ANNUAL REPORT 2015

CUF
QUÍMICOS INDUSTRIAIS

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MANAGEMENT REPORT FOR 2015

To the Shareholders,

According to the Law and the Articles of Association, the Board of Directors hereby submits to the General Meeting its Management Report and the Financial Statements relating to 2015.

01 MACRO ECONOMIC ENVIRONMENT

The world economy in 2015 is expected to have grown by 3.0% in global terms, though growth varied according to country or region.

In the developed world, the United States grew by 2.5%, Germany grew by 1.5%, France rose by 1.1% and Italy by 0.8%. Other European economies posted higher growth rates, such as Spain, with 3.2%, Ireland with 6.9% and the UK with 2.2%. Japan did not go further than 0.6%, though it did slightly better than in the previous year.

In emerging economies, differences in growth paces were even larger, considering that China grew by 6.9%, India reached 7.3%, but Russia and Brazil shrunk by respectively, -3.7% and -3.8%.

In overall terms, these figures confirm that any return to growth paces capable of rebalancing national budgets (restrained by government financing requirements designed and approved in periods of strong growth and rising raw-material prices) and absorbing indebtedness (as social and political needs created over periods of continued and sustained growth persist) was postponed once again.

There are three main factors which explain this weak performance of the world economy in 2015.

Firstly, the evolution of China's economy, which started a new phase marked by decreasing capital expenditure and industrial capacity formation, to focus on consumption and services capable of boosting the domestic market. This shift has direct implication on world raw-materials and capital markets.

The second factor was a decrease in energy prices and other basic products, partly as a result of the lower demand from the Chinese economy, but also as a result of technological changes in the US energy market, which is buying less oil abroad and placing its surplus of oil products on the world market at low prices.

The third factor was the repeatedly announced change in the US monetary policy towards a more restrictive phase, which finally happened in December 2015.

The combination of these three factors created new uncertainties for economic agents, and generated new waves of instability in the world economy, which is suffering from consecutive shocks since 2007.

This financial crisis is different from any other experienced and diagnosed in the past, on account of its duration and complexity, its different expressions according to region and levels of development, the large number of players involved, and finally, because it is happening in a new strategic context of globalisation (free movement of capital people and goods).

Crises used to occur in national economies with their own protectionist barriers and currencies, subject to self-regulation via inflation and exchange rate. Imbalances were promptly signalled via the balance of payments, the volume of foreign exchange reserves and the evolution of interest rates in each domestic market. These traditional features were completely altered, or else ceased to be relevant in the context of globalisation.

Although non conventional monetary policies of central banks of developed economies are the equivalent of large scale currency issue, there are no inflationary pressures and inflation rates fail to reach the desired level of 2%/year.

This particularity - the results of which are not proportional to the scale of the means, be they conventional or unconventional, used to incentive growth in all economies - shows that there are specific factors in the present crisis which make it harder to interpret.

This crisis, which started in 2007, is different because the economy is different, society is different (the expectations of social groups are different) and politics are different (including political programs or ideological polarisation). This is a new world where risk and uncertainty factors are also new, including in the way they emerge and rapidly spread out. Intra relations which create scale to promote growth are the same that spread risks and threats.

It was against this adverse background, with many uncertainties and high risks, that the Portuguese economy pursued its recovery from the liquidity crisis and difficult access to financial markets that forced the country to seek external help in 2011.

The continued global crisis adversely restrains the strategies and policies decided in Portugal. Specific factors, which are purely domestic though influenced by global uncertainties and risks, hinder the achievement of a stable consensus on national strategies and policies, and make the adjustment process longer and precarious.

This is one of the reasons which explains why the post-2013 recovery is taking longer than following the crises of 1983 and 1993.

In 2015 Portugal GDP growth rate reached 1.5%, which compares favourably with the 0.09% rate achieved in 2014, and explains the projections for a return to pre-2008 levels by 2017. Results obtained in the correction of the two deficits, specifically the budget deficit (3.0%) and current balance and capital account (2.4%) show the resilience of the Portuguese economy, though they are still short to regain what was lost in the past decade.

Foreign trade evolved favourably, with exports growing by 3.6%, and imports rising by 1.9%, which permitted a recovery in the trade balance by 5.2%. Notwithstanding, the evolution of oil prices is not structural and its contribution to the capital account and current account balances (2.4%) and the goods and services account (1.6%) may fade away and be replaced by other export headings.

Internal demand evolved favourably, growing by 2.4%, but indebtedness levels of both households and non financial companies remained high, and the banking system continued under pressure, both due to its impairment levels and new requirements for banking margins against a background of low or even negative interest rates.

The inflation rate in Portugal stood at 0.6%. As it cannot devalue its currency - as it is in the Euro zone, and because there is no inflation, the Portuguese economy will have to continue correcting its imbalances via higher productivity and the control of unit labour costs, without which it cannot achieve competitive gains.

Achieving this goal is key to reduce the unemployment rate. However, capital expenditure evolved downwards, particularly in the second half of 2015, shrinking by 2.7% in the third quarter and by 1.6% in the fourth quarter.

This was the economic background against which CUF - Químicos Industriais developed its activity in 2015 and which will almost surely prevail in 2016.

02 HIGHLIGHTS FOR THE YEAR

In the year under review industrial units operated steadily, practically at full capacity, as no shut-downs have occurred; as a result, production broke all record levels since the Capacity Expansion Project.

The company continued to bank on initiatives of technical nature, with a view to enhance the operation of the plants, including production factors, automation, control and maintenance, and thus achieve operational improvements capable of positively influencing competitiveness and profit.

In line with the previous year, the organic products market in Europe continued to be affected by slowdown and competition, with obvious impact on sales.

Conversely, in the Iberian market of inorganic products our sales expectations were surpassed.

As in previous years, domestic energy prices were very unfavourable and difficult to control. Nevertheless, the company was able to mitigate the impacts of such prices, based on an efficient management and a proactive negotiation with major suppliers.

On the safety, health and environmental side, the company posted favourable results, in line with previous years.

Projects under way with the support of major Portuguese universities were continued, aimed at improving operations and seeking new disruptive solutions.

Subsidiaries Aquatro and Quimigest were liquidated during the year. Respective staff as well as engineering and project management activities were transferred to CUF - Químicos Industriais.

The Company maintained and will continue to develop contacts in the light of its international expansion strategy, and it is quite optimistic as to their success.

03 EVOLUTION OF MAIN INDICATORS

	units	2011	2012*	2013	2014	2015
Turnover	€M	254	320	329	350	296
Operating Cash Flow (EBITDA)	€M	31	33	34	31	37
Operating Results (EBIT)	€M	12	15	15	13	19
Operating Results /Sales	%	4.7	4.6	4.7	3.6	6.5
Financial Costs	€M	6.1	6.3	5.1	4.4	3.8
Profit Before Tax	€M	5.5	9.2	10.5	8.4	16
Net Profit	€M	5	6	7	5.5	11
Cash Flow	€M	25	25	26	24	29
Equity**	€M	91	100	80	88	87
Net Assets	€M	290	310	254	242	236
Financial Liabilities	€M	155	139	121	102	92
Net Financial Liabilities	€M	146	132	106	80	61
Financial Liabilities/EBITDA	Nr of x	5	4.2	3.6	3.3	2.5
Net Financial Liabilities/EBITDA	Nr of x	4.7	4	3.1	2.6	1.7
Equity/Assets Ratio	%	31	32	31	36	37
Average no. of employees**	Unit	337	336	336	338	326
Sales per employee	€ th	753	954	979	1036	907

*In 2013 the company restated a number of financial expenses which were formerly recognises as Other Expenses.
2012 indicators were thus adjusted accordingly
** In 2013 following dividend distribution
*** Not including AQP personnel

04 COMPANIES INCLUDED IN THE CONSOLIDATION

COMPANIES	EQUITY HOLDING	CONSOLIDATION METHOD
CUF - Químicos Industriais, S.A.	100%	Full consolidation
ELNOSA - Eletroquímica del Noreste, S.A.	100%	Full consolidation
NUTRIQUIM - Produtos Químicos, S.A.	100%	Full consolidation
RENOESTE - Valorização de Recursos Naturais, S.A	100%	Full consolidation
AQP - Aliada Química de Portugal, Lda	49,90%	Equity method

05 CUF - QUÍMICOS INDUSTRIAIS, S.A. - ACTIVITIES AND RESULTS

5.1 MARKETING ACTIVITY

In 2015 CUF - QI posted sales of EUR 269,903,158 and provided services in the amount of EUR 2,591,996. Figures were lower than in 2014, which is explained by a decline in benzene prices motivating a decrease in aniline invoices, as further explained in point 6.1. Notwithstanding, this did not translate into a decrease in margins and results as against the previous year.

5.1.1 ORGANIC PRODUCTS BUSINESS AREA

Sales of organic products reached EUR 210,749,590, falling in relation to 2014, for the reasons explained above.

The volume of aniline, MNB, and nitric acid sales exceeded those of 2014.

5.1.2 INORGANIC PRODUCTS BUSINESS AREA

Inorganic products sales totalled EUR 59,153,568, standing 10.3% above 2014's figures.

The volume of soda, chlorine and hydrochloric acid sales surpassed those of 2014.

5.2 INDUSTRIAL ACTIVITY

5.2.1 PRODUCTION OF ORGANIC PRODUCTS

Production of Aniline, MNB and nitric acid hit new records in 2015. In addition to solid improvements at operation levels, the good performance of sales permitted maintaining high production flows.

The total amount of aniline produced was 186,125 tons, rising by 3% in relation to 2014.

The MNB unit produced 273,912 tons, i.e. 3% more than in the previous year.

The nitric acid plant increased its annual production by 5% to 430 tons.

Conversely, the sulphanilic acid plant saw a 3% decrease in production in relation to the previous year, recording a total annual production of 2,918 tons.

Cyclohexylamine production totalled 1,028 tons, increasing by 57% in relation to 2014.

Cyclohexanol production amounted to 575 tons, i.e. 67% more than in the previous year.

In addition to the excellent results in production volumes, units also did well in terms of the specific consumption of main raw materials.

5.2.2 PRODUCTION OF INORGANIC PRODUCTS

In 2015 CUF - QI produced 108,604 tons of chlorine gas, outperforming 2014's production by 9.4%.

The production of chlorine at Estarreja and Pontevedra sites was 6.2% over that achieved in the previous year.

Specific energy consumption was kept within expected levels.

Production of hydrochloric acid totalled 223,154 tons, i.e. 12.8% more than in 2014.

Production of hypochlorite totalled 102,711 tons, i.e. 1.6% less than in 2014.

As Reoneste did not have more solid salt to supply, CUF - QI resumed the use of liquid salt (purified brine from Renoeste), complemented with imported vacuum salt. Specific consumption was slightly higher than expected due to the use of liquid salt.

5.2.3 MINING PRODUCTION

During 2015 the amount of rock salt extracted from Campina de Cima mine and subsequently sold totalled 6.71 thousand tons.

The volume of operation inside the mine corresponded to a production of nearly 3.6 thousand tons of 'run-of-mine' product, which entered the processing plant, producing rock salt to be used for road safety purposes and on the feed industry.

In overall terms, sales of rock salt amounted to 6.71 thousand tons, of which 3.77 thousand tons went to the road sector and 2.93 thousand tons went to the feed industry.

The decrease in sales by 19.06 % over 2014 was due to milder winter/fall seasons in 2015 (beginning and end of year), resulting in less rock salt used on roads.

The volume of exports to Spain fell by 76% on account of the milder weather conditions referred to above.

5.2.4 MAINTENANCE

Quimigest Sociedade Química de Prestação de Serviços, S.A. - Group company specifically directed to the provision of maintenance services - suspended its activity as from the 1st of January 2015. Respective staff was transferred to CUF - Químicos Industriais.

Following the closure of this company, its mobile team that provided maintenance services to external companies was integrated in CUF - QI's fixed team.

Industrial maintenance and stock management activities evolved in line with efficiency goals set forth for 2015.

In order to continue the rejuvenation process and optimise costs, the Company started the identification and development of key maintenance activities, viewing to secure a more efficient and effective structure.

Relevant factors in CUF - QI's maintenance activity in 2015 were the following:

- Decrease by 0.6% in production units availability, ending the year with an average availability of 97.5%. Nonetheless, average availability is still in line with world class levels within our international benchmark.
- Total maintenance costs exceeded estimates by 7%, but this was due to non expected interventions.
- The rate of serious accidents in maintenance operations of both internal and external personnel continues to be 0%.
- The transmission of knowledge to the younger staff continued.

Consolidation of the availability of production units, decrease in costs, zero accidents - either occupational, industrial or environmental - continue to be the strategic pillars of the Maintenance Area, which in 2016 will further face the challenge of the shut-down of the units for maintenance purposes during one month.

This shut-down will take place 30 months following the last general shut-down, in line with the strategy established with CUF partners in the Estarreja chemical complex.

5.2.5 LOGISTICS

In 2015 CUF - Químicos Industriais handled 1.47 million tons of chemicals in the Estarreja complex, 8% more than in 2014, as result of an increase in production capacity, with immediate impact at both reception and dispatching levels.

The transportation of CUF - QI final products is made by pipeline to clients in the industrial complex, or by sea - for large volumes and long distances, or by railway (specially raw materials), or by road, in case of short distances or by multimodal transport in case of low volumes and long distances.

In 2015 a total of 376 thousand tons of products were transported by pipeline, of which 26% were raw materials and 74% were end products (chlorine, aniline, caustic soda, hydrochloric acid and sulphuric acid).

The volume handled by CUF at the Portuguese ports was the same as in the previous year: 75 ships, for a total of 298 thousand tons, including the unloading of raw-materials (benzene and salt) and loading of finished products (aniline and MNB).

The volume handled by railway totalled 45 thousand tons, specifically of Ammonia coming from the Lavradio plant, corresponding to an increase by 10% over 2014.

Road and multimodal transportation in 2015 reached 757 thousand tons, increasing by 6.7% in relation to 2014. Of this total volume, 43% concerned the transportation of raw materials and 57% related to the dispatching of end products. Multimodal transportation accounted for 3% of the volume.

Variable expenses with the unit sales of organic and inorganic businesses were in line with expectations.

5.2.6 TECHNICAL AREA

The Technical Division faced a relevant change in 2015.

Within the scope of CUF's business re-organisation, employees from subsidiary Aquatro (whose activity was suspended) were transferred to the Project Engineering Area of the Technical Division, along with employees from the Control Systems and Industrial Automation Area (SCAI).

The Maintenance Area, on the other hand, moved from the Technical Division to the Operations Division.

With a view to improve synergies between the various technical areas and minimize integration risks, steps were taken to standardize management processes and methodologies. Internal meetings were held to monitor the different activities, and a common documentation interface was created, encouraging a culture of transparency.

In the project management area, we point out the creation of multi disciplinary teams from the different technical areas to improve project efficiency. In 2015 this approach only covered large projects, but in 2016 it will be extended to all relevant projects.

5.2.6.1 ANALYTICAL CONTROL

In addition to the daily routine of analytical control of productive processes, in 2015 labs developed the following relevant tasks:

- Development of contents for an e-learning programme intended to increase the skills of the department's employees, which will be carried out in 2016 to 2018;
- Analytical support to projects developed by the Technical Division relating to effluent recovery.

5.2.6.2 SHE (SAFETY, HEALTH AND ENVIRONMENT) AREA

Safety and Health

In the field of Safety and Health, CUF - QI has always banked on prevention.

Training in safety issues provided to CUF employees and stakeholders is a cornerstone of the company's safety system.

The company revised its safety requirements for suppliers and contractors, with a view to increase the safety culture with these stakeholders. By way of example, these stakeholders are now required to register with a common platform of companies of the Estarreja Chemical Complex, and all external workers have to receive training provided by an external recognised entity and have a "Safety Passport".

The Drivers Certification Programme continued in 2015, including the renewal of certification for drivers transporting organic chemical products.

A significant investment was made in improving fire fighting equipment, including personal protection equipment.

Results posted in 2015 were positive: No serious industrial accident was recorded this year; only one labour accident occurred giving rise to sick leave.

Environment

Environmental performance in 2015 was quite good, particularly in what concerns the specific consumption of energy and water.

A careful management of steam resulted in savings of CO_2 emissions by 29% in 2015 as against 2014.

The LDAR (Leak Detection and Repair) according to EN 15446:2008, EPA -453/-95-017 and EPA 21), which was resumed in 2012, was continued in 2015. Results were positive, as volatile organic compounds (VOC) emissions reduced by 4%.

Zero leak programmes were developed in two areas to improve environmental practices and performances.

Capital expenditure made by this area covered mainly the installation of loading systems for hazardous chemicals with lower VOC emissions and improvements in the industrial effluents network.

Internal and external audits and environmental tests were carried out to detect abnormal situations and identify opportunities to improve processes.

Quality

The integrated (quality, environment and safety) system certification was renewed in 2015, attesting for the confidence in the management system in force.

The Company's Integrated Management System Policy is disclosed at corporate level, and monitored by the Management Advisory Body - Quality, Environment and Safety Committee.

5.2.6.3 PROCESSES AND DEVELOPMENT

During the year, the Process Engineering and Development area kept its course of action: reduce costs, improve environmental protection, ensure the sustainability of water resources, based on greater efficiency and stronger industrial processes, contributing to innovation and creating value.

On the whole, the area focused two types of actions: development of projects and technical support to other areas.

