2018 MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

NORS

We Know How

2018

"OUR PEOPLE WERE, ONCE AGAIN, THE KEY TO NORS' SUCCESS AND COLLECTIVE GOOD PERFORMANCE."

In Presentation of the Management Report

We Know How

TABLE OF CONTENTS

PRESENTATION OF THE MANAGEMENT REPORT

THE RESULTS

Nors will have good memories of 2018. The Group achieved a consolidated turnover of 644.5 million euros (+4%), which was one of the goals we had set at the beginning of the year. We reached an EBITDA of 44.0 million euros (-17%), which while being lower than last year, is still worth highlighting, as it was formed in a particularly adverse environment, where the contraction of the Angolan economy was decisive. In fact, the Portuguese economy's positive trend, the recovery of the confidence indices of the economic agents in Brazil and the good performance of the companies that do business in those two markets, was not completely sufficient to offset the lower contribution from Ascendum and the Group's operations in Africa.

The evolution of financial costs should also be noted. For the third year running, Nors managed to significantly decrease the weight of this burden. This behaviour is not only the result of the reduction in indebtedness over the last few years, but also of successfully implementing a clear-cut foreign exchange hedging strategy.

The Group's net income of 20.0 million euros (+35%) is, therefore, proof of both the financial health and economic robustness of Nors' businesses. In truth, the Group's comfortable financial position has once again provided a favourable environment for it to develop its strategic business plan, creating the right conditions for the management teams to have an active and determined performance, putting Nors' value proposition in practice with its partners, that is, its customers, suppliers, employees and shareholders.

Tomaz Jervell
Chairman

Tomás Jervell
CEO

RESTRUCTURING

In 2018, the Group concluded the restructuring of its organisational and governance model. This corporate and organisational structuring operation aimed to provide the Group with the right governance model for its current and future challenges, while at the same time, enabling Nors to communicate with, and be perceived by, its various audiences in a more effective and coherent manner.

On a formal level, the restructuring meant transferring the Volvo trucks and buses import and distribution business, which until then had been carried out by Auto Sueco, Lda., to Auto Sueco Portugal, S.A., a company held by the former, and the subsequent change in name and type of the Group's parent company. The company now called Nors, S.A. has adopted the Anglo-Saxon governance model, with a Board of Directors, from which an Executive Committee stems, which is entrusted with the day-to-day management.

The wide range and complexity of the businesses and the markets to which the Group is exposed and the volatility of the competitive environment in which it operates, require Nors to have a management model and culture that boosts proximity and speed of action, while also ensuring that there is a competent and clear strategic approach, as well as the appropriate control mechanisms vis-à-vis the Group's activity and performance. Nors' vision of the future is one of growth and development but also of alignment and sustainability of our operations and businesses, globally, and this is what made it essential to redesign the governance model.

INNOVATION, SERVICE AND CUSTOMER EXPERIENCE

Nors approaches the innovation process on three essential levels: incremental (defending the business), disruptive (seeking new businesses) and exploratory (trying to change the industry). As such, we have developed a series of structural projects that mobilise the organisation and will provide a consistent portfolio of ideas, throughout the various perspectives of transformation.

Operational efficiency, embracing the aspiration for our operations to be recognised as "state of the art" within the sector, providing our people and operational units with the best and most suitable tools and instruments for the business processes, driving an unprecedented service performance.

The entire Nors organisation is to be totally customer-centric, providing a mobilising and transforming customer experience, enabling us to be increasingly aligned and supportive of our customers, in their emotions, their desires and realities. Using that as a starting block, we want to design new services and solutions that keep pace with our customers, thereby defining a new paradigm for the relationship and experience with customers and major partners.

Finally, the ability to recognise disruptive and exploratory ideas that can completely transform our organisation and our business models, whether by using our internal critical mass, or by interacting with the entrepreneur ecosystem. Exploring the possibilities we can have in a world in constant disruption and exponential transformation, and which is just a step away from us - an assertive, unreserved step, with a key driver: constant obsession about our future success, built on a unifying and transforming purpose, based on unique and valuable skills, always putting the customer in first place.

"In truth, the Group's comfortable financial position has once again provided a favourable environment for it to develop its strategic business plan"

PEOPLE

Managing our people, who are the organisation's main asset, remains at the heart of Nors' strategic agenda.

We want to have the best people on board, and we want to create opportunities for stimulating and meaningful professional and human development. We are focused on learning and on disclosing new, more modern and collaborative ways of working. We promote a clear and cohesive organisational structure that permits competent and clear human resources processes, driving the progress and meritocracy of our employees.

Our people were, once again, the key to Nors' success and collective good performance.

SOCIAL RESPONSIBILITY

Nors is an enterprise that values ethics and pays attention to the challenges that affect the sustainability of the communities where it does business.

Our stance is based on global standards of conduct, which are complied with in all the countries where we operate. We respect the legitimate interests of all our partners and are actively involved in society. In 2018, we continued to support cultural patronage programmes, especially through the Serralves Foundation and Museum and maintained close partnerships with institutions in the tertiary sector, which share our values and our vision of the world.

THE NORS BRAND

The Nors brand made a decisive contribution towards the Group's recognition and notoriety, projecting an image of scale, dynamics and solidity.

Along with its signature "We Know How" - the corporate brand includes another key vocation: the people and the solutions and services they provide, a human side that brings added value to the equipment and machines we sell. This is the organisation's core value, which is thus made tangible, renowned and valued.

The Nors brand continues to be committed to strengthening this value proposition, boosting the advantages created by our people, through their desires, knowledge and abilities for the sake of the strength, collective performance and reputation of the Nors Group.

STRATEGIC APPROACH

FINANCIAL RATIOS IN 2018

During 2018, the Group recorded a 4% growth in turnover, reaching a consolidated turnover of 644.5 million euros and reinforcing the upward trend it had regained the previous year.

This global performance has been achieved thanks to the business growth in the domestic market and, above all, in the Brazilian market, which more than offset a further reduction in the business in Angola.

In this regard, it is important to mention that the business in Angola continues to be very much constrained by the climate that has been experienced since 2015. The severe exchange devaluation of the Kwanza during the year (induced to curb inflation), resulted in lower purchasing power for the economic agents, which along with an almost total lack of investment, meant another highly unresponsive year for the economy in general and for our sector in particular.

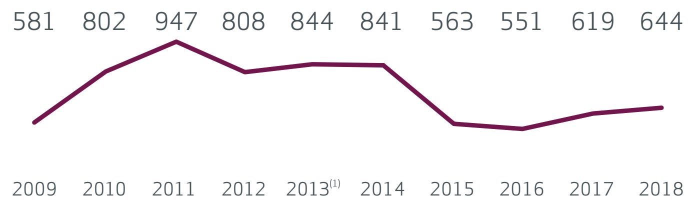
Nevertheless, it is worth mentioning the improvements seen regarding the way the financial system operates. Regulatory changes developed by the BNA have provided greater access to currencies and, consequently, a significant ease of the backlog of accumulated commitments in the country. This is, without a doubt, an important starting point for the country to begin a period of recovery.

In Brazil, 2018 confirmed and reinforced the recovery trend that began in the second half of 2017. The Group achieved a sales growth of 25%, which if it weren't for the adverse foreign exchange effect, would have been even greater. Even so, current market levels are still well below their natural size, which in our view means there is plenty of opportunity for growth in the country in the coming years.

The Group's overall growth in turnover, however, did not lead to an increase in gross margin. To the contrary, it went from 130.2 million euros in 2017 to 117.4 million euros in 2018, a reduction of 10%, which can be explained by the fact that the additional margin from Brazil did not offset the drop in margins in Angola. This behaviour can be explained by the change in the business mix and respective contribution towards the business's margin - in Brazil, the reactivation of an expansion cycle means our growth is based on the sale of equipment (business area with a lower margin contribution); in Angola, the continued retraction and erosion of the number of vehicles on the road led the fall in business to also extend to after-sales (business area with a greater margin contribution).

This decrease in gross margin, although partially offset by a positive contribution to the evolution of the costs structure, meant a reduction in EBITDA from 52.8 million euros in 2017 to 44.0 million euros in 2018. Besides the effect of gross margin, the evolution of EBITDA can also be explained by some one-off effects, as shown in the table.

CONSOLIDATED TURNOVER 2009-2018



[1] The joint ventures now consolidated using the equity method, whilst up to 2012 they were entered using the proportional method. Nevertheless, the values shown in the graph are calculated using the equity method and are therefore comparable.

thousands of euros

NON-RECURRING EFFECTS IN EBITDA	2018	2017
Sale of MasterTest		(1 999)
Real estate gains	807	269
Gains in the sale of Banco BPI shares		1 007
Gains in the sale of East Africa operations		1 500
Impairments	(60)	3 042
Total	**747**	**3 819**

RESTRUCTURING

In 2018, the Group concluded the restructuring of its organisational and governance model. This corporate and organisational structuring operation aimed to provide the Group with the right governance model for its current and future challenges, while at the same time, enabling Nors to communicate with, and be perceived by, its various audiences in a more effective and coherent manner.

On a formal level, the restructuring meant transferring the Volvo trucks and buses import and distribution business, which until then had been carried out by Auto Sueco, Lda., to Auto Sueco Portugal, S.A., a company held by the former, and the subsequent change in name and type of the Group's parent company. The company now called Nors, S.A. has adopted the Anglo-Saxon governance model, with a Board of Directors, from which an Executive Committee stems, which is entrusted with the day-to-day management.

The wide range and complexity of the businesses and the markets to which the Group is exposed and the volatility of the competitive environment in which it operates, require Nors to have a management model and culture that boosts proximity and speed of action, while also ensuring that there is a competent and clear strategic approach, as well as the appropriate control mechanisms vis-à-vis the Group's activity and performance. Nors' vision of the future is one of growth and development but also of alignment and sustainability of our operations and businesses, globally, and this is what made it essential to redesign the governance model.

INNOVATION, SERVICE AND CUSTOMER EXPERIENCE

Nors approaches the innovation process on three essential levels: incremental (defending the business), disruptive (seeking new businesses) and exploratory (trying to change the industry). As such, we have developed a series of structural projects that mobilise the organisation and will provide a consistent portfolio of ideas, throughout the various perspectives of transformation.

Operational efficiency, embracing the aspiration for our operations to be recognised as "state of the art" within the sector, providing our people and operational units with the best and most suitable tools and instruments for the business processes, driving an unprecedented service performance.

The entire Nors organisation is to be totally customer-centric, providing a mobilising and transforming customer experience, enabling us to be increasingly aligned and supportive of our customers, in their emotions, their desires and realities. Using that as a starting block, we want to design new services and solutions that keep pace with our customers, thereby defining a new paradigm for the relationship and experience with customers and major partners.

Finally, the ability to recognise disruptive and exploratory ideas that can completely transform our organisation and our business models, whether by using our internal critical mass, or by interacting with the entrepreneur ecosystem. Exploring the possibilities we can have in a world in constant disruption and exponential transformation, and which is just a step away from us - an assertive, unreserved step, with a key driver: constant obsession about our future success, built on a unifying and transforming purpose, based on unique and valuable skills, always putting the customer in first place.

"In truth, the Group's comfortable financial position has once again provided a favourable environment for it to develop its strategic business plan"

PEOPLE

Managing our people, who are the organisation's main asset, remains at the heart of Nors' strategic agenda.

We want to have the best people on board, and we want to create opportunities for stimulating and meaningful professional and human development. We are focused on learning and on disclosing new, more modern and collaborative ways of working. We promote a clear and cohesive organisational structure that permits competent and clear human resources processes, driving the progress and meritocracy of our employees.

Our people were, once again, the key to Nors' success and collective good performance.

SOCIAL RESPONSIBILITY

Nors is an enterprise that values ethics and pays attention to the challenges that affect the sustainability of the communities where it does business.

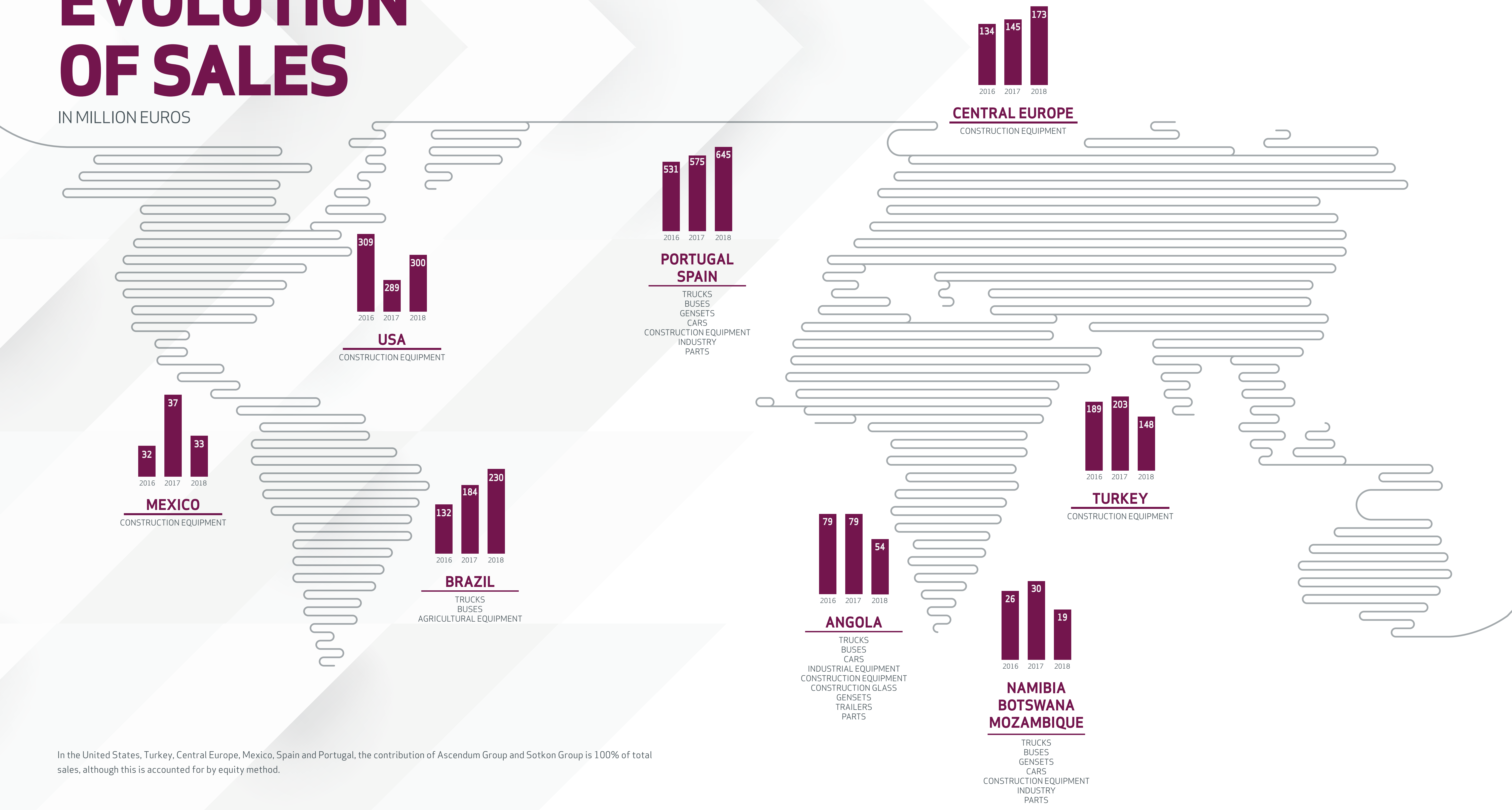
Our stance is based on global standards of conduct, which are complied with in all the countries where we operate. We respect the legitimate interests of all our partners and are actively involved in society. In 2018, we continued to support cultural patronage programmes, especially through the Serralves Foundation and Museum and maintained close partnerships with institutions in the tertiary sector, which share our values and our vision of the world.

ONE NAME THAT RECALLS ALL THAT WE ARE.

NORS
We Know How

EVOLUTION OF SALES

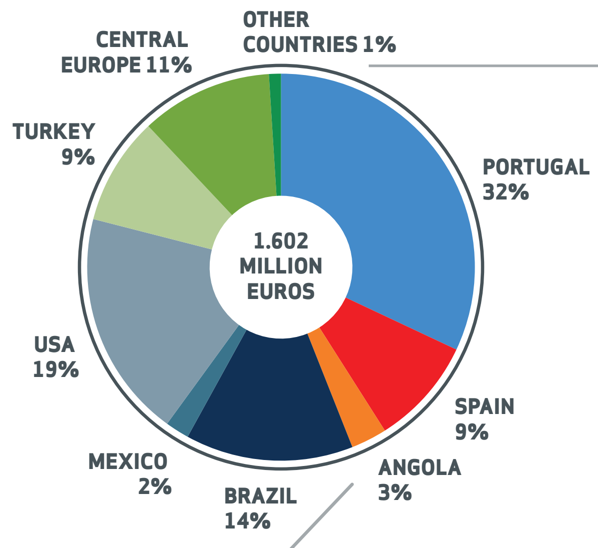
IN MILLION EUROS



In the United States, Turkey, Central Europe, Mexico, Spain and Portugal, the contribution of Ascendum Group and Sotkon Group is 100% of total sales, although this is accounted for by equity method.

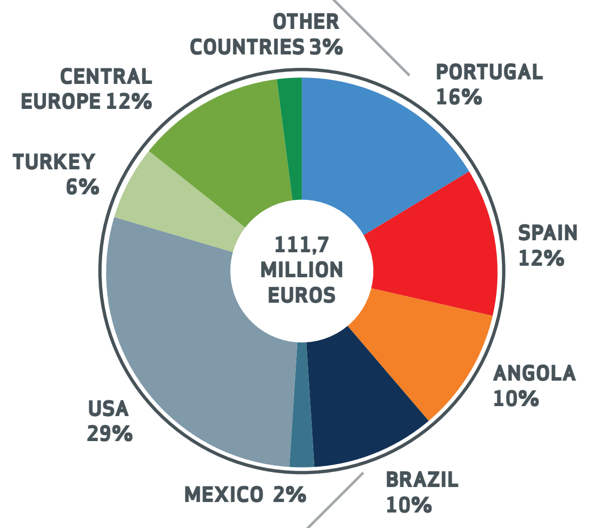
SALES BY COUNTRY

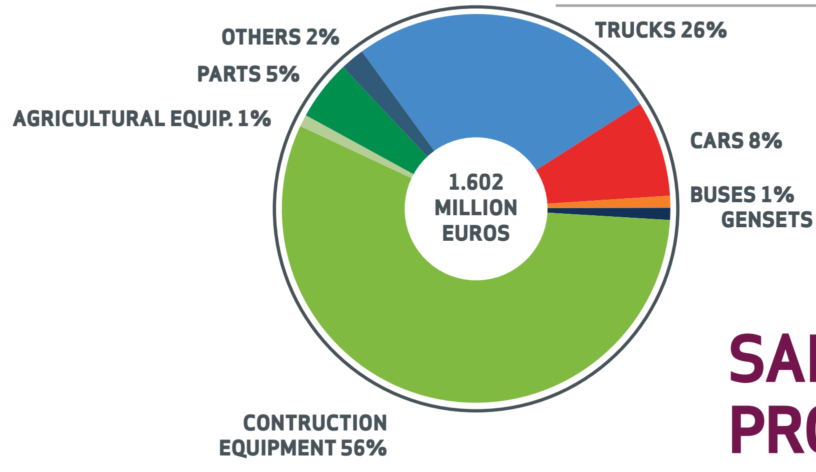
WITH JOINT VENTURES AT 100%



EBITDA BY COUNTRY

WITH JOINT VENTURES AT 100%





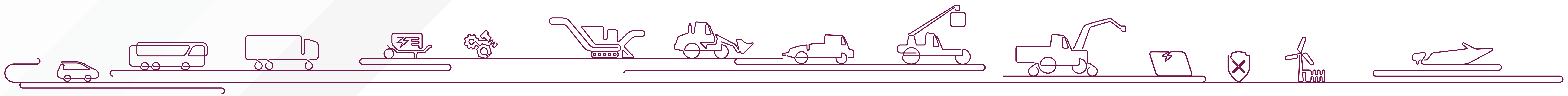
SALES BY PRODUCT

WITH JOINT VENTURES AT 100%

MAIN INDICATORS

Thousands of euros	2018	2017
Aggregated Values		
Turnover[1]	1 601 735	1 541 811
EBITDA[1a]	111 662	117 432
Number of employees	3 720	3 637
Consolidated Values		
Turnover[2]	644 468	618 895
EBITDA[2a]	44 042	52 776
EBT	27 369	27 917
Number of employees	2 223	2 170
Recurring net income, with non-controlling interests	20 028	17 064
Total assets	560 325	530 670
Equity, with non-controlling interests	194 965	178 679
Net Debt[3]	98 697	117 463
Financial autonomy[4]	35%	34%
Net Debt-to-equity[5]	0,51	0,66
Net Debt / EBITDA	2,2	2,2
EBITDA Margin %	6,8%	8,5%
WCN in sales days[6]	18	19
ROI[7]	11,4%	14,4%
ROE[8]	10,7%	11,1%

[1] Sales + provision of services to the same company, aggregating 100% of joint ventures.
[1a] Aggregate EBITDA; with 100% of joint ventures.
[2] Sales + provision of services to the same company, consolidated.
[2a] The Group's consolidated EBITDA, which allocates the Net Income from joint ventures according to the share of capital held.
[3] Financing obtained – cash and bank deposits – and ready-for-sale investments
[4] Equity with non-controlled interests / Net asset
[5] Net Debt (net borrowing – ready-for-sale investments) / Equity with non-controlled assets
[6] The ratio between balances of [Clients, Inventories, Other receivables, State, Stockholders, Suppliers and Other outstanding balances] / Turnover multiplied by 365 days.
[7] Ebit / Invested capital [Total Equity + obtained funding – cash and cash equivalents- and ready-for-sale investments]
[8] Net income from the parent company's ongoing operations / Equity minus Net Income and non-controlled interests.



Note: In 2018, the Group's consolidated accounts had an impact from applying IFRS 15 - Revenue. Applying this standard implied the deferral of 17.9 million euros in turnover, with a negative impact of 0.5 million on Net Income.

STRATEGIC APPROACH

FINANCIAL RATIOS IN 2018

During 2018, the Group recorded a 4% growth in turnover, reaching a consolidated turnover of 644.5 million euros and reinforcing the upward trend it had regained the previous year.

This global performance has been achieved thanks to the business growth in the domestic market and, above all, in the Brazilian market, which more than offset a further reduction in the business in Angola.

In this regard, it is important to mention that the business in Angola continues to be very much constrained by the climate that has been experienced since 2015. The severe exchange devaluation of the Kwanza during the year (induced to curb inflation), resulted in lower purchasing power for the economic agents, which along with an almost total lack of investment, meant another highly unresponsive year for the economy in general and for our sector in particular.

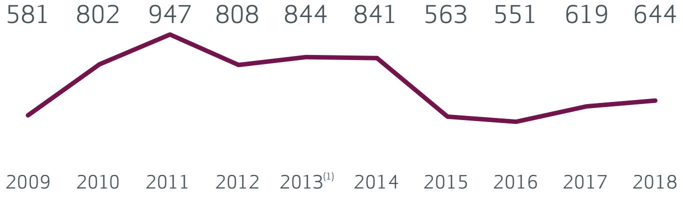
Nevertheless, it is worth mentioning the improvements seen regarding the way the financial system operates. Regulatory changes developed by the BNA have provided greater access to currencies and, consequently, a significant ease of the backlog of accumulated commitments in the country. This is, without a doubt, an important starting point for the country to begin a period of recovery.

In Brazil, 2018 confirmed and reinforced the recovery trend that began in the second half of 2017. The Group achieved a sales growth of 25%, which if it weren't for the adverse foreign exchange effect, would have been even greater. Even so, current market levels are still well below their natural size, which in our view means there is plenty of opportunity for growth in the country in the coming years.

The Group's overall growth in turnover, however, did not lead to an increase in gross margin. To the contrary, it went from 130.2 million euros in 2017 to 117.4 million euros in 2018, a reduction of 10%, which can be explained by the fact that the additional margin from Brazil did not offset the drop in margins in Angola. This behaviour can be explained by the change in the business mix and respective contribution towards the business's margin - in Brazil, the reactivation of an expansion cycle means our growth is based on the sale of equipment (business area with a lower margin contribution); in Angola, the continued retraction and erosion of the number of vehicles on the road led the fall in business to also extend to after-sales (business area with a greater margin contribution).

This decrease in gross margin, although partially offset by a positive contribution to the evolution of the costs structure, meant a reduction in EBITDA from 52.8 million euros in 2017 to 44.0 million euros in 2018. Besides the effect of gross margin, the evolution of EBITDA can also be explained by some one-off effects, as shown in the table.

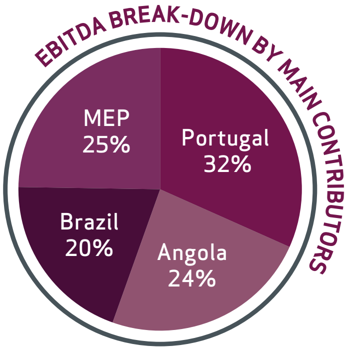
CONSOLIDATED TURNOVER 2009-2018



(1) The joint ventures now consolidated using the equity method, whilst up to 2012 they were entered using the proportional method. Nevertheless, the values shown in the graph are calculated using the equity method and are therefore comparable.

thousands of euros

NON-RECURRING EFFECTS IN EBITDA	2018	2017
Sale of MasterTest		(1 999)
Real estate gains	807	269
Gains in the sale of Banco BPI shares		1 007
Gains in the sale of East Africa operations		1 500
Impairments	(60)	3 042
Total	**747**	**3 819**

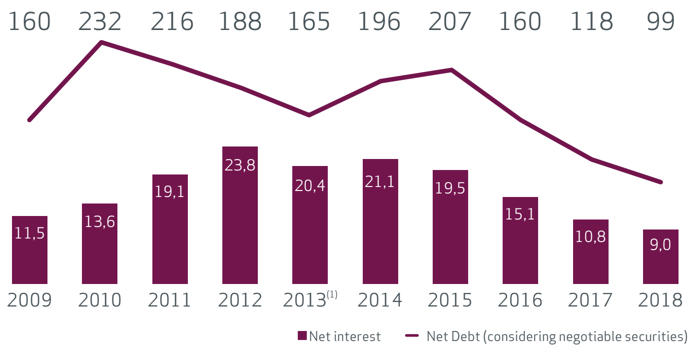


Despite this reduction, it is important to stress the qualitative evolution of the way EBITDA is broken down at origin, where we can see today a strong balance between its main contributors: the markets in Portugal, Brazil and Angola (directly) and the markets comprising the Ascendum Group (through MEP). On the other hand, it is important to highlight that as the reduction in EBITDA comes from Angola (where the repatriation of Cash Flow is still subject to currency restrictions) it does not have an impact on the Group's structural finance management.

Despite the growth in business, and the pressure this places on capital employed, it was possible to post another reduction in Net Debt, which went from 117.5 million euros in 2017 to 98.7 million euros in 2018. The ongoing decrease in this item makes it possible to reduce the burden of interest, which in 2018 was only 9.0 million euros.

It should be noted that in recent years, the Group has been carrying out a strategy for focusing on its core activity and on disposing of non-core assets. Although we also carried out several initiatives in this regard during 2018, it was not possible to complete any operation of material value.

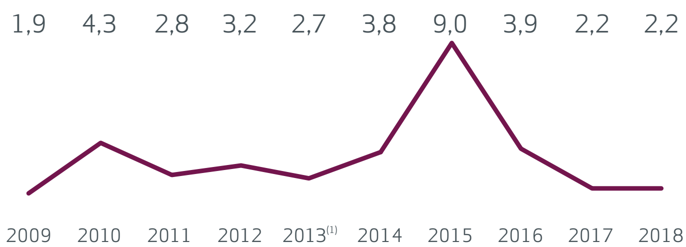
NET DEBT (CONSIDERING NEGOTIABLE SECURITIES) AND NET INTEREST 2009 – 2018



(1) The joint ventures now consolidated using the equity method, whilst up to 2012 they were entered using the proportional method. Nevertheless, the values shown in the graph are calculated using the equity method and are therefore comparable.

The combination of the effects regarding EBITDA and Net Debt allowed us to maintain the Net Debt/EBITDA ratio achieved in 2017, as can be seen in the chart below.

NET DEBT/EBITDA 2009-2018



(1) The joint ventures now consolidated using the equity method, whilst up to 2012 they were entered using the proportional method. Nevertheless, the values shown in the graph are calculated using the equity method and are therefore comparable.

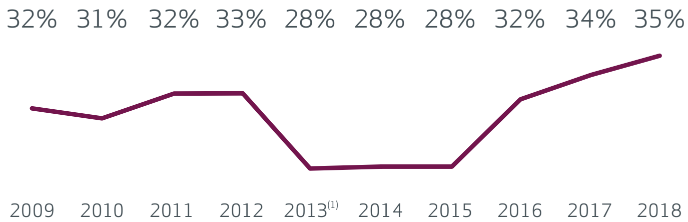
The Group was able to effectively manage the foreign exchange impacts from Angola, where it is exposed to the risk of devaluation of the Kwanza and the US Dollar. The first was mitigated by using Angolan state treasury bonds, whose valuation is indexed to the US Dollar. The second was managed using a natural hedging strategy obtained by creating US Dollar-denominated financial liabilities in Portugal.

The improved financial performance more than offset the drop in EBITDA, enabling the Group to close 2018 with an increase in net income, from 17.1 million euros in 2017 to 20.0 million euros in 2018.

Equity benefited from this performance, showing a growth, despite having had a negative impact from the foreign exchange evolution of the Brazilian

Real. Although the Group's Net Assets increased slightly (560.3 million euros against 530.7 million euros the previous year), it was possible to bolster financial autonomy to 34.8%.

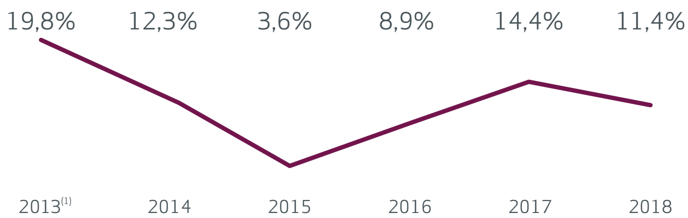
FINANCIAL AUTONOMY 2009-2018



(1) The joint ventures now consolidated using the equity method, whilst up to 2012 they were entered using the proportional method. Nevertheless, the values shown in the graph are calculated using the equity method and are therefore comparable.

Finally, regarding profitability ratios, ROE remained at 11%, while ROI decreased from 14% to 11%.

ROI 2013-2018



(1) The joint ventures now consolidated using the equity method, whilst up to 2012 they were entered using the proportional method. Nevertheless, the values shown in the graph are calculated using the equity method and are therefore comparable.

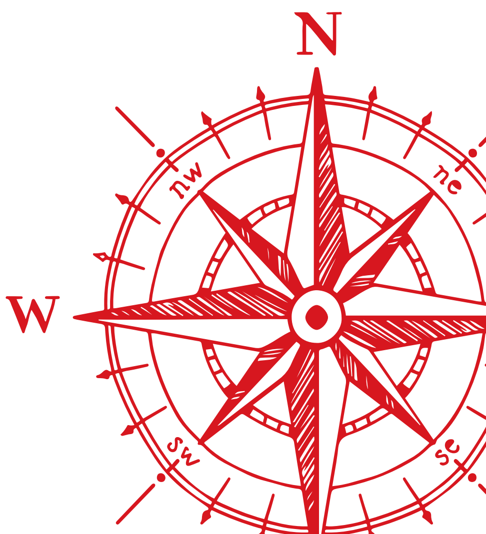
OBJECTIVES AND FINANCIAL STRATEGY

Management will continue to focus on the core activity, aiming to enhance the Group's operational profitability and free up non-strategic assets, the cash inflow from which could be used for amortising debt or investing in core assets.

We believe that our current balance sheet has all the right conditions to face a new growth phase, combining the contribution from the gradual recovery of the markets, along with growth initiatives through acquisition.

While the recovery in Brazil is a fact and has been ongoing since 2017, the recovery in Angola is not yet certain in the short term. Nevertheless, we believe that the measures carried out by the current Government will enable a healthy and more sustainable recovery, although possibly with benefits more in the medium term. In Portugal, we expect to maintain figures close to those achieved in 2018, enabling us to maintain solid results, that are able to guarantee significant economic and financial stability.

At the same time, the excellent relationship with our stakeholders and the wealth of experience and trust consolidated over the years, has put us in touch with some expansion opportunities. These opportunities are being studied and we are sure that by taking advantage of them, we will not only be able to reinforce the Group's economic reality (both in scale and profitability) but also to diversify its risk.



STRATEGIC AGENDA

In 2015, we began a strategic development process which defined Nors' Wanted Position for 2020.

To fulfil that ambition, the strategic development process was divided into two stages. 2015/2018 was the first stage, which was built on three strategic pillars - Profitability, Consolidation and Leadership - which extended to several strategic guidelines and subsequent actions, enabling us to close that cycle very successfully.

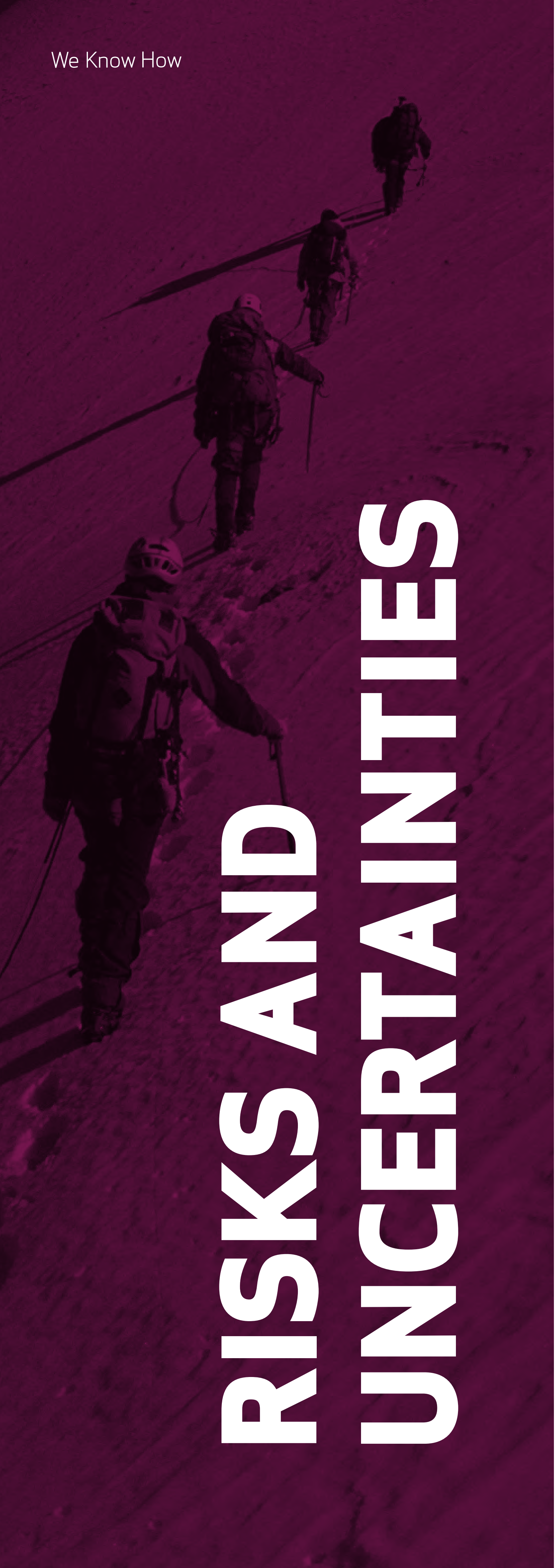
In March 2018, we began the second stage of the journey, which will enable us to achieve the Wanted Position 2020 that has been defined and pursued since the beginning of 2015.

For this second stage, we defined strategic pillars that will be the basis for the strategic guidelines and actions that we will carry out until 2020, which are as follows:

- To be among the most profitable in the industry
- To be recognised as the best in the market
- To increase our presence in the global market
- To have an efficient and lean organisation
- To have talented employees that passionately live by the company's values
- To centre our product range around transport solutions and construction and agricultural equipment

	PROFITABILITY	DEVELOPMENT	INNOVATION	LEADERSHIP
GUIDELINES	TO IMPROVE OPERATIONAL EFFICIENCY	IDENTIFICATION OF GROWTH OPPORTUNITIES	TO FIND NEW VALUE CREATION MODELS	TO HAVE THE BEST PEOPLE AND THE BEST TEAMS
	REDUCTION IN WORKING CAPITAL	CONTINUOUS STRENGTHENING OF THE BALANCE SHEET		TO PUT THE CLIENT AT THE CENTRE OF THE ORGANISATION
	TO ENSURE THE EFFICIENCY OF FIXED ASSETS	TO OPTIMISE THE GROUP'S RISK PROFILE	TO ENCOURAGE EXPERIMENTATION	
	TO IMPROVE THE VALUE PRECEIVED BY THE CUSTOMER	FOCUS ON CORE BUSINESS		TO ENHANCE CORPORATE INFLUENCE

So, throughout 2018 we developed numerous initiatives and activities which then kick-started the journey we are now committed to carrying out during this second stage until 2020, with a view to building an even more solid Nors Group, one that is also more agile and very well prepared for the challenges and changes that the automotive sector will go through in the next decade.



RISKS AND UNCERTAINTIES

INTRODUCTION

Due to its international presence, The Nors Group is subject to a series of risks, both endogenous (quality, human resources, financing) and exogenous (exchange variation, regulation, political instability, economic evolution).

CREDIT RISK

The exposure to risk of default, arising from the commercial and operational activity of the Group companies, is managed by departments created specifically for this purpose. These departments apply established procedures and mechanisms for collecting financial and qualitative information that allow for a viable assessment of the ability of the Group's debtors to fulfill their obligations. Each department is responsible for the management of customer accounts and the respective billing.

FOREIGN EXCHANGE RATE RISK

When operating internationally, the Nors Group is exposed to the possibility of recording losses or gains resulting from variations in the exchange rate between the different currencies with which it operates. This risk affects results at the operational level (impact on results and cash flows) and that of capital invested in foreign subsidiaries.

The Group makes occasional use of the forward exchange rate to mitigate part of this risk, particularly in commercial transactions where the purchase and sale currency are not the same. For the management of foreign exchange risk on equity, the Group has insisted on natural hedging strategies.

INTEREST RATE RISK

The interest rate risk takes into consideration the possibility of fluctuations in the amount of the financial charges borne by the Group for loans contracted in the countries in which it operates. With the future entry into various markets and different economic environments, the Nors Group obtains a portfolio of loans and investments less sensitive to the increase of the interest rate of certain countries.

