

**ANNUAL  
REPORT**

**2012**



Cover: Port of La Guaira | Venezuela

# Annual Report **2012**

# Teixeira Duarte, S.A.

LISTED COMPANY

Head Office: Lagoas Park, Edifício 2 - 2740-265 Porto Salvo

Share Capital: € 210,000,000

Single Legal Person and Registration number 509234526 at Cascais Commercial Register (Oeiras)



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# Teixeira Duarte, S.A.

## **BOARD OF THE GENERAL MEETING OF SHAREHOLDERS**

Chairman	Mr. Rogério Paulo Castanho Alves
Deputy Chairman	Mr. José Gonçalo Pereira de Sousa Guerra Constenla
Secretary	Mr. José Pedro Poiares Cobra Ferreira

## **BOARD OF DIRECTORS**

Chairman	Mr. Pedro Maria Calainho Teixeira Duarte
Directors	Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	Mr. Joel Vaz Viana de Lemos
	Mr. Carlos Gomes Baptista
	Mr. Diogo Bebiano Branco de Sá Viana Rebelo

## **SUPERVISORY BOARD**

Chairman	Mr. António Gonçalves Monteiro
Member	Mr. Mateus Moreira
Member	Mr. Miguel Carmo Pereira Coutinho
Alternate	Mr. Horácio Lisboa Afonso

## **CHARTERED ACCOUNTANT**

Mariquito, Correia & Associados  
Chartered Accountants Firm, represented by  
Mr. António Francisco Escameia Mariquito - ROC

## **COMPANY SECRETARY**

Permanent	Mr. José Pedro Poiares Cobra Ferreira
Alternate	Mrs. Maria António Monteiro Ambrósio

## **REPRESENTATIVE FOR MARKET RELATIONS**

Mr. José Pedro Poiares Cobra Ferreira

# Teixeira Duarte – Engenharia e Construções, S.A.

## BOARD OF THE GENERAL MEETING OF SHAREHOLDERS

Chairman	Mr. José Pedro Poiares Cobra Ferreira
Secretary	Mrs. Maria Filipa Rebelo Pereira de Matos

## BOARD OF DIRECTORS

Chairman	Mr. Pedro Maria Calainho Teixeira Duarte
Directors	Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	Mr. Joel Vaz Viana de Lemos
	Mr. Jorge Ricardo de Figueiredo Catarino
	Mr. Carlos Gomes Baptista
	Mr. João José de Gouveia Capelão
	Mr. João José do Carmo Delgado

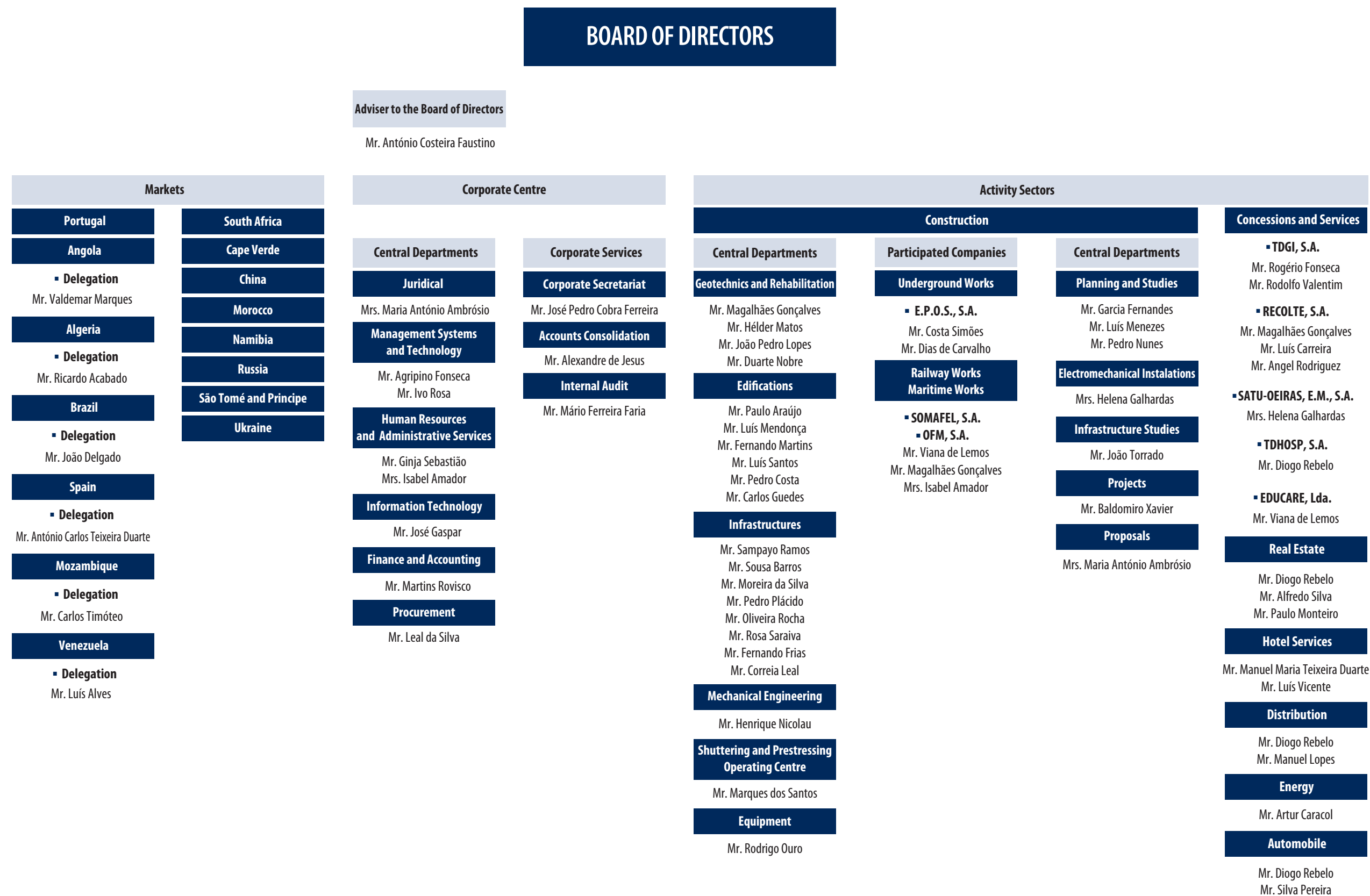
## STATUTORY AUDITOR

Permanent	Mariquito, Correia & Associados Chartered Accountants Firm, represented by Mr. António Francisco Escameia Mariquito – ROC
Alternate	Júlio Alves, Mário Baptista & Associados Chartered Accountants Firm, represented by Mr. Júlio Lourenço Alves

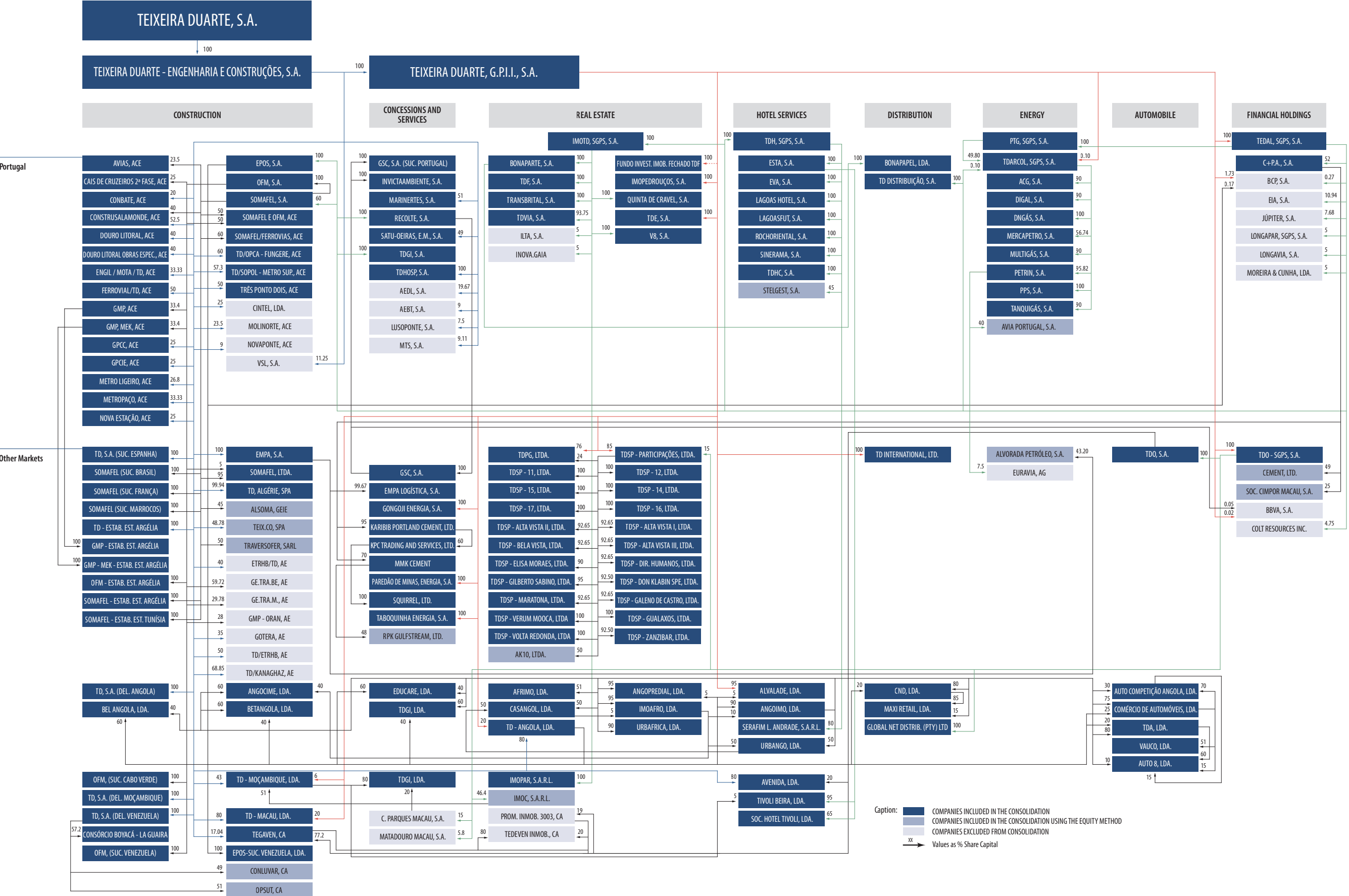
## COMPANY SECRETARY

Permanent	Mr. José Pedro Poiares Cobra Ferreira
Alternate	Mrs. Maria António Monteiro Ambrósio

## TEIXEIRA DUARTE ORGANIZATIONAL CHART 2012



# TEIXEIRA DUARTE GROUP 2012



Caption:   
■ COMPANIES INCLUDED IN THE CONSOLIDATION   
■ COMPANIES INCLUDED IN THE CONSOLIDATION USING THE EQUITY METHOD   
■ COMPANIES EXCLUDED FROM CONSOLIDATION   
→ Values as % Share Capital

## Teixeira Duarte, S.A.

Notes:  
The book values are expressed in million EUR.  
The figures in the "Growth 2012/2011 %" column were calculated based on amounts that were not rounded off.  
Total Equity includes non-controlling interests.

	2008	2009	2010	2011	2012	Growth 2012/2011 %
Workers	13,157	13,530	13,036	11,182	10,853	(2.9%)
Sales/Services rendered	1,291	1,320	1,380	1,200	1,383	15.3%
Operating income	1,377	1,423	1,445	1,263	1,440	14.0%
EBITDA	188	213	150	117	209	78.2%
EBITDA / Turnover margin	14.5%	16.1%	10.9%	9.8%	15.1%	54.6%
EBIT	131	157	84	51	143	179.0%
Tangible fixed assets + Investment properties	925	983	1,042	1,037	1,028	(0.9%)
Investments in associates + Assets available for sale + Other investments	1,168	1,276	317	153	125	(18.4%)
Net debt	1,852	1,993	1,067	927	990	6.8%
Total Equity	339	515	562	333	326	(2.0%)
Net income	(347)	116	46	(200)	24	-



# Management Report of the Board of Directors **2012**





## I. INTRODUCTION

The Board of Directors of "Teixeira Duarte, S.A." (TD,SA), in compliance with the regulatory and legal provisions for publicly traded companies, hereby presents its management report for the financial year of 2012.

The present report will address the consolidated activity of TD,SA as leader of the Business Group comprising the universe of holdings identified in the table of the "Teixeira Duarte Group – 2012" presented on the preliminary pages, and will disclose only brief notes on the Company in its individual capacity, namely with respect to the proposed appropriation of net income.

Since each of these units has its own management bodies, which report on their individual activities, this document will provide only some observations for the purpose of allowing for a better perspective of the Group as a whole.

In this context and in order to assess the development of the activity of these companies more appropriately, note will also be made, where justified, of some of their individual economic and financial indicators.

The most appropriate way of presenting the topics of the present Report will be to start with a brief description of the economic background, followed by an overall assessment of the action of the Teixeira Duarte Group, focusing on the most significant data relative to transversal and integrated matters concerning the Corporate Centre.

The subsequent chapters will address the Group's different activity sectors, with an analysis of the respective performance over 2012, distinguishing for each the main markets of action, with particular emphasis on the Construction area.

Reference will also be made to the significant stakes held in listed companies during 2012, that is "Banco Comercial Português, S.A." and "Banco Bilbao Vizcaya Argentaria, S.A.".

The relevant events that took place between the end of the financial year and the date on which this Report was prepared will then be described, followed by the outlook for 2013, currently in progress, ending with the proposed appropriation of net income.

Attached to this document are, under the applicable legislation, tables with the different information relative to the holdings in the share capital of TD,SA (namely pursuant to the provisions in articles 447 and 448 of the Commercial Companies Code and CMVM Regulation number 5/2008), as well the detailed report on the Company's structure and corporate governance practices (prepared in compliance with article 245-A of the Securities Market Code and CMVM Regulation number 1/2010).

Moreover, this report also includes the individual and consolidated financial statements with the respective notes, where the former were prepared in accordance with the Accounting Standardisation System (SNC) and the latter pursuant to the International Financial Reporting Standards as adopted in the European Union, as well as the respective Reports and Opinions of the Audit Bodies, the Legal Certification of Accounts and the Audit Report produced by an auditor registered at the CMVM.

Under the terms and for the purposes of subparagraph c) of paragraph 1 of Article 245 of the Securities Market Code, the undersigned state that, to the best of their knowledge, the Management Report, the annual accounts, the legal certification of accounts and all other documents presenting the accounts were prepared in accordance with the applicable accounting standards, conveying a true and fair view of the assets and liabilities, the financial position and results of TD, S.A. and of the companies included in its consolidation perimeter, and also faithfully reflect the business development, performance and position of each company, containing a description of the main risks and uncertainties they face.



## II. ECONOMIC ENVIRONMENT

### PORTUGAL

— Where, in 2012, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hotel Services and Energy sectors.

The year of 2012 was associated with the pursuit of an extremely demanding budget adjustment policy and the exacerbation of the recession of the national economy, with GDP, for the year of 2012 as a whole, having declined by 3.2%.

The increased unemployment rate also marked the course of last year, having recorded 15.7%, when this indicator stood at 12.7% in 2011.

The most notable positive evolution during 2012 was the decrease from 13.36% to 7.01% of the yields of Portuguese Treasury bonds on the secondary market, in particular of those relative to the 10 year maturity period.

Special note should also be made of the sharp fall in the probability of default of Portuguese sovereign debt, which shifted from 60.86% at the end of 2011, to 32.57% as at 31 December 2012.

Exports of goods showed a positive sign, having recorded an increase of 5.8% relative to 2011, with a positive net change of 1% in the case of sales to EU countries and 19.8% to countries outside the EU. Imports of goods fell by 5.4% for 2012 as a whole.

A contraction of the economy of 1.9% is forecast for 2013, and, therefore, less pronounced than in 2012. In the context of the economic adjustment process, the implementation of the budget consolidation measures will play an important role in the evolution of domestic demand, which is expected to show a strong downturn in 2013, albeit more moderate than that recorded in 2012. It is expected that the evolution of exports will continue to relieve the impact of the reduction of domestic demand on economic activity, although in a more limited form in 2013.

As was observed in 2012, imports should continue to contract and virtually zero growth is expected in demand from abroad during 2013, close to 0.3%.

### ANGOLA

— Where, in 2012, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hotel Services, Distribution and Automobile sectors.

During 2012, according to IMF data, Angola achieved comfortable economic growth, where it is estimated that GDP increased by a further 8%. The fiscal situation became stronger, inflation decreased to 9%, there was greater accumulation of international reserves and a stable exchange rate.

In this context, the authorities continued with an ambitious programme of institutional reforms, strengthening various fundamental areas in fiscal, monetary and financial management areas.

The macroeconomic performance in 2012 was driven by the recovery of oil production and by the continuation of the robust growth of the non-oil sector.

For 2013, the macroeconomic outlook is favourable, in spite of the global instability. It is expected that the international price of Angolan oil will remain high and that its respective production will increase by approximately 4%, to over 1.8 million barrels per day. The growth of the non-oil sector, leveraged by the heavy intensification of the public investment programme, aimed at completing the reconstruction projects and improvement of basic infrastructures, should exceed 7% in 2013.

## **ALGERIA**

- Where, in 2012, Teixeira Duarte operated in the Construction sector.

The Algerian economy has shown a very positive evolution during recent years, principally due to the sound performance of the oil and gas sector, which accounts for around 70% of State revenue, 40% of gross domestic product (GDP) and 98% of exports.

According to IMF data, the economic performance of Algeria remained solid, with the estimates pointing to growth of 2.5% in 2012.

The various sectors of the economy continued to grow, particularly construction and public works, which represent 9% of GDP, driven by the Government's investment programme in infrastructures and the construction of housing.

The forecasts for 2013 indicate that foreign exchange reserves should remain comfortable and the levels of external debt should continue low, with it being estimated that the economy should grow by 3.4%, driven by domestic demand and a recovery in the hydrocarbon sector.

## **BRAZIL**

- Where, in 2012, Teixeira Duarte operated in the Construction, Concessions and Services, and Real Estate sectors.

Brazil is the principal economy of Latin America, and the seventh largest world economy, according to the IMF.

During the last few years, Brazil has implemented various economic reforms and developed important social policies which, combined with the good international conditions observed up to 2008/2009 led the Brazilian economy to high growth rates, greatly higher than those recorded in the three preceding decades.

The general rise of prices led to the implementation of more restrictive economic policies which, associated with the deterioration of the international economic situation, resulted in an overall slowdown of economic growth. It is estimated that GDP grew by 2.2% in 2012.

## **SPAIN**

- Where, in 2012, Teixeira Duarte essentially operated in the Concessions and Services, and Real Estate sectors.

Spain faces a difficult adjustment programme, with the financial sector still severely affected by the speculative bubble in the real estate market, over-indebted consumers and a weakened banking sector. In June 2012, the Spanish Government formally resorted to the assistance of the European Stability Mechanism, to a value of close to EUR 100,000 million.

Private consumption should also continue to fall in 2013, after having declined by 2.2% in 2012, primarily due to the contraction of family consumption, added to the high unemployment rate, difficulty in access to credit, real decrease of wages and increased tax burden. It is also forecast that public consumption and investment will continue on a downward trend, at least until 2015.

However, even so, Spain maintained its status, in 2012, of the 13th world economy and 5th largest of the European Union.

## **MOZAMBIQUE**

- Where, in 2012, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate and Hotel Services sectors.

Mozambique is considered a success story among African economies. This country has abundant natural resources, including, in particular, its hydroelectric potential and natural gas, coal and mineral reserves. It also has over 2,500 Km of coastline with numerous fishing resources which constituted the main source of exports until the development of the aluminium industry.

Economic growth has been high, with an annual average rate above 7% in the last decade, placing the country on the path towards a strong improvement in living standards. During 2012, growth stood at 8%, with private consumption having recorded an increase of 6.9% and public consumption having grown by 13.2%. The increased GDP was mainly due to the implementation of various mega-projects (aluminium, electric power, natural gas, titanium and coal), the growth of the agricultural sector (benefiting from the favourable climate conditions and focus which has been given to the investment and reorganisation of the sector), as well as the construction of basic infrastructures.

### VENEZUELA

— Where, in 2012, Teixeira Duarte essentially operated in the Construction sector.

In Venezuela the performance of the economy is linked to the export of oil and, consequently, to the evolution of oil prices on international markets. Venezuela is currently considered the fourth largest economy of Latin America.

During 2012, GDP recorded growth of 4.2% and public consumption increased by 6%.

## III. GENERAL OVERVIEW

### — FINANCIAL OVERVIEW

The financial elements analysed herein are consolidated and, as such, are prepared in accordance with the International Accounting Standards (IAS/IFRS).

	2012	2011	Var (%)
Operating income	1,440,101	1,262,957	14.0%
Operating costs	1,231,006	1,145,643	7.5%
<b>EBITDA</b>	<b>209,095</b>	<b>117,314</b>	<b>78.2%</b>
Amortisation and depreciation	60,747	61,699	(1.5%)
Provisions	5,105	4,265	19.7%
<b>EBIT</b>	<b>143,243</b>	<b>51,350</b>	<b>179.0%</b>
Financial results	(80,061)	(244,580)	-
<b>Pre-tax profit</b>	<b>63,182</b>	<b>(193,230)</b>	-
Income tax	37,125	24,208	53.4%
<b>Net income</b>	<b>26,057</b>	<b>(217,438)</b>	-
Attributable to:			
<b>Shareholders</b>	<b>24,003</b>	<b>(200,437)</b>	-
Non-controlling interests	2,054	(17,001)	-

Income Statement for the years  
ended on 31 December 2012  
and 2011

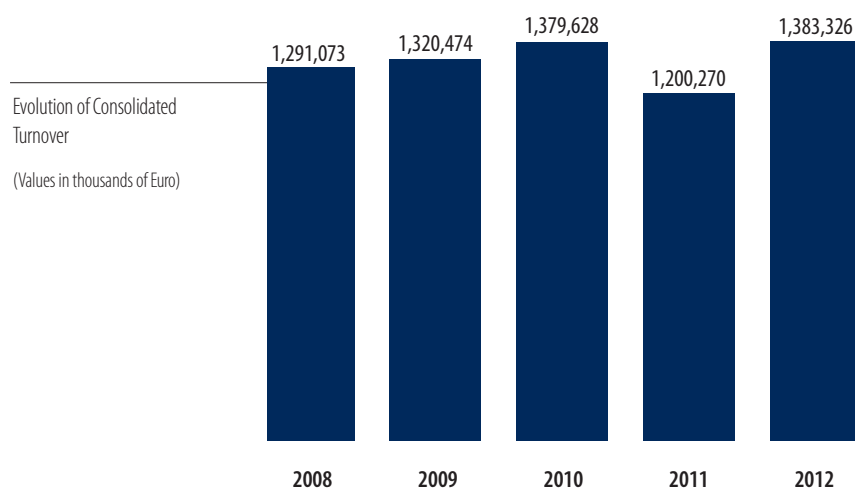
(Values in thousands of Euro)

**Consolidated Net Income** Attributable to Shareholders stood at EUR 24,003 thousand, which is considered significant, not only in view of the economic circumstances, but also because it reflects an inversion relative to the negative net income reported for 2011.

It is important to note, in this more general overview that, apart from the better performance achieved by the Group's companies in 2012, other factors also influenced the Net Income, especially, among the issues indicated below, the lower impact that the devaluation of "Banco Comercial Português, S. A." shares had during 2012:

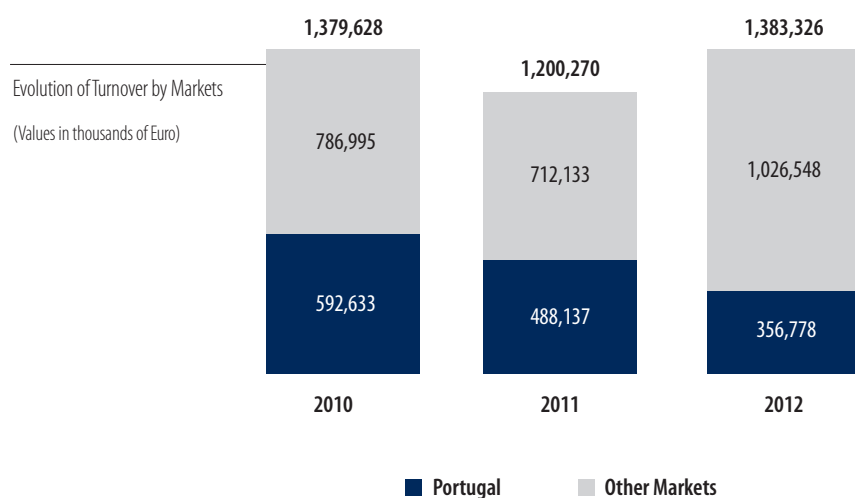
Other factors influencing the results	2012	2011
Impairment loss in "Banco Comercial Português, S.A."	(23,844)	(136,089)
Disposal of subscription rights of "Banco Comercial Português, S.A."	8,479	1,205
Impairment loss in KARIBIB Portland Cement Ltd.	(3,033)	-
Currency conversion differences	2,309	(1,676)
	<b>(16,089)</b>	<b>(136,560)</b>

(Values in thousands of Euro)



(Values in thousands of Euro)

**Turnover** increased by 15.3% relative to 2011, having reached EUR 1,383,326 thousand.



(Values in thousands of Euro)

The decline of 26.9% recorded in Portugal was largely offset by the 44.2% increase in the foreign market, which now represents 74.2% of the total turnover of the Teixeira Duarte Group.

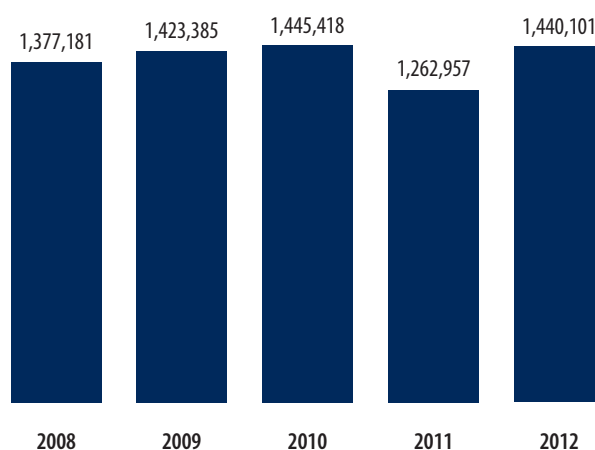
The table below reflects the penalisation in various markets in the Group operates and the growth achieved in Angola, Algeria, Mozambique and Venezuela, where the figures reflect the importance that Venezuela currently has in the Group's order book for the Construction sector.

Country	2012	Contribution (%)	2011	Contribution (%)	Var (%)
Portugal	356,778	25.8%	488,137	40.7%	(26.9%)
Angola	703,139	50.8%	472,155	39.3%	48.9%
Algeria	56,879	4.1%	33,754	2.8%	68.5%
Brazil	88,703	6.4%	120,135	10.0%	(26.2%)
Spain	22,745	1.6%	26,640	2.2%	(14.6%)
Mozambique	37,998	2.7%	26,393	2.2%	44.0%
Venezuela	108,842	7.9%	11,613	1.0%	837.2%
Other	8,242	0.6%	21,443	1.8%	(61.6%)
	<b>1,383,326</b>	<b>100.0%</b>	<b>1,200,270</b>	<b>100.0%</b>	<b>15.3%</b>

Evolution of Turnover  
by Country

(Values in thousands of Euro)

**Consolidated operating income** increased by 14% compared to 2011, reaching the value of EUR 1,440,101 thousand for the year ended on 31 December 2012.



Evolution of Consolidated  
Operating Income

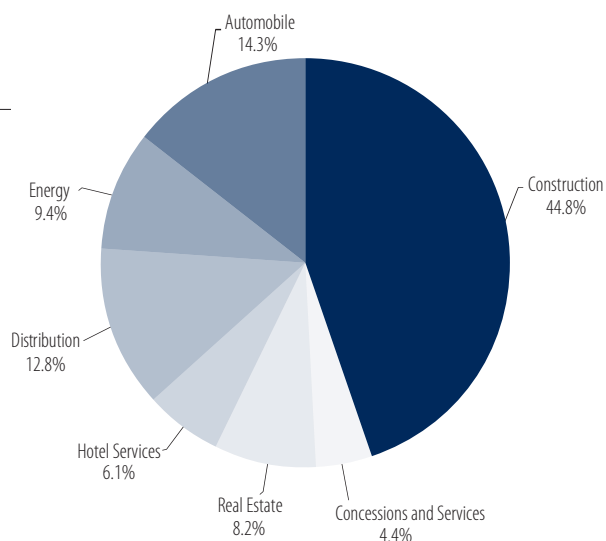
(Values in thousands of Euro)

Activity Sector	Domestic Market			Foreign Market			Total		
	2012	2011	Var (%)	2012	2011	Var (%)	2012	2011	Var (%)
Construction	166,007	303,060	(45.2%)	479,262	314,938	52.2%	645,269	617,998	4.4%
Cement, Concrete and Aggregates	-	-	-	-	13,595	-	-	13,595	-
Concessions and Services	19,497	19,863	(1.8%)	43,521	34,799	25.1%	63,018	54,662	15.3%
Real Estate	45,170	42,297	6.8%	72,925	58,182	25.3%	118,095	100,479	17.5%
Hotel Services	13,441	15,170	(11.4%)	74,109	55,609	33.3%	87,550	70,779	23.7%
Distribution	1,069	1,128	(5.2%)	183,818	138,670	32.6%	184,887	139,798	32.3%
Energy	134,938	131,553	2.6%	31	46	(32.6%)	134,969	131,599	2.6%
Automobile	-	-	-	206,313	134,047	53.9%	206,313	134,047	53.9%
<b>Total</b>	<b>380,122</b>	<b>513,071</b>	<b>(25.9%)</b>	<b>1,059,979</b>	<b>749,886</b>	<b>41.4%</b>	<b>1,440,101</b>	<b>1,262,957</b>	<b>14.0%</b>

Operating Income by Activity and  
Geographic Markets

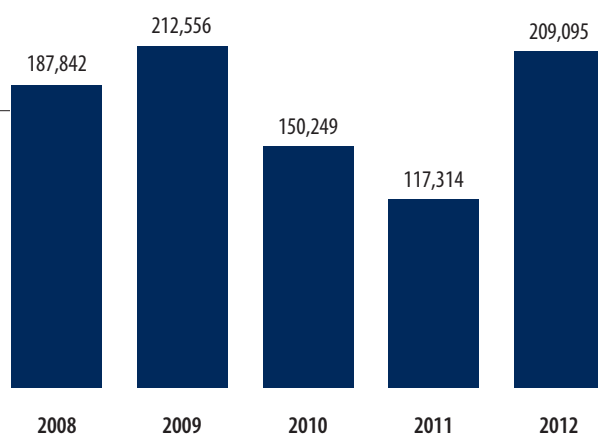
(Values in thousands of Euro)

Contribution of each Activity Sector



The contribution of each activity sector to the total value of consolidated operating income is indicated in the figure to the left.

Evolution of Consolidated EBITDA  
(Values in thousands of Euro)



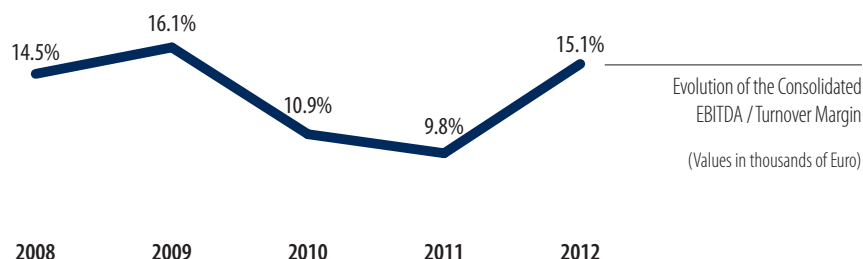
**EBITDA** grew by 78.2% in relation to last year, and stood at EUR 209,095 thousand.

Analysing this indicator by activity sector, the table below shows the good performance in most of the sectors of activity in which the Group operates.

Evolution of EBITDA by Activity  
(Values in thousands of Euro)

Activity Sector	2012	2011	Var (%)
Construction	62,806	39,763	58.0%
Cement, Concrete and Aggregates	-	(2,469)	-
Concessions and Services	12,995	6,394	103.2%
Real Estate	34,721	22,823	52.1%
Hotel Services	36,535	25,123	45.4%
Distribution	31,053	21,044	47.6%
Energy	3,414	5,028	(32.1%)
Automobile	42,837	14,695	191.5%
Not allocated to segments	(15,131)	(15,172)	-
Elimination	(135)	85	-
	<b>209,095</b>	<b>117,314</b>	<b>78.2%</b>

The **EBITDA / Turnover Margin** increased by 54.6% relative to December 2011, having risen from 9.8% to 15.1% as at December 2012.



The **financial results** were negative by EUR 80,061 thousand, as detailed in the table below.

	2012	2011	Var (%)
<b>Financial costs and losses:</b>	<b>144,593</b>	<b>175,619</b>	<b>(17.7%)</b>
Interest paid	78,305	74,772	4.7%
Unfavourable currency conversion differences	37,686	83,360	(54.8%)
Other financial costs and losses	28,602	17,487	63.6%
<b>Financial income and gains:</b>	<b>67,214</b>	<b>112,085</b>	<b>(40.0%)</b>
Interest received	21,079	25,125	(16.1%)
Favourable currency conversion differences	39,995	81,684	(51.0%)
Cash discounts received	663	833	(20.4%)
Other financial income and gains	5,477	4,443	23.3%
<b>Earnings from investment activities:</b>	<b>(2,682)</b>	<b>(181,046)</b>	<b>-</b>
Earnings from associates	7,892	(26,910)	-
Dividends	2,458	2,089	17.7%
Other investments	2,239	(72)	-
Gains / loss in assets available for sale	(15,271)	(156,153)	-
<b>Financial results</b>	<b>(80,061)</b>	<b>(244,580)</b>	<b>-</b>

Evolution of the Financial Results  
(Values in thousands of Euro)

This indicator was influenced by various factors, in particular, among those indicated below, the lower impact of the devaluation of the "Banco Comercial Português, S. A." share during 2012:

- Impairment loss of EUR 26,596 thousand from the holding in "Banco Comercial Português, S.A.";
- Disposal of subscription rights of EUR 11,325 thousand of the holding in "Banco Comercial Português, S.A.";
- Appreciation relative to the Euro of the Currencies with which the Group operates, with a positive impact of EUR 2,309 thousand.

**Income Tax** reached the sum of EUR 37,125 thousand for the financial year ended on 31 December 2012, compared to EUR 24,208 thousand for the financial year of 2011.

	2012	2011	Var (%)
Current tax	55,254	41,672	32.6%
Deferred tax	(18,129)	(17,464)	-
	<b>37,125</b>	<b>24,208</b>	<b>53.4%</b>

Corporate Income Tax  
(Values in thousands of Euro)

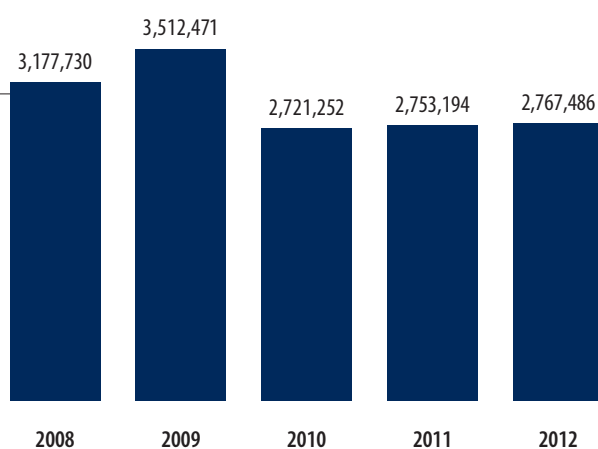
## Evolution of the Consolidated Summarised Balance Sheet

(Values in thousands of Euro)

	2012	2011	Var (%)
Assets			
Non-current Assets	1,374,657	1,422,327	(3.4%)
Current Assets			
Cash and Equivalent	246,063	291,693	(15.6%)
Other Current Assets	1,146,766	1,039,174	10.4%
<b>Total Assets</b>	<b>2,767,486</b>	<b>2,753,194</b>	<b>0.5%</b>
Equity attributable to:			
Shareholders	252,005	256,072	(1.6%)
Non-controlling Interests	73,863	76,579	(3.5%)
<b>Total Equity</b>	<b>325,868</b>	<b>332,651</b>	<b>(2.0%)</b>
Liabilities			
Loans	1,235,965	1,218,566	1.4%
Provisions	38,203	36,231	5.4%
Other Liabilities	1,167,450	1,165,746	0.1%
<b>Total Liabilities</b>	<b>2,441,618</b>	<b>2,420,543</b>	<b>0.9%</b>
<b>Total Liabilities and Equity</b>	<b>2,767,486</b>	<b>2,753,194</b>	<b>0.5%</b>

## Evolution of Net Assets

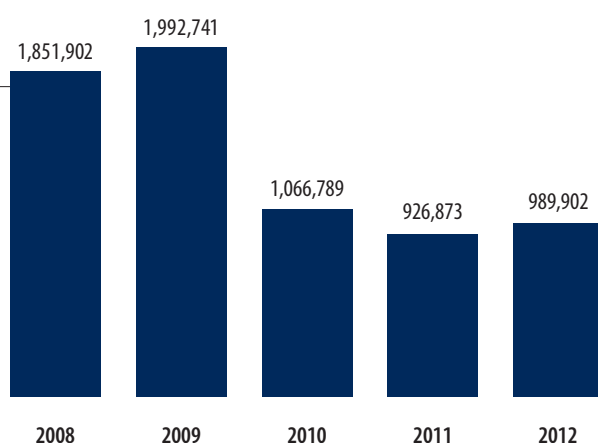
(Values in thousands of Euro)



**Total Net Assets** grew by 0.5% in relation to 31 December 2011, having reached EUR 2,767,486 thousand. In spite of the reduction of assets due to the impairments of "Banco Comercial Português, S.A." and the devaluation of the Currency with which the Group operates, increases in current assets were recorded which offset these impairments and devaluation of assets, namely "Other Current Assets".

## Evolution of Consolidated Net Debt

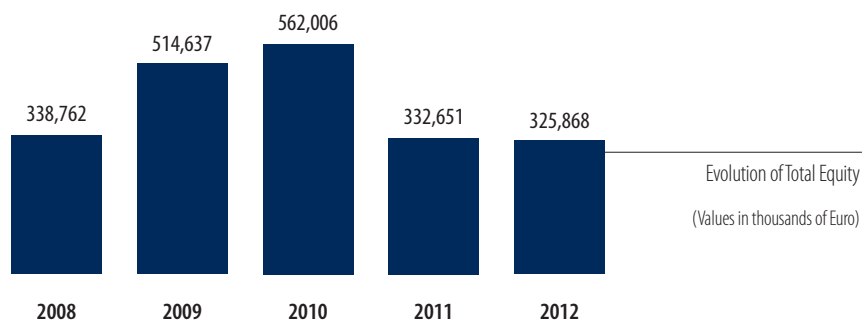
(Values in thousands of Euro)



The Group's **Net Debt** grew by 6.8% in relation to the end of 2011, having stood at EUR 989,902 thousand as at 31 December 2012, which is natural in the context of the development of the Group's activities.

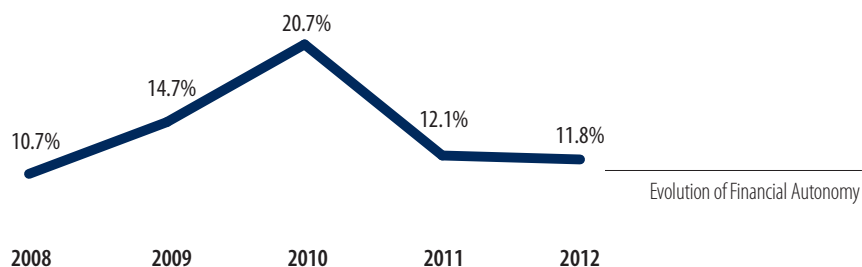


**Total Equity** reached EUR 325,868 thousand, corresponding to a decrease of 2% in relation to 31 December 2011, influenced essentially by the following factors:



- Impairment loss from the holding in "Banco Comercial Português, S.A.", recorded in the income statement, of the value of EUR 23,844 thousand;
- Negative currency conversion effect of EUR 35,470 thousand, due to the devaluation of the Currencies with which the Group operates in relation to the Euro;
- Impairment loss from the holding in "KARIBIB Portland Cement Ltd.", recorded in the income statement, of the value of EUR 5,833 thousand;
- Negative hedge operation effect of EUR 2,453 thousand, arising from the variation of the fair value of the financial instrument (interest rate swap) contracted in 2008 under the Concession for the Management of Cascais Hospital Building.

**Financial Autonomy** shifted from 12.1% as at 31 December 2011 to 11.8% by the end of 2012, having decreased by 2.5%.



## – ORGANISATIONAL OVERVIEW

Notwithstanding the more detailed description of this matter in the "Corporate Governance Report" attached herewith, it is important to note at this point, with respect to the performance of the Teixeira Duarte Group in the different business sectors and markets, the close collaboration between all the structures, identified in the Organisational Chart presented in the beginning of this Report, as well as the added value arising from these synergies, which are reflected in the privileged and efficient means of achieving collectively undertaken objectives.

The Group's **Operating Structures** are organised by Activity Sector and, as a rule, cover the responsibility for all the teams and operations of these business areas, regardless of the geographical market in which they operate, thus also ensuring that the Group's central technical and human resources are in close contact with those operating in the different markets of Teixeira Duarte.

Even so, it should also be noted that there are occasional situations of some entities within the Group which, in view of the particularity of their business, maintain their respective specificity, especially in the Construction, Concessions and Services sectors.

"Teixeira Duarte - Engenharia e Construções, S.A." (TD-EC), as the leading company of the Group in the Construction sector, develops its activity through **Operating Centres**, which divide up the production areas and are essential in the training of senior management staff and follow-up of their career, and also has a series of specialised **Supporting Structures** for the Operating Centres, in particular in the

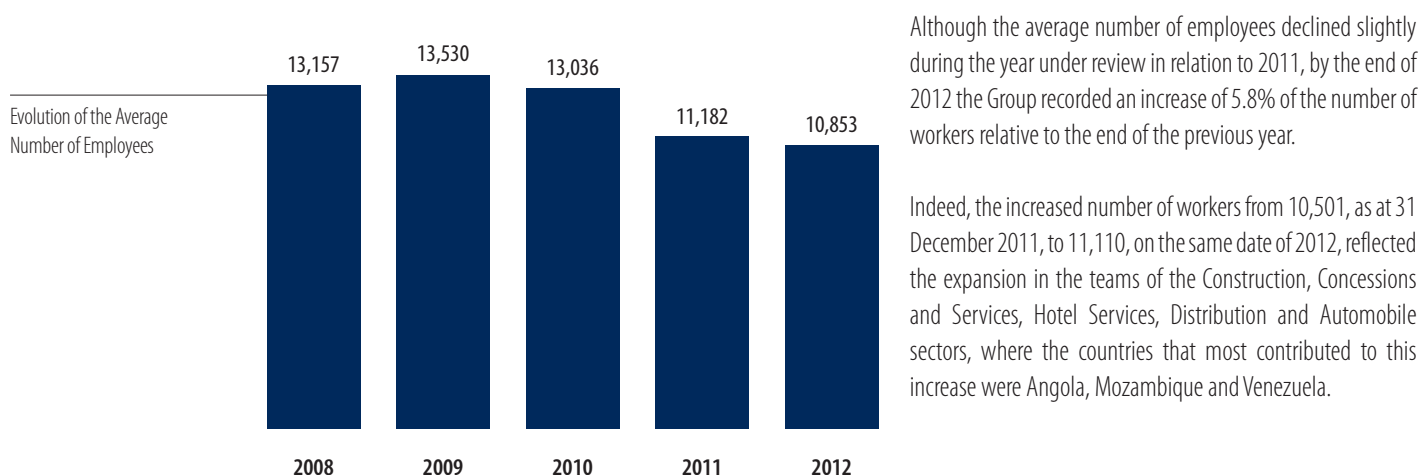
areas of Shuttering and Prestressing, Equipment and Materials Laboratory, as well as various **Central Departments** which operate at a Commercial, Studies and Project level.

Apart from these structures which are more directly linked to the Group's operational area, particular reference should also be made to the existence of a number of Central Departments and Services with special responsibilities of transversal support to the actions developed in the different activity sectors, integrated in the **Corporate Centre**, entrusted with promoting a standardisation of procedures and providing support to the structures operating abroad in these areas common to various businesses.

In view of this transversal role played by the Corporate Centre and the importance of its duties, the meeting held in 2012 for the staff of its Central and Service Departments and Services was dedicated to the theme of identification with the Corporate Centre through five main areas of action of its employees, which are "knowing", "complying", "understanding", "contributing" and "convincing".

Regarding these Centres, which are also identified in the Organisational Chart presented in the beginning of this report, various references to their action during 2012 are highlighted below.

In terms of **Human Resources**, Teixeira Duarte pursued an action of adjustment of the number of workers to the activities carried out in the different sectors and markets, promoting the personal and professional development of its employees.



On this issue, note should also be made of the continued investment of Teixeira Duarte in the training of its employees, with the Central Department of Human Resources pursuing a driving and supporting effort not only at the level of TD-EC and Portugal, but also in all the other companies of the Group and geographic markets in which they operate, embodied especially in its support to the vast amount of travel and re-location of workers required to follow the flow of activity of Teixeira Duarte.

In this context, the diversified Vocational Training actions were continued, in particular: the completion, in Portugal, of the Human Potential Operating Programme and the significant increase of training abroad, with the design, implementation and follow-up of various innovative projects in this area. Note should also be made of the achievement of certification of Teixeira Duarte as a training entity, granted by DGERT (Directorate-General for Employment and Labour Relations).

Regarding schooling levels, focus continued on the "Recognition, Validation and Certification of Competences" programme, which enabled 120 employees to receive certificates of higher schooling levels.

During the year under review, the **Central Department of Management Systems and Technology** maintained its activity of supporting the processes for the achievement, monitoring or renewal of the Management System certifications of the different companies of the Group, in

the areas of Safety, Quality, Environment, and Research, Development and Innovation (RDI), in particular, for this purpose, the certification of the Quality Management System under the standard ISO 9001 in TD Distribution, and the implementation of the Safety Management System pursuant to OHSAS 18001 specifications in all the business areas of RECOLTE - Servicios y Medioambiente, S.A.

Since the Group's Organisational Structures are organised by activity sectors which, as a rule, cover the responsibility for the operations in all the geographic in which they operate, and with a view to ensuring transversal procedural methodologies among the different business areas, a process has started to harmonise the management systems of the different companies of the Group.

In this context, for the conduct of the internal audits in the different companies of the Group and optimising the participation of the Group's own resources, a process has started for the conduct of these audits following an inter-company method.

This Department continued to provide significant support to the various commercial areas, with the preparation of specific documentation concerning Safety, Quality, Environment and Social Responsibility, now with considerable representativity for the foreign markets.

In order to enable identifying the main risks and opportunities of sustainable development, the challenge continued to be the investigation and analysis of a series of elements on this subject and preparation of the respective Sustainability Report relative to the two-year period of 2011 and 2012, restricted to the construction sector and to the company of the concessions and services sector, "TDGI - Tecnologia de Gestão de Imóveis, S.A.", on Portuguese territory.

In the ongoing process of alignment with business needs, in a context of high sectorial and geographic diversification, the **Central IT Department** (DCI), maintained its focus on the standardisation of processes and technologies, as a form of ensuring the highest productivity of the means involved.

Among the new projects carried out, we highlight, due to its complexity, the implementation of ERP/SAP for Venezuela, covering all the Group's companies operating therein. In other locations, the coverage of processes and companies was extended.

The Portal of the Teixeira Duarte Group continued to be a privileged vehicle of internal communication, providing useful services to the employees, in particular in their relations with the Company. This platform recorded a strong increase of requests by other structures of the Group for the inclusion of more services, leading to the creation of new applications and adaptations of those existing for use in other geographic areas.

The infrastructures of networks of data, communications and security systems, as well as the monitoring tools, were improved with the objective of creating a suitable environment for the remote use of the SAP platforms, Portal and electronic mail.

Under the expansion of the Corporate Centre's activity to all the Group's companies and markets of operation, the Central Department of Finance and Accounting pursued the optimisation of the services in Portugal, leading to greater flexibility in the support provided abroad and coordination of local teams with the central structures in Portugal, where special note should be made of the important role played by the Accounts Consolidation Service and Internal Audit units in matters of information reporting and control of procedures.

The **Central Procurement Department** develops its action for the companies of the TD Group which operate in various geographic locations in the following areas:

- Search for sources of supply, negotiation and contracting, especially with a view to the establishment of time-based agreements and the achievement of economies of scale in acquisitions of goods and services;
- Logistics of merchandise in import and export contexts;
- Management of Central Warehouses;
- Support to the management of fixed facilities of the companies of the TD Group, namely Head Office, Regional Offices, Accommodation and Central Archive.

In Portugal, the functional organisational model implemented in the last quarter of 2011 has been consolidated, with a view to strengthening

the intervention of the Central Procurement Department in the strategic components of procurement carried out for the Group's companies. On the other hand, the Logistics Team has been reinforced and restructured, in order to provide for the growing requests of various activity sectors in the different geographic areas.

In Angola, the intervention in the restructuring and management of the Central Warehouse and Central Procurement Structure which operates on the local market has been developed.

In Algeria, the management of the logistics of merchandise in export and import contexts has been consolidated and the coordination of the Central Procurement Structure operating in this country was implemented.

## – CORPORATE OVERVIEW

In compliance with all the corporate obligations, namely as an entity issuing tradable securities in regulated markets, particular note should be made of the public disclosure of the different information considered relevant in 2012, especially the Management Report and accounts relative to 2012, as well as the Corporate Governance Report relative to the same period, both approved at the General Meeting.

### **Annual General Meeting:**

The General Meeting held on 17 May 2012 recorded the expressive participation of holders of 82.5% of the share capital and voting rights, and approved all the proposals submitted for appraisal, namely the proposed approval of the documents presenting the consolidated and individual accounts, the proposed appropriation of net income submitted by the Board of Directors and the proposals relative to the Appraisal of the Company's Management and Supervisory Bodies, and the Statement on the Remuneration Policy of the Members of the Company's Respective Management and Supervisory Bodies.

### **Dividends:**

Since the Company recorded negative net income for 2011, the General Meeting approved the proposal of the Board of Directors of its full transfer to retained earnings, therefore implying that no dividend will be distributed in 2012.

### **Reduction of the Share Capital:**

The second and last General Meeting of TD,SA was held on 19 October 2012, which was attended by shareholders of 79.36% of the share capital and whose single point on the Agenda was deliberation on the reduction of the Company's share capital.

Accordingly, the Board of Directors submitted a proposal to the shareholders based on a series of whereases presented in this document and which are reproduced herein for a better overview of the issue:

- a) *"Teixeira Duarte, S.A." (TD,SA) recorded negative net income of EUR 175,616,665.80 in 2011.*
- b) *This net income was strongly penalised by the impact of the impairment losses recorded in financial holdings, the capital losses in the disposal of strategically disconsidered assets and the devaluation of the Euro relative to the currencies with which the Group operates;*
- c) *As shown in the most recent balance sheet approved at the annual General Meeting of 17 May 2012, TD,SA has a share capital of EUR 420,000,000.00, where each share has the nominal value of EUR 1.00, and equity of EUR 363,867,113.42, corresponding to a book value of EUR 0.87 per share;*
- d) *The weight of the main financial holdings in the Group's balance sheet is currently much lower, hence, even under contemporary economic and financial circumstances, their potential devaluation is also much lower;*

- e) The accounts recorded as at the end of the first semester of 2012 show an improvement of net operating income and EBITDA, demonstrating the sustainability of the Group's activity;
- f) In this context, it is considered appropriate and opportune to reorganise the structure of the balance sheet, namely the headings of the equity of TD,SA, thus reducing the share capital in order to enable the full coverage of the accumulated losses;
- g) It is also considered that the share capital reduction referred to above should ensure the maintenance of the current 420,000,000 shares representing the share capital, but, rather, alter their nominal value;
- h) The reduction of the nominal value of the shares to EUR 0.5 each, implying the reduction of the share capital from EUR 420,000,000.00 to EUR 210,000,000.00, will allow for the coverage of the entirety of the accumulated losses as well as the strengthening of the free reserves by EUR 28,216,958.01;
- i) This reduction will ensure that, maintaining the book value of each share at EUR 0.87, after its operation, the equity of TD,SA will be greatly above the value of its share capital."

Based on this reality presented in the proposal submitted to vote at the General Meeting, the Board of Directors proposed that the shareholders deliberate the reduction of the Company's share capital from EUR 420,000,000 thousand to EUR 210,000,000 thousand, through the decrease of the nominal value of the shares representing the share capital to EUR 0.5 each, and its respective transfer to the full coverage of accumulated losses to the value of EUR 181,783,041.00 thousand and reinforcement of free reserves to the value of EUR 28,216,958.01 thousand, with the consequent amendment of number one of article five of the Articles of Association.

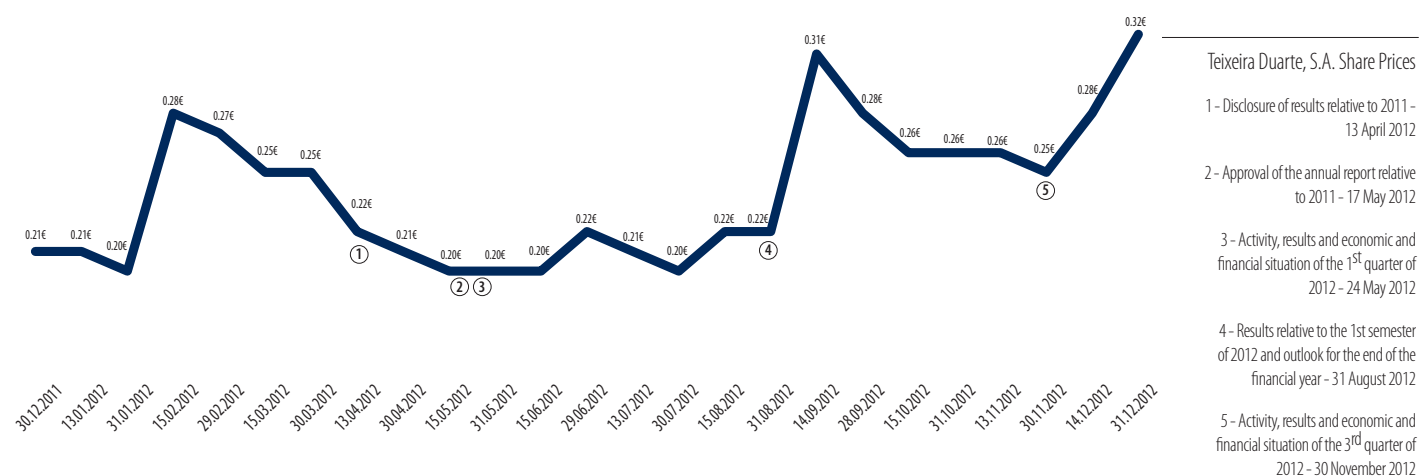
This proposal was approved with 100% of the votes and thus unanimously deliberated to reduce the share capital of TD,SA under the precise terms referred to above.

### The shares of Teixeira Duarte, S.A.:

As noted and in spite of the reduction of the share capital of "Teixeira Duarte, S.A." described above, the number of shares remained the same, and during 2012, the share price appreciated by 52.38%, having risen from EUR 0.21 as at 31 December 2011, to EUR 0.32 as at 31 December 2012.

Regarding liquidity and turnover during this year, 20,842,938 shares were traded on the stock exchange, with a total turnover of EUR 4,955,391.

The graph below shows the evolution of the stock market share prices during 2012:



## IV. SECTORIAL REVIEW

The activities developed in the different sectors in which the Group operates are presented below, followed by a similar structure for each sector, that is, beginning with a presentation of the respective sector with the Teixeira Duarte Group, after which an explanation will be given, with graphic portrayal of the consolidated Turnover and EBITDA, of the contribution of this business area to the Group, and concluding with a presentation of its action during 2012, accompanied by non-consolidated indicators enabling the analysis and outlook on total activity, rather than that restricted merely to its final contribution to the consolidated figures.

### IV.1. CONSTRUCTION

Construction is the *core business* and point of origin of the Teixeira Duarte Group, as well as the activity of the principal company of the Group, TD-EC, which operates in the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Mechanical Engineering, Underground Works, Railway Works and Maritime Works supported by a Shuttering and Prestressing Operating Centre, a large-scale and highly technological Equipment Department, a Materials Laboratory and a Teixeira Duarte Operating Centre installed on a plot of land covering an area of 127,000 m<sup>2</sup> and which is of enormous benefit to the Company and services rendered to its customers.

Special reference should also be made to the Central Departments provision of specific support in the Commercial, Studies and Project areas.

Its founder, Mr. Ricardo Esquível Teixeira Duarte, who completed the first course of Civil Engineering taught at Instituto Superior Técnico and performed the duties of Chairman of the Portuguese Engineering Association, has always been recognised by his peers for his technical skills and innovation.

Teixeira Duarte pursued has its action marked by this quality, always being a true Engineering establishment. From major infrastructures such as bridges, dams, roads and other public works, as well as hospitals and large-scale buildings which constitute historic milestones, namely in Portugal, Teixeira Duarte is recognised as synonymous with knowledge and experience, and is a constant presence in the construction market.

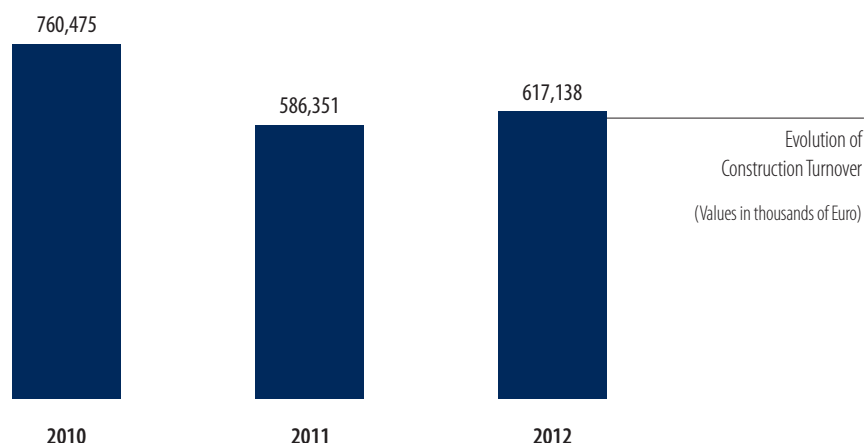
Furthermore, the Group also includes other participated companies, which operate in specific areas of Construction, namely in Underground, Railway and Maritime works, as well as various enterprise groups (ACE) and other similar structures allocated to specific projects, in particular in the area of Infrastructures.

During 2012, Teixeira Duarte operated in this area in various countries, where its main markets were Portugal, Angola, Algeria, Brazil, Mozambique and Venezuela.

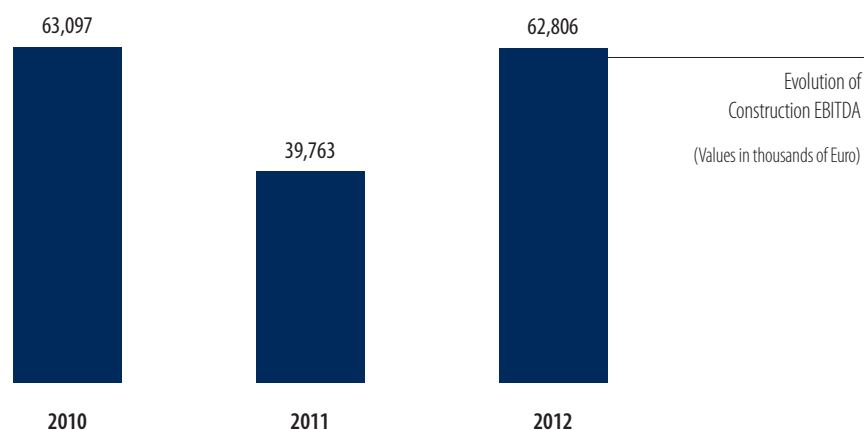
## — CONTRIBUTION OF THIS SECTOR TO THE GROUP

In spite of the decline of Construction in Portugal (47.4%) and Brazil (46.7%), Teixeira Duarte has successfully increased its output in this sector in Angola (60.2%), Algeria (68.5%) and Mozambique (50.8%) and, especially in Venezuela, where its activity grew from EUR 11,613 thousand in 2011 to EUR 108,842 thousand in 2012.

Overall, the 5.3% increase of this sector reflects a turnaround of the decline which had been observed from 2010 to 2011, demonstrating Teixeira Duarte's capacity to expand its activity in markets undergoing growth while others are following a downward trend.



EBITDA in Construction resumed identical values to those achieved in 2010, having increased by 58% in relation to the previous year, essentially as a result of the good performance of the markets abroad and main contract works underway in Portugal.



## — ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Construction sector reached the total value of EUR 838,640 thousand, where, as a whole, these values reflect a minor decrease in relation to 2011, since various contract works for the Teixeira Duarte Group were completed during this year, namely Hotel Baía in Luanda and the Teixeira Duarte Operating in Montijo.

The main activities carried out in the different areas in which Teixeira Duarte operates in the construction sector are presented below:

**GEOTECHNICS AND REHABILITATION** is the Operating Centre of TD-EC which currently concentrates the areas of Geotechnics and Foundations, as well as Rehabilitation, centralising an engineering and research unit which enjoys a strong reputation within the Company and in the market.

The structure of Geotechnics and Foundations has always taken into account, and with this awareness, the responsibility, of being true to its roots within the Company, hence it has always been given the due prestige recognised by the market and which corresponds to excellent preparation, high quality scientific studies, pioneerism in the use of technologies, cutting edge equipment and highly specialised human resources.

In this area, Teixeira Duarte designs, projects and executes Geological Reconnaissance, Surveys, Diaphragm Walls, Piles, Micro-piles, Nailing, Anchorage, Consolidations, Injections and Jet-Grouting.





EP, S.A. | Slope Stabilisation at KM62+000  
1st phase of the IP3 – Penacova  
Coimbra | Portugal



EDP, S.A.  
Crestuma Dam  
Porto | Portugal

In the area of Rehabilitation, Teixeira Duarte operates in the execution of specialised works in the fields of Rehabilitation of Structures and Conservation of Monuments and Constructed Architectural Heritage, as well as Inspections and Diagnosis of Structures.

The activity developed by the Geotechnics and Rehabilitation Operating Centre of TD-EC recorded a significant increase of 60% in relation to the previous year, having achieved operating income of approximately EUR 64 million.

This strong increase was not only due to the decisive contribution of the deployment abroad of highly qualified human resources from a technical perspective which also enabled the training and integration of the local teams, but also as a result of the heavy investment in new equipment and tools.

It is also important to refer, in organisational terms, but necessary for better development of the activity and, consequently, boosting greater synergies, to the merger of the action of the geotechnics and foundations areas with the rehabilitation area, up to then with independent structures, which are now under the sole coordination of the person responsible for each market of action.

In **Portugal**, in spite of the crisis and consequent reduction of tenders, operating income increased by approximately 15%, with operating income of the value of EUR 20.5 million having been reached.

In this area, particular reference is made to the following contract works:

- Stabilisation of the Slope at KM62+000 1st phase of the IP3, in Penacova, Coimbra for "EP – Estradas de Portugal, S.A.";
- Contract for slope containment at Rua José Maria de Andrade, in Odemira, for the respective City Hall;
- Retaining wall built with diaphragm walls, Berlin walls and earthworks for the new IURD temple, in Vila Nova de Gaia;
- Treatment of rocky solid structures, geotechnical reconnaissance and instrumentation of the contract for the power reinforcement of Salomonde hydroelectric development, in Braga, for "EDP – Gestão da Produção de Energia, S.A.";





EP, S.A.  
Rehabilitation of Odemira Bridge  
Portugal



COLT Resources  
Mineral prospecting  
Escoural | Portugal

- Contract for the waterproofing coating at Crestuma Dam, in Porto, for "EDP - Gestão da Produção de Energia, S.A.";
- Rehabilitation and reinforcement of the decks of four bridges of the road over the Reservoir of Aguieira Dam, in Coimbra, for "EP - Estradas de Portugal, S.A.";
- Contract for the rehabilitation of Odemira Bridge, for "EP - Estradas de Portugal, S.A."
- Rehabilitation of the roofs and outer walls of the Church of Nossa Senhora do Loreto, in Lisbon, for the Factory of this church.

In this context, note should be made of the return to mineral prospecting, through the execution of work for "COLT Resources Inc." at Escoural mining complex, in the Alentejo.

Apart from the completion of the contracts mentioned above, other contracts were continued, namely for the rehabilitation of Valença International Bridge, for "Rede Ferroviária Nacional - REFER, E.P.E.", and a number of contracts were implemented relative to the rehabilitation of buildings and various structures at Sines Hydroelectric Plant, for "EDP - Gestão da Produção de Energia, S.A.".

Considering the strong reduction of public tenders and proposals for the private sector, a significant reduction of the turnover in this area is expected for 2013.

In **Angola**, operating income reached the value of EUR 15.5 million, exceeding the values achieved in 2011 by approximately 5.8%.

Reference is made to the completion of the following contract works:

- Geotechnical reconnaissance for the construction of the Luanda Marina development, for "Marina de Luanda, S.A.";
- Rehabilitation of Fortaleza Bridge, in Luanda, for the Government of Angola;
- Execution of a Runway for a Travel Lift on piles driven by air hammer and a Deck, on the island of Luanda, for "Marina Baía, S.A.".



BESAACTIVE, S.A. - Excavation, Peripheral Containment and Foundations of "Nossa Senhora da Muxima" Building  
Luanda | Angola



Thenia/Tizi-Ouzou Railway Line  
Execution of 1200mm and 1500mm diameter Piles  
Algeria

Other important contract works were started in this country, namely:

- Excavation, Retaining Walls and Foundations of the Nossa Senhora da Muxima Building, for "BESAACTIVE - Sociedade Gestora de Fundos de Investimento, S.A.", in Luanda;
- Contract for the Retaining Walls and Foundations of the Kwanza Building, for the construction company "Rui Ribeiro Angola, S.A.";
- We highlight the signing of a contract for the execution of the "Engineering, Procurement and Construction (EPC) of the Marine Operations Support Dock" work, in Soyo, for "ANGOLA LNG, Limited".

The commercial area recorded a 15% increase of the number of proposals submitted, which came to a total value of close to EUR 130 million during the period under review.

For 2013, and according to the awards made in the meantime, it is forecast that turnover will be higher than that achieved in the year under analysis.

In **Algeria**, the Geotechnics and Rehabilitation Operating Centre now operates in an integrated and permanent manner through the Algerian company "TEIXEIRA DUARTE ALGÉRIE, SPA", having carried out the Contract for the execution of 1200mm and 1500mm diameter piles, of the foundations of three viaducts of the "Ligne Ferroviaire Thenia/Tizi-Ouzou".

