Inspired by water...

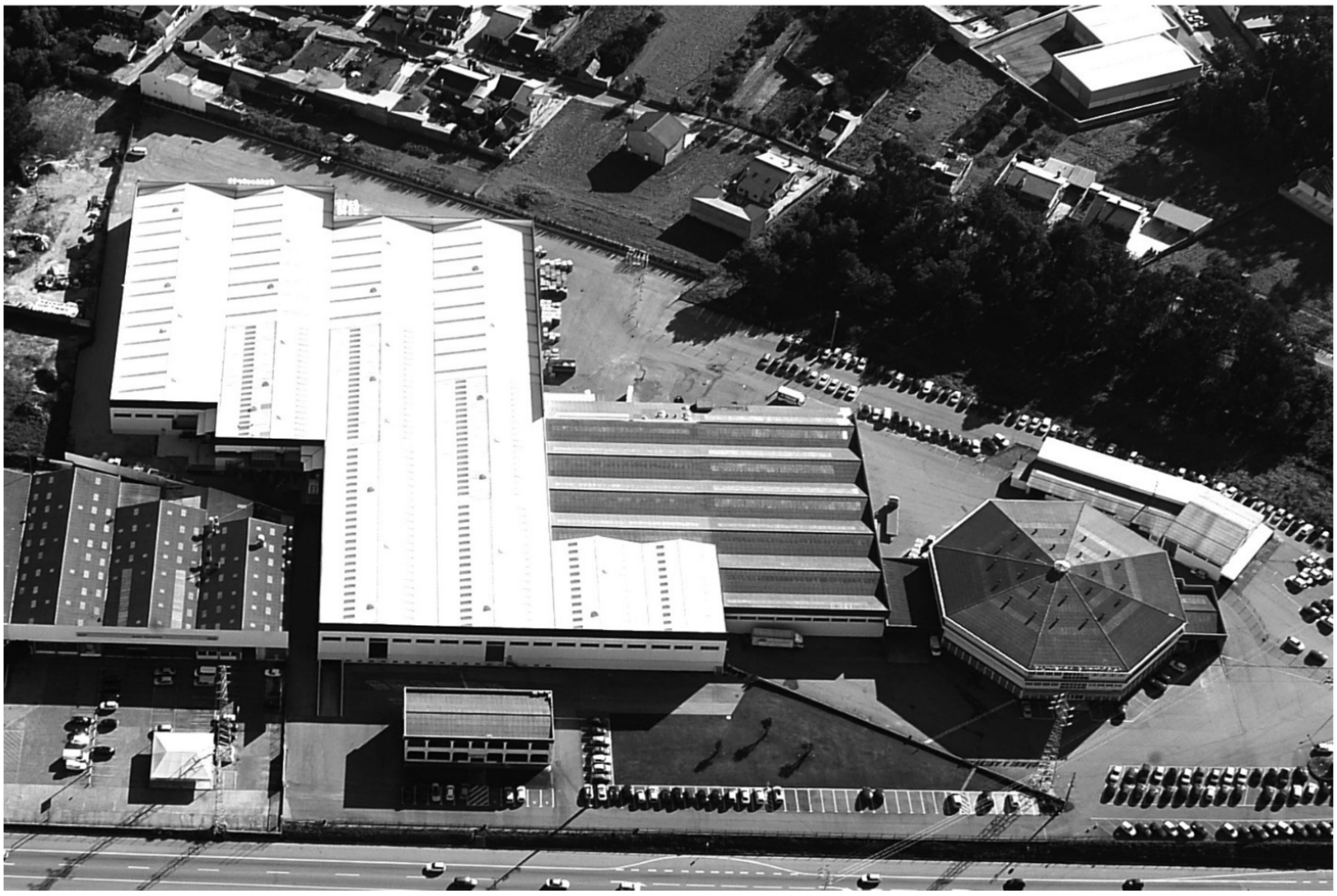
ÖLI

ANUAL REPORT 2014

Contents

I. Management Report

In accordance with articles 65 and 66 of the Companies Code, we will present the 2014 Management Report and accounts for the company Oliveira & Irmão, SA, with its head office at Travessa do Milão, Ward of Esgueira, Municipality of Aveiro, tax number 500.578.737, registered at the Aveiro Companies Registry under the said number, with a fully paid-in share capital of 10,000,000 euros, corresponding to 2,000,000 shares with a nominal value of 5 euros each.



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II. Report by the Board of Directors

Individual Accounts

1. Economic Setting and performance

Message by the Chairman

The 2008 crisis and its consequences (still being felt) destroyed the certainties and paradigms that seemed unshakable. Even today, we are still trying to understand the causes of and solutions for this crisis….

The economies of countries where we maintain the bulk of our operations are still struggling to overcome stagnation without certainties of any type. The crisis also deteriorated some malaises that had been emerging even before the crisis became apparent (perhaps that even originated the crisis!). I'm referring, in particular, to the growing income inequalities and higher poverty levels. Worse: labour (and jobs) is no longer (even in Europe!) a guaranteed means of escaping from poverty.

We cannot live with an easy conscience in a society in which inequalities increase at a frightful and ruinous pace! Our products will not find a market in economies where income is insufficient to maintain minimally decent standards of living...

Despite the crisis and the tortuous paths followed by the so-called developed societies, business activities continue… Mergers and acquisitions are taking place and thriving in our meta-sector. These mergers and acquisitions are adding more uncertainties to those already created by economic policies and a macro economy.

To all these uncertainties we reply with the few certainties at hand. These certainties include the most important one: that the future is shaped by work, determination and respect for everything and everyone, by continuous and timely adaptation to today's surprising new realities!

Last year, we happily celebrated both internally and externally the company's 60th year of existence. We will strive to preserve the memory of its founders, transmitting to the new generation, already working arduously with us, the principles of integrity, determination and work that we inherited

.

2. Evolution of activity throughout 2014

National and Portuguese-speaking African countries (PALOPs) distribution

Sales involving this process (including sales in Portugal and in PALOPs of merchandise we purchase and of products we manufacture) represent 21% of the company's total sales (compared to 23% in 2013). In 2014 sales fell 4.4% in comparison to 2013 (a year in which sales increased when compared to 2012).

An analysis of the breakdown per category reveals higher sales of manufactured products (particularly in in the category of interior toilet flushing systems). Purely commercial activities (purchases and sales) fell in terms of share and value when compared to 2013. It represented merely 9% of the total turnover (compared to 11% in 2013 and about 10% in 2012).

Sales to PALOPs dropped significantly, mainly due to the weak performance in the Angolan market.

Sales in the PALOPs, which had been experiencing a progressively higher share of sales in this process, experienced a slowdown consequent to some liquidity problems in some of these countries. This factor also indirectly affected domestic sales, since part of the sales through normal distribution channels in Portugal were destined for the PALOPs.

Exports and sales to national ceramics companies

Sales under this category performed well, nearly 10% higher, and are broken down as indicated further below.

Sales of industrial products to national ceramics companies fell about 9%.

Exports of industrial products grew approximately 10%, somewhat homogeneously in all regions. That growth, however, was higher in the Middle East and Africa consequent to our greater promotion and sales effort in those regions.

Conclusion and summary of the year's main economic indicators

Overall sales reached € 42,322,188, for a 5.6% growth over the previous year. A comparative analysis between the domestic and foreign markets reveals the following:

- Domestic market: € 9,361,832 (22% of our total sales), for a 0.4% decrease in comparison to 2013;
- Foreign market: € 32,960,356 (78% of our total sales), for an absolute increase of 7.5% over 2013.

The breakdown of total sales per activity is as follows:

- Industrial activity represented 79% of total sales;
- Commercial activity represented 21% of total sales.

Profitability improved significantly, whereby the net profit reached € 2,850,032 (compared to € 1,421,928 in 2013). This performance resulted from the following main factors:

- Earnings from industrial and commercial activities: € 2,332,123 (compared to € 1,003,397 in 2013), due to growth of activities and an increase in the gross margin of about 13%, equivalent to 3.4 pp. As for costs, we attempted to increase the efficiency in allocating our resources and maintained our policy of searching for more competitive alternative solutions as a means of maintaining our competitiveness. Two additional factors contributed to this performance: on one hand, lower financing costs that benefitted not only from a more favourable setting in the interest rate market, but also from our lower debt level. On the other hand, our tax payments benefitted from tax reports in previous years and benefits such as the SIFIDE (Corporate R&D Tax Incentives System) that contributed to our research and development activities.
- Result of real estate activities: € -197,138 (compared to € -131,686 in 2013). This activity, which is becoming progressively more residual, was subject to this loss because the company accounted the loss in advance and included the respective impairment from the sale of apartments that already took place in 2015.
- Earnings from subsidiaries of € 715,047 (compared to € 550,217 in 2013). Two of our subsidiaries contributed to this better result, OLI Italia and Moldaveiro. The subsidiaries Soplasnor and Nuno & Gradeço, now under liquidation, barely had an impact on this performance.

3. Outlook for 2015

Commercial Activity (Domestic Market and Portuguese-speaking African Countries (PALOPs)

Domestic Market

The outlook for the domestic market is modest.

On one hand, the economy continues to show no signs of a recovery, and the economy's supposed structural transformation and the supposed reforms are far from contributing with the desired positive effects.

Additionally, the construction sector will take many years to recover from the "trauma" of previous years. Similarly, rehabilitation of buildings has not taken off as desired and remains a mirage!

Moreover, the sale of construction materials is far from regaining normal volumes and stability. The dependence on isolated market niches that are unforeseeable and difficult to control (individual sales to foreign markets, for example) and, possibly also unsustainable, raise some concerns. Moreover, the problems of liquidity which originated when the real estate bubble burst are far from having been resolved.

A balance between traditional distribution and modern distribution is far from being attained. We believe that the disproportion of means (financial and others) available for each means of distribution will imply that modern distribution will have a progressively higher market share and that the balance between supply and demand will progressively weaken. The number of players is dwindling, thus leaving sales concentrated in fewer and stronger companies.

Foreign market

Our commercial activity is concentrated on sales to Portuguese-speaking African Countries (PALOPs). Although the Angolan market played a crucial role, sales to this country have become nearly infeasible due to its recent economic problems. We hope that the market in Mozambique will maintain its stability and growth, although this market's size is insufficient to compensate for lower sales to Angola.

Industrial Activity
Domestic Market

Sales in the domestic market to ceramics companies have progressively become a smaller share of total sales for the industrial activity. We do not foresee significant changes for 2015, although there is a potential for a slight rise in sales in this segment.

Foreign Market

In general terms, we are forecasting a higher sales volume in this market. We believe that the time has come to reap the benefits of our geographical diversification, segmentation and specialisation policy implemented in recent years.

Market alterations, as pointed out at the start of this report, will have some consequences, but we believe that there won't be significant changes in turnover. However, we can expect some changes, both in our strategy and in the distribution of business among the various sales channels.

Seeing as, in fact, the market is going through a broad readjustment, we will not be immune to these changes. Nevertheless, we believe that we are capable of taking advantage of some of the opportunities arising from the said readjustment!

We believe that turnover will maintain a balanced division in 2015 between sales to OEM (original equipment manufacturers) and to other channels, even though it may vary in the following years. We are endeavouring to finalise new partnerships with OEMs in new geographical zones to thereby diminish our business operations' central focus on Europe.

We are working to find the best formula for our sales organisation, and the changes we have implemented show that we are on the right path. Our interaction with clients and markets are revealing promising satisfaction and output levels. Lastly, note that we are improving the image of OLI brand products by endeavouring to place them in the upper-medium range in keeping with the technical and aesthetic quality of our new developments.

In conclusion, we foresee higher sales in the industrial sector by about 10%.

4. Economic and financial analysis

Economic analysis

As already mentioned, in 2014 OLI's sales increased 5.6%. These higher sales were brought about exclusively by the foreign market, where sales rose 7.5%. Sales in the domestic market fell slightly, by 0.4%. The increase in overall sales was also aligned with a higher gross margin due to better-priced raw materials and higher sales of products with a greater added value. In absolute terms, the margin increased €2.5M, for a growth of 13.3%. This performance increased the sales margin percentage from 47.2% in 2013 to 50.7% in 2014.

Overall operating expenses increased by about €1.1M, corresponding to 5.9%. The Personnel Expenses item was the one that grew the most due not only to increased activity and personnel, but also the wage raise in the middle of the year. Consequently, personnel expenses rose about 900,000 euros over the previous year.

External Supplies and Services increased about 300,000 euros from one year to another, corresponding to 4% in relative terms. This increase maintained pace with the growing activity and arose mainly from higher expenses for sales promotion and marketing and from research and development expenses. This performance was also brought about by a number of monitoring and cost-cutting actions designed to improve our competitiveness.

Impairments were another item that contributed to higher operating costs. These impairments were associated mostly to the real estate activity and to client debts. Real estate impairments arose from the company's decision to account losses already assumed from properties that were already sold or to be sold in 2015. Client debt impairments refer to debts difficult to collect and thus included in the item as a conservative precautionary measure. These two items together reach nearly 420,000 euros, of which 250,000 euros for real estate and 170,000 euros for client debts.

On the contrary, financing expenses fell 430,000 euros due not only to a reduction in debt, but also, and essentially, lower interest rates and spreads charged by banks in general. Moreover, we are also no longer subject to the negative impacts from the interest rate hedging contracts that terminated in 2013.

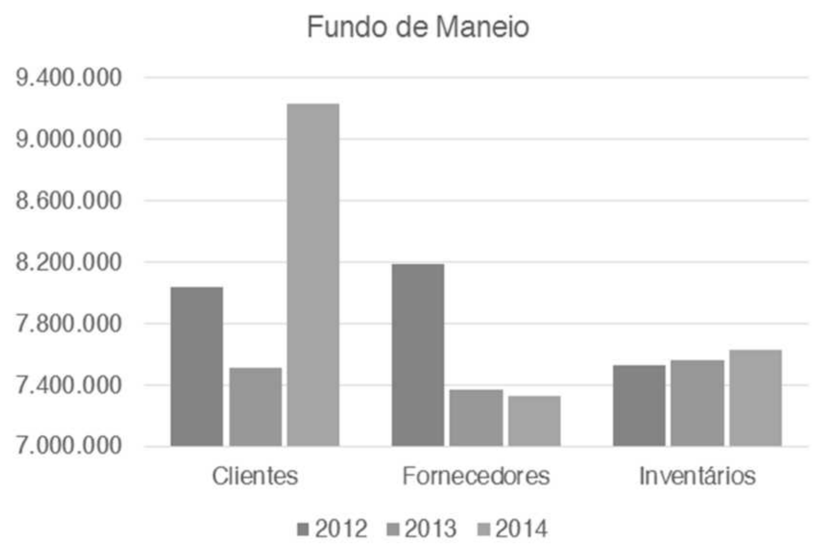
OLI was able to improve its profitability through the combined effect of higher activity and gross margin, along with lower operating costs. EBITDA rose nearly €1M, that is, about 20% higher than in the previous year. In relative terms and in comparison with sales, the ratio rose from 12.5% to 14.2%. Cash-flow increased 44%, from €3.9M in 2013 to €5.7M in 2014.

Invested Capital

Although working capital needs have decreased in recent years, in 2014 working capital needs increased essentially based on the Clients item. The suppliers and inventory items stabilised. The change in the Clients item can be explained partly by the greater exposure to clients in geographical areas where payments are commonly made on a longer term. By expanding to other markets, the company is increasing sales in markets where it is difficult to impose European payment standards.

Investments in fixed assets in 2014 reached €3.3M, a 30% increase over 2013. Investments were concentrated in 4 areas:

- Buildings – 28%
- Moulds – 27%
- Production equipment – 27%
- The remaining 18% were for purchasing office and transport equipment.



Financial analysis

As already pointed out, in 2014 the company increased its free capital thanks to a cash flow increase of about €1.7M (+44%). The higher free capital combined with changes in the invested capital, enabled Oliveira & Irmão to continue reducing its bank debts. By the end of 2014, the company had a net debt of €15.1M (€0.6M less than in 2014).

The lower debt, combined with the higher EBITDA, enabled the company to reduce the debt/EBITDA ratio from 3.1 in 2013 to 2.5 in 2014.

Item	2013	2014
Net debt	15,733,776	15,137,604
Net debt / EBTDA	3.1	2.5

By decreasing debt and obtaining better bank financing conditions, the company reduced its financing costs by about 0.4M€, corresponding to -37%. Additionally, interest rate fixation contracts, which were penalising this item, terminated in 2013 and also contributed to decreasing the debt.

The company maintained its capital structure optimisation policy by financing its investment in fixed assets and permanent needs for working capital through medium- and long-term financing. It also financed the treasury cycle through short-term instruments. Consequently, in late 2014 fixed capital represented 108% of non-current assets, whereas current liabilities represented 85% of current assets.

Financial autonomy increased from 45% in 2013 to 47% in 2014.