Projects for Industrial Implementation

Among those projects implemented at the plants, the following five are worth pointing out given their size and impact. They were implemented in the Aniline & By-products Area:

- Centrifugation of current composed mainly of heavy compounds and aniline, used for energy recovery, permitting an efficient separation of particles for the first time at industrial scale. Energy recovery was not yet achieved, however, due to the presence of solubilised elements.
- Project based on the same centrifugation technology, using an aqueous current this time, to reduce water consumption and the effluent generated therefrom. This project will be continued in 2016, with the validation of the pilot tests.
- Project with environmental impact, to connect to the incinerator the gas emissions (tank vents) of the intermediate storage tanks in the effluent treatment section.
- Still focused on environmental protection, this project viewed the absorption of ammonia emissions, leading to the production of an ammonia solution. This ammonia solution replaced part of dedicated production, resulting in considerable savings.
- Project started in 2015 to be continued in 2016, for the replacement of cyclones at the Sulphanilic Acid plant by stronger ones, to meet more demanding emission thresholds.

Other developed projects included for instance, the replacement of the aniline tank for a larger one and the introduction of exchangers in the washing section of the MNB plant.

Industrial projects were also implemented in the chlor-alkali production area, including one that allowed re-using part of the effluent generated during the regeneration of ion exchangers.

Research & Development Projects

R&D projects were mainly directed to improving the efficiency of operation and developing new technologies.

Within the scope of CUF's collaboration with Universities, there are eight PhD in progress, two of which were completed during the year - one relating to aniline production and the other with MNB production. Both theses pointed ways to improve process efficiency, particularly by reducing sub-products. One of the projects is already under implementation at the MNB plant, and it will allow reducing the formation of nitrophenols.

The area welcomed academic internships requested by Chemical Engineering Faculties, which allowed strengthening ties with universities, as it happens with PhDs, and moreover generated interesting results for the industry.

Among the various works developed in 2015, we point out the construction of a reactor at lab scale to recover low pressure impure hydrogen purged from the industrial unit.

In the research area, the Winaminão project (partly funded by NSRF) was completed. It views the development of a direct amination technology of benzene into aniline.

In the development area, two projects were immediately implemented at the plants and resulted in the consumption of steam according to production. This project, developed in collaboration with the Control Systems and Industrial Automation Area, resulted in a relevant reduction in steam consumption and consequently natural gas.

Technical Support

The provision of technical support to other areas accounts for 50% of the Technical Division's activity.

In 2015 the area provided support in the optimisation of the facilities and in issues such as water treatment in the aniline plant, which required aniline steam drums.

The TS area integrated teams under the responsibility of the Safety, Health and Environment Area (e.g. Zero Leaks; Dust in Sulphanilic; Human HAZOP).

Additionally, it collaborated in the analysis of internationalisation opportunities.

5.2.6.4 DESIGN ENGINEERING AREA

In 2015 the Design Engineering Area (former Aquatro) remained focused on the preparation of strategic investments and the management of projects relating to improvements and/or changes in existing units.

Support to CUF's Internationalisation Strategy

Viewing the internationalisation of the CUF Group, the area studied various investment opportunities.

Optimisation of Operations

In this field, it is worth mentioning the revamping of the hydrogen compressor, which started up in April 2015, in line with established deadlines and budget.

The MAC500 Project developed in collaboration with the Estarreja Chemical Complex Companies was successfully completed, with a record level of 500 tons MDI/day.

In the field of social equipment, the team completed the design projects for new facilities to be built, namely: Rest room; Shower Room PAD; Shower Room PCA; Shower Room PAD for shift workers. Respective construction works will take place throughout 2016.

The project for the increase in storage capacity of hypochlorite was developed in the first half of the year. Design projects were completed and the public consultation process for the various construction works was started. Works are likely to start in 2016.

The Area is also studying the possible use of an old sulphate warehouse to store salt. The design project was completed and construction works will start in the first half of 2016.

Other activities were carried out during the year, namely:

- Definition of the fire fighting and detection system in the compressor of the Nitric Acid plant; its deployment will be completed during the general shut-down of 2016;
- Design projects for the assembly of equipment for the centrifugation of heavy effluents;
- Changes in the Hydrogen Gasometer, installing level limiters in the reservoir and a control valve to improve hydrogen admission;

- Repair of dissolutor following detected problems, which included re-designing the distributor of brine;
- Layer Protection Analysis (LOPA) of mechanical strength of chlorine tanks, including a final report with conclusions and recommendations.

Beyond the scope of CUF - QI, the Engineering Team studied the possible connection of SGPAMAG to Aveiro Harbour's peer 24. The project will be completed in the first half of 2016, followed by the tender phase to occur until the end of the year.

5.3 PROCUREMENT

In 2015 the Procurement Division was responsible for the purchase of raw materials, equipment, products and services for CUF - Químicos Industriais in a total amount of Euro 215 million and for CUF Grout companies - Innovnano, AP, SGPAMAG and Renoeste - in the amount of Euro 3 million.

In 2015 the Procurement Division's activity focused three main aspects:

- Improvement of procurement processes, based on SAP and other tools available;
- Negotiation of contracts for the supply of raw materials, products and maintenance services seeking to achieve the savings goals established for the year;
- Change in the procurement of benzene, a key raw material, with strong impact on business margins, reducing annual purchases to a maximum of 2-3 supply contracts per year, and search for a specific supplier/operator providing risk coverage in relation to benzene prices.

In relation to the first aspect, i.e. internal organisation, the following is worth noting:

- Creation of data base with information on contracted freights, made available to different areas (market, logistics);
- Assessment of suppliers;
- Use of SAP's BW tool to record relevant information on the evolution of purchases and statistical analysis, and staff performance indicators.

In what concerns the second aspect - negotiation of contracts for the supply of raw materials, products and maintenance services, we point out the following:

- Negotiation of salt supply was particularly important, as it resulted in significant savings; likewise, the technical partnership between CUF and its main supplier was revised to improve productivity and the longevity of installed equipment;
- The introduction of modern procurement techniques, particularly for products of current consumption in the industrial maintenance area also resulted in relevant savings.

The third aspect is probably the most important on account of its impact on the margin of the aniline business.

In fact, the international benzene market is having a very volatile performance in the last few years, particularly in 2014 and 2015, with relevant impacts on the cost structure of the main manufactured product - aniline.

This volatility is due to changes in crude prices but also to a series of one-off variables, which are hard to predict: shut-downs in production units, prices in US, European and Asian markets - affecting flows and having a diverse impact on supply in the said markets, made worse by the aggressive strategies followed by countries producing above the market's demand, and the geographical situation and capacity of Aveiro Harbour, which requires vessels up to a certain deadweight tonnage, which are not always available on needed dates.

In view of the above, in 2015 the Procurement Division started studying the possibility of concentrating volumes, thus obtaining economies of scale, and at the same time it sought a benzene supplier that would provide price risk coverage. This partner was found and negotiations are under way.

This should mitigate adverse impacts of any volatility in benzene prices.

Finally, the Procurement Division was responsible for the negotiation and purchase of various technical equipment, working jointly with the areas in need of such equipment.

We point out the growing involvement and responsibility of the Procurement Division in the discussion/negotiation of specific technical equipment, in collaboration with the Engineering Division.

5.4 HUMAN RESOURCES

In 2015 several projects were implemented in the human resources area, specifically directed to strategic axes, which are aligned with CUF's strategy.

STRATEGIC AXES OF HUMAN RESOURCES	PROJECTS
GLOBAL MANAGEMENT Ensure the global management of CUF	**Performance Management System**
CONTINUOUS DEVELOPMENT Enhance leaderships and teams, developing critical skills to achieve goals	Functional flexibility **CUF Leaders**
COHESION AND WELL-BEING Strengthen CUF's identity and culture	**Internet** **Code of Ethics**
REJUVENATION of CUF's human capital, ensuring the building of knowledge and sharing of	4x4 Training Matrices of Succession Exits and Admissions

The following are worth mentioning:

Performance Management System

The new Performance Management platform for the CUF Group was completed. It is a user friendly platform, developed to work with SAP, which permits users to see and monitor their indicators and check their performance assessment.

CUF Leaders

CUF Leaders is a project directed to the development of a CUF Leaders network, which views to identify, share and build leadership tools.

Leaders and respective teams were involved in the process, which counted with over 350 work sessions. In 2016 Human Resources will support leaders and their teams in the implementation of the tools developed for this purpose, so that they may use them on a daily basis. They are designed to transform people, both leaders and teams.

Development of Intranet

In the field of internal communication, an intranet was implemented as privileged channel of information within the Group.

The purpose of this intranet is to make information more available and thus strengthen cohesion within the Group.

This network was conceived and designed by a multidisciplinary team and covers various subjects. For instance, InCUF discloses relevant news with which employees may identify themselves.

Code of Ethics

Our Code of Ethics is "CUF's commitment to act in all circumstances, ethically and with integrity, respective the rights of its employees as individuals.".

The "Code of Ethics" project viewed to disclose the code to all stakeholders, which was made during sessions held at all companies of the Group.

A copy of the Code was distributed to all participants, and the importance of its guidelines was duly highlighted.

5.4.1 PERFORMANCE ASSESSMENT

The annual performance evaluation was carried out covering all employees, based on the Performance Management System adopted by the company.

5.4.2 STAFF (CUF - QUÍMICOS INDUSTRIAIS)

In 2015 the number of employees evolved as follows:

11 employees left the company:

- **Estarreja**
  - » 4 (four) senior staff;
  - » 4 (four) industrial chemical engineers
- **Loulé**
  - » 3 (three) operators

10 employees joined the company:

- **Estarreja**
  - » 1(one) chemical engineer*
  - » 8 (eight) senior staff
  - » 1 (one) maintenance operator

* * Integration within the workforce of young trainees – 4X4 Training (2013/2014)

Average number of employees (as of 31/12):

Local	2014	2015
Estarreja	178	229
Lisbon	1	1
Loulé	14	11
Total	**193**	**241**

* In 2015 CUF - QI integrated 53 employees coming from Quimigest and Aquatro.

The number of pensioners fell by 8%.

5.4.3 DEVELOPMENT OF SKILLS

Over 5,500 hours of training were provided in 2015, particularly in the safety and security fields:

- Internal Emergency Plan;
- Continuous training covering various subjects in the safety field;
- Awareness raising around environmental issues, such as the sorting of solid urban waste at the Company;
- Risk assessment of workstations;
- Job authorisations and assignments;
- Updating of knowledge following revision of the different standards which form our Integrated Management System.

In the maintenance area, training was provided in the following subjects:

- Working approvals - Role of the Maintenance Area;
- Training in electricity in industrial units;
- Electrical hazards in electrolyses.

5.4.4 TRAINEESHIPS AND SCHOLARSHIPS

Within the scope of the strategic relationship entered with schools and universities, the company continued to promote internships/ and scholarships (39), involving students and recently graduated students:

- 6 (six) PhD Research scholarships;
- 14 (fourteen) Curricular Training;
- 3 (three) internships;
- 14 (fourteen) IEFP internships
- 2 (two) requalification internships

5.5 INFORMATION SYSTEMS

AThe Information Systems Department of CUF provides services to all companies in the Group and companies having left the consolidation scope, which are now external clients. Accordingly, information activity described herein is not exclusive to one company or other, but benefits, directly or indirectly all companies to which the Information Systems Department of CUF- C&S provides services.

As the core systems of all companies are operating steadily, the Information System Department's job is to ensure an optimised, safe and consistent operation, while maximising efficiency. This was DSI's key action throughout 2015.

The Department's major concerns are to ensure the updating, monitoring and efficiency of the information systems based on the best practices and complying with audit and safety rules.

Accordingly, during the year we upgraded systems and installed management and control tools, at server and PC levels, managing the hardware and software.

These tools allow high availability rates, and at the same time they ensure an efficient organisation of services.

- **Availability rate of communications:** 99.95%
- **SAP availability rate:** 99.1%
  (Shut-downs were those planned for backup off-line plus 1 due to energy failure)
- **Email availability rate:** 99.98%

In order to ensure the continuity of the business in the event of disaster, the Disaster Recovery process covering the SAP system was consolidated. Alternatives are being studied to improve the Data Centre.

All legal changes required were implemented in every area, namely those relating to the tax authority, or the standardization of statistics, in the human resources area.

In terms of processing and organisation of Information Systems, assessments were carried out by specialised consultants in respective areas, including in the financial and human resources areas, and operational areas of CUF - Químicos Industriais (Marketing, Logistics, Procurement and Warehouse Management, Maintenance, Production), which identified needed improvements, subsequently subject to assessment and planning.

Steps were taken towards greater flexibility and in-depth of analyses, viewing a better understanding of the impact of different factors on margins generated at product, customer or logistics levels. Likewise, in 2015 we started a diagnosis of the information concerning procurement, according to products, destination or supplier, constructing the model, drawing the cube, respective extractors and process chains. Given the detail and the diversity of the analyses to be developed, the project will continue throughout 2016.

The work developed at Business Development and Data Mining levels led to interventions in terms of the transactional processes themselves, to ensure that information takes into account the features that will allow information cubes and respective extractors to consider the detail of the analysis from different perspectives.

Adding to the above, the Department started developing the Employee and the Manager Portal, viewing to decentralise tasks and simplify the approval process. The project will start in 2016.

During 2015 the Department renegotiated two contracts with impact on the area: the first relating to productivity tools, which will migrate to the cloud, and the telecommunications contract. The implementation of these migrations will occur in 2016.

5.6 INNOVATION AND SUSTAINABILITY

Innovation

During the year under review CUF - QI continued to nurture a strong culture of Research, Development and Innovation (RDI), as it believes it will give rise to developments capable of ensuring the sustainability of its business.

The Company invested €1.8 million in Innovation and R&D, involving 10% of its staff. As a result, 49 projects under development have joined its R&D portfolio. The patent portfolio has 4 new patent families and 9 patents granted, covering geographies such as China, Japan and Eurasia.

The year was marked by buoyant relations with external entities, specifically in the scientific and technological fields and with clients and suppliers, viewing the development of innovating and sustainable state-of-the-art solutions, in line with the company's strategic goals. In 2015 CUF - QI welcomed 18 students within the scope of internship, master and PhD programmes.

In line with previous years, the Colombo Programme analysed and rewarded innovating projects. Pursuant to this programme, four innovating ideas were selected. Respective prizes were awarded during the Colombo Open Day event. These projects will all be implemented at CUF - QI, and will generate financial savings and benefits in terms of levels and community involvement. According to the latest estimates, return from the implementation of ideas emerging from the Colombo programme since 2006 hovers around € 3.5 million.

During the year under review two applications were made to innovation awards - the ICIS Innovation Awards and the Kaizen Lean Award, promoting the image of CUF - QI in the Innovation and R&D field.

Applications have also been submitted for funding purposes. For instance, CUF - QI (in joint-venture applied to the European Water Works programme and (individually) to the national SI&DT programme of PT2020.

Finally, it should be pointed out that CUF - QI strategy in the field of innovation and research has been accompanied by the development and optimisation of structures, such as research, development & innovation management system, certified according to NP 4457, on par with awareness raising and training of employees in this area.

Sustainability

CUF believes that the sustainability of its operations relies on a well managed and balanced combination of business success, environmental protection and social responsibility.

In 2015 CUF published its Sustainability Report on its performance in the previous year. This Report, which is duly audited by an independent company, views to inform all stakeholders on the economic, environmental and social performance of CUF Group companies, namely CUF - QI and the impacts caused by their respective businesses and activities. The report discloses information on the company's financial and non financial performance, influencing its reputation with all stakeholders.

CUF started in 2015 the Stakeholders Auscultation and Materiality Assessment Project, which views to gather the opinion of its stakeholders on the company's sustainable performance. The project, which will continue during 2016, will provide insight as to CUF's image and reputation with stakeholders, and a full reassessment of material subjects.

Finally, various other projects were developed in partnership with BSCD Portugal (the Portuguese Entrepreneurial Council for Sustainable Development), which view to promote sustainable practices, aligned with other chemicals companies.

06 ECONOMIC AND FINANCIAL ANALYSIS

6.1 RETURN

Gross margin as percentage of sales increased by 20% in 2015 as compared to 2014 (moving to 36% in 2015 from 30% in 2014).

In 2015 the volume of sales reached € 296 million, falling by 16% in relation to 2014. This decrease must be analysed in the light of the characteristics of the aniline business, an area where the selling price and production costs are strongly linked to the performance of benzene prices. A decrease in the price of benzene may simultaneously cause a fall in aniline turnover and costs, with no impact on margins.

This is what happened in 2015, which saw a sharp drop in benzene prices throughout the year (average price went from €1000/ton in 2014 to €600/ton in 2015), driving a reduction in the volume of sales in the aniline business, which was accompanied, however, by an increase in quantities sold.

Financial expenses continued to bear significant weight on results; nevertheless they fell, in absolute terms, mainly due to a reduction in debt, which stood at €92 million in 2015 as compared to €102 million at the end of 2014, but also thanks to a lower Euribor rate.

Net profit for 2015 totalled € 11.4 million.

6.2 ECONOMIC AND FINANCIAL SITUATION

Main indicators:

Local	2015	2014	Δ
Net assets (€M)	236	242	(6)
Equity (€M)	87	88	(1)
Financial liabilities (€M)	92	102	(10)
Gearing (%)	37%	36%	1%

Main indicators reflect the following:

- Decrease in net assets via depreciation and amortisation;
- Despite the net profit achieved, equity remained stable, which was due to the distribution of dividends in 2015;
- Decrease in financial liabilities via repayment of debt.

The company has a well-balanced financial situation, with a debt-to-equity ratio of 37% at the end of 2015 and an adequate distribution of long, medium and short term liabilities.