In 2014, the Group contracted an interest rate swap to set the Euribor rate to one month. With this hedging instrument, exposure to this risk is thus partially mitigated.

OIL PRICE RISK

The variation in the price of oil affects the economy of some markets where the Group is present and therefore becomes an indicator of risk, namely in the Angolan market.

The significant influence of the oil sector on the Angolan economy creates a risk associated with the economic performance of that country, since it impacts all economic agents directly or indirectly: the State, companies and families. In the case of any significant drops in the price of oil in the international markets, as was the case in the recent past, a direct impact on the Angolan economy can be seen through the decrease in its tax revenue, as well as in currency stocks, leading to a contraction in imports and local commerce.

LIQUIDITY RISK

Liquidity risk is defined as the risk of lack of ability to settle or meet obligations within defined time frames and at a reasonable price. The objectives of managing this risk at Nors are mainly three:

- Liquidity: to guarantee access to funds on a permanent, efficient and sufficient basis to cover current payments on the respective due dates, as well as possible requests, even if unscheduled, for funds within the timeframes set for this;
- Security: to minimize the probability of defaulting in the repayment of any application of funds;
- Financial efficiency: to ensure that the Group and the UN/EG maximize the value created and minimize the opportunity cost of holding excess liquidity in the short term.

Generally speaking, responsibility for the management of liquidity risk is incumbent upon the Group's Finance Department.

However, in order to ensure the existence of liquidity in the Group and in the business units, working capital management parameters are defined to maximize the return obtained and minimize the associated opportunity costs in a safe and efficient manner. It should be noted that, in the Nors Group, all existing liquidity surpluses should be applied to the amortization of short-term debt, and the most pessimistic scenario for the maturity analysis of each of the passive financial instruments should be adopted as the basis, in order to minimize the risk associated with these obligations.

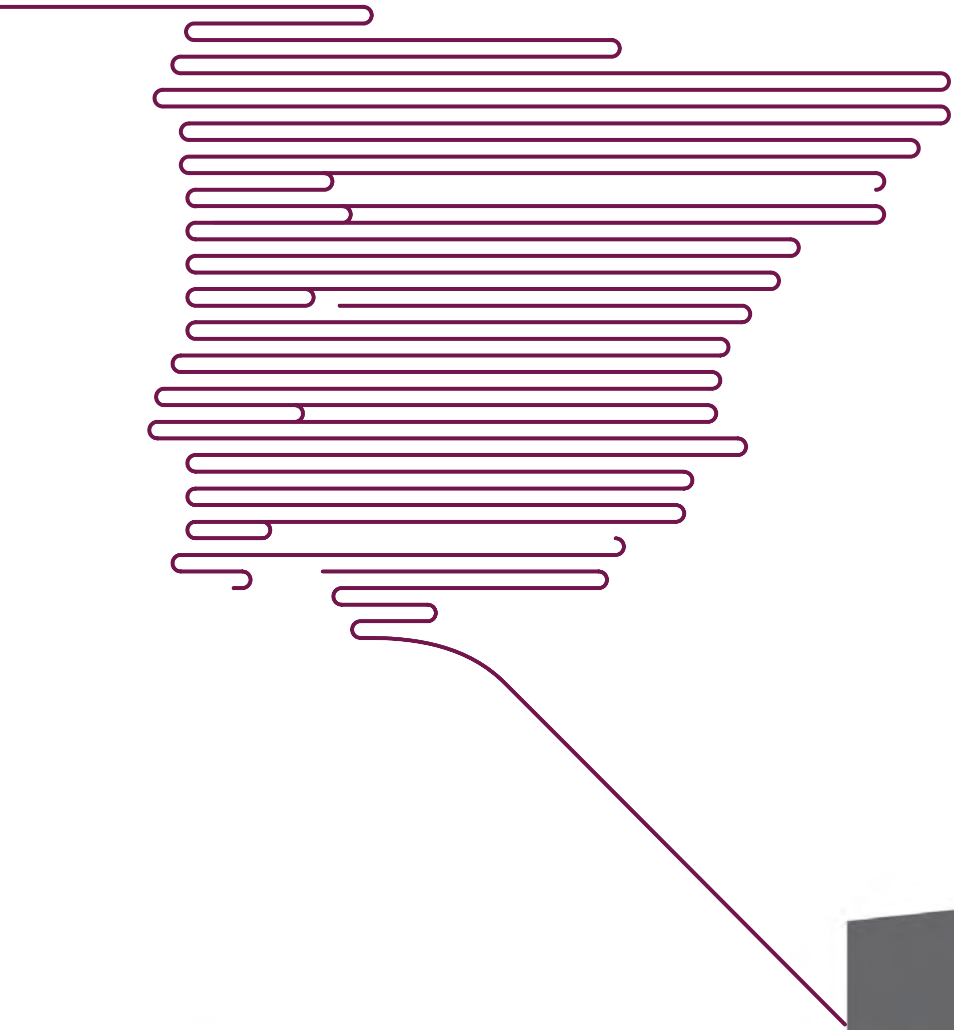
At 31 December 2018 and 2017, the Group shows a Net Debt of 98.7 million euros and 117.5 million euros respectively, divided between current loans and non-current loans and Cash in hand and at banks with various institutions, as well as debt securities with liquidity (Treasury Bonds).

ORGANIZATIONAL STRUCTURE

Ascendum Group and Sotkon Group are joint ventures accounted for using the equity method.

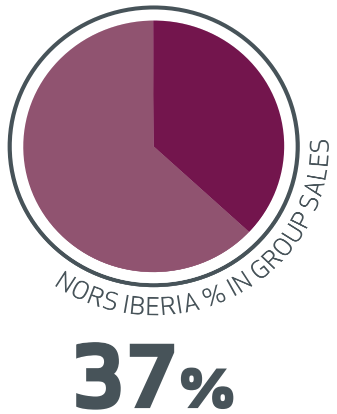

NORS
ASCENDUM
PORTUGAL, USA, MEXICO, TURKEY, SPAIN, CENTRAL EUROPE
INDUSTRIAL EQUIPMENT
CONSTRUCTION EQUIPMENT
TRUCKS
CARS
AGRICULTURAL EQUIPMENT
EQUIPMENTS FOR AIRPORTS
RAILWAYS
PORT STRUCTURES
PARTS
NORS VENTURES
PORTUGAL
CARS
ENVIRONMENT
INSURANCE
NORS IBERIA
PORTUGAL, SPAIN
TRUCKS
BUSES
INDUSTRIAL EQUIPMENT
PARTS
NORS ANGOLA
ANGOLA
TRUCKS
BUSES
CARS
INDUSTRIAL EQUIPMENT
CONSTRUCTION EQUIPMENT
PARTS
CONSTRUCTION GLASS
NORS AFRICA
NAMIBIA, BOTSWANA, MOZAMBIQUE
TRUCKS
BUSES
INDUSTRIAL EQUIPMENT
CONSTRUCTION EQUIPMENT

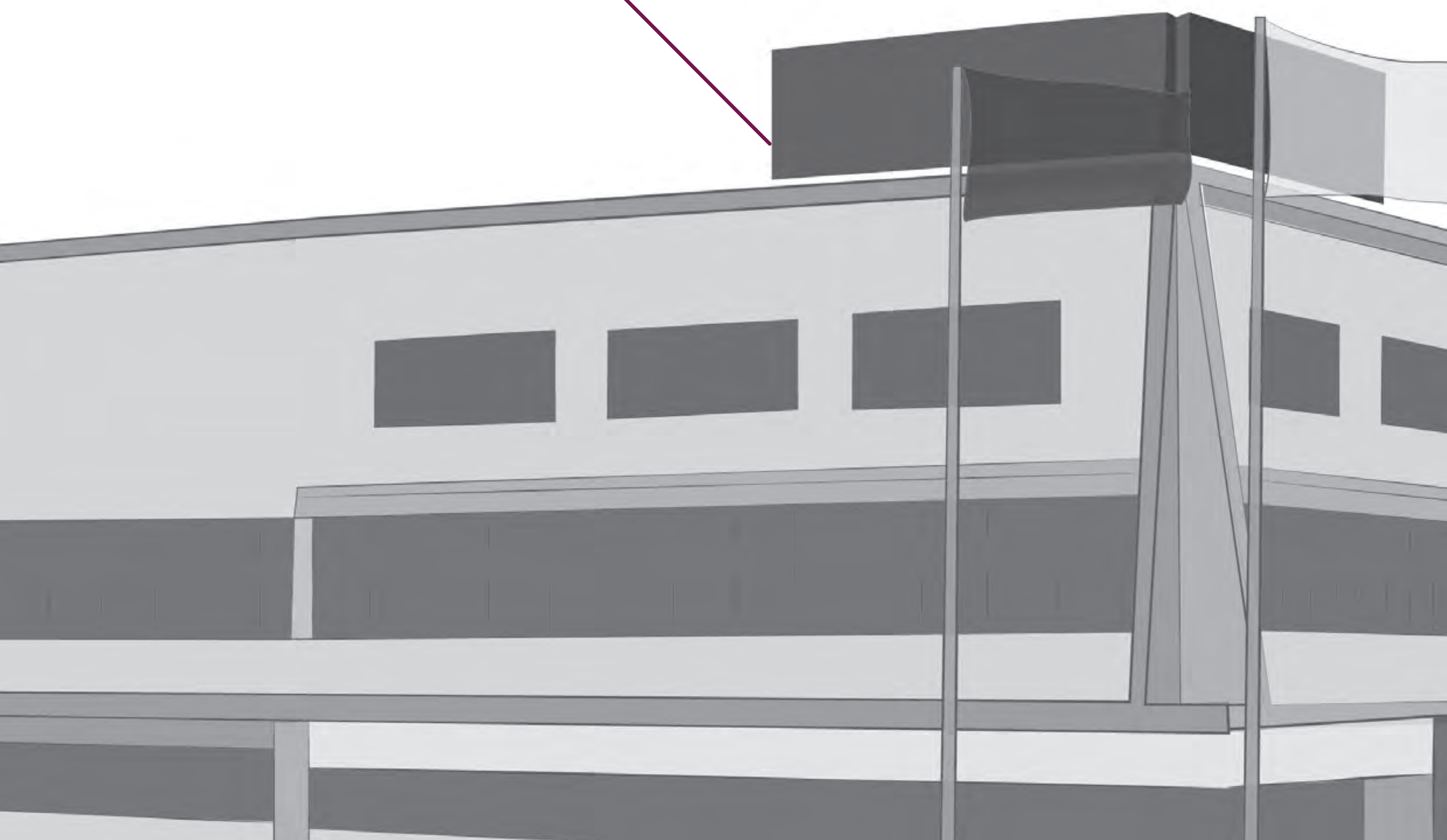
NORS IBERIA



PRODUCTS AND BRANDS MARKETED

- Volvo Trucks, Buses and Parts
- Renault Trucks and Parts
- Volvo and Renault After-Sales services
- Volvo Penta Engines and Parts
- Kohler SDMO Gensets and Parts
- Aftermarket Parts for light vehicles
- Aftermarket Parts for heavy vehicles





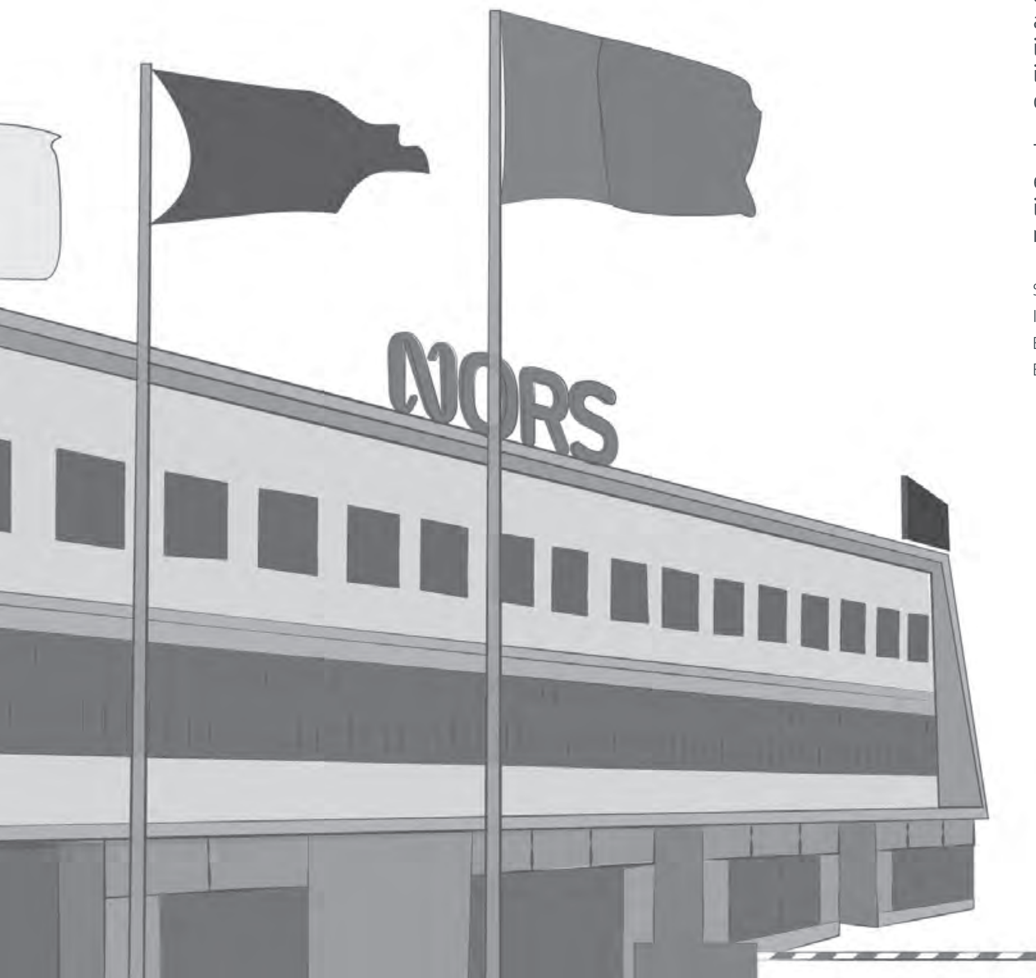
OVERVIEW OF THE MARKET
PORTUGAL

Although the Portuguese economy is being negatively affected by the slowdown in activity in countries in the Euro Zone, there are reasons to remain optimistic regarding growth expectations. Specifically, the confidence indicators continue to show a positive evolution, the labour market grew by 2.1% on a year-on-year basis (with an unemployment rate around 6.7%) and there continues to be a favourable investment trend.

The dynamics of economic activity in Portugal originate essentially from investments, domestic demand and nominal tourism exports (which duplicated in the period 2010-2017), also producing a positive effect on the Government accounts, which posted a surplus in the Public Administration balance of 0.2% of GDP. As such, Portugal's GDP is forecast to have posted a growth of 2.1% in 2018, although that growth is expected to slow down to 1.9% in 2019, due to the moderate softening of private consumption.

The inflation rate in Portugal remained restricted to 1.3%, very much justified by the very timid increase in the prices of energy, and notwithstanding the increase in the price of unprocessed food. It is estimated, however, that the overall increase in prices in the economy will be slightly steeper in 2019, to stand at 1.5%.

Source:
International Monetary Fund
Banco de Portugal – Boletim Económico dezembro 2018
Banco BPI – Mercados Financeiros dezembro 2018



SPAIN

Over the last few years, Spain has been enjoying robust growth in its Gross Domestic Product, in excess of 3%. However, that growth has been recording a gradual slowdown since 2015, a trend that the IMF foresees continuing until 2023. As such, after a growth estimated to have been 2.7% in 2018, in 2019 it is expected to be only 2.2%. During this period, Spain benefited from the reduction in the price of oil, the squeeze on interest rates and the devaluation of the euro.

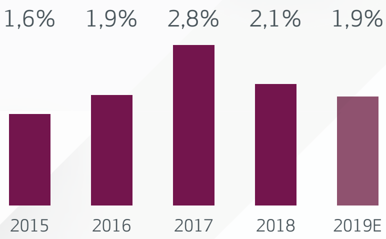
Despite the increase in domestic demand, the economy was impacted by a lower growth in household consumption, which enabled the growth rates from previous years to be maintained.

Employment indicators have been recording substantial improvements, in an economy that has posted historically high unemployment rates. As such, after an unemployment rate of 17.2% in 2017, Spain had a rate of 15.3% in 2018, with the prospect of a decrease in 2019 and 2020.

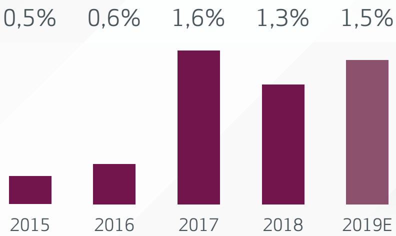
The price increases in the Spanish economy are said to have been 1.8% in 2018, which is forecast to be maintained in 2019.

Source:
International Monetary Fund
Banco BPI – Informação Mensal dezembro 2018
Banco de España – Boletín Económico dezembro 2018

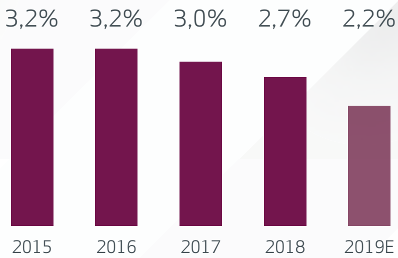
GDP GROWTH RATE IN PORTUGAL



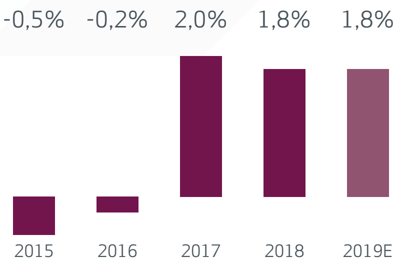
INFLATION RATE IN PORTUGAL



GDP GROWTH RATE IN SPAIN



INFLATION RATE IN SPAIN



MARKET AND GROUP PREFORMANCE

In 2018, Nors Iberia posted a consolidated turnover of 263 million euros, which represented an increase of 6% compared to the previous year. Commercial activity in the region has been increasing consecutively for seven years.

In Portugal, the heavy-duty trucks market (≥16T) decreased by 5% compared to 2017, with 4,307 units being registered (4,534 in 2017). The total trucks market (>10T) also decreased by 3% compared to the previous year, with a total of 4,609 units. The bus market grew by 52% against 2017, with 351 units being registered (231 in 2017).

Taking into account Nors' total activity in the heavy vehicles market in Portugal (Volvo Trucks, Volvo Bus and Renault Trucks), 2,004 units (new and used trucks and buses) were delivered in 2018. This total enabled Nors to have an aggregate share of the new trucks market (Volvo and Renault Trucks) of 29.2% in the above 16T market and of 28.2% in the above 10T segment in 2018.

Nors Iberia's Aftermarket activity (Civiparts Portugal, Civiparts Spain, AS Parts and ONEDRIVE) posted a consolidated sales volume of 69 million euros (against 64.3 million euros in 2017), of which 56.8 million euros refers to the domestic market, once again making Nors a key player in this sector in Portugal, for the fourth year running.

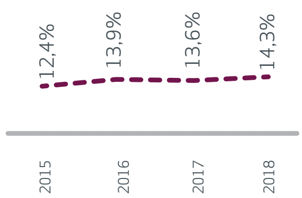
Considering all the spare parts activity generated by the companies of the Nors Group in Iberia (original and Aftermarket), it represented more than 104.7 million euros.

AUTO SUECO PORTUGAL

Auto Sueco Portugal achieved a turnover of 113 million euros in 2018, which represented a 3% growth compared to 2017.

Volvo reached a 13.6% share of the above 10T trucks market, registering 628 trucks; 614 in the heavy-duty range (≥16T), the equivalent of a 14.3% market share (13.6% in 2017), and 14 in the mid-range (10-16T), with a 4.6% share (7.3% in 2017). 197 units were delivered in the used trucks business (194 in 2017). In turnover terms, the sale of trucks represented 68 million euros, a growth of 4% compared to 2017.

EVOLUTION OF MARKET SHARE FOR VOLVO HEAVY-DUTY TRUCKS IN PORTUGAL



AutoSueco Galius

With regard to buses, Volvo had a market share of 7.4% in 2018 (21.6% in 2017). The commercial bus sales volume represented 5.6 million euros, a drop of 12% compared to the previous year.

In After-Sales, the proprietary dealer network posted the same sales as the previous year, with a total volume of 26.4 million euros. The total Volvo Dealer Network posted a growth of 1% compared to 2017, and this was the third consecutive year with sales growth. In 2018, Genuine Volvo Parts imports grew by 13% compared to 2017. The Volvo After-Sales activity therefore once again upheld an improved performance throughout the range in 2018. This continued to be a critical factor for the profitability and sustainability of the truck and bus distribution operations.

The import and retail of Kohler generators and Volvo Penta marine engines to the Portuguese market represented a total sales volume of 2.8 million euros in 2018 (a 2% growth compared to 2017). 2018 once again proved to be a year with a strong commercial performance, reinforcing the importance of this offer within the company's portfolio.

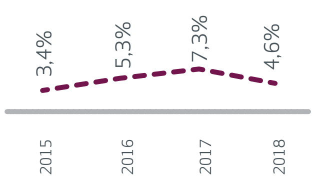
GALIUS

Galius, the importer and distributor of Renault Trucks chassis and parts for the Portuguese market, achieved a turnover of 70.4 million euros in 2018, meaning a reduction of 3%. This was due to applying IFRS 15 - Revenue in 2018. A like-for-like evolution represents a 9% growth in turnover compared to 2017.

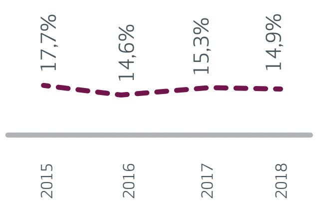
Renault Trucks reached a 14.6% share of the heavy-duty vehicles market in Portugal (>10T), with 675 units, a decline compared to 2017, when there was a total of 725 units. The performance in 2018 represented a market share of 14.9% in the heavy-duty range (≥16T) compared to 15.3% in 2017, and of 11.6% in the mid-range (10-16T), compared to 14.1% in 2017. Turnover from the trucks commercial activity was 65 million euros.

In the After-Sales Retail business, where Galius has three own dealers, the sales volume rose to 10.3 million euros, representing a growth of 6% compared to 2017. Imports of Renault Trucks genuine parts had a sales volume of 10.6 million euros, 17% higher than the 9 million euros achieved in 2017.

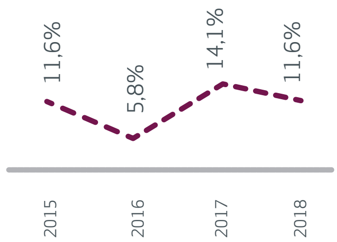
EVOLUTION OF MARKET SHARE FOR VOLVO MEDIUM-DUTY TRUCKS IN PORTUGAL



EVOLUTION OF MARKET SHARE FOR RENAULT HEAVY-DUTY TRUCKS IN PORTUGAL



EVOLUTION OF MARKET SHARE FOR RENAULT MEDIUM-DUTY TRUCKS IN PORTUGAL



CIVIPARTS PORTUGAL AND CIVIPARTS SPAIN

In the sales of Aftermarket parts for heavy vehicles in Portugal and Spain there was a sales volume of 35.7 million euros in 2018 (a growth of 3.4% compared to 2017). Turnover of the businesses in Portugal reached 23.5 million euros, representing a slight decline of 1% compared to the previous year. In Spain, sales activity stood at 12.2 million euros, representing a 14% growth compared to 2017.

In 2018, the Heavy-Duty Vehicles Aftermarket business continued with its strategy for consolidating the Top Truck workshop network. In Portugal, the Top Truck Workshop Network has a total of 16 workshops and in Spain, Civiparts' Top Truck Workshop Network has a total of 18 workshops.

LIGHT VEHICLE AFTERMARKET

In consolidated terms, the Aftermarket parts business for light passenger vehicles in the Portuguese market once again reinforced its position in 2018. Light Vehicles Aftermarket obtained a sales volume of 33.3 million euros in the domestic market, which represented a growth of 11.6% compared to 2017. Wholesale (carried out by

AS Parts) posted a sales growth of 14% compared to 2017, where retail (carried out by ONEDRIVE) had a 2% increase. This growth was achieved by strengthening the commercial profitability of the wholesale activity (an increase of 0.4 percentage points compared to 2017).

The TOP CAR Workshop Network continued to reinforce its presence in the domestic market, with a sales growth of 29% compared to 2017 and an increase in the number of workshops to 77 at the end of 2018 (64 in 2017).

MAIN IMPLEMENTED MANAGEMENT ACTIONS

2018 was a year of transformation at Nors Iberia, with the start-up of a series of transversal projects, which are extremely important for the future of both the Region and the Group. Over 100 employees were directly involved in these projects and many more were involved indirectly. More than 17,400 hours were spent (the equivalent of 2,178 working days) specifically on the projects.

The CORE project (the Group's transformation project) began its first wave of implementation in the Aftermarket companies in Iberia, and it is planned to go live in the first half of 2019. The OCLA project (optimisation of the Aftermarket logistics project) was also part of the first CORE's wave, which will go live in alignment with the latter. As far as Original operations are concerned, two transformational projects were also set in motion, one regarding customer relations (called Customer Journey) and the other regarding after-sales processes (called Flow). Both projects are being developed as a pilot at Auto Sueco Portugal. They will also be included in the second wave of the CORE project (starting as from 2020).

Concerning Auto Sueco Portugal, the Crash project was also developed (multi-brand heavy-duty vehicle collision centre), which will be based in the Nors Group's facilities in Vila Nova de Gaia, and which aspires to be a multi-brand collision development platform for heavy-duty vehicles. This project will go live during the first quarter of 2019.

In 2018, the critical support function of Market Intelligence & Customer Experience was consolidated, delivering knowledge and tools to the companies, enabling a proven performance improvement, namely in the effective increase in the active customer portfolio, in the creation of prospectus portfolios and in the qualitative analysis of the engagement with those same customers, among other things.

In 2018, LabMI (Industrial Mathematics Lab) was also built, as a business development area, supported by the expertise in applied mathematics. LabMI now plays a fundamental role in supporting the companies' business development, by creating facilitation, acceleration and performance improvement tools in various areas, such as: purchasing algorithms, sales forecast, supplier bonus rebate management, assistance contracts, among others. Nors Iberia's LabMI is already a benchmark in the academic community, as a successful formula in linking mathematics studies and knowledge to business development.

For the Galius operation, 2018 was the year for launching the customer segmentation project and commercial policy, called Grow-up (which is part of the project common throughout Iberia, called Connect). This project, which will go live at the beginning of 2019, will enable Galius to organise the way it approaches and manages its customers, as well as the way it defines its commercial policy.

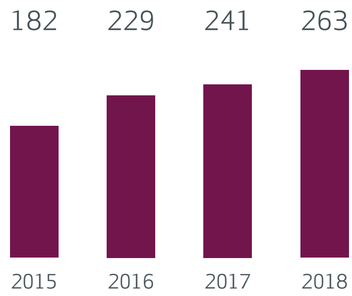
PROSPECTS FOR 2019

In terms of the external environment, a slight slowdown in the trucks market is expected for 2019, based on the signs already seen at the end of 2018. However, in terms of After-Sales, the same market levels as the last two years are expected.

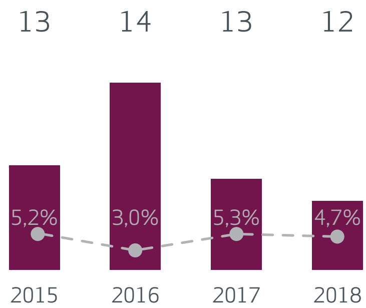
Internally, and with respect to Nors Iberia, 2019 will be a critical year for the future, taking into account the volume of projects that will go live during that year: CORE, OCLA, Customer Journey, Flow, Crash and Grow-up. It is not expected that these projects will have a major impact on the results during 2019, but the success of their start-up will be absolutely decisive for a return on the huge investment made, both in financial/economic terms and in terms of efficiency and change.

2019 will therefore be the starting point for an organisational evolution, based on new processes and technology, which aims to position the Nors Group and in particular Nors Iberia operations, at a level of excellence and competitive leadership in the markets and sectors where it does business.

NORS IBERIA SALES IN M EUROS



NORS IBERIA EBITDA IN M EUR AND IN % SALES



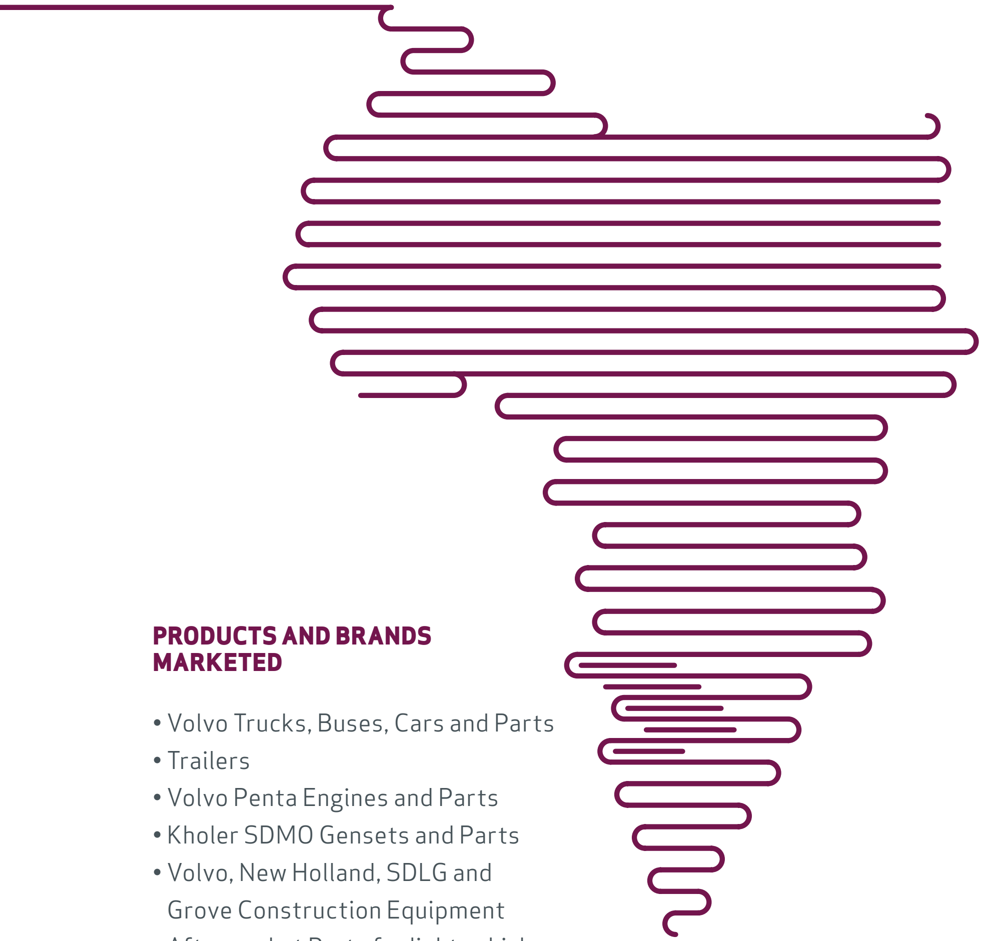
EBITDA for the Region (Iberia) represents the contribution from the operations, as well as the management structures and real estate business, which are directly related to them.

EVOLUTION OF SALES BY PRODUCT (QUANTITY AND VALUE)*

QUANTITIES					VALUE IN K EUR			
2015	2016	2017	2018		2015	2016	2017	2018
1 074	1 559	1 778	1 956	TRUCKS	69 513	106 430	124 728	133 048
42	62	57	45	BUSES	4 379	7 825	6 310	5 580
236	123	157	122	SDMO GENSETS	5 915	2 065	3 325	3 064
11	12	18	20	PENTA	187	598	698	503

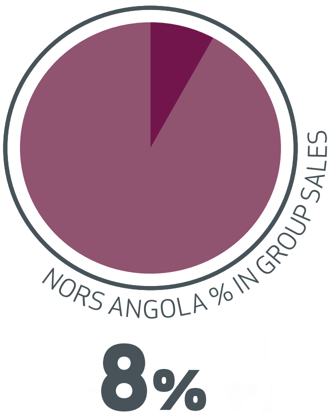
*Not all businesses in the region are included. All values and quantities are considered in accordance with the Group's revenue method.

NORS ANGOLA



PRODUCTS AND BRANDS MARKETED

- Volvo Trucks, Buses, Cars and Parts
- Trailers
- Volvo Penta Engines and Parts
- Kholer SDMO Gensets and Parts
- Volvo, New Holland, SDLG and Grove Construction Equipment
- Aftermarket Parts for light vehicles
- Aftermarket Parts for heavy vehicles
- Construction Glass



OVERVIEW OF THE MARKET

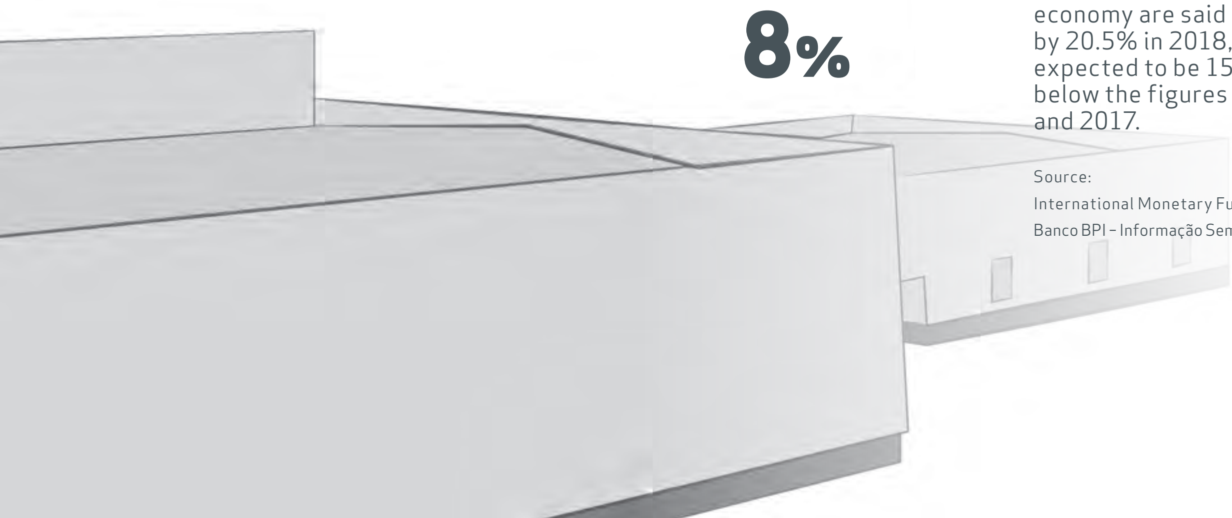
Although in 2017 the Angolan economy reversed its recessive movement of the previous year, it is estimated that Angola's GDP recorded another negative growth in 2018, in the order of -0.1%. This trend is mostly due to the 8.2% fall in activity in the oil sector and the stagnation of the non-oil sector.

If on the one hand, the export price of a barrel of oil stood at 79.32 dollars, the highest for four years, on the other hand, exports of that commodity recorded a drop of around 24% to all-time lows. The General State Budget approved for 2019 assumes the average price of a barrel of oil to be 68 dollars for that period, which to date is around 71 dollars. It is foreseen that this State Budget will be reviewed at the end of the year's first quarter.

Within the scope of the financial assistance programme, in December, the IMF approved the Extended Financing Programme for Angola of 3.7 billion dollars which will be for a period of three years. The purpose of this programme is to create a macro-economic climate that is favourable for growth recovery, namely for implementing various reforms and for budget consolidation. It is also hoped that through this intervention, there will be a liberalisation of the foreign exchange scheme in 2019, so that the value of the currency may be determined by the market. Within this scenario, the IMF estimates an average USD/AOA exchange rate of 352 in 2019. Currently, the monetary policy for devaluing the Angolan currency led to it losing 46% of its face value against the dollar in 2018.

With this backdrop, the prices in the economy are said to have increased by 20.5% in 2018, and inflation is expected to be 15.8% in 2019, far below the figures posted in 2016 and 2017.

Source:
International Monetary Fund
Banco BPI – Informação Semanal Angola dezembro 2018



MARKET AND GROUP PERFORMANCE

The heavy-duty and light passenger vehicles market decreased significantly in Angola in 2018. As far as light vehicles are concerned, the market recorded the sale of 1,698 units, which represented a decline of 41.2% compared to the previous year. While regarding the heavy-duty vehicles market, there was an 8.2% increase (238 units sold).

The machinery and construction equipment market also posted a decline in 2018 compared to the previous year, with 11.4% fewer units sold (288 units in total). This decrease, which is very much the result of the performance posted in the second half of the year, is marked by the drastic reduction in the activity of the main construction companies operating in the Angolan market.

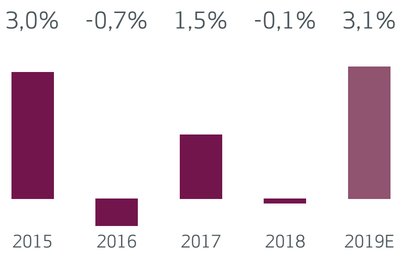
The Volvo brand ended the year with 51 trucks sold, a positive variance of 2% against 2017, but which nevertheless represents a decrease in market share, which went from 47.1% in 2017 to 36.3%, as well as the sales leadership in the heavy-duty segment.

At Volvo cars, 20 units were sold, compared to 7 in 2017, with a shift in market share to 0.77%.

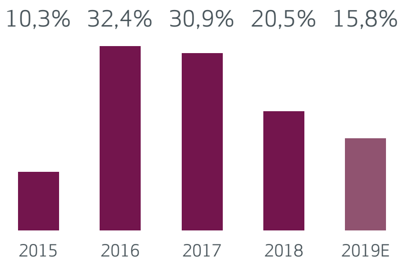
The generators business also underperformed, selling 36 units, a negative variance of 46.3% compared to 2017.