5. Research, Development and Innovation

The foreign market current setting made it imperative for the company to strengthen its commitment, which had already begun in previous years, to Research, Development and Innovation (RDI).

OLI created its R&D department over 20 years ago and currently has personnel with extensive experience in the respective products and markets. Within today's context, the company's R&D department gives it a competitive edge by providing innovative and technically advanced solutions enhanced by personalised technical follow up.

In 2014 the company intensified its search for new markets and new clients. This policy also brought new challenges in developing new products requiring solutions tailored to specific markets/clients. The policy also established new criteria applicable to performance, quality, costs and response time. As such, a process to reformulate the RDI process was implemented to overcome that challenge.

By accepting the innovation strategy as part of the company's DNA, the search for new know-how to develop and commercialise innovative solutions continues to be of major importance in the RDI process. OLI continues to establish relevant partnerships with various entities in the scientific and technological system (STS) to foster the creation of new know-how and, foremost, to create value. Some of these partnerships have been implemented over the years with assistance from the *Programa Operacional Fatores de Competitividade* (*COMPETE*) (Competitiveness Factors Operation Programme), through which part of a project's investment is subsidised.

In recent years, bathroom products are beginning to feature solutions that include electronic components to assist users in various integrated functions. OLI has already begun selling some products using these solutions. In 2015 OLI wishes to continue developing new products with electronic components and plans to maintain pace with these developments through further innovative functions.

For developing new solutions and to streamline the product development process, we carried out extensive work in the search for new fast prototyping processes in order to start using hybrid moulds.

To protect know-how generated through the RDI process, 5 new patent applications were submitted in 2014. As in 2013, in 2014 OLI was one of the Portuguese companies with the largest number of patent applications, 4 in total, submitted to the European Patent Institute.

In 2014 the company made a substantial investment to renovate its real-life testing laboratory, which now includes 6 benches each with 12 testing stations. In addition to tests using potable water, according to EN standards, products may be tested with rainwater, salt water and water with high calcium content. In this manner, OLI wishes to have solutions ready for use in the future when potable water becomes a scarce commodity

In 2015, OLI plans to maintain its work in developing new innovative products and to present new solutions adapted to new clients and markets. Diversifying the number of markets and, consequently, its clients is crucial for maintaining and improving the company's performance.

6. Marketing

Extensive groundwork was performed in 2014, nearly all of which is not readily visible at first glance, which prepared and structured a whole series of initiatives and events performed only at the beginning of 2015. Launching a new site focussed on Marketing & Communication activities was one of the highlights of that work. If "the eyes are the mirror of the soul" the website www.oli.pt is one of the gateways to everything that we are and in particular to everything we do.

Through this new tool, OLI fulfils various longstanding ambitions, such as providing comprehensive information for each product (including a range of specifications, photographs, DXF drawings, technical forms, assembly instructions and compatibilities). All this information is now available with one click, free to be consulted any time of day and anywhere in the world.

The new site also includes a revamped newsletter with a clearly different look. The newsletter presents, both in the national and international markets, the most relevant news about OLI, its products and all corporate information such as its participation at the world's most important fairs.

Speaking of fairs, OLI made a good showing at three of the world's main events: Big5, Mosbuild and ISH. The latter is clearly a reference mark for our sector. Held every two years in Frankfurt, Germany, this is the event that showcases the best products being developed worldwide. That's why it was the ideal location for us to launch three new products/concepts which we hope will also become a sales success and an example in savings and sustainability.

As at ISH, we also participated in two other world scale events: Big5, in Dubai, and Mosbuild in Moscow. These are completely different fairs that prove the versatility of our products and our assertiveness in the commitment to adapt to each market's special features. That's what makes us stand out.

However, our presence at three fairs had another important purpose in our aim to define our corporate image. Our stands had the same look and the same design, always portraying an image of quality which is already recognised by participants and visitors at these types of events.

A year's achievements are not measured merely by large events. There are also other smaller events with an impact, both on the company and on the community to which we belong. The revamping of the in-house newspaper was one of those important moments. From "Olinforma" to "MundOLI", we changed much more than simply a name. We also altered the concept. We are a global company, that sells and exports from Portugal to over 60 countries in five continents. We are thus a world-scale company. That is why we wish to showcase OLI throughout the world.

At a local level, we commemorated World Water Day. We do our best every day to help preserve this scarce resource. We could have simply highlighted the day but, instead, we decided to share our concerns with the community of Aveiro. We organised a flashmob in Rossio, Aveiro, that demonstrated not only the "solidarity and unity" of the whole "OLI family", but also our image and our brand. It was a successful event that motivated us and continues to motivate us to forge ahead with the task of building an innovative and ambitious OLI.

7. Human resources

At the end of 2014, the company had 364 employees, a 1.4% increase over the previous year. The number of employees varied throughout the year for various reasons. These include the need to continuously adjust production to client orders. September was the month with the largest number of employees, whereas April, May and June were the months with the fewest number of employees. During the year, the average number of employees was of 361 (a 2.3% increase over 2013).

Human Resources	2012	2013	2014
Number of workers at the end of the year	344	359	364
- men	159	167	177
- women	185	192	187
Average number of workers during the period	344	353	361
Average age of workers	37.1	38.4	39.0
Average seniority of workers in years	12	12	12
Total training hours	13,343	14,478	12,905
Average training hours per worker	39	38	35
Personnel expenses	€ 8,342,971	€ 8,087,034	€ 9,025,853
Average expense per worker	€ 24,253	€ 22,845	€ 25,002
GVA per worker	€ 41,072	€ 37,128	€ 42,044
General absenteeism rate	3.0	2.5	3.1
Work accident frequency rate	Good	Good	Good
Work accident severity rate	Average	Good	Average

The data in the following table compares the years of 2012 and 2014:

A training project called PIC - OLI (Plan for Integrating Personnel at OLI) began in January 2014. This project was created to define a programme for integrating current and new personnel. We wanted the current personnel to have the same knowledge about issues we deemed important, and we want new personnel to also have that knowledge. The project covered the environment, safety, quality, team work, communication, product, raw materials, lean methodologies, waste and, lastly, simulation games (with Lego blocks and on a faucet production line). Twenty sessions were created, and 12 in-house instructors trained about 280 trainees.

In 2014 we held a number of activities (some as part of the 60th anniversary commemorations) with our personnel, such as the company's anniversary lunch (held at the factory), painting and landscaping at a primary school located near our premises, the 1st sailing cup, the annual company party and the distribution of Christmas food baskets which included a traditional "bolo-rei" cake.

In 2014 we also finished renovating our social space in the manufacturing area. This space was inaugurated on the company's anniversary day.

In 2015, our personnel will once again visit companies of merit so that they may get to know other business scenarios. We will also carry out a number of actions to simplify our principles for the integrated management system. We plan to transform those principles into behaviours and attitudes that are clear for everyone and to transpose their application to our day-to-day activities. As such, we will hold a number of recreational activities with all personnel.

8. Dividends Policy

In view of the results disclosed in this report and the business outlook, Oliveira & Irmão decided to begin distributing dividends.

The board of directors of Oliveira & Irmão decided to propose the distribution of € 0.265 per share for 2014, in an overall amount of 530,000 euros.

9. Profit Distribution Proposal

In compliance with the provisions of the Companies Code, namely Article 66, subparagraph f), and taking into account other legal precepts, together with the purpose of increasingly consolidating the company's equity structure, we propose that the net profit of € 2,850,032.13 be distributed as follows:

- To cover retained earnings € 1,705,140.18
- For undistributed profits € 614.891,95
- For dividends € 530,000.00

10. Profit-sharing proposal for the Board of Directors

Because of the good performance in 2014, we hereby propose a profit-sharing proposal of € 213,498.52 for the two executive directors who are part of the board of directors. To comply with applicable accounting regulations, this amount has already been recorded in personnel expenses and thus the net profit already includes this proposal.

11. State Public Sector

According to Decree-Law 411/91, we announce that the company is in good standing with entities of the state public sector and that there are no other situations required to be mentioned in this report.

Certificates were issued by the tax authorities and Social Security as proof of the aforementioned good standing. The certificates were valid on the closing date of the balance sheet on 31 December 2014.

12. Acknowledgments

We would like to thank all clients, personnel and suppliers who, during the year in question collaborated and interacted with us in a generally dedicated and diligent manner. We also thank financial institutions for their continued support and confidence.

We are grateful to the governing bodies, as well to the auditors and consultants for their ongoing support and availability. Their contribution was important not only for obtaining the results, but also for making the changes and improvements in progress a realistic goal.

Aveiro, 10 April 2014

The Board of Directors,

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

Pier Andreino Niboli

Federica Niboli

Notes to the Board of Directors Report

In accordance with article 448 of the Companies Code, it is declared that the following shareholders possess more than one third of the share capital:

Shareholders	31/12/2014	31/12/2013
Valsir, Spa.	50%	50%
Oliveira & Irmão SGPS, Lda.	50%	50%

III. Financial Statements – Individual Accounts

Individual Balance Sheet on 31.12.2014 and 31.12.2013

Items	Notes	Dates 31-12-2014	31-12-2013
Assets			
Non-current assets			
Tangible fixed assets	7	23,133,684	22,347,305
Intangible assets	6	185,526	
Shareholdings – Equity method	5;11	6,825,533	6,110,486
Shareholdings – Other methods	11	40,020	40,020
Other financial methods	5;17	4,763,243	4,762,500
		34,948,006	**33,260,311**
Current Assets			
Inventories	12;17	7,628,375	7,559,235
Clients	17	9,232,965	7,511,758
Advances to suppliers	17	8,201	134,382
State and other public entities	17	689,820	765,131
Other receivables	17	375,480	236,351
Deferrals	17	210,119	140,748
Non-current assets held for sale	7	24,309	34,350
Cash and bank deposits	4	579,470	359,754
		18,748,738	**16,741,708**
Total Assets		**53,696,744**	**50,002,019**
Equity and Liabilities			
Equity			
Paid-in capital	17	10,000,000	10,000,000
Legal reserves	17	2,000,000	2,000,000
Other reserves	17	3,138,457	3,138,457
Retained earnings	17	-4,128,289	-5,000,000
Adjustments to financial assets	17	3,615,970	3,065,753
Revaluation surplus	7;17	7,627,062	7,627,062
Other equity variations	10;17	136,303	143,937
Net profit for the year	17	2,850,032	1,421,928
Total Equity		**25,239,536**	**22,397,138**
Liabilities			
Non-current liabilities			
Provisions	13	38,062	50,147
Financing obtained	8;9;17	11,999,094	11,196,836
Deferred tax liabilities	16	550,246	624,925
		12,587,402	**11,871,908**
Current Liabilities			
Suppliers	17	7,325,506	7,367,822
Advances from clients	17	245,043	284,116
State and other public entities	17	382,712	320,009
Financing obtained	8;9;17	3,717,980	4,896,694
Other accounts payable	17	4,002,500	2,766,583
Deferrals	17	196,065	97,750
		15,869,806	**15,732,973**
Total Liabilities		**28,457,208**	**27,604,881**
Total Equity and Liabilities		**53,696,744**	**50,002,019**

The Auditor The Board of Directors

Individual profit and loss account by nature of expense/revenue ending at 31.12.2014 and 31.12.2013

Income and Expenses	Notes	Years	
		2014	2013
Sales and services	14;24	42,342,853	40,076,372
Operation subsidies	10;14	115,366	106,913
Profits/losses from subsidiaries, associated companies and joint ventures	5	715,047	550,217
Variation in the production inventory	12	291,396	92,115
Cost of merchandise sold and consumed materials	12	-21,171,715	-21,240,046
External supplies and services	18;24	-7,147,223	-6,861,674
Personnel expenses	5;19	-9,025,853	-8,087,034
Inventory impairments (losses/reversals)	12	-247,421	
Impairments of accounts receivable (losses/reversals)	17	-170,256	-48,700
Provisions (increases/decreases)	13	-21,162	-26,805
Other income and gains	14;15;20	932,537	1,089,372
Other expenses and losses	15;18;21	-616,198	-622,231
Earnings before depreciation, financing expenses and taxes		**5,997,372**	**5,028,500**
Expenses/reversals of depreciation and amortisation	6;7;23	-2,375,131	-2,445,339
Operating earnings (before financing expenses and taxes)		**3,622,240**	**2,583,161**
Interest and similar expenses paid	22	-724,442	-1,157,744
		2,897,798	**1,425,416**
Income tax for the year	16	-47,766	-3,488
Net profit for		**2,850,032**	**1,421,928**

The Auditor

The Board of Directors

Individual Cash Flow Statement for the period ending on 31.12.2014 and 31.12.201

Items	Years 2014	2013
Cash flows from operating activities – direct method		
Receipts from clients	41,076,064	41,500,830
Payments to suppliers	-28,616,037	-29,126,899
Personnel payments	-8,875,525	-8,097,834
Cash generated by operations	3,584,503	4,276,096
Payment/receipt of income tax	-39,631	-250,261
Other receipts/payments	-223,146	229,278
Cash flows from operating activities (1)	**3,321,725**	**4,255,113**
Cash flows from investment activities		
Payments for:		
Tangible fixed assets	-1,839,745	-2,376,826
Intangible assets	-185,526	
Financial investments	-3,743	-308,000
Other assets		-34,350
Receipts from:		
Tangible fixed assets	34,386	58,480
Intangible assets		
Financial investments	8,430	
Other assets		
Investment subsidies		
Interest and similar income	186	624
Cash flows from investment activities (2)	**-1,986,011**	**-2,660,072**
Cash flows from financing activities		
Receipts from:		
Financing obtained	5,212,917	5,179,080
Other financing operations		250
Payments for:		
Financing obtained	-5,589,373	-5,763,497
Interest and similar expenses	-739,541	-1,188,007
Cash flows from financing activities (3)	**-1,115,998**	**-1,772,175**
Variation in cash and cash equivalents (1+2+3)	219,716	-177,133
Effects from currency exchange rates		
Cash and cash equivalents at the beginning of the period	**359,754**	**536,887**
Cash and cash equivalents at the end of the period	**579,470**	**359,754**

The Auditor The Board of Directors

Individual statement of Equity Changes in 2014

		Equity attributed to capital holders in the parent company									Total equity
Items		**Paid-in capital**	**Legal reserves**	**Other reserves**	**Retained earnings**	**Adjustments to financial assets**	**Revaluation surplus**	**Other equity changes**	**Net profit for the year**	**Total**	
Position at the start of 2014	**6**	**10,000,000**	**2,000,000**	**3,138,457**	**-5,000,000**	**3,065,753**	**7,627,062**	**143,937**	**1,421,928**	**22,397,138**	**22,397,138**
Changes in the period First time adoption of the new accounting framework Changes in accounting policies Currency conversion profits and losses of financial statements Carrying out of revaluation surplus from tangible and intangible fixed assets Revaluation surplus from tangible and intangible fixed assets and respective changes Deferred tax adjustments Other changes recognised in equity					871,711	550,217		-7,634	-1,421,928	-7,634	**-7,634**
	7				**871,711**	**550,217**		**-7,634**	**-1,421,928**	**-7,634**	**-7,634**
Net profit for the year	**8**								2,850,032	2,850,032	**2,850,032**
Comprehensive income	**9=7+8**								1,428,104	1,428,104	**2,842,398**
Transactions with shareholders in the period Share capital Carrying out of share premium Distribution of profit Coverage of losses Other operations											
	10										
Position at the end of 2014	**11=6+7 48+10**	**10,000,000**	**2,000,000**	**3,138,457**	**-4,128,289**	**3,615,970**	**7,627,062**	**136,303**	**2,850,032**	**25,239,536**	**25,239,536**

Individual statement of Equity Changes in 2013

		Equity attributed to capital holders in the parent company									Total equity
Items		Paid-in capital	Legal reserves	Other reserves	Retained earnings	Adjustments to financial assets	Revaluation surplus	Other equity changes	Net profit for the year	Total	
Position at the beginning of 2013	**6**	**10,000,000**	**2,000,000**	**2,657,918**		**3,065,753**	**7,627,062**	**153,177**	**480,539**	**25,984,450**	**25,984,450**
Alterations in the period First time adoption of the new accounting framework Changes in accounting policies Currency conversion gains and losses in financial statements Carrying out of revaluation surplus from tangible and intangible fixed assets Revaluation surplus from tangible and intangible fixed assets and respective changes Deferred tax adjustments Other changes recognised in equity				480,539	-5,000,000			-9,240	-480,539	-5,009,240	**-5,009,240**
	7			**480,539**	**-5,000,000**			**-9,240**	**-480,539**	**-5,009,240**	**-5,009,240**
Net profit for the year	**8**								1,421,928	1,421,928	**1,421,928**
Comprehensive income	**9=7+8**								941,389	941,389	**-3,587,312**
Transactions with shareholders in the period Share capital Carrying out of share premium Distribution of profit Coverage of losses Other operations											
	10										
	11										

The Auditor

The Board of Directors

IV. Notes to the Financial Statement – Individual accounts

1. Information

1.1. Entity identification

Name of entity:	Oliveira & Irmão, SA
Head office:	Travessa do Milão, Esgueira, Aveiro, Portugal
Tax number:	500 578 737
Type of activity:	Main economic activity code (CAE): 22230 – Manufacturing of Plastic Items for Construction

This company's main activity consists of manufacturing plastic items, and its secondary activity is the wholesale of bathroom items, fittings, plumbing pipes, motor pumps, electric pumps, faucets, house appliances and heating materials. Its secondary activity also includes real estate – design, construction, ownership, commercialisation, commercial operation and management of diverse properties.