Financial debt is based on long term financing. The Net Financial Liabilities / EBITDA ratio evolved favourably from 2.6 to 1.7, reflecting the company's capacity to serve its debt.

At liquidity level, various measures are continuously being carried out concerning trade receivables and suppliers, to improve short term capital.

The company entered interest rate hedging operations to cover its long term financial operations.

07 SUBSIDIARIES ACTIVITY

ELNOSA - ELECTROQUÍMICA DEL NOROESTE, S.A.U.

In 2015 Elnosa business turnover totalled €30 million, increasing by 2% in relation to 2014.

The upward performance of average net sales prices, on par with the implementation of a cost cut plan and an increase in resale activity allowed offsetting the huge rise in energy prices (by nearly 23%), and return to positive results. In 2015 the company recorded net profit of €109,722.43.

At the same time, the company continued to increase provisions for restructuring purposes (by €105 thousand in 2015), following the mandatory discontinuing of production based on mercury cells technology.

Elnosa's strong balance sheet and liquidity permitted to pay out dividends totalling €900 thousand.

RENOESTE - VALORIZAÇÃO DE RECURSOS NATURAIS, S.A.

In 2015 the production of salt was limited to 14 thousand tons as REN only supplied brine in May and June, due to a serious failure in the Carriço Cogeração plant in June.

Despite this shortage of supply, existing stocks permitted the supply to Estarreja of 39 thousand tons of industrial salt and 14 thousand tons of brine.

This decrease in stocks permitted a stricter evaluation of stocks of finished products (brine and salt) following 13 years of operation. As a result, the company recorded losses in inventories in the amount of €1,767 million and impairment losses in finished products in the amount of €395 thousand.

Since REN continues unresolved as to the expansion of its natural gas storage, Renoeste is seeking new partners. It has developed various contacts with possible suppliers, which are still in an early stage of negotiation.

The company posted net losses of €1,784,506.82 due to the situation explained here in above.

AQP - ALIADA QUÍMICA DE PORTUGAL, S.A.

AQP - Aliada Química de Portugal improved its performance in 2015, increasing turnover and results.

The volume of sales increased driven by exports to Spain, which rose by 16%.

Operations continued to record excellent levels, with no incident to report.

Sales of derivative products account for 21% of total sales.

Fierce competition in Spain took its toll on AQP, particularly as concerns the low prices of aluminium chlorohydrate in public tenders.

As result, sales of aluminium chlorohydrate in Portugal fell by 2% in terms of value, though they increased by 5% in terms of quantity.

In addition to the above, the following positive facts are worth mentioning:

- Sales rose by 7% in relation to 2014, reaching € 4.58 million;
- The share of exports increased, accounting for 40% of total sales;
- The cost of goods sold and external supplies and services evolved in line with sales.
- Personnel expenses increased significantly, due to the strengthening of the paper assistance team, though this was fully offset by a rise in revenues from services.
- In terms of Health, Safety and Environment, AQP continued to follow strict practices and participated actively in all initiatives developed by PACOPAR, pursuant to the “Responsible Care” programme.

Operating results grew by 4.5% and net profit rose by 6.8% to €1,041,270.73.

NUTRIQUIM - PRODUTOS QUÍMICOS, S.A.

The plant suspended production in May 2012.

Its decommissioning plan was approved in October 2015 and should be implemented following the approval of the assessment report on soils and underground water by the relevant Portuguese environmental agency (APA).

As this report should be submitted to APA in March 2016, decommissioning operations could start during 2016.

In 2015 Nutriquim posted net losses of €147,483.85.

08 OUTLOOK FOR 2016

A shut-down for 1 month for maintenance purposes of all units of the Estarreja Pole will take place in 2016. This operation was initially scheduled for 2015, however, thanks to the improvements introduced over the past few years, it was possible to postpone it, with obvious operating gains.

Notwithstanding this down period, units are expected to operate at high capacity during 2016.

The restraints felt during 2015 in the European market of organic products will probably continue to exist in 2016. Against this background, the company is already acting to enter new markets in other geographies.

As far as the inorganic products market is concerned, the positive factors experienced in 2015 are likely to be maintained.

We remain concerned about context costs, namely energy-related costs, which adversely affect the competitiveness of our industrial sector. We will keep an active stance with the relevant organisations, continuing to raise awareness to these hindrances.

From the operational point of view, we will continue to seek improvement opportunities, in order to optimise specific consumptions.

09 PROPOSAL FOR THE APPROPRIATION OF NET INCOME

The Board of Directors proposes to appropriate the net profit for the year in the amount of €11,420,998.32 as follows:

LEGAL RESERVE	Euro 571,050.32
INCOME DISTRIBUTION	Euro 10,849,948.00

The Board of Directors further proposes that the distribution from Retained Earnings of an additional amount of Euro 2,650,052; the total sum proposed to be distributed to the shareholder is thus of Euro 13.5 million.

10 FINAL NOTE

As CUF - Químicos Industriais completes this business year, we would like to thank our stakeholders, supervising bodies and financial institutions for their engagement.

Porto Salvo, 28 March 2016

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015 AND 2014

HEADINGS	Notes	31/12/15	31/12/14
ASSETS			
Non Current Assets			
Tangible fixed assets	6	114 294 855	126 921 116
Investment property	7	19 445 561	19 533 732
Intangible assets	8	3 452 745	3 209 677
Equity holdings - eq. method Equity	9	1 136 394	1 103 105
Equity holdings - other methods	9	9 228	9 228
Other financial assets		1 455	391
Deferred tax assets	28	3 373 767	3 750 704
		141 714 006	**154 527 953**
Current Assets			
Inventories	10.1	19 773 288	29 456 881
Clients	13.1	39 484 277	31 591 422
Advances to suppliers	13.1	715 364	398 307
Government and other public bodies	11	343 515	2 253 829
Shareholders/Partners	5.2	-	428 584
Other accounts receivable	13.1	2 718 862	1 026 282
Deferrals	12.1	181 665	199 956
Cash and bank deposits	4	30 565 592	22 183 889
		93 782 564	**87 539 149**
Total Assets		**235 496 570**	**242 067 103**
EQUITY AND LIABILITIES			
Equity			
Share capital	16.1	30 500 000	30 500 000
Legal reserves	16.2	4 572 113	4 297 583
Other reserves	16.2	18 474 790	18 518 981
Results brought forward	16.2	14 749 843	22 989 601
Adjustments to Financial Assets	13.4	(6 030 774)	(7 549 683)
Other changes in equity	16.3	12 934 557	13 921 053
Net Profit/(Loss) for the year		11 420 998	5 490 581
Total Equity		86 621 527	88 168 116
LIABILITIES			
Non Current Liabilities			
Provisions	14	2 511 424	2 297 722
Loans	13.4	78 412 533	93 813 886
Post-employment benefits liabilities	15.1	4 955 311	5 111 457
Deferred tax liabilities	28	4 038 174	7 355 565
		89 917 441	**108 578 630**
Current Liabilities			
Trade payables	13.2	31 480 461	27 498 009
Cash receipts from clients		91 375	7 600
Government and other public bodies	11	1 655 539	551 893
Shareholders/Partners	5.2	4 597 551	3 895 796
Loans	13.4	13 441 471	8 375 922
Other accounts receivable	13.3	7 542 491	4 829 708
Deferrals	12.2	148 714	161 428
		58 957 601	**45 320 357**
Total Liabilities		**148 875 043**	**153 898 987**
Total Equity and Liabilities		**235 496 570**	**242 067 103**

CONSOLIDATED PROFIT AND LOSS STATEMENT BY NATURE

INCOME AND EXPENSES	Notes	31/12/15	31/12/14
Sales and services	18	295 683 392	350 137 940
Operating subsidies	17	17 861	12 029
Gains/losses of subsidiaries and associates Joint Undertakings	19	504 995	486 305
Product stock variation	10.2	(11 111 504)	(77 335)
Work for own entity	20	17 479	19 043
Cost of goods sold	10.3	(178 079 905)	(243 747 341)
Supplies and Services	21	(62 226 668)	(61 636 821)
Personnel costs	15.4	(13 283 921)	(14 146 773)
Impairment of inventories (Losses/Reversals)	10.4	2 350 337	(2 895 762)
Impairment of receivables (Losses/Reversals)	13.1	(14 309)	42 334
Provisions (Increase/Decrease)	14	(213 702)	(39 729)
Impairment of non depreciable inventories		-	-
Other Income and Gains	22	5 466 193	4 780 901
Other expenses and losses	23	(2 129 157)	(1 804 000)
RESULTS BEFORE DEPRECIATION, FINANCIAL EXPENSES AND TAX		**36 981 091**	**31 130 791**
Expenses/Reversal of Depreciation and Amortisation	25	(17 729 855)	(18 420 163)
Impairment of depreciable inventories		-	10
OPERATING RESULT (BEFORE FINANCIAL EXPENSES AND TAX)		**19 251 236**	**12 710 638**
Interest and similar income	26	18 575	93 777
Interest and similar expenses	27	(3 743 841)	(4 419 935)
PROFIT/(LOSS) BEFORE TAX		**15 525 970**	**8 384 479**
Income tax for the year	28	(4 104 971)	(2 893 898)
NET PROFIT/(LOSS) FOR THE YEAR		**11 420 998**	**5 490 581**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2015

Description	Notes	Paid Up Capital (Note 16.1)	Legal Reserves (Note 16.2)	Other Reserves (Note 16.2)	Adjustments to Financial Assets and Liabilities (Note 13.4)	Other Changes in Equity (Note 16.2)	Retained Earnings (Note 16.2)	Net Profit for the Period (Note 16.2)	Total	Total Equity
POSITION AT BEGINNING OF 2014	1	**30 500 000**	**3 955 946**	**18 066 308**	**(6 520 371)**	**10 427 379**	**16 324 226**	**6 832 738**	**79 586 226**	**79 586 226**
CHANGES IN THE PERIOD										
Hedging derivatives		-	-	-	(873 354)	-	-	-	(873 354)	(873 354)
Revaluation surplus of tangible and intangible assets and respective changes		-	-	(187 104)	-	-	187 104	-	-	-
Adjustments for deferred tax		-	-	639 777	(155 958)	(265 173)	(12 829)	-	205 817	205 817
Subsidies		-	-	-	-	3 176 746	-	-	3 176 746	3 176 746
Emission allowances		-	-	-	-	582 100	-	-	582 100	582 100
	2	-	-	452 673	(1 029 312)	3 493 674	174 274	-	3 091 309	3 091 309
NET PROFIT/(LOSS) FOR THE YEAR	3							**5 490 581**	**5 490 581**	**5 490 581**
COMPREHENSIVE RESULT	4=2+3							**5 490 581**	**8 581 891**	**8 581 891**
OPERATIONS WITH EQUITY HOLDERS DURING THE YEAR										
	5	-	-	-	-	-	-	-	-	-
APPROPRIATION OF RESULTS										
Set up of Legal Reserve		-	341 637	-	-	-	-	(341 637)	-	-
Transfer of results for the year to Retained Earnings		-	-	-	-	-	6 491 101	(6 491 101)	-	-
	6	-	341 637	-	-	-	6 491 101	(6 832 738)	-	-
POSITION AT END OF 2014	7=1+2+3+5+6	**30 500 000**	**4 297 583**	**18 518 981**	**(7 549 683)**	**13 921 053**	**22 989 601**	**5 490 581**	**88 168 116**	**88 168 116**
POSITION AT BEGINNING OF 2015	7	**30 500 000**	**4 297 583**	**18 518 981**	**(7 549 683)**	**13 921 053**	**22 989 601**	**5 490 581**	**88 168 116**	**88 168 116**
CHANGES IN THE PERIOD										
Revaluation surplus of tangible and intangible assets and respective changes		-	-	(57 020)	-	-	57 020	-	-	-
Adjustments for deferred tax		-	-	12 829	(440 973)	-	(12 829)	-	(440 973)	(440 973)
Hedging derivatives		-	-	-	1 959 882	269 510	-	-	2 229 392	2 229 392
Subsidies		-	-	-	-	(1 414 592)	-	-	(1 414 592)	(1 414 592)
Emission allowances		-	-	-	-	158 586	-	-	158 586	158 586
	8	-	-	(44 190)	1 518 908	(986 496)	44 190	-	532 413	532 413
NET PROFIT/(LOSS) FOR THE YEAR	9							**11 420 998**	**11 420 998**	**11 420 998**
COMPREHENSIVE RESULT	10=8+9							**11 420 998**	**11 953 411**	**11 953 411**
OPERATIONS WITH EQUITY HOLDERS DURING THE YEAR										
Distributions		-	-	-	-	-	(13 500 000)		(13 500 000)	(13 500 000)
	11	-	-	-	-	-	(13 500 000)	-	(13 500 000)	(13 500 000)
APPROPRIATION OF RESULTS										
Set up of Legal Reserve		-	274 530	-	-	-	-	(274 530)	-	-
Transfer of results for the year to Retained Earnings		-	-	-	-	-	5 216 051	(5 216 051)	-	-
	12	-	274 530	-	-	-	5 216 051	(5 490 581)	-	-
POSITION AT END OF 2015	13=8+9+11+12	**30 500 000**	**4 572 113**	**18 474 790**	**(6 030 774)**	**12 934 557**	**14 749 843**	**11 420 998**	**86 621 527**	**86 621 527**

CONSOLIDATED CASH FLOW STATEMENT

HEADINGS	Notes	31/12/15	31/12/14
CASH FLOW FROM OPERATING ACTIVITIES - DIRECT METHOD			
Cash receipts from clients		339 206 098	418 858 905
Cash paid to suppliers		(253 688 375)	(350 789 749)
Cash paid to personnel		(13 976 550)	(13 287 085)
Flows generated by operations		**71 541 173**	**54 782 071**
Income tax received/paid		(416 634)	(3 573 667)
Other cash received/paid		(29 184 575)	(20 403 212)
Net cash from operating activities (1)		**41 939 964**	**30 805 192**
CASH FLOWS ARISING FROM INVESTING ACTIVITIES			
Cash payments relating to:			
Tangible fixed assets		(5 724 765)	(5 988 695)
Investment property		-	-
Intangible assets		(148 390)	-
Financial investments		-	-
Other assets		(13 993 477)	-
		(19 866 632)	**(5 988 695)**
Cash receipts relating to:			
Tangible fixed assets		5 965	49 592
Investment property		367 451	-
Intangible assets		-	-
Financial investments		8 500 043	-
Other assets		2 182 012	-
Investment subsidies		162 144	53 883
Interest and similar income		5 319	90 953
Dividends		486 305	440 386
		11 709 239	**634 813**
Cash flows arising from investing activities (2)		**(8 157 393)**	**(5 353 882)**
CASH FLOWS ARISING FROM FINANCING ACTIVITIES			
Cash receipts relating to:			
Borrowings		-	79 500 000
Paid-up capital and other equity instruments		-	-
Investment subsidies		-	-
Loss coverage		-	-
Donations		-	-
Other financing operations		-	9 023 115
		-	**88 523 115**
Cash payments relating to:			
Borrowings		(8 357 189)	(88 334 123)
Interest and similar costs		(3 543 679)	(4 176 210)
Dividends		(13 500 000)	-
Decrease in share capital and other equity instruments		-	-
Other financing operations		-	(14 411 369)
		(25 400 868)	**(106 921 702)**
Cash flows arising from investing activities (3)		**(25 400 868)**	**(18 398 588)**
Variation in cash and cash equivalents (1+2+3)		8 381 704	**7 052 722**
Effect of foreign exchange differences			
Cash and cash equivalents at the beginning of the year	4	22 183 889	**15 131 167**
Changes in the consolidation perimeter		-	**-**
Cash and cash equivalents at the end of the period	4	30 565 592	**22 183 889**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 THE COMPANY

Group CUF - Químicos Industriais (“Group”) - made up of CUF - Químicos Industriais, S.A. (formerly Quimigal - Química de Portugal, S.A. - the new corporate name was registered on 28 April 2006). CUF - Químicos Industriais, S.A. has its head-office and plant in Estarreja. The Company was incorporated on 30 December 1977 and its corporate object is the industrial production and marketing of organic and inorganic chemical products.

The parent company CUF - Companhia União Fabril SGPS, S.A. has its head-office in Lisbon.

02 BASES OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared according to the Accounting Standardisation System (ASS) as approved by Decree-law 158/2009 of 13 July.

03 MAIN ACCOUNTING POLICIES

3.1 MEASUREMENT BASES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared on the ongoing concern and accrual basis of accounting, consistency of presentation, materiality and aggregation, offsetting and comparative information.

Based on provisions in the NCFR, the accounting policies followed by the Company were as follows:

(A) TANGIBLE FIXED ASSETS

Tangible fixed assets refer to assets used in production, rendering of services or for administrative purpose.

The Group adopted the deemed cost in the measurement of tangible fixed assets as of 1 January 2009 (date of transition to the NCRF), pursuant to the exemption provided in NCFR 3 - First time adoption of NCFR. The Group adopted as deemed cost the amount recorded in the former financial statements prepared according to the former accounting standards (POC), which included revaluation reserves carried out pursuant to various decree-laws that took into account currency devaluation coefficients.