In terms of commercial activity, this year was characterised by preparatory work and contacts with potential customers, particularly construction companies, in order to exhibit Teixeira Duarte's services and skills in this area of geotechnics and rehabilitation to the market, which resulted in the submission of proposals to the value of EUR 170 million.

These facts, associated to the prospect of public investment in new infrastructures and recognised technical and human capacity of the Company in these areas of geotechnics and foundations, enables fostering high expectations for the development of this activity in this country.



Andrade Gutierrez / CR Almeida Consortium  
Line 17 of São Paulo Metro | Brazil



Vale, S.A.  
Replacement of the Bridge over Santa Joana  
River - Colatina  
Espírito Santo | Brazil

In **Brazil**, as a result of the commercial work started in 2011 and the undertaking of high investment in equipment and tools, it has been possible to attract relevant contracts signed with customers of strong strategic potential, thus providing for a volume of work valued at close to EUR 7 million during 2012.

Geographically, the action in this sector has been located in the states of São Paulo, Rio de Janeiro and Espírito Santo, which have maintained strong growth in the construction area, in both the public and private sectors.

The most important works are highlighted below, some of which have already been completed and others are still underway:

- Execution of deep foundations using drilled shafts along Line 17 of São Paulo Metro, for the Andrade Gutierrez / CR Almeida Consortium;
- Execution of deep foundations using drilled shafts, along the Monorail - Extension of Line 2 of São Paulo Metro, for the OAS / Queiroz Galvão Consortium;
- Execution of foundations of special structural works, at Transcarioca - Penha-Galeão Stretch, for the Transcarioca Rio Consortium, composed of the companies, OAS, Carioca and Contem;
- Execution of 25,000 m<sup>2</sup> of 800 mm diaphragm wall, at four reservoirs to soften the floods in the Tijuca Basin, in Rio de Janeiro, for OAS;
- Peripheral Retaining Diaphragm Wall and Provisional Traces, at the Residencial Mundi Development, in São Caetano, São Paulo, for Grafisa, S.A.;
- Peripheral Retaining Diaphragm Wall, Root Piles and Provisional Traces, at the Blue Tree Premium Development, in Alphaville, São Paulo, for Norfin/Tivoli;
- Replacement of the Bridge over the River of Santa Joana, in Colatina, Espírito Santo, for "VALE, S.A.".

The commercial activity intensified as a consequence of the good receptiveness shown by the customers and the acquired knowledge in this market, reflected in the submission of proposals to a value above EUR 400 million.





Matola Coal Terminal  
Mozambique



Administração Nacional de Estradas - ANE  
Bridge over the River Limpopo  
Sicacate | Mozambique

Note should also be made of the training and integration of new local technical staff, in particular drivers-operators and specialised operating personnel, carried out internally using highly technically qualified "in-house teachers", which enabled ensuring the continued quality and assurance of the service of the services provided by Teixeira Duarte and its recognised engineering and high standards.

Particular reference should also be made to the participation in the Seminar on Special Foundations and Geotechnics Engineering, held in June 2012, in the city of São Paulo. Since this event is characterised by a highly technical and scientific nature and also included the first Foundations and Geotechnics Industrial Fair, it was considered of major importance and showed impressive repercussion at a national scale and for neighbouring countries.

In view of the proposals under negotiation, expressions of interest of various customers and the order book transferred from the previous year, the outlook for 2013 is of a significant increase in the volume of work.

During 2012, this Operating Centre worked in an integrated manner in **Mozambique**, having reached a turnover of the value of EUR 8.5 million, approximately 53% higher than the previous year.

This performance was due to the execution of various important works, in particular the execution of geotechnical reconnaissance, retention walls and indirect foundations of the construction contract for two buildings in Maputo, for "Banco de Moçambique".

Other noteworthy works included the following:

- Geophysical prospecting in the Evate project, executed for the mining company "VALE, S.A.";
- Execution of the first part of the pile works for Phase 3.5 of Matola Coal Terminal;
- Rehabilitation of the Bridge over the River Limpopo in Sicacate, for "Administração Nacional de Estradas - ANE", of Mozambique;
- Various geotechnical reconnaissance works carried out for external customers.



Port of La Guaira  
Venezuela



Boyacá - La Guaira Consortium  
Baralt Tunnel  
Caracas | Venezuela

During the period under review, the commercial area studied proposals of a value above EUR 56 million, with particular relevance on geotechnical prospecting studies, an important indicator of the increased activity in the near future.

For 2013, it is foreseen that a contract will be signed for the repair of the bridge over the River Lualaba, in Quelimane, Province of Zambézia, and that various foundation works which have already been contracted will be executed, thus representing a significant occupancy of the available equipment.

The Geotechnical and Rehabilitation Operating Centre started its activity in **Venezuela** during the year under review, with the Company's team being deployed in two major contract works underway in this country, the expansion of the Port of La Guaira and the extension of Boyaca Avenue (cota mil) up to the Macayapa junction and extension of Tacagua Viaduct, having achieved a turnover of approximately EUR 11 million.

Regarding the contract for the expansion and modernisation of the Port of La Guaira, it is important to consider the complexity that it involves from a technical point of view and in terms of the techniques for execution of special foundations, covering the execution of a breakwater pier using fly drilling as well as methodologies of replacement and subsequent execution of indirect foundations. This contract work will also use techniques for the improvement of foundation soils using vibroflotation.

In the contract for the extension of Boyaca Avenue up to the Macayapa junction and extension of Tacagua Viaduct, the sector's works are divided over two distinctive fronts, Baralt Tunnel and Macayapa junction. On these fronts, the work covers the retention and stabilisation of slopes, using methodologies, techniques and means that, in view of the local reality, are distinguished both qualitatively and in terms of the yields achieved.

Special reference should also be made to the quality demonstrated in the Geological-Geotechnical Studies carried out previously, recognised by the institutional customers and which consequently represent a unique "calling card" of TD-EC's capacity.



Piles for the National Technological Institute for Hydrocarbons | Equatorial Guinea



Parque Escolar, E.P.E.  
Dr. Pascoal José de Mello Elementary and Secondary School  
Ansião | Portugal

Since this was a year of start-up of the activity of this area in this country, with the natural consolidation of processes, it is expected that 2013 will be a year of substantial increase in turnover, reflecting the increased activity, both in terms of contract works underway and other forthcoming projects.

During the second semester of 2012, Teixeira Duarte supported a Portuguese company through the execution of pile foundations of the contract for the construction of the National Hydrocarbon Institute of **Equatorial Guinea**.

In spite of the natural initial difficulties of mobilisation, the work progressed normally, surpassing the expected yields.

Major projects are currently underway in this country covering buildings in the main cities, communication roads and ports, which will be followed by others that have already been announced by the local authorities, hence there is a strong probability that Teixeira Duarte will receive new contracts, linked to the areas of Geotechnics and Foundations, and Maritime Works.

As noted above and in view of the proposals that are currently under negotiation and the present order book, it is expected that this area of Geotechnics and Rehabilitation will show significant growth of activity and income during 2013.

In the **BUILDINGS** area, TD-EC maintains a highly dynamic activity and which has been of particular relevance in the overall activity of the Group since the 1960's.

In this field, the intervention in the markets is characterised by the development of projects that are large-scale and of high technical complexity, covering all types of construction: major complex and multi-purpose buildings, public, residential and service buildings, industrial complexes, schools, tourist developments, reconstruction of buildings and hospitals.





Virgin Active Portugal, Lda.  
Virgin Health Club | Palácio Sottomayor  
Lisbon | Portugal



PPS, S.A.  
LPG Storage Terminal, Port of Aveiro  
Portugal

The effects of the economic and financial situation being experienced by Portugal continue to be reverberated in the activity of this area of construction, leading to the intensification of the trend that had already been felt in previous years, with the continued reduction of the volume of production in Portugal, which contrasts with the growth of the activity that has occurred in other countries where the Group also operates in this area.

In this context, the income achieved in Portugal during 2012 do not account for more than 12% of the total income of the sector, where Angola is the country with most activity, especially due to the large-scale contract works that Teixeira Duarte has been carrying out over recent years.

The commercial work aimed at strengthening Teixeira Duarte's position has been continued, both in markets where it has operated in this area for the longest time, as well as in countries where its presence is more recent, such as Algeria, Brazil and Venezuela.

In **Portugal**, the production of this sector continues on a sharply downward trend, accompanying the enormous reduction of the volume of construction work, arising from the reduction of investment, both public and private.

In the area of school buildings the construction of the Refectory Building of Colégio Moderno in Lisbon, was executed for "Colégio Moderno de João Soares e Filhos, Lda.", and, for "Parque Escolar, E.P.E." various contracts were completed relative to "Dr. Pascoal José de Mello Elementary and Secondary School" in Ansião, "Martins Sarmiento Secondary School" in Guimarães and "Santa Maria Maior Secondary School" in Viana do Castelo.

In the sports area, the contract of the Virgin Health Club, at Palácio Sottomayor, in Lisbon, was completed for "Virgin Active Portugal - Sociedade Unipessoal, Lda.".

In the industrial area, works were started for the LPG Storage Terminal at the Port of Aveiro - General Contract Phase 2, for the company of the Teixeira Duarte Group "PPS - Produtos Petrolíferos S.A.", and the construction of a new subsoil drain section and deactivation of the existing drain, at the plant of "SN Maia - Siderurgia Nacional S.A." was executed.



São João Hospital Centre  
São João Hospital  
Porto | Portugal



Regional Secretariat for Social Affairs, Social  
Security Centre of Madeira | Santana Home for  
the Elderly - Madeira | Portugal

In the service sector, the building at Avenida Defensores de Chaves, n.º 6, in Lisbon, was rehabilitated for "ESTAMO - Participações Imobiliárias, S.A.", and the construction contracts for the Multi-purpose Building in Vila Nova de Gaia and Media Studios in Lisbon were started for the IURD.

For "ANA - Aeroportos de Portugal S.A.", the contract for the facilities of the Senior Management and Airline Companies was executed at Sá Carneiro Airport, in Porto, as well as the Cargo Terminal - Portway Facilities - Northern Outdoor Area.

In the health area, work was continued for "Centro Hospitalar São João - E.P.E." through the undertaking of two minor contracts involving the remodelling and modernisation of São João Hospital, in Porto.

In the social area, the construction was completed of Santana Home for the Elderly, on the island of Madeira, for the Regional Secretariat of Social Affairs - Social Security Centre of Madeira.

In **Angola**, during 2012, the Buildings activity showed a significant increase in the volume of production, with income having grown by around 30% in relation to the previous year, due to the important contribution of the two largest Buildings works that Teixeira Duarte currently has underway in this area.

The tenders for public works continued to be of a small quantity, which has led the competition to apply unsuitable prices.

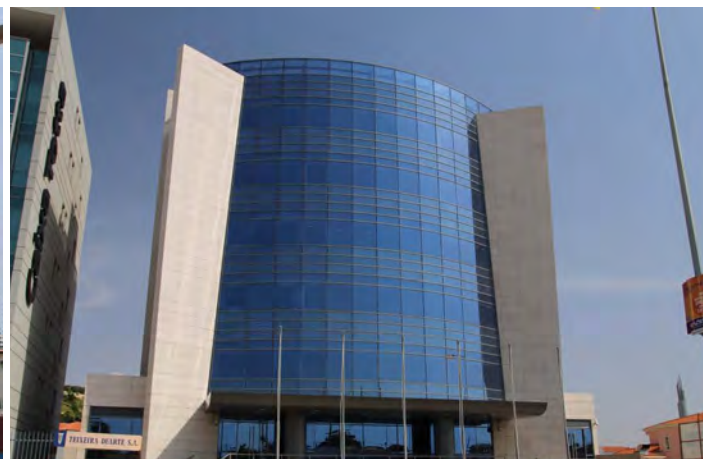
Even so, Teixeira Duarte pursued its action, with the following outcome in particular:

- The construction of the head office building of the National Assembly of Angola, for the Office of Special Works (GOE) is an especially emblematic work, both from the point of view of its size and complexity, and its significance and importance to the Angolan State. The works progressed as forecast and, also in this case, with a high concentration of technical means and human resources to comply with the





ESCOM, S.A.R.L. | GES Buildings 2, 3 and 4  
Luanda | Angola



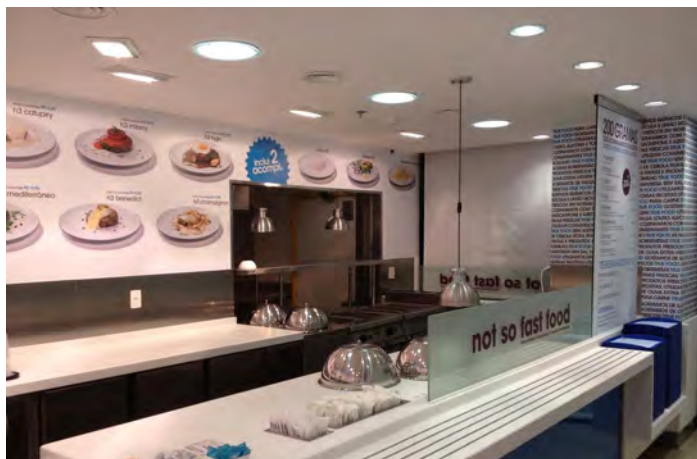
INACOM | Head office building  
Luanda | Angola

demanding requirements of this contract;

- The works for the Construction of the Reinforced Concrete Structure and General Finishing of GES Buildings 2, 3 and 4, for "ESCOM - Espírito Santo Imobiliária, S.A.R.L." progressed at a good rate, where this work was extremely large-scale and complex, with Teixeira Duarte having dedicated important material and human resources of its production structure, and forecasting the completion of this major complex in 2013;
- Completion of the construction of the head office of "INACOM - Instituto Angolano de Comunicações";
- Start-up of the Construction of the Vehicle Inspection Building, at the National Department for Road Traffic (DNVT), for the Office of Special Works (GOE);
- Beginning of the contracts for the Construction a Primary School with 6 Rooms and the Construction of the Enlargement of the Laundry for "Clínica Sagrada Esperança" on Ilha do Cabo - Luanda, and three bank branches in Luanda, for "Standard Bank Angola";
- The works for the Enlargement of Soyo Hospital, for "Angola LNG Limited" were continued;
- For "Banco Millennium Angola, S.A.", the construction of a branch on Avenida Hoji Ya Henda, in Luanda was executed, and for "Número Um - Reparação Automóvel, Lda.", the facilities of the "Oficina Midas", on Avenida do Brasil, in Luanda was also executed;
- For the company of the Teixeira Duarte Group "CND - Comércio Geral de Importação, Lda.", the remodelling work of the Maxi Mulemba Shop was started, the expansion works of the unloading platform of the Maxi Shop of Morro Bento were executed, and the contracts for the construction of the Maxi Shop of Porto Amboim, the Maxi Cazenga Shop, the Maxi Bompreço Shop of Ginga Shopping and the remodelling of the Maxi Mainga Shop - Phase 3 were all completed;



"Nilo Pinto" Pastry Shop  
Luanda | Angola



H3 São Paulo, S.A. | Shopping ABC  
São Paulo | Brazil

- For the company of the Teixeira Duarte Group which operates in the automobile sector under the TDA trade name, the "Stand Coqueiros" was built;
- For another company of the Teixeira Duarte Group, the contract for the remodelling of Pastelaria Nilo Pinto, in Luanda, was executed;
- Also for a company of the Teixeira Duarte Group, "EDUCARE - Atividades Educativas e Culturais Lda.", yet another phase of Colégio São Francisco de Assis (block 5) was completed.

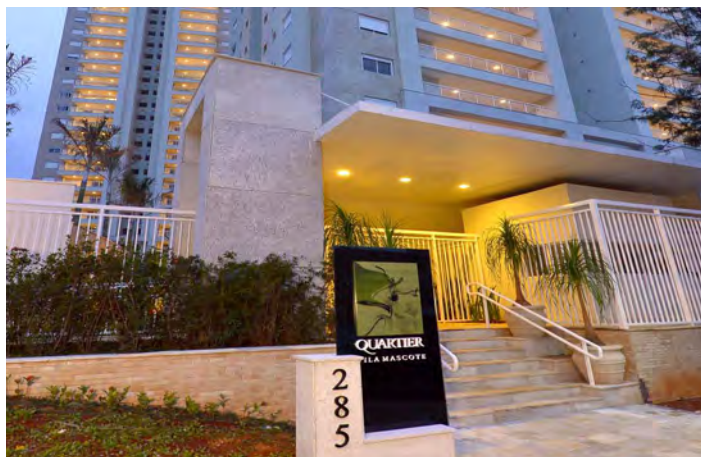
In **Algeria**, the commercial prospecting activity continued in the area of buildings, with proposals having been submitted, both for public tenders and private customers.

In **Brazil**, the commercial activity was strengthened, which led to the activity having extended its action to customers outside of the Group during 2012.

The civil construction contract for the welding, assembly and painting workshops was started, as well as the corridors for Phase I of the Brazil Project, for "CHERY BRASIL - Importação, Fabricação e Distribuição de Veículos Lda.". This is an important milestone since it is the first work in this country for the automobile industry, a sector undergoing strong growth in Brazil.

The contract for the execution of the Escoteiros building was also started, involving the enlargement of the hospital unit of "Hospital de Clínicas de Niterói Lda." in this city of the state of Rio de Janeiro.

For "H3 São Paulo - Comércio de Alimentos, S.A.", three contract works were executed for shops in different shopping centres of São Paulo.



Quartier Vila Mascote  
São Paulo | Brazil



Head office building of  
Banco de Moçambique  
Maputo | Mozambique

For a Group company of the real estate sector, the construction of the "Quartier Vila Mascote" Condominium, in São Paulo, was continued.

In order to comply with the contracts that had, in the meantime, been signed for new works, the production teams were strengthened through training given to local workers, in the firm belief that the transfer of the particular methodologies, culture and form of action of Teixeira Duarte will play a very important role in the expansion of its action.

During 2012, in **Spain**, the effects of the economic and financial crisis currently devastating the country further exacerbated, leading to an abrupt drop in investment. The reduction of production in this area of buildings, as well as construction in general led to the reduction of the local team merely for one structure, so as to enable following market trends which, even so, are not expected to be positive in the short or medium term.

In **Mozambique**, during 2012, production in this area declined by around 25% in relation to the previous year. This was not only due to the delay in the start-up of various works that had already been contracted or were under negotiation, but also as a result of a significant increase of competition from many companies, recently arrived in the country in quantities totally out of proportion to the growth of the construction business, which led to a considerable decrease in market prices.

Notwithstanding the above, strong commercial action was sustained, with a large number of proposals having been submitted, relative to which it is believed that the long and prestigious experience that Teixeira Duarte has consolidated in this country since 1982 will certainly be a particular value added that the customers will continue to consider highly.

The most important contract underway was signed with "Banco de Moçambique" for the demolition of "Edifício Ex-Casa Coimbra" and the construction of another two other buildings: one for offices of the Head Office building of Banco de Moçambique and the other for "Silo - Automóvel", with mixed purposes, composed of an area for parking and another area for offices and services.





Head office building of the  
Administrative Court  
Sofala - Beira | Mozambique



Fundo de Fomento Pesqueiro  
Fisheries Museum  
Maputo | Mozambique

This work was consigned at the beginning of 2012 and has progressed at a good rate, with its size and technical complexity involving important resources of the sector.

During 2012, the following contract works were completed:

- Construction of Phase 2 of the Science Faculty, for Eduardo Mondlane University, in Maputo;
- Head Office building of Sofala Administrative Court, in the city of Beira, for the Administrative Court.

The following works were executed:

- Rehabilitation of Hotel Tivoli Maputo, for the company of the Teixeira Duarte Group "Hotel Tivoli, Lda.";
- Construction of the supporting Infrastructure for the 10th Frelimo Congress, in Pemba;
- Contract for the *Refurbishment of the Geology Department* at Eduardo Mondlane University in Maputo, for "ENRC Mozambique Lda."

The following contracts were started:

- Construction of Facilities for the Fisheries Museum in the city of Maputo, for "Fundo de Fomento Pesqueiro";
- Rehabilitation of the Port of Pemba, for "CFM - Portos e Caminhos de Ferro de Moçambique, E.P.";
- Demolition of sheet piling, earth movement, drainage, civil and mechanical assembly at Quay 8 Port of Beira, for "VALE Moçambique, S.A.";
- *TCM Phase 3.5. Expansion of the Matola Coal Terminal - D511/003 Civils and Piling*, for "Grindrod Terminal de Carvão da Matola";
- Construction of a four-floor office building for a private customer;
- Construction of the structure, foundations and masonry of the head office building of the Tax Authority of Mozambique, for "IMOINVEST - Investimentos Imobiliários, S.A.";
- Rehabilitation of Beira Municipal Auditorium, for the City Hall of Beira.

Accompanying the growing activity that the other sectors of the Company have experienced in **Venezuela**, during this year, the Buildings sector started the analysis and research of this market, leading to the submission of the first proposals, which might enable beginning the first work during 2013.



CONBATE, ACE  
Coia Viaduct I | Portugal



EDP, S.A.  
Strengthening of power output of Salomonde  
Dam, Vieira do Minho | Portugal

The area of **INFRASTRUCTURES** has become fundamental in the development and growth of the activity of Teixeira Duarte, particularly characterised by engineering of a high technological level and the execution of large-scale infrastructure projects.

Becoming increasingly important as of the 1980's, this sector covers all types of works: Roads and Motorways, Bridges and Viaducts, Dams, Railway Lines, Railway Stations and Junctions, Environmental Construction, as well as Water and Natural Gas Infrastructures.

As announced in the Annual Report for 2011, Venezuela confirmed the status of major market in this area during 2012, as this sector carried out close to 50% of its production in this country.

In **Portugal**, the decline forecast over recent over was confirmed, with production having fallen by 75%. Even so, it continued to be the second market for this area of action, which is not expected to be repeated in the near future, since everything indicates that Portugal will become a residual market in terms of Infrastructures.

The following works were developed:

- The construction of the drainage system of Loureiro Viaduct, along the Bucelas/Arruda dos Vinhos subsection of the A10 - Bucelas/Carregado/IC 3 Motorway, for "Brisa - Concessão Rodoviária, S.A.", which has already been completed and received;
- The contract for the design, project, expropriations, construction, and supply and assembly of equipment of the IC 32- Palhais/Coia, IC 32 - Casas Velhas/Palhais and ER 377-2- Costa de Caparica/Fonte da Telha subsections, for "AEBT-Auto Estradas do Baixo Tejo, S.A." (Granter - Estradas de Portugal), of relevance for the completion and operationalisation, on 24 April, of Coia Aqueduct and for the completion and operationalisation of the last section (Coia/Penalva) which took place on 27 November;
- The general contract for the construction of the reinforcement of the power output of Salomonde Dam, in Salomonde - Vieira do Minho, for "EDP - Gestão da Produção de Energia, S.A.". This work, executed by "Construsalomonde, ACE", in which TD-EC and its participated company

EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A. hold 92.5%, is of high technical complexity, with its evolution has been compatible with the defined objectives, having complied with all the contractually relevant key dates, a fact recognised by the demanding customer EDP.

Everything indicates that the good levels of production and invoicing will be maintained during 2013 and 2014, in line with the objectives that were defined and agreed with EDP and that the technical-commercial relations with this customer and partner will be consolidated.

At the end of the year, a new construction yard was opened for the construction of Cerro da Mina reservoir, in Neves Corvo, for "SOMINCOR – Sociedade Mineira de Neves Corvo, S.A.". This contract, which includes various accessory works, should be completed in mid-2014.

Particular note should also be made of the two contracts in the Autonomous Region of Madeira signed between "RAMEDM – Estradas da Madeira, S.A." (a contractual position in the meantime taken up by the new Regional Directorate for Roads) and two external Consortiums, in which TD-EC and its participated company EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A. are included, whose undertaking is dependent on their respective inclusion in the Annual Investment Plan of the Government Budget of the Autonomous Region of Madeira. These involve the construction of the new Vasco Gil – Fundoa link at Level 500 – 2nd Phase, with an execution period of 600 days, and the construction of the expressway Ribeira de São Jorge/Arco de São Jorge – 2nd Phase, with an execution period of 548 days. For 2013, it is expected that production in this market will continue to decline, and should exceed 60% of the work undertaken during 2012.

In the market of **Angola**, the Rehabilitation work of Luanda Road Infrastructures – Avenida Hoji Ya Henda, covering 5.1 km, in Luanda, was started for "INEA – Instituto de Estradas de Angola".

The rehabilitation works of this structural road of the city of Luanda – which crosses the important municipalities of Rangel and Cazenga – have been greatly constrained by problems of expropriation, by numerous contingencies, especially in terms of the affected services, and by the intense traffic experienced over the entire day, with significant repercussions on the phasing of the work.

This contract, which should be completed during 2014 if the expropriation proceedings which have long been identified are resolved in the short term, will constitute a primary factor of development of the surrounding urban area and will have an extremely important social impact, in this more complex part of the city.

The commercial activity underway and the prospective new works enable foreseeing good levels of growth and significant strengthening of the teams and activity of the sector in this important market.

In **Algeria**, the activity of the Infrastructures sector continues stable, in line with previous years. In the works in progress in this market, the area of Infrastructures mobilises and coordinates other important areas and resources of the Company, specifically in terms of the Geotechnics and Rehabilitation, the Mechanical Engineering and the Shuttering Operating Centres, as well as of its participated companies "SOMAFEL – Engenharia e Obras Ferroviárias, S.A." and "EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A.".

The main works in progress were:

- "Projet de Réalisation de la Ligne 1 – Lot 1: Extention A Gros Œuvre-Voie, Ligne et Stations sur le Tronçon: Place Émir Abdelkader – Place des Martyrs, Alger", for "Entreprise du Métro d'Alger (E.M.A.)";
- "Études d'exécution et Travaux de Modernisation de la Ligne Thénia/Tizi-Ouzou et son Électrification jusqu'à Oued Aissi (50+14 Km)", for "ANESRIF – Agence Nationale d'Etudes et de Suivi de la Réalisation des Investissements Ferroviaires".

These contracts have entered into a stage of full development, which should be maintained in 2013 and 2014, after various delays greatly linked to the need for better definition, expropriation proceedings and the adjustment of the implementation projects to local conditions.

The Algiers Metro work – where Teixeira Duarte is part of the consortium called GMAC – have required the use of specific solutions of major technical complexity, essentially due to its location close to the city bay, the archeological remains detected in the zones affected by the



Métro d'Alger | Algiers Metro extension project -  
Line 1 - Lot 1 - Place Émir Abdelkader - Place des  
Martyrs section | Algeria



ANESRIF | Modernisation works of the Thenia/Tizi-  
Ouzou railway line and its electrification up to Oued  
Aissi | Algeria

works and surrounding environment, and also due to the fact that it is being executed under ancient buildings, classified by UNESCO as world heritage.

At Thenia/Tizi-Ouzu, where Teixeira Duarte operates through the TEHOZEN consortium, the recognition of the quality of the executed work, compliance with deadlines and the technical and implementation capacity that has been demonstrated has enabled strengthening, in a sustained manner, the holding in this major contract, with many and demanding areas of action, where particular note should be made of the recent award of 7 stations and halts, and the possibility of executing more structural works.

The recent award of the contract for "Réalisation des Installations et Équipements d'Exploitation de l'Autoroute Est-Ouest - Lot Ouest", to the enterprise group led by TD-EC, for "Algérienne de Gestion des Autoroutes (AGA)", whose works are forecast to start in the second semester of 2013 and with an implementation period of two years, leads to expectations of strong growth in this market which is likely to become the second most important in the sector.

In **Brazil**, the decline of activity in the area of Infrastructures intensified, largely due to the change of political cycle and the latent hesitation of private investment. During the period under review it was not possible to maintain the level of the order book.

The 100% held company "EMPA, S.A." completed the following works:

For the DNIT - National Department of Transport Infrastructures:

- Construction of the BR 440 highway, in Juiz de Fora - Minas Gerais;
- Construction of the BR 135 highway, in Montalvânia - Minas Gerais;
- Restoration of the BR 259 highway, in Governador Valadares - Minas Gerais;
- Restoration of the BR 040 highway, in Belo Horizonte - Minas Gerais;



- Restoration of the BR 285 highway, in Caseiros – Rio Grande do Sul.

For the DER/MG – Departament of Roads of Minas Gerais:

- Construction of the BR 474 highway, Caratinga/Ipanema section;
- Construction of the BR 474 highway, Ipanema/Ent. Mutum section;
- Construction of the BR 474 highway, Ent. Mutum/Aimorés section;
- Construction of the municipal highway between Cônego Marinho and Miravânia;
- Construction of the municipal highway between Santana do Deserto and the BR 040;
- Construction of the municipal highway between Chiador and Divisa of the States of Minas Gerais and Rio de Janeiro.

For the DAER/RS – Autonomous Road Department of Rio Grande do Sul:

- Construction of the BR 049 highway – Catuípe;
- Construction of the BR 403 highway – Rio Pardo.

For the ENERGISA Group:

- Small hydroelectric plant (PCH) of Santo Antônio – Hydrelectric Development in the state of Rio de Janeiro;
- Accesses of the Hydroelectric Development of Santo Antônio, in Rio de Janeiro.

During this period, the Construction of the BR 364 highway – Ent. BR 365 and Santa Vitória, in Triângulo Mineiro, state of Minas Gerais, was continued, which is an important highway covering 76 Kms that EMPA is building for the DNIT – National Department of Transport Infrastructures.

During 2012, the following works were commenced:

- For the ANGLO AMERICAN Group, the On Shore 3 work, a port infrastructure work, at Super Porto do Açú, Campo dos Goitacazes in the state of Rio de Janeiro;
- For the DER/MG – Departament of Roads of Minas Gerais, the Construction of the municipal highway at Simão Pereira, in Minas Gerais;
- For the DNIT – National Department of Transport Infrastructures, Construction of the BR 259 highway between Aimorés and Resplendor in the state of Minas Gerais.

The strong commercial activity with private entities in charge of important infrastructure projects enables foreseeing recovery and growth of activity for the year in course.

The activity in **Mozambique** in this area has been residual, with a period of commercial activity and market research having been pursued which might produce effects in forthcoming years.

As noted above, **Venezuela** currently concentrates the highest production capacity of this area.

The works being undertaken in this country cover a vast range of specialities, mobilising other construction areas of Teixeira Duarte, such as Geotechnics and Rehabilitation, Underground and Maritime works.

The research and construction work of the Western breakwater pier in the expansion and modernisation of the Port of La Guaira, in the state of Vargas, for "Bolívariana de Puertos (BOLIPUERTOS), S.A.", progresses as planned in the maritime works and to the customer's satisfaction.

The construction works of Baralt Tunnel, extension of Boyaca Avenue (Cota Mil) up to the Macayapa junction and Tacagua Viaduct, to be carried out under the Boyaca – La Guaira Consortium, for "Ministerio del Poder Popular para el Transporte Terrestre", were started in the different areas, progressing significantly in terms of the project studies and preparatory works.





Santo António PCH | Hydroelectric Development  
Rio de Janeiro | Brazil



CANTV  
OPSUT-COR Telecommunications Centre  
Venezuela

In the Information Technologies and Telecommunications branch, works are being implemented to a value in excess of EUR 70 million, in particular for the OPSUT-COR Telecommunications Centre, for CANTV, in Valle de la Páscua – at the country's centre of gravity – and a series of nodes of the telecommunications fiber optic network across Venezuela, "OPSUT-NODOS", for the same entity.

Works of enormous social importance and relevant in relations between Portugal and Venezuela are also underway, the following in particular:

- The facilities accommodating the Canaima computer factory (Magalhães in Portugal) – VENEMAICA, for "Telecom Venezuela", where thousands of devices are being produced to supply the education programme in Venezuela and neighbouring countries.
- The Ground Station of the Satellite Programme, for "ABAE".

As a whole, these three works exceed EUR 30 million and their completion is forecast during 2013.

**MECHANICAL ENGINEERING** constitutes a speciality within the construction sector which enables Teixeira Duarte to execute works in the areas of Construction and Rehabilitation of Metallic and Mixed Steel-Concrete Bridges, Design and Construction of Hydromechanical Equipment for Dams, and Metallic Structures in general.

Mechanical Engineering also plays an important role in the creativity and innovation it applies in its interventions.

In 2012, the Mechanical Engineering Operating Centre maintained, under its speciality, regular collaboration with the other Operating Centres of the Company and the execution of various works for External Customers.

In **Portugal**, we highlight the design, construction and assembly of the hydromechanical equipment and electric installations of the contract for the reinforcement of the power output and development of Salomonde dam, for "EDP – Gestão de Produção de Energia S.A.", where two segment sluice gates, floodgate coffer dams, shielded pipeline and valves are installed, as well as the continuation of the technical assistance



Metallic structures of the National Assembly  
Luanda | Angola



VALE, S.A. | Bridge over Santa Joana River  
Colatina - Espírito Santo | Brazil

contract for the maintenance of mining equipment for "SOMINCOR - Sociedade Mineira de Neves Corvo S.A.".

In **Angola**, the execution and assembly of the metallic structures for contracts undertaken by other Teixeira Duarte Operating Centres continued, particularly of the contract for the National Assembly, in Luanda.

In **Algeria**, the manufacture of the metallic bridges for the Thenia/Tizi-Ouzou Line was continued for "ASNERIF - Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires", where the assembly of the PK8 brige has been completed.

In **Brazil**, the activity of this Operating Centre started with the assembly of the bridge over River Santa Joana, on the Ferro Vitória Minas Road, at Colatina, in state of Espírito Santo, for "VALE, S.A.". This work was primarily achieved due to the innovative solution found to replace the former bridge and which had a good impact on the Company's image with this important customer.

For **UNDERGROUND WORKS**, apart from TD-EC, the Group is also supported by E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A. (EPOS), a company established in the early 1980's and which, in addition to its recognised experience, has the most advanced technology and equipment for the execution of this type of work, as well as operation in the mining area.

In 2012, turnover reached the total value of EUR 74,990 thousand, representing growth of 18 % relative to the previous year and achieving a new peak figure in its history.

The industrial activity developed in Portugal accounted for approximately 80% of total sales, with the rest having been obtained in the Venezuelan and Algerian markets.

In **Portugal**, maintaining a strong component of its production in mining work, EPOS also received considerable income from civil engineering works, especially in the sector of hydroelectric projects.



EDP, S.A.  
Cavern of Salomonde Power Plant  
Vieira do Minho – Braga | Portugal



Barragem de Foz Tua, A.C.E.  
Access Tunnel to Foz Tua Dam Power Plant  
Vila Real | Portugal

The following works undertaken deserve special mention:

- In January 2012, yet another important contract was started for the development of the Neves Corvo mining infrastructure, signed with "SOMINCOR – Sociedade Mineira de Neves Corvo, S.A.", with the construction of an extension of 12 km of tunnels and galleries during 2012 and installation of around 180 thousand nailings and application of 56 mil m<sup>3</sup> of shotcrete;
- The contract for the dismantlement and transport of ore, which recorded a reduction of the volume produced, to stand at 470 thousand tons extracted;
- The subcontract for the construction of the Eastern section of Marão Tunnel, signed with "INFRATÚNEL – Construtores do Túnel do Marão, A.C.E.", whose work had been suspended since June 2011, came to an end on 31 October when, due to the contractual dissolution operated between the Concessionaire and General Contractor, all the subcontracts were also terminated;
- The contract for the General Construction of the Reinforcement of the Power Output of Salomonde – Salomonde II, signed with "EDP – Gestão da Produção de Energia, S.A.", where, through its participation in "Construsalomonde, ACE", the underground excavation works of the main bodies of the hydraulic circuit continued at a good rate, as well as the start-up of the concreting of the structures of the supplementary flood spillway and water intake;
- The completion, in the month of May, of the subcontract for the excavation and retention of the Provisional Derivation Tunnel and Access Tunnel to Foz Tua Dam Plant, signed with the enterprise group "Barragem de Foz Tua, A.C.E.";
- The resuming, in the beginning of the month of August, of the activity in this hydroelectric project, as a result of the contracting of a new subcontract, this time for the excavation and retention of the Pressure Tunnels, Access Galleries and Restitution;
- Of the works undertaken for "IGA – Investimentos e Gestão da Água, S.A." in the Autonomous Region of Madeira, in consortium with TD-EC, the contract for the Construction of Lagoa da Portela was completed in November, while the works for the Upgrade of the Southern Section of Levada dos Tornos – 2nd phase, which involves the rehabilitation of a total of 29 Km of "levadas" (irrigation ducts specific to Madeira) and supporting structures, progressed albeit rather constrained by limitations imposed on the need to maintain in circulation the water flows that are indispensable to the life of the populations served by the channel.





Boyacá - La Guaira Consortium  
Baralt Tunnel  
Caracas | Venezuela



CP, EPE  
Full Renovation of the Line, Vila Real  
de Santo António | Portugal

In **Algeria**, the activity developed by EPOS through the provision of technical assistance to TD-EC, under the "Groupement Metro d' Alger Centre", involving the underground excavation works included in the construction contract for the metropolitan railway of the Algerian capital.

In **Venezuela**, we highlight the start-up of the work for the construction of Baralt Tunnel, in Caracas, in Venezuela. This is an important road infrastructure, contracted under the design-construction modality, covering 5,640 metres of large cross-section tunnels, in which EPOS intervenes as a subcontractor of the "Consortio Boyacá - La Guaira", for the Baralt Tunnel Component.

In **RAILWAY WORKS**, SOMAFEL - Engenharia e Obras Ferroviárias, S.A. is 60% held by the Teixeira Duarte Group and its core business is the construction, renovation and conservation of railway infrastructures, including their electrification (catenary work).

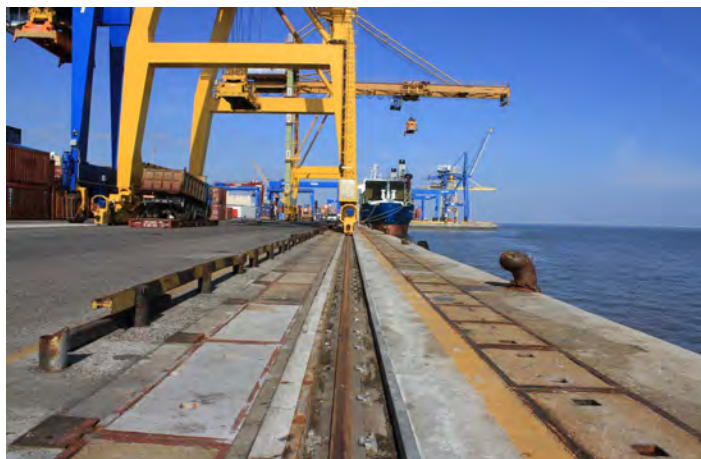
During its fifty-six years of activity, this company has carried out all the different types of work associated to railway lines, both in ballast track and concrete track, where its capacity to prepare the respective implementation projects is particular strong.

In **Portugal**, the following service contracts were completed:

- General railway maintenance works along the Beira Alta Line: Pampilhosa - Vilar Formoso and the Western Line: Mira Sintra/Meleças - Lourical, for "REFER - Rede Ferroviária Nacional, EP";
- Railway line maintenance with heavy equipment of the Northern, Beira Baixa, Eastern and Western, Cáceres, Tomar Branch, Alfarelos, Lourical and Concordância de Verride Lines for "REFER - Rede Ferroviária Nacional, EP".

The following service contracts were started:

- Maintenance in the specialities of Railway Line and Catenary relative to lot 5 along the Northern, Beira Alta and Beira Baixa Lines, for "REFER - Rede Ferroviária Nacional, EP";
- Start-up and completion of the contract for the Execution of Full Renovation of the Railway Line (RIV), in Vila Real de Santo António, for "CP - Comboios de Portugal, EPE";



SOTAGUS, S.A. | Replacement of the crane roller track at Lisbon port  
Portugal



SUPERVIA, S.A.  
Electric welding of tracks  
Rio de Janeiro | Brazil

— Replacement of the crane roller track in Lisbon port, at Santa Apolónia, for "SOTAGUS – Terminal de Contentores de Santa Apolónia, S.A.".

In **Morocco**, the work for the full renovation of various railway sections between the cities of Rabat and Casablanca, covering a total length of 68 Km, was completed for "ONCF – Office National des Chemins de Fer".

In **Algeria**, the modernisation works progressed along the Thenia/Tizi-Ouzou Line and respective electrification of the section up to Oued Aissi, covering a total length of 75 Km, for "ANESRIF – Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires".

In **Brazil**, industrial production was started, in the railway line speciality, with the execution of electric welding of rails for "SUPERVIA – Trens Urbanos da Região Metropolitana do Rio de Janeiro, S.A.". The contract was also formalised with "ANGLO FERROUS MINAS – Rio Mineração S.A.", for execution of crane rolling tracks in the Port of Açu (state of Rio de Janeiro), of the value of EUR 1.01 million.

In **MARITIME WORKS**, OFM – Obras Públicas, Ferroviárias e Marítimas, S.A. (OFM), also 60% indirectly held, stands out as the specialised entity, operating in port infrastructure works (commercial, fishing and nautical recreation ports), in the construction and rehabilitation of coastal protection (jetties, breakwater piers and related defence works), in drainage operations and other sea and river works.

In **Portugal**, the following contracts were completed:

- In July 2012, the contract for the rehabilitation and adaptation of Doca de Pedrouços – Maritime Works – Volvo Ocean Race (VOR), in consortium and for "APL – Administração do Porto de Lisboa, S.A.";
- Construction of the Maritime Infrastructure to Improve Shelter Conditions in the Fisheries Sector of Praia, Graciosa Island, for "SRAM – Secretaria Regional do Ambiente e do Mar".



ECRN | Expansion of the repair zone of  
Mers-El-Kebir Naval Base  
Algeria



Ministry of Infrastructure, Transport and  
Communication of the Republic of Cape Verde  
Expansion of Porto Novo Harbour – 1st Phase –  
Island of Santo Antão | Cape Verde

The following two works progressed:

- Contract for the Construction of Port Infrastructures and Works to Improve Shelter Conditions at the Port of Madalena do Pico, on the Island of Pico, and Contract for the Construction of the Ro-Ro Ramp for Ships and Ferry, and Supplementary Work at the Port of São Roque, on the Island of Pico, both in consortium and for "PA – Portos dos Açores, S.A."

In **Algeria**, the work was completed relative to the contract for "Travaux de Confortement de la Zone de Réparation a la Base Navale de Mers-El-Kebir / 2° RM", for "ECRN – Etablissement de Construction et de Réparation Navales", both carried out under an enterprise group.

In **Cape Verde**, the contract was completed, in consortium, for the construction of the expansion of Porto Novo Harbour – 1st Phase – Island of Santo Antão, for the Ministry of Infrastructures, Transport and Communication of the Republic of Cape Verde.

Also in Cape Verde, OFM, in consortium, started the work for the expansion of the landfill and construction of a New Road in the North-east of Porto Grande, São Vicente, for the Ministry of Infrastructures, Transport and Communication of the Republic of Cape Verde.

In **Mozambique**, the contract for the access jetty to the quay in the Port of Pemba was started and completed. The contract consisted of the construction of a 100 m long jetty, so as to enable advancing into the sea, with a view to reaching the depths required for port operation, for "SDV – Bolloré Africa Logistics".

In **Venezuela**, work was started for the dredging of the ditch, channel and navigation basin and execution of prism rockfill for the land platform and execution of the quay's superstructure, included in the "Ampliación y Modernización del Puerto de La Guaira".

The **SHUTTERING AND PRESTRESSING OPERATING CENTRE** is the Operating Centre which has safeguarded the experience and technology of Teixeira Duarte in the areas of shuttering and falseworks since 1990 as well as in the prestressing activity since 2000.





Formwork for the flood discharger of Salomonde Dam - Braga | Portugal



Formwork for the flood discharger of Salomonde Dam - Braga | Portugal

Constituting an instrument of fundamental importance for the success of large-scale reinforced concrete and prestressed works, it is also entrusted with promoting the study and development of modern construction processes in order to offer the most advanced technologies on the market.

In **Portugal**, the activity focused on the completion of the work on Coina viaduct, included in the contract signed with "AEBT - Auto Estradas do Baixo Tejo, S.A.".

In **Angola**, the work in GES Buildings 2, 3 and 4, included in the venture for "ESCOM - Espírito Santo Imobiliária, S.A.R.L." were completed, and the 4 basements of the Vitória building were also executed, with both contracts being in Luanda.

In **Algeria**, the sending of discontinuous falsework (TD600 trusses and BB65 columns) for the execution of the platforms supporting the assembly of the metallic arches of the viaduct, in Thenia/Tizi-Ouzou, works included in the railway contract, was started for "ANESRIF - Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires".

In **Mozambique**, work started for the construction of two buildings, in Maputo, for "Banco de Moçambique".

The **CENTRAL EQUIPMENT DEPARTMENT** carries out the management and maintenance of TD-EC's equipment, providing an important supporting service for production which has been, since 2011, based at the modern facilities of the "Teixeira Duarte Operating Centre", in Montijo.

During 2012, the management of the equipment was centralised in Portugal, maintaining the operational and technical area in each market.

The SAP platform, equipment and maintenance modules, was installed in Mozambique and Venezuela, which proved to be fundamental for the standardisation of the procedures and monitoring of the management of equipment in all markets.



Aerial view of Teixeira Duarte Operating Centre  
Montijo | Portugal



Materials Laboratory | Teixeira Duarte Operating Centre  
Montijo | Portugal

In **Portugal**, due to the slowdown of activity, the occupancy rate of the equipment decreased significantly in relation to the previous year. The investment in equipment stood at approximately EUR 2.3 million, and was essentially for the Geotechnical area.

In **Angola**, for general and infrastructure equipment, the occupancy rate was 50% and, for Geotechnical equipment it was 33%. The investment of approximately EUR 4.8 million, especially involved General and Geotechnical equipment.

In **Algeria**, the occupancy rate of the equipment was close to 38% and the value invested was EUR 3.5 million, essentially for the Geotechnical area.

In **Brazil**, the occupancy rate of infrastructure equipment was 32% and, for Geotechnical equipment it was 40%. The investment of EUR 10 million, was almost entirely dedicated to Geotechnical equipment.

In **Mozambique**, the occupancy rate of General and Infrastructure equipment was 34% and, for Geotechnical equipment it was 41%. The investment of approximately EUR 2.7 million was distributed over General and Geotechnical equipment.

In **Venezuela**, the occupancy rate of the equipment was above 70%. Investment stood at EUR 12.5 million, of which EUR 2.7 million went to General equipment, approximately EUR 5.2 million to Infrastructures and EUR 4.6 million to Geotechnics.

The **MATERIALS LABORATORY** has been accredited since 1996 and installed at the "Teixeira Duarte Operational Centre", in Montijo since 2011. This unit was one of the first laboratories of a construction company to receive accreditation in the area of concrete and aggregates in Portugal, with a vast portfolio of equipment, which enable the conduct of over eighty different trials, and is also equipped to support the works of the Group's companies in the areas of concrete design and application, quality control, budgeting and inspection of concrete structures, both in Portugal and Abroad.

In **Portugal** and with respect to Research, Development and Innovation, a series of work was carried out during 2012 supported by the Materials Laboratory, namely in projects on: Binders for Geotechnical Applications based on Activated Ash, for the scientific working party to which TD-EC belongs together with "Universidade de Trás-os-Montes e Alto Douro" and "Universidade do Minho"; Pre-placed Aggregate Concrete (PAC) for Catenary Posts in partnership with SOMAFEL and OFM; Pre-dosed Cements for Injection in Masonry Walls.

In **Angola** and **Mozambique**, the local laboratories have continued their internal reorganisation, maintaining strict follow-up of the various studies of concrete and mortar design and soil tests.

Also during 2012, note should be made of the special contribution given to the works in **Venezuela**, in the study and follow-up of the manufacture of concrete, mortars and cements, particularly for the work of the expansion and modernisation of the Port of La Guaira.

## IV.2. CONCESSIONS AND SERVICES

The Teixeira Duarte Group began its operations in this area in 1984, in Macau, through a holding in CPM - Companhia de Parques de Macau, S.A. which it still owns and to which it has added, others in Portugal, Angola, Brazil, Spain and Mozambique.

Currently, the companies of the Group focus on business areas of different nature, in particular in technology, real estate management, the environment and transport.

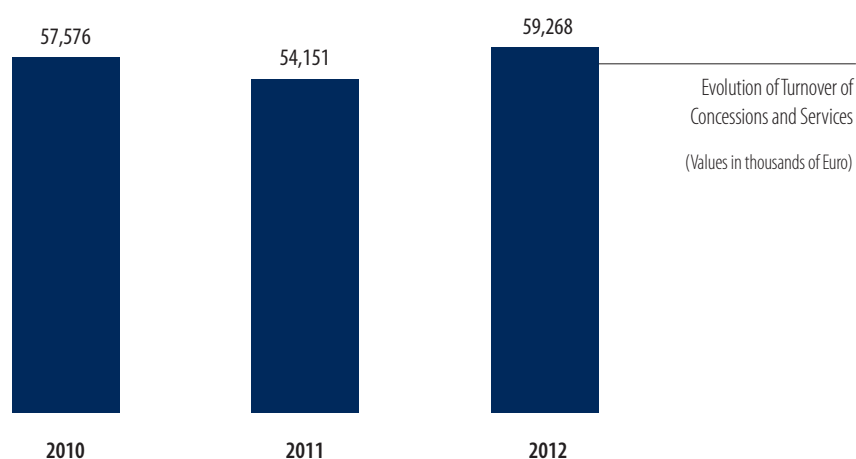
In this sector, Teixeira Duarte also holds several non-controlling interests in other companies whose management is not conducted by the Group's structures and which, in almost all cases, are not included in its consolidation perimeter. Various notes are also presented at the end of this chapter on the most important ones.

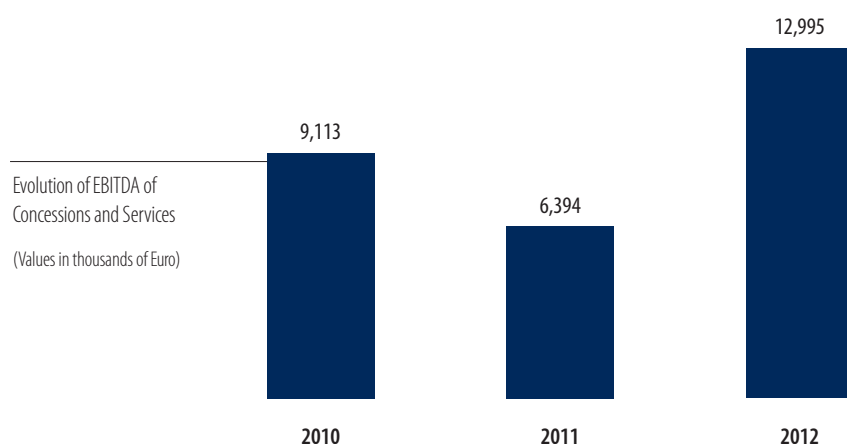
### CONTRIBUTION OF THIS SECTOR TO THE GROUP

In Concessions and Services, Turnover grew by 9.4% year-on-year.

In Portugal, in spite of the strongly adverse circumstances, the main companies of the Group involved in this sector managed to maintain activity levels similar to those of 2011.

In all the other markets, Angola stood out, having grown by 56.5%, essentially as a result of the good performance of the participated company TDGI.





EBITDA in this Concessions and Services sector increased significantly, actually having surpassed the figures achieved two years ago by over 43%, due to the balanced performance of various participated companies and robust increase in the area of the Management and Technical Maintenance of Facilities and Enterprises where, apart from the strong retention of customers, new contracts were achieved in various markets.

#### – ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Concessions and Services sector reached the total value of EUR 90,444 thousand, 57.1% of which referred to the activity developed abroad, and where these figures reflect an overall decrease of 17% in relation to 2011.

#### IV.2.1. COMPANIES CONTROLLED BY THE TEIXEIRA DUARTE GROUP

The Teixeira Duarte Group has operated in the **MANAGEMENT AND TECHNICAL MAINTENANCE OF FACILITIES AND ENTERPRISES** for thirteen years, and currently operates under the TDGI trade name, in five countries in the following areas: (i) Facilities Management; (ii) Maintenance; (iii) Analysis and Diagnosis; (iv) Management of Places and Construction Sites; (v) Energy Solutions.

Teixeira Duarte began its action in Portugal and through the company incorporated by it for the effect (and 100% controlled by it from the very beginning), called "TDGI – Tecnologia de Gestão de Imóveis, S.A." (TDGI). Its internationalisation, started in 2006, has been undertaken not by this Portuguese company, but rather and since 2011, by the consolidation of the TDGI trade name, with the objective of creating a strong insignia with solid values and recognised by the market and customers, regardless of where it might operate.

In **Portugal**, the year of 2012 ended up by being frankly positive, with TDGI's turnover having grown, even in a year of strong economic contraction. It should be noted that this growth was essentially due to the maintenance of the contracts with various customers and the signing of other new ones, in the area of *Facilities Management*.

Hence, for 2012, TDGI recorded income of EUR 18,564 thousand and pre-tax profit of EUR 2,334 thousand, corresponding to increased income by approximately 13% and increased profit by around 11%, where the last figures were rather constrained by the considerable investment in internationalisation.

The area of *Facilities Management*, which continues to be the *core business* of TDGI, also recorded higher activity during 2012, essentially as a result of three factors which proved to be of extreme importance: In the first place, the maintenance of most of the existing contracts; in the second place, the increased coverage of the contracts with some of these customers, which demonstrates the relations of confidence between TDGI and its customers; and, last but not least, the signing of new contracts, which reflects the commercial work of attention to the market.

In this area, particular note should be made of the Alcatel-Lucent Building in Cascais, where TDGI is responsible not only for the Maintenance and management of facilities and equipment, but also for all the supporting services such as surveillance, cleaning and mail management, the network of DECATHLON shops, where the number of shops under its responsibility increased, as well as the provision of services in the



Shop of the Decathlon network  
Cascais | Portugal



Installation of SAP in an office  
building in Lagoas Park  
Oeiras | Portugal

Autonomous Region of Madeira, via contracts with the Public Security Police (PSP) and Citizen's Shop of Funchal.

We highlight the area of Analysis and Diagnosis which continued, during 2012, to be one of the strong focus points of TDGI, continuing its investment in new technologies, new equipment and solutions so as to enable the appropriate meeting of the requirements placed before it, as well as the focus on a team with specialised technical staff, armed with the most recent technologies used in *Building Maintenance*.

The implementation of tests during the stages of construction and completion of works, measurement of energy consumption, evaluation of Indoor Air Quality (QAI) parameters and assessment of the operating conditions of the facilities, allows TDGI to certify Buildings, draw up Energy Rationalisation Plans (PRE) and Indoor Air Quality Corrective Action Plans (PACQAI), in order to optimise energy consumption and improve Indoor Air Quality.

Regarding Energy Solutions, we highlight the award of the energy certification for the technical building of CIMPOR, S.A., as well as two buildings of ANACOM (Autoridade Nacional de Comunicações) and the Parque dos Poetas clinic of Espírito Santo Saúde, S.A. In the area of facilities commissioning, note should be made of the new Virgin Active gym in Palácio Sotto Mayor.

As was the case in 2011, the year of 2012 was also frankly positive in the Management of Places and Construction Sites sector, specifically concerning the occupancy of places.

As a result of the economic climate being experienced in Portugal, operationally, 2012 was marked by smaller works, although there were various larger works, such as the adaptation of the technical facilities for the installation of SAP in an area of the "Lagoas Park" building, of approximately 960 m<sup>2</sup>.



The provision of the Overall Management services of the National Association of Pharmacies Building, in Porto, also included various interventions of adaptation of spaces for new customers, always under "key-in-hand" processes.

Note should also be made of the works of adaptation of spaces for "ASTELLAS PHARMA", "PRIME ADVERTISING", "QUINTILES", "GAMBRO" and "SAMSUNG".

In **Angola**, where the trade name is represented by "TDGI – Tecnologia de Gestão de Imóveis, Lda. (Angola)" – also 100% held by the Teixeira Duarte Group, and, in spite of the difficulties of this market, the growing confidence that the customers have entrusted in the work developed, enabled the consolidation of notable growth during 2012.

In particular:

- The contract for the company of the Chevron Group, for the management and full maintenance of the Montebelo Condominium, in Talatona, which includes a residential complex of around one hundred villas, as well as supporting social, sports and administrative facilities;
- The start-up of the provision of services for "Banco de Negócios Internacional, S.A.", with the contract for the maintenance of the new head office in Luanda, and the assessment of the collaboration for the maintenance of its entire network of branches which might possibly take place in 2013;
- Follow-up of the growth of "Banco Millennium Angola, S.A.", involving the management of all its properties, with branches spread throughout the country;
- Start-up of the maintenance contract with Soyo Hospital, reinforcing the action in this particular and important business area.

Opening of the Huambo base, which will enable increasing and improving the presence of TDGI on Angolan territory and consequently the response capacity in this geographical area.

In **Brazil**, where the TDGI trade name operates through the Teixeira Duarte Group company, "EMPA, S.A.", also 100% held, 2012 was a year of affirmation of the trade name in this country.

Although experiencing the difficulties of a strongly competitive market and where the start-up of activity proved to be very complex, it was possible, thanks to the partnership with the ITAMBÉ GROUP, to operate in the management and technical maintenance of various buildings, as is the case of the "José Bonifácio" and "Casa Grande" enterprises and start the maintenance of the DECATHLON network of São Paulo, following the good services that TDGI has progressively rendered in Portugal.

In **Spain**, where the TDGI trade name operates through the Teixeira Duarte Group company, currently called "RECOLTE – Servicios y Medioambiente, S.A.", also 100% held, the difficulties experienced in this country have inevitably affected the growth objectives, although the network of customers has remained stable, where we highlight Instituto Galego de Promocion Economica (IGAPE) in Santiago de Compostela, UNISYS in Madrid as well as various collaborations with international customers of TDGI such as DECATHLON and PFIZER.

In **Mozambique**, the TDGI trade name is represented by "TDGI – Tecnologia de Gestão de Imóveis, Lda. (Mozambique)" which is also 100% held by the Teixeira Duarte Group.

In this market, with very positive signs of growth and where the needs in this area of operating management of properties are increasingly stronger, TDGI has progressively consolidated its position, and is currently a recognised and respected trade name due the work that it has developed in the area of management of service, hotel, commercial buildings as well as in the industrial sector.

The various contracts include, in particular:

- the integrated facilities management contract, for the Xiluva condominium, composed of residential, commercial and service buildings in Maputo;
- the industrial environment contract for the maintenance of the different facilities of "GRINDROD, Limited", in the Port of Maputo;
- the contract for the management and maintenance of the factory facilities of "British American Tobacco", in Maputo.





Building UNISYS  
Madrid | Spain



Management of industrial areas  
Matola Coal Terminal  
Mozambique

Note should also be made of the fact that, in addition to the head office in Maputo, TDGI also has representations in the provinces of Beira, Nacala and Tete, enabling the assurance of a broad network for customers with facilities all over the country, as is the case of "Seguradora IMPAR", of the Millennium Group.

In **ENVIRONMENT** area, the Teixeira Duarte Group essentially operates in the areas of design and operation of cleaning and urban hygiene systems, in urban and industrial solid waste management systems, in the construction and maintenance of gardens and green areas, as well as in the cleaning of beaches and coastal zones, coastal rescue and life-saving services, offering a vast series of services in the area of the environment, covering its many aspects.

The Group has consolidated its action which, operationally, is still concentrated only in Portugal and Spain, and has started to optimise its action in both countries by tightening the links between teams, having, over these last few years, taken some important steps in this convergence which is intended to be beneficial for the overall operation and commercial positioning in these markets and in others which are being approached.

In fact, in 2011, the Portuguese company (RECOLTE), which already held 100% of the share capital of another entity operating in Portugal (INVICTAAMBIENTE), acquired the Group's Spanish company which also operated in this area, thus enabling the concentration of these entities in a single unit, therefore, of a larger scale and better positioned to face new, larger and more complex challenges in this business area with greater efficiency, especially from a commercial perspective.

During 2012, the standardisation of a "RECOLTE" trade name and common logo was pursued, and in 2013, both entities changed their corporate name in a uniform manner, to "RECOLTE, Serviços e Meio Ambiente, S.A." and "RECOLTE - Serviços y Medioambiente, S.A.", respectively in Portugal and Spain.

INVICTAAMBIENTE, although also a company 100% held by the Group, had been incorporated specifically for the contract for solid urban

waste collection and street cleaning services of a very large area of the city of Porto.

The activity in **Portugal** during 2012, essentially consisted of the continuity of the existing service contracts, most of which are multi-annual. In fact, in view of the significant reduction of the base values of the new Service Contracts placed under Tender, it is no longer possible to enter into any contracts with the operating margins required for suitable management.

We highlight, in the area of the Construction of Green Areas, the completion of the work for the Construction of Ovar Urban Park, for the municipality of Ovar, in consortium with other companies of the Teixeira Duarte Group.

Hence, in 2012, RECOLTE achieved a turnover of EUR 9,957 thousand, a figure slightly below that recorded in the previous year.

Through its Branch in Portugal, RECOLTE - SPAIN continued its existing contracts, having reached a turnover of EUR 2,536 thousand, in line with the value achieved in the previous year.

INVICTAAMBIENTE achieved a turnover of EUR 3,885 thousand, lower than the figure for the previous year, as a result of the reduction of services for its only customers, the municipality of Porto.

- Most of the operating income of these companies, received above all in the sphere of local government and municipal companies, were derived from the continuity of contracts for Solid Urban Waste Collection (RSU) and Street Cleaning carried out in the municipalities of Alenquer, Cascais, Lagoa (Azores), Porto, Ribeira Grande, São João da Madeira and Vila Franca do Campo.

Among the main works for the Maintenance of Gardens and Green Areas, we highlight those carried out for the municipalities of Oeiras, Benavente, Azambuja, Benavente, Lisbon, Oeiras and Torres Novas, as well as for ANA - Aeroportos e Navegação Aérea, Lagoas Park and Taguspark.

The outlook for 2013 indicates that operating income in Portugal will be in line with the figures for 2012, in spite of the difficulty referred to above arising from the significant reduction of the values placed under tender, as well as the reiterated requests from customers to lower the costs relative to the services and activities underway.

Focus is maintained on diversification into other areas of the Environment sector and also, in view of some stagnation of the national market, on the ongoing search for new business opportunities in other countries where the Teixeira Duarte Group is already implanted.

In **Spain**, operating income of EUR 24,500 thousand was recorded for 2012, a value below that achieved in the previous year, essentially as a result of the reduction of services operated upon the request of customers.

Among the different operations in progress during 2012, the following are particularly noteworthy:

- In the area of Solid Urban Waste Collection, Street Cleaning and Management of Ecocentres, those developed in Comunidade de Madrid (Ayuntamientos de Cubas de Sagra, Griñon, San Lorenzo del Escorial, Torrejón de la Calzada, Torrejón de Velasco y Villacanejos), in Comunidade de Andaluzia (Ayuntamiento de Benalmádena) and Comunidade de Galiza (Ayuntamientos de Cangas, Bueu y Moaña);
- The signing of a new contract with Ayuntamiento de Cartaya of the value of EUR 1,200 thousand for the collection of various types of waste in this municipality;
- In the Maintenance of Gardens and Green Areas, the main services underway were continued in Comunidade Andaluzia (Ayuntamientos de Algeciras e El Puerto de Santa Maria) and Comunidade de Madrid (Ayuntamientos de Majadahonda, Torrejón de la Calzada e Serrallinos del Valle);
- Note should also be made of the continuity of various important contracts in the area of Maintenance and Conservation of Beaches, Pine Forests and Coastal Zones in Comunidade de Andaluzia, for the Ayuntamientos of Algeciras, Benalmádena and El Puerto de Santa Maria.



Construction of green areas  
Construction of Ovar Urban Park  
Portugal



INVICTAAMBIENTE  
Solid Urban Waste Collection and Street Cleaning  
Porto | Portugal

Notwithstanding some lowering of market prices as a result of the economic crisis being experienced in Spain, it is expected that the operating income reached in 2013 will be in line with that recorded in 2012.

During the year under review, the commercial presence was consolidated in other Portuguese-speaking countries through the submission of proposals for various tenders, public and private, in particular, on this matter, those submitted in **Angola, Brazil and Mozambique**.

"**SATU-Oeiras - Sistema Automático de Transporte Urbano, E.M., S.A.**" is a municipal company, 49% held by the Group, which fully operates the Oeiras SATU Transport System, having recorded operating income of EUR 303 thousand in 2012, corresponding to an increase of 7.4% in relation to the previous year.

After almost nine years of operation with zero accidents, it is confirmed that all the solutions implemented and optimised by the company SATU-Oeiras show characteristics which contribute to the high safety of this means of transport for all its employees and passengers.

"**TDHOSP - Gestão de Edifício Hospitalar, S.A.**" is a company 100% owned by TD-EC, the object of which is the management of the New Cascais Hospital for a period of 30 years, including the design, project, construction, financing, conservation and maintenance activities.

With the completion of the construction of Cascais Hospital in February 2010, the activity of TDHOSP has concentrated, since this date, on the management and maintenance of the hospital building and on the management and operation of the Car Park.

Under the Management Contract, the activity of TDHOSP is assessed and monitored by the Contracting Public Entity regarding the parameters of Availability, Service and Satisfaction, having received, since the beginning of the operation, the classification of Very Good.

During 2012, the activity of TDHOSP progressed as normal and in compliance with its obligations, with the company also having carried out



Road Cleaning in San Lorenzo de El Escorial  
Madrid | Spain



Road Cleaning in San Lorenzo de El Escorial  
Madrid | Spain

various alterations works on the building requested by the Management Entity of the Establishment, "HPP Parcerias Cascais, S.A.", and approved by the Contracting Public Entity.

**"EDUCARE - Atividades Educativas e Culturais, Lda."** is a company 100% owned by the Teixeira Duarte Group, which was incorporated in 2007 specifically for the development of the "Colégio São Francisco de Assis Luanda Sul" project (CSFA Luanda Sul), with head office in Talatona, Luanda Sul, in Angola.

Adopting the Constructivist/Positivist Education Model, complying fully with the Portuguese Curriculum and intended for students from the Infant Section up to Secondary Education, this college seeks to offer education for a demanding and culturally diverse group of citizens of a Portuguese-speaking community, always with the objective of ensuring excellence in the dissemination of the Portuguese language and culture.

CSF Luanda Sul started its activity in September 2007, at that time covering the area of Preschool Education (3, 4 and 5 five year-olds) and 1st cycle of elementary education (1st and 2nd years of schooling), having progressively expanded its scope of action.

On this issue, it should be noted that Order number 7577/2011, of 23 May, attributed to CSFA Luanda Sul the recognition of the education taught from preschool education up to the 3rd year of elementary education, where a total of 622 students may be taught during these years.

In truth, the perfect level of understanding that has been maintained, since the start-up of operation, with the education authority (Portuguese Ministry of Education and Science), with other Portuguese bodies (e.g. Ministry of Foreign Affairs and Camões Institute) and Angolan bodies (e.g. MINARS), with the Angolan Ministry of Education and, also the observance of the full legality of this education establishment in the country in which it is implanted, are factors which have enabled ensuring the "Excellence of Education" in terms of the outstanding education, extra-curricular and community services rendered which are part of the "School Education Project".