1.2. Risk management

i. Credit risk

a) Client receivables

The credit risk arises mostly from client receivables related with operating activities. The main objective of credit risk management is to ensure effective collection of client operating receivables according to the negotiated conditions.

To diminish the credit risk arising from a potential payment default by clients, the company:

- Has implemented credit management procedures and credit approval processes;
- Has a team dedicated to credit and collections management;
- Stipulates and monitors its clients' credit limits, monitoring the real exposure;
- Maintains credit insurance;
- Relies on available legal measures to recover credit, when applicable.

b) Other financial assets besides client receivables

In addition to assets from operating activities, the company has financial assets arising from its relation with financial institutions, such as bank deposits. Consequently, there is also a credit risk from a potential pecuniary default by the financial institutions involved in these relations. The exposure related with these types of financial assets is fully diversified and of a limited time duration.

ii. Market Risk

a) Interest Rate Risk

Because a relevant proportion of debt in its balance sheet is subject to a variable interest rate, and because of the consequent cash flows to pay interest, the company is exposed to the interest rate risk, particularly changes in the interest rate of debt in euros.

b) Currency Exchange Rate Risk

The company is exposed to the risk of transactions subject to currency exchange rates. The exchange rate risk arises from potential accounting profits or losses consequent to exchange rate swings.

There is a transaction risk essentially when there is a currency exchange rate risk related with cash flows in foreign currency other than the company's functional currency. The company seeks to compensate for positive and negative cash flows in the same foreign currency.

iii. Liquidity Risk

Through liquidity risk management, the company aims to ensure that it has the capacity to obtain the necessary financing in due time to carry out its business activities, implement its strategy and fulfil its payment obligations on time, thereby simultaneously avoiding the need to obtain financing under unfavourable conditions.

With this goal in mind, liquidity management includes the following aspects:

- Consistent financial planning based on cash flow forecasts according to different timeframes (weekly, monthly, annually, multiannual);
- Diversification of financing sources;
- Diversification of maturities on issued debt to avoid excessive concentration of debt amortisation within short time periods;
- Contracting of short-term credit lines, commercial paper programmes and other types of financial operations, thereby ensuring a match between suitable liquidity levels and commitment fees;

2. Accounting framework for preparing the financial statements

2.1 Adopted accounting framework

The attached financial statements were prepared in accordance with the applicable provisions in Portugal, in compliance with Decree-Law no. 158/2009, of 13 July, and according to the conceptual structure (CS), Financial Accounting and Reporting Standards (FARS) and Interpretation Standards (IS) which are part of the Accounting Standards System (ASS), and, additionally, subject to the International Accounting Standards (IAS) adopted in the European Union and the International Accounting Standards (IAS/IFRS) issued by IASB and respective Technical Interpretations (SIC/IFRIC).

2.2 Presupposition of the continuity of operations

The attached financial statements were prepared under the presupposition of the continuity of operations based on the company's accounting books, maintained according to the accounting principles generally accepted in Portugal.

2.3 Accrual basis of accounting

The company records its income and expenses according to the accrual basis of accounting. As such, its income and gains are recognised as they are generated, regardless of the moment at which they were received or paid. The differences between amounts received and paid and the corresponding income and expenses are recorded in the items "Debtors and creditors by accrual" and "Deferrals".

2.4 Classification of non-current assets and liabilities

Assets and liabilities falling due in more than one year as of the balance sheet date are classified, respectively, as non-current assets and liabilities. Additionally, due to their nature, "Deferred taxes" and "Provisions" are classified as non-current assets and liabilities.

2.5 Financial liabilities

Financial liabilities are classified according to the contractual substance regardless of their legal form.

2.6 Comparability

The accounting policies and measurement criteria adopted on 31 December 2014 are comparable with those used for preparing the financial statements on 31 December 2013.

2.7 Subsequent events

Events occurring after the balance sheet date that provide additional information about conditions that existed on that date are reflected in the financial statements. If there are materially relevant events after the balance sheet date, they are disclosed in the notes to the financial statements.

2.8 Derogation from the provisions of the Accounting Standards System (ASS)

During the year there were no exceptional cases in regard to these financial statements implying the derogation from any provision stipulated in the ASS.

3. Main accounting policies

3.1 Measurement bases used to prepare the financial statements:

INTANGIBLE ASSETS (FARS 6)
Intangible assets are recorded at acquisition cost, minus amortisations and accumulated impairment losses. Intangible assets are recognised only when it is probable that they will lead to future economic benefits for the entity, are controllable and their cost may be reliably valued.

Development expenses are recognised whenever the entity demonstrates capacity to complete the respective development, begin to use it and when it is probable that the created asset will generate future economic benefits. Development expenses that do not meet these criteria are recorded as expenses in the year in which they are incurred. Research expenses are those incurred in the respective period.

Amortisation is calculated after an asset is put into use and determined by the straight-line method according to its estimated useful life.

TANGIBLE FIXED ASSETS (FARS 7)

Tangible fixed assets acquired until 1 January 2009 (date of the transition to FARS), are recorded by their acquisition cost or by the revalued acquisition cost according to the accounting principles generally accepted in Portugal until that date, minus accumulated depreciation.

Tangible fixed assets acquired after that date are recorded at the acquisition cost minus the corresponding depreciation and accumulated impairment losses. Buildings and land were revalued in 2011 by an external entity called L2i - Investimentos Imobiliários, Lda.

Financial depreciation is calculated after the date on which the goods are available for use by the straight-line method in accordance with the estimated lifetime for each group of goods.

Depreciation rates correspond to the following estimated useful life:

Items	Estimated useful life in years
Commercial and office buildings	50
Industrial buildings	20
Small structures	10
Moulds	6
Machines	10
Assembly lines	10
Tools and utensils	4
Transport equipment	4
Office equipment	8

Conservation and repair expenses that do not increase the useful life or do not result in significant enhancements or improvements of tangible fixed assets are recorded as expenses in the year in which they are incurred.

Tangible fixed assets in progress are assets still in the construction stage and are recorded at the acquisition cost. These tangible fixed assets are depreciated as of the moment at which the underlying assets are available for utilisation and in the necessary conditions to operate as planned by the management.

Capital gains or losses consequent to the sale or write-off of tangible fixed assets are calculated as the difference between the sale price and the net book value, on the date of the sale or write-off. The said assets are recorded in the profit and loss account in the items of other Income and gains or other expenses and losses.

NON-CURRENT ASSETS HELD FOR SALE (FARS 8)

Current assets held for sale are moulds and machines that were classified as such. These assets are not being recovered by continuous use but, rather, through disposal. A partial sale of these assets was performed in 2014. The assets are available for immediate sale in their current condition.

LEASES (FARS 9)

Leasing contracts are classified as finance leases if they imply a substantial transfer of all risks and advantages inherent to ownership of the asset. Leasing contracts may also be classified as operating leases if they do not imply the substantial non-transfer of all risks and advantages inherent to possession of the asset.

Tangible fixed assets acquired through finance lease contracts, as well as the corresponding responsibilities, are accounted by the financial method. Tangible fixed assets, the corresponding accumulated depreciation and debts pending liquidation are recognised according to the contractual financial plan. Additionally, interest included in the value of rents and depreciation of tangible fixed assets are recognised as expenses in the profit and loss statement for the year to which they refer.

COSTS OF OBTAINED LOANS (FARS 10)

Costs of borrowings are recorded in liabilities through their nominal contracted value. Expenses on the respective commissions and issuance are accounted as expenses in the period. Financial expenses determined according to the effective interest rate are recorded in the profit and loss account according to the accrual basis of accounting.

Loans are classified as current liabilities and, when the liquidation is deferred for over 12 months after the reporting date, they are classified as a non-current liability.

IMPAIRMENT OF ASSETS (FARS 12)

On the balance sheet date, an evaluation is carried out to determine the real existence of impairments implying alterations in circumstances indicating that the value by which the assets are recognised may not be recoverable.

Whenever the carrying amount of the asset is higher than the recoverable amount, an impairment is recognised and recorded in the profit and loss account in the impairment losses item.

Reversal of impairment losses, recognised in previous years, is recorded when there is evidence that these losses no longer exist or have decreased. The said losses are recognised in the profit and loss account in the reversal of impairment losses and are accounted up to the limit amount that would be recognised if the loss had been recorded.

Impairment of inventories and of clients was evaluated on the balance sheet date. Objective evidence of impairment was found in clients through legal proceedings and by seniority. In properties in which the sale price is already known, the loss was determined compared to the accounting value. As such, impairments of clients and of inventories were recognised in the Profit and Loss Account.

INTERESTS IN JOINT VENTURES AND INVESTMENTS IN ASSOCIATED COMPANIES (FARS13)

Investments in associated companies (shareholdings exceeding 20%) are recorded by the equity method. Shareholdings are initially accounted by the acquisition cost, which is increased or decreased to the value corresponding to the proportion of the equity of those entities, reported on the date of acquisition or the date of the first application of the equity method.

When a subsidiary, jointly controlled or associated entity, has negative or zero equity, the investment is recorded by a zero value.

According to the equity method, investments are adjusted annually by the value corresponding to the share in the net profit of those entities against profits or losses in the period. Distribution of dividends is recorded as a decrease in the value of the investments in the period in which they are paid. Although not a normal procedure, the company will pay dividends this year.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (FARS 15)

Financial holdings are initially recognised at cost and later adjusted by the equity method. Full consolidation is applied because the holdings and control in subsidiaries make such necessary.

After associated companies are acquired, profits and losses are accounted in the profits or losses of the parent company against the financial investment value. After the balance sheet date, the profit or loss is transferred to reserves whenever it is not distributed. When the holding determined by the equity method is a loss that equals or exceeds the investment in the associated company, the parent company no longer recognises additional losses.

Profits not obtained from transactions with associated companies are eliminated from the consolidation.
Whenever necessary, the accounting policies of associated companies are altered to guarantee consistency with the policies adopted by the group.

INVENTORIES (FARS 18)

Inventories are valued according to the following criteria:

- Merchandise and raw, secondary and consumable materials are valued at acquisition cost. The acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.
- Finished products and works in progress are valued at the production cost, which includes the cost of the respective raw materials, labour and general manufacturing expenses. The output cost is determined by the standard cost method.

In cases in which the value of those goods is less than the lowest of the average acquisition or production cost, an impairment cost is recorded for depreciation of inventories.

REVENUE (FARS 20)

The company recognises revenue whenever it is reasonably measurable, when it is probable that it will obtain future economic benefits. The revenue amount is not regarded as reasonably measurable until all contingencies affecting a sale are substantially resolved. The company bases its estimates on historic results, taking into account the type of client, the type of transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or to be received for the sale and providing of services arising from the company's normal activities. Revenue is recognised net of Value Added Tax (VAT), reductions and discounts.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All ownership risks and advantages of the goods were transferred to the purchaser;
- The entity does maintain any control over the sold goods;
- The revenue amount may be reliably valued;
- It is probable that future economic benefits associated to the transactions will flow to the entity;
- The costs incurred or to be incurred from the transaction may be reliably valued.

Revenue from services is recognised, net of taxes, by the fair value of the amount to be received.

Interest revenue is recognised using the effective interest method, provided it is probable that economic benefits will flow to the entity and its amount may be reliably valued.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (FARS 21)

The company set up a provision for guarantees to clients. Because our products are guaranteed for a period during which claims may be made, the company has a current obligation arising from a past event. It is therefore probable that expenses may be incurred to satisfy that obligation. The obligation amount was calculated based on historic occurrences in the previous three years.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (FARS 22)

Operating subsidies, namely support for creating jobs, are recognised in the profit and loss account proportionally to the respective incurred expenses, thereby fulfilling the accrual concept of accounting.

The company received subsidies through the job internship programme of IEFP (Institute of Employment and Professional Training).

Within the scope of the European Regional Development Fund, we receive an incentive for technological research and development, which we call Aquasave. This project is applied to improve potable water-saving solutions in advance of regulatory requirements applicable to the certification of buildings.

Within the same EU framework, we also have the incentive called QREN (National Strategic Reference Framework), which we call Iflush. The main goal of this project is to develop three autonomous and innovative systems to be applied to flushing systems that will actuate, light up and create the required environment where flushing systems are installed.

These subsidies are applied to operation activities since they finance research expenses for these new products.

Non-refundable investment subsidies to finance tangible assets are recorded in equity and recognised in the profit and loss account, proportionally to the depreciation of subsidised assets during their useful life.

We have a refundable interest-free loan in progress from the concession of financial incentives as part of the QREN innovation incentives system, for which we contributed with internationalisation and investment expenses.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES

Transactions in foreign currency are converted into the functional currency at the exchange rate on the transaction date.

On the closing date, the currency exchange rate is updated for outstanding balances (monetary items), applying the exchange rate in force on that date. Favourable and unfavourable exchange rate differences between the exchange rates in force on the date of transactions and those on the date of collections, payment or on the balance sheet date are recorded as income and/or expenses in the profit and loss account for the year in the exchange rate profits/losses item.

INCOME TAX (FARS 25)

The company is subject to corporate income tax (IRC). In determining the taxable amount, any amounts not accepted by the tax authorities are added to or deducted from the accounting amounts. This difference, between accounting figures and the tax result, may be temporary or permanent.

In 2014, the company deducted amounts from taxable income related with tax incentives in force applicable to corporate income tax (IRC), namely the SIFIDE (Systems of Tax Incentives for Corporate Research and Development) and the RFAI (Tax System to Support Investment). It also reported tax incentives that were not used in 2013, namely the CFEI (Extraordinary Tax Credit for Investment) of 2013, the RFAI and the SIFIDE. Consequently, current taxes may be summarised as payment of autonomous taxation and local tax.

The company records deferred taxes corresponding to the temporary differences between the accounting value of assets and liabilities and the corresponding tax base, according to the provisions of FARS 25 – deferred taxes.

The expense of income tax for the year is determined by adding current and deferred taxes. Current income taxes are calculated based on the entity's taxable income according to the tax rules in force and then deducted tax benefits. Deferred tax is determined by the temporary differences between the value of assets and liabilities for financial reporting purposes, and the respective values for taxation purposes (tax base).

Deferred tax assets and liabilities are calculated using the tax rates in force and are recognised as an expense or income in the year.

FINANCIAL INSTRUMENTS (FARS 27)

Financial instruments are valued according to the following criteria:

- Clients and other third-party receivables – debts from clients or other third parties are recorded by their nominal value since they do not bear interest, and the discount effect is deemed immaterial. At the end of each reporting period, client and other third-party receivables are analysed to determine the existence of any objective evidence that they are not recoverable. If they are not recoverable, the respective loss is immediately recognised as an impairment. Impairment losses are recorded consequent to events that objectively and in a quantifiable manner imply that all or part of the owed balance will not be received. For such, the entity takes into account market information demonstrating that the client has defaulted on its responsibilities and historic information showing that overdue balances have not been received.

- Debts to suppliers and other third parties – debts to suppliers or other third parties are recorded by their nominal value since they do not bear interest and the discount effect is regarded as immaterial.

- Loans – using one of the options of FARS 27, loans are recorded in liabilities by their cost.

- Transactions and balances in foreign currency – transactions in foreign currency are recorded at the exchange rate of the transaction dates. In each reporting date, the carrying amounts of monetary items in foreign currency are updated at the exchange rates of that date. Carrying amounts of non-monetary items recorded in foreign currency are updated on the reporting date at the exchange rate in force. Currency exchange differences arising from the aforementioned updates are recorded in the profit and loss account for the year in which they were generated.

- Accrual basis – transactions are recognised in the accounting when they are generated, regardless of the moment when they were received or paid. Differences between amounts received and paid and the corresponding income and expenses are recorded in the items of other accounts receivable, other accounts payable and deferrals.

- Financial instruments held for trading – these assets were valued at the fair value on the date the financial instruments are presented, and the alterations at fair value were recognised in the profit and loss account.

- Cash and bank deposits – amounts included in the item of cash and cash equivalents correspond to the value of cash and bank deposits, both realisable immediately without losing value.

