected to grow about 2% in 2015, a level that was only registered five times in the last decades and which coincided with periods of contraction (1975.1982 to 83, 2001 and 2009).

The epicentre of the global crisis, which occurred in the US in 2007-2008 and moved to Europe between 2010 and 2013, seems to be concentrated, since 2014, on the economies of emerging markets such as China and Brazil, which besides the political tensions and corporate scandals are facing a much deeper recession than expected - the contraction of the Brazilian GDP was revised downwards by the IMF from 1.5% in January to 3% in October and by the OECD, from 2.8% in September to 3.1% in November.

In China, the instability in the financial markets - with the stock market to fall over 40% in July and August and the central bank to decide to weaken the yuan to boost exports - has contributed to a fall in consumer optimism and imports. Moreover, the transition from an industrial economy and high investments for a service economy and more oriented to domestic consumption has affected the exporters of raw materials, forcing a reduction of prices due to falling demand from the Asian giant. Economic growth in the world's second largest economy is expected to decelerate, reaching 6.8% in 2015 and 6.2% in 2017 and Russia's economy should continue to register negative growth rates until 2017. Only India has still prospects of relatively strong growth, with IMF to estimate a growth close to 7% in the coming years.

With regard to other emerging economies, the prospects also continue to deteriorate, with the decline in commodity prices and tighter credit conditions involving a greater risk of capital outflows and a sharp depreciation of exchange rates, generating more financial vulnerabilities.

With regard to the most developed economies, the US continues to show strong dynamism in production and the economy is expected to grow 2.5% this year and 3% in 2016. For the Euro Zone, it is expected that the recovery will be strengthened with the help of a flexible monetary policy, lower oil prices and moderation in the rhythm of setting budgets. The major international institutions project a 1.5% increase in activity in the euro zone in 2015 and from 1.7% to 1.8% in 2016.

Beyond the third financial rescue for Greece, worth 86 billion euros, approved in August, the year 2015 was marked by the sharp decline in oil prices - below $ 40 / barrel, which was not occurring since 2008 - and a 10% appreciation of the dollar against the single currency, benefiting from the divergence of monetary policies of the two major economic blocks.

In the Euro Zone, the European Central Bank (ECB) has been buying monthly, since March, about 60 billion euros of public and private debt to combat the risk of deflation and stimulate the economy, having extended, in early December, the program that was scheduled for completion in September 2016, until March 2017. The reference rate was kept at the historic level of 0.05% but the rate at which deposits the banks are paid from the central bank was reduced to -0.3%.

In the US, the Federal Reserve (FED) announced on 16 December, the first rise in interest rates since June 2006, from a range between 0% -0.25% to 0.25% -0.5%, confirming the good phase of the US economy. However, the FED adopted a cautious attitude by stating that it will still maintain an accommodative policy and that it foresees a "gradual" rise in interest rates expected to remain for some time to levels below what would be expected in the long term.

The euro ended the year close to 1.0862 dollars against 1.2098 recorded in late 2014 and is expected to continue to approach parity next year.

The strengthening of monetary stimulus announced by the ECB on 3 December was worse than expected by investors and analysts, leading to a fall in European shares.

With regard to the Portuguese economy, the economic forecasts of the International Monetary Fund (IMF) for Portugal, released in October, pointed to a GDP growth of 1.6% this year and 1.5% in 2016, to a rise in inflation from 0.6% expected for 2015 to 1.3% next year and a decrease in unemployment, from 12.3% forecast for this year to 11.3% in 2016. However, the political instability that hit the country at the end of the year could endanger the still tenuous economic recovery.

The Bank of Portugal has already admitted that the recovery will be slower and reduced, on 9 December, its GDP growth forecasts to 1.6% this year (compared to 1.7% expected in June), 1.7% in 2016 (1.9%) and 1.8% in 2017 (compared to 2% forecasted in June).

The main rating agencies - S & P, Fitch and Moody's - have maintained their ratings for Portugal to a level leaving the category seen as "junk" by the markets and with a "stable" perspective.

Financial and Economic Analysis

Introductory notes

In this chapter, we intend to make a brief presentation on the development of our business in the year 2015 and on the financial position of the Group led by Efacec Power Solutions, SGPS, S.A. ("EPS"). The analysis hereby and respective indicators are based on the reports used by the Governing bodies for the regular monitoring of the EPS Group accounts. In some cases, the management accounts are based on concepts that differ from accounting principles followed in the financial statements but that faithfully reflect the perspective of regular management and current business of EPS Group. For better understanding of the figures showed, we turned available, in a specific subchapter, the reconciliation of the main indicators: Sales, EBITDA; Depreciation and EBT.

It should be noted that Efacec Power Solutions began operating in late 2014 through the transfer of a set of activities focused on Energy, Engineering, Environment and Transportation, previously concentrated in Efacec Capital, SGPS, SA. This fact causes some comparability limitations with the financial year 2015.

On 23 October 2015 the entry of a new investor in the capital of Efacec Power Solutions was ensured, with the acquisition of a majority stake by the society Winterfell. The operation involved a significant strengthening of capital through a capital injection of EUR 60 million and conversion of 35.9 million euros of debt in supplementary payments.

Analysis of activity in 2015

In 2015, EPS felt in its operations the pressure of the timid growth of global markets. Despite this, the EPS Group has a turnover of 416 million euros with international markets accounting for a significant part of its business, with a weight of 76% of the revenues. Regarding the level of orders contracted in 2015, the share of international markets was also significant standing at 76%. Despite the contraction of the Portuguese market in recent years, it was possible to maintain, and in some cases increase, the position in other markets, with emphasis on Northern Europe, Central Europe and some Latin American countries, thereby justifying the policy of diversification and focus on other geographies adopted by the EPS group.

Income	416,0
Direct Costs	-353,0
Gross Margin	63,0
Indirect Costs	-36,6
Depreciation and Amortization included in Gross Margin	3,7
Management EBITDA	30,0

The management EBITDA used in the EPS Group to assess the performance of each of the Business Units, is obtained by deducting from the revenue the direct and indirect costs. The first gather all identified cost elements with projects or manufactured products (materials, direct labour, subcontracted services, general costs

San Pedro III Park, Chile - Atacama Desert

and expenses directly related to sales), which, after deducting determine the gross margin. In 2015, the average gross margin of the EPS Group amounted to 15.1%. Indirect costs include the costs of the structure for each Business Unit. Management EBITDA does not include non-recurring items. In 2015, management EBITDA amounted to 30 million euros representing an EBITDA margin of 7,2% of the turnover.

Management EBITDA	30,0
Amortization and Depreciations	-6,4
R&D Costs Net of Subsidies	-2,2
Net Financial Costs	-11,0
Management Operating EBT	10,5

The EPS Group Management Operating EBT in 2015 was positive in 10 million euros, although, during this financial year, the EPS Group has supported high financial costs due to (i) a some how costly capital structure during the first 10 months of the year and (ii) the recognition of part of the capitalized funding costs due to the extraordinary amortization of debt occurred on October 2015.

Management Operating EBT	10,5
Management Fees	-10,7
Costs with Contracts Termination	-2,3
Provisions	-10,7
Others	-1,5
Management EBT	-14,7
Taxation	0,5
Consolidation Adjustments	-6,2
Consolidated Net Income	-20,4

In 2015 it is important to outline the existence of non-recurring items totalling 24 million euros, corresponding to Management Fees charged by Efacec Capital until 23 October 2015 (date of entry of a new shareholder in EPS), as well as provisions, contract terminations and other non-recurring costs.

The non-recurring effects, plus consolidation adjustments led the EPS Group Net Consolidated Income in 2015 to a negative value of 20 million euros.

Shareholders Equity on 31.12.2014	234,6
Capital Increase	60,0
Ancilary Capital Contributions	35,9
Net Profit	-20,4
Other Variations	-1,4
Shareholders Equity on 31.12.2015	308,7

At the end of 2015, EPS Shareholders Equity amounted to EUR 308 million. With a volume of assets close to 680 million euros, equity racio is fixed at 45%.

In terms of financing, the net debt registered in the balance sheet at the end of 2014 and 2015 was as follows:

	2014	2015
Bank Debt	234,7	88,0
Intra Group Debt	-49,0	0,0
Cash and Cashe Equivalents	-25,4	-38,1
Net Financial Debt	160,3	49,9
Capitalized Financial Costs	-4,8	-2,4
Balance Sheet Net Debt	155,5	47,5

The input of the entry of a new investor in the capital of EPS involved early repayment of bank debt and the rescheduling of loans with major creditor banks with more favourable conditions in terms of both maturities and interest rates.

Gaia Design Meeting Industria

At the end of the year, the Financial Position of the EPS Group shows a net debt of 47,5 million euros, including capitalized financial costs of 2.4 million euros. The reduction of net debt registered in the consolidated Financial Position of the EPS Group totalled EUR 108 million.

The medium and long term bank dept maturity has been extended to 2022 and the global interest rate bank debt of the EPS Group at the end of the year in Portugal stood at 4.04%.

Thus, in 2015, the Net Financial Debt / EBITDA ratio, calculated based on statutory accounts, stood at 4.0x. Excluding from EBITDA calculation the Management Fees and Costs with contract terminations, in view of their non-recurring nature, that ratio reported at December 31, 2015 is 1.9x.

Net Financial Debt on 31/12/2014		160,3
Management EBITDA		30,0
Management Fees		-10,7
Costs with Contracts Termination		-2,3
Other Expenses	(1)	-7,7
Capex	(2)	-5,4
Working Capital Variation	(3)	19,8
Operating Cash-Flow		23,7
Capital Increase		60,0
Ancilary Capital Contributions		35,9
Interests Paid to Banks	(4)	-7,6
Other Movements	(5)	-1,7
Reduction of Net Debt		110,3
Net Financial Debt 31/12/2015		49,9

On December 31, 2015, the Net Financial Debt of the EPS Group totalled 49.9 million euros corresponding to a decrease of 110.3 million euros. This reduction resulted from a capital increase of 60 million euros and from the debt conversion into ancilary Capital Contributions of 35.9 million euros as well as from the Operating Cash Flow generated in the financial year amounting to 23.7 million euros.

Efacec Transformers , Arroteia Premises

NOTES

(1) Other Expenses	Other expenses not classified in EBITDA, including, R&D expenses, expenses with consultants, corporate projects, expenses related to prior periods and other non-operating expenses and expenses with non-core activities.	
(2) CAPEX (tangible and intangible investment)	Acquisition of assets	8,9
	Disposal of assets	-3,0
	Subsidies	-0,3
	Exchange rate differences	-0,2
		5,4
(3) Working Capital	Changes in Working capital	26,5
	Customers' impairment	-6,7
		19,8
	The consolidated working capital of the EPS Group had a positive behaviour, with a variation of 19.8 in 2015. Working capital includes as Headings: Stocks, Customers and accrued income, Debtors and differed costs, Suppliers, Creditors and accrued expenses and Deferred Income. The variation registered was essentially due to a more rigorous control of ongoing production and efficiency in billing and collecting. The joint development of headings such as Customers, Accrued Income and Deferred Income represent an improvement in working capital of about 46 million euros. The headings «Other debtors and Creditors» also represented a positive change in working capital, mainly due to the settlement of accounts receivable and payable with Efacec Capital on the date of sale of the share capital positioning. On the other hand, the heading «Suppliers» registered a decrease in the financial year 2015 of 31,4 million euros, reflecting the effort made in reducing suppliers'payment deadlines.	
(4) Interests	Interests paid as per Cash Flow Stat.	-8,1
	Interests received as Cash Flow Stat.	5,8
		-2,3
	Interests received from Efacec Capital	-5,3
		-7,6
	For the management analysis, the item "Interest paid" only refers to bank debt. Interest received and paid relating to intra-group debt are treated as several payments and receipts and consolidated in the EPS group. In the specific case of interest received from Efacec Capital, the treatment was similar, and therefore, in the development of net financial debt in 2015, these interests received are included in «Changes in working capital».	
(5) Other Movements	Mainly financial investments	

Reconciliation of management indicators with statutory financial statements

The EPS Group analyses monthly its performance through management reports based, on one hand one the business organization of the EPS group and on the other hand, from a functional perspective of formation of results.

This economic and financial analysis of consolidated accounts is also presented in this double approach and should therefore be reconciled with the income statement and the consolidated financial statement included in this Annual Report.

It is also worthy to note that the EPS group has some non-core activities whose development is not regularly monitored by the management. These activities relate to some specific projects that are being closed or to discontinued companies that due to formal and legal reasons, could not be detached from the companies that formed them and continue to be part of the EPS consolidation perimeter. Although they have a reduced expression, they contribute, someway, to the statutory financial statement and annual income of the EPS group. The impacts of these non-core activities will be significantly reduced from 2016 and will tend to disappear in the following financial years.

Comments and values guiding management accounts to statutory accounts are presented bellow.

Indicator	Management	Statutory Accounts	Difference	Justification
Income	416,0	422,9	6,9	The EPS group still includes some non-core activities, with a marginal contribution, and that will be totally discontinued. During 2015 they still represented about 7 M€ of the income.
EBITDA	30,0	11,8	-18,2	Management EBITDA shows the profit and expenses related to operational activities in the various business segments. Expenses related to other functions or providing from extra operating nature, are recognized after EBITDA. In the statutory accounts, EBITDA = Operating Income + Amortization and Depreciation + Provisions and impairment of assets.
			-0,7	Non-core activities
			-2,2	Expenses with R&D, net of subsidies
			-10,7	Management fees
			-2,4	Expenses with termination of contracts
			-1,4	Extra operating results
			-0,8	Results allocated to projects
Amortization and Depreciations	-6,4	-10,6	-4,2	Difference between Amortizations and Depreciations results mainly from value recognized in 2015, related to assets identified and revalued at the moment of the acquisition of the subsidiaries of Efacec Power Solutions.
			-4,5	Annual amortization of the amounts allocated to tangible and intangible assets.
			0,3	Recognition of investment subsidies (depreciation deduction)
EBT (Profit before tax)	-14,7	-20,4	-5,7	The difference is the result of amortizations and depreciations related with the acquisition of the subsidiaries of Efacec Power Solutions.
			-4,5	Annual amortization of the amounts allocated to tangible and intangible assets.
			-1,1	Non-core activities
			-0,1	Non–controlled interests

Social Capital

On 23 October 2015, further to the entry of a new shareholder, EPS General Assembly decided to increase EPS capital from € 233.874.030,00 to € 285.874.030,00 through the issue of 10.400.000 new ordinary shares with a nominal value of € 5.00 each.

The entries were made in cash and new shares were subscribed and paid exclusively by the shareholder Winterfell 2 Limited, which after the above mentioned subscription and realization became the holder of 41.525.275 shares with a nominal value of € 5.00 each, representing 72.63% of the total share capital and voting rights of EPS.

Further to this increase, the current EPS capital amounts to € 285.874.030,00, fully subscribed and paid, represented by 57.174.806 ordinary shares with a nominal value of € 5.00 each.

On December 31, 2015, EPS's share capital was held by the following shareholders:

Shareholders	Number of Shares	% Social Capital
Winterfell 2 Limited	41.525.275	72,63%
Efacec Capital, SGPS, S.A.	15.649.531	27,37%

Proposed Allocation of Net Profit

According to Law, net profits determined by the balance sheet will be distributed as follows:

a) Five percent (5%) at least to the legal reserve, until it is completed or whenever it is necessary to reinstate it.

b) The balance for any other application that is voted on by the General Assembly by a simple majority

In this respect, Article 20, paragraph 1 of the Company's Articles of Association provides that:

"Net income registered on the balance sheet will be appropriated for reserves or dividends, which is determined by the General Assembly subject to the prior deduction of the amounts which according to law must be intended for training or reintegration of the legal reserve."

The Board of Directors proposes to the General Assembly that the Individual Net Income of the financial year 2015 of Efacec Power Solutions, S.G.P.S., SA, amounting to -6.566.158,68 euros, be transferred to Retained Earnings.

Power Transformer, Romenia

Organization Profile

A Portuguese company with a strong export profile, Efacec began, in late 2015, a new cycle of its existence.

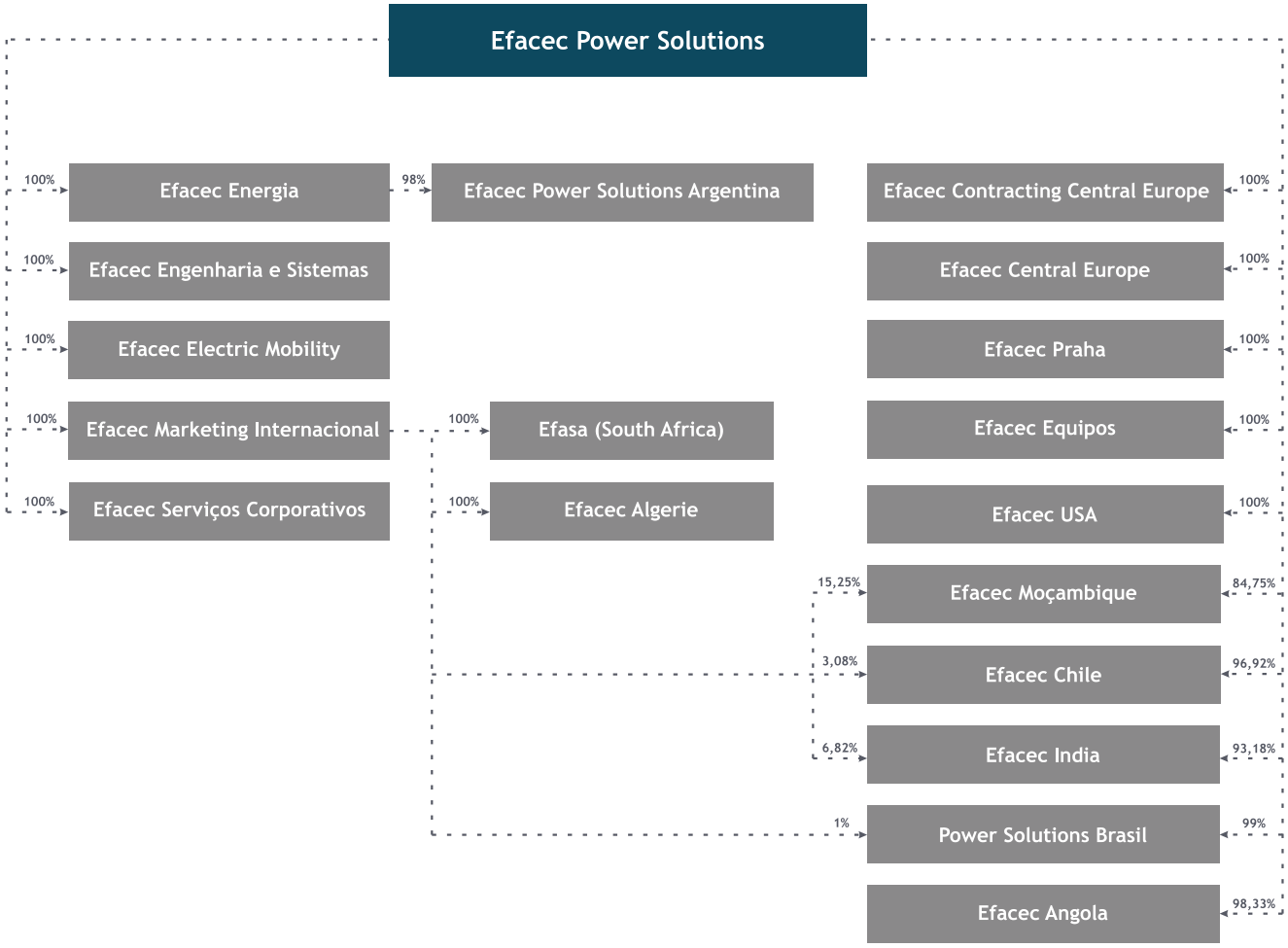
The acquisition, by Winterfell, of 72.6% of the share capital of the company, in October, brought new corporate, management and organizational challenges to a new governing team.

With the future in mind, Efacec took the necessary steps to be able, already in 2016, to start a remarkable period of strategic thinking, based on a project it named Efacec 2020.

Launched in order to rethink the company in its different aspects (skills, products and services provided, markets, clients, organization and governance model) Efacec 2020 will be the fundamental basis for the construction of the Strategic Plan for the period 2016/2020, future instrument guiding the Business Plans and Annual Budget of the EPS Group.

More than just a strategic planning exercise, Efacec 2020 aims to be a transformation project, set up by Efacec for Efacec, boosted by a large internal communication, top-down and bottom-up and based on a collaborative and inclusive process which will allow the participation of the different business, market and corporate teams.

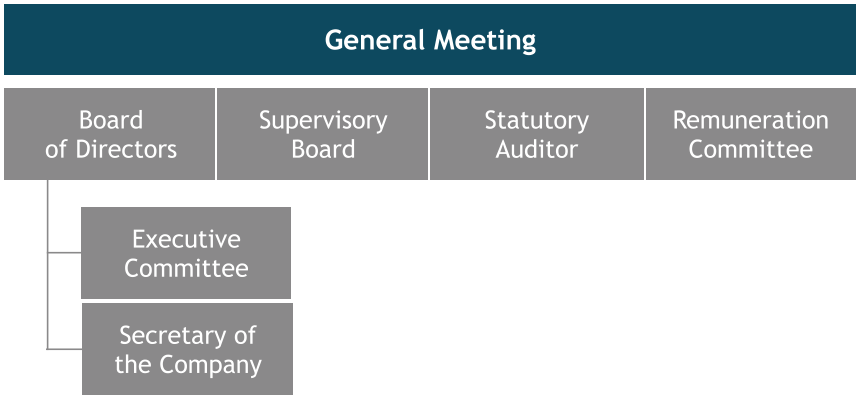
Structure of Efacec Power Solutions



Governance Model

General Principles

In line with the practice of high accuracy and transparency of the structure, organization, control and management of companies operating in the most demanding international markets, the structure and corporate governance practices adopted by Efacec Power Solutions, SGPS, SA, seek to align themselves with the rules and recommendations of the Securities Market Commission (CMVM) for Corporate Governance of Societies and which are wholly or partly observed (though not applicable because the Company is not listed on the Stock Exchange).



Efacec Power Solutions adopted the model of governance foreseen at paragraph a) of article 278 of the Commercial Companies Code ("CSC"), called as classic or monistic model.

According to Articles 278 and 413 of the Companies Code and Article 10 of Efacec Power Solutions Articles of Association, the governing bodies of the Company are the General Meeting, the Board of Directors (responsible for the Company management), the Sole Auditor/ Supervisory Board/and the Statutory Auditor (responsible for the supervision of the Company).

Governing Bodies

Board of the General Meeting

As per article 12.º of Efacec Power Solutions Articles of Association, the Board of the Shareholders' General Meeting shall consist of a Chairman and a Secretary elected by the General Meeting.

On December 31, 2015, the Board of the General Meeting was composed by the following members appointed by the Extraordinary General Meeting held of 23 October 2015 (following the entry of the new shareholder Winterfell 2 Limited) to complete the current term from 2014 to 2016:

Chairman: Jorge Manuel de Brito Pereira

Secretary: Maria Joana Machado Lima de Martins Mendes [1]

[1] Between 02 April 2015 and 23 October 2015, the Board of the General Meeting was formed as follows : Maria Joana Machado Lima de Martins Mendes (Chairman) and Maria João Teixeira Caetano Rodrigues (Secretary, appointed further to the resignation presented by Susana Manuela Abreu Alves Pereira Furtado de Mendonça).

Board of Directors

In accordance with article 13.º of Efacec Power Solutions Articles of Association, the Board of Directors is formed by 3 to 15 directors, elected every three years by the General Meeting and re-electable for one or more times.

The General Meeting shall appoint a Chairman of the Board of Directors and it may also appoint a Vice-Chairman to replace the Chairman in his absence or temporary impediments.

Members of the governing bodies of Efacec Power Solutions are elected for periods of three years and may be re-elected for one or more times.

Following the entry of the new majority shareholder of Efacec Power Solutions, the General Assembly appointed a new Board of Directors to complete the current term 2014 to 2016.

On December 31 2015, the Board of Directors was as follows [1]:

Members	Board of Directors	Executive Committee	Date of 1ª Appointment
Mário Filipe Moreira Leite da Silva	Chairman	__	23.10.2015
Isabel dos Santos	Director	__	23.10.2015
Francisco Dias Pereira de Sousa Talino	Director	__	23.10.2015
Manuel António Carvalho Gonçalves	Director	__	23.10.2015
Rui Alexandre Pires Diniz [2]	Director	__	14.08.2014
Miguel Maria Pereira Vilardebó Loureiro	Director	__	23.10.2015
Ângelo Manuel da Cruz Ramalho	Director	Chairman	23.10.2015
Francisco José Meira Silva Nunes	Director	Director	23.10.2015
Luis Henrique Marcelino Alves Delgado	Director	Director	23.10.2015
Fernando José Gomes Mota Lourenço	Director	Director	09.12.2015

(1) On January 1, 2015, the Board of Directors was formed by Prof. João Afonso Ramalho Sopas Pereira Bento, Dr. Rui Alexandre Pires Diniz, Eng. Francisco Bernardo Sampaio de Almada Lobo and Dr. Pedro de Azeredo Ferreiras Lopes. On 02 April 2015, Eng. Francisco Bernardo Sampaio de Almada Lobo submitted his resignation to the Board of Directors. Under paragraph 2 of Article 404 of the Companies Code, as nobody was appointed and there was no substitute election, the resignation took effect on May 31, 2015. On 23 October 2015, Prof. João Afonso Ramalho Sopas Pereira Bento, Dr. Rui Alexandre Pires Diniz and Dr. Pedro de Azeredo Ferreiras Lopes submitted their resignations as Chairman, Vice Chairman and Director of the Board of Directors respectively. These resignations took effect immediately, since on the same date, new Directors for the Board of Directors were appointed.

(2) Between 14 August 2014 and 23 October 2015, he was Vice Chairman of the Efacec Board of Directors.

The Board of Directors of Efacec Power Solutions is the governing body in charge with the company's business management; its skills are specified in the respective Articles of Association and Regulations.

Following the election the new Board of Directors of Efacec Power Solutions, on 23 October 2015 (extended from nine to ten members on December 9, 2015), that Board of Directors adopted its Regulation which establishes the rules for its organization and operation, in addition to the legal and statutory rules. According to Article 13 of the Articles of Association, the Board of Directors is formed by 3 to15 members.

According to the Regulations of the Board of Directors of Efacec Power Solutions, the Board of Directors is responsible, inter alia, to establish the strategic guidelines of Efacec Power Solutions, being responsible in this area to perform the management and supervision of corporate business. Decisions of the Board of Directors shall be taken by the majority of votes of the members present or represented.

The Regulations of the Board of Directors also establishes the competencies of the Board of Directors and General Meeting, the powers of the Chairman of the Board of Directors, the duties and responsibilities of the Board Directors and the right to information of the Board of Directors.

Secretary of the Company

The Board of Directors also decided to appoint, under the terms and for the purposes of Article 446-D of the CSC, a Company Secretary and an Alternate Secretary of the Company, which have the powers provided for in law, ceasing functions at the end of the mandate of the Board of Directors by which they were appointed.

On December 31 2015, the Company Secretary and the Alternate Secretary were (1):

Secretary of the Company: Adeodato Alexandre Freire Valente Lopes Pinto

Alternate Secretary of the Company: Maria João Teixeira Caetano Rodrigues

(1) On January 1, 2015 the effective and alternate Secretary of the Company were Maria Joana Machado Lima de Martins Mendes and Susana Manuela Abreu Alves Pereira Furtado de Mendonça. On April 2, 2015, the Alternate Secretary submitted her resignation and Maria João Teixeira Caetano Rodrigues was appointed for this function. On 23 October 2015, the Secretary Maria Joana Machado Lima de Martins Mendes submitted her resignation being replaced by Adeodato Alexandre Freire Valente Lopes Pinto on 05 November 2015.

Executive Committee

In line with the best practices of corporate governance, further to the entry of the new shareholder and appointment of the new Board of Directors by the Extraordinary General Meeting held on 23 October 2015, the Board of Directors approved the establishment of an Executive Committee formed by three directors, being presently formed by four directors due to the appointment of a new director during the meeting held on December 9, 2015.

The new Board of Directors of Efacec Power Solutions delegated to the Executive Committee the daily management of the Company, having set its respective composition, operation and powers delegation.

In this context, the Board of Directors set the allocation of responsibilities and areas to each of the members of the Executive Committee for the supervision and coordination, by the Executive Committee, of the business units of the EPS Group.

Under the applicable law, in particular paragraph 8 of Article 407 of the Companies Code, Efacec Power Solutions non-executive directors are responsible for monitoring the activities of the Executive Committee.

On 31 December 2015, the Executive Committee composition [and the allocation of areas to each of its directors] was as follows:

Ângelo Manuel da Cruz Ramalho | CEO	EC Coordination | International Transformers and Servicing | Strategic Planning | Risk Management | Communication and Sustainability | Internal Audit | Innovation and Quality
Francisco José Meira Silva Nunes | CFO	Financial Area | Management Control | Administrative Area and Procurement | Legal Area | Human Resources
Luis Henrique Marcelino Alves Delgado	Switchgear and Automation | Electric Mobility | Information Systems
Fernando José Gomes Mota Lourenço	Engineering and Environment | Transportation

The Board of Directors approved a Regulation of the Executive Committee, which establishes the rules applicable to its organization and operation, in addition to the legal and statutory regulations.

According to that Regulation, the Executive Committee is formed by up to 7 members and has the management powers it is granted with by the Board of Directors, the Chief Executive Officer being appointed by the Board of Directors.

The Executive Committee cannot operate without the presence of a majority of its members in office, the CEO being authorized, when clearly urgent, to waive the presence of such majority if it is properly represented. Decisions of the Executive Committee will be taken by a majority of the votes expressed. The Executive Committee Regulation also regulates the powers of the Chairman of the Executive Committee.

Supervisory Body

Under al. a) of paragraph 1 of Article 278 and al. b) of paragraph 1 of Article 413 all from the CSC and Article 17 of Efacec Power Solutions Articles of Association, the supervision of the Company is the responsibility of a Supervisory Board / Statutory Auditor and a Chartered Accountant. Currently, the supervision of Efacec Power Solution is the responsibility of a Supervisory Board and Statutory Auditor. The Supervisory Board consists of three members and one alternate, elected by the General Meeting, which elects the Chairman.

During the Extraordinary General Meeting held on 23 October 2015, the following members of the Supervisory Board and the Statutory Auditor were elected to complete the term of office from 2014 to 2016 [1]:

Supervisory Board

Chairman: José Manuel Gonçalves de Morais Cabral

Member: Isabel Vizeu Pinheiro Pereira Reis Loureiro

Member: Sérgio Paulo Esteves de Poças Falcão

Alternate Member: António Manuel de Castro Vieira Rodrigues

Statutory Auditor

Effective: Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

Alternate: Herminio António Paulos Afonso

(1) Between 12 December 2014 and 23 October 2015, the members of the Efacec Supervisory Board were the following ones: Luis Francisco Valente D'Oliveira, Jorge Alberto Weber Ramos, Luís Black Freire D'Andrade (effective) and Diogo da Gama Lobo Salema da Costa (alternate).

The Supervisory Board has a Regulation, which establishes the rules governing the composition, jurisdiction, powers, duties, functioning, and coordination between the Supervisory Board and the Board of Directors.

Pursuant to the Articles of Association of Efacec Power Solutions and Statutory Audit regulation, that Statutory Audit performs its tasks and fulfills the monitoring and surveillance duties provided for in Articles 420.°, 420.°-A e 422.° all of CSC.

Risk Management

The Corporate Risk and Contract Management, coordinated by the CRO (Chief Risk Officer), develops and implements risk management activities (RM). These activities are planned and implemented taking into consideration the ISO 31000 standard, the CMVM recommendations and other regulations on this matter.

Risks that are likely to lead to disruption of critical activities for the business are managed taking into account the best management practices in the management of business continuity and crisis management. The procedures for managing such risks are based on BS 25999-2, OHSAS 18001 and ISO 14001 standards. The identification of risks and opportunities of a process, an horizontal activity across all areas of the company, helps establishing indicators, objectives, targets and actions, whose deviations from what has been planned are monitored regularly, leading upstream to management decisions and, downstream, to the changes considered necessary.

The different activities carried out under RM consist in obtaining information providing from the monitoring of external events (the responsibility of the Communication and Sustainability Corporate Management), from the occurrences system (the responsibility of the Corporate Management for Innovation and Quality) and from the PMO Portal, the Project Management system portal, (the responsibility of the Corporate Management for Risk Management and Contracts).

Projects risk management assumes at Efacec a particular preponderance and priority, being therefore defined procedures with high detail for all stages of these processes. The PMO portal is the Efacec primary project management tool; it has been designed to enable the management of all projects critical phases, using the concept of control gates.

With regard to other risk categories, in 2015, we introduced a new knowledge management system that enable to capitalize on the experience gained in contracts as well as on information available on risk management related to external sources. This new system, called LinkedPM, integrated in the PMO portal platform, enables to explore all information related to projects and contracts in progress at Efacec, as well as information on country risks and financial risks available through reliable sources such as the World Bank among others.

Focusing on risk prevention, the training program for project managers and proposal managers was further improved in 2015, with the introduction of new training modules. The FIDIC Module (International Federation of Consulting Engineers) became part of the program. Training of project managers was further enhanced with the introduction of a project management simulator called Simultrain.

In order to improve continuously the knowledge and practices of risk management, the Risk Management and Contracts team has provided training to employees of different levels on a continuous basis. A large workshop is annually organized with the participation of a great number of project managers, CEO, executive committee members and CRO to discuss the Group's objectives and to share experiences between project managers. In each event, different contracts are selected in four different countries so that the lessons learned are identified. The information gathered during these workshops is available through the PMO portal and is also accessible using Linked:PM.

Major Improvements of the System in 2015

- The project classification table was updated (completely revised table taking into account the objectives of the Board of Directors).
- The process to calculate the cash flow of the contracts has been improved, to allow controlling and monitoring of cash flow of complex projects, using multiple currencies with multi-site structure.
- The PMO portal has undergone significant improvements in the availability of on line reporting, risk management and opportunities in contracts and management of lessons learned.
- We performed the revision of the general conditions for the supply of complex contracts in order to minimize their risk level.
- Development of a natural language platform that enables quick research on projects, risks and opportunities in countries and customers, and support the decision-making system.
- We developed a training plan for commercial teams including different risk management modules.

Vermoim Substation, REN, Portugal

Kind of risks and management models

Economic and strategic

The analysis of economic and strategic risks identified and the definition and monitoring of the progress of mitigation plans is undertaken by the governing bodies of the company (EC & Business Unit Directors) under the Strategic Planning Cycle – Budget, during Performance/ Management control meetings, by Committees activities and other teams set up to monitor risks and specific opportunities of transversal application.

Material themes: Governing Bodies; Operational Organization; Orders and Achievements; Optimization of Activities; Corporate Strategies

Technological innovation and markets

They are identified and handled by the Strategic Planning and, throughout the year, by the corporate areas, BU and MU, and within the activity of the Technology Committee (TC), based on technological surveillance procedures, technical cooperation, RDI management monitoring and skills / knowledge management. The activities developed in these areas aim to ensure the best adaptation of business models, of the different processes of the company and of the organization as well as the allocation of RDI structures according to existing projects and new ones to be developed.

Material themes: Governing Bodies; Orders and Achievements; Activities optimization; Innovation and RDI

Projects

Risks and opportunities associated to project management (from the beginning of the commercial phase until completion), have high priority and deserve special attention of the Risk and Contracts Management Team. The most critical projects are managed using the PMO portal, which ensures the execution of the different stages provided in each project. Projects monitoring is carried out by performing periodic management reports and analysis of opportunities.

Material themes: Projects Management

Value Chain (VC)

The processes of products and services Value Chain (including supplies) are subject to continuity analysis, identifying the practices and preventive controls able to prevent their interruption (whether due to context or operational risks). The control plans have their origin at the design stage (development processes of products, services and solutions) or analysis of databases that record the events. In some specific sectors, the development of products includes feasibility studies (RAMS). In case of risks related to environment and safety, the respective reference standards are implemented which foresee analysis and risk assessments. In case of crises, emergency plans are set, simulation exercises are carried out and emergency teams are identified. The main industrial premises have medical structures and a private fire services.

Material themes: Business Model; Operational Organization; Optimization of Activities; Environmental Impact of Activities; Human Resources Management

Information Systems (IS)

Information Systems Corporate Management has particularly important responsibilities with regard to business continuity. It uses the following specific methods: each service is subject to risk analysis and assessments identifying accessibility, availability, confidentiality and integrity requirements; threats and the consequences of each critical event are identified (including disaster situations, external attack and operational risks); the probability of threat and the impact of the event serve as a basis for assigning a score of criticality; a plan of prevention, response and control risks, including the installation of redundancy in systems, the purchase of equipment and protection software, changing practices and training of employees are also defined.

Material themes: Operations continuity; Optimization of Activities

Finance

There are various financial risks, including market risk (currency, price, interest rate, cash flow and fair value), credit risk and liquidity risk. The management of these risks focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the EPS Group; various financial instruments may be used to minimize the risks associated with its operations and business. Policies in force on financial risks are described in detail in the financial statement of this Annual Report.

Material themes: Market Risks; Credit Risks; Liquidity Risks

Human Resources (HR)

Efacec defines preventive processes to mitigate the risks and opportunities associated with the availability and adequacy of HR, whose management is shared between the BU and MU, and the HR Corporate Management. Examples of these processes are Recruitment and Selection, Reception and Integration, Performance Management (efaProgress), Training and Development, Mobility Management, Expatriation of Employees, Talent Management, Career Opportunities Management and Conciliation Life-Work.

Material themes: Human resources management

Image and reputation

The image and the internal and external reputation are monitored in the media and various social platforms of information. Management of the respective risks is performed by the Communication and Sustainability Corporate Management, in close collaboration with the EC. These activities involve Management of Relationships with Stakeholders, Platforms and internal and external media management, identification of opportunities to be present and image construction, the choice of the most appropriate communication channels and the control of information contents and information flow outside the company.

Material themes: Corporate Statements; Relationships with Stakeholders; Relationships with Society

Irregular practices and compliance with regulations

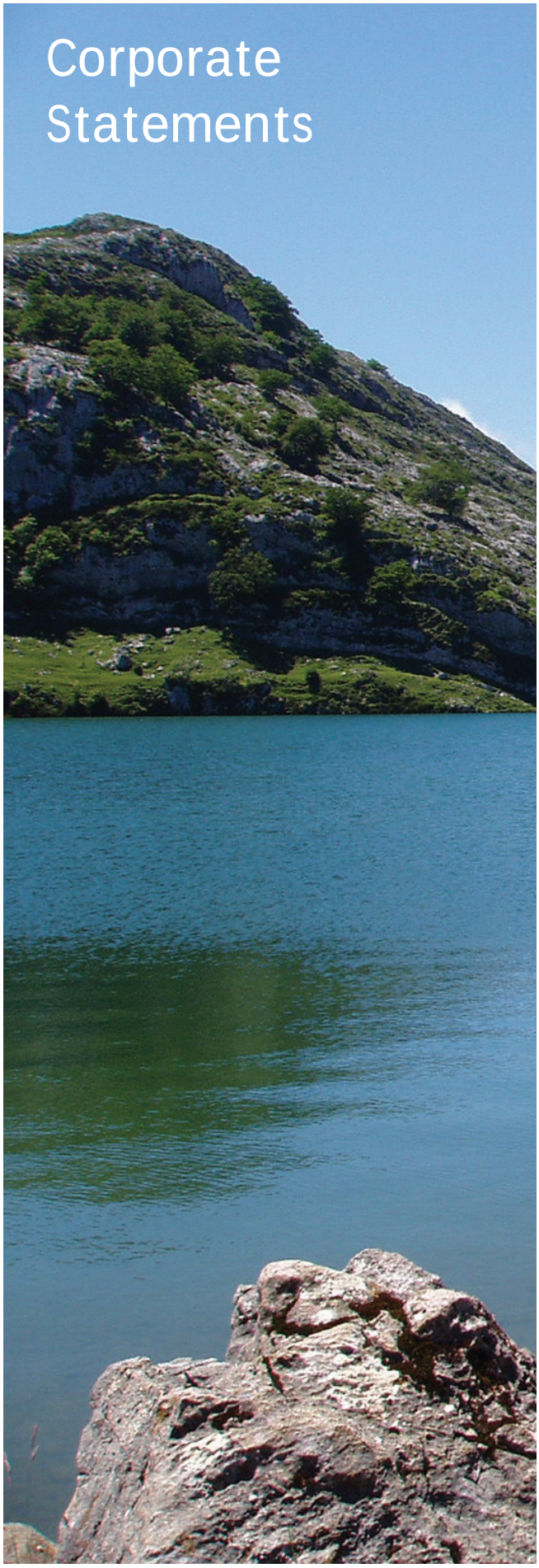
The Code of Conduct and Personal Ethics implemented in the EPS Group is guiding the activities of its employees and identify their values and corporate principles. Among the values defined therein are the core value of Integrity and Honesty. The Legal Corporate Department is responsible for continuously analysing the new legislation published and internally trigger the necessary changes. At the same time, and in specific situations, Efacec uses external consulting services. The various audits that take place throughout the year are key tools to verify and demonstrate compliance with legislation and other internal and external regulations. Such audits may be carried out by third parties or by the Internal Audit.

Material themes: Governing Bodies; Corporate Statements; Relationships with Stakeholders

Legend:

EC – Executive Committee | BU – Business Units | MU – Market Units | IDI - Research, Development Innovation | CM – Corporate Management

Corporate Statements



Mission

Develop infrastructures for energy, mobility and environment, for a sustainable world:

- Building long-term partnerships;
- With high technological content;
- Ensuring agility and flexibility;
- Attracting and developing talent worldwide;
- Providing a consistent return to all stakeholders.

Vision

To be the preferred partner in achieving worldwide innovative and customized solutions for energy, mobility and environment.

Code of Conduct and Personal Ethics

Employees of Efacec undertake themselves to respect the values contained in the Code of Conduct and Personal Ethics. These values fall into a set of principles and practices to be followed in relationships with the stakeholders of the company.

Sustainability Policy

Sustainability policy is the main reference for the establishment of strategies, objectives and commitments at Efacec. It calls for the systematic improvement of all processes in order to achieve effective, efficient and balanced satisfaction related to the expectations of the stakeholders regarding economic, environmental and social sustainability.

Values	Principles
Economic	
Ethics, Integrity and Transparency	• Align with the best corporate governance practices • Establish ethical relations of partnership, mutual benefit and citizenship with the different stakeholders • Reject any kind of corruption (including bribery and extortion) within the scope of activities of Efacec • Seek accuracy and integrity of all information about the products and services provided to partners, respecting the privacy of their information
Safety and Prevention	• Continuously improve business performance • Achieve high levels of profitability to ensure Efacec sustained growth • Act in a preventive way, managing risks, avoiding the possibility of operation collapse and planning emergency and business continuity
Innovation and Quality	• Anticipate, exceed and meet the needs and expectations of customers/markets, creating value and developing innovative integrative, differentiated and sustained solutions using preferably own technology • Promote a culture of creativity, entrepreneurship and excellence, striving to achieve high levels of profitability and maintaining responsiveness to requests and unforeseen situations • Participate in the development of networking skills, contributing to the creation of competitive technological environments with feedback for the organization
Respect for regulations	• Ensure and even exceed compliance with legal and other requirements applicable to Efacec on safety, health, environment, labour relations and development and sales of products and services
Environment	
Environment solutions	• Develop environmental solutions useful to the society and use ecodesign technologies
Environmental protection	• Prevent pollution by adopting methodologies and processes for efficient use of resources in the various areas of activity, enabling to minimize negative environmental impacts (minimizing emissions, generation of waste, energy and water consumption) • Require suppliers' and partners' compliance with environmental regulations
Social	
Balance Work-Life	• Set conciliatory labour schedules and calendars with employees' personal and family needs • Create appropriate areas to rest • Assign benefits that impact the personal life of employees and promote healthy use of free time • Promote the participation of employees in community projects • Participate in the cultural development of employees
Continuous learning and Team Work	• Provide good working conditions, a motivating , open and innovative environment developing programs which provide autonomy and a growing involvement of employees in operating decisions and development of new solutions • Promote the development of personal and professional skills ensuring the sharing of knowledge generated within the organization • Promote, among employees, mutual respect, confidence, professionalism and team work
Safety and Health	• Provide good working conditions, eliminating or minimizing occupational hazards enabling to reach high levels of safety and welfare • Minimize or even eliminate potential risks to the environment and safety in communities or populations eventually exposed to the activities of Efacec
Human Rights	• Use fair rewarding processes , profit sharing, recognition of employees and accept any complaints without any kind of retaliation • Reject any discrimination practices, child labour, psychological persecution, forced labour and accept the freedom of association; ensure employees with the right to privacy, reputation and freedom (economic, social and cultural) • Respect local cultures and values, requiring partners respect of Human Rights
Social Promotion	• Seek to support communities key social, cultural and technological initiatives, based on the potential and strength of the proposals and based on the credibility and proximity of the institutions • Within the business context and whenever possible, prefer solutions that develop the communities where Efacec is inserted, in particular with regard to the selection of suppliers and recruitment of new employees

Business Model

A Efacec Power Solutions is the holding of a set of companies operating in the fields of energy, environment, transportation and mobility.

Efacec' s portfolio is organized around the coherent grouping of competences in entities called Business Units, which form the main organizational entity of the Group aiming at the strategic development of each of its industrial activities (product) or projects (systems). These Business Units are grouped into legal entities (companies) that can host one or more BUs.

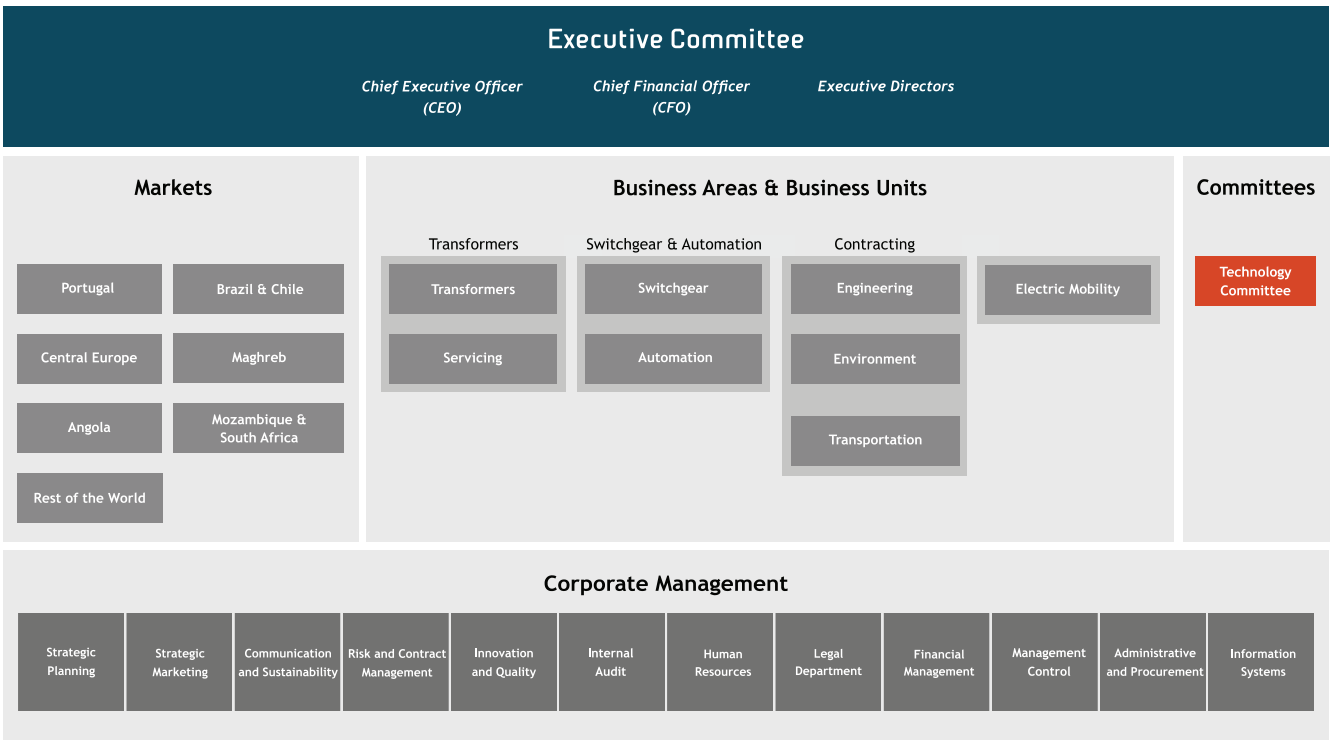
In destination countries in which large potential business development has been identified (involving different Efacec businesses), the company's presence is organized through one or more legal companies headquartered there that form the so-called Strategic Markets (or Efacec Markets), giving rise to the existence of Market Units.

