



**ANNUAL  
REPORT**

**2015**



Cover: Marão Tunnel | Portugal

# Annual Report **2015**



Having started its activity in **1921**, Teixeira Duarte currently leads a major Economic Group with over **12,000 employees**, working in **17 countries**, in **7 activity sectors**, achieving an annual turnover of more than **1,400 million euros**.

Based on its **Structural Values**: Expertise, Efficiency, Dedication, Truth, Commitment, Trust and Respect, Teixeira Duarte has achieved its Mission: **Doing, contributing to the building of a better world**.

The foundational reference of the Engineering Establishment characterises Teixeira Duarte's action in **all its Areas of Construction** from Geotechnics and Rehabilitation, to Buildings, Infrastructures, Mechanical Engineering, Underground Works, Railway Works and Maritime Works.

Sustained growth in Construction over decades has enabled the Group to progressively develop **other Activity Sectors**, due to the business opportunities it has encountered and known how to foster since the 1970s, such as Concessions and Services (since 1984), Real Estate (since 1973), Hotel Services (since 1992), Distribution (since 1996), Energy (since 1996) and Automotive (since 1991).

**With a consolidated process of internationalisation**, Teixeira Duarte has operated in other markets for a very long time, markets which are still important today in its operations, such as Venezuela (since 1978), Angola (since 1979), Mozambique (since 1982), Spain (since 2003), Algeria (since 2005) and Brazil (since 2006), currently also added by France, Belgium, Russia, the United States of America, Colombia, Morocco, South Africa, China, Qatar and Dubai.

**"Teixeira Duarte, S.A."** is a publicly held company, with head office at "Lagoas Park", Edifício 2, 2740-265 Porto Salvo, in Oeiras, with fully underwritten and paid-up share capital of 210,000,000.00 euros, with sole legal person and registration number at Cascais Commercial Register 509.234.526 and is the **leading company** of an Economic Group **listed on Euronext Lisbon** since 1998 and whose **majority shareholder base is the Teixeira Duarte family**.

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# Teixeira Duarte, S.A.

## BOARD OF THE GENERAL MEETING

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
	Mr. Jorge Ricardo de Figueiredo Catarino

## SUPERVISORY BOARD

Chairman	Mr. Óscar Manuel Machado de Figueiredo
Members	Mr. Mateus Moreira
	Mr. Miguel Carmo Pereira Coutinho
Alternate	Mr. Rui Pedro Ferreira de Almeida

## STATUTORY AUDITOR

Moore Stephens & Associados, SROC, S.A.  
Chartered Accountants Firm, represented by  
Mr. António Golçalves Monteiro - 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**

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

## **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. João José de Gouveia Capelão
	Mr. Fernando Paulo Baptista Gomes de Araújo
	Mr. Pedro Miguel Pinho Plácido
	Mr. Rogério Esteves da Fonseca

## **STATUTORY AUDITOR**

Permanent	Moore Stephens & Associados, SROC, S.A. Chartered Accountants Firm, represented by Mr. António Gonçalves Monteiro - ROC
Alternate	Mrs. Ana Patrícia Correia Monteiro - ROC

## **COMPANY SECRETARY**

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

## BOARD OF DIRECTORS

### Adviser to the Board of Directors

Mr. António Costeira Faustino

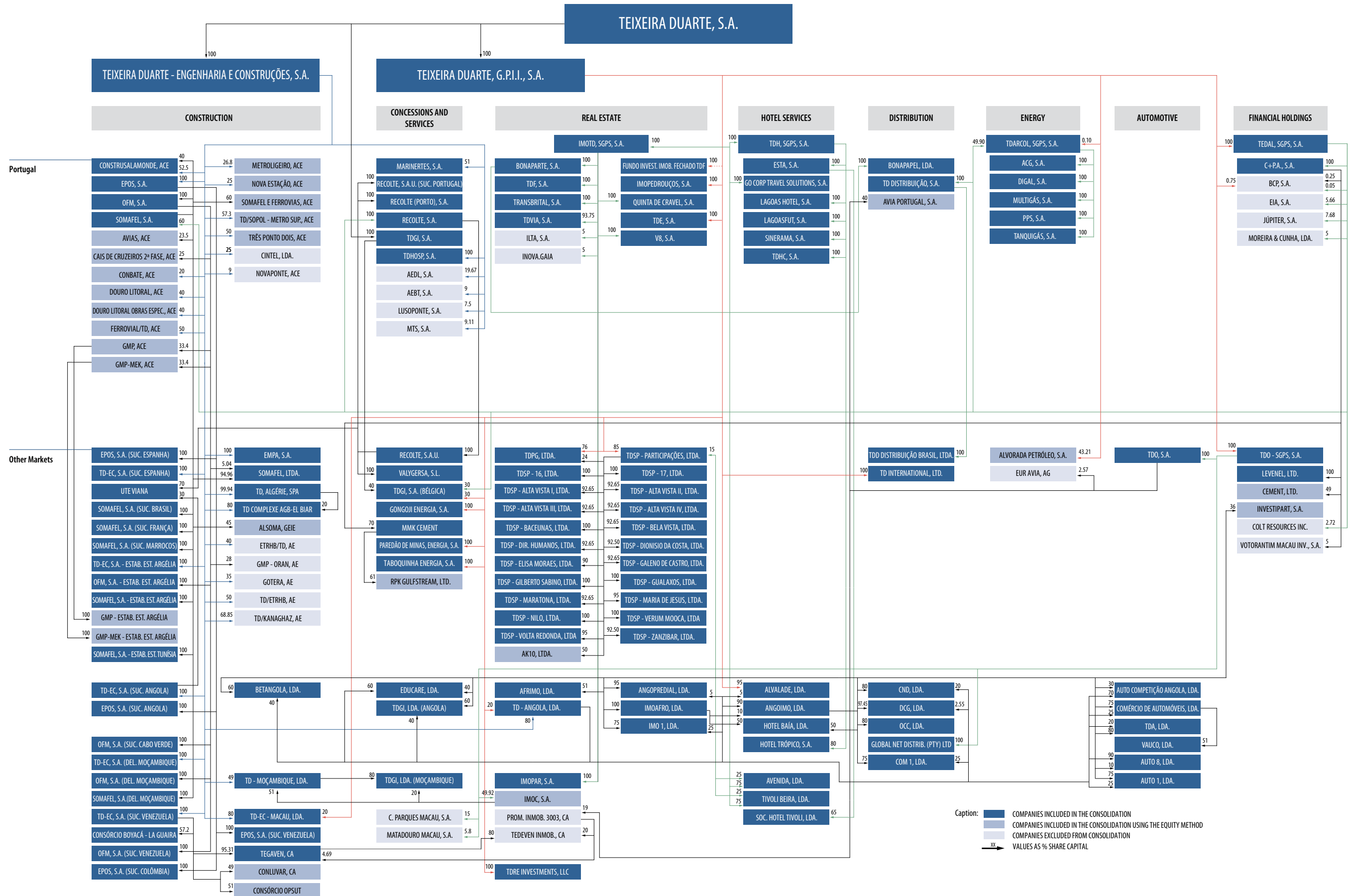
Markets	
Portugal	South Africa
Angola	Belgium
▪ Delegation Mr. Valdemar Marques	China
Algeria	Colombia
▪ Delegation Mr. Ricardo Acabado	United Arab Emirates
Brazil	United States of America
▪ Delegation Mr. João Delgado	France
Spain	Morocco
▪ Delegation Mr. António Carlos Teixeira Duarte	Qatar
Mozambique	Russia
▪ Delegation Mr. Carlos Timóteo	
Venezuela	
▪ Delegation Mr. Luís Alves	

Corporate Centre	
Central Offices	Corporate Services
Juridical	Corporate Secretariat
Mrs. Maria António Ambrósio	Mr. José Pedro Cobra Ferreira
Human Resources	Accounts Consolidation
Mr. Ginja Sebastião Mrs. Isabel Amador	Mr. Alexandre de Jesus
Information Technology	Internal Audit
Mr. José Gaspar	Mr. Mário Ferreira Faria
Finance and Accounting	
Mr. Martins Rovisco Mr. Sérgio Castro	

Activity Sectors			
Construction		Concessions and Services	
Areas of Operation		Central Support Structures	– Facilities Management –
Geotechnics and Rehabilitation	Infrastructures	Shuttering and Prestressing Operating Centre	Mr. Rogério Fonseca Mr. Rodolfo Valentim Mrs. Mariana Coimbra
Mr. Magalhães Gonçalves	– Exploration Centers –	Mr. Marques dos Santos	– Environment –
– Exploration Centers –	Mr. Sampayo Ramos Mr. Sousa Barros Mr. Rosa Saraiva Mr. Fernando Frias Mr. Correia Leal Mr. Oliveira Rocha	Central Equipment Department	Mr. Magalhães Gonçalves Mr. Luís Carreira Mr. Angel Rodriguez
Mr. Hélder Matos Mr. João Pedro Lopes Mr. Duarte Nobre Mr. António Diniz	– Direction of Studies –	Mr. Rodrigo Ouro	Real Estate
– Direction of Projects –	Mr. João Torrado	Central Department Management Systems and Technology	Mr. Diogo Rebelo Mr. Alfredo Silva Mr. Guilherme Silva
Mr. Baldomiro Xavier	Mechanical Engineering	Central Procurement Department	Hotel Services
Buildings	Mr. Henrique Nicolau	Mrs. Rosa Almeida	Mr. Manuel Maria Teixeira Duarte Mr. Luís Vicente
– Exploration Centers –	Underground Works	Proposals Service	Distribution
Mr. Pedro Costa Mr. Fernando Martins Mr. Luís Santos Mr. Luís Mendonça Mr. Carlos Guedes	Mr. Dias de Carvalho Mr. Carlos Russo	Mrs. Maria António Ambrósio	Mr. Diogo Rebelo Mr. Manuel Lopes Mr. Hugo Santos
– Direction of Studies –	Railway Works Maritime Works		Energy
Mr. Garcia Fernandes Mr. Luís Menezes Mr. Pedro Nunes	Mr. Magalhães Gonçalves Mr. Paulo Serradas		Mr. Manuel Maria Teixeira Duarte
– Direction of Electromechanical – Installations			Automotive
Mrs. Helena Galhardas			Mr. Diogo Rebelo Mr. Pedro Medo Mr. Silva Pereira



# TEIXEIRA DUARTE GROUP 2015



Caption:   
 ■ COMPANIES INCLUDED IN THE CONSOLIDATION   
 ■ COMPANIES INCLUDED IN THE CONSOLIDATION USING THE EQUITY METHOD   
 ■ COMPANIES EXCLUDED FROM CONSOLIDATION   
 → VALUES AS % SHARE CAPITAL



## Key Indicators

Notes:  
The book values are expressed in million euros.  
The figures in the "Variation 2015/2014 %" column were calculated based on amounts that were not rounded off.  
Total Equity includes non-controlling interests.

	2011	2012	2013	2014	2015	Variation 2015/2014 %
Average number of workers	11,182	10,853	12,011	13,261	13,359	0.7%
Turnover	1,200	1,383	1,581	1,680	1,412	(15.9%)
Operating Income	1,263	1,440	1,630	1,716	1,492	(13.0%)
EBITDA	117	209	214	240	214	(10.8%)
EBITDA / Turnover Margin	9.8%	15.1%	13.5%	14.3%	15.1%	6.1%
EBIT	51	143	114	197	125	(36.7%)
Net Income Attributable to Shareholders	(200)	24	64	70	34	(52.1%)
Net Debt	927	990	1,176	1,293	1,147	(11.3%)
Total Equity Attributable to Shareholders	256	252	325	458	468	2.2%
Total Equity	333	326	361	485	518	6.9%
Total Net Assets	2,753	2,767	2,779	2,954	2,862	(3.1%)

# Management Report of the Board of Directors **2015**



## 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 2015.

The present Report examines the consolidated activity of TD,SA as leader of the Business Group comprising the universe of holdings identified in the "Teixeira Duarte Group - 2015" table presented on the preliminary pages, and also addresses some aspects of the Company in its individual capacity, namely with respect to the proposed appropriation of net income, thus following the option established in article 508-C, number 6 of the Commercial Companies Code, of presenting a single report.

Since each of these participated companies has its own management bodies, which also report on their individual activities, this document will provide only some observations in order to allow 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 of the main markets in which Teixeira Duarte operates, 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 2015, distinguishing for each the main markets of action, with particular emphasis on the Construction area.

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 2016, 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 4/2013).

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 Portuguese Securities Market Commission (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 and all other documents presenting 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 CONTEXT

Brief notes are presented below on the economic context observed in 2015 in the main markets of operation of the Teixeira Duarte Group.

### PORTUGAL

During 2015, in Portugal, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hotel Services, Distribution, Energy and Automotive sectors.

During this year, the Portuguese economy showed modest signs of recovery, namely by the 1.5% increase in Gross Domestic Product (GDP). Internal demand increased by 2.5 percentage points compared to 2014, reflecting the acceleration of private consumption and growth of public consumption. Even so, Portugal continues with very high levels of private and public debt, suffers from the vulnerability of the financial sector and companies are still faced with very restricted access to credit.

In terms of unemployment, the annual average rate fell from 13.9% recorded in 2014, to 12.4% in 2015.

According to data of the European Commission, the forecasts for 2016 and 2017 point to a slight acceleration of real GDP, although job creation should slow down in this period.

### ANGOLA

During 2015, in Angola, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hotel Services, Distribution and Automotive sectors.

The Angolan economy experienced a significant contraction in 2015 in relation to previous years, essentially due to the global circumstances of the price of oil, a situation exacerbated by the devaluation of the Kwanza, lower availability of foreign currency and increased inflation.

This scenario had a strong systemic impact on the Angolan economy, both from the point of view of the country's public investment and concerning private entities and project development in Angola, in particular by multinational entities.

### ALGERIA

During 2015, in Algeria, Teixeira Duarte operated in the Construction sector.

Over the last few years, the Algerian economy has shown a very positive evolution, primarily due to the good performance of the oil and gas sector, which has enabled major economic and social development. This sector represents about 40% of GDP, 60% of government revenue and 95% of exports.

The inflation rate increased in 2015 (4.8%), in line with the forecasts of the International Monetary Fund (IMF) and due to the devaluation of the local currency, as a consequence of the price of imported products, with the government expecting an inflation rate of 4% for 2016.

According to the IMF, the growth of the Algerian economy stood at 2.8% in 2015, and also continued to show a residual level of external debt (2% of GDP).

The deficit of the trade balance in 2015 increased due to the fall in the price of oil, in spite of the heavy reduction of import, with this trend being forecast to continue in 2016.

However, and despite this significant increase of the deficit in relation to previous years, it is forecast that the foreign exchange reserves for 2016 shall stand above USD 120 thousand million.

In spite of the prolonged fall in oil prices, the projections for 2016 and subsequent years point to growth rates around 4%, supported not only by the energy sector, but also by the buoyancy of all other economic activities, particularly the services and construction sector, as well as the increased domestic consumption.

Diversification of the economy, modernisation and development of infrastructures, investment and job creation continue to be the major priorities of the country's development policy.

## **BRAZIL**

During 2015, in Brazil, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate and Distribution sectors.

The new Federal government took up office in January 2015, which defined the major economic goals of reduction of the public deficit and control of inflation and exchange rate.

The year of 2015 was marked by a scenario of recession, in view of the economic situation and uncertainties associated to the development of the Chinese economy (the main buyer of Brazilian iron ore) in addition to the fall in the price of oil.

The investigations being conducted by the Federal Public Prosecutor's Office on corruption schemes at Petrobrás (Petróleo Brasileiro S.A.) have led to the stoppage of the contracts with the large contractors under investigation.

The Real has also devalued, further deteriorating the financial situation of the State and importing private sector.

In this context, the country's economic situation has progressively deteriorated, with almost zero public investment - merely concentrated on the 2016 Olympics, in Rio de Janeiro - with the main economic and social indicators having worsened: the primary public deficit has fallen to 1.88% of GDP; the inflation rate has increased significantly, to stand at 10.67%; GDP has contracted by 3.7%; the basic interest rate (SELIC) has risen by 2%, to reach 14.25%; and unemployment has increased to 8.4%.