Except for the Land that is not depreciable, depreciation of Tangible Fixed Assets is provided over their estimated useful lives and assessed for impairment whenever there is an indication that the asset may be impaired. Depreciation is determined on a twelfth basis as from the moment the assets become available for their intended use, in accordance with the straight-line method. Depreciation rates used are as follows:

	2015	2014
Buildings and other constructions	2,00 - 33,33	2,00 - 33,33
Basic equipment	5,00 - 50,00	5,00 - 50,00
Transport equipment	6,25 - 25,00	6,25 - 25,00
Administrative equipment	5,88 - 50,00	5,88 - 50,00
Other tangible fixed assets	12,5 - 20,00	12,5 - 20,00

Depreciation cost is recognised in the profit and loss statement under caption Expenses / Reversals of Depreciation and Amortisation.

Costs with the dismantling and removal of property from tangible fixed assets and the cost of restoring the sites where these are located, which is an obligation incurred when the goods are purchased or for having been used during a certain period for purposes other than the production of inventories, are part of the cost of the corresponding tangible fixed asset and are depreciated in the year of useful life of the assets they concern.

Current maintenance and repair costs are recognised as expenses in the period they occur.

Costs with replacements and major repairs are capitalised whenever they extend the useful life of the fixed asset and are depreciated in the remaining period of the said asset useful life or in its own useful life, if lower.

Any loss or gain arising on de-recognition of a tangible asset (calculated as the difference between the net disposal proceeds minus sale costs and the carrying amount) is included in the profit and loss account for the year the asset is de-recognised.

Tangible fixed assets in progress concern goods which are still under construction or development and are measured at acquisition cost, and they can only be depreciated when they will become available for use.

At the end of each year the company assesses any possible impairment in assets, which if any, will be recognised in the profit and loss statement for the year.

(B) INVESTMENT PROPERTY

The Group adopted deemed cost in the measurement of tangible fixed assets referring to 1 January 2009 (transition to the NCRF), under the terms of the exemption provided in NCRF 3 – First Adoption of the NCRF.

Deemed cost resulted from an assessment made as of the said date by independent and qualified auditors. Subsequently, the Group adopted the cost model in the measurement of investment property.

Depreciation is determined on a twelfth basis as from the moment the assets become available for their intended use, in accordance with the straight-line method. Depreciation rates used are as follows:

	2015	2014
Buildings and other constructions	5,00 - 10,00	5,00 - 10,00

(C) INTANGIBLE ASSETS

Intangible assets acquired separately are measured at cost on the date of the initial recognition.

The cost of internally generated intangible assets, excluding development costs in certain circumstances, are recognised as expenses when incurred.

Following initial recognition, intangible assets are recorded at cost minus cumulative depreciation and amortisation and impairment losses.

The useful lives of intangible assets are finite or indefinite. Intangible assets with indefinite life are not amortised but tested annually for impairment, whether or not there is evidence that they are impaired. Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the asset may be impaired. Amortisation of Intangible Assets is recorded in the Income Statement by Nature in line “Gains/Reversal of Depreciation and Amortisation”.

Depreciation is determined on a twelfth basis using the straight-line method. Depreciation rates used are as follows:

	2015	2014
Development projects	20,00 - 33,33	20,00 - 33,33
Industrial property	20,00 - 33,33	20,00 - 33,33
Other tangible fixed assets	20,00 - 33,33	20,00 - 33,33

Any loss or gain arising on de-recognition of an intangible asset (calculated as the difference between the net disposal proceeds minus sale costs and the carrying amount) is included in the profit and loss account for the year the asset is de-recognised.

Some of the specific characteristics relating to each type of intangible asset are as follows:

(C.1) DEVELOPMENT PROJECTS

Research costs are recognised as expenses in the period they occur.

Development costs of an individual project are recognised as intangible assets when the Group can show:

- The technical feasibility of completing the intangible asset so that will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate resources to complete the development of the intangible asset;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(C.2) EMISSION RIGHTS

CO_2 licences attributed to the Group pursuant to the National Allocation Plan for CO_2 Emissions Allowances are recognised according to NCRF 26 , i.e. under Intangible Assets through Other Changes in Equity - Subsidies and Donations, for their market value as of allocation date.

Purchased allowances are recognised as Intangible Assets through the corresponding accounts payable or liquid funds.

Based on FIFO criteria, for its CO_2 emissions the Group recognises a depreciation and amortisation cost through Cumulative Depreciation of Intangible Assets and, simultaneously transfers to Other Income and Gains, through Subsidies and Donations, an amount equivalent to the share of corresponding allowance.

Whenever the Group produces CO_2 emissions without holding respective allowances, a provision is recognised under the terms of NCRF 21 – Provisions, Contingent Liabilities and Contingent Assets for the amount corresponding to the best price estimate for obtaining it, added of the estimated penalties incurred for CO_2 emissions without allowance.

The sale of allowance rights gives rise to gains or losses determined between the carrying amount and respective acquisition cost, being recorded under Other Income or Gains - Income and Gains on Non Financial Investments or other Expenses or Losses - Expenses and Losses on Non Financial Investments, respectively.

Since there is an active market for emission rights, these are reassessed at market value at the end of each period, resulting in the adjustment of the Equity caption - Subsidies and Donations or Income whether the allowances are allocated or purchased, respectively.

(D) EQUITY HOLDINGS – EQUITY METHOD

The following associates are measured according to the equity method:

At acquisition date, the difference between the cost of the acquisition over the Group's share of net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities was recorded in accordance with NCRF 14 - Business Combinations. Hence:

- Associated goodwill was included in the recorded amount of the investment. However, the depreciation of this Goodwill is not permitted and therefore it is not included when determining the results arising from subsidiaries and associates;
- The excess of the Group's share of net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition was not included in the recorded amount of the investment and was included as income in the profit and loss statement for the period of the acquisition.

Subsequently, at acquisition date, the recorded amount of the investments:

- Was increased or decreased to recognise the Company's share of the profits or losses of the associates after the date of acquisition;
- Was reduced by the distributions received;
- Was increased or decreased to reflect through Equity, alterations in the Group's proportionate interest in the associates arising from changes in the latter's equity that have not been included in the income statement. These changes include, amongst other situations, those resulting from the reassessment of tangible fixed assets and currency translation differences.

The following provisions relating to the application of this method were also complied with:

- The financial statements of subsidiaries and associates were already prepared or were adjusted off the books in order to reflect the Group's accounting policies before they can be used for determining the effects of the equity method;
- The financial statements of associates used to determine the effects of the equity method refer to the same date of those of the Group or, if different, they do not differ more than three months in relation to the Group's;
- Results from «ascending» and «descending» transactions are recognised only insofar as they correspond to the interests of other investors in the associate not related to the investor.
- When the value of an investment is reduced to zero, additional losses are taken into account by recognising a liability whenever the Company incurs into legal or constructive obligations. If the subsidiaries and associates subsequently report profits, the Group will resume recognising its share of those profits only after the its share of the profits equals the share of losses not previously recognised.

(E) EQUITY HOLDINGS – OTHER METHODS

The Group uses the cost model in relation to financial investments in non listed companies in which the equity method does not apply.

According to the cost model, equity holdings are initially recognised at acquisition cost, which includes transaction costs, subsequently deducted of impairment losses, if any.

(F) INCOME TAX

(F.1) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities result from determining the temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements.

Deferred tax assets reflect:

- Deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised;
- Unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.

Deferred tax liabilities reflect taxable temporary differences.

The Group does not recognise deferred tax relating to temporary differences associated to investments in associates and joint ventures as it considers that the following conditions are simultaneously met:

- The Group is capable of controlling the timing of the reversal of the temporary difference;
- It is probable that the temporary difference will not reverse in the near future.

The measurement of deferred tax assets and liabilities:

- Is made at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.
- Reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(F.2) INCOME TAX FOR THE YEAR

Income Tax for the Year comprises current and deferred tax for the year.

Current tax is calculated based on the accounting results adjusted according to the laws to which each of the companies included in the consolidation is subject.

Income tax of the parent company and subsidiaries in which it holds, directly or indirectly, at least 90% of respective share capital and simultaneously have their head-office in Portugal is determined according to the special group taxation regime at the rate of 23% added of Municipal Surcharge at the maximum rate of 1.5% on taxable income, resulting in a total tax rate of 24.5%.

Income tax relating to remaining companies included in the consolidation is calculated based on the tax rates in force in the countries of respective head-offices:

	Country	2015 Tax	2014 Tax
Income tax	Portugal	21,0%	23,0%
Municipal surcharge	Portugal	1,5%	1,5%
Income tax	Spain	28,0%	30,0%

In accordance with current legislation in the various jurisdictions where the companies included in the consolidation develop their business, tax returns are subject to review and correction by the tax authorities during a period of four years to five years, except where there are tax losses, tax benefits have been granted or inspections, claims or appeals are in progress, in which case, depending on the circumstances, the period can be extended or suspended.

The Board of Directors believes that any possible corrections resulting from revisions/inspections of these tax returns will not have a significant effect on the consolidated financial statements.

(G) INVENTORIES

The assessment of inventories and respective costing methods are as follows:

	Valuation	Valuation methods
Goods	Acquisition cost (*)	Average cost
Raw materials, subsidiary materials and consum.	Acquisition cost (*)	Average cost
Finished and semi finished products	Production cost (*)	Average cost
Works in progress	Production cost (*)	Average cost

(*) Or net realizable value, whichever the lower

The cost of inventories includes:

- Aaverage production cost of the raw materials incorporated;
- Purchase costs (acquisition price and transport costs)

Where the realisable net value is lower than the purchase or translation price, the value of inventories is reduced by recognising an impairment loss, which is reversed when the reasons that originated it ceased to exist.

To this end, the realisable net value is the estimated selling price in the ordinary course of business minus any cost to complete and to sell the goods. Estimates take into account changes relating to events occurred following the end of the period insofar as such events confirm existing conditions at the end of the period.

(H) OTHER FINANCIAL ASSETS

Financial assets are recognised when the companies included in the consolidation become a party to the contractual relationship.

Financial assets not included in the preceding sub-paragraphs and which are not valued at fair value are valued at cost, net of impairment losses when applicable.

At the end of the year, the Group assesses the impairment of these assets. Whenever an objective evidence of impairment existed, the Group recognised an impairment loss in the statement of comprehensive income.

The objective evidence that a financial asset or group of assets was impaired took into account observable data that drew attention to the following loss events:

- Significant financial difficulty of the debtor;
- Contractual breach, such as the non payment or non compliance with the payment of interest or repayment of the debt;
- Companies included in the consolidation, due to economic or legal reasons relating to the debtor's financial difficulties, offered concessions to the debtor, that otherwise would not be considered.
- The debtor is likely to become bankrupt or subject to any other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

All significant financial assets were assessed separately for impairment purposes. Remaining financial assets were assessed based on similar credit risk characteristics.

Some of the specific characteristics relating to each type of Financial Asset are as follows::

(H.1) SHAREHOLDERS

Loans to shareholders do not accrue interest or involve any type of interest, therefore they are stated at respective nominal value, minus any impairment loss where applicable, determined based on the criteria provided in sub-paragraph h)

(H.2) CLIENTS

Accounts receivable are initially measured according to measuring criteria for Sales and Services described in sub-paragraph q) and subsequently measured at amortised cost minus impairment.

Impairment is determined based on the criteria defined in sub-paragraph h).

(H.3) ADVANCES TO SUPPLIERS

These balances are recorded at respective cost minus impairment losses, where applicable, determined based on the criteria established in sub-paragraph h).

(H.4) OTHER TRADE RECEIVABLES

Other trade receivables are measured as follows:

- **Personnel** - at cost minus impairment;
- **Receivables for accrued income** - at cost;
- **Other receivables** - cost minus impairment.

In both cases, impairment is determined based on the criteria defined in sub-paragraph h).

(H.5) CASH AND BANK DEPOSITS

Amounts in this caption include cash, bank deposits which mature in less than three months and can be demanded immediately with insignificant risk of change in amount.

These balances are measured as follows:

- **Cash** - at cost;
- **Deposits with no specific maturity** - at cost;
- **Other deposits with defined maturity** - at amortised cost, determined based on effective interest rate method.

For the purposes of the cash flow statement, caption “Cash and cash equivalents” also includes bank overdrafts, reflected in the balance sheet in the caption “Other loans”.

(I) GOVERNMENT AND OTHER PUBLIC BODIES

Balances and liabilities in this caption are measured based on the law in force.

In what concerns assets, no impairment was recognised as it was deemed not applicable given the specific nature of the relationship.

(J) DEFERRED ASSETS AND LIABILITIES

This caption includes transactions and other events the full recognition of which in the income statement for the period is not adequate, but that should be recognised in future results.

(L) EQUITY CAPTIONS

(L.1) LEGAL RESERVES

According to article 295 of the CC, at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of share capital.

This reserve is not available for distribution except upon liquidation of the company, but can be used to absorb losses once the other reserves have been exhausted, or to increase capital (art. 296 of the CC).

(L.2) OTHER RESERVES

This caption includes revaluation reserves made under the terms of the former GAAP and those made on transition date, net of corresponding deferred tax, which are recorded in caption Revaluation Surpluses as the company adopted the considered cost method on the date of conversion to the AAS.

Revaluation reserves made pursuant to the relevant laws, according to such laws, are only available to increase the share capital or cover losses incurred up to the date to which the revaluation refers, and only after realised (for respective use or sale).

They also include reserves resulting from the revaluation made on transition date, which are only available following realisation (for respective use or sale).

(L.3) RETAINED EARNINGS

This caption includes earnings available for distribution to shareholders and gains deriving from increase in the fair value of financial instruments, financial investments and investment property which, according to sub-paragraph 2 of article 32 of the CC, these reserves will only be available for distribution when the underlying rights will be sold, exercised, extinguished or liquidated.

(L.4) ADJUSTMENTS TO FINANCIAL ASSETS

This caption includes adjustments to fair value of financial assets such as derivatives used to manage interest rate, exchange rate or commodity risks already contracted or having a high probability of being transacted in the future which, according to paragraph 2 of article 32 of the CC, will only be available for distribution when the respective underlying elements or rights will be sold, exercised, extinguished or settled.

It also includes adjustments deriving from the application of the equity method, namely the allocation of the changes in the equity of subsidiaries and associates and non appropriated profit.

(L.5) OTHER CHANGES IN EQUITY

(l.5.1) Investment subsidies

This caption includes non repayable subsidies, net of deferred tax, relating to tangible and intangible fixed assets.

Subsidies are only recognised when there is reasonable certainty that they will be received and that the Group will comply with the conditions required for them to be granted.

Subsequently to the initial recognition, this caption is reduced:

- In what concerns subsidies relating to depreciable tangible fixed assets and intangible assets with a definite useful life, by their allocation, on a systematic basis, to income during the periods necessary to offset the subsidies with related expenses.

- In what concerns non depreciable and intangible assets with an indefinite useful life, by their allocation to income in the periods in which it is necessary to offset any impairment loss concerning such assets.

These subsidies will not be available for distribution until they are allocated to income during the periods required to: (i) balance the subsidies with related expenses which they are intended to offset, i.e. depreciation and amortisation and/or (ii) any impairment loss recognised in relation to such assets.

(I.5.2) Emission rights

These reserves, corresponding to Emission Rights given and recognised as provided in sub-paragraph c.4) above are transferred to Other income and gains as the corresponding CO_2 emissions are made by the group companies.

According to sub-paragraph 2 of article 32 of the CC, these reserves will only be available for distribution when the underlying rights will be sold, exercised, extinguished or liquidated.

(M) PROVISIONS

This account reflects a present (legal or constructive) obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, and a reliable estimate can be made of that obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at balance sheet date. Whenever the time value of money is significant, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation and which does not reflect risks in relation to which estimated future cash flows have been adjusted.

(N) LIABILITIES FOR POST-EMPLOYMENT BENEFITS AND PERSONNEL EXPENSES

Personnel expenses are recognised when the service is provided by employees, irrespective of respective payment date.

Some of the specific characteristics relating to each benefit are as follows:

(N.1) POST-EMPLOYMENT BENEFITS

The Group holds the following post-employment benefit plans:

Company	Name of Plan	Type	Addressees	Location
CUF Químicos	Retirement pension plans	Defined benefit - complementary pension for old age, disability and survival	Former and current employees from ex-CUF	Portugal
CUF Químicos	Medical benefits	Defined benefit - medical benefits without provided fund	Former and current employees from ex-CUF	Portugal

Pursuant to the Social Benefits Regulations in force at the Group, a number of employees of the permanent staff who are entitled, upon retirement, to health care benefits and monetary complements to pensions for old age, disability, early retirement or survival. These contributions are determined according to the number of years of service and the wage scale in force at the company that originally employed them.

In the Defined Benefits Plan, recognition and measurement of liabilities are made according to NCFR 28 - Employment Benefits.

Under these terms, the cost of providing the benefits is determined:

- Separately for each plan;

- Using the projected credit unit method;
- Based on actuarial assumptions in force in Portugal.

The cost of past services of current employees is recognised: (i) immediately, as concerns the share already due, and (ii) on a straight-line basis over the remaining period of service, as concerns the share not yet due.

(N.2) HOLIDAY PAY AND HOLIDAY BONUS

According to the law in force, employees are entitled to holiday pay and holiday bonus in the following year to which the service is provided. Hence, the company recognised in the profit and loss statement for the year an amount payable in the following year, which is recorded in caption "Other Accounts Payable".

(O) FINANCIAL LIABILITIES

Financial liabilities are recognised when the companies included in the consolidation become a party to the contractual relationship.

(O.1) BORROWINGS

Loans covered by variable interest rate hedges are recorded at amortised cost determined based on the effective interest rate. According to this method, loans are initially recognised as liabilities at the amount received, net of issuing costs, which corresponds to the respective fair value at that date. Subsequently, loans are measured according to the amortized cost method, which includes all financial expenses calculated according to the effective interest rate method.