During 2012, CSFA Luanda Sul developed its education activity with the Preschool, 1st, 2nd and 3rd Cycles of Elementary Education having, in September 2012, expanded the capacity through the opening of a class for the 8th schooling level which ensured the academic continuity of its students, as well as yet another room for 5th year students and one for the 1st schooling level, in order to meet the growing demand.

Therefore, as at 31 December 2012, CSFA Luanda Sul reached approximately 500 students, with its annual average being 442 students, corresponding to a 13% increase in relation to 2011, where it is expected that the average number of 523 students will be achieved in 2013.

In December 2012, the ratio between the maximum capacity and occupancy recorded by cycle stood between 93% and 99%.

With students from eight different nationalities, the Angolan is the most representative, followed by the Portuguese and Brazilian.

The teaching, coordination and management staff of CSFA Luanda Sul is composed of 50 teachers, supported by 47 technical personnel and assistants essentially allocated to educational action.

Among the main supplementary activities during the year, the following were of particular importance:

- The implementation of "Preparatory Courses for Entrance Exams to Cambridge University and the CSFA Luanda Sul Music Academy and various extracurricular activities;
- The stimulation of activities with external impact and promotion of cultural activities directed at Students, the Education Community and in General, initiatives concerning School-Family relations, and the participation of CSFA Luanda Sul students in the "SuperTmatik Mental Calculation International Championship".

During 2012 and in order to improve the services, a new School Management Programme (NA-VEducation) was acquired, on matters of the technical-pedagogic and school management area, a CSFA website, at [www.sfranciscoassis.com](http://www.sfranciscoassis.com) was created, and a Quality Management System" was implemented, in conformity with the applicable international standards.

**"PAREDÃO DE MINAS Energia, S.A.", "GONGOJI Montante Energia, S.A." and "TABOQUINHA Energia, S.A.",** are three Brazilian companies held by the Teixeira Duarte Group, which have continued the respective project licensing procedures for the construction of three small hydroelectric plants (PCH):

Paredão de Minas PCH, of 22.5 MW, in the state of Minas Gerais, received its installation license in February 2012, and continued the review of the basic project, with an increase of the installed power to 28.9 MW and assured average power to 14.5 MWh.

The basic project of Gongogi PCH, of 13.5 MW, in the state of Baía, has already been accepted by ANEEL, and is currently under public hearing for the issue of the prior license, which is expected to be issued in July 2012. The installation license is expected to be issued in February 2014.

The basic project of Taboquinha PCH, of 26.3 MW, in the state of Baía, is under review, in order to mitigate less positive aspects of social and environmental impacts. In this context, the review of the Environmental Impact Study (EIA) and Revised Environmental Impact Report (RIMA) will be conducted, which allows for the expectation of receiving the Prior License in 2013.

#### IV.2.2. COMPANIES IN WHICH THE TEIXEIRA DUARTE GROUP HAS A NON-CONTROLLING STAKE

Amongst the companies operating in the Concessions and Services sector where "Teixeira Duarte, S.A." merely has a non-controlling stake, that is, whose direct management is not carried out by the Teixeira Duarte Group, are the following, in particular:

**"AEDL - Auto-Estradas do Douro Litoral, S.A."**, a company in which TD-EC holds 19.67% of its share capital and which signed the Douro Litoral concession contract with the Portuguese State at the end of December 2007.

This agreement will last for a period of 27 years, with the object being the design, project, construction, expansion of the number of lanes, financing, conservation and operation of the associated motorway sections and road links, under the name of "Douro Litoral Concession", covering a total of 129 Km, where users are subject to the payment of a toll over 78 Km. This infrastructure was inaugurated on 1 April 2011.

**"AEBT - Auto-Estradas do Baixo Tejo, S.A."**, a company in which TD-EC holds 9% of its share capital and which signed the Baixo Tejo Sub-Concession Contract with "EP - Estradas de Portugal", S.A. on 24 January 2009.

This sub-concession contract will last for a period of 30 years and envisages the design, planning, construction, expansion of the number of lanes, financing, operation and conservation of the motorway sections, associated road links in the district of Setúbal, called the Baixo Tejo sub-concession, along a total of 68 Km, of which 17 Km include toll-gates and involving an estimated investment of approximately EUR 278 million.

During 2012, all the construction works were completed, with the last section having been opened to traffic in November.

**"LUSOPONTE - Concessionária para a Travessia do Tejo, S.A."**, a company dedicated exclusively to the management, under a concession regime, of the two road crossings over the River Tejo, in the region of Lisbon, in which TD-EC holds 7.5% of the share capital.

2012 was yet another year of positive performance for both crossings with respect to its quality and the fluidity and safety of the traffic, providing a good service to the customer, as confirmed by the data of the customer questionnaires, whose satisfaction rating, on a scale of zero to five, reached 3.75 for Vasco da Gama Bridge.

In view of the macroeconomic context being experienced during 2012, in consolidated terms, there was an overall decrease of traffic of 4.9%, with traffic over "Ponte 25 de Abril" having fallen by 2.9% and over "Ponte Vasco da Gama" by 9.7%.

During 2012, operating income reached EUR 65,299 thousand, representing a decrease of 10.63% relative to 2011.

This decline in revenue was essentially linked to the strong reduction of grants from the Portuguese State, which added to the general decrease of traffic observed during 2012.

Operating EBITDA reached the value of EUR 53,970 thousand (82.65%), corresponding to a decrease of 12.11% relative to the value for 2011 of EUR 61,409 thousand.

As an integral part of the negotiations with the Portuguese State on the Overall Agreement, the Granter paid up the two instalments relative to 2012, of the value of EUR 3,091 thousand, with Lusoponte having paid the amount of EUR 4,457 thousand arising from the reintroduction of toll collection in the month of August, which occurred during 2011, on "Ponte 25 de Abril", whose final agreement was only formalised in March 2012.

**"CPM - Companhia de Parques de Macau, S.A."**, in which the Teixeira Duarte Group has a stake of 15% of the share capital since its foundation in the mid-1980's, after the international public tender, has been a pioneer and continues to be a reference company in the construction and





Residential building in Campo Grande, 9  
Lisbon | Portugal



Lagoas Park  
Oeiras | Portugal

operation of car parks and related activities, in the Special Administrative Region of Macau, having successfully pursued its operations within the specific parameters of the market.

### IV.3. REAL ESTATE

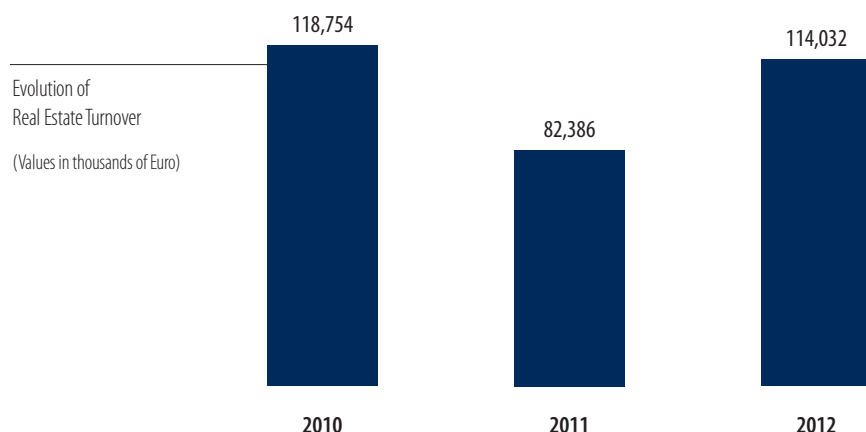
The operations of the Teixeira Duarte group in this sector go back to the beginning of the 1970's and currently include a vast group of companies, mainly operating in Portugal, Angola, Brazil, Spain and Mozambique.

Over the years, this sector has intervened from the design of masterplans to the rehabilitation of constructed heritage in historic centres.

The know-how acquired by these multidisciplinary teams has endowed the sector with tremendous experience in the residential, office, shopping area, hotel, health and leisure, industrial/logistics and public car park segments.

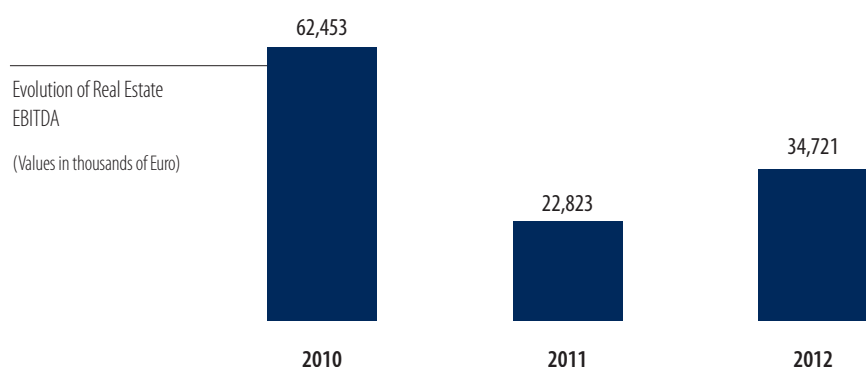
Apart from the promotion of real estate projects, part of the resources of this sector are currently dedicated to the management and expansion of areas allocated to other activities of the Group, in particular in the Construction, Hotel Services, Distribution and Automobile sectors.

### — CONTRIBUTION OF THIS SECTOR TO THE GROUP



Real Estate grew, as a whole, by 38.4% relative to 2011, with good performance in all markets in which the Group operates.

In Portugal, under the current very adverse circumstances, the 24.1% increase was essentially due to the disposal of a property of the value of EUR 13.1 million.



EBITDA in the Real Estate sector increased considerably, by over 52.1%, which, while reflecting a final value greatly below the figures achieved in 2010, is considered very positive in view of the current scenario of this sector, especially in Portugal.

### — ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Real Estate sector reached the total value of EUR 137,426 thousand, corresponding to an increase of 30.6% relative to 2011, with the markets abroad now representing 62.9% of the activity and Portugal accounting for 37.1%.

In **Portugal**, the year was one of major difficulty for the real estate promotion activity, which to a large extent depends on the confidence of companies in the economy, family disposable income and the liquidity of the financial system. During 2012, the values of the assets being marketed devalued in all market segments.

In the office segment of Greater Lisbon, approximately 102,000 m<sup>2</sup> were placed during 2012, where this value represents a slight improvement on the previous year but is still rather low when compared to the average performance of the market over the last few years.

An important part of these movements were due to changes of premises by companies, as a result of cost optimisation processes or even reduction of staff, which are movements that do not contribute to a positive net absorption of the market, confirmed by an effective reduction of the occupied areas.



Shopping Cidade do Porto  
Portugal



Quartier Vila Mascote  
São Paulo | Brazil

In spite of this negative context, approximately 9,000 m<sup>2</sup> were contracted in "Lagoas Park", corresponding to an excellent commercial performance of the enterprise, since this value represents an important part of the market of Greater Lisbon and capacity of the enterprise to continue to attract reference entities.

Although areas had been released as a result of the internal reorganisation of various companies resident at Lagoas Park, it was possible to finalise 2012 with a positive net absorption above 3,200 m<sup>2</sup>, and which contributed to increasing the occupancy rate of the enterprise which, as at 31 December 2012, was 82%.

Completed during 2011, the "Prime I" building is an integral part of the "Oeiras Prime" project, composed of a complex of commercial and service lots situated close to Parque dos Poetas, in the municipality of Oeiras. Special note should be made of the sale of the fraction rented for a "Virgin Active" gym during 2012. This involves an area of 4,200 m<sup>2</sup> of construction above the ground, which was sold to an institutional investor for EUR 13.1 million, a fact which is noteworthy in this context of major commercial retraction.

The Group's activity in the logistics segment is fully concentrated on the marketing and management of only two assets: "Abrunheira Park" in Sintra and "Lezíria Park" in Vila Franca de Xira. During 2012, note should be made of the net release of two warehouses at "Abrunheira Park", corresponding to an equivalent area of around 900 m<sup>2</sup>.

The residential segment continues to be the most penalised by the crisis. After a first semester with very little commercial activity, during the following six months the demand for the properties in the portfolio began to show more buoyancy. In this context, promotional campaigns were developed highlighting the quality and construction warranty of the assets promoted by Teixeira Duarte, associating special financing conditions.

The year of 2013 will continue to be dedicated to the marketing of the enterprises where the Group still has a stock of housing units, specifically

in the "Santa Marinha Design District" in Vila Nova de Gaia, and "Villa Park" in Amadora, which, together, represent close to 100 housing units under marketing.

In the Group's principal real estate enterprise in Portugal, "Lagoas Park", the commercial attitude will be continued which has consolidated the park as a reference business centre, which is expected to be further strengthened by the implementation of a joint campaign with some resident companies, under the motto "the best companies live here".

In spite of the great containment in the investment to be carried out, in order to valorise the Group's portfolio of assets, the urban processes underway will be continued, particularly the "Villa Simões" and "Villa Torrinha" projects in Lisbon, and the "Vila Rio" project in Vila Franca de Xira.

The real estate sector in **Angola** depends on the country's economic development which has consistently being highlighted as one of the main destinations of foreign investment in Africa. Driven by the performance of the oil sector, the growth of the economy allows for increased real estate promotion activity, especially in the city of Luanda and in other provinces such as Lobito, Benguela, Lubango and Soyo.

A major part of the activity of the real estate sector in Angola has been dedicated to the management of the Group's constructed assets, the procedural issues related to the licensing of various projects in the portfolio and, primarily, processes with a view to expanding the Group's activities such as Distribution, Automobile and Hotel Services, for which real estate assets are of strategic importance.

In the city of Luanda, Teixeira Duarte has intensified its search for assets in locations outside the centre, having acquired two properties in the area of Cacucaco.

In **Brazil**, the Teixeira Duarte Group has operated in the residential and commercial markets of São Paulo since 2006.

The market for new residential properties in this city experienced a period of stabilisation during 2012. After two years of consistent increase in sales prices, as a consequence of the higher demand for new properties, there was a slowdown of demand 2012 with impact on sales values and consequent reduction in the volume of transactions.

In São Paulo, residential sales reached a total of 27,800 units, at a total value of EUR 5.2 thousand million, reflecting a decrease of 27% in relation to the first indicator and 4.3% relative to the second.

During 2012, the Teixeira Duarte Group placed 468 of the 1,380 units that had been launched on this market, reaching an accumulated total of 1,091 units marketed. Of the units that are currently available, only one unit, in the "Quartier Vila Mascote" enterprise, corresponds to a launch made before 2012, with 288 units corresponding to enterprises whose sales were initiated during the year under review.

This excellent performance is attributed to the market's recognition of the high technical quality of the projects promoted by the Group.

During 2012, the construction of the "Quartier Vila Mascote" enterprise, in the Southern region, was continued, which involved a total construction area of approximately 44,000 m<sup>2</sup>. The construction of the "Alta Vista Premium" enterprise, in Jundiaí, was also started, involving a total construction area of approximately 49,000 m<sup>2</sup>.

In the state of Pernambuco, the promotion of the "Casa do Governador" enterprise, in Porto de Galinhas, was continued. This is a large-scale and high quality project which is expected to be structural for the entire region, with the execution of various projects and proceedings of the respective licenses having been pursued.

In view of the strong expectations of growth of the Brazilian economy, combined with the extremely beautiful natural conditions and great openness and friendliness of its people, there are good prospects for the sustained development of tourism. The project that the Teixeira Duarte

Group intends to develop in Porto de Galinhas aims to strengthen the capacity and quality of this recognised tourist centre.

In **Spain**, the real estate market was marked in 2012 by the creation of "Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB)", where 55% of the equity of this company comes from the private sector and 45% from the "Fondo de Reestructuración Ordenada Bancaria (FROB)".

This company will manage a portfolio of assets valued at approximately EUR 55.000 million, and it is expected that SAREB's commercial strategy will mark the medium term evolution of market prices.

With respect to the residential market, 2012 was characterised by the end of tax deductions and the increase of VAT from 4% to 10%, in the purchase of a new house.

In view of the severity of market conditions and the low expectations in the short term, the Group maintains its attention focused on business opportunities which might prove interesting.

The marketing of the "Amália" residential building, located on "Calle Amália", close to "Paseo de la Castellana" and "Plaza Castilla", in Madrid, continued, with the deeds of two units having been signed. Of the twelve apartments that were built, five have already been sold, corresponding to over half of the property's constructed area.

Also in Madrid and under an administrative concession contract, continuity was given to the marketing of the assignment of use of parking places for residents and the operation of parking areas for rotation, as well as the leasing of the commercial areas available at "Parking Europa", located in "Avenida da Europa", in "San Sebastian de los Reyes".

The real estate market in **Mozambique** has shown interesting growth with the appearance of various players and projects located in zones where major investment is expected, specifically Nacala, Pemba and Tete.

The city of Maputo continues to be the preferred location for the installation of delegation head offices, hence there has been some speculation with the values of rents and sales having risen consistently over the last five years.

For 2013, Teixeira Duarte intends to begin a new cycle of investment in this sector in Mozambique, where particular note should be made of the start-up of the construction of the Julius Nyerere 130 building in Maputo, which will have ninety apartments, a commercial area and four floors of offices.

Following up on previous years, the management of the "Polana Shopping Centre", also in Maputo, will be continued and various dispersed properties owned by the Group in this city will be marketed, namely in the "Miramar" enterprise.

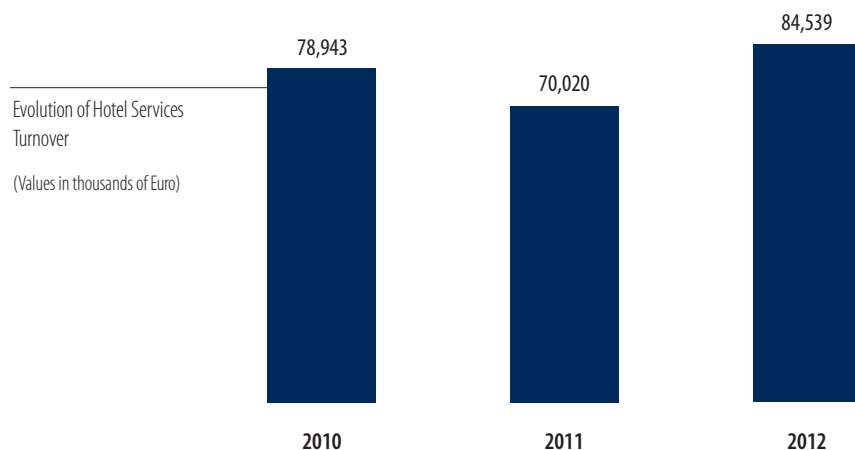
#### **IV.4. HOTEL SERVICES**

After a first experience in 1974 in the Algarve, the Teixeira Duarte Group resumed its activity in this sector in Sines in the 1980's, and currently operates eleven hotels, five of which are located in Portugal, three in Angola and three in Mozambique, covering a total of 3,226 beds and 1,592 rooms.

Teixeira Duarte also develops business in the Fitness area, namely through four Health Clubs (in "Lagoas Park", in Torres Vedras, in Faro, and in "Villa Park" in Amadora) and various restaurants in Portugal and Angola, where the "Nilo" pastry-shops are particularly important in Angola.

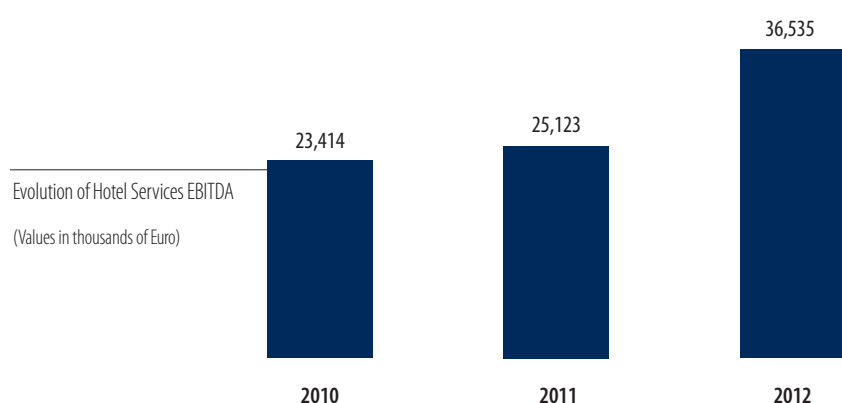


– CONTRIBUTION OF THIS SECTOR TO THE GROUP



The Turnover of Hotel Services increased by 20.7% year-on-year.

This increase was due to the good performance of most of the Group's hotels abroad, especially with the contribution of Hotel Baía in Angola, which started-up operations in July 2011, with 2012 having been its first full year of activity.



EBITDA grew by 45.4% and stood at EUR 36,535 thousand, reflecting, apart from the full contribution of Hotel Baía referred to above, the good occupancy rates of the Group's six hotels in Angola and Mozambique.

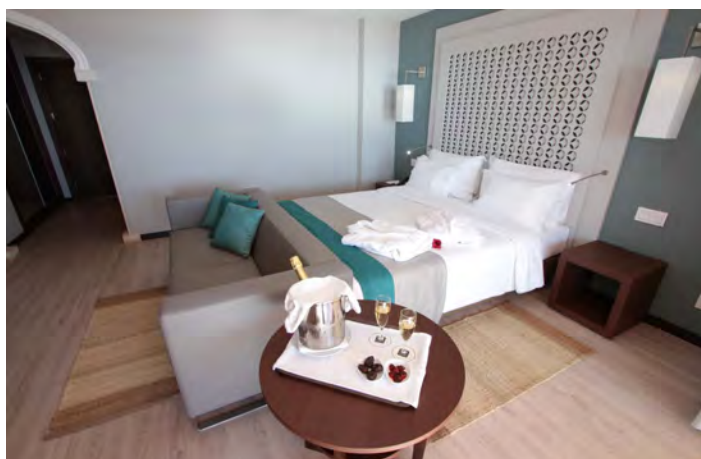
– ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Hotel sector reached the total value of EUR 101,882 thousand, corresponding to an increase of 19.7% relative to 2011. In this business area, the markets abroad now represent 83.9% of the activity and Portugal accounts for 16.1%.

In **Portugal**, the Group's companies operating in this sector offer a total of 1,515 beds and 651 rooms, distributed over five hotels, as detailed below:

LAGOAS PARK HOTEL	Oeiras	182 rooms
SINERAMA	Sines	105 rooms
HOTEL ORIENTAL	Praia da Rocha	90 rooms
STELLA MARIS	Albufeira	140 rooms
HOTEL EVA	Faro	134 rooms

Overall, the occupancy rate fell by 4% in this market, essentially due to the lower corporate market demand, simultaneously with the increase of approximately 4% in the average price, as a result of more efficient management of sales through the Internet and improved performance of the Reservation Centre.



Hotel Oriental  
Praia da Rocha | Portugal



Hotel Avenida  
Maputo | Mozambique

In the Fitness area, the unfavourable economic circumstances referred to above combined with the customers' loss of purchasing power has led to a reduction of the total number of members of the different Club L units and, consequent, reduction of income by 19% relative to 2011.

In **Angola**, the Group's companies operating in this sector offer a total of 1,059 beds and 620 rooms, distributed over the following three hotels:

HOTEL TRÓPICO	Luanda	280 rooms
HOTEL ALVALADE	Luanda	202 rooms
HOTEL BAÍA	Luanda	138 rooms

As a result of the increasingly higher quality of the services provided, all the hotels recorded occupancy rates above those of 2011 and also achieved a turnover above the figures reached in the previous year.

The continued focus on the vocational training of the staff greatly contributed to this effect, especially in the areas of foreign languages, public attendance in the areas of accommodation, food and beverages, and hygiene and safety of food.

Particular note should be made of the performance of "Hotel BAÍA", inaugurated in mid-2011, which has rapidly become a reference hotel in Luanda.

Concerning other related activities, we highlight the "Nilo" pastry-shops which continued to show the good performance that has characterised its activity over the last few years, and was strengthened with the opening in December 2012 of yet another unit, "Nilo Pintos", located in Coqueiros, in Luanda, which was also very well received by the customers.

In **Mozambique**, the Group's companies operating in this sector offer a total of 652 beds and 321 rooms, distributed over three hotels, as detailed below:

HOTEL AVENIDA	Maputo	159 rooms
HOTEL TIVOLI MAPUTO	Maputo	88 rooms
HOTEL TIVOLI BEIRA	Beira	74 rooms

During 2012, there was an increase in the number of foreigners visiting Mozambique, which also contributed to the growth of 10.6% in the operating income of Teixeira Duarte's hotels.

Even so, this indicator was strongly penalised by the closure of Tivoli Maputo, during the first seven months of the year, for renovation and expansion. This fact was compensated by the 12.5% increase in the average price of our hotels in this country.

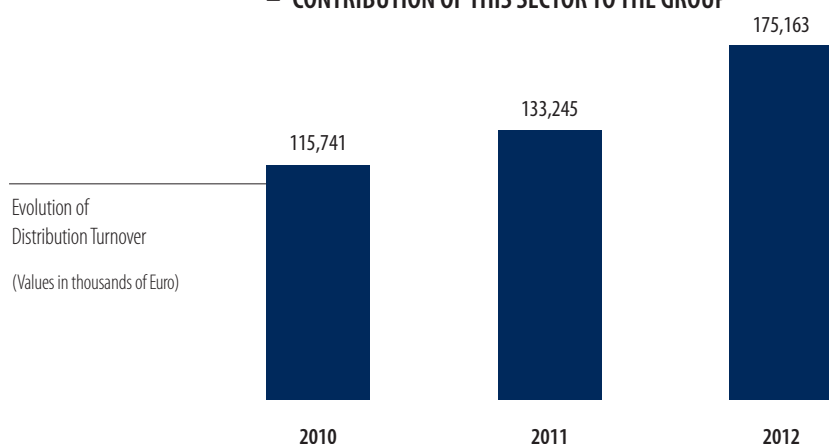
In order to improve the service rendered to the customers, and as the Group already had in Portugal and Angola, a reservation centre was implemented in Mozambique, whose centralisation of processes enabled a more efficient management of the market online, with direct impact on the 31% growth that this indicator showed in Mozambique.

#### IV.5. DISTRIBUTION

The action of the Teixeira Duarte Group in this sector began in 1996 and is currently implemented by various international operations, where it is important to highlight the activities developed by the participated companies "CND - Companhia Nacional de Distribuição, Lda." and "MAXI RETAIL - Comércio Geral, Lda.", which operate in the Angolan market.

The strong procurement and logistics structure developed has enabled the optimisation of the operation, which, accompanied by the improvement of the points of sale and the strong commercial reinforcement of the trade names under which the Group operates, "MAXI", "bompreço" and "Casa de Coração", have boosted sustained growth.

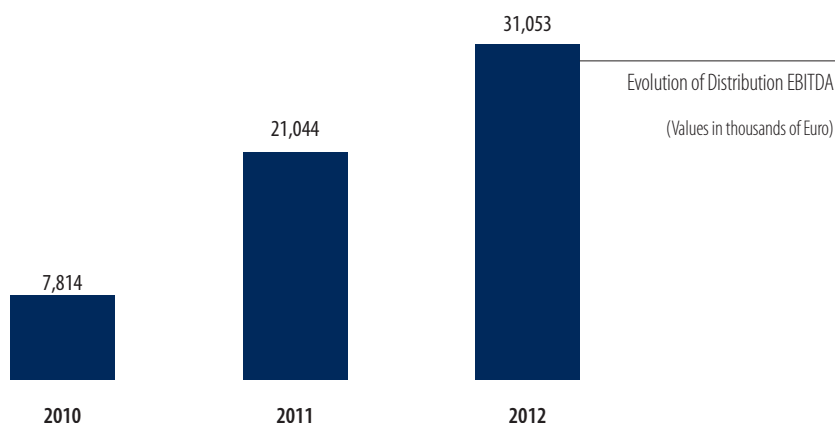
##### — CONTRIBUTION OF THIS SECTOR TO THE GROUP



Distribution grew by 31.5% compared to the previous year, where special note should be made of the operation in Angola which is greatly increased due to the success of the shop promotion actions and expansion to other segments and products.

The appreciation of the USD implied that this indicator, on the Angolan market, increased by 31.9%, although the effective increase of the activity level was 22.3%.

The continued improvement and increase of the operation in this sector of the Group had an inevitable impact on EBITDA, which, in spite of the enormous increase already achieved in the previous year, recorded new growth, this time of 47.6%.



#### — ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Distribution sector reached the total value of EUR 288,066 thousand, corresponding to growth of 22% relative to 2011.

In **Portugal**, and through the company "Teixeira Duarte - Distribuição, S.A.", the Group continued to focus on new competences in the areas of logistics, category management and management control, and on active positioning on the market, especially in relation to partnerships and representations of trade names.

In **Angola**, the strategic decision was taken during 2012 to alter the commercial license of the shops to retail, as well as the corporate name of "MAXI - Comércio Geral, Importação e Exportação, Lda." to "CND - Companhia Nacional de Distribuição, Lda.", albeit maintaining the MAXI trade name, which remains associated to the larger shops and continues to be consolidated as a reference trade name on the Angolan market, offering its customers products of the highest quality at the best prices, but now under the new wholesale-retail hybrid concept ("atacarejo"), based on the principle of discounts according to the quantity acquired.

On the other hand, the shop format launched at the end of 2011, under the "bompreço" insignia, characterised by small or medium-sized spaces, for the purpose of greater proximity to the customer, proved to be a major success during 2012, hence focus on this format this will continue to be ensured in the future.

Concerning the reformulation of the Maxi shop concept, the cycle of remodelling and expansion of all the shops was completed in 2012. In order to meet the customer's expectations, new spaces/services have been introduced, in particular the cutting and packaging areas, bakeries and reformulation of all the shop and promotional communication.

Three further shops were opened under the MAXI insignia:

- the first, in April 2012, in Porto Amboim, was a completely new, suitable and modern space, very well located and for the main purpose of replacing an existing but obsolete shop, thus preparing for the future of a region which is expected to become very prosperous, and which is already a success;
- the other two shops that were opened were started from scratch, in differentiated areas where MAXI was not yet present: such as Zango and Cazenga. Although the inaugurations of these units only took place during the last quarter of the year, they can already be considered a success.

A major focus during 2012 was the launch of the "Fazenda Maxi" project, with the objective of making the most of the potentialities of the Angolan agricultural sector and contributing to the development of national production through small producers, enabling the expansion of the supply of fruit and vegetables, with guaranteed quality and food safety, always fresh and at the best price.



Bompreço shop  
Angola



Logistics structure / Maxi operation  
Angola

It is important to highlight the investment in marketing and communication in all business segments, aimed at enhancing the institution's reputation, trade names and promotional actions. Particular note should be made of the Maxi television advertisement, with the collaboration of two prestigious Angolan artists.

With the objective of increasing customer loyalty and consolidating relations between Maxi and Angolan families and companies, new customer cards were created: the "Maxi Discount" card for individual customers and directed at families, and the "Maxi Professional Gold" card exclusively for companies.

Regarding Human Resources, the high standards have been maintained through the implementation of dynamic and careful selection and recruitment policies, aimed at attracting and selecting the best professionals. A training action was developed during the year, with general actions and actions dedicated to the Company's operating areas, for the purpose of valorising our staff.

For 2013, and consistent with the strategic plan defined for CND, the operating objectives of the previous year will be strengthened, with the primary focus being on the effective control of costs and losses, ensuring greater strictness in compliance with the established budget. Increased income, stock control, with no surpluses but above all no stock failure, will continue to be principles which will not be abdicated.

2013 was selected as the Year of the Customer, with improved attendance/service, product offer, product quality, hygiene and food safety, as well as the organisation of shops and continued leadership in low prices.

The focus on the valorisation and selection of human resources will be maintained and, in early 2013, was complemented with the first course of the Maxi Academy for senior shop staff, which aims to train recent graduates for a career in shop management, conveying not only technical skills, but also the values of Teixeira Duarte, looking towards the future with the high standards that are indispensable to continue along the path of desired success, always based on "knowing how to do".



Also for 2013, the Company will have an educational project, pioneer in Angola, called "Fishing Project". This course involves a total of 800 hours and targets young people, from 16 to 19 years old, who, while living in situations of social vulnerability, have schooling levels of six to twelve years. The intention is to train this youth for life, with a very strong component in the area of social development and citizenship, as well as for work, with a training component in the professional area, where knowledge will be taught in a specific "Shop Operator" course.

In terms of Operations and Distribution, the opening of new shops and expansion of the "bompreço" network will continue, as well as the strengthening of the "Professional Customer" channel.

"Maxilectro", the insignia dedicated to the sale of household electrical appliances, closed in May 2012 after a year of activity, since it was observed that the high stock levels and their rapid obsolescence, combined with the competition of discontinued material at low prices, imported by various operators of the traditional market, would make the sustainability of the business very difficult without a clear investment in expansion and the applied resources.

"Casa de Coração", another insignia of this Company, now in its second year of activity, was penalised in terms of the margin released during 2012 by strong promotional actions and the reduction of orders so as to correct for the high stock levels and low turnover (monos).

Apart from the representations already operated in the impulse business units (snacks and chewing gum) and beverages (focusing on the best trade names of wine, especially Portuguese), note should be made of the creation of the Henkel business unit, a recognised trade name in the area of hygiene and cleaning products.

For 2013, other opportunities to increase the products or trade names represented will continue to be studied, where it is likely that the portfolio will be increased.

The focus on the valorisation of the existing human resources will continue, accompanied by a significant strengthening of the commercial teams, in order to support the ambitious objectives of the three business units: "MAXI", "bompreço" and "Casa de Coração".

#### **IV.6. ENERGY**

The Teixeira Duarte Group began to operate in this sector in Portugal in 1996, with its current operations in the national market being through "TDARCOL - SGPS, S.A." in the areas of Liquid Fuel and Lubricants, Gas and Solar Energy, and in Brazil through the subsidiary "ALVORADA PETRÓLEO S/A", involved in the extraction and marketing of oil.

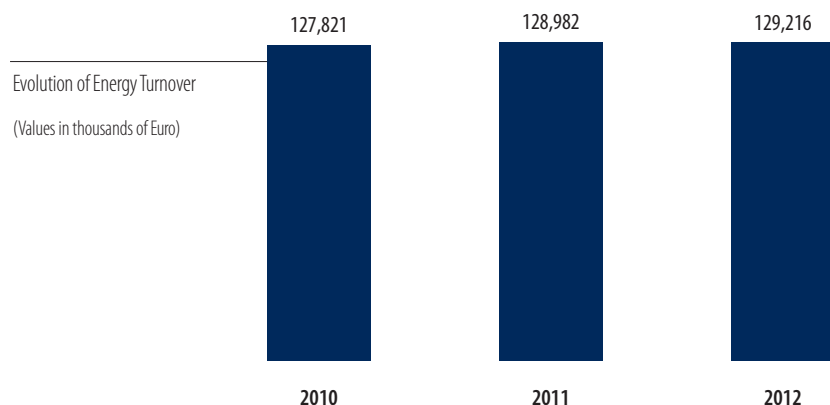
In fuel, Teixeira Duarte operates, directly or through concessions, 60 fuel stations, under the trade name AVIA.

In gas, the Group operates under the brand DIGAL and has 500 reservoirs for local supplies and a distribution network of piped gas of over 350 Km, supply about 65,000 housing units, in addition to a structure for the filling and distribution of bottled gas, and has the exclusive national representation of the trade name Campingaz.

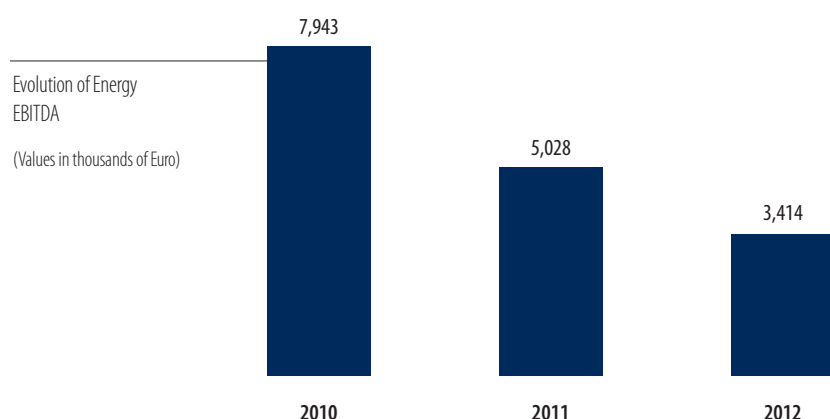
In the area of solar thermal energy, the Group's companies represent, in Portugal, the international trade names SOLAHART and SONNENKRAFT, where its subsidiaries are market leaders.

In **Brazil**, Teixeira Duarte indirectly holds 43.2% of the share capital of the company "ALVORADA PETRÓLEO S/A", based in Belo Horizonte. During 2012, ALVORADA, S/A sold the concession of three mature fields, located in Aracaju, in the State of Sergipe, Bom Lugar, in Reconcavo Baiano and Jiribatuba, on the island of Itaparica in front of the city of Salvador, as well as eleven blocks also situated in Reconcavo Baiano and which were the object of the Concession Contract of the 9th Round of Bids promoted by "ANP - Agência Nacional do Petróleo, Gás Natural e Biocombustíveis" (ANP), however, maintaining the rights associated to the exploration of oil in some of these assets.

### – CONTRIBUTION OF THIS SECTOR TO THE GROUP



In Energy, the Group's Turnover recorded values that were similar to the previous year, with the higher international prices of oil products having offset the losses of quantities sold.



EBITDA decreased by 32.1% relative to 2011, influenced by the decrease of consumption in all areas of action and reduction of the operating margin in gas.

### – ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Energy sector reached the total value of EUR 143,600 thousand, with its performance having remained practically unchanged relative to 2011.

Regarding the fuel area, it should be noted that in spite of the complex and negative economic circumstances, with strong containment in demand and consequent reflection on activity, Turnover increased by 3.1%, although sales of liquid fuel, in quantities, fell slightly by 5.5%, thus resulting in an overall performance that was better than the general trend of the market.

Operating income increased by 2.6%, reaching a total value of EUR 114,994 thousand.

The lubricants sector once again showed good performance, maintaining the consolidation of sales and market position.

In gas, in spite of the increased price of the product on the national market, more accentuated than on international markets, the Group recorded a decrease in operating income of 8%, with the total value standing at EUR 28,606 thousand.

The investment was maintained in the projects for the terminal and tank facilities in the port of Aveiro and in the installation of a new gas bottle filling line in the DIGAL facilities, in Granja, municipality of Sintra.



Terminal and tank facilities at the  
Port of Aveiro | Portugal



New gas bottle filling plant of Digal  
Sintra | Portugal

In solar energy, the level of activity achieved at the end of the previous year was maintained, following the termination of the government incentive programme for the installation of thermal solar equipment.

#### IV.7. AUTOMOBILE

Teixeira Duarte began its action in the Automobile Sector in 1991 in Angola, and currently pursues its activity through a group of companies which represent various international trade names in the following market segments:

Light: Chevrolet, JMC, Honda, Mahindra, Nissan, Peugeot, Renault and SsangYong;

Heavy: Renault Trucks, UD Trucks and Randon;

Motorcycles: Honda, Piaggio, Vespa, Gilera and Hyosung;

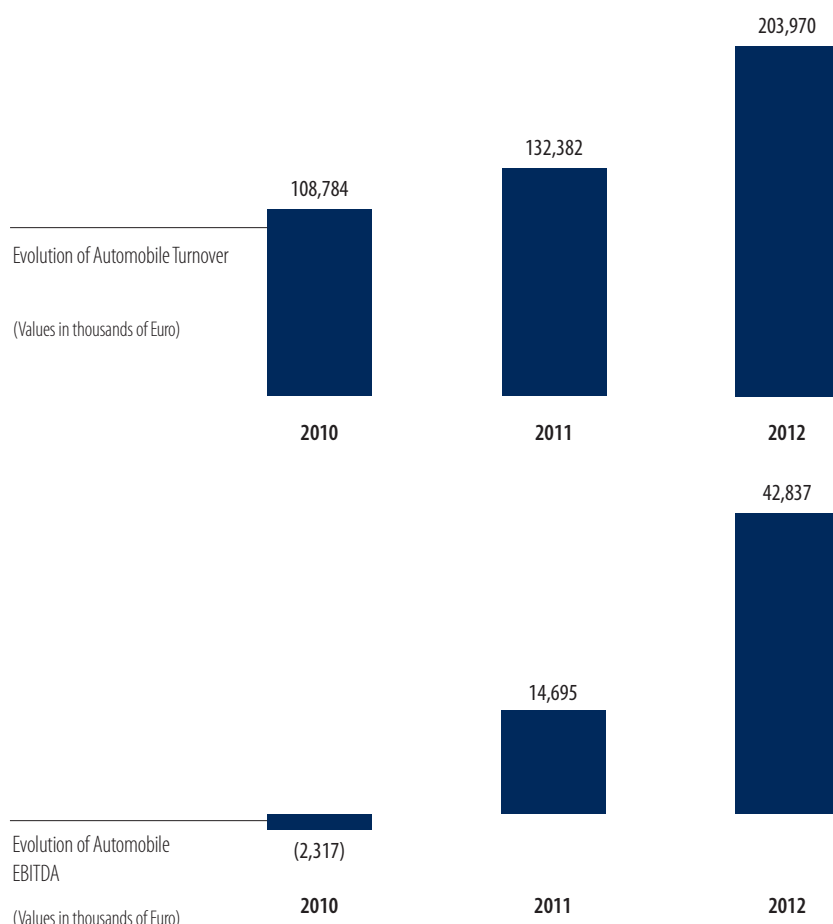
Equipment: Nissan Forklift, Wacker Neuson, Denyo, Pramac, Honda Power Products, Stamac and Powermate.

Under the activity of the Teixeira Duarte Group in this sector, we highlight the strategic investment that has been made over various years in the construction of the "TDA Centre", which has been operational since 2009, in Luanda Sul.

This is the largest automobile centre of Angola and one of the largest of Africa, which occupies a total area of 100,000 m<sup>2</sup>, distributed over showrooms, workshops with various areas of specialisation and with technologically advanced and eco-friendly equipment, as well as other infrastructures dedicated to the automobile world, presenting all the conditions required for the performance of service at international standards.

These modern and efficient facilities – and which present most of the trade names represented by Teixeira Duarte Automobile, including light and heavy vehicles, motorbikes and equipment – associated to a strategically located network of workshops and showrooms, represent an excellent contribution to success in a market showing evolution and potential growth.

### – CONTRIBUTION OF THIS SECTOR TO THE GROUP



The Automobile sector increased its Turnover by 54.1% in relation to 2011.

Excluding the currency conversion effect, there was an effective growth of the activity level of 42.8%, with this good performance being attributed especially to the expansion of the marketed range and optimisation of the operation.

EBITDA increased significantly in this automobile sector as a result of the improvement achieved in the activity and optimisation of business management, expressed in the graph above with an increase of 191.5%.

### – ACTIVITY DURING 2012

In non-consolidated terms and in order to provide an overall view of the total activity during 2012, we disclose that the Group's operating income in the Automobile sector reached the total value of EUR 332,172 thousand, corresponding to growth of 59.4% relative to 2011.

The economic climate and political stability experienced in Angola during 2012 contributed to surpass the expectations on the sector's performance. The market of vehicles imported by companies which officially represent trade names grew by around 28%, with the total number of units sold having reached 29,980 units.

In spite of the growing competition and corresponding competitiveness, the total amount of trade names represented by the Teixeira Duarte Group grew by around 50%, with the Group having increased its market share from 19% to 23%.

The light automobile segment has showed the strongest growth over recent years, especially for low/medium price vehicles.

The number of light vehicles marketed by the Group, in terms of units, has increased by around 60%, where the approximately 6,750 vehicles marketed contributed to a 47% growth in turnover.

The influence of the trade names Mahindra, Renault and Peugeot was especially influential in this performance of light automobiles. The

model of greatest impact on sales was Renault's Duster, which represented close to 52% of the sales of this trade name. Nissan showed moderated growth, although it continues to be the trade name that most contributed in terms of turnover for the Group's sales.

Through the implementation of assertive marketing campaigns and an enormous commercial effort, it has been possible to consistently increase the sales of the Renault trade name, which is already placed in the top 10 of the most sold in Angola.

Regarding the Nissan trade name, which recorded notable growth, we highlight the good performance of the *Hardbody*, *Patrol* and *Micra* models.

The Peugeot trade name continued its trend of growth of its market share in commercial vehicles, a segment where it has powerful arguments.

The Mahindra trade name stood out as the one which most grew in percentage terms, confirming the Group's investment in this type of vehicle. At the same time, and in order to offer the market more alternatives, the marketing of the Chinese trade name JMC was started in April of 2012, with very interesting levels of sales having been recorded up to date, also confirming the Group's expectations in this trade name.

Chevrolet showed moderated growth, maintaining its status of reference trade name in the segment of vehicles entering into the market.

In order to maintain the expectation of growth and consolidation of the position of the Teixeira Duarte Group on the automobile market, the new Coqueiros exhibition stand was inaugurated in 2012. This prestigious location in the city centre will exhibit the trade names Renault and Nissan.

It should also be highlighted that a concession contract for the trade names Nissan, Renault and Renault Trucks was signed in July 2012, in order to accelerate the expansion of these trade names to the provinces of Huila and Namibe.

Also in 2012, investments were started for the opening of new TDA branches in Viana and Lobito, whose inauguration is forecast for the first semester of 2013.

Continuing the policy of expansion and territorial coverage, it is expected that new concessions will be attributed in Huambo, Saurimo and Soyo in 2013.

After a stagnation of the heavy vehicle segment since 2009, during 2012 there was growth in the areas of transport and distribution. However, the construction sector remained with little activity and very constrained.

In this context, heavy vehicles showed growth of 43%, with sales standing at EUR 27,381 thousand and a total of 295 units. Renault Trucks was the trade name that most contributed to the good performance.

The excellent performance of the motorcycle segment was reflected in growth of 52% in terms of value, having reached USD 8,374 thousand, and 123% in terms of units marketed, corresponding to the sale of 2,488 units.

The opening of a stand and workshop exclusively dedicated to two-wheel vehicle should be highlighted for 2012. Located inside the "TDA Centre", this infrastructure will endow this segment with dignity and publicity, and it is also expected that there will be a gradual increase in the effectiveness of the preparation of these vehicles. Note should also be made of the motorcycle workshop at Coqueiros.

During the last week of the year, the marketing was started of a new trade name of Korean origin called "Hyosung", which is believed to be a competitive alternative in the more powerful models.

The "TDA Paixão Automóvel" team became the national speed champion, having won all the championship's races.

The equipment sector recorded growth of 42%, reaching EUR 5,469 thousand of sales through a substantial increase in the number of units marketed.





TDA 2 Wheels shop, at the TDA Centre  
Luanda | Angola



Maianga TSD shop  
Luanda | Angola

Denyo stands out as the reference trade name for medium/high power generators and achieved growth of 35% of its sales.

Growth was recorded in the marketing of low power generators, due to greater proximity to the customer, with an increase of 83% having taken place in terms of the number of units marketed.

Also contributing decisively to the segment's growth, was the introduction of pioneer assistance services, especially the 24-hour assistance and maintenance contracts for low power generators.

Complementing the offer in this business area, a contract was signed for the exclusive representation of the Austrian-German trade name of equipment for "Wacker Neuson" construction, thus marking our entrance into this sector.

The "After Sales" segment is divided into two major areas: Technical Assistance and Spare Parts. There was consolidated growth of activity in both areas.

In this context, we highlight the opening of "TDA Express", dedicated to fast services without scheduled appointment.

Maintaining the policy of expansion, new workshop facilities will be inaugurated during 2013 at the new "TDA Viana Centre" as well as the opening of the new "TDA Lobito Centre".

2012 was also marked by the introduction of a new business format, the "TDA Shops". These points of sale are intended for the marketing of Automobile Accessories and Parts, Engines and Generators. Three Shops have been inaugurated with the objective of ensuring greater proximity to customers, boosting impulse and convenience purchases, at places with a heavy flow of people.

## V. QUALIFYING HOLDINGS IN LISTED COMPANIES

Teixeira Duarte was a founding shareholder of "Banco Comercial Português, S.A." in 1985, and has maintained a relevant stake in the Bank's equity since this date.

Teixeira Duarte has held a position in "Banco Bilbao Vizcaya Argentaria, S.A." since 2007.

### **BANCO COMERCIAL PORTUGUÊS, S.A.**

By the end of 2011, the companies included in the Teixeira Duarte Group held 385,602,439 shares of "Banco Comercial Português, S.A.", which corresponded to 5.35% of the respective share capital and voting rights of the bank, and where the market value of these shares as at 31 December of last year was EUR 52,442 thousand.

Under the process of the share capital increase of "Banco Comercial Português, S.A.", Teixeira Duarte carried out the investment deemed appropriate and opportune, having subscribed approximately 52 million shares through exercise of acquired rights and given an order for acquisition under allotment which, at the limit, could have led to the increase of its holding to up to 7.5% of the Bank's share capital, in what was believed to be a position of support to the Bank's operation.

Since the share capital increase was successful, recording an announced demand of 163%, this order was merely executed to a minor degree, with Teixeira Duarte thus being entitled, in this context, to a further 3.9 million shares, in an overall total of 55,962,180 shares, with the Teixeira Duarte having finally remained with a qualifying holding of 2.29%.

On that date and based on the publicly available information, the shareholder position of Teixeira Duarte in "Banco Comercial Português, S.A." decreased in relation to the position of other shareholders, having thus shifted from second largest shareholder, before the aforesaid share capital increase, to seventh largest shareholder.

As a consequence of this acquisition and other stock market purchase and sale transactions, as at 31 December 2012, the Teixeira Duarte Group held a total of 428,211,281 shares, which corresponded to 2.17% of the Bank's share capital and had a total market value of EUR 32,116 thousand, representing a decrease of EUR 20,326 thousand in the book value of the Teixeira Duarte Group's holding in the Bank relative to 2011.

### **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

In 2012, the Teixeira Duarte Group maintained its stake in "Banco Bilbao Vizcaya Argentaria, S.A.", whose book value, expressed in IFRS, stood at EUR 19,031 thousand, and continued its management as a treasury investment, even though it is partially classified as financial assets available for sale.

## VI. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, with there not having been, from the closing of the financial year to the present date, any fact which should be disclosed in this chapter.

## VII. OUTLOOK FOR 2013

For 2013, growth is expected of the activity in various countries of importance in the Group's action on the external market, namely a significant increase in Venezuela.

Thus, the Order Book of the Teixeira Duarte Group for the construction sector reached the impressive total value of EUR 2,675,248 thousand as at 31 December 2012, corresponding to an increase of 9.2% relative to 31 December 2011.

Therefore, and not counting any new contracts that may arise, these orders ensure that the Group will have good business levels in construction in the external market. It should be noted in particular that, in such an adverse current context, Teixeira Duarte already has contracts of a total value of EUR 1,059,951 thousand for 2013 and EUR 762,075 thousand for 2014, distributed as follows by the markets of operation of the Teixeira Duarte Group:

	2013	Contribution (%)	2014	Contribution (%)
Portugal	112,414	10.6%	32,599	4.3%
Angola	342,032	32.3%	143,091	18.8%
Algeria	98,988	9.3%	129,797	17.0%
Brazil	54,727	5.2%	4,998	0.7%
Mozambique	46,262	4.4%	40,704	5.3%
Venezuela	400,911	37.8%	410,398	53.9%
Other	4,617	0.4%	488	0.1%
<b>Total</b>	<b>1,059,951</b>	<b>100.0%</b>	<b>762,075</b>	<b>100.0%</b>

The development of action in other activity sectors will also be pursued, in particular in Distribution, whenever possible also giving priority to ventures in external markets, which, due to their dynamics, are becoming increasingly important in the Teixeira Duarte Group.

For 2013, Teixeira Duarte expects to achieve consolidated operating income of EUR 1,500 million.

## VIII. DISTRIBUTION OF NET INCOME TO MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES

Following the contacts established with the Remuneration Committee and in view of the commitment made regarding the distribution to the members of the Board of Directors of part of the net income for the year, and pursuant to the regulations currently in force, this amount of EUR 1,300,000 (one million and three hundred thousand Euro) was recorded as a cost for the financial year of 2012, with the consequent reduction of the net income heading presented in the financial statements attached to this Report and also subject to approval at the General Meeting.

Therefore, with the approval of this Annual Report, the Shareholders will also approve the abovementioned distribution of net income to the members of the Board of Directors, to be deliberated by the Remuneration Committee up to that amount.

It should also be noted on this issue that its subsidiary companies, namely TD-EC, are also committed to distributing part of their net income for 2012 to the members of their boards of directors and workers, to a total of EUR 6,480,000.00, with these subsidiaries also having recorded this value as a cost for 2012, with the consequent reductions of the respective net income headings.

## **IX. PROPOSED APPROPRIATION OF NET INCOME**

The net income whose proposed appropriation is presented herein corresponds to the amounts calculated as at 31 December 2012 plus the cost of EUR 1,300,000 (one million and three hundred thousand Euros) which, being planned to be distributed to the directors, was, pursuant to the applicable new rules, recorded as a cost for the actual financial year of 2010 in the financial statements which are an integral part of this Management Report and which, should they be approved, confirm, on the one hand this willingness of the Shareholders to distribute profit to the members of the Board of Directors and, on the other hand, that the Net Income object of the proposal for the appropriation of net income is EUR 20,478,206.13 (twenty million, four hundred and seventy-eight thousand, two hundred and six Euros and thirteen Euro cents).

It is the policy of Teixeira Duarte to privilege the reinforcement of the company's equity and ensure a continued and balanced distribution of dividends to the shareholders.

Considering these assumptions, the Board of Directors proposes that the individual net profit of "TEIXEIRA DUARTE, S.A." for the financial year of 2012, amounting to EUR 20,478,206.13 (twenty million, four hundred and seventy-eight thousand, two hundred and six Euros and thirteen Euro cents), be appropriated as follows:

Reinforcement of the legal reserve	4,500,000.00 €
Reinforcement of the free reserves	9,678,206.13 €
Dividends to shareholders	6,300,000.00 €

Lagoas Park, 29 April 2013

The Board of Directors,

*Pedro Maria Calainho Teixeira Duarte*

*Manuel Maria Calainho de Azevedo Teixeira Duarte*

*Joel Vaz Viana de Lemos*

*Carlos Gomes Baptista*

*Diogo Bebiano Branco de Sá Viana Rebelo*

## NUMBER OF SECURITIES OF THE MEMBERS OF THE GOVERNING BODIES

In compliance with the duties of information to which the Company is bound under various regulations in force, Teixeira Duarte, S.A. presents, below, the list of shares issued by the Company and by companies with which it is in a controlling or group relationship, held by members of the governing bodies, as well as all the acquisitions, encumbrances or transfers during 2012, specifying the amount, date of the fact and consideration paid or received.

### I. Number of shares held by Members of the Governing Bodies as at 31 December 2012:

	Name	Capacity	Nr. of Shares
(a) 6,870,550 shares held by the company, controlled by him, PACIM – Sociedade Gestora de Participações Sociais, S.A.	Pedro Maria Calainho Teixeira Duarte	Chairman of the Board of Directors	(a) 6,912,550
	Manuel Maria Calainho de Azevedo Teixeira Duarte	Director	5,149,575
	Joel Vaz Viana de Lemos	Director	433,862
(b) Shares held under joint ownership with his wife.	Carlos Gomes Baptista	Director	25,634
	Diogo Bebianho Branco de Sá Viana Rebelo	Director	31,160
	António Gonçalves Monteiro	Chairman of the Supervisory Board	-
	Mateus Moreira	Member of the Supervisory Board	-
	Miguel Carmo Pereira Coutinho	Member of the Supervisory Board	(b) 10,000
	Rogério Paulo Castanho Alves	Chairman of the Board of the General Meeting	-
	José Gonçalves Pereira de Sousa Guerra Costenla	Deputy Chairman of the Board of the General Meeting	-
	José Pedro Poiães Cobra Ferreira	Secretary of the Board of the General Meeting	-
	Mariquito, Correia & Associados, SROC	Chartered Accountant	-
			-

### II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2012:

	Name	Transaction	Company	Date	Nr. of Shares	Price per Share
(c) This transaction was carried out by the company controlled by the Group, PACIM – Sociedade Gestora de Participações Sociais, S.A., whereby for every 30 shares of TEIXEIRA DUARTE sold, it received 1 share representing the share capital of TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.	Pedro Maria Calainho Teixeira Duarte	Sale	TEIXEIRA DUARTE, S.A.	20-Oct-12	(c) 3,300,000	Exchange for TD-SGPS shares

Under the terms and for the effects of article 14, number 7, of CMVM Regulation number 5/2008, it further disclosed that, during 12012, the following transactions was carried out by a person who, as determined in article 248-B of the Securities Market Code, is considered strictly related to the Chairman of the Board of Directors, Mr. Pedro Maria Calainho Teixeira Duarte:

Acquisition by Maria Teresa Parreira Teixeira Duarte of 42,000 shares of TEIXEIRA DUARTE, S.A., through stock market transaction carried out on 16 April 2012, all at the unit price of EUR 0.20.

### III. Number of shares held by Members of the Governing Bodies as at 31 December 2012:

	Name	Company	Nr. of Shares
(d) 3,570,550 shares held by the company, controlled by him, PACIM – Sociedade Gestora de Participações Sociais, S.A.	Pedro Maria Calainho Teixeira Duarte	Chairman of the Board of Directors	(d) 3,612,550
	Manuel Maria Calainho de Azevedo Teixeira Duarte	Director	5,149,575
	Joel Vaz Viana de Lemos	Director	433,862
(e) Shares held under joint ownership with his wife.	Carlos Gomes Baptista	Director	25,634
	Diogo Bebianho Branco de Sá Viana Rebelo	Director	31,160
	António Gonçalves Monteiro	Chairman of the Supervisory Board	-
	Mateus Moreira	Member of the Supervisory Board	-
	Miguel Carmo Pereira Coutinho	Member of the Supervisory Board	(e) 10,000
	Rogério Paulo Castanho Alves	Chairman of the Board of the General Meeting	-
	José Gonçalves Pereira de Sousa Guerra Costenla	Deputy Chairman of the Board of the General Meeting	-
	José Pedro Poiães Cobra Ferreira	Secretary of the Board of the General Meeting	-
	Mariquito, Correia & Associados, SROC	Chartered Accountant	-
			-



**SHAREHOLDERS WITH AT LEAST ONE TENTH OF THE SHARE CAPITAL**

TEIXEIRA DUARTE, S.A. presents, below and for the effect of number 4 of article 448 of the Commercial Companies Code, the list of shareholders who, as at 31 December 2012 and according to the Company's records and the information received, hold at least one tenth of the share capital.

Company	Nr. of shares as at 31.12.2012	% Share Capital
TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.	197,950,000	47.13%

## LIST OF OWNERS OF QUALIFYING HOLDINGS AS AT 31 DECEMBER 2012

In compliance with the applicable legal and regulatory provisions, namely those established in subparagraph c) of number 1 of article 9 of CMVM Regulation number 5/2008, and based on the Company's records and the information which has been received, TEIXEIRA DUARTE, S.A. discloses the list of owners of qualifying holdings in its share capital as at 31 December 2012, indicating the number of shares owned and corresponding percentage voting rights, calculated under the terms of article 20 of the Securities Market Code.

1. **TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.** is imputed, under the terms of the provisions in article 20 of the Securities Market Code and in conformity with the interpretation of the CMVM – with which it disagrees in relation to the matter presented in subparagraph d) below –, a qualifying holding in the share capital and voting rights of the company TEIXEIRA DUARTE, S.A. of 224,512,034 (two hundred and twenty-four million five hundred and twelve thousand and thirty-four) shares, corresponding to 53.46% of the share capital and respective voting rights, as a result of:
  - a) 197,950,000 shares held **directly** by it, corresponding to **47.13%** of the share capital and voting rights;
  - b) 5,800,000 shares held by its participated company NGDI – Gestão e Investimento Imobiliário, S.A., corresponding to 1.38% of the share capital and voting rights;
  - c) 12,032,400 shares held by the members of the Board of Directors of TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A., corresponding to 2.86% of the share capital and voting rights (none of whom, individually, reach any qualifying holding);
  - d) 8,729,634 shares owned by members of the Board of Directors of NGDI – Gestão e Investimento Imobiliário, S.A. who are not members of the Board of Directors of the company indicated in subparagraph c) above, corresponding to 2.08% of the share capital and voting rights (none of whom, individually, reach any qualifying holding), with this imputation having been made in conformity with the interpretation of the CMVM, where there is disagreement.
2. **Banco Comercial Português, S.A.** is imputed, under the terms of the provisions in article 20 of the Securities Market Code and in conformity with the interpretation of the CMVM, the qualifying holding of 42,000,216 shares, corresponding to **10.0001%** of the share capital and voting rights as a result of:
  - a) 500 shares held by Banco Comercial Português, S.A., corresponding to 0.0001% of the share capital and voting rights;
  - b) 41,999,716 shares held by the **Pensions Fund of the Banco Comercial Português Group** corresponding to **9.9999%** of the share capital and voting rights\*.
3. **Mr. Miguel Calainho de Azevedo Teixeira Duarte** is imputed, under the terms of article 20 of the Securities Market Code, the qualifying holding of 41,988,994 shares, corresponding to 9.997% of the share capital and voting rights, as a result of:
  - a) 69,897 shares held directly by him, corresponding to 0.02% of the share capital and voting rights;
  - b) 38,619,097 shares held by the company controlled indirectly by him **CIMILE - Sociedade Gestora de Participações Sociais, S.A.**, corresponding to 9.20% of the share capital and voting rights;
  - c) 3,300,000 shares held by the company controlled indirectly by him **MIDINVEST, S.G.P.S., Sociedade Unipessoal, Lda.**, corresponding to **0.79%** of the share capital and voting rights.
4. **Mr. Pedro Pereira Coutinho Teixeira Duarte** is imputed, under the terms of article 20 of the Securities Market Code, the qualifying holding of 10,300,000 shares, owned directly by him, corresponding to **2.45%** of the share capital and voting rights.

\* Through communication received from “Banco Comercial Português, S.A.” on 8 February 2007, it was indicated that the holding company of the Pensions Fund of the BCP Group exercises its voting rights in an independent manner.

# Corporate Governance Report **2012**



## **CORPORATE GOVERNANCE REPORT**

Pursuant to the applicable provisions, namely article 245-A of the Securities Market Code and Regulation number 1/2010 of the Securities Market Commission (CMVM), TEIXEIRA DUARTE, S.A. (TD,SA) presents its Corporate Governance Report relative to the financial year of 2012, complying with all the requirements of the model attached to the abovementioned Regulation.

Being a Group with over 90 years of history, Teixeira Duarte has, for many years, been concerned with the subject more recently known as Corporate Governance and has adopted practices reflecting values that are currently safeguarded by the regulations on this matter, always being attentive to the development of national and international rules and recommendations.

TD,SA complies with all its corporate obligations, namely as an issuer of shares listed for trading on regulated markets, and takes on its due responsibility to find a balance between the content of the different recommendations issued by the various entities and the Group's reality, its structure, history, markets and operating sectors.

### **STRUCTURE AND ORGANISATION OF THE REPORT:**

TD,SA has organised this Report in accordance with the model presented in Annex I to CMVM Regulation number 1/2010, and, through suggestion of the CMVM, has included in Chapter 0 a table describing all of the 54 Recommendations in the Corporate Governance Code issued by this regulating entity, indicating therein which ones have been adopted or not by the Company and also including reference to the points of this text where such matters are addressed or explanation of the reason for their non-adoption.

The objectives of these options concerning the structure and inclusion of this table right at the beginning of the text are not only the strict compliance with the applicable rules, but also our interest in following-up the intention expressed by the CMVM of the standardisation of these Reports and their easier analysis and consultation by the Market.

## **CHAPTER 0**

### **Compliance Statement**

#### **0.1. Indication of the location where the texts on corporate governance codes to which the issuer is subject and, if applicable, those which it has voluntarily chosen to subject itself, are available to the public**

Apart from the applicable rules and regulations, namely the Commercial Companies Code, the Securities Market Code and Regulations of the CMVM, especially Regulation number 1/2010, TD,SA has chosen not to adopt any Corporate Governance Code other than that issued by the CMVM on January 2010, which is available for consultation at [www.cmvm.pt](http://www.cmvm.pt).

#### **0.2. List of the recommendations, adopted and not adopted, presented in the Corporate Governance Code of the CMVM or other that the company has decided to adopt, under the terms of the CMVM Regulation number 1/2010. For the effect, recommendations that are not followed entirely are considered as not adopted.**

#### **0.3. Without prejudice to the provisions in the previous number, the company can also make an overall assessment, provided that there are reasonable grounds to do so, of the degree of adoption of groups of recommendations of inter-related subjects.**

**0.4. When the corporate governance structure or practices differ from the recommendations of the CMVM or other codes to which the company subscribes or has voluntarily adhered, the parts of each code which are not complied with or which the company considers are not applicable should be explained, as well as the respective grounds and other relevant observations, in addition to clear indication of the part of the Report where the description of this situation can be found.**

Points 0.2, 0.3, and 0.4 are developed simultaneously, since they are interrelated.

Of the 54 Recommendations comprising the abovementioned Corporate Governance Code of the CMVM, the Company does not adopt 17, that is they are not fully complied with.

The table below provides the reproduction of the text of these Recommendations with the same numbering of the aforementioned Corporate Governance Code, followed by an indication of their adoption or not and reference to the point in this Report where such matter is described or where, observing the principle of "comply or explain", any non-adoption is justified.

	Recommendation	Adoption	Reference
<b>I.</b>	<b>GENERAL MEETING</b>		
<b>I.1</b>	<b>BOARD OF THE GENERAL MEETING</b>		
<b>I.1.1.</b>	The Chairman of the Board of the General Meeting must be provided with the supporting human and logistic resources appropriate to his/her needs, considering the economic situation of the company.	Yes	CHAPTER I
<b>I.1.2.</b>	The remuneration of the Chairman of the Board of the General Meeting must be disclosed in the Annual Corporate Governance Report.	Yes	I.3.
<b>I.2.</b>	<b>PARTICIPATION IN THE GENERAL MEETING</b>		
<b>I.2.1.</b>	The period of time given in advance for the receipt, by the Board, of the statements of deposit or blocking of shares for participation in the General Meeting must not exceed five business days.	Yes	I.4.
<b>I.2.2.</b>	In the case of the suspension of the General Meeting, the company should not impose the blocking to remain during the entire period until the session is resumed, with the ordinary period of time in advance required in the first session being sufficient.	Yes	I.5.
<b>I.3.</b>	<b>VOTING AND THE EXERCISE OF VOTING RIGHTS</b>		
<b>I.3.1.</b>	The companies must not establish any statutory restriction to voting by correspondence and, when adopted and permissible, to voting through electronic correspondence.	Yes	I.9.
<b>I.3.2.</b>	The statutory period of time in advance for the receipt of votes issued by correspondence must not exceed three business days.	Yes	I.11.
<b>I.3.3.</b>	Companies should ensure proportionality between voting rights and shareholder participation, preferably through a statutory provision according to which one share corresponds to one vote. Proportionality is not to be followed by companies which, namely: i) have shares which do not confer the right to vote; ii) establish that rights to vote above a certain number are not to be counted, when issued by a single shareholder or by shareholders related to the former.	Yes	I.6. I.7.
<b>I.4.</b>	<b>DELIBERATIVE QUORUM</b>		
<b>I.4.</b>	Companies must not establish a deliberative quorum greater than that established by Law.	Yes	I.8.