## **SPAIN**

During the year under review, in Spain, the Teixeira Duarte Group operated in the Construction, Concessions and Services, and Real Estate sectors.

GDP at current prices reached the value of 1,081,190 million euros, corresponding to growth of 3.2% in relation to 2014, thus confirming that 2015 was a year of recovery and acceleration in this country.

An annual reduction of 2.81% was recorded in the unemployment rate, which stood at 20.9% at the end of 2015.

Three major risks have been indicated for the Spanish economy in 2016, namely the political uncertainty derived from the general elections of 20 December, the deficit which should be around 5% of GDP, and public debt which is stands at close to 100% of GDP.



**MOZAMBIQUE**

During 2015, Teixeira Duarte operated in Mozambique in the Construction, Concessions and Services, Real Estate and Hotel Service sectors.

The trend towards a slowdown of growth of economic activity continued in 2015, with forecasts pointing to annual growth standing at 7%, slightly below the average observed in the last few years.

In spite of the budgetary slippage recorded in 2014, the authorities are committed to assuring the adjustment of public finance, with it being estimated that the deficit for 2015 should show a significant reduction in relation to the previous year.

Particular note should be made of the deterioration of external accounts in 2015, caused by the lower activity of the megaprojects, the fall in donations and reduction of direct foreign investment. The decline of commodity prices continues to affect the growth of exports, while the import of goods unrelated to the megaprojects continues resilient.

According to Banco de Moçambique data, inflation should have stood at 6% in Mozambique, which is the highest figure of the last five years. The continued devaluation of the Metical has been ultimately reflected in a rising inflation rate. Anticipating this scenario, the Central Bank adopted a more restrictive monetary policy, embodied in a rise of the main interest rates and increase of the required reserves.

**VENEZUELA**

In the Venezuelan market during 2015, Teixeira Duarte operated in the Construction market, developing the projects in portfolio of the area of infrastructures.

In 2015, the international markets were the stage of a dramatic fall in the price of oil, due to the over-production of OPEC member countries combined with lower international demand. In Venezuela, the exports of this commodity represent the main source of revenue, which declined by 50% with the price of USD 44.65/barrel.

During the year under review, it is estimated that GDP may have contracted by around 5%, while in the construction sector GDP contracted by 19%. Strikingly, inflation was above 180% in the Venezuelan market.

The focus on investments in the social area continue to be pursued, albeit constrained by the new macroeconomic conditions.

### III. GENERAL OVERVIEW

#### — FINANCIAL REVIEW

The financial elements analysed herein are consolidated and, as such, are prepared pursuant to the International Financial Reporting Standards as endorsed by the European Union.

Income Statement for the years ended on 31 December 2015 and 2014

(Values in thousand euros)

	2015	2014	Var (%)
Operating income	1,491,743	1,715,535	(13.0%)
Operating costs	(1,277,943)	(1,475,736)	(13.4%)
<b>EBITDA</b>	<b>213,800</b>	<b>239,799</b>	<b>(10.8%)</b>
Amortisation and depreciation	(76,256)	(75,537)	1.0%
Provisions and impairment losses	(12,638)	32,973	-
<b>EBIT</b>	<b>124,906</b>	<b>197,235</b>	<b>(36.7%)</b>
<b>Financial results</b>	<b>(72,601)</b>	<b>(93,679)</b>	<b>(22.5%)</b>
<b>Earnings before tax</b>	<b>52,305</b>	<b>103,556</b>	<b>(49.5%)</b>
Income tax	(11,896)	(37,611)	(68.4%)
<b>Net income</b>	<b>40,409</b>	<b>65,945</b>	<b>(38.7%)</b>
<b>Attributable to:</b>			
<b>Shareholders</b>	<b>33,653</b>	<b>70,281</b>	<b>(52.1%)</b>
Non-controlling interests	6,756	(4,336)	-

**Net Income Attributable to Shareholders** was positive by 33,653 thousand euros, reflecting a significant decline in relation to 2014, with various contributing factors in particular which we believe should be highlighted.

In fact, apart from the performance of the Group's companies compared to the same period of the previous year, this indicator was influenced by the net change of currency conversion differences, which were positive by 10,503 thousand euros in 2015. However, in 2014 this heading had been positive by 21,418 thousand euros, net of 8,346 thousand euros via the application of the equity method on holdings.

The negative impact, net of deferred taxes, of the impairment loss in the stake in "Banco Comercial Português, S.A." in 2015 amounted to 8,104 thousand euros, while in 2014 the loss in this same stake was 6,534 thousand euros.

The net income for 2015 was also negatively influenced by the impairment loss of the goodwill of da "C+P.A. - Cimento e Produtos Associados, S.A." of the value of 7,806 thousand euros and by the constitution of provisions for other risks, namely risks of markets in which the Group operates, amounting to 6,650 thousand euros.

Finally, we highlight the circumstance that the net income for 2014 was influenced by other factors which did not occur in 2015, such as the positive impacts of the gain in the acquisition of "TEGAVEN - Teixeira Duarte y Asociados, C.A." of 29,331 thousand euros and the divestment of rights of "Banco Comercial Português, S.A.", amounting to 16,992 thousand euros, net of taxes.

**Turnover** reached 1,411 thousand euros, reflecting a 15.9% reduction in relation to 2014, i.e. a decline of 267,816 thousand euros, where it is important to stress the following circumstantial facts, whose amounts reach 203,530 thousand euros:

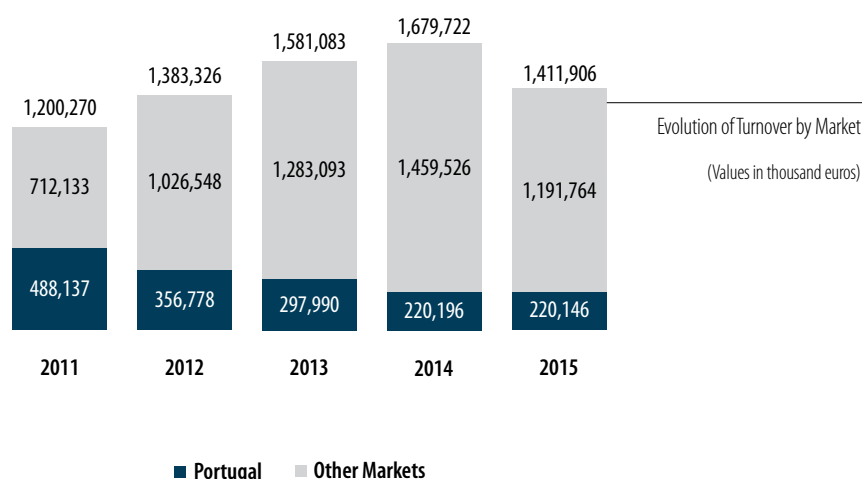
- In 2015, the Group divested its stake held in "PETRIN, S.A." (a company through which Teixeira Duarte operated in the marketing of liquid fuel in Portugal) which had contributed with 45,299 thousand euros to the Turnover recorded in 2014;



- In 2015, the Group divested its stakes held in "EVA, S.A." and "ROCHORIENTAL, S.A." (two companies incorporated in the Group's hotel service activity) which had contributed with 5,305 thousand euros to the Turnover recorded in 2014;
- A reduction in Turnover of 258,273 thousand euros was recorded in the Venezuelan market, essentially explained by the adoption of the SIMADI exchange rate, which altered the value in euros of the Turnover stated for 2015 in this market by 152,926 thousand euros.

A further note should be made about this indicator, relative to its variation in the Portuguese market, to disclose that the values recorded by Portugal in 2015 were similar to those for 2014, in spite of the aforesaid impact of the divestments of "PETRIN, S.A.", "EVA, S.A." and "ROCHORIENTAL, S.A.". Excluding these three exceptional facts, Turnover would have increased by 29.8% in Portugal.

Other markets, which already accounted for 86.9% of this indicator last year, declined as a whole by 18.3%, to represent 84.4% of the Turnover of the Teixeira Duarte Group.



The tables below present the Turnover detailed by countries and activity sectors, clearly indicating the exposure of the Group to different economic contexts.

Country	2015		2014		Variation
	Value	Contribution	Value	Contribution	
Portugal	220,142	15.6%	220,196	13.1%	(0.0%)
Angola	682,364	48.3%	798,412	47.5%	(14.5%)
Algeria	98,138	7.0%	77,181	4.6%	27.2%
Brazil	144,090	10.2%	192,338	11.5%	(25.1%)
Spain	40,076	2.8%	33,646	2.0%	19.1%
Mozambique	194,448	13.8%	66,271	3.9%	193.4%
Venezuela	26,510	1.9%	284,783	17.0%	(90.7%)
Other	6,138	0.4%	6,895	0.4%	(11.0%)
	<b>1,411,906</b>	<b>100.0%</b>	<b>1,679,722</b>	<b>100.0%</b>	<b>(15.9%)</b>

The negative variation of this indicator in Venezuela in 2015 is primarily due to the aforesaid alteration of the exchange rate (from SICAD to SIMADI), where, excluding this effect, Venezuela's Turnover would have reached the value of 179,436 thousand euros.

## Turnover by Activity Sector

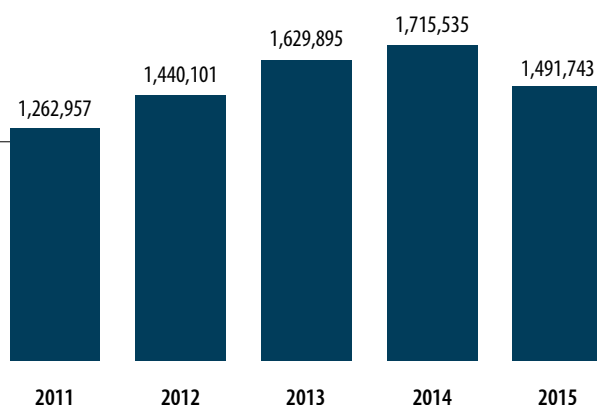
(Values in thousand euros)

Activity Sector	2015	Contribution	2014	Contribution	Variation
Construction	656,580	46.5%	779,110	46.4%	(15.7%)
Concessions and Services	105,140	7.4%	92,104	5.5%	14.2%
Real estate	106,635	7.6%	119,899	7.1%	(11.1%)
Hotel services	65,829	4.7%	74,037	4.4%	(11.1%)
Distribution	291,322	20.6%	272,783	16.2%	6.8%
Energy	17,021	1.2%	62,483	3.7%	(72.8%)
Automotive	169,379	12.0%	279,306	16.6%	(39.4%)
	<b>1,411,906</b>	<b>100.0%</b>	<b>1,679,722</b>	<b>100.0%</b>	<b>(15.9%)</b>

**Operating income** decreased by 13% year-on-year, having reached the value of 1,491,743 thousand euros.

## Evolution of Operating Income

(Values in thousand euros)



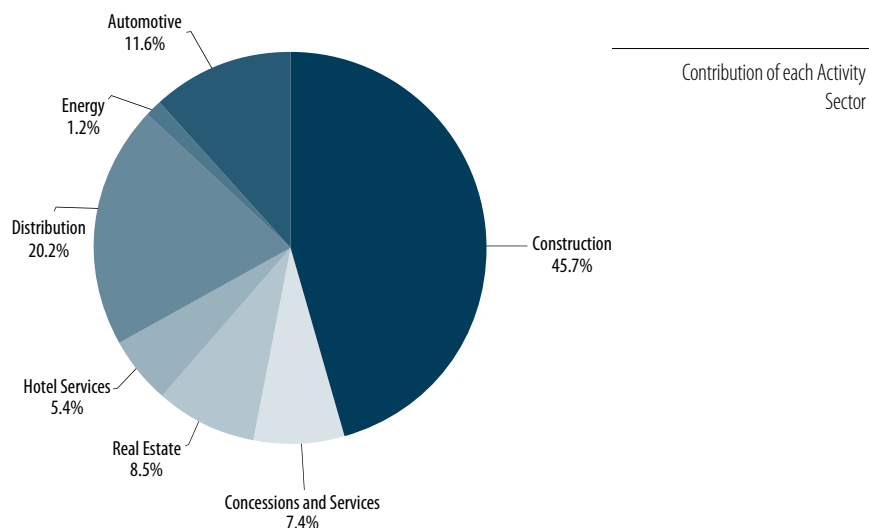
The table below illustrates the good performance in the Concessions and Services, Real Estate, Hotel and Distribution sectors.

## Operating Income by activity and geographical market

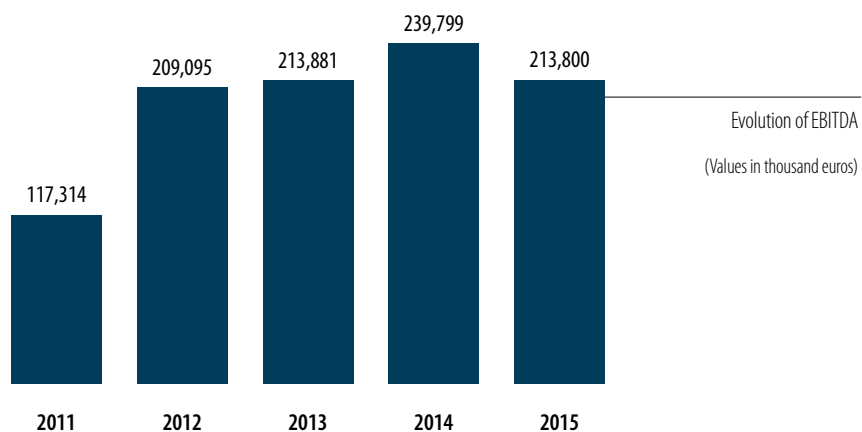
(Values in thousand euros)

Activity Sector	Internal Market			External Market			Total		
	2015	2014	Var (%)	2015	2014	Var (%)	2015	2014	Var (%)
Construction	127,993	78,507	63.0%	552,985	713,089	(22.5%)	680,978	791,596	(14.0%)
Concessions and Services	38,341	30,718	24.8%	71,350	65,806	8.4%	109,691	96,524	13.6%
Real estate	49,711	39,160	26.9%	77,479	84,574	(8.4%)	127,190	123,734	2.8%
Hotel services	20,199	17,679	14.3%	59,871	57,284	4.5%	80,070	74,963	6.8%
Distribution	1,473	1,771	(16.8%)	300,963	276,565	8.8%	302,436	278,336	8.7%
Energy	17,622	64,851	(72.8%)	62	61	1.6%	17,684	64,912	(72.8%)
Automotive	-	-	-	173,694	285,470	(39.2%)	173,694	285,470	(39.2%)
<b>Total</b>	<b>255,339</b>	<b>232,686</b>	<b>9.7%</b>	<b>1,236,404</b>	<b>1,482,849</b>	<b>(16.6%)</b>	<b>1,491,743</b>	<b>1,715,535</b>	<b>(13.0%)</b>

In view of the evolution shown above, the contribution of each activity sector to the total value of the operating income achieved in 2015 was as follows:



**EBITDA** fell by 10.8% in relation to last year, and stood at 213,800 thousand euros.

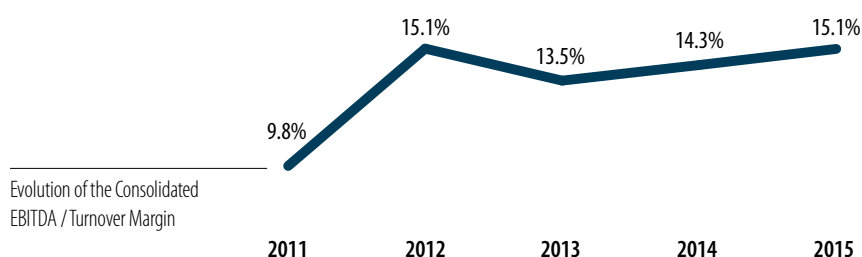


Analysing this indicator by sector, the table below shows very divergent performance among the different business areas according to the specific characteristics of each activity and the respective markets in which they operate.

The performance of the Construction sector was heavily penalised in this period due to the fact that the works were at different stages of execution during the period under review when compared to the same period of the previous year. While in 2014, various important works in Angola and Venezuela were at a stage of completion with a significant volume of the work already executed, in 2015 important works underway in Algeria are at an initial stage, with low percentage completion and lower impact on Turnover.