Efacec Business Units (BU) are autonomous structures of technological development, operations and business development. The planning of the strategic development of each Business Unit, in relation to their international presence in target geographies, occurs in close cooperation with the Market Units to enable them to adjust their structure and organization to priorities set by the BU. Market Units (MU) reflect the evolution of the development of the presence of Efacec in international geographies and are development structures of business and / or operations.

The commercial coverage and development of activities in Efacec markets covering more than one country follow the dynamics of business opportunities, focusing either on countries where the company is present through companies and teams established there, or on neighbouring countries considered with greater business potential for Efacec. Currently, we state as examples of such a situation the Central Europe Market Unit, with a permanent presence: Austria, the Czech Republic and Romania, but also without permanent physical presence, Bulgaria, Slovakia, Greece, Poland and Ukraine. Similarly, the major countries currently covered by Maghreb MU are Algeria and Morocco, with permanent presence, but also Libya and Tunisia, these without permanent physical presence.

Regarding the frequent markets of the Rest of the World, we point out the specific coverage, at this stage, of the following countries: in Latin America: Colombia, Mexico, Paraguay, Peru, Dominican Republic and Venezuela; in the Middle East, Saudi Arabia, the UAE, Oman and Qatar; in the Eurasian area, Kazakhstan and Russia; and in Africa, Cape Verde and Sudan.

The priority of Corporate Management at Efacec is to guarantee levels of service and efficiency that decisively support the development of business.



Corporate Management	Responsibilities
Strategic Planning	• Coordinate the Group Strategic Planning Activity • Coordinate projects analysis, strategic redefinition and identification of opportunities • Support the strategic planning processes of the Business Units
Strategic Marketing	• Develop an integrated market vision for the Efacec Group and market and products intelligence in a transversal way in the Group • Support the creation of an integrated Client vision (function Account Manager) • Analyse the activity and performance of competitors in an integrated perspective of the different Business Areas (BA) • Carry out global portfolio benchmark of the company and promote the anticipation of trends and innovation areas • Support the commercial function of BU and marketing function of products/services • Develop projects to promote synergies between the different business areas and competencies of the company • Identify opportunities of partnerships together with BU and MU
Communication and Sustainability	• Implement policies and strategies related to the EPS Group Communication • Manage brand, group's reputation and prepare data for external and internal communication • Manage platforms and media • Support industrial design for Business Units • Implement Group's sustainability policies and strategies
Risk and Contract Management	• Implement Risk Management policies and strategies in the EPS Group • Develop Risk Management Methodologies in contracts and support their implementation in the Business Units • Evaluation and monitoring of risks arising from large contracts and preparation of proposals for their mitigation
Innovation and Quality	• Implement policies and strategies related to Innovation, Research and Development and Quality, Environment and Safety including implementation of applicable standards policies • Coordinate the development of the Management System and QES teams of the Business Units • Coordinate relationships with entities of the National Scientific and Technological System and QES Entities • Turn the delivery of standards available
Internal Audit	• Check compliance and adequacy of business processes and information systems compared to requirements and procedures established • Participate in the correct identification of corporate risks and implementation of remedy actions • Independent advice service for governing bodies and other sectors of Efacec
Human Resources Management	• Implement Human Resources policies and strategies • Coordinate procedures for performance/development management • Coordinate Efacec Academy and all training activities • Management of labour relations and health support services
Financial Management	• Implement policies and strategies of financial management of the group, with particular focus on financing and analysis of the financial risk policies, as well as working capital and investment management • Implement good accounting and financial practices through the application of international accounting standards and tax compliance • Support Business Units in order to achieve operational and financial objectives
Management Control	• Coordinate the EPS Group financial budget • Control activities of the EPS Group and of the different Business Units, both in operating and financial terms • Preparation of management information reports
Administrative and Procurement	• Implement policies and strategies for the EPS Group procurement • Manage condominiums, assets, licenses, office supplies, expedient and maintenance of infrastructures • Contracts management for the supply of cleaning, security, canteens, mobile communications, cars, travels and related services • Prepare and implement insurance proposals
Legal Department	• Provide legal support services to the governing bodies and other sectors of Efacec • Coordinate Efacec' s relationships with lawyers' firms • Identify the initiatives to be taken upon changes in legislation and legal context
Information Systems	• Implement policies and strategies of Information Systems and Communications in the Group • Manage Information and Communication System infrastructures, with emphasis on information safety and business continuity • Develop computer applications to support business processes • Support to be given to the users of Information Systems and Communications

Technology Committee

The Committee of Technology, a team appointed by the Executive Committee and a forum for reflection, is considered critical to the strategic decisions of the Efacec business. The activity it has been developing has proven to be essential for the inclusion, in the roadmaps of the Business Units, of the technological issues resulting from these decisions. Relevance is increased especially in crosscutting themes in order to achieve an integrated view of Efacec and of the management of its technological portfolio, essential pillars to ensure competitiveness and profitability of their businesses in the future.

The Committee of Technology continues to lead several working groups focused on selected topics with the mentioned characteristics, such as Smart Grids, Use of Power System in Distribution Networks, The Transformer Station of Future and Energy Storage.

PEDT (Strategic Plan for Technological Development of each Business Unit), were established by the Technology Committee, so that they can form the basis of an Integrated Technological Development Plan of the EPS Group.

Internal Audit

Efacec assumes the corporate Internal Audit function as an independent and objective activity designed to add value to the organization, focused on improving its operations and achieving its objectives. Internal Audit reports directly to the Executive Committee of the Group, namely through the CEO.

It is based on a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control processes and corporate governance. Reported points are discussed with auditees, and recommendations are made in view of their resolution/improvement. The recommendations are subject to response from the heads of the audited areas, including actions and deadlines for their implementation, where applicable.

Mission of the Technology Committee (TC)

- It intends to be a forum for reflexion on Efacec technological competitiveness and analyse market technology trends;
- Promote projects involving different Units enhancing the technological diversity of the company as a differentiating factor and creating value;
- Articulate skills and responsibilities in technological field between Efacec different units, and between these and institutions of the national scientific and technological systems;
- Promote technological synergies between Efacec Business Units.

Technology Committee meeting, Smart Electric Energy, Serralves

Management System

The Efacec Management System consists of modules that have been the basis of successive certifications in the areas of Quality, Environment, Safety and Innovation, which are awarded by accredited external entities. Moreover, it constitutes itself as the main repository of business rules.

SigefaQES is the software application that ensures the document management and the management of events (nonconformities, audit reports, complaints). In 2015, new features were added that automatically interlink the results of customer satisfaction surveys, with events management and respective action plans. In addition, Efacec hired external services to audit, annually, its legal compliance.

In 2015 the first external audit to the QES and R&D Management System was carried out by a single certification body (APCER). Previously, the activities of the various businesses of Efacec had been certified by different entities.

Management System Certifications	
Company	**Management Systems Certification Standards**
Efacec Energia, Máquinas e Equipamentos Eléctricos, S.A. *Power Transformers Business Unit*	ISO 9001, ISO 14001, OSHAS 18001
Efacec Energia, Máquinas e Equipamentos Eléctricos, S.A. *Distribution Transformers Business Unit*	
Efacec Energia, Máquinas e Equipamentos Eléctricos, S.A. *Servicing Business Unit*	
Efacec Energia, Máquinas e Equipamentos Eléctricos, S.A. *Switchgear Business Unit*	ISO 9001, ISO 14001, OSHAS 18001, NP 4457
Efacec Energia, Máquinas e Equipamentos Eléctricos, S.A. *Automation Business Unit*	ISO 9001, ISO 14001, OSHAS 18001
Efacec Engenharia e Sistemas, S.A. *Engineering Business Unit*	
Efacec Engenharia e Sistemas, S.A. *Environment Business Unit*	
Efacec Engenharia e Sistemas, S.A. *Transportation Business Unit*	ISO 9001, ISO 14001, OSHAS 18001, NP 4457, IRIS
Efacec Electric Mobility, S.A. *Electric Mobility Business Unit*	ISO 9001, ISO 14001, OSHAS 18001, NP 4457
Efacec Central Europe Limited S.R.L *Environment, Automation, Contracting, Transportation Business Unit*	ISO 9001, ISO 14001, OSHAS 18001
Efacec Contracting Central Europe, GMBH *Engineering Business Unit*	ISO 9001
Efacec Praha *Automation, Switchgear, Servicing Business Unit*	
Power Solutions Brasil *Switchgear, Automation and Electric Mobility Business Unit*	
Efacec Switchgear India *Switchgear Business Unit*	

Standards used for Management Certification:

- **ISO 9001** (Quality)
- **ISO 14001** (Environment)
- **OSHAS 18001** (Safety and Health at Work)
- **NP 4457** (Research, Development and Innovation)
- **IRIS** (Quality – specific requirements to provide maintenance services)
- **NP 4492** (Quality – specific requirements to provide maintenance services)
- **NP 4413** (Requirement for fire extinguishers maintenance)

Relationships with Stakeholders

The understanding of Efacec activities by its stakeholders and the value they confer upon it, are assessed quantitatively and qualitatively through two-way communication processes. The analysis of Stakeholders' expectations leads to the identification of Material Themes that are the subject of special attention in this report.

Communication and review of relationships with stakeholders			
Methods of Assessment	**Forms of Assessment**	**Expectations**	**Answer/ Material Themes**
Society and all Stakeholders			
• Efacec portal/ general email • Participation in processes of Public recognition • Presence in society events (Communications, round tables, etc.) • Communication with community institutions • Participation in publications • Participation in associative movements	• Analysis disclosed in the Annual Reports (Management, Accounts and Sustainability) • Application reports to public recognition • Management of support and sponsorship proposals • Analysis of Positions and Public Policies • Reporting and analysis of Efacec holding abroad	• Sharing of Knowledge • Support to initiatives of companies/community	• Relationships with the Society
Customers			
• Customer Satisfaction Survey • Specific communications of business support • Communications of proposal development and contract performance • Trade Fairs and attendance of commercial and technological events • Customers audits	• Analysis of customer satisfaction • Analysis of Customer information providing from visits, facilities and services • Systematic analysis of customers' complaints • Analysis of customers audit results • Analysis and response to questionnaires and other eligibility requirements for supplying	• Quality of product/ service/solution • Innovation of product/ service/solution • Credibility and image of the organization • Adoption and implementation of citizenship values and other aspects of sustainability • Compliance with regulations	• Business Portfolio • Optimization of activities • Innovation and R&D management • Environmental impact of activities
Staff			
• EfaProgress (performance and development management) • EfaVoice (employees' satisfaction management) • Occasional/planned meetings and meetings of knowledge sharing • Questionnaire for satisfaction survey of internal customers • Meetings of employees together with family members • Colombo programme (management of creative ideas)	• Analysis of performance, career, mobility and training needs • Analysis of employees' satisfaction • Analysis of training and development • Evaluation of internal customers • Evaluation of meetings and other initiatives • Analysis of Colombo Programme	• Welfare (pride, occupation, compensation, equity, environment) • Socialization • Personal development • Reconciliation work/life • Better support services	• Human Resources Management
Suppliers and Partners			
• Suppliers' management processes • Projects with partners • Business projects	• Assessment and recognition of suppliers • Analysis of projects management	• Ethical relationships • Fair assessment of partners	• Corporate statements • Optimization of activities
Shareholders			
• Indications for Board of Directors meetings • Meetings and events with the joint participation of Shareholders and Efacec Senior Staff	• Integrated Analysis/report of Board Directors meetings	• Business Growth • Activities Profitability • Sustainability	• Business Portfolio • Optimization of activities • Risk management and Internal Audit

Commitments for 2016

Efacec began the year 2016 by launching a new structuring project, named Efacec 2020.

Efacec 2020 is a strategic thinking process, aiming to rethinking Efacec in its different aspects (skills, products / systems, markets, customers, organization, governance model) and build the Strategic Plan for 2016/2020, the future guiding instrument of Business Plans and Annual Budget.

Set by Efacec for Efacec, the project aims to be transformational and is based on the use of collaborative and inclusive methodologies, which allow the participation of different business, market and corporate teams and other stakeholders.

Efacec 2020 is divided into three stages and will end in the second quarter of 2016, on completion of the Strategic Plan that will be supported on Business and Operational Plans, which will guide the subsequent implementation of crosscutting initiatives at Efacec.

Topics/ Strategic Guidelines	Aspects of the Sustainability Policy		
	Economic Outlook	**Environmental Outlook**	**Social Outlook**
Philosophy/ Positioning *Alignment of management model with the best practices*	• Focus on Efacec global profitability and sustainability instead of individual business • Focus on synergies promotion (operational, technological and commercial) • Development of a network of partners (operational, commercial , technological, R&D among others) enabling to extend activity with minimum risk and investment • Orientation to objectives at all levels of the organization , through responsible empowerment	• Presence(strong) in the value chains of environment (energy, environment, mobility) • Follow up of current trends of « green economy» • Increase of capacity to measure environmental performance	• Introduction of a logic of processes and functions in the organizational model • Focus on assessment and recognition of performance regarding objectives • Development of actions that help to achieve balance in work/life, environment, safety and welfare of employees • Strengthening and development of new projects with the community • Development and implementation of a new corporate ethics code
Business Portfolio *Strengthening of competitiveness of products / solutions and approach to customers*	• Organization of business to maximize synergies, knowledge sharing and better services provided to customers • Promotion of individual profitability of each business through the strengthening of competitiveness of the different products and/or solutions • Focus on services development aiming to achieve margins with low risk	• Strengthening of environmental performance of products, solutions and services	• Improvement of information and internal communication to promote the employees' knowledge regarding the organization, the markets and business • Involvement of employees in transversal development projects of products and/or solutions
Geographical Footprint *Review of commercial and productive geographies*	• Positioning of Efacec as export entity with centres of competences mainly in Portugal • Focus on strategic commercial geographies transversally strategic, complemented with geographies directly managed by business • Improve Efacec brand market knowledge	• Optimisation of the triange suppliers/ production/customers aiming at minimize the environmental impact of the activity	• Promotion of a positive social impact in strategic geographies with commercial structures or competence centres
Commercial Approach/ Go-to-market *Development of a transversal strategy, declining in markets, customers and business*	• Development of a common commercial logic declined in commercial strategies for markets, customers or business • Promotion of coordination and commercial synergies between businesses through the Strategic Marketing and Business Development functions • Cross selling promotion in strategic customers	• Inclusion of an environmental perspective (advantages, benefits) in the commercial argumentation of each product/solution	• Development of internal business ecosystem (functions, relationship model and systems) collaborative accountable and participatory • Redefinition of tasks and responsibilities in relations with the outside (customers, partners and others)
Efficiency and control *Promoting a culture of accountability and operational excellence*	• Improvement of critical transversal processes as business and market risk management, management control, contract management, project management etc. • Stronger orientation for the internal customer in all business support processes • Commitment to innovation and continuous improvement as efficiency drivers in business and transversal areas	• Cost reduction through environmental performance with special focus on energy consumption and fuel • Strengthening of environmental aspects in the development of projects, services and products	• Promoting a culture of operational excellence • Development of reinforced actions of innovation skills in all activities and as the responsibility of all employees • Improve information for management and operational control

Focus on Economic Sustainability


Reunião de Quadros
Apresentação de
Resultados 2015 | Orçamento 2016

Transformers

Distribution Transformers - EcoDesign

United Kingdom

was the main market of Transformers Business Unit Activity in 2015.

British utilities UK Power Networks, Scottish and Southern Energy (SSE), Electricity Northwest, Scottish Power and Northern Powergrid are the main Efacec customers in this market, were we keep eight multiannual contracts for power transformers.

Provides products and solutions for power generation, transmission and distribution.

Power Transformers

- Shell Transformers 1500 MVA; 525 kV (BIL 1675 kV)
- Core Transformers 350 MVA; 400 kV (BIL 1425 kV)
- Core or Shell Mobile Substations 60 MVA; 245 kV (BIL 1050 kV)

Distribution Transformers

- Cast resin dry type three phase distribution transformers, from 250 to 6300 kVA, up to 36 kV, commercially known as Powercast
- Hermetic, mineral oil immersed three phase distribution transformers from 50 to 6300 kVA, up to 36 kV, for indoor or outdoor installation
- Conservator oil immersed transformers up to 20 MVA and 66 kV for indoor or outdoor installation with on load tap changer and radiator cooling

In the domestic market we highlight the order of eight core type power transformers for REN - Redes Energeticas Nacionais, being also relevant the orders of distribution transformers for different industrial customers, distributors and exporters.

EDF-Electricité de France signed with Efacec three program contracts (valid for eight, six and six years respectively), to supply power transformers (100 MVA) for the city of Paris and many other transformers with ranges between 20 to 2x40 MVA. Still in France, where Efacec has strongly consolidated its presence, the company signed its first contract to supply a transformer for a hydroelectric power plant with Compagnie National du Rhône.

In Scandinavia Efacec won new markets, by receiving a major order from the Swedish company Ellevio AB (former Fortum Distribution), one of the leading utilities in the country. Ellevio AB has awarded Efacec the supply of a mobile substation (25 MVA, 126.5 / 21.5-10.75 kV) to install in Örebro, in the geographical centre of Ellevio development area, allowing in this way a quick access to any point of the network. This order is notable as it is 100% funded by Svenska Kraftnät - which owns the Swedish transmission network, which will allow any of the other utilities to use this substation in case of emergency. Ellevio AB, which also ensures the supply of municipal heating networks, has an electricity market share of about twenty percent.

In Chile Efacec continued to consolidate its position as a reference supplier of the Group CGE-Compañía General de Electricidad, by receiving, from TRANSNET (company of the Group responsible for the transmission and transformation of electricity to be connected to the backbone transmission system in Chile's central region) a new order of a 75 MVA transformer for the 230 kV network.

Efacec thus guarantees its participation in critical projects for the strengthening of the Chilean network.

In 2015 Efacec signed a new contract with Comisión Técnica Mixta de Salto Grande, a binational organism from Argentina and Uruguay, with hydroelectric plants and an installed power capacity of 1890 MW. The electricity produced by CTMSG power plant is intended for the interconnected systems of both countries, providing approximately fifty percent of the energy of the Uruguayan system and seven percent of the Argentine system. The contract includes the supply of three 100 MVA 512 kV single-phase Shell type transformers and will strengthen the commercial relationships established with this Customer.

Also for Uruguay Efacec won the first order of the utility Administracion Nacional de Usinas y Transmisiones Electricas (UTE), the state company of the country responsible for the generation, transmission, distribution and supply of electricity. The order includes the supply of two mobile substations of 40 MVA, 150 / 66-31,5 kV designed to meet the contingencies of the electrical system.

For the Maghreb region of Algeria Efacec produced eighteen single-phase units Shell type (100 MVA 400 kV) and ten Core type units (10 to 120 MVA), designed to equip, almost entirely, Sonelgaz substations.

Efacec provided a mobile substation of 45 KVA, 230 / 21.6x12.47 kV to the American Pacific Gas and Electricity Company (PG&E), intended for the State of California. With the award of this contract, Efacec reinforces its presence as a technology partner of PG&E for transformers and mobile substations, completing a total of twelve substations supplied to this customer, which is characterized by high standards of technical and technological requirements.

The Macanese market accounted for Efacec as an important destination for the distribution transformers. The turnover for this territory was very significant, probing the continuity of a relationship of many years with CEM - Companhia de Electricidade de Macau, the local utility, namely with the supply of silicon distribution transformers.

Mobile Substation for the USA

Servicing

Frades II Power Plant, VOITH

Provides a large range of services and solutions for industrial installations, hydroelectric power plants, thermoelectric power plants, mini hydroelectric power plants, cogeneration power plants, wind power farms, substations, transformer stations.

Carries out inspection works, testing, diagnostic, maintenance, repair and commissioning of:

- AC and DC motors
- MV Motors
- Alternators
- Turbines up to 10 MW
- Excitation, command, control and protection systems
- Distribution transformers
- Transformer Stations
- Power Transformers
- MV and HV Circuit Breakers
- MV and HV Disconnectors
- MV Switches
- MV/LV Electric Boards
- Wind Power Farms Generators

Portugal

showed strong growth in servicing. Efacec carried out works for the major national utilities.

Utilities like REN - Redes Energéticas Nacionais, EDP Produção and EDP Distribuição are among the main customers of Efacec in this market, keeping several works throughout the Portuguese territory.

Efacec performed several works for REN, including the transfer of a three-phase transformer between the substations of Riba de Ave and Fafe, the reconditioning of a three-phase transformer, at Vila Fria Substation (Viana do Castelo) and the passivation of ten three-phase transformers of 220 kV installed in the substations of Recarei, Oleiros, Santarém, Custoias, Vila Fria, Penela, Tunes, Ferreira do Alentejo and Zêzere TR2 and TR3.

Efacec carried out the assembly of an ALSTOM alternator, 246 MVA 15 kV and 166.6 rpm, within the scope of Salamonde II power plant works of Consortium ALSTOM/ EDP/ Efacec.

Efacec assembled two asynchronous alternators of 433 MVA, 21 kV, 375 rpm, at Frades II power plant, an order from VOITH. These machines are prototypes and unique in the world to VOITH.

Following a preventive and predictive maintenance policy of electric power assets of plants and extension of the useful life of transformers, Efacec carried out several maintenance works of transformers at its factory, which passed through the drying of the active part, oil replacement, painting reconditioning and protective and cooling equipment substitution already obsolete. It is worthy to highlight here the cases of EPAL/Castelo de Bode, Funfrap/Cacia (with replacement of on load regulator), Secil/Outão and Siderurgia Nacional/Megasa-Seixal.

PETAF Energia Eólica ordered the fault diagnostic tests in field, transport for factory repair and replacement on site of one of the ABB transformers 53 MVA, 150/30 KV of Terras Altas (Fafe) wind plant.

EDP Produção

In 2015, EDP Produção ordered the reconditioning of several transformers of hydro and small hydro power plants (the latter belonging to Pebble Hydro) and of a transformer of Ribatejo thermoelectric power plant, within the scope of the Framework Agreement concluded in 2012 between EDP and Efacec.

Efacec repaired, at its factory, a 16 MVA, 63/5 kV transformer (providing from Varosa power plant). In addition to the repair in factory, the works included the complete replacement of the active part and substitution of the damaged transformer by a spare one.

Integrated in the project to replace bushings of power generation transformers of hydroelectric power plants, the utility awarded to Efacec the replacement of 24 bushings of 220 kV and 9 high voltage bushings of 150 kV.

EDP Distribução

Under the Synergie Agreement signed in 2015 between EDP Distribuição and Efacec, EDP ordered the reconditioning of seven transformers (four on site and three at the factory), with works including the upgrading of the outdoor equipment, the drying of the active part, the replacement of oil and testing of transformers of 20 and 31,5 MVA and voltages of 60/30 and 60/15 MVA. Within the policy aiming at increasing equipment reliability, Efacec also reconditioned five control boxes of this company, performing works such as the full replacement of electrical components and change of power supply to 110 V DC.

In the Spanish market, Iberdrola awarded Efacec the first significant order of rotating machines for the supervision of Group I alternator of Vilarinho de Conso hydroelectric power plant, a 95 MVA, 15 kV, 375 rpm Westinghouse machine.

Endesa has awarded Efacec the rewinding of a Shell Westinghouse single-phase transformer of 129.6 MVA, 410/18 kV, from Teruel thermoelectric power plant, with supply and adaptation of new HV, LV terminals and conservator. This was the second similar machine rewound by Efacec at Teruel and for 2016, the new rewinding of another transformer of that power plant has already been awarded.

In Spain, REE - Red Eléctrica de Espanha ordered the diagnosis, transportation, reconditioning, supply of accessories, HV field testing and commissioning of two Crompton Greaves power autotransformers of 125 MVA, 230/68/6 kV and 3 kV belonging to Barranco de Tirajana substation. The transformers were transferred and started service at the new Santa Agueda substation, also located in the Canary Islands. This was the first REE repair contract awarded to a repairing company different from the manufacturer.

In Mozambique, Efacec signed three important contracts with EDM - Electricidade de Moçambique, for on-site repair of the transformers of Matola, Munhava and Mafambisse substations. This transformers comprehensive upgrading led to their commissioning, providing the electric system of the central region with a greater stability and equipping the substation with the capacity to meet the demand existing in that region.

HCB - Hidroelectrica Cahora Bassa ordered once again the replacement of winding on site, in three Trafo Union, 160 MVA, 18/230 kV generation transformers, installed in the dam, using new windings designed and manufactured with current Efacec technology.

PRODEL, the utility of Angola, ordered the revamping of AC/DC auxiliary services, inspection and diagnosis of turbine, gearbox and Group 1 speed regulator and supply and assembly of a new speed regulator in Group 2 installed at the Luquixe hydroelectric power plant.

In Algeria, GRTE ordered on-site repair (Zahana) of three transformers of a Pauwels mobile substation, 20 MVA, 60/30 kV, with full replacement of winding, insulating oil and outdoor accessories.

Transformer Reconditioning for EDP

Switchgear

New vacuum recloser - REVAC

Portugal was the most relevant market for the Switchgear Business Unit activity in 2015.

In 2015 the Switchgear activity developed significant efforts in its search for new markets, with particular emphasis in the Middle East.

Develops solutions for power generation, transmission, distribution and use of electric power in high and medium voltage ranges.

High Voltage (HV)

- Horizontal and Vertical Disconnectors up to 245 kV
- Pantograph up to420 kV and semi-pantographs up to 550 kV
- Withdrawable units from 36 to 72,5 kV
- SF6 Disconnecting switches up to 36 kV

Medium Voltage (MV)

- Primary distribution: Air insulated switchgear Normacel type up to 24 kV and QBN7 up to 36 kV, for indoor and/outdoor fixed or mobile installation
- Secondary distribution: Modular Switchgear - Normafix up to 36 kV and Modular and Compact - Fluofix GC up to 36 kV
- SF6 insulated Compact Outdoor switchgear - Fluofix GC.T, 12 kV
- Vacuum Circuit Breakers - Divac up to 36 kV
- Vacuum pole mounted Reclosers - REVAC up to 36 kV
- Outdoor MV circuit breakers 15/27 kV
- Compact substations - Pucbet, Pucinox and MAS MSB
- Mobile Generation Station up to 36 kV; 1600 kVA

Servicing

- Renovation/ rehabilitation of HV and MV equipment and systems
- HV and MV equipment commissioning
- After sale maintenance and assistance

For 2016, the challenge is achieving a sustained profitable growth. With an unfavourable economic environment in Europe, the main business opportunities are in the Middle East, Africa and Latin America.

Efacec continues to lead the domestic market by strengthening its presence as the leading supplier of EDP Distribuição for medium voltage switchgear. Under a contract with a duration of two years, Efacec will supply NORMACEL switchgear (12 kV and 17.5 kV) and QBN7 cells (30 kV). To be also noted, the participation in Foz Tua hydroelectric power plant and in the Graciólica innovative project in the Graciosa island/Azores, aiming at buiding a power plant generating electricity from renewable sources.

In Africa, we should note the supply of medium voltage equipment for the development project of power transmission and distribution systems in six islands in Cape Verde (S. Antão, S. Vicente, Sal, Maio, Santiago and Fogo).

In December, we registered the reception and dispatch of the last lot of 52 medium voltage switchgear for the substations of the Venezuelan CORPOELEC - Corporación Eléctrica Nacional, SA, the governmental public limited company responsible for the electricity sector in the country, thus contributing to the distribution of the Portuguese technology throughout Venezuela. This supply is part of the contract signed in December 2011 for the supply of NORMACEL and QBN7 switchgear equipped with protection relays and control ranges of 220 and 420 manufactured by Efacec. Orders were also registered in Colombia, for CODENSA Distributor and for the private market through the Magnetron partner. In Argentina, Efacec received important orders from the two distribution companies, totalling about 900 cells (EDESUR and EDENOR).

In 2015, the Switchgear Business Unit launched an entirely new product for medium voltage overhead networks, the result of the continuous focus of this business unit in innovation and research and development. REVAC is a vacuum recloser developed to meet needs in overhead lines and which does not use SF6, thus minimizing environmental impact. Several REVAC units are already in operation in the national network of EDP Distribuição and the product has been tested in multiple international and national laboratories such as KEMA, CESI, IEP, LABELEC and INEGI.

Efacec also developed the advanced RCU 220 controller, which allows the application of this product in smart networks of the next generation with self-healing capability and network operation optimization.

In 2015, the Switchgear Business Unit renewed and strengthened its online information on line and attended three world events of great importance. CIRED, the main forum of the Electricity Distribution Community, which is held every two years in different locations in Europe and one of the most important international events. BIEL, at Buenos Aires, which is the most important international event for the industry in Spanish speaking countries of Latin America. FISE, at Medellin, Colombia, should also be mentioned.

With regard to the industrial operations of medium voltage equipment, Efacec has invested significantly in their improvement.

2015

With regard to new markets we point out Latvia and the Middle East.

In Latvia, new partnerships were established and the first orders were registered; they relate to 35 primary distribution switchgear, NORMACEL type, for installation at Aloja and Priekule substations.

In the Middle East market, Efacec will supply about 500 primary distribution cells for eleven substations of the company SEC in Saudi Arabia. On the other hand, important orders were received from Pakistan and Lebanon (24 kV NORMACEL switchgear).

We highlight, in 2015, the new layout of its manufacturing area in Portugal, with the relocation of the production lines of FLUOFIX cells for 24 kV and 36 kV, reallocation of the industrial hall of circuit breakers and the construction of a new laboratory for their testing. The good performance of the compact substations produced by Efacec Equipos for the renewable energy market has been proved through the recent supply of 82 compact substations for seven large wind power farms in the UK, and through the supply of compact substations with technical support and commissioning under the partnership existing with the world's largest solar promoter, SunEdison.

Normacel Switchgear for CORPOELEC

Automation

New advanced controller- RCU 220

Portugal was the most relevant market for the Automation Business Unit activity in 2015.

In 2016, the activity of this Business Unit will continue to focus mainly on Portugal, Angola, Brazil, Algeria and Romania.

In 2015 Efacec launched the new reclosers/sectionalizers controller, the RCU 220, aimed to protect and control distribution assets, including innovative communication skills based on IEC 61850 and automated control functions. It allows the implementation of smart grid functions such as self-healing in open systems of feeders automation. Markets like Latin America, Africa, Central Europe and Australia are the most promising for the future commercialization of this type of products.

Also in the automation activity, the EDP Group has been an Efacec important customer. Being a pioneer company with the application of IEC 61850 standard to the automation of hydroelectric power plants, Efacec implemented the automation and supervision system of Ribeiradio hydroelectric power plant. The system is based on a CLP 500PAS platform and includes high availability and reliability controllers of DCU 500H and UC 500H ranges. This new plant, with an installed capacity of 83 MW and located on the Vouga River, reinforces the power generation capacity of EDP Produção in the centre of the country.

For EDP Distribution Efacec successfully implemented, at São Jorge Substation a distributed FDIR solution (Fault Detection Isolation and Restoration Solution), based on network models, which enables the automated operation of distribution feeders. This implementation is inserted under the IV phase of InovGrid project promoted by EDP and covers the central region of the country in the municipality of Batalha.

Efacec also ensured, for the same utility, the supply, configuration, installation and commissioning of more than 3,700 smart controllers (DTC) for transformer stations, based on G Smart devices. These units, designed to ensure functions of transformer stations control and counters concentrator will be installed in the Transformer Stations of the MV/LV network, covering the entire national territory, where more than 3.000 units of G Smart are

Generation, Transmission and Distribution of Electric Power

- Smart grids solutions
- Network management systems (SCADA/DMS/EMS/OMS)
- Smart metering solutions
- Telecontrol and operations management solutions
- Automation, protection and control solutions for substations
- Automation of renewable energy power plants
- Monitoring of operating condition and infrastructure management
- Distribution Automation
- Protection Relays

Transport Systems

- Railways electrification network management systems
- Infrastructures technical supervision and operation management
- Automation, protection and control solutions for substations
- Electric vehicles charging infrastructure management system

Cities, Industries and Utilities

- Electric vehicles charging infrastructure management
- Smart metering solutions
- Street lighting management solutions
- Telecontrol and operations management solutions
- Automation, protection and control solutions for substations
- Protection relays

already installed and in operation. In addition to the physical units, Efacec will supply to EDP Distribuição a mega virtual DTC innovative solution, having as main objective the monitoring and remote metering of Transformer Stations as well as public lighting on the EDP Distribuição network.

Also for EDP Distribuição, Efacec has been continuously providing substations automation solutions and remote control. In 2015, we registered orders of systems based on CLP 500SAS and CLP 500RTU platforms for several distribution substations with voltage levels of 60 / 30-15 kV.

REN - Redes Energéticas Nacionais has shown confidence in Efacec products and solutions for substation automation, awarding us new projects. The orders include the automation and protection systems, based on CLP 500SAS for the extension of existing systems as well as implementation of new ones. In 2015, we performed installations at Lavos 60 kV and Armamar 400 kV substations (installation of new lines bays) as well as the installation of the new system at Riba d'Ave 400/150/60 kV substation. These turnkey projects include the design, configuration, testing, installation and commissioning.

Managed by the company Younicos – the global provider of storage solutions supported by the Azores regional government, the Graciólica project, which is under construction in Graciosa Island with the participation of Efacec and aims to build a power plant for power generation providing from renewable sources (wind and photovoltaic). Efacec will supply the protection systems with relays of the Series 500 and Series 430, as well as the acquisition and control units BCU 500 for auxiliary services. Other equipment will also be supplied including medium voltage cells FLUOFIX type and dry Powercast type distribution transformers. The plant should allow the consumption of sixty-five percent of the energy consumed on the island.

In Eastern Europe, Georgian State Electrosystem, the power transmission company of Georgia, made its first order for automation systems. Efacec is preparing a system based on CLP 500SAS platform to be installed in Jvari substation with 500/220/10 kV voltage levels. The control, protection and monitoring system integrates the UC 500E central units without moving parts and the acquisition and control BCU 500 units.

Enhancing the role of this activity in the African market Efacec signed a contract to supply a central system for the supervision and control of seven distribution substations (with 30 kV 30/6 kV and 6 kV voltage levels) for the company of water and electricity of São Tomé and Principe.

Products and Technology

With regard to new developments in technology and products, 2016 will be an important year in the development cycle of protection, automation and control products where Efacec is extending and renewing its entire range of relays and controllers for T & D networks, from the IEDs intended for transmission and sub-transmission (Series 500 and 450), distribution (series 430 and 220) and hydroelectric power generation (DCU/UC 500 (H)). Currently Efacec presents a new and unified range of products from medium to very high voltage and hydroelectric power generation, providing optimized protection and control as well as benefits of extended life cycle .

Operating centre, Luanda

The official presentation of the new SCADA system of the transmission network in Angola, based on ScateX+ platform took place at the end of the year, in the Angolan command centre of the RNT - Rede Nacional de Transporte de Energie facilities, at Luanda. The session was attended by companies in charge with the generation (PRODEL), transmission (RNT) and distribution (ENDE) of electricity in Angola, including its highest representatives and the management and engineering teams of the SCADA system.

On the Peruvian market Efacec received a new order from the electricity utility of the country for the supply of the control , protection and monitoring system for a new transmission substation designated Malvinas with 220/60/20/10 kV voltage levels. The project includes the supply, configuration and commissioning of the complete system of substation automation, which will include automation products, namely the central units UC500E and acquisition and control units BCU 500.

Contracting | Engineering

Ribeiradio – Hermida Dam EDP

It covers essentially turnkey systems including basic project, detail project, procurement, erection and testing.

The solutions developed are supported by intense R&D activities.

Power Transmission and Distribution networks

- Substations
- Electrical Networks

Power Plants

- Hydroelectric and Mini hydroelectric

Renewables

- Waves
- Wind Power
- Solar Photovoltaic

Portugal

was the most relevant market for the Engineering Business Unit activity in 2015.

The African markets of Angola and Mozambique were also very important for this activity this year.

Under the Continuing Contract Agreement 2015, Efacec concluded in Portugal several refurbishments in eleven substations of EDP Group and the general refurbishment of the 60kV switching station, using GIS technology.

Still under the same contract, we performed for EDP Manutenção the dismantling works of fifteen substations.

For EDP, we completed the general refurbishment of a 60 kV switching station, using GIS technology, that consisted in 5 line bays, 1 bus coupler bay and 2 bus potential bays.

In 2015, we also completed, for the Portuguese market, within the scope of a project for the erection of four HV substations, medium voltage cables and installation of 84 transformer and switching stations for Wind Power Farms, the 400/60/30kV substation of Douro Sul Wind Power Farm (which belongs to Parque Eólico do Douro Sul, SA) and the 60/20 kV substation of Picos Vale do Chão Wind power farm (consortium Galp Energia, Martifer and Ferrostaal). Twelve transformer and switching stations were also commissioned in this wind power farm.

With regard to hydroelectric power plants, Efacec participated in several hydroelectric projects, particularly in Salamonde II, a project in consortium with Alstom for the supply of equipment for the hydroelectric power plant equipped with a generator-pump reversible group of 246 MVA. Efacec participated within the scope of an EPC contract (Engineering, Procurement and Construction) for power increase installation. Erection and testing were performed and the group entered into operation and connected to the network at the end of the year.

Efacec also participated, through a Consortium with Andritz Hydro

in the Ribeirdio-Ermida hydroelectric power plant project, being in charge with the provisional receptions . This project has an installed power of 86MVA at Ribeiradio and 9MVA at Ermida; worthy to be mentioned regarding the supply of Efacec are the greatest part of the hydromechanical installation, the overall electrical installation and lifting means as well as alternators of Ermida Power Plant.

In the field of substations projects, Efacec concluded, in 2015, a number of turnkey projects and refurbishment works in Angola, Mozambique and Algeria. In the Angolan market, and in partnership with the Telectrinf company, we completed Mabubas substation (2 transformer bays 60/30 kV and 4 line bays), KM44 substation (2 transformer bays 60/15 kV and 4 line bays) and extension of 4 60 kV line bays of ZEE I Substation.

Also in Angola, we performed the 60 kV line, which interconnects the Luanda Refinery Combined Cycle Power Plant (CCRL) to the Cacuaco substation, with a length of 14 km and with a transmission capacity of 40 MVA as well as the renovation of the incoming line bay at Cacuaco substation.

In Mozambique, Efacec concluded one more section of the 30 kV line with a length of about 66 km in Maringué district. This line is part of the project of rehabilitation of the medium voltage rural network in the provinces of Sofala and Manica, with a total length of 400 km of Medium Voltage lines. 330 km of line are currently already completed.

In Algeria, we concluded Biskra 4 Substations (consisting of 3 x 400 kV line bays, 2 Autotransformer bays 400/220 kV, 7 Line bays (220 kV) as well as Biskra 2 (consisting of 2 Line bays 220 kV, 2 Transformers bays 220/60 kV and 7 line bays 60 kV).

In South America, and after having connected to the network the 34 MWp San Pedro III Park in Chile, in February 2015, Efacec expanded its portfolio in the country, with the completion of a second park, San Pedro VI of 25 MW, located in the North Calama, with followers at 1-axis for the Promoter RIJN Capital; this construction was completed in December 2015.

San Pedro II Park, Chile

Contracting |Environment

Solid Waste Treatment Plant - Malta

Portugal was the most relevant market for the Environment Business Unit activity in 2015.

Efacec also performed, in African markets, a number of projects in the area of Water Treatment and Water Distribution as well as in the areas of Waste and Thermoelectric Power Plants.

Water Treatment
- Water and Waste Water Treatment Plants
- Water Pumping and Adduction
- Treatment Systems Operation and Maintenance
- Telemanagement and Automation and Systems

Air Treatment
- Industrial dedusting
- Material Mechanical Transport and Pneumatic Conveying
- Energetic Efficiency
- Tunnels ventilation
- Air Conditioning for Hospitals and Public Buildings

Solid Waste Treatment (SW)
- SW simple and automated mechanical treatment
- Mechanical and Biological Treatment by Anaerobic Digestion and Aerobic Composting
- Organic valorisation through Anaerobic Digestion and Aerobic composting
- Preparation of Refuse Derived Fuels (RDF)
- Energy Recovery of Biogas providing from Anaerobic Digestion and landfill
- Sealing of Landfills and Gas Fields

Telemanagement Systems
- Water and sanitation networks
- Irrigation networks
- Networks in the area of waste

Industrial Systems
- Fuel oil and gas
- Pulp and paper
- Cements
- Steel Industries

Thermoelectric Power Plants
- Conventional P.Plants
- Combined cycle and cogeneration
- Biomass
- Technical studies
- Training
- Power plants for industrial units: Fuel Oil, Cement, Pulp and Paper
- Refurbishments
- Electric and Control Systems

Efacec carried out the Carvoeiro Water Treatment Plant (Albergaria-a-Velha) project, with capacity to treat a flow of 55,000 m^3/d, which will increase the distribution of drinking water to the region of Aveiro as well as the Semide Wastewater Treatment plant, which will serve a population equivalent to 6.200 inhabitants.

With regard to the treatment of solid waste, Efacec performed the project of a Plant for Algar, the Municipal Solid Waste Mechanical Treatment Unit of Barlavento Landfill, with a capacity of 100.000 tons of MSW.

Ave WWTP (Waste water treatment plant)

Also in Portugal, Efacec supplied the telemanagement system of Vale do Ave water distribution and sanitation project, which collects information from 140 remote sites and their supervision and remote control from the central control centre (SCADA). The project is under testing phase.

In Angola, Efacec performed a Water Distribution Centre, which includes a new reservoir and a pumping station. This centre has allowed extending the water supply capacity to Cazenga, one of the seven municipalities of the province of Luanda, with a current rate of supply of 3.600 m^3/h.

In Malta Efacec supplied a solid waste treatment plant with capacity for mechanical treatment of 113.000 t/year (47.000 t/year of ordinary industrial waste and 66.000 t/year of municipal solid waste) and biological treatment of the corresponding organic part as well as 39.000 t/year of manure providing from livestock farming. The biological treatment is achieved by anaerobic digestion with biogas production and power generation estimated at 11,000 MWh/year. This centre foresees to treat about forty percent of the municipal solid waste currently produced in Malta. The project is currently under testing and was implemented by a consortium led by Efacec but also integrated by BTA (Germany) and VASSALLO (Malta).

Luanda Refinery Combined Cycle Power Plant

Efacec erected, through a turnkey contract, the combined cycle power plant of the Luanda Refinery (CCRL), with a total installed power capacity of 33 MW (two 11 MW gas turbines and one 11 MW steam turbine). The power plant provisional reception took place on 14 December 2015, beginning on that date the warranty period (12 months). The power plant has been operating in commercial service, providing power to the Luanda Refinery and injecting the surplus in the public network. Furthermore, a supervision contract for operation and maintenance, valid for one year, is currently in force. The CCRL is the first facility of its kind in Angola, providing a flexibility of operation that allows it to operate in four different modes of operation: open cycle, cogeneration, pure combined cycle and cogeneration-combined cycle. Due to its modular design, it will be possible, in the future, to add one more generating set and increase the installed power up to 44 MW. Fuels used in this phase are naphtha and diesel, the plant being prepared to burn natural gas at a later stage.

Luanda Refinery Combined Cycle Power Plant

Transportation

Bergen light rail system, Norway

Europe

United Kingdom, Ireland, Norway and Denmark stand out as the most important markets of Transportation Business Unit in 2015.

Efacec focusing on international customers in the railway sector explains that these customers, as well as the African market, represented about seventy percent of the new orders received in 2015.

Its strategic targets are Light Rail Systems, Railways, Heavy Metro and Roadways

For these segments, we provide:

- Operation Support Systems for Light Rail and Buses
- Signaling systems for Light Rail and low traffic railways, including automatic safety solutions for level crossing
- Command, control and operation integrated platforms
- Traction Substations and Power Infrastructures;
- Public Information Systems
- Telecommunications systems
- Integrated Safety solutions including Smart Video surveillance
- Turnkey solutions for electromechanical systems including all competencies already mentioned

Among the main orders received in 2015, we should highlight the first Efacec project in Denmark, for the erection of a traction substation for Banedanmark - the holder of the Danish railway infrastructures. This project, to be implemented in 2016, will allow the creation of an important local structure to obtain other projects in the coming years in this strategic market.

In Norway, the continuation of the telecommunications system and operation support project of Bergen Light Rail System, allowed to obtain important contract capital gains regarding new features and up-scopes to the base contract. This situation was also observed in projects such as Cadiz Light rail system (Spain), Nottingham (UK), Rio de Janeiro (Brazil) and Dublin (Ireland).

With regard to the Nottingham Light Rail system, UK, it was successfully completed, the final customer and ALSTOM, the direct customer being very satisfied with the new Operation Support and Passenger Information systems. The Light Rail System network has thus three lines in operation, two lines completely new in addition to the existing one and now fully renovated in terms of operation support systems.

With regard to the Bergen Light Rail System project, in Norway, we performed the necessary developments and successfully completed the acceptance tests, at the factory, of the new Light Rail System Control Centre. We later performed with great success the Command Center migration relating to stages I and II to the new Efacec EFARAIL solution, which will also enable to manage, in a unified way, the systems of phase III and following ones.

With regard to the Light Rail Project in Dublin (LUAS), Ireland, we successfully completed the detail technical design of different subsystems for the Cross City line; it included the implementation

of the new Railway AEGIS signalling solution, based on safety PLCs and certified SIL -4, which is the first international supply of this innovative technology at the international level, the result of several years of internal investment in design and certification according to CENELEC international standards. The Technical Assistance Agreement for Operation Support Systems to the Light Rail System in Dublin (LUAS) was also renewed.

Also in the area of railway signalling we should highlight the investment and technical effort made to develop an automatic X-Safe level crossings solution (based on safety PLCs and certified SIL-4) according to the applicable Polish Rail Regulations and the success achieved with its approval by the Polish Institute of Railway Certification. The implementation of a pilot in the PKP Polish Railways network is currently in progress; it is expected to be concluded in the 1st quarter of 2016.