EMPLOYEES' BENEFITS (FARS 28)

The entity's employees receive the following benefits:

- Short-term benefits: include wages, salaries, social security contributions and gratifications. These benefits are accounted in the same time period in which the employee provided the service.

- Termination of employment benefits: the entity recognises expenses on work contract terminations, either by expiry of a term contract or by mutual agreement.

3.2. – Main sources of uncertainty of estimates

Estimates are based on the best knowledge at any moment and on planned actions. These actions are periodically reviewed based on available information. Estimates may be reviewed in the event of any alterations to the facts and circumstances, such that real future results may be different.

4. Cash flows

The cash and bank deposits item is broken down as follows:

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD EUR

Items	Opening balance	Debits	Credits	Closing balance
Cash	5,597	13,299,944	13,300,782	4,759 574,711
Demand deposits	354,157	303,904,871	303,684,317	
Total cash and bank deposits	**359,754**	**317,204,815**	**316,985,099**	**579,470**

5. Related Parties

5.1. Parent company and subsidiaries:

The following transactions took place between related parties:

RELATED ENTITIES

		2014					2013				
	Items	Sales and Services	Purchases	Balances Receivable	Balances Payable	Loans in the period	Sales and Services	Purchases	Balances Receivable	Balances Payable	Loans in the year
Subsidiaries	Moldaveiro - Moldes, LDA	56,428	1,702,422	3,348	1,507,050		53,510	1,123,686	3,355	859,295	
	Soplasnor - Soc. Plásticos do Norte, SA	61,200	500			-1,500	64,968	12,448			308,000
	Nuno & Gradeço - Mat. Construção, SA										
	Oli, SRL	5,750,153	580,454	1,425,582	317,275		5,097,591	529,845	773,981	82,818	
Total		**5,867,780**	**2,283,376**	**1,428,930**	**1,824,324**	**-1,500**	**5,216,069**	**1,665,978**	**777,336**	**942,113**	**308,000**

5.2. Remuneration of key management staff

The following remunerations were paid to governing bodies (understood as key management staff) in the years ending on 31 December 2014 and 2013:

Items	2014	2013	2013		
Board of Directors - Oliveira & Irmão, SA	573,087	474,720	474,720		
Total	**573,087**	**474,720**	**474,720**		

6. Intangible assets

Intangible assets were disclosed as follows:

CARRYING AMOUNT AND MOVEMENTS IN 2014 OF INTANGIBLE FIXED ASSETS EUR

Items	Development projects	Industrial property	Intangible assets in progress	Total
With a finite useful life: Initial gross carrying amount Initial accumulated amortisation	 406,618 406,618	 1,216,703 1,216,703		 1,623,321 1,623,321
Initial net carrying amount (7 = 4 - 5 - 6)				
Movements in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 +8.5 +8.6)			**185,526**	**185,526**
Total of sums			**185,526**	**185,526**
New acquisitions			185,526	185,526
Total of reductions				
Amortisation				
Final net carrying amount (9 = 7 + 8)			**185,526**	**185,526**

CARRYING AMOUNT AND MOVEMENTS IN 2013 OF INTANGIBLE FIXED ASSETS EUR

Items	Development projects	Industrial property	Intangible assets in progress	Total
With a finite useful life: Initial gross carrying amount Initial accumulated amortisation	 406,618 393,951	 1,216,703 1,214,814		 1,623,321 1,608,766
Initial net carrying amount (7 = 4 - 5 - 6)	**12,667**	**1,888**		**14,555**
Movement in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 +8.5 +8.6)	**-12,667**	**-1,888**		**-14,555**
Total decreases	**12,667**	**1,888**		**14,555**
Amortisation	12,667	1,888		14,555
Final net carrying amount (9 = 7 + 8)				**0**

7. Tangible fixed assets

CARRYING AMOUNT AND MOVEMENTS IN 2013 OF TANGIBLE FIXED ASSETS EUR

Items	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Total
Initial gross carrying amount Initial accumulated depreciation	6,723,810	14,833,481 6,874,481	28,555,122 22,843,960	1,093,087 897,638	1,809,785 1,628,497	1,698,239 1,669,453	1,667,591	56,381,117 33,914,029
Initial net carrying amount (4 = 1 - 2 - 3)	**6,723,810**	**7,959,000**	**5,711,163**	**195,449**	**181,288**	**28,787**	**1,667,591**	**22,467,088**
Movements in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)	**104,467**	**-649,879**	**-493,855**	**-38,240**	**20,732**	**-13,102**	**950,094**	**-119,784**
Total of sums	**104,467**		**156,801**	**69,826**	**92,022**	**467**	**2,137,400**	**2,560,982**
Acquisitions	104,467		156,801	69,826	92,022	467	2,137,400	2,560,982
Total of reductions		**713,092**	**1,531,638**	**108,065**	**102,092**	**13,569**		**2,468,457**
Depreciation Disposals Write-offs Transfers of TFA in progress Transfers from/to non-current assets held for sale Other transfers		713,092 63,213	1,481,296 33,322 17,020 912,435 - 34,350 2,897	32,013 76,053	-226,380 328,472 30,802	10,237 3,333	-1,006,449 -180,856	2,010,258 109,375 348,825 -34,350 - 177,959
Final net carrying amount (6 = 4 + 5)	**6,828,277**	**7,309,121**	**5,217,308**	**157,210**	**202,020**	**15,684**	**2,617,686**	**22,347,305**

7.2. Disclosures on revaluation surplus from tangible fixed assets recognised by revalued amounts

CARRYING AMOUNT AND MOVEMENTS IN 2014 OF REVALUATIONS SURPLUSES

Items	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not performed	Performed	Not performed	Performed	
Revaluation surplus value at the start of the year	107,211 -	54,882	6,667,522	797,447	7,627,062
Depreciation	11,963	11,963	-199,362	199,362	
Revaluation surplus value at the end of the year	**95,248**	**66,845**	**6,468,160**	**996,809**	**7,627,062**

8. Leases

8.1. The company had the following leasing contracts

Assets being financed through finance lease contracts, respective net carrying amounts and contingent rentals recognised as an expense in the year		Description	Acquisition value	Finance leases in force: Leasing company	Contract identification	Lease period: Start	End	2014 Carrying amounts net of leased assets	2013 Carrying amounts net of leased assets
Tangible fixed assets	Leasing	VW Passat	35,000	CGD LEASING	CT100047086	20-03-2011	20-03-2015	2,226	11,212
	Leasing	Press	281,500	CGD LEASING	CT100051140	20-07-2011	20-07-2016	95,145	151,458
	Leasing	VW Sharan	31,500	CGD LEASING	CT100053191	20-10-2011	20-10-2016	6,871	14,848
	Subtotals		**348,000**					**104,242**	**177,518**
Tangible fixed assets	Leasing	VW Golf	26,400	BBVA	CT 15393708	21-06-2010	21-06-2014		3,899
	Subtotals		**26,400**						**3,899**
Tangible fixed assets	Leasing	IT equipment	154,104	BNP PARI BAS	CT 31200166	07-06-2012	07-07-2014		89,986
	Subtotals		**154,104**						**89,986**
Tangible fixed assets	Leasing	Industrial equipment	344,751	BPI	CT 10026263	05-08-2012	05-08-2017	221,808	293,274
	Leasing	VW Passat	35,500	BPI	CT 1260531800	25-12-2012	20-12-2017	21,721	28,412
	Leasing	VW Sharan	40,000	BPI	CT 1360160200	25-04-2013	25-04-2018	27,020	34,466
	Leasing	Audi A6	94,000	BPI	CT 1460255800	25-06-2014	25-06-2019	83,678	
	Subtotals		**514,251**					**354,227**	**356,153**
	Leasing	IT equipment	50,000	BSTOTTA	CT 203751	15-01-2014	15-01-2019	40,791	
	Leasing	VW Passat	29,700	BSTOTTA	CT 205173	15-05-2014	15-15-2019	25,982	
	Subtotals		**79,700**					**66,773**	
Totals			**1,122,455**					**525,243**	**627,556**

8.2. The following amounts are recognised in these assets

Items	Finance leases	
	Tangible fixed assets	Total
Initial gross carrying amount	878,048	878,048
Accumulated amortisation/depreciation	322,203	322,203
Final net carrying amount (4 = 1 - 2 - 3)	**555,845**	**555,845**
Total of future minimum lease payments on the balance sheet date: (5 = 5.1 + 5.2 + 5.3)	**525,243**	**525,243**
Up to one year	126,288	126,288
One to five years	398,955	398,955

9. Borrowings

9.1. Information on general loans

FINANCING TYPE

Items	31-12-2014			31-12-2013		
	Short Term	Medium and Long Terms	Total	Short Term	Medium and Long Term	Total
Pledged current account	345,449		345,449	16,678		16,678
Commercial paper programme		4,000,000	4,000,000	1,750,000	3,500,000	5,250,000
Medium and long term	2,728,775	6,877,569	9,606,344	2,771,889	6,941,330	9,713,219
Leasing	126,288	398,955	525,243	185,533	442,023	627,556
Discount of remittances	517,467		517,467	172,595		172,595
ERDF - Application no. 27024		722,570	722,570		313,483	313,483
Total	**3,717,980**	**11,999,094**	**15,717,074**	**4,896,695**	**11,196,836**	**16,093,530**

10. Subsidies

Information on subsidies

Non-refundable grants continue to be assigned to results systematically according to the assets to which they are assigned.

Other equity changes refer to this subsidy from ICEP for the non-refundable part, and the information is provided in table 17.7.

LIST O F RECEIVED SUBSIDIES

Items		Incentive measure				Concession period		Granted amounts		
		Measure	Grantor	Purpose of Incentive	Means of concession	Start	End	Already received	To be received	Total
	IEFP – Institute of Employment and Professional Training	Measure / Job internship programme	IEFP	Financial	Non-refundable grant	01-01-2014	31-12-2014	27,148		27,148
	Aquasave - Research	System of Incentives to Technological Research & Development	European Regional Development Fund	Financial	Non-refundable grant	01-09-2013	30-06-2015	24,862	143,821	168,683
	Iflush - Research	System of Incentives to Technological Research & Development	European Regional Development Fund	Financial	Non-refundable grant	01-01-2014	30-06-2015	19,331	84,336	103,667
	Subtotals							**52,010**	**143,821**	**195,831.00**
	ICEP (Investment and Commerce in Portugal)	POE (Operational Plan for the Economy) SIME (Incentive Scheme for Business Modernisation)	ICEP Portugal	Financial	Refundable and Non-refundable	07-01-2002	31-12-2004	2,012,215		2,012,215
Refundable	ERDF – European Regional Development Fund	Innovation Incentives System	Foreign Investment and Trade Agency	Financial	Refundable without interest	05-05-2012	30-04-2015	722,570		722,570
	Subtotals							**2,734,785**		**2,734,785**
Totals								**2,786,795**	**143,821**	**2,930,616**

11. Shareholdings

11.1. Information on shareholdings

The recorded impairment loss refers to the subsidiary Soplasnor - Sociedade de plásticos do norte, SA, in reference to the company's commitments whose prospect of reimbursement is not certain.

SHAREHOLDINGS

Items	Investments in subsidiaries	Total
Equity method:		
Initial gross carrying amount	10,872,986	10,872,986
Initial net carrying amount (4 = 1- 2 + 3)	**10,872,986**	**10,872,986**
Movements in the period: (5=5.1+5.2+5.3-5.4+5.5+5.6-5.7-5.8-5.9+5.10+5.11+5.12+5.13+5.14)	**713,547**	**713,547**
Effects from loans granted	-1,500	-1,500
Other movements in the period	715,047	715,047
Final net carrying amount (6 = 4 + 5)	**11,586,533**	**11,586,533**
Other methods		
Initial gross carrying amount	40,020	40,020
Initial net carrying amount (10 = 7- 8 + 9)	**40,020**	**40,020**
Movements in the period: (11 = 11.1 + 11.2 + 11.3 + 11.4 + 11.5 + 11.6 + 11.7 + 11.8 + 11.9 + 11.10 + 11.11 + 11.12)	**2,243**	**2,243**
Other acquisitions	2,243	2,243
Final net carrying amount (12 = 10 + 11)	**42,263**	**42,263**

12. Inventories

Inventories are broken down as follows:

Items	31-12-2014			31-12-2013		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Merchandise	2,802,785	108,006	2,694,779	2,520,806		2,520,806
Raw, secondary and consumed materials	1,826,511	57,362	1,769,150	2,042,727	57,362	1,985,365
Finished and semi-finished products	3,303,862	139,415	3,164,447	3,053,064		3,053,064
Advances for purchases						
Total	**7,933,158**	**304,783**	**7,628,375**	**7,616,597**	**57,362**	**7,559,235**

The cost of merchandise and consumed materials is shown below:

Items	31-12-2014 Merchandise	Raw, second. and consum. materials	Total	31-12-2013 Merchandise	Raw, second. and consum. materials	Total
Initial inventories	2,520,806	2,042,727	4,563,533	2,699,461	1,895,232	4,594,693
Purchases	3,124,008	18,202,256	21,326,264	3,426,436	17,892,153	21,318,589
Reclassification and adjustment of inventories	83,545	5,241	88,786	77,052	32,652	109,704
Final inventories	2,802,785	1,826,511	4,629,297	2,520,806	2,042,727	4,563,533
Cost of merchandise sold and materials consumed	**+2,758,484**	**18,413,231**	**21,171,715**	**3,528,040**	**17,712,006**	**21,240,046**
Inventory adjustments/impairment losses in the period	108,006		108,006			
Accumulated inventory adjustments/impairment losses	108,006	57,362	165,368		57,362	57,362

The following production inventory changes took place:

Items	31-12-2014 Finished and semi-finished products	Sub-products, waste and scrap	Products and works in progress	31-12-2013 Finished and semi-finished products	Sub-products, waste and scrap	Products and works in progress
Final inventories Reclassification and adjustment of inventories Initial inventories	3,303,862 40,598 3,053,064			3,053,064 32,575 2,993,524		
Change in production inventories (4=1+2-3)	**291,396**			**92,115**		
Inventory adjustments/impairment losses in the period	139,415					
Inventory adjustments/accumulated impairment losses in the period	139,415					

13. Provisions in the year

Provisions for guarantees to clients were set up in the proportion between expenses arising from these guarantees actually supported in the last three fiscal years and sales in the same period.

Items	Guarantees to clients	Total
Initial carrying amount	50,147	50,147
Movements in the period (2 = 2.1-2.2)	**-12,085**	**-12,085**
Total of increases	38,062	38,062
Reinforcement	38,062	38,062
Total of reductions	50,147	50,147
Use	33,248	33,248
Reversal	16,899	16,899
Carrying amount in the year (3 = 1 + 2)	**38,062**	**38,062**
Final carrying amount	**38,062**	**38,062**

14. Revenue

The following table breaks down revenue and other income:

REVENUE AND OTHER INCOME RECOGNISED IN THE PERIOD

Items	31-12-2014	31-12-2013
Sale of goods	**42,322,188**	**40,069,862**
Provision of services	**20,665**	**6,511**
Subsidies	**115,366**	**106,913**
Other income and gains	**1,653,645**	**1,518,871**
Supplementary income	760,210	879,320
Debited transport	450,697	574,355
Advisory services	2,400	2,400
Rents	122,550	124,420
Moulds, contribution by clients	92,641	80,437
Other	91,922	97,709
Cash payment discounts obtained	34,986	4,670
Recovery of receivable debts		12,160
Income and gains from subsidiaries	858,449	622,721
Income and gains from other financial assets	**8,430**	**12,043**
Income and gains from non-financial investments	**30,386**	**20,807**
Other	**98,339**	**159,748**
Corrections from previous years	1,339	59,955
Excessive estimate	14,563	4,576
Assignment of subsidies for investment	7,634	9,240
Gains in other financial instruments		250
Other	74,803	85,727
Financing income and gains	**186**	**624**
Interest earned	186	624
Total	**44,249,205**	**41,895,377**

15. Exchange Rate Differences

EFFECTS OF EXCHANGE RATES CHANGES

Items	31-12-2014	31-12-2013
Exchange rate differences Recognised in earnings for the year: Unfavourable exchange rate differences Favourable exchange rate differences	46,929 8,354	5,153 11,997

16. Income tax

INCOME TAX CARRYING AMOUNT

Description	31-12-2014	31-12-2013
Accounting result for the year (before taxes) Current tax Deferred tax	2,897,798 122,444 - 74,678	1,425,416 77,197 -73,709
Income tax for the year (4 = 2 + 3)	**47,766**	**3,488**
Autonomous taxation	84,689	58,177

DEDUCTIONS FROM TAXABLE INCOME ARISING FROM TAX BENEFITS

Items	31-12-2014	31-12-2013
SIFIDE (System of Tax Benefits for Business Research and Development) RFAI (Investment Assistance Tax Policy) CFEI (Extraordinary Fiscal Credit)	272,202 289,618 47,594	103,490 241,476
Total	**609,414**	**344,966**

We do not have the definitive amount for the SIFIDE of 2014. The amount used refers to 2013.