EBITDA by Activity Sector	Activity Sector	2015	2014	Var (%)
(Values in thousand euros)	Construction	36,611	84,368	(56.6%)
	Concessions and Services	17,930	14,417	24.4%
	Real estate	63,375	55,945	13.3%
	Hotel services	28,378	19,461	45.8%
	Distribution	38,751	23,809	62.8%
	Energy	3,188	1,081	194.9%
	Automotive	32,600	48,724	(33.1%)
	Not allocated to segments	(7,083)	(7,947)	(10.9%)
	Elimination	50	(59)	-
		<b>213,800</b>	<b>239,799</b>	<b>(10.8%)</b>

The **EBITDA / Turnover Margin** increased year-on-year, having shifted from 14.3% to 15.1% in 2015.



The **financial results** were negative by 72,601 thousand euros in 2015, compared to the negative financial results of 93,679 thousand euros in 2014.

Financial Results	2015	2014	Var (%)
(Values in thousand euros)			
<b>Financial costs and losses:</b>	<b>(372,483)</b>	<b>(269,823)</b>	<b>38.0%</b>
Interest paid	(94,277)	(123,164)	(23.5%)
Unfavourable currency conversion differences	(251,682)	(118,776)	111.9%
Other financial costs and losses	(26,524)	(27,883)	(4.9%)
<b>Financial income and gains:</b>	<b>282,755</b>	<b>172,198</b>	<b>64.2%</b>
Interest received	14,546	18,739	(22.4%)
Favourable currency conversion differences	262,185	148,540	76.5%
Cash discounts received	245	349	(29.8%)
Other financial income and gains	5,779	4,570	26.5%
<b>Earnings from investment activities:</b>	<b>17,127</b>	<b>3,946</b>	<b>334.0%</b>
Earnings from associates and joint ventures	9,740	(10,598)	-
Dividends	1,013	930	8.9%
Other investments	11,628	(1,325)	-
Gains / losses in assets available for sale	(5,254)	14,939	-
<b>Financial results</b>	<b>(72,601)</b>	<b>(93,679)</b>	<b>(22.5%)</b>

This indicator improved by 21,078 thousand euros in relation to the same period of 2014, where the contribution of the following variations was noteworthy:

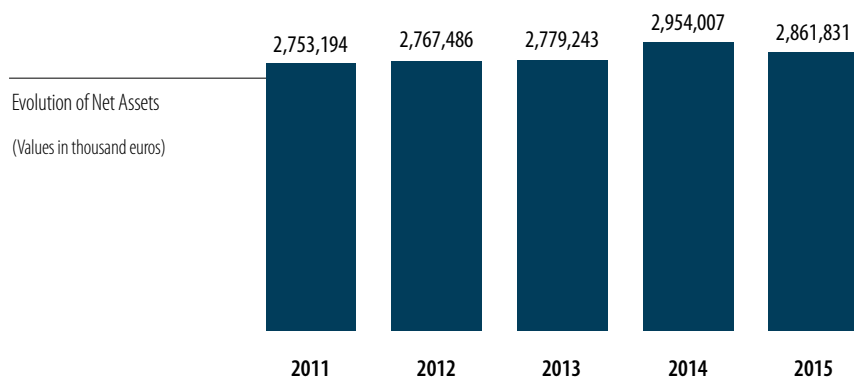
- Negative variation of 19,261 thousand euros, derived from the impact of exchange rate differences;
- Negative variation of 24,090 thousand euros, derived from the negative impact of the impairment loss in the participated company "Banco Comercial Português, S.A." of 10,454 thousand euros in 2015 and the positive impact of the divestment of rights of "Banco Comercial Português, S.A." by 22,068 thousand euros in 2014;
- Positive variation of 20,338 thousand euros of earnings from associates and joint ventures;
- Positive variation of other investments by 12,953 thousand euros, due to the divestment of financial holdings in unlisted companies stated at cost value in the Group's accounts;
- Positive variation derived from the reduction of 28,887 thousand euros of interest paid.

**Income Tax** reached 11,896 thousand euros for 2015, while it had stood at 37,611 thousand euros in 2014.

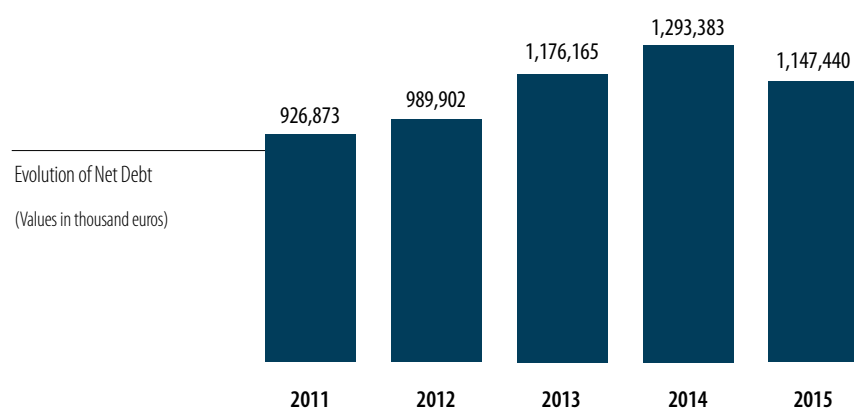
	2015	2014	Var (%)	
Current tax	(33,576)	(37,607)	(10.7%)	Corporate Income Tax (Values in thousand euros)
Deferred tax	21,680	(4)	-	
	<b>(11,896)</b>	<b>(37,611)</b>	<b>(68.4%)</b>	

	2015	2014	Var (%)	
Assets				Financial Position as at 31 December 2015 and 31 December 2014 (Values in thousand euros)
Non-current Assets	1,546,498	1,557,064	(0.7%)	
Current Assets				
Cash and Cash Equivalents	252,693	191,477	32.0%	
Other Current Assets	1,062,640	1,205,466	(11.8%)	
<b>Total Assets</b>	<b>2,861,831</b>	<b>2,954,007</b>	<b>(3.1%)</b>	
Equity attributable to:				
Shareholders	467,927	457,687	2.2%	
Non-controlling Interests	50,290	27,058	85.9%	
<b>Total Equity</b>	<b>518,217</b>	<b>484,745</b>	<b>6.9%</b>	
Liabilities				
Loans	1,400,133	1,484,860	(5.7%)	
Provisions	52,441	62,095	(15.5%)	
Other Liabilities	891,040	922,307	(3.4%)	
<b>Total Liabilities</b>	<b>2,343,614</b>	<b>2,469,262</b>	<b>(5.1%)</b>	
<b>Total Liabilities and Equity</b>	<b>2,861,831</b>	<b>2,954,007</b>	<b>(3.1%)</b>	

**Total Net Assets** declined by 3.1% in relation to 31 December 2014, having stood at 2,861,831 thousand euros.



**Net Debt** decreased by 145,943 thousand euros in relation to the previous year, having stood at 1,147,440 thousand euros as at 31 December 2015.

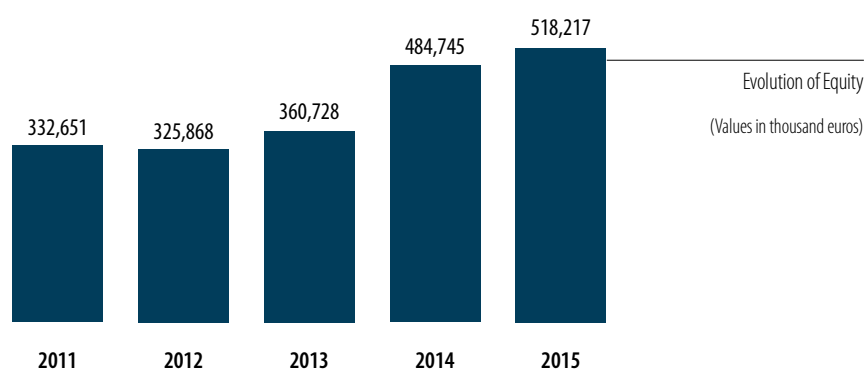


The analysis of the evolution of these indicators should take into account the aforesaid impact of the adoption of the SIMADI exchange rate, as well as the investments carried out, namely in facilities and equipment which reached 73.8 million euros during the period.

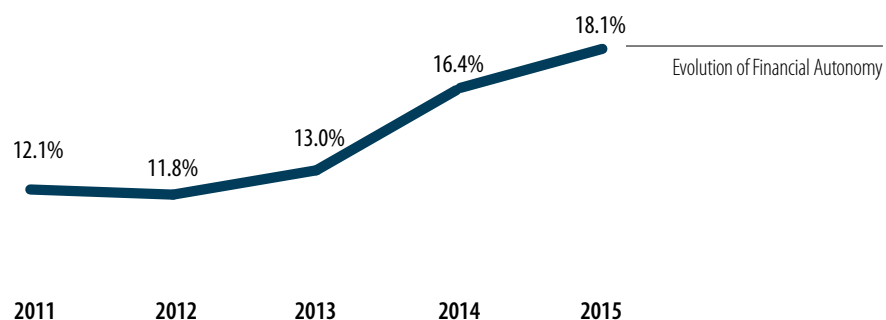
The **Equity Attributable to Shareholders** increased by 10,240 thousand euros, having shifted from 457,687 thousand euros to 467,927 thousand euros, corresponding to growth of 2.2% in relation to 31 December 2014.

**Total Equity** grew by 6.9% to stand at 518,217 thousand euros, influenced essentially by the following factors:

- Positive net income of 40,409 thousand euros;
- Positive effect of 1,768 thousand euros in the hedge operation, derived from the fair value variation of the financial instrument (interest rate swap) contracted in 2008 under the Concession for the Management of Cascais Hospital Building;
- Negative effect of 7,377 thousand euros, derived from the exchange rate variations of the currencies with which the Group operates in relation to the Euro;
- Distribution of dividends of 5,670 thousand euros.



**Financial Autonomy** shifted from 16.4% as at 31 December 2014 to 18.1% as at 31 December 2015.



## — ORGANISATIONAL REVIEW

It is important to note at this point and with respect to the performance of the Teixeira Duarte Group in its different markets of operation, the collaboration between all the structures of the Group, identified in the organisational chart presented at the beginning of this Report, as well as the gains arising from these synergies, which are reflected in the excellent and efficient means of achieving collectively undertaken objectives.

Notwithstanding the development of this matter in the "Corporate Governance Report" attached herewith, relative to the situation of the Company and Group as at 31 December 2015, it should be noted that the Group's Operating Structures are currently 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 Teixeira Duarte's different markets.

With regard to the mode of action of Teixeira Duarte's employees, it is considered suitable and opportune to note, at this point, that the Board of Directors of "Teixeira Duarte, S.A.", on 24 April 2015, deliberated the approval of the "Code of Ethics and Conduct of Teixeira Duarte", establishing, in a new version, the transversal principles of action for all employees of the Teixeira Duarte Group, and in this way, the relations of the Company with its related parties. This therefore constitutes a reinforcement and development of the Mission and Values of Teixeira Duarte and, at the same time, a response to the fact that the markets in which the Teixeira Duarte Group companies operate and the different multinational entities with which they deal in an increasingly more global economy, have been calling for the existence of a document which reflects the Company's ethical principles.

The approved document disclosed to all the employees is applicable to all the entities included in its consolidation perimeter and management scope, and its compliance is compulsory for all the respective employees.

"Teixeira Duarte - Engenharia e Construções, S.A." (TD-EC), as the leading company of the Group in the Construction sector, currently develops its activity in different Areas of Action, which divide up the production areas and are essential in the training of senior management staff and follow-up of their career, and who are part of Operating Centres and Departments, and also has a series of specific Central Supporting Structures for this Construction sector, in particular in the areas of Shuttering and Prestressing, Equipment and Proposals.

Moreover, the structures of TD-EC include another two Central Departments which, albeit more focused on Construction activity, also provide support to the other sectors of the Group: the Central Department of Management Systems and Technology and the Central Procurement Department.

Apart from these structures which are more directly linked to the Group's operational area, there is also 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 boosting the standardisation of procedures and providing support to the structures operating abroad in these areas common to various businesses.

Among the teams (which are also identified in the Organisational Chart presented relative to this date, presented at the beginning of this Report), various references to their action during 2015 are highlighted below, starting with the two aforesaid structures incorporated in TD-EC followed by those integrated in the Corporate Centre.

The **Central Department of Management Systems and Technology** maintained its activity of support to the processes of obtaining, monitoring and renewal of the Management System certifications of the different companies of the Group. Particular note should be made of the obtaining of the Occupational Health and Safety Management System certification under OHSAS 18001 at "Teixeira Duarte - Engenharia e Construções Moçambique, Lda.", the joint conduct of audits with third parties, and the completion of the alignment of the Quality (ISO 9001), Safety (OSHAS 18001), Environment (ISO 14001), Social Responsibility (SA 8000) and Research, Development and Innovation (NP 4457) certification cycles among the companies holding this accreditation based in Portugal.



Under the process of Internal Control of Production, TD-EC obtained the respective certification for the production of steel metal structures, pursuant to standard NP EN 1090-1.

Continuity has been given to the process of harmonisation of the management systems among the different Group companies, the conduct of internal audits in the inter-company format, and support to the different commercial and production areas, both for the internal and external markets, namely in Angola, Algeria and Mozambique.

In view of the importance of knowledge networks in the development of Research, Development and Innovation activities, the support given to Teixeira Duarte's productive structures has been maintained, in its integration and participation in the working parties of scientific societies and technological platforms, in close collaboration with national and foreign universities and laboratories and extending these partnerships to foreign consortiums, in the search for new knowledge involving the construction industry.

On this issue, we highlight:

- The participation in various initiatives of the "Portuguese Construction Technological Platform" (PTPC), an entity of which TD-EC was re-elected Chairman of its Strategic Committee and Executive Committee for the three-year period 2015–2017/2011, and which draws together large companies, SMEs, entities of the National Scientific and Technological System, public bodies, professional associations and groups, with a view to becoming an active agent in boosting the innovation and competitiveness of the construction sector;
- The integration in "COST Action TU1404", a platform aimed at fostering cooperation between European researchers on regulatory matters on the useful life of materials and structures based on cement, including participation in "Round Robin Testing RRT" + "Focus on experimental testing of cement based materials", experimental methodology involving independent laboratories for assessment of the repeatability and reproducibility of test procedures.

The **Central Procurement Department** continues to develop its action for the companies of the Teixeira Duarte 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;
- Management of logistics and transport of goods by air, sea and overland, in import and export contexts, including triangular operations.

In **Portugal**, the use of value generating forms of action was continued in terms of procurement and logistics, associated to the selection of business partners with excellent market conditions, which enabled achieving competitive levels with value added along the entire supply chain.

The implementation of the service level model in the areas of procurement and logistics has also been consolidated.

The team of the Central Procurement Department underwent significant restructuring, with some of its areas of action having been transferred, from 30 September onwards, to other Departments, namely the area of Central Warehouse Management and the area of Management of Fixed Facilities of companies of the Teixeira Duarte Group, both in Portugal and abroad.

In **Angola**, there was continued consolidation of the management models of the Central Warehouse, Central Procurement Structure and fixed facilities of the company (Head Office, Accommodation and Central Archive).

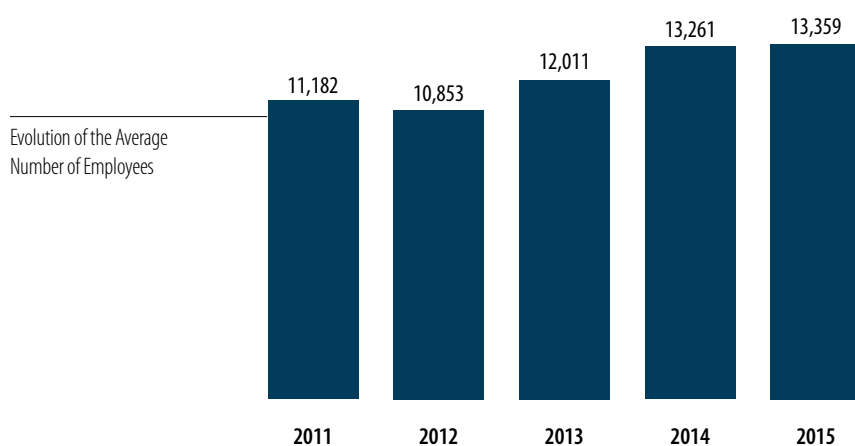
In **Algeria**, actions were developed both in terms of the Team structure and procedures, aimed at reducing response times, cutting associated costs and enhancing efficiency, both for import and local procurement processes.