In Africa, Algeria, we highlight the first contract to supply automatic level crossings for the Algerian railway network, a contract that will be implemented in the 1st quarter of 2016. In Mozambique, we point out the order for the design and implementation of a telecommunications network for the substations of EDM (Electricidade de Moçambique), a project carried out together with the Automation BU, which will be responsible for the SCADA component of the same substations. New projects in the area of specialized services to implement/upgrade mobile telecommunications sites for Ericsson were also achieved. Also in Algeria, the good performance demonstrated in the execution of the contract for the systems necessary to supply traction power to the line Thenia/Tizi Ouzou allowed us to obtain significant additional works.

In Angola, for ENE - Empresa Nacional de Distribuição de Electricidade, we completed the design, supply, installation and commissioning project of a high speed and high availability radio communication network, connecting several substations of Benguela Province, fully supported on ARL-XL radio equipment.

In Portugal, we won another contract for the modernization of the telecommunications networks of Water Supply Utiliy Aguas do Norte S.A., which relied on Efacec technical solutions to implement a radio communication network. With regard to the construction and/or renovation of telecommunications sites, we maintained our business relationships with the companies NOS, ERICSSON and HUAWEI. In Portugal, we also signed contracts with Metropolitano de Lisboa for the supply of transformers and traction rectifiers.

In terms of maintenance contracts, also in Portugal, we highlight the renewal and/or new contracts awarded by STCP for the Maintenance of Operation Support Systems and Public Information as well as maintenance of Transmission Systems, Public Information and Video Surveillance for REFER/REFER Telecom, Maintenance of Power Systems for REFER, Carris and Metropolitano de Lisboa, Train Office System technical assistance for CP and maintenance of Automatic Level Crossings for REFER. In addition, we were awarded the technical assistance contract of CP Train Office System.

For the Light Rail System of Rio de Janeiro, Brazil, with ALSTOM Brasil as direct customer, we should note the completion of the detailed technical design of the integrated system for Operation Support and Passenger Information. In this context, different application developments tailored to meet the clients' needs were done and acceptance tests of the different subsystems that are the responsibility of Efacec successfully completed: Control Centre to support operation and regulation of services, on board systems (on-board computer, operator interface console and TETRA and WIFI radio communications) and passenger information system. We also completed the global supply of the different on-board systems of various Alstom vehicles.

Railways signalling Solution

Electric Mobility

QC45 BMW Assembly line

Dedicates its activity to the Development, Engineering and Production of Electronic Power Systems.

Electric Mobility

- Charging solutions for electric vehicles and management systems of this infrastructure, including integration in the power grid management
- Power and traction system for electric vehicles

Power Supply Systems

- DC and AC power supply systems, for different sectors namely Telecommunications, Energy, Transportation, Industry, Services and Renewable Energies
- Inverters for Renewable Energies
- Electronic Inverters for wave energy, energy storage and other forms of renewable energies
- Turnkey solutions for PV plants

Electric traction

- Traction Rectifiers and Breaking Energy Recovery Systems

Space projects

- Electronic equipment for aerospace projects

Europa

Germany, United Kingdom, Netherlands, and Nordic Countries stand out as the most important markets of Electric Mobility Business Unit activity in 2015.

In the field of Electric Mobility, Efacec has been winning important orders and the year 2015 registered great achievements.

RWE, the second largest utility in Germany made important orders for the German market, among which stands out the project for ALDI supermarkets, rewarded for the innovative solution during eCarTec, and the world's largest trade fair B2B for business electric mobility and hybrid business, which took place in Munich. In May, in Düsseldorf, Aldi, inaugurated the first chargers for electric vehicles completely free using energy from solar panels installed on buildings. The charging stations are DC models providing an innovative fast charging technology. The charging process takes, on average, less than an hour, leaving the vehicle with an autonomy of 80 kilometres. The underlying concept is to provide a charging operation which is as fast as the purchase done by the owner in the supermarket. This is the starting point for a much broader project, the installation of charging units in 50 Aldi supermarkets in the metropolitan areas of Dusseldorf, Frankfurt, Cologne, Mülheim in der Ruhr, Munich and Stuttgart.

Efacec won the first orders of systems for buses, with important contracts for London and California. This market begins to show great vitality and Efacec is one of the first manufacturers to provide specific solutions for this market.

The United Kingdom was also an important market for the activity of electric vehicle chargers (EV). To point out are the orders of several dozen of QC45 fast chargers for Allego, a company focused on charging networks operation and infrastructure for EV, intended for German, Belgian and Dutch markets. Incorporated into the new back-office software system of Allego, the QC45 are installed in service areas along highways of these countries, replacing, in some cases, charging units from other manufacturers.

Efacec won equally different orders of EV chargers for Nordic markets, Sweden, Norway and Finland, in cooperation with the local partner Garo.

Noteworthy are equally orders for projects in Slovenia and Slovakia and for the American market, in particular for EV Power Pros, Zeco Systems, NRG/EVGo, General Motors, Central Contra Costa, Portland General Electric, OPConnect.

With regard to achievements in this market, we also highlight the beginning of operation of the charging networks for Georgia Power and Kansas City Power and Light, the upgrade of Chicago chargers, which are currently being operated by NRG/EVGo.

In Portugal, Efacec made the upgrade of Galp fast chargers according to the new rules in force, these being now available to charge any type of vehicle.

DEWA, the Electricity and Water Authority of Dubai developed a project of EV chargers with Efacec, which aims to stimulate the population of the Emirate to choose ever more environmentally friendly vehicles. DEWA opened the first «green» public charging stations in February. Twelve charging stations able to charge 24 EV simultaneously were opened at DEWA own offices. Twelve charging stations were subsequently built and opened at Dubai Silicon Oasis in Dubai Design District.

We equally highlight different orders for EV chargers for the South African market, in partnership with local BMW and Nissan as well as several other orders for markets such as Spain, Portugal, Turkey, Romania, Italy and Mauritius.

Efacec licensed Qualcomm Halo technology for the trading of WEVC systems for Plug-In Hybrid Vehicles and Electric Vehicles (EVs). Under this royalties agreement, Qualcomm grants Efacec a patent license to develop, manufacture and provide WEVC systems for the industry supplying equipment for EVs (EVSE industry). Car manufacturers, infrastructure companies, city planners and governments around the world recognize the positive impact that wireless charging may have when choosing EVs / PHEVs, as well as in the support to the development of a more sustainable transport ecosystem. Efacec will trade WEVC infrastructures offering smart and clean ways of charging EVs and which complement the existing range of product of the company for electric charging.

Also as part of partnerships, Efacec agreed with Energica Motor Company, a technical partnership for the supply of 20 kW DC charging infrastructure, CCS standard. Through this partnership, electric motorcycles will be compatible not only on the Portuguese charging network as well as in more than 40 countries with Efacec chargers.

With regard to activities in the field of power systems, in 2015 several solar projects with inverters from the EFASOLAR range entered into service, especially the Riba D'Ave plant and some projects for own consumption.

Within the space activity, Efacec won the contract of development and manufacture of a RADAR Altimeter for missions intended to land space probes on planets or other celestial bodies. This is a project of the European Space Agency (ESA) where Efacec will be directly responsible for the power supply units and system processing, the software and integration and testing. At this stage it is intended to create a device that is identical to those that will be integrated in these missions and test it in relevant environment, in this case an environment representative of the planet Mars.

The BERM radiation monitor developed by Efacec has been recently delivered to the customer Astrium. This equipment has been designed for the BepiColombo (Mercury) mission and is intended to detect energetic particles, particularly those that are emitted by the Sun, in the referred mission, which will start its journey in 2017.

In 2015, Efacec implemented its new portal dedicated to electric mobility (electricmobility.efacec.com). Other portals are presently under preparation dedicated to solar solutions, power systems and space projects .

BepiColombo

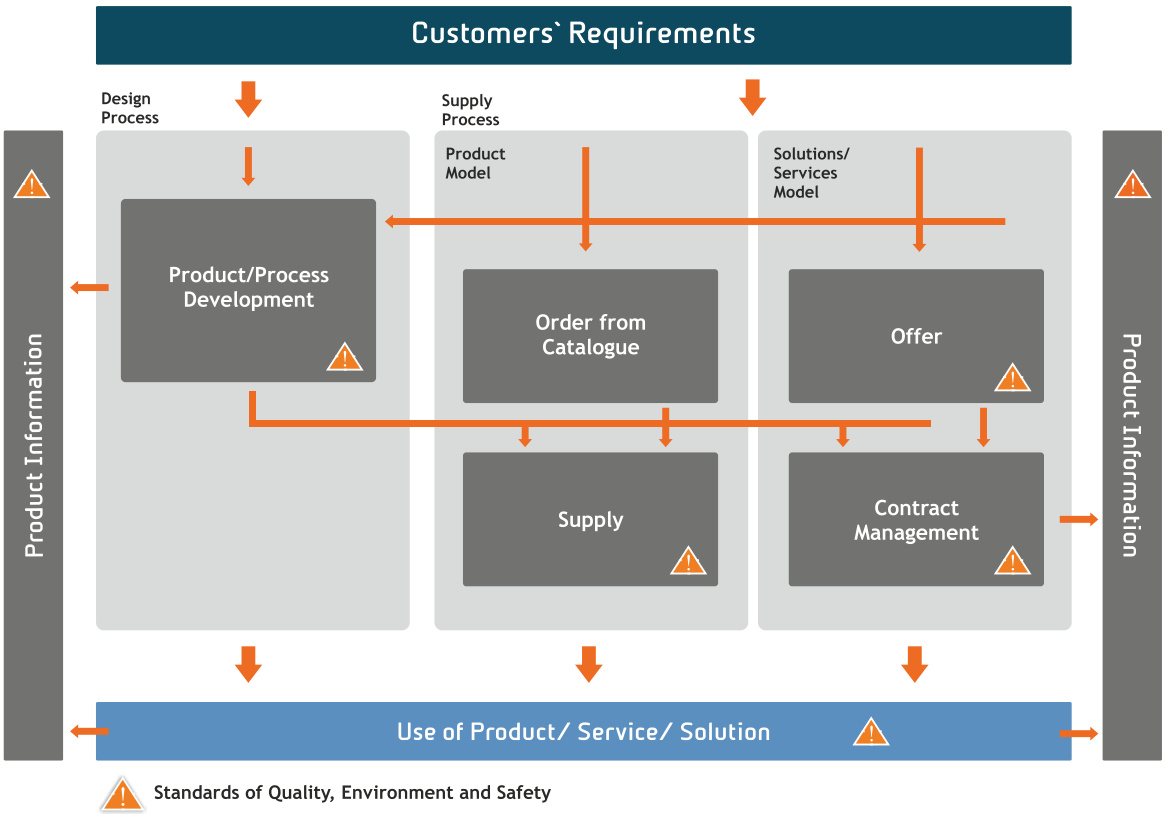
Activities optimization

Customer Satisfaction Management

Efacec analyses in an integrated manner the various auscultation elements of its customers. So, Customer satisfaction is assessed taking into account the information obtained through questionnaires, reference letters, qualifying audit and also claims. Among the different elements used, we point out the Customer Satisfaction annual survey system (developed in 2010) which was adopted by all Efacec companies. Currently, the system covers the markets of Portugal, Spain, Central Europe and Brazil. Efacec has achieved very positive results in this process. The results are always analysed and the reasons for dissatisfaction are identified, investigated and eliminated through improvement actions.

Information Summary	2014	2015
Questionnaires sent	**509**	**524**
N.º of Customers questioned	**292**	**308**
Domestic Market	**63%**	**54%**
International Market	**37%**	**46%**
Questionnaires received	**219**	**169**
Rate of answers (quest. received/quest. sent)	**43%**	**32%**
N.º Customers who answered	**138**	**120**
Domestic Market	**71%**	**63%**
International Market	**29%**	**37%**
Customer Satisfaction Index (CSI)	**94%**	**94%**
Performance	**82%**	**83%**

Efacec has made a significant effort to improve the documentation accompanying its products, services and solutions. The process to produce this information requires a full cooperation so that when ready, the customer documentation is accurate and includes critical topics regarding quality, environment and safety.



Supplier Management

The management of relationship with suppliers is a key objective of Efacec global policy, based on a development framework and deepening of partnerships, based on rules of ethics, transparency and trust. Suppliers are considered as key partners for the company's value chain and fundamental links to achieve the total satisfaction of the different stakeholders.

In this context, the Administrative and Procurement Corporate Management has focused its activity on the continuous improvement of a centralized purchasing model, on the development of strong partnerships with strategic suppliers for the group and development of skills and knowledge of HR aiming at achieving the specialization of negotiation processes.

Initiatives promoted in 2015

- Substantial improvement of efasst application with the release of version 3.0, its implementation in Romania and Contracting Central Europe and continuous training workshops for internal users and suppliers.
- Greater standardization and codification of the Articles through the implementation of GlobalArt in Engineering and Transportation systems providers units.
- Implementation of the new corporate procedure for the Qualification and Assessment of Suppliers.
- Focus on standardization of Suppliers' Payment Conditions and creation of specific rules to register occasional suppliers.
- Optimization of purchasing processes by MRP/PRP and follow-up of Purchase Orders.
- Procurement Activities and Development of New Partners and Markets.
- Continuous effort in optimizing trading gains.

Next year we expect to achieve significant improvement in the organizational management model of cross procurement processes, with identification of Category and Key Suppliers Managers as well as in the international consolidation of the purchasing model.

Efalight Programme

In 2015, the Efalight programme defined and implemented control and costs reduction measures in areas such as organization, purchasing strategy, processes and tools.

Among these measures we continued to optimize the use of official cars (with centralized management), in order to reduce the needs of short rentals contracted with rent-a-car companies. This management is supported by a tool managing those requests. The Driver Guide was also distributed to all Efacec car users; it contains instructions on procedures to be followed in case of emergency.

With regard to photocopiers/printers, we implemented new rules, including printing via login and only at the time of authentication, default cost allocations, which will reduce the waste of resource and improve control. We also obtained a reduction of rental costs by reducing the number of equipment.

Regarding stays in service, we proceeded to the renegotiation of tariffs/hotels used in Portugal and in markets with greater Efacec presence. At the end of the year, workshops were held with travel administrative heads, to present the new EfaBooking service and during which suggestions were gathered in view of revising the relevant proceedings. We foresee that EfaBooking (central of internal reserves for national and international non-contracted hotels) will enable to achieve significant annual savings.

The relocation operation of Efacec's operations in Lisbon, from Carnaxide to the Lagoas Park Business Park, led to a surplus of office furniture (unsuitable for the space dimensions). This equipment was reused in other Efacec installations and also donated to Solidarity Institutions.

Insurance contracts were also subject to cost optimization. With regard to car insurance, we obtained a reduction of the annual premium of about 15%. Health policies were contracted with a new company, keeping the existing coverage and avoiding the payment of an additional premium.

At the end of the year, we concluded the call for tenders for the provision of mobile and fixed communications aimed at providing an optimization of minutes and megabytes sharing conditions at national level, as well as at improving the roaming charges applicable to countries with Efacec facilities. It is estimated that these actions would reduce the annual bill by about 50%. At the end of the year, the new version of mobile communications control started operation, being hosted in Efacec Sinergynet platform.

Brand Promotion

In 2015, Efacec participated actively in various fairs, technology exhibitions and corporate and business events around the world, strengthening its commercial visibility and creating conditions to bring its current and potential customers closer to its technological developments related to products, systems and solutions.

March

In Prague, Efacec was one of the 600 companies from 22 countries present at AMPER, held from 24 to 27 March. The company exhibited, for about 44.500 visitors, its flagship QC45 and three different models of Home Chargers. The exhibition attracted a large number of potential customers, owners of electric vehicles and providers of charging infrastructure, including electricity distribution utilities CEZ and E.ON.

The Switchgear and Automation Business Units, in cooperation with their business partner in Morocco, EnergyTransfo, also organized in March, in Casablanca, a seminar within the scope of the Customer Day. More than 200 guests had the opportunity to learn about new products and developments of Efacec Switchgear activity, with special emphasis on the SF6 load break switch for pole mounting (IATS) and vacuum recloser (REVAC). Smart grids were also highlighted and new solutions and products in the context of network automation were also presented, especially the new overhead networks controller (RCU220). The event was attended by prestigious Moroccan companies, operating in power distribution and transmission sectors, including ONEE and Lydec, and various EPC, as Jacobs or Cegelec. Benefiting from the Efacec cooperation with EnergyTransfo, the Automation Business Unit subscribed a commercial agreement, appointing EnergyTransfo as its official and exclusive seller in the Moroccan market.

April

Efacec was present, between 21 and 23 April, at TRAFFEX in Birmingham and WETEX in Dubai, events with focus on the new wall fast charging station, the QC24S.

May

Between 5 and 8 May, Efacec was present at ELFACK trade fair in Gothenburg. Due to the high number of visitors interested in Efacec products and GARO partner, the four days of exhibition were very intense. This will have been the best ever exhibition for GARO.

Also in May, at Cemig (Brazil), the state company of Minas Gerais responsible for the power generation, transmission and distribution, Efacec participated in the event through a workshop about the next generation of automation systems for T&D network and hydro generation. About fifty employees of Cemig Generação e Transmissão and Cemig Distribuição attended the event.

June

Efacec attended the CIRED, the largest international conference and exhibition of electricity, which occurs every two years in different locations in Europe and which, in 2015, took place in June in the French city of Lyon.

It also attended INTERSOLAR Europe, the world's leading exhibition for the solar industry where the company had the opportunity to present its range of inverters and exhibit, for the first time, the EFASOLAR 1000.

INTERSOLAR

September

The Switchgear Business Unit attended, between 15 and 19 September, the BIEL exhibition, in Buenos Aires, considered the most important international event for the industry of Spanish speaking countries in Latin America. Within the European Mobility Week (EMW), organized by the Municipality of Lisbon, which took place from 16 to 22 September, under the theme «CHOOSE. CHANGE. COMBINE». Efacec participated in the day dedicated to electric mobility. Charging equipment such as the Public Charger and the QC20 quick charger were exhibited and operating, ensuring the battery charging of all electric vehicles used for the test drive.

The company was also present at the 11th. Latin American Exhibition of Electric Vehicles, which took place between 24 and 26 September in Sao Paulo, Brazil, where Efacec exhibited its range of charging solutions to 7000 visitors. Also within the electric mobility area, Efacec exhibited its range of EV chargers in several other technological exhibitions that took place in the cities of Prague, Birmingham, Dubai and Gothenburg.

October

Between 20 and 22 October, Efacec was again present at the eCarTec, held in Munich, the capital of the German state of Bavaria, which is the largest worldwide trade fair for electric and hybrid mobility. Demonstrating vitality and cutting-edge technology in a particularly innovative area of activity, the company's presence excelled by its technological modernism and great interaction with the public, positioning its brand as a guarantee of added value for the future development of the sector.

November

Between 25 and 26 November, several experts participated in the Energy and Mobility Conference for Smart Cities organized by the Municipality of Cascais by APVE - Portuguese Association of Electric Vehicles and the Journal « Jornal de Negocios». The topics discussed during the conference were the future of cities in various areas, including Energy, Electric Mobility, Technology, Transportation, Architecture, Efficiency and Urban Planning, among others. The event included discussions, presentations and EV test drives and experiences developed around the Smart Cities. Efacec exhibited its new quick charger QC24S and gave support, with the multistandard QC20, to the test drives performed on the day dedicated to electric mobility.

The sixth edition of FISE, the International Fair of the Electric Sector took place between 25 and 27 November at the Plaza Mayor Conventions and Exhibitions Center in Medellín, Colombia. The event was attended by over 230 leading companies in the sector and had an approximate attendance of 15.000 professional visitors.

Efacec, in partnership with Magnetron, exhibited the quick charger model QC45 US, being the sole company to exhibit products of battery charging equipment for electric vehicles.

European Mobility Week , Lisbon

In collaboration with Barloworld STET, Efacec also conducted in November, at its Maia premises, a demonstration of the functioning and performance of the EFASOLAR Hybrid control platform for PV-Diesel systems. This event, attended by about a dozen companies of the sector, included a technical presentation of the operating principle of Efacec solution and a demonstration of the system performance in a real situation. This PV-Diesel system composed by an EFASOLAR 250 inverter, an EFASOLAR Hybrid Controller and a Barloworld STET generator of 325 kV, enabled to show the behaviour of EFASOLAR Hybrid platform in several operating stages.

In 2015, the Corporate Department of Communications and Sustainability systematically monitored its Efacec image on the web and other external platforms. At the end of the year, the internal publication Daily Digest was remodelled and its scope has been significantly extended. Efacec senior management has now direct access to the most relevant news of the day concerning the presence of Efacec brand, markets, the Portuguese economy, the world economy and society, with particular emphasis on technological innovation and sustainability. A new method for recording and monitoring information was also introduced.

Improvement of Manufacturing Processes

Efacec implemented several improvements in its manufacturing processes, especially in the manufacturing line of the transformer Factory.

Project and description

New Testing Area
A new testing area was created, with all characteristics and means necessary for its activities:

- Area autonomous from the main area (except for the command of dielectric tests).
- Ground loop to allow dissipate current surges due to shock testing.
- Disconnectors with fully automated power outputs.
- Able to test equipment up to 100 MVA/220 kV.

New material for curved moulding
After various experiences, we selected a material that provides the rigidity necessary for moulding, tolerating the temperatures involved, being more economical and much lighter than steel. Pieces for the different rays used were designed, with thicknesses seeking a balance between the weight and the number of changes necessary.

Reduction of warehouse surplus
The accumulation of unused components in manufacturing lines of transformers is always a problem. An application was developed that, starting from stocks and warehouse, helps finding them a destination, either in calculation or project stages, or during the procurement process or to attend accidents or anomalies with new components.

Several improvements in DT Painting line
Several improvements were implemented in the painting processes:

- The recovery system and paint were changed (prime and enamel) to reduce foaming through a decantation process.
- A system limiting the operation of the sprinkling pumps to the strict length of stay in the tank, with consequent drastic reduction of gas, water, chemicals and electric power consumption has been installed.
- A standby system for the entry of tanks in the final drying oven has been installed, avoiding drain and formation of final cure bubbles.

Cardboard weighing monitoring
In order to better quantify the waste, a monitoring process for the two plants has been designed. It mostly consists of integrated weighing systems that record, for each machine, the cardboard waste produced.

Faradization of testing laboratories
Faradization of the transformers testing laboratory was implemented. The faradization is the implementation of a grounded metal surface. This project is crucial to enhance the credibility of the test results.

New Hot Oil Spray CT interface
A new interface has been implemented, which allows you to register and preserve information related to drying processes (Hot Oil Spray), making it available numerically and graphically whenever necessary. A pressure control system was also installed and integrated in the software of hydraulic jacks of phases grip.

Storage of outdoor CT equipment
Seven workplaces (cells), seeking to ensure that each transformer is positioned at an appropriate site. To identify the different areas and access, placards with a proper and uniform layout were designed, created and displayed.

Information Systems

In 2015, the corporate area of Information Systems materialized several updates and renovations in Efacec software systems and technical infrastructure.

The sale of units and the creation of new companies and/or national and international branches have resulted in several organizational changes that involved a major renovation of the entire architecture of the Software System, especially at the ERP level (INFOR ERP LN). Several improvements in ERP analysis tools (traceability, coverage rates, analysis and financial view of business etc.) were also introduced and its international rollout for Efacec Equipos Electric company, based in Spain, was achieved.

Some web applications in use at Efacec have undergone major upgrades. For instance we completed the extension of the SharePlace tool (document management software) to other areas; this tool replaced INTRANET, the previous support platform and the software previously used in the digital archive of RAF process (Registration and Approval of Invoices from Suppliers).

New versions of EFASST (Efacec Strategic Sourcing Tools) and PMO (Risk Management Portal Projects and Contracts) were also made available. This database, available at the end of 2015, using a technology based on the principles of Linked Data, became known as Linked: PM and, together with several other applications available on the WEB for content providers (for instance World Bank. Gov.uk, WorldFactBook, DBpedia, GeoNames and Wikipedia) contributed also to the so called company's Knowledge Base. This Database can be used in natural language, in an intuitive and flexible manner, aggregating and enriching the knowledge internalized in the company with continuously updated international information.

In 2015, a new application designed to facilitate the registration and respective approval circuit of expenses made by employees became available on the Employees Portal.

With regard to infrastructures, the cluster virtualization capacity was reinforced in the main Data Centre by installing one more server and by increasing the RAM of the remaining ones to a total of 2048 GB. This increase allowed virtualize the last physical servers having reached the maximum possible virtualization. The growth of need in storing information, essentially unstructured, equally required an improvement of storage capacity by acquiring more 24TB for a total of 173TB.

Additionally and as part of the security concerns regarding information systems, an external audit with penetration testing (internal and external) has been requested to identify vulnerabilities and risk assessment ;mitigation and corrective actions were carried out, with new actions foreseen for 2016. Disaster Recovery tests were also carried out in compliance with the ERP plan.

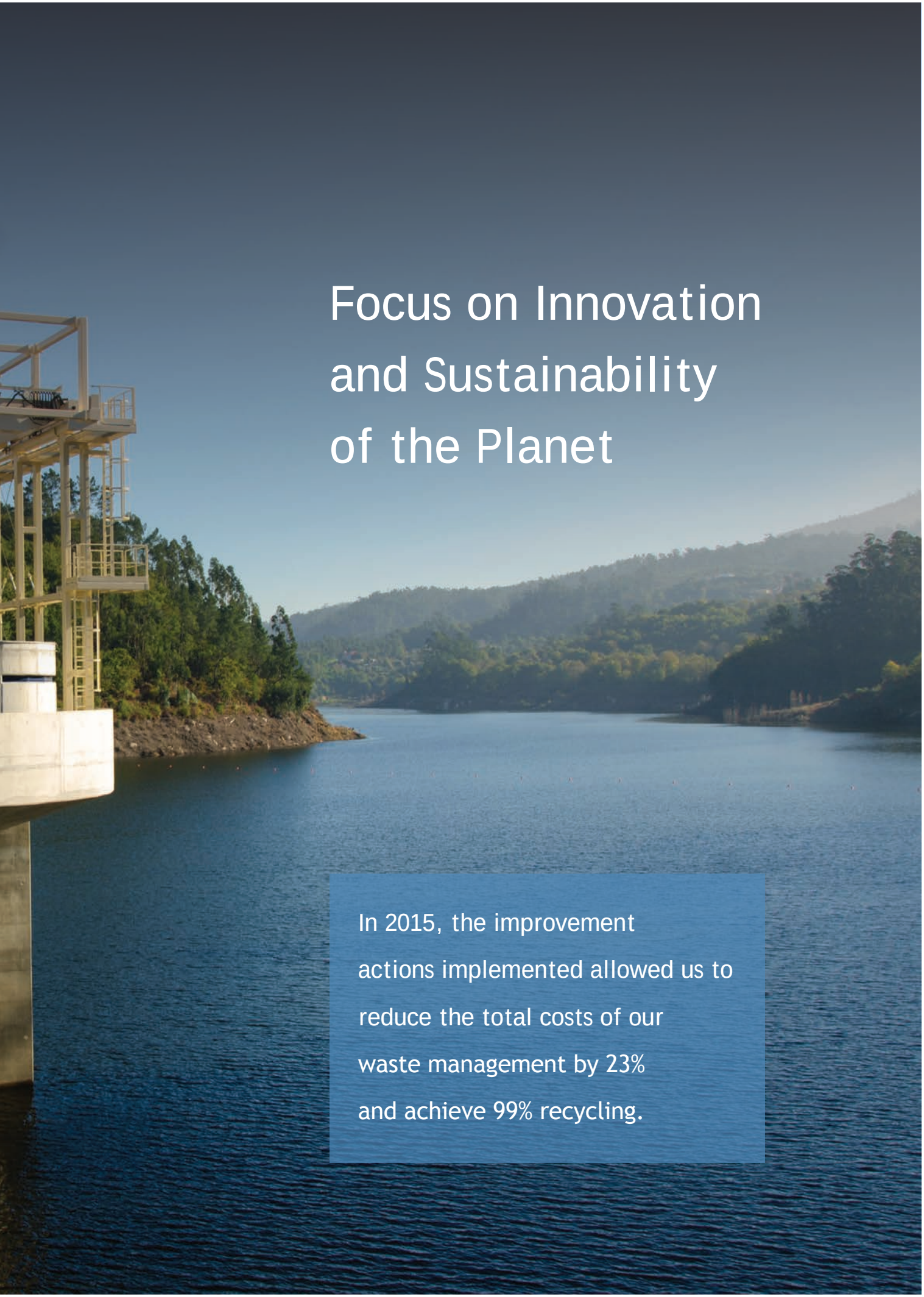
We also highlight, in 2015, the beginning of the use of N standard in wifi networks, to respond to the increasing use of this means of communication and as a way to improve the sharing of information with external entities, we installed the EfaBox service that allows, in a safely way, to share the information stored at Efacec ; through this feature we intend to discourage the use of external sites to store enterprise information.

Arroteia Data Center Detail

Also as part of the growing concerns with data security guarantee, we released the first protection pilot of network plugs installed in the company, solution based on the use of technology 802.1x and NAP, enabling to limit the access to the Efacec network exclusively to duly authorized computers.

Communications with international offices and factories began to be supported only by IPSEC secure gateways through Internet. We have therefore abandoned the dedicated connections via international operator, which additionally represents a significant cost reduction. This change was possible due to the high increase in the quality of internet connections, particularly in Africa and South America.

The infrastructure of Efacec' s offices in Vienna and Prague was also reformulated, thus following the new standard set for remote offices, that, by using a virtualization-based configuration, is simultaneously more economical and efficient.



Focus on Innovation and Sustainability of the Planet

In 2015, the improvement actions implemented allowed us to reduce the total costs of our waste management by 23% and achieve 99% recycling.

Automatic cleaning system for Photovoltaic modules

Innovation Management

The Colombo Ideas program is one of several innovation management practices within Efacec. In 2015, the program managed 77 creative ideas providing from 56 employees, 26 of which were approved. It is estimated that these ideas originate relevant earnings for the company.

In March, as usual, Efacec organized an event for the delivery of Colombo Awards for the year 2014. The project that received the main award was the proposal of an Automatic Cleaning System for Photovoltaic Modules. The winning team was distinguished with the award of a car, a SMART one.

Research, Development and Products Innovation

According to its Mission and Vision, Efacec invests significantly in RDI (Research, Development and Innovation) of its products, services and solutions. A large part of RDI effort is dedicated to the development of green products, services and solutions that significantly reduce CO2 emissions impact and improve citizens' life quality. Thus, the economic value of this effort represents a very significant part of its turnover.

The Faculty of Engineering, University of Porto (FEUP) and Efacec concluded the sale of the technology intellectual property to the sustainable energies company Dyesol, through a contract signed in Sydney on 19 January 2015. Dyesol aims to finalize the production of prototype demonstration modules by 2016 and achieve their mass production from 2018.

Another example of the release of green products is the case of REVAC. Efacec developed a new vacuum recloser, designed to meet new network management needs. The equipment does not use gas technology (SF6), it is more evolved than the existing one (IATS) and allows an improvement in the management of the network and its reliability. Designed to integrate an automated power distribution system, it performs protective, cutting and lines insulation functions; Efacec extended in this way its portfolio for electric power distribution networks.

In general, 2015 registered significant progress in several RDI projects; other ones were also initiated.

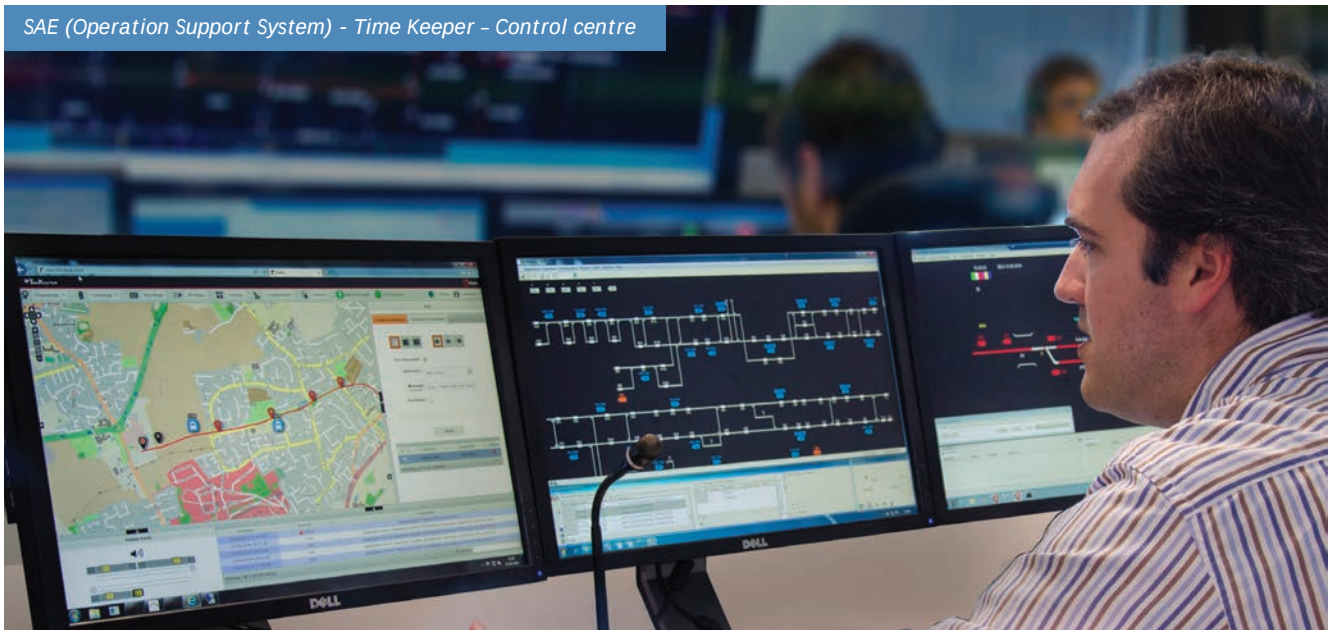
Projects and progress in 2015

Transformers

Shell CTC Research and development of technologies in Shell type transformers introducing CTC. The Shell CTC solution has been completed and is being applied in Shell discs. Laboratory works were carried out in the renovated experimental facilities, including CFD analysis to allow validation of the results obtained by FLUSHELL calculation tool.	**EFACEC QT1** The QT1 (the new range of Efacec low noise transformers) was completed, involving the experimental station and the first experiences phase. Structural studies and experiments about the new fastening system turned possible to use it in the first 400 kV Core transformer as well as to initiate its manufacturing project.
3D Magnetic Circuit Evolution New tool for 3D automatic design with a view to industrialization of new solutions and validated with the introduction of the new clamping system.	**CORET 7** The multiple calculation program for Core transformers was developed and became operational.
TRF Technology – CORE and LDT Improvements have been implemented in terms of calculation and design processes: FORFAS 3D (automatic design process of phases forming); CONSERVADOR 3D (conservator automatic project process); GRD02 (cableways thermal and dielectric sizing).	**TRF – DT Technology** Several process improvements were implemented, including improvements in calculation, design, manufacture and certification of immersed distribution transformers using aluminium conductors.
TRF – SHELL Technology Automated process of projects based on 3D architecture were implemented (for tank and T.shunts).	**RLC – IMPULSE** The routine of shock waves simulation through the windings was developed and implemented in CORET.

Switchgear

QBN7.i/ QBN7.BTi Development of withdrawable 36 kV single busbar switchgears designed for use in demanding climates. We completed and delivered the three mobile QBN7.i switchgear and supplied two QBN7.BTi switchgear to Venezuela.	**Greenfix** Development of switchgear for the secondary distribution without the use of SF6. After a design review of the Greenfix 24kV project, we initiated the identification of potential suppliers for the execution of the definitive moulds in order to manufacture the final prototypes for certification tests in external laboratory. In 2016, the development of EVOFix range (Greenfix of 36kV) will begin.
Recloser 27 kV Development of a pole mounting outdoor circuit breaker. Certification tests were performed in external laboratories (CESI, KEMA, LABELEC, INEGI, IEP) and the range up to 27 kV was approved at EDP. The REVAC and the RCU220 were exhibited at CIRED and BIEL and the first two units of REVAC 27kV installed at EDP for network experimentation.	**Recloser 38 kV** Development of a pole mounted outdoor circuit breaker (REVAC). First type tests of Recloser (REVAC) of 36kV (BIL 150kV) carried out. In 2016, beginning of the development of the Recloser range (REVAC) of 38kV (BIL 170kV / 200kV).
Revamping We provided the replacement of old technology circuit breakers (oil and SF6) by vacuum circuit breakers in old electric boards of Efacec and competitors. We supplied the moving parts of DIVAC circuit breakers for QBN4 cells (12kV) to Zimbabwe, as well as moving parts of DIVAC circuit breakers for old DNF7 cells.	**Telecontroled SF6 load break switch** IATS homologation projects (Remote control SF6 load break switch for pole mounting) in France and Spain. The project for the French market (EDF) will be completed in March 2016. As regards to the Spanish market, the assembly of a sample of IATS was performed (for Fenosa GNF). The sample will be presented in 2016.
Normacel 12kV-31,5kA Product for the Mexican market - IUSA partner. Initiated homologation process using the assembly of a cell with special bushings able to receive current logs (CT Bushings).	**Normacel 17,5kV 4000A** Development of products for the areas of Industry and Power Generation (Thermoelectric Power Plants). First heating type testing at 4000A were carried out in internal laboratory.
Normacel17,5 e QBN7 Homologation process in Saudi Arabia. Certification of DIVAC 36kV and 17,5kV circuit breakers was done by KEMA and in 2016, cells will be certified with tests in external laboratory for shock, strength, heat and partial discharge (four QBN7 switchgear and five Normacel switchgear).	**Normacel 24kV na ERDF** Homologation process at ERDF. Three prototypes were assembled which correspond to the three types of most typical cells; ERDF inspector's visit is foreseen during 2016.
FluofixGC 24kV In conclusion the re-homologation at ERDF with the transition to suppliers in India. Eight different prototype units were tested.	**FluofixGC 12kV-20kA** ESKOM Homologation - South Africa. A leakage testing was carried out at CESI; testing of partial discharges and interlocking to be held at TECNALIA was also prepared.
FluofixGC 24kV e 36kV Product for the Spanish customer - ENDESA. Under preparation two prototypes according to requirements of the new GSM0001 standard.	**FluofixGC 24kV-20kA** Certification of circuit breaker function. Two prototypes were assembled that are awaiting for type testing, internal and external, during 2016.
FluofixGCT Product for the UK market. A prototype was prepared that meet new customer requirements (completed in February 2016).	**PUCBet's with Normafix24 and Normafix36kV units** Product for the Czech market. Internal arc testing Class AB were carried out for PUCBet's with Normafix 24kV and Normafix 36kV units in partnership with two manufacturers of the Czech Republic (Eltraf and Haramia).
PUCBet's 2500kVA Product with RMU FluofixGC24kV and FluofixGC36kV units Product for the domestic market. Internal arc testing Class AB were carried out for PUCBET's 2500kVA with RMU FluofixGC24kV and FluofixGC36kV units for Ventinvest wind power farms.	



SAE (Operation Support System) - Time Keeper – Control centre

Automation

Monitor BT
It was aimed at investigating and developing advanced features for monitoring and controlling electrical distribution networks in low voltage (LV) according to the concept of smart grids. Completed on June 30, the project focused on the development and demonstration of LV's network monitoring solutions, which are supported by a RF mesh communications network. Project promoters were Efacec Energy and INOV - Inesc Innovation and with the support of the multinational SMA Portugal. The overall project was coordinated by the official partner, EDP Distribuição, which contributed to the phases of analysis, architecture design, specification, testing and validation, as well as dissemination of results. Project results at: www.monitor-bt.com.

3PHASE
The aim of the project was to investigate and develop new applications in the area of SCADA / DMS systems for unbalanced three-phase power networks. The remaining activities of the 3PHASE project were executed, including completion of development, prototype construction and validation tests, which ended on 30 June. This project included the participation of INESC TEC, responsible for the development of electrical calculation algorithms. Despite the embarrassment caused by the reduction in 6 months of the time we planned on application, the results registered demonstrated the potential of the product development in the management of unbalanced power networks and with strong penetration of DER (Distributed Energy Resources).

E-Balance
With completion scheduled in 2017, the project plans to invest and develop holistic and flexible solutions to improve the energy efficiency of existing and future communities, in a logic of Smart Cities. In 2015, prototypes were completed and Efacec had to develop a set of automation and management solutions to benefit the LV network resilience and loss mitigation of LV network. The demonstrator comprises two monitoring systems to be installed in two transformer stations of Batalha region network and in downstream LV circuits, a system comprising the solutions developed for the MV network and a system for the region of Bronsbergen, in the Netherlands which aims to demonstrate the energy balancing solutions in both LV network and MV network.

SuSTAINABLE
European project co-funded by the 7th Framework Programme, led by EDP Distribuição and involving eight partners from Portugal, Germany, United Kingdom, Greece and Spain. It aims to develop advanced solutions for electrical network management that leverage and maximize the integration of renewable sources and increase the system overall efficiency. Integration of advanced algorithms in the SSC platforms (ScateX +), DTC (G Smart) and smart meter (MBox). Pilot project at Évora beyond participation in the definition of architecture, technical requirements, control algorithms, protection settings. Efacec is responsible for 1 WP (Architecture) and various tasks. http://www.sustainableproject.eu/.

SmartC2net
European project co-funded by the 7th Framework Programme, led by FTW (Austria) and involving seven partners from Denmark, Italy, Germany and Portugal. It aims to develop advanced management solutions of electrical network using heterogeneous communication networks. Use of the M Converge platform, CLP 500, G Smart and Mbox for the integration of new features (Demand Response, adaptive voltage control, power balancing, reduction of losses). Efacec is responsible for two Work Packages: WP4 (Adaptive Grid Control) and WP7 (Dissemination and Operation). www.smartc2net.eu.

MEDOW
European project co-funded by the 7th Framework Programme (Marie Curie) led by Cardiff University and involving eleven partners from Portugal, Spain, UK, Belgium, Denmark and China. The main objective is the research of innovative technical solutions for the integration of renewable energies (mainly offshore) and to remove the barriers of interconnections between AC and DC networks. Efacec hired skilled employees (with PhD) for the development and study of algorithms and DC circuit breakers prototyping for multiterminal networks. http://sites.cardiff.ac.uk/medow/.

SCADA BT
Efacec initiative co-funded by NSRF to develop a Management System dedicated to monitor and actively control the LV network, including all participants (with and without flexibility) as well as the transformer station itself. A new product based on a SCADA system + Head- End for LV network management was created from scratch, integrating (partnership with INESC) advanced algorithms for state estimation, voltage control, alarm management and detection and fault location.

AnyPLACE
European project co-funded by the program Horizon2020 led by INESC TEC and involving eight partners from Portugal, Belgium, Austria and Germany. It aims to develop a modular platform for smart metering to provide bi-directional exchange of services and aggregating gas, electricity, heat and cold metering. It develops methods and tools for network operation and implementation of demonstration on site (Lippe, Germany). http://www.anyplace2020.org/.

Engineering and Environment

HBioS / HbioS DEMO
It aims at developing an efficient technology for biogas desulfurization, based on biotechnological processes. The project I&DT HbioS, performed in co-branding with Wedotech and the Catholic University, was successfully concluded; a Demonstrator Project began, within the scope of Portugal 2020, aiming at achieving the scale-up of biogas bio desulphurization technology. This facility will operate in the Ave WWTP.

LFotobio
Efficient and competitive technological solutions in the area of landfills leachate treatment. Efacec, together with FEUP, operated an experimental installation constructed at real scale at Suldouro to test the efficiency and robustness of the technology developed for leachate treatment. These tests, performed in real life operating conditions, allowed to detect a number of factors that can influence the reproducibility of the results previously achieved at pilot scale.

WINDSC
Project in the field of DSC's (Dye Sensitized Cells) which is the responsibility of the consortium Efacec Engenharia e Sistemas (leader), FEUP, CIN and CUF-Quimicos Industriais). The sale of technology intellectual property to the sustainable energies company Dyesol was concluded; this company aims to achieve the production of prototype demonstration modules until 2016 and their mass production from 2018.

Transportation

PROSINAL
Development of an innovative solution for railway signalling using intrinsically safe industrial automatons SIL4, with application in Light Rail Systems and Secondary Railway Lines. Development, verification and validation of the solution have been completed and TUV SUD, Germany, provided SIL 4 certification of the new version of the AEGIS 2.0 signalling solutions.

X-Safe
A new version of X-Safe level crossings automation controller was developed, complying with the Polish rail regulatory framework and its homologation by the Railway Certification Polish entity. This level crossings remote control solution will be used in a pilot under implementation on the Polish railway network, to be completed in the 1st half of 2016.

EFARAIL – Bergen Light Rail System
Developments of the EFARAIL unified solution were completed (unified integration of the solutions Timekeeper, INOSS and SCATE-X) and successfully performed the acceptance tests at the factory by the customer. The solution was installed and entered into operation and from late October is supporting the overall operation at Bergen.

Depot Management System (DMS)
Solution for Depots Operational Management and Control (PMO). We continued with the development of different application modules, this solution having, as first customer, the Bergen Light Rail System. It is foreseen that acceptance testing in factory is carried out at the beginning of 2016 and its subsequent installation on site during the 1st quarter.

Interface Service for Real Time Information (SIRI)
Standard to exchange information between public information systems. The variant of SIRI protocol has been developed in order to respond appropriately to the requirements of the customer Bergen Metro.

SAE/AVLS
New Regulation features. Implemented and installed the solution for Nottingham Metro (UK). Developed the necessary customizations for future installation in Bergen Light Rail System.

VLT-Rio de Janeiro
The development of the Timekeeper solution (turnkey) for VLT of Rio de Janeiro was completed; it supports AVLS, Public Information and Technical Supervision. The client also successfully carried out acceptance testing at the factory.

BIS- Bridge Integration Service
Development of a new gateway to simplify the integration of different applications in EFARAIL platform of Metro-Railways Control Centres, facilitating interoperability between different services and protocols.

VoIP integration in TimeKeeper solutions- SAE/AVLS
Within the scope of the TimeKeeper solution, a VoIP solution was developed and integrated, supported by TETRA radio technology for voice communications between the Control Centre, the vehicles and the supporting technical staff, with applicability in operation support solutions of Light Rail Systems.

IPSILON
Funded by the NSRF, it covers four main technology areas: Operational Control Centres; Signalling for Light Rail Systems; Management and Operation of Critical Infrastructures; Operational Management of Load Railways. The technical activities of Research and Technological Development were successfully concluded.

Electric Mobility

PowerFlow
Energy storage systems for building applications. The application to P2020, in partnership with the Faculty of Engineering, University of Porto (FEUP) was submitted and approved. FEUP will develop new technologies in flow batteries and power electronic systems for small-scale applications and Efacec will develop equipment and systems for a larger scale targeting large buildings and industrial premises.

Urban Electric Bus
We finished the project funded by NSRF, in which Efacec was part of a consortium with Caetano Bus, FEUP and INEGI. The contribution of Efacec was to develop specific chargers for buses up to 150 kW, as well as controllers with CCS standard to incorporate in vehicles. Following this project, Efacec has already supplied different bus chargers of the QCBus range as well as on board controllers.

EVolution
New innovative solutions for electric vehicles charging in the fields of fast charging associated with energy storage, super-fast high charging , contactless charging and smart and two-way charging. A patent application has been made regarding fast charging associated with energy storage as well as an application to P2020 covering the main lines of development that the company intends to pursue over the next two years. A licensing agreement of power transmission technology without contact was also signed with Qualcomm. It is expected that already in 2016 some products resulting from this project begin to be certified to enter the market.