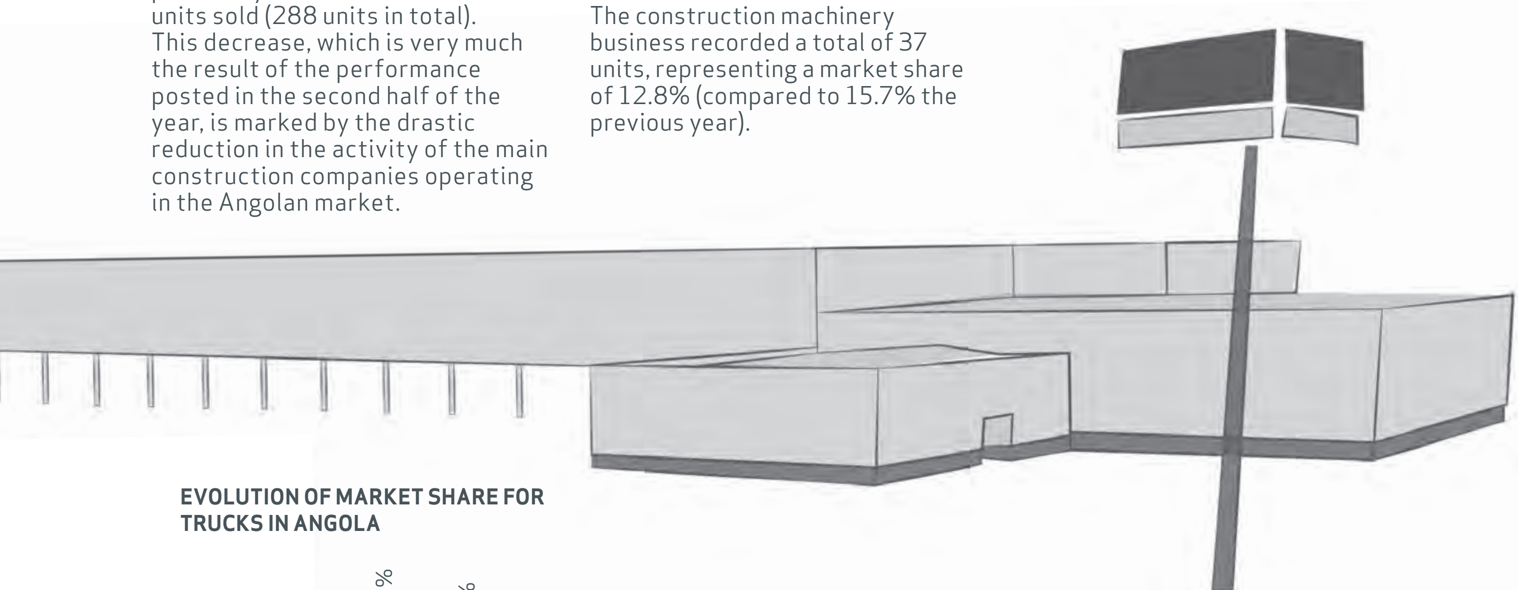
The construction machinery business recorded a total of 37 units, representing a market share of 12.8% (compared to 15.7% the previous year).

GDP GROWTH RATE IN ANGOLA

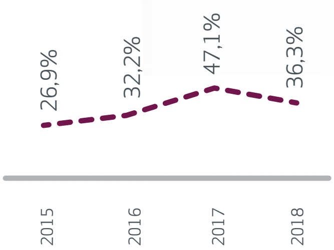


INFLATION RATE IN ANGOLA





EVOLUTION OF MARKET SHARE FOR TRUCKS IN ANGOLA



Volvo After-Sales, which encompasses heavy and light vehicles, had a lower volume than in 2017, reaching sales of 25.4 million euros. In this business area, the 32% drop is common to light vehicles and trucks, as well as to construction equipment, which was 33% and 30% respectively.

In the Heavy Vehicles Aftermarket parts business there was a 26% decrease in turnover compared to 2017, having obtained 6.9 million euros of sales in Angola, thus confirming the macro-economic environment and market climate in 2018, essentially offset by a larger customer portfolio.

The Aftermarket Light vehicle parts had a 44% decrease in sales volume compared to 2017, reaching a total of 7.2 million euros. The price adjustment arising from a more competitive environment and the difficulty in regularly importing components, due to the macro-economic situation, were the main factors justifying these results.

In the business of glass for the construction and automotive industries, there was a 39% decrease in sales volume to 1.6 million. This result was due to the difficulty in regularly importing the product, resulting from the problem in obtaining foreign currencies and from the reduction in activity in the construction sector, caused by the macro-economic situation in the country.

In overall terms, in 2018, the Nors Group posted a 23% decrease in turnover in Angola, down to 56 million euros.

MAIN IMPLEMENTED MANAGEMENT ACTIONS

As was the case in the last few years, in 2018 the activity of the different companies in Angola was severely constrained by the economic and financial situation that this country is going through and which throughout the year, dictated the development of the activity of each of our companies that operate in this market.

It should be mentioned, however, that 2018 will be marked by an improvement to the financial conditions over the course of the year, mainly in the second half - namely regarding the availability of foreign currencies - but softened by a very sharp drop in economic activity in the second half, which decisively conditioned the size of the markets where we do business.

Also of particular note was the strong reduction in the balance of foreign suppliers with delays, which made it possible to strongly mitigate the Group's exposure to this country, which was one of the strategic objectives defined for 2018.

It should be mentioned that despite the difficulties experienced throughout the year, Nors Angola managed to guarantee import levels - namely parts - which enabled it to regularly secure a satisfactory After-Sales service and aftermarket parts and construction glass sales throughout the year, which also allowed it to fulfil one of our main objectives for this year, which is to guarantee that our customers' vehicles receive maintenance and assistance, so that they may maintain the healthy development of their respective activities.

PROSPECTS FOR 2019

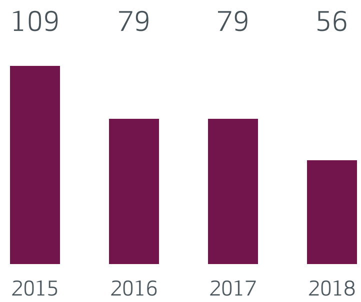
Although the year got off to a positive start, due to paying Auto Sueco Angola dividends related to 2013, which were delayed, we are maintaining the outlook that this year will continue to be extremely tough for all our companies operating in this country.

As such, on the positive side, we see greater kwanza foreign exchange stability, but, namely in the first half of 2019, a continued deterioration and renewed retraction of the markets where we operate, which will make it extremely difficult for us to generate sales both regarding trucks and equipment, and regarding After-Sales.

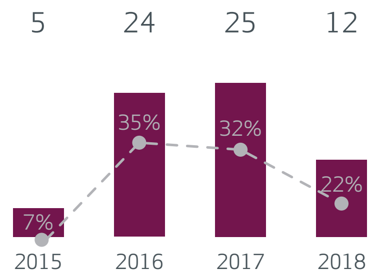
It should be mentioned, however, that as far as light vehicles are concerned, we have prospects for significantly improving our performance compared to the last three years. In this regard, we estimate having fewer difficulties than those faced to date.

Lastly, we believe it important to stress that the Group will remain completely focused on monitoring the situation of the Group's businesses in this country, through strong ties with its Teams and by taking measures in a timely manner, so as to best overcome any obstacles that may arise. That is how, in 2019, in the current circumstances, we wish to reach the level of excellent results that we have enjoyed over the last three years.

NORS ANGOLA SALES IN M EUR



NORS ANGOLA EBITDA IN M EUROS AND IN % SALES



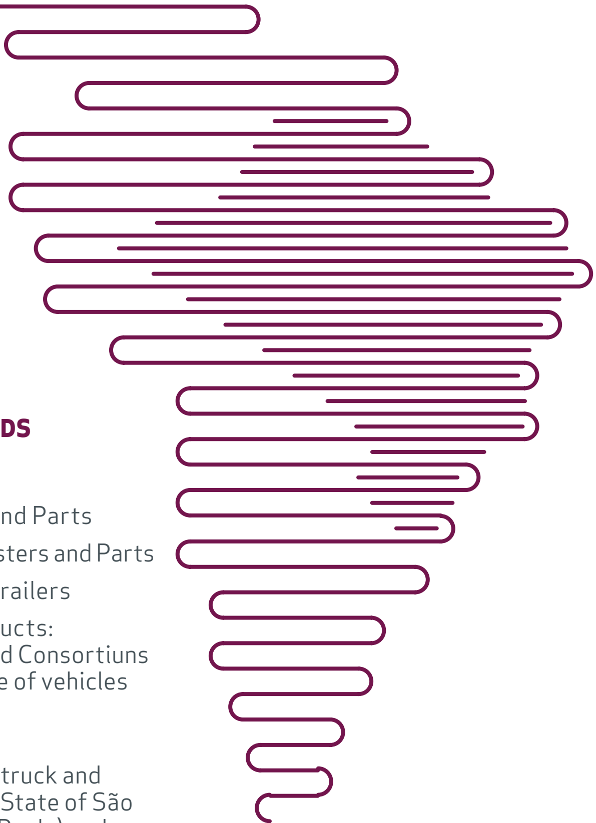
EBITDA for the Region (Angola) represents the contribution from the operations, as well as the management structures and real estate business, which are directly related to them.

EVOLUTION OF SALES BY PRODUCT (QUANTITY AND VALUE)*

QUANTITIES					VALUE IN K EUR			
2015	2016	2017	2018		2015	2016	2017	2018
140	71	50	51	TRUCKS	21 455	12 223	9 063	6 049
2	2	0	0	BUSES	492	588	0	0
113	15	7	20	CARS	9 276	1 061	574	1 663
99	31	19	5	TRAILERS	5 412	1 848	1 284	601
188	104	67	36	GENSETS	6 583	4 330	2 236	1 176
47	51	51	37	CONSTRUCTION EQUIP.	9 206	8 298	9 223	7 290

*Not all businesses in the region are included. All values and quantities are considered in accordance with the Group's revenue method.

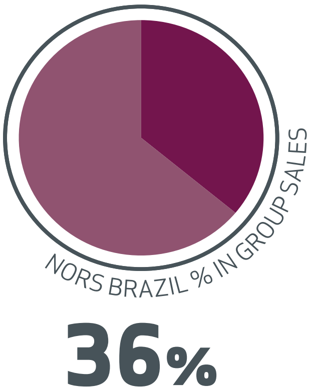
NORS BRAZIL



PRODUCTS AND BRANDS MARKETED

- Volvo Trucks, Buses and Parts
- CASE Tractors, Harvesters and Parts
- Tyres for trucks and trailers
- Complementary Products: Insurence, Financing and Consortiuns associated with the sale of vehicles

This unit has two Volvo truck and bus dealers - one in the State of São Paulo (Auto Sueco São Paulo) and another in Mato Grosso, Rondônia and Acre (Auto Sueco Centro Oeste) - as well as, since 2013, Agro New that acts as the dealer of the Case brand for the northern region of the State of São Paulo.



OVERVIEW OF THE MARKET

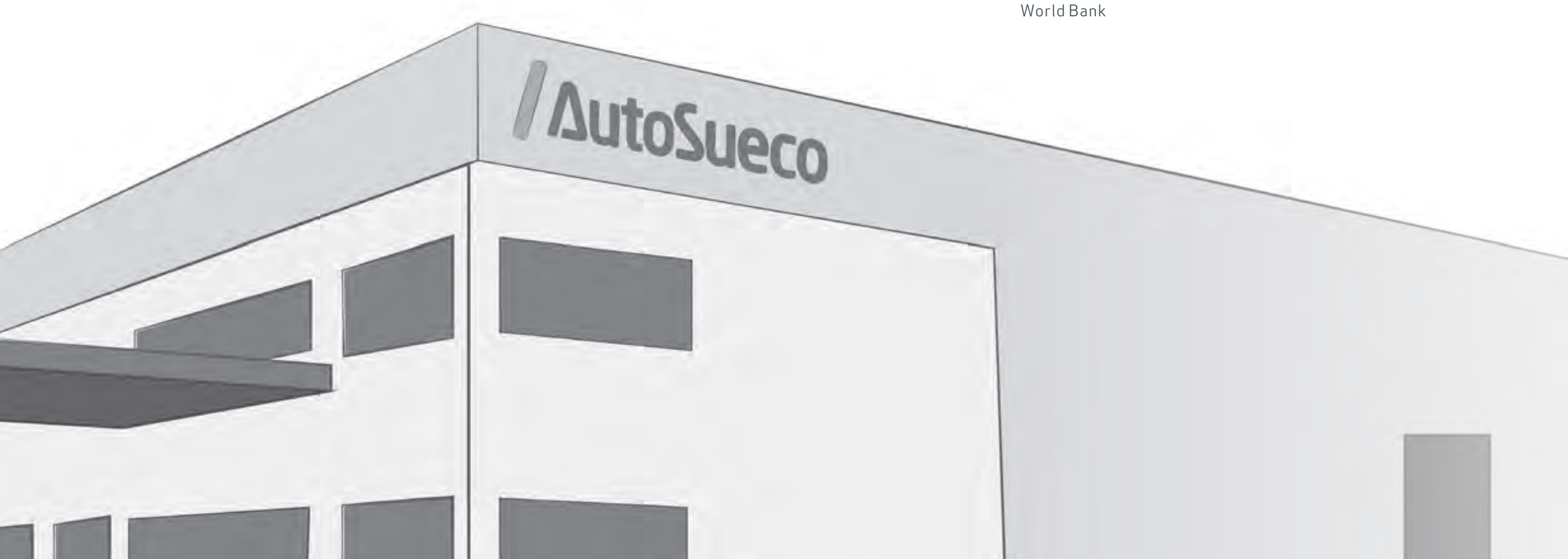
Growth estimates for the Brazilian economy indicate an increase in the economic activity of 1.4% in 2018, reinforcing the trend for reversing and consolidating two periods of recession (2015 and 2016), which began in 2017. The essential pillars of this recovery are investments and household consumption. However, 2018 was also marked by events that curbed the main growth drivers, such as the truck drivers' strike that took place during May and temporarily paralysed the business, the uncertainty around the electoral period, as well as the weak performance of the labour market.

Despite the government deficit decreasing, government debt is still growing, and is predicted to peak above 90% of GDP in 2023.

It is estimated that inflation in 2018 remained at the level of the previous period, meaning a general increase in prices in the Brazilian economy in the order of 3.7%. This level of prices was the result of a decline in the price of foodstuffs, also supported by maintaining a monetary policy that focused on maintaining lower interest rates than those seen in previous periods.

It is expected that in 2019, the Brazilian economy will continue to increase its economic activity, with an estimated growth in GDP of 2.4% (one percentage point above last year). Expectations expressed as to the evolution of prices in the economy point to a sharper increase than that in 2018, from 3.7% to 4.2%.

Source:
International Monetary Fund
World Bank



MARKET AND GROUP PERFORMANCE

In 2018, the Brazilian market for new trucks above 10T grew by 63% (8.8% in 2017) with an increase of 86% in the HDV segment and 32% in the MHDV segment.

In the region where Auto Sueco São Paulo (ASSP) operates, the market grew by 62% and in the region where Auto Sueco Centro Oeste (ASCO) operates the increase was 80%.

The Brazilian heavy-duty trucks market (MDHV and HDV segments), which had fallen by around 75% in the 2014-2016 three-year period, and which represented a total volume of 29,664 units/year in 2016, rose to 52,654 units in 2018 (32,289 in 2017), a very significant increase, but which still places the market at around 50% of the highs reached at the beginning of the decade.

This result was helped by the improved economic situation, the reduction in interest rates and also the transporters' imperative need to renew their fleets, a movement that had already begun in 2017-2018 but which grew more strongly in 2019.

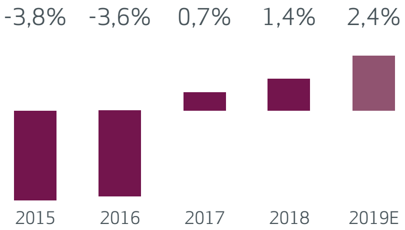
In the case of agricultural machinery, the tractor market was up 14% (it had fallen 13% in 2016 and risen 3% in 2017), and the harvester market continued on a downward trend with a 5% contraction (it has fallen 19% in 2016 and 20% in 2017).

As such, whilst in the trucks market the recovery was much greater than forecast (a growth of 15% was expected), in the case of the agricultural machinery market the year was reasonable in tractors, but continued the downward trend (for the 4th year running) in sugar cane harvesters.

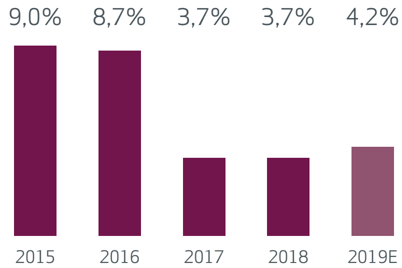
With regard to the Nors Group's operations, Auto Sueco São Paulo sold 1,555 units in 2018 relating to 1,275 new trucks, 153 new buses and 127 used trucks. The overall market share was 17.3% (16.9% in 2017) with a 22.3% share of the HDV segment (25.0% in 2017).

At Auto Sueco Centro Oeste, 665 units were sold, where 592 were new trucks, 17 new buses and 56 used trucks. The overall market share was 21.9% (20.2% in 2017) with a 25.6% share of the HDV segment (24.7% in 2017).

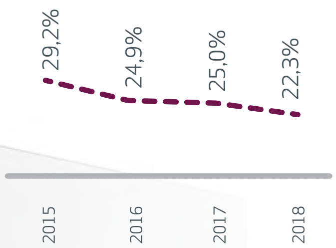
GDP GROWTH RATE IN BRAZIL



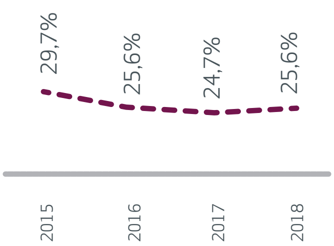
INFLATION RATE IN BRAZIL



EVOLUTION OF MARKET SHARE FOR HEAVY-DUTY TRUCKS IN SÃO PAULO



EVOLUTION OF MARKET SHARE FOR HEAVY-DUTY TRUCKS IN CENTRO OESTE



At both ASSP and ASCO, the growth inhibitor was the lack of pipeline offer of new vehicles, especially in the HDV range.

In view of this market situation, the Management teams focused on increasing volumes in the MHDV range, to improve the gross margins in the sales area, and also to increase the turnover in the After-Sales business, working more attentively on the segment of vehicles that were more than three years old.

The result was positive as the overall market share increased in both companies, as a result of a significant improvement in market penetrations in the MHDV segment. On the other hand, the commercial gross margin at ASSP increased substantially and that margin at ASCO was maintained. After-Sales had an increase in turnovers for both operations, especially at ASCO, where we reached a 16% increase.

A strong effort was also made to contain After-Sales' gross margins, which combined with the same work carried out on operating costs, led to an improved absorption rate both at ASSP, which went from 73% to 75%, and at ASCO, where it went from 115% to 130%, as a result of the significant rise in the volume of the above mentioned After-Sales.

Regarding Agro New's business, the company sold 25 harvesters (49 in 2017), 45 agricultural tractors (38 in 2018) and 18 other types of equipment, totalling 89 pieces of equipment (the same number in 2017).

This performance was below expectations in the harvesters segment. That was the result both of the continued fall in the market (it fell by more than 5% in 2018) and of the fact that our main customers chose to invest in planting in 2018, to the detriment of investing in machinery. In the tractor business, the company had a good year, recording an 18% rise, above the market increase which was 14%.

In agricultural machinery After-Sales, there was ongoing low demand, as a result of the modernisation of the fleet of harvesters that began four years ago, which led not only to an increase in the productivity of this type of equipment but also a consequential reduction in the fleet and their service needs.

As far as turnover is concerned, in 2018 the Brazil Region posted a consolidated volume of 223 million euros, representing a 22% increase compared to 2017 (46% increase when considering turnover in local currency).

MAIN IMPLEMENTED MANAGEMENT ACTIONS

There was continued focus on expenditure, the overall expenses in the region recording a variation of just 6%, within a scenario of a 46% increase in turnover and inflation at 3.75%.

The personnel structure now encompasses 606 employees, compared to 621 at the end of 2017, which confirms the attention that has been devoted to rationalising the existing resources.

Focus was also maintained on reducing inventories, having ended 2018 with a level of stock of vehicles below the figure in previous years and maintenance of stocks of parts. This improvement can be seen in the evolution of the stock rotation rate, which for vehicles has moved to 20.2 (18.7 in 2017) and for parts, to 4.9 (4.7 in 2017).

Also of note is the effort made in collecting debt, the Brazil Region having managed to reduce its average collection period to 17 days (40 in 2017), and also reduce its outstanding accounts receivable balances.

2017 was the fourth full year in business for Norshare Brazil, the Group's shared services structure in that Region, which also made some adjustments to its structure, has managed to reduce the operation's costs.

It should also be mentioned that the adjustment to the finance function continued, which led to a reduction in gross debt to around 30 million reais (35 million at the end of 2017 and 88 million at the end of 2016), so that it is more in line with the current level of activity in the Region, enabling financial charges to be reduced by around 40%.

As a result of all the efforts made and the improvement in market conditions, operational EBITDA for the Region reached 38.8 million Brazilian reais in 2018 (9.7 million in 2017), which is a figure considerably higher than the expectations drawn up at the end of 2017.

PROSPECTS FOR 2019

In 2019, it is predicted that the gradual recovery of the truck market, already felt over the last 3 half-year periods, will continue, and will be supported by an improvement to the Brazilian economy and by the need for transporters to continue renewing their fleets.

Growth forecasts are indicating a recovery of the global truck market, which may stand close to 15%.

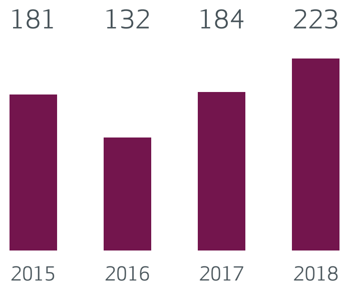
In the agricultural machinery market, and concerning tractors, it is to be expected that the growth trend will be maintained (after increasing by 14% in 2018 and 3% in 2017). As such, it is possible that the market might grow by around 10% to 15%. In the sugar cane harvester segment, the forecast continued decrease in the price of sugar, along with the increase in the current machines' productivity and the regeneration of the fleet that has been occurring over the last few years, leads once again to the prospect of zero growth or even slightly negative growth.

Based on the above, an increase in turnover in the Region in the order of 10% to 12% may be expected.

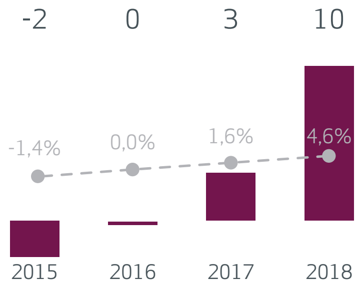
Management will once again be focused on: 1) improving gross margins, most especially in the sales area; 2) increasing the After-Sales turnover by strongly investing in the segment of older vehicles that are less regular workshop users, and lastly; 3) stock and indirect cost rationalisation, namely those related to personnel and facilities.

There is a great sense of confidence that with the current cost structure and an ongoing improvement to the market, namely in the trucks sector, the Brazil Region has the right conditions to once again improve its results in 2019.

NORS BRAZIL SALES IN M EUR



NORS BRAZIL EBITDA IN M EUR AND IN % SALES



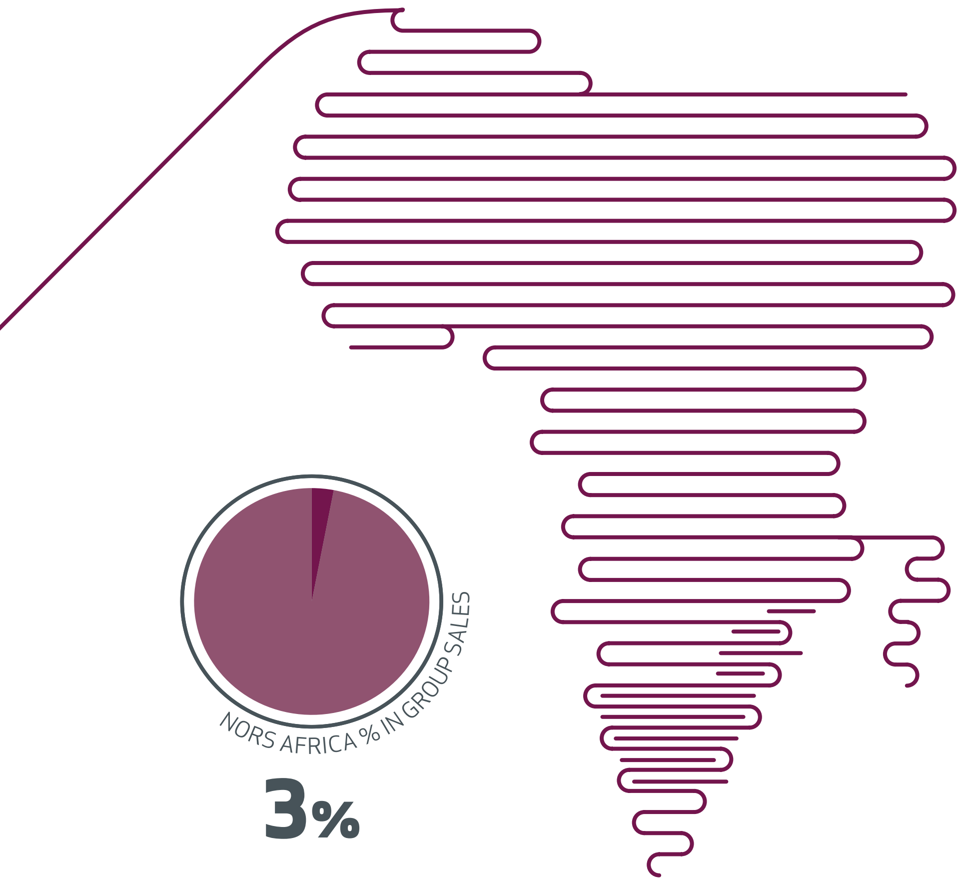
EBITDA for the Region (Brazil) represents the contribution from the operations, as well as the management structures and real estate business, which are directly related to them.

EVOLUTION OF SALES BY PRODUCT (QUANTITY AND VALUE)*

QUANTITIES					VALUE IN K EUR			
2015	2016	2017	2018		2015	2016	2017	2018
860	598	926	1 572	HEAVY-DUTY TRUCKS	69 197	47 106	81 162	127 243
358	160	128	293	MEDIUM_DUTY TRUCKS	17 547	8 217	7 775	15 009
402	263	236	183	USED	18 577	8 831	8 998	6 492
122	123	83	170	BUSES	6 626	4 766	4 492	9 426
117	89	89	89	AGRICULTURAL EQUIP.	14 910	10 779	14 454	9 128

*Not all businesses in the region are included. All values and quantities are considered in accordance with the Group's revenue method.

NORS AFRICA



OVERVIEW OF THE MARKET NAMIBIA

Following a recession in 2017, the Namibian economy posted a timid growth of 1.1% in 2018, which exceeded the Central Bank's initial expectations of the country's economic growth recovery only in 2019. Notwithstanding the turnaround to a period of real growth, there are still weaknesses in some sectors of the economy, such as wholesale and retail trade, real estate, hotel and restaurant services, as well as in the public sector.

This economy's ability to recover is very closely linked to the performance of its peers in international trade, such as Angola, France and China, as well as the international price of some commodities, such as uranium.

It is estimated that there will be a moderate growth of around 4.0% in the agricultural and forestry sector in 2019. The fishing sector, on the other hand, will benefit from a more modest growth of 1.4%.

In 2018, the price increases in the economy were more moderate than in previous years, with inflation at 3.5%, although this is estimated to return to levels of around 6%.

Source:
IMF - Global Economic Outlook October 2018
Bank of Namibia - Economic Outlook Update - December 2018

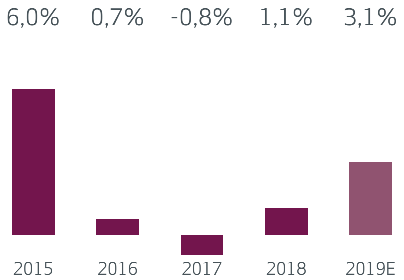
PRODUCTS AND BRANDS MARKETED

Namibia
• Volvo Trucks, Buses and After-Sales
• Renault Trucks and After-Sales
• UD Trucks and After-Sales
• Volvo Penta Industrial Engines After-Sales

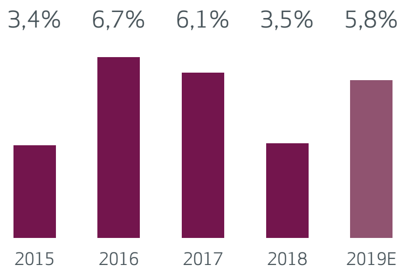
Botswana
• Volvo Trucks, Buses and After-Sales
• Renault Trucks and After-Sales
• Volvo Penta Industrial Engines After-Sales

Mozambique
• Volvo Trucks, Buses and After-Sales

GDP GROWTH RATE IN NAMIBIA



INFLATION RATE IN NAMIBIA



BOTSWANA

Botswana's GDP posted a 4.6% growth in 2018, thus confirming the upturn that began in 2016. This trend is essentially the result of the recovery of the mining sector and the overall expansion of economic activity unrelated to mining. International exchange conditions were particularly favourable for Botswana in 2018, a year in which it also began operating the mine in Damtshaa.

Government deficit stood at 1.0% of GDP, due mostly to an increase in expenditure, but also to a lower collection of tax revenue.

Growth expectations are favourable for the mid-term, considering that there is an estimated ever-increasing external demand for diamonds, a commodity that represents three- quarters of the country's exports. High unemployment, however, mainly among young people, as well as the profound social inequalities there, are factors preventing Botswana's economy from performing better in the near future.

The inflation rate for 2018 is estimated at 3.8%, within the 3-6% interval defined as the target by the Central Bank, which is predicted to be roughly maintained in 2019. Stabilisation of price levels in the economy has been the result of the Central Bank's monetary policy; since 2015, this entity has adopted expansion measures to encourage investment, by decreasing the inter-bank rate.

Source:
IMF – Global Economic Outlook October 2018
African Development Bank Group – African Economic Outlook 2018

MOZAMBIQUE

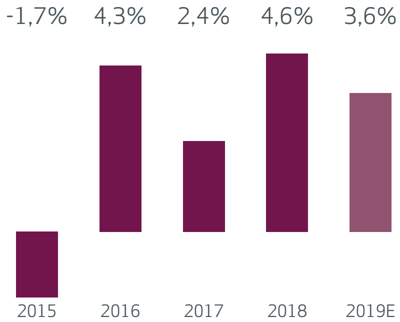
Despite the Mozambican economy posting an average annual growth of 7% in 2014 and 2015, in the last three years it recorded a sharp decrease, due to the decrease in public investment and, to a lesser extent, the reduction in direct foreign investment in the order of 23%. One of the detrimental effects of this slowdown was the increase in Government deficit (from 5.5% to 6.7% of GDP), which worsens the Mozambican economy's default which was triggered in 2016.

For 2019, growth in GDP in the order of 4.0% is estimated, driven by the agricultural sector - which continues to recover from the drought that occurred in 2015-2016 - as well as by the expansion of the mining industries which are primarily based on coal and precious stones. The outlook is also for greater direct foreign investment in projects related to gas exploration, namely in the Rovuma Basin area.

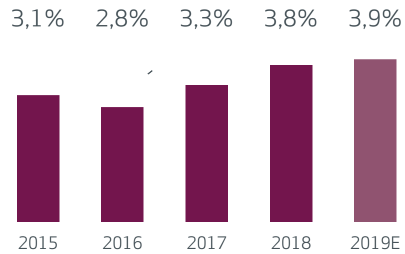
Price growth in the economy has been decreasing significantly since 2016, as a result of a monetary policy based on reducing the inter-bank rate, standing at 6.0% in 2018.

Source:
IMF – Global Economic Outlook October 2018
African Development Bank Group – African Economic Outlook 2018

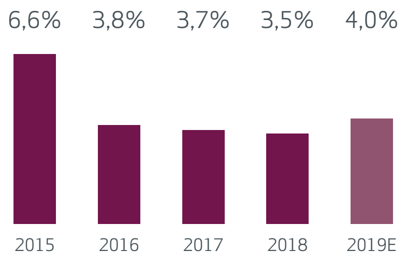
GDP GRPWTH RATE IN BOTSWANA



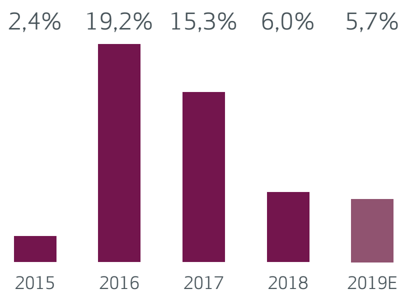
INFLATION RATE IN BOTSWANA



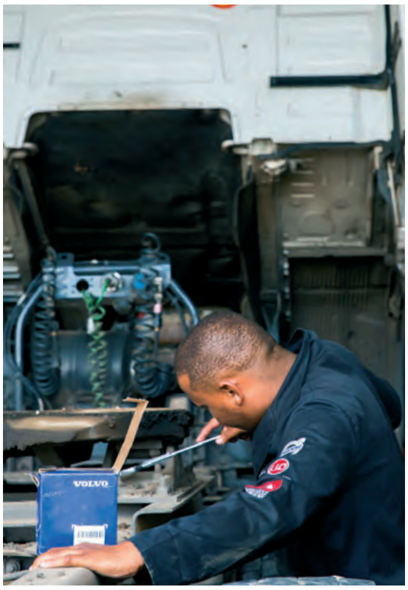
GDP GROWTH RATE IN MOZAMBIQUE



INFLATION RATE IN MOZAMBIQUE



AutoSueco



MARKET AND GROUP PERFORMANCE

In 2018, the markets where Nors Africa carries out the Volvo business presented quite different trends regarding the growth of their respective economies.

In Botswana, the heavy-duty vehicles market recorded a decrease of 19.6% (going from 276 to 222 units), while Auto Sueco Botswana managed to improve its performance, thereby reaching a market share of 16.2%, against the 13.4% achieved in 2017.

In Namibia, the heavy-duty trucks market increased by 10.4%, standing at 286 units, although Auto Sueco Namibia's share dropped by 5.2 p.p. reaching a market share of 16.8% (22% in 2017 and 17.5% in 2016) in the sale of Volvo chassis. In 2018, Auto Sueco continued to sell the UD brand of heavy-duty and mid-range trucks, where it achieved a market share of 1.4% and 4.3% (1.5% and 20.8% in 2017), respectively.

In Mozambique - where the fourth full year in business was concluded - it is estimated that the trucks market reached 247 units, with Auto Sueco Mozambique achieving a market share of 51.4%, which makes it the outright leader in the heavy-duty range of trucks.

Turnover in the Nors Africa Region reached 16.3 million euros in 2018, representing a decrease of 45% compared to 2017.

While regarding EBITDA, Nors Africa posted -0.3 million euros.

MAIN IMPLEMENTED MANAGEMENT ACTIONS

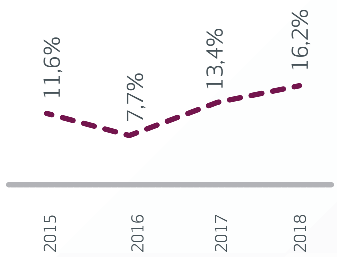
The Year 2018, as was the case the previous year, will be marked by finalising the sale of the operations located in the East Africa region, namely Kenya, Tanzania and Uganda, which significantly impaired the performance of these structures and, consequently, that of the Region, namely in the first months of the year. The sale of each of these companies was carried out over the last two years, the process has then been finally concluded.

Besides this event, and contrary to the expectations expressed, 2018 was also marked by the start of a new restructuring that took place at Auto Sueco Namibia, due to the departure of some of the company's key employees. It should also be mentioned that it was necessary to take on major operational costs in this company, arising from the organisation and sale of used trucks which it had as excess stock and which we decided to sell aggressively, with a view to achieving cash-flow and decreasing debt.

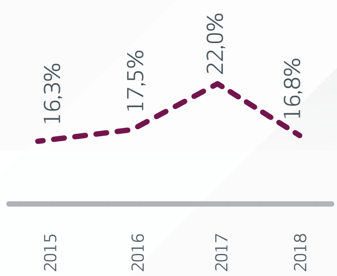
During January, as planned, the new ERP in this company went live, after Auto Sueco Mozambique having implemented it in 2016 and Auto Sueco Botswana in 2017, which made it possible to include the company in the Nors' different administrative and financial routines in pursuit of the route to solidity that the Group has been developing in these areas in its companies in Africa.

Lastly, regarding Auto Sueco Mozambique, the year was marked by the reinforcement of our heavy-duty trucks market leadership, which enabled us to continue on the path to increasing the number of Volvo trucks on the road, and to significantly increase the After-Sales activity in the Maputo facilities.

EVOLUTIONOF MARKET SHARE FOR TRUCKS >16T IN BOTSWANA



EVOLUTIONOF MARKET SHARE FOR TRUCKS >16T IN NAMIBIA



PROSPECTS FOR 2019

As the Region went through a reorganisation process over the last few years regarding its exposure in this part of the world, 2019 will be the year where we foresee finally concentrating on developing the three operations, and as such, boosting their profitability.

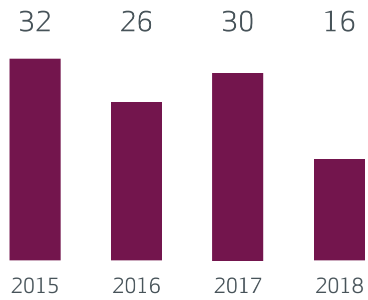
At Auto Sueco Namibia, we began the year by concluding the restructuring process that was in progress by recruiting a new Executive Director who will enable us to focus the company on developing its businesses and products. We therefore count on reaching new levels of profitability in line with the potential we are sure it has.

As far as Auto Sueco Botswana is concerned, following a rather interesting year regarding both sales and profitability, we shall continue to be committed to endeavouring to reinforce our market share - solidifying our presence there - and increasing our After-Sales penetration both in the trucks market and the generators and marine engines segment. For 2019 we have drawn up various initiatives that will surely contribute towards increasing the After-Sales activity, which we believe to be of the utmost importance for this company's profitability.

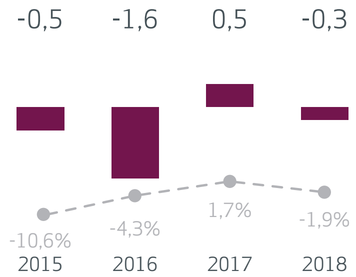
With regard to Auto Sueco Mozambique, we shall continue to reinforce the human resources team, namely in the After-Sales area, where we count on opening new facilities in Beira during the second quarter of 2019. This will be a fundamental step towards developing our activity, as it will enable us to project the company to higher sales levels in this area and to increase the customer capillarity in this market. Also in this company, we will start importing and distributing SDLG Construction Equipment in 2019, which will surely strengthen Auto Sueco Mozambique's role and presence in this country.

Lastly, in the second half of this year, we intend to reinforce our presence in these markets, namely by increasing the portfolio of products sold by these Group companies.

NORS AFRICA SALES IN M EUR



NORS AFRICA EBITDA IN M EUR AND IN % SALES



EBITDA for the Region (Africa) represents the contribution from the operations, as well as the management structures and real estate business, which are directly related to them.