In **Brazil**, the reorganisation of Cumbica Central Warehouse in São Paulo and the implementation of the management model for the company's fixed facilities (Head Office and Accommodation) was consolidated.

In **Mozambique**, the consolidation of the Central Warehouse management model continued, and likewise the implementation of the management model for the company's fixed facilities (Head Office and Accommodation).

In **Venezuela**, the Logistics and Import Department was reorganised, with a view to improving the efficiency levels in process management. Consolidation of the Central Warehouse management model continued, and likewise the implementation of the management model for the company's fixed facilities (Head Office and Accommodation).

Under the action of the **Central Department of Human Resources**, it should be noted that Teixeira Duarte continues to adjust the number of workers to the activities carried out in the different sectors and markets, fostering the personal and professional development of its employees.



The average number of workers recorded a modest increase in relation to 2014, however, as at 31 December 2015, the number of workers had declined by 10.2%, corresponding to 1,389 less workers than in 2014, having fallen from a total of 13,573 workers in 2014 to 12,184 at the end of 2015. This decreased number of workers reflected the reduction of the Construction, Hotel Services, Distribution, Energy and Automotive teams, where the countries that most contributed to the reduction were Angola and Venezuela.

From the very beginning of its foundation, Teixeira Duarte has placed the qualification of its employees among its primary concerns. Prominent in this attitude is the role of internal training, which has represented a real school over the many and diverse generations of employees, embodied in the transfer of capital enriched with the experience and know-how acquired in the field in the countries where Teixeira Duarte has marked its presence.

For this purpose, the activities carried out in the markets to qualify our employees take place in close collaboration and monitoring with the central structure based in Portugal, aimed at cooperating in the development of their potential, by implementing appropriate and innovative solutions.

In **Portugal**, qualifying actions were conducted covering 9,973 trainees, reaching a total of 103,775 hours of training, where 85,477 hours (82%) resulted from on-the-job training in occupational safety, hygiene and health and foreign languages.

In addition to the different curricular and professional internships provided, it should be noted that, in 2015, two specific programmes were also developed for qualification of employees: one in Professional Project Management and the other with prestigious Portuguese universities, aimed at obtain a master's degree, under the terms of the Bologna Process. These qualifying activities covered 23 employees with training in engineering.

In **Angola**, the consolidation of the previously developed work enabled achieving a training volume of 127,575 hours. The heavy investment in international actions of on-the-job training and in awareness-raising and training in the area of occupational safety, hygiene and health contributed to this increase. This aims to consolidate the professional enhancement of the employees, and sustain strategies to combat accidents and promote the quality of life at work.

Regarding the *Professional Development Centre (CDP)*, whose mission is to drive and concentrate the professional qualification of the Group's employees in this country, the following should be noted in particular:

1. The homologation of the CDP, obtained from the Angolan line ministry, enabled its Academies to have courses homologated by the competent governmental bodies;
2. This is the first Centre to minister training certified by Renault, in all of Sub-Saharan Africa, offering the representatives of this motor vehicle brand of countries of this region access to the professional qualification of employees, which otherwise be impossible;
3. With a view to the acquisition and improvement of the soft and hard skills of Teixeira Duarte's employees, 252 activities were conducted in the area of continuous training, which involved 4,328 trainees and corresponded to a training volume of 84,672 hours.

In relation to training projects, we highlight:

1. *Advanced Training in Civil Engineering*, in collaboration with the "Instituto Superior Técnico (IST)" / "FUNDEC", under which nine training actions were developed, covering 144 internal and external trainees, amounting to a total of 2,513 training hours.
2. *Urbanism International Cycle*, which was attended by 258 trainees, the vast majority of whom belonging to governmental entities, which mobilised specialist trainers/speakers of Angola, Brazil, Mozambique and Portugal. It should be added that this training project, whose training volume reached 4,070 hours, was supported by the four National Architects' Associations of the aforesaid countries and four reference universities of the same countries.
3. Fazer Pescar project, with six courses which 92 trainees completed and covering a training volume of 35,750 training hours. The rate of employability of these trainees was 92%, i.e. of those who completed the course, 85 were contracted by the Teixeira Duarte Group.

In addition to professional qualification, CDP has internally developed methodologies and instruments in an assessment centre environment, aimed at the appraisal of knowledge, skills and profiles of applicants and trainees to be recruited, selected, contracted and integrated in specific qualification programmes, in the perspective of professional evolution at Teixeira Duarte.

In **Algeria**, activities were developed covering 2,001 trainees, of which 81% were Algerian, amounting to a total of 4,887 hours of training, primarily in the areas of the integrated system of management, occupational safety and hygiene, and IT.

In **Spain**, qualifying activities were developed which covered 796 trainees, reaching a total of 7,212 training hours. Of the volume, it should be noted that 5,406 hours (75%) corresponded to actions in the area of equipment, occupational safety, hygiene and health, environment, legislation and foreign languages.

In **Mozambique**, training hours were ministered which covered 2,037 trainees amounting to 24,345 training hours. Of the volume obtained, it should be emphasised that 96% of the training actions carried out were ministered by employees on-the-job in areas as diverse as behaviour, hotel services, occupational safety, hygiene and health, and IT.

In 2015, the **Occupational Medicine Service** continued providing its activity at 22 Group companies in Portugal, as well as supporting the internal health services of Angola, Mozambique and Algeria.

The development of the activity followed along two axes of action:

- Monitoring of the workers' health, accomplished through the conduct of 2,511 health examinations, visits to the workplace and follow-up of situations of illness;
- Promotion of health, accomplished through screening tests, health training/education actions, individual and in groups. These actions were developed at various facilities of the Group, in Portugal.

In 2015, the SAP-HR implementation project in Algeria was completed. This is a tool of major importance from the point of view of human resources, not only due to the standardisation of procedures but also derived from the centralisation of wage processing for employees.

To this same end, the Monthly Daily Allowance Bulletin (BMAC) and point collection (R.Ponto) tools started to be used during the year, both adapted to the local reality.

The collection of the Performance Assessment began during the year under review, through the Corporate Portal of the Teixeira Duarte Group, in the markets of Angola, Brazil and Mozambique.

Under its **Social Responsibility** policy, special note should be made of the implementation of the "We All Give" programme, approved by the Board of Directors of TD,SA and applicable to all the Group's entities and employees.

Faithful to its values, Teixeira Duarte has always played an active role in the well-being of its workers and their families, having progressively understood that it should focus its choice of support to social projects through an institutionalised position direct at social solidarity organisations and which is also involves the actual employees in direct action.

The "We All Give" programme is, in this way, a corollary of other previous initiatives, consisting of support to people through the co-financing, by companies of the Teixeira Duarte Group, of projects or institutions of social nature that their own employees also wish to support directly.

In fact, the employees indicate an institution with social intervention to which they wish to contribute, and Teixeira Duarte provides a contribution to the selected institutions of double the value that the employees themselves intend to donate.

Pursuant to the programme's regulations, TD,SA discloses the budget provided for this purpose every year, where in 2015 this budget was only enforced on 1 December with the total amount of €30,000.00 (thirty thousand euros) up to 31 December 2015. It should be noted that within this brief space of time, the donations from 13 employees combined with Teixeira Duarte donations raised €27,090.00 (twenty-seven thousand and ninety euros), distributed among various institutions.

For the year in course, the budget is €100,000.00 (one hundred thousand euros), which should be distributed by 31 December 2016, under the terms of the programme in force.

The **Central IT Department** continued the work of standardising procedures for the different structures of the Group (Corporate Centre and Activity Sectors), having accomplished improvements and developed new functionalities in the IT and communications platforms.

Among the projects developed in the ERP/SAP platform, we highlight, due to its complexity, the Management of Human Resources implementation project to support the Group's activities in Algeria.

The ERP platform, which currently covers all the geographic areas in which the Group operates and supports a great diversity of situations, involved work of constant adaptation to the numerous local conditions, implying the production of a vast range of improvements, alterations and implementation of new functionalities. In addition to the response of the legal requirements, the geographic coverage was expanded and new automatic procedures were introduced in the processes for clock-in recording, control of daily allowances, performance assessment, holiday scheduling, workflow and EDI.

The Corporate Portal, a vehicle of institutional communication common to the geographic areas in which the Group operates, has become increasingly more relevant, in terms of its collaborative aspect, providing a growing series of applications and functionalities, to which the Management of Occupational Medicine processes was added in this period.

The coverage of the tele-conference network was increased, currently being extended to almost all the fixed locations in which the Group operates.

The monitoring of the data systems and networks has been improved, expanding the data storage capacity in the Data Centre of Luanda and carrying out selective updating of equipment. In the area of safety, new processes were introduced for digital certification of the electronic mail and VPN platforms, and a new Anti-Spam system has been implemented.

During 2015, Teixeira Duarte reorganised its **Central Department of Finance and Accounting**, aimed at optimising and standardising processes in all the geographic areas where the Group operates.

The growing technical complexity derived from the Group's actions abroad implied a strong mobilisation of the central teams accompanied by reinforced investment in the IT platforms, in order to increase the technical support and efficacy of the centralised control of its main processes and recording of operations.

## — CORPORATE OVERVIEW

In compliance with all the corporate obligations, namely as an entity issuing tradable securities in regulated markets, special note should be made of the public disclosure of the different information considered relevant in 2015, especially the Management Report and Accounts relative to 2014, as well as the Corporate Governance Report relative to the same period, both approved at the General Meeting.

### **General Meeting:**

At the General Meetings held on 30 May and 26 June 2015 all the proposals submitted for deliberation were approved, 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, the proposal relative to the appraisal of the Company's management and supervisory bodies, the proposal relative to the Statement on the remuneration policy of the members of the Company's management and supervisory bodies, and the proposed election of the Chartered Accountants Firm and all the other members of the governing bodies for the four-year period 2015/2018.

### **Election of members of the governing bodies:**

The members of the governing bodies to hold office during the four-year period 2015/2018 were elected at the aforesaid General Meeting of 30 May 2015, where all the members of the Board of the General Meeting, Board of Directors and Supervisory Board were re-elected and the new Chartered Accountants Firm was elected for the same period.

### **Dividends:**

The General Meeting approved the proposed appropriation of net income submitted by the Board of Directors, to the effect that the individual net income of TD,SA for 2015, amounting to €65,389,620.98 (sixty-five million, three hundred and eight-nine thousand, six hundred and twenty euros and ninety-eight cents), should be appropriated as follows:

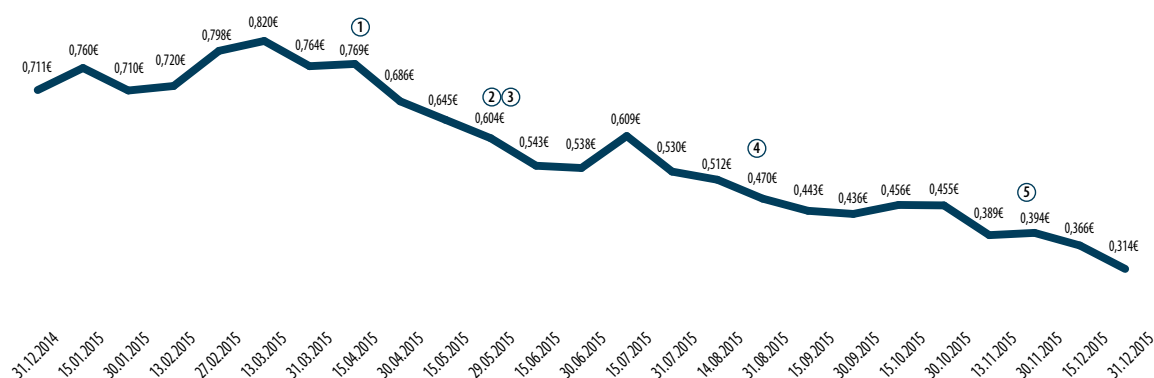
Reinforcement of the legal reserve	10,500,000.00€
Reinforcement of the free reserves	49,219,620.98€
Dividends to shareholders	5,670,000.00€

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

During 2015, the share price devalued by 55.8%, falling from 0.711 euros as at 31 December 2014, to 0.314 euros as at 31 December 2015.

Regarding liquidity and Turnover for this year, 25,344,363 shares were traded on the stock exchange, with a total Turnover of 15,848,157 euros.

The graph below shows the evolution of the stock market share prices during 2015:



Teixeira Duarte, S.A. Share Prices

### Corporate Operations:

Accomplishing the objective of concentrating TD-EC on its construction activity in December 2015 and following this purpose, TD,SA acquired from TD-EC its entire stake in the share capital of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.", the company directly and indirectly holding a vast number of entities of the Teixeira Duarte Group which operate in other activity sectors unrelated to construction. On the same date, TD,SA also acquired from another entity of the Teixeira Duarte Group all the shares representing the share capital of "TDGI - Tecnologia de Gestão de Imóveis, S.A.", a Group company operating in the Concessions and Services sector, whose core business is facilities management.

With these operations, TD,SA now directly holds 100% of the capital of three entities: "TD-EC" (which it already held), "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A." and "TDGI - Tecnologia de Gestão de Imóveis, S.A.".

## IV. SECTORAL REVIEW

The activities developed in the different sectors in which the Group operates are reported below, followed by a similar structure for each sector, i.e. beginning with the contextual overview of the respective sector within the Teixeira Duarte Group, after which an explanation will be given with a graphic portrayal of the consolidated Turnover and EBITDA, the contribution of this business area to the Group, concluding with a presentation of its action during 2015, accompanied by non-consolidated indicators enabling the analysis and outlook on total activity, rather than 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 which, in this sector, 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 and a Materials Laboratory, Proposals Service, Central Equipment Department and a Teixeira Duarte Operating Centre installed on a plot of land covering an area of over 130,000m<sup>2</sup>, which is of enormous benefit to the Company and the services rendered to its customers.

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.

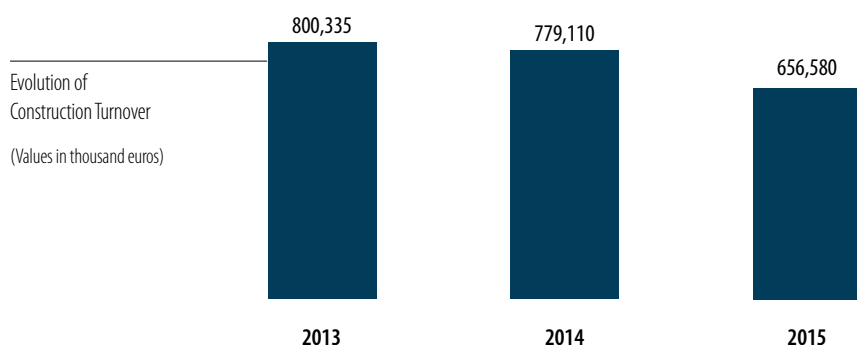
Teixeira Duarte pursued has its action marked by this quality, always being a true Engineering establishment. From major infrastructures such as bridges, dams, roads and other public works, as well as hospitals and large-scale buildings which constitute historic milestones, namely in Portugal, Teixeira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

In addition to "Teixeira Duarte – Engenharia e Construções, S.A." (TD-EC), which is the Group's principal company, 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 2015, Teixeira Duarte operated in this area in various countries, where its main markets were Portugal, Angola, Algeria, Brazil, Spain, France, Morocco, Mozambique and Venezuela.

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

The Turnover of Construction Business fell by 15.7% compared to the same period of 2014.



Portugal recorded an increase of 68% in relation to 2014, basically due to the activity carried out at the Marão Tunnel site.