Other loans are measured at cost, and recognised as liabilities at their nominal value.

(O.2) SUPPLIERS

Accounts payable to suppliers are measured at cost.

(O.3) SHAREHOLDERS

Shareholders loans do not accrue interest or involve any type of interest, therefore they are stated at respective nominal value, minus any impairment loss where applicable, determined based on the criteria provided in sub-paragraph p)

(P) EFFECT OF CHANGES IN EXCHANGE RATES

Foreign currency transactions are translated into Euro at the date of transaction.

Balances due at the end of the period are translated at closing rate and the difference is recognised in the income statement.

(Q) SALES AND SERVICES

Sales and rendered services are measured at the fair value of the consideration received or receivable, minus the amounts relating to trade discount for multiple purchase/orders.

Where the selling price of products/services includes an identifiable amount of subsequent services, such amount is deferred and recognised as revenue in the period in which the service is provided.

Although revenue is only recognised when it is probable that any future economic benefit associated with the item of revenue will flow to the company, when there is doubt as to the recoverability of an amount already recognised as revenue, the irrecoverable amount, or the amount unlikely to be recovered, will be recognised as impairment and not as an adjustment to the revenue amount initially recognised.

The recognition of sales and rendered services is subject to specific features, amongst which the following:

(Q.1) SALES

Revenue arising from the sale of goods should be recognised when all of the following criteria have been satisfied:

- The seller has transferred to the buyer the significant risks and rewards of ownership;
- The seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the seller, and
- The costs incurred or to be incurred in respect to the transaction can be measured reliably.

(Q.2) RENDERED SERVICES

Revenue arising from rendered services is recognised when the result of the transaction can be reliably estimated, which occurs when all of the following criteria are met:

- The amount of revenue can be measured reliably;
- It is likely that the economic benefits associated to the transactions will flow to the Group;
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably;

The stage of completion is determined based on the proportion of the costs incurred so far on total estimated costs of the rendering of the services (relating to rendered services or services to be rendered).

When the outcome of a contract cannot be estimated reliably, the Group recognises it according to the null profit method. According to this method, total costs incurred are recognised as expenses for the period combined with equivalent revenues, and no profit is recognised.

Gradual payments and cash receipts from clients are not taken into account for determining the completion percentage, not even according to the null profit method.

(R) OPERATING SUBSIDIES

This caption recognizes non repayable subsidies not related to assets and only when there is reasonable certainty that the Group will comply with the conditions required for them to be granted.

(S) INTEREST AND SIMILAR EXPENSES

Loan costs are recognised in the income statement for the period to which they relate and include:

- Interest paid determined based on the effective interest rate method;
- Interest of interest rate hedging instruments (swaps);

costs incurred on loans obtained directly to finance the acquisition, construction or production of tangible fixed assets are capitalised as part of the cost of the assets. Such costs are capitalised as from the beginning of the preparation for construction or development of the assets and end upon termination of the production or construction of the asset or when the project in question is suspended.

(T) HEDGING INSTRUMENTS

Hedging instrument is an instrument whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item, attributable to the hedged risk,

In the absence of detailed directives in NCRF 27 - Financial Instruments on how to test and substantiate the effectiveness of the hedging, companies included in the consolidation follow provisions in IAS 39 - Financial instruments.

Changes in the fair value of derivative instruments of fixed interest rate risk or commodity price risk as well as changes in the fair value of the asset or liability subject to such risk are recognised in the income statement in caption “Increase/Decrease at fair value”.

Changes in the fair value of derivative instruments of floating interest rate risk, foreign exchange risk, commodity price risk resulting from firm commitment or highly probable transaction are recognised in equity under caption “adjustments to financial assets” as concerns their effective part and in the income statement in caption “Increase/decrease at fair value” as concerns their ineffective part.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements NCRF 27 - Financial Instruments, under the terms specified in of IAS 39 - financial instruments.

The effective part of the hedging instruments is included in the balance sheet under “Borrowings”.

(U) CONTINGENT ASSETS AND LIABILITIES

A contingent asset is a possible asset arising from past events the existence of which will depend on whether some uncertain future event will occur which are not entirely under company’s control and therefore are not recognised. However, they are disclosed when a future inflow is likely to occur.

A Contingent Liability is:

- A possible obligation arising from past events the existence of which will depend on whether some uncertain future event occurs which are not entirely under the company’s control;

or

- A present obligation as a result of past events but which is not recognized as:
    - » An outflow of resources is not likely to be required to settle the obligation; or
    - » The amount of the obligation cannot be reasonably quantified;

Contingent liabilities are not recognised. However, they are disclosed when there is a probability of future outflows which is not remote.

(V) SUBSEQUENT EVENTS

Events that occur after the balance sheet date that provide additional information on conditions that existed as of the balance sheet date are reflected in the consolidated financial statements. Events that occur after the balance sheet date that provide information on conditions that exist after the balance sheet date, if relevant, are disclosed in the notes to the consolidated financial statements.

3.2 CONSOLIDATION BASES

The corporate universe of the Group is made up of the subsidiaries listed in Note 5.

Joint ventures are included in the financial statements according to the proportional consolidation method, combining, line by line, the share in each item of assets, liabilities, income and gains and expenses and losses of the jointly controlled ventures with the similar items of the Groups financial statements.

In compliance with provisions in article 6 of Decree-law 158/2009, of 15 July which approved the ASS, the entity prepares consolidated accounts of the Group composed by itself and all the subsidiaries in which:

- Irrespective of the capital ownership, one of the following occurs:
  - » It can exercise or effectively exercises a controlling influence;
  - » It governs the business policies of both companies as though they constituted a single entity;
- As holder of share capital:
  - » It holds the majority of voting rights, except if it is proven that such rights do not confer control;
  - » It has the power to appoint or remove the majority of the members of the governing body of the other entity with powers to govern the financial and operating policies of such entity;
  - » It exercises a controlling influence over the other entity, by virtue of a contract entered with such entity or any other clause in the said entity's memorandum of association;
  - » It holds at least 20% of the voting rights and the majority of the members of the governing body of the other entity with the powers to govern the financial and operating policies of such entity who have held office during the year to which the consolidated financial statements refer, or in the preceding year until the moment these are prepared, were exclusively appointed as result of the exercise of its voting rights;
  - » It holds, alone or by virtue of an agreement with other capital holders of the other entity, the majority of the voting rights of the holders of this entity's share capital.

The existence and the effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity exercises significant influence.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

Accounting policies followed by the subsidiaries and joint ventures for preparing their separate financial statements were altered, where necessary, to ensure consistency with the policies adopted by the Group.

The purchase method is used for accounting business combinations. The cost of an acquisition is measured at the fair value of the delivered assets, capital instruments issued and liabilities incurred or assumed on the acquisition date plus costs directly attributed to the acquisition.

The excess of the acquisition cost over the share of the Group in the fair value of the identifiable assets, liabilities and contingent liabilities purchase is recognised as Goodwill.

If the acquisition cost is lower than the said fair value, the difference is recognised directly in the income statement for the year it is determined, after reassessing the identification process and measuring of the fair value of the liabilities and contingent liabilities.

In the consolidation process, transactions, balances and non realised gains in intra-group transactions and dividend distributed amongst group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of loss through the impairment of the assets being transferred.

Provisions in NCRF 25 - Income Tax were applied for temporary differences arising from the elimination of results deriving from intra-group transactions.

Equity and net profit of subsidiaries which are held by other than the Group are recorded in the Minority Interests captions of the Balance Sheet (separately under equity) and in the consolidated income statement, respectively. On the date of each business combination, the amounts attributable to minorities are determined using the shareholding percentage held by them at the fair value of the identifiable net assets and contingent liabilities acquired.

Where losses attributed to minority shareholders exceed the minority interest in shareholders' equity of the subsidiary, the Group absorbs such excess and any additional losses, except where the minority shareholders are required to and can cover such losses. Where the subsidiary subsequently reports profits, the Group appropriates them up to the amount of the losses absorbed by the Group.

3.3 MAIN JUDGEMENTS AND ESTIMATES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the preparation of the consolidated financial statements according to the ASS, the Board of Directors of the Group uses judgements, estimates and assumptions which affect the application of policies and reported amounts.

Estimates and judgements are continually evaluated based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions, namely in what concerns the impact of the costs and income that will actually occur.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(A) USEFUL LIFE OF TANGIBLE AND INTANGIBLE FIXED ASSETS

The useful life of an asset is the estimated period of during which an asset subject to depreciation is judged to be productive in a business and should be reviewed at least at the end of each economic year.

The amortisation/depreciation method applicable and estimated losses arising from replacing the equipment before the end of their useful life, due to technology obsolescence, is crucial to determine the effective life of an asset.

These parameters are defined according to the management's best estimate for the assets and businesses concerned, considering the practices adopted by companies in the sector where the Company operates.

(B) DEFERRED TAX ASSETS

Deferred tax assets are recognised for all recoverable losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Given the current crisis background and the impact it can have on future results, management judgement is required to determine the amount of deferred tax assets that can be recognised taking into account:

- Probable date and amount of future tax profits; and
- Strategies for future tax planning.

(C) PROVISIONS FOR TAX

The Group, based on the opinion of its tax consultants and taking into account recognised liabilities, believes that any possible revision of such tax returns will not result in significant corrections of the consolidated financial statements that may require any provision for tax.

(D) FAIR VALUE OF FINANCIAL INSTRUMENTS

When the fair value of financial assets and liabilities at the date of the consolidated balance sheet cannot be determined on active markets, it will be determined based on valuation techniques including discounted cash flows and other adequate techniques under the circumstances. The inputs for these techniques will be withdrawn, where possible, from market variables, but if not possible, a certain degree of judgement will be required to determine the fair value, including considerations on the liquidity risk, credit risk and volatility.

(E) POST-EMPLOYMENT BENEFITS

Evaluation of the liabilities for retirement and healthcare benefits of employees is made annually, based on actuarial valuations made by independent experts, based on actuarial assumptions associated to economic and demographic indicators. All indicators used are specific to the countries where the benefits are attributed and include, among others:

- Wage growth rate, Fund income rate and technical interest rate;
- Mortality tables available for Portugal;
- Future salary and pension increases based on expected future inflation rates for Portugal.

Changes in these assumptions may have a significant impact on liabilities.

(F) DEVELOPMENT COSTS

Development costs are capitalised according to the accounting policy described in Note 3. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised the Board of Directors makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

(G) IMPAIRMENT IN ACCOUNTS RECEIVABLE

The credit risk of accounts receivable is assessed at each reporting date, taking into account historical information on the debtor and respective risk profile as referred to in paragraph 3.1.

Accounts receivable are adjusted by the assessment made to estimated collection risks existing at balance sheet date, which may differ from the effective risk to incur in the future.

(H) PROVISIONS

The recognition of provisions includes determining the probability of future outflows and its reliable measurement

These factors are often dependent on future events which are not always under the Group's control, hence they may lead to significant adjustments in the future, via change in the assumptions used or the future recognition of provisions previously recorded as contingent liabilities.

(I) PROVISIONS DISMANTLING AND RESTORING SITES

Provisions for dismantling and removal of goods from the tangible fixed asset and for restoring the site depend on assumptions and estimates that make them sensitive to:

- Expected cost to be incurred;
- Foreseeable date for the occurrence of the costs;
- Discount rate used in the discount of expected outflows.

3.4 CHANGES IN ACCOUNTING POLICIES

(A) VOLUNTARY CHANGES IN ACCOUNTING POLICIES

No voluntary changes occurred during the year in accounting policies in relation to those used to prepare the information for the previous year presented for comparative purposes.

(B) NEW STANDARDS AND INTERPRETATIONS APPLICABLE TO THE YEAR

Following the transposition into the domestic legal order of Directive 2013/34/UE, of the European Parliament and of the Council of 26 June 2013, enacted by Decree-law 98/2015 of 2 June, the following changes occurred in the Accounting Normalization System (SNC) the implementation of which is mandatory for financial years beginning at or after 1 January 2016.

No relevant impacts are expected on the Company's financial statements as a result of the application of these standards and interpretations.

04 CASH FLOWS

Caption Cash and Cash Equivalents in the Cash Flow Statement is made up as follows:

	31/12/15	31/12/14
Cash	9 761	32 126
Demand deposits	15 555 832	13 651 763
Other bank deposits	15 000 000	8 500 000
	30 565 592	**22 183 889**

The Deposits on Demand heading includes a Debt Service Reserve Account in the amount of EUR 7,700 thousand.

05 RELATED PARTIES

5.1 GROUP ENTITIES

The Company is 100% held by CUF - Companhia União Fabril SGPS, S.A., which in turn is 100% held by CUF - Consultoria e Serviços, S.A.

CUF - Consultoria e Serviços, S.A. also discloses consolidated financial statements.

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

Subsidiaries	Location	% held	Effective control 2015	Effective control 2014
CUF - Químicos Industriais, S.A. (CUF Químicos) e subsidiárias:	Estarreja	100%	100%	100%
RENOESTE - Valorização de Recursos Naturais, S.A.	Pombal	100%	100%	100%
ELNOSA - Electroquímica del Noroeste, S.A.	Pontevedra	100%	100%	100%
NUTRIQUIM - Produtos Químicos, S.A.	Barreiro	100%	100%	100%
QUIMIGEST - Soc. Química de Prestação de Serviços,S.A.	Estarreja	100%	Liquidated	100%
AQUATRO - Projetos e Engenharia, S.A.	Barreiro	100%	Liquidated	100%

These subsidiaries were fully consolidated according to the criteria described in Note 3

Associates	Location	% held	2015	2014
AQP - Aliada Química Portugal, Lda	Estarreja	49,9%	49,9%	49,9%

5.2 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties occurred in the years ended 31 December 2015 and 2014 were as follows:

Companies	2015		
	Sales and Services	Services Purchased	Other Income
CUF SGPS, S.A.	-	21 108	-
CUF - Consultadoria Serviços, S.A.	-	2 831 183	-
AQP - Aliada Química Portugal, Lda	556 606	-	8 276
AP - Amoníaco de Portugal, S.A.	-	22 970 293	-
EUROPARIS - Sociedade Imobiliária, Lda	-	1 250	-
INNOVNANO - Materiais Avançados, S.A.	2 199	-	-
SGPAMAG, S.A.	5 810	1 489 609	122 172
	564 614	**27 313 443**	**130 448**

Companies	2014		
	Sales and Services	Services Purchased	Other Income
CUF SGPS, S.A.	-	21 108	-
CUF - Consultadoria Serviços, S.A.	-	2 829 492	178 014
AQP - Aliada Química Portugal, Lda	493 749	-	8 175
AP - Amoníaco de Portugal, S.A.	-	22 026 565	-
DOLOPAND - Invest. Imobiliários e Turisiticos, S.A.	-	1 600	
EUROPARIS - Sociedade Imobiliária, Lda	-	1 300	
INNOVNANO - Materiais Avançados, S.A.	4 592	-	-
SGPAMAG, S.A.	13 846	1 460 231	109 309
	512 187	**26 340 297**	**295 498**

As of 31 December 2015 and 2014, balances with these entities were made up as follows:

Companies	31/12/15						
	Assets				Liabilities		
	Clients (Note 13.1)	Other Debtors (Note 13.1)	Advancesto Suppliers	Shareholders	Suppliers (Note 13.2)	Other Creditors	Shareholders
CUF - Consultadoria Serviços, S.A.	242 209	2 345 720	-	-	22 728	-	4 594 617
CUF SGPS, S.A.	-	-	-	-	2 164	-	2 934
AQP - Aliada Química Portugal, Lda	111 209	-	-	-	-	-	-
AP - Amoníaco de Portugal, S.A.	2 691 170	-	-	-	2 375 528	-	-
INNOVNANO - Materiais Avançados, S.A.	-	-	-	-	74	-	-
EUROPARIS - Sociedade Imobiliária, Lda	-	-	-	-	-	-	-
DOLOPAND - Invest. Imobiliários e Turisiticos, S.A.	-	-	-	-	-	-	-
SGPAMAG, S.A.	433 517	-	-	-	255 447	-	-
	3 478 106	**2 345 720**	**-**	**-**	**2 655 940**	**-**	**4 597 551**

Companies	31/12/14						
	Assets				Liabilities		
	Clients (Note 13.1)	Other Debtors (Note 13.1)	Advancesto Suppliers	Shareholders	Suppliers (Note 13.2)	Other Creditors	Shareholders
CUF - Consultadoria Serviços, S.A.	272 268	-	-	428 584	59 830	-	3 244 296
CUF SGPS, S.A.	-	-		-	8 654	-	651 500
AQP - Aliada Química Portugal, Lda	40 043	-		-		-	-
AP - Amoníaco de Portugal, S.A.	2 450 941	-	310 000	-	1 744 369	-	-
INNOVNANO - Materiais Avançados, S.A.	100 207	-		-		-	-
EUROPARIS - Sociedade Imobiliária, Lda					1 300		
DOLOPAND - Invest. Imobiliários e Turisiticos, S.A.					1 600		
SGPAMAG, S.A.	285 639	105 107		-		-	-
	3 149 098	**105 107**	**310 000**	**428 584**	**1 815 754**	**-**	**3 895 796**

06 TANGIBLE FIXED ASSETS

The gross recorded amount and any cumulative depreciation and impairment losses and the reconciliation of the recorded amount for the beginning and end of the period, separately showing increases, revaluations, disposals, assets held for sale, amortisation, impairment losses and respective reversals and other changes, are specified in the following table:

	Land and Natural Resources	Buildings and other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Subtotal	Investments in Progress	Total Financial Assets
COST:									
01 JANUARY 2014	**1 065 518**	**33 871 395**	**264 566 684**	**809 904**	**2 719 154**	**1 621 676**	**304 654 331**	**2 204 613**	**306 858 944**
Increases	89 484	106 746	1 924 573	19 500	22 405	40 493	2 203 200	3 377 684	5 580 884
Revaluations	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-
Transfers	-	206 460	1 712 072	37 658	19 005	20 241	1 995 436	(2 100 160)	(104 724)
Disposals	-	-	-	(13 951)	-	-	(13 951)	-	(13 951)
Write-offs	-	-	(7 739)	-	(523)	-	(8 262)	-	(8 262)
Transfers	-	-	-	-	(7 000)	(74 124)	(81 124)	-	(81 124)
31 DECEMBER 2014	**1 155 002**	**34 184 601**	**268 195 590**	**853 111**	**2 753 040**	**1 608 286**	**308 749 630**	**3 482 137**	**312 231 767**
Increases	18 005	331 429	1 905 894	17 107	190 794	178 772	2 642 000	2 516 851	5 158 851
Revaluations	-	-	-	-	-	-	-	-	-
Shut-down of subsidiary	-	-	-	(956)	(156 314)	(12 209)	(169 478)	-	(169 478)
Outras reclassificações	-	-	-	-	(48 416)	-	(48 416)	-	(48 416)
Transfers	-	314 445	2 167 022	(253 978)	1 341	331 056	2 559 885	(2 562 785)	(2 900)
Disposals	-	-	-	-	(872)	-	(872)	-	(872)
Write-offs	-	-	(383 159)	-	-	(109 716)	(492 875)	-	(492 875)
Transfers	-	-	-	-	-	-	-	-	-
31 DECEMBER 2015	**1 173 006**	**34 830 475**	**271 885 347**	**615 284**	**2 739 573**	**1 996 189**	**313 239 875**	**3 436 203**	**316 676 077**

	Land and Natural Resources	Buildings and other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Subtotal	Investments in Progress	Total Financial Assets
AMORTIZATION AND IMPAIRMENT									
01 JANUARY 2014	**-**	**22 947 896**	**140 165 103**	**629 897**	**2 577 537**	**1 234 812**	**167 555 246**	**-**	**167 555 246**
Amortisation (Note 25)	-	1 295 728	16 399 268	41 657	52 205	66 062	17 854 919	-	17 854 919
Revaluations	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(13 951)	-	-	(13 951)	-	(13 951)
Write-offs	-	-	(3 916)	-	(523)	-	(4 439)	-	(4 439)
Transfers	-	-	-	-	(7 000)	(74 124)	(81 124)	-	(81 124)
Impairment	-	-	-	-	-	-	-	-	-
31 DECEMBER 2014	-	**24 243 624**	**156 560 455**	**657 603**	**2 622 219**	**1 226 750**	**185 310 651**	**-**	**185 310 651**
Amortisation (Note 25)	-	1 310 042	15 803 920	36 723	47 644	59 099	17 257 427	-	17 257 427
Revaluations	-	-	-	-	-	-	-	-	-
Shut-down of subsidiary		-	-	(956)	(140 853)	(7 594)	(149 402)		(149 402)
Other reclassifications	-	-	-	-	48 416	104 924	153 339	-	153 339
Transfers	-	(52 725)	29 169	(163 113)	45 925	194 759	54 014	-	54 014
Disposals	-	-	-	-	(4 408)	(926)	(5 334)	-	(5 334)
Write-offs	-	-	(239 474)	-	-	-	(239 474)	-	(239 474)
Transfers	-	-	-	-	-	-	-	-	-
31 DECEMBER 2015	**-**	**25 500 941**	**172 154 069**	**530 257**	**2 618 943**	**1 577 012**	**202 381 222**	**-**	**202 381 222**
NET CARRYING AMOUNT									
AT 31 DECEMBER 2015	**1 173 006**	**9 329 534**	**99 731 278**	**85 027**	**120 629**	**419 177**	**110 858 653**	**3 436 203**	**114 294 855**
AT 31 DECEMBER 2014	**1 155 002**	**9 940 977**	**111 635 135**	**195 508**	**130 821**	**381 536**	**123 438 979**	**3 482 137**	**126 921 116**
AT 01 JANUARY 2014	**1 065 518**	**10 923 499**	**124 401 581**	**180 007**	**141 616**	**386 864**	**137 099 085**	**2 204 613**	**139 303 697**

As shown in table above, depreciation for the period totalled EUR 17,257 thousand (2014: EUR 17,855 thousand) and cumulative depreciation at the end of the period totalled EUR 202,381 thousand (2014: EUR 185,311 thousand).

07 INVESTMENT PROPERTY

Investment property is property held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independent from the other assets held by the entity, which are whether occupied by Group companies or held for use in the production or supply of goods or services, or determined as for short-term sale in the ordinary course of business.

As described in paragraph 3.1-b), the Company adopts the cost model to evaluate its investment property.

The gross recorded amount and any cumulative depreciation and impairment losses and the reconciliation of the recorded amount for the beginning and end of the period, separately showing increases, revaluations, disposals, assets held for sale, amortisation, impairment losses and respective reversals and other changes, are specified in the following table:

	Land and Natural Resources	Buildings and Other Constructions	Total Investment Property
COST			
01 JANUARY 2014	**18 841 040**	**2 481 839**	**21 322 879**
Disposals	(102 468)	-	(102 468)
Write-offs	-	-	-
31 DECEMBER 2014	**18 738 572**	**2 481 839**	**21 220 411**
Disposals	-	-	-
31 DECEMBER 2015	**18 738 572**	**2 481 839**	**21 220 411**

	Land and Natural Resources	Buildings and Other Constructions	Total Investment Property
AMORTIZATION AND IMPAIRMENT			
01 JANUARY 2014	**-**	**1 598 356**	**1 598 356**
Depreciation (Note 25)	-	88 323	88 323
31 DECEMBER 2014	-	**1 686 679**	**1 686 679**
Depreciation (Note 25)	-	88 168	88 168
Adjustment	-	3	3
31 DECEMBER 2015	**-**	**1 774 850**	**1 774 850**
NET CARRYING AMOUNT			
AT 31 DECEMBER 2015	**18 738 572**	**706 989**	**19 445 561**
AT 31 DECEMBER 2014	**18 738 572**	**795 160**	**19 533 732**
AT 01 JANUARY 2014	**18 841 040**	**883 483**	**19 724 523**

As shown in table above, depreciation for the period totalled EUR 88 thousand (2014: EUR 88 thousand) and cumulative depreciation at the end of the period totalled EUR 1,775 thousand (2014: EUR 1,687 thousand).

08 ATIVOS INTANGÍVEIS

The gross recorded amount and any cumulative amortisation and the reconciliation of the recorded amount for the beginning and end of the period, separately showing increases, disposals, assets held for sale, amortisation, impairment losses and other changes, are shown in the following table:

	Development Projects	Software	Industrial Property	Emission Rights	Subtotal	Investments in Progress	Total Intangible Assets
COST:							
01 JANUARY 2014	**1 705 191**	**590 565**	**22 882**	**2 643 623**	**4 962 262**	**-**	**4 962 262**
Acquisitions	2 356	-	-	-	2 356	-	2 356
Use of emission rights	-	-	-	(118 773)	(118 773)	-	(118 773)
Changes in fair value	-	-	-	1 005 880	1 005 880	-	1 005 880
Transfers	104 724	-	-	-	104 724	-	104 724
31 DECEMBER 2014	**1 812 271**	**590 565**	**22 882**	**3 530 730**	**5 956 449**	**-**	**5 956 449**
Acquisitions	91 145	-	57 245	-	148 390	-	148 390
Other reclassifications	2 900	48 416	-	-	51 316	-	51 316
Use of emission rights	-	-	-	(503 629)	(503 629)	-	(503 629)
Changes in fair value	-	-	-	532 884	532 884	-	532 884
Disposals	-	-	-	(56 845)	(56 845)	-	(56 845)
31 DECEMBER 2015	**1 906 316**	**638 981**	**80 127**	**3 503 141**	**6 128 565**	**-**	**6 128 565**

	Development Projects	Software	Industrial Property	Emission Rights	Subtotal	Investments in Progress	Total Intangible Assets
AMORTIZATION AND IMPAIRMENT:							
1 JANUARY 2014	**1 705 191**	**526 933**	**95**	**156 405**	**2 388 625**	**-**	**2 388 625**
Amortisation (Note 25)	26 770	25 227	1 144	423 780	476 921	-	476 921
Write-offs	-	-	-	(118 773)	(118 773)	-	(118 773)
31 DECEMBER 2014	**1 731 961**	**552 160**	**1 239**	**461 412**	**2 746 773**	**-**	**2 746 773**
Amortisation (Note 25)	40 361	24 560	1 886	317 453	384 260	-	384 260
Other reclassifications	-	48 416	-	-	48 416	-	48 416
Write-offs	-	-	-	(503 629)	(503 629)	-	(503 629)
31 DECEMBER 2015	**1 772 323**	**625 136**	**3 125**	**275 236**	**2 675 820**	**-**	**2 675 820**
NET CARRYING AMOUNT:							
AT 31 DECEMBER 2015	**133 994**	**13 845**	**77 002**	**3 227 905**	**3 452 745**	**-**	**3 452 745**
AT 31 DECEMBER 2014	**80 310**	**38 405**	**21 643**	**3 069 318**	**3 209 677**	**-**	**3 209 677**
AT 01 JANUARY 2014	**-**	**63 632**	**22 787**	**2 487 218**	**2 573 637**	**-**	**2 573 637**

As shown in table above, depreciation for the period totalled EUR 384 thousand (2014: EUR 477 thousand) and cumulative depreciation at the end of the period totalled EUR 2,676 thousand (2014: EUR 2,747 thousand)

09 EQUITY HOLDINGS

The Group's equity holdings at 31 December 2015 and 2014 are made up as follows:

	31/12/15	31/12/14
EQUITY METHOD		
Investments in associates (Note 9.1)	1 136 394	1 103 105
	1 136 394	**1 103 105**

	31/12/15	31/12/14
OTHER METHODS		
Investment in other companies		
Non listed shares (Note 9.2)	9 228	9 228
	9 228	**9 228**

9.1 INVESTMENTS IN ASSOCIATES

Associated companies consolidated according to the equity method, their head offices and the proportion of capital held in them are as follows:

	Financial information at 31 December 2015				
	Location	Share capital	Result	31/12/15	31/12/14
EQUITY METHOD					
AQP	Estarreja	2 277 343	519 594	1 136 394	1 103 105

Changes occurred during the year in subsidiaries measured by the equity method are as follows:

	Balance at 01 January 2015	Net profit (Note 19)	Dividend distribution	Balance at 31 December 2015
AQP	1 103 105	519 594	(486 305)	1 136 394

	Balance at 01 January 2014	Net profit (Note 19)	Dividend distribution	Balance at 31 December 2014
AQP	1 057 186	486 305	(440 386)	1 103 105

9.2 EQUITY HOLDINGS – OTHER METHODS

	31/12/15	31/12/14
ERASE - Emp. Regeneração de Águas e Solos de Estarreja, ACE	9 228	9 228
Other	13 400	13 400
	22 628	**22 628**
Amortization and provisions for losses in securities and other applications	(13 400)	(13 400)
	9 228	**9 228**

10 INVENTORIES

10.1 INVENTORIES

The total amount of inventories and the amount recorded under adequate classifications are as follows:

	31/12/15	31/12/14
GROSS VALUE		
Goods	10 009	29 576
Raw materials, subsidiary materials and consum.	15 170 781	17 303 125
Finished and semi finished products	5 516 261	15 398 280
	20 697 051	**32 730 980**
IMPAIRMENT LOSSES		
Raw materials, subsidiary materials and consum.	(578 691)	(1 245 585)
Finished and semi finished products	(345 072)	(2 028 515)
	(923 763)	**(3 274 099)**
	19 773 288	**29 456 881**

The amounts of inventories recognised as expenses for the period are as follows:

10.2 VARIATION IN PRODUCTION

	Finished and Semi Finished Products	Products and Work In Progress	Total
BALANCE AT 01 JANUARY 2014	**14 829 151**	**12 679**	**14 841 830**
Adjustments	633 785	-	633 785
Increase/decrease for the year	(64 656)	(12 679)	(77 335)
BALANCE AT 31 DECEMBER 2014	**15 398 280**	**-**	**15 398 280**
BALANCE AT 01 JANUARY 2015	**15 398 280**	**-**	**15 398 280**
Adjustments	1 229 485	-	1 229 485
Increase/decrease for the year	(11 111 504)	-	(11 111 504)
BALANCE AT 31 DECEMBER 2015	**5 516 261**	**-**	**5 516 261**

10.3 COST OF GOODS SOLD

	Goods	Raw Materials, Subsidiary Material and Consumables	Total
BALANCE AT 01 JANUARY 2014	**134 374**	**12 881 755**	**13 016 129**
Purchases	28 191 328	219 579 387	247 770 715
Impairments	-	(867 247)	(867 247)
Correction of inventories	-	(85 141)	(85 141)
BALANCE AT 31 DECEMBER 2014	**(29 576)**	**(16 057 540)**	**(16 087 116)**
	28 296 126	**215 451 215**	**243 747 341**
BALANCE AT 01 JANUARY 2015	29 576	16 057 540	16 087 116
Purchases	14 171 482	161 464 576	175 636 059
Impairments	-	666 894	666 894
Correction of inventories	370 861	(78 925)	291 936
BALANCE AT 31 DECEMBER 2015	**(10 009)**	**(14 592 090)**	**(14 602 100)**
	14 561 910	**163 517 995**	**178 079 905**

10.4 IMPAIRMENT OF INVENTORIES

The amount of adjustments and reversals of inventories recognised as expenses for the period and as decrease in expenses for the period are as follows:

	2015	2014
IMPAIRMENT LOSSES		
Raw materials, subsidiary materials and consum.	(200 353)	(867 247)
Finished and semi finished products	(345 072)	(2 028 515)
REVERSAL OF IMPAIRMENT LOSSES		
Raw materials, subsidiary materials and consum.	867 247	-
Finished and semi finished products	2 028 515	-
	2 350 337	**(2 895 762)**

Impairment losses in “Raw-materials, subsidiary materials and consumables” in the amount of Euro 200 thousand concerns CUF Quimicos, specifically the adjustment in the value of precious metals as of 31 December 2015. Impairment losses in Finished and semi-finished products concerns subsidiary Renoeste, specifically expectations of losses in the value of Salt.

Reversals of impairment losses concern exclusively CUF Químicos and derive from the impairment arising in 2014 due to the fall in benzene prices in the last quarter of 2014.

11 GOVERNMENT AND OTHER PUBLIC BODIES

At 31 December 2015 and 2014 this caption was made up as follows:

	31/12/15	31/12/14
BALANCE RECEIVABLE		
VAT	343 515	2 253 829
	343 515	**2 253 829**
BALANCES PAYABLE		
Income tax		
Tax estimate	3 828	-
Income tax withheld	152 713	130 951
VAT	1 278 000	202 914
Payments to Social Security	220 998	218 028
	1 655 539	**551 893**

12 DEFERRALS

12.1 EXPENSES TO RECOGNISE

At 31 December 2015 and 2014 recognisable expenses are made up as follows:

	31/12/15	31/12/14
EXPENSES TO RECOGNISE		
Insurance	106 625	119 143
Financial expenses	-	-
Other	75 039	80 813
	181 665	**199 956**

12.2 INCOME TO RECOGNISE

At 31 December 2015 and 2014 recognisable income is made up as follows:

	31/12/15	31/12/14
INCOME TO RECOGNISE		
Surface Rights	148 714	161 428
	148 714	**161 428**

13 FINANCIAL INSTRUMENTS

Measurement bases and other accounting policies used in the accounting of financial statements that are relevant for an understanding of the financial statements are described in the sub-paragraphs of paragraph 3.1.

13.1 CLIENTS AND OTHER ACCOUNTS RECEIVABLE

Financial assets with recognised impairment losses, specifying separately for each category i) the carrying amount resulting from the measuring at cost or at amortised cost, and ii) cumulative impairment, are as follows:

	31/12/15			31/12/14		
	Cost	Cumulative Impairment	Book Value	Cost	Cumulative Impairment	Book Value
CLIENTS						
Clients c/a	34 350 293	-	34 350 293	26 294 650	-	26 294 650
Clients - securities receivable	1 627 241	-	1 627 241	2 147 674	-	2 147 674
Group clients and other related parties (Note 5.2)	3 478 106	-	3 478 106	3 149 098	-	3 149 098
Doubtful receivables	2 811 276	(2 782 639)	28 637	3 023 570	(3 023 570)	-
	42 266 917	**(2 782 639)**	**39 484 277**	**34 614 991**	**(3 023 570)**	**31 591 422**
ADVANCES TO SUPPLIERS	**715 364**	**-**	**715 364**	**398 307**	**-**	**398 307**
OTHER ACCOUNTS RECEIVABLE						
Other accounts receivable c/a	366 839	-	366 839	803 503	-	803 503
Other doubtful receivables	2 038 770	(2 038 770)	-	2 038 770	(2 038 770)	-
Other debtors - Group (Note 5.2)	2 345 720	-	2 345 720			-
Personnel	6 304	-	6 304	2 264	-	2 264
Accounts receivable for accrued income	-	-	-	220 514		220 514
	4 757 632	**(2 038 770)**	**2 718 862**	**3 065 052**	**(2 038 770)**	**1 026 282**

Advances to suppliers relate to CUF Químicos only, concerning payments made to supplier ABB Switzerland.