New products for electric mobility
- AC charger for USA market, being under conclusion identical development for the Chinese market (both based on the model existing for European markets and others).
- Semi-fast compact charger QC24S.
- EVCConfig, management software for configurable chargers.
- Protocol OCPP1.5
- Several additional features: touch screen, credit cards, integration with different management systems and others.
- Several developments aimed at the Chinese fast chargers market , the new standard CHAdeMO, among others.

NxVerter
Funded by NSRF, the modular power conversion system to be used in a platform able to achieve the integration of renewables more efficiently and support innovative features of stability of the power grid was successfully completed, the prototype 2 MW for outdoor application being under certification process.

Environmental impact of activities

Environmental Management of Products

In 2014, we developed a new methodology and spreadsheet for assessing the life cycle of transformers. Already in 2015, we began the process of incorporating the life cycle analysis worksheet (ACV) of transformers in Wintree platform, being expected that the ACV of all transformers be drawn up. This is a requirement laid down in Directive 2009/125 / EC (establishing a framework to define requirements for Ecodesign of Energy Related Products). In 2016, it is expected to extend this analysis to the product of the Automation Business Unit.

The definition of Obsolescence Management process is in progress. This initiative will improve a suitable management and control of End Of Life (EOL) components / equipment notifications. The integration of Obsolescence Management in GlobalArt will already take place in March 2016 - changes are already implemented in a new software tool and validation tests will be carried out at the end of February 2016.

Another important environmental aspect of Efacec is that the Servicing Unit reprocess a lot of its portfolio equipment as well as other providing from other sources, thus recovering much of the original materials.

Type of Equipment	% of mass reprocessed (typical)	N.º of equipment processed
Power Transformers	50	225
Distribution Transformers	60	377
Rotative Machines	60	389
Medium Voltage Switchgear	90	1043
High Voltage Switchgear	80	276

Energy, Water and Waste Water Management

Efacec has a constant concern with the energy needs of buildings. Thus, it is systematically looking for the most efficient and sustainable solutions enabling to reduce the energy consumption of buildings to a minimum.

In 2015, this commitment has resulted in the renewal of the roofs of the manufacturing plants at Arroteia, where approximately 8500 m2 were replaced. The use of materials with a more efficient insulation ensures a linear thermal behaviour, reducing significantly the acclimatisation needs.

On the other hand, the greater improvement in use of natural light contributes to the reduction of operating hours of artificial light, with reflect in energy consumption.

We installed in Building 17, at Maia premises, an acclimatization system VRV type (Variable Refrigerant Volume), which enables the smart control of air conditioning needs, at every moment and in every space. Thus, the energy consumption assigned to the building air conditioning registered a substantial reduction.

Management of other Gas Emissions and Waste

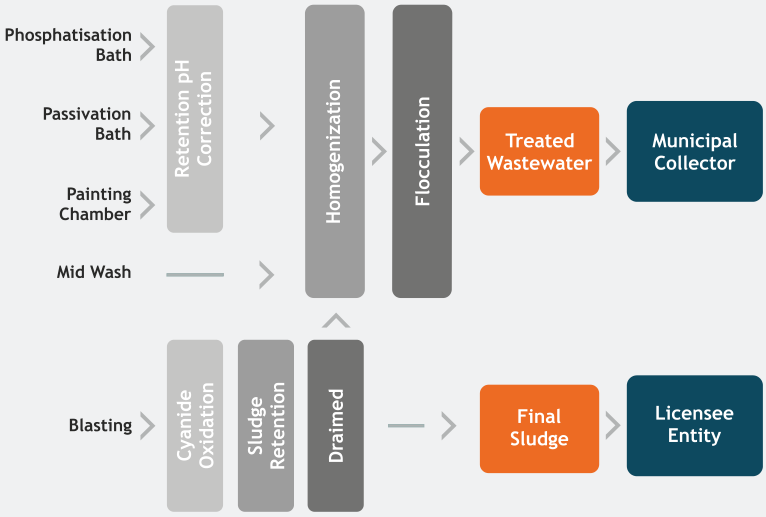
Efacec has made several improvements in the chimneys of the Arroteia facilities, the main industrial premises of the company. As a result of these investments, gas monitoring has shown good results, with consequent decrease in measurement frequency.

Efacec does not consume CFCs substances (which produce harmful effects on the ozone layer) in its manufacturing processes but as these substances are used in refrigeration equipment, the company keeps a complete inventory of the quantities used in its premises and ensure that all interventions are done by skilled technicians and respective information transmitted to the Portuguese Environment Agency in accordance with the law in force. The same requirements and care are requested for the use of SF6 gas that Efacec uses in some of its medium voltage products. To be noted however –that the use of SF6 by the company is lower than a ton and therefore no special procedures are required regarding their import from extra community countries. Moreover, Efacec labels the referred products informing thereby and where applicable, its customers for the presence of this gas and its effects when released.

In recent years, Efacec has made an effort to reduce the waste of its activities and to increase their recovery rate. The combined effect of this effort along with the reduction of some of its activities has resulted in a significant reduction in waste production. Since 2014, Efacec has a unique service for managing all waste from industrial premises at Arroteia and Maia.

Facilities for industrial water treatment at Arroteia premises

Waste water providing from industrial installation of these premises (the sole Efacec premises with industrial effluents in the country), are treated by a plant existing in the company (WWTP) and transferred to the municipal collector of Matosinhos. The analytical and procedural control of the wastewater treatment plant includes a set of laboratory tests in order to achieve the best performance. The parameters and frequency of analysis are defined through contract with the municipal services of Matosinhos. The analysis of the results is done by comparing the results obtained and the parametric limit values set by legislation and reported to the municipal services regulatory entity of water distribution and waste water collection and treatment of the municipality of Matosinhos.



The actions were based on technical and economic aspects, including:

- Guarantee of greater competitiveness for the cost of waste processing, packaging and transport.
- Standardization and optimization of human and material resources in waste sorting and packaging in respective waste parks.
- Increase the types of waste destined for recycling instead of landfill.
- Changes in processes and equipment.
- Changes in printers and photocopiers management.

With regard to the use of chemicals, and in accordance with REACH Regulation, Efacec is a downstream user (legal person established in the European Community, which uses substances on their own or in mixtures).

Consequently, and in order to improve the process of chemicals management and communication with its suppliers, actions were undertaken aimed at achieving better compliance with applicable legal requirements, internal requirements and customers:

- Revision and standardization of environmental and safety instructions for reception, storage and handling of chemicals.
- Specific training given.
- Purchase orders were changed.
- We ensured continuous update of safety data sheets.

Focus on Human Resources and Society

" What defines a company of excellence vs. a median one?

The best product/solution of the market?

The best business margin? The most innovative? Curiously, those with these characteristics have a common denominator: employees of excellence in technical management, ethics and motivation terms.

In short, people of excellence.

This is an unavoidable reality."

Human Resources Management

People management at Efacec is conducted and implemented in two levels, first at a corporate level, across the entire organization, and secondly at the level of each of the Business Units. The Corporate Human Resources Management is responsible for coordinating the human resources at Efacec. The main responsibilities of the human resources area are to set, plan and coordinate the management of human resources activities in Portugal and in international subsidiaries. The Business Units and remaining corporate areas have, in turn, the responsibility to ensure the effective implementation of the human resources policies adopted.

People management fundamental objective is to ensure the attractiveness of new employees with high skills and potential and retain those detaining work experiences in a leading company and high expertise acquired in their fields of action.

The Corporate Human Resource Management develops its activities, focusing on its internal customers, striving to achieve operating excellence of its processes and valuing Efacec human resources.

Employment and Diversity

Efacec has a long history in creating and maintaining quality jobs, where values such as respect, stability, recognition and personal and professional development, encouraging entrepreneurship and innovation and the balance work - life, etc. are consistently present. Working at Efacec offers access to the range of benefits that the company makes available to each employee and which contribute to a positive and challenging work.

The activities of Efacec in Portugal are concentrated almost entirely in three premises, with the following distribution: Arroteia , fifty-two percent of employees, Maia with about thirty percent of employees and Lagoas Park (Oeiras) with almost sixteen percent of employees. In early 2015, the teams operating at Carnaxide were transferred to the Lagoas Park Business Centre, located at Oeiras, a space with privileged access, facilities and high quality services.

In 2015, Efacec introduced a significant benefit to its employees with fixed term work contracts over two years by extending to them the health insurance applied so far only to permanent staff. It should be noted that the remaining benefits in use at Efacec are common to all employees.

MasterClasses - Energy Storage for Smart Grids

Employees in Portugal in 2015									
Category	Number of Employees					Distribution by genre		Average wages	
	Arroteia	Maia	Oeiras	Others	Total	% Women	% Homens	Women	Men
Directors	81	85	33	2	**201**	1,1%	98,9%	4.490,77 €	4.607,90 €
Senior Staff	271	339	162	1	**773**	8,2%	91,8%	1.817,47 €	1.891,22 €
Managers	55	11	37	4	**107**	0,0%	100%	- €	1.199,72 €
Administrative	59	27	18	3	**107**	2,9%	97,1%	1.144,66 €	1.215,95 €
Technicians	153	134	57	2	**346**	1,0%	99%	1.073,41 €	1.145,73 €
Production	496	42	27	9	**574**	0,8%	99,2%	801,34 €	845,24 €
Total*	**1115**	**638**	**334**	**21**	**2108**	**14,0%**	**86%**	**1.773,12 €**	**1.645,25 €**

* includes expatriate employees

Age range of employees in Portugal			
Age Range	Women	Men	Total
< 30 Years	28	256	**284**
30 - 39 Years	122	639	**761**
40 - 49 Years	79	493	**572**
= > 50 Years	67	424	**491**
Total	**296**	**1812**	**2108**

With regard to human resource management in international context, Efacec focuses on local hiring in each market where it operates, thereby helping to boost employment and to add value in these markets.

Statistics regarding international headcount include all employees with links to international subsidiaries. In addition to the monitoring carried out in Portugal, the Corporate Human Resource Management regularly monitors the management of human resources in these markets, intending to perform an analysis and review of local policies and practices, as well as promote their alignment with overall corporate policies.

Non-discrimination on gender continues to deserve continued monitoring and effort of the company as Efacec operates in sectors with male gender predominance and in different countries of the world where care regarding non-discrimination are not even social and/or political concern.

Efacec Power Solutions
employees outside of Portugal by region

To contradict this reality, Efacec applies in these markets /countries the same criteria and human resource management processes (eg. recruitment, selection, appraisal, development, participation, etc.) used in Portugal and therefore totally ignore the potential sources of discrimination, such as race, age, gender, sexual orientation or religion, among others.

Performance Appraisal and Competence Development

The process of Performance Appraisal and Development of Efacec, EfaProgress, focuses on the principle of consistent and progressive development of employees, aligning individual competencies with the development of Efacec business. In this process, the previous year's results are evaluated, objectives for the next year are set up and individual development plans for the future are also defined.

One of the stages of this process is the identification of employees' training needs. Based on matrix training for pre-defined function, which indicate required or recommended skills, employees and managers establish priorities for each year. Thus, each employee and his supervisor have the opportunity to define and monitor individual training plans.

In 2015, we defined training matrices in the areas of Risk Management and Information Systems, as well as in various departments of the following Business Units: Transformers, Automation and Engineering.

The identified needs are then analysed and translated into training actions that integrate the Annual Training Plan, managed by Efacec Academy, which is responsible for managing Training and Development at Efacec.

Efacec Academy Priorities

Efacec Academy aims at:

- Sustaining Career Development with appropriate learning maximizing return on investment (ROI) made by the company in Training.
- Ensuring the process of new employees' integration at Efacec Group, promoting their rapid adaptation in the company and a better organizational performance.
- Supporting management processes of employees' talent and retention.
- Promoting synergy between the different Business Units and geographies, encouraging a sense of loyalty and belonging to Efacec.

Efacec Academy kept DGERT certification in the areas of Personal Development, Energy and Electricity, Information Technologies, Foreign Languages, and finally Safety and Health at Work.

In 2015, two master classes took place, events whose objective is to present prominent themes from different areas (technology, management, human development, etc.), inviting renowned external and internal speakers in their field, and promoting a forum for debate and synergies between the different Business Units. The first master class handled the theme Lean Thinking and was conducted with the participation of the Kaizen Institute. The second master class about Energy Storage in SmartGrids involved national and international experts and was considered a major event in this area.

Different sessions within the scope of Project Management were also promoted and took place at the premises of Arroteia, Maia and Lagoas Park (Project Management Fundamentals; Preparation for PMI Certification; Complex Proposals) as well as an intensive and extensive training session about FIDIC contracts (Fédération Internationale des Ingénieurs - Conseils) with the participation of a renowned international entity. In the commercial area, Key Account Managers had the opportunity to attend the first Crestcom Sales Academy.

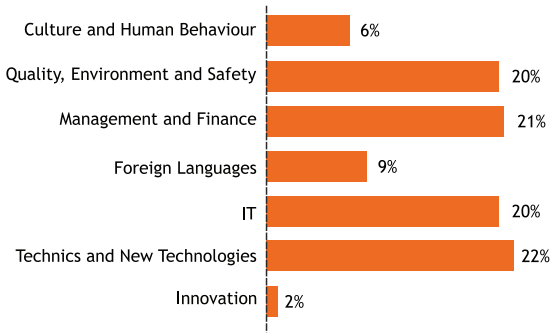
Efacec Academy, Work at height training

Efacec participated for the first time in the Bright Challenge held on 16 and 17 April in Lisbon. In this event, Efacec presented two teams, each consisting of four project managers of its different Business Units, who competed with teams from their counterparts at EDP, REN, Critical Software, Marinha Portuguesa, Jerónimo Martins, Sonae, Refer and Estradas de Portugal, among others. The Bright Challenge event is sponsored by Bright Partners and joints teams of the major companies and organizations, private and public, from all business sectors.

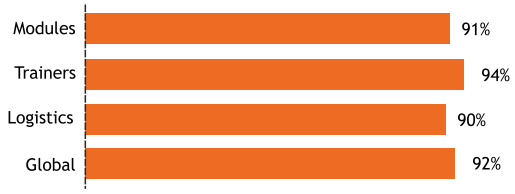
In 2015, Internships (Curricular, Extracurricular and Professional) were integrated into Efacec Academy. Throughout the year, 101 Professional and 67 Curricular Training Internships took place. In 2015, 83 internships were concluded and were generally integrated into Efacec.

In general, Efacec provided its employees with 39,035 hours of training (including student worker hours) during the year 2015. As usual, the training covered different areas and were properly assessed.

Efacec
Distribution of training contents (2015)



Efacec
Assessment of Training Sessions (2015)



Career Management - EfaTec Engineering Technology Career

Technical knowledge is a critical market differentiation factor of Efacec creating high added value for the business. Intending to recognize the value and importance of employees with more technical profiles and manage their expectations regarding their career development, along with employees with more generalist profiles, we initiated, in the last quarter of 2015, the definition of the project Efacec Engineering Technology Career, designated as EfaTec.

This project is intended to:

- Develop a transversal model of Technology Engineer Career for the different businesses .
- Assimilate the internal standards of technical career among the various Business Units, making the parallel between technological and management careers.
- Adapt the training plan of technological careers and promote opportunities of internal development enhancing the prospects of professional progression.

The first phase, which is essential in the whole project, is mapping the existing technological knowledge in Efacec. This process is being developed through working groups involving elements of all Business Units, being expected that it can be implemented and completed during the year 2016.

Welded construction

Safety and Health

In 2015, an action plan aiming at reducing the accident rate at Efacec was defined:

- Meetings in order to analysis the causes of accidents and define actions to be taken between the Safety at Work Corporate Area and the Business Units.
- Biannual reflection workshop for safety technicians.
- Standardization of procedures and practices of management system.
- Bimonthly meetings for the monitoring of safety projects (EI).
- Held meeting about accidents with top management, division managers and team leaders of Transformers Unit.
- Workshop on risks and causes of work accidents at the Switchgear Business Unit involving all manufacturing and subcontracted staff.
- Issue of the operating instruction «Employee's Duties» related to Safety and Health at Work.
- Setting up of a working group to analyse in a deep way the control measures of high-risk activities (already completed the task of assembling the interconnecting bridge).
- Continuous training of employees on safety.
- Implementation of other specific actions arising from workplace accidents - change in processes and procedures, change /machinery suitability / work equipment and working methods.
- Approved new Internal Safety Plans (Arroteia, Maia / Building 16, and Crestins) by ANPC.

During the year, a computer application (CIDS) has been developed which allows all employees to consult PPE (Personal Protective Equipment) that are applicable to their activities / function and proceed with the purchase. This platform enables a better management of the stocks, ensures that employees only buy PPE applicable to them and allows to have better control over the volume of purchases of PPE.

A software management tool of works, which allows registration, and control of company documentation, employees, equipment, chemicals, visits, trainings, meetings, allocation of human resources and indicators was also developed. During the year, 417 external works were registered and monitored, 396 of which on the domestic market. 607 visits were also carried out relating to 201 works.

Work-Life Balance

In order to get a continuous improvement in work-life balance, Efacec relies first of all on the valuable participation of ADEFACEC and CCDEL, the Efacec employees associations. These associations aim at promoting the welfare, socio-cultural development and best use of leisure time by employees and their families. Throughout the year, a large number of cultural, sports, recreational activities and other social actions were therefore performed.

The associations benefit from the facilities provided by Efacec and from the use of its computer systems (communication and graphics), to achieve an attractive promotion of their activities. On the other hand, to carry out their activities, the associations establish protocols and other forms of cooperation with external entities, with total autonomy of action, particularly in defining their own programs.

Efacec continued to provide in its national premises, personalized services of social assistance. In 2015, about 1,335 attendance sessions of employees were performed. The main issues addressed in these sessions are of a financial nature.

Adefacec, Mountain Climbing

Kind of Initiatives and Activities

Sport Activities

ADEFACEC carries out regularly Athletic, Sport Fishing, Biking and Mountain Climbing competitions.

It organizes the contact of employees with sports such as Diving, Rafting, Canoeing and Karting.

It also promotes their participation in sport events.

Cultural visits and Walks

Each month, a large number of Efacec employees participate in walks and cultural visits organized by Adefacec.

These initiatives are promoted for the employees, their families and friends.

Promotion of Cultural Events

ADEFACEC regularly promotes the participation of employees in cultural events, obtaining special conditions for the purchase of tickets for the most important performances of Music, Ballet, Dance and Theatre.

Aimed at children

ADEFACEC organizes special weekends-and holiday camps for the children of its employees.

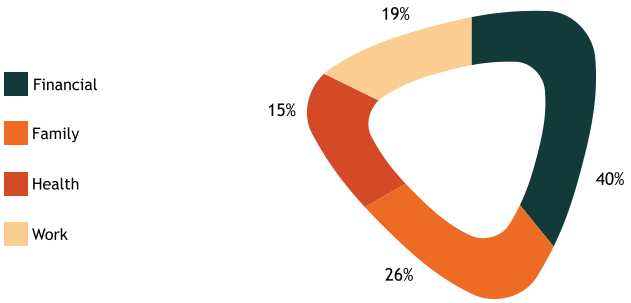
It also organizes the annual Christmas party and grants school merit awards.

Other initiatives

ADEFACEC attends regularly citizenship movements as sponsor and logistic organizer.

It promotes and sells regional and creative products.

Efacec
Nature of the problems identified
by the Social Services (2015)



Relationship with the Society

Volunteers Programs

Under the partnership with Junior Achievement Portugal, Efacec provided 13 volunteers during the academic year 2014/2015, which contributed with 180 volunteer hours in the different programs of the institutions Braço Direito, A Empresa, A Comunidade, É o Meu Negócio, Innovation Challenge e Economia para o Sucesso.

In the same period, at «Obra do Frei Gil» institution, Efacec kept 5 volunteers who contributed with 175 hours of their time (School Support). Likewise, another volunteer provided 54 hours of volunteer work in the institution "Coração Amarelo" (Support to Old People).

In June, the end of the school year was marked by the Volunteer Day (partnership with José de Mello Group) at the premises of CERCICA (Cooperativa para a Educação e Rehabilitação de Cidadãos Inadaptados de Cascais). The attendees carried out plant production works and garden arrangements, and received diplomas for their participation in the Volunteer Program.

In 2015, Efacec continued to participate in the program «Porto de Futuro» organized by the Porto City Council, in particular through the aforementioned voluntary initiatives of Junior Achievement Portugal. In addition, Efacec ensured its presence in the General Council of Filipa de Vilhena School/ Oporto.

Solidarity

Community and solidarity initiatives are strongly participated by Efacec employees. There are many opportunities that allow each employee to choose the institution he prefers and the best form of support.

Efacec maintained its program EfaAjudar, which coordinated the initiatives below:

- Collection of mobile phones of employees that were further sent for recycling resulting in a donation to Fundação do Gil.
- Donation of kitchen supplies to the institution «Entrajuda» and office furniture to nine other institutions.
- Support to the launching of the Refood project at Maia, with donation of a laptop and office equipment.
  Prints for the campaign Laço Azul of Obra do Frei Gil (Lobão).
- Donation of clothes, toys and food to the institutions «Renascer», «Acções Unidas» and «Associação Nacional de Ajuda aos Pobres».
- Promotion of initiatives of social institutions such as the sale of «Pirilampo Magico».
- Adhesion to the initiative Street Store, held at Porto.
- Collection and delivery of batteries (in collaboration with Ecopilhas) to the Portuguese Institute of Oncology, to help them buying equipment (Laser CO_2 Acupulse).

Support to Associative Movement

Efacec maintains a strong support to associative movement and derived initiatives being associated in fifty associations of technological nature and business support. The management of these relationships is performed in a shared and corporate manner.

Volunteer Day 2015

Delivery of IDC CIO Awards

Public Presence and Recognition

Najla Mohammed Al Qasimi, Ambassador of the United Arab Emirates, visited the power transformer factory. The visit enabled to strengthen the relationships with the Middle East market, a region where Efacec has won several important business. We highlight the recent award of a contract to supply transformers to Dubai and in 2012, within the scope of electric mobility, the first installation of fast chargers achieved in this region, specifically in Masdar (Abu Dhabi). On this visit to Efacec, Najla Al Qasimi walked through the transformers entire manufacturing line and discovered Efacec advanced technologies.

A delegation of politicians and technicians from Guinea-Bissau visited the facilities of Efacec, strengthening the trade prospects with this important country in West Africa. At the origin of this visit is the plan of Minister Florentino Mendes Pereira for investment in energy infrastructure and distribution of water to the population of Guinea-Bissau. The technological solutions and experience of Efacec in Africa may help to improve the electricity grid of Guinea-Bissau, supporting EAGB (Water and Electricity Company) in providing a better service to meet the needs of the population, by increasing the power energy installed, and supplying water and wastewater treatment systems.

In March, Efacec received a visit from officials of the Federal Government of Brazil and leaders of the Trade Union of Engineers and Regional Council of Engineering and Agronomy of Ceará. Visitors wanted to know in detail the various stages of the project and erection of the 6 MW MARL photovoltaic power plant, constructed by Efacec.

Efacec was one of the finalists (Innovation category) that submitted projects to EDPartners Award of EDP. Efacec presented a tool that helps managing workflow commissioning of devices on the low voltage network. This Award received 140 applications from 111 companies.

Efacec was one of the companies distinguished by IDC, the leading company in the field of Market Intelligence. IDC has been rewarding, since already five years, TIC innovating projects assigning the IDC CIO Awards. For this initiative, Efacec submitted the Portal PMO project, its management tool for major projects.


Porto
Business School
efacec
To
Change
Lives
www.pbs.up.pt

Acknowledgments

The year 2015 represents a milestone for the beginning of a renewed Efacec and its future development in a context of remarkable opportunities and key challenges.

The confidence of our new shareholders in Efacec project, demonstrated by the decision to acquire the majority of the share capital of the company, was essential to ensure the sustainability of the company and allow it to enter into new and more solid paths of growth and future development. Therefore, it is worthy to highlight the launch of the project Efacec 2020, a key tool for the construction of the Strategic Plan of the company for the period 2016/2020 and an essential step towards the affirmation of Efacec in the market, in a solid, focused and very more competitive way.

To our employees, our most important value, we express our very sincere gratitude for the enthusiasm with which they faced the entrance in such a deep new life cycle of Efacec and the commitment and professionalism that characterize their participation and their commitment to the future challenges of the company.

We equally address our thanks to all our other stakeholders, customers, suppliers, business partners and other entities for their commitment towards Efacec and for repeatedly trust in the skills, credibility and execution capability of the company.

We still express, in a very particular way, the close support and confidence demonstrated by our funders throughout the financial year, in particular Caixa Geral de Depósitos, Novo Banco and Millenium BCP, for their involvement and support in the financial restructuring of Efacec.

To the General Meeting and Supervisory Board we also express our appreciation and thanks for all the competence and dedication demonstrated in the performance of their duties.

We are fully confident that next years will represent a period of consolidation and growth of Efacec and we are committed to ensure a good performance and the sustained excellence of our company.

Leça do Balio, 18 March 2016

The Board of Directors

Mário Filipe Moreira Leite da Silva **Chairman**
Isabel dos Santos **Director**
Francisco Dias Pereira de Sousa Talino **Director**
Manuel António Carvalho Gonçalves **Director**
Rui Alexandre Pires Diniz **Director**
Miguel Maria Pereira Vilardebó Loureiro **Director**
Ângelo Manuel da Cruz Ramalho **Director**
Francisco José Meira Silva Nunes **Director**
Luís Henrique Marcelino Alves Delgado **Director**
Fernando José Gomes Mota Lourenço **Director**

Annexes

About this Report

This report aims at describing the main activities and performance of Efacec during the financial year2015. This is an integrated-report that addresses harmoniously the traditional elements of a management and sustainability report .

As a result of the recent corporate changes, the necessary changes to performance indicators structure are still in progress. Moreover, the results of some indicators were revised to allow performances comparison.

The information provided refer whenever possible to Efacec as a whole, but there are some limitations, especially with regard to international activities. In general, the scope of each indicator indicates these limitations. Clarifications notes and explanatory notes on the calculation methodology used were also added.

The report's structure and the choice of its contents took into account the following objectives:

- Disclose current strategic priorities and future guidelines of the company.
- Disclose the major business risks of the company
- Ensure accessibility and transparency of information reported.
- Meet expectations of main stakeholders.
- Identify the most relevant information.
- Ensure consistency and comparability of information.

In line with Efacec Policy of Sustainability, this report seeks to structure and provide information according to the most usual recommendations of sustainability in organizations. Among these recommendations, we have GRI (Global Reporting Initiative) and IIRC (International Integrated Reporting Council) guidelines.

Efacec report has not adopted the rules of the new Orthographic Agreement.

Annex arts.º 447 and 448 of the Commercial Companies Code CCC

I. Pursuant to paragraph 1 of article 447 of the Commercial Companies Code, it is stated that, as of December 31, 2015, members of the governing bodies and supervisory board of the Company, were not holders of shares or obligations of the Company.

II. Pursuant to al. d) of paragraph 2 of article 447 of the Commercial Companies Code, it is stated that:

a) the Board Directors of the Company, Dr. Mário Filipe Moreira Leite da Silva (Chairman of the Board of Directors of the Company) and Eng.ª Isabel dos Santos (Member of the Board of Directors of the Company) also perform managing functions as Member of the Board of Directors at Winterfell 2, Limited, the company that detains, since 23 October 2015, 41.525.275 shares representing 72,63% of the social capital of the Company;

b) the Board Directors of the Company, Dr. Manuel António Carvalho Gonçalves, Dr. Rui Alexandre Pires Diniz, Dr. Miguel Maria Pereira Vilardebó Loureiro and Eng. Luís Henrique Marcelino Alves Delgado (performing all of them the function of Members of the Board of Directors of the Company) also perform managing functions as Members of the Board of Directors at Efacec Capital, SGPS S.A., a society detaining, since 23 October 2015, 15.649.531 shares representing 27,37% of the social capital of the Company.

III. Pursuant to Article 448 of the Commercial Companies Code, it is reported that, as of December 312015, the company's capital was:

a) Held in a fraction greater than a half by:

• Winterfell 2, Limited, with a participation of 72,63%;

b) Held in a fraction greater than one-tenth by:

• Efacec Capital, SGPS, S.A., with a participation of 27,37%*;

We still state that between 1 January 2015 and 23 October 2015, Efacec Capital, SGPS, SA owned the entire social capital of the company, and consequently, on that date, Efacec Capital, SGPS, SA ceased to be the holder of at least half of its share capital.

Perfomance Indicators

Environmental Indicators

Item	Indicator	Units	Scope	2014	2015
Material	Magnetic sheet consumption	Ton	Arroteia	6702	7723
	Magnetic sheet recycling	%		20	20
	Copper consumption	Ton		3039	2743
	Copper recycling	%		0	0
	Oil consumption	Ton		4966	5404
	Oil recycling	%		0	0
	Plastic pack consumption	Kg		354	400
			Maia	603	916
	Paper pack/cardboard consumption		Arroteia	1593	1025
			Maia	520	905
	Wood pack consumption		Arroteia	156552	91495
			Maia	0	850
	Pack consumption: others		Arroteia	37	0
			Maia	243	104
Energy	Thermal energy consumption (natural gas) (1)	GJ	Arroteia	23886	27093
			Maia (5)	2793	2317
			National	27213	29410
	Thermal energy consumption (gasoline) (1)		National	320	315
	Thermal energy consumption (diesel) (1)		National	31641	36302
	Electricity consumption (2)		Arroteia	58331	58937
			Maia (5)	17020	23430
			National	78912	82367
	Indirect consumpt of hydropower (3)		National	22884	11531
	Indirect consumpt of wind power (3)			8286	13426
	Indirect consumpt of natural gas (3)			7576	8484
	Indirect consumpt of coal (3)			22884	29652
	Indirect consumpt of other non-renewable (3)			12389	13673
	Indirect consumpt of other renewable (3)			4893	5601
	Renewable production			1226	1282
Water	Water consumption – public distribution	m^3	Arroteia	16069	16658
			Maia	13824	13193
			National	36020	29851
	Water consumption – boreholes		Arroteia	11001	13922
			Maia	9112	7694
			National	20113	21616
	Affected water sources			0	0
	Reused/recycled water			0	0
Effluents	Water discharge	m^2	Arroteia	2107	1261
	Spills		Arroteia	10	5
Biodiversity	Protected (or adjacent) area		National	0	0

Environmental Indicators – continuation

Item	Indicator	Units	Scope	2014	2015
Emissions	Direct – use of natural gas (1)	TonCO2e	Arroteia	1352	1533
			Maia	158	131
			National	1540	1665
	Direct - use of gasoline (1)		National	24	23
	Direct - use of diesel oil (1)		National	2345	2690
	Indirect - use of electricity (3)		Arroteia	5481	7181
			Maia	1599	2855
			National	7415	10036
	CO (4)	Kg	Arroteia	4328	4328
			Maia	358	358
	COVs (4)		Arroteia	10699	7895
			Maia	390	390
	NOx (4)		Arroteia	2426	2426
			Maia	396	396
	SO2 (4)		Arroteia	808	808
			Maia	17	17
	Particles (4)		Arroteia	8098	8152
			Maia	61	61
	Consumption of ozone depleting substances		Arroteia	0	0
Waste	Disposed hazardous waste	Ton	Arroteia	84	26
			Maia	0	0
			Oeiras	4	2
			National	88	29
	Disposed non hazardous waste		Arroteia	184	15
			Maia	0	0
			Oeiras	4	0
			National	184	15
	Disposed		Arroteia	268	41
			Maia	0	0
			Carnaxide	4	2
			National	272	44
	Recovered hazardous		Arroteia	313	321
			Maia	5	11
			Oeiras	1	1
			National	319	333
	Recovered non hazardous		Arroteia	1994	2154
			Maia	103	127
			Oeiras	113	209
			National	2210	2490
	Recovered		Arroteia	2307	2475
			Maia	108	138
			Oeiras	114	210
			National	2529	2823

(1) Values calculated from the Lower Calorific Values (LCV) listed in the National Inventory of Greenhouse Gas Emission 2013-2020.

(2) Conversion factor: 1kWh=0,0036GJ.

(3) Values calculated from data published by EDP Comercial that reflect the origin of the electricity consumed and the CO2 emission in 2015.

(4) Data availability depends on the frequency of monitoring arising from the values obtained and CCDR opinion. Until the next measurement the prior year amounts are kept.

Indicadores Sociais

Item	Indicator	Units	Scope	2014	2015
Employment (1)	Permanent employees/staff	#Employees	National	1890	1953
	Employees under fixed term contract			218	151
	Executive directors			4	4
	Employees / full time			2111	2107
	Employees / part time			1	1
	Employees		Arroteia	1110	1115
			Maia	647	638
			Oeiras	335	334
			Others	20	21
			National	2112	2108
	International employees (local link)		Subsidiaries	373	388
	Employees		Global	2485	2496
Turnover (1)	End of term employees <30 years		National	42	16
	End of term employees 30-39 years			56	38
	End of term employees 40-49 years			12	13
	End of term employees >50 years			41	16
	End of term employees men			123	66
	End of term employees women			29	17
			Total	152	83
	Turnover rate	%	National	3,7	3,9
Absenteeism	Absenteeism rate			3,5	3,9
Labour relations	Unionized employees (1)			13	14,37
	Deadline for notif. changes	Days		15	15
Safety	Frequency index (2)	-	Efacec Energia	24	26
	Severity index (3)			934	1010
	Incidence rate (4)			44	51
	Duration index (5)			3	29
	Frequency index (2)		Efacec Engenharia	2	3
	Severity index (3)			24	180
	Incidence rate (4)			0	5
	Duration index (5)			3	29
	Frequency index (2)		Efacec Electric Mobility	0	6
	Severity Index (3)			0	200
	Incidence Rate (4)			0	12
	Duration index (5)			0	16
	Frequency index (2)		National	15	16
	Severity index (3)			550	652
	Incidence rate (4)			27	32
	Duration index (5)			17	20
	Occupational diseases (6)	#Employees	National	3	6
	Deaths			0	0
			Global	0	0
	Employees represented in safety committees	%	National	51	57
	Safety training	# H. Employees		8324	5917

Social Indicators - Continuation

Item	Indicator	Units	Scope	2014	2015
Training	Training sessions	# Hours	Directors	3450	4465
			Senior Staff	16314	14854
			Managers	987	764
			Administrative	1175	1395
			Technicians	5845	4528
			Production	4019	3261
			National	39448	35035
	Training average	# H. Colab.	Directors	16	22
			Senior Staff	18	19
			Managers	9	5
			Administrative	9	11
			Technicians	16	12
			Production	7	5
Human Res.	Cases of discrimination	#	Global	0	0
	Work with free risk operation			0	0
	Work with little risk operation			0	0
	Work with forced risk operations			0	0

(1) The number of employees refers to the situation as at 31 December.

(2) Frequency rate = n. º with sick leave / (n. º of men hours worked) x 10^6.

(3) Severity Rate = n. º of days (working days) lost/ n. º of men hours worked) x 10^6.

(4) Incidence rate = n. º of accidents with sick leave / (average number of employees) x 10^3.

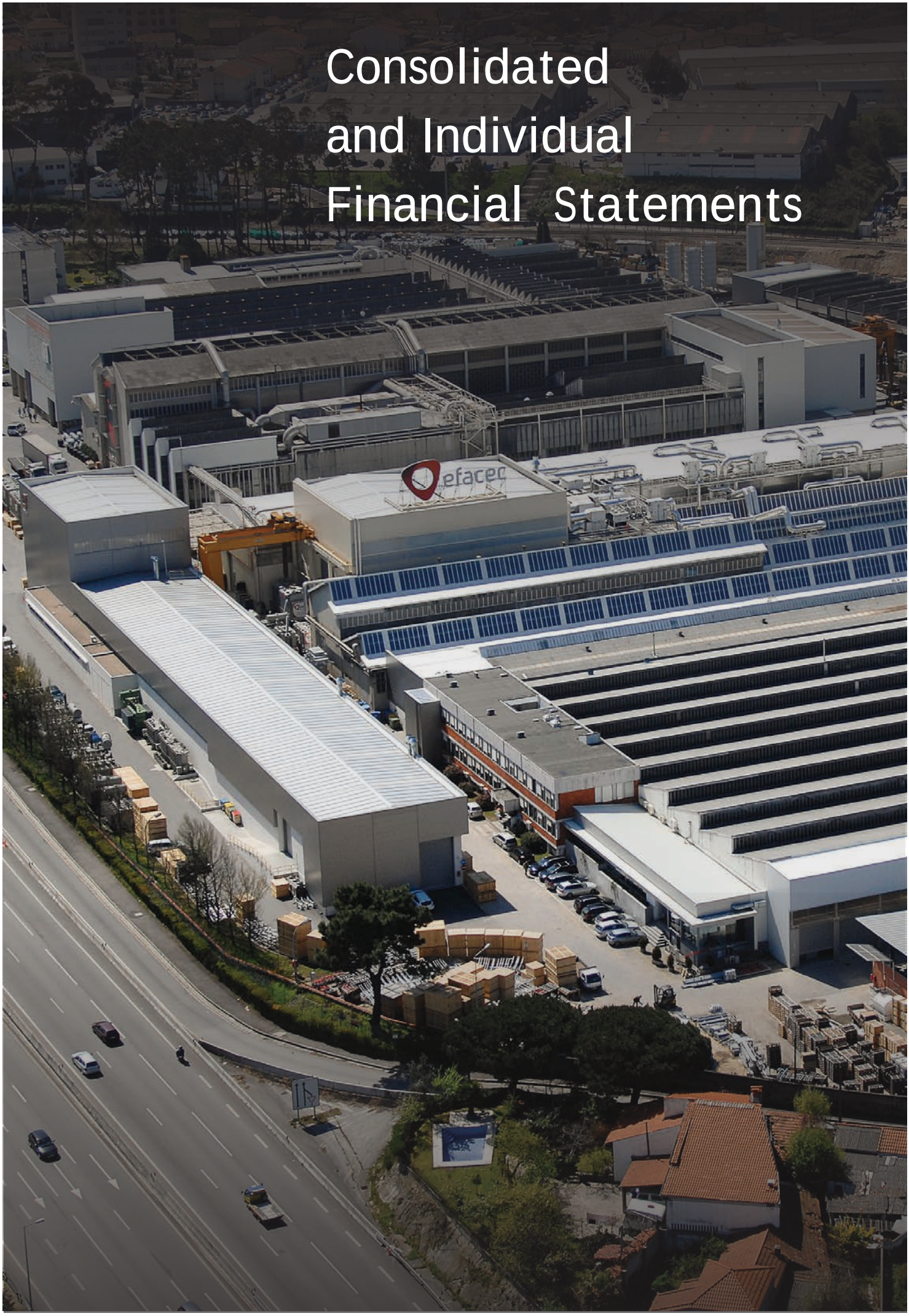
(5) Duration rate = n. º of days (working days) lost / n. º of accidents.

(6) This indicator shows the number of cases actually confirmed by the National Protection Centre against Occupational Hazard (CNPRP) in the respective year.

Other Indicators

Item	Indicator	Units	Scope	2014	2015
Positions and Public Policies	Positions and policies in the media	#	Global	16	nd
Anti-Competitive Behaviour	Legal proceedings			0	0
Complaints of Non conformity of Products, Services and Solutions	Relating to safety requirements		National	0	0
	Relating to labelling requirements or marketing information			0	0
	Relating to customers' private information			0	0

Consolidated and Individual Financial Statements



Efacec Power Solutions, SGPS, S.A. and Subsidiaries

Consolidated financial statement as at 31 December 2015 and 2014

Monetary values are expressed in Euros

	Notes	2015	2014 Restated	2014 Published
Assets				
Non-current assets				
Tangible fixed assets	6	43.421.973	45.063.524	41.740.685
Intangible fixed assets	7	83.756.243	87.273.908	52.230.114
Goodwill	8	121.313.286	121.508.964	151.075.060
Financial assets held for sale	9	26.132	26.132	26.132
Loans to related parties	28.2	0	148.408.490	148.408.490
Deferred tax assets	18	54.795.988	53.664.905	53.664.905
Total non current assets		**303.313.622**	**455.945.923**	**447.145.386**
Current Assets				
Assets held for sale		148.009	179.972	179.972
Inventories	12	51.617.339	46.475.281	46.475.281
Customers and accrued income	10	271.227.012	314.577.177	314.577.177
Loans to related parties	28.2	3.437.588	380.904	380.904
Debtors and deferred costs	11	23.100.870	53.403.653	53.403.653
Income tax	11	1.682.395	3.897.031	3.897.031
Cash and cash equivalents	13	38.108.319	25.380.505	25.380.505
Total current assets		**389.321.532**	**444.294.523**	**444.294.523**
Total assets		**692.635.154**	**900.240.446**	**891.439.909**
Equity				
Equity				
Capital	14.1	285.874.030	233.874.030	233.874.030
Issue premium	14.1	8.000.000	0	0
Other capital instruments	14.2	35.900.000	0	0
Reserves and retained earnings	14.3	-19.894.387	829.875	830.956
Other retained comprehensive income	14.4	-1.094.642	-136.602	-90.530
Minority interests	21	-102.559	7.006	7.006
Total Equity		**308.682.442**	**234.574.309**	**234.621.462**
Non-current Liabilities				
Provisions	19	12.058.690	7.780.118	7.780.118
Bank loans	17	60.744.456	171.726.159	171.726.159
Loans from related parties	28.2	0	93.239.443	93.239.443
Suppliers	15	3.005	14.062	14.062
Deferred tax liabilities	18	23.394.566	24.514.178	15.666.488
Total non current liabilities		**96.200.718**	**297.273.961**	**288.426.270**
Current Liabilities				
Bank loans	17	24.819.931	58.164.458	58.164.458
Loans from related parties	28.2	3.437.473	6.518.124	6.518.124
Suppliers	15	79.684.190	111.043.441	111.043.441
Creditors and accrued costs	16	53.931.137	76.423.137	76.423.137
Deferred income	20	125.879.263	116.243.017	116.243.017
Total current liabilities		**287.751.995**	**368.392.177**	**368.392.177**
Total equity and liabilities		**692.635.154**	**900.240.446**	**891.439.909**

Attached Notes hereafter are an integral part of the Consolidated Financial Statements

The Consolidation Director

The Board of Directors

Efacec Power Solutions, SGPS, S.A. and Subsidiaries

Consolidated income statement by nature
as at 31 December 2015 and 2014

Monetary values are expressed in Euros

	Notes	2015	2014 Restated	2014 Published
Sales and services rendered	27 e 31	422.914.356	19.895.286	19.895.286
Cost of sales and material consumed		-200.284.583	-4.111.491	-4.111.491
Change in production		8.694.040	-1.135.918	-1.135.918
External supplies and services	22.1	-136.056.034	-9.636.349	-9.636.349
Management fees	22.2	-10.736.698	0	0
Staff costs		-84.167.845	-3.638.102	-3.689.408
Costs with contracts termination		-2.354.535	-51.306	0
Amortizations and depreciations	6 e 7	-10.575.105	-159.304	-159.304
Provisions and assets impairment	22.4	-10.652.164	-3.986.239	-3.986.239
Other operating costs		-3.248.271	-503.171	-503.171
Other operating income	22.5	17.049.037	3.380.898	3.329.830
Operating profit		**-9.417.802**	**54.304**	**3.236**
Financial looses and costs	23.1	-14.714.141	-610.615	-610.615
Financial gains and income	23.1	3.772.695	8.606	59.674
Losses/gains in other companies	23.2	0	1.353.341	1.353.341
Profit before taxes		**-20.359.248**	**805.635**	**805.635**
Income tax - deferred	24	2.264.973	381.659	381.659
Income tax - current	24	-1.798.383	-247.540	-247.540
Results of discontinued operations	5.3	-605.165	0	0
Consolidated net profit		**-20.497.823**	**939.754**	**939.754**
Attributable to:				
Shareholder of Efacec Power Solutions	25	**-20.391.472**	**939.754**	**939.754**
Minority interests		-106.352	0	0
Net profit per share - basic		-0,42	0,16	0,16
Net profit per share - diluted		-0,42	0,16	0,16

Attached Notes hereafter are an integral part of the Consolidated Financial Statements

The Consolidation Director

The Board of Directors

Efacec Power Solutions, SGPS, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income
as at 31 December 2015 and 2014

Monetary values are expressed in Euros

	2015	2014 Restated	2014 Published
Consolidated net profit (1)	**-20.497.823**	**939.754**	**939.754**
Other comprehensive income			
Items reclassifiable for results:			
Change in currency translation reserve	-971.580	-136.602	-90.530
Change in the fair value of derivative financial instr.	0		0
	-971.580	**-136.602**	**-90.530**
Items not reclassifiable for results:	0	0	0
Other comprehensive income for the year	**-971.580**	**-136.602**	**-90.530**
Tax on other comprehensive income			
Change in the fair value of derivative financial instr.	0	0	0
Change in excess valuation of fixed assets	0	0	0
Tax on other comprehensive income	**0**	**0**	**0**
Other net comprehensive income for the year (2)	**-971.580**	**-136.602**	**-90.530**
Total comprehensive income for the year (1)+(2)	**-21.469.404**	**803.152**	**849.224**
Attributable to:			
Shareholders of Efacec Power Solutions	-21.349.512	803.152	849.224
Minority interests	-119.892	0	0

Attached Notes hereafter are an integral part of the Consolidated Financial Statements

The Consolidation Director *The Board of Directors*

Efacec Power Solutions, SGPS, S.A. and Subsidiaries

Consolidated statement of changes in equity as at 31 December 2015 and 2014

	Attributable to S			
	Capital social	Issue premium	Other capital instrum.	Reserves and retained earnings
Incorportion	19.797.255			0
Increase in capital	214.076.775			0
Entry into the perimeter				0
Comprehensive income for the year				939.754
Others				-108.798
Balance as at 31 December 2014 Published	**233.874.030**	**0**	**0**	**830.956**
Restatment:				
Incorportion	19.797.255			0
Increase in capital	214.076.775			0
Entry into the perimeter				0
Comprehensive income for the year				939.754
Others				-109.879
Balance as at 31 December 2014 Restated	**233.874.030**	**0**	**0**	**829.875**
Balance as at 1 January 2015	**233.874.030**	**0**	**0**	**829.875**
Increase in capital	52.000.000			0
Other equity instruments		8.000.000	35.900.000	0
Appropriation of profits				0
Comprehensive income for the year				-20.391.472
Others				-332.791
Balance as at 31 December 2015	**285.874.030**	**8.000.000**	**35.900.000**	**-19.894.387**

Attached Notes hereafter are an integral part of the Consolidated Financial Statements

The Consolidation Director

Shareholders				
Other comprehensive income				

Monetary values are expressed in Euros

Revaluation reserves	Translation differences	Other comprehensive Income	Minority interests	Total equity
		0	0	19.797.255
		0	0	214.076.775
		0	9.339	9.339
	-90.530	-90.530	0	849.224
		0	-2.333	-111.131
0	**-90.530**	**-90.530**	**7.006**	**234.621.462**
		0	0	19.797.255
		0	0	214.076.775
		0	9.339	9.339
	-136.602	-136.602	0	803.152
		0	-2.333	-112.212
0	**-136.602**	**-136.602**	**7.006**	**234.574.309**
0	**-136.602**	**-136.602**	**7.006**	**234.574.309**
		0	0	52.000.000
		0	0	43.900.000
		0	0	0
	-958.040	-958.040	-119.892	-21.469.404
		0	10.327	-322.463
0	**-1.094.642**	**-1.094.642**	**-102.559**	**308.682.442**

The Board of Directors

Efacec Power Solutions, SGPS, S.A. and Subsidiaries

Consolidated cash flow statement as at 31 December 2015 e 2014

Monetary values are expressed in Euros

	Notes	2015	2014
Operating activities			
Accounts receivable		488.267.472	14.784.817
Accounts payable		394.435.237	10.812.318
Paid to staff		84.946.867	3.272.934
Cash flow generated by activities		**8.885.369**	**699.565**
Payment/ receipt of income tax		8.357.938	0
Other receipts/ payments related to operating activities		(2.473.526)	(1.210.712)
Cash flow from operating activities [1]		**14.769.781**	(511.146)
Investing activities			
Inflows:			
Financial investments		87.504	3.820.000
Interests and similar income		5.768.605	1.434
		7.920.569	**3.821.434**
Outflows:			
Financial investments		3.640.847	18.572.525
Tangible assets		3.577.395	94.139
		7.218.242	18.666.664
Cash flow from investing activities [2]		**702.327**	**(14.845.230)**
Financing activities			
Inflows			
Obtained / granted current loans		243.340.818	19.187.846
Increase in capital, additional paid in capital and share issue premium		60.000.000	0
		303.340.818	**19.187.846**
Outflows			
Obtained / granted current loans		300.450.097	3.086.813
Amortization of financial lease		23.477	4.110
Interests and similar expenses		8.094.686	263.501
		308.568.261	3.354.425
Cash flow from financing activities [3]		**(5.227.443)**	**15.833.421**
Change in cash and cash equivalents	**[D]-[A]-[B]-[C]=[1]+[2]+[3]**	**10.244.665**	**477.046**
Impact of translation rates	**[A]**	**(9.720)**	**(37.722)**
Impact of change in perimeter	**[B]** *4.2*	**2.492.869**	**24.941.181**
Cash and cash equivalents at the beginning of the year	**[C]**	**25.380.505**	**0**
Cash and cash equivalents at the end of the year	**[D]** *13*	**38.108.319**	**25.380.505**

Attached Notes hereafter are an integral part of the Consolidated Financial Statements

The Consolidation Director *The Board of Directors*

Notes to the consolidated financial statements

A. General information

Efacec Power Solutions SGPS, S.A. ("Efacec Power Solutions" or "EPS") is a limited liability company with registered offices at Arroteia, Parish of Leça do Balio, Guifões and Custóias, Municipality of Matosinhos, Portugal. EPS was incorporated on August 14, 2014, having as object the management of shareholdings as an indirect form of performing economic activities. The incorporation of Efacec Power Solutions was part of the restructuring process that Efacec Capital, SGPS, SA ("Efacec Capital") initiated from the end of 2013 in order to align the corporate structure of the Efacec Group with covered market segments and target geographies. At the end of 2014, Efacec Power Solutions became itself a group of companies that gather all the means of production, technologies and technological and human skills for the development of activities in the fields of Energy, Engineering, Environment, Transportation and Electric Mobility solutions. The EPS Group also covers a wide network of branches and agents across 4 continents.