EVOLUTION OF SALES BY PRODUCT (QUANTITY AND VALUE)*

QUANTITIES					VALUE IN K EUR			
2015	2016	2017	2018		2015	2016	2017	2018
187	274	278	267	TRUCKS	16 843	20 737	21 433	20 783
89	77	20	0	CONTRUCTION EQUIP.	9 687	5 085	1 078	0
12	35	26	5	TRAILERS	250	635	863	98
13	3	0	7	OTHERS	649	35	0	918

*Not all businesses in the region are included. All values and quantities are considered in accordance with the Group's revenue method.

NORS VENTURES

Nors Ventures is a business unit which includes the assets held by the Group that requires a management or holding logic different from that employed in the other regions.

PRODUCTS AND BRANDS MARKETED

- Sale and After Sale of Volvo, Honda, Mazda, and Land Rover cars
- Tyre recycling industry and production of granulated rubber (Biosafe)
- Underground containers for refuse collection (SOTKON - ASFC Group)
- Insurance brokerage (Amplitude)

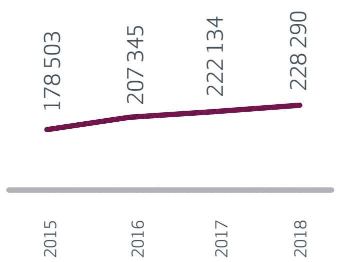
OVERVIEW OF THE MARKET

The above mentioned.

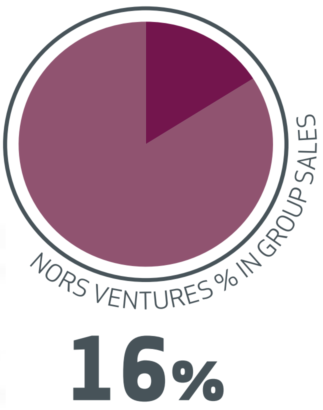
CAR BUSINESS
MARKET AND GROUP PERFORMANCE

The national car market ended 2018 with the registration of 228,290 light passenger vehicles, posting a 2.8% growth compared to 2017, although with a reverse trend in the last four months of the year.

EVOLUTION OF THE CAR SALES IN PORTUGAL



For the five represented brands combined, Auto Sueco Automóveis registered 2,273 units, standing overall at 15% above 2017 and ending the year with a market share of 1%.



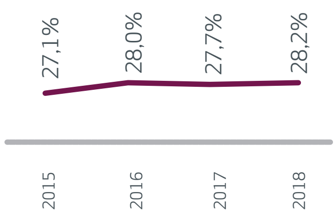
Auto Sueco Automóveis' commercial performance in 2018 was quite different in each of the brands sold, as a result of their individual strategies and product cycles.

Volvo represented around 64% of the company's total volume and ended the year showing a 13% growth against 2017, slightly above the brand's global growth. At Mazda, there was an 11% decline compared to 2017, essentially due to an old range that began its renewal cycle during the year. Honda continued with the import entity's transition and adaptation process, where the first results of the change in positioning are starting to appear with a 14% growth compared to 2017. Land Rover had a less successful year, with a global sales decrease of 26%. However, Auto Sueco Automóveis managed to increase its weight in the brand, growing 8% in the number of vehicles. On the other hand, this was the first full year of selling the Jaguar brand, where we achieved a 6.9% weight in the brand in a total market of 851 units.

The company's After-Sales activity recorded a 5% increase against 2017, with all locations where the company is present posting a growth.

Overall, considering the Commercial and After-Sales activities, the total sales volume of Auto Sueco Automóveis recorded a 20.8% growth in 2018, reaching a figure of 83.4 million euros.

EVOLUTION OF THE GROUP MARKET SHARE FOR THE VOLVO BRAND



MAIN IMPLEMENTED MANAGEMENT ACTIONS

2018 was a very positive year for Auto Sueco Automóveis. The company consolidated its position in car retail in Portugal, with a record year in terms of new cars registered and of turnover.

An important part of this success is due to the company's organisation in the commercial area, which was reinforced with further resources in 2018, and with greater focus on the channels where there were more obvious opportunities.

However, the first half of the year cannot be classified as very positive and it was necessary to hold back some initiatives and investments that had been planned for 2018.

This situation changed in the second half of the year, especially at Volvo, with the arrival of hybrid versions, which along with Auto Sueco Automóveis' good commercial performance, enabled the company to exceed all its objectives, as reflected in the good financial results of the operation.

Also of particular note is the fact that in January we started operating the new brand, Jaguar, which was also a success and exceeded the initially defined targets.

In After-Sales, we implemented pilot projects in some of our workshops, among which we would highlight an interactive reception tool, which enabled us to improve the communication with customers and the clarity of the information exchanged with them. Another initiative, albeit small, should also be highlighted, in the multi-brand repairs area, in conjunction with a major player in the Fleet Management Companies sector.

In addition, and in parallel, we implemented a new Volvo Brand After-Sales philosophy in the Gaia, Queluz and Porto operations.

In brief, at After-Sales we endeavour to always focus on improving our Customer Satisfaction combined with increasing the profitability of this important business area.

PROSPECTS FOR 2019

The predictions for 2019 indicate a stable market. At Auto Sueco Automóveis we have different strategies for the commercial areas and for After-Sales.

In the commercial area, due to the foreseen stability in the market and the product programme of our represented brands, we want to maintain the 2018 volume and, if possible, take advantage of some slight growth opportunities in operations which are now reaching a stage of maturity. Conditioning factors for us are the sector's taxation and the WLTP that is coming into force, which penalises some of our brands' highest selling models.

On the other hand, we want to grow our After-Sales, both in the workshops, seeking to maximise the volume and team productivity, and in the parts area, endeavouring to increase the turnover related to external sales.

With regard to the facilities, works are planned for reformulating the Guimarães and Almada Volvo operations.

When defining the main targets for 2019, four priority blocks were defined which will be the strategic operating drivers.

First, in the After-Sales area, where we want to boost our teams' experience along with several pilot projects that are running in the company to seek new ways of working, new solutions for our customers and, consequently, greater profitability in this channel.

A second driver is the used car business, especially the Remarketing programmes of the brands sold. In this point, we have a strategy planned that we chose not to implement in 2018 but which we want to return to in 2019.

The third pillar is the Digital area. Nowadays, our customers' way of relating to us is different and we have to be able to keep up with the trends and demands of the sector. We believe that a more up-to-date presence on the Internet, more effective and efficient leads management and proper presence on social media are currently essential for future success.

Lastly, we want to ensure the company's future sustainability, and so it is essential that our customers are highly satisfied. This is a priority area of intervention for 2019.

TYRE RECYCLING, CRUMB RUBBER PRODUCTION AND PRODUCTION OF NEW RECYCLED RUBBER DERIVATIVES BUSINESS

MARKET AND GROUP PERFORMANCE

In 2018, as usual, Biosafe was able to count on its partner Valorpneu to obtain all the end-of-life tyres required for its activity.

In 2018, it posted a 3% increase in sales volume compared to 2017, standing at above 4.2 million euros. Transformed products were up 13%, although still below the strategic ambition.

The company successfully carried out its management policy for controlling expenditure, which was reflected in income consolidation.

During 2018 the company's export dynamics were apparent, with its productsion being available in 39 countries, sending 74% of its commercial sales volume to various markets across the five continents. The domestic market represented 26% and the most significant external markets are Australia, Germany, France, Spain and the United Kingdom.

MAIN IMPLEMENTED MANAGEMENT ACTIONS

The strategy for entering new markets made it possible to increase the number of active customers by 19%.

The operation of installed production lines was maintained. Exploration of the primary shredding line was as expected, while the secondary shredding line continues to be the facility's bottleneck. The coloured and moulding lines now have a more continuous load.

Operating the SAP IT management system enables us to have a vast set of data available, which we are starting to explore, in order to transform them into information, for which we hired an industrial management technician in the last month of the year.

The first follow-up audit of the ISO 9001:2015 quality management system was successfully concluded.

In order to find new applications for crumb rubber, Biosafe continued to cooperate with other manufacturing companies and companies in the Portuguese scientific system.

PROSPECTS FOR 2019

In 2019, the company will stay on the same path, heading for geographic expansion, especially concerning already developed processed products and new solutions to be developed.

We will carry on studying processes for improving the factory's production and productivity in general as well as the individual productive lines.

We shall continue transforming data into information to improve the processes.

It is also our aim to maintain the quality certification and prepare for environmental certification in 2020.

BUSINESS OF UNDERGROUND CONTAINERS FOR WASTE DEPOSIT

MARKET AND GROUP PERFORMANCE

The Sotkon Group ended 2018 with a turnover of 10.3 million euros, in line with the figure recorded the previous year. Above all, the performance was marked by the significant increase in the contribution from the international distribution network, with the entry into new markets (Ukraine, Lithuania and India) and the contribution from the markets in Israel, Croatia, Greece and the United Kingdom. The subsidiaries in France and Spain also recorded sharp sales growth, completing projects for new customers. In Portugal, the delay in starting up the Planalto Beirão project, which represents 4.3 million euros in sales, partly compromised the results expected in this country for 2018, which, even so, represented around 50% of the Sotkon Group's turnover. In Turkey, although also below what had been initially projected, there was a positive performance with an increase in turnover compared to the previous year, but due to the strong devaluation of the Turkish Lira, made a lower contribution towards the sales volume compared to the previous year.

MAIN IMPLEMENTED MANAGEMENT ACTIONS

In 2018, the main management initiatives were focused on two fronts: reinforcing the conditions to accelerate growth in the Group's commercial network and investing in the development of new products and services, aiming to maintain Sotkon's varied offer in its market segment. The increase in the number of distributors, and in particular the completion of sales in new markets, are a consequence of various direct marketing initiatives aimed at potential international partners, and of the high-quality support provided to those partners. With regard to the Products and Services portfolio, in 2018, the Research & Development (R&D) area concluded the project for another semi-underground container solution (Qubus-E system) - extending its offer in this product segment - and introduced an adjustable foot platform in the Apto underground system - which will enable Sotkon to obtain a competitive advantage over its competitors - and, on a more ongoing basis, it is adapting its portfolio of innovative deposit stations with PAYT (Pay-as-you-throw) access control systems. These advances, in view of the foreseen changes in the sector where it operates, will enable the Group to develop a new business model to obtain more recurrent sales and services.

PROSPECTS FOR 2019

During the coming year, the Sotkon Group will continue to carry out initiatives that will enable it to extend its presence worldwide and achieve a sustained increase in turnover, with the objective of continuing to grow and consolidate Sotkon as one of the main global players in underground container solutions. As such, the expectation for 2019 is one of growth, with the volume of orders and the hope of an increase in sales in its international distributor network contributing to that fact, not only by completing new sales in the markets of Israel, Greece, Croatia, Ukraine, Lithuania and India, but also in new markets which are being monitored and supported by the commercial team. This will be Sotkon's priority, along with continuously improving our products, adapted to new markets and demands, our internal processes, which provide support to the strategy, without compromising the sustained management of the existing resources, and our human capital, through initiatives that lead to greater commitment to this strategy.

INSURANCE BROKERAGE BUSINESS

MARKET AND GROUP PERFORMANCE

Amplitude Seguros had a turnover of 858 thousand euros in 2018, reinforcing its strong position in the Insurance Brokerage segment in Portugal.

Amplitude is renowned for being totally independent from the Insurance Companies, and is noted for studying the specific needs of each of its customers, with the aim of always seeking the best protection and insurance solutions provided by the Insurer sector, at any given moment.

In 2018, in the operation in Portugal, there was a positive evolution of overall profits, with a growth of approximately 11%.

The growth in turnover resulted from winning new direct business, as the sum of the revenue from the portfolio of continued premiums, the international business and bonus discount remained stable compared to 2017.

Total costs had a year-on-year increase of around 15%, due to reinforcing the commercial structure.

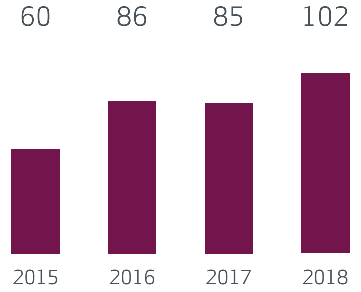
PROSPECTS FOR 2019

Amplitude Portugal aims to grow slightly in overall turnover. EBITDA should increase to close to 310 thousand euros. The increase in turnover will be obtained by increasing the recurrent domestic business by around 5%, as well as through bonus discount and international business.

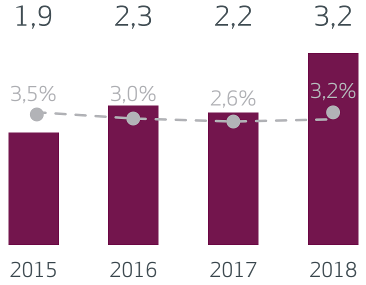
Following the commercial restructuring process that was carried out in the last few years, Amplitude will reinforce its role as an insurance and risk consultant for the Nors Group's business universe, thereby simultaneously boosting the business opportunities generated by its shareholder.

It will reinforce its investment in winning new business in the insurance market in general, taking on a total service positioning, as an innovative broker and promoter of value-added proposals, focused on customers with the objective of providing a high-quality service.

NORS VENTURES SALES IN M EUR



NORS VENTURES EBITDA IN M EUR AND IN % SALES



The EBITDA of the Region (Ventures) represents the contribution from the operations, as well as the management structures and real estate business, which are directly related to them.

EVOLUTION OF SALES BY PRODUCT (QUANTITY AND VALUE)*

QUANTITIES					VALUE IN K EUR			
2015	2016	2017	2018		2015	2016	2017	2018
1 471	2 127	1 978	2 273	CARS	34 318	50 117	48 013	62 143
763	1 015	854	811	USED CARS	6 652	8 962	9 461	9 005

*Not all businesses in the region are included. All values and quantities are considered in accordance with the Group's revenue method.

ASCENDUM

PRODUCTS AND BRANDS MARKETED

- Volvo and Mitsubishi Cars
- Volvo and Mitsubishi Fuso Trucks
- Construction Equipment by various brands
- Equipment for Airports, Railways, and Port structures

The Ascendum Group is owned 50% by Nors, S.A. and its main activity is the distribution and marketing of construction equipment and infrastructure equipment, as well as the provision of After-Sales service for these products (96% of the revenue in 2018).

OVERVIEW OF THE MARKET

The Ascendum Group operates in a variety of countries, including Portugal and Spain. The market overview of these two countries is mentioned in the chapter on Nors Iberia.

USA

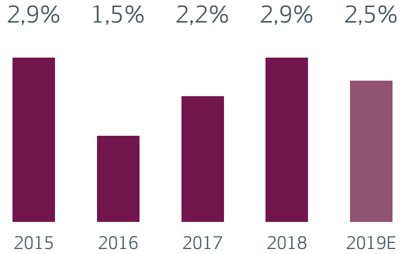
The North American economy is close to reach the record for the longest growth period in the last 170 years. However, this expansion cycle is threatened by the signs of slowdown in the real estate sector in the last few quarters. This trend is very much justified by the removal of support by the Fed, as in just one year, the interest rate on 30-year mortgages increased by 100 base points to around 5.0% (highest value in the last eight years). It is estimated that this trend will be maintained over the next quarters, with respective repercussions in the economic activity of the United States of America.

Despite not envisaging that current imbalances in the real estate sector will contaminate the economy as a whole, it is important to remember that the current housing prices in the USA are 50% higher than those recorded in 2012 (the lowest point in recent history) and 10% above those recorded at the beginning of 2007 (highest point in recent history).

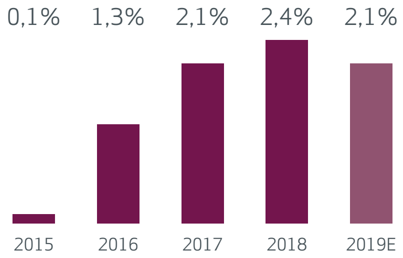
The most recent information indicates that the US economy grew by 2.9% in 2018, showing a better performance than initially anticipated for this period. It has been noted that the main macroeconomic indicators point to a favourable growth environment, as is the case of higher than expected job creation, especially in a situation that is considered to be one of full employment. Specifically, the unemployment rate is said to have stood at 3.7% (the lowest level since 1969) along with a 3.1% like-for-like increase in salaries.

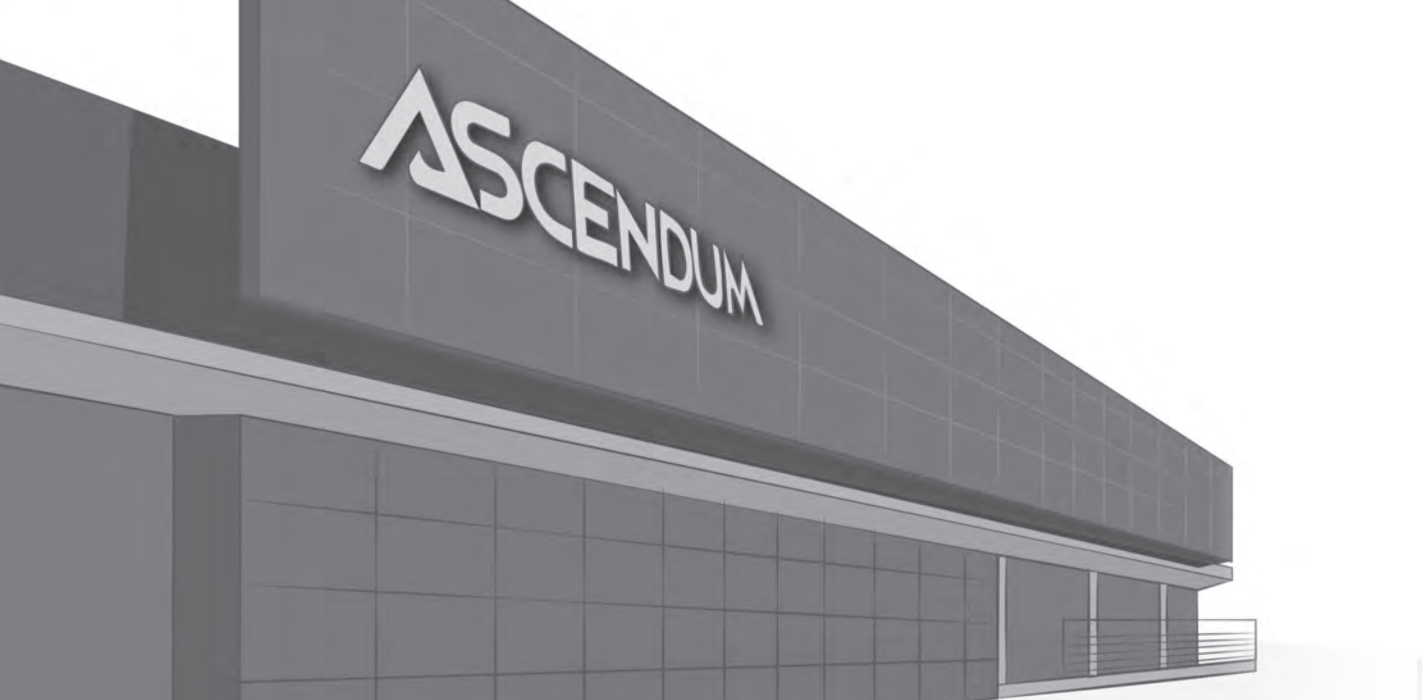
Based on the convergence of the different macroeconomic indicators, there are indications of this economy maintaining its expansion

GDP GROWTH RATE IN USA



INFLATION RATE IN USA





period, and so it will continue to have interesting dynamics, with a GDP growth rate of around 2.5%.

The level of price growth in the economy is said to be 2.4% in 2018, but it is estimated that in 2019 it will return to the figure posted the previous year, of 2.1%.

Source:
International Monetary Fund
Banco BPI – Informação Mensal dezembro 2018

TURKEY

The Turkish economy recorded a 3.5% growth in 2018, a significantly lower performance than it achieved in 2017, but in line with the outlook expressed for this period. The impoverishment of the Turkish economy has originated from the crisis of the balance of payments with an obvious lack of dollars to finance the high government deficit, linked to the rapid increase in inflation which stood at 15% in 2018. Last year the Turkish lira devalued 33%.

The outlook for 2019 is that this situation will deteriorate, finding no reason for improvement in an increasingly controlling political regime. As such, the outlook for 2019 is one of timid GDP growth in the order of 0.4% and greater price increases in the economy, reaching around 16.7%.

Source:
IMF – Global Economic Outlook October 2018

MEXICO

In Mexico, there was a slight increase in the economy's growth in 2018 (from 2.0% in 2017 to 2.2% in 2018). It is anticipated that in 2019 the Mexican economy will grow by 2.5%, with a lower inflation, roughly 3.6% (4.8% in 2018).

CZECH REPUBLIC

After getting out of the recession in 2013, the Czech economy has been consolidating its economic growth process, recording a 3.0% increase in economic activity in 2018, which is estimated to be maintained in 2019. Consumer price growth remained low, at 2.3% (2.4% in 2017), and is projected to be maintained in 2019.

AUSTRIA

The Austrian economy had a 2.8% growth in 2018, supported by increased consumption, investments and exports. Current expectations are for it to be 2.2% in 2019.

Inflation returned to close to 2016 levels with an increase from 2.4% to 4.6%, with estimates of a decrease to 3.6% for 2019.

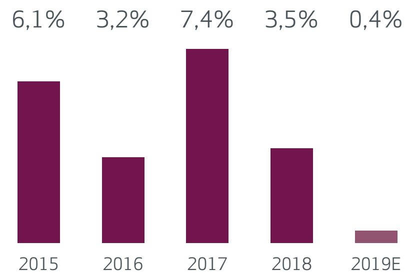
Source:
IMF – Global Economic Outlook October 2018

ROMANIA

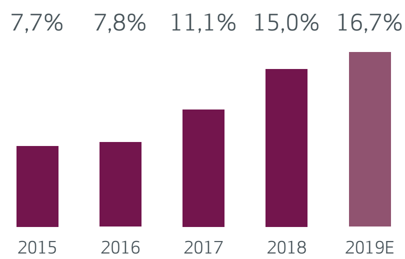
In 2018, Romania's GDP maintained the same growth level as recorded in recent years, standing at 4.0%, as a result of the boost in private consumption and exports.

It is forecast that 2019 will now enable the Romanian economy to repeat that level of growth, which will stand at 3.4%, although inflation will be lower, in the order of 2.7% (4.7% in 2018).

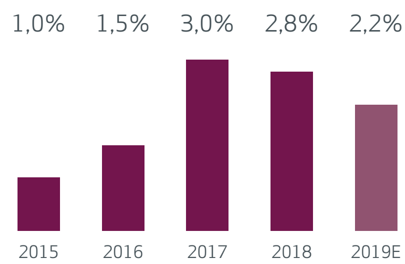
GDP GROWTH RATE IN TURKEY



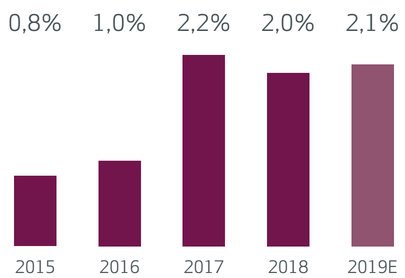
INFLATION RATE IN TURKEY



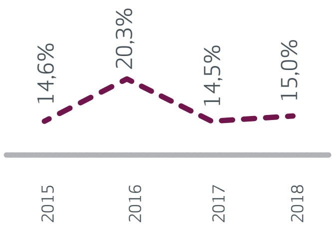
GDP GROWTH RATE IN AUSTRIA



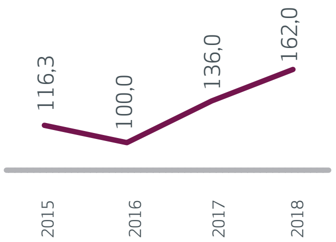
INFLATION RATE IN AUSTRIA



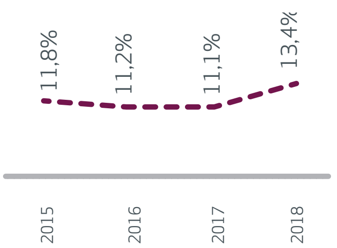
EVOLUTION OF CONSTRUCTION EQUIP. MARKET SHARE IN PORTUGAL



EVOLUTION OF TURNOVER IN PORTUGAL (M€)



EVOLUTION OF CONSTRUCTION EQUIP. MARKET SHARE IN SPAIN



MARKET AND GROUP PERFORMANCE

The Ascendum Group's turnover in the Portuguese market increased by 19% compared to 2017, reaching approximately 161 million euros. This increase reflects the recovery in the construction and earth-moving sector compared to previous years, the mitigation of financial restrictions placed on customers have contributed to this scenario.

Over the last few years, Spain has been enjoying robust growth in its Gross Domestic Product, in excess of 3%, this growth being estimated at 2.7% in 2018.

As such, in 2018, we saw a year-on-year increase of around 20% in the demand for construction equipment that is on a par with the product portfolio sold by Ascendum Maquinaria.

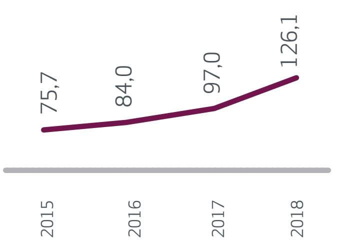
The Group's turnover in the Spanish market increased by around 30% compared to 2017, reaching 126 million euros in 2018.

In the USA, the Group reached a turnover of 300 million euros, representing a growth of 4% compared to the 289 million euros posted in 2017, thereby starting to make a recovery against 2016.

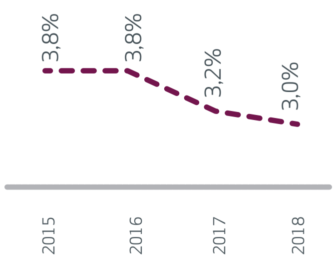
In Turkey, as has been the case the last few years, business was constrained by geopolitical tensions in the Middle East and by the devaluation of the Turkish Lira, as well as by high inflation, leading to the demand for construction equipment that is on a par with the portfolio of products sold by Ascendum Makina to record a drop of approximately 41% compared to 2016. In the same way, the Ascendum Group's turnover in this market posted a drop of 27% compared to 2017, standing at 147.8 million euros.

Mexico's economy had slight growth in 2018, although despite that growth, the number of units sold fell by around 23% compared to 2017. Similarly, turnover fell by 10% to 33 million euros.

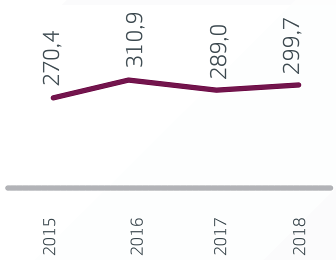
EVOLUTION OF TURNOVER IN SPAIN (M€)



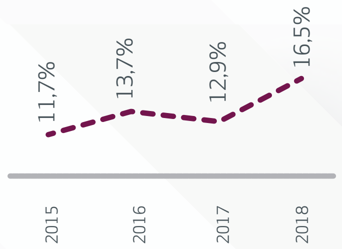
EVOLUTION OF CONSTRUCTION EQUIP. MARKET SHARE IN USA



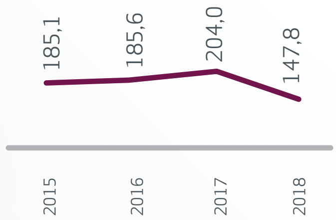
EVOLUTION OF TURNOVER IN USA (M€)



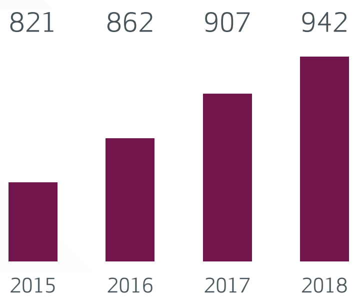
EVOLUTION OF CONSTRUCTION EQUIP. MARKET SHARE IN TURKEY



EVOLUTION OF TURNOVER IN TURKEY (M€)

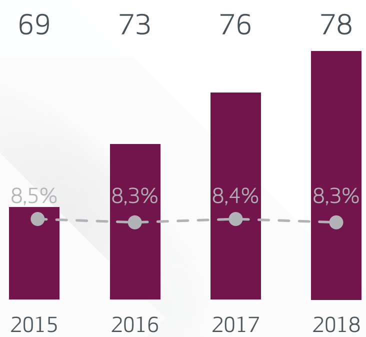


ASCENDUM GROUP SALES IN M EUR



Group values at 100%

ASCENDUM GROUP EBITDA IN M EUR AND IN % SALES



With regard to the Central Europe operation, the Ascendum Group reached a turnover of around 173 million euros, Austria being one of the biggest contributors to this region, followed by the Czech Republic.

In consolidated terms, the Ascendum Group's turnover increased by 4% compared to 2017, amounting to 942 million euros and EBITDA reached 78 million euros, with a growth of around 3% compared to 2017. The positive performance shown by the Ascendum Group throughout 2018 is the result not only of all the efforts made over the last few years, related to optimising the structure and the consequential improvement to efficiency levels, but also of the consolidation of its position in the markets where it does business.

EVOLUTION OF SALES BY PRODUCT (QUANTITY AND VALUE)*

QUANTITIES					VALUE IN K EUR			
2015	2016	2017	2018		2015	2016	2017	2018
2 604	2 437	2 438	2 547	CONSTRUCTION EQUIP.	779 803	811 982	860 042	877 272
536	730	519	848	CARS	24 397	28 675	24 038	36 556
98	146	150	182	TRUCKS	16 302	21 746	23 143	27 746

*Not included all the Ascendum Group's business.

CONSOLIDATED PERFORMANCE

thousands of euros	2018	2017
TURNOVER[1]	**644 468**	**618 895**
EBITDA[2]	**44 042**	**52 776**
% Turnover	*6,8%*	*8,5%*
Depreciations	(10 452)	(10 113)
EBIT	**33 590**	**42 663**
% Turnover	*5,2%*	*6,9%*
Net exchange differences	2 792	(3 961)
Income from financial activity[3]	(9 013)	(10 785)
RAI	**27 369**	**27 917**
% Turnover	*4,2%*	*4,5%*
NET INCOME WITH NON-CONTROLLING INTERESTS	**20 028**	**17 064**
% Turnover	*3,1%*	*2,8%*
Non-controlling interests	2 741	532
NET INCOME	**17 287**	**16 532**
% Turnover	*2,7%*	*2,7%*

[1] Sales + services rendered + own work capitalized.
[2] Income before depreciation, financial expenses and taxes.
[3] Costs and gains associated with Group's financing activity itself.

IFRS 15 - REVENUE

In 2018, the Group's consolidated accounts had an impact from applying IFRS 15 - Revenue.

Applying this standard implied the deferral of 17.9 million euros in turnover, with a negative impact of 0.5 million on Net Income.

The Financial Position recorded an increase in net assets of 16.1 million euros through Assets from operational leasing.

TURNOVER

The Nors Group's business volume stems from a diverse portfolio of geographically dispersed operations, which enables the incorporation and mitigation of different risks associated with unfavorable economic cycles of various regions.

This indicator posted a 4% growth in 2018, the equivalent of 25.6 million euros. This increase is the result of a different breakdown of the contributions per region towards the consolidated figure, the positive variations originating in Brazil (Brazil Region), Portugal and Spain (Iberia Regions and Ventures).

The volume of business distribution by geography and product is as follows:

TURNOVER BY COUNTRY	2018	% WEIGHT	2017	% WEIGHT	VARIATION M EUR
PORTUGAL	330	51%	316	51%	14
ANGOLA	54	8%	79	13%	(25)
BRAZIL	230	36%	184	30%	46
SPAIN	12	2%	11	2%	1
OTHER COUNTRIES	19	3%	30	5%	(11)
TOTAL	**644**		**619**		**25,6**

TURNOVER BY PRODUCT	2018	%	2017	%
TRUCKS	383	60%	363	59%
CARS	100	16%	84	13%
BUSES	21	3%	17	3%
GLASS	2	0%	3	0%
PARTS	87	14%	93	15%
ENVIRONMENT	4	1%	4	1%
CONSTRUCTION EQUIP.	16	2%	26	4%
AGRICULTURAL EQUIP.	14	2%	20	3%
GENSETS	8	1%	10	2%
SERVICES	9	1%	1	0%
TOTAL	**644**		**619**	

GROSS MARGIN

The Group posted a lower gross margin both in value and in percentage of sales, having achieved 117.4 million euros in 2018 (18.3%) compared to the 130.2 million euros (21.4%) posted the same period the previous year. The decrease in the margin percentage is directly linked to the greater weight in turnover of the sale of chassis, with lower margins than those obtained in the associated after-sales activities.

EBITDA

The Group posted an EBITDA of 44.0 million euros in 2018, which means a decrease of 8.7 million euros (-17%) against that achieved in 2017. This decrease mainly originated from the fact that the gross margin generated was lower in value; the increase in the gross margin freed up by the operations in Brazil did not offset the reduction in gross margin generated in Angola. On the other hand, the EBITDA generated in 2017 includes some one-off positive effects, such as capital gains obtained on the disposal of financial and real estate investments, among others, which are naturally not repeated in 2018.

NET INCOME

The Nors Group ended 2018 with a Net Income of 20.0 million euros, which means an increase of 3.0 million euros (+17%) compared to the previous year, after the already remarkable recovery that took place in 2016 and 2017. This Net Income reflects the lower interest paid, achieved by rationalising the use of capital employed in the Group's operations, as well as the more favourable result regarding foreign exchange differences ascertained in the financial year now ended (+2.8 million euros against -4.0 million euros in 2017).

FINANCIAL PERFORMANCE *thousands of euros*	2018	2017
ASSETS	**560 325**	**530 670**
Non-current assets	338 363	316 113
Inventories	110 373	92 000
Customers	58 184	70 094
Other current assets	23 605	23 786
Cash and cash equivalents	29 799	28 678
LIABILITIES	**365 359**	**351 991**
Financial liabilities	176 722	186 477
Provisions	4 399	4 397
Suppliers	104 708	85 807
Other current liabilities	79 530	75 310
EQUITY with non-controlling interests	**194 965**	**178 679**
Capital	30 000	30 000
Global reserves	131 441	119 038
Net Income	17 287	16 532
Non-controlling interests	16 237	13 109
Financial autonomy	34,8%	33,7%

The Group's consolidated assets amount to 560.3 million euros, which compared to the value recorded at the end of 2017, means an increase in the order of 6%.

CAPITAL EMPLOYED

Following the strategy that began in 2015, during 2018 the Group continued to carefully monitor the allocation of resources to the businesses it holds in the various countries. A further 4.2% reduction in Capital Employed was achieved in 2018, even within a context of increased activity.

This effort was achieved by rationalising investments in fixed assets, maintaining the policy for investing solely in assets required for the operations to do business. In terms of working capital requirements, there was a slight decrease in absolute terms, which with the increase in activity is reflected in the reduction in the working capital needs in days of sales from 19 in 2017, to 18 in 2018.

This evolution is proof of the Group's commitment to monitoring and very carefully allocating the resources it has invested in the businesses, thereby making it possible to reduce operating Net Debt and the subsequent interest expenses.

NET DEBT

The Nors Group closed 2018 with a consolidated Net Debt (including investments in securities) of 98.7 million euros. This amount, compared to the 117.5 million euros in 2017 and 160.1 million euros in 2016, is proof of the Group's commitment to investing in the solidity of its balance sheet, endowing its resource structure in an increasingly efficient manner.

The reduction in Net Debt was helped not only by strict management of the capital employed in working capital, but also the disposal of assets that the Group considered to be non-core.

.

RELEVANT FACTS AFTER THE CLOSURE OF THE ACCOUNTS

During the first quarter of 2019 a promissory contract for the purchase and sale of shares in the subsidiary Biosafe was signed between the Nors Group and Genan Holding. The foreseen sale value is 6.3 million euros, subject to price adjustments provided for in the contract.

This disposal of its affiliate is part of the Group's strategy for disposing of non-core assets.

It is expected that the parties will conclude the operation during the first half of 2019.

2019
PROSPECTS FOR

In 2019, the Nors Group will continue to closely monitor its businesses, particularly those that are within more dynamic economies, subject to greater contextual risks.

The operations in Portugal and Spain, which are more mature and, consequently, historically less volatile, allow us to anticipate a globally more stable year in 2019.

From the first months of the year, it can be noted that Brazil is remaining on the path to its economy's recovery and that of the sector in which the Group is present. The increase in demand for the solutions offered by our operations was especially remarkable in 2018 and there are reasons to be hopeful that we will see a positive evolution of that virtuous cycle.

The operations doing business in Angola will still have the challenge inherent to the evolution of that economy, namely regarding foreign exchange, given the strong devaluation of the Kwanza that has taken place in the last two years and the change to the National Bank of Angola's foreign exchange policy by making currencies available for imports.

With regard to the other operations in Africa, the outlook is for greater consolidation focused on developing the markets where the Group is present. The investments made in systems supporting the management of those businesses, as well as reinforcement of the management team, will enable the Group to have a favourable performance in 2019.

CORPORATE AND MANAGEMENT INFORMATION

GOVERNANCE MODEL

The Group's Governance Model governs the power relations of Nors' various bodies. It is characterised by a set of provisions of a legal, statutory and regulatory nature, which define and restrict their activity.

Besides the natural sovereign role of the General Assembly, Nors has adopted a dual governance model, based on the Board of Directors, the Executive Committee and the Statutory Auditor.

BOARD OF DIRECTORS

Responsabilities:
It approves the Nors Group's global strategy drawn up by the Executive Committee, regularly following up its implementation. It defines growth and profitability targets for the Group. It manages relations with shareholders and main institutional partners.

EXECUTIVE BOARD

Responsabilities:
It is the Group's main executive body. It defines and implements policies common throughout the Group that put into practice the global strategy approved by the Board of Directors. It manages the Group's business portfolio and monitors the performance of the regions that are part of it. It decides and puts forward investment/divestment decisions to the Board of Directors. It is also at this level that the Group's main human and financial resources (own and external) are managed. It focuses on creating value for shareholders.

REMUNERATION COMMITTEE

The Remuneration Committee is elected at the General Assembly and comprises three members. It is the responsibility of the Remuneration Committee to define the remunerations of the firm's governing bodies. Decisions taken by the Remuneration Committee will be approved by a simple majority. At each General Assembly, the Remuneration Committee annually presents the shareholders with a report on the remuneration policy of the firm's governing bodies, for their information.

STATUTORY AUDITOR

By law, the supervision of the firm shall be carried out by an individual Statutory Auditor, or an Audit Firm.