The amount of impairment losses recognised for each class of financial assets is as shown in the following tables:

31/12/15	Opening balance	Impairment (P&L)	Used and Corrected	Reversal (P&L)	Closing Balance
FINANCIAL ASSETS MEASURED AT COST MINUS IMPAIRMENT;					
CLIENTS					
General clients	(3 023 570)	-	255 239	(14 309)	(2 782 639)
OTHER ACCOUNTS RECEIVABLE - CURRENT					
Other accounts receivable c/a	(2 038 770)				(2 038 770)
	(5 062 340)	**-**	**255 239**	**(14 309)**	**(4 821 410)**

31/12/14	Opening balance	Impairment (P&L)	Used and Corrected	Reversal (P&L)	Closing Balance
FINANCIAL ASSETS MEASURED AT COST MINUS IMPAIRMENT;					
CLIENTS					
General clients	(3 013 479)	(25 710)	(52 424)	68 044	(3 023 570)
OTHER ACCOUNTS RECEIVABLE - CURRENT					
Other accounts receivable c/a	(2 038 770)	-	-	-	(2 038 770)
	(5 052 250)	**(25 710)**	**(52 424)**	**68 044**	**(5 062 340)**

13.2 TRADE PAYABLES

As at 31 December 2015 and 2014, caption Accounts Payable is made up as follows:

	31/12/15	31/12/14
TRADE PAYABLES		
Trade payables c/a	26 969 878	23 299 500
Suppliers - securities payable	1 003 561	1 250 563
Suppliers of the Group (Note 5.2)	2 655 940	1 815 754
Invoices expected or being checked	851 083	1 132 192
	31 480 461	**27 498 009**

13.3 OTHER ACCOUNTS PAYABLE

As of 31 December 2015 and 2014, caption Other Accounts Payable was made up as follows:

	31/12/15	31/12/14
Suppliers of investment a/c	1 172 076	1 330 497
Personnel	5 577	5 977
Accounts payable for accrued expenses		
Increase for holiday pay and holiday bonus	1 027 570	941 859
Other increase	819 054	811 460
Other Receivables and Trade Payables	4 518 213	1 739 916
	7 542 491	**4 829 708**

13.4 LOANS OBTAINED

Caption borrowings as of 31 December 2015 and 2014 is made up as follows:

Financing Entity	2015		2014	
	Current	Non current	Current	Non current
Bank loans at cost	12 625 000	78 412 533	6 000 000	92 997 415
Bank loans at cost	-	-	1 000 000	-
Other AICEP loans	816 471	-	1 375 922	816 471
	13 441 471	**78 412 533**	**8 375 922**	**93 813 886**

Bank loans measured at amortised cost and respective terms and conditions are as shown in the following table:

	Maturity	2015	2014
LOANS PAYABLE			
NON CURRENT			
Bank loans			
BEI	30/12/22	33 930 000	39 990 000
Novo Banco + CGD	30/12/22	36 757 500	43 322 500
Floating interest rate swaps			
BES Floating interest rate swaps	30/12/22	3 862 516	4 844 195
CBI Floating interest rate swap	30/12/22	3 862 516	4 840 719
		78 412 533	**92 997 415**
CURRENT			
Bank loans			
BEI	30/12/22	6 060 000	2 880 000
Novo Banco + CGD	30/12/22	6 565 000	3 120 000
		12 625 000	**6 000 000**
		91 037 533	**98 997 415**

The amounts resulting from changes in the fair value of hedging instruments recognised in equity during the period, to hedge the interest rate risk of the loans contracted for the Capacity Expansion Plan are as follows:

	31/12/13	Changes in fair value	31/12/14	Changes in fair value	31/12/15
ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES					
Change in assets					
Equity holdings	43 874	-	43 874	-	43 874
Change in liabilities					
Derivatives with effective hedging					
Floating interest rate swaps	6 476 497	1 029 312	7 505 809	(1 518 908)	5 986 900
	6 520 371	**1 029 312**	**7 549 683**	**(1 518 908)**	**6 030 774**

14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The accounting policies followed to recognise Provisions, Contingent Liabilities and Contingent Assets are described in the following sub-paragraphs of paragraph 3.1.

14.1 PROVISIONS

The change occurred in provisions, according to provision, is as follows:

	Other provisions	Total
AT 01 JANUARY 2014	**2 257 993**	**2 257 993**
Reversals in the year (Note 29.1)	(871 169)	(871 169)
Increases for the year	910 897	910 897
AT 31 DECEMBER 2014	**2 297 722**	**2 297 722**
AT 01 JANUARY 2015	**2 297 722**	**2 297 722**
Reversals in the year (Note 29.1 + PL)	-	-
Increases for the year	213 702	213 702
AT 31 DECEMBER 2015	**2 511 424**	**2 511 424**

The Group has another provision in the amount of EUR 800 thousand relating to subsidiary Elnosa, which has its facilities located on a land subject to a concession agreement for a 50-year period, ending in 2018. At the end of the concession, Elnosa will have to clean and decontaminate the land before returning it, having set up the said provision to this end.

For the same reason, i.e. end of the concession in 2018, Elnosa decided to set up a provision to face restructuring costs, in the amount of 691 thousand Euro, to be allocated on a straight-line basis to each of the remaining years.

As far as Nutriquim is concerned, taking into consideration the company's restructuring plan, a provision was also set up, in the amount of EUR 1,150 thousand in 2013; however, part of this provision was used to face personnel costs, and was further increased for the same purposes, by EUR 770 thousand.

Until the end of 2014 a lawsuit was pending against CUF Químicos, (formerly Quimigal - Química de Portugal), claiming the amount of EUR 1,500 thousand, which was fully provided for by the parent company CUF Consultadoria e Serviços, and was settled in 2015.

15 EMPLOYEES BENEFITS

15.1 EMPLOYEES BENEFITS

The reconciliation between opening and closing balances of the current value of these obligations is shown in the following table:

	Defined Retirement Benefit Plan (No Fund Set Up)	Medical Benefit Plan (No Fund Set Up)	Total
LIABILITY FOR DEFINED BENEFITS AT 01 JANUARY 2014	**4 341 129**	**786 000**	**5 127 129**
Interest expenses	143 335	-	143 335
Cost of current service	525	-	525
Benefits paid	(505 112)	(133 625)	(638 737)
Actuarial (gains) / losses	433 979	45 226	479 205
LIABILITY FOR DEFINED BENEFITS AT 31 DECEMBER 2014	**4 413 856**	**697 601**	**5 111 457**
Interest expenses	104 660	-	104 660
Cost of current service	3 700	-	3 700
Benefits paid	(466 666)	(199 070)	(665 736)
Actuarial (gains) / losses	126 160	275 070	401 230
LIABILITY FOR DEFINED BENEFITS AT 31 DECEMBER 2015	**4 181 710**	**773 601**	**4 955 311**

15.2 POST-EMPLOYMENT BENEFITS

The Group's accounting policy concerning the recognition of actuarial gains and losses relating to post-employment benefits pursuant to Defined Benefit Plans is described in sub-paragraph o.1) of paragraph 3.1.

CUF Químicos has commitments with some employees to complement the retirement pensions for old age, disability and survival.

These actuarial valuations were carried out using two methods:

Company	Name of Plan	Type	Addressees	Location
CUF Químicos	Retirement pension plans	Defined benefit - complementary pension for old age, disability and survival	Former and current employees from ex-CUF	Portugal
CUF Químicos	Medical benefits	Defined benefit - medical benefits without provided fund	Former and current employees from ex-CUF	Portugal

Projected Unit Credit method and the following assumptions and technical bases in 2015 and 2014:

	2015	2014
Salary growth rate for Social Security Security	2.0%	2.0%
Salary growth rate	2.0%	2.0%
Rate of return of the fund	2.2%	3.5%
Pension growth rate	0.0%	0.0%
Technical rate (life rents)	2.2%	3.5%
Revaluation of salaries for Social Security	1.0%	1.0%
Mortality table	TV 88/90	TV 88/90
Disability table	EKV80	EKV80

CUF Químicos has to complement the retirement pensions of its former and current employees coming from former CUF and only these with whom it assumed such obligation.

Although it did not set up any fund or insurance to cover this responsibility, the Company set up a provision for the purpose, which is adjusted according to an actuarial valuation carried out by a specialized and independent firm. According to the valuation report prepared by Ocidental Pensões – S.G.F.P., S.A., the current value of liabilities for retirement pensions at the date of the balance sheet is estimated at EUR 4,182 thousand; the liability for post-employment benefits was adjusted accordingly.

15.3 HEALTHCARE BENEFITS

Pursuant to an agreement entered with Hospital CUF, CUF Químicos has the responsibility to pay in-patient, out-patient and surgery expenses, as well as the share part of medicines not paid by Social Security (only medicines covered by Social Security) of its former and current employees from ex-CUF (and only those) with whom it assumed this responsibility.

This Company has not set up any fund or insurance to cover this responsibility, however it did set up a provision for the purpose, which is adjusted according to an actuarial valuation carried out by a specialized and independent company. According to the valuation report presented by the said company, the current amount of the liabilities with healthcare as of 31 December 2015 is estimated at EUR 774 thousand (EUR 698 thousand at 31 December 2014), recorded under item "Liabilities for post-employment benefits".

15.4 PERSONNEL EXPENSES

Personnel expenses were as follows:

	2015	2014
Remuneration of the members of governing bodies	1 094 589	1 062 485
Wages	7 944 795	8 152 894
Retirement benefits		
Retirement pension plans	247 937	589 904
Indemnities	508 971	1 020 351
Wage expenses	2 086 426	2 236 793
Occupational insurance	72 490	107 851
Social security expenses	1 060 352	854 477
Other personnel expenses	268 361	122 019
	13 283 921	**14 146 773**

During 2015 and 2014, the average number of employees totalled 326 and 338, respectively.

16 EQUITY INSTRUMENTS

16.1 SHARE CAPITAL

The Company's capital at 31 December 2015 and 2014 was made up of 6,100,000 fully subscribed and paid up shares of five Euro each, 100% held by CUF - Companhia União Fabril, SGPS, S.A.

16.2 RESERVES AND RESULTS

This caption is made up as follows:

	Legal Reserves	Other Reserves	Results Brought Forward	Net Profit/(Loss) for the Year
BALANCE AT 01 JANUARY 2015	**4 297 583**	**18 518 981**	**22 989 601**	**5 490 581**
Set up of Legal Reserve	274 530	-	-	(274 530)
Income distribution	-	-	(13 500 000)	-
Remaining of the appropriation of Results	-	-	5 216 051	(5 216 051)
Result for the year	-	-	-	11 420 998
Revaluation surplus of tangible and intangible assets and respective changes	-	(57 020)	57 020	-
Adjustments for deferred tax	-	12 829	(12 829)	-
BALANCE AT 31 DECEMBER 2015	**4 572 113**	**18 474 790**	**14 749 843**	**11 420 998**

	Legal Reserves	Other Reserves	Results Brought Forward	Net Profit/(Loss) for the Year
BALANCE AT 01 JANUARY 2014	**3 955 946**	**18 066 308**	**16 324 226**	**6 832 738**
Set up of Legal Reserve	341 637	-	-	(341 637)
Income distribution	-	-		-
Remaining of the appropriation of Results	-	-	6 491 101	(6 491 101)
Result for the year	-	-	-	5 490 581
Revaluation surplus of tangible and intangible assets and respective changes	-	(187 104)	187 104	-
Adjustments for deferred tax	-	639 777	(12 829)	-
BALANCE AT 31 DECEMBER 2014	**4 297 583**	**18 518 981**	**22 989 601**	**5 490 581**

16.3 OTHER CHANGES IN EQUITY

This caption is made up as follows:

	31/12/15	31/12/14
Subsidies (Note 17)	10 432 931	11 484 148
Emission allowances	2 501 626	2 378 722
Other	-	58 183
	12 934 557	**13 921 053**

Changes in issuing rights are as follows:

	31/12/15	31/12/14
BALANCE AT 1 JANUARY	**3 069 318**	**2 487 218**
Used (Notes 22 and 29.1)	(317 453)	(423 780)
Fair value (Note 29.1)	532 884	1 005 880
Disposals (Note 8)	(56 845)	-
BALANCE AT 31 DECEMBER	**3 227 905**	**3 069 318**
Deferred taxation (Note 28)	(726 279)	(690 597)
NET BALANCE AT 31 DECEMBER	**2 501 626**	**2 378 722**

17 GOVERNMENT SUBSIDIES AND GRANTS

The accounting policies followed to recognise government subsidies, including the methods followed to present them in the financial statements are described in the following sub-paragraphs of paragraph 3.1:

The nature and amount of the government subsidies recognised in the financial statements are as follows:

Recognised in equity:

	2015				2014		
	Gross Value	Other Creditors	Deferred Taxes	Net Value	Gross Value	Deferred Taxes	Net Value
OPENING BALANCE	**14 818 256**	**-**	**(3 334 108)**	**11 484 148**	**11 699 691**	**(3 100 417)**	**8 599 274**
Received in the year	162 144			162 144	4 431 755	(997 146)	3 434 609
Transferred to results (Note 22)	(1 576 736)			(1 576 736)	(1 313 191)	-	(1 313 191)
Transferred to UHDE	58 183	(12 790)		45 393	-	-	-
Adjustment		(3 016 125)	3 334 108	317 982	-	763 456	**763 456**
CLOSING BALANCE	**13 461 847**	**(3 028 915)**	**-**	**10 432 931**	**14 818 256**	**(3 334 108)**	**11 484 148**
Attributable to the Group (Note 16.3)				**10 432 931**			**11 484 148**

Recognised in income for the year:

	2015	2014
Investment subsidy (Note 22)	1 576 736	1 313 191
Operating subsidies	17 861	12 029
	1 594 598	**1 325 219**

The main investment subsidy concerns the Growth and Expansion Plan of CUF - QI in the net amount of EUR 10,433 thousand in 2015.

18 REVENUE

The accounting policies followed to recognise revenue, including the methods followed to determine the ending phase of transactions involving the rendering of services are described in paragraph 3.1-q).

As of 31 December 2015 and 2014, item Sales and Services is broken down as follows:

	2015	2014
SALE OF GOODS		
Goods	15 788 171	14 107 820
Finished and semi finished products	278 824 780	335 413 180
Sub-products, waste and residues	143 125	147 125
Return of sales	(220 534)	(192 740)
Discounts and reductions to sales	(1 194 492)	(1 347 641)
	293 341 049	**348 127 743**
RENDERED SERVICES		
Services	2 703 259	2 211 364
Discounts and reductions	(360 916)	(201 167)
	2 342 343	**2 010 197**
	295 683 392	**350 137 940**

Sales and services broken down by significant geographical market are as follows:

	2015					
	Portugal	Europe	Africa	Asia	America	Total
Sale of Goods	181 296 181	110 127 123	304 351	1 162 897	450 496	**293 341 049**
Rendered services	1 458 548	883 795	-	-	-	**2 342 343**
	182 754 729	**111 010 918**	**304 351**	**1 162 897**	**450 496**	**295 683 392**
	2014					
	Portugal	Europe	Africa	Asia	America	Total
Sale of Goods	199 092 170	147 210 992	176 721	1 432 130	215 731	**348 127 743**
Rendered services	1 865 070	145 128	-	-	-	**2 010 197**
	200 957 239	**147 356 120**	**176 721**	**1 432 130**	**215 731**	**350 137 940**

Gross margin is as shown in the following table:

	2015	2014
Sale	293 341 049	348 127 743
Cost of goods sold (Note 10.3)	(178 079 905)	(243 747 341)
	115 261 144	**104 380 402**

19 GAINS/LOSSES OF SUBSIDIARIES, ASSOCIATES AND BUSINESS COMBINATIONS

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
INCOME AND GAINS SUBS. & ASSOCIATES JOINT UNDERTAKINGS		
Application of the Equity Method (note 9.1)	519 594	486 305
	519 594	**486 305**
EXPENSES AND LOSSES, SUBS. & ASSOCIATES JOINT UNDERTAKINGS		
Settlements	(14 599)	-
	(14 599)	**-**
	504 995	**486 305**

20 WORK FOR OWN ENTITY

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
WORK OF OWN COMPANY TO:		
Intangible assets (Note 8)	17 479	19 043
	17 479	**19 043**

21 SUPPLIES AND SERVICES

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
SPECIALISED SERVICES		
Specialised works	5 913 320	7 160 423
Advertising costs	21 848	26 491
Surveillance and Safety	309 395	302 059
Fees	91 741	84 651
Other fees	43 359	50 047
Maintenance and repairs	2 609 052	5 108 499
MATERIAL		
Tools and utensils	33 223	41 377
Books ant technical documentation	64 449	54 539
Stationery	96 831	104 967
Promotional items	19 219	22 389
Other	34 822	30 986
ENERGY AND FLUIDS		
Electricity	27 874 217	26 790 266
Fuel	4 688 832	6 424 019
Water	31 415	36 059
Gas	382 634	307 698
Other fluids	40 763	39 058
TRAVELLING, ACCOMMODATION AND TRANSPORT		
Travelling and accommodation	503 320	441 227
Transport of personnel	-	-
Transport of goods	14 958 900	13 325 438
SUNDRY SERVICES		
Rents and rentals	2 553 578	2 440 409
Communication	65 099	69 866
Insurance	1 638 080	1 620 108
Legal services	2 499	6 557
Representation fees	101 095	120 937
Cleaning, Hygiene and comfort	255 495	279 077
Other	147 103	112 349
Consolidation corrections	(253 623)	(3 362 674)
	62 226 668	**61 636 821**

22 OTHER INCOME AND GAINS

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
SUPPLEMENTARY INCOME		
Equipment rental	790 416	1 108 650
Other	732 628	667 794
Prompt payment discounts obtained	39	34
Recovery of receivables	119 769	11 632
Gains on inventories	546 921	99 556
GAINS ON FIXED ASSETS		
Disposals	3 000	409 895
INCOME AND GAINS ON NON FINANCIAL INVESTMENTS		
Disposals	300	-
Gains on emission rights		
Use of rights (Note 16.3)	317 453	423 780
Other	3 679	7 706
OTHER		
Corrections relating to previous years	5 377	3 001
Excess of estimated tax	316 107	124 786
Appropriation of investment subsidies (Note 17)	1 576 736	1 313 191
Contractual benefits penalties	596 112	-
Indemnities of insurable events	311 450	-
Tax refund	8 749	-
Operating exchange differences (Note 24)	17 364	30 839
Other, non specified	120 093	580 040
	5 466 193	**4 780 901**

Gains from emission allowances concern the FP Carbon subsidy for the reduction of CO_2 emissions at CUF - QI in the amount of € 317 thousand.