Only part of the value of the RFAI of 2014 is used, whereby the remaining part will be reported for 2015. The CFEI was an extraordinary incentive in 2013, and the reported amount refers to 2013.

17. Financial instruments

17.1. Third-party values are detailed as follows

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD

Item	31-12-2014	31-12-2013
Clients	**9,232,965**	**7,511,758**
Current account	9,091,760	7,320,825
Bills receivable	146,671	179,264
Doubtful debt	506,459	360,536
Impairments	-511,924	-348,866
Advances from clients	**245,043**	**284,116**
Suppliers	**7,325,506**	**7,367,822**
Advances to suppliers	**8,201**	**134,382**
Other accounts payable	**4,002,500**	**2,766,583**
Personnel	1,822	2,752
Investment suppliers	2,344,807	1,029,649
Creditors by accrued expenses - interest	43,319	58,419
Creditors by accrued expenses - insurance	3,867	11,276
Creditors by accrued expenses – holiday and holiday subsidies	1,274,378	1,160,129
Creditors by accrued expenses - commissions	31,691	35,611
Creditors by accrued expenses - other	292,614	464,042
Other creditors	10,001	4,705
Other accounts receivable	**375,480**	**236,351**
Personnel	23,321	28,638
Debtors by accrued income - subsidies	76,790	64,182
Debtors by accrued income - other	10,675	55,264
Other debtors	264,695	88,268
Total	**21,189,696**	**18,301,012**

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD

Items	31-12-2014			31-12-2013		
	Current	Non-current	Total	Current	Non- current	Total
State and other public entities						
Assets						
Income tax	329,654		329,654	353,768		353,768
Value added tax	360,166		360,166	411,363		411,363
Total	**689,820**		**689,820**	**765,131**		**765,131**
Liabilities						
Income tax	122,444 97,392		122,444	77,197		77,197
Income tax deduction	30		97,392	91,476		91,476
Other taxes	162,846		30			
Social security contributions			162,846	151,336		151,336
Total	**382,712**		**382,712**	**320,009**		**320,009**

17.2. State and other public entities

17.3. Deferrals

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD

Items	31-12-2014			31-12-2013		
	Current	Non-current	Total	Current	Non-current	Total
Deferrals						
Assets						
Expenses to be recognised - interest	33,086 8,637		33,086 8,637	43,477 6,963 90,308		43,477 6,963 90,308
Expenses to be recognised – insurance	168,396		168,396			
Expenses to be recognised - other						
Total	**210,119**		**210,119**	**140,748**		**140,748**
Liabilities						
Income to be recognised - other	196,065		196,065	97,750		97,750
Total	**196,065**		**196,065**	**97,750**		**97,750**

17.4. Financial Assets and Liabilities

INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES

Items	Measured by fair value through results	Measured at cost	Accumulated impairment
Financial Assets: Clients Advances to suppliers Other accounts receivable		9,232,965 8,201 375,480	511,924
Financial Liabilities: Suppliers Advances from clients Financing obtained Other accounts payable		7,325,506 245,043 15,717,073 4,002,500	

17.5. Cash

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD

Items	31-12-2014	31-12-2013
Cash and bank deposits **Assets** Cash Demand deposits	4,759 574,711	5,597 354,157
Total	**579,470**	**359,754**

17.6. Financing operations - **CARRYING AMOUNT AND MOVEMENT IN THE YEAR**

Items	31-12-2014			31-12-2013		
	Current	Non-current	Total	Current	Non-current	Total
Financing obtained						
Credit institutions and financial companies	3,717,980	11,276,524	14,994,503	4,896,694	10,883,354	15,780,048
Other financiers		722,570	722,570		313,483	313,483
Total	3,717,980	11,999,094	15,717,073	4,896,694	11,196,836	16,093,531

17.7. Capital

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD

Items	31-12-2014	31-12-2013
Equity		
Capital	10,000,000	10,000,000
Legal reserves	2,000,000	2,000,000
Other reserves	3,138,457	3,138,457
Retained earnings	-4,128,289	-5,000,000
Adjustments to financial assets	3,615,970	3,065,753
Revaluation surplus	7,627,062	7,627,062
Other equity changes	136,303	143,937
Net profit for the year	2,850,032	1,421,928
Total	**25,239,536**	**22,397,138**

17.8. Disclosure of information on impairments

IMPAIRMENT LOSSES IN FINANCIAL ASSETS AT COST

Items	Impairment losses in the year	Reversals of impairment losses	Accumulated
Debts receivable from clients	170,491	235	511,924
Inventories - merchandise	108,006		108,006
Inventories – raw materials			57,362
Inventories – finished products	139,415		139,415
Total	**417,913**	**235**	**816,707**

17.9. Information on Doubtful Debts

DEBTS RECORDED AS DOUBTFUL DEBTS

Items	Value
Regarding companies subject to processes of insolvency, recovery or enforcement procedures	
Legally claimed	259,579 **252,346**
Late:	215,400
For more than twenty-four months	210
For more than eighteen months and up to twenty-four months	1,649
For more than twelve months and up to eighteen months	34,944
For more than six months and up to twelve months	142
Up to six months	
Total	**511,924**

18. Disclosure of information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES

Items	31-12-2014	31-12-2013
Subcontracts	**224,244**	**201,157**
Specialised works	892,611	808,205
Publicity and propaganda	393,006	238,462
Security and safety	74,047	77,200
Fees	69,159	67,810
Commissions	264,248	309,726
Conservation and repairs	779,030	738,172
Other	223,018	270,757
Total specialised services	**2,695,119**	**2,510,332**
Tools and fast wearing utensils	157,962	99,242
Books and technical documentation	1,085	1,250
Office material	9,083	12,824
Items given as gifts	64,611	42,848
Other	10,109	3,602
Total materials	**242,851**	**159,765**
Electricity	808,018	800,188
Fuel	78,121	82,495
Water	17,646	24,310
Other	1,612	443
Total energy and fluids	**905,397**	**907,436**
Travel and accommodations	439,458	412,558
Merchandise transport	1,982,274	2,040,866
Total travel, accommodations and transport	**2,421,732**	**2,453,424**
Rents and leases	24,241	29,092
Communication	61,920	74,252
Insurance	165,776	200,999
Royalties		132
Legal expenses	9,221	5,730
Representation expenses	323,630	229,252
Cleaning, hygiene and comfort	59,405	77,129
Other services	13,689	12,973
Total of miscellaneous services	**657,881**	**629,559**
Total external supplies and services	**7,147,223**	**6,861,674**

19. Disclosure of information on Personnel Expenses

PERSONNEL EXPENSES

Items	31-12-2014	31-12-2013
Personnel expenses	**9,025,853**	**8,087,034**
Remuneration of governing bodies	573,087	474,720
Of which: Profit sharing	213,499	142,193
Personnel remunerations	6,068,649	5,616,984
Charges on remuneration	1,407,597	1,259,429
Work accident and occupational diseases insurance	54,403	67,226
Employee benefits costs	104,474	81,230
Other personnel costs	817,644	587,445
Of which:		
Training expenses	42,486	54,067

20. Disclosure of information on Income and Gains

OTHER INCOME AND GAINS

Items	31-12-2014	31-12-2013
Supplementary income	760,210	879,320
Cash payment discounts obtained	34,986	4,670
Recovery of receivable debts		12,160
Income and gains in other financial assets	8,430	12,043
Income and gains on non-financial investments	30,386	20,807
Other	98,339	159,748
Interest income	186	624
Total other income and gains	**932,537**	**1,089,372**

21. Disclosure of information on other expenses and losses

OTHER EXPENSES AND LOSSES

Item	31-12-2014	31-12-2013
Taxes	63,366	63,301
Cash payment discounts given	282,101	270,179
Bad debt	16,536	30,570
Inventory losses	20,562	46,873
Expenses and losses in non-financial investments		
Other		
Corrections from previous years	6,853	23,941
Donations	39,530	46,461
Subscription fees	8,828	8,810
Offers and samples in inventory	61,744	27,533
Insufficient estimate of taxes	1,111	56,332
Moulds owned and client contributions	40,096	
Unfavourable exchange rates	46,929	5,153
Commissions and other bank expenses	17,957	25,972
Other	10,586	17,105
Total other expenses and losses	**616,198**	**622,231**

22. Disclosure of information on interest and similar expenses

INTEREST AND SIMILAR EXPENSES

Items	31-12-2014	31-12-2013
Interest paid	724,442	1,157,744
Total interest and similar expenses	**724,442**	**1,157,744**

23. Disclosure of information on depreciation expenses

EXPENSES/REVERSIONS OF DEPRECIATION AND AMORTISATION

Items	31-12-2014	31-12-2013
Tangible fixed assets	**2,375,131**	**2,430,784**
Buildings	740,005	713,092
Basic equipment	1,430,973	1,514,538
Transport equipment	90,620	87,493
Office equipment	97,661	102,092
Other tangible fixed assets	15,873	13,569
Intangible assets		**14,555**
Development projects		12,667
Industrial property		1,888
Total depreciation and amortisation expenses	**2,375,131**	**2,445,339**

24. Legally mandatory disclosures

Ordinance 208/2007 of 16 February that created IES (simplified business information) requires disclosure of the following information:

INFORMATION PER GEOGRAPHICAL MARKET FOR 2014 EUR

Description	Domestic	EU	Extra-EU	Total
Sales	9,361,832	24,548,877	8,411,479	**42,322,188**
Provision of services	5,463		15,201	**20,665**
Purchases	12,111,147	8,566,893	648,224	**21,326,264**
External supplies and services	5,787,308	1,183,499	176,415	**7,147,223**
Acquisitions of tangible fixed assets	2,440,659	719,654	8,338	**3,168,651**
Other supplementary income	96,906	496,449	166,855	**760,210**

INFORMATION PER GEOGRAPHICAL MARKET FOR 2013 EUR

Items	Domestic	EU	Extra-EU	Total
Sales	9,400,822	22,248,765	8,420,275	**40,069,862**
Provision of services	6,571			**6,571**
Purchases	11,894,146	8,918,294	506,149	**21,318,589**
External supplies and services	5,459,710	1,255,783	146,181	**6,861,674**
Acquisitions of tangible fixed assets	2,465,218	95,764		**2,560,982**
Other supplementary income	104,532	629,400	145,389	**879,320**

Article 66 - A of the Companies Code requires disclosure of the services provided by the auditor.

INVOICED FEES

Items	2014	2013
Statutory audit Other services	12,600 4,450	12,600 2,250
Total	17,050	14,850

25. Information on guarantees given

Guarantees Given	Beneficiary	Value
Bank Guarantees Caixa Geral de Depósitos (bank) Banco BPI (bank)	APCMC HAPAG LOYD	16,000 61,500

The Auditor

The Board of Directors

V. Report and Opinion by the Audit Board – Individual Accounts

REPORT AND OPINION BY THE AUDIT BOARD

1. In accordance with the law and the mandate granted to us, we hereby submit to the assessment of the shareholders our report and opinion about the Annual Report prepared by the board of **OLIVEIRA & IRMÃO, S.A.** for the year ending on 31 December 2014.

2. We followed up the company's activities during the year, namely in compliance with the provisions of the Companies Code.

3. The terms of the Statutory Audit issued by the auditor were assessed and, having deserved our agreement, are regarded as part of this report.

4. In view of the aforementioned, with emphasis on the auditor's conclusions, and as there is no knowledge of any infringement of the law or statutes, we are of the opinion that the Annual General Meeting approve:

a) The Management Report as well as the accounts presented therein.

b) The board's proposal for the profit distribution.

Aveiro, 27 April 2015

The AUDIT BOARD

[*signature*]

António Maria Antas Teles - CHAIRMAN

[*signature*]

José Luís Azevedo Cacho - MEMBER

[*signature*]

José Davide Teixeira Cerqueira (Auditor (ROC) no. 1586) - MEMBER AND STATUTORY AUDITOR

VI. Statutory Audit – Individual Accounts

CARMO & CERQUEIRA	SROC (audit firm)

STATUTORY AUDIT

INTRODUCTION

1. We examined the financial statements of **OLIVEIRA & IRMÃO S.A.**, which comprise the Balance Sheet on 31 December 2014 (showing a total of 53,696,744 euros and a total equity of 25,239,536 euros, including a net profit of 2,850,032 euros), the Profit and Loss Account by nature of expense/revenue, the Equity Change statement the Cash Flow statement and the corresponding Notes.

RESPONSIBILITIES

2. The management is responsible for preparing the financial statements such that they present a true and appropriate financial position of the company, the result of its operations and the cash flows. The management must also adopt adequate accounting policies and criteria and maintain an appropriate internal control system.

3. Our responsibility consists of issuing a professional and independent opinion based on our examination of the said financial statements.

SCOPE

4. Our examination was performed according to the technical standards and directives of the Review/Audit by the Chamber of Statutory Auditors, which requires that said examination be planned and performed with the purpose of obtaining an acceptable level of safety regarding whether the financial statements are exempt from materially relevant distortions. To this end, the said examination included:

    (i) a sample check of the documents supporting the figures and disclosures in the financial statements and the evaluation of the estimates based on judgements and criteria laid out by the board of directors and used for preparing the said statements;

    (ii) the assessment of whether the adopted accounting policies and their disclosure are adequate, taking the circumstances into account;

    (iii) confirmation of the applicability of the principle of continuity; and

    (iv) the assessment of whether the financial statements were overall adequately presented.

5. Our examination also included checking whether the financial information in the management report was in agreement with the financial statements.

6. We believe that our examination provides an acceptable basis for expressing our opinion.

OPINION

7. We are of the opinion that the said financial statements present in an appropriate and true manner, in all materially relevant aspects, the financial position of **OLIVEIRA & IRMÃO S.A.**, on 31 December 2014 and the result of its operations during the year ending on that date, in compliance with the accounting principles generally accepted in Portugal.

REPORT ON OTHER LEGAL REQUIREMENTS

8. We are also of the opinion that the information in the management report is in agreement with the information in the financial statements for the year.

V.N. Gaia, 27 April 2015

CARMO & CERQUEIRA, SROC, LDA.

Represented by

[*signature*]

José Davide Cerqueira, ROC no. 1586

VII. Report by the Board of Directors – Consolidated Accounts

In compliance with the legal and statutory provisions, we present and submit for assessment by the General Meeting the Report by the Board of Directors and the Consolidated Financial Statements for the year of 2014.

The consolidation by Oliveira & Irmão, SA, in 2014, includes the following entities:

- Oliveira & Irmão, SA (parent company);
- OLI, Srl., 99.0% holding;
- Moldaveiro - Moldes, Lda., 83.0% holding;
- Soplasnor - Soc. Plásticos do Norte, SA., 79.9% holding;
- Nuno & Gradeço - Materiais de Construção, SA., 99.1% holding.

OLI, Srl. has its head office in Italy where it distributes the parent company's industrial products. It complements this activity with substantial re-exporting (and disclosure) activities for the parent company's products in markets with a greater affinity with Italy. The company also functions as the liaison for commercial partnerships with some large groups in the sector that have decision centres in Italy (or with a privileged relationship in that market).

Moldaveiro - Moldes, Lda. which produces plastic injection moulds, works essentially for the parent company. It continues to play a strategically important role, whether through its capacity to design and produce moulds adapted to the specific needs of our industry, of our clients and of markets, and also by ensuring normal and timely maintenance of moulds for the parent company.

Soplasnor - Sociedade de Plásticos do Norte, S.A. produces PVC and PE pipes for various purposes. The company's whole industrial and commercial activity was shut down in 2009, and all its assets and liabilities are currently being liquidated. Since mid-2013 it has been able to make a return on its property by renting it to third-party companies for storage purposes.

Nuno & Gradeço, SA, promotes the resale of civil construction products and materials. Because of the current slowdown in the sector and its losses in the recent past, by decision of the General Meeting of 28 August 2012, it was subject to a dissolution process and is currently under liquidation.

The consolidated turnover increased 4.6%, reaching € 48,483,960. This increase was mainly due to the companies Oliveira & Irmão, OLI Italia and Moldaveiro.

The economic and financial performance evolved as follows:

- Consolidated net profit increased substantially, from € 108,789 to € 2,783,777. This higher profit was based on the industrial and commercial activities by the 3 main subsidiaries. The companies now in liquidation had a minor impact on this item because the said process is already in an advanced stage.
- The cash flow more than doubled and reached € 6,079,227.
- The consolidated EBITDA also rose sharply, by 48%, and reached € 6,752,644.
- The consolidated net debt to banks fell by € 1,457,888 and is now of € 17,042,750.
- The consolidated gearing ratio increased slightly, from 39.6% para 42.6%.