STATUTORY AUDITOR	GENERAL ASSEMBLY	REMUNERATION COMMITTEE
	BOARD OF DIRECTORS	
	EXECUTIVE BOARD	

BOARD OF DIRECTORS NORS IBERIA	BOARD OF DIRECTORS NORS ANGOLA
BOARD OF DIRECTORS NORS BRAZIL	BOARD OF DIRECTORS NORS AFRICA
BOARD OF DIRECTORS NORS VENTURES	BOARD OF DIRECTORS ASCENDUM

EXECUTIVE BOARD

Tomás Jervell (CEO)

José Jensen Leite de Faria	Francisco Ramos
Jorge Guimarães	Júlio Rodrigues
Rui Miranda	

AUDIT FIRM

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

BOARD OF DIRECTORS

TOMAZ JERVELL
CHAIRMAN

YEAR OF BIRTH **1944**
YEAR OF ADMISSION **1981**

TOMÁS JERVELL
CEO

YEAR OF BIRTH **1971**
YEAR OF ADMISSION **2000**

ÁLVARO NASCIMENTO

YEAR OF BIRTH **1966**
YEAR OF ADMISSION **2018**

ÁLVARO NETO

YEAR OF BIRTH **1966**
YEAR OF ADMISSION **2018**

ARTUR SANTOS SILVA

YEAR OF BIRTH **1941**
YEAR OF ADMISSION **2018**

FRANCISCO RAMOS
EBM NORS, CSO AND EXEC. DIRECTOR NORS AFRICA AND ANGOLA

YEAR OF BIRTH **1972**
YEAR OF ADMISSION **1996**

JORGE GUIMARÃES
EBM NORS AND EXEC. DIRECTOR NORS BRAZIL

YEAR OF BIRTH **1956**
YEAR OF ADMISSION **1978**

JOSÉ JENSEN LEITE FARIA
EBM NORS AND EXEC. DIRECTOR NORS VENTURES

YEAR OF BIRTH **1971**
YEAR OF ADMISSION **1998**

JOSÉ MANUEL BESSA LEITE DE FARIA

YEAR OF BIRTH **1942**
YEAR OF ADMISSION **1970**

JÚLIO RODRIGUES
EBM NORS AND EXEC. DIRECTOR NORS IBERIA

YEAR OF BIRTH **1972**
YEAR OF ADMISSION **2001**

LUÍS JERVELL

YEAR OF BIRTH **1955**
YEAR OF ADMISSION **2018**

PAULO JERVELL

YEAR OF BIRTH **1946**
YEAR OF ADMISSION **1972**

RUI MIRANDA
EBM NORS AND CFO

YEAR OF BIRTH **1975**
YEAR OF ADMISSION **1999**

BOARD OF DIRECTORS OF THE REGIONS

Responsibilities:
It defines and implements policies common throughout the Region that put into practice the global strategy approved by the Board of Directors and the Executive Committee. It manages the Region's business portfolio and monitors the performance of the companies that are part of it. It decides and/or prepares, makes grounds for and proposes investment/divestment decisions to the Executive Committee. It is also at this level that the Region's main human and financial resources (own and external) are managed. It focuses on creating value for shareholders.

NORS IBERIA
Júlio Rodrigues (President and Executive Director)
Jorge Guimarães
Rui Miranda

NORS ANGOLA
Francisco Ramos (President and Executive Director)
José Jensen Leite de Faria
Rui Miranda

NORS BRAZIL
Jorge Guimarães (President and Executive Director)
Júlio Rodrigues
Rui Miranda

NORS AFRICA
Francisco Ramos (President and Executive Director)
Afonso Martins
Jorge Guimarães
Rui Miranda

CORPORATE POLICIES

NORS VENTURES
José Jensen Leite de Faria (President and Executive Director)
José Manuel Bessa Leite de Faria
Francisco Ramos
Paulo Jervell
Rui Miranda

ASCENDUM BOARD OF DIRECTORS	
Ernesto Vieira (President)	Ricardo Mieiro
Tomás Jervell	Paulo Mieiro
Rui Miranda	João Mieiro
José Jensen Leite de Faria	Ângela Vieira
Pedro Mieiro	Rui Faustino

ASCENDUM EXECUTIVE BOARD
Ricardo Mieiro (President)
Paulo Mieiro
João Mieiro
Ângela Vieira
Rui Faustino

Considering its Governance Model, the Nors Group introduced Corporate Policies with the fundamental objective of ensuring that management, actions and processes are aligned with its core values, contributing to the effectiveness of the organization.

Nors Corporate Policies, covering all areas of activity, define the main responsibilities, decisions and approvals of the Governing Bodies, the Corporate Structure and Business Units or Group Companies, setting clear and transparent performance rules.

In addition to the Corporate Policies, the new governance model includes the Regional Regulations, Work Orders and Information.

CORPORATE STRUCTURE

The Corporate Structure of the Holding defines the Group's policies as well as the main guidelines in the respective areas of influence.

PEOPLE AND COMMUNICATION

It is the mission of the People and Communication Department to assist the Executive Committee in defining and implementing a Human Resources Management strategy and a Global Image and Communication Policy, which enhance the value and development of the People, as well as cultural alignment and building a coherent corporate identity which leverages Nors' reputation among the different stakeholders.

The activities carried out in 2018 contributed towards an improvement in the overall performance of the organisation, optimising people management and enhancing the value of the Group's human capital. The employees were further aligned with the organisational strategy and culture, and the Nors Group's reality was taken to benchmark external stakeholders, thereby forging its global recognition.

TALENT, TRAINING AND DEVELOPMENT MANAGEMENT

The Nors Group's Competency Profile was (re)defined, this being an essential tool for strategic and integrated Human Resources Management, namely for Recruitment and Selection, Potential Assessment and for Training and Development. The improvement to the organisational performance requires employee behaviour to be fully aligned with the corporate strategy, and so this Competency Profile, put into operation in specific behaviours and directed at the future, predicts individual and organisational success, and has been clearly identified and defined across the entire Group. Besides reflecting the culture and language of the organisation, transporting the Group's vision for the people's everyday behaviour, it allows initiatives for change to be instigated and aims to be a tool that leaders use as an integral part of their activity, namely when managing and developing their people.

Within the scope of Training, the Nors Business Academy fulfilled its first year of activity, with various courses taking place in the Financial, Technical and Human Resources areas. With a total of 206 enrolments on the courses, spread across all the Regions where the Nors Group is present, we would highlight the employees' interest in participating in the 'Finance for Non-Financiers' and 'Planning a Project' courses. The 'Best Practices in After-Sales' project was also implemented, which was developed solely using internal know-how, with the idea of sharing and managing the organisation's knowledge, in which 285 employees participated, from all the Nors Group's After-Sales Branches.

In 2018, we also began the RED project, which is being piloted at Norshare, and whose aim is to identify potential and develop key skills for the business. The first phase of this project consisted of the structure's Job Descriptions, followed by holding Assessment & Development Centres, to identify any gaps compared to the defined competency profiles.

In total, 85 employees took part in this project, from all the Organisational Groups.

ORGANISATIONAL STRUCTURES, PERFORMANCE AND COMPENSATION

As part of the CORE organisational transformation project, in 2018 the Success Factors cloud software for managing human capital began to be implemented with the Employee Central module.

This module will bring significant improvements when compiling employee records, managing the organisational structure and directly interacting with employees with tools that make it possible to manage their career at Nors. For the first time, the Group will have a global and integrated employee database, which will boost the efficiency of the Group's human resources management and have an impact on the other modules to be implemented.

Within the scope of performance management, and following the considerations and analyses carried out during 2017, improvements were introduced to the method for evaluating the internal customer's satisfaction with the services provided by the Group's support structures. The changes implemented, which mainly affected the evaluation frequency and scales, aimed to create greater alignment between the evaluators and those evaluated, aiming at continuous improvement of this evaluation.

With regard to compensation, priority was given to reviewing the salary brackets in force, so that remuneration practices and the decision-making process around this topic are based on the most up-to-date and credible market references possible. In addition, the Nors Flex Plan was reformed, by introducing benefits aiming to enhance its attractiveness and added value for the employees of the companies in Portugal.

COMMUNICATION, BRAND AND INSTITUTIONAL RELATIONS

Another edition of the WE.NORS Awards was held. This initiative distinguishes every year the employees whose talent, dedication, capacity for innovation and entrepreneurship are most evident, took place for the seventh consecutive year. Broadly publicized, the renewed edition of the event was very much disputed and involved a large number of collaborators in the support of the nominees in the various categories, through the constitution of Supporters whose performance was once again evaluated and awarded for its originality and energy.

Among the events promoted this year, the Nors Annual Meeting also deserves reference: an annual steering meeting that evaluates the activities carried out and presents the perspectives for the future. After a balance of the previous year, the Ambitions 2018, which are part of the Nors 2018-2020 Strategy, were themes that were later made available in the various communication channels of the Group. At the 2018 Annual Meeting a presentation on innovation and digital transformation of organizations was held.

Following that presentation, the Nors Group anticipated market trends with competition between startups, Nors Digital Disruptors, in a concept that emerged from its commitment to sustainable innovation and introducing the Group to the international innovation ecosystem. Developing a proprietary vision of what innovation is for Nors is key to determining how we will deal with our future challenges, and for this reason, it invests in partnerships such as Portugal Ventures and UPTEC to realize this initiative.

Participation in the competition was open to the startups ecosystem, with 94 applications distinguished by the four categories of company eligible for the initiative: mobility services disruption, with 39 applications; client experience and logistics, with 24; value-added vehicle products and services, with 18; and credit and customers finance solutions, which totaled 13 participations.

With 20 Portuguese registrations, there were 21 more countries involved, with strong applications from countries like UK, Spain, Germany, USA, Israel and India. Throughout the process, more than 5,000 startups were directly contacted, as more than 2 million people were reached through the digital communication strategy.

For the grand finale of Nors Digital Disruptors, 12 startups were selected, 9 of which are Portuguese, who presented their pitch to a jury.

Among the finalists, Portuguese startups such as MUBCargo, a marketplace for logistics, Ubirider, which brings together all urban transport on a single platform, are joined by international names such as Stroma Vision, a North American facial recognition system for vehicle drivers, and eiver, a driver data collection system for optimising transport flow, based in France, competing to win the first prize, consisting of a year's incubation at Nors and the sum of 10,000 euros, which was won by IZIRepair, a Portuguese startup that developed a platform that helps the user to find the best solutions in vehicle workshops and maintenance.

Internal Communication is one of the priorities of the People and Communication Department, which launched a People Brand in 2018: HUMANICS.

This internal brand will bring together various projects and communication processes involving all the Group's employees, such as the first program: the humanics - workplace experience.

In an increasingly digital world, technology plays a key role in the lives of people and organizations. The humanics - workplace experience is a program that aims to improve the digital experience of Nors employees, enabling them to be more productive, but also a more collaborative and more integrated work environment.

Through these tools, our employees can interact in a much more fluid way and access their information, safely, regardless of where they are or the machine used.

As far as external relations are concerned, the Group pursued its partnership strategy with the Mass Media, by regularly sharing and disclosing information. The return on this is very positive and encompasses all the markets in which the Group does business.

Continuing with its Corporate Social Responsibility policy, the Nors Group supported various organisations from the so-called tertiary sector, through donations and partnerships, with a special emphasis on culture and social action. In the first case, these refer to Casa da Música and the Fundação Serralves. In the latter, Nors was a patron of Projetos Contemporâneos, which included the exhibitions "Dayana Lucas: Espiírito Manual" and "Martine Syms: Lessons I-CLXXX", which were on show at Museu de Arte Moderna de Serralves (Serralves Modern Art Museum), in Porto. For the first time, Nors was also patron of the programme "Jazz no Parque" which took place during three consecutive weekends, in the Gardens of the Fundação Serralves.

Concerning social action, the Group supported Banco Alimentar Contra a Fome do Porto (Porto Food Bank), CAPITI – Associação Portuguesa Para o Desenvolvimento Infantil (Portuguese Association for Child Development), Crescer Ser, Fundação Cupertino de Miranda and Associação Terra dos Sonhos, besides the already traditional support to various Fire Brigades.

INTERNAL AUDIT

The mission of Internal Audit is to develop the organisation by using a systematic and disciplined approach to assess and improve the efficiency of the risk management, control and corporate governance management processes, checking if internal controls are in place and if these are sufficient and are being applied, thereby contributing decisively toward continuous perfection.

PLANNING AND PERFORMANCE MANAGEMENT

The mission of Performance Planning and Management is to support the Board of Directors and the Executive Committee in strategic planning, in analysing and evaluating investment projects and in managing performance, thereby ensuring that the businesses are aligned with the strategic objectives that have been defined. It is its responsibility to manage internal and external information reporting, namely producing and disclosing information to stakeholders, defining the Group's accounting policies.

OWNERSHIP STRUCTURE

LEGAL DEPARTMENT

It is the Legal Department's responsibility to assist the Board of Directors and Executive Committee in matters of a legal nature, including, but not limited to, mergers, acquisitions and other corporate reorganisations, conformity and legal risk management, identifying opportunities for legal optimisation in each market, as well as assisting with operational decisions that are identified throughout the various Corporate Policies.

FINANCE DEPARTMENT

The mission of the Finance Department is to allocate and optimise the Group's financial resources, doing so in a timely manner and in accordance with the real needs of the businesses. The Finance Department must monitor Nors' capital structure in accordance with the various financial risks to which it is exposed, identifying the necessary means of mitigation in order to properly manage the relationship with stakeholders, namely with banks and other financiers.

INFORMATION SYSTEMS DEPARTMENT

PROJECT MANAGEMENT

Project Management aims to ensure that the evolutionary roadmap of the Group's systems is planned in a structured, centralised and coherent manner, as well as to seek to uphold best practices regarding information technology and systems and to implement those most appropriate for the Group's needs.

SYSTEMS MANAGEMENT

Systems Management has the mission of guaranteeing that all Information Technology assets available within the organisation, namely Infrastructures and Applications, are in operational order. It is its responsibility to ensure the effectiveness, efficiency, scalability, consistency, inter-operability, integration and control of the Information Systems.

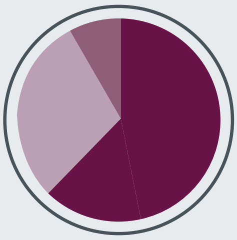
REGIONAL CORPORATE STRUCTURES

The regional corporate structures have exactly the same structure and their role is to support them. These structures must comply with the Corporate Policies defined by the Executive Committee, in which their participation, cooperation and responsibilities are set out.

The Nors, S.A equity, which is fully subscribed and paid up, is 30 Million euros (30,000,000 shares with a nominal value of 1 (one) euro).

On 22 November 2018, Auto Sueco, Lda (a private limited company) was converted into Nors S.A. (public limited company). The share capital was converted into 30,000,000 issued and fully subscribed shares with a nominal value of 1 (one) euro each.

At 31 December 2018, the breakdown of the company's share capital was as follows:



STATEMENT ON INTERNAL CONTROL OVER FINANCIAL INFORMATION

The financial management of the Nors Group is responsible for maintaining an appropriate internal control system. The company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of information and the preparation of financial statements for internal and external purposes, in accordance with the prudential criteria determined by the top management and in compliance with the international accounting principles and standards issued by the IASB.

The company's internal control includes policies and procedures which:

(i) pertain to keeping reasonably detailed records that accurately and fairly reflect the transactions and changes in the company's assets, minimising its asset risk;

(ii) provide reasonable assurance that transactions are recorded as is required in order to make it possible to prepare the financial statements in compliance with the IFRS, allowing for the standardization of accounting of all the financial information obtained in the different Group companies located in different countries;

(iii) assure, with a high degree of confidence, that company income and expenditure are in accordance with authorization from the management and the administration;

(iv) provide reasonable assurance regarding prevention and timely detection of the misuse of Nors Group's Assets.

Due to the inherent limitations, any and all internal controls over financial reporting may not prevent the existence of errors. Additionally, projections of any evaluation of effectiveness in the future are subject to the risk that these controls may become inadequate due to changes in conditions or because the degree of compliance with policies and procedures may deteriorate.

Porto, 8 may 2019

Board of Directors

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria
Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell
José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF NORS, S.A. (IN THOUSANDS OF EUROS)

	NOTE	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Intangible assets	6.	1 971	1 187
Tangible fixed assets	7.	117 162	119 498
Investment properties	8.	13 464	14 735
Assets through lease	35.	16 105	
Goodwill	9.	49 430	51 111
Investments in associates and joint ventures	10.1.	86 516	79 258
Equity instruments at fair value through equity	10.2.	521	424
Debt instruments at amortised cost	10.3.	48 226	40 337
Other accounts receivable	13.		14
Deferred tax assets	15.	4 968	9 549
		338 363	316 113
Current assets			
Inventories	11.	110 373	92 000
Customers	12.	58 184	70 094
Income tax recoverable	23.	1 842	2 637
Shareholders / partners			383
Other accounts receivable	13.	18 186	16 267
Deferrals	14.	3 577	4 499
Cash and bank deposits	16.	29 799	28 678
		221 961	214 557
TOTAL ASSETS		**560 325**	**530 670**
EQUITY AND LIABILITIES			
Equity			
Share capital	17.	30 000	30 000
Legal reserves	18.	6 000	6 000
Fair value reserves	18.	(147)	(421)
Adjustments in financial assets	18.	66 499	57 787
Results carried over and Other reserves	18.	46 612	43 195
Revaluation surpluses	18.	12 478	12 478
		161 441	149 038
Net income for the year		17 287	16 532
		178 728	165 570
Non-controlling interests	19.	16 237	13 109
TOTAL EQUITY		**194 965**	**178 679**
Non-current liabilities			
Provisions	25.	4 399	4 397
Funding obtained	20.	136 130	116 486
Liabilities through leaseing	35.	13 625	
Deferred tax liabilities	15.	3 072	3 052
Other accounts payable	22.		48
		157 226	123 983
Current liabilities			
Suppliers	21.	104 708	85 807
Income tax payable	23.	279	4 251
Funding obtained	20.	40 592	69 991
Liabilities through leaseing	35.	2 477	
Other accounts payable	22.	51 615	58 410
Deferrals	24.	8 316	9 123
Financial assets held for trading	26.	147	425
		208 133	228 008
TOTAL LIABILITIES		**365 359**	**351 991**
TOTAL EQUITY AND LIABILITIES		**560 325**	**530 670**

The Certified Accountant
Lúcia Mendonça

Board of Directors

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria

Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell

José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME OF NORS, S.A. (IN THOUSANDS OF EUROS)

	NOTE	2018	2017
INCOME AND EXPENSES			
Turnover	**31.**	644 468	618 895
Operating subsidies		8	4
Gains/Losses allocated to subsidiaries, associated companies and joint ventures	**10.1.**	13 146	12 134
Variations in production inventories		(230)	135
Cost of goods sold and materials consumed	**11.**	(499 494)	(465 899)
External supplies and services	**32.**	(50 725)	(51 116)
Staff costs	**33.**	(64 869)	(68 928)
Inventory impairments (losses/reversals)	**25.**	(604)	781
Impairments of receivables (losses/reversals)	**25.**	1 804	3 828
Provisions and impairment losses (increases/decreases)	**25.**	(157)	(98)
Impairment of non-depreciable / amortizable investments (losses / Reversals)		(22)	
Other income and gains	**34.**	12 155	15 272
Other expenses and losses	**34.**	(11 438)	(12 233)
EARNINGS BEFORE DEPRECEATION, INTEREST AND TAXES		**44 042**	**52 776**
Depreciation and amortization costs/reversals	**6., 7., 8. e 35.**	(10 452)	(10 113)
Impairment of depreciable/amortizable investments (losses/reversals)			
OPERATING INCOME (BEFORE INTEREST AND TAXES)		**33 590**	**42 663**
Net foreign exchange differences	**39.**	2 792	(3 961)
Income from financial activity	**36.**	(9 013)	(10 785)
INCOME BEFORE TAX		**27 369**	**27 917**
Income tax for the year	**28.**	(7 341)	(10 853)
NET INCOME FOR THE YEAR		**20 028**	**17 064**
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the parent company		17 287	16 532
Non-controlling interests		2 741	532
NET INCOME FOR THE FINANCIAL YEAR		**20 028**	**17 064**
BASIC EARNINGS PER SHARE	**17.**	**0,67**	

The Certified Accountant
Lúcia Mendonça

Board of Directors

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria

Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell

José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

CONSOLIDATE D STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF NORS, S.A. (IN THOUSANDS OF EUROS)

	2018	2017
CONSOLIDATED NET INCOME FOR THE FINANCIAL YEAR, INCLUDING NON-CONTROLLING INTERESTS	**20 028**	**17 064**
Components of other comprehensive income for the year that can be recycled by results:		
Equity instruments variations by fair value		(15)
Impact of equity intruments disposal		(809)
Variation in currency translation reserves	65	(17 673)
Other comprehensive income allocated to subsidiaries, associates and joint ventures	1 403	(8 206)
Late entries regarding previous financial year	(583)	(168)
Settlement of tax impacts on previous periods		(468)
Impact of accounting for the fair value of interest rate risk hedging instruments	274	300
Impact of accounting for exchange rate risk hedging instruments	(251)	(1 489)
COMPREHENSIVE CONSOLIDATED INCOME FOR THE PERIOD	**20 936**	**(11 465)**
Attributable to:		
Shareholders of the parent company	17 492	(10 246)
Non-controlling interests	3 444	(1 219)

The Certified Accountant
Lúcia Mendonça

Board of Directors

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria

Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell

José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS OF NORS, S.A. (IN THOUSANDS OF EUROS)

	NOTE	2018	2017
CASH FLOWS FROM OPERATIONAL ACTIVITIES			
Receivables from customers		659 970	618 887
Payments to Suppliers		(552 938)	(504 060)
Payments to Staff		(64 833)	(69 444)
CASH FLOW GENERATED BY OPERATIONS		**42 200**	**45 383**
Income tax payments/receivables		(7 576)	(3 973)
Other receivables/payments	**16.**	(2 499)	9 271
CASH FLOW FROM OPERATING ACTIVITIES (1)		**32 125**	**50 680**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
PAYMENTS CONCERNING:			
Acquisition of Tangible Fixed Assets		(7 686)	(3 132)
Acquisition of Intangible Assets		(1 018)	(778)
Acquisition of Financial Investements	**10.3. E 16.**	(11 186)	(54 633)
PAYMENTS FROM INVESTMENT ACTIVITIES		**(19 890)**	**(58 543)**
RECEIVABLES FROM:			
Divestments of Tangible Fixed Assets		2 571	8 684
Divestments of Intangible Assets	**16.**		3 167
Financial divestments	**10.3. E 16.**	2 690	29 066
Interest and similar income		2 909	2 844
Dividends	**16.**	6 886	3 750
RECEIVABLES FROM INVESTMENT ACTIVITIES		**15 056**	**47 512**
CASH FLOW FROM INVESTMENT ACTIVITIES (2)		**(4 833)**	**(11 031)**
CASH FLOWS FROM FUNDING ACTIVITIES			
RECEIVABLES FROM:			
Funding obtained	**20.**	117 032	57 060
RECEIVABLES FROM FUNDING ACTIVITIES		**117 032**	**57 060**
PAYMENTS CONCERNING:			
Funding obtained	**20.**	(126 355)	(90 309)
Interest and similar expenses		(12 258)	(14 105)
Dividends		(4 500)	
PAYMENTS FROM FUNDING ACTIVITIES		**(143 113)**	**(104 414)**
CASH FLOW FROM FUNDING ACTIVITIES (3)		**(26 081)**	**(47 354)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (4)=(1)+(2)+(3)		**1 210**	**(7 705)**
Perimeter variation			
Impairments of financial assets			
Net foreign exchange effect		(88)	(4 516)
Net cash and cash equivalents - Beginning of period		28 678	40 898
NET CASH AND CASH EQUIVALENTS - END OF PERIOD	**16.**	**29 799**	**28 678**

The Certified Accountant
Lúcia Mendonça

Board of Directors

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria

Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell

José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

CONSOLIDATE D STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF NORS, S.A. (IN THOUSANDS OF EUROS)

	CAPITAL ATTRIBUTABLE TO PARENT COMPANY										
		RESERVES									
	SHARE CAPITAL	LEGAL RESERVES	REVALUATION SURPLUSES	ADJUSTMENTS IN FINANCIAL ASSETS	FAIR VALUE RESERVES	RES. CARRIED OVER AND OTHER RESERVES	TOTAL RESERVES	NET PROFIT	SUB TOTAL	NONCONTROLLING INTERESTS	TOTAL
BALANCE AT 1 JANUARY 2017	**30 000**	**6 000**	**12 478**	**62 994**	**(167)**	**55 155**	**136 460**	**10 015**	**176 475**	**14 705**	**191 181**
CHANGES IN THE PERIOD:											
Appropriation of the consolidated income for 2016				10 294		(279)	10 015	(10 015)			
Change in fair value of investments available for sale					(554)	(312)	(866)		(866)		(866)
Change in fair value of interest hedging instruments					300		300		300		300
Variation in currency translation reserves						(15 873)	(15 873)		(15 873)	(1 801)	(17 673)
Impact of accounting for foreign exchange risk hedging instruments						(1 489)	(1 489)		(1 489)		(1 489)
Other comprehensive income allocated to subsidiaries, associates and joint ventures				(8 206)			(8 206)		(8 206)		(8 206)
Other				(7 296)		5 993	(1 304)		(1 304)	28	(1 276)
				(5 208)	**(254)**	**(11 960)**	**(17 423)**	**(10 015)**	**(27 438)**	**(1 773)**	**(29 211)**
NET PROFIT FOR THE PERIOD								**16 532**	**16 532**	**532**	**17 064**
CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR								**(10 246)**	**(10 246)**	**(1 219)**	**(11 465)**
TRANSACTIONS WITH EQUITY HOLDERS IN THE PERIOD:											
Distributions										**(355)**	**(355)**
										(355)	**(355)**
BALANCE AT 31 DECEMBER 2017	**30 000**	**6 000**	**12 478**	**57 787**	**(421)**	**43 195**	**119 038**	**16 532**	**165 570**	**13 109**	**178 679**
BALANCE AT 1 JANUARY 2018	**30 000**	**6 000**	**12 478**	**57 787**	**(421)**	**43 195**	**119 038**	**16 532**	**165 570**	**13 109**	**178 679**
CHANGES IN THE PERIOD:											
Appropriation of the consolidated income for 2017				14 253		2 279	16 532	(16 532)			
Change in fair value of interest hedging instruments					274		274		274		274
Variation in currency translation reserves						(636)	(636)		(636)	701	65
Impact of accounting for foreign exchange risk hedging instruments						(251)	(251)		(251)		(251)
Other comprehensive income allocated to subsidiaries, associates and joint ventures				1 403			1 403		1 403		1 403
Other				(6 943)		6 524	(419)		(419)	(4)	(422)
				8 713	**274**	**7 917**	**16 904**	**(16 532)**	**371**	**697**	**1 069**
NET PROFIT FOR THE PERIOD								**17 287**	**17 287**	**2 741**	**20 028**
CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR								**17 492**	**17 492**	**3 444**	**20 936**
TRANSACTIONS WITH EQUITY HOLDERS IN THE PERIOD:											
Distributions						(4 500)	(4 500)		(4 500)	(311)	(4 811)
						(4 500)	**(4 500)**		**(4 500)**	**(311)**	**(4 811)**
BALANCE AT 31 DECEMBER 2018	**30 000**	**6 000**	**12 478**	**66 499**	**(147)**	**46 612**	**131 441**	**17 287**	**178 728**	**16 237**	**194 965**

The Certified Accountant

Lúcia Mendonça

Board of Directors

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria

Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell

José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

Nors, S.A. is a public limited company resulting from the transformation of Auto-Sueco, Lda. on 22 November 2018. The company's origins date back to 1949 and it maintains its registered offices in Porto, Portugal. The company and its affiliates mainly carry out economic activities within the motor vehicle trade area, namely cars, trucks, machinery and other industrial equipment, their components and workshop services.

Nors Group is the corporate and institutional name for a set of companies, while there are specific individual trade names depending on each company's business.

The Nors Group is especially directly active in Portugal, Brazil and Angola, as well as Turkey, the United States of America and Central Europe through joint ventures.

At 31 December 2018, the Nors Group's subsidiaries, their respective registered offices and main line of business are as follows:

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
COMPANIES BASED IN PORT UGAL	
Amplitude Seguros - Corretores de Seguros, S.A. Registered office: Rua Brito Capelo, 97 4º A 4450-072 Matosinhos	Insurance Mediation
AS Parts - Centro de Peças e Acessórios, S.A. Registered office: Rua Conde Covilhã, 1637 4100 - 189 Porto	Trade in parts and accessories for vehicles
Asinter - Comércio Internacional, Lda. Registered office: Via Marechal Carmona,1637 4100 - 189 Porto	International Trade
ASMOVE - Consultoria e Projectos Internacionais, S.A. Registered office: Rua Manuel Pinto de Azevedo, 711 - 2 4100-321 Porto	Import and export Provision of consultancy services
Auto-Sueco II Automóveis, S.A. Registered office: Rua Manuel Pinto de Azevedo, 711 - 2 4100-301 Porto	Trade and Repair of vehicles
Nors, S.A. Registered office: Rua Manuel Pinto de Azevedo, nº 711, 1º 4100 - 189 Porto	Management of shareholdings in other companies
Biosafe - Indústria de Reciclagens, S.A. Registered office: E.N. 109, km 31 - Pardala 3880-728 Ovar	Provision of services: Waste treatment and recycling and public cleaning in general
Civiparts - Comércio de Peças e Equipamentos, S.A. Registered office: Rua D. Nuno Àlvares Pereira, Armaz 13/14/15 Parque Oriente, Bobadela, 1990-502 Sacavém	Trade, import and export of autoparts and provision of services
Galius - Veiculos, S.A. Registered office: Rua Conde Covilhã, 1637 4100 - 189 Porto	Import, sale and after sale of Renault Trucks and components
Grow - Formação Profissional, S.A. Registered office: Rua Manuel Pinto de Azevedo, 711 - 2 4140 - 010 Porto	Vocational Training Services
Imosócia – Sociedade Imobiliária, S.A. Registered office: Rua Conde da Covihã, 1637 4100-189 Porto	Purchase, sale, management and administration of real estate
NewOnedrive, S.A. Registered office: Parque Industrial do Seixal, 2ª Fase-Lote1, Quinta Nova 2840-068 Paio Pires	Trade in Parts and Accessories for vehicles
Auto Sueco Portugal, S.A. Registered office: Rua Conde Covilhã, 1637 4149-010 Porto	Import, sale and after sale of Volvo Trucks, Buses, Generators, marine engines and components
Plurirent – Serviços de Aluguer, S.A. Registered office: Rua Conde da Covihã, 1637 4100-189 Porto	Purchase, sale and rental of passenger and goods vehicles without driver

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
Promotejo - Compra e Venda de Propriedades, S.A. Registered office: Estrada Nacional 10, n.ºs 2-A e 2-B 2810-801 Almada	Purchase, sale and rental of land and buildings
SARI Serviços *Aftermarket* Região Ibéria, S.A. Registered office: Rua Manuel Pinto de Azevedo, 4 4100-320 Porto	Provision of management support services
SGNT, SGPS, S.A. Registered office: Rua da Restauração, 348 Miragaia - Porto	Management of shareholdings in other companies
COMPANIES BASED IN OTHER COUNTRIES	
Agro New Máquinas Agrícolas, Ltda Registered office: Rua Martinópolis nº 720, Jardim Del Rey 15802-040 Catanduva, São Paulo (Brasil)	Trade, Import and Export of agricultural equipment, parts, lubricating oils and After-Sales services
ASGlass Angola, Lda. Registered office: Estrada do Cacuaco, Bairro Petrangol, Km 4,3, Ed.5 Município do Sambizanga, Luanda (Angola)	Trade in glass for construction
AS Parts Angola, Lda. Registered office: Estrada do Cacuaco, Bairro Petrangol, Km 3,4, Ed.2 Município do Sambizanga, Luanda (Angola)	Trade in parts and accessories for vehicles
AS Parts Cabo Verde, S.A. Registered office: Achada Grande Frente, Edi. Oásis Motors Cidade da Praia (Cabo Verde)	Trade in parts and accessories for vehicles
Auto-Maquinaria, Lda. Rua da Volvo, Bairro Candua, Município do Cacuaco Luanda (Angola)	Trade, import and distribution of industrial and construction equipment, parts, tyres, fuel and After-Sales services
Auto Power Angola, Lda. Registered office: Estrada do Cacuaco, Bairro Petrangol, Km 3,4, Ed.1 Município do Sambizanga, Luanda (Angola)	Trade in parts and accessories for vehicles
Nors International, B.V. Registered office: Amsteldijk 166 - 6HG 1079LH Amsterdam (Holanda)	Management of shareholdings in other companies
Auto Sueco (Lobito), Ltd. Estrada Nacional Lobito-Benguela Lobito (Angola)	Sale and after sale of Trucks and Buses
Auto Sueco Centro Oeste Concessionária de Veículos Ltda. Registered office: RDV BR 364, Km 16,3, Distrito industrial, Cuiabá, Brasil	Sale and after sale of new and used trucks
Auto Sueco São Paulo Concessionária de Veículos, Ltda. Registered office: Av. Otaviano Alves de Lima, Nº4694 029.0001-000 São Paulo (Brasil)	Sale and after sale of new and used trucks and buses
Auto-Sueco (Angola), S.A.R.L. Registered office: Av. 4 de Fevereiro, 95-3º, Apartado 34 Luanda (Angola)	Import, trade and distribution of Volvo products
Auto-Sueco Kenya, Ltd. Plot 12080 - Units 6 & 7 Apex Business Centre, Mombasa Rd, Industrial Area, Nairobi (Quénia)	Import, export, sale of motor vehicles, industrial equipment, engines, components and After-Sales
Auto-Sueco (Tanzania) - Trucks, Buses and Const. Eq., Ltd. Registered office: Kipawa Industrial Area, Plot Nr. 92 Nyerere (Pugo) Road, P.O.Box 9303, Dar Es Salaam (Tanzania)	Import, export, sale of motor vehicles industrial equipment, engines and components
Auto Sueco Moçambique, S.A. Registered office: Av. da Namaacha nº 8274 Maputo, Moçambique	Sale and after sale of new and used trucks and buses
Auto-Sueco Vehicles, Spare Parts & Services (Botswana)(Pty) Ltd. Registered office: Plot 47 - Gaborone International Commerce Park Gaborone, Botswana	Sale and after sale of new and used trucks and trailers
Auto Sueco Vehicles, Spare Parts & Services (Namibia) (Pty), Ltd. Registered office: 344 Independence Avenue 3º Windhoek (Namibia)	Sale and after sale of Trucks and Buses

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
Civipartes Angola, SA. Registered office: Estrada do Cacuaco, Km 3,4 Luanda - Angola	Trade in parts and equipment
Civipartes Maroc, SA. Registered office: Chemin Tertiaire 1015 Sidi Moumen 20400 Casablanca - Marrocos	Trade in parts and equipment
Civipartes España Registered office: Av. Castilla nº 32 Nave 58 28850 Madrid San Fernando Henr - Espanha	Trade in parts and equipment
Expressglass Angola Registered office: Estrada do Cacuaco, Bairro Petrangol, Km 4,3, Ed.5 Município do Sambizanga, Luanda (Angola)	Trade and Assembly of parts and accessories for vehicles
Holding Expressglass, BV. Registered office: Claude Debussylaan 24 1082 MD Amsterdam (Holanda)	Management of shareholdings in other companies
Nors Brasil Participações, Ltda. Registered office: Rua Pamplona 818, 9º, Conj. 92 01405-001 São Paulo (Brasil)	Gestão de participações sociais de outras sociedades
Socibil - Imobiliária, SARL. Registered office: Avª 4 de Fevereiro nº.95, 3º., Apº.34. Luanda (República Popular de Angola)	Purchase and sale of properties
Sogestim, Lda. Registered office: Estrada do Cacuaco, Km 3,4 Luanda (República Popular de Angola)	Acquisition and sale of properties and land, construction of buildings and land development
Tecnauto Vehiculos, S.L. Registered office: Polígono Ind. El Montavo c/Nobel 37008 Salamanca (Espanha)	Real Estate Management

As of 31 December 2018, the joint ventures and associates of the Nors Group, their registered offices and main businesses were:

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
COMPANIES BASED IN PORTUGAL	
Air Rail Portugal, Sociedade Unipessoal, Lda Registered office: Estrada Nacional 10, Apartado 2094 2696-801 São João da Talha - Loures	Trade and distribution of industrial equipment
Ascendum, S.A. Registered office: Praça Marquês de Pombal nº3 A-5º 1250 - 161 Lisboa	Management of shareholdings Provision of technical administration and management services
Ascendum II - Veículos, Unipessoal, LDA Registered office: Rua Manuel Madeira, Marcos da Pedrulha 3025-047 Coimbra	Sale and after sale of motor vehicles
Ascendum III - Máquinas, Unipessoal, LDA Registered office: Rua Vasco da Gama, nº 15 2685-244 Portela	Sale and after sale of construction equipment
Ascendum Portugal - Serviços de Gestão, SA Registered office: Rua Vasco da Gama, nº 15 2685-244 Portela	Management of shareholdings Provision of technical administration and management services
ASFC S.G.P.S., S.A. Registered office: Rua Conde da Covilhã, 1637 4100-189 Porto	Management of shareholdings
Centrocar, S.A. Registered office: Rua Vilar do Senhor, 461 - 1º Andar 4455-213 Lavra - Matosinhos	Sale and after sale of construction equipment

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
Dalia - Gestão e Serviços, S.A. Registered office: Rua da Carreira, 138 9000-042	Management of shareholdings Provision of technical administration and management services
Glomak SGPS, S.A. Registered office: Rua Vilar do Senhor, 461 4455-213 Lavra - Matosinhos	Management of shareholdings in other companies
TRACTORRASTOS - Soc. Vendedora de Acessórios, Lda. Registered office: Estrada Nacional 116, 2615-907 Alverca	Import and sale of parts for industrial and agricultural machinery
Sotkon Portugal - Sistemas de Resíduos, S.A. Registered office: Zona Industrial, Lote I - 27 2330-210 Entroncamento	Production and Marketing of underground containers for MSW

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
COMPANIES BASED IN OTHER COUNTRIES	
Air-Rail, S.L. Registered office: Calle Alsasua, 16 28023 Madrid - España	Trade and distribution of industrial equipment
Air-Rail Marrocos Marrocos	Trade and distribution of industrial equipment
AIR-RAIL POLSKA, Sp. z.o.o Szpitalna 8/9, 00-031 Warszawa Polónia	Trade and distribution of industrial equipment
Art Hava VE RAY EKIPMANLARI LTD. STI Registered office: Fatih Mahallesi Katip Çelebi Caddesi, nº43 Tuzla - 34940 - Istanbul - Turquia	Trade and distribution of industrial equipment
ASCENDUM MAKINA YATIRIM HOLDING A.S Registered office: Fatih Mahallesi Katip Çelebi Caddesi nº43 Tuzla - 34940 - Istanbul - Turquia	Management of shareholdings in other companies
ASC Construction Equipment, INC. Registered office: 9115 Harris Corner Parkway, suite 450 Charlotte, NC 28269 USA (Estados Unidos da América)	Sale, after sale and rental of construction equipment
ASCENDUM MAQUINARIA MÉXICO, S.A de C.V Carretera Mexico Queretaro KM 32.5	Sale and after sale of construction equipment
ASC Turk Makina, Limited Sirketi Registered office: Fatih Mahallesi Katip Çelebi Caddesi, nº43 Tuzla - 34940 - Istanbul - Turquia	Sale and after sale of construction equipment
Ascendum España, S.L. Registered office: Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid (Espanha)	Management of shareholdings in other companies
Ascendum, GmbH Grafenholzweg 1 5101 Bergheim / Salzburg (Áustria)	Management of shareholdings Provision of technical administration and management services
Ascendum Baumaschinen Österreich GmbH Grafenholzweg 1 5101 Bergheim / Salzburg (Áustria)	Importer of Machinery Sale and after-sale: Construction equipment
Ascendum Épitögépek Hungária KAPCSOLAT 1141 Budapest Nótárius u. 13-15 Hungria	Importer of Machinery Sale and after-sale: Construction equipment
Ascendum Gradevinski Strojevi Karlovacka 94 10250 Zagreb- Lucko (Croácia)	Importer of Machinery Sale and after-sale: Construction equipment
Ascendum Machinery SRL Sos. Odaii, nr. 439, Setor 1 013606 Bucuresti (Roménia)	Importer of Machinery Sale and after-sale: Construction equipment

COMPANY AND REGISTERED OFFICE	BUSINESS ACTIVITY
Ascendum Stavebeni Stroje Czech Plzenská 430 CZ - 267 12 Lodenice (República Checa)	Importer of Machinery Sale and after-sale: Construction equipment
Ascendum Stavebné Stroje Slovensko Pestovatelská 4316/10, 821 04 Bratislava - Ružinov-Ružinov Eslováquia	Importer of Machinery Sale and after-sale: Construction equipment
Centrocar España Registered office: Pol. Ind. La Sendilla, Avda. de las Palmeras, esq. C/ del Castaño 28350 Ciempozuelos - Madrid - Espanha	Sale and after sale of construction equipment
Centrocar Moçambique Registered office: Avenida da Namaancha, nº 730 Maputo (Moçambique)	Sale and after sale of construction equipment
Hardparts Moçambique, Lda. Moçambique	Import and sale of parts for industrial and agricultural machinery
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L. Registered office: Calle Alsasua, 16 28023 Madrid (España)	Import and trade of industrial equipment
Sotkon Anadolu Turquia	Production and Marketing of underground containers for MSW
Sotkon Angola, Lda. Registered office: Rua Kwamme Nkrumah, nr. 260/262 Luanda (Angola)	Production and Marketing of underground containers for MSW
Sotkon Espanha Registered office: C/ Orla Etorbidea 8-10 - Oficina 409 nivel 4º 20160 Lasarte - Oria (Espanha)	Production and Marketing of underground containers for MSW
Sotkon France, S.A. Registered office: 93, Rue de la Villette 69003 Lyon (França)	Production and Marketing of underground containers for MSW
Sotkon Marocco, SARLAU Registered office: Twin Center, Angle Bds Zerktouni - Al Massira Tour Ouest, 16e étage 20100 Casablanca Maroc	Production and Marketing of underground containers for MSW
Sotkon Tr Atik Sistemleri Sanayi Ve Ticaret Anonim Sirketi Registered office: Dikilitas Mah. Ayazmadere Cad. Tellioglu Plaza No:6 Kat:4 D:5 34349 Besiktas - Istanbul Turkiye	Production and Marketing of underground containers for MSW
Tea Aloya, Inmobiliaria, S.A.U. Registered office: Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid (España)	Acquisition and sale of properties and land, construction of buildings and land development
TRP Yedek Parça Ithalat Ihracat Ve Pazarlama Limited Sirketi Fatih Mahallesi Katip Çelebi Caddesi, nº 43, 34940 - Tuzla, Istambul (Turquia)	Import and sale of parts for industrial and agricultural machinery
Ascendum Maquinaria, S.A.U. Registered office: Parque Empresarial San Fernando, Edificio Munich, Planta 3, 28830 Madrid (Espanha)	Importer of Machinery Sale and after-sale: Construction equipment
Volrental Atlântico, S.A.U Registered office: Carretera de Castilla nº167 Betanzos - La Coruña (España)	Rental of construction equipment

The attached financial statements are presented in thousands of euros, and the euro currency is used preferentially in the economic environment in which the Group operates. Foreign operations are included in the consolidated financial statements in accordance with the policy described in 2.2 d).