On 23 October 2015, the EPS Group experienced a change in its shareholder structure, the majority of the capital of Efacec Power Solutions being held by the company Winterfell 2 Limited ("Winterfell 2").

The activities of the EPS Group companies include an extensive range of products with high technological level. This diversity, with skills at production and engineering levels, enables it to provide technical solutions to a very wide range of business sectors, in domestic and foreign markets.

The EPS Group is part of a highly competitive and globalized market, being necessary to be prepared and alert to the constant developments and changes in customer preferences and new technologies. Aware of this, the EPS Group has adapted its organization and business structure in order to improve its response to the market needs, focusing on areas of greater added value and providing the group structures with the appropriate skills for the new challenges inherent to the market and organizations.

As Efacec Power Solutions was incorporated during the 2nd half of 2014 and as the transfer of investments of Efacec Capital, SGPS, SA was performed gradually until the end of the year, some of the major companies have not integrated the Financial Statement in 2014, which thus reflects an incomplete financial year, not comparable to the values reported for the year 2015.

These financial statements were approved by the Board of Directors on 18 March 2016. The Board Directors who sign this report declare that, to the best of their knowledge, the information contained herein was prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, which give a true and fair view of the EPS Group consolidated financial statement, results and cash flows.

The financial information is expressed in euros, which is the functional and reporting currency of the Group entities, unless otherwise stated.

B. Accounting policies

1. Summary of the principal accounting policies

The accounting policies used are in accordance with International Financial Reporting Standards (IFRS) in force during each financial year. They are disclosed in subsequent notes, that have been applied by Efacec Power Solutions since its incorporation, and have also been applied consistently, every year, by the subsidiaries. Nevertheless, standards, interpretations and revisions issued by the various bodies that oversee the implementation of International Financial Reporting Standards - IASB, IASC, SIC and IFRIC, when applicable to the EPS Group, are adopted during the period they become mandatory.

1.1 Basis of preparation

The consolidated financial statements of Efacec Power Solutions were prepared in accordance with International Financial Reporting Standards (IFRS) in force since January 1, 2015, as adopted by the European Union.

The consolidated financial statements have been prepared taking into account the historical cost convention, except for land, financial assets and financial liabilities, (including derivatives instruments) which are recorded at their fair value.

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of some important accounting estimates. It also requires that the Governing Bodies practice their judgment in the process applied to the accounting policies of the EPS Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The standards, interpretations and revisions issued by the different bodies that oversee the implementation of International Financial Reporting Standards - IASB, IASC, SIC and IFRIC - are listed below, together with the date of application and approval by the European Union.

Description	Changes	Effective date
1. Amendments and interpretations effective on 31 December 2015		
Improvements to standards 2011 – 2013	Clarifications	01-01-2015
IFRIC 21 – Government Tax ("Levies")	New interpretation – Acccounting of tax liabilities	01-01-2015
2. Amendments effective on or after 1 February 2015		
Improvements to standard 2010 – 2012	Clarifications	01-02-2015
IAS 19 - Plans of defined benefits	Accounting of employees' contribution and other entities	01-02-2015
IAS 16 and IAS 38 – Calculation methods amortization/depreciation	The methods of depreciation/amortization based on revenue are not allowed	01-01-2016
IAS 16 and IAS 41 – Agriculture: Plants producing biological consumable assets	Plants that only produce biological consumable assets are included within the scope of IAS 16 and are measured by cost value method or revaluation method	01-01-2016
IFRS 11 – Joint agreements	Accounting for the acquisition of na interest in a joint operation which is a business	01-01-2016
IAS 1 – Presentation of Financial Statements	Revue of disclosures under the IASB's project "Disclosure Initiative"	01-01-2016
IAS 27 - Separate Financial Statement	Option to measure through the equity method in the separate financial statements , investments in subsidiariess, joint ventures and associates	01-01-2016
Improvements to standards 2012 – 2014	Clarifications	01-01-2016
3. Standards and changes effective on or after 1 February 2015, not yet endorsed by EU		
Changes IFRS 10, 12 and IAS 28: Investment entities - application of exemption to consolidate	Exemption to consolidate applied to the investment entities, extended to a mother company, that does not qualify as na investment entity but is a subsidiary of an investement entity	01-01-2016
IFRS 9 –Financial instruments	New standard for the accounting treatment of financial instruments	01-01-2018
IFRS 15 – Revenue of contracts with customers	Recognition of revenue related to the delivery of assets and services, by the method of the 5 steps	01-01-2018

We do not estimate significant effects for the EPS Group resulting from the adoption of these Standards.

1.2 Consolidation

1.2.1 Subsidiaries

Subsidiaries are all entities (including Special Purpose Entities) over which the EPS Group has the power to govern the financial and operating policies generally represented by more than half of the voting rights. The existence and effect of potential voting rights, either currently exercisable or convertible, are taken into consideration when assessing whether the EPS Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the EPS Group. They are de-consolidated from the date that control ceases.

The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured by the fair value of the assets, equity instruments issued and liabilities incurred or assumed on the date of acquisition, plus all costs directly attributable to the acquisition. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, regardless of the existence of any minority interest. The excess of acquisition cost plus the share of minority interests over the fair value of acquired assets and liabilities, or alternatively, increased by the fair value of minority interests share in the acquired subsidiary, in relation to the fair value of the total net assets and liabilities of the acquired subsidiary, is recorded as goodwill (note 1.5.1). If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the Income Statement.

Transactions, balances and gains that were not realized with transactions carried out between companies of the EPS Group are written of. Unrealized losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the EPS Group.

The amount concerning minority interests is included in Equity. Transactions with "minority interests" are recorded in Equity, when there is no change in the control over the Entity, meaning that goodwill or gains or losses are not recorded. When there is a loss of control over the entity, any interest resulting from the entity is re-measured to the fair value, meaning that the gain or loss is recognized in the results of the financial year.

The list of subsidiaries included in the scope of consolidation is shown in Note 4, as well as changes to the perimeter verified in the financial year.

1.2.2 Associates

Associates are all entities over which the EPS Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted by using the equity method and are initially recognized at cost. The EPS Group's investment in associates includes the goodwill (deducted from accumulated impairment losses) identified on acquisition (see Note 1.5.1).

The EPS Group's share in associates' post-acquisition profits and losses is recognized in the Income Statement, and its share of post-acquisition movements in reserves is recognized in reserves as counterpart of the financial investment's book value. When the EPS Group's share in losses of an associate equals or exceeds its investment in the associate, including any other unsecured receivables, the EPS Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the cost of acquisition is less than the fair value of the net assets of the acquired associates, the difference is recognized directly in the Income Statement.

The goodwill identified on acquisition of associates, deducted from accumulated impairment losses, is recorded under the heading "Investments in Associates".

An evaluation of investments in associates is triggered whenever there are signs that the asset could be impaired. Impairment losses are recorded as costs under the same item. When impairment losses recognized in previous periods cease to exist, they are reversed, with the exception of goodwill.

Unrealized gains on transactions between the EPS Group and its associates are eliminated to the extent of the EPS Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Associates have been changed where necessary to ensure consistency with the policies adopted by the EPS Group.

1.2.3 Joint ventures

The accounting international standard IFRS 11 describes jointly controlled investments as joint-operations or as joint-ventures, which are mainly distinguished by:

- Existence or not of a separate vehicle body
- Unanimity required in decision-making
- Ownership of assets / liabilities and income / costs

In 2014, the Company adopted the IFRS.11, and held a case-by-case analysis of the contracts of all entities with which it maintains interests. In the cases where the clusters were classified as joint operations, their accounts have been integrated line-by-line in proportion to the equity holding in each of them; where the clusters were considered joint ventures, investment is recorded at cost, according to company policy for investments in associates.

1.2.4 Transactions policy between entities under joint control

There are no accounting policies set out in international standards for transactions between entities under common control, where the parent company retains control of the transferred subsidiary before and after the transactions are realized. In its absence, the management takes into account the requirements and guidelines of other standards that address similar issues, having opted for the purchase method of IFRS 3R, this legislation being fully implemented (see Note 1.2.1).

1.3 Foreign currency exchange

1.3.1 Functional and presentation currency

Items included in the Financial Statements of each of the EPS Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in Euro, which is the company's functional and EPS Group's presentation currency.

Currency exchange differences arising from operating activities of the EPS Group are recorded in the income statement as expenses or operating income. If exchange differences are due to financial operations, they are recorded as financial results.

1.3.2 Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement.

1.3.3 Group companies

The results and the financial position of all the EPS Group's entities (none of which has currencies of a hyper-inflationary economy) which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each presented Consolidated Financial Position Statement are translated at the exchange rate in force on the date of the Financial Statements;

(ii) Income and expenses for each Income Statement are translated at average Exchange rates; and

(iii) The exchange differences arising on translating the individual financial statements of the companies included in the consolidation are recognized in Equity, under in the heading «Reserves».

1.4 Tangible fixed assets

Land and buildings consist primarily of factories and offices. Land is stated at fair value based on at least three-year periodic reviews, performed by independent external evaluators. Other tangible fixed assets are stated at historical cost, less depreciation, including all expenditures directly attributable to the acquisition of property.

Subsequent costs are included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that economic benefits will flow to the company and the cost can be measured reliably. The other repairs and maintenance costs are recognized as expenses in the period they incur.

According to accounting policies of the EPS Group for determining the fair value, land is subject to triennial evaluations by independent experts. Evaluations rely on using the criteria of market comparison and substitution costs. Revaluations are recognized in equity, net of the related deferred tax. Depreciations, if any, are deducted from equity within the limits of the revaluation reserves existing for the same assets. Profit is recognized through the excess of that limit.

When tangible assets recorded at fair value are disposed, the amount included in revaluation reserves is transferred to retained earnings. Land is not depreciated. Depreciation of other assets is calculated by the straight-line method, on a monthly basis on the cost or revaluation, in order to allocate their cost or revalued amount to their residual value, depending on their estimated useful lives, as follows:

Item	Years
Land	-
Buildings and other construction	25 - 50
Plant and equipment	8 - 16
Vehicles	4 - 5
Tools and utensils	4 - 8
Office equipment	4 - 6

The depreciation process starts in the month following the month in which the asset is brought into operation.

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the closing date of financial statement. If the carrying amount exceeds the recoverable amount of the asset, it is immediately adjusted to the estimated recoverable amount (Nota 1.6).

Gains and/or losses on disposals and write-offs are determined by the difference between their carrying amount and value of sale or write-off, being in the latter case null and included in Income for the period.

1.5 Intangible fixed assets

1.5.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities from the subsidiary on the date of acquisition (Note 1.2), being included in the respective item of the consolidated financial statement. Goodwill resulting from the acquisition of associate companies integrates the item "Financial Investments in Associates".

Goodwill is subject to impairment tests on an annual basis and is stated at cost, less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the same.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the entity and translated at the closing rate, if the functional currency is other than the euro.

Goodwill is allocated to cash flow generating units (CGU) to perform impairment tests (Note 2.1). The recoverable amount of a CGU is determined based on the value used in calculations. These calculations use cash flow projections based on financial budgets approved by the management, covering a period of at least four years. Under certain conditions, some CGU can be grouped, when there is a high level of business dependence on one or more CGU in respect of another integrator CGU, with respect to technical, financial, commercial, or the ability to hire new business with the its customers.

EPS Group's Governing Bodies determine the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rates used are before taxes and reflect specific risks relating to the relevant segments.

1.5.2 Software

The acquisition cost of software licenses is capitalized and includes all costs incurred in acquiring and putting the software available for use. These costs are amortized over the estimated useful life (not exceeding 5 years). The costs associated with the development or maintenance of software are recognized as expenses when incurred.

Costs directly associated with the production of identifiable and unique software controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include personnel costs employed in software development and the share of relevant costs. Development costs of software recognized as assets are amortized over their estimated useful lives (not exceeding 5 years).

1.5.3 Research and development expenses

Expenditure on research is recognized as an expense when incurred. Costs incurred on development projects (relating to the design or test of new products and enhancements on existing products) are recognized as intangible assets when it is probable that the group will obtain economic benefits, considering its commercial and technological feasibility, and costs can be measured reliably. Other expenditures for development are recognized as expenses when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent periods. Development costs with a set useful life that have been capitalized are amortized from the start-up of commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

1.6 Impairment of non-financial assets, except Goodwill

Assets that have an indefinite useful life are not subject to amortization but are the object of annual impairment tests. Assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the value at which they are accounted may not be recoverable. An impairment loss is recognized for the amount of the excess of the carrying amount of the asset to its recoverable amount. The recoverable amount is the higher between the fair value of an asset less costs to sell and value in use. When determining the value in use, the estimated future cash flows are discounted using a discount rate that reflects the current market reviews and specific risk of the asset.

For carrying out impairment tests, assets are grouped at the lowest levels for which it is possible to identify separately cash flows (units generating cash flows).

1.7 Financial assets

1.7.1 Rating

The group classifies its financial assets according to the following categories: fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified under this category unless designated for hedging. Currently, the EPS Group has no such financial assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans granted and receivables are classified as current assets, except for maturities greater than 12 months after the closing date of the financial year, in which case these are classified as non-current assets.

(c) Financial assets held to maturity

Currently, the EPS Group has no financial assets held to maturity.

(d) Financial assets available for sale

Financial assets available for sale (Note 9) are non-derivative financial assets that are not essential to the continued operation of the EPS Group. These financial assets are classified as non-current, unless the assets expire or if management intends to sell them within 12 months after the reporting date.

1.7.2 Recognition and measurement

Purchases and sales of financial assets are recognized on trade date - the date on which the EPS group commits itself to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs, unless classified at fair value through profit and loss. Financial assets at fair value through the income assets are initially recognized at fair value and their transaction costs recorded in the income statement. Financial assets are derecognised when the rights to receive their cash flows expire, or at the time the risks and benefits of ownership are transferred. Financial assets available for sale and financial assets at fair value through the income assets are subsequently measured at fair value. Loans and receivables are subsequently measured at amortized cost using the method of effective interest rate.

Gains or losses arising from changes in fair value of financial assets classified under the category of fair value through profit or loss, are recorded in the Income Statement as 'Financial Costs' in the period in which they occur.

Customer's account receivables and other debtors are initially recognized at their nominal value or fair value, if different, less any impairment loss. Customer's amounts receivable are derecognized when, substantially, transferred to another entity all the significant risks and rewards associated with the cash flows of the financial asset benefits. If the entity retains its exposure to the total variability in the present value of future net cash flows associated with the financial asset, there is not a de-recognition of the asset.

When securities classified as available for sale are sold or impairment is recorded, the cumulative value of adjustments to fair value recognized in fair value reserves is recognized in the income statement as "Gains or losses in other companies".

Interest on securities account classified as available for sale are calculated using the effective interest method, and recognized in the income statement under the heading "Other income".

Dividends of shares available for sale are recognized in the income statement upon the determination of the right to them by the Group.

1.7.3 Presentation by net value

Financial assets and liabilities are presented in the financial statement on a net basis when there is a legal right to compensate them for this value, as well as the intention to do so.

1.7.4 Impairment of financial assets

(a) Loans and receivables

The adjustment for impairment of account receivables is established when there is objective evidence that the EPS Group did not receive all amounts due according to the original terms of receivables. The adjustment amount is the difference between the displayed value and the present estimated value of future cash flows, discounted at the effective interest rate. The adjustment value is recognized in the income statement.

(b) Assets carried at amortized cost

The Group assesses at each date of its Financial Statement whether a financial asset or group of financial assets is impaired. If financial asset or group of financial assets is impaired, impairment losses are recorded only when there is objective evidence thereof as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that such an event (or events) has an impact on the estimated future cash flows produced by the asset or group of assets that can be reliably estimated.

The criteria used by the group to determine whether there is objective evidence of an impairment loss include:

- Significant financial difficulties of the issuer or debtor;
- Breach of contract provisions, such as payment of interest or capital;
- The possibility that the borrower will file bankruptcy or financial restructuring;
- The disappearance of an active market for the financial asset in question for reasons of financial distress, or
- Observable data, indicating a measurable decrease in the estimated future cash flows from a portfolio of financial assets, having this decrease occurred after the initial recognition of those assets, but still not being attributed to individual financial assets. These data include:

(i) Adverse state of those portfolio debtors in meeting payments, and

(ii) National or local economic conditions that correlate with failure to pay for the assets in the portfolio.

The Group first examines whether there is evidence of impairment.

The amount of the loss is measured as the difference between the value at which the asset is measured and the current estimate of future cash flows (excluding future credit losses that have not been registered) discounted at the effective interest rate. The value to which the asset is measured is reduced, and the amount of the loss is recognized in the consolidated income statement. As a practical expedient, the Group can measure the amount of impairment based on the fair value of the instrument, using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively attributed to an event occurring after the impairment was recorded (such as improved credit rating of the debtor), then the previously recognized impairment is reversed in the consolidated income statement.

(c) Assets classified as available for sale

The group analyses at each date of its financial statement whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the group uses the criteria described above in (a). In the case of equity instruments of other entities classified as available for sale, a significant or prolonged decline in the fair value of shares relative to their costs also constitute evidence of impairment. If such evidence exists for assets available for sale, the cumulative loss - measured as the difference between the acquisition cost and the fair value at date, less any impairment loss previously recognized through profit and loss account for the financial asset in question - is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt security rated available for sale increases and the increase can be objectively attributed to an event occurring after the impairment loss was recognized in the income, then the impairment loss is reversed through the consolidated income statement.

Financial investments in Group's companies that were excluded from the consolidation and other shareholdings are stated at acquisition cost. Financial investments in associated companies are valued by the Equity Method, as described in Note 1.2.2.
The EPS Group first examines whether there is evidence of impairment of any financial investment. If there is such evidence, the accumulated loss, calculated by the difference between the balance sheet value and the current fair value, is recognized in the income statement of the period in which the impairment is verified.

1.8 Accounting for financial instruments - derivatives and hedging

Derivatives are initially recognized at fair value at the date in which their contractual arrangements take part, and subsequently measured at fair value. The method by which the changes in fair value are recognized depends on the designation (or not) of this derivative as a hedging instrument and, in the case of so being appointed, the nature of the hedged item. The Group designates certain derivatives as: (1) hedges of the fair value of assets, liabilities or firm commitments recognized (fair value hedge), (2) hedging of a particular risk associated with an asset, liability or a highly probable transaction (hedging of cash flows).

For each transaction, and at its origin, the Group prepares documentation justifying the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for hedging transactions. The Group also documents either on the trade date of hedging, or on a continuous basis, its analysis of the effectiveness with which the hedging instrument offsets changes in fair value or cash flows of the hedged instruments. In accordance with IAS 39, the fair value of option Type derivatives is separated in its intrinsic value and its time value, given that only the intrinsic value of these instruments may be designated as a hedging instrument. Thus, tests of validity of the derived type option only include the intrinsic value of these instruments.

The fair value of derivatives used for hedging purposes, when they exist, is disclosed in proper Note. Movements in the hedging reserve are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged instrument is greater than 12 months and as a current asset or liability when it is less than 12 months. Trading derivatives are classified as current assets or liabilities.

1.8.1 Fair value hedge

Changes in fair value of derivatives that are assignable and classified as fair value hedge instruments are recognized in the income statement together with changes in the fair value of the assets or hedged liabilities attributable to the hedged risk.

If the hedging relationship ceases to meet the criteria for hedge accounting, then the adjustment to the carrying amount of the hedged item, for which is used the effective rate method, is amortized over the period extending until maturity.

1.8.2 Coverage of cash flows

The effective amount of the change in fair value of derivatives assignable and classified as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective amount of the loss is immediately recognized in the income statement.

Amounts accumulated in equity are subsequently recognized in the income statement in the period in which the instrument affects the income statement (for example, when a transaction of a forecasted hedged sale occurs). The gain or loss on the value of interest rate swaps, to cover variable rate loans is recognized in the income statement as "Net financial costs." The gain or loss relating to the effective amount of derivatives exchange rate is recognized in the income statement as "Net financial costs." The gain or loss relating to the effective amount of derivatives on the price of commodities is recognized in the income statement as "Cost of goods sold and materials used." The gain or loss on the ineffective amount is recognized in the income statement as "Net financial costs."

When a hedging instrument reaches maturity, when it is sold, or when a hedge no longer meets the requirements for hedge accounting, any cumulative gain or loss recorded in registered capital will remain that way, being recognized in the income statement when the forecast transaction also is. When the occurrence of the forecasted transaction is no longer probable, the cumulative gain or loss recorded in equity is immediately transferred to the income statement as financial income or costs.

1.8.3 Derivatives not qualified for hedging

Certain derivatives do not meet the hedging criteria. Changes in their fair value are recognized immediately in the income statement.

1.9 Inventories

Inventories are recorded at the lowest of cost between the cost and the net realizable value. With regard to raw materials, the cost correspond to the acquisition cost. With regard to finished goods and products under manufacture, the cost is calculated using the standard cost (that does not deviate significantly from the actual cost of production), and the cost of these products includes raw material costs, labour, direct labour, other direct costs and general expenses of production (based on normal production capacity). The costs of loans obtained are not considered.

The cost of inventories includes the equity transfer of any gain or loss classified as cash flow hedges related to the purchase of raw materials.

Net realizable value is the estimated selling price in the ordinary course of business, less variable selling costs.

1.10 Cash and cash equivalents

The item 'Cash and cash equivalents' includes cash, bank deposits and other short-term investments with high liquidity and with initial maturities of 3 months. Bank overdrafts are presented in the consolidated financial statement in the current liabilities, under the heading "Loans".

1.11 Equity

Ordinary shares are classified as equity.

Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, of capital inflows.

1.12 Debts to financial institutions and related parties

Loans obtained are initially recognized at their nominal value or fair value, if different, less any loss for impairment . Loans are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the amortized value is recognized in the income statement over the period of the loan using the effective interest method.

Loans obtained are classified as current liabilities unless the EPS Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the financial statement closing date.

Interests and other financial charges related to loans are generally recognized as expenses in accordance with the accrual accounting principle.

Interests and other financial charges on loans, which are directly related to the acquisition, construction or production of fixed assets, are capitalized as part of the cost of the asset. The capitalization begins after the start of preparation of the construction or development of the asset and stops when the asset is ready for use or when the project is suspended. Any income earned on loans, directly related to a specific investment is deducted from financial costs eligible for capitalization.

1.13 Payables to suppliers and other creditors

Payables to suppliers and other creditors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The suppliers' bills are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, the suppliers' bills are presented as non-current liabilities.

1.14 Income tax and deferred taxes

Income tax include current tax and deferred tax, and it is obtained by the sum of tax estimates calculated by the companies forming the EPS Group.

Current tax is calculated based on current tax law, or substantially prevailing at the date of the financial statement in countries where the subsidiaries and associates operate and generate taxable income. The management of the Group periodically reviews its analysis in this area and recognizes provisions for probable tax contingencies for cases under review, as well as possible adjustments made by tax authorities. These provisions are recorded at the amount expected to be paid to the tax authorities.

Deferred tax is calculated based on the value of temporary differences between the carrying amounts of assets and liabilities and their tax base. However, deferred tax is not recorded if it occurs from the initial recognition of an asset or a liability in a transaction, which does not constitute a business combination that at the time of the transaction does not affect the income and costs, not accounting or not taxable. Deferred tax is determined in the light of current legislation and rates, or substantively in force at the reporting date, and are expected to apply when performing the deferred tax asset or settlement of the deferred tax liability.

Deferred tax assets are recognized only when the existence of future taxable income is expected, under which the temporary difference can be utilized.

Assets and deferred tax liabilities are presented in the financial statement at net value when there is a legally enforceable right to offset current assets and deferred tax liabilities by this amount, and where assets and deferred tax liabilities relate to taxes on income levied by the same taxation authority on the same taxable entity or different entities when there is an intention to settle the amounts on a net basis.

Deferred taxes are classified as non-current, as shown in the financial statement.

Efacec Power Solutions required that, from the financial year 2016, the national subsidiaries are subject to the Special Regime of Taxation of Corporate Groups. The scheme applies to groups, which include companies in which they hold equal shareholdings or above 75% and which meets the conditions of Article 63 of the Tax Code on Corporate Income Tax.

1.15 Provisions

Provisions are measured at fair value of the costs that are expected to occur in order to settle the obligation using a pre-tax rate that reflects the time value of money, as well as specific risks to the liability, as assigned by market. Provisions are not recognized for future operating losses.

The EPS Group recognizes provisions for onerous contracts when the costs to be incurred to meet the contractual obligations exceed the economic benefits estimated, contract by contract, according to estimates of the responsible staff for works/projects.

The provision for warranties is recognized when the underlying products or services are sold. The provision is made using historical information on the nature, frequency and average cost of claims.

1.16 Recognition of revenue

Revenue comprises the fair value of sales of goods and services, net of taxes and trade discounts, and after elimination of internal sales.

Revenues are recognized at fair value of the amount received or receivable for the sale of goods and services in the ordinary course of business of the group. Sales are recognized at net value of the amount of value added tax, returns and discounts and after intra-group sales have been eliminated.

The EPS Group recognizes revenue when the amount can be measured reliably, when it is probable that future economic benefits give input on the entity and when specific criteria are met for each of the group's activities as described below. The EPS Group bases its estimates on historical results, taking into consideration the type of customer, as well as the transaction type and its characteristics.

1.16.1 Sales

The recognition of revenue occurs when the product is delivered and accepted by the customer and when the payment of the related accounts receivable is reasonably assured.

1.16.2 Provision of services

The provision of services is recognized in the accounting period in which the services are provided and invoiced.

1.16.3 Multi-year contracts

Revenues from contracts arising for periods exceeding one year are accounted for under the percentage of completion method, with reference to the costs incurred, partial delivery or another approach to the reliable estimation of the costs of completion of the work. When it is not possible to make a reliable estimate of the revenues and costs, revenues are recognized when the product is delivered to the customer. In this case, the costs incurred until delivery are recorded in 'Inventories - Products and Works in progress'.

When the amount invoiced to the customer is greater than what was determined by the percentage of completion method, deferred revenue is recognized, representing a liability to the client on the work to be performed.

Costs of contract include raw materials and direct materials, direct labour and also indirect costs distributed as specified in the contract. Sales and administrative expenses are recorded as costs as they occur. Provisions are recorded in the income statement for any foreseen losses on completing a contract within the period in which they are determined, being immediately recognized in the income statement. Changes to contracts or cost estimates and forecast costs and/or revenues and margins, resulting from the renegotiation of the conditions with customers or from internal productivity, are recognized in the income statement in the period in which they occur and taking into account the stage of completion.

Materials specific to the contract, which have not been used or installed, are shown under 'Inventories - products and work in progress'.

1.17 Leases

Leases are classified as operating leases if a significant portion of the risks and rewards of ownership is retained by the lessor. Payments for operating leases are charged to the income statement at the time of their settlement.

Leases of tangible assets, where the Group has substantially all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalized at the lease's commencement at the lowest value between the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the outstanding liability and finance charges so as to achieve a constant rate on the outstanding debt. Lease obligations, net of finance charges, are included under Suppliers. This interest is driven to financial expenses in the period of the lease so as to produce a constant periodic rate of interest on the remaining debt in each period. The tangible assets acquired through finance leases are depreciated over the shortest of the useful life of the asset or the lease term.

1.18 Grants

Grants received are recognized at their fair value when there is a reasonable possibility that the grant will be received and the EPS Group will comply with all attached conditions.

Grants received in order to compensate the EPS Group for investments in tangible and intangible assets are included in non-current liabilities as deferred income and are credited to the income statement proportionally to the useful life of the related assets.

Grants received to compensate its incurred costs are recorded in the income statement on a systematic basis over the periods in which the costs they are intended to compensate are recognized.

1.19 Distribution of dividends

The distribution of dividends to shareholders is recognized as a liability in the consolidated financial statements of the EPS Group in the period in which the dividends are approved by the shareholders at the General Meeting.

1.20 Discontinued operations

A discontinued operation is a component of an entity that was either written off or classified as held-for-sale or liquidation and (a) represents a significant line of business or geographical area of operations; (b) or is part of the restructuring process of a business area or geographical area of operations.

Discontinued operations (or disposal groups), are classified as held-for-sale if their value is realizable through a sale transaction rather than through their continued use. This situation is deemed to arise only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition; (ii) the Group has given an undertaking to sell; and (iii) it is expected that the sale will be finalized within 12 months. In this case, non-current assets are valued at the lower of their book value or their fair value less the sale costs.

1.21 Employee benefits

1.21.1 Retirement pensions

The majority of Efacec 's employees is only covered by the social security system.

There is a closed group of former retired employees that benefits from complementary retirement or survivor's pension, which are managed by the Efacec Group. The future liability for these payments is presented in the financial statement under the item 'Provisions' (Notes 19 and 30.2) and corresponds to the current benefits' responsibilities value defined on the balance sheet date. The assessment of responsibility is carried out annually by specialized independent entities.

In subsidiaries based abroad, employees are either covered only by local social security systems or can benefit from complementary systems, established according to the local laws and conditions.

Re-measurements (gains and losses) arising from changes in demographic and financial actuarial assumptions are recorded in "Other Comprehensive Income".

A defined benefit asset is only recognized to the extent that a cash refund or a reduction in future payments is available.

1.21.2 Variable remuneration

Variable remunerations paid to employees are recorded, where they exist, in the income statement for the year to which they relate, under "Staff Costs".

1.22 Contingent assets and contingent liabilities

Contingent liabilities for which an outflow of resources embodying economic benefits is only possible, are not recognized in the financial statements but disclosed in the notes, unless the possibility of the outflow of resources embodying economic benefits is remote, in which case they are not subject to disclosure. Provisions for liabilities that meet the conditions laid down in Note 1.15 are recognized.

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the Notes to the financial statements when a future economic benefit is probable.

1.23 Cash flows statement

The statement of cash flows is prepared in accordance with the direct method. The EPS Group classifies assets with maturity of less than three months and for which the risk of change in value is insignificant under "Cash and cash equivalents".

The Cash Flow statement is divided into operating activities, investment activities and financing activities. Operating activities include cash received from customers and payments to suppliers, staff and other payments related to operating activities.

Cash flows included in investment activities include acquisitions and disposals of investments in subsidiaries, received cash and payments resulting from the purchase and sale of tangible and intangible assets.

Financing activities include cash received and payments relating to equity and loans, including bank overdrafts. They also include payments relating to interests, dividends and finance leases.

1.24 Subsequent events

Events subsequent to the balance sheet date that provide additional information about conditions existing on that date are reflected in the consolidated financial statements. Events subsequent to the balance sheet date, which provide information on conditions that arose after that date, are disclosed in the annex to the consolidated financial statements, if material.

2. Accounting estimates and judgments

The preparation of consolidated financial statements requires the EPS Group's management to make judgments and estimates that affect the reported amounts of revenues, costs, assets and liabilities and disclosures at the date of the balance sheet.

These estimates are determined by the judgments of the EPS Group's management, based on: (i) the best information and knowledge of present events and in some cases, on the reports of independent experts (ii) the actions that the Group considers it may have to take in the future. However, at the date on which the operations are carried out, the results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next exercises are presented below.

2.1 Impairment of goodwill

For analysis purposes, each year, the EPS Group tests whether goodwill has suffered any impairment, recorded in the financial statement in accordance with the accounting policy defined in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Those calculations require the use of estimates (Note 8).

2.2 Income recognition

The group uses the percentage of completion method in accounting for revenue from its multi-year contracts. The use of the percentage of completion method requires the formulation of estimates on the degree of construction and services performed to date, as a proportion of the total construction and the services to be performed. Management exercises judgment in determining whether the outcome of a contract can be estimated reliably. Management also makes estimates of the total cost of services, or in some cases, of the total contract costs, which are used in determining the recoverable amount of the contracts. The estimates are continually revised based on changes and information relating to each contract.

2.3 Fair value of financial assets and liabilities

To determine the fair value of a financial asset or liability where an active market exists, the market price is used. Where there is no active market, which is the case with some of the assets and liabilities of the EPS Group, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group uses valuation techniques for unlisted financial instruments such as derivatives, financial instruments at fair value through profit or loss and assets available for sale. The valuation methods, which are used most often, are based on models of discounted cash flow and options, including, for example, interest rates, exchange rates, prices of raw materials and volatility curves. Currently, the company, has no unlisted financial instruments.

2.4 Income taxes

The EPS Group recognizes liabilities for additional taxes that may result from inspections undertaken by tax authorities. When the final outcome of these situations is different from those initially recorded, the differences will impact income tax and deferred taxes, during the time in which such differences are identified.

Additionally, the EPS Group recognizes deferred tax assets on income tax losses carried forward to the extent that future taxable profits will be available.

This assessment requires the use of estimates and the future taxable profits could be different from the assessment done on each balance sheet date. The difference will impact the income tax.

2.5 Recognition of provisions

The EPS Group periodically reviews the obligations arising from past events that should be recognized or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

Management exercises significant judgment in determining whether there is a present obligation as a result of a past event, or whether it is more likely, on the date of the consolidated financial statements, that from past events outflows of resources can occur, and whether the amount of the obligation can be reliably estimated. The EPS Group periodically reviews the status of these processes using counselling,

both internal and external. These judgements are subject to change as new information becomes available. The amount of provision may change in the future due to new developments in this particular matter.

2.6 Tangible and intangible assets

The useful life of an asset is the period during which the Group expects it to be available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of the assets, the amortization/depreciation method to be applied and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is critical in determining the amount of amortization/depreciation to be recognized in the income statement for each year.

These parameters are defined using the best knowledge of management, and taking into account the best practices adopted by similar companies in the sectors in which the EPS Group operates.

2.7 Impairment of account receivables

The credit risk on the balance of accounts receivable is assessed on the reporting date, taking into account the knowledge of the client and its risk profile. Accounts receivable are adjusted based on the assessment made by the management of the estimated collection risks at the reporting date, which may differ from the actual risks incurred.

C. Risk management

3. Financial risk management

3.1 Factors of financial risk

The EPS Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The EPS Group's programme of risk management focuses on the unpredictability of financial markets and seeks to minimize potentially adverse effects on the financial performance of the EPS Group. Therefore, various financial instruments are analysed to minimize the referred risks, which, in certain circumstances, may be used only to hedge risks arising from Efacec operations and business.

The financial risk management is carried out by a Corporate Financial Management, under policies and guidelines approved by the Board of Directors. This Financial Corporate Management is responsible for identifying, assessing and hedging financial risks in close cooperation with the operating units of the Group. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, price risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Board of Directors carries out a very close monitoring of such transactions.

3.1.1 Market risks

3.1.1.1 Foreign exchange risk

In the course of its international operations, the EPS Group is exposed to foreign exchange rates risks, resulting from proposals submitted in foreign currency, work contracts and sale of products and future cash transactions in foreign currency. In addition, as a result of its foreign subsidiaries and associates, the EPS Group has exposure to foreign exchange rate risk due to recognized assets and liabilities and net investments in foreign operations. The main foreign exchange risk exposures of the EPS Group were related to assets and liabilities in US dollars.

The EPS Group has developed an internal policy related with foreign exchange rate risk hedging, which determines that the majority of contracts and orders in foreign currency are hedged using short-term financial derivatives instruments. The EPS Group is not actively managing, using financial derivative instruments, its exposure to non-financial recognized assets and liabilities and net investments in foreign operations, as it does not represent a significant net exposure to other currencies.

If, at the end of the financial year on December 31, 2015, the euro had strengthened or weakened by 10%:

- Against the US dollar, considering all other variables held constant, the result before taxes would have been lower by 1.894 million euros (2014: lower by 1.006 million euros) and higher by 2.315 million euros (2014: higher by 1.229 million euros), respectively. The equity would not have been affected. These effects are mainly due to the losses / gains with foreign exchange on translation of other receivables and payables denominated in US dollars. On December 31, 2015, there were no loans nor financial derivative instruments denominated in US dollars.
- against all other currencies to which the EPS Group is exposed, considering the other variables held constant, the profit before tax would have been higher by 200 thousand euros (2014: lower by 42,000 euros) and lower by 118,000 euros (2014: higher by 154 thousand euros), respectively.

3.1.1.2 Price risk

The EPS Group is exposed to long term and short-term changes in the prices of raw materials used in its production processes, when buying raw materials whose price is quoted on the stock exchange. Such exposure refers mainly to copper.

The EPS Group implemented policies in order to minimize the impact of price changes of these raw materials on consolidated net income, having established risk hedging strategies that allow the use of financial derivative instruments. The Directorate of Corporate Finance is responsible in the EPS Group for ensuring the management of that risk in conjunction with the Procurement Department and Business Units using these raw materials.

On December 31, 2015, the Group had no option type contracts for copper.

3.1.1.3 Cash flow risks and fair value related to interest rates

The interest rate risk of the EPS Group arises mainly from long-term loans, since the Group has no significant long-term interest bearing assets. The Group has no significant amount of long-term interest-earning assets. Loans contracted with variable interest rates expose the

Group to the risk of changes in cash flows. The EPS Group's policy is to contract its interest bearing liabilities at variable interest rate, not being thus exposed to fair value risk associated with interest rate changes.

The EPS Group implemented an active interest rate risk management policy, in order to limit the risk of change in cash flows associated with interest rate changes. According to the defined policies, the Corporate Finance Management analyses and decides on derivative financial instruments, and it may do it by negotiating contracts that exchange floating rates to fixed rate, or through options on interest rate.

Exposure to interest rate risk is monitored dynamically. In addition to the assessment of future cash flows based on forward rates, sensitivity tests to variations in the level of interest rates are carried out. Currently, the EPS Group is essentially exposed to the interest rate of the euro curve. The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest gains and losses on variable rate financial instruments;
- Changes in market interest rates only affect gains and losses in interest on financial instruments with fixed interest rates if these are recognized at fair value;
- Changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities; and
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows from current net values, using the market rates at the end of the year.

For each analysis, regardless of the currency, the same changes to interest rate curves are used. The analyses are performed for the net debt, i.e., deposits and investments in financial institutions are deducted. Simulations are performed based on the debt net value and the fair value of derivative financial instruments, at reference dates and taking into account the respective change in interest rate curves.

On December 31, 2015, the EPS Group had not contracted interest rate derivatives. The exposure of the Group on the same date amounted to approximately 85.6 million of bank loans, mainly denominated in euros

For the financial year ended December 31, 2015, if interest rates on loans and deposits had been 0.25% higher / lower, considering all other variables held constant, the result for the year before taxes would have been lower/higher by 210 thousand euros. These effects are mainly due to higher or lower interest expense on variable rate loans.

3.1.2 Credit risk

Credit risk is the risk that the counterparty may fail to fulfil its contractual obligations, which may lead to the recognition of a loss. Credit risk results mainly from the EPS Group's operating activities, specifically the risks of lending to customers, including receivables and firm commitments, and its investment and hedging activities, including derivative financial instruments and deposits with financial institutions.

Financial Institutions

Regarding financial institutions, the EPS Group selects parties to do business based on credit ratings from independent agencies. The credit risk arising from transactions with banks and financial institutions is managed by the Corporate Finance Directorate of the EPS Group.

The following table summarizes, as of December 31, 2015 and 2014, the credit quality of deposits, investments, other financial investments and derivative financial instruments with positive fair value by reference to external credit ratings:

	31.12.2015	31.12.2014
Rating		
≥ AA-	1.038.140	454.471
from A- to A+	2.606.256	4.884.180
from BBB- to BBB+	3.324.961	2.184.384
from BB- to BB+	16.246.365	5.652.073
≤ B+	12.101.185	8.575.761
Without rating	2.571.977	3.435.676
	37.888.884	**25.186.546**

The ratings shown correspond to the rating given by Standard & Poor's. When these are not available, Moody's or Fitch's ratings are used.

Customers

With respect to customers credit risk, the EPS Group believes that the risk that a counterparty failing to perform its contractual obligations, which could have a significant impact on its consolidated financial statements, is limited because the EPS Group seeks to ensure that customers have strong credit profiles or adequate financing to meet their obligations with the EPS Group. Additionally, the Group seeks to reduces exposure to credit risk from customers by implementing, for some contracts, a policy of contractual advances.

The quality assessment of credit risk is performed by the Group's treasury department in accordance with the following methodology: if customers hold a rating of independent external credit, these ratings are used; if no external credit rating exist independently, the credit quality risk is assessed taking into account its financial position and past experience, among other factors. Individual risk limits are determined in accordance with the guidelines set by the Board of Directors. The approval of projects of high or significant risk is also a responsibility of the Board of Directors. The utilization of credit limits is regularly monitored. See Note 10 for additional disclosures about credit risk.

The following table presents an analysis of the credit quality of receivables from customers not overdue:

	31.12.2015	31.12.2014
New customers	5.720.879	15.222.962
Institutional customers	36.911.406	55.206.810
Other trade receivables with a history of defaults	89.080.340	81.363.519
Other trade receivables with no history of defaults	30.525.270	46.220.037
	162.237.896	**198.013.328**

Maximum risk

The following table shows the maximum exposure to credit risk associated to financial assets held by the EPS Group.

		31.12.2015	31.12.2014
Customers and accrued revenue	(Note 10)	270.760.348	307.387.493
Other receivables	(Note 11)	10.843.028	41.259.329
Loans to related parties	(Note 28)	3.437.588	148.789.394
Short tem deposits and investments	(Note 13)	1.596.683	1.661.874
Current deposits	(Note 13)	36.292.201	23.524.672
		322.929.848	**522.622.762**

3.1.3 Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and aggregated every year by the Group's Corporate Financial Directorate when preparing the annual budget. It is the responsibility of this Financial Directorate monitoring the forecasted cash flow performed by the EPS Group to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, including credit lines and commercial paper programmes (Note 17), at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the EPS Group's debt financing plans, the compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements- for example, currency restrictions and covenant compliance, namely: Cross default, Pari Passu, Negative Pledges, Debt and capital ratios, change of shareholders and others related with operational activities and with the legal, fiscal and operational obligations of the EPS Group.

The cash surplus, held by the operating entities, over and above the balance required for working capital management, is managed locally, taking into account the instructions of the EPS Group with respect to maturity, liquidity and counterparty. Surplus cash held by the Group is invested by choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as determined by the above-mentioned forecasts.

On December 31, 2015, the EPS Group held cash and current deposits amounting to about 36,5 million euros, and deposits and short term investments amounting to about 1,6 million euros, which was expected to readily generate cash inflows able to facilitate the management of liquidity risk. Moreover, the Group had, on that date, unused credit facilities for about 31,6 million euros.

Amounts in foreign currencies are translated at the exchange rate of the closing date. Interest payments related to liabilities with variable interest rates, are included in the table and are calculated using the spot interest rates available at the reporting date. Assets and liabilities that can be repaid at any time are always allocated to the shorter possible period.

The table below shows the non-derivative financial liabilities which are settled at net value (the EPS Group has no derivative financial instruments that are not settled on a net basis) grouped by relevant residual maturities. The amounts disclosed in the table are the contractual cash flows not discounted.

	Notes	until 1 year	2-3 years	4-5 years	> 5 years
31st December 2015					
Bank loans		17.807.310	18.658.804	31.554.555	28.142.667
Commercial papers		4.377.415	0	0	0
Shareholders loans	28.2	3.437.473	0	0	0
Suppliers	15	79.684.190	3.005	0	0
Other liabilities		20.653.703	0	0	0
Financial guarantees	30.1	61.625.319	0	0	0
		187.585.411	**18.661.809**	**31.554.555**	**28.142.667**
31st December 2014					
Bank loans		66.599.244	61.758.358	61.832.201	83.982.067
Commercial papers		4.513.755	0	0	0
Shareholders loans	28.2	6.518.124	93.239.443	0	0
Suppliers	15	111.043.441	14.062	0	0
Other liabilities		32.493.797	0	0	0
Financial guarantees	30.1	80.921.912	0	0	0
		302.090.273	**155.011.864**	**61.832.201**	**83.982.067**

3.2 Capital risk management

The EPS Group seeks to keep an adequate level of capital so that it not only ensures the continuity and development of its activity, but also to provide adequate returns to its shareholders and to optimize the cost of capital.

The EPS Group may adjust the amount of dividends payable and the return of capital to shareholders or make an issue of new shares or debt in order to maintain or adjust its capital structure.