After shutting down Soplasnor and with the liquidation in progress of Nuno & Gradeço, the group's strategy is to focus on its core business and to strengthen the companies that sustain the core business, namely:

- Moldaveiro, an important instrument that supplies moulds to the parent company, with excellent technical conditions and opportunities (in addition to an increasingly more demanding maintenance of existing moulds). Moldaveiro plays a growing role in the parent company's operations and performance due to the complexity of the parent company's partnerships with some important clients.
- OLI Srl. is an important instrument for distributing the parent company's products in the difficult (highly competitive) Italian market (and, as already mentioned, in some markets that we feel will be strategically better served from a company based in Italy).
- Oliveira & Irmão, SA, the parent company, must act as the core and driving force for the small group of companies to which it belongs.

The parent company's report was prepared to suitably reflect the group's operation strategy, taking into account the proximity and affinity of strategic objectives between the various companies. To avoid unnecessary and tiresome repetitions, we will regard that report as part of this one and implicitly reproduced herein.

We will now briefly analyse each of the companies and indicate the most significant aspects related with the group's strategy:

Oliveira & Irmão

The various documents preceding this report clearly indicate the importance and role of this company as the group's core. As we mentioned above, this company is increasingly becoming the core and driving force for the group's other companies (a group which is now more concentrated and cohesive).

The management is deeply committed to boosting the company's competitiveness through various means. Because of Europe's current economic situation, we have implemented a number of measures to decrease the company's dependence on Europe for its sales.

Recent changes in business require implementing some strategic reorientation measures. Along with the desired lower dependence on Europe, we plan to increase sales of our own brand and to improve our product line. As such, we must reposition the company in its marketing and communication and improve our research, development and innovation capacity.

OLI

As already mentioned, this company is, in particular, the parent company's commercial subsidiary in Italy where it distributes the products of Oliveira & Irmão. However, it complements this activity with distribution (re-exporting or representation) in some markets due to its greater affinity with those markets. This strategy has proven to be successful, insofar as it optimises the parent company's potential sales through complementary measures that foster the profitability of its companies.

This company's sales increased 6% and reached € 12,035,619. Additionally, its net profit improved over 2013 and reached € 589,547.

Moldaveiro

This company continues to work largely for the parent company. In 2014 its turnover reached € 2,124,503, for a net profit of € 331,081.

Soplasnor

In 2014, this company's sole turnover was based on the rental of its property. Soplasnor's negative result reached € -16,989.

Currently, Soplasnor's property is rented and is used essentially for storage. We hope that it may continue to generate revenue from the property in this manner and find a potential buyer.

Nuno & Gradeço

For the reasons already mentioned, this company will focus on the liquidation of its assets and liabilities. All its governing bodies are committed to fulfilling all their obligations until the end.

Future strategies

Oliveira & Irmão

We once again point out the company's determination to diversify markets and to optimise sales by strengthening the OLI brand and by achieving a better market segmentation, either geographically or by the type of clients.

OLI

It must be simply noted that the crisis in Italy will make it necessary to consolidate its export operations.

Moldaveiro

Moldaveiro is expected to continue the work of its previous years to improve its technical capacity and to combine that greater technical capacity with faster mould design and production. Achieving this goal will improve its service to the parent company and increase its competitiveness (not only in price, but also, and mainly, through faster delivery times).

Soplasnor and Nuno & Gradeço

We will remain committed to the task of selling assets and liabilities of these companies, thereby resulting in a greater focus on the group's strategic areas. Both companies are expected to definitively terminate their activities already in 2015.

Conclusion

To terminate, we would like to reaffirm our determination to focus our efforts on the most profitable and competitive activities and companies. We will endeavour to have each company be, in itself, of merit and profitable whilst belonging to a group strategy that benefits them all, either each company's business or the robustness of the companies as a whole.

Aveiro, 14 April 2014

The Board of Directors,

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

Pier Andreino Niboli

Federica Niboli

VIII. Consolidated financial statements

Consolidated Balance Sheet on 31.12.2014 and 31.12.2013

Items	Notes	Years 31.12.2014	31.12.2013
Assets			
Non-current assets			
Tangible fixed assets	7	32,105,619	31,562,807
Intangible assets	6	232,756	50,487
Shareholdings – Equity method	5	708	708
Shareholdings – Other methods		41,569	41,569
Other financial assets		2,311	
		32,382,963	**31,655,569**
Current assets			
Inventories	10	9,029,498	9,105,889
Clients	16	13,430,028	12,553,886
Advances to suppliers	16	8,201	134,382
State and other public entities		862,260	957,266
Other accounts receivable	16	645,166	441,184
Deferrals	16	12,401	137,673
Non-current assets held for sale		91,288	109,225
Cash and bank deposits	4	2,416,493	1,425,973
		26,495,334	**24,865,477**
Total Assets		**58,878,297**	**56,521,047**
Equity and Liabilities			
Equity			
Paid-in capital	16	10,000,000	10,000,000
Other equipment instruments	16	4,653	4,653
Legal reserves	16	2,286,081	2,261 ,737
Other reserves	16	7,599,629	7,001,253
Retained results	16	-4,546,592	-4,224,765
Revaluation surplus	16;7	7,627,062	7,627,062
Other equity changes	16	136,303	143,937
Consolidated net profit in the year	**16**	2,726,372	361,908
Minority interests	16	-737,257	-794,662
Total Equity		**25,096,252**	**22,381,122**
Liabilities			
Non-current liabilities			
Provisions	16	227,163	230,907
Financing obtained	8;9	12,023,912	11,196,836
Deferred tax liabilities		769,531	959,591
		13,020,606	**12,387,334**
Current liabilities			
Suppliers	16	8,603,020	8,863,144
Advances from clients	16	252,628	284,116
State and other public entities		853,905	837,070
Financing obtained	8;9	7,435,332	8,729,776
Other accounts payable	16	3,408,748	2,923,874
Deferrals		207,807	114,611
		20,761,440	**21,752,591**
Total Liabilities		**33,782,045**	**34,139,924**
Total Equity and Liabilities		**58,878,297**	**56,521,047**

The Auditor The Board of Directors

Consolidated profit and loss account by nature of expense/revenue on 31.12.2014 and 31.12.2013

INCOME AND EXPENSES	Notes	Years	
		2014	2013
Sales and services	19	48,483,960	46,334,509
Operating subsidies	13	115,366	112,445
Profits/losses assigned to subsidiaries, associated companies and joint ventures	16	15	12
Change in production inventories	11	294,699	505
Work for the entity		1,536,356	850,153
Cost of merchandise sold and materials consumed	11	-23,146,309	-23,648,006
External supplies and services	20	-9,125,139	-8,490,257
Personnel expenses	5	-11,509,408	-10,541,205
Inventory impairments (losses/reversals)	10	-242,201	467,435
Impairment of debts receivable (losses/reversals)	16	-217,247	-36,478
Provisions (increases/decreases)	16	-21,162	-57,755
Other income and gains	12	1,517,470	1,725,035
Other expenses and losses	14;17	-933,756	-2,151,356
Earnings before depreciation, interest and taxes		**6,752,644**	**4,560,036**
Expenses/reversals of depreciation and amortisation	6;7	-2,814,841	-2,866,202
Operating earnings (before interest and taxes)		**3,937,803**	**1,693,834**
Interest and similar expenses	18	-755,284	-1,206,571
Pre-tax earnings		**3,182,519**	**487,263**
Income tax for the year	15	-398,742	-378,475
Net profit for the year		**2,783,777**	**108,789**
Net profit for the year assigned to:			
Holders of capital in the parent company	16	2,726,372	361,908
Minority interests		57,405	-253,119
		2,783,777	**108,789**
Basic earnings per share		**5.57**	**0.22**

The Auditor The Board of Directors

Consolidated cash flow statement for the years ending on 31.12.2014 and 31.12.201

Items	Years 2014	2013
Cash flows from operating activities – direct method		
Receipts from clients	53,487,557	51,560,424
Payments to suppliers	-36,568,643	-35,746,642
Payments to personnel	-10,467,077	-9,587,409
Cash generated by operations	6,451,837	6,226,374
Income tax payment/receipt	-422,591	-427,730
Other receipts/payments	-3,147,479	-2,184,884
Cash flow from operating activities (1)	2,881,767	3,613,760
Cash flows from investment activities		
Payments for:		
Tangible fixed assets	-879,645	-1,798,286
Intangible assets	-185,526	
Financial investments	-2,311	
Other assets		-34,610
Receipts from:		
Tangible fixed assets	314,322	574,366
Financial investments	8,430	60,380
Interest and similar income	4,111	10,028
Cash flows from financing activities (2)	-740,620	-1,188,121
Cash flows from financing activities		
Receipts from:		
Financing obtained	5,246,433	5,179,080
Other financing operations		250
Payments for:		
Financing obtained	-5,652,837	-6,082,510
Interest and similar expenses	-744,224	-1,222,530
Cash flows from financing activities (3)	-1,150,628	-2,125,711
Change in cash and cash equivalents (1+2+3)	990,520	299,927
Cash and cash equivalents at the start of the year	1,425,973	1,126,046
Cash and cash equivalents at the end of the year	2,416,493	1,425,973

Consolidated cash flow statement for the years ending on 31.12.2014 and 31.12.2013

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![OLI]

Consolidated statement of equity alterations in 2014

ITEMS		NOTES	Equity assigned to capital holders in the parent company									Minority interests	Total Equity
			Paid-in capital	Share premium	Legal reserves	Other reserves	Retained earnings	Revaluation surplus	Other equity changes	Net profit for the year	Total		
POSITION AT THE START OF 2014	**1**		**10,000,000**	**4,653**	**2,261,737**	**7,001,253**	**-4,224,765**	**7,627,062**	**143,937**	**361,908**	**23,175,784**	**-794,662**	**22,381,122**
CHANGES IN THE PERIOD													
Carrying out of revaluation surplus from tangible and intangible fixed assets		7											
Revaluation surplus from tangible and intangible fixed assets and respective changes		17			24,344	598,377	-321,826		-7,634	-361,908	-68,647	57,404	**-11,243**
Deferred tax adjustments													
Other changes recognised in equity													
	2				**24,344**	**598,377**	**-321,826**		**-7,634**	**-361,908**	**-68,647**	**57,404**	**-11,243**
NET PROFIT FOR THE YEAR	**3**									2,726,372	**2,726,372**		**2,726,372**
COMPREHENSIVE INCOME	**4=2+3**									**2,364,464**	**2,364,464**	**57,404**	**2,715,129**
TRANSACTIONS WITH SHAREHOLDERS IN THE YEAR													
Share capital													
Carrying out of share issuance premium													
Distribution of profit													
Coverage of losses													
Other transactions													
	5												
POSITION AT THE END OF 2014	**1+2+3+5**		**10,000,000**	**4,653**	**2,286,081**	**7,599,629**	**-4,546,592**	**7,627,062**	**136,303**	**2,726,372**	**25,833,508**	**-737,257**	**25,096,252**

Consolidated statement of changes in equity in 2013

ITEMS	NOTES	Equity assigned to holders of capital in the parent company									Minority interests	Total Equity
		Paid-in capital	Share capital	Legal reserves	Other reserves	Retained earnings	Revaluat. surplus	Other equity changes	Net profit for the year	Total		
POSITION AT THE START OF 2013	6	10,000,000	4,653	2,255,879	6,320,771	-3,423,143	7,627,062	153,177	268,772	23,207,170	-463,322	22,743,849
CHANGES IN THE PERIOD												
Carrying out of revaluation surplus from tangible and intangible fixed assets												
Revaluation surplus from tangible and intangible fixed assets and respective changes	7											
Deferred tax adjustments												
Other changes recognised in equity	17			5,858	680,482	-801,622		-9,240	-268,772	-393,294	-331,340	**-724,634**
	7			**5,858**	**680,482**	**-801,622**		**-9,240**	**-268,772**	**-393,295**	**-331,340**	**-724,634**
NET PROFIT FOR THE YEAR	**8**								361,908	361,908		**361,908**
COMPREHENSIVE INCOME	**9=7+8**								93,136	93,136	-331,340	**-362,726**
TRANSACTIONS WITH SHAREHOLDERS IN THE YEAR												
	10											
POSITION A THE END OF 2013	**6+7+8+10**	**10,000,000**	**4,653**	**2,261,737**	**7,001,253**	**-4,224,765**	**7,627,062**	**143,937**	**361,908**	**23,175,784**	**-794,662**	**22,381,122**

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IX. Notes to the consolidated financial statements

1. Information on companies included in the consolidation

1.1. Companies included in the consolidation

The consolidation included the parent company and all its subsidiaries listed below:

Company / Head Office	Shareholding	Share Capital
Oli, Srl Località Pani di Mura 25070 Casto (BS) - Italy	99.0%	1,000,000
Moldaveiro Moldes, Lda Lugar do Mlão, Esgueira - Aveiro	83.0%	500,000
Soplasnor - Indútria de Plásticos do Norte, SA Rua das Poças, Lavra	79.9%	6,800,000
Nuno & Gradeço - Materiais de Construção, SA Paraimo, Sangalhos	99.07%	1,500,000

2. Accounting framework for preparing the financial statements

2.1. Accounting framework adopted and presentation bases

The attached financial statements were prepared according to the provisions in force in Portugal, in compliance with Decree-Law no. 158/2009, of 13 July, and according to the Conceptual Structure (CS), Financial Accounting and Reporting Standards (FARS) and Interpretive Standards (IS) specified in the Accounting Standards System (ASS), with the supplementary application of the International Accounting Standards (IAS) adopted in the European Union and the International Accounting Standards (IAS/IFRS) issued by IASB and respective technical interpretations (SIC/IFRIC). The accounting standardisation commission regulated investments in subsidiaries and consolidation by issuing FARS 15 - Investments in subsidiaries and consolidation, based on IAS 27 - Consolidated and separate financial statements.

Financial investments in individual financial statements are valued according to the equity method (EM). The companies included in point 1 are regarded as subsidiaries because the parent company holds an interest of over 50% in them, and thus also has exclusive control over them.

The consolidation of subsidiary companies indicated in note 1 was performed by the global integration method. Significant transactions and balances between companies were eliminated in the consolidation process. The value corresponding to third-party holdings in the subsidiary companies is presented in the balance sheet in the minority interests item.

Basis of presentation
The consolidated financial statements were prepared under the presupposition of the continuity of operations based on the accounting books and records of the companies included in the consolidation (note 1), maintained according to the accounting principles generally accepted in Portugal.

3. Main accounting policies

3.1. Measurement bases for preparing the financial statements

Financial:

INTANGIBLE ASSETS (FARS 6)
Intangible assets are recorded at the acquisition cost, minus amortisation and accumulated impairment losses. Intangible assets are recognised only when it is probable that they will result in future economic benefits for the entity, when they are controllable and their cost may be reliably valued.

Development expenses are recognised whenever the entity reveals the capacity to complete the project being developed and to begin using it and when it is probable that the created asset will generate future economic benefits. Development expenses that do not fulfil these criteria will be recorded as expenses in the year in which they are incurred.

Amortisation is calculated after the start of utilisation by the straight-line method in accordance with the estimated useful life.

TANGIBLE FIXED ASSETS (FARS 7)

Tangible fixed assets acquired until 1 January 2009 (date of the transcription to FARS), are recorded at acquisition cost or at the revalued acquisition cost according to the accounting principles generally accepted in Portugal until that date, minus accumulated depreciation.

Tangible fixed assets acquired after that date are recorded at the acquisition cost, minus the corresponding depreciation and accumulated impairment losses. Buildings and land of most companies included in the consolidation were revalued in 2011 by an independent entity called L2I - Investimentos Imobiliários, Lda.

Depreciation is calculated after the date on which the goods are available for use by the straight-line method according to the estimated useful life for each group of goods.

Conservation and repair expenses that do not increase the useful life of assets or do not result in significant enhancements or improvements for elements of tangible fixes assets are recorded as expenses in the year in which they are incurred.

Tangible fixed assets in progress represent fixed assets still in the construction stage and are recorded at the acquisition cost. These tangible fixed assets are depreciated as of the time when the underlying assets are available for utilisation and in the necessary conditions to operate as required by the management.

Capital gains or capital losses resulting from the sale or write-off of a tangible fixed asset are determined as the difference between the sale price and the net book value on the sale or write-off date. The said value is recorded in the profit and loss account in the items of other income and gains or other expenses and losses.

NON-CURRENT ASSETS HELD FOR SALE (FARS 8)

At our subsidiary Soplasnor, non-current assets held for sale are basic equipment, seeing as the company rented the facilities and thus reclassified the building and land to tangible fixed assets. At the parent company, the assets held for sale are moulds that were classified as such because the assets are to be sold and are not being recovered through continuous use. These goods were partially sold in 2014. The assets are available for immediate sale in their current condition.