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the consolidated financial statements are as follows:

2.1. BASIS FOR PRESENTATION

The attached Financial Statements were prepared on a going concern basis, using the historical cost principle, with some financial instruments at fair value, based on the income and accounting records of the companies included in the consolidation (note 4).

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the previous Standing Interpretations Committee (SIC), in force on 01 January 2018 and approved by the European Union.

For the companies considered to be joint ventures, where the Nors Group's interests are consolidated using the Equity Method, their registered offices and the share of capital held are described in notes 1 and 4.

During the 2018 financial year, the following standards and interpretations became applicable for this year or the following years:

1. The impact of the adoption of the new standards, amendments to standards and interpretations that became effective as of 1 January 2018 is as follows:

a) IFRS 15 (new), 'Revenue from contracts with customers'. This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. The adoption of the standard in the financial statements had no impact at 1 January 2018, and new types of contracts that came into existence over the course of 2018 were then processed in light of this standard.

b) Amendments to IFRS 15 'Revenue from contracts with customers'. These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. The application of these amendments caused no changes to the financial statements.

c) IFRS 9 (new), 'Financial instruments'. IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements for recognition and classification. The adoption of this amendment did not have a significant impact on the Group's financial statements.

d) IFRS 4 (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)'. This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could arise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, an optional temporary exemption from applying IFRS 9 until 2021 is granted to companies whose activities are predominantly connected with insurance, being applicable at the consolidated level. The application of these amendments caused no changes to the financial statements.

e) IFRS 2 (amendment), 'Classification and measurement of share-based payment transactions'. This amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications to a share-based payment plan that change the classification from cash-settled to equity-settled. It also introduces an exception to the principles of IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The application of these amendments caused no changes to the financial statements.

f) IAS 40 (amendment), 'Transfers of Investment property'. This amendment clarifies when assets are transferred to, or from investment properties, evidence of the change in use is required. A change of management intention alone is not enough to support a transfer. The application of these amendments caused no changes to the financial statements.

g) Annual Improvements 2014 – 2016. The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. The adoption of this amendment did not have a significant impact on the Group's financial statements.

h) IFRIC 22 (new), 'Foreign currency transactions and advance consideration'. An Interpretation of IAS 21 'The effects of changes in foreign exchange rates', it refers to the determination of the "date of transaction" when an entity either pays or receives consideration in advance for foreign currency denominated contracts. The date of transaction determines the exchange rate used to translate the foreign currency transactions. The adoption of this amendment did not have a significant impact on the Group's financial statements.

2. Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2019, endorsed by the EU:

a) IFRS 16 (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This new standard replaces IAS 17 with a significant impact on the accounting by lessees who are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The application of IFRS 16 may be retrospective or retrospective modified. The application of this standard will cause material changes to the financial statements. At the date of issuing these financial statements, final decisions are under way on the transition options provided for in the standard itself. The Group has already decided to follow the partial retrospective approach in the transition, and so will not restate the comparisons, and is pondering using option A - calculation of the retrospective right-of-use or option B - record of "right of use" and operational lease liability in the same amount on the date of transition. In accordance with said method, the main impact of adopting IFRS 16 on the date of transition will be the increase in the total in the Financial Position up to a value of around 30 million euros. Regarding the 2019 consolidated statement of comprehensive income, the impacts will not be significant, as there will be a reduction in rentals (there will be a positive effect on EBITDA) offset by an increase in depreciation and interest. These impacts will not jeopardise the compliance with the covenants associated with loans (financial autonomy and Net Debt/EBITDA).

b) IFRS 9 (amendment), 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss. Adoption of these amendments will not cause material impacts on the financial statements.

c) IFRIC 23 (new), 'Uncertainty over income tax treatment' (effective for annual periods beginning on or after 1 January 2019). This interpretation is still subject to endorsement by the European Union. This is an interpretation of IAS 12 - 'Income tax', and refers to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 – 'Provisions, contingent liabilities and contingent assets', based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. Adoption of this interpretation will not cause material impacts on the financial statements.

3. Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2019, but are not yet endorsed by the EU:

a) IAS 19 (amendment), Plan amendment, Curtailment or Settlement' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. This amendment requires an entity to: i) use updated assumptions to determine the current service cost and net interest for the remaining period after amendment, reduction or settlement of the plan; and ii) recognize in the income statement as part of the cost of past services, or as a gain or loss in the settlement, any reduction in the excess of coverage, even if the excess of coverage had not been previously recognized, due to the impact of the asset ceiling. The impact on asset ceiling is recognised in Other Comprehensive Income, not being allowed to recycle it through profit for the year. Adoption of these amendments will not cause material impacts on the financial statements.

b) IAS 28 (amendment), 'Long-term interests in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9. The long-term investments in associates and joint ventures are subject to the expected credit loss impairment model, prior to being added, for impairment test purposes, to the whole investment in associates and joint ventures, when impairment indicators exist. Adoption of these amendments will not cause material impacts on the financial statements.

c) IFRS 3 (amendment), 'Definition of a business (effective for annual periods beginning on or after 1 January 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed. Adoption of these amendments will not cause material impacts on the financial statements.

d) IAS 1 and IAS 8 (amendment), 'Definition of material' (effective for annual periods beginning on or after 1 January 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the concept of material. Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. Adoption of these amendments will not cause material impacts on the financial statements.

e) Annual Improvements 2015 - 2017, (generally effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. Adoption of these improvements will not have a material impact on the financial statements.

f) Conceptual framework, 'Amendments to references in other IFRS' (effective for annual periods beginning on or after 1 January 2020). These amendments are still subject to endorsement by the European Union. As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical. Adoption of these amendments will not cause material impacts on the financial statements.

g) IFRS 17 (new), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021). This standard is still subject to endorsement by the European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. Adoption of these standards will not have any impact on the financial statements.

DESCRIPTION	CHANGES	EFFECTIVE DATE
1. STANDARDS (NEW AND AMENDMENTS) AND INTERPRETATIONS EFFECTIVE AS AT 1 JANUARY 2018		
• IFRS 15 – Revenue from contracts with customers	Revenue recognition for the provision of goods or services, following a five step approach.	1 January 2018
• Amendments to IFRS 15 - Revenue from contracts with customers	Identification of performance obligations, timing of revenue recognition from licenses of IP, change to principle versus agent guidance, and new practical expedients on transition.	1 January 2018
• IFRS 9 – Financial instruments	New standard for the accounting of financial instruments.	1 January 2018
• IFRS 4 – Applying IFRS 4 with IFRS 9	Temporary exemption, for insurance companies only, from applying IFRS 9 for annual periods beginning before 1 January 2021. Overlay approach for assets within IFRS 4 that qualify as FVTPL under IFRS 9 and at amortised cost under IAS 39, being the measurement difference reclassified to OCI.	1 January 2018
• IFRS 2 – Share-based payments	Measurement of cash-settled share-based payments, accounting for modifications and classification as equity-settled share-based payments when employer withholds tax.	1 January 2018
• IAS 40 – Investment property	Clarification that evidence of the change in use is required, when assets are transferred to, or from the investment properties category.	1 January 2018
• Annual improvements to IFRS 2014 - 2016	Clarifications to IFRS 1, IFRS 12 and IAS 28	1 January 2018
• IFRIC 22 – Foreign currency transactions and advance consideration	Foreign exchange rate to apply when consideration is paid or received in advance	1 January 2018

2. STANDARDS (NEW AND AMENDMENTS) AND INTERPRETATIONS THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2019, ENDORSED BY THE EU		
• IFRS 16 – Leases	New definition of lease. New accounting of lease contracts by lessees. No major changes to lessor lease accounting.	1 January 2019
• IFRS 9 – Financial Instruments	Accounting treatment options for financial assets with negative compensation features.	1 January 2019
• IFRIC 23 – Uncertainty over income tax treatments	Clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments.	1 January 2019

3. STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2019, NOT YET ENDORSED BY THE EU		
• IAS 19 – Employee benefits	Requirement to use updated assumptions for the calculation of remaining responsibilities, with impact on income statement except for any reduced excess under "asset ceiling' accounting treatment.	1 January 2019
• IAS 28 – Investments in associates and joint ventures	Clarification regarding long-term investments in associates and joint ventures that are not being measured through the equity method.	1 January 2019
• IFRS 3 – Business combinations	Revision of the definition of business.	1 January 2020
• IAS 1 – Presentation of financial statements; IAS 8 – Accounting policies, changes in accounting estimates and errors	Revision of the definition of material.	1 January 2020
• Annual improvements to IFRS 2015 – 2017	Clarifications: IAS 23, IAS 12, IFRS 3, IFRS 11.	1 January 2019
• Conceptual framework - Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset / liability and expense / income.	1 January 2020
• IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.	1 January 2021

2.2. CONSOLIDATED PRINCIPLES

The following are the consolidation principles adopted by the Group:

a) Financial investment in Group companies

Investments in companies in which the Group holds control were included in the accompanying consolidated financial statements using the full consolidation method. The Group has control over a company when it is exposed, or has rights, on preventive variable returns of this company and has the capacity to affect them through the power it has over the investee. This power arises directly (for example, the right to vote in a general meeting and / or board of directors) or in a complex way (for example, through contractual agreements with third parties). The ability to affect returns is determined by the effective power that the Group holds in the investee without having to ally itself with third parties.

The equity and the net income of these companies corresponding to third party holdings in same are presented separately in the consolidated statement of financial position and the consolidated income statement, under "Non-controlling interests". Group companies included in the consolidated financial statements are broken down in note 4.

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

The purchase method is used for business combinations prior to 2010. The assets and liabilities of each branch are identified at their fair value on their acquisition date. Any excess in the cost of acquisition against the fair value of the assets and net liabilities acquired is recognised as goodwill (Note 2.2 c)). If the difference between the cost of acquisition and the fair value of the net assets and liabilities acquired is negative, this is recognised as gains in the statements for the financial year following reconfirmation of the fair value assigned. The interests of holders of noncontrolling interests are shown in proportion to the fair value of the identified assets and liabilities.

For business combinations occurred after 1 January 2010, the Group applied the revised IFRs 3. According to this revised standard, the purchase method is still applied in business combinations but with some significant changes:

(i) all amounts that make up the purchase price are valued at fair value, with the transaction-to-transaction option of measuring the "non-controlling interests" by the proportion of the value of the net assets of the entity acquired or the fair value of the assets and liabilities acquired.

(ii) all costs associated with the acquisition are recorded as expenses.

Similarly, the revised IAS 27 has been applied since 1 January 2010. This requires all transactions with "non-controlling interests" to be recorded in equity when there is no change in control over the entity and no recording of goodwill or gains or losses. When there is loss of the control exercised over the entity, any remaining interest in the entity is remeasured at fair value, and any gains or losses are recognised as income for the period.

The income from the branches acquired or sold during the period are included in the income statement from the date on which control is acquired or on which control is lost.

Whenever necessary, adjustments are made to the financial statements of the branches in order to adapt their accounting policies to those used by the Group. Transactions, margins generated in Group companies, the balances and the dividends distributed in Group companies are eliminated during the consolidation process.

In situations where the Group substantially controls other entities created for a special purpose, even if it does not have a direct shareholding in the capital of these entities, they are consolidated using the full consolidation method.

b) Financial investments in associates and joint ventures

Financial investments in associated companies and joint ventures (companies where the Group exercises significant influence but are not under its control through participation in the financial and operational decisions of the Companies - generally investments representing between 20% and 50% of a company's capital and/or for which there are shareholder agreements) are accounted for using the equity method.

Under the equity method, all financial investments are initially recorded at acquisition cost and are then adjusted annually by an amount corresponding to the Group's share in the changes in equity (including net income) of the associated companies against the corresponding gains or losses in that financial year, plus the dividends received and other changes in equity occurred in the associated companies.

The differences between the acquisition cost and the fair value of identifiable assets and liabilities of the associated company at the acquisition date, if positive, are recognised as Goodwill. If these differences are negative, they are recorded as a gain for the period in the income statement item, "other Income and Gains", after reconfirmation of the fair value assigned.

An assessment of investments in associated companies is conducted whenever there is evidence that the asset may be impaired. Confirmed impairment losses are then recorded as expenses. When the impairment losses recognised in previous years no longer exist, they are subject to reversal.

When the Group's share of accumulated losses in the associated company exceeds the value at which the financial investment is recorded, the investment is recorded as zero as long as the equity of the associated company is not positive, except whenever the Group has entered into commitments with the associated company, in which case, a provision to meet these obligations is recorded.

Unrealized gains on transactions with associated companies are eliminated in proportion to the Group's interest in the associated company, against the financial investment in that same company. Unrealized losses are also eliminated, but only to the extent that they do not demonstrate that the transferred asset is impaired.

c) Goodwill

NFollowing the transition to the IFRS, and as permitted by IFRS 1 - "First-Time Adoption of the IFRS", the Group chose to maintain the Goodwill resulting from business combinations that occurred before the transition date, recorded under the previous accounting rules used by the Group.

The value of Goodwill is not amortized and is annually tested for impairment losses. The recoverable amount is determined based on the current value of the estimated future cash flows expected to arise from the continued use of the asset and the value of its sale, less the cost of sale. Impairment losses in Goodwill recorded in the year are recorded in the income statement for that year under the "Impairment of non-depreciable assets" item.

Impairment losses relating to goodwill cannot be reversed.

Until 31 January 2009, contingent acquisition prices were determined based on the best estimate of probable payments, with all subsequent amendments being recorded against Goodwill. After 1 January 2010, Goodwill is no longer corrected according to the final determination of the value of the contingent price paid and this impact is recognised against income.

d) Translation of financial statements of foreign entities

Assets and liabilities in the financial statements of foreign entities are translated into euros by using the exchange rates in force at the date of the statement of financial position. The costs and income, as well as the cash flows, are converted into euros using the average exchange rate for the year. exchange rate differences generated after 1 January are recorded in equity under "Translation reserves". The accumulated exchange rate differences generated prior to 1 January 2009 (date of transition to the IFRS) were written off against the "other reserves" equity item.

Whenever a foreign entity is sold, the accumulated exchange rate difference is recognised in the income statement as a gain or loss from the sale.

In the 2018 and 2017 financial years, the exchange rates used in the conversion of the foreign consolidated entities into euros were as follows:

CURRENCY	CLOSING EXCHANGE RATE 2018	AVERAGE HISTORICAL EXCHANGE RATE 2018	CLOSING EXCHANGE RATE 2017	AVERAGE HISTORICAL EXCHANGE RATE 2017
BRL	4,4440	4,2774	3,9729	3,6054
CVE	110,2650	110,2650	110,2650	110,2650
USD	1,1450	1,1841	1,1993	1,1297
TZS	2 624,9698	2 686,8399	2 687,9191	2 528,8917
BWP	12,2699	12,0387	11,7925	11,6878
MAD	10,9395	11,0815	11,1980	10,9093
KES	116,4464	119,6935	123,2797	116,6982
NAD	16,4594	15,5604	14,8054	15,0490
MZN	70,2488	71,2749	70,6373	72,6165
TRY	6,0588	5,6199	4,5464	4,1206

2.3. MAIN ACCOUNTING POLICIES

The main accounting policies used by the Nors Group in the preparation of its financial statements are as follows:

a) Tangible fixed assets

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

Tangible fixed assets acquired after that date are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses.

Impairment losses identified in the realization value of tangible fixed assets are recorded in the year they are estimated, against the "Impairment of depreciable investments" item in the income statement.

Depreciation is calculated from the time the goods are ready to be used, using the straight-line method, according to the following estimated useful lives:

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

Expenses on repair and maintenance of tangible fixed assets are considered as costs in the year they occur. significant improvements that increase the estimated period of use of the assets are capitalized and amortized according to the remaining service life of the corresponding assets.

Tangible fixed assets in progress represent tangible assets still in the construction/development stage, and are recorded at acquisition cost minus accumulated impairment losses. These assets are transferred to tangible fixed assets and amortized as soon as the underlying assets are available for use and under the conditions necessary to operate as intended by the management.

The gains and losses arising from the sale or write-off of property, plant and equipment are determined as the difference between the selling price and the net book value at the date of sale/write-off and are recorded in the income statement as "Other income and gains" or "Other expenses and losses".

Depreciation of the tangible fixed assets is recorded in the consolidated income statement under "Depreciation and amortization costs/reversalsDepreciation and amortisation expenses/reversals".

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated amortization and accumulated impairment losses. Intangible assets are only recorded if future economic benefits are likely to arise and if the Group has the power to control them and can reasonably measure their value.

Research expenses incurred on new technical knowledge are recorded as expenses in the income statement when incurred.

Expenses on developments for which the Group shows that it has the ability to complete their development and begin their marketing and/or use and for which it is likely that the asset created will generate future economic benefits, are capitalized. development costs that do not meet these criteria are recorded as expenses in the income statement in the year they are incurred.

Internal costs associated with maintaining and developing software are recorded as expenses in the income statement when incurred, except in those situations where these costs are directly related to projects which will probably generate economic benefits for the Group. In these situations, these costs are capitalized as intangible assets.

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

Amortization of intangible assets is recorded in the income statement under "Depreciation and amortization costs/reversals".

c) Investment properties

Investment properties, which are the equivalent of real estate assets held for obtaining income through their rental or for increasing their capital value, and not for use in production or supply of goods and services or for administrative purposes, are recorded at acquisition cost, their respective fair value being subject to disclosure (Note 8).

Whenever the fair value of these assets is lower than their respective acquisition cost, an impairment loss is recorded in the income statement in the year in which it is estimated, in the item "Impairment of depreciable investments". Once the recorded accumulated impairment losses no longer exist, they are immediately reversed against impairments in the same item in the income statement up to a maximum of the amount that was ascertained, net of amortisations or depreciations, if no impairment loss has been recognised in previous years.

The fair value of investment properties that is subject to disclosure was determined based on real estate evaluations carried out by an independent specialised entity.

Depreciations are calculated as from the time when the assets are ready for use, using the straight-line method, according to their estimated useful life, as follows:

	YEARS
Buildings and other structures	20 - 50

d) Leases

Leasing contracts are classified as (i) financial leases, if practically all the inherent risks and advantages of owning the asset being leased are transferred; and as (ii) operational leases, if practically all the inherent risks and advantages of owning the asset being leased are not transferred.

Classification of the leases as financial or operational is carried out depending on the substance and not the type of contract.

Tangible fixed assets acquired through financial leasing contracts, as well as the corresponding liabilities, are recorded using the financial method.

According to this method, the cost of the asset is recorded in tangible fixed assets and the corresponding liabilities are recorded as accounts payable to investment suppliers. Rentals are composed of the financial charge and the financial amortisation of the capital, while the financial charges are allocated to the financial years during the period of the lease, taking into consideration a constant periodic interest rate on the remaining balance of the liability, while the tangible fixed asset is amortised as described in note 2.3.a).

For leases considered to be operational, the rentals due are recognised as an expense in the income statement for the year to which they relate (note 35).

e) Inventories

Goods and raw materials, subsidiaries and consumables are valued at average acquisition cost, which is below their market value.

Finished and intermediate products, as well as products and work in progress, are valued at production cost, which is below the market value. Production costs include the cost of the raw materials used, direct labour, general manufacturing costs and external services.

The accumulated impairment losses for depreciation of inventories reflect the difference between the acquisition/ production cost and the net realizable market value of the inventories.

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

f) Subsidies from the Government or from other public bodies

Government subsidies are recognised according to their fair value when there is reasonable guarantee that they will be received and that the company will fulfil the conditions required for these being granted.

Non-refundable subsidies and co-payments received to finance tangible fixed assets are recorded under "Deferrals" only when there is a reasonable guarantee of receipt, and are recognised as an expense in the income statement in proportion to the depreciations of the subsidised tangible fixed assets.

Subsidies related to expenses incurred are recorded as an expense as long as there is a reasonable guarantee that they will be received, that the Group has already incurred the subsidised expenses and that they fulfil the conditions required for their being granted.

g) Impairment of Assets, other than Goodwill and concession rights

Pursuant to IAS 36 - Impairment of Assets, an impairment test is performed on the Group's assets at the date of each statement of financial position and whenever an event or change in circumstances is identified that indicates that the asset's book value might not be recoverable.

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

The reversal of impairment losses recognised in previous periods is recorded when it is concluded that the recognised impairment losses no longer exist or that they have decreased. This analysis is performed whenever there are signs that the previously recognised impairment loss has reversed. The reversal of impairment losses is recognised in the profit and loss account. However, the reversal of an impairment loss is carried out up to the maximum amount that is recognised (net of amortisation or depreciation) should the impairment loss not have been recognised in previous reporting periods.

h) Financial charges

Financial charges related to loans obtained (interest, premiums, ancillary costs and interest on financial leases) are recognised as an expense in the income statement for the period in which they are incurred, according to the principle of accrual accounting.

Should they relate to qualifying assets, the financial charges will be duly capitalised as defined in the applicable IFRSs.

i) Provisions

Provisions are recognised when, and only when, the Group has a current obligation (legal or constructive) as the result of a past event, whenever it is probable that in order to resolve that obligation, there will be an outflow of resources and the amount of the obligation may be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and are adjusted so as to reflect the best estimate of the fair value at that date (note 25).

Provisions for restructuring costs are recognised by the Group whenever there is a formal, detailed restructuring plan and the latter has been communicated to the stakeholders.

j) Financial instruments

1. Financial assets

The Group classifies its financial assets in the following categories:

- Debt instruments; and

- Equity instruments

DEBT INSTRUMENTS

a) Debt instruments at amortised cost

Debt instruments are measured at amortised cost if both the following criteria are met:

- The asset is held to receive contractual cash flows; and

- The contractual cash flows of the asset represent solely principal and interest payments.

Financial assets included in this category are initially recognised at fair value and subsequently measured using the amortised cost.

At 31 December 2018 and 2017, the Nors Group held investments classified in this category, which correspond to Angolan State Treasury Bonds accepted for trading on the Angola Securities Exchange (BODIVA), acquired in 2016 and 2017.

b) Debt instruments at fair value through equity

Debt instruments are measured at fair value through equity if both the following criteria are met:

- The objective of the business model is reached both through receipt of contractual cash flows and through the sale of financial assets; and

- The contractual cash flows of the asset represent solely principal and interest payments.

The financial assets included in the category of fair value through equity are initially recognised and subsequently measured at fair value. Movements in the book amount are entered through other comprehensive income, except to recognise gains or impairment losses, and income from interest and exchange gains or losses, which are recognised in the income statement. When the financial asset is de-recognised, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

c) Debt instruments at fair value through profit and loss

Financial assets are classified at fair value through profit and loss if they do not meet the criteria of fair value through other comprehensive income or amortised cost. This occurs when the initial objective is to recover the investment by selling the financial asset.

Financial assets included in the category of fair value through profit and loss are measured at fair value with all the variations recorded in the income statement.

Reclassifications

Reclassifications within the categories are only permitted when there are changes in the business model for financial asset management.

Reclassifications are accounted for prospectively as from the date of reclassification.

EQUITY INSTRUMENTS

Investments in equity instruments (shareholdings under 20%) are measured at fair value. Equity instruments held for trading are measured through fair value, with changes in fair value accounted for in the income statement. All other shareholdings are measured through fair value, with changes in fair value (except dividends) being accounted for in other comprehensive income.

The values are not recycled from other comprehensive income to the income statement (even when a capital equity instrument is sold). Accumulated gains or losses are reclassified within equity through retained earnings.

Equity instruments measured at fair value through equity are not reclassified to equity instruments at fair value through the income statement.

Equity instruments at fair value through the income statementare not subject to impairment tests.

Equity instruments at fair value through equity are subject to impairment tests, and the impairment accounted for in other comprehensive income.

At 31 December 2018 and 2017, the Nors Group holds shareholdings in equity instruments through equity. Their variations in fair value are not materially relevant.

2. Accounts receivable

Non-interest-bearing accounts receivable are recorded according to their nominal value, less any impairment losses so that they reflect the present net realisable value. These amounts are not discounted, as the effect of being financially updated is not considered to be material.

The Group follows a simplified approach to calculate impairment related to customers and other debtors.

In the simplified approach, an entity measures the impairment losses in an amount equal to the expected credit losses for the life of the asset for accounts receivable resulting from transactions within the scope of IFRS 15, and which do not contain a significant financing component.

For amounts receivable which have a significant financing component the Group also chooses to apply the simplified approach.

Expected credit losses are an estimate of credit losses weighted by probability. Credit loss is the difference between the cash flows that are owed to an entity according to a contract and the cash flows that an entity expects to receive deducting the original effective interest rate. As the expected credit loss considers the value and the time of the payments, a credit loss arises even if the entity expects to receive in full, but after the contractually defined time.

The Group considers unpaid balances 180 days after the agreed due date to be payment default and uses two levels to recognise impairments:

a) Specific impairment

A specific impairment is recognised in relation to cases in litigation, namely cases where collection relies on the intervention of third parties external to the Group (lawyers and similar agents), including in these cases those which are already in court, due to dispute or insolvency.

The specific impairment is recognised on the total balance due by the third party, only excluding the amounts covered by credit insurance and/or real guarantees.

b) Generic impairment

When calculating generic impairments the following third-party balances are excluded:

• Group companies (parent company; subsidiaries; associates; other related parties);

• Financial entities (Lessors, Banks);

• Group employees;

• Third parties with an overall creditor balance (for example, advances);

• Values covered by credit insurance and/or real guarantees;

To estimate credit losses to customers, contractual assets and amounts receivable from leases, not included in the specific impairment, the Group uses the following intervals:

- not overdue
- 30 days overdue
- 31-60 days overdue
- 61-90 days overdue
- 91-180 days overdue
- More than 180 days overdue

For the "not overdue", to "91-180 days overdue" periods, the values ascertained for 2018 at a Group level led to an impairment percentage of 0% being applied on the book value.

3. Loans

Loans are recorded in liabilities according to their nominal value less the transaction costs, which are directly attributable to the issue of those liabilities. Financial charges are calculated according to the effective interest rate and accounted for in the income statement for the period in accordance with the principle of accrual accounting.

4. Accounts payable

Non-interest-bearing funds owed to third parties are recorded according to their nominal value, as the effect of the financial activity is not considered to be material.

5. Derivative financial instruments

The Group uses derivative financial instruments when managing its financial risks, as a means of reducing its exposure to those risks. The derivative financial instruments normally used are foreign exchange forwards (cash flow hedges) and they aim to hedge the risk of foreign exchange rate variation in intra-group operations, as well as variable to fixed interest rate swaps, to hedge interest rate risk (cash flow hedges).

The derivatives are initially recognised at their fair value at the date of entering into their contractual provisions and subsequently measured at their fair value. The method for recognising variations in fair value depends on whether or not that derivative is designated as a hedging instrument and, if designated, the nature of the hedged item.

For each transaction, and at the time of their origin, the Group prepares documentation that justifies the relation between the hedging instrument and the item hedged, as well as the risk management objective and the strategy for hedge transaction. Both at the date of negotiating the hedge and on an ongoing basis, the Group also documents its analysis of the effectiveness with which the hedging instrument offsets the variations in fair value, or of the cash flows from the hedged instruments. According to IAS 39, the fair value of option- type derivatives is separated into their intrinsic value and their temporary value, given that only the intrinsic value of these instruments may be designated as a hedging instrument. As such, the effectiveness tests of the option- type derivative only include the intrinsic value of these instruments.

The fair value of the contracted derivatives for the purpose of hedging is presented in note 26. Movement in the hedging reserve is presented in the consolidated statement of changes in equity. The total fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the hedging instrument is more than 12 months, and as a current asset or liability when it is less than 12 months. Negotiation derivatives are classified as current assets or liabilities.

Derivative instruments, for which the company applied hedge accounting are initially recorded according to their cost, which corresponds to their fair value, and later re-evaluated at fair value; the variations in the latter are recorded in "Fair Value Reserves", in the case of Cash flow hedges, in "Other reserves" in the case of exchange risk hedges, in "net investment in a foreign operation " and in the income statement in the case of fair value hedges.

Derivative instruments for which the company has not applied hedge accounting, although they were contracted with economic hedging objectives, are initially recorded according to their cost, which corresponds to their fair value, if any, and later re-evaluated at their fair value, whose variations, calculated through evaluations made by banks with whom the Group enters into the respective contracts, have a direct effect on the items of Income from financial ativity in the income statement.

6. Cash and banks deposits
The amounts included in the item "Cash and banks deposits" correspond to the values in cash, bank deposits, term deposits and other treasury investments with a maturity of less than three months, and which may be immediately mobilisable with an insignificant risk of a change in value.

k) Contingent assets and liabilities

Contingent liabilities are defined by the Group as (i) possible obligations that arise from past events and whose existence will only be confirmed if one or more future uncertain events take place or not, which are not totally under the Group's control or (ii) current obligations that arise from past events, but which have not been recognised because it is not probable that an outflow of resources incorporating economic benefits will be necessary to settle the obligation, or the amount of the obligation cannot be measured with enough reliability.

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

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or otherwise of one or more uncertain future events which are not completely under the Group's control.

Contingent assets are not recognised in the Group's financial statements but disclosed in the Notes to the Consolidated Financial Statements when it is probable that there will be a future economic benefit.

l) Income tax

Income tax for the year is calculated based on the taxable results of the companies included in the consolidation, according to the tax rules in force in the location of the registered office of each Group company, and considers deferred taxation.

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

Deferred taxes are calculated based on the statement of financial position liability method and reflect the temporary differences between the amount of assets and liabilities for the purpose of accounts reporting and the respective amounts for the purpose of taxation. Deferred tax assets and liabilities are not recognised when the temporary differences arise from Goodwill or from the initial recognition of assets and liabilities other than through business combination operations. Deferred tax assets and liabilities are calculated and evaluated annually using the taxation rates in force, or announced as being in force, at the expected date of reversal of the temporary differences.

Deferred tax assets are only recorded when there are reasonable expectations of enough future tax profits for their use, or where there are taxable temporary differences that offset the temporary differences that are deductible in the period of their reversal. At the end of each financial year, a review of those deferred taxes is made, and these are reduced whenever their future use is no longer probable.

Deferred taxes are recorded as an expense or income for the year, except if they are the result of items recorded directly in equity, in which case the deferred tax is also recorded against the same item.

m) Tax consolidation

Income tax for the year is calculated based on the RETGS (Special Tax Regime for Groups of Companies). The Group has a RETGS with its registered office in Portugal, and this includes the companies with a registered office in this country and in which Nors, S.A. directly or indirectly owns more than 75%.

The remaining companies of the Nors Group with their registered office abroad or which do not fulfil the rules for taking part in the RETGS are taxed on an individual basis and in accordance with the applicable legislation.

n) Accrual accounting

Income and expenditure are recorded according to the principle of accrual accounting, and so they are recorded as they are generated, regardless of the time when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenditure generated are recorded in the items "Other accounts receivable", "Other accounts payable" and "Deferrals".

Expenditure and income whose real value is not known are estimated based on the best evaluation of the Boards of Directors of the Group companies.

o) Revenue from contracts with customers

According to IFRS 15, revenue from sales and services is recognised according to the 5-step model:

I. Identify the contract with a customer

II. Identify the distinct performance obligations in the contract

III. Determine the transaction price

IV. Allocate the transaction price to each performance obligation

V. Recognise revenue when a performance obligation is satisfied

STEP 1

There is a contract covered by IFRS 15 when:

- It has been approved
- It establishes rights and obligations by the parties
- It establishes payment terms
- There is commercial substance
- Receipt is probable

There is a contract combination when the contracts are entered into on the same date or on dates close to each other with the same customer, as long as the following criteria are met:

- Contracts are negotiated as a pack with a sole commercial objective;

- The value of the consideration to be paid in a contract depends on the price or performance of another contract; and

- The goods or services promised in the contracts are a sole performance obligation.

Contract modifications are handled as separate contracts when there are new products/services at market price.

Contract modifications are treated as part of the original contract when there are new products/services at prices different from the market or when there are new products/services that are not different from the original contract. In the first case the adjustment is prospective and in the second case it is cumulative (the adjustment to the values already realised affects the results for the year).

STEP 2

Performance obligations may be:

- A distinct product or service that may be used/sold separately

- Different products or services only sold jointly

- A set of different services provided over time (uniform pattern for transferring services within a period of time)

When a contract has an option to buy additional goods/services at no cost or with a discount, it is considered to have an additional performance obligation.

STEP 3
The variable price component is only considered if it is highly probable that there will be no reversal of income to be recognised in the future. When there is no such risk, the entity determines the most probable result or the expected result.

When there is a significant financial component, not charged to the customer at a market interest rate, the price is adjusted, except if:

- The period between the performance obligation and the payment is less than one year

- The payment time depends on the customer

- The payment deferral is not related to the customer's financial needs

- The payment time varies according to factors not controlled by the customer or the seller.

The discount rate used is:

- the customer's discount rate: if the payment occurs after the performance obligations have been met

- the seller's discount rate: if the payment occurs before the performance obligations have been met.

The discounted value is recognised as revenue. Interest is recognised against receivables applying a discount rate on the amount owed.

When there is no cash consideration, the non-monetary consideration received is measured according to the fair value of the non-monetary consideration received. If this is not possible to determine, the fair value of the products/services delivered is used.

Values payable to customers are recorded as follows:

- as a price reduction, if the sum paid is not related to any service to be incurred by the seller as a means of meeting the performance obligation.

- as an expense, if the sum paid is similar to other purchases of goods/services made by the entity.

STEP 4
The price is allocated to each identified performance obligation based on their relative prices.

The relative price (separate sale price) is estimated, if not directly observed, considering:

- Increased cost method
- Market price of similar goods/services
- Residual approach

Discounts are allocated proportionally to all performance obligations. Specific performance obligations are attributed only if:

- The goods or services are sold separately

- The goods or services are sold as a pack with a discount on a regular basis.

- The discount attributed to goods/services sold as a pack is similar to the discount in the contract under analysis.

The variable component is allocated proportionally to all performance obligations. It is attributed to specific performance obligations only if:

- The variable price component refers to specific goods/service

- Allocation of the variable component is consistent with the principle of allocating the contract price to the performance obligations.

STEP 5
Revenue is recognised:

- On a specific date; or
- Over time.