In the other markets, reference is made to the growth occurred in Algeria and Mozambique of 27.2% and 231.1% respectively, which even so did not offset the decreases recorded in Angola, Brazil and Venezuela. In this last case, it should be recalled that the adoption of the new exchange rate had a negative impact of 152,926 thousand euros, therefore, despite the reduction of Turnover in 2015 there was in fact an

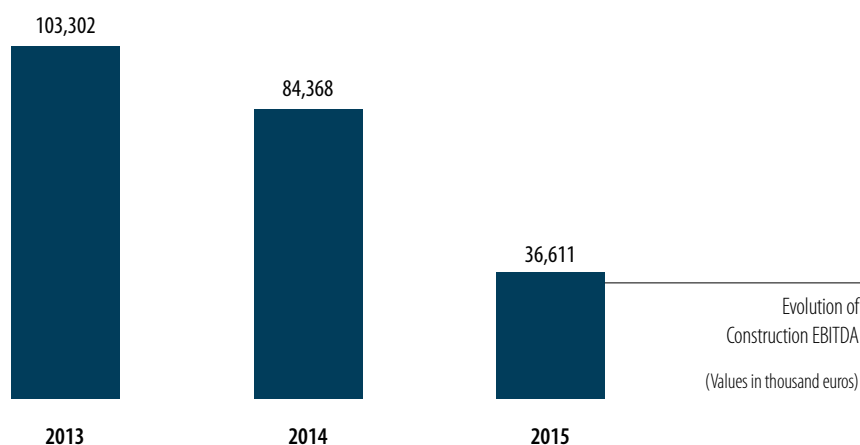


effective increase of 4.9% in the activity of the Group's construction sector.

In 2015, the foreign market accounted for 81.3% of Construction Turnover.

EBITDA in Construction declined by 56.6% in relation to the previous year.

The performance of the Construction sector was heavily penalised in this period due to the fact that the works were at different stages of execution during the period under review when compared to the same period of the previous year. While in 2014, various important works in Angola and Venezuela were at a stage of completion with a significant volume of the work already executed, in 2015 important works underway in Algeria are at an initial stage, with low percentage completion and lower impact on Turnover.



## — ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Construction sector reached the total value of 889,848 thousand euros, where these figures reflect an overall reduction of 13,4% in relation to 2014.

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 TD-EC's area of action which covers the areas of Geotechnics and Foundations, as well as Rehabilitation, centralising an excellent engineering and research unit in the Company and recognised as such in the market.

In this area, Teixeira Duarte has undergone a profound development of its activity in recent years, of relevance in the Company's overall action, characterised by interventions in projects of high technical complexity and large-scale, both in public and private contracts, based on highly specialised and technically prepared human resources, supported by specific cutting edge technological equipment.

The Geotechnics and Foundations area designs and executes Foundation Engineering Technical Studies, Geological Studies, Mineral Prospecting, Diaphragm Walls, Piles, Micro-piles, Nailing, Anchorage, Consolidations, Injections, Jet-Grouting, Projected Concrete, among other works of the speciality.

The Rehabilitation area carries out 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.

As in the previous year, the activity developed in the Area of Geotechnics and Rehabilitation of TD-EC recorded a good operational performance, in spite of a reduction of operating income due to the lower revenue in markets with strong exposure to the price of oil, which affected the markets of action, with income of a value of close to 62 million euros having been achieved.



IP, S.A.  
Reinforcement and rehabilitation of the infrastructures of the bridge over the Zêzere at PK 157+701 of the Beira Baixa Line  
Covilhã | Portugal



Company of the Teixeira Duarte Group  
Demolition, containment of the façade, general excavation, peripheral containment and foundations of the Villa Torrinha enterprise  
Lisbon | Portugal

In **Portugal**, the crisis in the construction sector persisted, with the amount of public and private tenders having fallen by 3.5% in relation to the previous year.

In this adverse context, income reached 7.2 million euros, contributing only by 12.5% to the total income achieved in this area of action.

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

- Containment works in the Supplementary Flood Spillway Outlet structure, included in the Salamonde Power Reinforcement, for "Construsalamonde, ACE";
- Reinforcement and Rehabilitation of the infrastructures of the bridge over the Zêzere at PK 157+701 of the Beira Baixa Line, for "Infraestruturas de Portugal, S.A.";
- Acquisition of GEOSIG services, Lisbon City Council;
- Structural Reinforcement of the tunnel under runway 17-35 of Francisco Sá Carneiro Airport, in Porto, for "ANA - Aeroportos de Portugal, S.A.";
- Micropile foundations at Avanca factory, for "Nestlé Portugal, S.A.";
- Geotechnical reconnaissance for the construction of the Lime Factory at Maxieira, in Fátima, for "MICROLIME - Produtos de Cal e Derivados, S.A.";
- Indirect foundations for construction of the lime kiln at Maxieira, in Fátima, for "MICROLIME - Produtos de Cal e Derivados, S.A.";
- Pile Foundations and reinforced concrete mat foundation slabs for construction of two silos at Oliveira de Azeméis, for "Novarroz - Produtos Alimentares, S.A.";
- Demolition, containment of the façade, general excavation, peripheral containment and foundations of the Villa Torrinha enterprise, for a company of the Teixeira Duarte Group.



IMOBALIA, S.A.  
Pile foundations and peripheral containment of the  
building of Plot A, Lot 13  
Luanda Bay | Angola



Private client  
Pile foundations of the building of Plot 3, Lot 39  
Luanda Bay | Angola

The aforesaid context of market retraction in Portugal implied that proposals were only submitted to the total value of 56 million euros.

Considering the works in the order book at the end of 2015, a slight increase of income is expected in 2016, although maintaining the very low operating levels in relation to the installed capacity.

In **Angola**, in spite of the country's economic difficulties derived from the fall of revenue associated to the low international price of oil, income reached the value of 14.9 million euros, corresponding to a reduction of close to 31% in relation to the amounts achieved in 2014.

Particular note should be made of the completion of the following contract works in this country:

- Pile foundations and peripheral containment of the building of Plot A, Lot 13, of Luanda Bay" for "IMOBALIA, S.A.";
- Pile foundations of the building of Plot 3, Lot 39, of Luanda Bay" for a private client, in Luanda;
- Peripheral containment of the Talatona Office Centre, for the client "Ambimagem, Lda.", in Luanda;
- Peripheral containment of Vivenda Avalon, for the client "Kubaka Premium - Sociedade de Construções, Lda.", in Luanda;
- Demolition and peripheral containment of Vivenda Avalon, for the client "Scontrading - Construção Civil, Lda.", in Luanda;
- Indirect foundations of the 3rd phase of the Luanda Logistics and Distribution Centre, for "Consorcio Mercasa-Incatema Consulting, S.R.L.", in Luanda;
- Indirect foundations and peripheral containment of Clínica Sagrada Esperança, in Talatona, for "Clínica Sagrada Esperança, Lda.";
- Injections for consolidation of the foundation land and repair of coverings of villa 40 of the Morro Bento Condominium, for "Alfermetal, S.L.".



Clínica Sagrada Esperança, Lda.  
Indirect foundations and peripheral containment of  
Clínica Sagrada Esperança  
Talatona | Angola



Gulf Bank Algeria  
Excavation and peripheral containment of the new head office  
Algiers | Algeria

Other important contract works were started this year in Angola, namely:

- 3rd Phase of the reinforcement of the suspension system of Barra Bridge over the Kwanza River, for "Instituto de Estradas de Angola - INEA";
- Foundations and peripheral containment for the construction of the 1st Phase of the new Building of the Ministry of Finance, for the "Telhabel/Soares da Costa Consortium";
- Structural reinforcement of building B of the Raízes de Luanda enterprise, for the client "Cogimbo Imobiliária, Lda.", in Luanda.

In the commercial area, the number of proposals that were submitted fell by 36%, to a total of 101 studies made, with their overall value having reached 70 million euros.

For 2016, in view of the climate of some uncertainty caused by the drop in the price of oil, it is expected that the operating levels will decrease in comparison to the previous year.

In **Algeria**, 2015 was a year of reduction of activity in this Area of Action, with income having reached the value of 5 million euros, i.e. 1.5 million euros less than the figure achieved in 2014.

In this market, we highlight the completion of following contract works:

- Excavation and peripheral containment of the new head office of "Gulf Bank Algeria (AGB) in Algiers;
- Containment by pile curtain and anchorage of a slope in the construction contract work of the new Birtouta/Zeralda railway line, in Zeralda, for the Turkish company "Yapi Merkezi Insaat ve Sanayi A.S.";
- Containment by pile curtain for the contract work to build 105 apartments, offices, car park and hotel - Ben Aknoun, in Algiers, for the "Eurl Bahia Center".





CSCEC - Direction Generale Pour L'Algerie  
Piles in the project of the new passenger terminal  
of Algiers Airport  
Algiers | Algeria



Yapi Merkezi Insaat Ve Sanayi A.S.  
Construction of the new Birtouta/Zeralda railway line  
Execution of deep pile foundations  
Zeralda | Algeria

We also highlight the start of the following contract works:

- Piles in the project of the new passenger terminal of Algiers Airport, for the Chinese company "China State Construction Engineering Corporation Ltd." (CSCEC) - Direction Generale pour l'Algerie;
- Special pile foundations for 189 housing units at "Résidence les Sources", in Boumerdès for the Algerian real estate developer "Works & Services Well Done - WSWD, E.U.R.L.";
- Special foundations for the construction of a living complex at the naval base at Mers el Kebir, belonging to the "Ministere de la Defense Nationale - Base Navale de Mers-El-Kebir - ECRN - Etablissement de Construction et Reparation Navales";
- Special foundations of the first line of the Tramway at Sidi Bel Abbès. Structural works OA02 - Sidi Djillali OA3 Section - Bem Hamouda Section, in Sidi Bel Abbès, for "Yapi Merkezi Insaat ve Sanayi A.S.";
- Special foundations of the slip road of the motorway connecting Mascara to the East-West Motorway, Lot 2, at Mascara, for "Levantina Ingeniería y Construcción, S.L.";
- Pile curtain containment at the wastewater discharge and treatment station of downtown Oran, Lot 2 - East Part - Pumping and fishing station, at the City of Oran, for "Groupement Ecisa/Alsambo".

We also draw attention to the start-up of the geotechnical exploratory drilling and reconnaissance activity, with the training of local team currently in course, with work developed to support other areas of action of Teixeira Duarte in this Construction sector.

Commercial activity maintained the values of the previous year, with proposals of the value of 82 million euros having been submitted.

In 2015, the Group continued to assert itself in the speciality of Geotechnics and Foundations in this country, strengthening the good reputation that Teixeira Duarte already had in the market and enabling an expansion of the existing operating capacity, also due to new investments made in equipment.

For 2016 and based on the major infrastructure projects that have already been awarded (Chlef and Skikda highway slip roads) with an important component of geotechnical work, significant growth is expected.

In **Brazil**, the activity was strongly affected by the economic and politic situation that the country has been experiencing, caused, among other reasons, by the low prices of oil and ore.

As a consequence, there has been a reduction of public tenders and retraction of private investment, which has had direct implications in the amounts of income achieved in 2015, which reached 20.2 million euros in 2015, corresponding to 23% less than the previous year.

Nevertheless, during 2015, relations with important private clients were consolidated, such as "Vale, S.A." and "Construtora Norberto Odebrecht, S.A.", namely for works of high technical complexity in the largest public contract in Brazil, Line 6 - Orange, of São Paulo Metro.

During the year under review, activity was started in the State of Santa Catarina for the "Departamento Estadual de Infraestrutura - DEINFRA" of Santa Catarina, with the execution of emergency works at Hercílio Luz Bridge, in Florianópolis, capital of this Brazilian state.

During the period under review, we highlight the following works in the area of Geotechnics and Foundations:

- Deep foundations (drilled shafts, root piles and diaphragm wall) along Line 17 of São Paulo Metro, for the "Andrade Gutierrez/CR Almeida Group" Consortium;
- Peripheral containment (diaphragm wall, curtain of drying piles, provisional tie rods), at the "My Place" Development, in São Paulo, for the company "Sinco Engenharia, Ltda";
- Special foundations (drilled shafts, pipe driving and jet grouting), on the Bridge over Canal da Barra, along Line 4 of São Paulo Metro, for the "Rio-Barra Consortium";
- Drilled shafts of Itapaúna Bridge, over the River Pinheiros, in São Paulo, for "Construtora Norberto Odebrecht, S.A.";
- Slope stabilisation (anchorage, nailing, application of the containment network) in the Cava Oeste Sector, at Mina de Águas Claras, Nova Lima, Minas Gerais, for "Vale, S.A.";
- Peripheral containment (diaphragm wall and provisional tie rods) at the IURD temple, in Curitiba;
- Foundations (drilled shafts) of the Track Guide of "Jurong Shipyard", in Aracruz, Espírito Santo, for the construction company "Carioca Christiani-Nielsen Engenharia S.A.";
- Large diameter drilled shafts and jet-grouting along Line 6 - Orange, São Paulo Metro, for "Construtora Norberto Odebrecht, S.A.", more specifically drilled shafts of 2.40m diameter and 42m length and jet-grouting columns of 0.80m diameter involving a total of 1900m<sup>3</sup> of treatment;
- Peripheral containment (diaphragm wall, tie rods and drilled shafts), at the "Quartier" residential development, at Campo Belo, São Paulo, for the company "Sinco Engenharia, Ltda";
- Foundations (continuous auger piles) in the iron ore movement patio - Package N2, at São Luis do Maranhão Terminal, for "Vale, S.A.";
- Foundations (drilled shafts and continuous auger piles) at the "Retratista Paulista" residential development, at Aclimação, São Paulo, for the company "Toledo Ferrari Construtora e Incorporadora, Ltda";
- Foundations (curtain of drying piles and continuous auger piles), in the expansion of the British School of Barra da Tijuca, Rio de Janeiro, for the "British Education Association";
- Foundations (diaphragm wall, tie rods, root piles), at Hospital Carlos Chagas, for "Amil - Assistência Médica Internacional, S.A.";
- Foundations (peripheral containment in a diaphragm wall and foundations in root piles), in the expansion of the Pasteur Hospital, at Méier, Rio de Janeiro, for "ESHO - Empresa de Serviços Hospitalares, S.A.".

In the Rehabilitation area, we highlight the following:

- Replacement of 3 bridges along Estrada de Ferro Vitória-Minas (completion of the contract started in 2013), for "Vale, S.A.", namely involving replacement of the Bridges over the River Corrente (Governador Valadares, Minas Gerais) and River Piraqueçu (João Neiva, Espírito Santo) and Santa Maria Bridge (Cariacica, Espírito Santo);



Vale, S.A.  
Slope stabilisation at Setor Cava Oeste, in Mina de  
Águas Claras  
Minas Gerais | Brazil



SGTM  
Pile foundation at Loukkos viaduct  
Tangiers - Kenitra - Larache High Speed Line  
Morocco

- Rehabilitation of the quay and access bridge, at the premises of "Yara Fertilizantes, S.A.", in Rio Grande, Rio Grande do Sul, including replacement of the crane rails on the upper surface of the deck;
- Structural reinforcement of Macacos Viaduct in Mina Mar Azul, Nova Lima, Minas Gerais, for "Vale, S.A.";
- Assembly services complementing the provisional supporting truss of Hercílio Luz Bridge, in Florianópolis, Santa Catarina, for the "Departamento Estadual de Infraestrutura - DEINFRA" of Santa Catarina;
- Signing of the contract for maintenance of reinforced concrete bridges along Estrada de Ferro Vitória-Minas, for "Vale, S.A.", with duration of 24 months.

For the reasons indicated above, the number and total value of proposals submitted by this sector has diminished in comparison to the figures of the previous year, to stand at a total of 138 studied proposals of a total value of around 400 million euros.

Among this series of studies, particular note should be made of the proposal for Rehabilitation of Hercílio Luz Bridge, the contract award of which was announced on 10 March 2016.

This work, with forecast duration of 30 months, combined with various port work projects that the company has been following up, in addition to the continuation of the work on Line 6 - Orange, of São Paulo Metro, imply that 2016 can be viewed with some optimism in spite of the current economic circumstances of Brazil.

In **Colombia**, various commercial contacts have been developed which gave rise to the first award of Geotechnics and Foundations work at the end of 2015.

This involves the execution of a 1,000mm diaphragm wall at Parque del Rio Medellin, for the Consortium composed of the companies "Subsuelos S.A.", "SAINC Ingenieros Constructores S.A." and "Vera S.A.".