<b>I.5.</b>	<b>MINUTES AND INFORMATION ON ADOPTED DELIBERATIONS</b>		
<b>I.5.</b>	Excerpts from the minutes of the General Meetings or documents of similar content should be available to the shareholders on the company's website within five days after the General Meeting, even if they do not constitute privileged information. The disclosed information should cover the deliberations taken, share capital represented and voting results. This information must be kept on the company's website for at least three months.	No	I.13. I.14.
<b>I.6.</b>	<b>MEASURES RELATIVE TO CORPORATE CONTROL</b>		
<b>I.6.1.</b>	Any measures adopted with a view to preventing the success of public takeover bids should respect the interests of the company and its shareholders. Any articles of association of companies which, respecting this principle, set a limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders, must also establish the commitment that at least every five years the maintenance or not of this statutory provision will be subject to deliberation at the General Meeting - with no requirement of a quorum larger than that legally established - and that in this deliberation all the votes cast will be counted, without the application of the above limit.	Yes	I.7.
<b>I.6.2.</b>	Defensive measures must not be adopted if they cause an automatic erosion of company assets in the event of the transfer of control or change of the composition of the management board, thereby jeopardising the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.	Yes	I.20. I.21. I.22.
<b>II.</b>	<b>MANAGEMENT AND SUPERVISORY BODIES</b>		
<b>II.1.</b>	<b>GENERAL SUBJECTS</b>		
<b>II.1.1.</b>	<b>STRUCTURE AND COMPETENCE</b>		
<b>II.1.1.1.</b>	The management board should assess the adopted model in its annual Governance Report, identifying any constraints to its functioning and proposing measures of action that, in its opinion, are suitable to overcome them.	Yes	II.1.
<b>II.1.1.2.</b>	Companies should create internal risk control and management systems to safeguard their value and enhance the transparency of their corporate governance, permitting the identification and management of risks. These systems should include at least the following components: i) establishment of strategic corporate objectives on matters of risk-taking; ii) identification of the main risks related to the specific activity exercised and any events which might imply risks; iii) analysis and measurement of the impact and probability of the occurrence of each potential risk; iv) risk management with a view to the alignment of the risks effectively incurred with the company's strategic risk-taking; v) mechanisms for the control of the execution of the adopted risk management measures and their effectiveness; vi) adoption of internal mechanisms of information and communication on the different components of the system and risk warnings; vii) periodic assessment of the implemented system and adoption of any necessary changes.	No	II.5.
<b>II.1.1.3.</b>	The management board should ensure the creation and functioning of the internal control and risk management systems, with the supervisory board being responsible for assessing the functioning of these systems and proposing any necessary adjustment to the company's needs.	No	II.6

<b>II.1.1.4.</b>	Companies should, in their annual Corporate Governance Report: i) identify the main economic, financial and legal risks to which the company is exposed during the exercise of its activity; ii) describe the action and effectiveness of the risk management system.	Yes	II.5. II.9.
<b>II.1.1.5</b>	The management and supervisory bodies must have functioning regulations, which must be disclosed on the company's website.	No	II.7.
<b>II.1.2.</b>	<b>INCOMPATIBILITIES AND INDEPENDENCE</b>		
<b>II.1.2.1.</b>	The Board of Directors must include a sufficient number of non-executive members so as guarantee effective capacity to manage, supervise and assess the activities of the executive members.	No	II.1. II.8.
<b>II.1.2.2.</b>	Amongst the non-executive Directors, there should be an adequate number of independent Directors, taking into consideration the size of the company and its shareholder structure, which cannot under any circumstances, be less than one quarter of the total number of Directors.	No	II.1. II.8.
<b>II.1.2.3.</b>	The assessment of the independence of the non-executive members made by the management board must take into account the legal and regulatory rules in force on the independence requirements and incompatibility system applicable to members of the other governing bodies, ensuring systematic and temporal coherence in the application of independence criteria to the entire company. A Director should not be considered independent if she/he cannot hold this capacity in another governing body through force of the applicable rules.	No	II.1. II.8.
<b>II.1.3.</b>	<b>ELIGIBILITY AND APPOINTMENT</b>		
<b>II.1.3.1.</b>	According to the applicable model, the Chairman of the Supervisory Board, Audit Committee or Financial Matters Committee must be independent and possess adequate competences to perform the respective duties.	Yes	II.21. II.22.
<b>II.1.3.2.</b>	The process of selection of candidates to non-executive Directors must be designed in such a way as to prevent interference by the executive Directors.	No	II.16.
<b>II.1.4.</b>	<b>POLICY ON THE COMMUNICATION OF IRREGULARITIES</b>		
<b>II.1.4.1.</b>	The company must adopt a policy of communication of any internal irregularities which have allegedly occurred within the organisation, with the following elements: i) indication of the means which may be used for the internal communication of irregular practices, including the persons with legitimacy to receive the communications; ii) indication of the treatment to be made of the communications, including confidential treatment, if this is wished by the declarant.	Yes	II.35.
<b>II.1.4.2.</b>	The general guidelines of this policy must be disclosed in the Corporate Governance Report.	Yes	II.35.

II.1.5.	REMUNERATION		
II.1.5.1.	<p>The remuneration of the members of the management board should be structured in order to allow the alignment of their interests with those of the company's long term interests, based on the assessment of performance and discouraging excessive risk-taking. For this effect, the remunerations should be structured as follows:</p> <p>i) the remuneration of the Directors holding executive positions must include a variable component whose determination depends on performance assessment, conducted by the competent bodies of the company, in accordance with predetermined measurable criteria, which consider the company's real growth and wealth effectively created for the shareholders, its long term sustainability and the risks taken, as well as compliance with the rules applicable to the company's activity.</p> <p>(ii) The variable component of the remuneration should be reasonable in relation to the fixed component of the remuneration, and maximum limits should be established for all the components.</p> <p>(iii) A significant part of the variable remuneration should be deferred for a period not less than three years, and its payment should be subject to the continued positive performance of the company over this period.</p> <p>(iv) The remuneration of the members of the management board should not sign contracts, either with the company or third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.</p> <p>(v) Until the end of their term of office, the executive Directors should keep the company shares that they have obtained through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of any which might need to be disposed of in order to pay taxes arising from the benefit of these same shares.</p> <p>(vi) When the variable remuneration includes the attribution of options, the beginning of the period of exercise should be deferred for a period not less than three years.</p> <p>(vii) Appropriate legal instruments should be established so that the compensation set for any form of unfair dismissal of a Director is not paid if the dismissal or termination by agreement is due to the inadequate performance of the Director.</p> <p>(viii) The remuneration of the non-executive members of the management board should not include any component whose value depends on the company's performance or value.</p>	No	II.32. II.33.
II.1.5.2.	<p>The statement on the policy of remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June, should, in addition to the content referred to therein, present sufficient information: i) on which groups of companies whose remunerative policy and practices were taken as comparative elements for the establishment of remuneration; ii) on payments relative to dismissal or termination by agreement of the duties of Director.</p>	Not applicable	II.30.
II.1.5.3.	<p>The remuneration policy statement referred to in article 2 of Law number 28/2009 should also include the remunerations of the senior managers in observance of number 3 of article 248-B of the Securities Market Code and whose remuneration contains an important variable component. The statement should be detailed and the presented policy should take into account the company's long term performance, compliance with the rules applicable to the company's activity and restraint on excessive risk-taking.</p>	Not applicable	II.30.

<b>II.1.5.4.</b>	The proposal regarding the approval of plans to attribute shares and/or share purchase options, or based on variations in the price of the shares, to members of the management and supervisory bodies and other senior managers should be submitted to the General Meeting of Shareholders, in observance of number 3 of article 248-B of the Securities Market Code. The proposal should contain all the elements necessary for an appropriate assessment of the plan. The proposal should be accompanied by the regulations of the plan or, if it has not yet been prepared, the general conditions that it must follow. Likewise, the main characteristics of the retirement benefits scheme established in favour of the members of the administrative and supervisory bodies and other senior managers, should be approved at the General Meeting of Shareholders, in observance of number 3 of article 248-B of the Securities Market Code.	Not applicable	I.17. III.10.
<b>II.1.5.6.</b>	At least one representative of the remuneration committee must be present in the General Meeting of Shareholders.	Yes	I.15.
<b>II.1.5.7.</b>	The value of the remunerations received, as a whole and individually, from other companies of the group and the pension rights acquired during the year in question must be disclosed in the annual Corporate Governance Report.	Yes	II.30. II.31. II.33.
<b>II. 2.</b>	<b>BOARD OF DIRECTORS</b>		
<b>II.2.1.</b>	Within the limits established by the Law for each management and supervisory structure, and unless as a result of the small size of the company, the Board of Directors must delegate the daily management of the company, with the delegated competences being identified in the annual Corporate Governance Report.	No	II.3.
<b>II.2.2.</b>	The Board of Directors must ensure that the company acts in accordance with its objectives, and must not delegate its competence, namely, with respect to: i) defining the general strategy and policy of the company; ii) defining the corporate structure of the group; iii) decisions which should be considered strategic due to their value, risk or special characteristics.	Yes	II.3.
<b>II.2.3.</b>	Should the Chairman of the Board of Directors perform executive functions, the Board of Directors must find efficient mechanisms to coordinate the work of the non-executive members, which ensure, in particular, that they can make decisions in an independent and informed manner. These mechanisms should be duly explained to the shareholders in the Corporate Governance Report.	Not applicable	II.8.
<b>II.2.4.</b>	The Annual Management Report should include a description of the activity developed by the non-executive Directors, in particular referring to any constraints faced.	Not applicable	II.8.
<b>II.2.5.</b>	The company should explain its policy of rotation of the areas of responsibility within the Board of Directors, namely of the person responsible for financial matters, and provide information on this in the annual Corporate Governance Report.	No	II.11.
<b>II.3.</b>	<b>CHIEF EXECUTIVE OFFICER, EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS</b>		
<b>II.3.1.</b>	When requested by other members of the governing bodies, the Directors who perform executive duties should provide, in due time and in a form appropriate to the request, any information requested by them.	Yes	II.1.

<b>II.3.2.</b>	The Chairman of the Executive Committee should send, respectively, to the Chairman of the Board of Directors and, when applicable, the Chairman of the Supervisory Board or Audit Committee, the call notices and minutes of the respective meetings.	Not applicable	II.13.
<b>II.3.3.</b>	The Chairman of the Executive Board of Directors should send to the Chairman of the Supervisory Board and to the Chairman of the Financial Matters Committee the call notices and minutes of the respective meetings.	Not applicable	II.13.
<b>II.4.</b>	<b>GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD</b>		
<b>II.4.1.</b>	The General and Supervisory Board, in addition to performing the supervisory duties to which it is committed, should also carry out an advisory role and ensure the follow-up and continuous assessment of the company's management by the Executive Board of Directors. Amongst the matters on which the General and Supervisory Board should issue opinions, are the following: i) the definition of the general strategy and policy of the company; ii) the corporate structure of the group; iii) decisions which should be considered strategic due to their value, risk or special characteristics.	Not applicable	II.1.
<b>II.4.2.</b>	The Annual Reports on the activity developed by the General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board should be disclosed on the company's website, together with the presentation of accounts.	Yes	II.4.
<b>II.4.3.</b>	The Annual Reports on the activity developed by the General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board should include the description of the supervisory activities developed referring to any constraints which have been encountered.	Yes	II.4.
<b>II.4.4.</b>	The Financial Matters Committee, Audit Committee and Supervisory Board, according to the applicable model, should represent the company, for all effects, before the external auditor, being responsible, namely, for proposing the provider of this service and its remuneration, ensuring the existence of the appropriate conditions for the provision of the services within the company, as well as being the spokesperson of the company and first receiver of the respective reports.	No	II.24.
<b>II.4.5.</b>	The Financial Matters Committee, Audit Committee and Supervisory Board, according to the applicable model, should assess the external auditor on an annual basis and propose his/her dismissal to the General Meeting whenever there are fair grounds for the effect.	No	II.24.
<b>II.4.6.</b>	The internal audit services and the services ensuring compliance with the rules applied to the company ( <i>compliance services</i> ) should report functionally to the Audit Committee, General and Supervisory Committee or, in the case of companies adopting the Latin model, to an independent Director or the Supervisory Board, independently of the hierarchical relation of these services with the company's executive management.	No	II.5.



<b>II.5.</b>	<b>SPECIALISED COMMITTEES</b>		
<b>II.5.1.</b>	<p>Unless as a result of the small size of the company, the Board of Directors and General and Supervisory Board, according to the adopted model, should create the committees which prove necessary to:</p> <p>i) ensure a competent and independent assessment of the performance of the executive Directors and for the assessment of their own overall performance, as well as that of the various existing committees;</p> <p>ii) reflect on the adopted governance system, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement;</p> <p>iii) identify, in due time, potential candidates with the high profile necessary for the performance of the duties of Director.</p>	No	II.2. II.36.
<b>II.5.2.</b>	The members of the Remuneration Committee or equivalent should be independent from the members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	No	II.38.
<b>II.5.3.</b>	No legal or natural person who has provided, during the last three years, services to the any structure directly under the Board of Directors, to the company's Board of Directors or which/who has an current relationship with any consultant of the company should be contracted to support the Remuneration Committee. This recommendation is also applicable to any natural or legal person which is related to such persons through a work or service contract.	Yes	II.39.
<b>II.5.4.</b>	All the committees should prepare minutes of the meetings they hold.	Yes	II.38.
<b>III.</b>	<b>INFORMATION AND AUDITS</b>		
<b>III.1.</b>	<b>GENERAL INFORMATION DUTIES</b>		
<b>III.1.1.</b>	Companies should ensure the existence of a permanent contact with the market, respecting the principle of shareholder equality and taking precautions against asymmetries in access to information on the part of investors. For this purpose, the company should have an investor support office.	Yes	CHAPTER III
<b>III.1.2.</b>	<p>The following information available on the company's website should be disclosed in English:</p> <p>a) The corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code;</p> <p>b) Articles of Association;</p> <p>c) Identity of the members of the governing bodies and representative for market relations;</p> <p>d) Investor Support Office, respective duties and contacts;</p> <p>e) Documents presenting the accounts;</p> <p>f) Six-monthly calendar on corporate events;</p> <p>g) Proposals presented for discussion and voting at the General Meeting;</p> <p>h) Notice of meetings relative to the General Meeting.</p>	Yes	CHAPTER III
<b>III.1.3.</b>	Companies should promote the rotation of the auditor at the end of every two or three terms of office, according to whether they last four or three years. Their maintenance beyond this period should be justified by a specific opinion of the supervisory board which explicitly reflects on the conditions of independence of the auditor and advantages and costs of the auditor's replacement.	Yes	III.18.
<b>III.1.4.</b>	The external auditor should, under its competences, verify the application of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and report any flaws to the company's supervisory board.	Yes	III.17.

<b>III.1.5.</b>	The company must not contract from the external auditor, or from any entities in a holding relationship or which are part of the same network, any services other than audit services. If there are reasons to contract such services, which should be approved by the supervisory board and explained in its annual Corporate Governance Report, they should not amount to more than 30% of the total value of the services provided to the company.	Yes	III.17.
<b>IV.</b>	<b>CONFLICT OF INTERESTS</b>		
<b>IV.1.</b>	<b>RELATIONS WITH SHAREHOLDERS</b>		
<b>IV.1.1.</b>	The company's business with qualifying shareholders or with entities in any relation with them, under the terms of article 20 of the Securities Market Code, should be carried out under normal market conditions.	Yes	III.12.
<b>IV.1.2.</b>	Any business of significant relevance with qualifying shareholders or with entities in any relation with them, under the terms of article 20 of the Securities Market Code, should be submitted to the prior opinion of the supervisory board. This board should establish the necessary procedures and criteria for the definition of the relevant level of significance of this business and the other terms of its intervention.	No	III.13.

## CHAPTER I

### General Meeting

The General Meeting of the Company represents all its shareholders, and its deliberations, when taken under the terms of the Articles of Association and Law, are binding to all shareholders, even those absent, in disagreement or incapable of action.

The General Meeting is composed of shareholders with voting rights as well as persons who, entitled or not to such rights, hold positions as permanent members of the Governing Bodies and the Company Secretary.

The Board of the General Meeting is composed by a Chairman, a Deputy Chairman and a Secretary.

The Chairman of the Board of the General Meeting is responsible for calling the General Meetings and directing their agenda, as well as performing any other duties entrusted by the Law, the Articles of Association or through delegation of the actual General Meeting. The Deputy Chairman shall replace the Chairman in the latter's absence or impediment, as well as whenever requested by the latter, and is responsible for advising the Chairman in the performance of the latter's duties. The Secretary is responsible for assisting the Chairman in the performance of the latter's duties and ensuring the completion of all the administrative work relative to the General Meeting.

Furthermore, and with the support of the Company Secretary and other services of the Company, the Chairman of the Board of the General Meeting is provided with the appropriate human and logistic resources for the suitable performance of the Chairman's duties, namely for the preparation and dissemination of the call notices and other preparatory information, as well as for the receipt, processing and filing of share certifications, letters of intention to participate, letters of representation, proposals for submission to the assessment and voting of the shareholders, attendance list, as well as for the organisation of the General Meetings, namely the welcoming of the Shareholders and other members of the governing bodies.

### **I.1. Identification of the members of the Board of the General Meeting.**

Currently, the Board of the General Meeting is composed of the following members:

<u>Chairman:</u>	Mr. Rogério Paulo Castanho Alves, lawyer, with professional domicile at Largo de S. Carlos, n.º 3, 1200-410 Lisboa, Portugal
<u>Deputy Chairman:</u>	Mr. José Gonalo Pereira de Sousa Guerra Costenla, lawyer, with professional domicile at Largo de S. Carlos, n.º 3, 1200-410 Lisboa, Portugal; and
<u>Secretary:</u>	Mr. José Pedro Poiares Cobra Ferreira, lawyer, with professional domicile at Lagoas Park, Edifício 2, 2740-265 Porto Salvo, Oeiras, Portugal.

The members of the Board of the General Meeting fully comply with the requirements of independence, and there is no situation of incompatibility for the performance of these duties by any of them, in strict observance of the applicable regulations (article 414 and 414-A, through article 374-A, all of the Commercial Companies Code).

Without prejudice to the above, we disclose that the Secretary of the Board of the General Meeting is also the Company Secretary and employee of an entity included in the Teixeira Duarte Group.

### **I.2. Indication of the date of commencement and termination of office.**

All the identified members of the Board of the General Meeting were elected at the General Meeting held on 21 May 2011, to perform duties in this body during the four-year period 2011/2014.

### **I.3. Indication of the remuneration of the chairman of the Board of the General Meeting.**

With the exception of the said Secretary of the Board of the General Meeting, the remaining members of this Board, under the current system established in the Commercial Companies Code, namely the provisions in 422-A, through number 3 of article 374-A, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee established in article 11 of the Articles of Association.

Under the terms and for the effect of the applicable regulatory and recommended provisions, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting, during 2012, was EUR 5,000 (five thousand Euro).

### **I.4. Indication of the time in advance required for the deposit or blocking of shares for participation in the General Meeting.**

As established in the actual Articles of Association (article 13), only shareholders with at least one voting right, on the registration date, corresponding to 0 hours (GMT) of the 5th business day prior to the date of the General Meeting, may participate in the General Meeting and discuss and vote therein. The exercise of these rights is not jeopardised by the transfer of the shares after the registration date, nor does it depend on their blocking between this date and the date of the General Meeting.

Anyone wishing to participate in the General Meeting should state this intention, in writing, addressed to the Chairman of the Board of the General Meeting and to the financial broker where the individualised registration has been opened up to the day prior to the date mentioned above, and may, for the effect, use electronic mail. In turn, the financial broker which is informed of its customer's intention to participate in the General Meeting should send the Chairman of the Board of the General Meeting, by the 5th business day prior to the date of the General Meeting, information on the number of shares registered on behalf of its customer, with reference to the registration date, and may, for the effect, use electronic mail.

Anyone who has stated the intention to participate in the General Meeting and transfers the ownership of the shares between the registration date and the end of the General Meeting, should immediately communicate this fact to the Chairman of the Board of the General Meeting and to the CMVM.

The Chairman of the Board of the General Meeting has no established restrictions to accepting statements received after the statutorily stipulated dates, provided that they refer to ownership of shares as at the date indicated above and that this lateness does not interfere with the preparation of the documents relative to the General Meeting.

#### **I.5. Indication of the rules applicable to the blocking of shares in the case of the suspension of the General Meeting.**

In the case of the suspension of the General Meeting, the company should not impose the blocking of shares to remain during the entire period until the session is resumed, although it is necessary that the shareholders once again confirm their capacity, under the terms described in point 1.4 above, by obtaining new statements and sending them to the Chairman of the Board of the General Meeting under the terms and within the periods indicated therein.

#### **I.6. Number of shares corresponding to one vote.**

Under the terms of article 13 of the Articles of Association, each share corresponds to one vote.

#### **I.7. Indication of the statutory rules establishing the existence of shares which do not confer the right to vote or which establish that rights to vote above a certain number should not be counted, when issued by a single shareholder or by shareholders related to the former.**

Although the Articles of Association foresee, in article 7, the possibility of shares without voting rights, the truth is that there are no, and have never been any, shares without voting rights.

There are no statutory provisions which limit the number of votes, when issued by a single shareholder or by shareholders related to the former, or that establish that rights to vote above a certain number should not be counted, regardless of being issued by a single shareholder or by shareholders related to the former.

#### **I.8. Existence of statutory rights on the exercise of voting rights, including constitutive and deliberative quorums or systems privileging rights related to assets.**

Pursuant to article 13 of the Articles of Association, and as described in 1.4, only shareholders with at least one voting right, on the registration date, corresponding to 0 hours (GMT) of the 5th business day prior to the date of the General Meeting, may participate in the General Meeting

and discuss and vote therein. The exercise of these rights is not jeopardised by the transfer of the shares after the registration date, nor does it depend on their blocking between this date and the date of the General Meeting.

Anyone wishing to participate in the General Meeting should state this intention, in writing, addressed to the Chairman of the Board of the General Meeting and to the financial broker where the individualised registration is open up to the day prior to the date mentioned in number 1 of the present article, and may, for the effect, use electronic mail. In turn, the financial broker which is informed of its customer's intention to participate in the General Meeting should send the Chairman of the Board of the General Meeting, by the 5th business day prior to the date of the General Meeting, information on the number of shares registered on behalf of its customer, with reference to the registration date, and may, for the effect, use electronic mail.

Anyone who has stated the intention to participate in the General Meeting and transfers the ownership of the shares between the registration date and the end of the General Meeting, should immediately communicate this fact to the Chairman of the Board of the General Meeting and to the CMVM.

In the case of the joint ownership of shares, only one of the owners, empowered to represent the others, may participate in the General Meetings.

Shareholders who are natural persons, with voting rights, may be represented at the General Meetings by means of a document issued under the terms of the Law.

Shareholders who are incapable of acting and legal persons, with voting rights, may be represented by persons legally empowered for such.

For this purpose, the Company provides, on its website and at its head office, a power of attorney form, in compliance with the provisions in article 23 of the Securities Market Code, which may be used by shareholders wishing to be represented at the General Meeting.

All the representations indicated above must be communicated to the Chairman of the Board of the General Meeting through letter, duly signed and received at the head office up to three calendar days before the date scheduled for the respective General Meeting.

In the case of General Meetings attended by all the shareholders or unanimous deliberations in writing, the period of time in advance described above will not be applicable in relation to the availability of the shares and receipt of the respective certifications, as well as the letters of representation.

Regarding the existence of provisions on constitutive quorums, article 15 of the Articles of Association establishes that the General Meeting may deliberate validly, on first call, whenever shareholders are present or represented owning shares corresponding to more than half of the share capital and, on second call, regardless of the number of shareholders present or represented and the percentage of their share capital, subject to the exceptions determined by compulsory Law.

The deliberations of the General Meeting are taken by the majority of the votes cast, without prejudice to the legal provisions which, in certain cases, might require qualifying majorities or establish other forms of acceptance of the proposals.

There are no restrictions on voting rights, namely limits on the exercise of voting rights subject to ownership of a number or percentage of shares, hence the periods imposed for the exercise of voting rights are the only limitations that are indicated below for the case of voting by correspondence. There are no special systems of rights related to assets and the Article of Association do not establish any limit to the number of votes which can be held or exercised by a single shareholder, individually or in a concerted manner with other shareholders.



### **I.9. Existence of statutory rules on the exercise of the right to vote by correspondence.**

The Articles of Association establish that shareholders with voting rights who intend to exercise them by correspondence, apart from complying with all the conditions and periods of time referred to above in order to demonstrate this capacity, should send a letter addressed to the Chairman of the Board of the General Meeting and which must be received at the head office within the period of time stipulated in the call notice, expressing therein their intention to exercise this right and indicating their identification, domicile and number of shares owned, which will be confirmed through the information certified by the financial institution where these shares are registered, where the latter will prevail.

This letter should also contain the authenticated signature of the shareholder or person binding the former, or in the case of natural persons, accompanied by a legible photocopy of the shareholder's identity card or equivalent document.

Together with the abovementioned letter, the shareholders should include, in closed envelopes, their voting statements regarding each of the points of the Agenda, in a clear and unambiguous manner, followed by their signature, in a manner identical to that in the cover letter. The envelopes should be marked with the following: "Contains voting statement on point number (indication of the respective number) on the Agenda".

For the execution of the procedures indicated above, the Company provides drafts of the letter and voting ballot on its website and at its head office.

The envelopes containing the explanations of vote cast under the terms described above will be opened and considered by the Chairman of the Board of the General Meeting at the time of the voting on each point on the Agenda, where any votes included in explanations of vote which are not accepted will be counted as not cast.

Votes by correspondence are counted as negative in relation to proposals for deliberation presented after they have been cast.

The presence or representation at the General Meeting of any shareholder who has exercised the right to vote by correspondence determines the revocation of votes expressed in this manner previously.

The authenticity of voting by correspondence, its confidentiality up to the time of voting and respective processing will be ensured by the Chairman of the Board of the General Meeting.

Regardless of the means chosen for this effect, whether in the text of the call notices for the General Meetings, or in the prior information provided for this purpose, the terms and conditions for the exercise of voting rights are always clearly and completely explained, including voting by correspondence.

### **I.10. Provision of a model for the exercise of the right to vote by correspondence.**

For the exercise of the right to vote by correspondence and for the good execution of the procedures indicated above, the Company provides drafts of the letter and voting ballot, as well as instructions for their respective completion, on its website and at its head office.

**I.11. Requirement of a period of time between the receipt of votes cast by correspondence and the date of the General Meeting.**

The Articles of Association establish that shareholders with the right to vote who intend to exercise it by correspondence, should send a letter addressed to the Chairman of the Board of the General Meeting and that it should be received at the head office within the period of time stipulated in the call notice. The established period of time between the receipt of votes cast by correspondence and the date of all the General Meetings of 2012 was one day.

**I.12. Exercise of the right to vote through electronic means.**

TD,SA believes that the specific security requirements inherent to the voting process through electronic means are very significant, namely with respect, on the one hand, to the technical means necessary to verify the authenticity of the corresponding explanations of vote, as well as to guarantee the integrity and confidentiality of the respective contents, and, likewise, recognises the high level of security and operational reliability required in the receipt of these explanations of vote.

The considerations referred to above and the fact that the General Meetings of the leading listed company of the Teixeira Duarte Group traditionally has a very high representation of share capital, underlie the reason why the Company has not implemented the possibility of the exercise of voting rights through electronic means.

**I.13. Possibility of the shareholders accessing excerpts of the minutes of the General Meetings on the company's website during the five days after the General Meeting.**

The minutes relative to the only two General Meetings held during 2012 were provided on the Company's website, pursuant to the applicable recommendations and regulatory provisions, although this was not carried out immediately during the subsequent five days due to the organisation of priorities of the teams and persons involved in the execution of this task in such a short period of time.

Furthermore, on the actual day of the General Meetings, or on the immediately subsequent day, various informative elements were disclosed to the market on these meetings, including not only the deliberations taken, but also the share capital represented and results of the voting.

**I.14. Existence of an historical record on the company's website, with the deliberations taken in the company's General Meetings, the share capital represented and results of the voting, relative to the previous 3 years.**

The Company's website provides the historical record of the attendance and represented share capital, results of the voting and deliberations taken relative to all the General Meetings of TD,SA relative to the previous 3 years.

**I.15. Indication of the representative(s) of the remuneration committee present at the General Meetings.**

All the members of the Remuneration Committee in office on that date were present at the only two General Meetings of 2012, held on 17 May and 19 October of that year.

**I.16. Information on the intervention of the General Meeting relative to the company's remuneration policy and assessment of the performance of the management board members and other senior managers.**

The intervention of the General Meeting relative to the company's remuneration policy and assessment of the performance of the members of the governing bodies and other senior managers (when applicable) is conducted, in the first place, through the analysis and approval of the documents presenting the accounts at the General Meeting and through the general appraisal of the management, under the terms and taking the effect established in the combined provisions of articles 376 and 455 of the Commercial Companies Code, carried out every year at the meeting of shareholders, as well as through the election of its members and selection and appointment of the members of the Remuneration Committee which, in accordance with its assessment of performance and other criteria described below, establishes the remuneration of each member of the Governing Bodies, including the Board of Directors.

Furthermore, the General Meeting also performs the key role of being responsible for the approval of the remuneration policy statement which should be followed and disclosed annually in the Corporate Governance Report, submitted for the assessment of the shareholders.

In 2012, the Remuneration Committee submitted the remuneration policy statement for the appraisal of the shareholders, relative to the Company's senior managers, in observance of number 3 of article 248-B of the Securities Market Code, which was approved at the General Meeting of 17 May 2012, with 98.7069% of the votes in favour, 0.00007% abstentions and 1.2930% of the votes against.

**I.17. Information on the intervention of the General Meeting regarding the proposal of plans to attribute shares and/or share purchase options, or based on variations in the price of the shares, to members of the management and supervisory bodies and other senior managers, in observance of number 3 of article 248-B of the Securities Market Code, as well as on the elements presented at the General Meeting with a view to the proper assessment of these plans.**

There are no plans to attribute shares, and/or share purchase options or based on variations in the price of the shares.

Consequently, there was no intervention of the General Meeting on this matter.

**I.18. Information on the intervention of the General Meeting regarding the approval of the main characteristics of the retirement benefits system extended to the members of the management and supervisory bodies and other senior managers, in observance of number 3 of article 248-B of the Securities Market Code.**

The Remuneration Committee is responsible for establishing all the amounts paid in this context to any retired former Directors, under all circumstances.

The Remuneration Committee is also responsible for establishing the supplementary pension schemes, under the terms of the provisions in article 22 of the Articles of Association.

The General Meeting reserves the right to appoint the members of the Remuneration Committee which is exclusively competent to decide on these matters.

**I.19. Existence of a statutory rule establishing the duty to subject, at least every five years, to the General Meeting, the maintenance or elimination of the statutory rule establishing the limitation of the number of votes which can be held or exercised by a single shareholder individually or in a concerted manner with other shareholders**

There is no statutory rule with these characteristics (see I.7).

**I.20. Indication of defensive measures which have the effect of automatically leading to a serious erosion of company assets in the event of the transfer of control or change of the composition of the management board.**

There are no measures with these characteristics.

**I.21. Significant agreements of which the company is a party and which enter into force, are altered or cease in the event of a change of control of the company, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, except if the company is specifically obliged to disclose this information due to other legal requirements.**

There are no agreements with these characteristics.

**I.22. Agreements between the company and members of the management board and senior managers, in observance of number 3 of article 248-B of the Securities Market Code, which establish compensation in the case of resignation, unfair dismissal or termination of the work relation following a change in the control of the company.**

There are no agreements with these characteristics. The Company follows the policy of not undertaking any payments related to the early termination of the exercise of duties by the Directors or other senior managers, as well as not signing any agreements relative to these matters.

## CHAPTER II

### Management and Supervisory Bodies

#### Section I - General Issues

##### II.1. Identification and composition of the governing bodies.

Since its incorporation in 30 November 2009, the Company adopted a Corporate Governance model known as the Latin unitary board structure or one-tier model, whose governing bodies comprise, in addition to the General Meeting and its respective Board, a Board of Directors and two autonomous Supervisory Bodies: the Supervisory Board and Chartered Accountants Firm.

On this issue, it is important to note the collaboration between all these structures of the Group, as well as the advantages arising from these synergies, reflected in the privileged and effective manner of the achievement of objectives undertaken by all as collection action.

In this context and in compliance with recommendation number II.1.1.1 of the Corporate Governance Code of the CMVM, the Board of Directors discloses that the adopted corporate governance model fully complies with its base objectives, that is, of ensuring that the Company maintains good levels of operation and efficiency in the performance of duties by each governing body, both independently and jointly.

Indeed, the Board of Directors is exclusively composed of executive members, which is reflected in the effectiveness, operability and proximity of the matters entrusted to them. At the same time, the total independence and compatibility of the members of the Supervisory Board allows for impartial and useful intervention in the supervision of the Company's activity, not only from an accounting point of view - where it benefits from the regular intervention of the Chartered Accountants Firm - but also from a policy perspective, in this case with the appropriate limits and scope essential to safeguard compliance with the legal and regulatory rules in force, all with a view to achieving constant transparency and proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

TD,SA has chosen to maintain all its Directors in executive duties since the duties which would have been entrusted to any non-executive Directors - namely regarding supervision, monitoring and assessment of the activity of the executive members - are carried out, with full effectiveness, by the Supervisory Board, Remuneration Committee and General Meeting.

The non-adoption of the provisions in Recommendation II.1.2.3 - which establish the assessment of the independence of its non-executive members conducted by the management body - arises only from the fact that there are no non-executive directors, for the reasons which have been described above.

Particular note should also be made of the good interrelations between all the governing bodies, not only between the Chartered Accountants Firm and the Supervisory Board, which hold periodic meetings, but also between these bodies and the Board of Directors, whereby all the Directors have provided the information requested by the other members of the governing bodies in due time and in an appropriate manner.

This model has also proved to be suitable to the *modus operandi* of the Company, its structures and members comprising the governing bodies, particularly those of the Board of Directors.

Under the terms of number 1 of article 17 of the Articles of Association, the Board of Directors is composed on a minimum of five and maximum of eleven members elected at the General Meeting, who must appoint, from amongst them, the member who will perform the duties of Chairman.

The members of the governing bodies to hold office during the four-year period 2011/2014 were elected at the General Meeting of 20 May 2011, where all the members of the Board of the General Meeting and Supervisory Board were re-elected, as was the case of the Chartered Accountants Firm which has held this position since the incorporation of TD,SA in 2009, with changes merely having been made to the structure

and composition of the Board of Directors which, as noted at the appropriate time and place (namely in the Corporate Governance Report of 2011), was henceforth composed as follows at the end of 2012 and is still maintained up to date:

Chairman:

Mr. Pedro Maria Calainho Teixeira Duarte (re-elected)

Directors:

Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte (re-elected)

Mr. Joel Vaz Viana de Lemos (re-elected)

Mr. Carlos Gomes Baptista (re-elected)

Mr. Diogo Bebiano Branco de Sá Viana Rebelo

The Supervisory Board is composed of three permanent members – a Chairman and two members – and an alternate member, who fully comply with all the requirements of independence in relation to whom there is no incompatibility for the performance of their duties, under the terms established in the Commercial Companies Code.

The composition of the Supervisory Board, since its full re-election at the General Meeting of 20 May 2011 and at the end of 2012, was as follows:

Chairman: Mr. António Gonçalves Monteiro

Members: Mr. Mateus Moreira

Mr. Miguel Carmo Pereira Coutinho

Alternate: Mr. Horácio Lisboa Afonso

The Chartered Accountants Firm, also re-elected at the General Meeting of 20 May 2011 to perform duties during the four-year period 2011/2014, "MARIQUITO, CORREIA & ASSOCIADOS, SROC", is represented by Mr. António Francisco Escarameia Mariquito and currently also acts in the capacity of External Auditor registered at the CMVM under number 2.235, in these contexts being entrusted with all the examinations and verification required for the review and legal certification of the Company's accounts. The Chartered Accountants Firm mentioned above fully complies with all the independence requirements, with no incompatibility being observed in relation to its exercise of the respective positions, under the applicable legal provisions.

## **II.2. Identification and composition of other specialised committees constituted with competences in the company's management or supervision matters.**

Currently, there are no specialised Committees on management or supervisory matters – the specified Executive Committee cannot even be constituted under article 20 the Articles of Association – although some members of the Board of Directors maintain frequent contact and sectorial meetings and hold weekly meetings together, accompanied by other members of the Board of Directors of TEIXEIRA DUARTE – Engenharia e Construções, S.A. and the advisor to the Board of Directors.

Indeed, and in view of the adopted model and the structure and composition of the members of the Governing Bodies, it is not considered



necessary to create specific committees, namely for the effect of a competent and independent assessment of the performance of the executive Directors and for the assessment of the overall performance of the actual Board of Directors, since these duties are explicitly entrusted to the General Meeting, Supervisory Board and Remuneration Committee.

Likewise, the creation of a specific committee to reflect on the adopted governance system, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement, has been concluded as irrelevant. These duties are performed and developed by each of the Governing Bodies which, better than any other body created only for this effect, are successful in identifying any constraints and difficulties which might have been encountered, and in the same way, collaborate together in the assessment of the adopted corporate governance model, reporting and overcoming any operational and interconnection difficulties.

Moreover, it was also not considered necessary to entrust any type of committee with the duty to identify, in due time, potential candidates with the high profile required for the performance of duties of Director, considering that the reference shareholders possess the necessary and relevant knowledge on the market and senior staff who collaborate with the Company, which allows them to identify, whenever necessary, the candidates they deem suitable for the corporate positions in question.

**II.3. Organisational charts or flowcharts relative to the distribution of competences between the different governing boards, committees, commissions and/or departments of the company, including information on the scope of the delegation of competences, in particular with respect to the delegation of the daily management of the company, or distribution of areas of responsibility amongst the members of the management or supervisory boards, and list of matters which are not able of being delegated and of competences effectively delegated.**

The General Meeting is the governing body representing the entire group of shareholders, while the Board of Directors is responsible for the management of the Company's activities and conduct of all its business, and the Supervisory Board and Chartered Accountants Firm is entrusted with supervising corporate activity.

It is important to note at this point and with respect to the performance of TD,SA in its different business sectors and markets, the close collaboration between all the structures of the Group, identified in the organisational chart at the beginning of this Report, as well as the particular benefit arising from these synergies, which are reflected in the privileged and efficient means of achieving collectively undertaken objectives.

Particular note should be made, on the one hand, of the existence, in the context of the Group, of Central Departments with special responsibilities of transversal support to the action developed in the different business sectors integrated in the Corporate Centre, entrusted with promoting a standardisation of procedures and providing support to the structures operating abroad in these areas common to various businesses. In view of this transversal role played by the Corporate Centre and the importance of its duties, the meeting held in 2012 for the staff of its Central and Service Departments was dedicated to the theme of the identity of the actual Corporate Centre and identification of the five main areas of action of its employees, which are "knowing", "complying", "understanding", "contributing" and "convincing".

The Group's Operating Structures are organised by Activity Sector and tend to cover responsibility for all the teams and operations of these business areas, independently of the geographical market in which they operate, thus also acting to draw the technical and human central resources of the Group closer to those operating in the different markets of TD,SA.

TEIXEIRA DUARTE - Engenharia e Construções, S.A., as the leading company of the Group in the Construction sector, develops its activity through Operating Centres, which divide up the production and equipment areas and are essential in the training of the senior management and in the follow-up of their career, as well as through a series of Central Departments with specific scope of action in terms of specialised support to the Operating Centres, in particular in the areas of Studies and Projects.

Notwithstanding the above, there is no delegation of competences by any of the governing bodies, namely by the Board of Directors, in any specific committees, in particular in an Executive Committee.

This circumstance arises essentially from the fact that the Board of Directors is composed exclusively of executive members, which, as noted above in the assessment of the corporate model (see II.1 above) is reflected in effectiveness of operationality and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

Without prejudice to the legal and statutory provisions which determine the collective functionality and collegial character of the Board of Directors and without reducing the operationality applied in an ongoing manner of permanent contact and consultation between all its members, with the areas of responsibility were distributed to the Directors during 2012, under the terms indicated below:

The Chairman of the Board of Directors, Mr. Pedro Maria Calainho Teixeira Duarte, performed the duties inherent to this position, under the terms and with the attributions defined in the Law and Articles of Association, monitoring the Company's current business and ensuring the daily management and execution of the resolutions of the Board of Directors, monitoring of the activity developed by the Delegates of "Teixeira Duarte - Engenharia e Construções, S.A." in the different countries, and was responsible for monitoring the financial holdings in "Banco Comercial Português, S.A." and "Banco Bilbao Vizcaya Argentaria, S.A.".

#### **Regarding the Corporate Centre:**

Mr. Pedro Maria Calainho Teixeira Duarte monitors the action of the Central Legal Department which is supervised, under "Teixeira Duarte - Engenharia e Construções, S.A.", by Mr. João José de Gouveia Capelão.

Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte was entrusted with supervising the activities developed by the Central Department for Finance and Accounting, as well as the Corporate Secretariat, Consolidation of Accounts and Internal Audit Services.

Mr. Joel Vaz Viana de Lemos was entrusted with the supervision of the activities developed by the Central Departments for Safety, Quality and the Environment, Human Resources and Administration, Information Technology and Procurement Services, as well as the management of the participation of the Group's Companies operating in the Construction sector in the Associations to which they are linked, namely representing them or providing for their representation.

#### **Regarding the Group's activities:**

Mr. Pedro Maria Calainho Teixeira Duarte monitors:

- a) the activity developed in the Infrastructures Operating Centres, supervised by Mr. Jorge Ricardo de Figueiredo Catarino, under the action of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.";
- b) the activity of the participated companies "MTS - Metro, Transportes do Sul, S.A.", "AEDL - Auto-estradas do Douro Litoral, S.A." and "AEBT - Auto-estradas do Baixo Tejo, S.A.", followed by Mr. Jorge Ricardo de Figueiredo Catarino, under the action of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.";
- c) the activities developed by the Central Departments for Planning and Studies, Infrastructure Studies, Electromechanical Installations, Special Studies of Projects and Proposals, supervised by Mr. João José de Gouveia Capelão, under the action of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.";
- d) the activities of coordination and representation of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." in the commercial area, in this company under the responsibility of Mr. João José de Gouveia Capelão; and

- e) the activity of the participated companies "SATU OEIRAS – Sistema Automático de Transporte Urbano, E.M." and "LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.", followed by Mr. João José de Gouveia Capelão, under the action of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte was entrusted with:

- a) supervising the action of the Hotel sector;
- b) monitoring the action developed in the Energy sector; and
- c) monitoring the management of the financial holdings owned in the companies "E.I.A. – Ensino, Investigação e Administração, S.A.", "IMOCIPAR – Imobiliária, S.A.", "JÚPITER – Indústria Hoteleira, S.A." and "LONGAPAR, SGPS, S.A.".

Mr. Joel Vaz Viana de Lemos was entrusted with:

- a) supervising the activities developed by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relative to the Geotechnical and Rehabilitation, Mechanical Engineering Operation Centres, and the Shuttering and Prestressing Operation Centre (COC), as well as the Equipment Department; and
- b) supervising the activities of the participated companies "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.", "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.", "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.", "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called "RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A."), "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A.", "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal" (formerly called "GSC – Compañía General de Servicios y Construcciones, S.A. Sociedad Unipersonal") and "EDUCARE – Atividades Educativas e Culturais Lda.".

Mr. Carlos Gomes Baptista was entrusted with:

- a) supervising the activity developed by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relative to the Buildings Operating Centres;
- b) supervising the activity of the subsidiary "TDGI – Tecnologia de Gestão de Imóveis, S.A."; and
- c) monitoring the activity developed by the Central Department for Planning and Studies.

Mr. Diogo Bebiano Branco de Sá Viana Rebelo was entrusted with:

- a) supervising the action developed in the Real Estate, Distribution and Automobile sectors;
- b) monitoring the activity of "TDHOSP – Gestão de Edifício Hospitalar, S.A.".

**II.4. Reference to the fact that the annual reports on the activity developed by the General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board include a description of the supervisory activity carried out, noting any constraints encountered, and are disclosed on the company's website, together with the documents presenting the accounts.**

Under the terms and for the effect of the CMVM Recommendations on this matter, the Annual Reports on the activity developed by the Supervisory Board, including the description on the supervisory activity developed and referring to any constraints encountered, were disclosed on the Company's website, together with the documents presenting the accounts, in observance of the rules and periods of time established in the Law and other applicable regulations.

**II.5. Description of the internal control and risk management systems implemented in the company, namely, relative to the process of disclosure of financial information, mode of functioning of this system and its effectiveness.**

The procedures implemented in terms of internal control and risk management are characterised by promoting the autonomy of the Company's senior staff in the management and monitoring of matters, instilling an attitude of responsibility and strong stimulus to entrepreneurial behaviour.

This consistent relationship between autonomy and responsibility imposes, in a realistic manner, careful and strict compliance with the tasks allocated to each employee, thus representing, in itself, a solid, sustained and effective risk control system that delivers extremely satisfactory practical results.

The importance of weighing the cost of control in relation to the matters that are to be controlled is always taken into account. The assessment of the Company, of the way it is managed, of the composition of its staff and managers of the companies included in the Teixeira Duarte Group and of the fundamental principles and concepts that are applied, leads to the conclusion that the efficiency and control costs related to the creation of any control committees would greatly outweigh the costs of the matters to be controlled. The mere creation of committees for the effect, from a formal point of view, would eventually imply more bureaucratic obstacles that would not be reflected in their practical implementation.

Although the internal control and risk management system implemented in the Company does not comply with the requirements listed in Recommendation II.1.1.2, TD/SA remains firmly convinced of its choice for the model described above, because it believes that the basic assumptions of this recommendation are inappropriate for the regular operation of the Company, and may even create various obstacles from the merely formal and bureaucratic point of view that are incompatible with the execution of the procedures which have already been implemented and with the accountability of the Group's organisational structures.

However, and even so, particular note should be made of the important role played in this matter by the Internal Audit Department, which has pursued the development of its action, as well as the performance of the Corporate Service for the Consolidation of Accounts of the Group in the process of disclosure and reporting of information.

As at 31 December 2012, these services were under the hierarchical and operational dependence of Director Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations, thus constituting non-compliance with CMVM Regulation number II.4.6.

Nevertheless, it is considered that this Director is not under any circumstances capable of affecting his impartiality in analysis and decision-making.

It should be added that, since its creation within the internal organisation of the Teixeira Duarte Group, the Internal Audit Department has not only always been under the hierarchical dependence of the Board of Directors, but has always reported functionally to the Director responsible

for the financial area. This model has proved to be appropriate, since this not only facilitates the communication, collaboration and exchange of information between the said Departments within the company's organisational structure, and the Director responsible for the area, but also, it should be stressed, has ensured that none of their impartiality has ever been placed in question.

## **II.6. Responsibility of the management board and supervisory board in the creation and functioning of the company's internal control and risk management systems, as well as in the evaluation of their operation and adjustment to the company's needs**

Regarding the Company's internal control and risk management systems, the Board of Directors is responsible, in the first place, for knowing and assessing the most important risks faced by the Company, as well as for the promotion of the necessary initiatives for their respective prevention.

In this context, the Board of Directors is responsible for designing and planning the internal control and risk management systems which prove necessary and appropriate for the different situations which are identified, as well as monitoring their respective implementation, supervising and assessing their operation, all under the terms and for the purposes described above in II.5.

Furthermore, the Board of Directors is also responsible – rather than the supervisory bodies – for the assessment of the operation of these systems and for proposing their respective adjustment to the needs of TD,SA, since this matter is, due both to its nature and the particularities described above, falls under the specific scope of action of the Board of Directors and under this body's control and supervision of the different Departments of the Group's companies, a system that has proved suitable for its respective purposes.

This reality is, however, followed closely by the members of the supervisory bodies which, in addition to the regular monitoring of the Group's activity, are represented at the monthly meetings held by the Board of Directors where a vast series of elements are provided of different nature with reporting information and forecasts on the Group's action in its different markets and sectors.

## **II.7. Indication of the existence of regulations on the operation of the governing bodies, or other rules relative to incompatibilities defined internally and the maximum number of positions which can be accumulated, and place where they may be consulted.**

Formally speaking, there are no regulations on the operation of the governing bodies, code of conduct or any other rules relative to incompatibilities defined internally, nor a maximum number of positions which can be accumulated.

In view of the chosen corporate model, the composition of the management (all executive members) and supervisory bodies of the Company (all independent and relative to whom none are in any situation of incompatibility, in accordance with the legal rules) and the fact that the competences and responsibilities of each are very well defined and cannot be delegated to any other bodies, specialised committees or departments, the mode of operation of the Board of Directors, Supervisory Board and Chartered Accountant is rather simplified.

In this regard, it should be noted that the fact that the number of members in these bodies is not large enough to justify the stipulation, in regulations, of additional rules on operations, and likewise, the interaction between these entities is maintained in a regular manner under the legally established terms, considered sufficient for the effect.

## Section II - Board of Directors

### **II.8. Should the chairman of the management board perform executive duties, indication of the mechanisms for the coordination of the work of the non-executive members which ensure the independent and informed character of their decisions.**

Considering that all the members of the Board of Directors perform executive duties, the present rule is not applicable to TD,SA.

### **II.9. Identification of the main economic, financial and legal risks to which the company is exposed during the exercise of its activity.**

The main economic, financial and legal risks to which the company is exposed during the exercise of its activity are as follows:

- alterations in the economic and business conditions in Portugal, as well as in the economic and business conditions of the Group's operations abroad, namely in Angola, Algeria, Brazil, and Venezuela;
- fluctuations and volatility of interest rates, credit spreads and exchange rates;
- alterations in government policies;
- regulatory and financial framework of banking activity;
- alterations in the competitive environment of the activity sectors in which the Teixeira Duarte Group operates; and
- fluctuations in stock markets in general and in particular the stock market price of BCP shares.

Furthermore, the activity of the Teixeira Duarte Group is dependent on the economic environment and on the consequences which certain macroeconomic situations might have on the levels of confidence of the different economic agents, on investment volumes, exports and global trade, as well as on employment levels and consumption patterns.

The evolution of the activity areas in which the Group operates, namely the construction area, but also, for example, the real estate, hotel and energy areas, is historically correlated, more or less directly, with the macroeconomic performance of the countries or markets in which the Teixeira Duarte Group operates, in particular, with the evolution of Gross Domestic Product (GDP). Therefore, the Group's activity and its results may be significantly affected by the performance of the economies where the Teixeira Duarte Group operates, mainly through the effect of the growth or retraction of the construction market, the most representative business area in the Group's operating income (44.8% in 2012).

Considering that the construction business is the core activity of the Teixeira Duarte Group, in particular in the sub-branches of Geotechnics and Rehabilitation, Buildings, Infrastructures, Mechanical Engineering, Underground, Railway and Maritime Works, below is a description of the main risks inherent to this business.

Large-scale construction business involves a major allocation of human and material resources, which implies a high fixed cost structure not only due to the necessary need to invest in the teams and their training, but also the significant investment required in the acquisition, maintenance and adaptation of equipment.

The costs associated to many of the tenders, both in the preparation of proposals and in the insurance, guarantees and completion bonds which are sometimes necessary to provide, also constitute another risk factor inherent to the activity, especially taking into account the penal-



ties very often related to the large public contract works in which the Teixeira Duarte Group participates.

Moreover, the retraction of public investment, as well as private investment to a lesser extent, has affected revenue, which is also sometimes penalised by the deadlines and delays in payments.

On the other hand, the nature of the service provided often implies alterations of the circumstances that were initially negotiated, as a result of the vicissitudes of the contract work in question (climate change; discovery of adverse and unexpected characteristics; natural, social and economic phenomena arising from the impact of the work) and alterations of projects, very often due to new choices by the owner of the work which calls for great flexibility in the efficiency of their execution.

Yet another important aspect arises from the significant number of suppliers of goods and equipment and service providers with which the Company deals in this area of action and which might imply risks due to actions or omissions imputable to them, including interruptions or delays in the service or supply of goods.

From a commercial point of view, globalisation has enabled the entry of other major Construction Groups into the main and oldest markets of action of TEIXEIRA DUARTE – especially Portugal and Angola – forcing greater effort in the presentation of solutions and proposals, as well as the optimisation of costs to enable meeting the competitive strength of these entities.

Concessions are normally long term projects which involve increasingly more areas, such as those linked to planning, design, construction, financing and operation and, which, both due to their complexity and need for partners and the longevity of the processes, imply heavy risk in the evaluation of assets and projects in the long term, in an increasingly more dynamic world characterised by unexpected changes.

The Real Estate sector was at the origin and core of the *sub-prime* crisis and the reflections of this international situation are still experienced in Portugal, where the requirements for new projects have increased at all levels (administrative, economic, social, environmental, amongst others), and the increasingly greater evidence of excess supply has led to price decreases and demand is greatly affected by the increasing restrictions to credit.

The Hotel sector in the Algarve has been heavily hit by the new destinations which are now accessible and changes of routes of the major international agencies, where the hotels in Africa are naturally exposed to the idiosyncrasies of the respective countries and the increasing competition, at an unprecedented scale. Moreover, and in view of the levels of indebtedness of some of the subsidiary companies operating in this sector, the net income and, consequently, the net worth of these companies may suffer adverse impacts as a result of unfavourable evolutions in interest rates.

Distribution in Angola is very exposed due to the specific circumstances of the country and logistic difficulties related to supply, transport and travel.

The Automobile sector operates in a very saturated market, where at an international level major *players* have entered bankruptcy and were strongly affected, with inevitable consequences at a global level and which had already led the Teixeira Duarte Group to dispose of the activity developed in this area in Portugal.

In Angola, competitiveness is becoming much heavier and the investment made by the Group implies strong optimisation of processes and costs, in a market which is increasingly more expensive and difficult.

The Energy sector of the Teixeira Duarte Group is exposed to two risks of different nature, according to whether we address the activity in Portugal (where the operation concerns the area of distribution and marketing of liquid fuel and gas) or Brazil (where an indirect participated company has interests related to oil prospecting).

Indeed, in the national market the risks are concentrated around three aspects: (i) the minor market share in the area of liquid fuel; (ii) the fact that the main suppliers are simultaneously the main competition, with major market shares; and (iii) the delicate management of the credit granted to re-distributors, namely through the consignment of delivered products.

In Brazil, risk is concentrated on the uncertainty of obtaining product and lack of definition as to when production could occur, as well as the fact that, once the product is obtained, the activity's success is dependent on the product's quantity, quality and marketing conditions, as well as fluctuations on international markets.

Common to these two realities – Portuguese and Brazilian – has been the strong disturbance of the fuel market, especially as a consequence of the speculation around the price of oil.

Regarding the financial holdings, in particular the qualifying holding owned in Banco Comercial Português, S.A., the risk arises from the current fragility of the financial markets and possible impact of the volatility of the respective stock market prices on the accounts of the Teixeira Duarte Group, which might even, under certain circumstances, affect net income.

The risks described above, should they occur, could have a negative impact on the net income of the Teixeira Duarte Group and its financial situation.

TD,SA is exposed to strategy risks, through the possibility of taking inadequate strategic decisions, failures in the implementation of decisions or lack of response capacity regarding changing market conditions.

The international business of the Teixeira Duarte Group represents a significant portion of the Group's total turnover (74.2% in 2012). It is impossible to guarantee the full success of operations on the foreign markets in which the Group operates. Moreover, these operations are exposed to risks arising from possibly adverse economic developments in the countries where they are established. These factors could adversely affect the activity, financial situation and net income of the Teixeira Duarte Group. Some of the Group's international operations are also exposed to exchange rate risks.

The Teixeira Duarte Group operates in various activity sectors, in particular, due to its contribution to the Group's operating income, the Construction sector, but also in others such as Distribution, Energy and Automobile. The sectors referred to above represent 81.3% of the Group's operating income and are highly competitive sectors. This competition environment, when associated to negative cycles in the activity areas in which the Group operates, may have a negative impact on the Company's marketing margins and on its net income and, consequently, on its financial situation.

The capacity of the Teixeira Duarte Group to successfully implement its strategy depends on its ability to recruit the most qualified and competent employees for each position. Although the human resources policy of the Teixeira Duarte Group is directed towards the achievement of these objectives, it is impossible to guarantee that, in the future, there will be no limitations in this area. Such circumstances could obstruct or delay the execution of the defined strategy, which could have a negative effect on the Group's activity, financial situation, and net income.

The deterioration of global economic conditions or adversities that affect the economies at a local scale could result in the inability of the Group's customers to meet their obligations or significantly delay their payment, leading to the existing credit lines entering into a situation of *default*. This scenario would result in losses affecting the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group might, in the future, be part of a number of disputes related to its activity, including those where the sentence has been favourable, totally or partially, and which might be subject to appeal or action for annulment by the counterparts under the terms of the applicable procedural rules and until the reading of the final judgement on these same sentences. The Teixeira Duarte Group cannot guarantee that it will win any lawsuits relative to its activities and a negative decision in this area might have an adverse effect of significance to the activity, financial situation and net income of the Teixeira Duarte Group.

The activities of TD,SA require investments. The Group finances part of these investments through the cash flow generated by its operating activities. However, TD,SA and its subsidiaries finance most of their investments through external sources, including bank loans and offers in capital markets.

The Teixeira Duarte Group is exposed to a series of risks, such as liquidity risks, interest rate risks and exchange rate risks, amongst others, and in the event of exceptionally adverse scenarios, the policies and procedures used by TD,SA to identify, monitor and manage risks might not prove to be totally effective.

As is the case of any other economic group integrated in a competitive environment, the Teixeira Duarte Group is also subject to risks related to liquidity. The Group believes that it is suitably equipped with the necessary means to exercise effective control of the risks of its activity, that the action developed by the management is effective, based on information provided by the Consolidation of Accounts and Internal Audit Services and by the Central Department for Finance and Accounts which, under the direct supervision of a Director responsible for this area, is specially committed to controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity risk in two ways: ensuring that the Group's financial debt has a high component of medium and long term maturities suitable to the expected capacity of generation of funds and the use of credit facilities, available in various cases in the form of current account credit lines.

During its normal business, the Group is subject to certain operating risks, including interruption or delays in the provision of services, frauds, omissions, errors and delays in the implementation of requirements for risk management. These risks are monitored by the Group in an ongoing manner through administrative and information systems, amongst others, with some of the operating risks being covered by insurance policies.

The operations developed by the Teixeira Duarte Group are dependent on computer processing. The computer processing involves the maintenance of records, financial reporting and other systems, including systems for the monitoring and control of the different operations of the Group, in particular in human resources management, accounts, logistics, administration and storage. Notwithstanding the assessment which has been made of the computer systems and the belief that their capacities are appropriate, it is impossible to guarantee the full identification and correction in due time of all the problems related to the information technology systems, nor systematic success in the implementation of technological improvements.

The cost of the vast majority of the financial debt incurred by the Teixeira Duarte Group is indexed to variable reference rates, whereby TD,SA is, through this means, exposed to interest rate risk.

However, in order to manage these variations, the financial area of the Teixeira Duarte Group permanently follows market development, and is able to use financial instruments to mitigate the effects of interest rate volatility. These instruments are contracted by considering the risks affecting the assets and liabilities and after checking which of the instruments available on the market are the most appropriate to cover those risks. These operations are permanently monitored, particularly through the analysis of various indicators regarding these instruments, in particular the evolution of their market value and sensitivity of forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects. Derivative financial instruments are recorded in accordance with the provisions of IAS 39 and measured at fair value, which is based on assessments made by financial institutions. These are qualified as hedging instruments or instruments held for trading, in compliance with the provisions of IAS 39.

The variation of the exchange rate of the Euro relative to other currencies, in particular the US Dollar, Angolan Kwanza, Algerian Dinar, Brazilian Real, Mozambican Metical and Venezuelan Bolivar might have an impact on the financial situation of TD,SA. The Teixeira Duarte Group operates in various markets, records revenue in foreign currency and has monetary assets and liabilities denominated in currencies other than the Euro and, therefore, in this way, is exposed to variations in the respective currencies.

In indirect terms, note should also be made of the fact that the Teixeira Duarte Group acquires a variety of materials, of special importance in the construction, distribution and automobile areas in currencies other than those in which the final products are subsequently sold, namely in Angola, which could partially influence the net income achieved by the Group in the activity developed in these sectors.

Particular note should be made of the import and export of materials for construction and products which are essentially consumables to the companies established under Angolan law which operate in the area of distribution, as well as automobile vehicles, spare parts and equipment for the different local participated companies in the automobile sector in Angola, involving, amongst others, the brands Nissan, Honda, Chevrolet, Renault, Peugeot, JMC, Mahindra and SsangYong.

Adverse variations in the price of oil and other commodities might also significantly affect the net income and financial situation of the Teixeira Duarte Group.

The volatility of the price of commodities constitutes a risk for the Teixeira Duarte Group, affecting the operating activity of the construction business area, although this is on occasions mitigated through supplier contracts with fixed prices and customer contracts which enable reflecting these alterations in the prices paid by these customers.

In particular, the Teixeira Duarte Group is indirectly exposed to the price of oil. The Group's capacity to reflect increases in the price of oil in the prices of its final products and services is minor, therefore, negative consequences might arise in the direct margins of the final products sold and in the net contribution of the services rendered. Furthermore, an increase in the price of oil has a direct impact on the transport costs associated to the development of the Group's activity, therefore, adverse variations in the price of oil could have a negative material impact on the Group's activity, financial situation and net income.

More specifically, the evolution in the price of oil could significantly affect the net income of the Teixeira Duarte Group for three reasons:

- directly, through the margin generated in Energy, a business area which represented 9.4% of the operating income of the Teixeira Duarte Group in 2012;
- the cost of transport is one of the most important cost items in the Group's operating accounts;
- energy costs are of some significance in the price of external supplies and services.

Any increase in taxes or reduction in tax benefits could have an adverse effect on the activity of the Teixeira Duarte Group.

The Teixeira Duarte Group could be affected negatively by changes in the legislation and other tax regulations applicable in Portugal, in the European Union and in the different countries in which the Group operates.

The financial statements of the Teixeira Duarte Group might be influenced by the change in value of the financial stakes owned.

The net worth, equity and even, in certain situations the impairment, net income of the Teixeira Duarte Group might be influenced by the change in value of the financial stakes owned, which, in the case of the holdings in companies listed for trading on regulated markets, depends directly on the stock market prices of the respective shares.

The entities of the Teixeira Duarte Group are subject to the risks inherent to any economic activity, which is the case of accidents, breakdowns or natural catastrophes that might lead to losses in the Group's assets or temporary interruptions in the respective activity. Likewise, these risks might affect the main customers and suppliers of the Teixeira Duarte Group, which would have a significant impact on profitability where it is not possible to find replacement customers in order to guarantee the turnover level or suppliers to enable maintaining the same cost structure.

#### **II.10. Powers of the management board, namely with respect to deliberations to increase share capital.**

In addition to the other duties and competences entrusted by the Law, Articles of Association or through delegation of the General Meeting, the Board of Directors is responsible for:

- a) exercising the full powers of management of the Company and carrying out all the acts and operations pertinent to the achievement of its corporate object;
- b) negotiating and granting all contracts, independently of their scope, form and nature, where the Company is a party;
- c) representing the Company in and out of court, actively and passively, promoting, contesting, transacting or waiving in any proceedings and engaging in all types of arbitration;
- d) preparing, if deemed appropriate, its internal regulations, defining the rule and procedures relative to its operation;
- e) proceeding with the distribution of areas of responsibility amongst its members and entrusting any of the members with specific matters of the competence of the Board of Directors;
- f) empowering any of its members sufficiently to, jointly or individually, perform certain tasks or specific actions;
- g) appointing attorneys or mandatories of the Company to carry out certain acts or categories of acts, with the powers and duties defined in the respective powers of attorney which it has granted for the effect;
- h) appointing the Company Secretary and his Alternate;
- i) moving the head office to another location, within national territory, as well as creating, transferring or extinguishing delegations, agencies, branches or any other forms of corporate representation, in the country or abroad, under the terms, where and when deemed convenient;
- j) deliberating that the Company acquire, dispose and encumber any fixed assets and industrial property rights, licenses and permits, as well as quotas, shares, bonds or other securities;
- k) deliberating that the Company participate in the constitution, subscription of share capital, assume interests or take part in other companies, complementary business groups or associations of any type and cooperate, collaborate or enter into consortium with other entities, as well as the provision of technical services related to administration and management or support in terms of human resources to subsidiary companies or entities with which a subordination contract has been signed; and
- l) providing bonds and personal or real guarantees on behalf of the Company, namely sureties or securities.

The Articles of Association of the Company do not confer any powers to the Board of Directors relative to any share capital increases.

**II.11. Information on the policy of rotation of the areas of responsibility within the Board of Directors, namely of the person responsible for financial matters, as well as on the rules applicable to the appointment and replacement of members of the management and supervisory bodies.**

As described in II.3, notwithstanding the collegial exercise of duties conferred to the Board of Directors, each of its members is more specifically responsible for certain operating areas or particular businesses.

There is no policy of rotation of areas of responsibility in the Board of Directors, namely of the person responsible for the financial area. The supervision of the different areas and sectors was attributed to each Director taking into consideration the training, experience and acquired competences of each within the Teixeira Duarte Group on the different matters, a situation which is not compatible for the concept of a policy of rotation of areas of responsibility.

The redistribution of the business areas amongst the various members of the Board of Directors will always take place when necessary and appropriate.

Regarding the rules applicable to the appointment and replacement of the members of the management and supervisory bodies, it should be recalled that the members of the Board of Directors are elected at the General Meeting, through the list system, for four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits, and take up office as soon as they are elected, without further formalities.

Under the special election rules established in the Law, the Company adopted the systems which enables a Director to be elected amongst the persons proposed in lists which are undersigned and presented by groups of shareholders, provided that none of these groups own shares representing more than twenty percent and less than ten percent of the share capital. Pursuant to this choice, any Director elected in this manner automatically replaces the one last on the list who would have fallen due in the election of the Directors.

The Articles of Association do not foresee the existence of any alternate Director, but rather establish five as the number of absences to meetings, consecutively or interpolated, without justification accepted by the Board of Directors, per term of office, as leading to the situation of definitive absence of the Director, with the consequences established in the Law.

Apart from the circumstances referred to above, the Articles of Association do not foresee any specific rule for the replacement of the members of the Board of Directors, so the general system established in the Commercial Companies Code on this matter is applicable, that is, the Board of Directors may replace any Director who fails to perform duties for any of the reasons laid down in the Law, namely due to resignation or the accumulation of absences, and hence, should this be deemed appropriate and under the applicable terms and conditions, proceed with the corresponding co-optation, which must be ratified at the first following General Meeting.

As is the case with the other governing bodies, the members of the Supervisory Board are elected at the General Meeting, through the list system, for four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits, and take up office as soon as they are elected, without further formalities. When electing the members of the Supervisory Board, the General Meeting must, mandatorily, elect one of them to perform the duties of Chairman.

The members of the Supervisory Board were elected at the General Meeting of 20 May 2011 to perform duties during the four-year period 2011/2014.