Revenue is recognised when there is a transfer of control, which may occur when there is:

- Legal property ownership
- Physical property
- Acceptance by the customer
- Right to receipt

When revenue is recognised over time, the following criterias are used:

- Output methods (units produced or delivered); or
- Input methods (costs incurred, time spent).

Revenue is measured according to the fair value of the consideration received. Revenue is recorded net of returns, write-offs and similar situations.

Revenue from service rendered is recognised in accordance with the percentage of finishing or based on the contract period when the provision of services is not linked to the execution of specific activities, but to providing a continuous service.

The cost of these repairs includes the incorporated materials and labour, the cost being final and simultaneously the price to be paid by the customers is known only on the date of concluding the repairs, with the issue of the respective invoice and delivery of the repaired item to the customer; it is also at that time that the respective revenue is recognised. During the repair period, the cost is considered in "Inventories - Works in Progress".

Incremental costs
Incremental costs from contracts are capitalised if the contract period is more than one year and a return is expected. Incremental costs are costs that would not be incurred if the contract were not obtained (such as commissions). Marketing costs and salaries of the commercial department are not incremental costs.

Agent/Principal
An entity is acting as a principal if:

- It is responsible for the services rendered or the products delivered

- It retains the inventory risk

- It has the liberty to establish prices and offer additional prices/services.

Revenue is recognised by the principal when the product is sold by the agent to third parties. The agent accounts for the commission received as revenue.

Sales with repurchase agreements
A repurchase agreement is a contract where an entity sells an asset and has the obligation or the option to repurchase the asset at a later date.

Repurchase agreements generally take three forms:

(i) obligation of an entity to repurchase the asset (forward);

(ii) right of an entity to repurchase the asset (call option); and

(iii) obligation of an entity to repurchase the asset at the customer's request (put option).

If an entity sells products and has the right (call option) or the obligation to repurchase (forward) at a lower price than the original price and:

(a) the transaction is a sale and leaseback operation, the contract is accounted for as a financing contract

- the sale is not recognised

- the sum received is accounted for through financial liabilities

- the asset is reclassified from Inventories to Tangible Fixed Assets

- the difference between the book value of the inventory and the repurchase price is depreciated over the period of the contract

- the rentals paid during the lease period are recorded through financial debt and interest.

(b) the transaction is not a sale and leaseback operation, the contract is accounted for as an operational lease

- the sale is not recognised

- the part of the sum received corresponding to the book value of the inventory is recorded against lease liabilities

- the difference between the sale price and book value of the inventory is deferred and recognised in the income statement for the period of the lease

- the asset is reclassified from Inventories to Operational lease assets

- the difference between the book value of the inventory and the repurchase price is depreciated over the period of the contract

- the difference between the initial lease debt and the updated repurchase price at the present moment is recognised as rentals in profit and loss during the lease period.

If the entity has the obligation to repurchase at the customer's request (put option) and the repurchase price is lower than the original price and the fair value at the date of repurchase and:

(a) the customer has no economic incentive to exercise the option: the contract is accounted for as a sale with the right of return:

- on the sale date: the sale and corresponding sale cost are recognised according to the amounts that are expected to not be returned and a contractual asset (for the sale cost pending recognition) and a contractual liability (for the sale pending recognition) are accounted for the amounts expected to be returned

- on the date of repurchase:

  - if the customer does not exercise the option and keeps the asset, the sale values and cost of the sale that had been pending recognition are recognised and the contractual asset and contractual liability are de-recognised.

  - if the customer executes the option to return the asset, the repurchase price must be paid to the customer, the asset must be recognised in inventories and the contractual asset and contractual liability are de-recognised.

(b) the customer has an economic incentive to exercise - the option: the contract is recognised as a lease in accordance with operational leasing.

Sales with the right of return

The following procedures are followed:

- Recognition of revenue in the value of the expected consideration.

- Non-recognition of revenue for products that are expected to be returned.

- Recognition of a contractual liability for the sum expected to be reimbursed to the customer.

- Capitalisation of an asset according to the right to recover products from customers (adjustment to the sales cost).

The customer's right to exchange a product for a product of the same type, quality, price and condition is not a sale with the right of return. If the customer only has the right of return when the product sold is not working properly, IAS 37 is applied.

Sale of equipment to financial intermediaries with a repurchase commitment

This type of transaction generally involves 3 entities:

- The Nors Group (supplier)
- The customer (lessee)
- The finance entity (lessor)

The process is usually as follows:

- The Nors Group issues an invoice to the lessor, in accordance with the sale price agreed with the Customer (lessee), and the Finance Entity (lessor) pays the Group the value of the invoice.

- At the same time, a rental contract is signed by the 3 parties, with the schedule of the instalments that must be paid by the lessee to the lessor, and the supplier undertakes, in favour of the financial institution, to repurchase the asset at the end of the rental period at a certain fixed price, should the lessee not exercise the option to buy the asset.

- On delivery of the asset, the supplier no longer has any control over, or management of, the asset.

In cases where the repurchase value is less than half the initial value and where the contract period is more than half the useful life of the asset, and historically, it is found that the customer exercises the option to keep the asset, sales are accounted for as sales with the right of return. In any other cases, sales are accounted for as sales with repurchase agreements.

Licenses

Revenue from licences to grant use of software is accounted for on a specific date.

Revenue from licences to grant access to software is accounted for over time.

Bill and hold operations

Bill and hold operations are sales where the delivery is delayed at the request of the customer, but the buyer receives ownership and accepts invoicing.

The revenue is recognised when the buyer receives ownership as long as:

- It is probable that the delivery will be made

- The items are available, identified and ready to deliver to the buyer at the time at which the sale is recognised

- The buyer specifically recognises the deferred delivery instructions; and

- Usual payment terms are applied.

Goods sold subject to installation and inspection

The revenue is immediately recognised when the customer accepts the goods, the installation is a simple process and the inspection is only made to check the contract values.

If the installation is a complex process, the revenue is recognised when the customer accepts the goods and the installation is concluded.

Guarantees

If the customer can buy the guarantee separately, the latter is recognised as a separate obligation. Otherwise, the guarantee is accounted for in accordance with IAS 37.

There is no separate obligation when the guarantee is required by law, when the duration of the guarantee period is less than one year or when the guarantee pledge only includes services to guarantee the promised specifications of the product.

When the equipment is sold, the provision for costs arising from a repair obligation is made when the obligation is probable and the costs can be reliably measured.

The guarantees linked to the goods sold by the Nors Group are the responsibility of their manufacturers.

As standard guarantees cannot be sold separately from the equipment, a provision for estimated future costs that are not reimbursable by the factories, is considered in accordance with IAS 37.

Guarantee extensions and Assistance Contracts

Guarantee extensions and assistance contracts may be sold separately or in conjunction with the equipment. Sales of guarantee extensions and assistance contracts are considered to be a separate performance obligation.

The revenue from these are accounted for during the validity of the guarantee or the duration of the assistance contract, based on historic curves of use of the contract.

Their related costs are accounted for when borne.

A provision is set up when, on the date of sale, the foreseen costs for fulfilling the contract are higher than the revenue from the sale. Recognition follows the pattern for standard guarantees.

p) Subsequent events

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

q) Classification of statement of financial position

Assets and liabilities due more than one year after the date of the statement of financial position are classified, respectively, as non-current assets and liabilities, with deferred tax assets and liabilities also being included in these items.

r) Balances and transactions expressed in foreign currency

Assets and liabilities expressed in foreign currency were converted into euros using the exchange rate in force on the date of the statements of financial position. The favourable and unfavourable differences in foreign exchange, originating from the differences between the exchange rates in force on the date of the transactions and those in force on the date of collection, payment or on the date of the statement of financial position, are recorded as gains and losses in the consolidated income statement for the period.

s) Non-current assets held for sale

Non-current assets (and the set of assets and liabilities related to thoese that are to be sold) are classified as held-for-sale if their book value is expected to be recovered through their sale and not through their continuous use. This condition is only considered to be met at the time in which the sale is highly probable and the asset (and the set of assets and liabilities related to it that are to be sold) is available for immediate sale in its current conditions. In addition, actions should be in progress that lead to the conclusion that the sale will take place within a period of 12 months after the date of being classified in this item.

Non-current assets (and the set of assets and liabilities related to thoese that are to be sold) classified as held-for-sale are measured according to the lower of their book value or fair value, less the costs of their sale.

t) Judgements and estimates

When preparing the consolidated financial statements, The Board of Directors of the Group used as a basis its best knowledge and experience of past and/or current events, considering certain assumptions regarding future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended 31 December 2018 and 2017 include:

a) Useful lives of tangible fixed assets and intangible assets;

b) Recording adjustments to the asset's values (accounts receivable and inventories) and provisions;

c) Impairment tests carried out on Goodwill.

Estimates and the underlying assumptions were determined based on the best existing knowledge of events and transactions in progress, as well as on the experience of past and/or current events, at the date of approving the financial statements. However, there may be situations in subsequent periods that were not foreseeable at the date of approving the financial statements, and were therefore not considered in those estimates. Changes to estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the associated degree of uncertainty, the actual results of the transactions in question might differ from the corresponding estimates. Changes to those estimates, which occur after the date of the consolidated financial statements, will be corrected in the income statement prospectively, in accordance with the provisions of IAS 8.

The main estimates and assumptions related to future events included in the preparation of the consolidated financial statements are described in the corresponding attached notes.

2.4 RISK MANAGEMENT POLICY

The Nors Group developed a risk management methodology based on best practices, to ensure an independent and objective assessment of organizational risks, enabling the monitoring, management, consolidation and "benchmarking" between the various organizational dimensions of the Group.

The identification of the corporate risks of the Group is the responsibility of the Management Council, advised by the Internal Audit Department, establishing the main risks to which the Group as a whole is exposed, defining the level of exposure desired for each. It is from this combination that the Organizational Risk Profile is determined, which should guide the actions and initiatives to be adopted and implemented across the Group. In this context, the main initiative developed was the design and permanent modification of Nors Corporate Policies. These Corporate Policies define, for each topic, the main responsibilities, decisions and approvals between the Management Bodies, the Corporate Structures and the Business Units/Companies of the Group.

a) Environment Risk

Environment risk arises from factors external to the company, which might affect the feasibility of its business model, jeopardising the fulfilment of the strategy and objectives.

The more critical risks in this category were worked on by the Board of Directors, and the action plan will be monitored and developed over time.

b) Processes and Decision-making Information risk

Process Risk is the risk of the Group not efficiently and effectively acquiring, managing, renewing and using the business' assets. Decision-making information risk is the risk of the information used to support the execution of the business model, for internal or external reporting on performance and for continuous assessment of the business model.

Process and information for decision-making risks will be mitigated both through actions by the Directors in each Business Unit/Company and through the standards set out in the Corporate Policies.

c) Foreign exchange rate risk

Foreign exchange rate risk is related to the Group's exposure to potential economic and financial losses given the typical instability and volatility of the exchange rates of some foreign currencies and the uncertainty as to their evolution. As the Nors Group's presence is geographically spread across various Regions and international markets, its activity is based on different currencies, and so the risk must be duly managed from a global perspective and at a central level. As such, it is the exclusive responsibility of the CFO to define the preferential measures and initiatives that the Group and the BU/GC must carry out in order to mitigate foreign exchange risk.

Currencies with more significant exposure are the US dollar and the Brazilian real.

This foreign exchange exposure is managed through natural hedging operations, namely by contracting financial debt in the currency of the place where the risk has been acknowledged.

The business foreign exchange variations are managed by the Group's Finance Department, using greater or lesser structured financial instruments: forwards and financial debt.

The amount of the Group's assets and liabilities (thousands of euros) recorded in a currency other than the Euro, may be summarised as follows:

CURRENCY		ASSETS		LIABILITIES	
		DEC 2018	DEC 2017	DEC 2018	DEC 2017
Brazilian Real	BRL	72 144	64 879	33 675	28 979
Cape Verde Escudo	CVE	1	(14)		990
US Dolar	USD	155 947	155 157	55 373	69 311
Tanzanian Shilling	TZS	45	(30)	1 373	1 196
Botswana Pula	BWP	4 715	3 703	3 667	2 745
Moroccan Dinar	MAD	90	104		(254)
Kenyan Shilling	KES	26	10		(82)
Namibian dollar	NAD	5 887	8 447	5 527	7 272
Mozambique metical	MZN	2 470	1 027	1 699	1 487

Assuming a foreign exchange scenario with a devaluation of 2% against the 2018 foreign exchanges of each currency, applying this to the direct contribution to the Group's financial position and the Group's net income in 2018, the main impacts may be summarised as follows:

CURRENCY		ASSETS	LIABILITIES	EQUITY	NET INCOME
Real do Brasil	BRL	(1 415)	(660)	(754)	(94)
Dólar Americano	USD	(3 058)	(1 086)	(1 972)	(222)
Xelim Tanzaniano	TZS	(1)	(27)	26	2
Pula de Botswana	BWP	(92)	(72)	(21)	(4)
Dinar Marroquino	MAD	(2)		(2)	
Xelim Queniano	KES	(1)		(1)	(5)
Dólar Namibiano	NAD	(115)	(108)	(7)	6
Metical Moçambique	MZN	(48)	(33)	(15)	2

d) Price risk

Price risk is related to other assets and financial instruments and presents an increased level of exposure, so the mechanisms to control or minimize it may imply the use of more sophisticated hedging instruments. Therefore, the sensitivity and performance of the Group in the face of price variations in the "available-for-sale investments" should be monitored by the Directorate of Planning and Performance Management and managed by the CFO, in accordance with the guidelines defined by the Board of Directors, whenever necessary.

e) Interest rate risk

The Group's indebtedness is indexed to variable interest rates, exposing the cost of debt to the volatility of the financial market. The impact of this volatility on the Group's results and equity is not significant due to the following factors: a possible correlation between the level of market interest rates and economic growth (natural hedge) and the existence of liquidity and cash equivalents at variable rates.

		DEC 2018	DEC 2017
	CHANGE	INCOME	INCOME
Obtained funding	+ 1 p.p.	1 767	1 865
Obtained funding	-1 p.p.	(1 767)	(1 865)

Additionally, in 2014, the Nors Group took the decision to hire a swap variable for fixed interest rate, such as "Plain Vannila" to cover part of the risk it is exposed to the variability of the rate used in a number of financing agreements obtained. More details about this contract are referred to in note 26.

f) Liquidity risk

Liquidity risk is defined as being the risk of the inability to settle or fulfil any obligation within the set deadlines and at a reasonable price. There are three principal objectives of managing this risk at Nors:

- Liquidity: ensuring permanent, efficient access to sufficient funds to meet current payments on the respective due dates, as well as any requests for funds within the deadlines defined for that purpose, even if unforeseen;
- Security: minimising the probability of default in reimbursing any investment of funds;
- Financial efficiency: ensuring that the Group and the BU/GC maximise the value created and minimise the cost of the opportunity of holding short-term surplus liquidity.

Generally speaking, responsibility for the management of liquidity risk is incumbent upon the Group's Finance Department. However, to ensure that the Group and the BU/GC have liquidity, working capital management parameters have been defined enabling the maximum return to be obtained, while minimising the associated opportunity costs in a secure and efficient manner. It is important to mention that at the Nors Group, all existing surplus liquidity must be invested in amortising short-term debt, and the most pessimistic scenario must be used as a basis for analysing the maturity of each of the liability financial instruments, so as to minimise the liquidity risk linked to these obligations.

At 31 December 2018 and 2017, the Group has a net bank indebtedness of 146,923 thousand euros and 157,800 thousand euros, respectively, divided into current and non-current loans (note 20) and cash and banks deposits (note 16), taken out with various institutions.

At 31 December 2018, the Group has Current assets of 221,961 thousand euros, which is higher than the Current liabilities of 208,133 thousand euros, which is an improvement on the previous year.

g) Credit risk

Credit risk refers to the risk of the counterparty defaulting on its obligations, resulting in possible losses for the Group, and so the exposure is mostly linked to trade receivables arising from the operational activity. To cover credit risk, credit insurance or other hedging instruments can be contracted, while with regard to contracting credit insurance, the Accounts Receivable Areas of Norshare in the Regions must make an assessment of the need and the cost/benefit of contracting it, their conclusions being submitted to the Finance Department. Contracting any other hedging instruments is exclusively incumbent upon the CFO.

The Board of Directors has approved a Customer and Credit Management Policy that mitigates this risk, namely in the following points:

- For all deals regarding products on credit from the commercial area, it is mandatory for the financial area of Accounts Receivable of Norshare to analyse the credit and issue a technical opinion;
- Perform monthly impairment analyses on accounts receivables;
- Monitor the evolution of credit at regular meetings.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF FUNDAMENTAL ERRORS

During the year ended 31 December 2018, there were no changes to accounting policies.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The Group companies included in the consolidation using the full consolidation method and the corresponding proportion of capital held on 31 december 2018 and 2017, are as follows:

COMPANY	% OF CAPITAL HELD 2017[1]	% OF CAPITAL HELD 2018[1]	CONSOLIDATION METHOD
Nors, S.A.	**Parent company**	**Parent Company**	**-**
Agro New Máquinas Agrícolas, Ltda	99,99%	99,99%	Full
Amplitude Brasil Corretora de Seguros, Ltda.	82,50%	-	Full
Amplitude Seguros - Corretores de Seguros S.A.	82,50%	82,50%	Full
AS-Glass Angola, Lda.	73,50%	73,50%	Full
AS Parts - Centro de Peças e Acessórios, S.A.	100,00%	100,00%	Full
AS Parts Angola, Lda.	98,01%	98,01%	Full
AS Parts Cabo Verde, S.A.	82,50%	82,50%	Full
Asinter - Comércio Internacional, Lda.	70,00%	70,00%	Full
ASMOVE - Consultoria e Projectos Internacionais, S.A.	100,00%	100,00%	Full
Auto Power Angola, Lda.	98,01%	98,01%	Full
Auto Sueco (Lobito), Ltd.	79,90%	79,90%	Full
Auto Sueco Centro-Oeste Concessionária de Veículos Ltda.	99,99%	99,99%	Full
Auto Sueco Moçambique, S.A.	100,00%	100,00%	Full
Auto Sueco São Paulo, Ltda.	99,99%	99,99%	Full
Auto Sueco Vehicles, Spare Parts & Services (Namibia) (Pty), Ltd.	100,00%	100,00%	Full
Auto-Maquinária, Lda.	99,00%	99,00%	Full
Auto-Sueco (Angola), S.A.R.L.	79,90%	79,90%	Full
Auto-Sueco (Tanzania) - Trucks, Busses and Const. Eq., Ltd.	99,99%	99,99%	Full
Auto-Sueco II Automóveis, S.A.	100,00%	100,00%	Full
Auto-Sueco Kenya, Ltd.	99,99%	99,99%	Full
Auto-Sueco Vehicles, Spare Parts & Services (Botswana)(Pty) Ltd.	99,19%	99,19%	Full

COMPANY	% OF CAPITAL HELD 2017[1]	% OF CAPITAL HELD 2018[1]	CONSOLIDATION METHOD
Biosafe - Indústria de Reciclagens, S.A.	100,00%	100,00%	Full
Civiparts - Comércio de Peças e Equipamentos, S.A.	100,00%	100,00%	Full
Civiparts Angola- Comércio de Componentes e Equipamentos, S.A.	100,00%	100,00%	Full
Civiparts Espanha	100,00%	100,00%	Full
Civiparts Marrocos	100,00%	100,00%	Full
ExpressGlass Angola	98,01%	98,01%	Full
ExpressGlass Participações, Ltda.	99,99%	-	Full
Galius - Veiculos, S.A.	100,00%	100,00%	Full
Grow - Formação Profissional, S.A.	100,00%	100,00%	Full
Holding Expressglass, BV	100,00%	100,00%	Full
Imosócia – Sociedade Imobiliária, S.A.	100,00%	100,00%	Full
IMSO – Sociedade de Montagem de Automóveis, S.A.	100,00%	-	Full
NewOnedrive, S.A.	100,00%	100,00%	Full
Nors Brasil Participações, Ltda.	99,99%	99,99%	Full
Nors International B.V.	100,00%	100,00%	Full
Norshare Prestação de Serviços, Ltda.	99,99%	-	Full
Norsócia SGPS, S.A.	100,00%	100,00%	Full
Plurirent – Serviços de Aluguer, S.A.	100,00%	100,00%	Full
Promotejo - Compra e Venda de Propriedades, S.A.	100,00%	100,00%	Full
SARI Serviços *Aftermarket* Região Ibéria	100,00%	100,00%	Full
SGNT, S.G.P.S.	100,00%	100,00%	Full
Socibil - Imobiliária, SARL.	100,00%	100,00%	Full
Sogestim, Lda.	55,00%	55,00%	Full
Tecnauto Vehiculos, S.L.	100,00%	100,00%	Full

[1] Directly and Indirectly

These companies were included in the consolidation using the full consolidation method, as established by IFRS 10 – "Consolidated financial statements" (control of the subsidiary through the majority of the voting rights, or other mechanism, being the holder of the company's capital – note 2.2 a)).

COMPANY	% OF CAPITAL HELD 2017[1]	% OF CAPITAL HELD 2018[1]	CONSOLIDATION METHOD
Air Rail Portugal, Sociedade Unipessoal, Lda	25,00%	25,00%	E.M.
Air-Rail Marrocos	25,00%	25,00%	E.M.
Air-Rail Polska, Sp. z.o.o	12,50%	12,50%	E.M.
Air-Rail, S.L.	25,00%	25,00%	E.M.

COMPANY	% OF CAPITAL HELD 2017[1]	% OF CAPITAL HELD 2018[1]	CONSOLIDATION METHOD
Art Hava VE RAY EKIPMANLARI LTD. STI	22,50%	22,50%	E.M.
ASC Construction Equipment, INC.	50,00%	50,00%	E.M.
ASC Turk Makina, Limited Sirketi	50,00%	50,00%	E.M.
Ascendum Baumaschinen Österreich GmbH	50,00%	50,00%	E.M.
Ascendum Épitögépek Hungária	50,00%	50,00%	E.M.
Ascendum España, S.L.	50,00%	50,00%	E.M.
Ascendum Gradevinski Strojevi	50,00%	50,00%	E.M.
Ascendum II - Veículos, Unipessoal, LDA	50,00%	50,00%	E.M.
Ascendum III - Máquinas, Unipessoal, LDA	50,00%	50,00%	E.M.
Ascendum Machinery SRL	50,00%	50,00%	E.M.
Ascendum Makina Yatirim Holding, A.S	50,00%	50,00%	E.M.
Ascendum Portugal - Serviços de Gestão, SA	50,00%	50,00%	E.M.
Ascendum Stavebeni Stroje Czech	50,00%	50,00%	E.M.
Ascendum Stavebné Stroje Slovensko	50,00%	50,00%	E.M.
Ascendum, GmbH	50,00%	50,00%	E.M.
Ascendum, S.A.	50,00%	50,00%	E.M.
ASFC S.G.P.S., S.A.	73,33%	73,33%	E.M.
Centrocar Moçambique	32,00%	32,00%	E.M.
Centrocar, S.A.	40,00%	40,00%	E.M.
Centrocar España, S.L.	40,00%	40,00%	E.M.
Dalia - Gestão e Serviços, S.A.	28,54%	28,54%	E.M.
Glomak SGPS, S.A.	50,00%	50,00%	E.M.
Hardparts Moçambique, Lda.	50,00%	50,00%	E.M.
Importadora Distribuidora de Maquinaria Industrial ZEPHIR, S.L.	25,00%	25,00%	E.M.
Sotkon Anadolu	36,67%	36,67%	E.M.
Sotkon Angola, Lda.	36,67%	36,67%	E.M.
Sotkon Brasil Comércio Importação e Exportação, Ltda.	73,33%	-	E.M.
Sotkon Espanha	73,33%	73,33%	E.M.
Sotkon France, S.A.	73,33%	73,33%	E.M.
Sotkon Marocco, SARLAU	73,33%	73,33%	E.M.
Sotkon Portugal - Sistemas de Resíduos, S.A.	73,33%	73,33%	E.M.
Sotkon TR Atik Sustemleri Sanayi Ve Ticaret Anonim Sirketi	60,86%	60,86%	E.M.
Tea Aloya, Inmobiliaria, S.A.U.	50,00%	50,00%	E.M.
Tractorrastos - Soc. Vendedora de Acessórios, Lda.	50,00%	50,00%	E.M.
Trp Yedek Parça Ithalat Ihracat Ve Pazarlama Limited Sirketi	50,00%	50,00%	E.M.
Volmaquinaria de Construcciòn España, S.A.U.	50,00%	50,00%	E.M.
Volrental Atlântico, S.A.U	34,50%	34,50%	E.M.

[1]Directly and Indirectly
E.M. - Equity Method

These companies were consolidated using the equity method by the existence of agreements that by their conditions determine the existence of joint control, as established by IFRS 11 - "Joint Ventures".

5. CHANGES OCCURRED IN THE CONSOLIDATION PERIMETER

During the fiscal year ended 31 December 2018, there were the following changes in the composition of the consolidation perimeter:

- Sale of Holding ExpressGlass S.A., without any impact on the consolidated financial statements.

- Sale of Amplitude Brasil Corretora de Seguros, Ltda., without any impact on the consolidated financial statements.

- Merger of IMSO – Sociedade de Montagem de Automóveis, S.A. with Promotejo - Compra e Venda de Propriedades, S.A., without any impact on the consolidated financial statements.

During the year ended 31 December 2017, there were the following changes in the composition of the consolidation perimeter:

- Sale of AS Service, S.A., without any impact on the consolidated financial statements.

- Merger of Norshare Prestação de Serviços, Ltda. with ExpressGlass Participações, Ltda., without any impact on the consolidated financial statements.

- Merger of ExpressGlass Participações, Ltda. with Nors Brasil Participações, Ltda., without any impact on the consolidated financial statements.

- Disposal of the shareholding in the Mastertest group (see note 10).

- Disposal of the shareholding in Auto Sueco Uganda, Ltd and an Asset Deal made on the Auto Sueco Tanzania and Auto Sueco Kenya businesses, receiving 4,000 thousand euros by way of concession rights in those countries and disposal of inventories and tangible fixed assets of those operations at their book value. The contributions of these operations to the Group's financial statements in 2017 are as follows:

CONTRIBUITION	31.12.2017
Tangible fixed assets	
Inventories	71
Customers	(128)
Cash an cash equivelents	37
Others	
TOTAL ASSETS	**(20)**
Suppliers	774
Funding obtained	
Others	340
TOTAL LIABILITIES	**1 114**
Turnover	9 717
Cost of goods sold	(9 125)
Others	1 463
EBITDA	**2 054**
Depreciations	(89)
Interest and exchange rate differences	(1 172)
Income tax for the period	0
NET INCOME	**793**

6. INTANGIBLE ASSETS

In the years ended on 31 december 2018 and 2017, the transactions in intangible assets, as well as the corresponding amortization and accumulated impairment losses were as follows:

	DEVELOPMENT PROJECTS	COMPUTER SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	INVESTMENTS IN PROGRESS	TOTAL
1 JANUARY 2017						
Acquisition value net of impairment	157	3 063	437	733	7	4 396
Accumulated depreciation	(234)	(2 652)	(330)	(731)		(3 948)
INITIAL NET VALUE	**(77)**	**410**	**107**	**1**	**7**	**448**
MOVEMENTS IN 2017						
Initial net value	(77)	410	107	1	7	448
Translation differences - Acquisition cost		(82)	(48)	(89)		(219)
Translation differences - Accumulated depreciation	1	65	37	89		192
Additions		201	14		564	778
Transfer, sales and Write-offs / Acquisition cost		98	161		(7)	252
Transfers, sales and Write-offs / Accumulated amortization	92	(28)				64
Depreciation for the financial year	(17)	(258)	(53)			(328)
CLOSING NET VALUE	**0**	**405**	**217**	**1**	**564**	**1 187**
31 DECEMBER 2017						
Acquisition or revalued cost	157	3 279	564	644	564	5 208
Accumulated depreciation	(213)	(2 818)	(346)	(643)		(4 021)
CLOSING NET VALUE	**(56)**	**461**	**217**	**1**	**564**	**1 187**

	DEVELOPMENT PROJECTS	COMPUTER SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	INVESTMENTS IN PROGRESS	TOTAL
MOVEMENTS IN 2018						
Initial net value	(56)	461	217	1	564	1 187
Translation differences - Acquisition cost		(68)	21	31		(17)
Translation differences - Accumulated depreciation	2	49	(15)	(31)		5
Additions	30	131	7		850	1 018
Transfer, sales and Write-offs / Acquisition cost	(30)	15				(15)
Transfers, sales and Write-offs / Accumulated amortization	54	(14)				40
Depreciation for the financial year		(185)	(63)			(248)
CLOSING NET VALUE		**389**	**167**	**1**	**1 414**	**1 971**
31 DECEMBER 2018						
Acquisition or revalued cost	157	3 357	591	675	1 414	6 194
Accumulated depreciation	(157)	(2 968)	(424)	(674)		(4 223)
CLOSING NET VALUE		**389**	**167**	**1**	**1 414**	**1 971**

In 2018, the balance of Investments in progress refers to the project for implementing the Group's new ERP, which will lead to gains in efficiency, especially in the logistics chains which will then be managed in an integrated manner in a single system.

7. TANGIBLE FIXED ASSETS

In the years ended on 31 december 2018 and 2017, the transactions in tangible fixed assets as well as in the corresponding depreciation and accumulated impairment losses were as follows:

	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CON-STRUCTIONS	BASIC AND TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	INVESTMENTS IN PROGRESS	TOTAL
1 JANUARY 2017							
Acquisition or revalued cost net of impairment	26 979	155 556	40 994	13 633	6 638	1 306	245 106
Accumulated depreciation		(62 164)	(30 429)	(10 000)	(4 261)		(106 855)
CLOSING NET VALUE	**26 979**	**93 392**	**10 565**	**3 633**	**2 376**	**1 306**	**138 252**
MOVEMENTS IN 2017							
Initial net value	26 979	93 392	10 565	3 633	2 376	1 306	138 252
Translation differences - Acquisition cost	(975)	(10 804)	(2 129)	(1 259)	(583)	(25)	(15 776)
Translation differences - Accumulated depreciation		1 880	1 679	912	382		4 853
Additions		398	1 031	189	110	1 118	2 845
Transfer, sales and Write-offs / Acquisition cost		(70)	(4 054)	(490)	(750)	(402)	(5 767)
Transfers, sales and Write-offs / Accumulated amortization		946	2 872	221	464		4 503
Depreciation for the financial year		(5 960)	(2 181)	(692)	(579)		(9 412)
CLOSING NET VALUE	**26 004**	**79 780**	**7 782**	**2 515**	**1 420**	**1 997**	**119 498**
31 DECEMBER 2017							
Acquisition or revalued cost net of impairment	26 004	145 079	35 842	12 073	5 414	1 997	226 409
Accumulated depreciation		(65 299)	(28 059)	(9 558)	(3 994)		(106 911)
CLOSING NET VALUE	**26 004**	**79 780**	**7 782**	**2 515**	**1 420**	**1 997**	**119 498**

	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CON-STRUCTIONS	BASIC AND TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	INVESTMENTS IN PROGRESS	TOTAL
MOVEMENTS IN 2018							
Initial net value	26 004	79 780	7 782	2 515	1 420	1 997	119 498
Translation differences - Acquisition cost	90	2 362	(99)	92	167	1	2 613
Translation differences - Accumulated depreciation		(196)	51	(117)	(130)		(392)
Additions		545	2 660	290	90	948	4 533
Transfer, sales and Write-offs / Acquisition cost		2 800	(3 361)	(253)	8	(2 007)	(2 814)
Transfers, sales and Write-offs / Accumulated amortization		114	2 059	43	203		2 419
Depreciation for the financial year		(5 738)	(1 833)	(583)	(540)		(8 695)
CLOSING NET VALUE	**26 095**	**79 666**	**7 259**	**1 987**	**1 217**	**938**	**117 162**
31 DECEMBER 2018							
Acquisition or revalued cost net of impairment	26 095	150 785	35 041	12 203	5 679	938	230 741
Accumulated depreciation		(71 119)	(27 782)	(10 216)	(4 462)		(113 579)
CLOSING NET VALUE	**26 095**	**79 666**	**7 259**	**1 987**	**1 217**	**938**	**117 162**

In 2018, the amounts disclosed in the lines "Transfers, disposals and write-offs" also include accounting reclassifications, in accordance with the Group's policies, namely for Investment Property, due to the change in use of the properties.

8. INVESTMENT PROPERTIES

On 31 December 2018 and 2017 the "Investment Properties" item corresponded to real estate assets held by the Group that generate income through rental or capital appreciation. These assets are recorded at acquisition cost or revalued cost on the date of the first application of the IFRS (1 January 2009).

The breakdown of the real estate assets recorded under the "Investment properties" item on 31 december 2018 and 2017 can be presented as follow:

		DEC 2018		DEC 2017	
REAL ESTATE	LOCATION	NET BOOK VALUE	APPRAISAL VALUE	NET BOOK VALUE	APPRAISAL VALUE
Algarve house and land	Algarve	306	612	315	575
Porto building and land	Porto	495	1 006	518	1 006
Coimbra building	Coimbra	725	2 040	725	2 040
S. João da Talha building	S. João da Talha	2 131	5 121	2 194	5 539
Barreiro building and land	Barreiro	339	485	387	485
Matosinhos land	Matosinhos	2 925	2 926	2 925	2 925
Figueira da Foz apartment	Figueira da Foz	124	142	127	142
Francos building	Porto	130	148	134	138
Gonçalo Cristóvão building	Porto	158	164	160	164
Tecnauto building	Galiza	577	-	621	-
Clariant building	Porto	3 036	3 432	3 080	3 432
Maia building and land (Moreira da Maia)	Maia	1 585	2 069	1 615	2 069
Brito Capelo offices	Matosinhos	921	967	935	964
Almada building and land	Almada	-	-	987	1 565
Monte dos burgos building and land	Porto	11	12	11	12
		13 464	**19 123**	**14 735**	**21 055**

The Board of Directors believes that a possible change (under normal circumstances) in the main assumptions used to calculate fair value will not lead to impairment losses, beyond the loss already recorded. For properties whose evaluation is not presented, the Board of Directors believes that their book value approximates their respective fair value.

The fair value of investment properties that are subject to disclosure on 31 december 2018 and 2017 was determined by real estate valuation carried out by an independent expert - J. Curvelo Lda., using the arithmetic average method of the results of the comparative Market method and of the costs method. despite the changes in book value, the fair value of the property did not change, based on the valuations carried out.

In the years ended 31 december 2018 and 2017, the operating income and expenses directly associated with these investment properties were as follows:

	DEC 2018	DEC 2017
Rents and other income	768	1 024
Depreciation	(359)	(373)
Maintenance and Repairs	(167)	(182)

The transactions in the "Investment Properties" item as at 31 december 2018 and 2017 were as follows:

	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	TOTAL
1 JANUARY 2017			
Acquisition or revalued cost net of impairment	15 235	10 450	25 685
Accumulated depreciation		(3 658)	(3 658)
INITIAL NET VALUE	**15 235**	**6 792**	**22 027**
MOVEMENTS IN 2017			
Initial net value	15 235	6 792	22 027
Transfer, sales and Write-offs / Acquisition cost	(6 920)		(6 920)
Depreciation for the financial year		(373)	(373)
CLOSING NET VALUE	**8 315**	**6 420**	**14 735**
31 DECEMBER 2017			
Acquisition or revalued cost net of impairment	8 315	10 450	18 765
Accumulated depreciation		(4 031)	(4 031)
CLOSING NET VALUE	**8 315**	**6 420**	**14 735**

	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	TOTAL
MOVEMENTS IN 2018			
Initial net value	8 315	6 420	14 735
Acquisition		72	72
Transfer, sales and Write-offs / Acquisition cost	(234)	(800)	(1 034)
Transfers, sales and Write-offs / Accumulated amortization		49	49
Depreciation for the financial year		(359)	(359)
CLOSING NET VALUE	**8 081**	**5 383**	**13 464**
31 DECEMBER 2018			
Acquisition or revalued cost net of impairment	8 081	9 723	17 804
Accumulated depreciation		(4 340)	(4 340)
CLOSING NET VALUE	**8 081**	**5 383**	**13 464**

In 2018, the amounts disclosed in the lines "Transfer, disposals and write-offs" include accounting reclassifications in accordance with Group policies, including Tangible Fixed Assets by changing the use of the goods. .

9. GOODWILL

During the fiscal years that ended on December 31, 2018 and 2017, there were no operations in the Group that could generate goodwill in accordance with IFRS 3 - Concentration of Business Activities.

Goodwill is not amortized. Impairment tests are performed annually..

For the purpose of the impairments analysis, the recoverable amount was determined based on the value in use, according to the discounted cash flow method, based on business plans developed by the managers of the respective companies and duly approved by the Group's Board of Directors, and using discount rates that reflect the inherent risks of the business, or in the case of real estate firms, the disposal value minus selling costs, as provided for in the regulations.

On 31 december 2018, the method and assumptions used to ascertain the existence or not of impairment were as follows:

	DEC 2018		
COMPANY	**GOODWILL**	**GROWTH RATE**	**DISCOUNT RATE (AFTER TAX)**
Auto Sueco Centro Oeste	1 686	4,00%	9,08%
NewOnedrive	2 258	2,00%	5,87%
Arrábida Peças	913	2,00%	5,87%
Auto Sueco São Paulo	9 187	4,00%	9,08%
ASFC	9 777	2,00%	7,78%
Civiparts S.A.	15 696	2,00%	5,87%
Amplitude	1 614	2,00%	7,00%
Promotejo	812		
Agro New	3 300	4,00%	9,08%
Galius	4 186	2,00%	5,87%
	49 430		

The movement of Goodwill as of December 31, 2018 and 2017 was as follows:

1 JANUARY 2017	**53 618**
Impact of Exchange rate variations	(2 507)
31 DECEMBER 2017	**51 111**
Impact of Exchange rate variations	(1 681)
31 DECEMBER 2018	**49 430**

Supported by the value of the 5-year forecast for cash flows, discounted at the rate considered to be applicable, the Board of Directors concluded that at 31 December 2018, the book value of the cash-generating units is not higher than their recoverable value.

The projections of cash flows were based on historical performance and expectations of improved efficiency and organic growth. The management believes that a possible change (within a normal scenario) in the main assumptions used in the calculation of the recoverable amount will not cause impairment losses.

In companies with real estate activity, the recoverable value was determined by the fair value of the real estate minus disposal costs, which is higher than the book value of the net assets, including Goodwill, therefore it is not necessary to consider an impairment of assets in this case.