Groupement HOUAR-SEPROB-TGCC  
Drilling of the foundation pillars for the High Speed  
Line between Tangiers - Kenitra  
Morocco



Ministry of Agriculture  
Piles for the head office building  
Maputo | Mozambique

Throughout 2015, 29 proposals were studied of a total worth of 29 million euros, representing an increase of 70% in relation to the previous year.

The successive postponement of the infrastructure projects based on public-private partnerships has had direct repercussion on their growth, lower than the forecasts, of the Colombian economy. Should some of these partnerships start up in 2016, the area of Geotechnics and Foundations shall have strong opportunities to develop its business.

In **Morocco**, income amounted to 2.3 million euros, with the following works being worthy of note:

- Completion of the contract work for 1,600mm pile foundations of Loukkos viaduct - Tanger Kenitra Larache High Speed Line, for "SGTM - Société Générale des Travaux du Maroc";
- Start-up of the drilling of the foundation pillars of 1,000mm, 1,200mm, 1,500mm and 1,600mm diameter, at Lot 2, North Section for the construction of the High Speed Line (LGV) between Tanger and Kenitra, for "Groupement HOUAR-SEPROB-TGCC".

Considering the low value of the studied proposals and the works in the order at the end of 2015, a reduction of income is expected in 2016.

In **Mozambique**, income reached the value of 11.4 million euros, having increased by 11% in relation to the previous year.

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

- Completion of the peripheral containment and pile execution works for "Edifício JN II", on Avenida Julius Nyerere, in Maputo, for "IMOINVESTE - Investimentos Imobiliários, S.A.";
- Piles for the head office building of the Ministry of Agriculture (MINAG), in Maputo;
- Piles for the Nadhari Opway Building in Maputo, for "Nadhari Opway, Limitada";
- Foundation micropiles and solid parts for "KARPOWER International, Limited", in the City of Nacala.





Nadhari Opway, Limitada  
Piles for the Nadhari Opway Building  
Maputo | Mozambique



Consortio Boyaca - La Guaira  
Containment of slopes at Macayapa Distributor  
Caracas | Venezuela

In the commercial area, proposals were drawn up with the overall value of around 104 million euros, corresponding to 14 million euros more than the value achieved in the previous period.

Of these studies, some works have already been awarded to the total value of 14 million euros, in particular the rehabilitation of the naval train at the Port of Beira, for "Portos e Caminhos de Ferro de Moçambique E.P." - CFM.

In this context, the following years shall be perceived with optimism, with expected continuation of the growth of the Group's activity in this area of construction, in Mozambique.

In **Venezuela**, the slope containment works at Macayapa Distributor, in Caracas, included in the Extension of Avenida Boyaca were completed in November.

Due to profound alterations of the implementation project, the volume of work was actually substantially below that established in the contract.

In addition to this work, a campaign of exploratory geotechnical drilling was carried out in the implantation area of Baralt Distributor.

The total volume of income was 440 thousand euros, as a result of the heavy devaluation of the Bolívar.

In 2016 and considering the current situation of this country, the recovery of activity is not expected.



Company of the Teixeira Duarte Group  
Building 9 - Floor 13, Lagoas Park  
Oeiras | Portugal



Company of the Teixeira Duarte Group  
Building in Lot 5 - Fórum Oeiras  
Oeiras | Portugal

In the **BUILDINGS** area, the intervention in markets is characterised by the development of projects that are large-scale and of high technical complexity, covering the construction and reconstruction of all types of buildings, in particular large, complex and multi-purpose buildings, public buildings, residential and service buildings, industrial complexes, schools, tourist enterprises and hospitals.

In spite of the strong influence exerted by the declining price of oil in 2015, in the different markets in which the Company operates, the order book from previous years enabled almost doubling the volume produced in 2014, leading to the achievement of 401 million euros, with 2015 having been the year of highest production in this Construction Area of Teixeira Duarte.

The highlight goes to Mozambique, where, primarily as a result of the large-scale work of Banco de Moçambique, the Group produced around five times more than the average of previous years, leading to an important reinforcement of the resources available in this country.

The natural consequence of the exceptional nature of this steep upscaling in 2015 is a decline of production in Mozambique during the current financial year, and likewise in Angola, in this case the outcome of more adverse international and national circumstances.

However, the continued focus on business growth in Algeria and Brazil, as well as the attention given to new opportunities in other markets in the perspective of implantation and continuity, shall enable minimising the impact of the aforesaid declining production in Angola and Mozambique.

In **Portugal**, the building construction market remained at very low levels, due to the weak investment, both public and private, with only the urban rehabilitation subsector showing some buoyancy, albeit still primarily concentrated in the centre of the city of Lisbon.

In the area of school buildings, work was implemented at Colégio Moderno, in Lisbon.



Centro Hospitalar de São João, E.P.E.  
Floors 3, 4 and 5 – eastern wing and internment and  
surgery specialised units of Hospital de São João  
Porto | Portugal



Luanda Logistics and Distribution Centre (CLOD)  
Viana | Angola

In the services sector, the construction contract for Lot 13 of "Lagoas Park", in Oeiras, was carried out for a company of the Teixeira Duarte Group.

In Lisbon, restoration of the "*Caleidoscópio*" building was started for "Sistemas McDonald's de Portugal, Lda."

For "ANA - Aeroportos de Portugal, S.A.", the contract work for the coverings of the curbside of floor 3 was carried out at Francisco Sá Carneiro Airport, in Porto, and likewise at the airport of the Island of Madeira, the contract work for reorganisation of floors 2 and 3 of the Air Terminal Building – 1st phase, under a design/construction arrangement.

In the health area, the construction of floors 3, 4 and 5 of the eastern wing and the internment and surgery specialised units of Hospital de São João, in Porto, were completed for "Centro Hospitalar de São João, E.P.E."

In the housing area, the rehabilitation was started of the building called "Park Avenue", on Rua Padre António Vieira, in Lisbon, for "Pigment Party Unipessoal, Lda."

The construction of the building implanted on Lot 5 of the real estate development promoted by the Teixeira Duarte Group called "Fórum Oeiras" was completed.

In Angola, Teixeira Duarte's activity was hindered by the scarcity of foreign exchange in the commercial banking system, required for imports, although, even so, the volume of production was maintained in line with that recorded in 2014.

In the area of school buildings, the construction of the auditorium of Colégio São Francisco de Assis, in Talatona, was started for a company of the Teixeira Duarte Group.



Clínica Sagrada Esperança, Lda.  
Reinforced concrete structure and finishing – Building 1  
Peripheral containment, basement structure, exterior  
arrangements and technical centre – Buildings 2 and 3  
Luanda | Angola



Cooperativa de Habitação Essandjú, SCRL  
Dyeji Building  
Luanda | Angola

In the industrial area, work continued on the construction of Luanda Logistics and Distribution Centre (CLOD) at Viana, in the outskirts of the city of Luanda. This is a large-scale construction work of enormous importance for the supply of food products to the country's capital city.

In the trade and services sector, various works were completed for a company of the Teixeira Duarte Group, namely those implemented at the "Maxi Zango" Store (phase 2), at "Maxi Congolenses", as well as the "Maxi Park Pharmacy" and "Dicasa Restaurant", with the last two being in Morro Bento and all in Luanda.

For the same entity of the Teixeira Duarte Group, work was started on the expansion of the Chilled Product Distribution Centre, in Morro Bento, and the "Maxi Golf" contract work, in Luanda.

In Luanda, the construction work of a Multi-purpose Building, in Maculusso, was completed for the IURD.

The bank branch on Avenida Ho Chi Min, in Luanda, was constructed for "Banco de Negócios Internacional, S.A." (BNI).

In the health area, for "Clínica Sagrada Esperança, Lda.", in Talatona, Luanda, the contract work was completed for the reinforced concrete structure of building 1 and the peripheral containment and foundations of buildings 2 and 3. Work was started on the contract for the finishing of building 1 and the structure of the basements of buildings 2 and 3, exterior arrangements and technical centre. It should be noted that all these contract works are implemented under a design/construction arrangement.

In the housing area, the general construction contract was completed for the Dyeji Building, for "Cooperativa de Habitação Essandjú, SCRL", situated on Ilha do Cabo, in Luanda. For the same client and incorporated in the same complex, the work continued in the general construction contract for "Edifício Kuaquie".





Cooperativa de Habitação Essandjú, SCRL  
Kuaquie Building  
Luanda | Angola



AGB  
Reinforced concrete structure of the new head office  
Algiers | Algeria

For different private clients, construction work was started for the Building of Lot 39, Plot 3, in Ilha do Cabo, as well as the construction of a villa in Sodimo, with the work at Casa da Rua da Índia, n.º16, in Luanda having been completed.

The contract work for foundations and structure of a villa in Alvalade was started, for "Scontrading - Construção Civil, Lda."

In **Algeria**, the work continued for the contract to construct the reinforced concrete structure of the new head office building of "Gulf Bank Algeria" (AGB), in El Biar, Algiers. This is a 24 storey building of considerable architectural quality, to accommodate the head office of AGB. Its structure is a combination of steel and reinforced concrete and will incorporate high quality materials, most of which being imported.

Also in Algiers, work continued in the construction of a multi-storey car park in Sidi Yahia - Bir Mourad Rais (Algiers), for the "Direction des Déplacements, des Transports et de la Circulation de la Wilaya d'Alger". An enterprise group was formed to carry out this work, composed of the Algerian company "ETRHB Haddad, SPA" (Entreprise des Travaux Routiers, Hydrauliques et Bâtiments).

The contract work continued for the construction of the Official Residence in the City of Constantine" for the "Direction de L'Administration Locale de la Wilaya de Constantine". This work is currently suspended, due to important alterations that are being introduced by the Owner of the Work in the project.

The adaptation work of a building in Algiers to accommodate Teixeira Duarte's new offices in this city were completed.

In **Brazil**, the Group maintained the same level of production as the previous year, and assured a continued strong connection with its clients, which recognise the differentiating features of Teixeira Duarte.

In the area of school buildings, the contract work was started for the structure of "H" block", for the British Education Association (ABE), at



British Education Association  
Structure of "H" block  
Rio de Janeiro | Brazil



Instituto Porto Seguro  
Construction of an Art Gallery  
São Paulo | Brazil

Barra da Tijuca, Rio de Janeiro. At the end of 2015, the contract for the 2nd phase of the work was awarded, corresponding to the finishing of the same building.

In the services sector, the contract was completed for Civil Services in the Cold Lamination Canteens, Steel Mill 2, and Central Maintenance", for "Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas", in Cubatão, São Paulo.

The construction contract for the Art Gallery was also completed, including works on foundations, structure, finishing and installations, for "Instituto Porto Seguro", also in São Paulo. This is an unusual architectural work with numerous innovative constructive solutions, where very experienced teams of various sectors of the companies were placed, with the final result being of recognised quality.

Also in the services sector, work continued in the large-scale and highly complex construction contract for the new IURD building, in Curitiba, Panama.

In the health area, the finishing work and installations were completed in the 3rd floor of Hospital Metropolitano da Lapa, for "Amico Saúde, Ltda." (AMIL Group), in São Paulo. In the same hospital, the contract for civil works, finishing and installations of the 4th and 5th floors was started.

In Guarulhos, São Paulo, the Retrofit of the 3rd, 4th and 5th Floors of Hospital Carlos Chagas was started, and the new annex in Quadra Cerqueira César was constructed, for "ESHO - Empresa de Serviços Hospitalares, S.A.".

In Niterói, Rio de Janeiro, the construction of the reinforced concrete structure of the "Imprensa" building was completed for "Patrys Investimentos Imobiliários, Ltda.".



Impar Serviços Hospitalares S.A.  
Remodelling and modernisation of Hospital São Lucas  
Rio de Janeiro | Brazil



Banco de Moçambique  
Construction of buildings for the new head office  
Maputo | Mozambique

At Hospital São Lucas, in Copacabana, Rio de Janeiro, the different contracts which have been implemented continued for the remodelling and modernisation of this important private health unit, for "Impar Serviços Hospitalares S.A.".

At Méier, Rio de Janeiro, the construction of the new building for expansion of the Pasteur Hospital was started, for "ESHO - Empresa de Serviços Hospitalares, S.A.". For this same client, the rehabilitation of the surgical centre and intensive care unit for adults was also started at Hospital Alvorada, in Brasília - Federal District.

In **Mozambique**, the high level of production achieved clearly ran against the evolution of this sector in the country. Due to the implementation of large-scale works contracted in previous years, a record turnover was achieved in this country, where this market accounted for the largest amount of turnover in the Group's Area of Buildings.

In the industrial area, the construction of infrastructures for non-intrusive inspection facilities was completed, in Ressano Garcia, province of Maputo, for "Kudumba Investments, Lda.".

For "Cimentos de Moçambique, S.A.", the civil construction work was completed for the installation of new hose filters of the Matola cement factory, also in the province of Maputo.

At the Port of Nacala, the contract was completed for the Port of Nacala rehabilitation project, for "Penta-Ocean Construction Co., Ltd.".

Also in the city of Nacala, the contract was started for civil construction and execution of maintenance workshops for locomotives and railroad vehicles, for the "Corredor Logístico Integrado de Nacala, S.A.".

At the Port of Maputo, the contract was concluded for extension of the motor vehicle terminal - phase 3, for "Maputo Car Terminal, Limitada" (MCTL).



IMOINVESTE, S.A.  
Service building for the Ministry of Planning and  
Development and Ministry of Finance  
Maputo | Mozambique



SOCIGEST, S.A.  
Building for the Ministry of Agriculture  
Maputo | Mozambique

The work continued in the contract for electromechanical and hydraulic maintenance of the construction sites, in the city of Nacala, for "Corredor Logístico Integrado de Nacala, S.A.".

In the Port of Matola, work was carried out in the contract for road repair and drainage, for Matola Coal Terminal (TCM).

In the services sector, work continued in the important construction contract for the buildings of the new head office of Banco de Moçambique, one with 30 floors and covering a total of close to 87,000m<sup>2</sup> of construction area which involves complex engineering solutions and installation of a considerable amount of highly sophisticated equipment. This work stands out in the landscape of downtown Maputo due to its architecture, construction and height of the main building.

The contract continued for construction of a service building for the Ministry of Planning and Development and for the Ministry of Finance, on Avenida Julius Nyerere, in the city of Maputo, for "IMOINVESTE - Investimentos Imobiliários, S.A.".

The contract for execution of a car park and expansion of a Home Center store, in Maputo, was completed for "Home Center, Lda.".

The construction continued of a building for the Ministry of Agriculture, in Maputo, for "SOCIGEST - Sociedade de Gestão de Participações, S.A.".

The rehabilitation of floor zero of "B" block started for the Ministry of Labour.

In the housing area, work continued on the construction of the 24 storey building situated at Avenida Julius Nyerere number 130, in Maputo, for a company of the Teixeira Duarte Group.

Eighteen villas were constructed in Ressano Garcia, for "Kudumba Investments, Lda.".

In the health area, work started on the construction of the provincial hospital of Inhambane, for the Ministry of Health.





EDP - Gestão da Produção de Energia, S.A.  
Reinforcement of the Power Output of Salomonde Dam  
Vieira do Minho | Portugal



IP, S.A.  
Construction of Marão Tunnel, on the IP4 (A4)  
Vila Real | Portugal

Teixeira Duarte's portfolio includes the construction of all types of **INFRASTRUCTURES**, having implemented works involving Roads and Motorways, Bridges and Viaducts, Dams, Railway Lines, Railway Stations and Junctions, Port Works, Environmental Construction, as well as Water and Natural Gas Infrastructures.

The activity developed in this area has accompanied the cyclical variations of the main markets in which the Group operates, with a slowdown in the income achieved having occurred in 2015, due to adverse foreign exchange effects which were particularly significant in the case of Venezuela.

Commercial activity continued focused on a drive towards growth and territorial diversification, which has not yet shown significant progress.

In **Portugal**, the expected growth of activity and order book did not materialise, and based on the current information on the scheduled launch of new investments in the sector, it is foreseen that this may only take place in 2017.