Although in this case, an alternate member of the Supervisory Board was elected at the General Meeting on 20 May 2011, the Articles of Association do not foresee any specific rule for the replacement of the members of this board, hence the general system established in the Commercial Companies Code will be applicable on this matter, that is, any permanent members of the Supervisory Board who are temporarily prevented from holding office or whose duties have terminated will be replaced by alternates under the terms and conditions established therein.



**II.12. Number of meetings of the management and supervisory bodies and other committees constituted with competence on matters of management and supervision during the year in question.**

During 2012, the Board of Directors of TD,SA held 17 meetings, of which the Chairman of the Supervisory attended 14 and the representative of the Chartered Accountants Firm attended 15.

The Supervisory Board of TD,SA held 4 meetings.

**II.13. Indication of the number of meetings of the Executive Committee or Executive Board of Directors, and reference to the drawing up of the minutes of these meetings and their remittance, accompanied by the call notices, as applicable, to the Chairman of the Board of Directors, to the Chairman of the Supervisory Board or of the Audit Committee, to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.**

The present rule is not applicable to TD,SA, because, as described above, there is no Executive Committee, Audit Committee, General and Supervisory Board or Financial Matters Committee, and all the members of the Board of Directors currently perform executive duties, including the respective Chairman.

However, it should be noted that the Directors provide all the information requested by other members of the governing bodies, in due time and in a manner suitable to the request. Moreover, all the minutes of the meetings of the Board of Directors are sent to the Chairman of the Supervisory Board.

**II.14. Distinction between the executive and non-executive members and, amongst them, discrimination between the members which would comply, if the rules of incompatibilities established in number 1 of article 414-A of the Commercial Companies Code were applicable to them, with the exception laid out in subparagraph b), and the criteria of independence established in number 5 of article 414, both in the Commercial Companies Code.**

Considering that all the members of the Board of Directors perform executive duties, the present rule is not applicable to TD,SA.

Nevertheless and on this issue, it is important to disclose, with respect to the independence of its members, that the Board of Directors considers that none are under any circumstances capable of affecting their impartiality in analysis and decision-making.

In view of the adopted corporate model, the composition and mode of operation of its governing bodies – namely the executive character of the Board of Directors and the independence of the Supervisory Board and Chartered Accountants Firm, without their being any delegation of competences, either amongst them or to other Committees – TD,SA considers that the appointment of non-executive members to perform duties within the Board of Directors would not result in any significant benefits to the good operation of the adopted model, which has proved suitable and efficient.

**II.15. Indication of the legal and regulatory rules and other criteria underlying the assessment of the independence of its members made by the management board.**

Not applicable, as described in the previous number.

**II.16. Indication of the rules of the process of selection of candidates to non-executive Directors and way they ensure the non-interference of the executive Directors in this process.**

Not applicable, as described in the previous two numbers.

**II.17. Reference to the fact that the company's annual management report should include a description of the activity developed by the non-executive Directors and any constraints which have been detected.**

Not applicable, considering that all the members of the Board of Directors perform executive duties.

**II.18. Professional qualifications of the members of the Board of Directors, indication of the professional activities carried out by them, at least, over the past five years, number of company shares they own, date of their first appointment and end of the term of office.**

Chairman of the Board of Directors: Mr. Pedro Maria Calainho Teixeira Duarte

Licentiate degree in Business Administration from "Universidade Católica Portuguesa" in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Furthermore, since 1987 he has been a member of the Board of Directors of the Group's leading company (which was TEIXEIRA DUARTE - Engenharia e Construções, S.A. until 2010, at which time this role was transferred to TD, SA).

**Over the last five years**, his professional activity has also included the holding of the following positions:

Chief Executive Officer of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "PASIM - Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "PACIM - Sociedade Gestora de Participações Sociais, S.A.".

Director of "CIMPOR - Cimentos de Portugal, S.G.P.S., S.A.".

Manager of "F+P - IMOBILIÁRIA, LDA.".

Member of the Advisory and Strategy Board of "E.I.A. - Ensino, Investigação e Administração, S.A.".

Deputy Chairman of the Board of Directors of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Deputy Chairman of the Board of Directors of "Fundação Millennium bcp".

Deputy Chairman of the General and Supervisory Board of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Member of the General and Supervisory Board of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Deputy Chairman of the Board of Governors of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Member of the Remunerations and Welfare Board of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Member of the Supervisory Board of "MILLENNIUM BANK, S.A. (Poland)".

As at 31 December 2012, this member directly and indirectly held 3,612,550 shares representing the share capital of TD, SA.

Director: Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte

Licentiate degree in Law from the "Faculdade de Direito da Universidade de Lisboa", in 1989.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Furthermore, since 2005 he has been a Director of the Group's leading company (which was TEIXEIRA DUARTE – Engenharia e Construções, S.A. until 2010, at which time this role was transferred to TD, SA).

**Over the last five years**, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Chairman of the Board of Directors of "C+P.A. – Cimento e Produtos Associados, S.A.".

Chairman of the Board of Directors of "ESTA – Gestão de Hotéis, S.A.".

Chairman of the Board of Directors of "EMPA, S.A. Serviços de Engenharia".

Chairman of the Board of Directors of "EVA – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "IMOTD – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "LAGOAS HOTEL, S.A.".

Chairman of the Board of Directors of "LAGOASFUT – Equipamento Recreativo e Desportivo, S.A.".

Chairman of the Board of Directors of "MARTINS & ESTEVES, S.A.".

Chairman of the Board of Directors of "NGDI – Gestão e Investimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "PARCAUTO – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "PTG – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "QUINTA DE CRAVEL – Imobiliária, S.A.".

Chairman of the Board of Directors of "ROCHORIENTAL – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "SEIUR – Sociedade de Empreendimentos Imobiliários e Urbanísticos, S.A.".

Chairman of the Board of Directors of "SINERAMA – Organizações Turísticas e Hoteleiras, S.A.".

Chairman of the Board of Directors of "STELGEST – Gestão Hoteleira, S.A.".

Chairman of the Board of Directors of "TD VIA – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "TDCM – S.G.P.S., S.A.".

Chairman of the Board of Directors of "TDE – Empreendimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "TDEMPA – Gestão de Participações e Investimentos, S.A.".

Chairman of the Board of Directors of "TDH – Sociedade Gestora de Participações, S.A.".

Chairman of the Board of Directors of "TDHC – Instalações para Desporto e Saúde, S.A.".

Chairman of the Board of Directors of "TDO – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TDPG – Empreendimentos Imobiliários e Hoteleiros, Ltda.".

Chairman of the Board of Directors of "TEDAL – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "TEJO VILLAGE – Promoção Imobiliária, S.A.".

Chairman of the Board of Directors of "TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "V-8 – Gestão Imobiliária, S.A.".

Chairman of the Board of Directors of "VTD – Veículos Automóveis, S.A.".

Director of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Member of the Board of Directors of "EMPA, S.A. Serviços de Engenharia".

Director of "EUROGTD – Sistemas de Informação, S.A.".

Director of "GRATAC – Sociedade Gestora de Participações, S.A.".

Director of "ILTA – Urbanizadora da Ilha de Tavira, S.A.".

Director of "MARINERTES, S.A.".

Director of "PTG – Sociedade Gestora de Participações Sociais, S.A.".

Director of "Votorantim Macau Investimentos S.A." (formerly called "Sociedade de Investimento Cimpor Macau, S.A.").

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TDG – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.".

Director of "TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda.".

Manager of "GFF – Empreendimentos Imobiliários, Lda.".

Manager of "TEIXEIRA DUARTE – Engenharia e Construções (Macau), Limitada".

Member of the Remuneration Committee of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Member of the Remuneration Committee of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.".

Member of the General and Supervisory Board of "E.I.A. – Ensino, Investigação e Administração, S.A.".

Member of the Remuneration Committee of "Gomes & Oliveira, S.A.".

Member of the Remuneration Committee of "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.").

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.".

Member of the Remuneration Committee of "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A.".

Secretary of the Board of the General Meeting of "HAB – Cooperativa de Construção e Habitação C.R.L.".

As at 31 December 2012, this member held 5,149,575 shares representing the share capital of TD,SA.

Director: Mr. Joel Vaz Viana de Lemos

Licentiate degree in Civil Engineering from the "Faculdade de Engenharia da Universidade do Porto", in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Furthermore, since 2005 he has been a Director of the Group's leading company (which was TEIXEIRA DUARTE – Engenharia e Construções, S.A. until 2010, at which time this role was transferred to TD, SA).

**Over the last five years**, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of "G.E.TRA.BE – Groupement d'Entreprises de Travaux de Bejaia".

Chairman of the Board of Directors of "G.E.TRA.M – Groupement d'Entreprises de Travaux Maritimes de Bejaia".

Chairman of the Board of Directors of "GMP – Grupo Marítimo Português, ACE".

Chairman of the Board of Directors of "GMP MEK – Grupo Marítimo Português Mers El Kebir, ACE".

Chairman of the Board of Directors of "GMP MKD – Grupo Marítimo Mers El Kebir Dragagens, ACE".

Chairman of the Board of Directors of "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A.".

Chairman of the Board of Directors of "MARINERTES, S.A.".

Chairman of the Board of Directors of "NOVA TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.".

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.).

Chairman of the Board of Directors of "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.".

Deputy Chairman of the Board of Directors of "Novaponte – Agrupamento para a Construção da Segunda Travessia do Tejo, ACE".

Director of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.".

Member of the Board of Directors of "EMPA, S.A. Serviços de Engenharia".

Director of "BEL – ERE – Engenharia e Reabilitação de Estruturas, S.A.".

Director of "Groupement Maritime Portugais Gmp – ORAN".

Director of "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal" (formerly called "GSC – Compañía General de Servicios y Construcciones, S.A. Sociedad Unipersonal").

Director of "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A. – Branch in Cape Verde".

Director of "SOMAFEL e FERROVIAS, ACE".

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TDEMPA – Gestão de Participações e Investimentos, S.A.".



Director of "TEISOMAR – Obras Marítimas, ACE".

Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A.".

Member of the Remuneration Committee of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Member of the Remuneration Committee of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.".

Member of the Remuneration Committee of "Gomes & Oliveira, S.A.".

Member of the Remuneration Committee of "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.).

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.".

Member of the Remuneration Committee of "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A.".

As at 31 December 2012, this member held 433,862 shares representing the share capital of TD,SA.

Director: Mr. Carlos Gomes Baptista

BSc in Engineering from "Instituto Industrial de Lisboa", in 1973.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Furthermore, since 2005 he has been a Director of the Group's leading company (which was TEIXEIRA DUARTE – Engenharia e Construções, S.A. until 2010, at which time this role was transferred to TD, SA).

**Over the last five years**, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of "BEL-ere – Engenharia e Reabilitação de Estruturas, S.A.".

Chairman of the Board of Directors of "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A.".

Chairman of the Board of Directors of "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

Member of the Board of Directors of "EMPA, S.A. – Serviços de Engenharia".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. – Branch in Portugal".

Director of "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal" (formerly called "GSC – Compañía General de Servicios y Construcciones, S.A. Sociedad Unipersonal").

Director of "NOVA TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director of "TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque da Nações em Lisboa 3.ª Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE".

As at 31 December 2012, this member held 25,634 shares representing the share capital of TD,SA.

Director: Mr. Diogo Bebiano Branco de Sá Viana Rebelo

Licentiate degree in Civil Engineering from "Instituto Superior Técnico", in 1992.

Appointed for the first time for the position in 2011, through deliberation of the General Meeting, with the current term of office ending in 2014.

**Over the last five years**, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Distribuição, S.A.".

Chairman of the Board of Directors of "TDO – Investimento e Gestão, S.A.".

Director of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Director of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.".

Director of "IMOTD – Sociedade Gestora de Participações Sociais, S.A.".

Director of "MARTINS & ESTEVES, S.A.".

Director of "PARCAUTO – Sociedade Imobiliária, S.A.".

Director of "QUINTA DE CRAVEL IMOBILIÁRIA, S.A.".

Director of "TD VIA – Sociedade Imobiliária, S.A.".

Director of "TDE – Empreendimentos Imobiliários, S.A.".

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.".

Director of "TDPG – Empreendimentos Imobiliários e Hoteleiros, Ltda.".

Director of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A.".

Director of "TEJO VILLAGE – Promoção Imobiliária, S.A.".

Director of "TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A.".

Director of "V8 – Gestão Imobiliária, S.A.".

Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos – Unipessoal, Lda.".

Manager of "GFF – Empreendimentos Imobiliários, Lda.".

As at 31 December 2012, this member held 31,160 shares representing the share capital of TD,SA.

#### **II.19. Positions that members of the management board hold in other companies, detailing those held in other companies of the same group.**

Chairman of the Board of Directors: Mr. Pedro Maria Calainho Teixeira Duarte

As at 31 December 2012, he held the following **position in a company outside the Teixeira Duarte Group**:

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

As at 31 December 2012, he held the following **positions in other companies, all outside the Teixeira Duarte Group**:

Chairman of the Board of Directors of "PASIM – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "PACIM – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.".

Member of the Advisory and Strategy Board of "E.I.A. – Ensino, Investigação e Administração, S.A.".

Deputy Chairman of the Board of Directors of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Director: Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte

As at 31 December 2012, he held the following **positions in companies outside the Teixeira Duarte Group**:

Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Chairman of the Board of Directors of "C+P.A. – Cimento e Produtos Associados, S.A.".

Chairman of the Board of Directors of "ESTA – Gestão de Hotéis, S.A.".

Chairman of the Board of Directors of "EVA – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "IMOTD – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "LAGOAS HOTEL, S.A.".

Chairman of the Board of Directors of "LAGOASFUT – Equipamento Recreativo e Desportivo, S.A.".

Chairman of the Board of Directors of "PTG – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "QUINTA DE CRAVEL – Imobiliária, S.A.".

Chairman of the Board of Directors of "ROCHORIENTAL – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "SINERAMA – Organizações Turísticas e Hoteleiras, S.A.".

Chairman of the Board of Directors of "STELGEST – Gestão Hoteleira, S.A.".

Chairman of the Board of Directors of "TD VIA – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "TDE – Empreendimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "TDEMPA – Gestão de Participações e Investimentos, S.A.".

Chairman of the Board of Directors of "TDH – Sociedade Gestora de Participações, S.A.".

Chairman of the Board of Directors of "TDHC – Instalações para Desporto e Saúde, S.A.".

Chairman of the Board of Directors of "TDO – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TEDAL – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "V-8 – Gestão Imobiliária, S.A.".

Member of the Board of Directors of "EMPA, S.A. Serviços de Engenharia".

Director of "MARINERTES, S.A.".

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.".

Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda.".

Manager of "TEIXEIRA DUARTE – Engenharia e Construções (Macau), Limitada".

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.".

Member of the Remuneration Committee of "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

Member of the Remuneration Committee of "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.).

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A.".

As at 31 December 2012, he held the following **positions in other companies, all outside the Teixeira Duarte Group**:

Chairman of the Board of Directors of "NGDI – Gestão e Investimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "SEIUR – Sociedade de Empreendimentos Imobiliários e Urbanísticos, S.A.".

Director of "ILTA – Urbanizadora da Ilha de Tavira, S.A.".

Director of "TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.".

Secretary of the Board of the General Meeting of "HAB – Cooperativa de Construção e Habitação C.R.L.".

Member of the General and Supervisory Board of "E.I.A. – Ensino, Investigação e Administração, S.A.".

Director: Mr. Joel Vaz Viana de Lemos

As at 31 December 2012, he held the following **positions in companies outside the Teixeira Duarte Group**:

Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "G.E.TRA.BE – Groupement d'Entreprises de Travaux de Bejaia".

Chairman of the Board of Directors of "G.E.TRA.M – Groupement d'Entreprises de Travaux Maritimes de Bejaia".

Chairman of the Board of Directors of "GMP – Grupo Marítimo Português, ACE".

Chairman of the Board of Directors of "GMP MEK – Grupo Marítimo Português Mers El Kebir, ACE".

Chairman of the Board of Directors of "MARINERTES, S.A.".

Chairman of the Board of Directors of "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.".

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.).

Chairman of the Board of Directors of "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.".

Deputy Chairman of the Board of Directors of "Novaponte – Agrupamento para a Construção da Segunda Travessia do Tejo, ACE".

Director of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.".

Member of the Board of Directors of "EMPA, S.A. – Serviços de Engenharia".

Director of "Groupement Maritime Portugais Gmp – ORAN".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal".

Chairman of the Board of Directors of "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A.".

Director of "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A. – Branch in Cape Verde".

Director of "PTG – Sociedade Gestora de Participações Sociais, S.A.".

Director of "SOMAFEL e FERROVIAS, ACE".

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A.".

Member of the Remuneration Committee of "RECOLTE, Serviços e Meio Ambiente, S.A." (formerly called RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.").

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.".

Member of the Remuneration Committee of "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A.".

Director: Mr. Carlos Gomes Baptista

As at 31 December 2012, he held the following **positions in companies outside the Teixeira Duarte Group**:

Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

Member of the Board of Directors of "EMPA, S.A. – Serviços de Engenharia".

Director of "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal" (formerly called "GSC – Compañía General de Servicios y Construcciones, S.A. Sociedad Unipersonal").

Director of "TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque da Nações em Lisboa 3.ª Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE".



Director: Mr. Diogo Bebiano Branco de Sá Viana Rebelo

As at 31 December 2012, he held the following **positions in companies outside the Teixeira Duarte Group:**

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Distribuição, S.A.".

Chairman of the Board of Directors of "TDO – Investimento e Gestão, S.A.".

Director of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Director of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.".

Director of "IMOTD – Sociedade Gestora de Participações Sociais, S.A.".

Director of "QUINTA DE CRAVEL IMOBILIÁRIA, S.A.".

Director of "TD VIA – Sociedade Imobiliária, S.A.".

Director of "TDE – Empreendimentos Imobiliários, S.A.".

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.".

Director of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A.".

Director of "TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A.".

Director of "V8 – Gestão Imobiliária, S.A.".

Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos – Unipessoal, Lda.".

### **Section III - General and Supervisory Board, Financial Matters Committee and Supervisory Board**

**II.21. Identification of the members of the Supervisory Board, stating compliance with the incompatibility rules established in number 1 of article 414-A and comply with the independence criteria established in number 5 of article 414, both of the Commercial Companies Code. The Supervisory Board carries out the respective self-assessment for the effect.**

The Supervisory Board is composed of three permanent members – a Chairman and two members – and an alternate member, who fully comply with all the requirements of independence in relation to whom there is no incompatibility for the performance of their duties, under the terms established in the Commercial Companies Code.

The facts referred to in the previous paragraph are investigated periodically in relation to each member of the Supervisory Board.

The members referred to above, elected at the General Meeting of 20 May 2011, are as follows:

Chairman: Mr. António Gonçalves Monteiro

Members: Mr. Mateus Moreira

Mr. Miguel Carmo Pereira Coutinho

Alternate: Mr. Horácio Lisboa Afonso

**II.22. Professional qualifications of the members of the Supervisory Board, indication of the professional activities carried out by them, at least, over the past five years, number of company shares they own, date of their first appointment and end date of the term of office.**

Mr. António Gonçalves Monteiro (Chairman of the Supervisory Board)

**Professional Qualifications:**

Licentiate degree in Finance from "Instituto Superior de Economia" and diploma in Accounting and Administration from "Instituto Superior de Contabilidade e Administração de Lisboa".

**Professional Activities exercised over the last five years:**

He is member and Chairman of the Board of Directors of "Moore Stephens & Associados, SROC, S.A.", representing the company in the performance of statutory auditor duties or as a member of supervisory bodies of various companies and other entities.

Chairman of the Board of Directors of "ESTAMO – Participações Imobiliárias, S.A." and "SAGESTAMO – Sociedade Gestora de Participações Sociais Imobiliárias, S.A.".

Chairman of the Accounting Standardisation Committee (CNC).

Current Chairman of the Remuneration Committee of "BANIF – Banco Internacional do Funchal, S.A.".

He was Chairman of the Portuguese Institute of Statutory Auditors (2006-2011) and member of the National Council for Audit Supervision (2009-2011). Former Chairman of the Portuguese Association of Tax Consultants (1998-2005).

Former Chairman of the Supervisory Board of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

He has never exercised any professional activities at TD,SA, although he has represented the Company at the Chartered Accountants Firm which performed the supervisory duties at the companies "SOMAFEL – Engenharia e Obras Ferroviárias, S.A." and "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.", as well as at the "TDF Closed Real Estate Investment Fund", integrated in the TEIXEIRA DUARTE Group.

**Number of Company shares held:**

He does not own any shares of TD,SA.

**Date of first appointment and date of end of term of office:**

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

Mr. Mateus Moreira (Member of the Supervisory Board)

**Professional Qualifications:**

Licentiate degree in Finance from "Instituto Superior de Ciências Económicas e Financeiras" (1972).

**Professional Activities exercised over the last five years:**

Retired from Millennium BCP on 30.09.2003, where he held the position of Central Deputy Director.

Member of the Supervisory Board of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

**Number of Company shares held:**

He does not own any shares of TD,SA.

**Date of first appointment and date of end of term of office:**

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

Mr. Miguel Pereira Coutinho (Member of the Supervisory Board)

**Professional Qualifications:**

Attendance of the 2nd year of "Instituto Superior de Agronomia" (1952).

Entrepreneur.

**Professional Activities exercised over the last five years:**

Retired.

Member of the Supervisory Board of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

**Number of Company shares held:**

He is the co-owner of 10,000 shares of TD,SA.

**Date of first appointment and date of end of term of office:**

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

Mr. Horácio Lisboa Afonso (Alternate of the Supervisory Board)

**Professional Qualifications:**

Licentiate degree in Finance from "Instituto Superior de Ciências Económicas e Financeiras".

Attendance of various professional specialisation courses, organised by Price Waterhouse, Deloitte, Grant Thornton, Nexia International and other entities, in Portugal and abroad, covering accounting, financial management, financial audits, computer-based audits, time management, personal skills and other specific matters of relevance for corporate governance.

Seven month internship at the Audit Department of Price Waterhouse, in London during the period from October 1978 to April 1979.

Member of the Chartered Accountants Association.

Member of the Economists Association.

Member of the Certified Accountants Association.

**Professional Activities exercised over the last five years:**

Founding member of "Camacho Palma & Lisboa Afonso - SROC", representative in Portugal of Nexia International, he performs the duties of Chartered Accountant in various companies, being responsible for the Review and Legal Certification of their respective accounts.

Alternate of the Supervisory Board of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

**Number of Company shares held:**

He does not own any shares of TD,SA.

**Date of first appointment and date of end of term of office:**

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

**II.23. Positions that the members of the Supervisory Board hold in other companies, detailing those held in other companies of the same group.**

Mr. António Gonçalves Monteiro (Chairman of the Supervisory Board)

As at 31 December 2012, acting as representative of "Moore Stephens & Associados, SROC, S.A.", he performed the duties of Statutory Auditor in various companies and institutions which are not part of the Teixeira Duarte Group.

Mr. Mateus Moreira (Member of the Supervisory Board)

As at 31 December 2012, he did not perform duties in any other companies.

Mr. Miguel Pereira Coutinho (Member of the Supervisory Board)

As at 31 December 2012, he did not perform duties in any other companies.

Mr. Horácio Lisboa Afonso (Alternate of the Supervisory Board)

As at 31 December 2012, he did not hold any positions in other companies within the Teixeira Duarte Group.

In companies outside the Teixeira Duarte Group, he is:

Managing partner of "Camacho Palma & Lisboa Afonso - SROC".

Manager of "NEXIA, CPLA & Associados - SROC, Lda".

Chairman of the Audit Committee of "Banco Espírito Santo, S.A".

Chairman of the Supervisory Board of "PARTRAN - SGPS, S.A".

Member of the Supervisory Board of "SOMINCOR - Sociedade Mineira de Neves-Corvo, S.A".

**II.24. Reference to the fact that the Supervisory Board assesses the external auditor on an annual basis and regarding the possibility of proposing, to the General Meeting, the dismissal of the auditor on fair grounds.**

The action of the External Auditor has been assessed by all the governing bodies of TD,SA, and there have been any circumstances that could justify his dismissal on fair grounds.

The Board of Directors of TD,SA and the services under this board have assumed the commitment to ensure the existence of appropriate conditions for the provision of services by the external auditor within the Company, since the Board of Directors and its services are placed directly within the operating structure of TD,SA, and ensure that they have the necessary physical means, information and documentation in order to provide the external auditor with the appropriate conditions for the performance of its duties.

The Company's interlocutor and first receiver of the external auditor's reports is the Board of Directors, since, as was described above, this is the body which is placed directly within the company's operating structure, facilitating the communication and disclosure of information between the different bodies and entities, where under no circumstances has the independence of the auditor ever been hindered.

The Supervisory Board follows the activity exercised by the auditor, ensuring that it is informed on the procedures that are implemented and respective overall conclusions. At the end of each financial year, an appraisal is made of the annual report of the actions that have been carried out, including an overall assessment.

The remuneration of the external auditor is established by the Company's Remuneration Committee, under the terms stipulated in the Article of Association, as is the case for all the other governing bodies, and up to this date, no grounds have been found to suggest the interference of the Supervisory Board in this matter.

This model, implemented some years ago under the Teixeira Duarte Group, has proved to be appropriate to the good operation of the governing bodies and guaranteed transparency.

Points II.25, II.26, II.27, II.28 and II.29 are not applicable to TD,SA because they refer to specific matters of the General and Supervisory Board, a body that does not exist in the corporate model adopted by the Company.

## Section IV - Remuneration

### **II.30. Description of the policy of the remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June.**

The Remuneration Committee of TD,SA issued the respective remuneration policy statement relative to the members of the Management and Supervisory Bodies, which was approved at the General Meeting of this company, held on 17 May 2012, with 98.7069% of the votes in favour and 0.00007% abstentions and 1.2930% of the votes against, where the contents of this statement are reproduced below:

#### *"I. REGULATORY FRAMEWORK*

*Pursuant to the provisions in Law number 28/2009, of 19 June, this Committee is responsible for the annual submission, for the approval of the General Meeting, of a statement on remuneration policy of the members of the management and supervisory bodies of this Company, which should take into consideration, in addition to this diploma, the combined provisions of articles 399 of the Commercial Companies Code and 248-B of the Securities Market Code, as well as the Recommendations of the Securities Market Commission on the Governance of Listed Companies (2010).*

#### *II. SCOPE OF THE STATEMENT:*

*Pursuant to the adopted corporate model, the Management and Supervisory bodies of "Teixeira Duarte, S.A." are the Board of Directors, the Supervisory Board and the Chartered Accountants Firm.*

*Based on the statement submitted by the Board of Directors for this effect, the only employees who, while not being members of the management and supervisory bodies of "Teixeira Duarte, S.A.," have regular access to privileged information and participate in decisions on management and negotiation strategy are the members of the Board of Directors of the 100% controlled company "Teixeira Duarte - Engenharia e Construções, S.A.," in other words, Mr. Jorge Ricardo de Figueiredo Catarino, Mr. João José de Gouveia Capelão and Mr. João José do Carmo Delgado.*

*Hence, the present statement covers the members of the Management and Supervisory bodies of "Teixeira Duarte, S.A." as well as these three directors, who are included pursuant to number 3 of article 248-B of the Securities Market Code.*

#### *III. INTRODUCTION:*

*Since, under a corporate restructuring process of the Teixeira Duarte Group, in 2010, "Teixeira Duarte, S.A." succeeded "Teixeira Duarte - Engenharia e Construções, S.A." as the Group's leading company, the definition of this Remuneration Policy takes into account the historical reality and context of the subject experienced in relation to this latter company over the years. No remunerative policy or practice of other groups of companies is taken as a comparative element for the establishment of remuneration.*

#### *IV. BOARD OF DIRECTORS:*

*Regarding the Board of Directors, the Remuneration Committee should determine the values of the fixed and variable component of their remunerations in accordance with guidelines that link them to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and amounts of the remunerations of the other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A."*

*The remuneration policy and its implementation under the terms described herein should take into account the company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.*



*The variable amount should be established for each member of the Board of Directors as supplementary remuneration and performance bonus, where this component is totally unrelated to the evolution of the stock market price of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net indebtedness and financial autonomy, dedication by each member to the achievement of the tasks and objectives inherent to their respective duties, as well as the net income for the year and corresponding policy on its appropriation, which has progressively favoured the reinforcement of the Company's equity and ensuring the continued and balanced distribution of dividends to shareholders.*

*No Director is entitled to any right to the variable component of his remuneration until its specific attribution by this Remuneration Committee. Likewise, there is no provision stipulating the possibility of the payment of the variable component taking place, totally or partially, after the calculation of the accounts for the years corresponding to the entire term of office. Furthermore, there are no mechanisms limiting the variable remuneration, in the event of the net income showing a considerable deterioration in the company's performance in the last reported year or when such is expected for the year in progress.*

*However, the Committee should consider whether a significant part of the variable remuneration should be deferred for a period not less than three years, and if its payment should be subject to the continued positive performance of the company over this period, where this is defined as the occurrence of at least one of the following facts:*

- *Increased equity;*
- *Average EBITDA for 2012 to 2014 above the EBITDA recorded for 2011;*
- *Average Consolidated Net Income for 2012 to 2014 above the Consolidated net income for 2010.*

*There will be no system for the attribution of shares or rights to acquire options on shares or any other share incentive scheme.*

*For the overall remuneration of the members of the Board of Directors, no sum will be paid in the form of profit-sharing.*

*The Directors of "Teixeira Duarte, S.A." should not receive any remuneration, of any nature, paid by companies that are in a controlling or group relationship with it.*

*There should not be any other relevant non-cash benefits, apart from those established by this Committee.*

*The members of the Board of Directors shall be paid daily allowances under the terms and of the amounts determined for all the other employees of "Teixeira Duarte – Engenharia e Construções, S.A.," namely for deployment under work for the Company.*

*No sums have been paid, and nor are any payments foreseen, relative to the dismissal or termination of office through agreement of Directors.*

#### V. SUPERVISORY BOARD:

*All the members of the Supervisory Board should, pursuant to the current system established in the Commercial Companies Code, receive a fixed remuneration for the performance of the duties inherent to their respective positions, determined by this Remuneration Committee, where none of these members should receive any other retribution from "Teixeira Duarte, S.A." or other company with which it was in a controlling or group relationship, in particular for any other services provided to these entities.*

*Likewise, and as referred to above on the Management Board, there should not be any scheme for the attribution of shares and/or rights to acquire options on shares and/or any other share incentive scheme, nor any sum paid under the form of profit-sharing, nor any other relevant non-cash benefits.*

## VI. CHARTERED ACCOUNTANT:

*The remuneration of the Chartered Accountants Firm should be determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.*

*In the case of "Teixeira Duarte, S.A.," this supervisory body is responsible for conducting all the examinations and verification required for the review and legal certification of the Company's accounts, for which an amount should be established in the form of an annual overall value to be paid under the terms and within the periods of time defined with the Board of Directors, according to its sensitivity and monitoring of the business and activity of this Supervisory Body.*

*It should be noted in particular that this same Chartered Accountants Firm also provides legal review of accounts and auditing services, exclusively of the same nature, to other entities included in the Teixeira Duarte Group, receiving the corresponding retributions from these companies, whose overall value shall be disclosed under the terms of the Law, especially through the publication of the Corporate Governance Report.*

*Since the Supervisory Board has played an increasingly more active role in monitoring the work of the Chartered Accountants Firm, this board should be consulted in order to issue an opinion on the establishment of the remunerations of this firm.*

## VII. OTHER DIRECTORS:

*The three directors included under this regulation are members of the Board of Directors of the participated company "Teixeira Duarte - Engenharia e Construções, S.A.," whose elected Remuneration Committee is composed precisely of these same members as those of "Teixeira Duarte, S.A."*

*The rules and guidelines defined above for the members of the Board of Directors of "Teixeira Duarte, S.A." are also applicable to all of these three directors, although their remunerations, fixed and variable, are paid by "Teixeira Duarte - Engenharia e Construções, S.A."*

## CONCLUSION:

*Therefore, it shall be based on the remuneration policy presented above that this Committee should, specifically, establish the exact values of the remunerations of the members of the indicated management and supervisory bodies of the company, in accordance with the personal opinion of their members, expressed in a deliberation drawn up in minutes and whose content is then communicated to the Board of Directors for implementation, under the strict terms defined therein.*

*These amounts shall be disclosed annually whenever so required by the law, especially in the Corporate Governance Reports.*

*To conclude, it is emphasised that many of the aspects established above seek to comply with the regulations mentioned at the beginning, and may be altered in accordance with any changes that these rules might undergo."*

## **II.31. Indication of the annual value of the remuneration received individually by the members of the management and supervisory bodies of the company, including fixed and variable remuneration and, relative to the latter, mention of its different components, the portion deferred and portion already paid.**

During 2012, the remunerations, in a broad sense, received individually by the members of this board, were as follows:

(a) The variable remuneration includes the payment of bonuses (corresponding to 318,000.00 in 2012 and 724,000.00 in 2011), as well as compensation for travel.

Board of Directors	Fixed Remuneration	Variable Remuneration (a)	Total Remuneration
Mr. Pedro Maria Calainho Teixeira Duarte	140,000.00	20,000.00	160,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	137,200.00	90,448.34	227,648.34
Mr. Joel Viana de Lemos	137,200.00	90,546.10	227,746.10
Mr. Carlos Gomes Baptista	137,200.00	85,339.09	222,539.09
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	137,200.00	103,179.20	240,379.20
	<b>688,800.00</b>	<b>389,512.73</b>	<b>1,078,312.73</b>

During 2012, no pension rights were acquired.

Regarding the variable component of the remuneration, it should be noted that the total amount attributed to each member of the Board of Directors included the sum indicated above in the preceding table increased by the amounts indicated in the following table, whose payments were deferred to August 2015 and conditional to the positive performance of the Company over the financial years of 2012 to 2014:

Board of Directors	Variable Remuneration (Bonuses)		
	Paid 2012	Deferred	Total
Mr. Pedro Maria Calainho Teixeira Duarte	20,000.00	25,000.00	45,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	60,000.00	90,000.00	150,000.00
Mr. Joel Viana de Lemos	88,000.00	90,000.00	178,000.00
Mr. Carlos Gomes Baptista	70,000.00	90,000.00	160,000.00
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	80,000.00	90,000.00	170,000.00
	<b>318,000.00</b>	<b>385,000.00</b>	<b>703,000.00</b>

All the members of the Supervisory Board receive, under the current system established in the Commercial Companies Code, and as determined by the Remuneration Committee, fixed remunerations for the performance of the duties inherent to their respective positions.

Thus, during 2012, the remunerations received by the members of the Supervisory Board of TD,SA were distributed as follows:

Supervisory Board	Fixed Remuneration	Variable Remuneration	Total Remuneration
Mr. António Gonçalves Monteiro	30,000.00	0.00	30,000.00
Mr. Mateus Moreira	18,000.00	0.00	18,000.00
Mr. Miguel Carmo Pereira Coutinho	18,000.00	0.00	18,000.00
	<b>66,000.00</b>	<b>0.00</b>	<b>66,000.00</b>

The total value paid to the Chartered Accountants Firm "MARIQUITO, CORREIA & ASSOCIADOS – SROC" was:

	Remuneration
Legal accounts review services for the Group	279,400.00
Other reliability assurance services	-
Tax consulting services	-
Services other than accounts legal review services	-
	<b>279,400.00</b>

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2012, therefore there are no portions whose payment is deferred over time.

**II.32. Information on how the remuneration is structured so as to permit the alignment of the interests of the members of the management board with the long-term interests of the company, as well as on how it is based on the assessment of performance and discourages excessive risk taking.**

In addition to the obligations inherent to the performance of the actual duties, the remuneration of the Directors also, complementarily, acts to meet the alignment of their interests with those of the Company. Indeed, the remuneration is determined by this Committee elected at the General Meeting, which establishes these values in accordance with guidelines related to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and amounts of the remunerations of the other employees of the Company.

On this issue, the points noted above should be recalled, regarding the variable component of the remuneration of the directors, where the total amount attributed to each director included a sum above 50% whose payment was deferred to July 2014 and "conditional to the positive performance of the Company over the financial years of 2011 to 2013":

**II.33. Regarding the remuneration of the executive Directors:****Reference to the fact that the remuneration of the executive Directors includes a variable component and information on how this component depends on the assessment of performance;**

The payment of the Directors includes a variable component, which is unrelated to the evolution of the stock market prices of the Company's shares, but rather, dependant on the net income for the year and development of corporate business.

In spite of the point made above (II.32.) on the deferral of the payment of part of the variable component attributed by the Remuneration Committee, it is important to note that no Director is entitled to any right to the variable component of his remuneration until a specific allocation is made by the Remuneration Committee, under the terms and on the grounds established by this committee.

**Indication of the governing bodies which are competent to carry out the assessment of the performance of the executive Directors;**

The competent body for the assessment of the performance of the Company's Directors, all of whom are executive, is the General Meeting, which, under the terms of number 1 of article 376 of the Commercial Companies Code, carries out an annual general assessment of the management and supervision of the Company.

Moreover, the Remuneration Committee assesses the activity developed by each Director for the purpose of establishing the respective remuneration.

**Indication of the predetermined criteria for the assessment of the performance of the executive Directors;**

There are no predetermined criteria for the assessment of the performance of the Executive Directors. Indeed, all the Directors are assessed in accordance with their respective performance during the year, based on fixed and achievable objectives, the Company's net income and various other parameters which, due to their diversity and variation over the years, are not to be considered exhaustive but rather adaptable to the circumstances of each period and each specific situation, pursuant to the remuneration policy approved annually at the General Meeting.

Even so and relative to the variable component of the remuneration of the members of the Board of Directors, their payments in July 2014 were "conditional to the positive performance of the Company over the financial years of 2011 to 2013".

**Detailed explanation of the relative importance of the variable and fixed components of the remuneration of the Directors and indication of the ceilings for each component;**

In 2012, the total value of the variable remunerations paid represented 36.1% of the total value received.

As noted in a), the variable component of the remuneration of Director depends on the net income for the year and the development of corporate business. Therefore, there is no ceiling for each component, but rather an attribution in conformity with the parameters identified above and the assessment of the performance and execution of the respective duties by each Director.

**Indication of the deferral of the payment of the variable component of the remuneration, mentioning the period of deferral;**

The payments of the sums of the variable component indicated above in table 2 were deferred to July 2014 and are "conditional to the positive performance of the Company over the financial years of 2011 to 2013".

**Explanation on how the payment of the variable remuneration is subject to the continuation of the positive performance of the company over the period of deferral;**

The payments of the sums of the variable component indicated above in table 2 were deferred to July 2014 and are "conditional to the positive performance of the Company over the financial years of 2011 to 2013".

It should be noted that the payment of the variable component of the remuneration of the members of the Board of Directors has been intrinsically dependent on the net income for the year and development of corporate business. In this regard, it is important to remember that the Directors of TD,SA have been "in-house people" for dozens of years, and that their remunerations are placed in the context of a general plan covering all the employees. They are neither managers who have come from other companies or groups, nor do they represent personal interests of shareholders.

**Sufficient information on the criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of company shares to which they have had access, on any signing of any contracts relative to these shares, namely, hedge or risk transfer contracts, their respective limit, and their relation to the value of the annual total remuneration;**

Not applicable. The variable retribution is not attributed in shares and no contracts have been signed with the characteristics described above.

**Sufficient information on the criteria underlying the attribution of variable remuneration in options and indication of the deferral period and price for exercise of the option;**

Not applicable. The variable retribution is not attributed through options.

**Identification of the main parameters and grounds of any system of annual bonuses and any other non-cash benefits;**

As noted above, the Remuneration Committee takes into consideration, apart from the performance of the Directors, the net income of the Company as a whole, as well as the overall activity of the management board, compared with the defined objectives, taking into account the conditions and values of the remunerations of the other employees of the Company.

Furthermore, no relevant non-cash benefits were attributed to the Directors of the Company.

**Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for the award of such**

**bonuses and/or profit-sharing;**

In the overall remuneration of the members of the Board of Directors, no sum is paid in the form of profit-sharing.

The members of the Board of Directors are paid a sum as a performance bonus and distribution of profit, as deliberated by the Remuneration Committee which shall consider their performance.

**Compensation paid or owed to former executive Directors relative to their termination of office during the financial year;**

No compensation has been paid, or is owed, to any former executive Directors relative to their termination of office during the financial year. Furthermore, it should be noted that the Directors who terminated office during 2012 were not paid any compensation, nor is anything owed in that regard.

**Reference to the contractual limit established for the compensation payable for the unfair dismissal of a Director and its relationship with the variable component of the remuneration;**

There is no contractual limit established for the compensation payable for the unfair dismissal of a member of the Board of Directors, considering, firstly, that no contract was signed for the performance of the duties of the position of Director, nor is any agreement signed on any possible compensation payable for fair or unfair dismissal. The existence of a contractual limit under the terms referred to above would be incoherent, in view of the characteristics of the existing relationship between the Company and the members of its Management board.

The same applies to the existence of appropriate legal instruments so that the compensation established for any form of unfair dismissal is not paid if the dismissal or termination by agreement is due to the inadequate performance of the Director.

**Amounts paid, for any reason, by other companies in a controlling or group relationship;**

During 2012, the members of the Board of Directors did not receive any remuneration, of any nature, paid by other companies that are in a controlling or group relationship with TD,SA.

**Description of the main characteristics of supplementary pension or early retirement schemes for Directors, indicating if they were, or not, subject to the assessment of the General Meeting;**

Regarding any retired former Directors, it should be mentioned that the Remuneration Committee is responsible for establishing all the amounts paid in this context, under all circumstances.

As to the attribution of supplementary pension schemes, the actual Articles of Association establish, in article 22, transcribed below, the terms and criteria on which the Remuneration Committee should base the establishment of such amounts:



#### ARTICLE TWENTY-TWO

*ONE – When people who have performed duties as Directors cease to hold office, the Company may grant them a retirement pension for life, whenever they meet one of the following requirements:*

- a) Have held that position in this Company for over ten years, counting, for the effect, the years of service under the same position at "TEIXEIRA DUARTE – Engenharia e Construções, S.A.";*
- b) Have provided, even with a shorter period of holding this position, a total of over twenty-five years of service to this Company, counting, for the effect, the years of service at "TEIXEIRA DUARTE – Engenharia e Construções, S.A.";*

*TWO – The value of this pension will be determined taking into consideration the time or relevance of the services provided and the situation of the beneficiary, and should be reviewed on an annual basis but can never be greater than the highest remuneration received any given time by the permanent Directors.*

*THREE – Through delegation of the General Meeting, hereby established, the Remuneration Committee referred to in Article Eleven will be responsible for the assessment of the cases submitted to it and establishing the values and other procedures for the award of pensions.*

#### **Estimate of the value of any relevant non-cash benefits considered as remuneration not covered in the previous situations;**

There are no other relevant non-cash benefits, apart from those established by this Committee and listed above.

#### **Existence of mechanisms preventing Directors from signing contracts which place in question the underlying rationale of the variable remuneration;**

There are no mechanisms of this type, in view of the relationship between the Company and its Directors and the absence of any contractual binding that might place in question the underlying rationale of the variable remuneration, beyond the fact that this component of the remuneration is not attributed based on predetermined criteria, as described above.

#### **II.34. Reference to the fact that the remuneration of the non-executive Directors of the management board does not include variable components.**

Not applicable, considering that there are no non-executive Directors.

#### **II.35. Information on the policy on the communication of irregular practices adopted by the company (means of communication, persons with legitimacy to receive the communications, treatment to be made of the communications and indication of the persons and bodies with access to the information and respective intervention in the procedure).**

Regarding the policy of communication of irregularities which have allegedly occurred, the Company encourages its employees to provide information, through the means they deem convenient – direct contact, written document, e-mail or telephone – to the respective hierarchies of any detected irregularities. The persons with legitimacy to receive these communications are the respective hierarchical senior staff.

Whenever deemed appropriate to the correct establishment of the facts and responsibilities inherent to their practice, the corresponding proceedings or enquiries are initiated, also safeguarding the necessary confidentiality of the communication when requested by the declarant or deemed convenient by the receiver, without prejudice to this not being followed if the persecution is revealed to be of no value to the organisation.

The proceedings are monitored by the person responsible for the department where the alleged irregularity has occurred, using people who are not involved in the situation in question and, if deemed appropriate, followed by lawyers and the Central Department for Human Resources and Administrative Services.

The proceedings are subject to the decision of the hierarchies involved, which shall be reported to the Board of Directors and any other entities to which it is mandatory that this communication must be made.

In addition to the abovementioned rules and especially from the point of view of the other stakeholders, an Investor Support Office is also available for the reporting of any possible irregularities, and likewise the Company's supervisory bodies, that is, the Supervisory Board and the Chartered Accountants Firm.

## **SECTION V - SPECIALISED COMMITTEES**

### **II.36. Identification of the members of the committees constituted for the effects of the assessment of the individual and overall performance of the executive Directors, reflection on the system of governance adopted by the company and identification of potential candidates with the profile for the position of Director.**

As described in II.2, as a result of the organisational and functional model established for the different governing bodies, it was not considered appropriate to create any committees for the effect of the assessment of the individual and overall performance of the executive Directors, reflection on the system of governance adopted by the company and identification of potential candidates with the profile for the position of Director.

### **II.37. Number of meetings of the committees constituted with competence in management and supervisory matters during the financial year in question, and reference to the drawing up of the minutes of these meetings.**

Not applicable (see II.2. and II.36.).

### **II.38. Reference to the fact of a member of the remuneration committee having knowledge and experience on matters of remuneration policy.**

Currently, the Remuneration Committee is composed of the following persons, elected at the General Meeting of 20 May 2011, to perform duties during the term of office 2011/2014:

Mr. Pedro Maria Calainho Teixeira Duarte

Mr. António Carlos Calainho de Azevedo Teixeira Duarte

Mrs. Maria da Conceição Maia Teixeira Duarte

Mr. Pedro Maria Calainho Teixeira Duarte is not considered independent in relation to the members of the Board of Directors, since he is also the Chairman of this management body.

Since TD,SA is controlled by companies held by members of the Teixeira Duarte family, it is natural that they are part of the Remuneration Committee. Traditionally and during decades, this has been the practice and always in conformity with the current rules and recommendations

on the remuneration of the members of the Management Board established by the CMVM, hence there are no reasons to change this.

It is important to stress that this is a Company which, following the example of the Group's former holding company (TEIXEIRA DUARTE – Engenharia e Construções, S.A.), with its own specific way of acting and its distinctive business image, has adopted a very particular way of being, a healthy management policy, that, amongst the public and market has been recognised as such.

Mr. Pedro Maria Calainho Teixeira Duarte and Mr. António Carlos Calainho de Azevedo Teixeira Duarte have knowledge and experience on matters of remuneration policy, taking into account that they performed these duties for several years in other companies.

Whenever a meeting of the Remuneration Committee is held, minutes are drawn up which are then transcribed to the corresponding Book and filed in the Company's vaults.

All the members of the Remuneration Committee were present at the two General Meetings of TD,SA during 2012, held on 17 May and 19 October.

**II.39. Reference to the independence of the natural or legal persons contracted by the Remuneration Committee through a work or service contract relative to the board of directors as well as, when applicable, to the fact that these persons are currently connected to a consultant of the company.**

No natural or legal persons were contracted for the Remuneration Committee or to support the Remuneration Committee in the performance of its duties.

## **CHAPTER III**

### **Information and Audits**

Always guided by a philosophy of sobriety, accuracy and honesty, the Company discloses to the public, in a complete, true, current, clear, objective and licit manner, within the periods of time and through the established means of disclosure, not only all the facts defined legally as capable of being disclosed, namely those falling under the scope of "privileged information", in accordance with the definition presented in article 248 of the Securities Market Code, as well as all the financial information and information relative to the activity under the terms determined by the rules in force, both at an individual and consolidated level.

In addition to the Investor Support Office referred to below, all the shareholders have access, under the terms and within the legal periods of time, the accounts and other preparatory information enabling them to participate, duly qualified, in the work of the General Meetings of the Company.

Pursuant to the provisions in article 5 of CMVM Regulation number 1/2010, TD,SA has its own website, with the domain [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt), presenting the information defined in this Regulation, that is:

- a) The corporate name, quality as an open corporation, head office and other elements mentioned in article 171 of the Commercial Companies Code;

- b) Articles of Association;
- c) Identity of the members of the governing bodies and of the representative for market relations;
- d) Investor Support Office, respective duties and contacts;
- e) Documents presenting the accounts, which should be accessible for at least five years;
- f) Six-monthly calendar of corporate events, disclosed in the beginning of each semester, including, amongst others, general meetings, disclosure of the annual, six-monthly and, when applicable, quarterly accounts;
- g) Proposals presented for discussion and voting at the general meeting, with the time in advance established in the Law; and
- h) Notices of general meetings, with the time in advance established in the Law.

For the effect of the applicable recommendations, the elements described above are also provided in English.

### **III.1. Structure of the share capital, including indication of non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital that each category represents.**

Through deliberation of the General Meeting of 19 October 2012, the 420,000,000 shares representing the share capital henceforth have the nominal value of EUR 0.50, with all continuing to be in book entry form, nominative and listed for trading on regulated markets. The shares belong to a single category and there are no shares with special rights or duties.

Following the above, the share capital of TD,SA thus became EUR 210,000,000, which is maintained up to the present date.

### **III.2. Qualifying holdings in the share capital of the issuer, calculated under the terms of article 20 of the Securities Market Code.**

As at 31 December 2012, the qualifying holdings, calculated under the terms of article 20 of the Securities Market Code, were as follows:

- TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A. was imputed a total holding of 224,512,034 shares, corresponding to 53.46% of the share capital and voting rights, which includes the qualifying holding held by it directly (47.13%).
- Banco Comercial Português, S.A. was imputed a total holding of 42,000,216 shares, corresponding to 10.0001% of the share capital and voting rights, including the qualifying holding owned by the Pensions Fund of the Banco Comercial Português Group (9.9999%);
- Mr. Miguel Calainho de Azevedo Teixeira Duarte was imputed a total holding of 41,988,994 shares, corresponding to 9.997% of the share capital and voting rights, including the qualifying holding held by the company controlled indirectly by him, CIMILE – Sociedade Gestora de Participações Sociais, S.A. (9.20%).

**III.3 Identification of shareholders with special rights and the description of these rights.**

There are no shareholders with special rights.

**III.4. Any restrictions to the transferability of shares, such as clauses of consent for disposal or limits to the ownership of shares.**

There are no restrictions to the transferability of shares, namely clauses of consent for disposal or limits to the ownership of shares.

**III.5. Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights.**

As far as the Company knows, there are no agreements between shareholders, namely those which might lead to restrictions on matters relative to the transfer of securities or voting rights.

**III.6. Rules applicable to the alteration of the articles of association.**

There are no specific rules for any alterations to the Articles of Association, with the general rules established in the Commercial Companies Code being applicable, in particular the provisions in articles 85, 383, number 2 and 386.

**III.7. Control mechanisms established for any system of participation of the workers in the share capital to the extent that voting rights are not exercised directly by them.**

There is no system of participation of the workers in the share capital, therefore there is no justification for the existence of control mechanisms to the extent that the voting rights are not exercised directly by them.

**III.8. Description of the evolution of the stock market prices of the shares of the issuer, taking into account, namely:**

- a) The issue of shares or other securities extending entitlement to the subscription or acquisition of shares;**
- b) The announcement of results;**
- c) The payment of dividends made by category of shares, indicating the net value per share.**

During 2012, the share price appreciated by 52.38%, having risen from EUR 0.21 as at 31 December 2011, to EUR 0.32 as at 31 December 2012.

Regarding liquidity and turnover during this year, 20,842,938 shares were traded on the stock exchange, with a total turnover of EUR 4,955,391.

The graph below shows the evolution of the stock market share prices during 2012:



As at 31 December 2012, the share price stood at EUR 0.32 and, today, 29 April 2013 it is EUR 0.45.

### III.9. Description of the policy on the distribution of dividends adopted by the company, identifying, namely, the value of the dividend per share distributed over the last three financial years.

The Company's policy is to prioritise the reinforcement of the company's equity, while at the same time ensuring a continued and balanced distribution of dividends.

In 2010, the gross value of the dividend distributed was EUR 0.01 per share.

In 2011, the gross value of the dividend distributed was EUR 0.015 per share.

For 2012 and since the company calculated negative net income, which was fully transferred to retained earnings, there was no distribution of any dividend.

For 2013, the Board of Directors proposed the distribution of dividends of the gross value of EUR 0.015 per share.

### III.10. Description of the main characteristics of the plans to attribute shares and of the plans to attribute share purchase options which have been adopted or were in force during the financial year in question, namely, justification for the adoption of the plan, category and number of beneficiaries of the plan, conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of the shares and agreed price for the exercise of options, period during which the options can be exercised, characteristics of the shares to be attributed, existence of incentives for the acquisition of shares and/or exercise of options and competence of the management board to implement or modify the plan.

Indication of:



**The number of shares required for the exercise of the attributed options and of the number of shares required for the exercise of options which can be exercised, with reference to the beginning and end of the year;**

**The number of options attributed, able to be exercised and extinguished during the year:**

**The assessment at the general meeting of the characteristics of the plans which were adopted or were in force during the financial year in question.**

As described in I.17., there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares. Some years ago, and in relation to the Group's former leading company, TEIXEIRA DUARTE – Engenharia e Construções, S.A., depending on the circumstances and economic environment, there were reference shareholders who provided a certain number of shares to be assigned to the staff members of this Company under defined periods of time and at specified prices. However, regarding TD,SA and relative to the year under review, there were no such operations.

**III.11. Description of the main elements of the businesses and operations carried out between, on the one hand, the company and, on the other hand, members of its management and supervisory bodies or companies in a controlling or group relationship with it, provided that they are significant in economic terms for any of the parties involved, except with respect to businesses or operations which, cumulatively, are carried out under normal market conditions for similar operations and are part of the current activity of the company.**

No businesses or operations with the characteristics described above were undertaken.

**III.12. Description of the fundamental elements of the businesses and operations carried out between the company and owners of qualifying holdings or entities that are in any relationship with it, under the terms of article 20 of the Securities Market Code, outside of normal market conditions.**

No businesses or operations with the characteristics described above were undertaken.

**III.13. Description of the procedures and criteria applicable to the intervention of the supervisory body for the effects of the prior assessment of transactions to be carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Market Code.**

There are no procedures and criteria under the terms mentioned above since the type of operations carried out between the Company and owners of qualifying holdings are of a current character and for the performance of the activity, namely for financing by Banco Comercial Português, S.A., which is considered to be a matter of the exclusive responsibility and competence of the Board of Directors and which, naturally, concerns operations carried out under normal market conditions, whereby it is deemed inappropriate to subject these transactions to the prior opinion of the supervisory bodies.

**III.14. Description of the statistics (number, average value and maximum value) relative to the transactions subject to the prior intervention of the supervisory body.**

As described in the preceding point, there are no transactions subject to the prior intervention of the supervisory body.

**III.15. Indication of the provision, on the company's website, of the annual reports on the activity developed by the general and supervisory board, financial matters committee, audit committee and supervisory board, including indication of any constraints encountered, together with the documents presenting the accounts.**

Under the terms and for the effect of the CMVM Recommendations on this matter, and as described above in II.4, the Annual Reports on the activity developed by the Supervisory Board, including the description of the supervisory activity developed and referring to any constraints encountered, have been disclosed every year on the Company's website, together with the documents presenting the accounts, always in observance of the rules and periods of time established in the Law and other applicable regulations.

**III.16. Reference to the existence of an Investor Support Office or other similar service, indicating:**

- a) Duties of the Office;
- b) Type of information provided by the Office;
- c) Forms of access to the Office;
- d) The company's website;
- e) Identification of the representative for market relations.

In order to reinforce the policy of disclosure of information referred to above, with a view to ensuring strict compliance with the principle of equality among shareholders and for the purpose of preventing any asymmetries in access to information on the part of investors, the Company has an Investor Support Office, which operates directly under Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, Director with this area of responsibility, also including Mr. José Pedro Cobra Ferreira, Investor's Relations, duly registered at the CMVM.

All the information required by investors and available under the rules, regulations and other applicable directives is provided by this Office and may be accessed through the following means of communication:

Address: Lagoas Park, Edifício Dois, 2740-265, Porto Salvo, Oeiras  
Telephone: + 351 217 912 415  
Fax.: + 351 217 912 421  
E-mail: [representantemercado@teixeiraduarte.pt](mailto:representantemercado@teixeiraduarte.pt)

**III.17. Indication of the value of the annual remuneration paid to the auditor and to other natural or legal persons belonging to the same network supported by the company or by legal persons in a controlling or group, as well as details of the percentage relative to the following services:**

- a) Legal accounts review services;
- b) Other reliability assurance services;
- c) Tax consulting services;
- d) Services other than accounts legal review services.

**If the auditor provides any of the services described in subparagraphs c) and d), a description should be made of the means to safeguard the independence of the auditor.**

**(For the effect of this information, the concept of network is as defined in European Commission Recommendation number C (2002) 1873, of 16 May.)**

The External Auditor should, under its competences, verify the application of the remuneration policies and systems, the effectiveness and operation of the internal control mechanisms and report any flaws to the company's supervisory board, pursuant to the provisions in CMVM Recommendation number III.1.4.

It should also be noted that neither the External Auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA any services other than audit services.

The retribution of the Chartered Accountants Firm is determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.

For the specific purposes of the applicable rules, we disclose that, during the year that has now ended, the auditor "MARIQUITO, CORREIA & ASSOCIADOS, SROC" and other natural and legal persons belonging to the same network supported by the Company and/or by legal persons in a controlling or group relationship, were paid the total value of EUR 279,400, relative to the only services provided, that is, Legal Review of Accounts and Audit services.

### **III.18. Reference to the rotation period of the External Auditor.**

The External Auditor was elected at the General Meeting of 20 May 2011 to perform duties during the four-year period 2014/2010. Although the Chartered Accountants Firm MARIQUITO, CORREIA & ASSOCIADOS, SROC had previously performed the duties inherent to the position of Permanent Statutory Auditor of various companies of the Teixeira Duarte Group, namely at TEIXEIRA DUARTE – Engenharia e Construções, S.A., the truth is that such circumstances in no way affect its independence in the performance of the respective duties.

The issue of the rotation of the external auditor is irrelevant, since the external auditor is currently performing its second term of office.

# Financial Statements **2012**





(Values expressed  
in thousands of Euro)

The notes are an integral part of the  
balance sheet for the year ended on  
31 December 2012

HEADINGS	NOTES	DATES	
		31-12-2012	31-12-2011
ASSETS			
Non-current assets			
Financial holdings - equity method	6	372,273	378,014
Deferred tax assets	9.2	1,221	1,221
		373,494	379,235
Current assets			
State and other public bodies	10.3	7	6
Shareholders/partners	10.3	13,974	-
Other accounts receivable		-	116
Deferrals	10.3	70	-
Cash and bank deposits	4	1	216
		14,052	338
Total assets		387,546	379,573
EQUITY AND LIABILITIES			
Equity			
Paid-up share capital	11	210,000	420,000
Legal reserves		5,500	5,500
Other reserves	11	118,982	90,766
Retained earnings			
Retained earnings		-	(6,167)
Unattributed profits - equity method		(102,217)	(102,217)
Adjustments to financial assets			
Adjustments to financial assets	6	1,379	29,384
Unattributed profits - equity method		102,217	102,217
		335,861	539,483
Net income for the period		20,478	(175,617)
Total equity		356,339	363,866
Liabilities			
Non-current liabilities			
Loans received	10.2	183	176
Other accounts payable	10.5	1,426	776
		1,609	952
Current liabilities			
Suppliers	10.1	27	22
State and other public bodies	10.4	4,226	37
Shareholders/partners	10.4	8,231	-
Loans received	10.2	16,296	13,100
Other accounts payable	10.4	818	1,596
		29,598	14,755
Total liabilities		31,207	15,707
Total equity and liabilities		387,546	379,573

INCOME AND COSTS	NOTES	PERIODS	
		2012	2011
Gains/(losses) imputed to subsidiaries	6.2	22,266	(173,586)
External supplies and services	12.3	(197)	(182)
Staff costs		(1,245)	(2,103)
Other income and gains		-	60
Other costs and losses		(6)	(11)
<b>Earnings before interest and taxes</b>		<b>20,818</b>	<b>(175,822)</b>
Interest and similar income obtained	7 and 10.6	7	6
Interest and similar costs paid	10.6	(929)	(580)
<b>Pre-tax profit</b>		<b>19,896</b>	<b>(176,396)</b>
Income tax for the period	9.1	582	779
<b>Net income for the period</b>		<b>20,478</b>	<b>(175,617)</b>

(Values expressed  
in thousands of Euro)

The notes are an integral part of the  
income statement by nature for the  
period ended on  
31 December 2012

(Values expressed  
in thousands of Euro)

The notes are an integral part of the  
consolidated statement of changes  
in equity for the period ended on 31  
December 2012

		EQUITY ATTRIBUTED TO THE SHAREHOLDERS							
DESCRIPTION	Notes	Share capital	Legal reserves	Other reserves	Retained earnings	Adjustments to financial assets	Net income for the period	Total equity	
<b>POSITION AT THE BEGINNING OF THE PERIOD 2011</b>	1	420,000	500	2,391	(6,167)	55,154	99,675	<b>571,553</b>	
<b>CHANGES IN THE PERIOD</b>									
Appropriation of net income		-	5,000	88,375		-	(93,375)	-	
Other changes recorded under equity		-	-	-	(102,217)	76,447		<b>(25,770)</b>	
	2	-	<b>5,000</b>	<b>88,375</b>	<b>(102,217)</b>	<b>76,447</b>	<b>(93,375)</b>	<b>(25,770)</b>	
<b>NET INCOME FOR THE PERIOD</b>	3						(175,617)	<b>(175,617)</b>	
<b>COMPREHENSIVE NET INCOME</b>	4=2+3						<b>(268,992)</b>	<b>(201,387)</b>	
<b>OPERATIONS WITH SHAREHOLDERS IN THE PERIOD</b>									
Distribution of net income		-	-	-		-	(6,300)	<b>(6,300)</b>	
	5	-	-	-	-	-	<b>(6,300)</b>	<b>(6,300)</b>	
<b>POSITION AT THE END OF THE PERIOD 2011</b>	1+2+3+5	<b>420,000</b>	<b>5,500</b>	<b>90,766</b>	<b>(108,384)</b>	<b>131,601</b>	<b>(175,617)</b>	<b>363,866</b>	
<b>POSITION AT THE BEGINNING OF THE PERIOD 2012</b>	6	<b>420,000</b>	<b>5,500</b>	<b>90,766</b>	<b>(108,384)</b>	<b>131,601</b>	<b>(175,617)</b>	<b>363,866</b>	
<b>CHANGES IN THE PERIOD</b>									
Appropriation of net income	13.2	-	-	-	(175,617)	-	175,617	-	
Reduction of capital	11	(210,000)	-	28,216	181,784	-	-	-	
Other changes recorded under equity		-	-	-	-	(28,005)	-	<b>(28,005)</b>	
	7	<b>(210,000)</b>	-	<b>28,216</b>	<b>6,167</b>	<b>(28,005)</b>	<b>175,617</b>	<b>(28,005)</b>	
<b>NET INCOME FOR THE PERIOD</b>	8						20,478	<b>20,478</b>	
<b>COMPREHENSIVE NET INCOME</b>	9=7+8						<b>196,095</b>	<b>(7,527)</b>	
<b>OPERATIONS WITH SHAREHOLDERS IN THE PERIOD</b>									
	10	-	-	-	-	-	-	-	
<b>POSITION AT THE END OF THE PERIOD 2012</b>	6+7+8+10	<b>210,000</b>	<b>5,500</b>	<b>118,982</b>	<b>(102,217)</b>	<b>103,596</b>	<b>20,478</b>	<b>356,339</b>	



INCOME AND COSTS	NOTES	PERIODS	
		2012	2011
CASH FLOW FROM OPERATING ACTIVITIES - DIRECT METHOD			
Payments to suppliers		(180)	(233)
Staff payments		(688)	(840)
Cash flow generated by the operations		(868)	(1,073)
Payment/receipt of income tax		(975)	(2)
Other receipts/payments		(541)	(476)
Cash flow from operating activities (1)		(2,384)	(1,551)
CASH FLOW FROM INVESTMENT ACTIVITIES			
Interest and similar income		7	5
Cash flow from investment activities (2)		7	5
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts derived from:			
Loans received		3,196	8,594
Payments relative to:			
Interest and similar costs		(1,034)	(568)
Dividends		-	(6,300)
Cash flow from financing activities (3)		2,162	1,726
Net change in cash and equivalent (1+2+3)		(215)	180
Effect of currency conversion differences		-	-
Cash and equivalent at the beginning of the period		216	36
Cash and equivalent at the end of the period	4	1	216

(Values expressed  
in thousands of Euro)

The notes are an integral part  
of the cash flow statement for the  
period ended  
on 31 December 2012

## NOTES

### As at 31 December 2012

#### 1. Introduction:

Corporate Name: **Teixeira Duarte, S.A. ("Company")**

Head Office: **Lagoas Park, Edifício 2, Porto Salvo, Oeiras**

Date of Incorporation: **30 November 2009**

Taxpayer number: **509 234 526**

Core activity and other relevant activities: implementation and management of investments, the coordination and supervision of other companies integrated in or related to its corporate group, operating essentially in the areas of strategic and organisational planning, as well as the provision of administrative, management, consulting, operational assistance or support in terms of human resources, technical and financial services to participated companies or entities with which contracts have been signed for this effect.

The financial statements attached herewith refer to the Company on an individual basis, with the financial investments having been recorded through the equity method, as explained in Note 3.1 a) below.

The Company will prepare and present the consolidated financial statements separately, comprising the financial statements of the companies where the former controls the management.

All the values of these Notes are expressed in thousand Euro.

#### 2. Basis of accounting of the financial statements

The present financial statements were prepared in accordance with the Accounting and Financial Reporting Standards (NCRF) established in the Accounting Standardisation System (SNC), approved by Decree-Law number 158/2009, of 13 July, with the rectification of Rectification Statement number 67-B/2009, of 11 September, and as amended by Law number 20/2010, of 23 August.

#### 3. Principal accounting policies

##### 3.1. Basis of measurement

These financial statements were prepared under the assumption of the business continuity and in accordance with the accounting principles generally accepted in Portugal.

The financial statements were prepared in accordance with the historical cost convention.

##### a) Financial investments:

Financial investments in subsidiary companies are recorded using the equity method, whereby the holdings are initially recorded at their acquisition cost, then increased or reduced by the difference between that acquisition cost and the value proportional to the holding owned in the equity of those companies, reported on the acquisition date or on the first application of the abovementioned method.

Pursuant to the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net income of the associated companies against Income and Gains or Costs and Losses in subsidiaries, associates and joint ventures, and through other changes which might have occurred in their equity against the heading "Adjustments in financial assets - related to the equity method", as well as through the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of financial investments.

Losses in subsidiaries and associates which exceed the investment made in those entities are not recognised unless the Company has undertaken commitments in relation to them.

#### b) Impairment of assets

On each reporting date, and whenever an event or alteration in circumstances is identified which indicates that the amount for which the asset is recorded may not be recoverable, an assessment is made of the assets' impairment.

Whenever the amount for which the asset is recorded is greater than its recoverable value, an impairment loss is recognised and recorded in the income statement under the respective headings, according to their nature.

The recoverable amount is the highest value between the net sales price and its value in use. The net sales price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable parties, minus the costs directly attributable to the sale. The value in use is the net present value of the estimated future cash flow which would be expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset, individually or, when this is not possible, for the unit generating the cash flow to which the asset belongs.