In accordance with the practices of the industry market, the balance of the capital structure is monitored based on the gearing ratio. Additionally, and in accordance with the finance facilities contracted on the reporting date, the Group is subject to the fulfilment of covenants relating to debt and equity ratios (see note 3.1.3. Liquidity risk). The gearing ratio is calculated according to the following formula: Net Debt / Total Capital. Net debt comprises total loans (including banking and related companies' current and non-current loans as shown in the statement of financial position) less cash and cash equivalents, other financial investments and current loans. The total capital consists of equity capital, as presented in the consolidated financial statements, net debt added. The gearing ratio at December 31, 2015 shows the following calculation:

	Notes	31.12.2015	31.12.2014 Restated	31.12.2014 Published
Debt to credit institutions	17	85.564.387	229.890.616	229.890.616
Debts to related parties	28.2	3.437.473	99.757.567	99.757.567
		89.001.860	**329.648.183**	**329.648.183**
(-) Cash and cash equivalents	13	38.108.319	25.380.505	25.380.505
(-) Loans to related parties	28.2	3.437.588	148.789.394	148.789.393
Net debt		**47.455.953**	**155.478.284**	**155.478.285**
Equity		308.682.442	234.574.309	234.621.462
Total equity		**356.138.395**	**390.052.593**	**390.099.747**
Gearing		**13,3%**	**39,9%**	**39,9%**

3.3 Estimates of fair value

The following table presents the assets and liabilities of the EPS Group measured at fair value, according to the following levels of fair value hierarchy established in IFRS 7:

- Level 1: the fair value of financial instruments is based on quoted prices in active liquid markets at the reference date of the statement of financial position. This level essentially includes equity and debt instruments (e.g. NYSE Euronext);
- Level 2: Fair value of financial instruments is not based on active market prices, but with valuation models. The main inputs of the models used are observable in the market;
- Level 3: Fair value of financial instruments is not based on active market prices, but with the use of valuation models, whose main inputs are not observable in the market.

Amounts in Euros	31 December 2015				31 December 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivatives								
Tangible assets								
Land at fair value		3.888.050		**3.888.050**		**3.340.200**		**3.340.200**
Assets held for sale								
Investim. in subsidiaries			**26.132**	**26.132**			**26.132**	**26.132**
	0	**3.888.050**	**26.132**	**3.914.182**	**0**	**3.340.200**	**26.132**	**3.366.332**
Liabilities								
Derivatives								
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**

For land valuation, the Market Comparison Criteria was used, using market average values per m².

3.4 Financial instruments per category

On 31 December 2015 and 2014, financial assets were classified in the following categories:

Assets as per balance sheet	Loans and receivables	Held for sale	Non financial assets	Total
31 December 2015				
Financial investments		26.132		26.132
Loans to related parties	3.437.588			3.437.588
Trade receivables and accrued income	270.760.348		466.664	271.227.012
Debtors and deferred costs	10.843.028		13.940.236	24.783.264
Cash and cash equivalents	38.108.319			38.108.319
	323.149.283	**26.132**	**14.406.900**	**337.582.315**
31 December 2014				
Financial investments		26.132		26.132
Loans to related parties	148.789.393			148.789.393
Trade receivables and accrued income	307.387.493		7.189.683	314.577.177
Debtors and deferred costs	41.259.329		16.041.356	57.300.684
Cash and cash equivalents	25.380.505			25.380.505
	522.816.721	**26.132**	**23.231.039**	**546.073.892**

Regarding financial liabilities, their breakdown per category was as follows:

Liabilities as per balance sheet	Other financial liabilities held at amortized cost	Non financial liabilities	Total
31 December 2015			
Debts to financial institutions	85.564.387		85.564.387
Loans from related parties	3.437.473		3.437.473
Suppliers	79.687.195		79.687.195
Creditors and accrued costs	38.158.343	15.772.795	53.931.137
	206.847.398	**15.772.795**	**222.620.193**
31 December 2014			
Debts to financial institutions	229.890.616		229.890.616
Loans from related parties	99.757.567		99.757.567
Suppliers	111.057.504		111.057.504
Creditors and accrued costs	62.043.803	14.379.334	76.423.137
	502.749.490	**14.379.334**	**517.128.824**

D. Consolidation

4. Scope of consolidation

4.1 Companies included in consolidation

We hereby present the list of companies included in the consolidation, shares held by Efacec Power Solutions, directly or indirectly, and the consolidation method.

Name	Head offices	% control	Cons. Method
Efacec Power Solutions, SGPS, SA	Matosinhos	H	FULL
Efacec Energia, Máquinas e Equipamentos Eléctricos, SA	Matosinhos	100,00	FULL
Efacec Engenharia e Sistemas, SA	Maia	100,00	FULL
Efacec Electric Mobility, SA	Maia	100,00	FULL
Efacec Serviços Corporativos, SA	Matosinhos	100,00	FULL
Efacec Marketing Internacional, SA	Maia	100,00	FULL
SMA - Serv Manut Centrais Termoeléctricas, ACE	Oeiras	100,00	FULL
Siemens, Setal, Dégremont e Efacec - Serv Manut, ACE	Amadora	33,00	PRO
EME2 - Engenharia, Manutenção e Serviços, ACE	Lisboa	40,00	ECM
Ensul Meci-Efacec, Cogeração do Porto, ACE	Almada	100,00	ECM
GACE - Gondomar, ACE	Porto	20,00	PRO
EfaServicing, ACE	Matosinhos	100,00	FULL
Efacec Angola, Lda.	Luanda / Angola	98,33	FULL
Efacec Moçambique, Lda.	Maputo / Moçambique	100,00	FULL
EFASA (Pty) Ltd.	Bedfordview/África Sul	100,00	FULL
Efacec Chile, SA	Santiago / Chile	100,00	FULL
Power Solutions Brasil, Sist. Automação e Potência, Ltda	S.Paulo / Brasil	100,00	FULL
Efacec Power Solutions Argentina, SA	Buenos Aires / Argentina	98,00	FULL
Efacec Equipos Electricos, SL	Tarragona / Espanha	100,00	FULL
UTE Efacec Engenharia SA y Cemesa SL	Tenerife / Espanha	90,00	PRO
UTE Efacec Bahía de Cádiz	Sevilha / Espanha	50,00	FULL
Efacec USA Inc.	Atlanta / EUA	100,00	FULL
Efacec Power Transformers Inc.	Atlanta / EUA	100,00	FULL
Efacec Praha, s.r.o.	Praga / Rep.Checa	100,00	FULL
Efacec Central Europe Limited SRL	Bucareste / Roménia	100,00	FULL
Efacec Contracting Central Europe GmbH	Viena / Áustria	100,00	FULL
Efacec Índia Pvt. Ltd.	New Delhi / Índia	100,00	FULL
Efacec Algérie, EURL	Argel / Argélia	100,00	FULL
Efacec Maroc, SARLAU	Casablanca / Marrocos	100,00	FULL

Legend:

FULL – Full consolidation Method

PRO – Proportional Consolidation Method

ECM – Equity Consolidation Method;

4.2 Changes in the scope of consolidation perimeter

Name	Notes	% control
Inclusions in the scope of consolidation		
Efacec USA Inc.	Acquisition	100,00
Power Solutions Brasil, Sist. Automação e Potência, Ltda	Acquisition	100,00
Efacec Power Solutions Argentina, SA	Incorporation	98,00
EfaServicing, ACE	Incorporation	100,00
Exclusions from the scope of consolidation		
Efacec Omninstal, ACE	Dissolution	50,00

In comparison with the year 2014, these changes to the scope of consolidation have no significant impact.

4.3 Foreign currency exchange rates

The consolidation of the EPS Group's foreign companies, the constant values of financial statements concerning assets and liabilities and the values included in the balance sheet, were converted to Euro in keeping with the following exchange rates:

			31.12.2015		31.12.2014	
For 1 monetary unit – Euro			**Final**	**Average**	**Final**	**Average**
Armenia	Dram	AMD	529,70000	527,30009	563,00000	563,00000
Angola	Kwanza	AOA	147,74684	132,36328	124,82240	124,82240
Bulgaria	Lev	BGN	1,95580	1,95580	1,95580	1,95580
Brazil	Real	BRL	4,25900	3,68339	-	--
Chile	Peso	CLP	775,29803	726,47339	738,23360	746,66514
Cape Verde	Escudo	CVE	110,26500	110,26500	110,26500	110,26500
Czech Republic	Koruna	CZK	27,02900	27,26790	27,72800	27,66250
Denmark	Kroner	DKK	7,46250	7,46065	-	--
Algeria	Dinar	DZD	117,12563	111,49305	106,96951	107,15660
Georgia	Lari	GEL	2,61690	2,53587	2,26560	2,26560
India	Rupee	INR	72,53500	71,00497	77,16860	77,16860
Morocco	Dirham	MAD	10,79653	10,80311	10,98115	13,95675
Mozambique	New Metical	MZN	51,73461	43,63966	40,52928	39,70190
Norway	Kroner	NOK	9,61600	8,97483	9,04200	9,04200
Poland	Zloty	PLN	4,24000	4,18078	4,31030	4,31030
Paraguay	Guarani	PYG	6.271,52400	5.772,67002	5.632,08032	5.632,08032
Romenia	Novo Leu	RON	4,52960	4,44097	4,48470	4,43475
Tunisia	Dinar	TND	2,21252	2,17441	2,26261	2,26261
United States	Dollar	USD	1,09260	1,10447	1,21600	1,21600
Venezuela	Bolivar Fuerte	VEF	6,87475	6,94941	7,65119	7,65119
South Africa	Rand	ZAR	16,88470	14,17902	14,14870	14,14870

5. Financial statement presentation

5.1 Restatement

Allocation of acquisition values

The incorporation of the EPS Group, led by Efacec Power Solutions, occurred at the end of the year 2014 through the transfer of shares of several companies for the portfolio of this company.

According to the policy defined in Note 1.2.4, the purchase method is applied to transactions under common control. All societies were assessed prior to entering the consolidation perimeter, to determine the purchase price, usually through the method of discounted cash flows. The difference between the appraised value of the acquired assets and their book value was then subject to a process of provisional allocation to tangible fixed assets, then valued at about 16.1 million euros, and intangible assets (order book existing on the date of the transaction to the sphere of Efacec Power Solutions) with a value of around 50 million euros , recording the outstanding balance under the heading "Goodwill".

In 2015, within the 12-month review of the provisional allocation, Efacec Power Solutions ordered to a specialized company a detailed assessment of the production equipment that allows to confirm the estimated values in 2014. The external evaluation concluded that there is a positive difference of 19.4 million euros. The readjustment of the additional amount of 3.3 million euros was made in the accounts, under IFRS 3 (Note 6).

With regard to intangible assets, the external evaluation of the "Efacec" brand was completed. Based on the study performed, we proceeded to the reallocation of the purchase value to intangible considering separately the assets 'Brand' and 'Contracts - billing portfolio', with values of 79 million euros and 6.2 million euros respectively. This reallocation was made pursuant to IFRS 3, within the next 12 months with the relief an additional amount of around 35.1 million euros in intangible assets (Note 7) including the value of the Brand.

The fair value of acquired assets and their allocation reported to 2014 is as follows:

	31.12.2014 Restated	31.12.2014 Published
Purchase price difference	**202.399.471**	**202.399.471**
Brand	79.000.000	0
Contracts	6.184.430	50.140.636
Equipment	19.422.867	16.100.028
Deferred tax liabilities	-23.807.163	-14.959.473
Translation differences	90.373	43.221
Goodwill	121.508.964	151.075.060

Translation differences

In 2015, the EPS Group changed its accounting policy for exchange rate differences, based on the principle of the nature of the transactions that give rise to them. Thus, the exchange rate differences originating from the operational nature activities, including sales and purchases of business units, are currently recorded as income or operating expenses, depending on whether favourable or unfavourable. Exchange differences determined in the register of financial transactions or balances update with the same nature are recorded as financial income or expense (Notes 1.3.1 and 22.5).

Restated values

Consequently, these financial statements present the restated comparative figures for the year 2014. The allocation of acquisition values has only impact in the financial statement, on non-current asset. Changing the policy of exchange rate differences only affected the income statement, the comparative value of the previous year being immaterial, as per introductory paragraph.

5.2 Income statement structure

Pursuant to paragraph 85 of IAS1, in 2015 the EPS Group shows changes in its Income Statement by Nature, showing two headings which constitute operating results, but which have, each, differentiating elements and exceptional components that should be autonomized.

Management fees

Until 23 October 2015, Efacec Capital, while holding the Efacec Group, charged management fees to its subsidiaries. Thereafter, Efacec Capital sold most of the EPS capital and became a minority shareholder and then ceased to charge these costs to the companies of Efacec Power Solutions.

In 2015, throughout the about 10 months considered, these debts amounted to around 10.7 million euros. This very significant value is due to the heavy and complex cost structure of Efacec Capital and substantially different from the structure that entered into force after that date. Thus, we chose to show these costs in a separate item.

Cost with contracts termination

The amounts paid as compensation for contract termination are usually recorded under "Staff costs". As each compensation reflects an unrepeatable cost considered as non-recurring and with proper pay-back, it explains our option of disaggregating and presenting it as a separate item in the income statement.

In 2015, this item shows a cost of about 2,4 million euros.

5.3 Discontinued operations

At the end of 2014, the EPS Group sold the assets related to the manufacture of transformers that operated in the United States. Consecutively, Efacec Energia, which detains the shareholding in the local company, decided on its disposal after the liquidation of assets and remaining liabilities.

Consequently, and until the settlement, which will occur during the year 2016, the consolidated income statement of the Group EPS shows all the results of Efacec Power Transformers, Inc., under the heading "Results of discontinued operations". In 2015, the contribution to this result was as follows:

	31.12.2015
Operating profit	1.633.854
Operating costs	-2.182.085
Operating income	-548.231
Financial income	-56.934
Results of discontinued operations	**-605.165**

In 2014, there were no effects on the consolidated income statement due to the fact that the unit referred to above entered into the perimeter of Efacec Power Solutions at the end of the financial year.

E. Notes on financial statement on december 31, 2014 and 2014

6. Tangible fixed assets

6.1 Movements in the period

Tangible assets on December 31, 2015 and 2014 and the changes in their value were as follows:

	Lands and buildings	Vehicles and Machinery	Office equipement	Others	Total
31 December 2014					
Opening net book value	0	0	0	0	0
Exchange differences	-300	1.043	1.190	-1.291	642
Inclusions into consolidation perimeter	12.843.677	9.808.165	880.373	1.825.525	25.357.740
Allocation of value acquisition subsidiaries	0	15.486.903	0	613.124	16.100.028
Additions	169.172	8.280	228.964	32.822	439.237
Disposals	0	0	-185	0	-185
Depreciation allocations	-20.533	-44.455	-25.461	-61.383	-151.831
Transfers and adjustements	-305	-1.177	3.169	-6.633	-4.946
Closing net value - Published	**12.991.712**	**25.258.759**	**1.088.049**	**2.402.164**	**41.740.685**
Allocation of Value Acquisition subsidiaries	0	3.935.964	0	-613.124	3.322.840
Closing net value - Restated	**12.991.712**	**29.194.723**	**1.088.049**	**1.789.040**	**45.063.524**
31 December 2015					
Opening net book value	12.991.712	29.194.723	1.088.049	1.789.040	45.063.524
Exchange differences	-21.887	-12.848	-12.009	-68.518	-115.262
Inclusions into consolidation perimeter	58.139	321	19.470	30.183	108.112
Additions	5.857.658	879.560	473.861	185.422	7.396.502
Disposals	-3.005.304	15.591	-717	0	-2.990.431
Depreciation allocations	-1.528.427	-3.591.547	-451.436	-415.116	-5.986.526
Transfers and adjustements	25.129	175.330	8.480	-262.885	-53.946
Closing net value	**14.377.019**	**26.661.131**	**1.125.698**	**1.258.126**	**43.421.973**
Cost or fair value	37.766.104	111.052.952	23.350.905	9.175.401	181.345.361
Accumulated depreciation	-23.389.085	-84.391.821	-22.225.208	-7.917.274	-137.923.388
Net book value	**14.377.019**	**26.661.131**	**1.125.698**	**1.258.126**	**43.421.973**

Within the scope of acquisitions of companies of Efacec Power Solutions incorporation process, in 2014, the assets were subject to revaluation and consequent allocation of purchase values. The revaluation then amounted to 16.1 million euros. In 2015, Efacec hired a specialized company, which carried out a detailed evaluation of production equipment, and that value was adjusted to 19.4 million. The adjustment was carried out in 12 months, as allowed by IFRS 3, and figures published in 2014 (Note 5) were restated.

The heading "Other tangible assets" at 31 December 2015, includes equipment amounting to 966.271 euros that are obsolete and, therefore, were the subject of an impairment of their cost value , in prior financial years (Note 22.4).

Investments

In the year 2015, gross investment in tangible fixed assets amounted to 7,4 million euros. This value contains a component of about 5 million euros relating to properties located at Maia premises, and which were bought to Efacec Capital – to date, the sole shareholder of EPS – through a swap operation, which involved, on the other hand, the transfer to Efacec Capital of other properties worth 3 million euros.

The remaining investments related mainly to replacement of equipment (about 1,6 million euros), intended to maintain EPS group business units production capacity and improve facilities (approximately 0,8 million euros).

Depreciation

Depreciation is carried out in accordance with Note 1.4. The value of depreciation shown in the income statement considers the appropriations for depreciation of assets, usually deducted from the value of the investment subsidies recognized in the period. In this period, the deduction through the recognition of subsidies amounted to 335.316 euros.

6.2 Leased tangible assets

The heading "Tangible Assets" includes the following amounts where the EPS Group is a lessee under a finance lease.

	31.12.2015	31.12.2014
Financial lease	30.000	142.517
Accumulated depreciation	-9.375	-112.495
Net book value	20.625	30.023

The responsibilities relating to these contracts are presented in Liabilities under the item Suppliers (Note 17), and are divided by current and non-current liabilities, whether the due payment dates are respectively less or more than one year.

Operational lease rentals are not part of the assets, the lease cost being included in the balance sheet under the heading "External Supplies and Services".

6.3 Assets pledged as collateral

On December 31, 2014, the subsidiary Efacec Engenharia e Sistemas had a mortgage over two properties located at the premises of Maia, under the contract of a bank loans that took place in February 2014. In October 2015, the partial repayment and renegotiation of conditions of these loans allowed to release such guarantee, so the referred properties are currently unencumbered.

7. Intangible assets

Movements in intangible assets in 2015 and 2014 and their values at the end of each year were as follows:

	I&D	Contracts	Brand	Others	Total
31 December 2014					
Opening net book value	0	0	0	0	0
Exchange differences	0	0	0	-461	-461
Inclusion into the scope of consolidation	1.512.883	0	0	450.804	1.963.687
Allocation acquisition value - subsidiary.	0	50.140.636	0	0	50.140.636
Additions	0	0	0	134.627	134.627
Amortizations	0	0	0	-7.473	-7.473
Transfers and adjustements	0	0	0	-902	-902
Closing net value - Published	**1.512.883**	**50.140.636**	**0**	**576.596**	**52.230.114**
Final allocation acquisition value - Subsidiary.	0	-43.949.877	79.000.000	0	35.050.123
Exchange differences	0	-6.329	0	0	-6.329
Closing net book value - Restated	**1.512.883**	**6.184.430**	**79.000.000**	**576.596**	**87.273.908**
31 December 2015					
Opening net book value	1.512.883	6.184.430	79.000.000	576.596	87.273.908
Exchange differences	0	-57.393	0	-6.609	-64.002
Additions	1.068.694	0	0	406.453	1.475.148
Amortizations	-885.791	-3.933.032	0	-105.073	-4.923.896
Transfers and adjustements	0	0	0	-4.914	-4.914
Closing net book value	**1.695.786**	**2.194.005**	**79.000.000**	**866.452**	**83.756.243**

In connection with the acquisition of companies on Efacec Power Solutions incorporation process and consequent allocation of their purchase values, the heading "Intangible Assets" now includes the value attributed to the order book at the acquisition date, and the value of the "Efacec" brand (Note 5). At the end of the year 2014, around 50 million euros were allocated to this heading. This value was adjusted in 2015, after an evaluation of the brand "Efacec," requested by the company to a specialized society, and the value of the order book was reduced to 6,2 million euros and the value of the "Efacec" brand was set at 79 million euros. The adjustment was made over a 12-month period as permitted by IFRS 3.

Investments

Investment in intangible assets of the financial year 2015 amounted to 1,5 million euros, and relates mainly to expenditures with research, development and innovation, which were subject to application of support and deserved approval within the scope of the National Strategic Reference Framework. In sub-heading 'Others' are included expenses on product certification and approval.

8. Goodwill

The revised allocation of the purchase value of EPS Group's companies to tangible and intangible assets (Note 5) resulted in changes in the value of goodwill shown in the following table:

	31.12.2015	31.12.2014 Restated	31.12.2014 Published
Opening net book value	121.508.964	0	0
Exchange differences	526.681	121.598.257	151.118.281
Additions	-722.359	-89.293	-43.221
Closing net book value	**121.313.286**	**121.508.964**	**151.075.060**

The contribution of each company to the goodwill shown in the statement of financial position at December 31, 2015 and 2014 was as follows:

	31.12.2015	31.12.2014 Restated	31.12.2014 Published
Efacec Engenharia e Sistemas	52.748.009	52.748.009	51.210.058
Efacec Energia	51.117.099	51.039.416	59.350.103
Efacec Electric Mobility	8.037.565	8.037.565	11.245.406
Efacec Central Europe Limited	3.727.862	3.755.469	5.673.922
Efacec Moçambique	3.541.722	4.303.251	5.780.576
Efacec Equipos Eléctricos	719.843	719.843	936.736
Efacec Índia	567.944	540.355	697.886
Power Solution Brasil	526.681	-	-
Efacec Angola	326.561	365.056	380.532
Efacec Contracting Central Europe	-	-	6.520.951
Efacec Praha	-	-	4.924.360
Efacec Algérie	-	-	4.354.530
Total	**121.313.286**	**121.508.964**	**151.075.060**

The international subsidiaries Efacec Contracting Central Europe and Efacec Algérie were consolidated in Efacec Engenharia e Sistemas, based on 2 assumptions:

a) These are branches with strong operation concentration on Engineering business segment; and

b) These two legal entities are particularly dependent on Efacec Engenharia e Sistemas, SA with regard to references, specific technical skills and financial resources, working mainly as extensions of Efacec Engenharia e Sistemas activity in their respective markets.

For the same reasons, the subsidiary Efacec Praha was consolidated at Efacec Energia. In this case, the branch is strongly concentrated on the Switchgear activity, which in turn falls under the company Efacec Energia.

The decomposition of Goodwill by business area and geographies was as follows:

by Business Area	31.12.2015	31.12.2014 Restated	31.12.2014 Published
Transformers	34.505.140	35.075.983	44.033.505
Switchgear and Automation	23.838.374	23.470.060	30.547.123
Engineering	48.020.000	48.140.628	57.384.180
Transportation	6.605.925	6.615.353	7.617.310
Mobility	8.343.847	8.206.940	11.492.942
Total	**121.313.286**	**121.508.964**	**151.075.060**

by Geographical Market	31.12.2015	31.12.2014 Restated	31.12.2014 Published
Portugal	111.902.673	111.824.990	121.805.567
Africa	3.868.283	4.668.307	10.515.638
Central Europe	3.727.862	3.755.469	17.119.233
Other markets	1.814.468	1.260.198	1.634.622
Total	**121.313.286**	**121.508.964**	**151.075.060**

Impairment tests

At the end of the year impairment tests are performed for the majority of the assets that justify the value of goodwill. The tests are performed in order to evaluate the recoverability of goodwill, considering the historical performance and / or business development expectations. The recoverable amount of a CGU is calculated based on calculations of value in use.

The ratings are based on cash flows projections based on financial budgets approved by management covering a five-year period. After this five-year period, cash flows are extrapolated using growth rates estimated on business development expectations. To update the cash flows we use the method of discounted cash flows.

The assumptions used in the impairment tests performed on December 31, 2015 were as follows:

	2015				2014			
	Salesgrowth rate	EBITDA margin	Discount rate before tax	Perpetuity growth rate	Salesgrowth rate	EBITDA margin	Discount rate before tax	Perpetuity growth rate
Portugal	10,9%	7,2%	9,6%	0,0%	8,7%	8,1%	12,0%	2,5%
Africa	13,7%	6,3%	15,5%	1,8%	14,8%	4,8%	17,5%	3,0%
Central Europe	26,7%	3,3%	8,6%	1,0%	24,1%	4,9%	15,3%	1,1%
Other markets	13,0%	3,9%	9,4%	0,8%	0,5%	6,1%	13,5%	1,5%
New activities	22,7%	11,4%	12,2%	1,0%	34,1%	11,3%	15,6%	0,0%

No impairment of goodwill was recognized as the result of the tests carried out.

Sensitivity analyses

Evaluations were still subject to sensitivity analyses to the main variables used in order to test the resistance of the recoverable value of the assets to unfavourable changes of each. Variables were thus subject to the following impacts:

	Salesgrowth rate	EBITDA margin	Discount rate	Perpetuity growth rate
Change in assumptions	-10,0%	-10,0%	+1 p.p.	-0,5/1,0 p.p.

The analyses showed that the changes in assumptions might lead to record impairment charges for operations in Africa, which are not, however, significant. The recoverable amount of the assets associated with this market, based on its use value, would fall short of the value of its net assets and force the recording of an impairment of 1.2 million euros or 2.3 million euros if the rate discount used for updating the cash flows were increased by 1 or 2 percentage points, of 0.9 million euros if EBITDA margins stay 10% lower than foreseen in the projections prepared for cash flows, or an impairment of 0, 7 million euros if the perpetuity growth rate should be lower by 1 percentage point.

The remaining cases do not lead to any impairment.

9. Financial assets available for sale

Financial Investments in other entities break down as:

	31.12.2015	31.12.2014
Financial assets held for sale		
Financial investments		
NET - Novas Empresas e Tecnologias, S.A.	11.132	11.132
Others		
C.E.I.I.A.- Centro para a Excelência e Inovação na Indústria Automóvel	15.000	15.000
Net total investment	**26.132**	**26.132**

Financial assets available for sale include shares in unlisted companies whose fair value cannot be reliably measured as there are no market prices or comparable transactions and as such, they are recognized at cost.

10. Customers and accrued income

Details of the item on December 31, 2015 and 2014 are as follows:

	31.12.2015	31.12.2014
Customers - current account	177.646.738	190.033.528
Customers - related parties (Note 28.2)	26.253.252	8.288.643
Customers - receivables	935.477	25
Customers - bad debts	13.186.087	12.198.091
Accrued income - multiyear contracts (Note 32)	69.509.811	109.782.235
	287.531.364	**320.302.521**
Impairment losses on account receivables (Note 22.4)	-16.771.016	-12.915.028
Account receivables - net	**270.760.348**	**307.387.493**
Accrued income - not covered by IFRS 7	466.664	7.189.683
Total	**271.227.012**	**314.577.177**
* Non current	0	0
* Current	271.227.012	314.577.177

The fair value of account receivables does not differ from their book value.

There is no concentration of credit risk on the account receivables and other debtors, as the EPS Group has a large number of customers, internationally dispersed and covering different market segments.

Accrued income not covered by IFRS.7 refers to the recognition of income on the income statement respecting the principle of accruals, but is not related to multi-year contracts.

Denomination

On December 31, 2015 and 2014, the amount 'receivables', including accrued income on multi-year contracts, were denominated in the following currencies:

		31.12.2015	31.12.2014
Euro	EUR	191.156.224	213.557.246
American Dollar	USD	65.538.758	61.954.729
Morocco Dirham	MAD	1.067.501	10.273.733
Chilenea Peso	CLP	3.202.477	6.058.225
Angolan Kwanza	AOA	3.471.121	5.452.846
Brazilian Real	BRL	4.197.423	5.444.760
Algerian Dinar	DZD	5.180.901	5.138.039
Indian Rupee	INR	2.749.754	3.006.137
Romenian New Leu	RON	1.281.291	4.156.940
Mozambican Metical	MZN	2.386.996	1.958.278
Georgia Lari d	GEL	2.805.559	27.945
Swedish Crown	SEK	1.717.323	525.903
Sterling Pound	GBP	884.159	1.395.526
Others		1.891.876	1.352.216
		287.531.364	**320.302.521**

Structure of seniority – IFRS 7

On December 31, 2015 and 2014, trade receivables, including accrued income in multi-year contracts, had the following seniority structure, considering the due dates of the outstanding balances:

	31.12.2015	31.12.2014
Balance not due (Note 3.1.2)	162.237.896	198.013.328
Balance overdue:		
Up to 90 days	29.796.759	45.314.842
From 90 to 360 days	46.133.552	33.535.544
Over 360 days	49.363.158	43.438.806
	125.293.468	**122.289.193**
Total balance	**287.531.364**	**320.302.521**
Impairment (Note 22.4)	-16.771.016	-12.915.028
Balance of Accounts receivable - net	**270.760.348**	**307.387.493**

On 31 December 2015, the credits already due totalled 125.293.468 euros. The value of these receivables, net of impairment, is as follows:

	31.12.2015			31.12.2014		
	Balance overdue	Impairment	Net value	Balance overdue	Impairment	Net value
Up to 90 days	29.796.759		29.796.759	45.314.842		45.314.842
From 90 to 360 days	46.133.552	-237.975	45.895.577	33.535.544	-98.510	33.437.035
More than 360 days	49.363.158	-16.533.041	32.830.117	43.438.806	-12.816.518	30.622.288
	125.293.468	**-16.771.016**	**108.522.452**	**122.289.193**	**-12.915.028**	**109.374.165**

It is EPS Group's understanding that the estimated impairment losses on receivables are adequately provided for in the consolidated financial statements and reflect the real risk of loss.

In the financial year 2015, the EPS Group recognized impairments in receivables amounting to 6,9 million euros and used or reversed impairment amounting to 4.6 million euros (Note 22.4).

Amounts included in the item Accrued Income relate to the recognition of income from projects and work in progress, whose stage of completion is greater than the invoicing (Notes 1.16.3 e 32).

Factoring

The EPS Group entered, with specialized financial institutions, into factoring contracts with and without recourse, amounting to 15,9 million euros.

	31.12.2015	31.12.2014
Assets transferred and de-recognized in financial statements		
Value of assets	15.079.059	15.030.625
Value transferred	-14.145.424	-13.527.563
Net value	**933.634**	**1.503.063**
Assets transferred and not de-recognized in financial statements		
Value of assets	858.053	10.711.445
Value transferred	-858.053	-10.711.445
Net value	**0**	**0**

The transferred assets fully relate to customer balances, and the non-derecognized assets have associated liabilities recorded under item Borrowings and classified as 'Other loans' (Note 17).

11. Debtors and deferred costs

The details of this item as at December 31, 2015 and 2014 are as follows:

	31.12.2015	31.12.2014
Other debtors - several	11.459.335	22.432.401
Other debtors - related parties (Note 28.2)	4.872.631	25.042.138
	16.331.966	47.474.539
Losses with impairment (Note 22.4)	-5.488.938	-6.215.210
Other Debtors- Financial assets IFRS 7 (Note 3.1.2)	**10.843.028**	**41.259.329**
Other debtors not covered by IFRS 7	636.364	464.216
State and other public entities	12.320.525	13.529.752
Deferred costs	983.347	2.047.388
Total	**24.783.264**	**57.300.684**
* Debtors and deferred costs - non current	0	0
* Debtors and deferred costs - current	23.100.870	53.403.653
* Income Tax	1.682.395	3.897.031

In 2015, there was a decrease in "Other debtors", particularly in balances with related entities that, in 2014 were mainly influenced by receivables from Efacec Capital, which were received in October 2015.

This item also includes current accounts with staff, security deposits and other debts not related directly with the company's business.

The items included in the assets balance with the State and Other Public Entities had on December 31, 2015 and 2014 the following breakdown:

	31.12.2015	31.12.2014
Income tax - current	2.630.452	3.069.143
Added value tax - to recover	5.930.298	6.388.638
Other recoverable taxes	3.759.776	4.071.972
	12.320.525	**13.529.752**

The VAT credits on the State have recurrent nature and relate mainly to activities of the EPS Group where there is reverse charge and which are periodically subject to recovery process.

12. Inventories

	31.12.2015	31.12.2014
Raw materials	21.013.187	15.285.225
Goods	457.810	2.637.793
Products and works in progress	27.019.615	25.453.720
Finished goods	3.888.044	3.935.981
Inventories adjustement (Note 22.4)	-761.317	-837.439
	51.617.339	**46.475.281**

The item "Products and Works in progress" includes values for multi-year contracts, according to Notes 1.16 and 32, and other related with standard manufactured products or servicing activities.
Note 22.4 shows the development of inventory adjustments.

13. Cash and cash equivalents and other financial investments

	31.12.2015	31.12.2014
Cash and cash equivalents		
Cash	219.436	193.959
Current deposits (Note 3.1.2)	36.292.201	23.524.672
Deposits and other short term applications (Note 3.1.2)	1.596.683	1.661.874
	37.888.884	25.186.546
(a)	**38.108.319**	**25.380.505**

(a) According to cash flow statement

On 31 December 2015, there was a loan agreement containing a financial pledge clause on behalf of the creditor's Bank account, the balance of that account amounting to 209 thousand euros.

The values listed in heading 'Cash and cash equivalents' at the end of 2015 and 2014 were denominated in the following currencies:

		31.12.2015	31.12.2014
Euro	European Union	26.282.366	13.788.609
Kwanza	Angola	1.863.090	2.707.872
Lev	Bulgaria	1.328.680	811.845
Peso	Chile	1.005.317	1.708.197
Koruna	Czech Rep.	757.470	704.509
Dinar	Algeria	335.992	761.965
Dirham	Morocco	781.151	1.381.383
New Leu	Romenia	2.093.377	699.373
Dollar	United States	1.402.717	1.527.354
Rupees	India	984.718	839.651
Others		1.273.441	449.746
		38.108.319	**25.380.505**

14. Equity

14.1 Share capital and Issue premium

In 2015, the share capital of Efacec Power Solutions was increased by 60 million euros through an issue of 10.400.000 shares with a nominal value of 5 euros, and an issue premium of 15.4%.

On December 31, 2015, the share capital, fully paid, was represented by 57.174.806 ordinary shares with a nominal value of 5 euros. The shareholder breakdown on that date and at the end of the previous year was as follows:

Entity	31.12.2015		31.12.2014	
	Nº shares	%	Nº shares	%
Winterfell 2 Limited	41.525.275	72,6%	-	0,0%
Efacec Capital, SGPS, S.A.	15.649.531	27,4%	46.774.806	100,0%
Total	**57.174.806**	**100,0%**	**46.774.806**	**100,0%**

The company has no shares of its own.

14.2 Other equity instruments

Efacec Power Solutions has also additional paid-in capital amounting to 35.9 million euros, provided by the shareholders in proportion to their holdings. The additional paid in capital is ruled by the regulations of supplementary payments.

14.3 Reserves and accumulated income

This item is mainly formed by the accumulated annual results and not distributed and, occasionally, by amounts recorded directly in reserves, contractual or others.

14.4 Other accumulated comprehensive income

Exchange differences

Reserves of foreign currency translation reflect on exchange variations that took place in the translation of the subsidiaries' financial statement in a currency other than Euro, in the update of the net investment in subsidiaries and in the update of goodwill, and are not liable to being distributed or used to absorb damages.

15. Suppliers

The breakdown of this item, on December 31, 2015 and 2014 was as follows:

	31.12.2015	31.12.2014
Suppliers - current account	96.218.795	109.884.720
Suppliers - related parties (Note 28.2)	1.156.885	-685.506
Suppliers - payable securities	1.062.988	0
Suppliers - invoices received pending from approval	-19.108.997	1.494.217
	79.329.670	**110.693.431**
Suppliers of fixed assets - current account	357.525	364.072
Total	**79.687.195**	**111.057.504**
* Non current	3.005	14.062
* Current	79.684.190	111.043.441

The current debt to Suppliers of raw materials and other services are almost entirely due within 90 days, according to the following table. With regard to Assets providers, there are some values - with reduced expression- maturing at more than one year, shown as 'Non-Current'.

Maturity of outstanding amounts of Suppliers – IFRS 7

	31.12.2015	31.12.2014
Suppliers		
Accounts payable to suppliers		
To be paid up to 90 days	68.192.464	104.510.941
To be paid over 90 days	11.137.207	6.182.491
	79.329.670	**110.693.431**
Fixed assets suppliers		
Accounts payable to suppliers		
To be paid up to 90 days	334.661	326.607
To be paid over 90 days	22.864	37.466
	357.525	**364.072**

Denomination

The debt to suppliers, on 31 December 2015 and 2014 was called in the following currencies:

		31.12.2015	31.12.2014
Euro	EUR	56.099.365	86.635.103
American dollar	USD	11.559.548	14.923.235
Algerian dinar	DZD	2.776.875	3.436.744
Indian rupee	INR	4.020.699	4.896.962
Others		5.230.709	1.165.460
		79.687.195	**111.057.504**

16. Creditors and accrued costs

	31.12.2015	31.12.2014
Advance payments from customers	17.045.255	22.813.140
Other creditors - several	1.551.234	1.793.571
Other creditors - related parties (Note 28.2)	459.384	6.736.866
Other creditors - Financial assets IFRS	**19.055.873**	**31.343.577**
Other creditors not covered by IFRS 7 (a)	496.085	206.537
State and other public entities (a)	5.629.044	4.911.013
Accrued costs:	28.750.135	39.962.009
Accrued costs - costs with work in progress	8.194.281	12.739.430
Accrued costs - payable remunerations (a)	9.647.666	9.261.783
Accrued costs - payable interests	**6.707.269**	**4.020.658**
Accrued costs - others	4.200.920	13.940.138
Total	**53.931.137**	**76.423.137**
* Creditors and accrued not current costs	0	0
* Creditors and current accrued costs	53.931.137	76.423.137
* Income tax	0	0

(a) These items are considered by IFRS 7 as non-financial liabilities (Note 3.4)

Advances from Customers have still a significant importance in this item, although the balance at the end of the year has reduced by about 6 M € in comparison with the previous year's closing, due to the completion of some major projects. The origin of the advances remains dominant in overseas markets, especially in Central Europe, Latin America and Southern Africa.

The headings "Cost increases" registered a significant reduction in 2015, mainly because the balances in 2014 contained a number of exceptional situation, which in the meantime ceased to exist, namely the discontinuance of a plant in the United States and the conclusion of multi-year contracts in Chile.

Liabilities with State and Other Public Entities, on December 31, 2015 and 2014, breaks down as follows:

	31.12.2015	31.12.2014
Value added tax – due	1.606.222	811.759
Social security contributions	2.392.627	2.336.930
Personal income tax	1.628.078	1.759.621
Other taxes	2.118	2.704
	5.629.044	**4.911.013**

17. Amounts owed to credit institutions

This Note discloses the composition, characteristics and conditions of the bank debt registered in the Consolidated Financial Statement of EPS Group on December 2015 and 2014.

The breakdown of debt by credit instrument is as follows:

	31.12.2015	31.12.2014
Non current		
Bank loans	62.703.099	175.800.853
Amortized cost	**-1.958.643**	**-4.074.695**
	60.744.456	**171.726.159**
Current		
Bank overdrafts	2.536.035	5.575.461
Bank loans	17.700.912	38.944.995
Commercial paper	4.250.000	4.250.000
Repayable subsidies	0	6.330
Other loans (Note 10)	858.053	10.098.292
Amortized cost	-525.069	-710.620
	24.819.931	**58.164.458**
Total loans	**85.564.387**	**229.890.616**

Bank loans

At the end of 2014, the subsidiaries Efacec Energia and Efacec Engenharia e Sistemas had together, a long-term loan agreement worth 175 million euros with three national financial institutions. In October 2015, with the entry of the new shareholder, both companies conducted the amortization of significant portions of these loans. Simultaneously, the loan agreement was renegotiated and led to a Change of Agreement covering namely the extension of the repayment period, more favourable payment conditions, guarantees and obligations of compliance with financial ratios. At the end of 2015, the overall amount outstanding of this loan amounted to about 62.7 million euros.

In addition to this contract, there are other short-term credit lines, usually in the form of current account contracted in Portugal or directly by foreign subsidiaries with local financial institutions, amounting to around 17.7 million euros and due in 2016.

Commercial paper

The amount of funding by Commercial Paper corresponds to a grouped program, in which Efacec Energia and Efacec Engenharia e Sistemas are the contracting parties. The program has a maximum value of 4.250.000 euros, valid until December 2017, for emissions between 1 or 6 months. The value used at the end of the financial year has its maturity in June 2016.

Other loans

The EPS Group also conducts occasionally factoring operation with recourse. The distribution of values between current and non-current liabilities depends on the cash inflows estimated for each contract, which, in turn, determine the amortization periods with the banks. Currently, these operations represent a low value, which is recorded in current liabilities.

Bank overdrafts

Bank overdrafts include the use of current credit accounts, according to plafond and conditions previously negotiated with financial institutions and without defined reimbursement periods, although they are generally assumed to be of short duration. There are some plafond of bank overdrafts negotiated in Portugal and in international subsidiaries, usually at variable interest rates, in accordance with the local interest rate index.

Debt maturity

About 70% of the bank debt is supported by the syndicated loan mentioned above, repayable by 2022.

The maturity of bank debt on December 31, 2015, considering the waiver received after the date of the financial statements (see paragraph 'covenants'), is shown in the following table:

Type of investments	up to 1 year	2-3 years	4-5 years	> 5 years	Total
Bank overdrafts	2.536.035	0	0	0	2.536.035
Bank loans	17.700.912	12.040.620	26.581.240	24.081.240	80.404.011
Commercial paper	4.250.000	0	0	0	4.250.000
Other loans	858.053	0	0	0	858.053
Amortized cost	-525.069	-1.087.848	-775.005	-95.789	-2.483.712
Total loans	**24.819.931**	**10.952.771**	**25.806.235**	**23.985.450**	**85.564.387**

By comparison, at the end of 2014, the maturity was as follows:

Type of investments	up to 1 year	2-3 years	4-5 years	> 5 years	Total
Bank overdrafts	5.575.461				5.575.461
Bank loans	38.944.995	45.800.853	50.000.000	80.000.000	214.745.848
Commercial paper	4.250.000				4.250.000
Other loans	10.098.292				10.098.292
Amortized cost	-710.620	-2.464.155	-1.610.539		-4.785.315
Total loans	**58.164.458**	**43.336.698**	**48.389.461**	**80.000.000**	**229.890.616**

Denomination of loans

The financial debt contracted by the companies of the EPS Group based in Portugal is integrally denominated in Euros. The other values relate to financing contracted locally by international subsidiaries. Currently, all loans contracted with financial institutions are denominated in the functional currencies of the respective countries.

The book value of EPS Group loans was on December 31, 2015 and 2014, denominated in the following currencies:

		31.12.2015	31.12.2014
Euro	EUR	79.006.375	223.179.552
American Dollar	USD	0	2.095
Angolan Kwanza	AOA	1.692.084	1.193.973
Mozambican metical	MZN	3.980.129	4.992.267
Algerian Dinar	DZD	885.800	467.423
Indian Rupee	INR	0	54.493
Others		0	813
Total		**85.564.387**	**229.890.616**

Effective interest rates

The effective interest rates related to debt instruments and currency were, at the end of 2015, as follows:

Type of investment	AOA	DZD	EUR	MZN
Bank overdraft	-	8,50%	-	19,25%
Bank loans	15,51%	-	3,95%	13,25%
Commercial paper	-	-	6,00%	-
Others (Factoring with recourse)	-	8,50%	-	-

Comparatively, in late 2014 the rates were as follows:

Type of investment	AOA	DZD	EUR	INR	MZN
Bank overdrafts	-	-	6,21%	7,73%	17,50%
Bank loans	13,45%	-	5,04%	-	11,75%
Commercial papers	-	-	6,21%	-	-
Others (Factoring with recourse)	-	-	5,35%	-	-

Unused credit lines

The EPS Group has still lines of unused credit lines, which are as follows:

	31.12.2015	31.12.2014
At floating rate		
- expiring within one year	4.145.585	5.011.788
- expiring after one year	27.500.000	0
At fixed rate		
- expiring within one year	0	1.080.668
	31.645.585	**6.092.456**

Guarantees

With regard to the syndicated financing above mentioned, contracted jointly by the subsidiaries Efacec Energia and Efacec Engenharia e Sistemas, the following guarantees were constituted by the borrowers:

- Crossed guarantee between Efacec Energia, SA and Efacec Engenharia e Sistemas, SA
- Promissory Notes subscribed by Efacec Energia, SA and Efacec Engenharia e Sistemas, SA, backed by Efacec Power Solutions;
- Financial Pledge of shares of Efacec Energia and Efacec Engenharia e Sistemas.

The EPS Group also negotiated with a credit institution, payments that are due under contracts with customers amounting to 6,1 million euros, as the guarantee for repayment of a financing contract whose capital in debt, at the end of the year, amounted to 5.8 million euros.

Covenants

The EPS Group's main financing agreement includes clauses that establish compliance with a Debt Ratio, defined as Net Debt / EBITDA, whose maximum value should be 2.75. This contract ratio is reflected in the consolidated accounts of Efacec Power Solutions, every six months.

These financial statements show values above the contractual ratio, as explained below.

Ratio on 31.12.2015	
Balance net debt (M€)	47,5
Statutory EBITDA (M€)	11,8
Indebtedness Ratio	4,0

At the end of the year, Efacec was granted a waiver at the ratio defined above for the period ended December 31, 2015, and covering the financing of 62.7 million euros.

There is another loan agreement, providing for the observance of Ratios of Indebtedness, with a maximum value of 5, and Financial Autonomy Ratio with a minimum value of 15%. Both ratios were observed at the date of the financial statements.

18. Deferred taxes

The assets and liabilities of deferred taxes were, at the date of the financial statement the following ones:

	31.12.2015	31.12.2014 Restated	31.12.2014 Published
Deferred tax assets			
- Recoverable after 12 months	54.795.988	53.664.905	53.664.905
Deferred tax liabilities			
- Recoverable after 12 months	23.394.566	24.514.178	15.666.488

18.1 Deferred tax assets

The value of the item deferred tax assets has the following breakdown:

	Impairment losses financial investment	Impairment losses receivables	Tax losses	Tax benefit to report	Other risks and charges	Total
Charged to the income statement	0	0	194.062	0	187.597	381.659
Inclusion in the scope of consolidation	44.388.766	368.920	215.947	7.607.192	705.753	53.286.578
Exchange differences	0	0	-3.712	0	381	-3.331
Other changes	0	0	0	0	0	0
31 December 2014	**44.388.766**	**368.920**	**406.297**	**7.607.192**	**893.731**	**53.664.905**
Charged to the income statement	0	-165.745	200.903	151.914	977.633	1.164.705
Exchange differences	0	0	-16.484	0	-15.130	-31.615
Other changes	0	0	0	0	-2.008	-2.008
31 December 2015	**44.388.766**	**203.175**	**590.716**	**7.759.106**	**1.854.225**	**54.795.988**

Deferred tax assets relating to impairment losses will be settled proportionately, as their provisions are used.

There are no significant changes in this balance in comparison with the previous year. The most important value is an asset of 44.4 million euros recorded in 2014 related to losses recognized with total impairment of the shareholding in the subsidiary Efacec Power Transformers (subsidiary in discontinuation process) and the result is presented in discontinued operations). The subsidiary will be disposed in 2016, and the asset is eligible for deduction of tax from this year, and for 12 years under the present conditions provided for by law.