The following works were developed during the year:

- The "General Construction Contract for Reinforcement of the Power Output of Salomonde Dam", in Salomonde - Vieira do Minho, for "EDP - Gestão da Produção de Energia, S.A.". This highly complex technical work, executed by "Construsalomonde, ACE", in which TD-EC and its participated company EPOS, S.A. hold 92.5%, has shown a development compatible with the objectives defined by the exacting client, with the key contractual deadlines having been met. The provisional acceptance of both the general construction work and the supplementary flood spillway took place on 30 November 2015, as defined by the Owner of the Work, consolidating the technical-commercial relations with this customer and partner;
- The contract for the "Construction of Marão Tunnel, on the IP4 (A4), under a Design/Construction arrangement", connecting the municipalities of Amarante and Vila Real, for "Infraestruturas de Portugal, S.A." had an extremely tight deadline, mainly due to the highly demanding technical requirements and management procedures.



ANESRIF  
Modernisation of the Thenia/Tizi-Ouzou Line  
Bordj Menaïel Station  
Boumerdès | Algeria



ANESRIF  
Modernisation of the Thenia/Tizi-Ouzou Line - PK 36  
Algeria

This is a work of major importance, executed under a consortium between TD-EC and its participated company EPOS, S.A., composed of two galleries (each 5.7 km long with two lanes) and three technical buildings, being endowed with modern and optimised traffic management and safety systems.

Having been awarded in September 2014 for the value of 88.1 million euros and with an implementation period of 518 days, 120 of which are allocated to the implementation project, its completion is expected to take place during this month of April 2016.

TD-EC and "REN - Rede Elétrica Nacional, S.A." signed a contract on 11 April 2016 for the "Civil Construction of the Installation of Alcochete Substation 400/60 kv - work 52.00", in Alcochete, for the value of 5 million euros and implementation period of 11 months.

In **Angola**, the circumstances referred to above implied the cutting of public expenditure by one third and consequent suspension, in 2015, of the majority of the Infrastructure projects as well as the technical-commercial activity.

In this more complex scenario, during the year under review, Teixeira Duarte's action in this area of Infrastructures was essentially restricted to the development of the contract for "Rehabilitation of Luanda's Road Network - Avenida Hoji Ya Henda", along 5.1 km, for "INEA - Instituto de Estradas de Angola", for the value of USD 67.6 million.

The rehabilitation works of this structural road of the city of Luanda - which crosses the important municipalities of Rangel and Cazenga - have continued constrained, especially by problems of expropriation and various contingencies in terms of the affected services. In spite of this, this contract is expected to be completed during 2016.



Entreprise du Métro d'Alger  
Construction of Line 1 of Algiers Metro  
Algiers | Algeria



Algérienne de Gestion des Autoroutes  
East-West Motorway  
Algeria

In **Algeria**, the growth of the previous years has been consolidated, notwithstanding the adverse impact on Turnover caused by the gradual devaluation of the Algerian dinar relative to the euro.

The main contract works in progress are:

- "Études d'exécution et Travaux de Modernisation de la Ligne Thenia/Tizi-Ouzou et son Électrification jusqu'à Oued Aissi (50+14km)", for "ANESRIF - Agence Nationale d'Etudes et de Suivi de la Réalisation des Investissements Ferroviaires". This work is entrusted to an enterprise group led by TD-EC, which is responsible, in this context, for the construction of four viaducts (30 mts in metallic structure, 132 mts in concrete, 660 mts in pushed mixed structure and 765 mts composed of four metallic arches each of 140 mts and six concrete arches), seven stations, railway and respective electrification, for the forecast total value of 210 million euros. The completion date of the contract is programmed for March 2017, where the client's recognition of TD-EC's good performance opens the way for new work in this same enterprise, both in terms of civil construction and in specialised road and catenary work;
- "Projet de Réalisation de la Ligne 1 - Lot 1: Extension 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.)". This contract, which is entrusted to an enterprise group including TD-EC, consists of the construction of two underground stations (Ali Boumandjeli and Place des Martyrs) and a tunnel 1.8 km long, where the value of the work undertaken by TD-EC (40%) will reach 65 million euros. The execution of this highly demanding contract has been characterised by good levels of production and performance, notwithstanding its location and surroundings, which has been strongly acknowledged by the client;
- "Réalisation des Installations et Équipements d'Exploitation de l'Autoroute Est-Ouest - Lot Ouest", in northwest Algeria, for "Algérienne de Gestion des Autoroutes (A.G.A.)". This work is entrusted to an enterprise group led by TD-EC and covers the execution, along an extension of 330 km, of the earthworks, various networks, civil construction, installations and special equipment, pavings, exterior arrangements and landscaping of fifteen toll areas, nine maintenance centres, twenty-two rest areas and thirteen service areas, which will service Lot West of the East/West motorway. The part relative to TD-EC was awarded for the value of close to 202 million euros;



Vale, S.A.  
Civil works at the Marine Terminal of Ponta da Madeira  
Maranhão | Brazil



ANGLO FERROUS Minas-Rio Mineração S.A.  
Port of Açú  
Rio de Janeiro | Brazil

- "Réalisation et Exploitation de la Station d'Épuration de la nouvelle ville Ali Mendjeli (Constantine)", for the "Ministère des Ressources en Eau - Office National de l'Assainissement (O.N.A.)", whose design by TD-EC, as a variant to the tender, includes a carousel reactor of 45,000m<sup>3</sup> and biological treatment system with active mud, which will serve a population of 160,000 inhabitants in the future. The work was awarded for the value of approximately 15 million euros, with an overall implementation period of 57.5 months - 33.5 months for the construction and 24 months for its operation, having been attributed to an enterprise group led by TD-EC as a result of the good work accomplished in a previous contract for the same customer and the excellent relations maintained between the parties;
- The object of the contract "Réalisation de la Liaison Autoroutière Reliant le Port de Ténés à l'Autoroute Est-Ouest sur 54km (première tranche sur 22km)", in Chlef, is the "key in hand" construction of a new motorway with a 2x3 lane profile, along 22 km, including twenty-five structural works and four junctions, with a value of approximately 204 million euros, where TD-EC is responsible for leading the enterprise group with a holding of 47.5%. The respective service order was attributed on 31 March 2015;
- The object of the contract "Pénétrante Autoroutière Reliant le Port de Skikda à l'Autoroute Est-Ouest sur 31km", in Skikda, is the "key in hand" construction of a new motorway with a 2x3 lane profile, along 31 km, with thirty-seven structural works and five junctions, for a value of approximately 300 million euros, where TD-EC is also responsible for leading the enterprise group with a holding of 75%. The respective service order was attributed on 2 July 2015.

These last contracts reflect Teixeira Duarte's continuous and consequent focus on this country for over ten years and consolidate the importance of Algeria in the Group's Construction sector, primarily in the area of Infrastructures.

In **Brazil**, the activity of this area of infrastructures has been accomplished by the participated company "EMPA, S.A.", operating in the States of Minas Gerais, Rio de Janeiro, Espírito Santo, Bahia and Maranhão.





DER/MG  
Improvement and paving of the MG-230 highway  
Stretch from Serra do Salitre to Rio Paranaíba  
Minas Gerais | Brazil



Vale, S.A.  
Construction of Bicas Viaduct  
Minas Gerais | Brazil

In 2015, the political and economic scenario decisively influenced the budgets of the Federal and State Government and significantly reduced the investment of the National and State Departments of Transport Infrastructure, "D.N.I.T." and "DERs", respectively, which make it impossible to obtain Start-up Orders for the execution of the works contracted with these clients, thus contributing to the reduction of activity during 2015.

Combined with this scenario, in 2015, there was an important fall in international commodity prices, primarily oil and iron ore, which was reflected in a downward review of the investment schedules of the companies of these sectors.

Nevertheless, for 2016, is still expected that the level of activity recorded during 2015 will be consolidated, essentially due to the volume of work already in the order book.

During the year, the following contracts were added to the twelve contracts already underway in early 2015:

- "Civil Works at the Marine Terminal of Ponta da Madeira" in São Luís, State of Maranhão, for "Vale, S.A.";
- "Expansion of Estrada de Ferro Carajás" in Santa Inês, State of Maranhão: this is a railway work, in consortium with the Group company "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.", for the client "Vale, S.A."

Throughout the year under review, the developments continued of the Basic and Implementation Projects for the following contracts with the "Departamento Nacional de Infraestrutura de Transportes (D.N.I.T.)":

- "Project Preparation and Execution of Duplication Works on the BR-101/BA Highway", at Esplanada, in the State of Bahia;
- "Project Preparation and Execution of Adjustment Works on the BR-440/MG Highway", at Juiz de Fora, in the State of Minas Gerais;
- "Project Preparation and Execution of Duplication Works on the BR-116/BA Highway", at Jeremoabo, in the State of Bahia.

In addition to the works mentioned above, the construction of the following works continued:

- "Civil Works On Shore 3 - Port of Açú", in the State of Rio de Janeiro, for "ANGLO FERROUS Minas-Rio Mineração S.A.";
- "Improvement and Paving Works for the MG-230 Highway, Serra do Salitre to Rio Paranaíba section", in Minas Gerais, for the "Departamento de Estradas de Rodagem de Minas Gerais - DER/MG";
- "Construction of the Jurong Shipyard", in Aracruz, State of Espírito Santo, for "Estaleiro Jurong - Aracruz, Ltda";
- "Civil Works On Shore 5 - Port of Açú", in the State of Rio de Janeiro, for "ANGLO FERROUS Minas-Rio Mineração S.A.";
- "Construction of the BR 235/BA Highway, located in the city of Coronel João Sá, State of Bahia, for the "Departamento Nacional de Infraestrutura de Transportes - D.N.I.T.";
- "Slope Stabilisation of the Cava Oeste Sector of Mina de Águas Claras", in the city of Nova Lima, State of Minas Gerais, for the client "Mineração Brasileira Reunidas S.A. - M.B.R.", a participated company of the "Vale Group";
- During 2015 we completed the "Execution of the Civil Work for the Construction of Bicas Viaduct", located at River Piracicaba, in the State of Minas Gerais, for "Vale, S.A.".

In **Venezuela**, during 2015, the activity in the area of infrastructures experienced a dramatic decline, due to the end of the construction work of the Port of La Guaira and the market circumstances, fundamentally arising from the significant and influential fall in the price of oil, which led to lower intensity in investment in infrastructures, affecting the projects underway.

Apart from this, the strong expression in the decrease of income essentially derives from the heavy exchange rate devaluation.

The marked slowdown of the investment in infrastructures also led to the maintenance in stand-by of various memorandums of agreement relative to a number of projects, among which, in particular the "Nueva Autopista Alterna Caracas - La Guaira".

Even so, we highlight the following contract work:

- "Procura y Construcción del Muelle Oeste en la Ampliación y Modernización del Puerto de La Guaira", in the State of Vargas, for "Bolivariana de Puertos, S.A.", with all the processes having been delivered for its definitive acceptance.
- "Construcción del Tunel Baralt, Distribuidor Macayapa y Viaduto Tacagua", in Caracas, for the "Ministerio del Poder Popular para el Transporte Terrestre", which TD-EC implements through the "Boyacá - La Guaira Consortium", where it holds a stake of 57.2%. In this contract, the drilling work continues on four fronts of the two galleries of the tunnel, which is now expected to be completed at the end of 2018, depending on the contractual adjustments dictated by the new circumstances. The progress of the work in the components of the Macayapa Distributor and at Tacagua Viaduct was constrained by the dense occupation of the terrain and the inherent difficulties associated to the relocation processes. It is expected that the intervention of the "Ministerio del Poder Popular para el Transporte Terrestre" will enable an acceleration of the work and the completion of this important contract. Nevertheless, on the Macayapa side, the execution of the plumbing networks and completion of the containment of the main slopes is progressing at a good pace.
- "Planta Fisica de Nodos de la Red del Octavo Proyecto de Servicio Universal de Telecomunicaciones - Opsut", for "Compañía Nacional de Teléfonos de Venezuela (CANTV)". For this contract, the work continued for the construction and upgrading of 213 junctions and corresponding optical fibre network distributed throughout the different states of Venezuela, covering an area of more than 800,000 km<sup>2</sup>, with very distinctive conditions and features which has implied enormous dedication, availability and efficient use of resources by TD-EC's teams. Notwithstanding the different difficulties experienced, in particular in 2015, this contract work is expected to be completed during 2017.

Over these last years, Teixeira Duarte has carried out many works which are structural for the sustained development of Venezuela, successfully undertaking the responsibility and execution of large-scale and highly complex contract works, with a heavy component of engineering in various areas of action, not only reflecting its capacity, but also its presence of over 38 consecutive years in this country.

**MECHANICAL ENGINEERING** constitutes a speciality of Teixeira Duarte in the area of metallic construction, with teams that operate both in an integrated manner with other sectors and directly for final clients, adding value derived from its technical capacity in highly complex works with a strong metallic component, namely metallic bridges and viaducts, buildings and miscellaneous structures of a large-scale. Possessing a high level of know-how in the field of oil-hydraulics, Teixeira Duarte has developed, through this area, a business based on the design and construction of hydromechanical equipment and other special equipment. Activity has also been developed regularly in the area of Mechanics, more specifically in the maintenance and repair of construction and mining equipment.

In 2015, as a result of the implementation of Production Control processes in the Factory of the plant incorporated in the Teixeira Duarte Operating Centre, at Montijo, certification was obtained pursuant to "NP EN 1090-1:2009+A1:2013" - *Execution of steel structures and aluminium structures. Part 1: Requirements for the assessment of conformity of structural components*. This certification, in accordance with the European regulations, is fundamental for the marketing of construction products and for the "EC" marking of these products.

During 2015, the business continued to cover the various geographic areas where Teixeira Duarte operates, with a modest growth of the volume of activity having been recorded.

In **Portugal**, as a consequence of the persistence of adverse circumstances, the activity continued at a pace similar to that of the previous year.

The Teixeira Duarte Operating Centre, in Montijo, continues to assert itself as a relevant and fundamental asset in the Company's activity in this area of Mechanical Engineering. In fact, this is where the metallic structures were produced, intended for various Teixeira Duarte works in other markets, especially in Algeria.

Various metallic structures were produced in the context of the contract for "Reinforcement of the Power Output of Salomonde Dam", for "EDP - Gestão da Produção de Energia, S.A.".

At the end of 2015, "EDP - Gestão de Produção de Energia, S.A." awarded the contract to adjust the upstream sluice gate for the bottom outlet of Bouça Dam to the dam safety regulations, a work to be undertaken in 2016, which will enable incorporating an interesting series of engineering solutions to be implemented by various areas of the Company's Construction Sector.

For "Infraestruturas de Portugal, S.A.", an emergency intervention was carried out at the Eiffel Bridge in Viana do Castelo, with execution of provisional support on a pillar/abutment. The same client also awarded the contract for urgent repair of the Eiffel Bridge at PK 80+000 of the Minho Line, with replacement of support devices on the pillars/abutment and repair of pillar/abutment.

Work also continued in the technical assistance contract in the area of repair of mining equipment with "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.", through which a large part of the maintenance of the mobile mining exploration equipment of this client was carried out. This collaboration, maintained over various years, has been the object of successive contract renewals.

In view of its speciality, other proposals have been submitted directly through this area of Mechanical Engineering for external clients such as "EDP - Gestão de Produção de Energia, S.A." and "BRISA - Auto-Estradas de Portugal, S.A.", where there are high expectations for some of the submitted proposals.

In **Angola**, the construction of metallic structures for contracts undertaken by other areas of construction activity continued, particularly at the "CLOD - Luanda Logistics and Distribution Centre", as well as for other works for companies of the Teixeira Duarte Group operating in this country in the Distribution and Automotive Sectors.

Work was completed for the contract for provisional reinforcement - 2nd phase, of the suspension cables at the bridge over the River Kwanza, for "Instituto de Estradas de Angola - INEA";



CNO  
Laúcia Hydroelectric Development  
Kwanza Norte | Angola



ANESRIF  
Supply and assembly of exterior coverings  
Algeria

A contract was signed in 2015 with "Construtora Norberto Odebrecht S.A. - Branch in Angola" (CNO) for the assembly of the metallic structures of Casa de Força, at Laúcia Hydroelectric Development project. The undertaking of this contract, of a very significant volume, contributed to increasing the amount of activity in this area in Angola relative to previous years.