A reversal of impairment losses recognised in previous years is recorded when it is concluded that the previously recognised impairment losses no longer exist or have decreased. The reversal of impairment losses is immediately recognised in the income statement under the respective headings. The reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

#### c) Accrual principle

Income and costs are recorded on an accrual basis (or economic periodisation of financial years), through which they are recognised as they are generated. When the real value of the costs and income is unknown they are estimated.

Differences between the amounts received and paid and the corresponding income and costs are recorded under Other accounts receivable and Deferrals (current and non-current) in the assets and under Other accounts payable and Deferrals (current and non-current) in the liabilities.

#### d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party in the contractual relationship.

##### d.1) Cash and equivalent

The amounts included in Cash and equivalent correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be immediately deployed with no significant risk of change in value.

##### d.2) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the nature of the contract regardless of their legal form. Equity instruments are contracts that have a residual interest in the Company's assets after deduction of the liabilities.

Equity instruments issued by the Company are recorded at the amount received net of costs incurred with their issue.

##### d.3) Accounts payable

Accounts payable, which do not earn interest, are recorded at their nominal value, which is substantially equivalent to their fair value.

##### d.4) Bank loans

Loans are initially recorded and recognised as liabilities at their nominal value, net of the costs incurred to issue them and subsequently measured at amortised cost.

e) Income tax

"Income tax for the period" corresponds to the sum of current tax and deferred tax.

Current income tax is calculated based on the taxable profit of the entity in accordance with the tax rules in force, while deferred tax results from the temporary differences between the amount of the assets and liabilities for the effect of accounts reporting (book value) and the respective amounts for tax purposes (tax base).

Deferred tax assets and liabilities are calculated and assessed annually using the taxation rates which are in force or announced to be in force on the expected date of the reversal of the temporary differences.

Deferred taxes assets are recognised only when there are reasonable expectations of sufficient future taxable profits for their use, or in situations where there are temporary differences for taxation purposes which compensate the deductible temporary differences in the period of their reversal.

At the end of each period these deferred taxes are reviewed and reduced whenever their future use is not longer probable.

Deferred taxes are recorded as a cost or income for the year, unless they result from values recorded directly under equity, in which case the deferred tax is also recorded under the same heading.

f) Contingent assets and liabilities

Contingent assets are possible assets derived from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events, not totally under the control of the entity.

Contingent assets are not recognised in the consolidated financial statements of the entity, but are disclosed when the existence of a future economic benefit is probable.

Contingent liabilities are defined as: (i) possible liabilities arising from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not totally under the control of the entity; or (ii) present liabilities which arise from past events but are not recognised because it is unlikely that an outflow of resources affecting economic benefits will be required to settle the liability or the amount of the liability cannot be measured reliably.

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

3.2. Value judgements of the Board of Directors

When preparing the financial statements, the entity adopted certain assumptions and estimates which affect the reported assets, liabilities, income and costs. All the estimates and assumptions made by the Board of Directors were based on the best existing knowledge, at the date of the approval of the financial statements, of the events and transactions in progress.

**4. Cash flow**

The breakdown of cash and equivalent as at 31 December 2012 and 2011 is as follows:

	2012	2011
Bank deposits repayable on demand	1	216

## 5. Related parties

### 5.1. Remunerations of the governing bodies for the period ended on 31 December 2012 and 2011

	2012	2011
<b>Executive directors</b>		
Remunerations	1,078	1,194
<b>Supervisory board</b>		
Remunerations	66	58
<b>Chartered accountant</b>		
Remunerations	60	60
	<b>1,204</b>	<b>1,312</b>

### 5.2. Balances and transactions between related parties

The balances with related parties as at 31 December 2012 and 2011 can be broken down as follows:

	Shareholders/Balances receivable		Balances payable		Shareholders/Balances payable	
	2012	2011	2012	2011	2012	2011
Teixeira Duarte - E.C., S.A.	5,763	-	5	2	162	-
Lagoas Hotel, S.A.	-	-	-	-	179	-
Bonapapel, Lda.	-	-	-	-	13	-
Bonaparte, S.A.	-	-	-	-	48	-
Epos, S.A.	2,049	-	-	-	100	-
Esta, S.A.	205	-	-	-	-	-
Eva, S.A.	-	-	-	-	32	-
Imopedrouços, S.A.	-	-	-	-	1	-
Imotd, S.A.	-	-	-	-	406	-
Lagoasfut, S.A.	-	-	-	-	36	-
PTG, S.A.	-	-	-	-	2	-
Quinta de Cravel, S.A.	-	-	-	-	254	-
Recolte, S.A.	-	-	-	-	173	-
Rochoriental, S.A.	-	-	-	-	94	-
Sinerama, S.A.	68	-	-	-	10	-
TDHOSP, S.A.	-	-	-	-	600	-
TDE, S.A.	-	-	-	-	177	-
TDF - S.G.F.I.I., S.A.	27	-	-	-	10	-
TDGI, S.A.	650	-	-	-	16	-
T.D.-G.P.I.I., S.A.	-	-	-	-	3,945	-
TDH, S.A.	-	-	-	-	456	-
TDHC, S.A.	-	-	-	-	424	-
TD VIA, S.A.	-	-	-	-	443	-
Tedal, S.A.	2,539	-	-	-	89	-
T.D. Distribuição, S.A.	2,673	-	-	-	37	-
Transbrital, S.A.	-	-	-	-	26	-
V8, S.A.	-	-	-	-	498	-
	<b>13,974</b>	<b>-</b>	<b>5</b>	<b>2</b>	<b>8,231</b>	<b>-</b>

The amounts recorded under the headings of shareholders refer to the special taxation scheme for groups of companies (RETGS) (Note 9).

The transactions with related parties for the periods ended on 31 December 2012 and 2011 can be broken down as follows:

Purchases and services received	2012	2011
Teixeira Duarte – Engenharia e Construções, S.A.	18	6
Lagoas Hotel, S.A.	5	8
	<b>23</b>	<b>14</b>

## 6. Investments in subsidiaries

6.1. As at 31 December 2012, the Company held the following stakes in the subsidiary:

Corporate Name	Head office	Percentage Holding
Teixeira Duarte – Engenharia e Construções, S.A.	Edifício 2, Lagoas Park, Porto Salvo	100%

6.2. The following movements occurred in the holdings in subsidiaries during the periods ended on 31 December 2012 and 2011:

	Holdings
<b>Balance as at 01.01.11</b>	<b>577,370</b>
Effects of the application of the equity method:	
- Effect on net income for the year	(173,586)
- Effect on equity	(25,770)
<b>Balance as at 31.12.11</b>	<b>378,014</b>
Balance as at 01.01.12	378,014
Effects of the application of the equity method:	
- Effect on net income for the year	22,266
- Effect on equity	(28,007)
<b>Balance as at 31 December 2012</b>	<b>372,273</b>

6.3. The main financial information relative to the subsidiary, as at 31 December 2012 and 2011, is as follows:

	Total assets		Total liabilities		Income		Net income	
	2012	2011	2012	2011	2012	2011	2012	2011
Teixeira Duarte – Engenharia e Construções, S.A.	1,325,151	1,327,315	952,877	949,301	600,381	598,204	22,266	(173,587)

## 7. Revenue

The following significant amount of revenue was recognised during the periods ended on 31 December 2012 and 2011:

	2012	2011
Interest received	7	6

## 8. Contingent liabilities

Following various inspections conducted by the Taxation and Customs Authority (AT) to the accounts of the participated company Teixeira Duarte – Gestão de Participações Investimentos Imobiliários, S.A. (hereinafter referred to as T.D.-G.P.I.I.), relative to 2007, 2008 and 2009, the following corrections were made to the tax losses that had initially been reported by this participated company:

Year	Calculated tax loss	AT correction
2007	46,632	29,331
2008	50,590	45,938
2009	50,181	24,808

With the exception of the amount of EUR 611 thousand included in the correction to the tax loss for 2008 (relative, according to the AT, to the undue application of number 10 of article 22 of the EBF to the distribution of income by the TDF Real Estate Investment Fund), these corrections arise entirely from the non-acceptance, as a tax cost, of the financial costs incurred with the investment made in participated companies under the form of additional paid-in capital subject to the supplementary payments system.

Since T.D.-G.P.I.I. is subject to corporate income tax (IRC) pursuant to the special taxation scheme for groups of companies (RETGS) (article 69 and following of the IRC Code), the corrections to the tax losses for 2006 to 2008 were the object of Statements of Payment of IRC and compensatory interest issued to Teixeira Duarte – Engenharia e Construções, S.A. (hereinafter referred to as T.D.-E.C.), as the controlling company during those financial years, which filed for judicial reviews at the Administrative and Fiscal Court of Sintra.

During the financial year ended on 31 December 2012, the Administrative and Fiscal Court of Sintra read the sentence related to the correction of identical nature made by the AT for the financial year of 2006, whose outcome was unfavourable to the claims of T.D.-E.C.. Following this sentence, the participated company T.D.-G.P.I.I. proceeded with the book recording of the correction in question, of the value of EUR 4,709 thousand.

Notwithstanding the unfavourable outcome to the claims of T.D.-E.C. under the proceedings relative to the financial year of 2006, the Board of Directors continues to expect a different outcome for the other financial years under court proceedings (2007 and 2008).

It should be noted that the Statement of Payment of IRC and compensatory interest for the financial year of 2008 issued to T.D.-E.C. as the controlling company, apart from the corrections described above relative to the participated company T.D.-G.P.I.I., also includes a correction to the taxable profit calculated at individual level by T.D.-E.C..

The total amount of corrections reached EUR 35,467 thousand, of which T.D.-E.C. objected to EUR 32,595 thousand, related to tax credit, the system of re-investment of tax gains and undue application of number 10 of article 22 of the EBF.

The correction relative to the financial year of 2009 of the participated company T.D.-G.P.I.I. had not yet been the object of any Statement of Payment of IRC to the controlling company, as at the closing date of the financial year of 2012.

It should be noted that in the meantime the participated company T.D.-G.P.I.I. has received a Draft Report relative to the inspection conducted to the financial year of 2010, which contains a proposed correction to the calculated tax loss to the value EUR 6,467 thousand, relative to the same issue that led to the previous corrections described above.

## 9. Corporate income tax

The Company is subject to corporate income tax (IRC) at the rate of 25% on the taxable amount. In addition to corporate income tax, the municipal surcharge is also applied, incident on taxable profit and whose rate may vary to a maximum of 1.5%.



Furthermore, taxable profit which is situated between EUR 1,500,000 and EUR 10,000,000 is subject to the state surcharge of 3%, and above EUR 10,000,000 the state surcharge is 5%. In addition to the tax calculated pursuant to the above, companies are also subject to autonomous taxation on the charges and at the rates established in article 88 of the Corporate Income Tax Code. In the calculation of the taxable amount, to which the abovementioned tax rates are applied, the amounts which cannot be deducted for tax purposes are added and subtracted from the book value profit. This difference between the book value profit and the profit for tax purposes may be of a temporary or permanent nature.

For the financial year ended on 31 December 2012, the Company decided to apply the special taxation scheme for groups of companies (RETGS), established in article 69 of the Corporate Income Tax Code. Accordingly, the tax profit or loss of the participated companies, included in the same scheme, contribute to the taxable amount of the Company. The choice of this scheme implies that the cost related to income tax is recognised in the individual sphere of each participated company and the account payable to the State is reflected in the Company, as the controlling company.

Pursuant to the legislation in force, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when tax losses have been reported, or inspections, claims or objections are underway, in which cases, depending on the circumstances, the periods of time are extended or suspended. Hence, the Company's tax returns for the years of 2009 to 2012 may still be subject to review.

Tax losses generated for financial years started before 1 January 2010 may be carried forward for a period of 6 years.

Tax losses generated for financial years started on or after 1 January 2010 may be carried forward for a period of 4 years.

Tax losses calculated as of 1 January 2012 may be carried forward for 5 years, which is applicable to entities regardless of whether they exercise, or not, in a main capacity, activity of commercial, industrial or agricultural nature.

Furthermore, as of 1 January 2012, the deduction of tax losses, including tax losses calculated before 1 January 2012, will be limited to 75% of taxable profit calculated for the year in which the deduction is made. This limitation is merely applicable to entities which exercise, in a main capacity, activity of commercial, industrial or agricultural nature.

#### 9.1. Relationship between tax costs (income) and book value profit for the periods ended on 31 December 2012 and 2011

				2012	2011
Net income for the period			1	20,478	(175,617)
Adjustments to taxable profit	Definitive differences	To be added	2	11	173,589
		To be deducted	3	(22,859)	(781)
Tax loss			4 = 1+2+3	(2,370)	(2,809)
Other tax components	Autonomous taxation		5	12	13
Current tax			6 = 5	12	3
Deferred tax			7	(593)	(782)
Insufficient tax estimate			8	(1)	-
Tax costs / income			9 = 6 + 7+8	(582)	(779)

t (2012) = IRC at the rate of 25%

t (2011) = IRC at the rate of 12.5% up to EUR 12,500 and 25% on the rest.

		2012	2011
Current tax	1	12	3
Pre-tax profit	2	19,896	(175,617)
<b>Effective tax rate</b>	<b>3= 1/2</b>	<b>0.06%</b>	<b>0.00%</b>

9.2. For the periods ended on 31 December 2012 and 2011, the movements which occurred in deferred tax assets, according to the temporary differences which generated them, are as follows:

2011	Opening balance	Constitution	Adjustment	Closing balance
Deferred tax assets:				
Tax losses carried forward	439	782	-	1,221

2012	Opening balance	Constitution	Adjustment	Closing balance
Deferred tax assets:				
Tax losses carried forward	1,221	593	(593)	1,221

The movement recorded under the adjustments column refers to the use of tax losses under the special taxation scheme for groups of companies (RETGS).

## 10. Financial instruments

10.1. As at 31 December 2012 and 2011, the heading "Suppliers" was broken down as follows:

	2012	2011
Suppliers - current account	27	22

	2012		2011	
	General suppliers	Group / related	General suppliers	Group / related
Suppliers - current account	22	5	20	2

10.2. As at 31 December 2012 and 2011, the balances of the heading "Loans received" were presented as follows:

	2012		2011	
	Non-current	Current	Non-current	Current
Pledged accounts	-	16,296	-	13,100
Commercial paper	183	-	176	-
	183	16,296	176	13,100

The amount of non-current loans received referred to above arises from a grouped programme for the placing and underwriting of commercial paper contracted on 30 December 2011, with Banco Comercial Português, of the total amount of EUR 43,000 thousand (currently EUR 40,000 thousand), in which Teixeira Duarte – Engenharia e Construções, S.A., Teixeira Duarte – Gestão de Participações de Investimentos Imobiliários, S.A. and Teixeira Duarte, S.A. take part, where on this date the amounts used by each were EUR 250 thousand, EUR 39,500 thousand and EUR 250 thousand, respectively. Each of the future issues must necessarily be carried out together by all the issuers and the participation of each issuer cannot be less than EUR 250 thousand.

The programme may be used over seven years counted as of the date of the first issue, with amortisations being payable at the end of each semester at increasing values between EUR 1,500 and 6,500 thousand. The applicable interest rate is the Euribor rate for each issue period, in force on the 2nd business day prior to the date of each issue, increased by a spread of 4.25% per year.

The value of the costs related to the fees and organisation of the issue of the commercial paper programme recognised at amortised cost, resulted in a reduction of the amount payable of the value of EUR 67 thousand.

Collateral guarantees:

In order to guarantee the commercial paper contract signed on 30 December 2011, of the total value of EUR 43,000 thousand, currently EUR 40,000 thousand, granted by Teixeira Duarte – Engenharia e Construções, S.A., Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A. and Teixeira Duarte, S.A., a general mortgage was constituted in favour of Banco Comercial Português on the properties implanted on lots 6, 18 and 19, located at Lagoas Park, owned by Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A..

The value of current funding referred to above refers to a grouped pledged account of the companies Teixeira Duarte – Engenharia e Construções, S.A., Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A., EVA – Sociedade Hoteleira, S.A., PTG – Sociedade Gestora de Participações Sociais, S.A. and EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A.", contracted at Caixa Geral de Depósitos, S.A., earning interest at normal market rates.

In the context of the funding line referred to in Note 10.2) and as its term of guarantee, "Teixeira Duarte, S.A." underwrote and submitted to Caixa Geral de Depósitos S.A. and Banco Comercial Português, S.A., during the financial year ended on 31 December 2011, a promissory note with a blank amount and due date, duly dated, authorising these same entities to complete the said promissory note, when such should prove necessary, pursuant to the conditions established in the loan contracts that it signed.

10.3. At 31 December 2012 and 2011, other current assets were broken down as follows:

	2012	2011
<b>State and other public bodies:</b>		
Value added tax - VAT	7	6
<b>Shareholders/partners</b>	<b>13,974</b>	-
<b>Deferrals</b>		
Financing costs to be recognised	70	-

10.4. At 31 December 2012 and 2011, current liabilities were broken down as follows:

	2012	2011
<b>Corporate income tax (IRC):</b>		
Estimated tax	6,236	-
Tax withheld at source	(1,076)	-
Special payments on account	(973)	-
	<b>4,187</b>	-
Income tax - withheld at source	19	18
Social security	20	19
	<b>4,226</b>	<b>37</b>
<b>Shareholders/partners (Note 5.2)</b>	<b>8,231</b>	-
<b>Other accounts payable</b>		
Costs related to corporate bodies	748	1,481
Costs related to commercial paper issue	70	115
	<b>818</b>	<b>1,596</b>

10.5. At 31 December 2012 and 2011, other non-current liabilities were broken down as follows:

	2012	2011
<b>Other accounts payable</b>		
Costs related to corporate bodies	1,426	776

10.6. The financial results for the periods ended on 31 December 2012 and 2011 were broken down as follows:

	2012	2011
<b>Interest and similar income received</b>		
Interest received	7	6
<b>Interest and similar costs paid</b>		
Interest paid	765	520
Other financial costs and losses	164	60
	<b>929</b>	<b>580</b>
<b>Financial results</b>	<b>(922)</b>	<b>(574)</b>

## 11. Share capital

As at 31 December 2012, the Company's share capital, totally underwritten and paid-up, was composed of 420,000,000 shares with the nominal value of EUR 0.50 each.

On 19 October 2012, the Extraordinary General Meeting deliberated the reduction of the Company's share capital from EUR 420,000 thousand to EUR 210,000 thousand, through the decrease of the nominal value of the shares representing the share capital to EUR 0.50 each, promoting the full coverage of accumulated losses to the value of EUR 181,783 thousand and the reinforcement of free reserves to the value of EUR 28,217 thousand.

### Identification of legal persons with over 20% of the share capital

The following legal persons held over 20% of the share capital, underwritten and paid-up, as at 31 December 2012:

	% Share Capital	Nr. of Shares
Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.	47%	197,950,000

## 12. Other information

### 12.1. Legal reserve

The Portuguese commercial legislation establishes that at least 5% of annual net income should be used to reinforce the legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in the case of the Company's liquidation, but may be used to absorb losses, after all the other reserves have been depleted, or incorporated in the share capital.

### 12.2. Appropriation of net income

Through decision of the General Meeting held on 17 May 2012, the accounts for the financial year ended on 31 December 2011 were approved and it was decided that the Net Income for 2011, negative to the value of EUR 175,616,665.80 would be transferred to Retained Earnings.

### 12.3. External supplies and services

The external supplies and services for the years ended on 31 December 2012 and 2011 were broken down as follows:

	2012	2011
Specialised services	145	129
Office material	27	24
Travel, hotel and transport expenses	15	12
Miscellaneous services	10	17
	<b>197</b>	<b>182</b>

### 13. Disclosures required by legal diplomas

The Board of Directors discloses that the Company does not have any debts to the State in a situation of late payment, under the terms of Decree-Law 534/80, of 7 November.

Pursuant to Decree-Law number 411/91, of 17 October, the Board of Directors discloses that the situation of the Company relative to Social Security is settled, within the legally stipulated periods of time.

### 14. Events after the reporting date

At this date, no subsequent events are known of any significant impact on the Financial Statements as at 31 December 2012.

After the closure of the period, and up to the preparation of the present report, no other facts have occurred that might modify the situation reported in the accounts, for the effect of the provisions in subparagraph b) of number 5 of article 66 of the Commercial Companies Code.



# Consolidated Financial Statements **2012**



(Values expressed  
in thousands of Euro)

The notes are an integral part of  
the consolidated statement of the  
financial position as at 30 December  
2012

	Notes	2012	2011
<b>Non-current assets:</b>			
<i>Goodwill</i>	18	29,715	34,107
Intangible assets	19	31,281	12,662
Tangible fixed assets	20	529,775	515,189
Investment properties	21	498,236	522,016
Investments in associates	7 and 22	50,709	58,264
Financial assets available for sale	7 and 24	48,597	70,052
Other investments	25	14,546	14,801
Deferred tax assets	26	111,912	107,000
Customers	27	58,091	86,275
Other receivables	27	79	83
Other non-current assets	30	1,716	1,878
<b>Total non-current assets</b>		<b>1,374,657</b>	<b>1,422,327</b>
<b>Current assets:</b>			
Inventories	9 and 10	313,575	308,582
Customers	27	476,851	455,550
Other receivables	27	64,095	64,489
Cash and equivalent	29	246,063	291,693
Other investments	25	10,888	9,670
Other current assets	30	281,357	195,383
		<b>1,392,829</b>	<b>1,325,367</b>
Non-current assets held for sale		-	5,500
<b>Total non-current assets</b>		<b>1,392,829</b>	<b>1,330,867</b>
<b>TOTAL ASSETS</b>	<b>7</b>	<b>2,767,486</b>	<b>2,753,194</b>
<b>Equity:</b>			
Share capital	32	210,000	420,000
Adjustments of holdings in associates		1,607	(1,205)
Currency conversion adjustments		(3,671)	31,018
Reserves and retained earnings	33	20,066	6,696
Consolidated net income		24,003	(200,437)
<b>Equity attributable to shareholders</b>		<b>252,005</b>	<b>256,072</b>
Non-controlling interests	34	73,863	76,579
<b>TOTAL EQUITY</b>		<b>325,868</b>	<b>332,651</b>
<b>Non-current liabilities:</b>			
Loans	35	401,060	602,958
Provisions	36	38,203	36,231
Financial leases	38	199,580	216,342
Deferred tax liabilities	26	57,979	65,906
Other payables	37	15,110	20,867
Other non-current liabilities	39	177,793	251,217
<b>Total non-current liabilities</b>		<b>889,725</b>	<b>1,193,521</b>
<b>Current liabilities:</b>			
Loans	35	834,905	615,608
Suppliers	37	187,830	188,272
Financial leases	38	22,015	19,465
Other payables	37	19,097	42,399
Other current liabilities	39	488,046	361,278
<b>Total current liabilities</b>		<b>1,551,893</b>	<b>1,227,022</b>
<b>TOTAL LIABILITIES</b>	<b>7</b>	<b>2,441,618</b>	<b>2,420,543</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,767,486</b>	<b>2,753,194</b>



	Notes	2012	2011
<b>Operating income:</b>			
Sales and services rendered	7 and 8	1,383,326	1,200,270
Other operating income	8	56,775	62,687
<b>Total operating income</b>	<b>8</b>	<b>1,440,101</b>	<b>1,262,957</b>
<b>Operating costs:</b>			
Cost of sales	9	(519,475)	(449,433)
Change in production	10	(958)	4,702
External supplies and services		(388,505)	(382,458)
Staff costs	11	(244,898)	(245,904)
Amortisation and depreciation	7, 19 and 20	(60,747)	(61,699)
Provisions and impairment losses in depreciable and amortisable assets and Goodwill	7 and 36	(5,105)	(4,265)
Other operating costs	13	(77,170)	(72,550)
<b>Total operating costs</b>		<b>(1,296,858)</b>	<b>(1,211,607)</b>
<b>Net operating income</b>	<b>7</b>	<b>143,243</b>	<b>51,350</b>
Financial costs and losses	7 and 14	(144,593)	(175,619)
Financial income and gains	7 and 14	67,214	112,085
Earnings from investment activities:			
Earnings from associates	7 and 14	7,892	(26,910)
Other	7 and 14	(10,574)	(154,136)
<b>Financial results</b>		<b>(80,061)</b>	<b>(244,580)</b>
<b>Pre-tax profit</b>	<b>7</b>	<b>63,182</b>	<b>(193,230)</b>
Income tax	15	(37,125)	(24,208)
<b>Consolidated net income for the year</b>		<b>26,057</b>	<b>(217,438)</b>
<b>Net income attributable to:</b>			
<b>Shareholders</b>	<b>16</b>	<b>24,003</b>	<b>(200,437)</b>
Non-controlling interests	34	2,054	(17,001)
<b>Earnings per share:</b>			
Basic	16	0.06	(0.48)
Diluted	16	0.06	(0.48)

(Values expressed  
in thousands of Euro)

The notes are an integral part of the  
consolidated income statement for  
the year ended on 31 December 2012

(Values expressed  
in thousands of Euro)

The notes are an integral part of the  
consolidated comprehensive income  
statement for the year ended on 31  
December 2012

	2012	2011
<b>Consolidated net income for the year</b>	<b>26,057</b>	<b>(217,438)</b>
Variation in currency conversion adjustments	(35,470)	(10,016)
Variation in the fair value and disposal of financial assets available for sale	995	-
Effect of hedge operations	(2,453)	(6,690)
Effect of the application of the equity method	2,812	(4,035)
Other	1,276	15,124
	<b>(32,840)</b>	<b>(5,617)</b>
<b>Comprehensive income for the year</b>	<b>(6,783)</b>	<b>(223,055)</b>
<b>Comprehensive income attributable to:</b>		
<b>Shareholders</b>	<b>(4,067)</b>	<b>(211,150)</b>
Non-controlling interests	(2,716)	(11,905)

	Notes	Share capital	Adjustments of holdings in associates	Currency conversion adjustments	Reserves and retained earnings					Consolidated net income	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Fair value reserve	Hedge operation reserve	Retained earnings				
<b>Balance as at 1 January 2012</b>	<b>32</b>	<b>420,000</b>	<b>(1,205)</b>	<b>31,018</b>	<b>5,500</b>	<b>37,483</b>	<b>(13,980)</b>	<b>(8,558)</b>	<b>(13,749)</b>	<b>(200,437)</b>	<b>256,072</b>	<b>76,579</b>	<b>332,651</b>
<b>Comprehensive income for the year:</b>													
Consolidated net income for the year		-	-	-	-	-	-	-	-	24,003	24,003	2,054	26,057
Variation in currency conversion adjustments		-	-	(34,689)	-	-	-	-	-	-	(34,689)	(781)	(35,470)
Variation in the fair value and disposal of financial assets available for sale		-	-	-	-	-	14,975	-	(13,980)	-	995	-	995
Effect of hedge operations	40	-	-	-	-	-	-	(2,453)	-	-	(2,453)	-	(2,453)
Effect of the application of the equity method	22	-	2,812	-	-	-	-	-	-	-	2,812	-	2,812
Other		-	-	-	-	-	-	-	5,265	-	5,265	(3,989)	1,276
<b>Operations with shareholders in the year:</b>													
Appropriation of the consolidated net income for 2011:													
Transfer to retained earnings		-	-	-	-	-	-	-	(200,437)	200,437	-	-	-
Reduction of capital	32	(210,000)	-	-	-	28,217	-	-	181,783	-	-	-	-
<b>Balance as at 31 December 2012</b>		<b>210,000</b>	<b>1,607</b>	<b>(3,671)</b>	<b>5,500</b>	<b>65,700</b>	<b>995</b>	<b>(11,011)</b>	<b>(41,118)</b>	<b>24,003</b>	<b>252,005</b>	<b>73,863</b>	<b>325,868</b>

The notes are an integral part of the consolidated statement of changes in equity for the year ended on 31 December 2012.

	Notes	Share capital	Adjustments of holdings in associates	Currency conversion adjustments	Reserves and retained earnings					Consolidated net income	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Fair value reserve	Hedge operation reserve	Retained earnings				
<b>Balance as at 1 January 2011</b>	<b>32</b>	<b>420,000</b>	<b>2,830</b>	<b>40,893</b>	<b>500</b>	<b>2,391</b>	<b>(13,980)</b>	<b>(1,868)</b>	<b>(23,636)</b>	<b>46,392</b>	<b>473,522</b>	<b>88,484</b>	<b>562,006</b>
<b>Comprehensive income for the year:</b>													
Consolidated net income for the year		-	-	-	-	-	-	-	-	(200,437)	(200,437)	(17,001)	(217,438)
Variation in currency conversion adjustments		-	-	(9,875)	-	-	-	-	-	-	(9,875)	(141)	(10,016)
Effect of hedge operations	40	-	-	-	-	-	-	(6,690)	-	-	(6,690)	-	(6,690)
Effect of the application of the equity method	22	-	(4,035)	-	-	-	-	-	-	-	(4,035)	-	(4,035)
Other		-	-	-	-	-	-	-	9,887	-	9,887	5,237	15,124
<b>Operations with shareholders in the year:</b>													
Appropriation of the consolidated net income for 2010:													
Transfer to the legal and free reserve		-	-	-	5,000	35,092	-	-	-	(40,092)	-	-	-
Dividends distributed	17	-	-	-	-	-	-	-	-	(6,300)	(6,300)	-	(6,300)
<b>Balance as at 31 December 2011</b>		<b>420,000</b>	<b>(1,205)</b>	<b>31,018</b>	<b>5,500</b>	<b>37,483</b>	<b>(13,980)</b>	<b>(8,558)</b>	<b>(13,749)</b>	<b>(200,437)</b>	<b>256,072</b>	<b>76,579</b>	<b>332,651</b>

(Values expressed in thousands of Euro)

(Values expressed  
in thousands of Euro)

The notes are an integral part of the  
cash flow statement for the year  
ended on 31 December 2012

	Notes	2012	2011
<b>OPERATING ACTIVITIES:</b>			
Receipts from customers		1,417,091	1,449,982
Payments to suppliers		(940,892)	(883,997)
Staff payments		(245,049)	(242,020)
<b>Cash flow generated by operations</b>		<b>231,150</b>	<b>323,965</b>
Payment/receipt of income tax		(35,947)	(35,258)
Other receipts/payments relative to operating activity		(86,788)	(39,139)
<b>Cash flow from operating activities (1)</b>		<b>108,415</b>	<b>249,568</b>
<b>INVESTMENT ACTIVITIES:</b>			
<b>Receipts derived from:</b>			
Financial investments	29	39,506	60,042
Tangible fixed assets and investment properties		4,617	23,211
Intangible assets		45	-
Interest and similar income		14,194	12,119
Dividends	29	9,548	2,710
		<b>67,910</b>	<b>98,082</b>
<b>Payments relative to:</b>			
Financial investments	29	(27,359)	(34,234)
Tangible fixed assets and investment properties		(124,197)	(96,350)
Intangible assets		(4,352)	(3,153)
		<b>(155,908)</b>	<b>(133,737)</b>
<b>Cash flow from investment activities (2)</b>		<b>(87,998)</b>	<b>(35,655)</b>
<b>FINANCING ACTIVITIES:</b>			
<b>Receipts derived from:</b>			
Loans raised		<b>1,889,784</b>	<b>2,516,277</b>
<b>Payments relative to:</b>			
Loans raised		(1,872,385)	(2,496,731)
Interest and similar costs		(78,072)	(70,818)
Dividends		-	(6,300)
		<b>(1,950,457)</b>	<b>(2,573,849)</b>
<b>Cash flow from financing activities (3)</b>		<b>(60,673)</b>	<b>(57,572)</b>
<b>Variation in cash and equivalent (4)=(1)+(2)+(3)</b>		<b>(40,256)</b>	<b>156,341</b>
<b>Effect of currency conversion differences</b>		<b>(5,374)</b>	<b>(465)</b>
<b>Cash and equivalent - perimeter change</b>		<b>-</b>	<b>(2,020)</b>
<b>Cash and equivalent at the beginning of the period</b>	29	<b>291,693</b>	<b>137,837</b>
<b>Cash and equivalent at the end of the period</b>	29	<b>246,063</b>	<b>291,693</b>

## 1 - INTRODUCTION

TEIXEIRA DUARTE, S.A. ("Company" or "TD, S.A.") with head office in Porto Salvo, was incorporated on 30 November 2009, with share capital of EUR 420,000,000, represented by 420,000,000 shares with the nominal value of EUR 1 each, and its core business is the implementation and management of investments, the coordination and supervision of other companies integrated in or related to its business Group.

On 19 October 2012, the share capital was reduced to EUR 210,000,000, henceforth being represented by 420,000,000 shares with the nominal value of EUR 0.50.

The corporate universe of Teixeira Duarte ("Group") is composed of the participated companies indicated in Notes 4, 22, and 23. The Group's core activities are: Construction; Concessions and Services; Real Estate; Hotel Services; Distribution; Energy and Automobile (Note 7).

The values indicated are expressed in thousands of Euro.

## 2 - MAIN ACCOUNTING PRINCIPLES

### 2.1 - Basis of presentation

The consolidated financial statements have been prepared under the assumption of the continuity of operations, based on the accounting books and records of the companies included in the consolidation (Note 4), adjusted in accordance with the consolidation process, in order to conform with the provisions of the International Financial Reporting Standards adopted by the European Union, effective for financial years beginning on 1 January 2012.

These standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations, issued by the IFRS Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"), respectively, whose adoption has been approved by the European Union. Hereinafter, these standards and interpretations shall be referred to in general as "IFRS".

The financial statements were prepared under the historical cost convention, except with respect to investment properties, financial assets available for sale and derivative financial instruments.

The following standards, interpretations, amendments and revisions endorsed by the European Union are of compulsory application for the first time in the financial year ended on 31 December 2012:

Standard	Applicable in financial years starting on or after	
IFRS 7 - Amendment (transfer of financial assets)	1-Jul-11	This amendment has increased the disclosures requirements relative to the transfer of financial assets.

There were no relevant impacts on the Group's financial statements for the year ended on 31 December 2012, arising from the adoption of the standards and interpretations, amendments and revisions referred to above.

The following standards, interpretations, amendments and revisions, of compulsory application in future financial years had been endorsed by the European Union by the date of approval of these financial statements:

Standard	Applicable in financial years starting on or after	
IFRS 10 - Consolidated financial statements	1-Jan-14	This standard establishes the requirements relative to the presentation of consolidated financial statements by the parent company, replacing, with regard to these aspects, standard IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation - Special Purpose Entities. This standard also introduces new rules with respect the definition of control and the determination of the consolidation perimeter.
IFRS 11 - Joint arrangements	1-Jan-14	This standard has replaced IAS 31 - Joint Ventures and has eliminated the possibility of use of the proportional consolidation method in the accounting of interests in joint ventures.

Standard	Applicable in financial years starting on or after	
IFRS 12 – Disclosures of interests in other entities	1-Jan-14	This standard has established a new series of disclosures on interests in other entities.
IFRS 13 – Fair value measurement	1-Jan-13	This standard has replaced the existing guidelines in the different IFRS standards relative to the measurement of fair value. This standard is applicable when another IFRS standard requires or permits measurements or disclosures of fair value.
IAS 27 – Separate financial statements (2011)	1-Jan-14	This amendment has restricted the scope of application of IAS 27 to separate financial statements.
IAS 28 – Investments in associates (2011)	1-Jan-14	This amendment now ensures consistency between IAS 28 – Investments in associates and the new standards endorsed, in particular IFRS 11 – Joint arrangements.
IAS 12 – Amendment (recovery of deferred tax assets)	1-Jan-13	This amendment provides an assumption that the recovery of investment properties measured at fair value pursuant to IAS 40 will be realised through their sale.
IAS 19 – Amendment (defined benefit pension plans) (2011)	1-Jan-13	This amendment has introduced various alterations relative to reporting on defined benefit plans, specifically: (i) actuarial gains/losses are now fully recognised under reserves (the corridor method is no longer permitted); (ii) a single interest rate is now applied to the plan's liability and assets. The difference between the real return of the fund's assets and the single interest rate is recorded as actuarial gains/losses; (iii) the costs recorded through profit or loss correspond only to the cost of the current service and net costs related to interest.
IFRS 1 – Amendment (hyperinflation)	1-Jan-13	This amendment provides guidelines as to how entities should present their financial statements in accordance with the IFRS after a period when they were unable to present them due to the functional currency being subject to severe hyperinflation.
IAS 1 – Amendment (other comprehensive income)	1-Jul-12	This amendment refers to the following alterations: (i) the items comprising Other Comprehensive Income and will, in the future, be recognised through profit or loss for the year are now presented separately; (ii) the Comprehensive Income Statement is now called the Statement of Profit and Loss and Other Comprehensive Income.
IFRS 7 – Amendment (2011)	1-Jan-13	This amendment has increased the disclosures requirements relative to financial instruments, namely information relative to those subject to netting and similar arrangements.
IAS 32 – Amendment (2011)	1-Jan-14	This amendment has clarified certain aspects of the standard due to the diversity in the application of the offsetting requirements.
IFRIC 20 – Recording of certain stripping costs in the production phase of a surface mine (2011)	1-Jan-13	This interpretation clarifies the recording of certain stripping costs in the production phase of a surface mine.

The Company has not proceeded with the early application of any of these standards in the financial statements for the year ended on 31 December 2012.

The following standards, interpretations, amendments and revisions, of compulsory application in future financial years had not been endorsed by the European Union by the date of approval of these financial statements:

Standard	Applicable in financial years starting on or after	
IFRS 9 – Financial instruments (2010)	1-Jan-15	This standard establishes the requirements for the classification and measurement of financial assets.
Improvements to the international financial reporting standards (May 2012)	Various (usually 1-Jan-13)	These improvements involve the revision of various standards, namely IAS 16 and IAS 32.
IFRS 1 – Amendment (government grants)	1-Jan-13	Creates an exception to the retrospective application of the requirements defined in IAS 20 for application to government grants given in the form of subsidised interest rates.

Standard	Applicable in financial years starting on or after	
IFRS 10, IFRS 11 and IFRS 12 – Amendments (transition rules)	1-Jan-13	Amendments to IFRS 10, IFRS 11 and IFRS 12 in order to clarify the rules of the process of transition to the aforementioned standards.
IFRS 10, IFRS 12 and IAS 27 – Amendments (investment entities)	1-Jan-14	Create an exception for the preparation of consolidated financial statements by investment entities.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the financial year ended on 31 December 2012.

## 2.2 - Judgments and estimates

The preparation of the financial statements in conformity with the recognition and measurement principles of the IFRS requires the Board of Directors to make judgements, estimates and assumptions that can affect the reported amounts of assets and liabilities, in particular depreciation / amortisation and provisions, disclosures of contingent assets and liabilities at the date of the financial statements, as well as income and costs.

These estimates are based on the best knowledge existing at all times and on the planned actions, and are periodically reviewed based on the available information. Changes in facts and circumstances may lead to the need to review the estimates, hence the actual future results may differ from these estimates.

The significant estimates and assumptions made by the Board of Directors in preparing these financial statements include, namely, the assumptions used to estimate the following aspects:

### Impairment of non-current assets (except goodwill)

The determination of a possible impairment loss can be triggered by the occurrence of different events, many of which are outside the sphere of influence of the Group, such as the availability of future financing, the cost of capital or any other changes.

The identification of impairment indicators, the estimate of future cash flows and the determination of the recoverable amount of assets imply a high degree of judgement by the Board of Directors regarding the identification and evaluation of various impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

### Impairment of goodwill

Goodwill is subject to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable values of the cash flow generating units to which the goodwill is allocated, are determined based on expected cash flow. These calculations require the use of estimates by the management regarding the future performance of the business and discount rates considered.

### Useful lives of tangible and intangible assets

The useful life of an asset is the time during which an entity expects an asset to be available for use, which must be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortisation / depreciation method to be applied and estimated losses resulting from the replacement of equipment before the end of its useful life, for reasons of technological obsolescence, is essential to determine the amount of amortisation / depreciation to be recognised in the consolidated income statement for each financial year.

These three parameters are defined according to the management's best estimate for the assets and business in question, also considering the practices adopted by companies in the business segments in which the Group operates.

### Provisions and contingent liabilities

The Group periodically analyses possible obligations arising from past events that must be recognised or disclosed. The subjectivity inherent in determining the likelihood of the existence of a present liability and amount of internal resources necessary for the payment of the obligations could lead to significant adjustments, either by changing the assumptions made, or by the future recognition of provisions previously disclosed as contingent liabilities.

### Recognition of deferred tax assets

Deferred tax assets are only recognised when there is a reasonable expectation that there will be sufficient future taxable profits to use them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by the management at the end of each year and takes into consideration the expectation of future tax performance.

### Impairment losses of accounts receivable

The credit risk associated to accounts receivable is evaluated at the end of each reporting date, taking into account the debtor's historical information and risk profile. The accounts receivable are adjusted according to the management's assessment of the estimated risks of recovery existing on the reporting date, which may prove to be erroneous.



#### **Recognition of revenue from construction contracts**

The Group recognises the earnings of construction contracts in accordance with the percentage completion method, which is defined as the relationship between the incurred costs in each contract up to the reporting date and the sum of these costs with the estimated costs to complete the contract. The assessment of the degree of completion of each contract is periodically reviewed, taking into account the latest production indicators.

### **2.3 - Principles of consolidation**

#### **a) Controlled companies**

The controlled companies were consolidated in each financial year through the full consolidation method. Control exists when the Group directly or indirectly holds a majority of the voting rights in the General Meeting, or has the power to determine the financial and operating policies.

Third party participation in the equity and net income of these companies is presented separately in the consolidated financial position and consolidated income statement, under the respective headings of "Non-controlling interests"

When the losses attributable to the non-controlling interests exceed the non-controlling interest in the equity of the subsidiary, the Group will absorb this excess and any additional losses, except when the non-controlling interests are obliged and able to cover these losses. If the subsidiary subsequently reports a profit, the Group appropriates the profit up to the amount of the losses which have been absorbed by the Group.

The controlled companies as at 31 December 2012 are presented in Note 4. Any significant transactions and balances between these companies were eliminated during the consolidation process. Capital gains arising from the disposal of participated companies, made within the Group, were also annulled.

Whenever appropriate, adjustments are made to the financial statements of the subsidiaries with a view to the standardisation of their accounting policies with those of the Group.

#### **b) Jointly controlled companies**

Investments in jointly controlled companies (Note 23) were consolidated through the proportional consolidation method, from the date on which joint control is acquired. According to this method, the assets, liabilities, income and expenditure of these companies were integrated into the consolidated financial statements on a line-by-line basis, in proportion to the Group's control over them.

Transactions, balances and dividends distributed between companies are eliminated in the proportion of the Group's control over them.

The classification of financial investments in jointly controlled companies is determined based on agreements that regulate the joint control.

#### **c) Business combinations**

Business combinations, namely the acquisition of jointly controlled companies, are recorded through the acquisition method.

The acquisition cost corresponds to the sum of the fair values of the assets acquired, liabilities incurred or assumed and the equity instruments issued by the Group in exchange for the acquired control. Costs related to the acquisition are recognised as a cost when incurred. When applicable, the acquisition cost also includes the fair value of contingent payments measured on the acquisition date. Subsequent alterations in the value of contingent payments are recorded in accordance with the accounting rules which regulate the recording of the assets or liabilities in question, unless they qualify as an adjustment in the provisional measurement period (with a maximum of 12 months).

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value on the acquisition date, except for non-current assets (or groups of assets) which are classified as held for sale, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations ("IFRS 5"), which are recognised and measured at the respective fair value minus the costs to be incurred in their future sale.

Any excess of the acquisition cost increased by the value of the non-controlled interests relative to the fair value of the acquired assets and liabilities is recognised as Goodwill. If the cost of acquisition is less than the fair value of the identified net assets, the difference is recorded as net income gain for the period when the acquisition occurs, after re-confirmation of the attributed fair value.

If the process of recording of the business combinations is incomplete by the end of the year when the combination occurs, the Group discloses this same situation, and the provisioned values may be adjusted during the measurement period (the period between the acquisition date and the date when the Group obtains the complete information on the facts and circumstances that existed on the acquisition date and within the maximum of 12 months), or new assets and liabilities may be recognised so as to reflect facts and circumstances that

existed on the reporting date and which, in known cases, would have affected the amounts recognised on the acquisition date.

Non-controlling interests are identified separately in equity by the equity attributable to the shareholders of the Parent Company. Non-controlling interests may be measured initially either at their fair value or by the proportion of the fair value of the assets and liabilities of the acquired subsidiary. This option is made separately for each transaction.

After the initial recognition the book value of the minority interests is determined as the value recognised initially plus the proportion of alterations of equity of the subsidiary. The full income of a subsidiary is attributed to the non-controlling interests even if it is negative.

Changes in the percentage control of subsidiaries that do not result in a loss in control are recorded as equity transactions. The value of the Group's interests and the non-controlled interests is adjusted to reflect the percentage changes. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the transaction price is recognised directly under equity and attributed to the shareholders of the Parent Company.

When the Group loses control over a subsidiary, the gain or loss in the sale is calculated as the difference between (i) the aggregate amount of the fair value of the price and the fair value of the retained interests and (ii) the book value of the assets (including goodwill) and the liabilities of the subsidiary and of the non-controlling interests. Amounts recognised previously as other comprehensive income are transferred to profit or loss for the year or transferred to retained earnings in the same way as would be the case if the related assets or liabilities were sold. The fair value of the retained interests corresponds to the fair value in the initial recognition for the effect of subsequent recording under IAS 39 – Financial instruments or, as and when applicable, the cost for the effect of the initial recognition of an investment in an associate or joint venture.

#### **d) Investments in associates**

An associate is a company in which the Group exercises significant influence, through participation in decisions relative to its financial and operating policies, but does not have control or joint control over it.

Financial investments in most of the associates (Note 22) are recorded through the equity method, except when they are classified as held for sale, with the shares initially stated at acquisition cost, which is increased or decreased according to the difference between this cost and the proportional value of the holding in the equity of these companies reported on the date of acquisition or first application of this method.

Pursuant to the equity method, financial holdings are adjusted periodically by the amount corresponding to the participation in the net income of the associated companies against "Earnings from associates", and through other changes in their equity against "Adjustments of holdings in associates", as well as through the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of financial investments.

Losses in associates which exceed the investment made in these entities are not recognised unless the Group has undertaken commitments in relation to them.

Any excess of the acquisition cost over the fair value of the identifiable net assets is recorded as "Investments in associates – goodwill". In cases where the acquisition cost is lower than the fair value of the identified net assets, the difference is recorded as a gain in the income statement for the year in which the acquisition occurs.

Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the associate, against the investment made in that associate. Unrealised losses are eliminated in a similar manner, but only to the extent that the loss does not show that the transferred asset is impaired.

#### **e) Goodwill**

Differences between the acquisition cost of the investments in subsidiaries, jointly controlled and associates, plus, in the case of subsidiaries, the value of the non-controlled interests and fair value of the identifiable assets and liabilities of these companies on their acquisition date, if positive, are recorded as goodwill (in the case of subsidiaries and jointly controlled companies) or maintained under the heading of investments in associates.

Goodwill is recognised as an asset and is not subject to amortisation, and is presented separately in the consolidated statement of financial position or under the heading "Investments in associates" (Notes 18 and 22). Regarding the goodwill of subsidiaries and jointly controlled companies, annually, or whenever there are indications of a possible loss in value, the goodwill values are subject to impairment tests. Any impairment loss is immediately recorded as a cost in the consolidated comprehensive income statement for the period and cannot be subject to subsequent reversal.

Upon the disposal of a subsidiary, associate or jointly controlled company, the corresponding goodwill is included in the determination of the capital gain or loss.

Where the acquisition cost is less than the fair value of the identified net assets, the difference is recognised as a gain for the period in which the acquisition occurs.

## 2.4 - Intangible assets

Intangible assets essentially comprise contractual rights and costs incurred in specific projects with future economic value, and are stated at cost, minus accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that they will produce future economic benefits for the Group, are controllable by the Group and their value can be measured reliably.

Internally generated intangible assets, including expenditure on current research and development, are recognised as a cost for the period when they are incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the income statement when incurred, except when such costs relate directly to projects which will probably generate future economic benefits for the Group. In such cases, these costs are capitalised as intangible assets.

Amortisation is calculated, after the beginning of use of the assets, through the straight-line method, in accordance with the year of utility that the Group expects of the assets concerned.

## 2.5 - Tangible fixed assets

Tangible fixed assets used in production, services rendered or for administrative use are recorded at acquisition or construction cost, including the expenses incurred with their acquisition, minus accumulated depreciation and impairment losses, when applicable.

Tangible fixed assets are depreciated through the straight-line method, according to their estimated useful life, from the date on which they are available to be used for the intended purpose and cease when the assets become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

Years of useful life	
Buildings and other constructions	5 - 20
Basic equipment	4 - 8
Transport equipment	3 - 7
Tools and utensils	3 - 7
Administrative equipment	2 - 10
Other tangible fixed assets	1 - 4

Improvements and upgrades are only recognised as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

Tangible fixed assets in progress correspond to tangible assets under construction and are recorded at acquisition cost minus any impairment losses. These tangible fixed assets are depreciated as from the time when the underlying assets are able to be used for the intended purposes.

Capital gains or losses arising from the sale or write-off of tangible fixed assets are determined by the difference between the sales price and the net book value on the date of sale/write-off and stated at their net worth in the income statement under "Other operating income" or "Other operating costs", as applicable.

## 2.6 - Leases

Lease contracts are classified as: (i) financial leases, if all the risks and benefits of their ownership are transferred substantially; or (ii) operating leases, if all the risks and benefits of ownership are not transferred substantially.

Leases are classified as financial or operating leases according to the nature of the contract and not its form.

Assets acquired under financial lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the asset, the corresponding accumulated depreciation and the outstanding debts payable pursuant to the contractual financial plan. Furthermore, the interest included in the lease instalments and depreciation / amortisation of the assets are recognised as costs in the income statement of the period to which they refer.

For operating leases, the instalments payable are recognised as a cost in the income statement on a straight line basis during the year of the lease contract.

## **2.7 - Impairment of non-current assets, excluding goodwill**

Impairment is assessed whenever events or changes in circumstances indicate that the amount at which an asset is recognised might not be recovered. When such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss.

In situations where the individual asset does not generate cash flow independently of other assets, the recoverable value is estimated for the cash flow generating unit to which the asset belongs.

Whenever the amount for which the asset is recorded is greater than its recoverable value, an impairment loss of the difference is recognised, which is recorded in the income statement under the heading "Provisions and impairment losses".

The recoverable amount is the highest value between an asset's net sales price (sales price minus the costs of its sale) and its value in use. The net sales price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable parties, minus the costs directly attributable to the sale. The value in use is the present value of estimated future cash flows that are expected from continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, when this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses is recorded when there are indications that the recognised impairment losses no longer exist or have decreased. The reversal of impairment losses is recognised in the income statement under "Impairment losses and provisions" for the year when the reversal occurs. However, the reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

## **2.8 - Investment properties**

Investment properties, which include land and buildings held for leasing, capital appreciation, or both, are recorded initially at their acquisition price or at construction cost (in the case of own construction investment), including any directly attributable expenditure.

After their initial recognition, all the investment properties, including those that are under construction, are measured at their fair value reflecting market conditions on the reporting date. All gains or losses arising from changes in the fair value of investment properties are recognised through profit or loss for the year when they occur and recorded under the heading "Variation in the fair value of investment properties", included in "Other operating income" or "Other operating costs", depending on whether they refer to gains or losses.

The fair value of each investment property is determined through valuations, in some cases made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market. In all other cases, the market value is determined internally, based on criteria similar to those considered by external valuers.

The costs incurred for investment properties in use, namely maintenance, repairs, insurance and taxes, are recognised in the income statement for the year to which they refer. Improvements or upgrades are only recorded as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

## **2.9 - Assets, liabilities and transactions in foreign currency**

The financial statements are presented in Euro, since this is the currency used preferably in the economic environment in which the Group operates.

Transactions in currencies other than the Euro are recorded at the rates in force on the date of the transaction. On each reporting date, the monetary assets and liabilities expressed in foreign currencies are converted into Euro using the exchange rates in force on that date. Non-monetary assets and liabilities recorded at fair value denominated in foreign currencies are converted into Euro using the exchange rate in force on the date when the fair value was determined.

Favourable and unfavourable exchange rate differences arising from differences between the exchange rates on the date of the transactions and those in force on the collection, payment or reporting date of such transactions are recorded as gains and costs in the income statement for the year, except those related to non-monetary items whose change in fair value is directly recorded in equity under the heading "Currency conversion adjustments".

The financial statements of subsidiaries and jointly controlled companies expressed in foreign currencies are converted considering the exchange rate in force on the reporting date for the conversion of assets and liabilities, the historical exchange rate for the conversion of the balances of the equity headings and the average exchange rate for the year for the conversion of the headings in the income and cash flow statements.

Pursuant to IAS 21 - Effects of changes in foreign exchange rates ("IAS 21"), the goodwill and fair value corrections determined upon the acquisition of foreign entities are considered in the reporting currency of these entities, and are converted into Euro at the exchange rate in force on the reporting date. Exchange rate differences generated in this way are recorded under the heading "Currency conversion adjustments."

## **2.10 - Financing costs**

Loan costs are recognised in the income statement for the year to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

## **2.11 - Grants**

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the grant conditions.

Operating grants, particularly for employee training, are recognised in the income statement in accordance with costs incurred.

Investment grants relating to the acquisition of tangible fixed assets are included under "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement according to the straight-line depreciation / amortisation of the assets financed with the grants.

## **2.12 - Inventories**

Goods and raw materials are stated at acquisition cost, using the average cost as the costing method.

Intermediate and finished products and work in progress are stated at the weighted average cost of production, which includes the cost of the incorporated raw materials, labour and manufacturing overheads (considering the depreciation of production equipment calculated on the basis of normal usage levels), which is below the net realisable value. Net realisable value corresponds to the normal sales price minus the production completion costs and marketing costs.

The difference between the cost value and respective realisation value of the inventories, when the latter is lower than the book value, is recorded as impairment losses in inventories.

## **2.13 - Provisions**

Provisions are recognised when and only when: i) the Group has a present obligation (legal or constructive) as a result of a past event, ii) it is probable that a transfer of economic benefits will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each reporting date and adjusted to reflect the best estimate on that reporting date.

## **2.14 - Segment reporting**

A business segment is a group of assets and operations involved in the provision of products and services subject to risks and benefits that are different from other business segments. A geographic segment is a group of assets and operations involved in the provision of products and services in a specific economic environment, which is subject to risks and benefits different from those that affect segments that operate in other economic environments.

The Group presents business segments as operating segments, in a manner consistent with the way the management conducts the business.

## **2.15 - Net operating income**

Net operating income includes all the costs and revenues of operating activities, both recurrent and non-recurrent, including restructuring costs and the costs and revenues related to operating assets (tangible fixed assets and other intangible assets). It also includes the capital gains or losses calculated on the sale of companies included in the consolidation using the full or proportional consolidation method. Hence, net financing costs, the net income of associates, other financial investments and income tax are excluded from net operating income.

## **2.16 - Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party in the respective contractual relationship.

### **a) Cash and equivalent**

The amounts included in Cash and equivalent correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be mobilised immediately with no significant risk of change in value.

**b) Accounts receivable**

Accounts receivable are measured, when recognised initially, at fair value and subsequently at amortised cost in accordance with the effective interest rate method. When there is evidence that they are impaired, the corresponding adjustment is recorded through profit or loss under the heading "Other Operating Costs". The recognised adjustment is measured by the difference between the value at which the receivables are recognised and the present value of the cash flows discounted at the effective interest rate determined at their initial recognition.

**c) Investments**

Investments are recognised on the date when the inherent risks and rewards are transferred substantially. They are initially recorded at their acquisition value, which is the fair value of the price paid, including transaction costs.

Investments are classified as follows:

**Financial assets available for sale**

Financial assets available for sale are financial investments which are available for sale and are classified as non-current assets.

After initial recognition, the financial assets available for sale are measured by reference to their market value on the reporting date, with no deduction for transaction costs that could arise up to the date of their sale. Gains or losses due to changes in the fair value are recorded in equity, under the heading "Fair value reserve" until the investment is sold, received or disposed in any other way, or when impairment losses are believed to exist, in which case the accumulated gain or loss is recorded in the income statement.

**Other investments**

Financial assets available for sale in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably are measured at their acquisition cost minus any accumulated impairment losses, and are recorded under the heading "Other investments".

Furthermore, assets measured at fair value through profit or loss are revalued at their fair value with reference to their market value on the reporting date, without any deduction for transaction costs that may be incurred until their sale. These assets are recognised in the heading "Other investments" and any variation in their fair value is recorded under the heading "Earnings from investment activities - Other".

**d) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the nature of the contract regardless of their legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting its liabilities.

Equity instruments issued by the Group are recorded at the amount received net of the costs incurred to issue them.

**e) Accounts payable**

Accounts payable are measured initially at fair value and subsequently at amortised cost in accordance with the effective interest rate method.

**f) Loans**

Loans are initially recorded and recognised as liabilities at their nominal value, net of the costs incurred to issue them and subsequently measured through the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual accounting principle, being added to the book value of the loan if they are not settled during the financial year.

**g) Derivative financial instruments and hedge accounting**

Derivative financial instruments are used to hedge the financial risks to which the Group is exposed due to changes in interest rates. Therefore, the Group does not resort to financial derivative instruments for speculative purposes.

Financial instruments are used in accordance with internal policies adopted by the Board of Directors.

Derivative financial instruments are measured at their respective fair value and recognised in the heading "Other liabilities/current assets" or "Other non-current liabilities/assets", as applicable. The recognition method depends on the nature and purpose of their contracting.

The fair value of the derivative financial instruments is determined with reference to stock market values. If the stock market values are not available, the fair value is determined based on the analysis of discounted cash flows, which include assumptions supported on observable market prices or rates.

#### **Hedge accounting**

The possibility of classifying a derivative financial instrument as a hedging instrument follows the provisions of IAS 39 – Financial Instruments: recognition and measurement ("IAS 39"), namely relative to the respective documentation and effectiveness.

Changes in the fair value of derivative financial instruments classified as fair value hedges are recognised as a financial profit or loss for the year, as well as changes in the fair value of the asset or liability subject to that risk.

Changes in the fair value of derivative financial instruments classified as cash flow hedges are recorded under the "Hedge operation reserve" for their effective component and through financial profit or loss for their non-effective component. The values recorded under the "Hedge operation reserve" are transferred to the financial profit or loss for the year when the hedged item also has an effect on profit or loss.

Hedge accounting is discontinued when the hedging instrument reaches maturity, is sold or exercised, or when the hedge relationship no longer meets the requirements established in IAS 39.

#### **2.17 - Pension liabilities**

The Group offers a retirement plan to its employees.

This insurance plan was established in the context of a social and incentive policy for workers and is of the exclusive initiative of the subsidiary companies where these benefits are attributed. Characterised by their voluntary nature, contributions that are deemed appropriate at any given time are subject to the sole discretion of their board of directors, taking into account the performance and economic and financial situation. Thus, the contributions made by the Group are recorded as a cost on the date when they are due.

#### **2.18 – Income tax**

Income tax for the year is calculated based on taxable income of the companies included in consolidation and considers deferred taxation.

The current income tax rate is calculated based on the taxable income (which differs from accounting income) of the companies included in the consolidation in accordance with the tax rules in force at the head office of each company of the Group.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for taxation purposes, as well as the resulting tax benefits obtained.

Deferred tax assets and liabilities are calculated and periodically evaluated using tax rates that are expected to be in force at the date of reversal of the temporary differences, are not discounted and are recognised as non-current assets or liabilities.

Deferred tax assets are only recorded when there are reasonable expectations of sufficient future tax profits to use them. On each reporting date, the temporary differences underlying deferred tax assets are reviewed to recognise or adjust them according to the current expectation of future recovery.

#### **2.19 - Contingent assets and liabilities**

A contingent asset is a possible asset derived from past events and whose existence will only be confirmed by the occurrence or not of uncertain future events.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of future economic benefits is probable.

A contingent liability is (i) a possible liability arising from past events and whose existence will be confirmed by the occurrence or not of uncertain future events or (ii) a present liability which arises from past events, but which is not recognised because it is unlikely that there will be an outflow of funds or the possible outflow of funds cannot be measured reliably.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.



## 2.20 - Revenue and accruals

### Sales

Revenue arising from the sale of goods is recognised in the income statement when all the following conditions have been met:

- The Group has transferred to the buyer the significant risks and rewards of the ownership of the assets;
- The Group maintains neither continued managerial involvement to the extent usually associated with ownership nor effective control over the sold assets;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred with respect to the transaction can be measured reliably.

Sales are recognised net of taxes, discounts and other costs incurred to realise the fair value of the amount received or receivable.

### Services rendered

Revenue arising from services rendered is recognised in the income statement with reference to the stage of completion of services on the reporting date.

If the result of a construction contract can be estimated reasonably, the revenue and the related costs are recognised using the percentage of completion method as required by IAS 11 - Construction Contracts ("IAS 11"). According to this method, the income directly related to work in progress is recognised in the income statement according to its percentage of completion, which is determined by the ratio of costs incurred and the total estimated costs of works (costs incurred plus costs to be incurred). The differences between the income calculated through the application of this method and the turnover issued are recorded for under the headings "Other current assets" or "Other current liabilities", according to the nature of the differences.

Changes in the works under a construction contract, claims and premiums are considered as they are agreed and when they can be quantified in a sufficiently reliable manner.

To make a reasonable estimate of the result of a contract, the following conditions must be met:

- It is probable that the Group will obtain the economic benefits set out in the contract;
- The costs of the contract are identifiable and can be quantified reliably; and
- On the reporting date, it must be possible to reliably measure the necessary costs to complete the construction and the degree of completion thereof, so that the actual costs incurred can be compared with the initial estimates.

In order to meet with the costs to be incurred during the warranty year of the works, the Group recognises a provision to hedge this risk, which is calculated taking into account annual production and the record of past costs incurred in works during the warranty year.

If it becomes probable that the costs exceed the income of the contract, the expected loss is recognised in the income statement for the year to which it refers.

The activities developed under public service concession contracts are accounted for in accordance with IFRIC 12 - Service concession arrangements ("IFRIC 12"), which establishes the provisions to be applied in the measurement, recognition, presentation and dissemination of activities developed under public service concession contracts.

### Accruals and Deferrals

Income and expenditure are recorded on an accrual basis, through which they are recognised as they are generated. Income and expenditure whose actual value is unknown are estimated.

Differences between the amounts invoiced and the corresponding income and costs generated are recorded under "Other current assets" and "Other current liabilities".

## 2.21 - Classification of financial position

Assets which are realisable and liabilities payable less than one year from the reporting date are classified, respectively, as current assets and liabilities.

Liabilities relative to which there is no unconditional right to defer their payment for a period of at least twelve months after the reporting date are also classified as current.

## 2.22 - Impairment of financial assets

On each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### **Financial assets available for sale**

In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator that the instruments are impaired. If such evidence exists for financial assets classified as available for sale, the accumulated loss – measured as the difference between its acquisition cost and present fair value, minus any impairment loss already recognised through profit and loss – is removed from equity and recognised in the income statement. Impairment losses of equity instruments recognised through profit or loss are not reversed through the income statement.

#### **Customers, receivables and other financial assets**

Impairment losses are recorded whenever there are clear indicators that the Group will not be able to collect all the amounts to which it is entitled, in accordance with the original terms of the established contracts. Various indicators are used to identify them, such as:

- age of the loan;
- financial difficulties of the debtor;
- probability of insolvency of the debtor.

Impairment losses are measured by the difference between the recoverable amount and the book value of the financial asset and recognised through profit or loss. Whenever a certain amount is considered as uncollectible it is written-off through the respective accumulated impairment loss. Subsequent recoveries of amounts that have been written-off are recognised through profit or loss.

#### **2.23 - Non-current assets held for sale**

Non-current assets (or discontinued operations) are classified as held for sale whenever it is determined that their value will be recovered through their sale and not through their continued use. This situation is considered to occur only when: (i) the sale is highly probable; (ii) the asset is available for sale immediately in its current conditions; (iii) the management is committed to a sales plan and, (iv) it is expected that the sale will take place within the period of twelve months.

Non-current assets (or discontinued operations) classified as held for sale are measured at the lowest value of their book value and respective fair value minus the costs of their sale.

#### **2.24 - Earnings per share**

Basic earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year.

Diluted earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible into shares of the Company.

#### **2.25 - Subsequent events**

Events occurring after the reporting date that provide additional information about conditions that existed on the reporting date are duly reflected in the consolidated financial statements.

Events occurring after the reporting date that provide additional information on conditions that occurred after the reporting date are disclosed in the notes to the consolidated financial statements.

### **3 - ALTERATIONS OF POLICIES, ESTIMATES AND ERRORS**

During the financial year ended on 31 December 2012, there were no alterations to the accounting policies considered in the preparation of the financial information relative to the financial year ended on 31 December 2011 and referred to in the respective notes, and no material errors were recorded or alterations made to the accounting estimates relative to previous years.