LEASES (FARS 9)

Leasing contracts are classified as finance leases if they imply a substantial transfer of all risks and advantages inherent to possession of the asset. Leasing contracts may also be classified as operating leases if they imply the substantial non-transfer of all risks and advantages inherent to possession of the asset. Leases are classified either as finance or operating according to the substance of the transaction and not the nature of the contract.

Tangible fixed assets acquired through finance lease contracts, as well as the corresponding responsibilities, are accounted by the financial method. Tangible fixed assets and the corresponding accumulated depreciation and debts pending liquidation are recognised according to the contractual financial plan. Additionally, interest included in the value of rents and depreciation of tangible fixed assets is recognised as expenses in the profit and loss account for the year to which they refer.

In leases deemed as operating, owed instalments are recognised as expenses in the profit and loss account on a straight-line basis during the lease contract period.

BORROWING COSTS (FARS 10)

Borrowing costs are recorded in liabilities through their nominal contracted value. Expenses on the respective commissions and issuance are accounted as expenses in the year. Financial expenses determined according to the effective interest rate are recorded in the profit and loss account according to the accrual basis of accounting.

Loans are classified as current liabilities and, when the liquidation is deferred for over 12 months after the reporting date, as a non-current liability.

In the group, only the parent company capitalised the interest on borrowings, in the construction of a building in the centre of the city of Aveiro. This cost is part of the asset because it is attributable directly to it. The amount of capitalised interest was determined by applying a capitalisation rate to the value. In inventory, we have only three apartments and one shop at this building since the other assets were sold, and two of these are already reserved through promissory sale contracts.

IMPAIRMENT OF ASSETS (FARS 12)

On the balance sheet date, an evaluation is carried out to determine the objective existence of impairments implying alterations in the circumstances indicating that the value by which the assets are recognised might not be recoverable.

Whenever the asset's carrying amount is higher than the recoverable amount, an impairment is recognised and recorded in the profit and loss account in the impairment losses item.

Reversal of impairment losses, recognised in previous years, is recorded when there is evidence that these losses no longer exist or decreased. It is recognised in the profit and loss account in the reversal of impairment losses item and accounted up to the limit of the amount that would be recognised if the loss had been recorded.

Impairment of inventories and of clients was evaluated on the balance sheet date. It was found that there was objective evidence of impairment in clients and inventories and thus the said impairment was derecognised in the profit and loss account.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (FARS 15)

Shareholdings were initially recognised at cost and later adjusted by the equity method. Full consolidation is applied because shareholdings and control in the subsidiaries require such.

In the parent company, profits and losses of its associated companies after the acquisition are accounted in profits or losses against the financial investment value. After that date the balance is transferred to reserves whenever the profit or loss is not distributed. When the holding by the equity method is a loss or equals or exceeds the investment in the associated company, the parent company no longer recognises additional losses, unless it has assumed obligations on behalf of the associated company.

Profits not obtained from transactions with associated companies are eliminated from the consolidation.

Whenever necessary, the accounting policies of associated companies are altered to guarantee consistency with the policies adopted by the group.

INVENTORIES (FARS 18)

Inventories are valued according to the following criteria:

Merchandise and raw, secondary and consumable materials are valued at acquisition cost. The acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

Finished products and works in progress are valued at production cost, which includes the cost of the respective raw materials, labour and general manufacturing expenses. The output cost is determined by the standard cost method.

In cases in which the value of those goods is less than the lowest average acquisition or production cost, an impairment loss is recorded for depreciation of inventories.

REVENUE (FARS 20)

The company recognises revenue whenever it may be reasonably measurable, when it is probable that it will obtain future economic benefits. The amount of revenue is not regarded as reasonably measurable until all contingencies affecting a sale are substantially resolved. The company bases its estimates on historic results, taking into account the type of client, the type of transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received, or to be received, for the services arising from the company's normal activities. Revenue is recognised net of Value Added Tax (VAT), reductions and discounts.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All ownership risks and advantages of the goods were transferred to the purchaser;
- The entity does not maintain any control over the sold goods;
- The revenue amount may be reliably valued;
- It is probable that future economic benefits associated to the transactions will flow to the entity;
- The costs incurred or to be incurred from the transaction may be reliably valued.

Interest revenue is recognised using the effective interest method, provided it is probable that economic benefits will flow to the entity and its amount may be reliably valued.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (FARS 21)

The company set up a provision for guarantees to clients. Seeing as our products have a warranty period during which claims may be made, the company has a current obligation arising from a past event, and it is probable that expenses may be incurred to satisfy that obligation. The obligation amount was calculated based on historic records for the previous three years.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (FARS 22)

Operating subsidies – namely subsidies to support research & technological development and the job internship programme – are recognised in the profit and loss account in the part proportional to incurred expenses, thereby fulfilling the accrual concept of accounting.

Non-refundable investment subsidies to finance tangible assets are recorded in equity and recognised in the profit and loss account, proportionally to the respective depreciation of subsidised assets.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (FARS 23)

Transactions in foreign currency are converted into the operating currency at the exchange rate on the transaction date.

On the closing date, an exchange rate update is performed for outstanding balances (monetary items), applying the exchange rate in force on that date. Favourable and unfavourable exchange rates arising from the differences between the exchange rates in force on the date of the transactions and those on the date of the collections, of payments or on the balance sheet date are recorded as income and/or expenses in the profit and loss account for the year in the exchange rate profits/losses item.

INCOME TAX (FARS 25)

The group is subject to corporate income tax (IRC). In determining the taxable amount, the accounting amounts are added or deducted any amounts not accepted by the tax authorities. This difference, between the accounting and tax result, may be temporary or permanent.

The company records deferred taxes corresponding to the temporary differences between the accounting value of assets and liabilities and the corresponding tax base, according to the provisions of FARS 25 – deferred taxes.

Income tax expenses for the year are determined by adding current and deferred taxes.

Current income taxes are calculated based on the entity's taxable income according to the taxation rules in force. Deferred tax is determined by the temporary differences between the amount of assets and liabilities for financial reporting purposes and the respective amounts for taxation purposes (tax base).

Deferred tax assets and liabilities are calculated using the tax rates in force and are recognised as an expense or income in the year.

FINANCIAL INSTRUMENTS (FARS 27)

Financial instruments are valued according to the following criteria:

- Client and other third-party receivables – debts by clients or other third parties are recorded by their nominal value since they do not bear interest and the discount effect is deemed immaterial. At the end of each reporting period, client and other third-party receivables are analysed to evaluate whether there exists any objective evidence that they are not recoverable. If they are not recoverable, the respective loss is immediately recognised as an impairment. Impairment losses are recorded consequent to events that objectively and in a quantifiable manner imply that all or part of the owed balance will not be received. For such, the entity takes into account market information demonstrating that the client is in default regarding its responsibilities and is based on historic information on due balances not paid.
- Debts to suppliers and other third parties – debts to suppliers or other third parties are recorded by their nominal value since they do not bear interest and the discount effect is regarded as immaterial.
- Loans – using one of the options of FARS 27, loans are recorded in liabilities by their cost.
- Transactions and balances in foreign currency – transactions in foreign currency are recorded at the exchange rate on the transaction dates. In each reporting date, the carrying amounts of monetary items in foreign currency are updated at the exchange rates of that date. The carrying amounts of non-monetary items recorded in foreign currency are updated on the reporting date at the exchange rate in force. Currency exchange differences arising from the aforementioned updates are recorded in the profit and loss account for the year in which they were generated.

- Accrual basis – transactions are recognised in the accounting when they are generated, regardless of the moment when they were received or paid. The differences between amounts received and paid and the corresponding income and expenses are recorded in the items of other accounts receivable, other accounts payable and deferrals.
- Financial instruments held for trading – these assets were valued at the fair value on the date the financial instruments are presented, and the alterations at fair value were recognised in the profit and loss account.
- Cash and bank deposits – amounts included in the item of cash and cash equivalents correspond to the value of cash and bank deposits, both realisable immediately without losing value. Bank overdrafts are shown in the balance sheet, in current liabilities, in the borrowings item.

EMPLOYEE BENEFITS (FARS 28)

The entity granted the following benefits to its employees:

- Short-term benefits: include wages, salaries, social security contributions and profit sharing. These benefits are accounted in the same time period in which the employee provided the service.
- Termination of employment benefits: the entity recognises expenses for work contract terminations, either by expiry of a term contract or by mutual agreement.

3.2. Main sources of uncertainty of estimates

Estimates are based on the best knowledge at any moment and also based on planned actions. These actions are periodically reviewed based on available information. Alterations in facts and circumstances may lead to a review of the estimates, such that real future results may be different.

4. Cash flows

The values entered in the cash and bank deposits item is broken down as follows:

CARRYING AMOUNT AND MOVEMENT IN THE YEAR

Items	Opening balance	Debits	Credits	Closing balance
Cash	6,797	15,553,366	15,554,484	5,679
Demand deposits	1,154,176	308,626,222	307,549,584	2,230,814
Other bank deposits	265,000	815,000	900,000	180,000
Total cash and bank deposits	**1,425,973**	**324,994,588**	**324,004,068**	**2,416,493**

5. Investments in subsidiaries and consolidation

5.1. Significant movements in subsidiaries

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

		2014				
		Country of incorporation / head office	Shareholding		Accounting method	Carrying amount of investments
Items			Shareholding percentage	Percentage of voting rights		
Subsidiaries	Moldaveiro - Moldes LDA	Portugal	83.00%	83.0%	EM	1,202,049
	Soplasnor-Soc. Plásticos do Norte, SA	Portugal	79.90%	79.9%	A)	4,761,000
	Oli SRL	Italy	99.0%	99.0%	EM	5,438,221
	Nuno & Gradeço, SA	Portugal	99.07%	99.07%	EM	185,264
Total						**11,586,533**

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

		2013				
		Country of incorporation / head office	Shareholding		Accounting method	Carrying amount of investments
	Description		Shareholding percentage	Percentage of voting rights		
Subsidiaries	Moldaveiro - Moldes LDA	Portugal	83.00%	83.0%	EM	927,251
	Soplasnor-Soc. Plásticos do Norte, SA	Portugal	79.90%	79.9%	A)	4,762,500
	Oli SRL	Italy	99.0%	99.0%	EM	4,854,569
	Nuno & Gradeço, SA	Portugal	99.07%	99.07%	EM	328,666
Total						**10,872,986**

Legend: EM – Equity Method

A) The EM is no longer applied to Soplasnor since it already equalled the investment amount.

5.2. Remuneration of key management personnel

REMUNERATION OF GOVERNING BODIES

Items	2014	2013
Board of Directors - Oliveira & Irmão, SA	573,087	474,720
Board of Directors - Soplasnor, Soc. Plásticos do Norte SA		
Management - Moldaveiro - Moldes, Lda	113,825	97,486
Management - OLI SRL	174,600	119,900
Board of Directors - Nuno & Gradeço	27,515	27,519

6. Disclosure of Intangible Assets

CARRYING AMOUNT AND MOVEMENTS IN 2014 IN INTANGIBLE FIXED ASSETS

Items	Development projects	Computer programs	Industrial property	Other intangible assets	Intangible assets in progress	Total
With a finite useful life: Initial gross carrying amount	406,618		1,250,312	428,997		2,085,927
Initial accumulated depreciation	406,618		1,250,312	380,193		2,037,122
Initial accumulated impairment losses						
Initial net carrying amount (7 = 4 - 5 - 6)				48,805		48,805
Movements in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 +8.5 +8.6)				-1,574	185,526	183,952
Total of sums					**185,526**	**185,526**
Total of reductions				**1,574**		**1,574**
Amortisation				1,574		1,574
Final net carrying amount (9 = 7 + 8)				**47,230**	**185,526**	**232,756**

CARRYING AMOUNT AND MOVEMENTS IN 2013 IN INTANGIBLE FIXED ASSETS

Items	Development projects	Computer programs	Industrial property	Other intangible assets	Intangible assets in progress	Total
With a finite useful life: Initial gross carrying amount	407,849	14,837	1,250,312	428,997		2,101,995
Initial accumulated amortisation	395,183	14,837	1,244,113	378,618		2,032,750
Initial net carrying amount (7 = 4 - 5 - 6)	12,667		6,199	50,379		69,245
Movements in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 +8.5 +8.6)	-12,667		-4,517	-1,574		-18,758
Total of sums						
Acquisitions						
Total of reductions	**12,667**		**4,517**	**1,574**		**18,758**
Amortisation	12,667		4,517	1,574		18,758
Final net carrying amount (9 = 7 + 8)			**1,682**	**48,805**		**50,487**

CARRYING AMOUNT AND MOVEMENTS IN 2014 IN TANGIBLE FIXED ASSETS

Items	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
Initial gross carrying amount	9,227,944	20,010,489	34,833,641	1,371,344	2,175,725	1,867,379	2,618,994		72,105,516
Initial accumulated depreciation		7,808,874	27,562,636	1,159,633	1,879,667	1,847,325			40,258,136
Initial accumulated impairments losses									
Initial net carrying amount (4 = 1 - 2 - 3)	9,227,944	12,201,615	7,271,005	211,711	296,058	20,054	2,618,994		31,847,380
Movements in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5		-458,347	500,383	100,716	-61,109	16,120	160,476		258,239
Total of sums			**757,754**	**236,101**	**58,698**	**36,001**	**2,796,048**		**3,884,602**
Acquisitions as new			757,754	207,650	48,165	36,001	2,796,048		3,845,619
Other				8,451	10,532				18,983
Total of reductions		**942,531**	**2,012,269**	**126,934**	**127,333**	**25,894**			**3,234,961**
Depreciation		942,531	1,579,218	-124,660	-6,484	-54,588			2,336,017
Disposal			398,408	176,349	11,133	518			586,408
Write-offs			21,751	75,246	122,684	73,998			293,678
Transfers of TFA in progress		500,140	1,742,006				-2,630,339		-388,193
Other transfers		-15,956	12,892	-8,451	7,526	6,013	-5,233		-3,209
Final net carrying amount (6 = 4 + 5)	**9,227,944**	**11,743,267**	**7,771,388**	**312,428**	**234,949**	**36,174**	**2,779,470**		**32,105,619**

7. Disclosure of tangible fixed assets

CARRYING AMOUNT AND MOVEMENTS IN 2013 IN TANGIBLE FIXED ASSETS

Items	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
Initial gross carrying amount	9,123,477	19,947,276	33,598,156	1,498,116	2,560,165	1,875,709	1,689,009	50,000	70,341,908.26
Initial accumulated depreciation		6,902,050	25,840,609	1,270,071	2,257,356	1,836,884			38,106,969.44
Initial accumulated impairment losses									
Initial net carrying amount (4 = 1 - 2 - 3)	9,123,477	13,045,226	7,757,547	228,045	302,809	38,825	1,689,009	50,000	32,234,938.82
Movements in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5	104,467	-1,231,805	-382,814	-16,334	-6,859	-18,772	929,985	-50,000	-672,132.03
Total of sums	**104,467**		**625,634**	**113,900**	**98,702**	**467**	**1,957,851**		**2,901,021.41**
Acquisitions as new	104,467		625,634	113,900	98,702	467	1,957,851		2,901,021.41
Total of reductions		**1,295,017**	**1,889,323**	**130,234**	**136,362**	**19,239**			**3,470,175.54**
Depreciation		1,295,017	1,722,027	-110,438	-377,689	10,442			2,539,359.45
Disposals			141,860	200,744	151,303	4,039			497,945.95
Write-offs			25,436	39,927	362,748	4,758			432,870.14
Transfers of TFA in progress		63,213	912,435		30,802		-1,027,867		-21,417.45
Other transfers			2,789					-50,000	-47,210.86
Final net carrying amount (6 = 4 + 5)	**9,227,944**	**11,813,422**	**7,374,733**	**211,711**	**295,950**	**20,054**	**2,618,994**		**31,562,807**

7.1. Disclosure of revaluation surplus of tangible fixed assets

CARRYING AMOUNT AND MOVEMENTS IN 2014 IN REVALUATION SURPLUS

Items	Legal Revaluation Reserves		Other TFA	Total
	Carried out	Not carried out		
Value of revaluation surplus at the start of the year	107,211	54,882		7,627,062
Depreciation	-11,963	11,963		
Value of the revaluation surplus at the end of the year	**95,248**	**66,845**		**7,627,062**

8. Leases

The leasing contracts are listed below:

OLIVEIRA & IRMÃO, SA

Assets being financed through finance leasing contracts, respective net carrying amounts and contingent rentals recognised as an expense in the year		Description	Acquisition Value	Leasing entity	Contract identification	Lease period Start	Lease period End	2014 Carrying amounts net of leased assets	2013 Carrying amounts net of leased assets
Tangible fixed assets	Leasing	VW Passat	35,000	CGD LEASING	CT100047086	20-03-2011	20-03-2015	2,226	11,212
	Leasing	Press	281,500	CGD LEASING	CT100051140	20-07-2011	20-07-2016	95,145	151,458
	Leasing	VW Sharan	31,500	CGD LEASING	CT100053191	20-10-2011	20-10-2016	6,871	14,848
	Subtotals		**348,000**					**104,242**	**177,518**
Tangible fixed assets	Leasing	VW Golf	26,400	BBVA	CT 15393708	21-06-2010	21-06-2014		3,899
	Subtotals		**26,400**						**3,899**
Tangible fixed assets	Leasing	IT equipment	154,104	BNP PARIBAS	CT 31200166	07-06-2012	07-06-2017		89,986
	Subtotals		**154,104**						**89,986**
Tangible fixed assets	Leasing	Industrial Equip.	344,751	BPI	CT 10026263	05-08-2012	05-08-2017	221,808	293,274
	Leasing	VW Passat	35,500	BPI	CT 1260531800	25-12-2012	20-12-2017	21,721	28,412
	Leasing	VW Sharan	40,000	BPI	CT 1360160200	25-04-2013	25-04-2018	27,020	34,466
	Leasing	Audi A6	94,000	BPI	CT 1460255800	25-06-2014	25-06-2019	83,678	
	Subtotals		**514,251**					**354,227**	**356,153**
	Leasing	IT equipment	50,000	BSTOTTA	CT 203751	15-01-2014	15-01-2019	40,791	
	Leasing	VW Passat	29,700	BSTOTTA	CT 205173	15-05-2014	15-15-2019	25,982	
	Subtotals		**79,700**					**66,773**	
Totals			**1,122,455**					**525,243**	**627,556**

MOLDAVEIRO -
MOLDES, LDA

Assets being financed through finance leasing contracts, respective net carrying amounts and contingent rentals recognised as an expense in the year		Description	Acquisition Value	Finance leases in force Leasing entity	Contract identification	Leasing period Start	End	2014 Carrying amount net of leased assets	2013 Carrying amount net of leased assets
Tangible fixed assets	Leasing	Audi A4	39,600	BPI LEASING	CT 1460007300	25-01-2014	25-01 - 2019	33,516	
	Subtotals		39,600					33,516	
Totals			39,600					33,516	

9. Borrowings

The group's general borrowings are recorded by the following values:

Items	31-12-2014 Short Term	Medium and Long Term	Total	31-12-2013 Short Term	Medium and Long Term	Total
Pledged current account	345,449		345,449	16,678		16,678
Commercial paper programme		4,000,000	4,000,000	1,750,000	3,500,000	5,250,000
Medium and long term	6,437,429	6,877,569	13,314,998	6,604,971	6,941,330	13,546,300
Leasing	134,987	423,773	558,760	185,533	442,023	627,556
Documentary remittances	517,467		517,467	172,595		172,595
ERDF – Application no. 27024		722,570	722,570		313,483	313,483
Total	**7,435,332**	**12,023,912**	**19,459,243**	**8,729,776**	**11,196,835**	**19,926,612**

10. Inventories

Inventories are detailed as follows:

CARRYING AMOUNT EUR

Items	31-12-2014 Gross amount	Impairment losses	Net amount	31-12-2013 Gross amount	Impairment losses	Net amount
Merchandise	3,440,561	159,628	3,280,933	3,283,998	56,842	3,227,155
Raw, secondary and consumable materials	2,371,078	158,927	2,212,151	2,615,932	158,927	2,457,005
Finished and semi-finished products	3,683,800	147,386	3,536,414	3,429,699	7,971	3,421,728
Advances for purchases						
Total	9,495,439	465,941	9,029,498	9,329,629	223,741	9,105,889

11- Determining the Cost of Merchandise Sold and Materials Consumed

Items	31-12-2014			31-12-2013		
	Merchandise	Raw, secondary and consumable materials	Total	Merchandise	Raw, secondary and consumable materials	Total
Opening inventories	3,236,701	2,525,112	5,761,814	3,838,598	2,392,250	6,230,848
Purchases	3,502,407	19,637,707	23,140,11	3,785,438	19,543,313	23,328,75
Reclassification and adjustment of inventories	87,601	5,241	5 92,842	80,100	41,660	1 121,760
Closing inventories	3,393,265	2,269,513	5,662,777	3,163,155	2,626,678	5,789,833
Cost of merchandise sold and materials consumed (5=1+2+3-4)	**3,258,243**	**19,888,066**	**23,146,309**	**4,380,781**	**19,267,225**	**23,648,006**
Other information about merchandise and raw, secondary and consumable materials:	102,786		102,786	-1,910	-4,834	-6,744
Inventory adjustments/ impairment losses in the year	112,332	57,362	169,693	47,297	101,565	148,862
Inventory adjustments/accumulated impairments losses in the year						

12. Other Income and Gains

OTHER INCOME AND GAINS

Items	Total	
	2014	2013
Supplementary income	998,651	1,135,577
Cash payment discounts obtained	36,433	4,921
Recovery of receivable debts	29,000	12,160
Gains in inventories		2,124
Income and gains in other financial assets	8,437	18,774
Income and gains in other non-financial assets	109,438	19,726
Other	304,759	512,376
Interest income	30,753	19,378
Other similar income		
Total	**1,517,470**	**1,725,035**

13. Government Subsidies and Government Support

LIST OF SUBSIDIES

	Items	Incentive Measure				Concession period		Amounts received		
		Measure	Received from	Purpose of the incentive	Means of concession	Start	End	Already received	To be received	Total
	IEFP (Institute of Employment and Professional Training)	Measure / Job internship programme	IEFP	Financial	Non-refund. grant	01-01-2014	31-12-2014	27,148		27,148
	Aquasave - Research	System of Incentives to Technological Research & Development	European Regional Development Fund	Financial	Non-refund. grant	01-09-2013	30-06-2015	24,862	143,821	168,683
	Iflush - Research	System of Incentives to Technological Research & Development	European Regional Development Fund	Financial	Non-refund. grant	01-01-2014	30-06-2015	19,331	84,336	103,667
	Subtotals							**52,010**	**143,821**	**195,831.00**
Refundable	ICEP (Investment and Trade in Portugal)	POE SIME	ICEP Portugal	Financial	Refund. and non-refund.	07-01-2002	31-12-2004	2,012,215		2,012,215
	ERDF - European Regional Development Fund	System of Incentives to Innovation	Foreign Investment and Trade Agency	Financial	Refundable without interest	05-05-2012	30-04-2015	722,570		722,570
	Subtotals							**2,734,785**		**2,734,785**
Totals								2,786,795	143,821	2,930,616

List of Government subsidies by the parent company specified in the financial statements:

14. Effects of currency exchange rate changes

EFFECTS OF CURRENCY EXCHANGE RATES

Items	31-12-2014	31-12-2013
Currency exchange differences		
Recognised in earnings for the year:		
Unfavourable exchange rates	47,009	5,293
Favourable exchange rates	8,360	12,004
Net and recognised in equity for the year		

15. Income tax

INCOME TAX CARRYING AMOUNT

Items	31-12-2014	31-12-2013
Accounting result for the year (before taxes) Current taxes Deferred taxes	3,182,519 588,804 - 190,061	487,263 452,946 - 74,470
Income tax for the year (4 = 2 + 3)	**398,742**	**378,475**
Autonomous taxation	91,587	60,720

16. Financial Instruments

16.1. Disclosure of values from third parties

CARRYING AMOUNT AND MOVEMENT IN THE YEAR

Items	Total	
	31-12-2014	31-12-2013
Clients	**13,430,028**	**12,553,886**
Current account	10,776,048	9,725,948
Bills receivable	2,822,748	2,908,778
Doubtful debt	2,338,388	2,230,398
Impairment losses	-2,507,156	-2,311,238
Advances from clients	**252,628**	**284,116**
Suppliers	**8,603,020**	**8,863,144**
Advances to suppliers	**8,201**	**134,382**
Other accounts payable	**3,408,748**	**2,923,874**
Personnel	94,651	122,813
Suppliers, investments	1,093,635	532,734
Creditors by accrued expenses - interest	43,319	58,590
Creditors by accrued expenses - insurance	3,981	12,215
Creditors by accrued expenses – holidays and holiday subsidies	1,788,794	1,623,688
Creditors by accrued expenses - commissions	49,437	36,181
Creditors by accrued expenses - other	302,739	480,227
Other creditors	32,194	57,425
Other accounts receivable	**645,166**	**441,184**
Suppliers	28,657	9,326
Personnel	81,056	29,363
Debtors by accrued earnings	225,046	225,577
Other debtors	310,407	176,918
Total	**26,347,790**	**25,200,586**

16.2. Provisions for the year

Items	Guarantees to clients	Legal proceedings in progress	Total
Initial carrying amount	127,097	103,809	230,906
Movements in the period (2 = 2.1-2.2)	**-12,085**	**8,500**	**-3,743**
Total of increases	38,062	8,500	46,562
Reinforcement	38,062	8,500	46,562
Total of reductions	50,147		50,304
Use	33,248	157	33,405
Reversal	16,899		16,899
Final carrying amount	**115,012**	**112,152**	**227,163**

16.3. Disclosure of information on joint interests

NUNO & GRADEÇO, SA

CARRYING AMOUNT, MOVEMENT IN THE PERIOD OF THE INTEREST IN THE JOINT VENTURE OF THE SUBSIDIARY

Items	31.12.2014	31.12.2013
Initial gross carrying amount		52,780
Initial net carrying amount (4 = 1- 2 + 3)		**52,780**
Movements in the period: (5 = 5.1 + 5.2 + 5.3 - 5.4 + 5.5 + 5.6 - 5.7 - 5.8 - 5.9 + 5.10 + 5.11)		-52,780
Investor's stake in the earnings of the subsidiary		
Disposals		52,780
Other movements in the period		
Final net carrying amount (6 = 4 + 5)		

OLIVER

CARRYING AMOUNT, MOVEMENT IN THE PERIOD OF THE INTEREST IN THE JOINT VENTURE OF THE SUBSIDIAR**Y**

Items	31.12.2014	31.12.2013
Initial net carrying amount (4 = 1- 2 + 3)		
Movements in the period: (5 = 5.1 + 5.2 + 5.3 - 5.4 + 5.5 + 5.6 - 5.7 - 5.8 - 5.9 + 5.10 + 5.11)	15	12
Investor's stake in the earnings of the subsidiary	15	12
Final net carrying amount (6 = 4 + 5)	**15**	**12**

16.4. Disclosure of information on the capital

CARRYING AMOUNT AND MOVEMENT IN THE PERIOD

Items	31-12-2014	31-12-2013
Equity		
Capital	10,000,000	10,000,000
Share premium	4,653	4,653
Legal reserves	2,286,081	2,261,737
Other reserves	7,599,629	7,001,253
Retained earnings	-4,546,592	-4,224,766
Revaluation surplus	7,627,062	7,627,062
Other equity changes	136,303	143,937
Net profit for the year	2,726,372	361,908
Minority interests	-737,257	-794,662
Total	**25,096,252**	**22,381,122**

17. Other expenses and losses

OTHER EXPENSES AND LOSSES

Items	**Total 2014**	**2013**
Taxes	110,929	115,197
Cash payment discounts granted	283,180	270,873
Bad debt	127,871	161,944
Inventory losses	24,618	51,659
Expenses and losses in other financial investments		
Expenses and losses in non-financial investments	32,394	1,248,060
Other		
Corrections related with previous years	24,952	52,846
Donations	39,630	46,461
Subscriptions fees	10,120	10,059
Gifts and samples in inventory	100,815	46,175
Underestimated tax provisions	1,264	56,639
Owned moulds and contribution by clients	40,096	
Unfavourable foreign exchange differences	46,929	5,153
Commissions and other expenses	18,002	26,807
Other	72,957	59,484
Total Other Expenses and Losses	**933,756**	**2,151,355**

18. Interest and similar expenses

INTEREST AND SIMILAR EXPENSES

Items	Total	
	2014	2013
Interest paid	755,284	1,206,571
Total interest and similar expenses	**755,284**	**1,206,571**

19. Legally required disclosures

The Companies Code, in article 66 A and 508 F, and Ordinance 208/2007 of 16 February, which creates the IES – Simplified Corporate Information, require that we following information be disclose:

19.1. Information of guarantees given

GUARANTEES GIVEN

Guarantees Given	Beneficiary	Value
Bank Guarantees		
Caixa Geral de Depósitos (bank)	APCMC	16,000
Banco BPI (bank)	HAPAG LOYD	61,500

19.2. Information on sales per markets

SALES AND SERVICES PER ACTIVITY AND GEOGRAPHICAL MARKETS

Items	2014				2013			
	Real Estate	Commercial	Industrial	Total	Real Estate	Commercial	Industrial	Total
Portugal		2,406,729	8,344,632	10,751,362	225,000	2,506,510	8,088,176	10,819,686
Other		1,085,037	36,647,561	37,732,598		1,803,860	33,710,963	35,514,823
Total		**3,491,766**	**44,992,193**	**48,483,959**	**225,000**	**4,310,370**	**41,799,139**	**46,334,509**

19.3. Information on invoiced fees

The Companies Code, article 508 F, requires that the services provided by the auditor be disclosed.

FEES INVOICED BY THE AUDITORS

Items	2014	2013
Statutory audit Other services	22,200 4,450	22,200 2,250
Totals	**26,650**	**24,450**

The Auditor The Board of Directors

X. Report and Opinion by the Audit Board – Consolidated Accounts

REPORT AND OPINION BY THE AUDIT BOARD

1. In accordance with the law and the mandate granted to us, we hereby submit to the assessment of the shareholders our report and opinion about the Annual Report prepared by the Board of **OLIVEIRA & IRMÃO, S.A.** for the year ending on 31 December 2014.

2. To comply with the provisions of Decree-Law no. 158/2009 of 13 July, we also analysed the Auditor's Statutory Audit Reports for the companies included in the consolidation and the Statutory Audit Report that was submitted to us by the company's auditing firm. As we are totally in agreement with these documents, their content is regarded as attached hereto in full.

3. According to what was stated above, we are of the opinion that the Annual General Meeting should approve:

The Management Report and the Consolidated Accounts submitted by the Board.

Aveiro, 27 April 2015

THE AUDIT BOARD

[*signature*]

António Maria Antas Teles - CHAIRMAN

[signature]

José Luís Azevedo Cacho - Member

[signature]

José Davide Teixeira Cerqueira (ROC no. 848) – MEMBER AND ROC (statutory auditor)

XI. Statutory Audit – Consolidated Accounts

CARMO & CERQUEIRA	SROC (audit firm)

CONSOLIDATED STATUTORY AUDIT

INTRODUCTION

1. We examined the consolidated financial statements of **OLIVEIRA & IRMÃO S.A.**, which comprise the Consolidated Statement of the Financial Position on 31 December 2014 (showing a total of 58,878,297 euros and a total equity of 25,096,252 euros, including a consolidated net profit of 2,726,372 euros), the Consolidated Profit and Loss Account by nature of expense/revenue, the Consolidated Equity Change statement, the Consolidated Cash Flow statement and the corresponding Notes.

RESPONSIBILITIES

2. The management is responsible for preparing the Management Report and the Financial Statements for the companies covered by the consolidation, the consolidated result of their operations and cash flows. The management must also apply adequate accounting policies and criteria and maintain an appropriate internal control system.

3. Our responsibility consists of issuing a professional and independent opinion based on our examination of the said financial statements.

SCOPE

4. Our examination was performed according to the technical standards and directives of the Review/Audit Directives by the Chamber of Statutory Auditors, which requires that the said examination be planned and performed with the purpose of obtaining an acceptable level of safety regarding whether the financial statements are exempt from materially relevant distortions. To this end, the said examination included:

   (i) a sample check of the documents supporting the figures and disclosures in the financial statements and the evaluation of the estimates based on judgements and criteria laid out by the board and used for preparing the said statements; (ii) the assessment of whether the adopted accounting policies and their disclosure are adequate, taking the circumstances into account; (iii) confirmation of the applicability of the principle of continuity; and (iv) the assessment of whether the financial statements were overall adequately presented.

5. Our examination also included checking whether the financial information in the management report was in agreement with the consolidated financial statements.

6. We believe that our examination provides an acceptable basis for expressing our opinion.

OPINION

7. We are of the opinion that the said consolidated financial statements present in an appropriate and true manner, in all materially relevant aspects, the consolidated financial position of **OLIVEIRA & IRMÃO S.A.**, on 31 December 2014 and the consolidated result of its operations, the consolidated cash flows during the year ending of that date, in compliance with the accounting principles generally accepted in Portugal.

REPORT ON OTHER LEGAL REQUIREMENTS

8. We are also of the opinion that the information in the management report is in agreement with the information in the consolidated financial statements for the year.

V.N. Gaia, 27 April 2015

CARMO & CERQUEIRA, SROC, LDA.

Represented by

[*signature*]

José Davide Cerqueira, ROC no. 1586

Inspired by water...

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