The asset impairment was tested by projections of the activities of the main companies integrating the RETGS for this period, and based on the following assumptions:

	31.12.2015	31.12.2014
Sales growth rate (CAGR) to 5th year	11,2%	8,5%
EBITDA average margin up to 5th year	7,7%	12,5%
Growth rate after the 5th. years	0%	0%
Tax Rate	22,5%	27,5%

There were no signs of impairment.

The EPS Group recognizes deferred tax assets from tax losses to the extent that the realization of the relevant tax benefit is probable by means of the existence of future taxable profit. On December 31, 2015, there are tax losses in international branches of the EPS Group, whose cumulative value amounts to about 22.8 million euros, but no deferred tax asset were recorded. In some of these companies, including Efacec Contracting, Efacec Algérie and Efacec Angola, the EPS Group considers that, at this time, there is a reduced capacity for deduction of tax losses on future taxable income.

18.2 Deferred taxes liabilities

Deferred tax liabilities provide, in a whole, from revaluations of assets made in some subsidiaries companies and had the following development:

	Assets revaluation	Others	Total
Included in the scope of consolidation	831.115	0	831.115
Subsidiaries allocation acquistion value (a)	0	14.963.011	14.963.011
Charged to the income statement	0	0	0
Charged to equity	-121.535		-121.535
Exchange differences	-2.564	-3.538	-6.102
31 December 2014 - Published	**707.015**	**14.959.473**	**15.666.488**
Subsidiaries re-allocation acquistion value (a)		8.847.690	8.847.690
31 December 2014 - Restated	**707.015**	**23.807.163**	**24.514.178**
Charged to the income statement	-2.922	-1.097.346	-1.100.268
Charged to equity	0	0	0
Exchange differences	0	-19.344	-19.344
31 December 2015	**704.093**	**22.690.474**	**23.394.566**

(a) Relating to adjustments of acquisition differences, according to Note 8.

19. Provisions for risks and charges

Provisions for risk and charges showed the following development during the financial years 2015 and 2014 (Note 22.4).

	Pensions	Other risks and charges	Total
Included in the scope of consolidation	520.143	6.455.824	6.975.966
Charged to income statement:			
- additional provisions	0	807.572	807.572
- provisions reversals	0	-4.728	-4.728
Exchange differences	0	1.307	1.307
31 December 2014	**520.143**	**7.259.975**	**7.780.118**
Charged to income statement:			
- additional provisions	0	5.254.100	5.254.100
- provisions reversals	-112.117	-479.776	-591.892
Exchange differences	0	-72.365	-72.365
Other changes	0	-311.270	-311.270
31 December 2015	**408.026**	**11.650.664**	**12.058.690**

Provisions for pensions

As referred to in Notes 1.21.1 e 30.2, this item shows the responsibility of the EPS Group for the payment of retirement pension supplements. The amount recorded corresponds to the actuarial value of defined benefit liabilities, calculated by an independent entity, and reported as of December 31, 2015.

Provisions for other risks and charges

This item includes provisions for repairs and after-sales support, penalties and negative deviations from works in progress. These conditions relate to problems under debate with customers, related to the attribution of responsibility, and are subject to continuing review by the various companies in which they occur. The provision is made or enhanced when there is a reasonable likelihood of unfavourable outcome for the company, presenting more appropriately the potential future liabilities of the EPS Group.

The amount shown in the reversal of provisions corresponds to their use as the related costs are recognized, or other situations that no longer exist.

There are no contingent liabilities of environmental nature.

20. Deferred income

	31.12.2015	31.12.2014
Grants to investment	867.381	1.080.350
Deferred invoicing	124.162.713	114.952.337
Others	849.169	210.330
	125.879.263	**116.243.017**

The item 'Investment grants' contains amounts received from public authorities as incentive for the Group's investments. These amounts are recorded under this heading and recognized as gains in subsequent years, according to the useful life of the assets financed.

The invoicing schedule agreed with customers is not strictly tied to the degree of completion that ends up being recognized in the works. As such, the item "Deferred income" includes invoices issued but not yet recognized in terms of the stage of completion of the respective works (Notes 1.16 and 32).

21. Minority interests

On 31 December 2015, the amount of minority interest refers to the component of equity attributable to shareholders at Efacec Angola (1.7%), Efacec Power Solutions Argentina (2%) and the enterprise group Efacec Bahia de Cadiz (50%).

	% Minority interests	31.12.2015	31.12.2014
Efacec Angola, Lda.	1,7	-106.308	7.006
Efacec Power Solutions Argentina	2,0	141	0
UTE Efacec Bahía de Cádiz	50,0	3.608	0
		-102.559	**7.006**

22. Operating costs

22.1 External supplies and services

During the year that ended on December 31, 2015 and 2014, the main external supplies and services were as follows:

	2015	2014
Subcontracts	74.580.593	6.386.195
Travel and accommodation expenses	9.772.729	601.697
Transport of goods	13.286.707	287.345
Rental and leasing	9.593.575	521.071
Maintenance and repair	2.707.939	102.651
Insurance	2.037.240	97.251
Comission fees	1.685.053	0
Fast wearing utensils and tools	3.219.729	644.013
Communications	1.787.004	119.149
Fuel	1.841.243	130.949
Fees	1.391.878	146.617
Electricity	2.665.297	41.056
Advertising and publicity	251.991	28.176
Other supplies and services	11.235.056	530.179
	136.056.034	**9.636.349**

The item "Subcontracts" is the most expressive of these costs and relates mainly to operating activities of companies of the EPS Group, having a high correlation with its turnover.

22.2 Management fees

This item shows in 2015 an amount of 10.736.698 euros, concerning debits of Efacec Capital, which became autonomous as described in Note 5.2.

22.3 Expenses for research and development

The income statement includes expenses incurred in research and development activities. The expenses take different natures, but they respect mainly to personnel costs. In 2015 and 2014 financial years, the amounts were as follows:

	2015	2014
Research and development costs	8.592.570	7.251.771

22.4 Provisions and impairment of assets

The table below shows the developments in the various items of provisions and impairments and their reconciliation in the income statement.

2015	Tangible and intangible assets	Receivable debt		Inventories	Customer guarantees	Other risks and charges	Pensions
		Customers	Other debtors				
Balance sheet							
Balance on 31.12.2014	1.125.303	12.915.028	6.215.210	837.439	363.562	6.896.413	520.143
Inclusion scope consolidation	0	1.446.978	0	0	0	0	0
Addition	0	6.911.199	0	202.227	0	5.254.100	0
Reversals	0	-250.000	-736.643	-168.006	-61.249	-418.527	-112.117
Disposals	0	-4.349.074	0	0	0	0	0
Transf. and adjustements	0	315.085	10.371	0	-302.314	-8.957	0
Exchange differences	-159.033	-218.200	0	-110.342	0	-72.365	0
Balance on 31.12.2015	**966.271**	**16.771.016**	**5.488.938**	**761.317**	**0**	**11.650.664**	**408.026**
In the income statement							
Provisions and impairments	10.652.164						
Others	80.937						

The value of provisions and impairments of operating costs includes additions and reversals. It excludes-provisions for pensions which affect the item " Staff Costs" . Decreases in clients' impairment include an amount of 4.3 million euros with direct use in customer balances.

The values identified as inputs into the scope of consolidation relate to impairments and provisions accumulated in the subsidiaries on the date of their acquisition by Efacec Power Solutions.

In the previous year, the figures were as follows:

2014	Impairement of assets				Provisions		
	Activos tangíveis e intangíveis	Receivable debt		Inventories	Customer guarantees	Other risks and charges	Pensions
		Clientes (Nota 12)	Other debtors				
Balance sheet							
Inclusio scope consolidation	1.125.303	9.760.641	6.215.210	838.766	363.562	6.092.261	520.143
Additions		3.575.056	0	0	0	807.572	0
Reversals		-391.661	0	0	0	-4.728	0
Transf. and adjustements		0	0	0	0	0	-112.117
Exchange differences		-29.008	0	-1.327	0	1.307	0
Balance on 31.12.2014	**1.125.303**	**12.915.028**	**6.215.210**	**837.439**	**363.562**	**6.896.413**	**0**
In the income statement							0
Provisions and impairment	3.986.239						408.026

22.5 Other operating income

As indicated in Note 5.1, in 2015, the EPS Group began to record, as operating results, the clearance of exchange differences resulting from the purchase and sale transactions, as they result from its normal activity. For this reason, the balance of other operating income includes approximately 10.5 million of favourable foreign exchange differences, net of unfavourable exchange differences.

23. Financial results

23.1 Financial losses and gains

	2015	2014 Restated	2014 Published
Interests paid	-10.366.867	-473.954	-473.954
Other financial costs and losses	-4.347.274	-136.662	-136.662
Total Financial Costs and Losses	**-14.714.141**	**-610.615**	**-610.615**
Interests earned	3.676.705	1.434	1.434
Foreign currency exchange gains	84.993	0	51.068
Other financial income and gains	10.997	7.172	7.172
Total financial income and gains	**3.772.695**	**8.606**	**59.674**
Financial Costs - net	**-10.941.446**	**-602.010**	**-550.942**

The restatement of values in this item relates to what is mentioned in Note 22.5, which reclassifies the exchange differences relating to the normal activity of the Group to Operating Results. The exchange rate differences cleared in funding, which amounted, in 2015, to about 85 thousand euros remained in this item.

23.2 Losses and gains in group and associated companies

There were no movements in 2015. The amounts recorded in 2014 resulted from the sale of investments made that year.

24. Income tax

In Portugal, the annual tax returns are subject to review and potential adjustment by tax authorities for a period of up to 4 years. However, if tax losses are used, these may be subject to review and liquidation by the tax authorities for a period of up to 10 years. In other countries where the EPS Group operates, these periods are different and, in most cases, higher.

Tax rates on income in force in Portugal and in the countries where the main foreign subsidiaries of the Group are based for the year ended December 31, 2014, were as follows:

Country	Tax
Portugal	21%
Angola	35%
Mozambique	**32%**
Algeria	**26%**
Spain	**28%**
Czech Republic	19%

The estimated tax in the consolidated income statement is as follows:

	2015	2014
Current tax	1.459.275	247.540
Deferred tax (Note 18)	-2.264.973	-381.659
Tax Estimate	**-805.698**	**-134.119**
Tax of prior years	339.108	0
Tax estimate	**-466.591**	**-134.119**

The reconciliation of the consolidated income tax is as follows:

	2015	2014
Profit before tax	-20.359.248	805.635
Theoretical tax rate	22,50%	24,50%
Theoretical tax	**-4.580.831**	**197.381**
Tax rate difference from foreign subsidiaries	41.415	-7.557
Harmonization of the Tax Period		-199.872
Permanent differencies:		
Costs not deductible for tax purposes	1.454.523	3.944
Untaxed income	-18.352	-300.933
Assets for deferred tax not recorded in the year	2.585.816	206.437
Autonomous taxation	934.182	59.419
Tax credit for R&D	-781.416	0
Unused tax benefits	-2.468.387	0
Tax failure in previous years	852.524	0
Previous years deferred tax reversal	1.055.408	0
Tax rate difference	61.725	0
Others	57.694	-92.937
Income tax for the year	**-805.699**	**-134.119**

25. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares issued during the year, excluding ordinary shares purchased by EPS (Note 14).

	2015	2014
Profit attributable to the company's equity holders	-20.391.472	939.754
Weighted average number of ordinary shares in issue	48.428.262	5.758.144
Basic earnings per share (Euro per share)	**-0,42**	**0,16**

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to incorporate the effects of the conversion of all dilutive potential ordinary shares, if any. In 2015 and 2014 years, there are no dilutive effects.

26. Dividends per share

During the year 2015, Efacec Power Solutions did not perform any payment of dividends to its shareholders.

F. Segment reporting

27. Report by business segments

The EPS Group has a functional structure based on business segments. This structure is used in daily management for performance appraisal purposes and decision-making.

This report does not present comparative figures as the incorporation of Efacec Power Solutions occurred only in the last months of the year, so we have no complete financial year.

Business segments

A Business Segment is a distinguishable component of the Group committed in providing an individual product or service, which is subject to different risks and returns from those of other business segments.

The EPS Group's business structure is organized, on a worldwide basis, into the following business segments:

- Transformers and Servicing
- Switchgear an Automation
- Engineering and Environment
- Transportation
- Electric Mobility

The tables also include an item called "Other non-allocated and adjustments" that gathers the assets allocated to corporate centres and the disposals related to internal operations.

Geographical segment

A geographical segment is an individualized unit of the EPS Group committed to providing products or services within a particular economic environment, which is subject to risks and benefits different from those segments that operate in other economic environments.

The relevant geographical segments identify themselves with countries or regions where the EPS Group has local structures. These structures can be plants assigned to a particular business segment or offices with project skills and functional connections to more than one business segment.

Geographies considered in the analysis by geographical segment are as follows:

- Portugal
- Spain
- Central Europe
- Angola
- Mozambique
- Magreb
- Brazil and Chile
- United States
- India

There is also an "Other markets" item aimed at grouping the business conducted outside these markets, anywhere in the world.

We present below the main EPS Group's activity indicators, broken down by the above-identified business areas. Transfers or transactions between segments are made on normal commercial terms and conditions applicable to independent third parties.

27.1 Information by business segment

The financial information by business segment for the financial year ended on December 31, 2015, relating to the turnover and profits, is analysed as follows:

Sales and services rendered	Transformers and Servicing	Switchgear and Automation	Engineering and Environment	Transportation	Electric Mobility	Ohter allocated and adjustements	Total
2015	153.726.336	85.858.940	175.360.574	25.537.108	14.979.309	(32.547.911)	**422.914.356**

Profit	Transformers and Servicing	Switchgear and Automation	Engineering and Environment	Transportation	Electric Mobility	Ohter allocated and adjustements	Total
2015							
EBITDA	**3.916.790**	**4.948.882**	**5.441.416**	**-244.853**	**-364.892**	**-1.887.874**	**11.809.467**
Amortization and Depreciation	-3.262.029	-1.376.190	-396.669	-270.998	-126.915	-5.142.305	-10.575.105
Provisions and assets impairment	-2.096.764	-1.488.256	-2.025.377	-3.254.727	-560.409	-1.226.631	-10.652.164
Operating profit	**-1.442.004**	**2.084.436**	**3.019.370**	**-3.770.578**	**-1.052.217**	**-8.256.810**	**-9.417.802**
Net financial costs (Note 23)	-2.612.185	-2.733.973	1.933.462	-865.599	-210.956	-6.452.196	-10.941.446
Profit before tax	**-4.054.189**	**-649.537**	**4.952.833**	**-4.636.176**	**-1.263.172**	**-14.709.006**	**-20.359.248**
Income Tax							466.590
Operating profit - descontinuation							-605.165
Net profit for the year							**-20.497.823**
Attributable to:							
Shareholders							-20.391.472
Minority interests							-106.352

The following table indicates the values of the financial statement broken down by business segment, as well as the allocation of investments in the period.

2015	Transformers and Servicing	Switchgear and Automation	Engineering and Environment	Transporta-tion	Electric Mobility	Ohter allocated and adjustements	Total
Total assets	222.088.558	140.005.873	240.747.858	32.812.665	23.296.229	33.683.972	**692.635.154**
Investments	1.494.759	1.087.718	4.907.911	554.802	30.687	795.772	**8.871.650**

The assets of segments mainly include tangible and intangible fixed assets, inventories, accounts receivable and availability. Investments include, for those periods, additions to tangible and intangible assets, including the value of goodwill (Notes 6, 7 and 8).

27.2 Information by geographic segment

In terms of geographical segments, the EPS Group analyses its business indicators from the perspective of target markets.
The breakdown of revenues by market destination for the year ended on December 31, 2015 is as follows:

2015	
Portugal	101.744.647
Spain	42.912.972
Central Europe	40.676.211
Magreb	38.562.412
Angola	26.752.792
Mozambique	24.795.115
United States	23.816.896
Brazil and Chile	18.296.337
India	5.630.056
Other markets	99.726.917
Total	422.914.356

The activity of the EPS Group in 2015 has been carried out in multiple geographies, including the markets where the EPS Group maintains its own structures and also in other markets where it has important customers through its commercial network, which accounted for about 24% of its turnover, being worthy to highlight European markets such as the UK, France, Malta and Norway, but also the Middle East market.
The breakdown of total assets and investments by geography on December 31, 2015 is as follows:

2015	Total asets	Investments
Portugal	589.817.325	8.412.406
Spain	19.941.815	15.217
Central Europe	19.201.483	50.006
Angola	18.777.624	0
Mozambique	13.694.664	20.799
United States	13.693.433	36.345
Chile	8.495.762	130.524
Brazil	4.518.823	72.811
India	1.922.055	120.922
Other countries	2.572.172	12.619
Total	692.635.154	8.871.649

G. Other notes

28. Transactions and balances with related parties

The scope of this note is the disclosure of transactions and balance between the EPS Group, formed by Efacec Power Solutions and its subsidiaries, and the entities classified as interested parties. Related parties are considered to be Associated companies, Shareholder and Board Directors. The « Shareholders» category includes entities where shareholders hold an important position, with weight in decision making, as well as the entities participating in direct shareholderings.3

Transactions and balances between the Group's companies that, in the meantime were excluded from the consolidation process, are not disclosed.

28.1 Transactions in 2015

Current transactions:	
Shareholders	
Operating income	7.126.283
Operating costs and losses	11.827.984
Financial income and gains	3.465.086
	-1.236.615

In 2014, there were no transactions with material value because the reporting period is an incomplete financial exercise and the major subsidiary companies have integrated the consolidation perimeter at the end of the year.

The commercial terms in transactions are identical to those applied to independent third parties.

28.2 Balance with related parties

On December 31, 2014, the shareholders included the entities José de Mello Group and TMG Group. The balances on December 31, 2015 relate primarily to the group of entities that form Winterfell and its shareholders that, from 23 October 2015, took a major position in Efacec Power Solutions.

The EPS Group's assets and liabilities included in the different items of the financial statement and relating to related parties are the following:

	31.12.2015	31.12.2014
Debts of Related Parties:		
Shareholders		
Non current loans (Note 3.4)	0	148.408.490
Current loans (Note 3.4)	3.437.588	380.904
Customers (Note 10)	26.170.009	8.288.643
Customers - impairment	-893.587	
Other debtors (Note 11)	4.842.825	25.042.138
Other debtors - impairment	-4.575.567	-4.587.283
Associates		
Customers (Note 10)	83.242	0
Other debtors (Note 11)	29.806	0
	29.094.316	**177.532.891**
Debts to related parties:		
Shareholders		
Non current loans (Note 3.4)	0	93.239.443
Current loans (Note 3.4)	3.437.473	6.518.124
Suppliers (Note 15)	1.156.885	-685.506
Other creditors (Note 16)	459.384	6.736.866
	5.053.742	**105.808.927**
Net total	24.040.574	71.723.964

Impairment of other receivables refers to an old balance with Liaoyang - Efacec Electrical Equipment, an associated company of Efacec Capital. Impairment of customers refers to Angolan clients, and was formed due to the debt seniority.

28.3 Details by entity of balance with related parties

The breakdown by entity of assets and liabilities presented above is as follows:

	31.12.2015		31.12.2014	
	Loans	Current	Loans	Current
Shareholders				
Winterfell Group and ascendants	0	23.552.773	0	0
Efacec Capital Group and ascendants	115	5.843.793	49.031.826	27.279.421
Impairment	0	-5.469.155	0	-4.587.283
	115	**23.927.411**	**49.031.826**	**22.692.138**
Associates				
EME2 - Engenharia, Manutenção e Serviços, ACE	0	78.960	0	0
Ensul Meci-Efacec - Cogeração do Porto, ACE	0	34.088	0	0
	0	**113.048**	**0**	**0**
Total	115	24.040.459	49.031.826	22.692.138
Net total		**24.040.574**		**71.723.964**

The impairment recorded in the current debt refers to the debt of Liaoyang, an associate company of Efacec Capital.

28.4 Commitments and contingencies with related parties

There are no purchase commitments or contingent liabilities with related parties.

28.5 Remuneration of the Board of Directors

During the financial year 2015, the remuneration of the Board Director of Efacec Power Solutions, all of fixed nature, amounted to 219.323 euros.

29. Contingencies

29.1 Contingent assets and liabilities arising from contractual disputes

We indicate below the values of contingent assets and liabilities arising from contractual disputes in which the EPS Group is involved.

(a) There is a case against the association of companies ACE Ensul Meci-Efacec worth 1.786 million euros, brought by the supplier Cimontubo in respect of loans granted to this entity by Ensul Meci. There is a disagreement regarding the due payment, and the payment is conditioned to the existence of final balances of the work. Currently, the Group's share in this ACE is 100%, through its subsidiaries Efacec Energia and Efacec Engenharia e Sistemas. The process is in the expert evidence phase.

(b) The EPS Group, through its subsidiary Efacec Engenharia e Sistemas, SA, has contractual disputes related to obligations arising from supply agreements and service delivery to the company Companhia Paulista de Trens Metropolitanos in Brazil. The consortium that Efacec integrates presented a claim and negotiations are underway with the customer. The client did not present any specific complaint, but may do it even during the negotiations. At the date of the financial statements, the company has a cumulative exposure to this client amounting to 6.1 million euros , comprising mainly value invoiced and to invoice , advances received and assumed commitments. An agreement signed between Winterfell 2 and Efacec Capital states that the EPS Group has the right of return regarding Efacec Capital, on any liabilities that it may have to take under this contract dispute.

(c) (c) Efacec Contracting Central Europe has a dispute with the Hungarian supplier Raabvill kft., subcontracted to perform work under the project construction of two photovoltaic plants in Slovakia . Due to problems encountered with the installation performed by this supplier, Efacec Contracting Central Europe realized an intervention at the customer under the warranty, and retained the payment of bills owed to Raabvill worth 416,000 euros, which originated the complaint from this supplier. In the meanwhile, Efacec Contracting Central Europe also presented in court a claim for additional costs incurred with assistance. During this process, Raabvill became insolvent and a draft agreement providing for payment of 150,000 euros was presented to Efacec Contracting Central Europe, resolving claims in court for this value. The terms of the agreement are presently under discussion.

(d) Further to a tax inspection by the Algerian tax authorities, Efacec Algérie, had additional payments totalling 880,000 euros relating to income tax, VAT and business tax. Efacec Algérie contested these additional payments and is working with local consultants, believing in a favourable outcome of this process.

(e) There is also a lawsuit presented by the company Tovisi Mozambique, Efacec sub-contractor in an engineering project in Maputo. Divergences, which occurred regarding the management of the work, led to the departure of that company, which filed an action for damages amounting to 1.522 thousand euros. The case is pending from a court decision, which the Group believes will be favourable.

30. Commitments

30.1 Guarantees

The EPS Group has contingent liabilities in respect of bank guarantees and other contingencies related to its business. It is not expected that there are significant liabilities arising from contingencies.

The following table shows the volume of bank guarantees, distributed between:

a) Bank guarantees, which mainly include guarantees issued in favour of customers to receive advances and stand-by letters of credit, and
b) Other guarantees, especially guarantees for tenders and supply/execution guarantees.

	31.12.2015	31.12.2014
Financial guarantees	61.625.319	80.921.912
Other guarantees	155.518.796	173.164.410
Total	**217.144.115**	**254.086.322**

Bank guarantees are almost entirely related to projects and orders in which the EPS Group is involved, in favour of its customers.

30.2 Pensions

In the EPS Group there are supplementary retirement pension complements according to what is described in Note 1.21.1.

The existing cases are managed by the Group and are subject to an annual assessment by specialized independent entities, the future liability being presented in the financial statement under the item 'Provisions for Pensions' (Note 19), and corresponds to the present value of liabilities for benefits defined at the date of the balance sheet. On 31 December 2015, the group covered by this benefit consisted of 18 persons, and the respective provision amounted to 408 thousand euros.

30.3 Operating lease commitments in which the Group is the tenant

The EPS Group leases various vehicles through non-revocable lease agreements. The lease terms have various lease periods, readjustment clauses and renewal rights. On the date of the financial statement, the Group held Long Term Rentals ("Renting") contracts considered as an operating lease, the value of the outstanding lease amounted to 2.051 mil euros, with the following maturities:

	2015	2014
Up to 1 year	1.027.571	1.077.792
Between 1 and 5 years	1.023.101	1.341.405
	2.050.672	**2.419.198**

31. Joint ventures

The Group has several interests in joint operations and joint ventures, which take the legal form of Complementary Companies Groupings (ACEs) (Note 4). These entities provide services resulting from contracts entered with customers, mainly in the business units of Engineering, Environment and Transportation.

The following tables show information concerning assets, equity, income and profits of each joint venture integrated in Efacec Power Solutions accounts in 2015. The values included in these indicators correspond to the social accounts of entities expressed in Euro, before applying integration rates.

Joint ventures	Head offices	%	Method	Assets	Equity	Total Income
SMA - Serv Manut Centrais Termoeléctricas, ACE	Oeiras	100,0%	INT	869.156	847.883	832.668
Siemens, Setal, Dégremont e Efacec - Serv Manut, ACE	Amadora	33,0%	PRO	247.938	0	332.367
EME2 - Engenharia, Manutenção e Serviços, ACE	Lisboa	40,0%	MEP	1.652.972	0	1.890.844
UTE Efacec Engenharia SA y Cemesa SL	Tenerife / Espanha	90,0%	PRO	332.536	293.831	0
GACE - Gondomar, ACE	Porto	20,0%	PRO	47.861	0	4.632
UTE Efacec Bahía de Cádiz	Sevilha / Espanha	50,0%	PRO	862.761	25.880	2.825.285
EfaServicing, ACE	Matosinhos	100,0%	INT	367.885	64.379	683.213
Ensul Meci-Efacec - Cogeração do Porto, ACE	Almada	100,0%	MEP	1.762.693	-364.301	1.825.209

The comparative figures for the year 2014 are as follows:

Joint ventures	Head offices	%	Method	Assets	Equity	Total Income
SMA - Serv Manut Centrais Termoeléctricas, ACE	Oeiras	100,0%	INT	1.119.889	646.241	0
Siemens, Setal, Dégremont e Efacec - Serv Manut, ACE	Amadora	33,0%	PRO	233.452	0	494.719
Efacec Omninstal, ACE	Maia	50,0%	PRO	20.048	20.048	29.361
EME2 - Engenharia, Manutenção e Serviços, ACE	Lisboa	40,0%	MEP	2.748.730	n.a.	n.a.
UTE Efacec Engenharia SA y Cemesa SL	Tenerife / Espanha	90,0%	PRO	338.976	302.090	0
GACE - Gondomar, ACE	Porto	20,0%	PRO	229.764	0	12.281
UTE Efacec Bahía de Cádiz	Sevilha / Espanha	50,0%	PRO	3.516.080	18.664	4.355.749
Ensul Meci-Efacec - Cogeração do Porto, ACE	Almada	100,0%	MEP	1.961.689	-206.500	22.546.287

Joint Operations

The following amounts represent the share of the Group in the assets, liabilities and net worth of joint operations, and are included in the consolidated financial statement by integrating the ACE's.

Joint operations	31.12.2015	31.12.2014
Assets:		
Non current assets	4.738	4.628
Current assets	1.739.138	2.098.220
	1.743.876	**2.102.848**
Liabilities:		
Non current liabilities	32.081	17.948
Current liabilities	509.206	1.793.664
	541.287	**1.811.612**
Equity	**1.202.589**	**291.237**
Profits	4.410.984	0
Losses	4.146.921	0
Profit after tax	**264.063**	**0**

Joint Ventures

EME2 - Engenharia, Manutenção e Serviços, ACE is a joint venture in which the EPS Group holds an interest of 40%, using the equity method, as indicated in the table above.

32. Multi-year contracts

Multi-year contracts are accounted for revenue in accordance with the percentage-of-completion method, as established in Note 1.16.3

Amounts relating to multi-year contracts as at December 31, 2015 are as follows:

		2015	2014
Income recognized in the year (Closed and open contracts)		332.046.230	14.855.535
Multiyear contracts still open at closing balance date:			
Accumulated costs incurred	(a)	1.454.153.644	1.445.389.382
Recognized margins at date	(a)	189.006.061	173.426.948
Inventories - Products and works in progress		12.859.880	13.636.298
Accrued income (Note 10)		69.509.811	109.782.235
Deferred income and advance payments		126.302.843	114.525.781

(a) Amounts not consolidated, which include multiyear contracts amounts incurred in the 2015 financial year and in previous years.

The reconciliation of the amount shown in the item "Income recognized in the year" concerning multi-year contracts closed or still open with the total of sales and services rendered can be shown as follows:

	2015	2014
Recognized income related to multiyear contracts (Note 1.16)	332.046.230	14.855.535
Income related to standard manufactured products	58.866.270	4.482.988
Income related to maintenance and assistance services	16.918.085	0
Other income	15.083.771	556.763
Total consolidated sales and services rendered	**422.914.356**	**19.895.286**

Inventories related to multi-year contracts refer to costs incurred, which have not yet been used or installed. Therefore the margin resulting thereof has not yet been recognized.

Accrued income represents situations in which the invoiced amount is lower than the percentage of completion method, performing an increase for the respective margin to be recognized. This represents a debit to the customer on account of the work / installation already made (Note 10 - Accrued income). When the opposite situation occurs, the amount invoiced to the customer is greater than the percentage of completion method, a deferred income is recognized representing a deferred income, to the customer representing a liability for the developed work (Note 20 – Deferred Income), whose margin is only recognized in the following years.

33. Fees paid to auditors

During the financial years 2015, the EPS Group contracted the services of the Statutory Auditor PricewaterhouseCoopers & Associates and respective international network, for which it paid the following fees:

	2015	2014
Audit		
Statutory audit	261.786	291.128
Reliability assurance services	12.766	9.929
Other services	**274.552**	**301.057**
Tax consultancy services	53.489	64.266
Other consultancy services	1.935	0
	55.424	**64.266**
	329.975	**365.323**

34. Subsequent events

After the date referred to in the financial statements, there were no facts worthy of note.

Leça do Balio, March 18, 2016

The Consolidation Director
José Carlos Eiras Pinto de Oliveira

The Board of Directors
Mário Filipe Moreira Leite da Silva **Chairman**
Isabel dos Santos **Director**
Francisco Dias Pereira de Sousa Talino **Director**
Manuel António Carvalho Gonçalves **Director**
Ângelo Manuel da Cruz Ramalho **Director**
Francisco José Meira da Silva Nunes **Director**
Luís Henrique Marcelino Alves Delgado **Director**
Fernando José Gomes da Mota Lourenço **Director**
Rui Alexandre Pires Diniz **Director**
Miguel Maria Pereira Vilardebó Loureiro **Director**

Consolidated Statutory Audit Report

(Free translation from the original in Portuguese)

Introduction

1 We have audited the consolidated financial statements of Efacec Power Solutions, S.G.P.S., S.A., comprising the consolidated statement of financial position as at 31 December 2015 (which shows total assets of Euro 692,635,154 and total shareholder's equity of Euro 308,682,442, including non-controlling interests of Euro 102,559 and a net loss of Euro 20,497,823), 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.

Responsibilities

2 It is the responsibility of the Board of Directors to prepare the 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 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 Efacec Power Solutions, S.G.P.S., 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.

Emphases

8 Without qualifying our opinion expressed above, we draw attention to to the following facts:

- Our Consolidated Statutory Audit Report for the financial statements as at 31 December 2014, issued on 29 June 2015, included a qualification regarding the overvaluation and undervaluation of the Non-Current and Current Liabilities, respectively, amounting to 165,925,306 euros, resulting from financial ratios in some financing contracts not being fulfilled, which only affects the 2014 comparatives.

Our Consolidated Statutory Audit Report also included an emphasis related to the uncertainty about the outcome and clearance of the final agreement arising from the negotiations on the termination of a contract for reasons attributable to a customer and on which the company had a global exposure of 7,132,832 euros, which is no longer applicable, following the right of return over the former major shareholder, granted under the shares purchase agreement to the currently major shareholder, as mentioned in the note 29 of the notes to the consolidated financial statements.

- As referred to in the note 18.1 of the notes to the consolidated financial statements, the caption Deferred Tax Assets includes 44,388,766 euros related to accumulated losses in a subsidiary, whose future deductibility and, consequently, the realization of those assets is depending on obtaining sufficient taxable profits in the jurisdiction of the respective taxation, as well as the maintenance of the current reporting period of tax losses.

Report on other legal requirements

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

13 April 2016

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

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

REPORT AND OPINION OF THE SUPERVISORY BODY
(Translation)

To the Shareholders,

In compliance with the legal requirements and company's articles of association, the Supervisory Body of **Efacec Power Solutions, SGPS, SA** with head offices at Arroteia, 4465-587 Matosinhos hereby presents its report related to the supervision carried out and gives its opinion with regard to the Management Report and Consolidated Financial Statements submitted by the Board of Directors for the financial year ended on December 31st.,2015.

1. **According to the legal requirements and articles of association, we proceeded with:**

   - the approval of the Operating Rules of the Supervisory Body and Activities Planning;

   - the supervision of the Board of Directors' activity through meetings held with the heads of financial areas, internal and legal audit, consulting of accounting minutes and data ,information and explanations obtained;

   - the verification of compliance with law and company's contract

   - the verification, throughout the financial year and at the extension considered suitable, of the Group activity and business, the adequacy of the accounting records and respective supporting documentation as well as the existence of the main assets;

   - the assessment whether the accounting policies and criteria of valuation / measurement adopted by the Group are in accordance with generally accepted accounting principles and lead to a correct evaluation of the assets and income;

   - the assessment of the effectiveness of the internal control system implemented by the Management;

   - the supervision of the preparation process and disclosure of the consolidated financial information in particular with regard to procedures and accounts consolidation operations;

   - the verification of the accuracy of the consolidated financial statement, consolidated statement of income by nature, consolidated statement of changes in equity, consolidated statement of cash flows of the financial year and respective notes thereto;

   - the assessment of the Consolidated Management Report issued by the Board of Directors;

   - the assessment of the audit carried out by the Statutory Auditor leading to the accounting review and additional services;

   - the assessment of the Statutory Audit Report (Accounts Legal Certification) issued on April 13, 2016 by the Statutory Auditor with three emphases;

2. **From the works carried out , we would like to point out the following:**

- this Supervisory Body took up office after its election which occurred during the General Meeting held on 23 October 2015, to complete the term ended at the end of that year and consequently only monitored the activity of the EPS Group since that moment and its work was mainly guided to (i.) gain knowledge of the group, its objectives and operations and (ii.) achieve the closure process of the financial year consolidated accounts ;

- the shareholders' reorganization implemented in 2015, together with a new management team and a financial restructuring process;

- the importance of the strategic reflection process carried out which, when properly implemented, will necessarily bring about changes aimed at expansion and consolidation of the high potential of innovation and value creation

3. **The supervision we performed allows us to conclude that**:

- the Management activity , to our knowledge, is in accordance with law and the company's contract regulation;

- we are not aware of any situations that may call into question the adequacy and effectiveness of the internal control system implemented by the Governing Bodies in monitoring the risks the Group has to face;

- the accounting and financial statement comply with the applicable legal, statutory and regulatory provisions; they reflect the activity carried out and lead to a correct evaluation of the assets and income of the Group;

- the Consolidated Management Report is consistent with the consolidated accounts submitted and shows in a reliable way the development of the activity and businesses of the company and other companies included in the consolidation perimeter during the financial year;

- the audit carried out by the Statutory Auditor was appropriate to the circumstances and the additional services did not interfere with its independence.

4. **We may consequently declare :**

- that we agree with the contents of the Statutory Audit Report (Accounts Legal Certification) issued by the Statutory Auditor in particular regarding the contents of the emphases;

- that we agree with the Consolidated Management Report and Consolidated Financial Statement of the financial year 2015 submitted by the Board of Directors;

- that to the best of our knowledge, the consolidated financial information disclosed was prepared in accordance with the applicable accounting standards giving a true and fair view of the consolidated assets and liabilities, financial position and results of the company and remaining companies included in the consolidation perimeter and that the consolidated Management Report reflects

in an accurate way the development of their business, performance and financial position, including a description of the principal risks and uncertainties they have to face .

5. **Accordingly and taking into account the actions taken, we are of the opinion that:**

   - the Consolidated Management Report and the Consolidated Financial Statement for the year 2015 submitted by the Board of Directors be approved.

Arroteia, 10 May 2016

The Supervisory Body

Dr. José Manuel Gonçalves de Morais Cabral – Chairman

Drª Isabel Vizeu Pinheiro Pereira Reis Loureiro – Member

Dr. Sergio Paulo Esteves de Poças Falcão – Member

Efacec Power Solutions, SGPS, S.A.

Financial statement as at December 31, 2015 and 2014

Monetary values are expressed in Euros

	Notes	2015	2014
Assets			
Non current assets			
Tangible fixed assets	4	20.306	0
Financial investments in Group comp. and associates	5.1	371.687.158	363.044.137
Financial assets available for sale	5.2	11.132	11.132
Loans to related entities	17.2	0	148.408.490
Deferred tax assets	11	362.115	0
Total non current assets		**372.080.711**	**511.463.758**
Current assets			
Customers and accrued Income	6	25.724	16.036
Loans to related entities	17	27.154.595	7.177.687
Debtors and deferred costs	7	2.023.051	909.572
Cash and cash equivalent	8	97.619	67.210
Total current assets		**29.300.990**	**8.170.505**
Total assets		**401.381.701**	**519.634.264**
Equity and liabilities			
Equity			
Capital	9.1	285.874.030	233.874.030
Issuing premium	9.1	8.000.000	0
Additional paid in capital	9.2	35.900.000	0
Reserves and retained earnings	9.3	-6.759.028	-192.869
Other retained comprehensive income		0	0
Total equity	9	**323.015.002**	**233.681.161**
Non current liabilities			
Loans from related entities	17.2	74.220.596	268.193.838
Total non current liabilities		**74.220.596**	**268.193.838**
Current liabilities			
Loans from related entities	17.2	971.066	50.000
Suppliers	10	88.208	209
Creditors and acrrued costs	10	3.086.829	17.709.056
Total current liabilities		**4.146.104**	**17.759.265**
Total equity and liabilities		**401.381.701**	**519.634.264**

The subsequent notes are an integral part of these financial statements

The accountant

The Board of Directors

Efacec Power Solutions, SGPS, S.A.

Income Statement by Nature

for the years ended as at December 31, 2015 and 2014

Monetary values are expressed in Euros

	Notes	2015	2014
Sales and services rendered	12	-156.294	-245
Staff cost		-550.121	0
Operating costs		-15.847	0
Operating profit		**-722.262**	**-245**
Financial losses and costs	13	-10.349.742	-312.171
Financial income and gains	13	4.144.706	119.546
Profit before tax		**-6.927.298**	**-192.869**
Income tax - deferred	14	362.115	0
Income tax - current	14	-976	0
Net profit	15	**-6.566.159**	**-192.869**
Net profit per share - Basic	15	-0,14	-0,03
Net profit per share - Diluted	15	-0,14	-0,03

The subsequent notes are an integral part of these financial statements

The accountant *The Board of Directors*

Efacec Power Solutions, SGPS, S.A.

Statement of Comprehensive Income

for the years ended as at December 31, 2015 and 2014

Monetary values are expressed in Euros

	2015	2014
Net Profit (1)	**-6.566.159**	**-192.869**
Other Comprehensive Income for the year-net (2)	**0**	**0**
Total Comprehensive Income for the year (1)+(2)	**-6.566.159**	**-192.869**

The subsequent notes are an integral part of these financial statements

The accountant *The Board of Directors*

Efacec Power Solutions, SGPS, S.A.

Statement of changes in Equity
as at 31 December 2015 and 2014

	Share Capital	Share premium	Additional paid-in capital	Reserves and Retained Earnings	Other comprehensive income	Total Equity
Balance at 1 January , 2014	**0**	**0**	**0**	**0**	**0**	**0**
Company incorporation	19.797.255	0	0	0	0	19.797.255
Capital increase	214.076.775	0	0	0	0	214.076.775
Comprehensive income for the period	0	0	0	-192.869	0	-192.869
Balance at 31 December 2014	**233.874.030**	**0**	**0**	**-192.869**	**0**	**233.681.161**
Balance at 1 January , 2015	**233.874.030**	**0**	**0**	**-192.869**	**0**	**233.681.161**
Capital increase	52.000.000	8.000.000	0	0	0	60.000.000
Addtional paid in capital	0	0	35.900.000	0	0	35.900.000
Comprehensive income for the period	0	0	0	-6.566.159	0	-6.566.159
Balance at 31 December 2015	**285.874.030**	**8.000.000**	**35.900.000**	**-6.759.028**	**0**	**323.015.002**

The subsequent notes are an integral part of these financial statements

The accountant

The Board of Directors

Efacec Power Solutions, SGPS, S.A.

Cash Flow Statement

as at December 31, 2015 and 2014

Monetary values are expressed in Euros

	Notes	2015	2014
Operating activities			
Accounts receivable		0	0
Accounts payable		118.223	98.454
Payments to employees		207.283	0
Cash flow generated from activities		(325.505)	(98.454)
Payment/ receipt of Income Tax		(3)	0
Other receivables / payables relating to operating activities		(871.012)	(942.676)
Cash Flow from operating activities [1]		**(1.196.520)**	(1.041.130)
Investing activities			
Inflows:			
Financial investments		0	0
Interests and similar income		3.819.824	0
		3.819.824	**0**
Outflows:			
Financial investments		19.998.953	111.549.321
Tangible assets		0	0
		19.998.953	**111.549.321**
Cash Flow form investing activities [2]		**(16.179.129)**	**(111.549.321)**
Financing activities			
Inflows:			
Current loans		271.483.486	281.726.584
Capital increase, additional paid-in capital and share premiums		60.000.000	0
		331.483.486	**281.726.584**
Outflows:			
Current loans		305.459.768	169.068.923
Amortization of financial leases		0	0
Interests and similar expenses		8.617.661	0
		314.077.428	169.068.923
Cash flow from financing activities [3]		**17.406.058**	**112.657.662**
Change in cash and cash equivalents	**[A]-[B]-[C]=[1]+[2]+[3]**	**30.409**	**67.210**
Impact of exchange rates differences	**[C]**	**0**	**0**
Cash and cash equivalents at the beginning of the period	**[B]**	**67.210**	**0**
Cash and cash equivalents at the end of the period	**[A]** *8*	**97.619**	**67.210**

The subsequent notes are an integral part of these financial statements

The accountant *The Board of Directors*

Notes on Financial Statements

A. General information

Efacec Power Solutions SGPS, S.A. ("Efacec Power Solutions" or "EPS") is a limited liability company with registered offices at Arroteia, Parish of Leça do Balio, Guifões and Custóias, Municipality of Matosinhos, Portugal. EPS was incorporated on August 14, 2014, having as object the management of shareholdings as an indirect form of performing economic activities. The formation of Efacec Power Solutions was part of the restructuring process that Efacec Capital, SGPS, SA ("Efacec Capital") initiated from the end of 2013, and which continued throughout 2014, in order to align the corporate structure of the Efacec Group with covered market segments and target geographies. At the end of 2014, Efacec Power Solutions became by itself a group of companies for the development of activities in the fields of Energy, Engineering, Environment, Transportation and Electric Mobility solutions. The EPS Group also covers a wide network of branches and agents across 4 continents.

On 23 October 2015, the society Winterfell 2 Limited acquired at Efacec Capital a shareholding of Efacec Power Solutions and became the majority shareholder.

Taking into consideration the date of EPS incorporation, the year 2014 is an incomplete financial year, so it is not comparable with 2015.

The financial information is presented in euros, unless indicated differently.

These Financial Statements were approved by the Board of Directors on 18 March 2016.

B. Summary of the principal accounting policies

1. Accounting policies

The principal accounting policies used to prepare these financial statements are described below.

1.1 Basis of preparation

The financial statements of Efacec Power Solutions were prepared in accordance with International Financial Reporting Standards (IFRS) in force since January 1, 2015, as adopted by the European Union.

The financial statements have been prepared taking into account the historical cost convention except for financial assets and financial liabilities, which are recorded at their fair value.

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of some important accounting estimates. It also requires that the Governing Bodies practice their judgment in the process applied to the accounting policies of the EPS Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The standards, interpretations and revisions issued by the different bodies that oversee the implementation of International Financial Reporting Standards - IASB, IASC, SIC and IFRIC - are listed below, together with the date of application and approval by the European Union.

Description	Changes	Effective date
1. Amendments and interpretations effective on 31 December 2015		
Improvements to standards 2011 – 2013	Clarifications	01-01-2015
IFRIC 21 – Government Tax ("Levies")	New interpretation – Acccounting of tax liabilities	01-01-2015
2. Amendments effective on or after 1 February 2015		
Improvements to standard 2010 – 2012	Clarifications	01-02-2015
IAS 19 - Plans of defined benefits	Accounting of employees' contribution and other entities	01-02-2015
IAS 16 and IAS 38 – Calculation methods amortization/depreciation	The methods of depreciation/amortization based on revenue are not allowed	01-01-2016
IAS 16 and IAS 41 – Agriculture: Plants producing biological consumable assets	Plants that only produce biological consumable assets are included within the scope of IAS 16 and are measured by cost value method or revaluation method	01-01-2016
IFRS 11 – Joint agreements	Accounting for the acquisition of na interest in a joint operation which is a business	01-01-2016
IAS 1 – Presentation of Financial Statements	Revue of disclosures under the IASB's project "Disclosure Initiative"	01-01-2016
IAS 27 - Separate Financial Statement	Option to measure through the equity method in the separate financial statements , investments in subsidiariess, joint ventures and associates	01-01-2016
Improvements to standards 2012 – 2014	Clarifications	01-01-2016
3. Standards and changes effective on or after 1 February 2015, not yet endorsed by EU		
Changes IFRS 10, 12 and IAS 28: Investment entities - application of exemption to consolidate	Exemption to consolidate applied to the investment entities, extended to a mother company, that does not qualify as na investment entity but is a subsidiary of an investement entity	01-01-2016
IFRS 9 –Financial instruments	New standard for the accounting treatment of financial instruments	01-01-2018
IFRS 15 – Revenue of contracts with customers	Recognition of revenue related to the delivery of assets and services, by the method of the 5 steps	01-01-2018

We do not estimate significant impact for the company resulting from the adoption of these Standards.

1.2 Financial assets and assets held for sale

1.2.1 Classification

The company classifies its financial assets according to the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets during the initial recognition.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling it in the short term. Derivatives are also classified under this category unless designated for hedging. Currently, EPS has no such financial assets.

(b) Loans granted and accounts receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans granted and receivables are classified as current assets, except if maturities are greater than 12 months after the closing date of the financial year , in which case these are classified as non-current assets.

(c) Financial assets held to maturity

Currently, the company has no financial assets held to maturity.

(d) Financial assets available for sale

Financial assets available for sale relating to investments in equity instruments are recorded at cost when their fair value can not be reliably determined and are presented as "Investments in group companies and associates" when the Company has control or significant influence on their management.

These financial assets are classified as non-current, unless the assets expire or if management intends to sell them within 12 months after the reporting date.

1.2.2 Recognition and measurement

Shares in group and associated companies are recorded at cost added to any eventual purchase expenses. Purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits itself to purchase or sell the assets. Investments are initially recognized at fair value plus transaction costs, unless classified at fair value in the income statement. Financial assets at fair value through profit or loss are initially recognized at fair value and their transaction costs recorded in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired, or at the time the risks and benefits of their ownership are transferred. Financial assets available for sale and financial assets at fair value through results are subsequently measured at fair value. Credits and receivables are subsequently measured at amortized cost using the effective interest rate method.