10. FINANCIAL INVESTMENTS

10.1. Investments in associates and joint ventures

The balance of Investments in associated companies and in companies excluded from the consolidation as at 31 december 2018 and 2017 was as follows:

COMPANY	% SHAREHOLDING	DEC 2018	DEC 2017
Dália-Gestão e Serviços, S.A.	28,54%	4 038	3 037
Grupo Ascendum	50,00%	82 478	76 221
Grupo Sotkon	73,33%		
		86 516	**79 258**

The movements reported between the two periods are as follows:

	DEC 2018	DEC 2017
BALANCE AT 1 JANUARY	**79 258**	**92 905**
Share of the profit (loss)	13 140	15 124
Losses on divestitures		(2 944)
Distributed Profits	(6 500)	(3 750)
Divestitures		(13 991)
Reclassification for Provisions	82	65
Other movements in own capitals	536	(8 151)
BALANCE AT 31 DECEMBER	**86 516**	**79 258**

The amount reclassified as Provisions corresponds to the value of the participation in ASFC, whose adjusted equity is negative.

The key indicators of the companies that entered using the equity method are:

COMPANY	SHARE CAPITAL (LOCAL CURRENCY)	CURRENCY	ASSETS	EQUITY	SALES	NET INCOME	% GROUP
Dália-Gestão e Serviços, S.A.	1 354	EUR	12 022	11 315	284	3 051	28,54%
Grupo Ascendum	15 000	EUR	577 589	168 773	941 575	24 028	50,00%
Grupo Sotkon	62	EUR	10 922	(3 341)	9 942	819	73,33%

10.2. Equity instruments at fair value through equity

The balance of the item Equity instruments at fair value through equity at 31 December 2018 and 2017 was as follows:

COMPANY	% SHAREHOLDING	DEC 2018	DEC 2017
Grupo Auto Union Espanha GAUE SL	3,44%		
Aliance Automotive Espanha, S.L.	15,75%	521	424
Other equity instruments	-		
		521	**424**

During the course of 2017, Banco Português de Investimentos shares (in the affiliate Norsócia S.G.P.S.,S.A.) and Banco Millennium BCP shares (in Civiparts A. A and Promotejo) were sold.

10.3. Debt instruments at amortised cost

The balance of the item Debt instruments at amortised cost corresponds to Treasury Bonds from the Angola Popular Republic, with the intention of holding them until maturity.

Movements recorded between the two periods are as follows:

	DEC 2018	DEC 2017
BALANCE ON 1 JANUARY	**40 337**	**9 315**
Acquisitions in the fiscal year	7 783	48 266
Exchange variation	2 796	(2 163)
Divestments	(2 690)	(15 082)
BALANCE ON 31 DECEMBER	**48 226**	**40 337**

The maturity of the lines currently held is as follows:

	2019	2020	2021	2022	2023
Treasury Bonds	4 386	41 944	1 695		201
TOTAL	**4 386**	**41 944**	**1 695**		**201**

11. INVENTORIES

On 31 december 2018 and 2017, this item was broken down as follows:

INVENTORIES	DEC 2018	DEC 2017
Raw materials and consumables	164	150
Products and work in progress	890	1 302
Finished and intermediate products	453	500
Goods	114 262	95 466
	115 769	**97 418**
Accumulated impairment losses on Inventories (note 25)	(5 397)	(5 418)
TOTAL	**110 373**	**92 000**

The cost of goods sold and materials consumed (COGS) for the financial years ended on 31 december 2018 and 2017 was calculated as follows:

COGS	DEC 2018	DEC 2017
Initial Inventories	95 616	120 146
Net Purchases	518 304	441 369
Closing Inventories	114 426	95 616
TOTAL	**499 494**	**465 899**

12. CUSTOMERS

On 31 december 2018 and 2017, this item was broken down as follows:

CUSTOMERS	DEC 2018	DEC 2017
Customers, current account	56 852	67 631
Customers, bills of exchange receivable	1 332	2 463
Customers, doubtful debts	6 604	13 403
	64 789	**83 497**
Accumulated impairment losses on customers (note 25)	(6 604)	(13 403)
	58 184	**70 094**

The amounts included in the statement of financial position are net of accrued impairment losses, which were estimated by the Group in accordance with the accounting policy adopted and disclosed, as well as on the assessment of the climate and economic environment at the date of the statement of financial position. Credit risk concentration is limited as the customer base is wide and not inter-related. The Board of Directors believes that the book values of trade accounts receivable are close to their fair value.

The amounts in trade balances recorded in assets are not influenced by advances made for acquiring services/ merchandise, which are presented in liabilities in the item “Other accounts payable (customer advances)” and which at 31 December 2018 and 2017, amount to 11,902 thousand euros and 8,104 thousand euros, respectively (note 22).

13. OTHER ACCOUNTS RECEIVABLE

On 31 december 2018 and 2017, this item was broken down as follows:

OTHER ACCOUNTS RECEIVABLE	DEC 2018	DEC 2017
Advances to suppliers	4 226	2 790
Value Added Tax	1 227	1 724
Other balances with State and other public entities	4 179	3 611
Bonus receivable	4 468	3 753
Accrued Income	1 736	1 468
Other debtors	2 444	3 336
	18 279	**16 681**
Impairment losses (note 25)	(93)	(400)
	18 186	**16 281**
CURRENT ASSETS	**18 186**	**16 267**
NON-CURRENT ASSETS		**14**

The "Other balances with State and other public entities" corresponds to the balances of taxes to be received/ deducted by entities of the Group in the different geographical areas in which it operates, other than value added tax and income tax.

14. DEFFERALS - ASSETS

On 31 december 2018 and 2017, this item was broken down as follows:

DEFERRALS - ASSETS	DEC 2018	DEC 2017
Insurance to be recognised	333	450
Interest to be recognised	33	58
Other expenses to be recognised	3 211	3 991
TOTAL	**3 577**	**4 499**

The Group recognizes expenses according to their economic classification, regardless of their payment. At the end of each period, expenses already paid are deferred under this heading, but they must only economically affect the following period(s).

The balance of other expenses to be reported is related to deferred invoices awaiting credit notes, sickness benefits and rents to be recognized.

15. DEFERRED TAXES

The breakdown of the amounts and the nature of deferred tax assets and liabilities recorded in the consolidated financial statements on 31 december 2018 and 2017 can be summarized as follows:

DEFERRED TAX ASSETS:

	REPORTING TAX LOSSES	PROVISIONS AND ADJUSTMENTS NOT ACCEPTED AS TAX COSTS	OTHER	TOTAL
1 JANUARY 2017	**6 552**	**7 268**	**1 408**	**15 228**
Exchange rate variation	(601)	(616)		(1 217)
Impact on Income statement	(356)	(2 579)	(491)	(3 426)
Impact on equity	(497)	(16)		(513)
Other Adjustments	(764)	240	1	(523)
31 DECEMBER 2017	**4 334**	**4 297**	**918**	**9 549**
Exchange rate variation	(317)	(114)		(431)
Impact on Income statement	(1 022)	(1 448)	(18)	(2 489)
Other Adjustments		(1 218)	(444)	(1 662)
31 DECEMBER 2018	**2 995**	**1 516**	**456**	**4 968**

"Other settlements/uses" refers essentially to the use/reclassification of adjustments not accepted as a tax expense.

TAX REPORT THAT ORIGINATED DEFERRED TAX ASSETS ON 31 DECEMBER 2018:

	2014		2015		2016		2017		2018	
	BASE	**DTA**	**BASE**	**DTA**	**BASE**	**DTA**	**BASE**	**DTA**	**BASE**	**DTA**
Portugal	1 549	326								
Angola									599	
Brazil	1 067	363	6 784	2 307	3 585		2 457			
	2 616	**689**	**6 784**	**2 307**	**3 585**		**2 457**		**599**	

Pursuant to the legislation in force in Portugal, tax losses are reportable during a period of five years, for the 2013 reporting periods, after their occurrence and are subject to being deducted from tax income generated during that period. Losses from 2014 to 2016 are reportable for 12 years. Losses generated in 2017 and the following years are reportable for 5 years.

In light of the State Budget for 2013, as from that year, deduction of tax losses is limited to 70% of the value of the taxable profit ascertained in the period in question, regardless of the period in which the tax loss was ascertained.

Under the Spanish law, tax losses are reportable for a period of 15 years until 2010 and 18 years after 2011 and up to 2013. Losses generated after 2013 have no reporting time limit.

In Brazil, tax losses have no limited period of use, although there is a annual deduction limit of 30% of the taxable income earned in the period in question.

In Angola, tax losses are reportable for a period of 3 years.

DEFERRED TAX LIABILITIES:

	DEFERRAL OF CAPITAL GAINS TAX	EFFECT OF FAIR VALUE VALUATION ON LAND	OTHER	TOTAL
1 JANUARY 2017	**135**	**2 342**	**335**	**2 811**
Exchange rate variation			(51)	(51)
Impact on Income statement		(16)	44	28
Impact on equity			(93)	(93)
Other Adjustments			357	357
31 DECEMBER 2017	**135**	**2 326**	**591**	**3 052**
Exchange rate variation			(55)	(55)
Impact on Income statement	(2)	(24)	101	76
Other Adjustments		20	(20)	
31 DECEMBER 2018	**133**	**2 322**	**617**	**3 072**

The Nors Group companies based in Portugal and in which Nors S.A. directly or indirectly holds more than 75%, are taxed for Corporation Tax in accordance with the RETGS (Special Tax Regime for Groups of Companies), provided for in articles 69 and the following articles of the IRC (Corporation Tax) Code. For taxation periods beginning on or after 1 January 2017, the state levied taxes on the portion of taxable income subject and not exempt from IRC that is in excess of 1,500,000 euros, with a rate of 3% up to 7,500,000 euros, a rate of 5% up to 35,000,000 euros and of 7% if it is higher than the latter amount.

According to the legislation in force, the tax returns of the Group companies based in Portugal are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses, when tax benefits have been granted, or inspections, claims or other challenges are in progress, in which case, depending on the circumstances, the deadlines are extended or suspended. Therefore, the tax returns of the Group companies since 2014, could still be subject to review. The Board of Directors of the Group believes that any possible corrections resulting from the tax authorities's reviews/inspections of those tax declarations for the years pending inspection should not have a materially impact on the attached consolidated financial statements.

Pursuant to article 88 of the Corporation Tax Code, companies based in Portugal are also subject to autonomous taxation on a series of charges at the rates envisaged in the above-mentioned article.

16. CASH AND BANK DEPOSITS

On 31 december 2018 and 2017, the breakdown of cash and cash equivalents was as follows:

CASH AND BANK DEPOSITS	DEC 2018	DEC 2017
Cash	204	304
Bank deposits	29 595	28 373
TOTAL	**29 799**	**28 678**

The explanations of the items in Cash Flow statement are summarized in the following table:

ITEM	SOURCE OF FLOWS
Other receipts/payments	Payments of Withholding Tax
	Payments of Social Security Contributions Withheld
	Value Added Tax Payments and Receipts
	Receivables from Real estate Rents
	Compensation Claims

In 2018, the following payments related to acquisitions of financial investments in previous years were made:

- Acquisition of Expressglass: 1.749.000 euros
- Acquisition of Agro New: 1.617.000 euros

Receipts in Financial Divestments refer to Treasury Bonds which matured during the period.

In addition, dividends were received from the affiliate Ascendum in the sum of 6,500 thousand euros and from the affiliate Dália in the sum of 386 thousand euros.

17. BREAKDOWN OF SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2018, the capital of Nors, S.A, which is fully subscribed and paid up, is 30 Million euros (30,000,000 shares with a nominal value of 1 (one) euro).

On 22 November 2018, Auto Sueco, Lda (a private limited company) was turned into Nors S.A. (a public limited company). The share capital was converted into 30,000,000 issued and fully subscribed shares with a nominal value of 1 (one) euro each.

Identification of the corporate entities with more than 20% of the subscribed capital is as follows:

COMPANY AND REGISTERED OFFICE	HOLDING	VALOR NOMINAL	PERCENTAGE OF CAPITAL
PRIME JERVELL HOLDING - CONSULTORIA E GESTÃO, S.A.			
Registered Office: Largo do Terreiro, nº4	18 801 000	1,00 €	62,80%
4150-603 PORTO			
CADENA - S.G.P.S., S.A.			
Registered Office: Rua Alberto Oliveira, 83	8 700 000	1,00 €	29,00%
4150-034 PORTO			

Earnings per share may be expressed from a “basic earnings” or “diluted earnings” point of view.

Basic earnings per share is calculated by dividing the profits or losses for the year by the weighted average number of ordinary shares in circulation during the period.

Diluted earnings per share is calculated by dividing the profits or losses for the year by the weighted average number of ordinary outstanding shares during the period, adding the number of ordinary shares that can be issued, as a result of converting other instruments issued by the entity.

During the 2018 financial year, and after converting the share capital into shares, there was no issue/reduction or amortisation of shares, and so the average number of ordinary outstanding shares during the year was 30,000,000.

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

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

Earnings per share are disclosed below:

	DEC 2018
Net income for the period	20 028 360
Average number of ordinary shares	30 000 000
BASIC EARNINGS PER SHARE	**0,67**

18. EQUITY

Dividends
In accordance with the decision at the General Meeting, during this year, dividends were paid through the distribution of free reserves in the total amount of 4,500 thousand euros.

Legal reserve
Portuguese commercial legislation establishes that at least 5% of the annual net profit of each company, calculated in its individual accounts, must be appropriated to the legal reserve until this represents at least 20% of the share capital. This reserve cannot be distributed, except in the event of liquidation of the company, but can be used to absorb losses, after all other reserves have been used up, to increase the share capital.

The figure shown in the Financial Position corresponds to the Legal Reserve of Nors, S.A.

Revaluation surpluses
Revaluation reserves relate to the amount of the reserve for the revaluation of tangible fixed assets, net of deferred taxes, performed on the date of the transition to the IFRS.

Fair value reserves
Fair value reserves reflect the variation of hedge accounting the market value of the Swap mentioned in note 26.

Adjustments to financial assets
Adjustments to financial assets contains the variations in the application of the equity method to the associated companies. This reserve cannot be distributed to shareholders.

Results carried over and other reserves
This item includes translation reserves which reflect currency exchange variations occurred in the transposition of the financial statements of branches into a currency other than the euro, and the financial liabilities of hedge accounting identified for such.

The reserves available for distribution to shareholders are determined on the basis of the separate Financial statements of Nors, S.A.

19. NON-CONTROLLING INTERESTS

The transactions in this item during the years ended on 31 december 2018 and 2017 were as follows:

NON-CONTROLLING INTERESTS	DEC 2018	DEC 2017
OPENING BALANCE AT 1 JANUARY	**13 109**	**14 705**
Income for the year attributable to non-controlling interests	2 741	532
Impact of exchange rate variations	701	(1 801)
Other changes in equity in associated companies	(4)	28
CLOSING BALANCE AT 31 DECEMBER	**16 237**	**13 109**

Information on subsidiaries with a contribution to Non-Controlled Interests is contained in note 4.

20. FINANCING OBTAINED

On 31 december 2018 and 2017, this item was broken down as follows:

	DEC 2018		
FUNDING OBTAINED	**CURRENT**	**NON-CURRENT**	**TOTAL**
Debenture Loan			
Commercial Paper	2 500	99 447	101 947
Secured Current Accounts	15 774		15 774
Bank Loan	9 836	36 303	46 139
Bank overdrafts	4 893		4 893
Commercial credit lines	4 917		4 917
Financial Leases	187	381	568
Floor Plan	2 099		2 099
Investment subsidies	385		385
TOTAL	**40 592**	**136 130**	**176 722**

	DEC 2017		
FUNDING OBTAINED	**CURRENT**	**NON-CURRENT**	**TOTAL**
Debenture Loan	34 880		34 880
Commercial Paper	5 000	72 179	77 179
Secured Current Accounts	5 703		5 703
Bank Loan	20 323	42 954	63 277
Bank overdrafts	2 234		2 234
Commercial credit lines			
Financial Leases	223	969	1 191
Floor Plan	1 032		1 032
Investment subsidies	597	385	981
TOTAL	**69 991**	**116 486**	**186 477**

The movements that occurred in 2018 in the heading "Financing obtained" are explained as follows:

	2018	2017
OPENING BALANCE ON 1 JANUARY	**186 477**	**222 793**
Exchange effect	(432)	(3 066)
Receipts for financing obtained	117 032	57 060
Payment for financing obtained	(126 355)	(90 309)
ENDING BALANCE AT 31 DECEMBER	**176 722**	**186 477**

The debenture loan existing in 2018 had the following characteristics:

Debenture loan 2013:

- Amount: 30 million euros
- Contract date: 01 July 2013
- Subscription Date: 08 July 2013
- Interest: 6 months Euribor + spread
- Maturity Date: 08 July 2018, with amortization of half that amount on 08 July 2017

Debenture loan 2014:

- Amount: 25 million euros
- Contract date: 07 July 2014
- Subscription Date: 25 July 2014
- Interest: 6 months Euribor + spread
- Maturity Date: 25 July 2018

On 31 december 2018, the maturity of non-current loans obtained is as follows:

FUNDING OBTAINED	2020	2021	2022	2023+
Commercial Paper	76 947	9 000	1 500	12 000
Bank Loan	5 057	4 385	26 861	
Financial Leases	145	106	130	
TOTAL	**82 148**	**13 491**	**28 491**	**12 000**

On 31 december 2018, the Group had 155.121 thousands euros available in lines of credit distributed as follows:

FUNDING OBTAINED	HIRED CREDIT LIMIT	AVAILABLE CREDIT LIMIT
Debenture Loan		
Commercial Paper	180 000	78 053
Secured Current Accounts	21 983	6 208
Bank Loan	56 139	10 000
Bank overdrafts	11 133	6 239
Commercial credit lines	57 507	52 589
Financial Leases	568	
Floor Plan	4 129	2 030
Investment subsidies	385	
TOTAL	**331 843**	**155 121**

21. SUPPLIERS

On 31 december 2018 and 2017, this item was made up of current balances payable to suppliers, which are all due in the short term.

On these dates, the aggregate balance of the suppliers item was not restricted by payment plans that included interest payments and, therefore, the financial risk related to changes in interest rates is slight in this case.

22. OTHER ACCOUNTS PAYABLE

On 31 december 2018 and 2017 this item had the following composition:

CURRENT	DEC 2018	DEC 2017
Advances from Customers	11 902	8 104
Withholding of income taxes	662	664
Value Added Tax	8 623	11 323
Contributions to Social Security	1 215	1 277
Other balances with State and other public entities	727	263
Investment Providers	387	2 449
Remuneration and expenses	10 071	10 034
Accrued interest expense	222	1 088
Accrued bonus expenses	788	608
Operating Costs payable	885	1 126
Other Creditors due to additional expenses	4 089	4 118
Other Creditors	12 045	17 355
TOTAL OTHER ACCOUNTS PAYABLE	**51 615**	**58 410**

CURRENT LIABILITIES	**51 615**	**58 410**
NON-CURRENT LIABILITIES		**48**

NON-CURRENT	DEC 2018	DEC 2017
Other Creditors		48
TOTAL OTHER NON-CURRENT ACCOUNTS PAYABLE		**48**

23. ASSETS AND LIABILITIES FOR CURRENT TAX

On 31 december 2018 and 2017 this item had the following composition::

	ASSETS		LIABILITIES	
ASSETS AND LIABILITIES FOR CURRENT TAX	DEC 2018	DEC 2017	DEC 2018	DEC 2017
Corporate Income Tax	1 842	2 637	279	4 251

24. DEFERRALS - LIABILITIES

On 31 december 2018 and 2017, the "deferrals" item was broken down as follows:

DEFERRALS - LIABILITIES	DEC 2018	DEC 2017
Sales to be recognised	4 985	6 752
Other Income to be recognised	2 804	2 371
Margin to be recognised - IFRS 15	527	
TOTAL	**8 316**	**9 123**

25. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

On 31 december 2018 and 2017 the "Provisions" item was broken down as follows:

PROVISIONS	DEC 2018	DEC 2017
Guarantees to customers	253	261
Ongoing legal proceedings	1 557	1 485
Equity Method	2 372	2 307
Other provisions	216	343
TOTAL	**4 399**	**4 397**

The Group discloses, under the caption Provisions for Customer Guarantees, the best estimates of the present obligations with uncertain timetables, related to warranties provided to customers, arising from the normal flow of operations.

Under the heading of Legal Proceedings in Progress, the best estimates of the total amount of outflows that may occur in the future arising from actions filed in court by third parties are also disclosed.

In Other Provisions, a set of estimates of other present obligations with uncertain timetables, not included in the other two categories mentioned above, are disclosed.

The Provisions for Taxes refer to the provisions established to cover additional tax assessments arising from tax contingencies.

The provision relating to the Equity Method refers to the shareholding in ASFC, SGPS.

The transactions in provisions and impairment losses during the years ended on december 2018 and 2017 were as follows:

2018

PROVISIONS AND IMPAIRMENT LOSSES	OPENING BALANCE	PERIMETER VARIATION	INCREASES	REVERSALS	USES / ADJUSTMENTS	EQUITY METHOD	TOTAL
Accumulated Impairment losses with customers	**13 403**	(1 757)	1 229	(3 036)	(3 235)		6 604
Accumulated Impairment losses in other debtors	**400**	18	2		(327)		93
Accumulated Impairmentlosses on inventories	**5 418**	(578)	1 287	(552)	(179)		5 397
Provisions	**4 397**	(263)	162	(5)	27	82	4 399

2017

PROVISIONS AND IMPAIRMENT LOSSES	OPENING BALANCE	PERIMETER VARIATION	INCREASES	REVERSALS	USES / ADJUSTMENTS	EQUITY METHOD	TOTAL
Accumulated Impairment losses with customers	**21 475**	(4 775)	1 835	(6 876)	1 744		13 403
Accumulated Impairment losses in other debtors	**470**	18	1 212		(1 300)		400
Accumulated Impairment losses on inventories	**7 317**	255	95	(872)	(1 376)		5 418
Provisions	**4 586**	(254)	98		(98)	65	4 397

Given the unpredictability of the timing of the reversal of provisions and given the nature of what they may be used for, these were not financially updated by the Group.

26. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and exchange rate derivatives

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

On 31 december 2018 and 2017, the degree of exposure to the risk of variation in interest rates was considered to be low, taking into account that a significant part of the banking liabilities was represented by medium/long term lines of credit, with previously agreed financing conditions.

Given the historically low indices of interest rates during the year 2014 it was decided to hire a "swap floating rate for fixed" like "Plain Vanilla" that variable rate euribor 1m exchange for fixed rate. The summary of the same conditions are:

TYPE	OPERATION DATE	START	MATURITY DATE	NOMINAL VALUE
Swap Fixed Rate - Plain Vanilla	13/06/2014	17/06/2014	17/06/2019	30 000

	DEC 2018	DEC 2017
Market Value "*Market to Market*"	(147)	(421)

This instrument is being accounted for in a hedge accounting logic, and the necessary effectiveness tests have been carried out, which have shown that the hedge is effective.

On the other hand, although an increasing share of the Consolidated Financial Position is subject to the impact of fluctuations in exchange rates (euro/dollar, euro/real and euro/Turkish lira), the degree of exposure was considered to be controlled by the policy followed by natural hedging with the use of bank financing in these currencies, especially in US dollars.

Hence, as of december 31, 2018 and 2017 the Group had not negotiated any type of financial derivative instrument for exchange rate.

Nevertheless, the most recent changes in the capital market and the higher degree of exposure of the Group's Consolidated Financial Position to foreign exchange variations in the above-mentioned currencies or others, may lead the Executive Board to introduce, in the short term, in its risk management, the negotiation of derivative financial instruments that are duly adjusted to the type of respective risks.

27. FINANCIAL COMMITMENTS UNDERTAKEN AND NOT INCLUDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

On 31 december, 2018 and 2017, the Nors Group had not made any significant financial commitments that are not included in the consolidated financial statement.

28. INCOME TAX

The income tax recognised in the years ending on 31 december 2018 and 2017 is broken down as follows:

INCOME TAX	DEC 2018	DEC 2017
Current Tax	(4 927)	(7 455)
Deferred Tax (note 15)	(2 413)	(3 398)
	(7 341)	**(10 853)**

The breakdown of deferred Tax is shown in note 15.

On 31 december 2018 and 2017, the tax rates used for assessing current and deferred taxes were the following:

TAX RATE		
COUNTRY OF ORIGIN OF BRANCH:	**31.12.2018**	**31.12.2017**
Portugal	24,50% / 21%*	24,50% / 21%*
Angola	30%	30%
Brazil	34%	34%
Spain	30% / 25%*	30% / 25%*
Namibia	34%	34%
Botswana	22%	22%
Kenya	30%	30%
Tanzania	30%	30%

* In the case of DTA (deferred taxes for the year) for tax losses.

The effective tax rate by country is:

COUNTRY	PORTUGAL	SPAIN	ANGOLA	BRAZIL	AFRICA	TOTAL
Positive income before tax	19 897	3	14 614	9 197	1 447	45 158
Tax for the financial year	(3 370)	-	(546)	(3 116)	-	(7 033)
Effective tax rate	16,9%	-	3,7%	33,9%	-	15,6%
Negative income before tax	(12 176)	(1 235)	(2 608)	(914)	(856)	(17 789)
Tax for the financial year	94	1	(180)	(192)	(30)	(307)
Effective tax rate	0,8%	0,1%	-6,9%	-21,0%	-3,5%	-1,7%
INCOME BEFORE TAX	**7 721**	**(1 232)**	**12 006**	**8 282**	**591**	**27 369**
TAX FOR THE FINANCIAL YEAR	**(3 277)**	**1**	**(726)**	**(3 308)**	**(30)**	**(7 341)**
EFFECTIVE TAX RATE	**42,4%**	**0,1%**	**6,1%**	**39,9%**	**5,1%**	**26,8%**

29. INFORMATION BY GEOGRAPHICAL MARKETS AND ACTIVITY

The main information on the geographical markets and business activities existing on 31 december 2018 and 2017 is as disclosed in Note 31.

30. HEADCOUNT OF STAFF

On 31 december 2018 and 2017, the average staff headcount of the Group was as follows:

NUMBER OF EMPLOYEES	DEC 2018	DEC 2017
Number of employees	2 223	2 170
TOTAL	**2 223**	**2 170**

31. SALES AND SERVICES RENDERED

The breakdown of sales and services rendered by product for the financial years ended on 31 december 2018 and 2017 was as follows:

SALES BY PRODUCT	2018	2017
Trucks	59,5%	58,6%
Cars	15,6%	13,5%
Buses	3,3%	2,8%
Glass	0,2%	0,4%
Parts	13,5%	15,0%
Environment	0,6%	0,6%
Construction Equipment	2,5%	4,1%
Agricultural Equipment	2,1%	3,3%
Gensets	1,3%	1,6%
Service	1,4%	0,2%
TOTAL	**100,0%**	**100,0%**

The distribution of sales and services rendered by geographical market is as follows:

SALES BY REGION	2018	2017
Portugal	51,2%	51,0%
Angola	8,4%	12,8%
Brazil	35,6%	29,7%
Spain	1,8%	1,7%
Others	2,9%	4,8%
TOTAL	**100,0%**	**100,0%**

32. EXTERNAL SUPPLIES AND SERVICES

On 31 December 2018 and 2017, the "External Supplies and Services" item was broken down as follows:

EXTERNAL SUPPLIES AND SERVICES	2018	2017
Subcontracts / Specialised Work	12 996	11 115
Advertising and promotion	844	852
Surveillance and security	1 752	2 047
Maintenance and repairs	3 455	4 237
Electricity and Fuel	3 154	3 324
Travel and accommodation	2 115	2 286
Leases and Rents	9 049	10 357
Insurance	1 302	816
Guarantees	3 497	3 277
Contracts	1 398	904
Transport	3 364	3 228
Communications	1 072	1 580
Other external supplies and services	6 726	7 092
TOTAL	**50 725**	**51 116**

The main changes observed correspond to the increase in activity and the adequacy of the Group's available resources for the growth cycle it envisages.

33. STAFF COSTS

Staff costs for the years ended on 31 december 2018 and 2017 are broken down as follows:

STAFF COSTS	2018	2017
Remuneration of corporate bodies	2 441	1 937
Staff remuneration	45 571	48 751
Compensation	873	1 196
Charges on remuneration	10 257	10 694
Other staff costs	5 727	6 350
TOTAL	**64 869**	**68 928**

34. OTHER INCOME AND GAINS/OTHER COSTS AND LOSSES

On 31 december 2018 and 2017, the "other income and gains" and "other costs and losses" items were broken down as follows:

OTHER INCOME AND GAINS	2018	2017
Cash discounts	37	110
Capital gains on disposal of property, plant and equipment and investment properties	1 246	1 035
Capital gains on disposal of intangible assets		4 000
Surplus tax estimate	498	154
Interest received from operating activities	47	328
Recoveries of costs and concessions	3 563	1 838
Rents and other income on investment properties	768	1 024
Income under Guarantees	1 087	1 264
Other supplementary income	203	248
Remainder and other regularization of inventories	2 014	1 606
Other	2 692	3 664
TOTAL	**12 155**	**15 272**

OTHER COSTS AND LOSSES	2018	2017
Cash discounts granted	(287)	(317)
Tax	(2 316)	(3 173)
Inventory Losses	(2 393)	(1 998)
Corrections in relation to previous financial years	(193)	(621)
Gifts and inventory samples	(265)	(238)
Interest paid on operating activities	(202)	(183)
Losses on sales of tangible fixed assets	(51)	(349)
Other expenses on funding activities	(1 351)	(1 340)
Donations	(138)	(60)
Other	(4 242)	(3 954)
TOTAL	**(11 438)**	**(12 233)**

35. LEASES

During the year ended 31 December 2018, the following operations were carried out, which are recorded in the accounts of the investee according to the rules provided for in IFRS 15 - Revenue from contracts with customers:

	CONTRACTS WITH A REPURCHASE AGREEMENT	TOTAL
MOVEMENTS IN 2018		
Initial net value		
Increases	17 256	17 256
Depreciation for the financial year	(1 151)	(1 151)
CLOSING NET VALUE	**16 105**	**16 105**
31 DECEMBER 2018		
Gross value	17 256	17 256
Accumulated depreciation	(1 151)	(1 151)
CLOSING NET VALUE	**16 105**	**16 105**

The following obligations related to contracts with a repurchase agreement arising from the application of IFRS 15:

	DEFERRED RENT	DEFERRED INTEREST	REPURCHASE PRICE	TOTAL
2019	2 249	(189)	417	2 477
2020	2 021	(170)	1 910	3 761
2021	1 584	(119)	2 437	3 902
2022	929	(59)	3 270	4 140
2023	274	(15)	1 563	1 822
TOTAL	**7 057**	**(551)**	**9 596**	**16 102**

36. FINANCIAL PERFORMANCE

Em 31 de dezembro de 2018 e 2017, the "Financial Performance" item was broken down as follows:

	2018	2017
Interest and similar income obtained	3 686	2 957
Interest on bank loans – Commercial Paper	(1 907)	(2 197)
Loan interest on bonds	(681)	(1 655)
Interest on bank loans - Other	(5 561)	(6 766)
Interest on Financial Leases	(30)	(88)
Interest on operating leases - repurchase agreements	(106)	
Investment income tax	(1 177)	
Other interest and similar expenses	(3 239)	(3 036)
TOTAL	**(9 013)**	**(10 785)**

37. RELATED ENTITIES

The balances and transactions between the Parent Company and its subsidiaries, which are related entities of the Parent Company, were eliminated in the consolidation process and will therefore not be disclosed in this Note.

a) Transactions

The breakdown of the transactions between the Nors Group and its related entities can be summarised as follows:

SALES OF PRODUCTS AND SERVICES	2018	2017
Grupo Ascendum	22 529	17 176
	22 529	**17 176**

PURCHASES OF PRODUCTS AND SERVICES	2018	2017
Grupo Ascendum	(197)	(12)
	(197)	**(12)**

OTHER INCOME AND GAINS	2018	2017
Grupo Ascendum	154	236
Grupo Sotkon	180	183
Nortesaga Investimentos SGPS Lda	12	12
	346	**431**

OTHER EXPENSES AND LOSSES	2018	2017
Grupo Ascendum		(327)
Nortesaga Investimentos SGPS Lda		(88)
		(415)

INTEREST AND SIMILAR INCOME	2018	2017
Nortesaga Investimentos SGPS Lda	**(11)**	
	(11)	

Purchases and sales goods and the provision of services to the entities involved were at market prices.

b) Balances

The breakdown of the balances between the Nors Group and its related entities can be summarised as follows:

CUSTOMERS	DEC 2018	DEC 2017
Grupo Ascendum	1 452	1 081
Grupo Sotkon	37	37
Nortesaga Investimentos SGPS Lda		12
	1 489	**1 129**

SUPPLIERS	DEC 2018	DEC 2017
Grupo Ascendum	(257)	(298)
Nortesaga Investimentos SGPS Lda		(25)
	(257)	**(323)**

OTHER ACCOUNTS RECEIVABLE	DEC 2018	DEC 2017
Grupo Ascendum	30	
	30	

OTHER ACCOUNTS PAYABLE	DEC 2018	DEC 2017
Grupo Ascendum	(205)	(61)
Nortesaga Investimentos SGPS Lda		(1 493)
	(205)	**(1 554)**

38. CONTINGENT ASSETS AND LIABILITIES

The company has contingent liabilities regarding bank guarantees and other guarantees and other contingences related with its business. This is a summary of the guarantees:

	2018				
COMPANY	GUARANTEES PROVIDED TO BANKING ENTITIES	GUARANTEES PROVIDED TO IMPORTERS OF REPRESENTED BRANDS	GUARANTEES PROVIDED IN PUBLIC TENDERS	OTHER GUARANTEES	TOTAL
Nors, S.A.	3 930	1 098	1 092		6 120
Auto Sueco Portugal, S.A.		12 500	837	25	13 362
Auto Sueco II Automóveis, S.A.		7 700			7 700
Galius, S.A.		10 000	30		10 030
Biosafe, S.A.	370				370
TOTAL	**4 300**	**31 298**	**1 960**	**25**	**37 583**

	2017				
COMPANY	GUARANTEES PROVIDED TO BANKING ENTITIES	GUARANTEES PROVIDED TO IMPORTERS OF REPRESENTED BRANDS	GUARANTEES PROVIDED IN PUBLIC TENDERS	OTHER GUARANTEES	TOTAL
Nors, S.A.	2 200	1 102	1 795	88	5 184
Auto Sueco II Automóveis, S.A.		6 060			6 060
Galius, S.A.			95	14	109
Biosafe, S.A.	370				370
TOTAL	**2 570**	**7 162**	**1 890**	**102**	**11 723**

The bank Guarantees relate primarily to the guarantees provided to public bodies in relation to public tenders and also guarantees to customers and suppliers within the scope of the Group's operating activities.

39. FINANCIAL ASSETS AND LIABILITIES

On 31 december 2018, the financial assets and liabilities were broken down as follows:

FINANCIAL ASSETS	CATEGORY	BOOK VALUE	VALUATION METHOD
Debt instruments	investments	48 226	amortized cost
Other accounts receivable	accounts receivable	16 450	amortized cost
Customers	accounts receivable	58 184	amortized cost
Cash and bank deposits	accounts receivable	29 799	amortized cost
		152 659	

FINANCIAL LIABILITIES	CATEGORY	BOOK VALUE	VALUATION METHOD
Funding obtained	Other liabilities	176 722	amortized cost
Liabilities by Operating lease	Other liabilities	16 102	amortized cost
Other accounts payable	Other liabilities	35 561	amortized cost
Suppliers	Other liabilities	104 708	amortized cost
		333 092	

Only the Financial Assets (Customers) have impairment losses, as shown in Notes 12 and 25.

The gains and losses on financial assets and liabilities in 2018 and 2017 were as follows:

GAINS AND LOSSES	GAINS / (LOSSES) 2018	GAINS / (LOSSES) 2017
Accounts receivable	1 804	3 828
Assets available for sale		
Other assets at amortized		
Cash and bank deposits		
TOTAL	**1 804**	**3 828**

The interest from financial assets and liabilities in 2018 and 2017 was as follows:

INTEREST AND EXPENSES	GAINS / (LOSSES) 2018	GAINS / (LOSSES) 2017
Accounts receivable	3 733	3 285
Liabilities at amortized cost	(12 902)	(13 925)
TOTAL	**(9 168)**	**(10 640)**

The exchange rates differences for financial assets and liabilities in 2018 and 2017 were as follows:

EXCHANGE DIFFERENCES	GAINS / (LOSSES) 2018	GAINS / (LOSSES) 2017
Foreign exchange rate gains	24 587	14 177
Foreign exchange rate losses	(21 795)	(18 138)
TOTAL	**2 792**	**(3 961)**

40. REMUNERATION OF THE MEMBERS OF CORPORATE BODIES

The salaries of members of the corporate bodies of the Group in the 2018 and 2017 financial years were as follows:

	2018	2017
Nors, S.A.	2 310	1 771
Auto-Sueco (Angola)	130	166
TOTAL	**2 441**	**1 937**

41. REMUNERATION OF THE STATUTORY AUDITOR

The fees paid to statutory audit firms in the various countries where the Group is present and in relation to the companies included in the consolidation in the 2018 and 2017 financial years were as follows:

FEES	2018	2017
TOTAL	**465**	**566**

42. INFORMATION RELATING TO THE ENVIRONMENT

The Group adopts the required measures in relation to the environmental area for the purpose of complying with current legislation.

The Nors Group Board of Directors does not estimate that there are any risks related to environmental protection and improvement, and received no administrative infractions related to this subject during the 2018 financial year.

43. SUBSEQUENT EVENTS

During the first quarter of 2019 a promissory contract for the purchase and sale of shares in the subsidiary Biosafe was signed between the Nors Group and Genan Holding. The foreseen sale value is 6.3 million euros, subject to price adjustments provided for in the contract.

This disposal by the Group of its subsidiary is part of the strategy followed for disposing of non-core assets.

It is expected that the parties will conclude the operation during the first half of 2019.

44. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 8 May 2019. In addition, the attached financial statements at 31 December 2018 are pending approval by the General Meeting of shareholders. However, the Board of Directors of the Group believes they will be approved without any amendments.

Porto, 8 may 2019

Tomaz Jervell
Paulo Jervell
Luís Jervell
José Bessa Leite de Faria

Artur Santos Silva
Álvaro Neto
Álvaro Nascimento
Tomás Jervell

José Leite de Faria
Francisco Ramos
Jorge Guimarães
Júlio Rodrigues
Rui Miranda

We Know How

STATUTORY AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT

pwc

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Nors S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2018 (which shows total assets of 560,325 thousand Euro and total shareholders' equity of 194,965 thousand Euro, including a net profit of 17,287 thousand Euro), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Nors S.A. as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report in accordance with the applicable law and regulations;

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
o'Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal
Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

May 8th, 2019

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

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

Rua Manuel Pinto de Azevedo, 711 1º
4149 010 Porto – Portugal
Tel: +351 226 150 320
nors@nors.com
www.nors.com

NORS
We Know How