#### 4 - COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

As at 31 December 2012, TEIXEIRA DUARTE, S.A. and the following controlled companies were included in the consolidation, by the full method:

Corporate name	Head office	Effective Percentage holding
<b>DOMESTIC MARKET</b>		
<b>CONSTRUCTION</b>		
CONSTRUSALAMONDE, ACE	Edifício 2, Lagoas Park Porto Salvo	92.50%
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
OFM - Obras Públicas, Ferroviárias e Marítimas, S.A.	Edifício 1, Lagoas Park Porto Salvo	60.00%
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	Edifício 1, Lagoas Park Porto Salvo	60.00%
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>CONCESSIONS AND SERVICES</b>		
INVICTAAMBIENTE - Recolha de Resíduos e Limpeza Pública, S.A.	Praça do Bom Sucesso, nº 61 - Escritórios 501 e 502 Porto	100.00%
MARINERTES, S.A.	Edifício 1, Lagoas Park Porto Salvo	51.00%
RECOLTE - Recolha, Tratamento e Eliminação de Resíduos, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
SATU-Oeiras - Sistema Automático de Transporte Urbano, E.M., S.A. (a)	Edifício Paço de Arcos, E.N. 249/3 Paço de Arcos	49.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
TDHOSP - Gestão de Edifício Hospitalar, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>REAL ESTATE</b>		
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Edifício 2, Lagoas Park Porto Salvo	100,00%
Fundo de Investimento Imobiliário Fechado TDF	Edifício 2, Lagoas Park Porto Salvo	100,00%
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
IMOTD - SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
QUINTA DE CRAVEL - Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDE - Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TD VIA - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	93.75%
TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TRANSBRITAL - Transportes e Britas Pio Monteiro & Filhos, S.A.	Pedreira das Perdigueiras - Laveiras Paço de Arcos	100.00%
V8 - Gestão Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%

Corporate name	Head office	Effective percentage holding
<b>HOTEL SERVICES</b>		
ESTA - Gestão de Hotéis, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
EVA - Sociedade Hoteleira, S.A.	Av. República, nº 1 Faro	100.00%
LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
LAGOAS HOTEL, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
ROCHORIENTAL - Sociedade Hoteleira, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDH - SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDHC - Instalações para Desporto e Saúde, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>DISTRIBUTION</b>		
BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEIXEIRA DUARTE - DISTRIBUIÇÃO S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
<b>ENERGY</b>		
ACG - Distribuição e Comércio de Gás, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	45.00%
DIGAL - Distribuição e Comércio, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	45.00%
DNGÁS - Distribuição e Comércio de Gás, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	50.00%
MERCAPETRO - Produtos Petrolíferos, S.A. (b)	Rua Óscar da Silva, 2243 Leça da Palmeira	28.37%
MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	45.00%
PETRIN - Petróleos e Investimentos, S.A. (b)	Edifício 1, Lagoas Park Porto Salvo	47.91%
PPS - Produtos Petrolíferos, S.A. (b)	Edifício 1, Lagoas Park Porto Salvo	50.00%
PTG - SGPS, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
TANQUIGÁS - Distribuição e Comércio de Gás, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	45.00%
TDARCOL - SGPS, S.A. (c)	Edifício 1, Lagoas Park Porto Salvo	50.00%
<b>AUTOMOBILE</b>		
TDO - Investimento e Gestão, S.A.	Rua das Pretas, 4 - Fracção 4 D Funchal	100.00%
<b>OTHER</b>		
C + P.A. - Cimento e Produtos Associados, S.A.	Edifício 1, Lagoas Park Porto Salvo	52.00%
TDO - SGPS, S.A.	Rua das Pretas, 4 - Fracção 4 D Funchal	100.00%

Corporate name	Head office	Effective percentage holding
TEDAL – SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>FOREIGN MARKET</b>		
<b><u>SOUTH AFRICA</u></b>		
<b>DISTRIBUTION</b>		
Global Net Distributors (Pty) Ltd.	Po Box 15318 Farrarmere – Benon – Gauteng 1518 South Africa	100.00%
<b><u>ANGOLA</u></b>		
<b>CONSTRUCTION</b>		
ANGOCIME – Cimentos de Angola, Lda.	Rua Comandante Che Guevara, 67 – 1º D Luanda	100.00%
BEL-ere – Engenharia e Reabilitação de Estruturas Angola, Lda.	Alameda Manuel Van-Dúnem, 318 Luanda	100.00%
BETANGOLA – Betões e Pré-Fabricados de Angola, Lda.	Rua Comandante Che Guevara, 67 – 1º D Luanda	100.00%
<b>CONCESSIONS AND SERVICES</b>		
EDUCARE – Actividades Educativas e Culturais, Lda.	Rua Amílcar Cabral, 27 – R/C C Luanda	100.00%
TDGI – Tecnologia de Gestão de Imóveis, Lda.	Rua Comandante Che Guevara, 67 – 1º D Luanda	100.00%
<b>REAL ESTATE</b>		
AFRIMO – Empreendimentos Imobiliários, Lda.	Rua Amílcar Cabral, 51 – 1º C Luanda	51.00%
ANGOPREDIAL – Empreendimentos Imobiliários, Lda.	Rua Amílcar Cabral, 27 – R/C D Luanda	100.00%
CASANGOL – Gestão Imobiliária, Lda.	Rua Amílcar Cabral, 27 – R/C D Luanda	100.00%
IMOAFRO – Empreendimentos Imobiliários, Lda.	Rua Amílcar Cabral, 27 – R/C D Luanda	100.00%
TEIXEIRA DUARTE – Engenharia e Construções (Angola), Lda.	Rua Amílcar Cabral, 27 – R/C D Luanda	100.00%
URBÁFRICA – Sociedade Imobiliária, Lda.	Rua Amílcar Cabral, 35 – 5º C Luanda	90.00%
<b>HOTEL SERVICES</b>		
ALVALADE – Empreendimentos Turísticos e Hoteleiros, Lda.	Rua Comandante Gika – Bairro Maiango Luanda	100.00%
ANGOIMO – Empreendimentos e Construções, Lda.	Rua Amílcar Cabral, 35 – 5º C Luanda	100.00%
SERAFIM L. ANDRADE, S.A.R.L.	Rua da Missão, 103 Luanda	80.00%
URBANGO – Gestão Imobiliária, Lda.	Rua Amílcar Cabral, 27 – R/C D Luanda	100.00%
<b>DISTRIBUTION</b>		
CND – Companhia Nacional de Distribuição, Lda.	Rua Amílcar Cabral, 51 – 1º C Luanda	100.00%
MAXI RETAIL – Comércio Geral, Lda.	Avenida Pedro de Castro Van – Dúnem Luanda	100.00%
<b>AUTOMOBILE</b>		
AUTO COMPETIÇÃO Angola, Lda.	Rua Eugénio de Castro, Instalações do Cine Atlântico Luanda	100.00%

Corporate name	Head office	Effective percentage holding
AUTO 8, Lda.	Via A-1, Lote CCB-5 - Pólo Automóvel Luanda	100.00%
COMÉRCIO DE AUTOMÓVEIS, Lda.	Rua Frederich Engels, 9 Luanda	100.00%
TDA - Comércio e Indústria, Lda.	Rua Amílcar Cabral, nº 27 R/C, Letra C Luanda	100.00%
VAUCO - Automóveis e Equipamentos, Lda.	Rua Ho Chi Min (Largo 1º de Maio) Luanda	51.00%
<b>ALGERIA</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE ALGERIE, SPA	Parc Miremont, Rue A, nº 136 Bouzareah Algiers	99.94%
<b>BRAZIL</b>		
<b>CONSTRUCTION</b>		
EMPA - Serviços de Engenharia, S.A.	Rua Major Lopes, 800 Bairro São Pedro - Belo Horizonte	100.00%
SOMAFEL Brasil - Obras Ferroviárias, Ltda.	Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte	60.00%
<b>CONCESSIONS AND SERVICES</b>		
EMPA Logística, Ltda.	Rua Major Lopes, 800 - sala 410 Bairro São Pedro - Belo Horizonte	99.67%
GONGOJI Montante Energia, S.A.	Rua Major Lopes, 800 - sala 310 Bairro São Pedro - Belo Horizonte	100.00%
PAREDÃO de Minas Energia, S.A.	Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte	100.00%
TABOQUINHA Energia, S.A.	Rua Major Lopes, 800 - sala 308 Bairro São Pedro - Belo Horizonte	100.00%
<b>REAL ESTATE</b>		
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	Avenida Domingos Ferreira nº 4060, sala 301 Boa Viagem - Cidade de Recife	100.00%
TDSP - Participações, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	100.00%
TDSP - Elisa de Moraes, Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	90.00%
TDSP - Bela Vista, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Galeno de Castro, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Maratona, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Direitos Humanos, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Alta Vista I, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Verum Mooca, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	100.00%
TDSP - Gilberto Sabino, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	95.00%
TDSP - Alta Vista II, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%

Corporate name	Head office	Effective percentage holding
TDSP - Gualaxos, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista III, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Zanzibar, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.50%
TDSP - Don Klabin, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.50%
TDSP - 11, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	100.00%
TDSP - 12, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.99%
TDSP - Volta Redonda, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.99%
TDSP - 14, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.99%
TDSP - 15, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.99%
TDSP - 16, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.99%
TDSP - 17, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.99%
<b><u>CYPRUS</u></b>		
<b>OTHER</b>		
LEVENEL, Limited	Irakli, Egkomi, 2413 Nicosia	52.00%
<b><u>SPAIN</u></b>		
<b>CONCESSIONS AND SERVICES</b>		
G.S.C. - Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
<b><u>GIBRALTAR</u></b>		
<b>CONSTRUCTION</b>		
Teixeira Duarte International, Ltd.	23, Portland House - Glacis Road Gibraltar	100.00%
<b><u>MACAU</u></b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.	Rua de Xangai, 175 Edifício Assoc. Comercial de Macau, 10 A Macau	100.00%
<b><u>MOZAMBIQUE</u></b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. 24 de Julho, 141 Maputo	72.66%
<b>CONCESSIONS AND SERVICES</b>		
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Av. 24 de Julho, 141 Maputo	67.41%
<b>REAL ESTATE</b>		
IMOPAR - Centro Comercial de Maputo, S.A.R.L.	Av. 24 de Julho, 135 Maputo	100.00%



Corporate name	Head office	Effective percentage holding
<b>HOTEL SERVICES</b>		
AVENIDA – Empreendimentos Turísticos e Hoteleiros, Lda.	Av. 24 de Julho, 135 Maputo	100.00%
Sociedade Hotel Tivoli, Lda.	Av. 25 de Setembro, 1321 Maputo	65.00%
TIVOLI BEIRA – Hotelaria e Serviços, Lda.	Av. 24 de Julho, 141 Maputo	98.63%
<b><u>NAMIBIA</u></b>		
<b>CONCESSIONS AND SERVICES</b>		
KARIBIB Portland Cement (PTY) (d)	P O Box 9574 Windhoek Namibia	49.40%
KPC Trading and Services (d)	P O Box 2143 Windhoek Namibia	29.64%
SQUIRREL Investments 115 PTY, Ltd. (d)	P O Box 2143 Windhoek Namibia	49.40%
<b><u>RUSSIA</u></b>		
<b>CONCESSIONS AND SERVICES</b>		
MMK Cement, Limited Liability Company (d)	Murmansk Russia	36.40%
<b><u>VENEZUELA</u></b>		
<b>CONSTRUCTION</b>		
Consorcio Boyacá – La Guaira	Av. San Juan Bosco Ota Coromoto no Aplic Urb. Altamira – Caracas Venezuela	57.20%
TEGAVEN – Teixeira Duarte y Asociados, C.A. (a)	Av. Este, 6 – Edif. Centro Parque Carabobo, Piso 6, Of. 601 – Caracas Venezuela	17.04%

(a) The Group controls these subsidiaries through the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A.

(b) The Group controls these subsidiaries through the subsidiary TDARCOL – SGPS, S.A.

(c) The Group controls these subsidiaries through the subsidiary PTG – SGPS, S.A.

(d) The Group controls these subsidiaries through the subsidiary C + P.A. – Cimento e Produtos Associados, S.A.

## 5 - CHANGES IN THE CONSOLIDATION PERIMETER

During the year ended on 31 December 2012, there was no alteration to the consolidation perimeter relative to 31 December 2011.

## 6 - EXCHANGE RATES

The following exchange rates were used to convert the assets and liabilities expressed in foreign currency into Euro as at 31 December 2012 and 2011, as well as the earnings of the operations developed in countries where the functional currency is different from the Euro, for the year ended on 31 December 2012 and 2011:

Currency	Closing rate			Average rate		
	2012	2011	Var	2012	2011	Var
US Dollar	1.3194	1.2939	0.0255	1.2932	1.3951	(0.1019)
Macaense Pataca	10.5328	10.3525	0.1803	10.3322	11.1783	(0.8461)
Mozambican Metical	39.2400	34.9600	4.2800	36.3715	40.5377	(4.1662)
Venezuelan Bolivar	5.6664	5.5568	0.1096	5.5539	5.9915	(0.4376)
Angolan Kwanza	126.8460	133.9285	(7.0825)	123.6906	131.6015	(7.9109)
Algerian Dinar	103.1890	98.3583	4.8307	100.1353	101.8255	(1.6902)
Moroccan Dirham	11.1526	11.0952	0.0574	11.1061	11.2677	(0.1617)
Brazilian Real	2.7036	2.4159	0.2877	2.5220	2.3287	0.1933
Ukrainian Hryvnia	10.6212	10.3641	0.2571	10.4501	11.1387	(0.6886)
Namibian Dollar	11.1727	10.4830	0.6897	10.5725	10.0450	0.5275
Cape Verdean Escudo	110.2650	110.2650	-	110.2650	110.2650	-
Russian Rouble	40.3295	41.7650	(1.4355)	40.2354	41.0158	(0.7804)
Tunisian Dinar	2.0492	1.9398	0.1094	2.0088	1.9604	0.0484
South African Rand	11.1727	10.4830	0.6897	10.5725	10.0450	0.5275

## 7 – INFORMATION BY OPERATING SEGMENTS

The Group organises its activity according to the following business segments:

- Construction;
- Concessions and services;
- Real estate;
- Hotel services;
- Distribution;
- Energy;
- Automobile.

The sales and services rendered and the earnings of each of operating segment referred to above for the semesters ended on 31 December 2012 and 2011, were as follows:

Segment	Sales and services rendered						Net operating income	
	2012			2011			2012	2011
	Customers abroad	Inter-segmental	Total	Customers abroad	Inter-segmental	Total		
Construction	617,138	63,143	680,281	586,351	90,984	677,335	27,716	(1,308)
Cement, concrete and aggregates	-	-	-	12,753	-	12,753	-	(4,240)
Concessions and services	59,268	18,262	77,530	54,151	15,693	69,844	3,262	1,948
Real estate	114,032	15,024	129,056	82,386	12,586	94,972	32,575	19,307
Hotel services	84,539	10,389	94,928	70,020	8,889	78,909	25,337	16,383
Distribution	175,163	7,604	182,767	133,245	7,627	140,872	26,746	17,923
Energy	129,216	2,733	131,949	128,982	3,916	132,898	1,544	3,013
Automobile	203,970	6,136	210,106	132,382	5,931	138,313	41,331	13,414
Not allocated to segments	-	-	-	-	-	-	(15,133)	(15,175)
Elimination	-	(123,291)	(123,291)	-	(145,626)	(145,626)	(135)	85
	<b>1,383,326</b>	<b>-</b>	<b>1,383,326</b>	<b>1,200,270</b>	<b>-</b>	<b>1,200,270</b>	<b>143,243</b>	<b>51,350</b>
Financial costs and losses (Note 14)							(144,593)	(175,619)
Financial income and gains (Note 14)							67,214	112,085
Earnings from investment activities (Note 14)							(2,682)	(181,046)
<b>Pre-tax profit</b>							<b>63,182</b>	<b>(193,230)</b>

The accounting policies in the different segments are consistent with the Group's policies.

Other information:

Segment	Fixed capital expenditure		Amortisation & depreciation through profit or loss		Provisions and impairment losses	
	2012	2011	2012	2011	2012	2011
Construction	64,008	33,480	36,036	37,504	(946)	3,567
Cement, concrete and aggregates	-	-	-	1,703	-	68
Concessions and services	3,480	6,973	3,892	4,446	5,841	-
Real estate	4,399	5,340	2,643	2,902	(497)	614
Hotel services	8,810	23,782	10,498	8,740	700	-
Distribution	28,420	7,100	4,307	3,121	-	-
Energy	8,487	2,622	1,870	1,999	-	16
Automobile	2,308	2,407	1,499	1,281	7	-
Not allocated to segments	-	-	2	3	-	-
	<b>119,912</b>	<b>81,704</b>	<b>60,747</b>	<b>61,699</b>	<b>5,105</b>	<b>4,265</b>

The assets and liabilities of the segments and their respective reconciliation with the consolidated total, as at 31 December 2012 and 2011, are as follows:

	Assets								Liabilities	
	2012				2011					
	Investments in associates (Note 22)	Financial assets available for sale (Note 24)	Other assets	Total	Investments in associates (Note 22)	Financial assets available for sale (Note 24)	Other assets	Total	2012	2011
Construction	5,427	-	1,651,788	1,657,215	21,483	-	1,810,631	1,832,114	1,196,820	1,259,610
Concessions and services	837	19,031	228,447	248,315	809	17,610	303,459	321,878	157,604	212,354
Real estate	87	25,542	1,562,127	1,587,756	192	46,317	1,711,240	1,757,749	1,179,400	1,313,841
Hotel services	-	-	329,252	329,252	-	-	353,190	353,190	285,463	320,576
Distribution	-	-	154,397	154,397	-	-	178,115	178,115	118,529	107,860
Energy	24	-	79,698	79,722	24	-	80,169	80,193	52,289	52,016
Automobile	-	-	151,887	151,887	-	-	178,943	178,943	118,917	129,225
Not allocated to segments	44,334	4,024	337,019	385,377	35,756	6,125	427,935	469,816	50,818	74,378
Elimination	-	-	(1,826,435)	(1,826,435)	-	-	(2,418,804)	(2,418,804)	(718,222)	(1,049,317)
	<b>50,709</b>	<b>48,597</b>	<b>2,668,180</b>	<b>2,767,486</b>	<b>58,264</b>	<b>70,052</b>	<b>2,624,878</b>	<b>2,753,194</b>	<b>2,441,618</b>	<b>2,420,543</b>

The sales and services rendered, and information on non-monetary non-current assets by geographic segment are broken down as follows for the years ended on 31 December 2012 and 2011:

Geographic segment	Sales and services rendered		Non-monetary non-current assets	
	2012	2011	2012	2011
Portugal	356,778	488,137	630,462	662,256
Angola	703,139	472,155	337,040	335,474
Algeria	56,879	33,754	11,592	11,987
Brazil	88,703	120,135	41,644	33,704
Spain	22,745	26,640	12,236	13,885
Mozambique	37,998	26,393	23,088	18,384
Venezuela	108,842	11,613	31,044	4,727
Other	8,242	21,443	1,901	3,557
	<b>1,383,326</b>	<b>1,200,270</b>	<b>1,089,007</b>	<b>1,083,974</b>

## 8 - OPERATING INCOME

Operating income for the years ended on 31 December 2012 and 2011 was as follows:

	2012	2011
(a) Own work capitalised essentially corresponds to costs associated to the construction of buildings.		
<b>Sales and services rendered:</b>		
Sales	1,126,316	907,108
Services rendered	257,010	293,162
	<b>1,383,326</b>	<b>1,200,270</b>
<b>Other operating income:</b>		
Supplementary income	9,197	8,320
Own work capitalised (a)	6,679	1,951
Disposal of assets (b)	6,674	5,610
Reversal of impairment losses of accounts receivable (Note 27)	6,491	2,891
Inventory gains	4,372	4,918
Correction of previous financial years	3,823	2,213
Change in the fair value of investment properties (Note 21)	2,936	18,090
Tax refunds	1,891	2,176
Reversal of inventory impairment losses (Note 9)	412	356
Other operating income	14,300	16,162
	<b>56,775</b>	<b>62,687</b>
	<b>1,440,101</b>	<b>1,262,957</b>

(b) The indicated gains were mainly obtained through the sale of tangible fixed assets to the value of EUR 6,672 thousand (EUR 5,004 thousand as at 31 December 2011) (Note 20).

## 9 - COST OF SALES

During the years ended on 31 December 2012 and 2011, the cost of sales was as follows:

	Raw materials and consumables	Goods	Total
<b>Gross assets:</b>			
Balance as at 1 January 2011	20,116	126,648	146,764
Currency conversion adjustments	410	3,460	3,870
Adjustments	150	(2,439)	(2,289)
Purchases	116,447	342,111	458,558
Cost for the year	(119,758)	(329,675)	(449,433)
<b>Balance as at 31 December 2011</b>	<b>17,365</b>	<b>140,105</b>	<b>157,470</b>
Balance as at 1 January 2012	17,365	140,105	157,470
Currency conversion adjustments	(284)	(2,107)	(2,391)
Adjustments	(1,470)	(7,399)	(8,869)
Purchases	104,257	442,599	546,856
Cost for the year	(92,131)	(427,344)	(519,475)
<b>Balance as at 31 December 2012</b>	<b>27,737</b>	<b>145,854</b>	<b>173,591</b>

	Raw materials and consumables	Goods	Total
<b>Accumulated impairment losses in inventories:</b>			
Balance as at 1 January 2011	709	4,765	5,474
Currency conversion adjustments	(6)	226	220
Reinforcements (Note 13)	6	1,145	1,151
Uses (Note 8)	(356)	-	(356)
Adjustments	(269)	(4,405)	(4,674)
<b>Balance as at 31 December 2011</b>	<b>84</b>	<b>1,731</b>	<b>1,815</b>
Balance as at 1 January 2012	84	1,731	1,815
Currency conversion adjustments	(4)	(104)	(108)
Reinforcements (Note 13)	97	4,944	5,041
Uses (Note 8)	(3)	(409)	(412)
Adjustments	-	(176)	(176)
<b>Balance as at 31 December 2012</b>	<b>174</b>	<b>5,986</b>	<b>6,160</b>
<b>Net value as at 31 December 2011</b>	<b>17,281</b>	<b>138,374</b>	<b>155,655</b>
<b>Net value as at 31 December 2012</b>	<b>27,563</b>	<b>139,868</b>	<b>167,431</b>

## 10 - CHANGE IN PRODUCTION

The statement of change in production recorded for the years ended on 31 December 2012 and 2011 was as follows:

	Products and works in progress	Finished and intermediate products	Total
<b>Gross assets:</b>			
Balance as at 1 January 2011	135,723	21,530	157,253
Currency conversion adjustments	(2,670)	7	(2,663)
Adjustments	(6,074)	(291)	(6,365)
Change in production	8,204	(3,502)	4,702
<b>Balance as at 31 December 2011</b>	<b>135,183</b>	<b>17,744</b>	<b>152,927</b>
Balance as at 1 January 2012	135,183	17,744	152,927
Currency conversion adjustments	(6,653)	-	(6,653)
Adjustments	1,884	-	1,884
Change in production	337	(1,295)	(958)
<b>Balance as at 31 December 2012</b>	<b>130,751</b>	<b>16,449</b>	<b>147,200</b>
<b>Accumulated impairment losses in inventories:</b>			
<b>Balance as at 31 December 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance as at 1 January 2012	-	-	-
Currency conversion adjustments	(76)	-	(76)
Reinforcements (Note 13)	1,132	-	1,132
<b>Balance as at 31 December 2012</b>	<b>1,056</b>	<b>-</b>	<b>1,056</b>
<b>Net value as at 31 December 2011</b>	<b>135,183</b>	<b>17,744</b>	<b>152,927</b>
<b>Net value as at 31 December 2012</b>	<b>129,695</b>	<b>16,449</b>	<b>146,144</b>

As at 31 December 2012 and 2011, the products and work in progress referred entirely to real estate projects:

	2012	2011
Real estate projects	130,751	135,183
	<b>130,751</b>	<b>135,183</b>

As at 31 December 2012 and 2011, the real estate projects were being developed by the following entities:

	2012	2011
TD VIA - Sociedade Imobiliária, S.A.	28,819	28,799
QUINTA DE CRAVEL - Imobiliária, S.A.	17,387	17,304
V8 - Gestão Imobiliária, S.A.	15,492	15,376
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	11,851	11,754
TDSP - Gualaxos, Empreendimentos Imobiliários, SPE, Ltda.	9,498	10,467
TDSP - Volta Redonda, Empreendimentos Imobiliários, SPE, Ltda.	8,941	4,328
TDSP - Galeano de Castro, Empreendimentos Imobiliários, SPE, Ltda.	8,601	9,492
TDSP - Bela Vista, Empreendimentos Imobiliários, SPE, Ltda.	4,682	5,096
TDSP - Zanzibar, Empreendimentos Imobiliários, SPE, Ltda.	4,163	4,068
TDSP - Verum Mooca, Empreendimentos Imobiliários, SPE, Ltda.	3,414	7,573
TDSP - Don Klabin, Empreendimentos Imobiliários, SPE, Ltda.	3,252	3,371
TDSP - Gilberto Sabino, Empreendimentos Imobiliários, SPE, Ltda.	2,810	3,128
TDSP - Participações, Ltda.	2,334	-
TDSP - Alta Vista II, Empreendimentos Imobiliários, SPE, Ltda.	2,239	2,204
TDSP - Alta Vista III, Empreendimentos Imobiliários, SPE, Ltda.	2,060	2,220
IMOPREDOUÇOS - Sociedade Imobiliária, S.A.	1,953	1,933
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	847	452
TDSP - Maratona, Empreendimentos Imobiliários, SPE, Ltda.	465	184
ANGOIMO - Empreendimentos e Construções, Lda.	366	374
TDSP 11, Empreendimentos Imobiliários, SPE, Ltda.	22	3,019
TDSP - Alta Vista I, Empreendimentos Imobiliários, SPE, Ltda.	-	2,383
TDSP - Direitos Humanos, Empreendimentos Imobiliários, SPE, Ltda.	-	40
Other	1,555	1,618
	<b>130,751</b>	<b>135,183</b>

As at 31 December 2012 and 2011, there were no inventories pledged as security for liabilities.



## 11 - STAFF COSTS

The average number of employees in the years ended on 31 December 2012, by operating segment, was as follows:

	2012	2011
Construction	6,055	6,715
Concessions and services	1,404	1,383
Real estate	83	107
Hotel services	1,531	1,427
Distribution	837	660
Energy	226	235
Automobile	717	654
Other	-	1
	<b>10,853</b>	<b>11,182</b>

The heading "staff costs", for the years ended on 31 December 2012 and 2011, is broken down as follows:

	2012	2011
Wages and salaries	135,717	133,382
Other remunerations	66,601	63,037
Charges on remunerations	28,579	32,646
Insurance	3,783	4,109
Retirement benefits (a)	1,186	2,436
Other staff costs	9,032	10,294
	<b>244,898</b>	<b>245,904</b>

(a) The costs of retirement benefits correspond to contributions made to the pension plan (Note 2.17).

## 12 - OPERATING LEASES

For the financial years ended on 31 December 2012 and 2011, EUR 885 thousand and EUR 1,222 thousand were recorded, respectively, relative to operating lease instalments, which were recognised under the heading "External supplies and services".

The instalments of operating leases held by the Group at 31 December 2012 and 2011 have the following maturities:

	2012	2011
2012	-	688
2013	383	256
2014	106	26
2015	66	7
2016	40	-
2016 and following	3	-
	<b>598</b>	<b>977</b>

### 13 - OTHER OPERATING COSTS

Other operating costs for the years ended on 31 December 2012 and 2011 were as follows:

	2012	2011
Taxes	30,159	26,398
Inventory losses	11,496	6,989
Variation in the fair value of investment properties (Note 21)	8,327	9,688
Reversal of inventory impairment losses (Notes 9 and 10)	6,173	1,151
Impairment losses of debts receivable (Note 27)	5,921	4,873
Bad debt	2,747	842
Losses incurred in the disposal of assets (a)	1,515	12,192
Other operating costs	10,832	10,417
	<b>77,170</b>	<b>72,550</b>

(a) The losses indicated above were primarily incurred with the disposal of tangible fixed assets, of the value of EUR 1,289 thousand (EUR 3,928 thousand as at 31 December 2011) (Note 20). During the year ended on 31 December 2011, assets and liabilities of companies which left the consolidation perimeter were divested, amounting to EUR 8,264 thousand.

### 14 - FINANCIAL RESULTS

The financial results for the years ended on 31 December 2012 and 2011 were as follows:

	2012	2011
<b>Financial costs and losses:</b>		
Interest paid	(78,305)	(74,772)
Unfavourable currency conversion differences	(37,686)	(83,360)
Other financial costs and losses	(28,602)	(17,487)
	<b>(144,593)</b>	<b>(175,619)</b>
<b>Financial income and gains:</b>		
Interest received	21,079	25,125
Favourable currency conversion differences	39,995	81,684
Cash discounts received	663	833
Other financial income and gains	5,477	4,443
	<b>67,214</b>	<b>112,085</b>
<b>Earnings from investment activities:</b>		
Earnings from associates (a)	7,892	(26,910)
Dividends (b)	2,458	2,089
Other investments	2,239	(72)
Gains / losses in the measurement of assets available for sale (c) (Note 24)	(15,271)	(156,153)
	<b>(2,682)</b>	<b>(181,046)</b>
<b>Financial results</b>	<b>(80,061)</b>	<b>(244,580)</b>

(a) The earnings from associates relative to the year ended on 31 December 2012 include the effect of the application of the equity method to the investments in associates of the value of EUR 7,949 thousand (EUR 4,614 thousand as at 31 December 2011) (Note 22).

b) As at 31 December 2012 the values presented correspond to dividends received from "Financial assets available for sale" of EUR 533 thousand (EUR 489 thousand as at 31 December 2011) (Note 24) and the rest refers to "Other investments" (Note 25).

(c) As at 31 December 2012, the values presented correspond to the recording of impairments of "Financial assets available for sale" of EUR 26,596 thousand and the disposal of subscription rights of "Banco Comercial Português, S.A." of EUR 11,325 thousand.

During the year ended on 31 December 2012 there was a merger operation involving "ALVORADA PETRÓLEO, S.A." which gave rise to "ALVOPETRO, S.A.", thus also 43.2% held by the Group. Also during 2012, the Group sold "ALVOPETRO, S.A.", recording capital gains of EUR 5,634 thousand.

Furthermore, the Group also sold its preferred shares in "ALVORADA PETRÓLEO, S.A.", recording capital gains of EUR 35 thousand.

The Group recorded an impairment loss relative to its holding in "ALVORADA PETRÓLEO, S.A.", with an impact of EUR 5,726 thousand on its financial results.

During the year ended on 31 December 2012, no interest was capitalised on the acquisition cost of qualifying assets (EUR 6,041 thousand as at 31 December 2011). For the effect of the capitalisation of financial costs associated to the acquisition cost of the qualifying assets, an average rate of 4.29% was used as at 31 December de 2011.

## 15 - INCOME TAX

"TD, S.A." and most of its participated companies based in Portugal, are subject to Corporate Income Tax (IRC) at the rate of 25%. Entities with reportable profit are also subject to the Municipal Surcharge, whose rate may vary to the maximum of 1.5%, as the State Surcharge, incident on taxable profit in excess of EUR 1,500,000 and EUR 10,000,000, at the rates of 3% and 5%, respectively. Regardless of the profit for tax purposes recorded for the year, the abovementioned entities are also subject to autonomous taxation on the expenses at the rates established in article 88 of the Corporate Income Tax Code. In the calculation of the taxable profit, to which the abovementioned tax rates are applied, non-acceptable amounts for tax purposes are added to and subtracted from the book value profit. These differences between the book value profit or loss and the profit or loss for tax purposes may be of a temporary or permanent nature.

"TD, S.A." and the participated companies which are at least 90% held, directly and indirectly, with head office and effective management located in Portugal, have been taxed under the special taxation scheme for groups of companies (RETGS) since the financial year of 2003. This scheme consists of the aggregation of the taxable assets and liabilities of all the companies included in the consolidation perimeter, as provided in article 63 of the Corporate Income Tax Code, with the application of the IRC rates to the overall amount obtained in this manner, after deduction of the tax losses carried forward.

The value of tax calculated as above is increased by the Municipal and State Surcharge, if applicable, calculated individually and at the rates referred to above.

Pursuant to the legislation in force, tax returns in Portugal may be reviewed and corrected by the tax authorities for a period, in general, of four years (five years for Social Security).

The Board of Directors believes that any corrections which might arise from any tax reviews/inspections to these tax returns will not significantly affect the consolidated financial statements as at 31 December 2012.

The Group records deferred taxes corresponding to the temporary differences between the book value of the assets and liabilities and the corresponding tax base, as laid down in IAS 12 - Income Tax (Note 26).

The income taxes recognised for the years ended on 31 December 2012 and 2011 are as follows:

	2012	2011
<b>Current tax:</b>		
Income tax in Portugal	(15,369)	(15,046)
Income tax in other jurisdictions	(39,885)	(26,626)
<b>Current tax</b>	<b>(55,254)</b>	<b>(41,672)</b>
<b>Deferred tax (Note 26):</b>	<b>18,129</b>	<b>17,464</b>
	<b>(37,125)</b>	<b>(24,208)</b>

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to EUR 443 thousand were recorded directly in equity as at 31 December 2012 (EUR 2,424 thousand as at 31 December 2011) (Note 26).

## 16 - EARNINGS PER SHARE

Earnings per share for the years ended on 31 December 2012 and 2011 were calculated taking into account the following amounts:

	2012	2011
Earnings for the effect of calculating net earnings per basic share (net income of the quarter)	24,003	(200,437)
The weighted average number of shares for the effect of calculating net earnings per basic share (thousand)	420,000	420,000
<b>Net earnings per basic share</b>	<b>0.06</b>	<b>(0.48)</b>

Since for the financial years ended on 31 December 2012 and 2011 there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

## 17 - DIVIDENDS

The General Meeting of Shareholders, held on 17 May 2012, deliberated not to distribute any dividends.

During 2011, dividends of EUR 6,300 thousand were distributed, relative to the financial year of 2010.

## 18 - GOODWILL

During the years ended on 31 December de 2012 and 2011, the movements in the values of goodwill calculated upon the acquisition of subsidiaries or jointly controlled companies, as well as in related impairment losses were as follows:

	2012	2011
<b>Gross assets:</b>		
Opening balance	35,723	59,477
Currency conversion adjustments	(4)	7
Acquisitions	1,445	-
Disposals	-	(12,118)
Transfers	-	(11,643)
<b>Closing balance</b>	<b>37,164</b>	<b>35,723</b>
<b>Accumulated impairment losses</b>	<b>(7,449)</b>	<b>(1,616)</b>
<b>Net assets:</b>	<b>29,715</b>	<b>34,107</b>

The values of the goodwill as at 31 December 2012 and 2011 refer to the following entities:

Participated company	Operating segment	2012	2011
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construction	12,107	12,107
Karibib Portland Cement (PTY)	Concessions and Services	-	5,833
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Real estate	1,979	1,979
ACG - Distribuição e Comércio de Gás, S.A.	Energy	142	-
DIGAL - Distribuição e Comércio, S.A.	Energy	7,335	6,163
MULTIGAS - Sociedade Comercial e Distribuidora de Gás, S.A.	Energy	60	-
TANQUIGAS - Distribuição e Comércio de Gás, S.A.	Energy	71	-
Auto Competição Angola, Lda.	Automobile	215	219
C+PA - Cimento e Produtos Associados, S.A.	Other	7,806	7,806
		<b>29,715</b>	<b>34,107</b>

The goodwill relative to the associated companies is an integral part of the values of the corresponding investments and is disclosed in Note 22.

The values of goodwill are tested annually for impairment or whenever there are indications that they may be impaired.

The recoverable amount of the cash-generating units to which goodwill is allocated is determined based on the calculation of its use value, which uses cash flow forecasts based on the latest financial forecasts approved by the respective Boards of Directors over a period of five years, discounted by the discount rates shown in the table below, which were calculated based on the weighted average cost of capital (WACC), adjusted for risks, specific to the market in which each unit is placed. Cash flows beyond this five-year period were forecast using the rates specified in the same table. These rates do not exceed the average long-term growth for the markets in which those cash-generating units are allocated.

The Boards of Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the book value of these cash-generating units to exceed its recoverable amount.

The main assumptions considered in determining the value in use of goodwill are as follows:

Participated company	2012			2011		
	Book value of the goodwill	Discount rate	Perpetuity growth rate	Book value of the goodwill	Discount rate	Perpetuity growth rate
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	12,107	8.3%	2.0%	12,107	11.5%	1.5%
C+P.A. - Cimento e Produtos Associados, S.A.	7,806	6.0%	2.0%	7,806	6.0%	1.5%
DIGAL - Distribuição e Comércio, S.A.	7,335	10.4%	2.0%	6,163	8.6%	1.5%
BONAPARTE - Imóveis Comerciais e Participações, S.A.	1,979	6.9%	2.0%	1,979	5.4%	1.5%
Auto Competição Angola, Lda.	215	15.0%	2.0%	219	15.0%	1.5%
ACG - Distribuição e Comércio de Gás, S.A.	142	12.0%	2.0%	-	-	-
TANQUIGAS - Distribuição e Comércio de Gás, S.A.	71	12.0%	2.0%	-	-	-
MULTIGAS - Sociedade Comercial e Distribuidora de Gás, S.A.	60	8.4%	2.0%	-	-	-
Karibib Portland Cement (PTY)	-	-	-	5,833	11.5%	1.5%
	<b>29,715</b>			<b>34,107</b>		

## 19 - OTHER INTANGIBLE ASSETS

During the years ended on 31 December 2012 and 2011, the movement in other intangible assets and their respective accumulated amortisation and impairment losses was as follows:

	Industrial property	Other	Fixed assets in progress	Advances on account of intangible assets	Total
<b>Gross assets:</b>					
Balance as at 1 January 2011	10,456	630	-	1,987	13,073
Currency conversion adjustments	225	19	-	35	279
Additions	1,127	203	-	2,386	3,716
Transfers and write-offs	(684)	-	-	(39)	(723)
Disposals	(43)	-	-	-	(43)
<b>Balance as at 31 December 2011</b>	<b>11,081</b>	<b>852</b>	<b>-</b>	<b>4,369</b>	<b>16,302</b>
Balance as at 1 January 2012	11,081	852	-	4,369	16,302
Currency conversion adjustments	(193)	(33)	(253)	(21)	(500)
Additions	3,115	75	6,203	-	9,393
Transfers and write-offs	5,162	(246)	9,221	(3,261)	10,876
Disposals	(71)	-	-	-	(71)
<b>Balance as at 31 December 2012</b>	<b>19,094</b>	<b>648</b>	<b>15,171</b>	<b>1,087</b>	<b>36,000</b>
<b>Accumulated amortisation and impairment losses:</b>					
Balance as at 1 January 2011	3,051	630	-	-	3,681
Currency conversion adjustments	51	19	-	-	70
Transfers and write-offs	(633)	-	-	-	(633)
Reinforcements	559	-	-	-	559
Disposals	(37)	-	-	-	(37)
<b>Balance as at 31 December 2011</b>	<b>2,991</b>	<b>649</b>	<b>-</b>	<b>-</b>	<b>3,640</b>
Balance as at 1 January 2012	2,991	649	-	-	3,640
Currency conversion adjustments	(46)	(12)	-	-	(58)
Transfers and write-offs	501	(246)	-	-	255
Reinforcements	894	14	-	-	908
Disposals	(26)	-	-	-	(26)
<b>Balance as at 31 December 2012</b>	<b>4,314</b>	<b>405</b>	<b>-</b>	<b>-</b>	<b>4,719</b>
<b>Net value:</b>					
<b>As at 31 December 2011</b>	<b>8,090</b>	<b>203</b>	<b>-</b>	<b>4,369</b>	<b>12,662</b>
<b>As at 31 December 2012</b>	<b>14,780</b>	<b>243</b>	<b>15,171</b>	<b>1,087</b>	<b>31,281</b>

## 20 - TANGIBLE FIXED ASSETS

During the years ended on 31 December 2012 and 2011, the movement in fixed tangible assets and their depreciation and accumulated impairment losses was as follows:

	Land and natural resources	Building and other constructions	Basic equipment	Transport equipment	Tools and utensils	Administrative equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advances on account of tangible fixed assets	Total
<b>Gross assets:</b>										
Balance as at 1 January 2011	38,270	344,550	384,180	70,301	36,000	36,309	9,547	72,669	10	991,836
Perimeter alteration	(33)	(13,872)	(18,164)	(1,082)	(4,655)	(273)	(49)	(316)	(1)	(38,445)
Currency conversion adjustments	(36)	6,901	(2,484)	2,799	56	691	181	1,772	-	9,880
Additions	2,092	1,387	26,837	3,149	4,274	2,016	17,077	15,574	-	72,406
Transfers and write-offs	2,728	71,584	(20,821)	5,502	(2,182)	1,961	(5,619)	(64,343)	(9)	(11,199)
Disposals	(6,150)	(1,526)	(10,613)	(2,399)	(849)	(1,247)	(10)	-	-	(22,794)
<b>Balance as at 31 December 2011</b>	<b>36,871</b>	<b>409,024</b>	<b>358,935</b>	<b>78,270</b>	<b>32,644</b>	<b>39,457</b>	<b>21,127</b>	<b>25,356</b>	<b>-</b>	<b>1,001,684</b>
Balance as at 1 January 2012	36,871	409,024	358,935	78,270	32,644	39,457	21,127	25,356	-	1,001,684
Currency conversion adjustments	(327)	(4,195)	(5,771)	(2,608)	(159)	(640)	(269)	(335)	-	(14,304)
Additions	126	5,436	43,443	9,671	6,390	2,786	3,107	35,091	183	106,233
Transfers and write-offs	(2,821)	(146)	(12,351)	(2,719)	(1,732)	(875)	(4,811)	(16,127)	-	(41,582)
Disposals	(23)	(767)	(5,783)	(3,067)	(146)	(568)	(431)	-	-	(10,785)
<b>Balance as at 31 December 2012</b>	<b>33,826</b>	<b>409,352</b>	<b>378,473</b>	<b>79,547</b>	<b>36,997</b>	<b>40,160</b>	<b>18,723</b>	<b>43,985</b>	<b>183</b>	<b>1,041,246</b>
<b>Accumulated depreciation and impairment losses:</b>										
Balance as at 1 January 2011	164	86,324	265,298	44,338	30,054	28,612	4,146	-	-	458,936
Perimeter alteration	-	(1,145)	(6,235)	(360)	(2,158)	(154)	(11)	-	-	(10,063)
Currency conversion adjustments	-	2,936	948	1,536	57	624	48	-	-	6,149
Reinforcements	2	13,654	31,355	11,477	1,470	2,538	644	-	-	61,140
Transfers and write-offs	-	143	(15,417)	(1,971)	(240)	(371)	(36)	-	-	(17,892)
Disposals	-	(1,066)	(7,360)	(1,795)	(721)	(823)	(10)	-	-	(11,775)
<b>Balance as at 31 December 2011</b>	<b>166</b>	<b>100,846</b>	<b>268,589</b>	<b>53,225</b>	<b>28,462</b>	<b>30,426</b>	<b>4,781</b>	<b>-</b>	<b>-</b>	<b>486,495</b>
Balance as at 1 January 2012	166	100,846	268,589	53,225	28,462	30,426	4,781	-	-	486,495
Currency conversion effect	-	(1,379)	(3,226)	(1,905)	(101)	(478)	(28)	-	-	(7,117)
Reinforcements	1	14,570	28,227	11,684	1,949	2,903	505	-	-	59,839
Transfers and write-offs	(1)	(420)	(13,072)	(2,458)	(1,305)	(905)	(82)	-	-	(18,243)
Disposals	-	(626)	(5,545)	(2,647)	(105)	(560)	(20)	-	-	(9,503)
<b>Balance as at 31 December 2012</b>	<b>166</b>	<b>112,991</b>	<b>274,973</b>	<b>57,899</b>	<b>28,900</b>	<b>31,386</b>	<b>5,156</b>	<b>-</b>	<b>-</b>	<b>511,471</b>
<b>Net value:</b>										
<b>As at 31 December 2011</b>	<b>36,705</b>	<b>308,178</b>	<b>90,346</b>	<b>25,045</b>	<b>4,182</b>	<b>9,031</b>	<b>16,346</b>	<b>25,356</b>	<b>-</b>	<b>515,189</b>
<b>As at 31 December 2012</b>	<b>33,660</b>	<b>296,361</b>	<b>103,500</b>	<b>21,648</b>	<b>8,097</b>	<b>8,774</b>	<b>13,567</b>	<b>43,985</b>	<b>183</b>	<b>529,775</b>

The additions to tangible fixed assets during the year ended on 31 December 2012 refer mainly to investments in facilities and equipment.

As at 31 December 2012, the tangible assets in progress include EUR 31,367 thousand relative to buildings and other constructions in progress, in particular the following:

- Development of the Tancagem project in Aveiro;
- Expansion of the network of "Cash & Carry" shops in Angola.



## 21 - INVESTMENT PROPERTIES

During the years ended on 31 December 2012 and 2011, the movement in investment properties was as follows:

	2012	2011
Balance as at 1 January	522,016	509,516
Currency conversion adjustments	(2,443)	2,459
Increases / disposals	(12,477)	1,721
Change in fair value (Notes 8 and 13)	(5,391)	8,402
Transfer of tangible fixed assets	(3,469)	(82)
<b>Balance as at 31 December</b>	<b>498,236</b>	<b>522,016</b>

The income gained from investment property arising from operating leasing contracts reached EUR 42,773 thousand for the financial year ended on 31 December 2012 (EUR 28,314 thousand as at 31 December 2011). For the financial year ended on 31 December 2012, direct operating costs related to investment properties reached EUR 6,411 thousand (EUR 9,982 thousand as at 31 December 2011).

The fair value of each operational investment property is periodically determined through assessments, in most cases made by specialised and independent entities and in accordance with the evaluation methodologies generally accepted for the real estate market, namely income methods, comparatively with market prices or replacement costs, depending on the specific situations of each property.

In the remaining cases, the determination of the market value is carried out internally, based on criteria similar to those considered by external valuers, taking into account the expected discounted cash flows.

The main assumptions and methods inherent to the valuations supporting the market value of the investment properties were as follows:

- Yield between 7% and 10%;
- Average of the comparative method and income multiples;
- Average of the comparative method and cost.

IAS 40 - Investment property ("IAS 40") does not require the determination fair value of investment properties on the basis of a valuation made by an independent valuator. However, approximately 84% of the fair value of the Group's investment properties is determined through independent valuers with significant and recognised professional qualification (registered at the CMVM) and with recent experience in the location and category of the valued investment property. These valuers have applied methods currently used in this market, based on the use of the income method, replacement cost method or market price comparisons, according to the specific situations of each property. Considering that the assets are leased, the income method was used, but also taking into account the other methods used to assess the reasonableness of the results achieved through this method. According to this method, the income of the current leasing contracts under the current conditions was used and, once the year of these contracts had ended, a *yield* adapted to each property was used. For the rest of the valuations carried out internally, yields adapted according to the indications given by independent professionals were used.

## 22 - INVESTMENTS IN ASSOCIATES

The following associates were recorded through the equity method as at 31 December 2012:

Corporate name	Head office	Effective percentage holding	
ALVORADA PETRÓLEO, S.A.	Rua Major Lopes, 800, 3º andar Belo Horizonte - Minas Gerais - Brazil	43.20%	(a) Through its subsidiary C+P.A. - Cimento e Produtos Associados, S.A.
ALSOMA, GEIE.	3 Av André Malraux Levallois Peret	27.00%	
AVIA PORTUGAL - Produtos Petrolíferos, S.A.	Edifício 1, Lagoas Park Porto Salvo	21.32%	
CONSORCIO MINERO LUSO VARGAS C.A. (CONLUVAR)	Av. La Armada, Edifício Centro Socialista Demivargas, Piso 4 1162 La Guaira - Catia La Mar	49.00%	
Limited Liability Company Cement	Khutorskya Str., 70 Odessa	25.48%	
CIMPOR MACAU Investment Company, S.A. (a)	Av. da Praia Grande, nº 693, Edifício Tai Wah, 15º andar Macau	13.00%	
IMOC - Empreendimentos Imobiliários, S.A.R.L.	Av. 24 de Julho, 135 Maputo	46.40%	
RPK Gulfstream, Ltd. (a)	Tri Ruchja str. 183003, Murmansk	17.47%	
SCP AK10 - Empreendimentos e Participações SPE Ltda.	Avenida Alameda Santos, nº 960 - 19º, Edifício CYK, Cerqueira César, São Paulo	25.00%	
STELGEST - Gestão Hoteleira, S.A.	Edifício 2, Lagoas Park Porto Salvo	45.00%	
TEIX.CO, SPA	BP 62B Zone D'Active Dar El Beida Algiers	48.78%	
TRAVERSOFR - Industrie et Service Ferroviaire, S.A.R.L.	27, Chemin du Réservoir, Hydra, Algiers Algeria	30.00%	

The investments in associates showed the following movements in the years ended on 31 December 2012 and 2011:

	Holdings	Goodwill	Total
<b>Balance as at 1 January 2011</b>	63,230	24,883	88,113
Effects of the application of the equity method:			
- Effect on net income for the year (Note 14)	(4,614)	-	(4,614)
- Effect on equity	(4,035)	-	(4,035)
- Dividends received	(620)	-	(620)
Increases	389	-	389
Disposals	(22,432)	(16,716)	(39,148)
Currency conversion effect	(1,433)	(726)	(2,159)
Transfers	5,475	11,643	17,118
Other	3,220	-	3,220
<b>Balance as at 31 December 2011</b>	<b>39,180</b>	<b>19,084</b>	<b>58,264</b>

	Holdings	Goodwill	Total
<b>Balance as at 1 January 2012</b>	39,180	19,084	58,264
Effects of the application of the equity method:			
- Effect on net income for the year (Note 14)	7,949	-	7,949
- Effect on equity	2,812	-	2,812
- Dividends received	(7,110)	-	(7,110)
Increases	6,009	-	6,009
Disposals	(9,220)	(1,248)	(10,468)
Currency conversion adjustments	(770)	(792)	(1,562)
Other	156	(5,341)	(5,185)
<b>Balance as at 31 December 2012</b>	<b>39,006</b>	<b>11,703</b>	<b>50,709</b>

During the year ended on 31 December 2012 there was a merger operation involving "ALVORADA PETRÓLEO, S.A." which gave rise to "ALVOPETRO, S.A.", thus also 43.2% held by the Group. Also during 2012, the Group sold "ALVOPETRO, S.A.", recording capital gains of EUR 5,634 thousand.

Furthermore, the Group also sold its preferred shares in "ALVORADA PETRÓLEO, S.A.", recording capital gains of EUR 35 thousand.

The Group recorded an impairment loss relative to its holding in "ALVORADA PETRÓLEO, S.A.", with an impact of EUR 5,726 thousand on its financial results.

During the year ended on 31 December 2011, the Group sold 34% of its participated company "ARENOR, S.L." and 4% of "ALVORADA PETRÓLEOS, S.A.", recording a capital loss of EUR 11,025 thousand and EUR 239 thousand, respectively.

Investments in associated companies as at 31 December 2012 and 2011 are broken down as follows:

Associates	2012			2011		
	Holdings	Goodwill	Book value	Holdings	Goodwill	Book value
Limited Liability Company Cement	16,072	11,643	27,715	10,072	11,643	21,715
Cimpor Macau Investment Company, S.A.	12,113	-	12,113	9,449	-	9,449
IMOC - Empreendimentos Imobiliários, S.A.R.L.	4,506	-	4,506	4,592	-	4,592
Alvorada Petróleos, S.A.	3,975	-	3,975	12,973	7,374	20,347
RPK Gulfstream, Ltd.	837	-	837	809	-	809
TEIX.CO, SPA	541	-	541	942	-	942
SCP AK10 - Empreendimentos e Participações SPE Ltda.	27	60	87	125	67	192
Other	935	-	935	218	-	218
	<b>39,006</b>	<b>11,703</b>	<b>50,709</b>	<b>39,180</b>	<b>19,084</b>	<b>58,264</b>

These shares are stated using the equity method, which, in the years ended on 31 December 2012 and 2011, had the following impacts:

Associates	2012			
	Gains and losses in associates (Note 14)	Adjustments of holdings	Dividends	Total
Alvorada Petróleos, S.A.	8,002	(88)	(6,906)	1,008
Limited Liability Company Cement	(132)	71	-	(61)
Cimpor Macau Investment Company, S.A.	(612)	3,276	-	2,664
IMOC - Empreendimentos Imobiliários, S.A.R.L.	561	(647)	-	(86)
SCP AK10 - Empreendimentos e Participações SPE Ltda.	(51)	-	(37)	(88)
TEIX.CO, SPA	(159)	(242)	-	(401)
Other	340	442	(167)	615
	<b>7,949</b>	<b>2,812</b>	<b>(7,110)</b>	<b>3,651</b>

Associates	2011			
	Gains and losses in associates (Note 14)	Adjustments of holdings	Dividends	Total
Alvorada Petróleos, S.A.	(601)	(3,820)	(19)	(4,440)
Arenor, S.L.	-	(102)	-	(102)
Cimpor Macau Investment Company, S.A.	(4)	29	-	25
IMOC - Empreendimentos Imobiliários, S.A.R.L.	(1,348)	86	-	(1,262)
Limited Liability Company Cement	(2,611)	(175)	-	(2,786)
SCP AK10 - Empreendimentos e Participações SPE Ltda.	192	-	(408)	(216)
Other	(242)	(53)	(193)	(488)
	<b>(4,614)</b>	<b>(4,035)</b>	<b>(620)</b>	<b>(9,269)</b>

The main financial information relative to the associates as at 31 December 2012 and 2011 is as follows:

	Total assets		Total liabilities		Total net assets		Share of the Group in net assets	
	2012	2011	2012	2011	2012	2011	2012	2011
Alvorada Petróleos, S.A.	11,487	44,910	2,288	14,880	9,199	30,030	3,975	12,973
Cimpor Macau Investment Company, S.A.	235,802	191,222	221,488	187,569	14,314	3,653	12,113	9,449
IMOC - Empreendimentos Imobiliários, S.A.R.L.	12,343	12,576	2,632	2,678	9,711	9,898	4,506	4,592
Limited Liability Company Cement	27,919	31,249	33,809	37,014	(5,890)	(5,765)	16,072	10,072
SCP AK10 - Empreendimentos e Participações SPE Ltda.	345	646	237	144	108	502	27	125
TEIX.CO, SPA	6,530	7,941	5,425	6,009	1,105	1,932	541	942
Other	15,993	1,487	14,502	1,595	1,491	(108)	1,772	1,027
	<b>310,419</b>	<b>290,031</b>	<b>280,381</b>	<b>249,889</b>	<b>30,038</b>	<b>40,142</b>	<b>39,006</b>	<b>39,180</b>

	Sales and services rendered		Net income for the year		Share of the Group in net income for the year	
	2012	2011	2012	2011	2012	2011
Alvorada Petróleos, S.A.	33,204	4,479	18,523	(1,364)	8,002	(601)
Limited Liability Company Cement	11,408	3,242	(268)	(5,328)	(132)	(2,611)
Cimpor Macau Investment Company, S.A. (a)	-	129,766	(8)	(2,187)	(612)	(4)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	-	-	1,208	(2,904)	561	(1,348)
SCP AK10 - Empreendimentos e Participações SPE Ltda.	-	764	(204)	767	(51)	192
Other	12,326	2,216	277	71	181	(242)
	<b>56,938</b>	<b>140,467</b>	<b>19,528</b>	<b>(10,945)</b>	<b>7,949</b>	<b>(4,614)</b>

(a) During 2012, EUR 610 thousand were recorded under earnings from associates relative to the earnings for 2011 that had previously been estimated.

## 23 - JOINT VENTURES

As at 31 December 2012, the following participated entities were consolidated through the proportional method, since their management and control is exercised jointly with the other partners/shareholders:

Corporate name	Head office	Effective percentage holding
AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE	Edifício 1, Lagoas Park Porto Salvo	14.10%
CAIS DE CRUZEIROS 2ª FASE, ACE	Rua da Tapada da Quinta de Cima Linhó - Sintra	15.00%
CONBATE, ACE	Edifício 2, Lagoas Park Porto Salvo	20.00%
DOURO LITORAL, ACE	Edifício 8, Lagoas Park Porto Salvo	40.00%
D.L.O.E.A.C.E. - Douro Litoral Obras Especiais, ACE	Edifício 2, Lagoas Park Porto Salvo	40.00%
ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE	Av. Fabril do Norte, 1601 Matosinhos	33.33%
FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	Edifício Central Park - Rua Alexandre Herculano, Nº 3, 2º Linda-a-Velha	50.00%
GMP - Grupo Marítimo Português, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
GMP - Grupo Marítimo Português MEK, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	Rua Senhora do Porto, 930 Porto	25.00%
GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE	Edifício Sagres - Rua Professor Henrique de Barros, nº 4, 2 A Prior Velho	25.00%
METROLIGEIRO - Construção de Infraestruturas, ACE	Estrada da Luz, 90 - 6º E Lisbon	26.80%
METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE	Av. das Forças Armadas, 125 - 2º D Lisbon	33.33%
NOVA ESTAÇÃO, ACE	Av. Frei Miguel Contreiras, nº 54, 7º Lisbon	25.00%
SOMAFEL E OFM - Obras do Metro, ACE	Edifício 1, Lagoas Park Porto Salvo	60.00%
SOMAFEL/FERROVIAS, ACE	Av. Columbano Bordalo Pinheiro, 93 - 7º Lisbon	36.00%
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	Edifício 2, Lagoas Park Porto Salvo	57.30%
TEIXEIRA DUARTE/OPCA - Fungere - Parcela 1.18 do Parque das Nações em Lisboa - 3ª Fase - Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE	Edifício 2, Lagoas Park Porto Salvo	60.00%
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	Av. das Forças Armadas, 125 - 2º C Lisbon	50.00%

As a result of the consolidation of these participated companies through the proportional consolidation method, as at 31 December 2012 and 2011, the following amounts were included in the consolidated financial statements of the Group:

	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2012	2011	2012	2011	2012	2011	2012	2011
CAIS DOS CRUZEIROS - 2ª Fase, ACE	95	360	-	-	57	11	19	46
CONBATE, ACE	1,098	6,673	1	2	613	5,920	131	-
DOURO LITORAL, ACE	2,528	7,617	6	10	344	6,524	1,937	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	542	4,345	22	27	114	133	80	-
ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE	-	33	-	-	-	33	-	-
FERROVIAL / TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	113	112	-	-	76	71	144	138
GMP - Grupo Marítimo Português, ACE	1,215	1,370	5	22	1,262	2,233	-	20
GMP - Grupo Marítimo Português MEK, ACE	674	881	-	20	780	1,123	-	12
GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	80	78	-	-	80	78	-	-
GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE	1	47	-	-	1	47	-	-
METROLIGEIRO - Construção de Infraestruturas, ACE	105	133	-	-	105	133	-	-
METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE	-	196	-	-	-	196	-	-
NOVA ESTAÇÃO, ACE	1,181	2,347	4	7	1,221	2,355	-	-
SOMAFEL E OFM - Obras do Metro, ACE	30	44	-	-	30	44	-	-
SOMAFEL/FERROVIAS, ACE	35	147	-	-	15	39	-	-
TEIXEIRA DUARTE/OPCA - Fungere - Parcela 1.18 do Parque das Nações em Lisboa - 3ª Fase - Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE	56	65	-	-	56	65	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	230	211	-	-	230	211	-	-
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	321	489	-	-	187	339	-	-
	<b>8,304</b>	<b>25,148</b>	<b>38</b>	<b>88</b>	<b>5,171</b>	<b>19,555</b>	<b>2,311</b>	<b>216</b>

As a result of the consolidation of these participated companies, during the years ended on 31 December 2012 and 2011, the following amounts were included in the Group's consolidated financial statements:

	Income		Costs	
	2012	2011	2012	2011
CAIS DOS CRUZEIROS – 2ª Fase, ACE	26	845	8	542
CONBATE, ACE	11,015	17,987	10,660	17,233
DOURO LITORAL, ACE	5,840	96,512	5,850	95,727
DOURO LITORAL OBRAS ESPECIAIS, ACE	445	8,475	76	4,237
ENGIL/MOTA/TEIXEIRA DUARTE – Requalificações Urbanas, ACE	–	1	–	1
FERROVIAL / TEIXEIRA DUARTE – Obras Hidráulicas do Alqueva, ACE	10	(8)	19	(5)
GMP – Grupo Marítimo Português, ACE	229	122	291	529
GMP – Grupo Marítimo Português MEK, ACE	212	645	305	872
GPCC – Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	33	4	33	4
GPCIE – Grupo Português de Construção de Infraestruturas da Expo, ACE	2	9	2	9
METROPAÇO – Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE	3	21	3	21
NOVA ESTAÇÃO, ACE	1	5,442	35	5,443
SOMAFEL/FERROVIAS, ACE	30	193	24	98
TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque das Nações em Lisboa – 3ª Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE	7	3	7	3
TEIXEIRA DUARTE – SOPOL – Metro Superfície, ACE	70	78	70	78
TRÊS PONTO DOIS – Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	–	228	16	78
	<b>17,923</b>	<b>130,557</b>	<b>17,399</b>	<b>124,870</b>

Included in the information indicated in Note 41, the Group had provided bank guarantees, fidelity guarantee insurance and letters of comfort as an entrepreneur in these joint ventures to the total value of EUR 19,343 thousand as at 31 December 2012 (EUR 36,268 thousand as at 31 December 2011).

## 24 - FINANCIAL ASSETS AVAILABLE FOR SALE

During the years ended on 31 December 2012 and 2011, the movements which occurred in the valuation of the financial assets available for sale, stated at their respective fair value, were as follows:

(a) During 2012, in compliance with a forward commitment for the purchase and sale of shares that had previously been signed, the Group carried out the definitive purchase of 8,608,842 shares in Banco Comercial Português, S.A., for the total amount of EUR 3,720 thousand.

	2012	2011
<b>Opening balance</b>	<b>70,052</b>	<b>208,220</b>
Acquisitions during the year	–	18,112
Decrease in fair value	(25,175)	(156,280)
Transfer of advance of financial investments (a)	3,720	–
<b>Closing balance</b>	<b>48,597</b>	<b>70,052</b>

As at 31 December 2012 and 2011, the Group held 394,211,281 and 385,602,439 shares in Banco Comercial Português, S.A., respectively.



The financial assets available for sale, and their respective cost and market values, as at 31 December 2012 and 31 December 2011, are as follows:

	2012		2011	
	Cost value	Market value	Cost value	Market value
Banco Comercial Português, S.A.	760,114	29,566	756,394	52,442
Banco Bilbao Vizcaya Argentaria, S.A.	35,958	19,031	35,958	17,610
	<b>796,072</b>	<b>48,597</b>	<b>792,352</b>	<b>70,052</b>

Furthermore, during the years ended on 31 December 2012 and 2011, dividends were received from these investments to the value of EUR 533 thousand and EUR 489 thousand, respectively, which were recognised in the income statement for the year ended on that date (Note 14).

## 25 - OTHER INVESTMENTS

As at 31 December 2012 and 2011, this heading includes investments in the following entities:

	Non-current		Current	
	2012	2011	2012	2011
<b>Financial assets available for sale at cost a)</b>				
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	5,456	5,456	-	-
COLT Resources Inc.	2,504	-	-	-
AEDL - Auto Estradas do Douro Litoral, S.A.	1,212	1,212	-	-
LONGAPAR - Sociedade Gestora de Participações Sociais, S.A.	1,006	1,006	-	-
AEBT - Vias do Baixo Tejo, S.A.	824	324	-	-
JÚPITER - Indústria Hoteleira, S.A.	784	784	-	-
LONGAVIA, S.A.	670	670	-	-
MTS - Metro Transporte do Sul, S.A.	570	589	-	-
MATADOURO DE MACAU, S.A.R.L.	317	317	-	-
EIA - Ensino, Investigação e Administração, S.A.	300	300	-	-
VSL Sistemas Portugal - Pré-Esforço, Equipamento e Montagens, S.A.	258	258	-	-
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	256	-	-
CPM - Companhia de Parques de Macau, S.A.R.L.	205	205	-	-
Banco Comercial Português, S.A.	-	3,220	-	-
Other	184	204	-	-
	<b>14,546</b>	<b>14,801</b>	<b>-</b>	<b>-</b>
<b>Financial assets available for sale at fair value</b>				
Banco Bilbao Vizcaya Argentaria, S.A.	-	-	8,162	9,670
Banco Comercial Português, S.A.	-	-	2,550	-
Banco Popular Espanhol, S.A.	-	-	176	-
	<b>-</b>	<b>-</b>	<b>10,888</b>	<b>9,670</b>
	<b>14,546</b>	<b>14,801</b>	<b>10,888</b>	<b>9,670</b>

a) This heading essentially includes investments in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably. These investments are measured at their acquisition cost minus any accumulated impairment losses.

Moreover, during the year ended on 31 December 2012 and 2011, dividends were received from these investments amounting to EUR 1,925 thousand and EUR 1,600 thousand, respectively, which were recognised in the income statement for the year ended on that date (Note 14).

## 26 - DEFERRED TAXES

All situations which could significantly affect future taxes are recorded by applying the rules on deferred taxes.

For the years ended on 31 December 2012 and 2011, the movements which occurred in deferred tax assets and liabilities, according to the temporary differences which generated them, are as follows:

	2012						Closing balance
	Opening balance	Constitution		Reversal		Currency conversion & adjust.	
		Net income (Note 15)	Equity (Note 15)	Net income (Note 15)	Equity (Note 15)		
<b>Deferred tax assets:</b>							
Inventory impairments	26	51	-	(9)	-	-	68
Bad debt impairments	71	-	-	(51)	-	-	20
Financial assets available for sale	81,485	2,753	-	-	-	-	84,238
Tax losses carried forward	17,486	15,624	-	(4,878)	(441)	(5,234)	22,557
Provision for losses in works	909	-	-	(274)	-	-	635
Other	7,023	1,968	884	(4,956)	-	(525)	4,394
	<b>107,000</b>	<b>20,396</b>	<b>884</b>	<b>(10,168)</b>	<b>(441)</b>	<b>(5,759)</b>	<b>111,912</b>
<b>Deferred tax liabilities:</b>							
Future taxable earnings	2,058	218	-	(969)	-	(169)	1,138
Investment properties	54,765	876	-	(6,403)	-	(406)	48,832
Revaluation of tangible fixed assets	6,239	-	-	(222)	-	-	6,017
Other	2,844	598	-	(1,999)	-	549	1,992
	<b>65,906</b>	<b>1,692</b>	<b>-</b>	<b>(9,593)</b>	<b>-</b>	<b>(26)</b>	<b>57,979</b>

	2011						Closing balance
	Opening balance	Constitution		Reversal		Currency conversion & adjust.	
		Net income (Note 15)	Equity (Note 15)	Net income (Note 15)	Equity (Note 15)		
Deferred tax assets:							
Inventory impairments	34	8	-	(16)	-	-	26
Bad debt impairments	90	7	-	(37)	-	11	71
Financial assets available for sale	62,558	18,927	-	-	-	-	81,485
Tax losses carried forward	34,453	11,941	-	(13,633)	-	(15,275)	17,486
Investment properties	87	-	-	-	-	(87)	-
Provision for losses in works	363	577	-	(30)	-	(1)	909
Other	14,465	5,711	2,630	(8,498)	(206)	(7,079)	7,023
	112,050	37,171	2,630	(22,214)	(206)	(22,431)	107,000
Deferred tax liabilities:							
Future taxable earnings	6,235	364	-	(4,167)	-	(374)	2,058
Investment properties	53,533	1,373	-	(563)	-	422	54,765
Revaluation of tangible fixed assets	6,537	-	-	(298)	-	-	6,239
Other	2,246	1,136	-	(352)	-	(186)	2,844
	68,551	2,873	-	(5,380)	-	(138)	65,906

According to the tax returns of the companies that recorded deferred tax assets due to tax losses as at 31 December 2012 and 2011, they were carried forward as follows:

	2012			2011		
	Tax loss	Deferred tax assets	Deadline for use	Tax loss	Deferred tax assets	Deadline for use
Generated in 2006	-	-	2012	40	10	2012
Generated in 2007	563	155	2013	615	159	2013
Generated in 2008	1,650	483	2014	4,407	868	2014
Generated in 2009	5,320	1,376	2015	16,349	3,208	2015
Generated in 2010	24,034	7,400	2014	40,652	8,283	2014
Generated in 2011	21,646	5,913	2015	19,027	4,958	2015
Generated in 2012	31,661	7,230	2017	-	-	-
	<b>84,874</b>	<b>22,557</b>		<b>81,090</b>	<b>17,486</b>	

Furthermore, as at 31 December 2012 and 2011, the tax losses and credits for which no deferred tax assets were recorded as a precaution, are broken down as follows:

	2012			2011		
	Tax loss	Tax credit	Deadline for use	Tax loss	Tax credit	Deadline for use
Generated in 2006	-	-	2012	2,839	710	2012
Generated in 2007	3,211	803	2013	3,214	804	2013
Generated in 2008	3,544	886	2014	3,447	862	2014
Generated in 2009	3,369	842	2015	3,369	842	2015
Generated in 2010	2,978	745	2014	3,032	758	2014
Generated in 2011	3,153	788	2015	3,265	816	2015
Generated in 2012	2,922	730	2017	-	-	-
	<b>19,177</b>	<b>4,794</b>		<b>19,166</b>	<b>4,792</b>	

Deferred tax assets were only recorded insofar as it is considered that taxable profits are likely to occur in the future which may be used to recover tax losses or deductible tax differences. This evaluation was based on the business plans of the Group's companies, periodically reviewed and updated, on the prospects of generating taxable earnings.