Gains or losses arising from changes in fair value of financial assets classified under the category of "fair value through profit or loss" are recorded in the Income Statement as 'Financial Costs' in the period in which they occur.

Customers' account receivables and other debtors are initially recognized at their nominal value or fair value, if different, less any impairment loss.

Customer's amounts receivable are derecognized when, substantially, transferred to another entity all the significant risks and rewards associated with the cash flows of the financial asset benefits. If the entity retains its exposure to the total variability in the present value of future net cash flows associated with the financial asset, there is not a de-recognition of the asset.

When securities classified as available for sale are sold or impairment is recorded, the cumulative value of adjustments to fair value recognized in fair value reserves is recognized in the income statement as "Gains or losses in other businesses"

Interest on securities account classified as available for sale are calculated using the effective interest method, and recognized in the income statement under "other income". Dividends of shares available for sale are recognized in the income statement upon the company's determination of the right to them.

1.2.3 Presentation by net value

Assets and financial liabilities are presented in the financial statement by their net amount reported when there is a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis.

1.2.4 Impairment of financial assets

(a) Loans granted and receivables

The adjustment for impairment of account receivables is established when there is objective evidence that the comapny will not receive all amounts due according to the original terms of receivables. The adjustment amount is the difference between the value presented and the present estimated value of future cash flows, discounted at the effective interest rate. The adjustment value is recognized in the income statement.

(b) Assets carried at amortized cost

The company assesses at each date of its Financial Statement whether there is objective evidence that a financial asset or group of financial assets is impaired. If financial asset or group of financial assets is impaired, impairment losses being recorded only when there is objective evidence thereof as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that such an event (or events) has an impact on the estimated future cash flows produced by the assets or group of assets that can be reliably estimated.

The criteria used by the company to determine whether there is objective evidence of an impairment loss include:

- Significant financial difficulties of the issuer or debtor;
- Breach of contract provisions, such as due date of payment of interests or capital;
- The possibility of the debtor opening for bankruptcy or undergoing a financial restructuring;
- The disappearance of an active market for that financial asset for reasons of financial dificulties, or
- Observable data, indicating a measurable decrease in the estimated future cash flows from a portfolio of financial assets, a decrease that took place after the initial recognition of those assets, but that cannot yet be identified with the individual financial assets. These data include:
    - (i) Adverse changes in the payment status of debtors from that portfolio , and
    - (ii) National or local economic conditions in relation with the payment failure of the assets in the portfolio.

The company first assesses whether there is evidence of impairment.

The amount of the loss is measured as the difference between the value at which the asset is measured and the current estimate of future cash flows (excluding future credit losses that have not been registered) discounted at the effective interest rate. The value to which the asset is measured is reduced, and the amount of the loss is recognized in the income statement. As a practical expedient, the company can measure the amount of impairment based on the fair value of the instrument, using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively attributed to an event which occurred after the impairment was recorded (such as improved credit rating of the debtor), then the previously recognized impairment is reversed in the consolidated income statement.

(c) Activos classified as available for sale

(c1) The company assesses at the end of each reporting period date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the company uses the criteria described above in (a). In the case of equity instruments of other entities classified as available for sale, a significant or prolonged decline in the fair value of shares relative to their costs also constitute evidence of impairment. If such evidence exists for assets available for sale , the cumulative loss - measured as the difference between the acquisition cost and the fair value at date, less any impairment loss previously recognized in profit or loss account for the financial asset in question - is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt security rated available for sale increases and the increase can be objectively attributed to an event occurring after the impairment loss was recognized in the income, then the impairment loss is reversed through the income statement.

(c2) The company assesses the investments made in companies of the group and associates when there is evidence that a financial asset is impaired and recognized in the income statement possible impairment losses . The company checks, on each financial statement date, where there is objective evidence of impairment of any financial investment . If there is such evidence, the accumulated loss, calculated by the difference between the balance sheet value and the current fair value, is recognized in the income statement of the period in which the impairment is verified. An impairment loss is recognized for the excess of the amount of the asset book value over its recoverable amount. The recoverable amount is the higher of the fair value of an asset less selling costs and its value in use. In determining the value in use, the estimated future cash flows are discounted using a discount rate that reflects current market and reviews of specific risk of the asset.

Income from financial investments in group companies and associates (dividends received) are recorded in the results of the period in which the respecive distribution is announced.

1.3 Accounting of financial instruments - derivatives and hedging

Derivatives are initially recognized at fair value at the date in which their contractual arrangements take part, and subsequently measured at fair value. The method by which the changes in fair value are recognized depends on the designation (or not) of this derivative as a hedging instrument and, in the case of so being appointed, the nature of the hedged item. Derivatives used for hedging are classified in two different groups: (1) hedges of the fair value of assets, liabilities or firm commitments recognized (fair value hedge), (2) hedging of a particular risk associated with an asset, liability or a highly probable transaction (hedging of cash flows).

For each transaction, and at its origin, the company prepares documentation justifying the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for hedging transactions. The company also documents either on the trade date of hedging, or on a continuous basis, its analysis of the effectiveness with which the hedging instrument offsets changes in fair value or cash flows of the hedged instruments. In accordance with IAS 39, the fair value of option type derivatives is separated in its intrinsic value and its time value, given that only the intrinsic value of these instruments may be designated as a hedging instrument. Thus, tests of validity of the option type derivatives only include the intrinsic value of these instruments.

The fair value of derivatives used for hedging purposes, when they exist, is disclosed in proper Note. Movements in the hedging reserve are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged instrument is greater than 12 months and as a current asset or liability when it is less than 12 months. Trading derivatives are classified as current assets or liabilities.

1.3.1 Fair value hedge

Changes in fair value of derivatives that are assignable and classified as fair value hedge instruments are recognized in the income statement together with changes in the fair value of the assets or hedged liabilities attributable to the hedged risk.

If the hedging relationship ceases to meet the criteria for hedge accounting, then the adjustment to the carrying amount of the hedged item, for which is used the effective rate method, is amortized over the period extending until maturity.

1.3.2 Cash flow hedging

The effective amount of the change in fair value of derivatives assignable and classified as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective amount of the loss is immediately recognized in the income statement.

Amounts accumulated in equity are subsequently recognized in the income statement in the period in which the instrument affects the income statement (for example, when a transaction of a forecasted hedged sale occurs). The gain or loss on the value of interest rate swaps, to cover variable rate loans is recognized in the income statement as "Net financial costs." The gain or loss relating to the effective amount of derivatives exchange rate is recognized in the income statement as "Net financial costs." The gain or loss relating to the effective amount of derivatives on the price of commodities is recognized in the income statement as "Cost of goods sold and materials used." The gain or loss on the ineffective amount is recognized in the income statement as "Net financial costs".

When a hedging instrument reaches maturity, when it is sold, or when a hedge no longer meets the requirements for hedge accounting, any cumulative gain or loss recorded in registered capital will remain that way, being recognized in the income statement when the forecast transaction also is registered. When the occurrence of the forecasted transaction is no longer probable, the cumulative gain or loss recorded in equity is immediately transferred to the income statement as financial costs or income.

1.3.3 Derivatives not qualified for hedging

Some derivatives do not meet the hedging criteria. Changes in their fair value are recognized immediately in the income statement.

1.4 Cash and cash equivalents

The item 'Cash and cash equivalents' includes cash, bank deposits and other short-term investments with high liquidity and with initial maturities up to 3 months. Bank overdrafts are presented in the financial statement, in current liabilities, under the heading "Loans".

1.5 Equity

Ordinary shares are classified as equity.

Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, of capital inflows.

1.6 Debts to financial institutions and related parties

Loans obtained are initially recognized at their nominal value . Loans are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the amortized value is recognized in the income statement over the period of the loan using the effective interest method.

Loans obtained are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the financial statement closing date.

Interests and other financial charges related to loans are generally recognized as expenses in accordance with the accrual accounting principle.

Interests and other financial charges on loans, which are directly related to the acquisition, construction or production of fixed assets, are capitalized as part of the cost of the asset. The capitalization begins after the start of preparation of the construction or development of the asset and stops when the asset is ready for use or when the project is suspended. Any income earned on loans, directly related to a specific investment is deducted from financial costs eligible for capitalization.

1.7 Payables to suppliers and other creditors

Payables to suppliers and other creditors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The suppliers' bills are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, the suppliers' bills are presented as non-current liabilities.

1.8 Curretnt and deferred income tax

The income tax of collective persons (IRC) is determined based on the estimated taxable income, calculated in accordance with current tax regulations. The income tax of the company includes current tax and deferred tax.

Current tax is calculated based on current tax law, or substantially prevailing at the date of the financial statement in countries where the subsidiaries and associates operate and generate taxable income. The management bodies review periodically their analysis in this area and recognize provisions for probable tax contingencies for cases under review, as well as possible adjustments made by tax authorities. These provisions are recorded at the amount expected to be paid to the tax authorities.

Deferred tax is calculated based on the value of temporary differences between the carrying amounts of assets and liabilities and their tax base. However, deferred tax is not recorded if it occurs from the initial recognition of an asset or a liability in a transaction, which does not constitute a business combination that at the time of the transaction does not affect the income and costs, not accounting or not taxable.

Deferred tax is determined in the light of current legislation and rates, or substantively in force at the reporting date, and are expected to apply when performing the deferred tax asset or settlement of the deferred tax liability.

Deferred tax assets are recognized only when the existence of future taxable income is expected, under which the temporary difference can be utilized.

Assets and deferred tax liabilities are presented in the financial statement at net value when there is a legally enforceable right to offset current assets and deferred tax liabilities by this amount.

Deferred taxes are classified as non-current, as shown in the financial statement.

Efacec Power Solutions required, from the financial year 2016, the national subsidiaries be subject to the Special Regime of Taxation of Corporate Groups. The scheme applies to groups, which include companies in which they hold equal shareholdings or above 75% and which meet the conditions of Article 63 of the Tax Code of Taxation of Income and Gains of Collective Persons.

The tax rate which formed the basis for the determination of the deferred taxes included in the Financial Statement as at December 31, 2015 is provided in the legislation for the current year – 21 % plus the maximum rate of municipal taxes, 1,5 % of taxable income.

1.9 Provisions

Provisions are measured at fair value of the costs that are expected to occur in order to settle the obligation using a pre-tax rate that reflects the time value of money, as well as specific risks to the liability, as assigned by market. Provisions are not recognized for future operating losses.

1.10 Recognition of revenue

Revenue comprises the fair value of sales of goods and services, net of taxes and trade discounts, and after elimination of internal sales. Revenues are recognized at fair value of the amount received or receivable for the sale of goods and services in the ordinary course of business of the company. Sales are recognized at net value of the amount of value added tax, returns and discounts.
The company recognizes revenue when the amount can be measured reliably, when it is probable that future economic benefits give input on the entity and when specific criteria are met for each of the group's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, as well as the transaction type and its characteristics.

Provision of services

The provision of services is recognized in the accounting period in which they are rendered, by reference to the stage of completion of the transaction at the date of accounts closing.

1.11 Distribution of dividends

The distribution of dividends to shareholders is recognized as a liability in the financial statements of the company in the period in which the dividends are approved by the shareholders at the General Meeting.

1.12 Contingent assets and liabilities

Contingent liabilities for which an outflow of resources embodying economic benefits is only possible, are not recognized in the financial statements but disclosed in the notes, unless the possibility of the outflow of resources embodying economic benefits is remote , in which case they are not subject to disclosure. We recognize provisions for liabilities that meet the conditions laid down in Note 1.9.

Contingent assets are not recognized in the financial statements but are disclosed in the Notes to the financial statements when a future economic benefit is probable.

1.13 Subsequent events

Events subsequent to the balance sheet date that provide additional information about conditions existing on that date are reflected in the financial statements. Events subsequent to the balance sheet date, which provide information on conditions that arose after that date, are disclosed in the annex to the financial statements, whether material.

1.14 Cash flow statement

The cash flow statement is prepared in accordance with the direct method. The company classifies assets with maturity of less than three months and for which the risk of change in value is insignificant under "Cash and cash equivalents"

The cash flow statement is divided into operating activities, investing activities and financing activities. Operating activities include cash receipts from customers and payments to suppliers, employees and other payments related to operating activities.

Financing activities include cash receipts and cash payments to equity capital and loans, including bank overdrafts. They also include payments for interest, dividends and finance leases.

1.15 Financial risk management

There are no significant factors of financial risk, particularly in terms of activities exposed to foreign exchange risk, or significant credit risk concentrations. There are not used any financial instruments to hedge this risk.

2. Accounting estimates and judgments

The preparation of financial statements requires that management applies judgments and estimates that affect the reported amounts of revenues, expenses, actives and liabilities and disclosures at the date of the financial statements.

These estimates are determined by the judgment of the company management, based on: (i) the best information and knowledge of present events and in some cases reports of independent experts (ii) the actions that the company considers it may develop in the future. However, at the date of completion of operations, the results may differ from estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

2.1 Fair value of financial assets and liabilities

To determine the fair value of a financial asset or liabilities where an active market exists, the market price is used . When there is no active market, which is found in some of the assets and liabilities of the company, fair value valuation techniques are used which are generally accepted, based on market assumptions.

The Company utilizes valuation techniques for financial instruments not quoted as derivatives, financial instruments at fair value through profit or loss and assets available for sale . The evaluation methods which are used most often are based on models of discounted cash flow and options models, including, for example, interest rates, exchange rates, prices of raw materials and volatility curves. Currently, the company does not detain financial instrument that are not quoted.

2.2 Income tax

The company recognizes liabilities for additional taxes that may result from review by the tax authorities. When the outcome of these situations is different from the amounts initially recorded, the differences will impact the income tax and deferred taxes in the period in which such differences are identified.

Additionally, the company recognizes deferred tax assets on losses, to the extent that future taxable profits are expected.

This evaluation requires the use of estimates and future taxable profits which differ from review held every closing date. The difference will impact the income tax.

2.3 Recognition of provisions

The Company periodically reviews the obligations arising from past events that should be recognized or disclosed. The subjectivity involved in determining the likelihood and amount of internal resources needed to meet obligations may result in significant adjustments due to changes in the assumptions made, or due to future recognition of provisions previously disclosed as contingent liabilities.

Management exercises significant judgment in determining whether a present obligation exists as a result of a past event, or whether it is likely, on the date of the financial statements, that from past events may result outflows, and if the amount of the obligation can be estimated reliably. The Company periodically reviews the status of these processes using counselling, both internal and external. These decisions are subject to change as new information becomes available. The amount of provision may change in the future due to new developments in this area in particular.

2.4 Impairment of receivables

The credit risk on receivables is valued at the closing date, taking into account the knowledge of the client and its risk profile. Accounts receivable are adjusted based on the assessment made by the management of the estimated collection risks at the reporting date, which may differ from the actual risks incurred.

C. Risk Management

3. Management of financial risk

3.1 Financial risk factors

The company's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company, being possible to use various financial instruments to minimize the risks associated with its operations.

The financial risk management is carried out by the Corporate Finance Management of the EPS Group under policies and guidelines approved by the Board of Directors. This Finance Management is responsible for identifying, assessing and hedging the financial risks in close cooperation with the operating units of the group. Principles for overall risk management are established by the Board of Directors, as well as policies covering specific areas, such as foreign exchange risk, price risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative and investment of surplus liquidity. The Board of Directors carries out a very close monitoring of such transactions.

3.1.1 Market risks – interest rate

The risk of the company's interest rate comes mainly from loans, since the company has no derivatives from interest rate or long-term earning assets. Loans contracted with variable interest rates, exclusively denominated in euros, expose the Company to the risk of changes in cash flows.

Exposure to interest rate risk is monitored dynamically. In addition to the assessment of future expenditures, based on forward rates, sensitivity tests to variations in the level of interest rates are carried out. The company is essentially exposed to the interest rate of the euro curve.

For each analysis, regardless of the currency, the same changes to interest rate curves are used. The analyses are performed for the net debt, i.e., deposits and investments in financial institutions are deducted. Simulations are performed based on the net value of debt and the fair value of derivative financial instruments, if any, reference dates and the respective change in interest rate curves.

On the date of the financial statement , the company had total borrowings amounting to 75,2 million euros, and loans granted amounting to 27,1 million euros, totally with related parties. If interest rates on loans and deposits had been 0.25% higher / lower, considering all other constant variables, the result of the financial year before tax would have been lower/higher by 120 thousand euros, respectively. The equity capital would not have been affected. These effects are mainly due to the higher or lower interest expense on floating rate loans.

3.1.2 Liquidity risk

Cash flow forecast is performed by the company to ensure the maintenance of adequate cash to meet operational level needs, while taking into account the impact of possible financial facilities. This forecast takes into account the financing plans for the company debts, compliance with internal level of balance sheet ratios objectives and , if applicable , compliance with external regulatory or legal requirements - for example, restrictions on foreign currency, and compliance debt covenants , including: Cross default , Pari Passu, Negative Pledges , ratios of debt and equity , change of shareholders and other related operational activities and the legal, fiscal and operational obligations of the company.

Cash surplus, beyond those necessary to maintain balance in the management of working capital, are managed taking into account the instructions of the EPS Group with respect to maturity, liquidity and counterparty. Surplus cash held by the Company is invested, choosing instruments with appropriate maturities or sufficient liquidity and that provide sufficient margin as determined by the above-mentioned forecasts.

At the date of the financial statements, the Company held cash and current deposits amounting to 98 thousand euros, which were expected to readily generate capital inflows able to facilitate the management of liquidity risk.There are not negotiated credit facilities or derivative financial instruments. Financial liabilities of the company are almost exclusively with related party. There are also significant financial assets, also with related parties.

3.2 Capital risk management

The company seeks to maintain an adequate level of capital that allows it, not only to ensure its continuity and development, but as well to provide adequate returns for shareholders and optimize the cost of capital.

The company may adjust the amount of dividends payable and the return of capital to shareholders or make an issue of new shares or debt in order to maintain or adjust its capital structure.

In accordance with the practices of the industry market, the balance of the capital structure is monitored based on financial leverage (gearing) ratio , calculated in accordance with the ratio Net Debt/Total de Capital. Net debt comprises total loans (including banking and related companies' current and non-current loans as shown in the financial statement) less cash and cash equivalents, other financial investments and current loans. The total capital consists of equity capital, as presented in the financial statements, plus net debt.

The gearing ratio on December 31, 2015 and 2014 shows the following calculation:

		31.12.2015	31.12.2014
Debt to credit institutions		0	0
Debt to related parties	(Note 17)	75.191.662	268.243.838
		75.191.662	**268.243.838**
(-) Cash and cash equivalents	(Note 8)	97.619	67.210
(-) Loans to related parties	(Note 17)	27.154.595	155.586.177
Net debt		**47.939.447**	**112.590.451**
Equity		323.015.002	233.681.161
Total de capital		**370.954.449**	**346.271.612**
Gearing		**13%**	**33%**

3.3 Financial instruments by category

On 31 December 2015 and 2014 , financial assets were classified in the following categories:

Assets as per balance sheet	Loans and Receivables	Assets available for sale	Non financial assets	Total
31 December 2015				
Financial investments	106.775	11.132		117.907
Loans to related entities	27.154.595			27.154.595
Trade receivables and accrued income	0		25.724	25.724
Debtors and deferred costs	418.699		1.604.352	2.023.051
Cash and cash equivalents	97.619			97.619
	27.777.689	**11.132**	**1.630.077**	**29.418.897**
31 de Dezembro de 2014				
Financial investments	2.106.775	11.132		2.117.907
Loans to related entities	155.586.177			155.586.177
Trade receivables and accrued income	16.036		0	16.036
Debtors and deferred costs	909.533		39	909.572
Cash and cash equivalents	67.210			67.210
	158.685.731	**11.132**	**39**	**158.696.902**

Regarding financial liabilities, their breakdown by category was as follows:

Liabilities as per balance sheet	Other financial liabilities held at amortized cost	Non financial liabilities	Total
31 December 2015			
Loans from related parties	75.191.662		75.191.662
Suppliers	88.208		88.208
Other liabilities	2.178.109	908.719	3.086.829
	77.457.980	**908.719**	**78.366.699**
31 December 2014			
Loans from related parties	268.243.838		268.243.838
Suppliers	209		209
Other liabilities	17.708.898	158	17.709.056
	285.952.945	**158**	**285.953.103**

C. Notes concerning Financial Statements as at 31 December 2015 and 2014

4. Tangible fixed assets

The amount recorded under this item refers entirely to office equipment.

5. Investments in capital instrument and financial assets held for sale

5.1 Investments in group companies and associates

This item includes the value of the holdings, additional paid in capial and loans to Group companies and associates.

In 2015, Efacec Power Solutions concluded the acquisition of companies to Efacec Capital, a process which had its greatest expression in the last four months of 2014. In this context, EPS:

- Acquired the entire shareholding in Efacec USA, Inc. for 1,5 million euros ;
- Acquired to a company of the Efacec Capital Group , the participation in Power Solutions Brazil, Lda., as well as the subscription rights for 0.7 million euros;

In addition, the Company increased the value of participation in Efacec Contracting Central Europe, GmbH. by 8.3 million euros, through credit conversion on this subsidiary. These credits included a financing loan of 2 million euros recorded under this heading, beyond other values of current assets. An additional amount of 68.000 euros in Power Solutions Brazil, previously acquired, was also performed.

The changes occurred in 2014 and 2015 were:

	Total
Opening balance	0
Increase of shareholdings	168.895.918
Additional paid in capital	192.041.443
Financing loans	**2.106.775**
Balance on 31 December 2014	**363.044.137**
Increase of shareholdings (net of financing loans)	8.643.022
Balance on 31 December 2015	**371.687.158**

(a) Additional paid in capital follows the status of supplementary payments and, consequently, do not bear interest.

The company's investment in Group companies and associated companies, none of them listed on the stock exchange, is as follows:

	31.12.2015					
	Shareholdings	Additional paid in capital	Financing loans	% Part	Equity	Net profit
Capital instruments						
Efacec Marketing Internacional, SA	2.400.000	1.600.000		100,00%	2.893.851	233.736
Efacec Engenharia e Sistemas, SA	99.500.000	32.500.000		100,00%	66.182.063	1.894.755
Efacec Electric Mobility, SA	15.000.000			100,00%	1.833.273	-1.290.082
Efacec Serviços Corporativos, SA	50.000			100,00%	453.407	280.310
Efacec Energia, SA	122.428.188	58.811.255		100,00%	85.038.317	-935.567
Efacec Angola, Lda	1.407.215			98,33%	-6.632.779	-7.177.006
Efacec Moçambique, Lda.	15.255	6.582.000		84,75%	730.672	-58.636
Efacec Praha s.r.o.	6.100.000			100,00%	1.491.913	131.763
Efacec USA, Inc.	1.500.000			100,00%	1.760.456	-190.670
Efacec Chile, SA	213.570			96,92%	664.192	344.220
Efacec Central Europe Limited SRL	7.100.000			100,00%	660.941	-172.085
Efacec Contracting Central Europe GmbH	9.451.597			100,00%	2.575.928	-1.562.710
Efacec Índia Pvt. Ltd	3.259.878			93,18%	2.563.717	-259.503
Efacec Equipos Eléctricos, S.L.	2.870.000			100,00%	2.450.407	593.085
Power Solution Brasil, Ltda.	791.425			99,00%	264.744	0
Credits						
Efacec Contracting Central Europe GmbH			106.775			
Total	**272.087.128**	**99.493.255**	**106.775**			
		371.687.158				

	31.12.2014				
	Shareholdings	Additional paid in capital	Financing loans	% Part	Equity
Capital instruments					
Efacec Marketing Internacional, SA	2.400.000	1.600.000		100,00%	2.660.115
Efacec Engenharia e Sistemas, SA	99.500.000	32.500.000		100,00%	64.704.302
Efacec Electric Mobility, SA	15.000.000			100,00%	3.123.355
Efacec Serviços Corporativos, SA	50.000			100,00%	173.098
Efacec Energia, SA	31.500.000	149.739.443		100,00%	85.973.883
Efacec Angola, Lda	1.407.215			98,33%	560.402
Efacec Moçambique, Lda.	15.255	6.582.000		84,75%	995.821
Efacec Praha s.r.o.	6.100.000			100,00%	1.325.218
Efacec USA, Inc.					
Efacec Chile, SA	213.570			96,92%	400.983
Efacec Central Europe Limited SRL	7.100.000			100,00%	837.965
Efacec Contracting Central Europe GmbH	1.100.000			100,00%	-4.212.959
Efacec Índia Pvt. Ltd	3.259.878			93,18%	2.808.040
Efacec Equipos Eléctricos, S.L.	1.250.000	1.620.000		100,00%	1.857.322
Power Solution Brasil, Ltda.	791.425			99,00%	264.744
Credits					
Efacec Contracting Central Europe GmbH			2.106.775		
Total	**168.895.918**	**192.041.443**	**2.106.775**		
		363.044.137			

The credit on Efacec Contracting has the nature of supply and bear interest at interest rate indexed to Euribor, plus the spread used in the Group's borrowings.

Movements of Efacec Energia and Efacec Equipos Electric refer to the conversion and use of supplentary payment to cover accumulated losses, increasing the value of Financial Investments.

Net profits are not indicated for 2014 as these only contributed marginally to Efacec Power Solutions, after the date of acquisition of each of them.

Impairment Tests

At the end of the year impairment tests are performed for the main subsidiaries. The tests are carried out to assess the recovery of the investment, considering the historical performance and / or business development expectations. The ratings are based on cash flow projections based on financial budgets approved by the governing bodies covering a five-year period. After this five-year period, cash flows are extrapolated using growth rates estimated based on the business development expectations. To update the flows we use the method of discounted cash flows.

The assumptions used in the impairment tests performed as at December 31, 2015, grouped by market, were as follows:

	2015				2014			
	Sales Growth Rate	EBITDA Margins	Discout rate before tax	Perpetuity growth rate	Sales Growth Rate	EBITDA Margins	Discout rate before tax	Perpetuity growth rate
Portugal	10,9%	7,2%	9,6%	0,0%	8,7%	8,1%	12,0%	2,5%
Africa	13,7%	6,3%	15,5%	1,8%	14,8%	4,8%	17,5%	3,0%
Central Europe	26,7%	3,3%	8,6%	1,0%	24,1%	4,9%	15,3%	1,1%
Other markets	13,0%	3,9%	9,4%	0,8%	0,5%	6,1%	13,5%	1,5%
New activities	22,7%	11,4%	12,2%	1,0%	34,1%	11,3%	15,6%	0,0%

No impairment of goodwill was recodgnized as a result of the tests.

5.2 Net assets available for sale

	Value	% Part	Equity
NET - Novas Empresas e Tecnologias	11.132	0,98%	n.d.

6. Customers and accrued income

Details of this item as at 31 December 2015 and 2014 are demonstrated below:

	31.12.2015	31.12.2014
Custmers - Current account	0	0
Customers - Related Parties (Note 17.2)	0	16.036
Customers receivable - net	**0**	**16.036**
Accrued income - not covered by IFRS 7	25.724	0
Total	**25.724**	**16.036**
* Non current	0	0
* Current	25.724	16.036

The fair value of accounts receivable does not differ from their book value.

7. Other receivables and deferred costs

Details of this heading as at December 31, 2015 and 2014 are as follows:

	31.12.2015	31.12.2014
Receivables from other debtors	**0**	**0**
Receivables from Related Parties (Note 17.2)	418.699	909.533
Other debtors - Financial assets IFRS 7	418.699	909.533
Other debtors not covered by IFRS 7	1.570.098	0
State and other public entities	34.254	39
Deferred costs	0	0
Total	**2.023.051**	**909.572**
* Non current	0	0
* Current	2.023.051	909.572
* Income tax	0	0

The value of other debtors not covered by IFRS 7 relates to advances payment made by Efacec Angola in order to transfer this participation from Efacec Capital to EPS.

The active balance with "State and other public entities" essentially refers to VAT to be recovered.

	31.12.2015	31.12.2014
Income statement	3	0
Value added tax - to be recovered	34.251	39
	34.254	**39**

8. Cash and cash equivalents

Cash and cash equivalents	31.12.2015	31.12.2014
Cash and Current Deposits	97.619	67.210
Short-term cash investments	0	0
	97.619	**67.210**

9. Equity

9.1 Equity and share premium

In 2015, the share capital of Efacec Power Solutions was increased by 60 million euros through an issue of 10,400,000 shares with a nominal value of 5 euros, and a issuing premium of 15.4%.

On December 31, 2015, the share capital, fully paid, was represented by 57.174.806 ordinary shares with a nominal value of 5 euros. The shareholders' breakdown on that date and at the end of the previous year was as follows:

Entity	31.12.2015		31.12.2014	
	Nº shares	%	Nº shares	%
Winterfell 2 Limited	41.525.275	72,6%	-	0,0%
Efacec Capital, SGPS, S.A.	15.649.531	27,4%	46.774.806	100,0%
Total	**57.174.806**	**100,0%**	**46.774.806**	**100,0%**

The company has no shares of its own.

9.2 Additional paid in capital and other equity instruments

Efacec Power Solutions has also additional paid-in capital amounting to 35.9 million euros, provided by the shareholders in proportion to their holdings. The additional paid in capital is ruled by the regulations of supplementary payments.

9.3 Reserves and accumulated income

This item is composed fundamentally by the profit for the year and retained earnings.

10. Suppliers, creditors and accrued costs

This item breaks down as follows:

Suppliers	31.12.2015	31.12.2014
Suppliers, conta corrente	82.949	209
Suppliers - Related Parties (Note 17.2)	6.177	0
Suppliers - Invoices received and on pending approval	-918	0
Total	**88.208**	**209**
* Non current	0	0
* Current	88.208	209

Current debts to suppliers and other creditors, are entirely due within 90 days, a situation which reflects the normal conditions negotiated with the company's suppliers.

The balance is denominated in euros.

Other creditors	31.12.2015	31.12.2014
Other creditors - several	0	0
Other creditors - related parties (Note 17.2)	2.153.970	17.708.898
Other creditors - financial assets IFRS 7	**2.153.970**	**17.708.898**
Other creditors not covered by IFRS 7	574.537	0
State and other public entities	84.914	158
Accrued costs:	273.408	0
Accrued costs - remuneration due	249.268	0
Accrued costs - others	**24.140**	**0**
Total	**3.086.829**	**17.709.056**
* Other non-current creditors	0	**0**
* Other current creditors	3.086.829	**17.709.056**
* Income tax	0	**0**

In 2014, the balance with related parties included mainly an amount of 16 million euros related to additional payments to be provided at Efacec Energia in the first quarter of 2015, according to the General Meeting held on December 31, 2014.

The balance of the item " State and other public entities " breaks down as follows:

	31.12.2015	31.12.2014
Income statement	976	0
Social Security contributions	41.590	0
Personal Income Tax	42.348	158
	84.914	**158**

11. Deferred tax

Assets and deferred tax liabilities are offset if the EPS company has a legally enforceable right to offset current tax assets with current tax liabilities and when the deferred taxes relate to the same tax authority.

At the end of 2015, EPS had only recorded deferred tax assets amounting to 362.115 euros for tax losses generated in the year (Note 14), whose deadline for reporting is 12 years.

D. Notes to the Income Statement as at 31 December 2015 and 2014

12. External supplies and services

During the year ended on December 31, 2015, the main supplies and services provided by external entities were as follows:

	2015	2014
Specialized works	128.812	170
Travel and accommodations expenses	0	75
Fees	11.850	0
Litigation and Notaries	9.841	0
Other Suppliers and Services	5.790	0
	156.294	**245**

13. Financial income

	2015	2014
Interests paid	-10.343.514	-290.475
Foreign currency exchanges losses	84.993	0
Other financial costs and losses	-6.228	-21.695
Total financial costs and losses	**-10.264.748**	**-312.171**
Interest earned	4.059.713	119.546
Other financial income and gains	0	0
Total financial income and gains	**4.059.713**	**119.546**
Financial costs - net	**-6.205.036**	**-192.624**

Interests paid and earned refer essentially to the remuneration of loans obtained / granted to companies of the EPS Group and related entities. These loans are paid in the same conditions as those paid in the market, Euribor being the reference rate (Note 17.3).

14. Income tax

The break down of the income tax recorded in the financial statement is as follows:

	2015
Current Tax	976
Defered tax (Note 11)	-362.115
Tax for the financial year	**-361.139**
Prior financial year tax	0
	-361.139

The reconciliation of the tax is as follows:

	2015
Profit before tax	-6.927.298
Nominal tax rate	22,5%
Tax at the nominal rate	**-1.558.642**
Tax rate difference from foreign subsidiaries	
Permanent differences:	
Expenses not deductible for tax purpose (a)	1.170.662
Tax difference (b)	25.865
Autonomous taxation and State surcharge	976
Tax of the financial year	**-361.138**
Effective Tax Rate	-5,21%

(a) This item refers to financial charges not deductible for exceeding the legal tax limit.

b) This item respect the differences in deferred income tax rates applicable in the calculation of deferred tax assets for tax losses.

15. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares issued during the year, excluding the eventual shares detained by EPS (note 9).

	2015	2014
Profit attributable to the company's equity holders	-6.566.159	-192.869
Weighted average number of ordinary shares in issue	48.428.262	5.758.144
Basic earnings per share (euros per share)	**-0,14**	**-0,03**

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to incorporate the effects of the conversion of all dilutive potential ordinary shares, when applicable. In the 2015 years and 2014 there is no dilutive effect.

E. Other Notes

16. Contingencies

EPS has contingent liabilities in respect of guarantees issued. On December 31, 2015, the Company had a liability arising from a guarantee issued to finance a subsidiary abroad, amounting to 3.668.329 euros.

17. Transactions with related parties

We identify hereby the transactions with related parties (Group companies, Associates, Shareholders and Board Directors), and debit and credit balances with these same entities existing at end of year.

17.1 Transactions performed

Current transactions	2015	2014
Group's companies		
Operating income and gains	595.960	119.546
Financial costs and losses	10.322.478	0
Shareholders		
Operating income and gains	3.463.741	0
Financial costs and losses	0	290.475
	-6.262.777	**-170.929**

17.2 Closing balances resulting from business and financial transactions

	31.12.2015	31.12.2014
Debts owed by Related Parties		
Group's companies		
Financing loans (a)	106.775	2.106.775
Current loans	23.717.122	7.177.687
Customers and Accrued Income (Note 6)	0	16.036
Debtors and Deferred Costs (Note 7)	418.542	810.921
Shareholders		
Non current loans (b)	0	148.408.490
Current loans	3.437.473	0
Debtors and Deferred Costs (Note 7)	157	98.613
	27.680.070	**158.618.521**
Debts owed to Related Parties		
Group's companies		
Non current loans (c)	74.220.596	174.954.395
Current loans	971.066	50.000
Suppliers (Note 10)	6.177	0
Creditors and Accrued Losses (Note 10) (d)	2.152.651	16.000.075
Shareholders		
Non current loans (e)	0	93.239.443
Creditors and Accrued Losses (Note 10)	1.319	1.708.823
	77.351.809	**285.952.736**
Total net	**-49.671.739**	**-127.334.215**

(a) Supplies made to Efacec Contracting Central Europe.

(b) The variation is due to a loan to the shareholder Efacec Capital, which was settled in 2015.

(c) This item includes financing from the subsidiaries Efacec Energia and Efacec Engenharia, of non-current nature.

(d) In 2014, this heading includes an amount of 16 million euros of supplementary payment to be provided to the subsidiary Efacec Energia, which were only performed in March 2015. In 2015, the outstanding amount refers essentially to interest of loans charged by subsidiary companies

(e) The amount recorded in 2014 relates to a loan of Efacec Capital, classified as non-current, amounting to 93 million euros, which took the same conditions of repayment of a bank loan contracted by Efacec Capital, with maturity up to 2020. This loan was repaid in 2015.

By comparing the figures related to 2015 with those of 2014, it should be noted that the Efacec Capital Group, classified before as 'Group Companies', is now classified as Shareholders and that the comparative figures of 2014 were also transfered to maintain comparabilty.

17.3 Detail by entity of the balances with related parties

	31.12.2015		31.12.2014	
	Financial	Current	Financial	Current
Group companies:	-74.220.596	0	-127.487.397	0
Efacec Engenharia e Sistemas, S.A. - não corrente	-900.000	0	0	0
Efacec Central Europe Limited SRL - empréstimos	4.868.890	62.776	0	0
Efacec Electric Mobility, S.A.	0	-1.509.485	0	0
Efacec Engenharia e Sistemas, S.A.	11.041.530	-504.675	-47.516.998	-16.000.000
Efacec Energia, S.A.	4.531.557	73.566	2.124.271	63.023
Efacec Marketing Internacional, S.A.	-67.706	10.928	1.281.630	16.036
Efacec Serviços Corporativos, S.A.	2.821.786	-1.096	2.821.786	0
Efacec Angola, Lda.	0	79.382	0	23.782
Efacec Moçambique, Lda.	106.775	32.508	2.606.775	628.340
Efacec Contracting Central Europe GmbH	450.000	120.726	450.000	95.776
Efacec Equipos Electricos, SL	0	-104.916	0	-75
Others	-51.367.765	-1.740.286	-165.719.933	-15.173.119
Shareholders:				
Efacec Capital Group and ascendants	3.437.473	-1.162	55.169.046	-1.610.210
Net Total by Nature	**-47.930.292**	**-1.741.448**	**-110.550.887**	**-16.783.329**
Net Total	**-49.671.739**		**-127.334.215**	

Loans are paid in the same conditions as the market, Euribor eing the reference rate.

17.3 Remuneration of the Board of Directors

The Board of Directors of EPS received 219.323 euros as fixed remunerations. In 2014, the company didn't pay any remunerations to its Board of Directors

18. Fees paid to auditors

	31.12.2015
Audit and Accounts review	37.000

In 2014, EPS didn't pay any fees to auditors.

19. Contingencies

As the EPS Group is the mother company, we hereby present , the values of assets and contingent liabilities arising from contractual disputes in which the subsidiary companies are involved.

(a) There is a case against the association of companies ACE Ensul Meci-Efacec worth 1.786 million euros, brought by the supplier Cimontubo in respect of loans granted to this entity by Ensul Meci. There is a disagreement regarding the due payment, and the payment is conditioned to the existence of final balances of the work. Currently, the Group's share in this ACE is 100%, through its subsidiaries Efacec Energia and Efacec Engenharia e Sistemas. The process is in the expert evidence phase.

(b) The EPS Group, through its subsidiary Efacec Engenharia e Sistemas, SA, has contractual disputes related to obligations arising from supply agreements and service delivery to the company Companhia Paulista de Trens Metropolitanos in Brazil. The consortium that Efacec integrates presented a claim and negotiations are underway with the customer. The client did not present any specific complaint, but may do it even during the negotiations. At the date of the financial statements, the company has a cumulative exposure to this client amounting to 6.1 million euros , comprising mainly value invoiced and to invoice , advances received and assumed commitments. An agreement signed between Winterfell 2 and Efacec Capital states that the EPS Group has the right of return regarding Efacec Capital, on any liabilities that it may have to take under this contract dispute.

(c) Efacec Contracting Central Europe has a dispute with the Hungarian supplier Raabvill kft., subcontracted to perform work under the project construction of two photovoltaic plants in Slovakia Due to problems encountered with the installation performed by this supplier, Efacec Contracting Central Europe realized an intervention at the customer under the warranty, and retained the payment of bills owed to Raabvill worth 416,000 euros, which originated the complaint from this supplier. In the meanwhile, Efacec Contracting Central Europe also presented in court a claim for additional costs incurred with assistance. During this process, Raabvill became insolvent and a draft agreement providing for payment of 150,000 euros was presented to Efacec Contracting Central Europe, resolving claims in court for this value. The terms of the agreement are presently under discussiono acordo.

(d) Further to a tax inspection by the Algerian tax authorities, Efacec Algérie, had additional payments totalling 880,000 euros relating to income tax, VAT and business tax. Efacec Algérie contested these additional payments and is working with local consultants, believing in a favourable outcome of this process.

(e) There is also a lawsuit presented by the company Tovisi Mozambique, Efacec sub-contractor in an engineering project in Maputo. Divergences, which occurred regarding the management of the work, led to the departure of that company, which filed an action for damages amounting to 1.522 thousand euros. The case is pending from a court decision, which the Group believes will be favourable.

20. Garantees

In the syndicated loan taken out jointly by the subsidiaries Efacec Energia and Efacec Engenharia e Sistemas, Efacec Power Solutions made the following guarantees:

- Endorsement of promissory notes subscribed by Efacec Energia and by Efacec Engenharia e Sistemas;
- Financial pledge of the shares of Efacec Energia and Efacec Engenharia e Sistemas.

In addition to the guarantees, the same contract contains clauses that define compliance with a Debt Ratio, defined as Net Debt / EBITDA, whose maximum value should be 2,75. This contract ratio is observable in the consolidated accounts of Efacec Power Solutions, every six months.

On December 31, 2015, the consolidated financial statements of EPS show values above the contractual ratio, as explained below.

Ratio calculation on 31.12.2015	
Balance Net Debt (M€)	47,5
Statutory EBITDA (M€)	11,8
Debt ratio	4,0

At the end of the year, Efacec achieved the granting of a waiver at the ratio defined above for the period ended December 31, 2015, and covering the financing of 62,7 million euros.

21. Subsequent events

After the date referred to in the financial statements, there were no facts worthy of note.

Leça do Balio, 18 March 2016

The accountant
Sofia Marlene Ferreira Pereira

The Board of Directors
Mário Filipe Moreira Leite da Silva **Chairman**
Isabel dos Santos **Director**
Francisco Dias Pereira de Sousa Talino **Director**
Manuel António Carvalho Gonçalves **Director**
Ângelo Manuel da Cruz Ramalho **Director**
Francisco José Meira da Silva Nunes **Director**
Luís Henrique Marcelino Alves Delgado **Director**
Fernando José Gomes da Mota Lourenço **Director**
Rui Alexandre Pires Diniz **Director**
Miguel Maria Pereira Vilardebó Loureiro **Director**

Statutory Audit Report

(Free translation from the original in Portuguese)

Introduction

1 We have audited the financial statements of Efacec Power Solutions, S.G.P.S, S.A, comprising the statement of financial position as at 31 December 2015 (which shows total assets of Euro 401,381,701 and total shareholder's equity of Euro 323,015,002, including a net loss of Euro 6,566,159), the statements of income by nature, the statement of comprehensive income, the statement of changes in equity and the 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 Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows, as well as to adopt appropriate accounting policies and criteria and to maintain an appropriate system of internal control.

3 Our responsibility is to express an independent and professional opinion on these 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 financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the 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 financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; and (iv) assessing the overall presentation of the financial statements.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements.

6 We believe that our audit provides a reasonable basis for our opinion.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Opinion

7 In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Efacec Power Solutions, S.G.P.S, S.A, S.A. as at 31 December 2015, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Emphasis

8 Without qualifying our opinion expressed above, we draw attention to the fact that our Statutory Audit Report for the separate financial statements as at 31 December 2014, issued on 29 June 2015, included an emphasis related to the uncertainty about the outcome and clearance of the final agreement arising from the negotiations on the termination of a contract for reasons attributable to a customer and on which a subsidiary had a global exposure of 7,132,832 euros, which is no longer applicable, following the right of return over the former major shareholder, granted under the shares purchase agreement to the currently major shareholder, as mentioned in the note 19 of the notes to the separate financial statements.

Report on other legal requirements

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

13 April 2016

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

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

REPORT AND OPINION OF THE SUPERVISORY BODY
(Translation)

To the Shareholders,

In compliance with the legal requirements and company's articles of association, the Supervisory Body of **Efacec Power Solutions, SGPS, SA** with head offices at Arroteia, 4465-587 Matosinhos, hereby presents its report related to the supervision carried out and gives its opinion with regard to the Management Report, Accounts and Proposals submitted by the Board of Directors for the financial year ended on December 31st.,2015.

1. **According to the legal requirements and articles of association, we proceeded with:**

   - the approval of the Operating Rules of the Supervisory Body and Activities Planning;

   - the supervision of the Board of Directors' activity through meetings held with the heads of financial areas, internal and legal audit and by consulting accounting minutes and data ,information and explanations obtained;

   - the verification of compliance with law and fulfilment of the company's contract

   - the verification, throughout the financial year and at the extension considered suitable, of the Group activity and business, documentation, adequacy of the accounting records as well as the existence of the main assets;

   - the assessment whether the accounting policies and criteria of valuation / measurement adopted by the society are in accordance with generally accepted accounting principles and lead to a correct evaluation of the assets and income;

   - the assessment of the effectiveness of the internal control system implemented by the Management;

   - the supervision of financial information preparation process and disclosure ;

   - the verification of the accuracy of the financial statement, the income statement by nature, the statement of changes in equity, the statement of cash flows of the financial year and respective notes thereto;

   - the assessment of the Management Report issued by the Board of Directors and proposed appropriation of profit therein;

   - the assessment of the audit carried out by the Statutory Auditor leading to the accounting review and additional services;

   - the assessment of the Statutory Audit Report (Accounts Legal Certification) issued on April 13, 2016 by the Statutory Auditor without reserve and with one emphasis ;

2. **From the works carried out , we would like to point out the following:**

- this Supervisory Body took up office after its election which occurred during the General Meeting held on 23 October 2015, to complete the term ended at the end of that year and consequently only monitored the activity of the EPS Group since that moment ; its work was mainly guided to (i.) gain knowledge of the group, its objectives and operations and (ii.) achieve the accounts closure process for the financial year ;

- the shareholders' reorganization implemented in 2015, together with a new management team and a financial restructuring process;

- the importance of the strategic reflection process carried out which, when properly implemented, will necessarily bring about changes aimed at expansion and consolidation of the high potential of innovation and value creation

3. **The supervision we performed allows us to conclude that**:

- the Management activity , to our knowledge, is in accordance with law and the company's contract regulation;

- we are not aware of any situations that may call into question the adequacy and effectiveness of the internal control system implemented by the Governing Bodies in monitoring the risks the Group has to face ;

- the accounting and financial statement comply with the applicable legal, statutory and regulatory provisions; they reflect the activity carried out and lead to a correct evaluation of the assets and income of the Group;

- the Management Report is consistent with the accounts submitted and shows in a reliable way the evolution of the activity and businesses during the financial year ;

- the audit carried out by the Statutory Auditor to the financial statement was appropriate to the circumstances and the additional services did not interfere with its independence.

- The proposed appropriation of profit is appropriate and duly justified.

4. **We can consequently declare:**

- that we agree with the contents of the Statutory Audit (Accounts Legal Certification) issued by the Statutory Auditor in particular regarding the contents of the emphasis;

- that we agree with the Management Report and Financial Statement of the financial year 2015 submitted by the Board of Directors;

- that to the best of our knowledge, the financial information disclosed was prepared in accordance with the applicable accounting standards giving a true and fair view of the assets and liabilities, financial position and results of the company and that the Management Report reflects in an accurate way the

development of business, performance and financial position of the company, including a description of the main risks and uncertainties it has to face .

5. **Accordingly and taking into account the actions taken, we are of the opinion that:**

   - the Management Report and Financial Statement for the year 2015 submitted by the Board of Directors be approved.

   - the proposed appropriation of profit included in the Management Report be approved.

Arroteia, 10 May 2016

The Supervisory Body

Dr. José Manuel Gonçalves de Morais Cabral – Chairman

Drª Isabel Vizeu Pinheiro Pereira Reis Loureiro – Member

Dr. Sergio Paulo Esteves de Poças Falcão – Member

technology that moves the world

Efacec Power Solutions, S.G.P.S., S.A.

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