In relation to the most significant amount recorded as not specified in 2014, EUR 498 thousand relates to the reimbursement by supplier Air Liquide, pursuant to the contracted supply of hydrogen.

Compensations for Insurable Events in the amount of EUR 311 thousand concern an indemnity received for an accident in a dissolution tank.

The amount of EUR 596 thousand included in Benefits from Contract Penalties relate to the amount charged to client Borsodchem, for its non compliance with contracted provisions.

23 OTHER EXPENSES AND LOSSES

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
Tax	376 810	318 962
Prompt payment discounts obtained	8 661	9 266
Losses on inventories	1 082 733	1 061 692
EXPENSES AND LOSSES ON NON FINANCIAL INVESTMENTS		
Write-offs	249 652	-
Expenses with investment property	-	22 809
OTHER		
Corrections relating to previous years	25 508	1 139
Donations	13 603	14 823
Contributions	132 154	122 895
Samples and offers of inventories	2 364	2 024
Insufficiency of estimated tax	2 186	23 050
Operating exchange differences (Note 24)	5 352	123 678
Penalties and fines	8 243	34 058
Other financial expenses and lossea	221 892	69 604
	2 129 157	**1 804 000**

24 EFFECTS OF CHANGES IN EXCHANGE RATES

The amount of foreign exchange differences recognised in the income statement is shown in the following table:

	2015	2014
EXCHANGE GAINS INCLUDED IN:		
Other Income and gains		
Other operating exchange differences (Note 22)	17 364	30 839
	17 364	**30 839**
EXCHANGE LOSSES INCLUDED IN:		
Other expenses and losses		
Other operating exchange differences (Note 23)	5 352	123 678
	5 352	**123 678**

No changes have occurred in the operating currency or in relation to the parent company or any of its foreign businesses.

25 EXPENSES/REVERSAL OF DEPRECIATION AND AMORTISATION

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
DEPRECIATION AND AMORTISATION EXPENSES		
Investment property (Note 7)	88 168	88 323
Tangible fixed assets (Note 6)	17 257 427	17 854 919
Intangible assets (Note 8)	384 260	476 921
	17 729 855	**18 420 163**

26 INTEREST AND SIMILAR INCOME

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
INTEREST EARNED		
On deposits	5 319	78 315
OTHER SIMILAR INCOME	**13 255**	**15 461**
	18 575	**93 777**

27 INTEREST AND SIMILAR EXPENSES

At 31 December 2015 and 2014, this caption was made up as follows:

	2015	2014
INTEREST PAID		
On loans obtained	3 000 370	3 521 886
Other	62	1 001
OTHER FINANCING EXPENSES AND LOSSES		
Other	743 409	897 049
	3 743 841	**4 419 935**

28 INCOME TAX

Expenses (income) for current taxes are as follows:

	2015	2014
CURRENT TAX		
Corporate Income Tax for the year	4 638 792	3 234 705
	4 638 792	**3 234 705**
DEFERRED TAX		
Originated and subject to reversal for temporary differences	(533 820)	(340 807)
	(533 820)	**(340 807)**
	4 104 971	**2 893 898**

Deferred and current income tax on the items debited or credited to equity are shown in the following table:

	2015	2014
DEFERRED TAX		
Recognised in revaluation reserves	3 311 896	3 328 570
Recognised in other reserves	-	2 290
Net gains on net investments in foreign operations	(1 738 132)	(2 179 106)
Subsidies	726 279	4 024 704
	2 300 042	**5 176 459**

The amounts of deferred tax assets and liabilities recognised in the balance sheet for each period shown according to each type of temporary difference and concerning each type of non used tax losses and credit for non used taxes are as follows:

	Balance sheet items		Profit and loss items		Other equity items	
	2015	2014	2015	2014	2015	2014
DEFERRED TAX ASSETS						
TEMPORARY DIFFERENCES:						
Transition adjustments to ASS						
R&D expenses	-	-	-	(833)	-	-
Other						
Post employment benefits - medical benefits	174 060	156 960	17 100	(51 330)	-	-
Post employment benefits - pensions	940 885	993 118	(52 233)	(157 281)	-	-
Provisions not considered for tax purposes	520 690	421 520	99 170	-	-	-
Changes in fair value	1 738 132	2 179 106	-	-	(440 973)	(155 958)
Tax losses		-	-	-	-	-
Other		-	-	-	-	-
	3 373 767	**3 750 704**	**64 037**	**(209 445)**	**(440 973)**	**(155 958)**

	Balance sheet items		Profit and loss items		Other equity items	
	2015	2014	2015	2014	2015	2014
DEFERRED TAX LIABILITIES						
TEMPORARY DIFFERENCES:						
Transition adjustments to ASS						
Re-assessment of tangible fixed assets	-	2 290	(2 290)	(39 894)	-	-
Revaluation of investment property	3 311 896	3 328 570	(16 674)	-	-	(624 666)
Revaluation of negotiable securities				-	-	-
Payments based on shares				-	-	-
Investment subsidies	-	3 334 108	-	-	(3 334 108)	233 689
CO_2 licence subsidy	726 279	690 597	-	-	35 682	31 484
Other						
Other	-	-	-	(15 110)	-	-
	4 038 174	**7 355 565**	**(18 965)**	**(55 004)**	**(3 298 426)**	**(359 494)**

29 OTHER INFORMATION

29.1 ENVIRONMENTAL MATTERS - GREENHOUSE GAS EMISSIONS

Measures to deal with climatic changes have major significance in terms of the environmental policy, with obvious implications in the near future. As such, an important set of policies and measure has been set up, based on significant interaction with economic agents, in a true spirit of shared responsibility.

In this context, it is worth noting the European Emissions Trading Scheme (EETS), created by Directive 2003/87/CE of the European Parliament and Council dated 13 October 2003, amended by Directive 2004/101/CE, of the European Parliament and Council of 27 October 2004, which was the first instrument created at European level to regulate and control greenhouse gas (GHG) emissions.

More recently, within the framework of the climate and energy package, the Parliament and Council issued Directive n.º 2009/29/CE, of 23 April 2009, which amends Directive 2003/87/CE, of the European Parliament and of the Council of 13 October 2003, to improve and extend the European emissions trading scheme «new EETS directive», which establishes the legal framework as from 2013. Subsequently, Decree-law 252/2012 of 26 November transposed the said directive 2009/29/CE, into national law, introducing the new EETS framework in Portugal.

In the first two periods of the EETS, specifically 2005-2007 and 2008-2012, underlying rules consisted mainly of the free allocation of emission allowances (EA), the obligation to monitor, verify and communication emissions and the return of allowances in the corresponding amount. The free allocation was made through national plans PNALE I and PNALE II, both approved by the European Commission.

As from 2013 rules changed considerably, introducing a wider range of gases and sectors, a total amount of allowances that is determined at EU level and an allocation made through tenders. Allowances remain marginally free, based on benchmarks defined at community level.

Summing up, allowances will be free, based on benchmarks. This free allocation will correspond initially to 80% of the amount determined according to the harmonised method, and will decrease annually in equivalent amounts, down to 30% by 2020, until reaching 0% - i.e.

no free allowance - in 2027. This methodology was established by Decision 2011/278/UE, of 27 April 2011 issued by the European Commission, which set forth the transitory rules applicable to the harmonised allocation of free emission allowances, under the terms of article 10-A of Directive 2003/87/CE, of the European Parliament and the Council dated 13 October 2003.

Finally, national plans for the allocation of emission allowances for the 2013-2020 period are replaced by a list of facilities covered by the EEST and respective allowances awarded for free - the «NIMs List» -, prepared based on data provided for the purposes by eligible facilities, under the terms of Decision 2011/278/UE, of the Commission, dated 27 April 2011.

Within this framework, the following allowances per year were allocated to CUF Químicos Industrias, totalling 546,203 for the 2013-2020 period.

	2013	2014	2015	2016	2017	2018	2019	2020	Total
Allowances	72 799	71 534	70 255	68 962	67 656	65 001	63 660	546 203	**546 203**

Changes in CO_2 ton relating to greenhouse gas emission allowances during the year were as follows:

	Opening Balance	Attributed	Transfers	Used (Note 22)	Reversal	Fair value (Note 16.3)	Closing Balance
BALANCE AT 1 JANUARY 2014							
Ton	513 888	-	-	(47 821)	-	-	466 067
Value	2 487 218	-	-	(423 780)		1 005 880	3 069 318
BALANCE AT 1 JANUARY 2014							
Ton	466 067	-	(6 907)	(33 505)	-	-	425 655
Value	3 069 318	-	(56 845)	(317 453)	-	532 884	3 227 905

Emissions in 2015 totalled 33,505 tons, which in terms of allowances, gives rise to a positive differential in relation to the two previous years, of 94,040 ton.

29.2 BANK GUARANTEES

As of 31 December 2015 and 2014, the Company had liabilities for guarantees given, as follows:

Entities	2015	2014
Leixões Customs	374 279	374 279
EIB	41 989 500	45 013 500
Municipal Council of Loulé	74 282	74 282
General Directorate for Energy and Geology	14 964	14 964
IAPMEI - Instituto de Apoio às pequenas e Médias Empresas	204 118	1 651 354
	42 657 143	**47 128 379**

The amount of EUR 41,989,500 corresponds to the guarantee associated to EIB loan.

The amount of € 204,118 corresponds to a guarantee required by the IAPMEI concerning an investment subsidy granted by this entity to CUF - QI.

The amount of EUR 74,282 corresponds to the guarantee required by the Municipal Council of Loulé concerning infrastructures for the real estate development located in Betunes, subject to Licence nr. 2/2002.

29.3 OPERATING LEASES - AS LESSEE

Operating leases in which the Group is lessee concern vehicles and premises. These leases do not have purchase option clauses.

The total amount of minimum future lease payments for non-cancellable operating leases is as follows:

Entities	2015	2014
Up to 1 year	2 055 370	1 932 019
Over 1 year and up to 5 years	8 221 480	7 728 078
More than 5 years	20 553 699	23 184 234
	30 830 548	**32 844 331**

29.4 LIENS AND MORTGAGES

Within the scope of the loans in progresso and to secure the proper compliance with obligations arising therefrom, the company created a mortgage on the plant and buildings, and lients on the balance of bank accounts and equipment and assigned receivables.

30 SUBSEQUENT EVENTS

These financial statements were approved for issuing by the Board of Directors.

No events have occurred since 31 December 2015 to the said date that are not already adjusted and/or disclosed in the financial statements.

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(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

Introduction

1. We have examined the accompanying consolidated financial statements of CUF - Químicos Industriais, S.A., comprising the Consolidated Balance Sheet as at 31 December 2015 (which shows a total of 235.496.570 Euros and a shareholders' equity total of 86.621.527 Euros, including a net income for the year of 11.420.998 Euros attributable to the equity holders of the company, as mother of the group), the Consolidated Income Statement by Natures, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and the Notes.

Responsibilities

2. The Company's Board of Directors is responsible for the preparation of consolidated financial statements which present a true and fair view of the consolidated financial position, consolidated results of operations, consolidated changes in equity and consolidated cash flows, as well as for the application of appropriate accounting policies and for the maintenance of an adequate internal control system.

3. Our responsibility is to express a professional and independent opinion based on our examination of those financial statements.

Basis of Opinion

4. We conducted our examination in accordance with the technical standards and directives of the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the examination in order to obtain an acceptable level of assurance as to whether the consolidated financial statements are free of material misstatements. Accordingly, our examination included:

   – the verification of whether the financial statements included in the consolidation were examined appropriately, and for significant instances where these were not, the verification, on a test basis, of the supporting evidence of the amounts and disclosures contained therein and an assessment of the estimates, based on judgements and criteria determined by the Board of Directors for the preparation thereof;

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- the verification of the consolidated adjustments;
- the assessment of whether the accounting policies adopted and their disclosure are appropriate, considering the circumstances;
- the verification of the appropriateness of the going concern principle; and
- the assessment of whether the overall presentation of the financial statements is adequate.

5. Our examination also included the verification of the consistency of the financial information included in the consolidated Management Report with the consolidated financial statements.

6. We believe that the examination carried out provides an acceptable basis for the expression of our opinion on the financial statements.

Opinion

7. In our opinion, the consolidated financial statements referred to above present a true and fair view, in all material respects, of the consolidated financial position of CUF - Químicos Industriais, S.A. as at 31 December 2015, the consolidated results of its operations, the consolidated changes in equity and the consolidated cash flows for the year then ended, in conformity with accounting principles generally accepted in Portugal.

Report on Other Legal Requirements

8. It is also our opinion that the financial information in the consolidated Management Report is in agreement with the consolidated financial statements for the period.

Lisbon, 4 April 2016

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(Signed)

Paulo Jorge Luís da Silva (ROC nº 1334)

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Report and Opinion of the Sole Supervisor

To the Shareholders,

In compliance with the requirements of point g) of Article 420, together with point number 1 of Article 508 D of the Companies Act, it is our responsibility to issue the annual supervisory report and to issue an opinion on the individual and consolidated Management Report, the individual and consolidated Financial Statements and the proposal for appropriation of results presented by the Board of Directors of CUF – Químicos Industriais, S.A., for the year ended 31st December 2015.

During the year, we have monitored the activity of the company and we have performed the following procedures:

- We verified, to the extent considered appropriate, the accounting records and related supporting documentation;
- We verified, as necessary, to a nature and extent we considered appropriate, the existence of goods and other assets owned by the company or held by it as security, deposit or otherwise;
- We verified that the determination of the scope of the consolidation and to ensure that the consolidation procedures performed are in accordance with those in the consolidation standards;
- We verified the completeness and reasonableness of the Individual and consolidated financial statements;
- We verified that the accounting policies and measurement criteria applied in the company accounts, lead to an appropriate presentation of the financial position and the operations of the company;
- We verified that the accounting policies and the measurement criteria adopted in the consolidated accounts, resulted in a fair presentation of the financial position and the operations of the Group for which the company is the parent;
- We have invited communication of irregularities from shareholders, company employees and others;
- We confirmed the Management Report of the individual accounts, the Balance Sheet, the Income Statement by Nature, the Statement of Changes in Shareholders Equity and the Cash Flow Statement and the Notes comply with legal requirements and reflect the underlying accounting records at the end of the year;

- We confirmed that the Consolidated Management Report, the Consolidated Balance Sheet, the Consolidated Income Statement by Nature, the Consolidated Statement of Changes in Shareholders Equity, the Consolidated Cash Flow Statement and the Consolidated Notes comply with legal requirements and reflect the underlying accounting records at the end of the year;
- We verified the company's compliance with the law and with the Articles of Association of the company;
- We have performed all the other responsibilities required by law and the Articles of Association.

During the course of the procedures we performed to comply with our supervisory duties, we obtained from the Board of Directors and from the company's Services all information and documentation we consider necessary.

Within the scope of the statutory audit work we performed, the Statutory Auditor Opinion was issued today on the individual and consolidated accounts without qualifications and without emphasis of matter.

In this context, we have issued the following opinion:

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Opinion of the Sole Supervisor

To the Shareholders,

We have performed our supervisory functions of CUF - Químicos Industriais, S.A. in compliance with point g) of Article 420 together with point 1 of Article 508 D of the Companies Act, and, consequently, it is our opinion that:

(a) The proposal for the appropriation of the results included in the Management Report of the year 2015 meets the requirements regarding the constitution of the legal reserve and the limits on distribution of profits to shareholders foreseen in the Companies Act;

(b) The Management Report and the Consolidated Management Report of the year 2015 meet the requirements foreseen in the Companies Act;

(c) The Balance Sheet, the Income Statement by Nature, the Statement of Changes in Shareholders Equity and the Cash Flow Statement and the Notes comply with legal and accounting requirements;

(d) We confirmed that the Balance Sheet, the Consolidated Income Statement by Nature, the Consolidated Statement of Changes in Shareholders Equity, the Consolidated Cash Flow Statement and the Consolidated Notes comply with legal and accounting requirements.

Lisboa, 4 April 2016

Sole Supervisor

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº178)
Represented by:

(Signed)

Paulo Jorge Luís da Silva (ROC nº 1334)