As of 1 January 2012, the deduction of tax losses, including tax losses calculated before 1 January 2012, will be limited to 75% of taxable profit calculated for the year in which the deduction is made.

## 27 - CUSTOMERS AND OTHER RECEIVABLES

As at 31 December 2012 and 2011, this heading had the following composition:

	Current		Non-current	
	2012	2011	2012	2011
<b>Customers:</b>				
Customers – current account	491,521	458,940	58,091	86,275
Customers – bills receivable	3,035	12,110	-	-
Customers – bad debt	28,092	40,474	-	-
	<b>522,648</b>	<b>511,524</b>	<b>58,091</b>	<b>86,275</b>
<b>Impairment losses</b>	<b>(45,797)</b>	<b>(55,974)</b>	-	-
	<b>476,851</b>	<b>455,550</b>	<b>58,091</b>	<b>86,275</b>
<b>Other receivables:</b>				
Employees	614	1,007	-	-
Other receivables	65,278	67,111	79	83
	<b>65,892</b>	<b>68,118</b>	<b>79</b>	<b>83</b>
<b>Impairment losses</b>	<b>(1,797)</b>	<b>(3,629)</b>	-	-
	<b>64,095</b>	<b>64,489</b>	<b>79</b>	<b>83</b>

During the years ended on 31 December 2012 and 2011, the movements which occurred in the impairment of the accounts receivable were as follows:

<b>Accumulated impairment losses on customers and other receivables:</b>	
<b>Balance as at 1 January 2011</b>	<b>57,054</b>
Currency conversion adjustments	735
Reinforcements (Note 13)	4,873
Reversals (Note 8)	(2,891)
Adjustments	(168)
<b>Balance as at 31 December 2011</b>	<b>59,603</b>
<b>Balance as at 1 January 2012</b>	<b>59,603</b>
Currency conversion adjustments	(737)
Reinforcements (Note 13)	5,921
Reversals (Note 8)	(6,491)
Adjustments	(10,702)
<b>Balance as at 31 December 2012</b>	<b>47,594</b>

The Group's exposure to credit risk (Note 42) is attributable to the accounts receivable from its operating activity. The balances shown in the statement of the financial position are net of impairment losses arising from bad debt which were estimated by the Group in accordance with its experience and based on its assessment of the economic situation and environment.

The Board of Directors believes that the book value of the accounts receivable corresponds to the best estimate of their fair value.

The Group has no significant concentration of credit risks, since it is diluted over a wide range of customers and other debtors.

## 28 - RELATED PARTIES

The transactions and balances between "TD,S.A." and the companies of the Group included in the consolidation perimeter, which are related parties, were eliminated in the consolidation process and are not disclosed in the present note. The balances and transactions between the Group and the associates, related and individual companies with significant voting power which have their own companies, are detailed below.

The terms or conditions applied between these related parties are, in substance, identical to those which would normally be contracted, accepted and applied between

independent entities in comparable operations.

The main balances with related parties as at 31 December 2012 and 2011 can be broken down as follows:

	Balances receivable		Balances payable		Loans granted		Other debts	
	2012	2011	2012	2011	2012	2011	2012	2011
AEBT - Auto Estradas do Baixo Tejo, S.A.	-	-	-	-	819	-	-	-
AEDL - Auto Estradas do Douro Litoral, S.A.	-	-	-	-	1,202	1,202	-	-
ALSOMA, GEIE	-	-	24	24	-	-	-	-
AVIA PORTUGAL, S.A.	-	-	33	-	-	-	-	-
Cimpor Macau Investment Company, S.A.	-	-	-	-	8,536	8,536	-	-
CINTEL - Construção Interceptor Esgotos, S.A.	46	46	-	-	4	4	-	-
Consórcio Mineiro Luso Vargas - CONLUVAR	1,968	-	-	-	-	-	(1,665)	-
Consórcio OPSUT 2010	2,184	-	454	-	-	-	-	-
EIA - Ensino de Investigação e Administração, S.A.	-	9	-	-	-	-	(324)	(324)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	2,213	2,503	3	-	-	-	(247)	(247)
RPK Gulfstream, Ltd.	-	-	-	-	2,473	-	-	-
Limited Liability Company Cement	147	8,674	-	-	16,072	10,072	-	-
Moreira e Cunha, Lda.	8	4	-	-	-	-	(2,132)	-
MTS - Metro Transportes do Sul, S.A.	-	-	-	-	740	740	-	-
Promociones Inmobiliárias 3003, C.A.	55	-	-	-	-	-	(31)	(36)
STELGEST - Gestão Hoteleira, S.A.	23	43	-	-	-	-	(958)	(883)
Tedeven Imobiliária, CA	-	-	-	-	-	-	-	(39)
Teix.co SPA	1,435	1,494	755	532	-	-	(304)	(319)
TRAVERSO FER - Industrie et Service Ferroviaire, SARL	-	6	-	-	-	-	-	-
VSL Sistema de Pré-Esforço - Equipamento de Montagem, S.A.	-	-	1	468	-	-	-	-
	<b>8,079</b>	<b>12,779</b>	<b>1,270</b>	<b>1,024</b>	<b>29,846</b>	<b>20,554</b>	<b>(5,661)</b>	<b>(1,848)</b>

The main transactions carried out with related parties during the years ended on 31 December 2012 and 2011 were as follows:

	Sales and services rendered		Purchases and services received		Interest debited	
	2012	2011	2012	2011	2012	2011
AEBT - Auto Estradas do Baixo Tejo, S.A.	-	76	-	-	-	-
AVIA PORTUGAL, S.A.	-	-	27	-	-	-
Consórcio Mineiro Luso Vargas - CONLUVAR	1,793	-	-	-	-	-
Consórcio OPSUT 2010	3,456	-	6,287	-	-	-
EIA - Ensino, Investigação e Administração, S.A.	-	-	-	-	-	9
IMOC - Empreendimentos Imobiliários, S.A.R.L.	55	5	83	-	-	-
Limited Liability Company Cement	104	208	-	-	1,324	835
Moreira e Cunha, Lda.	59	43	-	-	-	-
STELGEST - Gestão Hoteleira, S.A.	118	164	-	-	52	32
Teix.co SPA	-	1,032	218	550	-	-
VSL Sistema de Pré-Esforço - Equipamento de Montagem, S.A.	259	-	275	981	-	-
	<b>5,844</b>	<b>1,528</b>	<b>6,890</b>	<b>1,531</b>	<b>1,376</b>	<b>876</b>

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2012 and 2011 were as follows:

	2012	2011
<b>Executive directors:</b>		
Short term benefits	1,078	1,587
<b>Supervisory board:</b>		
Short term benefits	66	66
<b>Chartered accountant:</b>		
Short term benefits	60	60
	<b>1,204</b>	<b>1,713</b>

The remunerations of the senior management staff of TD, S.A. for the years ended on 31 December 2012 and 2011 were as follows:

	2012	2011
<b>Senior staff:</b>		
Short term benefits	7,437	8,091
	<b>7,437</b>	<b>8,091</b>

## 29 - NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### Cash and cash equivalents

As at 31 December 2012 and 2011, the cash and equivalent was detailed as follows:

	2012	2011
Demand deposits	153,725	261,432
Term deposits	80,210	24,484
Other cash investments	2,234	201
Cash	9,894	5,576
	<b>246,063</b>	<b>291,693</b>

The cash and equivalent heading includes cash, deposits payable on demand, cash investments and term deposits with maturity of less than three months, repayable on demand, and for which the risk of change of value is insignificant.

### Cash flow from investment activities

Revenue from financial investments for the years ended on 31 December 2012 and 2011 refer to the disposal of equity interests in the following companies:

	2012	2011
Banco Bilbao Vizcaya Argentaria, S.A.	13,704	9,462
Banco Comercial Português, S.A.	13,379	1,640
ALVOPETRO, S.A.	11,362	-
ARENOR, S.L.	500	15,100
Alvorada Petróleos, S.A.	160	1,760
Limited Liability Company Cement	-	30,419
PARCAUTO - Sociedade Imobiliária, S.A.	-	973
Other	401	688
	<b>39,506</b>	<b>60,042</b>

Payments relative to financial investments during the years ended on 31 December 2012 and 2011 refer to the acquisition of equity interests in the following companies:

	2012	2011
Banco Bilbao Vizcaya Argentaria, S.A.	11,027	12,132
Limited Liability Company Cement	6,000	-
Banco Comercial Português, S.A.	3,592	21,332
DIGAL - Distribuição e Comércio, S.A.	3,147	-
COLT Resources Inc.	2,504	-
EMPA - Serviços de Engenharia, S.A.	-	480
Other	1,089	290
	<b>27,359</b>	<b>34,234</b>

Dividends received in the years ended on 31 December 2012 and 2011 were as follows:

	2012	2011
Alvorada Petróleos, S.A.	6,906	19
Banco Bilbao Vizcaya Argentaria, S.A.	861	669
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	562	881
SCP AK-10 Empreendimentos e Participações SPE, Ltda.	37	408
Other	1,182	733
	<b>9,548</b>	<b>2,710</b>

### 30 - OTHER CURRENT AND NON-CURRENT ASSETS

As at 31 December 2012 and 2011, the other current and non-current assets had the following composition:

	Current		Non-current	
	2012	2011	2012	2011
<b>State and other public bodies:</b>				
Value Added Tax	24,720	17,960	-	-
<b>Associates, participated companies and other shareholders:</b>				
Associates	3,581	3,327	-	-
Participated companies	783	3,985	955	937
Other shareholders	3,755	210	47	48
	<b>8,119</b>	<b>7,522</b>	<b>1,002</b>	<b>985</b>
<b>Accrued income:</b>				
Interest receivable	671	902	-	-
Values to be invoiced (Note 31)	106,880	92,282	-	-
Other accrued income	46,032	26,933	-	893
	<b>153,583</b>	<b>120,117</b>	<b>-</b>	<b>893</b>
<b>Deferred costs:</b>				
Insurance paid in advance	10,555	2,191	-	-
Interest payable	20	33	-	-
Other deferred costs	34,247	18,364	714	-
	<b>44,822</b>	<b>20,588</b>	<b>714</b>	<b>-</b>
<b>Other current assets:</b>				
Advances to suppliers	50,113	29,196	-	-
	<b>281,357</b>	<b>195,383</b>	<b>1,716</b>	<b>1,878</b>



### 31 - CONSTRUCTION CONTRACTS

For the years ended on 31 December 2012 and 2011, the income and expenditure recognised for construction contracts in progress are as follows:

	2012	2011
<b>Net income:</b>		
Issued invoices	646,315	595,004
Change in:		
- Deferred income - works (Note 39)	(43,775)	(4,214)
- Accrued income - works (Note 30)	14,598	(4,439)
	<b>617,138</b>	<b>586,351</b>
<b>Net costs:</b>		
Invoiced costs	591,147	584,061
Change in:		
- Provisions for guarantees (Note 36)	(569)	9,843
- Provisions for future losses (Note 36)	(1,156)	(6,245)
	<b>589,422</b>	<b>587,659</b>
<b>Calculated earnings (Note 7):</b>	<b>27,716</b>	<b>(1,308)</b>

Additionally, as at 31 December 2012 and 2011, the withholdings made by customers relative to construction contracts amounted to EUR 1,177 thousand and EUR 300 thousand, respectively.

### 32 - SHARE CAPITAL

As at 31 December 2012, the underwritten and paid-up share capital was represented by 420,000,000 shares with the nominal value of EUR 0.5 each (420,000,000 shares with the nominal value of EUR 1 each as at 31 December 2011).

On 19 October 2012, the share capital was reduced to EUR 210,000,000 thousand, through the decrease of the nominal value of the shares, thus being represented by 420,000,000 shares with the nominal value of EUR 0.50, aimed at covering accumulated losses of EUR 181,783 thousand and reinforcing the free reserves to the value of EUR 28,217 thousand.

As at 31 December 2012, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 197,950,000 shares representing the share capital of TEIXEIRA DUARTE, S.A., corresponding to 47.13% of its share capital.

### 33 - RESERVES AND RETAINED EARNINGS

Legal reserve: Pursuant to the current legislation, the Company is obliged to transfer at least 5% of its annual net profit to the legal reserve, until it reaches at least 20% of the share capital. This reserve is not distributable to shareholders, but may be used to absorb losses, after all other reserves have been depleted, or incorporated in the share capital.

Fair value reserve: The fair value reserve represents the difference between the cost value and market value of the financial assets available for sale, not yet recognised in the income statement.

Free reserves: The free reserves are available for distribution.

Hedge operation reserve: As described in Note 2.16 g), the hedge operation reserve reflects the effective component (net of the tax effect) of the changes in the fair value of the derivative financial instruments classified as cash flow hedges.

### 34 - NON-CONTROLLING INTERESTS

The movements under this heading during the years ended on 31 December 2012 and 2011 were as follows:

	2012	2011
<b>Opening balance</b>	<b>76,579</b>	<b>88,484</b>
Perimeter alterations	–	(937)
Change arising from currency conversion	(781)	(141)
Dividends	(491)	(610)
Disposal of financial holdings	–	4,018
Acquisition of non-controlling interests	(1,303)	3,402
Other changes in the equity of the participated companies	(2,195)	(636)
Net income for the year attributable to non-controlling interests	2,054	(17,001)
<b>Closing balance</b>	<b>73,863</b>	<b>76,579</b>

### 35 - LOANS

As at 31 December 2012 and 2011, the loans received were as follows:

	2012	2011
<b>Non-current liabilities:</b>		
Bank loans a)	211,044	130,047
Commercial paper b)	190,016	472,911
	<b>401,060</b>	<b>602,958</b>
<b>Current liabilities:</b>		
Bank loans a)	362,145	458,852
Commercial paper b)	472,760	156,756
	<b>834,905</b>	<b>615,608</b>
	<b>1,235,965</b>	<b>1,218,566</b>

#### a) Bank loans

As at 31 December 2012, the internal bank loans, bank overdrafts and escrow accounts earned interest at the weighted annual average rate of 4.18% (3.63% as at 31 December 2011).

As at 31 December 2012, the most significant bank loans contracted by the Group essentially correspond to:

- Loan raised from Banco Caixa Geral, contracted on 11 February 2008 of the present value of EUR 17,820 thousand, which will fall due on 11 February 2016.
- Loan raised from Caixa Banco de Investimento, S.A. and Caixa Geral de Depósitos, S.A., contracted on 21 February 2008 of the present value of EUR 48,522 thousand, which will be repaid in 42 equal and successive instalments, ending on 10 December 2033.
- Loan raised from Banco BIC, contracted on 20 October 2008 of the present value of EUR 4,137 thousand, which will fall due on 27 November 2014.
- Loan taken out by the Group at Caixa Geral de Depósitos, S.A. on 30 December 2008, of the present value of EUR 38,348 thousand, which will be repaid in 132 equal and successive monthly instalments, ending on 30 December 2023.
- Loan raised from Banco Fomento de Angola, contracted on 2 February 2009 of the present value of EUR 3,553 thousand, which will fall due on 4 January 2014.
- Loan raised from Banco Fomento de Angola, contracted on 6 February 2009 of the present value of EUR 4,263 thousand, which will fall due on 30 March 2014.

- Loan raised from Banco Fomento de Angola, contracted on 6 February 2009 of the present value of EUR 2,652 thousand, which will fall due on 30 September 2014.
- Loan raised from Banco Itaú, contracted on 24 April 2010 of the present value of EUR 14,093 thousand, which will fall due on 25 April 2013.
- Loan raised from Banco Caixa Geral Totta Angola, contracted on 21 December 2011 of the present value of EUR 18,948 thousand, which will fall due on 28 February 2019.
- Loan raised from Banco Espírito Santo de Investimento, S.A. contracted on 29 December 2011, of the present value of EUR 3,732 thousand, which will fall due on 27 November 2015.
- Loan raised from Banco BPI, contracted on 19 July 2012 of the present value of EUR 5,298 thousand, which will fall due on 19 July 2015.
- Loan raised from Banco BIC, contracted on 9 October 2012 of the present value of EUR 15,140 thousand, which will fall due on 5 December 2019.
- Loan raised from Banco BIC, contracted on 9 October 2012 of the present value of EUR 33,614 thousand, which will fall due on 13 December 2019.
- Loan raised from Banco Privado Atlântico, contracted on 12 October 2012 of the present value of EUR 28,219 thousand, which will fall due on 18 October 2017.
- Loan raised from Banco Popular Portugal, S.A., contracted on 13 December 2012, of the present value of EUR 13,655 thousand, which will be repaid in two instalments of EUR 1,000 thousand on 15 March and 15 June 2013, with the remaining outstanding principal being repaid within 36 months.

As at 31 December 2012 and 2011, the bank loans also include the pledged accounts of the value of EUR 163,825 thousand and EUR 373,238 thousand, respectively.

#### **b) Commercial paper**

As at 31 December 2012, the Group had negotiated the following commercial paper programmes:

- Grouped contract programme, for the placing and underwriting of private commercial paper with Banco Comercial Português, S.A. on 14 October 2005, of the total amount of EUR 150,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. are participants, to the amounts of EUR 15,000 thousand and EUR 135,000 thousand, respectively. The participation of each company in the programme may vary each time the programme is used, with TEIXEIRA DUARTE – Engenharia e Construções, S.A. being required to participate with at least 10% of the total value. Sixteen six-monthly and successive issues have been contracted for the total nominal value of the programme, earning interest on a six-monthly basis and in arrears at a rate indexed to the six-month Euribor increased by a spread of 0.875%, and with the repayment of the last issue being on 14 October 2013.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo de Investimento, S.A. and Banco Espírito Santo, S.A. on 16 December 2005, to the sum of EUR 100,000 thousand, currently EUR 50,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. The participation of each company in the programme may vary each time it is used. The duration of the programme is five years minus one day, counted as of the contract signing date. The issue periods are from 1 to 6 months and earn interest in advance at the Euribor rate of the period increased by a spread of 3%, with the repayment of the last issue being on 20 August 2013.
- Grouped programme, for the placing and underwriting of commercial paper contracted on 14 February 2006 with Banco Comercial Português, S.A. of the total amount of EUR 50,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, to the amounts of EUR 5,000 thousand and EUR 45,000 thousand, respectively. The participation of each company in each programme may vary each time it is used, with TEIXEIRA DUARTE – Engenharia e Construções, S.A. being required to participate with at least 10% of the total value. Sixteen six-monthly and successive issues have been contracted for the total nominal value of the programme, earning interest on a six-monthly basis in arrears at a rate indexed to the six-month Euribor increased by 0.875% and determined according to the date of the auction, with the repayment of the last issue being on 14 February 2014.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo Investimento, S.A. on 21 April 2008, to the sum of EUR 120,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. The participation of each company in each programme may vary each time it is used. The duration of the programme is five years minus one day, counted as of the contract signing date, the interest falls due on each repayment date, with the reference rate being indexed to the Euribor for the respective maturity period, in force on the second business day prior to the subscription date, increased by 3% and determined according to the date of each auction, with the repayment of the last issue being on 20 April 2013.
- Commercial paper programme contracted with Banco Comercial Português, S.A. on 18 August 2008, of the amount of EUR 20,000 thousand. The commercial paper is issued with maturities of 1, 3 and 6 months and the programme has a duration of 1 year with the possibility of renewal. Interest is payable at a rate indexed to Euribor for the period of issue thereof, plus 5.75%.

- Commercial paper programme contracted with Banco Comercial Português, S.A. on 20 August 2008, of the amount of EUR 25,000 thousand. The commercial paper is issued with maturities of 1, 3 and 6 months and the programme has a duration of 1 year with the possibility of renewal. Interest is payable at a rate indexed to Euribor for the period of issue thereof, plus 5.75%.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo de Investimento, S.A. and Banco Espírito Santo, S.A. on 23 December 2008, to the sum of EUR 100,000 thousand, currently EUR 60,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. The participation of each company in each programme may vary each time it is used. The duration of the programme is five years minus one day, counted as of the contract signing date, the interest falls due on each repayment date, with the reference rate being indexed to the Euribor for the respective maturity period, in force on the second business day prior to the subscription date, increased by 3% and determined according to the date of each auction, with the repayment of the last issue being on 22 December 2013.
- Grouped contract programme, for the placing and underwriting of commercial paper with Caixa Geral de Depósitos, S.A. on 7 July 2010, to the sum of EUR 70,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by TEIXEIRA DUARTE – Gestão de Engenharia e Construções, S.A. The participation of each company in each programme may vary each time it is used. The programme was reduced to EUR 60,000 thousand on 28 April 2011 and renewed on 11 May 2012 for a further 3 years counted as of 14 April 2012, providing for partial repayments of EUR 10,000 thousand on 14 May 2013 and 14 May 2014. The interest is earned in advance on each subscription date, with the intervention rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus 5.25% and determined in accordance with the date of each auction.
- Programme for the placing and underwriting of commercial paper contracted with Banco Espírito Santo, S.A. on 28 December 2010, of the total amount of EUR 34,000 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. are participants. The programme may be used during three years, counting as of the contract signing date. The interest is earned in advance on each subscription date, with the intervention rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus 3% and determined in accordance with the date of each auction.
- Grouped programme, for the placing and underwriting of private commercial paper contracted on 14 January 2011 with Banco Comercial Português, S.A. with the total amount used being EUR 20,750 thousand, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and its associate TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, to the amounts of EUR 18,650 thousand and EUR 2,100 thousand, respectively. The participation of each company in the programme may vary each time the programme is used, with TEIXEIRA DUARTE – Engenharia e Construções, S.A. being required to participate with at least 10% of the total value. The programme has a duration of five years from the contract signing date. Interest is payable semi-annually in arrears and the intervention rate is indexed to one- to six-month Euribor by competitive auction of 7 to 180 days by direct placement plus 4.375% and determined in accordance with the date of each auction, with the repayment of the last issue taking place on 6 January 2016.
- Grouped programme, for the placing and underwriting of commercial paper contracted on 30 December 2011, with Banco Comercial Português, S.A. of the total amount of EUR 43,000 thousand, in which TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A., and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, where on this date the amounts used by each were EUR 250 thousand, EUR 250 thousand and EUR 39,500 thousand, respectively. Each of the future issues must necessarily be carried out together by all the issuers and the participation of each issuer cannot be less than EUR 250 thousand. The programme may be used over seven years counted as of the date of the first issue, with repayments being foreseen at the end of each semester at increasing values between EUR 1,500 thousand and EUR 6,500 thousand. The applicable interest rate is the Euribor for each issue period, in force on the second business day prior to its beginning, increased by a spread of 4.25%.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo de Investimento, S.A. and Banco Espírito Santo on 29 October 2012, to the total amount of EUR 35,000 thousand, in which TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by TEIXEIRA DUARTE – Engenharia e Construções, S.A. Repayments are foreseen at the end of each semester at increasing values between EUR 1,000 thousand and EUR 2,500 thousand. The applicable interest rate is the Euribor for each issue period, in force on the second business day prior to its beginning, increased by a spread of 6.50%.

As a result of the commitment of successive renewal during the financial year of the programme contracts, some existing issues as at 31 December 2012 and 2011 are classified as non-current liabilities.

As at 31 December 2012 and 2011, the repayment of the non-current bank loans is defined as follows:

	2012	2011
2013	-	408,032
2014	114,007	64,511
2015	85,903	14,126
2016	53,896	29,709
2017	30,770	11,459
2018 and following	116,484	75,121
	<b>401,060</b>	<b>602,958</b>

As at 31 December 2012 and 2011, financing agreements in foreign currency were expressed in the following currencies:

Currency	2012		2011	
	Currency	Euro	Currency	Euro
Venezuelan Bolivar	10,000	1,765	-	-
Moroccan Dirham	-	-	1,384	125
US Dollar	89,008	67,461	131,897	101,938
Namibian Dollar	199	18	5	-
Japanese Yen	76,000	669	-	-
Angolan Kwanza	14,062,387	110,862	2,977,010	22,228
Brazilian Real	78,826	29,156	93,461	38,686

The loans denominated in foreign currency earn interest at market rates and were converted into Euro based on the exchange rate on the reporting date.

### 36 - PROVISIONS

The movement in accumulated reserves during the years ended on 31 December 2012 and 2011 was as follows:

	Provisions for legal and tax risks	Other provisions related to the employees	Guarantees to customers (Note 31)	Lawsuits	Losses in works (Note 31)	Other provisions for risks and charges	Total
<b>Balance as at 1 January 2011</b>	<b>10,254</b>	<b>7,465</b>	<b>12,029</b>	<b>55</b>	<b>10,167</b>	<b>1,842</b>	<b>41,812</b>
Currency conversion effect	3	-	(22)	(5)	(489)	14	(499)
Reinforcement	-	6,362	9,739	145	2,211	3,074	21,531
Reductions	-	-	-	-	(7,971)	(113)	(8,084)
Uses	-	(6,657)	(5)	-	-	(147)	(6,809)
Transfers	(10,257)	-	131	-	4	(1,598)	(11,720)
<b>Balance as at 31 December 2011</b>	<b>-</b>	<b>7,170</b>	<b>21,872</b>	<b>195</b>	<b>3,922</b>	<b>3,072</b>	<b>36,231</b>
<b>Balance as at 1 January 2012</b>	<b>-</b>	<b>7,170</b>	<b>21,872</b>	<b>195</b>	<b>3,922</b>	<b>3,072</b>	<b>36,231</b>
Currency conversion effect	-	-	(23)	(21)	(113)	-	(157)
Reinforcement	-	7,788	135	441	1,522	3,773	13,659
Reductions	-	-	(2,078)	(6)	(3,360)	(247)	(5,691)
Uses	-	(6,283)	386	-	-	-	(5,897)
Transfers	-	-	1,011	-	795	(1,748)	58
<b>Balance as at 31 December 2012</b>	<b>-</b>	<b>8,675</b>	<b>21,303</b>	<b>609</b>	<b>2,766</b>	<b>4,850</b>	<b>38,203</b>

The reinforcements and reductions were made against:

	2012			2011		
	Reinforcements	Reductions	Total	Reinforcements	Reductions	Total
<b>Net income for the year:</b>						
Provisions	4,750	(5,478)	(728)	12,253	(7,988)	4,265
Staff costs	8,391	-	8,391	6,362	-	6,362
Earnings from associates	310	(136)	174	2,688	-	2,688
<b>Equity</b>	208	(77)	131	228	(96)	132
	<b>13,659</b>	<b>(5,691)</b>	<b>7,968</b>	<b>21,531</b>	<b>(8,084)</b>	<b>13,447</b>

During the year ended on 31 December 2012, an impairment loss of EUR 5,833 thousand was recorded, relative to the holding in KARIBIB Portland Cement.

### 37 - SUPPLIERS AND OTHER PAYABLES

As at 31 December 2012 and 2011, these headings had the following composition:

	Current		Non-current	
	2012	2011	2012	2011
<b>Other payables</b>	<b>19,097</b>	<b>42,399</b>	<b>15,110</b>	<b>20,867</b>
<b>Suppliers</b>				
Suppliers - current account	187,825	188,267	-	-
Fixed asset suppliers	5	5	-	-
	<b>187,830</b>	<b>188,272</b>	<b>-</b>	<b>-</b>

### 38 - ACCOUNTS PAYABLE UNDER FINANCIAL LEASES

As at 31 December 2012 and 2011, the total net value of the assets acquired under finance leases amounted to:

	2012	2011
Land and natural resources	2,693	2,794
Buildings and other constructions	206,673	218,783
Basic equipment	22,675	28,505
Transport equipment	2,706	2,056
Tools and utensils	29	50
Administrative equipment	234	612
Other tangible fixed assets	1,026	1,087
Industrial property	-	62
	<b>236,036</b>	<b>253,949</b>

As at 31 December 2012 and 2011, the present value of the minimum financial lease payments fell due as follows:

	2012	2011
2012	-	19,465
2013	22,015	19,981
2014	20,929	17,996
2015	16,639	15,398
2016	14,154	13,110
After 2016	147,858	149,857
	<b>221,595</b>	<b>235,807</b>

During the year ended on 31 December 2012, the Group had contracted a sale and leaseback operation involving the Lagoas Park undertaking, which is essentially recorded as an investment property (Note 21). The ownership of lots 7, 8, 9, 10, 11, 12, 15, 16 and 23 of this enterprise was transferred in order to secure this operation (Note 41).

The financial lease contracts earn interest at market rates and have a defined duration.

The financial commitments under lease contracts are secured by the reservation of ownership of the leased assets.



### 39 - OTHER CURRENT AND NON-CURRENT LIABILITIES

As at 31 December 2012 and 2011, these headings had the following composition:

	Current		Non-current	
	2012	2011	2012	2011
<b>State and other public bodies:</b>				
Corporate Income Tax - IRC	21,617	11,369	-	-
Income Tax Withholdings	4,791	4,410	-	-
Value Added Tax	23,696	17,508	-	-
Social Security Contributions	3,831	3,850	-	-
Other	5,557	4,538	-	-
	<b>59,492</b>	<b>41,675</b>	-	-
<b>Associates, participated companies and other shareholders:</b>				
Associates	-	2,023	-	-
Participated companies	1,498	2,909	-	-
Other shareholders	19	29	26	-
	<b>1,517</b>	<b>4,961</b>	<b>26</b>	-
<b>Accrued costs:</b>				
Insurance payable	89	148	-	-
Remunerations payable	20,151	21,843	-	-
Interest payable	3,861	3,954	-	-
Other costs payable	31,288	20,884	-	-
	<b>55,389</b>	<b>46,829</b>	-	-
<b>Deferred income:</b>				
Work invoiced and not executed (Note 31)	100,307	56,532	-	-
Other deferred income	10,603	10,316	1,093	1,458
	<b>110,910</b>	<b>66,848</b>	<b>1,093</b>	<b>1,458</b>
<b>Other:</b>				
Advances from customers	260,165	200,379	161,667	237,363
Advances on account of sales	573	586	26	26
Derivative financial instruments (Note 40)	-	-	14,981	12,370
	<b>260,738</b>	<b>200,965</b>	<b>176,674</b>	<b>249,759</b>
	<b>488,046</b>	<b>361,278</b>	<b>177,793</b>	<b>251,217</b>

#### **40 - DERIVATIVE FINANCIAL INSTRUMENTS**

As at 31 December 2012 and 2011, the Group had contracted a derivative financial instrument to minimise the risks of exposure to changes in interest rate, consisting of an interest rate swap contract.

These instruments are contracted by considering the risks affecting the assets and liabilities and after checking which instruments available on the market are the most appropriate to cover these risks.

These operations, the contracting of which is subject to prior approval by the Board of Directors, are permanently monitored, particularly through the analysis of various indicators relative to these instruments, mainly the trend of their market value and sensitivity of the forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects.

Derivative financial instruments are recorded in accordance with the provisions of IAS 39 and measured at fair value, which is based on assessments made by financial institutions. The existing derivative financial instrument as at 31 December 2012 and 2011 was assessed by an independent company external to the Group through appropriate methodologies and techniques, commonly used by the experts for each type of instrument contracted by the Group.

These are qualified as hedge instruments or instruments held for trading, pursuant to the provisions in IAS 39.

##### Derivative financial instruments qualified as hedges

As at 31 December 2012 and 2011, an interest rate swap had been contracted at a fixed rate, which will fall due on 1 July 2033, for the purpose of hedging against the risk of interest rate volatility of the loan contracted with Caixa Banco de Investimento, S.A. and Caixa Geral de Depósitos, S.A. indicated in Note 35.

The fair value of this instrument as at 31 December 2012 and 2011 reached EUR 14,981 thousand and EUR 12,370 thousand, respectively, unfavourable to the Group, which is recognised in the heading "Other non-current liabilities" (Note 39).

In view of the provisions of IAS 39, this instrument was initially recorded as a trading derivative financial instrument since it does not meet all of the requirements for the application of hedge accounting. The changes in the fair value of this trading instruments were, up to this date, recorded directly in the income statements of the periods when they occurred.

As of 1 January 2010, these requirements were met and, therefore, the derivative was then recorded as a cash flow hedge. Hence, during the years ended on 31 December 2012 and 2011, the effective component of the change of the hedge instrument was recognised under the "Hedge operation reserve", at the value of EUR 2,453 thousand and EUR 6,690 thousand, net of the tax effect, respectively.

The main information underlying the determination of the fair value of this instrument as at 31 December 2012 was as follows:

Days	EUR	Dates	Fact EUR
2	0.08500%	03-01-2013	0.9999929
32	0.10900%	04-02-2013	0.9998960
90	0.18700%	03-04-2013	0.9995256
181	0.32000%	03-07-2013	0.9983866
365	0.54200%	03-01-2014	0.9945277
732	0.37400%	05-01-2015	0.9925407
1096	0.46450%	04-01-2016	0.9861693
1461	0.60600%	03-01-2017	0.9760598
1826	0.76500%	03-01-2018	0.9624178
2191	0.94500%	03-01-2019	0.9446497
2556	1.12500%	03-01-2020	0.9237163
2923	1.29500%	04-01-2021	0.9004962
3287	1.44000%	03-01-2022	0.8767653
3652	1.56500%	03-01-2023	0.8527234
4017	1.69260%	03-01-2024	0.8267228
4383	1.79570%	03-01-2025	0.8017712
4750	1.88380%	05-01-2026	0.7773215
5114	1.95820%	04-01-2027	0.7538072
5478	2.01840%	03-01-2028	0.7315149
5844	2.04902%	03-01-2029	0.7128358
6209	2.07964%	03-01-2030	0.6941097
6574	2.11026%	03-01-2031	0.6753542
6941	2.14088%	05-01-2032	0.6565105
7305	2.17150%	03-01-2033	0.6378244
7670	2.18126%	03-01-2034	0.6226157
8035	2.19102%	03-01-2035	0.6076142
8400	2.20078%	03-01-2036	0.5928197
8768	2.21054%	05-01-2037	0.5781625
9132	2.22030%	04-01-2038	0.5638163
9496	2.22450%	03-01-2039	0.5507733
9861	2.22870%	03-01-2040	0.5379362
10227	2.23290%	03-01-2041	0.5253352
10592	2.23710%	03-01-2042	0.5129668
10959	2.24130%	05-01-2043	0.5007665
11323	2.25010%	04-01-2044	0.4897766
11688	2.25890%	03-01-2045	0.4790289
12053	2.26770%	03-01-2046	0.4684890
12418	2.27650%	03-01-2047	0.4581822
12783	2.28970%	03-01-2048	0.4698744
13148	2.30114%	02-01-2049	0.4813021
13513	2.31082%	02-01-2050	0.4923152
13878	2.31874%	02-01-2051	0.5029676
14243	2.32534%	02-01-2052	0.5198531
14608	2.32930%	01-01-2053	0.5362555

## 41 - CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

### Contingent liabilities:

We disclose that during 2010 and 2011, the Tax Inspection Services ("DSIT") of the Taxation and Customs Authority (AT) conducted various inspections to the company TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. ("TDGPIL, S.A."), which is 100% indirectly held by TD, S.A.

Following various inspections conducted by the Taxation and Customs Authority (AT) to the accounts of the participated company TEIXEIRA DUARTE - Gestão de Participações Investimentos Imobiliários, S.A. ("TDGPIL, S.A."), relative to 2007, 2008 and 2009, the following corrections were made to the tax losses that had initially been reported by this participated company:

Year	Calculated tax loss	AT correction
2007	46,632	29,331
2008	50,590	45,938
2009	50,182	24,807

With the exception of the amount of EUR 611 thousand included in the correction to the tax loss for 2008 (relative, according to the AT, to the undue application of number 10 of article 22 of the EBF to the distribution of income by the TDF Closed Real Estate Investment Fund), these corrections arise entirely from the non-acceptance, as a tax cost, of the financial costs incurred with the investment made in participated companies under the form of additional paid-in capital subject to the supplementary payments system.

Since "TDGPIL S.A." is subject to corporate income tax (IRC) in accordance with the special taxation scheme for groups of companies (RETGS) (article 69 and following of the IRC Code), the corrections to the tax losses of 2006 and 2007 were the object of Statements of Payment of IRC and compensatory interest issued to the controlling company, TEIXEIRA DUARTE - Engenharia e Construções, S.A., which filed judicial reviews at the Administrative and Fiscal Court of Sintra.

During the financial year ended on 31 December 2012, the Administrative and Fiscal Court of Sintra read the sentence related to the correction of identical nature made by the AT for the financial year of 2006, whose outcome was unfavourable to the Company's claims. Following this sentence, the participated company TDGPIL, S. A. proceeded with the book recording of the correction in question, of the value of EUR 4,709 thousand.

Notwithstanding the unfavourable outcome to the claims of TDGPIL, S.A. and, consequently, the controlling company, under the proceedings relative to the financial year of 2006, the Board of Directors continues to expect a different outcome for the other financial years under court proceedings (2007 and 2008).

It should be noted that the Statement of Payment of IRC and compensatory interest for the financial year of 2008 issued to TEIXEIRA DUARTE - Engenharia e Construções, S.A. (TD-EC) as the controlling company, apart from the corrections described above relative to the participated company TDGPIL, also includes a correction to the taxable profit calculated at individual level for TD-EC.

The total amount of corrections to the taxable profit reached EUR 35,467 thousand, of which TD-EC objected to EUR 32,595 thousand, related to tax credit, the system of re-investment of tax gains and undue application of number 10 of article 22 of the EBF.

The correction relative to the financial year of 2009 had not yet been the object of any additional payment required by the controlling company, as at the closing date of the financial year of 2012.

It should be noted that in the meantime the participated company TDGPIL has received a Draft Report relative to the inspection conducted to the financial year of 2010, which contains a proposed correction to the calculated tax loss to the value EUR 6,467 thousand, relative to the same issue that led to the previous corrections described above.

### Guarantees:

As at 31 December 2012 and 2011, the companies included in the consolidation perimeter had provided the following guarantees to third parties:

	2012	2011
Bank guarantees provided	447,093	550,483
Fidelity insurance	564,836	556,336

The bank guarantees were essentially provided for the effect of tenders, advances received and as a completion bonds for works.

TEIXEIRA DUARTE – Engenharia e Construções, S.A., EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A., SOMAFEL – Engenharia e Obras Ferroviárias, S.A., OFM – Obras Públicas, Ferroviárias e Marítimas, S.A., RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A., GSC – Compañía General de Servicios y Construcción, S.A., EMPA – Serviços de Engenharia, S.A., TEGAVEN – Teixeira Duarte y Asociados, CA and the Consortium Boyacá – La Guaira have provided fidelity insurance to guarantee the good completion of works and services.

In order to secure the loan contract signed with Banco Caixa Geral, S.A., of EUR 17,820 thousand, granted by GSC – Compañía General de Servicios y Construcción, S.A., GSC – Compañía General de Servicios y Construcción, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. pledged 2,636,250 and 980,239 shares in Banco Bilbao Vizcaya Argentaria, S.A., respectively.

A mortgage was also constituted in favour of Caixa Geral de Depósitos, S.A. on lot 3, situated in Lagoas Park, owned by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., to secure a loan contract granted by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. of the sum of EUR 38,348 thousand.

In order to secure a loan contract signed with Banco BPI, S.A., of the value of EUR 5,298 thousand, TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. mortgaged 24 fractions of the property located at Campo Grande, number 9 in Lisbon.

In order to guarantee the commercial paper contract signed with Banco Comercial Português, S.A., of the value of EUR 40,000 thousand, granted by TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., mortgaged the properties implanted respectively on lots 6, 18 and 19, located in Lagoas Park.

In order to guarantee the loan of the present value of EUR 13,695 thousand, signed with Banco Popular Portugal, S.A. on 13 December 2012, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A., TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A., Quinta de Cravel – Imobiliária, S.A. and V8 – Gestão Imobiliária, S.A., V8 – Gestão Imobiliária, S.A. mortgaged the fractions it owns of the urban property located on Rua de Castro Portugal, numbers 497 and 511; Rua Professora Rita Lopes Ribeiro Fonseca, numbers 28, 34, 40, 46, 52, 58, 64, 70, 76, 80, 94 and 96; and Rua Doutor Miguel Assunção Lopes, number 15, Locality and Parish of Vila Nova de Gaia, as well as the fractions of the urban property called lot 14, located on Rua Guilherme Duarte Camarinha, numbers 30, 38, 42, 48, 54, 62, 70 and 74, and Rua Professora Rita Lopes Ribeiro Fonseca, numbers 12 and 18, Locality of Candal, Parish of Vila Nova de Gaia, for the total value of EUR 12,000 thousand.

Apart from the guarantees indicated above, the following pledges were also provided:

In order to secure the commercial paper contract signed with Banco Espírito Santo Investimento, S.A. and Banco Espírito Santo, S.A. of EUR 50,000 thousand, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 336,286,280 and 37,420,992 shares in Banco Comercial Português, S.A., respectively, and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 3,266,034 shares in EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A.

In order to secure the commercial paper contract signed with Banco Espírito Santo Investimento, S.A. and Banco Espírito Santo, S.A. of EUR 120,000 thousand, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 4,277,150 and 16,226,859 shares in Banco Comercial Português, S.A., respectively, and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 9,233,966 shares in EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A. TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. constituted a voluntary mortgage on an urban property it owns, destined for warehouses, workshops, materials laboratory and parking of equipment, located on Avenida da Indústria, Alto Estanqueiro – Jardim, Montijo, of the value of EUR 16,428 thousand. Quinta de Cravel – Imobiliária, S.A., also mortgaged the lots for construction numbers 8, 10, 11, 12, 13, 19, 26 and 31, located at Quinta de Cravel, Mafamude, Vila Nova de Gaia, for the total value of EUR 5,894 thousand. In the same capacity, Quinta de Cravel – Imobiliária, S.A., likewise mortgaged the lot of land for construction number 23, located at Quinta de Cravel, Mafamude, Vila Nova de Gaia, for the total value of EUR 944 thousand. V8 – Gestão Imobiliária, S.A. mortgaged the lots for construction numbers 1, 2, 3, 5, 6, 8 and 16, 18, 20 and 30 located at Empreendimento Santa Maria Design District, Santa Marinha, Vila Nova de Gaia, for the total value of EUR 30,079 thousand.

In order to secure the commercial paper contract signed with Banco Espírito Santo, S.A. of the value of EUR 60,000 thousand, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. pledged 1,325,000 participation units of the TDF Closed Real Estate Investment Fund and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 104,000,000 shares in C+P.A. – Cimentos e Produtos Associados, S.A..

In order to secure the commercial paper contract concluded with Caixa Geral de Depósitos, S.A. of the value of EUR 70,000 thousand, presently EUR 60,000 thousand, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. pledged 4,675,000 participation units of the TDF Closed Real Estate Investment Fund.

In order to secure the commercial paper contract signed with Banco Espírito Santo de Investimento, S.A. and Banco Espírito Santo, S.A., of the value of EUR 34,000 thousand, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A., TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 500,000 shares in TDGI – Tecnologia de Gestão de Imóveis, S.A..

In order to reinforce the guarantees provided under the financial lease contract signed on 31 December 2008 with Banco Comercial Português, S.A., TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 9,000,000 shares in SOMAFEL – Engenharia e Obras Ferroviárias, S.A..

In order to secure debts to third parties, of the value of EUR 3,147 thousand, IMOTD – SGPS, S.A. pledged 24,000 shares in V8, S.A..

In order to secure the loan contract granted by TDHOSP – Gestão de Edifício Hospitalar, S.A. of the current value of EUR 48,522 thousand, TEIXEIRA DUARTE – Engenharia e Construções, S.A. pledged to Caixa Geral de Depósitos, S.A. and Caixa Banco de Investimentos, S.A. 1,540,000 shares in TDHOSP – Gestão de Edifício Hospitalar, S.A. Under the same loan contract, TEIXEIRA DUARTE – Engenharia e Construções, S.A., as shareholder, pledged the credit rights over TDHOSP – Gestão de Edifício Hospitalar, S.A..

#### **Financial commitments:**

As at 31 December 2012 and 2011, the letters of comfort provided by TEIXEIRA DUARTE, S.A. and its subsidiaries reached EUR 482,274 thousand and EUR 478,511 thousand, respectively.

As at 31 December de 2012 and 2011, factoring contracts without right of recourse were in force, which were recorded as reductions in accounts receivable of the value of EUR 118,876 thousand and EUR 122,784 thousand, respectively. According to the contractual conditions, the Group's liability is essentially restricted to the guaranteed acceptance of the invoices object of the factoring on the part of the customers.

#### **Other:**

As at 31 December 2012 and 2011, there were no inventories pledged as security for liabilities.

## **42 - FINANCIAL RISK MANAGEMENT**

#### **General principles:**

The Group is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- interest rate risks arising from financial liabilities;
- exchange rate risk arising mainly from the existence of operations and assets located outside the Euro zone, namely in Angola, Algeria, Brazil, Macao, Morocco, Mozambique, Namibia, Russia and Venezuela;
- credit risk, particularly from amounts receivable from customers related to the Group's operating activities;
- liquidity risk, as regards the maintenance of cash balance stability.

The Group's Financial Department ensures the centralised management of the financing operations, applications of cash surplus, currency conversion transactions, as well as the counterpart risk of the Group. In addition to the above, it is responsible for identifying, measuring, proposing and implementing measures to manage/mitigate the financial risks to which the Group is exposed.

The main financial risks to which the Group is exposed and the main measures implemented to manage them are analysed in greater detail below.

#### **Interest rate risk**

The objective of the interest rate risk management policy is the minimisation of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2012, 85% of the financial liabilities had a variable interest rate (92% as at 31 December 2011) and 15% had a fixed interest rate (8% as at 31 December 2011).

Had the market interest rates been higher (lower) by 1% during the years ended on 31 December 2012 and 2011, the financial profit/(loss) of these years would have (decreased) increased by EUR (8,339) / 8,339 thousand and EUR (12,585) / 12,585 thousand, respectively.

#### **Exchange rate risk**

The Group's operating activities are exposed to variations in the Euro exchange rate against other currencies.

Moreover, considering the different countries in which the Group operates, its exposure to exchange rate risk arises from the fact that its subsidiaries report their assets and liabilities in currencies other than the reporting currency, namely in Angola, Algeria, Brazil, Macao, Morocco, Mozambique, Namibia, Russia and Venezuela.

The exchange rate risk management policy followed by the Group is ultimately aimed at reducing the sensitivity of the Group's net income to currency fluctuations.

The monetary assets and liabilities denominated in foreign currency, converted into Euro as at 31 December 2012 and 2011, were as follows:

Currency	Assets		Liabilities	
	2012	2011	2012	2011
Venezuelan Bolivar	1,153	-	39,566	2,385
Algerian Dinar	25,779	31,208	71,790	66,081
Moroccan Dirham	-	-	2,752	3,404
Tunisian Dinar	-	-	115	113
US Dollar	288,980	263,717	324,458	388,721
Australian Dollar	-	-	155	-
Namibian Dollar	-	-	1,664	865
Japanese Yen	3,402	10,899	88	13,878
Pound Sterling	6	3	-	3
Mozambican Metical	28,751	349	27,608	630
Macaense Pataca	-	112	145	-
South African Rand	-	34	-	25
Brazilian Real	-	5,776	17,012	6,448
Russian Rouble	-	-	3,460	258
	<b>348,071</b>	<b>312,098</b>	<b>488,813</b>	<b>482,811</b>

Exchange rate risk management is based on the continuous measurement and monitoring of relevant financial and accounting exposures.

The possible impacts generated in the heading "Currency conversion adjustments" as at 31 December 2012 and 2011 and in the net income for the years ended on that date, if there was a 5% appreciation of the abovementioned currencies, can be summarised as follows:

Currency	2012		2011	
	Net Income	Equity	Net Income	Equity
Venezuelan Bolivar	(1,921)	-	(119)	-
Algerian Dinar	(2,301)	-	(1,744)	-
Moroccan Dirham	(138)	-	(170)	-
Tunisian Dinar	(6)	-	(6)	-
US Dollar	(1,774)	-	(6,250)	-
Australian Dollar	(8)	-	-	-
Namibian Dollar	(83)	-	(43)	-
Japanese Yen	166	-	(149)	-
Mozambican Metical	57	-	(14)	-
Macaense Pataca	(7)	-	6	-
Brazilian Real	(851)	-	(34)	-
Russian Rouble	(173)	-	(13)	-
	<b>(7,037)</b>	<b>-</b>	<b>(8,536)</b>	<b>-</b>

The Board of Directors considers that the sensitivity analysis presented above, based on the position on the stated dates, may not be representative of the exchange rate risk exposure to which the Group is subject throughout the year.

#### **Credit risk**

Credit risk is primarily related to the balances receivable from customers and other receivables related to the Group's operating activities. The deterioration of global economic conditions or adversities that affect the economies on a local, national or international scale may result in the inability of the Group's customers to meet their obligations, with possible negative effects on the Group.



This risk is monitored on a regular basis by each of the Group's businesses for the purpose of:

- limiting credit granted to customers, considering their profile and age of the account receivable;
- monitoring the evolution of the level of credit granted;
- analysing the recoverability of receivables on a regular basis.
- the impairment losses of the accounts receivable are calculated considering:
  - the analysis of the age of the accounts receivable;
  - the customer's risk profile;
  - the customers' financial situation.

As at 31 December 2012, the Board of Directors believes that the estimated impairment losses of the accounts receivable are adequately disclosed in the financial statements.

As at 31 December 2012 and 2011, the accounts receivable from customers (Note 27) for which no impairment losses were recorded, because the Board of Directors considered that they are achievable, are as follows:

	2012	2011
<b>Balances</b>		
Not due	200,126	217,735
Up to 180 days	165,313	134,731
180 to 360 days	40,184	45,902
Over 360 days	129,319	143,457
	<b>534,942</b>	<b>541,825</b>

The credit quality of the accounts receivable which are not yet due included in the table above is monitored on a regular basis, based on the objectives described above.

#### Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating activities and financing, investments, remuneration of shareholders and debt repayment.

In order to mitigate this risk, the Group seeks to maintain a liquidity position and an average maturity of debt that allows it to repay its debt within reasonable periods of time.

Financial liabilities maturing within one year are replaced with medium and long term maturities as deemed appropriate.

The maturity of the financial liabilities as at 31 December 2012 and 2011 is as follows:

	2012				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Loans	834,905	114,007	85,903	201,150	1,235,965
Suppliers	187,825	-	-	-	187,825
Fixed asset suppliers	5	-	-	-	5
Financial leases	22,015	20,929	16,639	162,012	221,595
Other payables	19,097	2,997	1,644	10,469	34,207
Other liabilities	488,046	126,058	51,709	26	665,839
	<b>1,551,893</b>	<b>263,991</b>	<b>155,895</b>	<b>373,657</b>	<b>2,345,436</b>

	2011				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Loans	615,608	408,032	64,511	130,415	1,218,566
Suppliers	188,267	-	-	-	188,267
Fixed asset suppliers	5	-	-	-	5
Financial leases	19,465	19,981	17,996	178,365	235,807
Other payables	42,399	3,090	3,117	14,660	63,266
Other liabilities	361,278	155,835	65,190	30,192	612,495
	<b>1,227,022</b>	<b>586,938</b>	<b>150,814</b>	<b>353,632</b>	<b>2,318,406</b>

As at 31 December 2012 and 2011, the amount of available cash and the unused amount of the commercial paper programme and credit lines reached EUR 365,779 thousand and EUR 409,634 thousand, respectively.

#### 43 - FINANCIAL ASSETS AND LIABILITIES UNDER IAS 39

The accounting policies established in IAS 39 for financial instruments were applied to the following items:

	2012					
	Loans and accounts receivable	Financial assets available for sale	Other financial liabilities and loans	Financial assets / liabilities at fair value against profit or loss	Derivative hedge instruments	Total
Assets:						
Cash and equivalent	246,063	-	-	-	-	246,063
Customers	534,942	-	-	-	-	534,942
Financial assets available for sale	-	48,597	-	-	-	48,597
Other investments	-	14,546	-	10,888	-	25,434
Other receivables	64,174	-	-	-	-	64,174
Other assets	212,817	-	-	-	-	212,817
Total financial assets	1,057,996	63,143	-	10,888	-	1,132,027
Liabilities:						
Loans	-	-	1,235,965	-	-	1,235,965
Suppliers	-	-	187,830	-	-	187,830
Other payables	-	-	34,207	-	-	34,207
Other liabilities	-	-	479,363	-	14,981	494,344
Financial leases	-	-	221,595	-	-	221,595
Total financial liabilities	-	-	2,158,960	-	14,981	2,173,941

	2011					
	Loans and accounts receivable	Financial assets available for sale	Other financial liabilities and loans	Financial assets / liabilities at fair value against profit or loss	Derivative hedge instruments	Total
<b>Assets:</b>						
Cash and equivalent	291,693	-	-	-	-	291,693
Customers	541,825	-	-	-	-	541,825
Financial assets available for sale	-	70,052	-	-	-	70,052
Other investments	-	14,801	-	9,670	-	24,471
Other receivables	64,572	-	-	-	-	64,572
Other assets	158,713	-	-	-	-	158,713
<b>Total financial assets</b>	<b>1,056,803</b>	<b>84,853</b>	<b>-</b>	<b>9,670</b>	<b>-</b>	<b>1,151,326</b>
<b>Liabilities:</b>						
Loans	-	-	1,218,566	-	-	1,218,566
Suppliers	-	-	188,272	-	-	188,272
Other payables	-	-	63,266	-	-	63,266
Other liabilities	-	-	490,144	-	12,370	502,514
Financial leases	-	-	235,807	-	-	235,807
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,196,055</b>	<b>-</b>	<b>12,370</b>	<b>2,208,425</b>

#### 44 - APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended on 31 December 2012 were approved by the Board of Directors on 29 April 2013, although they are still subject to approval, under the commercial legislation in force in Portugal, by the General Meeting of Shareholders, which is scheduled for 25 May 2013.

#### 45 - FEES AND SERVICE OF THE AUDITORS

During the years ended on 31 December 2012 and 2011, the fees for services provided by the Group's auditors were as follows:

	2012	2011
Legal accounts review services	445	478
Other reliability assurance services	17	-
Tax consulting services	73	-
Other services	3	7
	<b>538</b>	<b>485</b>

#### 46 - SUBSEQUENT EVENTS

TEIXEIRA DUARTE, S.A. has pursued its activity in the different sectors and markets in which it operates, and no fact has existed, since the closing of the financial year to the present date, which should be disclosed at this point.

# Reports, Opinions and Certifications of the Supervisory Bodies **2012**



## Report and Opinion of the Supervisory Board

Dear Shareholders,

Pursuant to subparagraph g) of article 420 of the Portuguese Commercial Companies Code, we present our audit report, our opinion on the individual and consolidated annual report of TEIXEIRA DUARTE, S.A. relative to the year ended on 31 December 2012, as well as on the proposals submitted by the Board of Directors. This document also includes the statement of responsibility referred to in subparagraph c) of number 1 of article 245 of the Portuguese Securities Market Code.

Under our duties and competences we have followed the activity developed by the Group, namely through the regular participation of the chairman of the Supervisory Board in meetings of the Board of Directors and other meetings and contacts with the Management, staff and other senior members of the Group, as well as with the Chartered Accountants. The Supervisory Board has also held periodic meetings, where the following was undertaken:

- supervision of the Company's management and verification of compliance with the law and memorandum of association;
- follow-up of the management of the Group's companies;
- analysis of the documents presenting the accounts, accounting policies and valuation criteria adopted by the Company, in order to ensure that they lead to a correct valuation of its financial position and net income;

Within the limits of the competences legally entrusted to us, we have found that:

- the management report provides a clear overview of the key aspects of the business evolution, performance and financial position of the Company and Group;
- the individual and consolidated financial statements and respective notes present a true and fair view of the financial situation of the Company and TEIXEIRA DUARTE Group, respectively.

Under these terms, in view of the information provided to us by the Board of Directors and by the Company's Services, as well as the conclusions presented in the Legal Certification of Accounts and Audit Report issued by the auditor registered at the CMVM, we are of the opinion that:

1. the Management Report should be approved;
2. the individual and consolidated financial statements relative to 2012 should be approved;
3. the proposed appropriation of net income submitted by the Board of Directors should be approved.

Pursuant to subparagraph c) of number 1 of article 245 of the Portuguese Securities Market Code, the members of the Supervisory Board state that, to the best of their knowledge, the annual accounts and other documents presenting the accounts were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial situation and net income of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter. They further state that the management report faithfully reflects the business evolution, performance and position of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter, presenting a description of the main risks and uncertainties of the business.

Lisbon, 30 April 2013

*António Gonçalves Monteiro* - Chairman

*Mateus Moreira* - Member

*Miguel Carmo Pereira Coutinho* - Member



## STATUTORY AUDIT CERTIFICATION AND REPORT OF STATUTORY AUDITORS (Individual accounts)

### INTRODUCTION

1. Under the terms of the applicable legislation, we present the Statutory Audit Certification and Report of Statutory Auditors on the financial information contained in the Management report and in the financial statements attached herewith for the year ended on 31 December 2012, of TEIXEIRA DUARTE, S.A., which include: the Balance Sheet as at 31 December 2012 (showing a total of EUR 387,546 thousand and total equity of EUR 356,339 thousand, including a net income of EUR 20,478 thousand), the Income Statement by nature, the Statement of the changes in equity and the Cash flow statement for the year ended on that date and the corresponding Notes.

### RESPONSIBILITIES

2. The Board of Directors is responsible for:
  - a) the preparation of the financial statements, presenting the true and appropriate financial position of the Company, the net income of its operations, the change in its equity and cash flow;
  - b) the historical financial information, prepared in accordance with the generally accepted accounting principles and which are complete, true, current, clear, objective and licit, as required by the Securities Market Code;
  - c) the adoption of appropriate accounting policies and criteria;
  - d) the maintenance of an appropriate internal control system; and
  - e) information on any relevant fact which has influenced its activity, financial position or net income.
3. It is our responsibility to verify the financial information contained in the documents presenting the accounts referred to above, namely as to whether it is complete, true, current, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

### SCOPE

4. Our examination was conducted in accordance with the Auditing Standards issued by the "Ordem dos Revisores Oficiais de Contas" (Chartered Accountants Association), which require that the examination be planned and implemented for the purpose of obtaining a reasonable degree of certainty as to whether the financial statements are free of materially relevant distortions. For such, this examination included:
  - verification, based on samples, of the documents supporting the amounts and disclosures presented in the financial statements and assessment of the estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation;

- appraisal as to whether the adopted accounting policies and their disclosure are appropriate, in view of the circumstances;
  - verification of the applicability of the principle of continuity;
  - appraisal as to whether the presentation of the financial statements is appropriate, in overall terms; and
  - appraisal as to whether the financial information is complete, true, current, clear, objective and licit.
5. Our examination also covered verification of the concordance of the financial information contained in the management report with the rest of the documents presenting the accounts as well as the verification established in numbers 4 and 5 of article 451 of the Commercial Companies Code.
6. We believe that our examination provides a reasonable basis upon which to express our opinion.

## OPINION

7. In our opinion, the abovementioned financial statements present, in a true and appropriate manner, in all materially relevant aspects, the financial position of TEIXEIRA DUARTE, S.A. as at 31 December 2012, the net income of its operations, the change in its equity and cash flow for the year ended on that date, in conformity with the accounting principles generally accepted in Portugal, and the information contained therein is complete, true, current, clear, objective and licit.

## REPORTING ON OTHER LEGAL REQUIREMENTS

8. We are also of the opinion that the information presented in the management report is concordant with the financial statements for the year and that the corporate governance report includes the elements required under the terms of article 245-A of the Securities Market Code.

Linda-a-Pastora, 30 April 2013

**MARIQUITO, CORREIA & ASSOCIADOS - SROC**  
Represented by:

António Francisco Escarameia Mariquito - ROC



## STATUTORY AUDIT CERTIFICATION AND REPORT OF STATUTORY AUDITORS ON CONSOLIDATED ACCOUNTS

### INTRODUCTION

1. Under the terms of the applicable legislation, we present the Statutory Audit Certification And Report of Statutory Auditors on the consolidated financial information contained in the Management report and in the financial statements attached herewith for the year ended on 31 December 2012, of TEIXEIRA DUARTE, S.A., which include: the Consolidated statement of financial position as at 31 December 2012 (showing a total of EUR 2,767,486 thousand and total equity of EUR 325,868 thousand, including a consolidated net income attributable to shareholders of EUR 24,003 thousand), the Consolidated income statement, the Consolidated comprehensive income statement, the Consolidated statement of changes in equity and the Consolidated cash flow statement for the year ended on that date and the corresponding Notes.

### RESPONSIBILITIES

2. The Board of Directors is responsible for:
  - a) the preparation of the financial statements, presenting the true and appropriate financial position of the group of companies included in the consolidation, the consolidated net income and comprehensive income of its operations, the consolidated change in its equity and consolidated cash flow;
  - b) the historical financial information, prepared in accordance with the International Financial Reporting Standards as adopted in the European Union and which are complete, true, current, clear, objective and licit, as required by the Securities Market Code ("Código dos Valores Mobiliários");
  - c) the adoption of appropriate accounting policies and criteria;
  - d) the maintenance of an appropriate internal control system; and
  - e) information on any relevant fact which has influenced the activity of the group of companies included in the consolidation, their financial position or net income.
3. It is our responsibility to verify the financial information contained in the documents presenting the accounts referred to above, namely as to whether it is complete, true, current, clear, objective and licit, as required by the Securities Market Code ("Código dos Valores Mobiliários"), and to issue a professional and independent report based on our examination.

### SCOPE

4. Our examination was conducted in accordance with the Auditing Standards issued by the Chartered Accountants Association ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and implemented for the purpose of obtaining a reasonable degree of certainty as to whether the consolidated financial statements are free of materially relevant distortions. For such, this examination included:



- verification as to whether the financial statements of the companies included in the consolidation have been examined appropriately and, for significant cases where they have not been, verification, based on sampling, of the documents supporting the amounts and disclosures presented therein and assessment of the estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation;
  - verification of the consolidation operations and application of the equity method;
  - appraisal as to whether the adopted accounting policies and their disclosure are appropriate, in view of the circumstances;
  - verification of the applicability of the principle of continuity;
  - appraisal as to whether the presentation of the financial statements is appropriate, in overall terms; and
  - appraisal as to whether the consolidated financial information is complete, true, current, clear, objective and licit.
5. Our examination also covered verification of the concordance of the financial information contained in the management report with the rest of the documents presenting the accounts as well as the verification established in numbers 4 and 5 of article 451 of the Commercial Companies Code (“Código das Sociedades Comerciais”).
6. We believe that our examination provides a reasonable basis upon which to express our opinion.

## OPINION

7. In our opinion, the abovementioned consolidated financial statements present, in a true and appropriate manner, in all materially relevant aspects, the consolidated financial position of TEIXEIRA DUARTE, S.A. as at 31 December 2012, the consolidated net income and comprehensive income of its operations, the consolidated change in its equity and consolidated cash flow for the year ended on that date, in conformity with the International Financial Reporting Standards as adopted in the European Union, and the information contained therein is complete, true, current, clear, objective and licit.

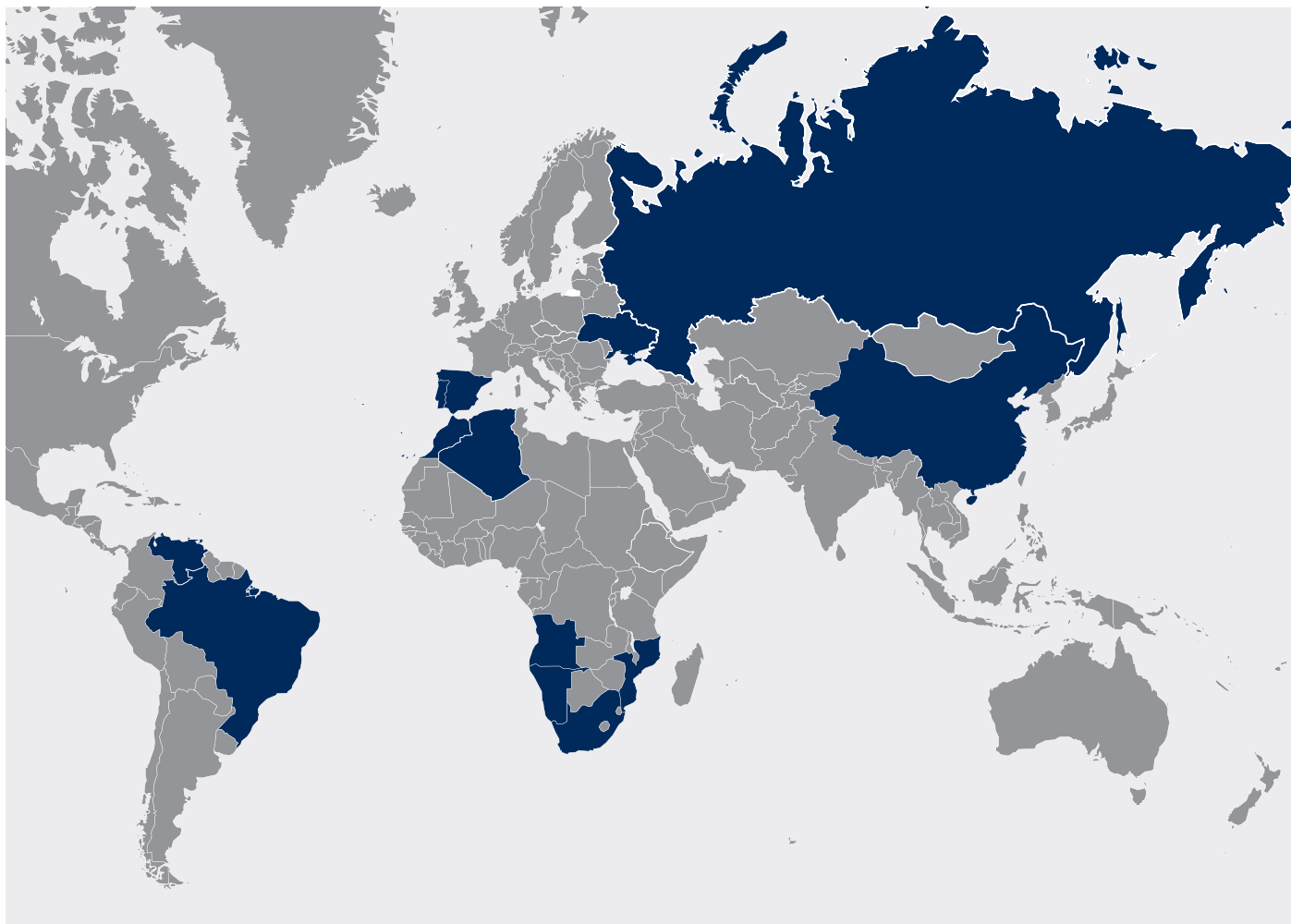
## REPORTING ON OTHER LEGAL REQUIREMENTS

8. We are also of the opinion that the information presented in the management report is concordant with the financial statements for the year and that the corporate governance report includes the elements required under the terms of article 245-A of the Securities Market Code (“Código dos Valores Mobiliários”).

Linda-a-Pastora, 30 April 2013

**MARIQUITO, CORREIA & ASSOCIADOS — SROC**  
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