In view of the current circumstances of the Angolan market, the future outlook is not very favourable. However, if permitted by the financial conditions, we shall be able to significantly increase the activity, in particular of the Laúcia dam contract work.

In **Algeria**, the works progressed concerning the supply and assembly of exterior coverings and various metallic elements of the seven railway stations incorporated in the contract carried out for "Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires (ANESRIF)".

The assembly of metallic structures inherent to the project for the new head office of "Gulf Bank Algeria" (AGB) started. This enterprise consists of the construction of three buildings, including two 24 storey towers, approximately 100m high, composed of screwed metal structures, manufactured at the facilities of the Teixeira Duarte Operating Centre, in Montijo, Portugal.

For 2016, it is expected that this area will continue to support the projects referred to above, and that work will begin on the construction of the structures for the covering of the tolls and supporting buildings, included in the project for the control and monitoring of the installation works and operating equipment on the East-West Motorway - West Lot for "Algérienne de Gestion des Autoroutes" (AGAIN).

In line with the forecast growth of the Teixeira Duarte Group's activity in this market, Mechanical Engineering has high expectations of having the opportunity to accompany this increase. Nevertheless, commercial action has been developed in this market, with submission of proposals directly to external clients in specialised areas of work.





AGB  
Assembly of the metal structures of the new head office building  
Algiers | Algeria



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

In **Brazil**, the Bridge over River Santa Maria, in Cariacica, State of Espírito Santo has been completed, being the last contract work for replacement of three bridges along Estrada de Ferro Vitória-Minas, for the company "Vale, S.A.".

Also in Brazil, in collaboration with the Geotechnics and Rehabilitation area, work was started in the assembly of metallic structures provisionally supporting the central deck of Hercílio Luz Bridge, in Florianópolis, Santa Catarina, for the "Departamento Estadual de Infraestrutura - DEINFRA".

Already in 2016, Teixeira Duarte was contracted to carry out the general rehabilitation of Hercílio Luz Bridge, work of great complexity, in view of the age of the bridge (about 90 years old) and its current poor condition.

In **Mozambique**, it is expected that the contract will soon start for rehabilitation of the bridge over the River Save, for "Administração Nacional de Estradas" (ANE), which foresees the execution of various highly specialised works in this area of Mechanical Engineering.



EDP - Gestão da Produção de Energia, S.A.  
Reinforcement of the power output of Salomonde Dam  
Vieira do Minho | Portugal



IP, S.A.  
Marão Tunnel  
Vila Real | Portugal

For **UNDERGROUND WORKS**, apart from TD-EC itself, the Teixeira Duarte Group is also supported by "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." (E.P.O.S., S.A.), a company with over thirty years of experience, using the most advanced technology and equipment for the execution of this type of work, both in the field of civil engineering and mining area.

In 2015, "EPOS, S.A.," achieved a Turnover of 101 million euros, a value 40% higher than that recorded in the previous year.

The industrial activity developed in Portugal accounted for 61% of total sales, with the rest having been obtained in the four foreign markets in which the Company operates.

In **Portugal**, the production of this participated company was distributed between works conducted for various mining entities and civil engineering works, in the hydroelectric and road sectors, where reference should be made of the following works:

- The intervention at Neves Corvo Mine, where work continued following various contracts concluded with "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A." aimed at the development and rehabilitation of mining infrastructure. In 2015, a total of 4.5 km of tunnels and galleries were excavated, 31 thousand m<sup>3</sup> of shotcrete and 72 thousand nailings were applied, and various long drillings were made for injections in the land, as well as a large programme of rehabilitation of ventilation shafts. At the same time, the contract for the dismantlement and transport of ore also continued, with total production having exceeded 264 thousand tonnes;
- During the month of November, after excavation of the last safety plug of the restitution tunnel and demolishing of the hydraulic circuit protection cofferdams, this completed the general contract for construction of the reinforcement of power output of Salomonde - Salomonde II, awarded by "EDP - Gestão da Produção de Energia, S.A." to the enterprise group "CONSTRUSALAMONDE, A.C.E.", in which EPOS, S.A. has a holding of 40%;
- The contract for the construction of the Marão Tunnel IP4 (A4) (under a design/construction arrangement), to be carried out in consortium with TD-EC, for "EP - Estradas de Portugal, S.A.", constituted, especially due to its tight contractual deadline, an important challenge to the company's technical capacity. Indeed, although confronted with the interception of an extensive geological fault zone, EPOS, S.A. managed to complete the excavation work and placement of reinforced concrete covering along 11.3 km of tunnel.



CNO  
Laúca Hydroelectric Development  
Kwanza Norte | Angola



Consortio Boyaca - La Guaira  
Highway tunnel leaving Caracas - airport direction  
Caracas | Venezuela

In **Angola**, the work integrated in the hydraulic circuit of Laúca Hydroelectric Development, in Kwanza Norte, subcontracted from "Odebrecht Angola Construção e Projectos de Engenharia, Lda." continued at a good pace, with 4.5 km of large-section tunnels and 230 metres of eight metre diameter shafts having been constructed.

In **Spain**, the company's activity continued concentrated on the mining sector, with interventions at various mines:

- At Aguablanca Mine, in Badajoz, the mining gallery excavation work continued, under a work contract carried forward from the previous year.  
In April, a new agreement was signed with "Rio Narcea Recursos, S.A." for the opening of new galleries and for mining operation and development. At the end of July, this contract was suspended by order of the client, where this decision was based on the deterioration of the international price of nickle ore. Even so, approximately 3 km of galleries were excavated and 108,000 tonnes of ore were extracted;
- At Aguas Teñidas Mine, in Huelva, a service contract was signed with "MATSA, Mina de Aguas Teñidas, S.A.U.", for operations of long drilling in strip mining;
- Three contracts were signed with "Orovalle Minerals, S.L.", owner of Boinás Mine, for the provision of various services, technical assistance for the drilling operations, mechanical repair services and dumper operation services.

In **Venezuela**, the progress of the subcontract with the "Boyacá - La Guaira Consortium" for the tunnel component of the highway leaving Caracas towards the airport was seriously hampered by the constraints affecting this country's economy, with the volume of implemented work having been only 860m of tunnel.

In **Colombia**, where EPOS, S.A. has already established a Branch, the start-up of work already contracted for the construction of tunnels for a hydroelectric circuit was postponed, as a consequence of project alteration and respective licensing.

Although with no industrial activity in this country, permanent technical-commercial contacts were maintained with a view to achieving contract work both in the hydroelectric and road sectors.

In **RAILWAY WORKS**, "SOMAFEL - Engenharia e Obras Ferroviárias, S.A." (SOMAFEL, S.A.) is the company of the Teixeira Duarte Group (60% held) that is qualified for railway infrastructure construction and conservation, including electrification (catenary work).

The Group has progressively consolidated its operational action in the railway area, which is currently concentrated in Portugal, France, Morocco, Algeria, Mozambique and Brazil, and has been developing a process to optimise its activity in these countries, where it works with 4 different track gauges.

In 2015, "SOMAFEL, S.A." continued to experience growth of Turnover, having achieved income of approximately 31 million euros, consolidating the trend already observed in 2014, boosted by the activity in foreign markets, in particular in Algeria and Morocco.

In **Portugal**, the activity of "SOMAFEL, S.A." was essentially concentrated on projects of maintenance and rehabilitation of railway infrastructures, carried out for the principal client, "Infraestruturas de Portugal, S.A."

In this context, we highlight the following contract works:

With regard to maintenance:

- Finalisation of the period of three years of initial enforcement and start-up of the period of extension of the contract which involves the maintenance of all the Road Equipment and Catenary allocated to the Maintenance Centres of Coimbra, Entroncamento and Caldas da Rainha, named "Provision of road and catenary maintenance services - Lot 5";
- Intervention at the Centres of Entroncamento and Coimbra through the contract named "Provision of maintenance services for rail switching devices of the national railway network, broad gauge - 2015".

The following contracts were implemented in the rehabilitation area:

- "Full rehabilitation of track - migration of wooden sleepers to bi-block concrete sleepers, phase 1 - Beira Baixa Line, Entroncamento/Rodão Section";
- "Rehabilitation of track between kms 226,570 and 230,880 - Eastern Line", Assumar/Arronches section;
- "Replacement of track frames on the Várzea, Meligioso and Trezói bridges, Phase 1A-1 - Beira Alta Line";
- "Branch line of Alfarelos/Verride transition - BC/BLS and TM/TBB transformation - 1st Phase".

The year of 2015 was also marked by the implementation of contracts for owners of works in other fields of activity, with the following projects having been carried out:

- "Hangar 6 - replacement of track guide of the main gates", at Lisbon Airport, for TAP (Transportes Aéreos Portugueses, SGPS, S.A.);
- "Replacement of the fastening of the crane track guide of the gantry of Santa Apolónia, at the Port of Lisbon, for the concessionaire, "SOTAGUS - Terminal de Contentores de Santa Apolónia, S.A."

Considering the railway projects delineated in the "Strategic Plan for Transport and Infrastructures" and in the "Proximity Plan" of "Infraestruturas de Portugal, S.A.", as well as the delays that have already occurred in the unfolding of these plans, it is expected that in 2016 there will be a reduction of the activity in Portugal, with an increase of railway activity only being forecast from 2017 onwards.

**Algeria** continues to be a strategic and priority market for this area of construction area of the Teixeira Duarte Group.

We highlight the following projects:

- Modernisation of the Thenia/Tizi-Ouzou Line and its electrification up to Oued Aissi, covering a total length of 75 Km, for "Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires" (ANESRIF). During 2015 there was a strong increase in the development of the railway work of this contract, where particular note should be made of the operational start-up of the railway on the first stretch of this work (Thenia - Bordj Menail), the inauguration of which was honoured by the presence of the Algerian Minister of Transport;





SOMAFEL  
Rehabilitation of the Beira Baixa Line  
Fratel Dam Stretch  
Portalegre | Portugal



SOMAFEL  
Assembly of rail and 3rd track of Algiers Metro  
Algiers | Algeria

- The work was completed in the contract for Assembly of Rail and 3rd Track of "Extension A - La Place Emir Abdelkader et la Place des Martyrs", in Algiers Metro, executed by the enterprise group GMAC (Groupment Metro d'Alger Centre: Andrade Gutierrez - Teixeira Duarte - Gesi TP - Zagope);
- During 2015, the contract was awarded and work started on the installation and placement of the 3000V direct current catenary of Mineira Line (Ligne Minière) in the eastern zone of Annaba.

In the commercial area, and in spite of some retraction in public investment, we highlight the study of proposals to renovate over 250 km of track, under international tenders launched by ANESRIF.

In **Brazil**, where SOMAFEL, S.A. operates through its participated company, "SOMAFEL - Obras Ferroviárias e Marítimas Ltda." (SOMAFEL, Ltda.), 2015 was marked by the accentuated exacerbation of the economic crisis, which had begun in the previous year, accompanied by strong political instability.

Even so, the following contract work was completed in 2015:

- Assembly of crane rolling tracks in Aracruz, at the port of "Estaleiro Jurong Aracruz Ltda.", in the State of Espírito Santo, for the "C.R, Almeida - EMPA" consortium;
- The crane transfer tracks in Rio Grande were replaced, in the State of Rio Grande do Sul, for "Yara Brasil Fertilizantes, S.A.", through the company of the Teixeira Duarte Group "EMPA, S.A."

The following contracts were being implemented during 2015 with completion forecast for the current year:

- Provision of Services of installation of track on the tramway of Rio de Janeiro, along 10 km, in consortium with a Brazilian company, in the system known in Brazil as Light Rail Transit (LRT), with forecast inauguration before the Olympic Games of 2016, for "Concessionária do VLT Carioca S.A.";

- Track Guide at the Marine Terminal of Ponta da Madeira, of a length of 5 km, in the context of the work of another company of the Teixeira Duarte Group for "Vale, S.A.", in the State of Maranhão.

At the same time, as a result of the intense commercial activity, at the end of 2015, various contracts were awarded, some started in December, but whose work will be carried out in 2016, namely:

- Implantation of Superstructure SF03 – Expansion of Estrada de Ferro Carajás – Project CLN S11D, in consortium with "EMPA, S.A.", for Vale, S.A., along 87 km, in the State of Maranhão;
- Provision of emergency maintenance services of the Metro–Railway System of Brasília, in consortium with Brazilian companies, being responsible for the maintenance of the railway rolling stock, power, signalling, track and buildings, in the Federal District;
- Subcontract and installation of permanent track of the Metro System of Salvador and Lauro de Freitas, covering 40 km of Salvador Metro, in the State of Bahia.

The forecasts for Brazil consider that 2016 will be a year of strong economic retraction, similar to what happened in 2015.

In **France**, the activity of "SOMAFEL, S.A." has remained constant, essentially being characterised by the implementation of catenary work for a similar French company, in the "SNCF – Société Nationale des Chemins de Fer" network, where reference is made to the following:

- Phase 2 of La Miliesse Voyageur station – studies and catenary works to be implemented on the Bretagne – Pays de la Loire high speed line, at the Miliesse connection;
- Phase 2 of La Miliesse Fret station – studies and catenary works to be implemented on the Bretagne – Pays de la Loire high speed line, at the Miliesse connection;
- The studies and catenary work at Rennes Station – A3–A4.

In **Morocco**, the activity of 2015 focused on contract work concerning studies and railway track, civil construction and catenary work, at the Kenitra terminal facilities – High Speed Link between Tangier and Kenitra, for "Office National des Chemins de Fer" (ONCF). Following various alterations of the implementation project, the progress of this contract in 2015 fell somewhat short of the initial expectations, with the outlook for 2016 being increased activity as well as the completion of the project.

On this issue, we highlight our participation in the following tenders:

- Renovation of 10 stations (track, catenary, civil construction and signalling), between Settat and Marrakech, launched in December by ONCF, under the project aimed at increasing the capacity of the main railway axis between Tangiers – Kenitra – Casablanca – Marrakech;
- Construction of the second line of the Surface Light Metro (Tramway) of Casablanca (track and civil construction), whose management is entrusted to the agency "Casa Transports, S.A.", with SOMAFEL, S.A. having constituted a consortium with a local civil construction company for this specific purpose.

In **Mozambique**, the work of the contract continued for the provision of services for heavy mechanical impact on the track, for a similar company, under the execution of the Infra and Superstructure Rehabilitation Works of the Nacala Corridor Railway.

With respect to the commercial action in the railway area, a sharp decrease was noted in the processes launched in tenders, both by "Portos e Caminhos de Ferro de Moçambique E.P." – CFM and by private entities. The follow-up of various important processes with CFM continued, such as the Maintenance of the Ressano Garcia Line, although without any ensuing developments of any interest.



Sines Container Terminal  
Removal of materials deposited in the basin and  
levelling of beds  
Sines | Portugal



Penta-Ocean Construction Co., Ltd.  
Rehabilitation of the Port of Nacala - Phase 1  
Nacala | Mozambique

In the area of **MARITIME WORKS**, the Group has capacity to carry out various types of port infrastructure works, such as commercial, fishing and nautical recreation ports, the construction and rehabilitation of coastal protection, such as piers, breakwaters, artificial beaches, and related defence works, hydraulic fills, sea outfalls as well as drainage operations and other sea and river works.

In 2015, "OFM - Obras Fluviais e Marítimas, S.A." (hereinafter referred to merely as OFM, S.A.), a company 100% owned by SOMAFEL, S.A., was distinguished as an entity specialised in the maritime and river work referred to above.

In **Portugal**, due to the crisis and consequent reduction of public and private investment, a heavy decline was recorded in this activity that, in 2015, was practically limited to the implementation of the contract for the Sines Container Terminal - Removal of the Materials Deposited in the Basin and Levelling of Beds.

In **Algeria**, the activity developed in 2015 was limited to market follow-up at a commercial level, with the preparation and submission of proposals for various tenders, with a view to achieving new work, with an upturn of the productive activity being foreseen in this market in 2016.

In **Angola**, the commercial activity was maintained during 2015, namely through the study of a number of projects and submission of various proposals, which are expected to bear fruit in 2016, despite the crisis currently being experienced in this market.

In **Brazil**, the Dredging and Reprofilling of the Slope of the Extension of the South Quay, integrated in the "Jurong Aracruz Shipyard" project, in the State of Espírito Santo, was completed in the first quarter of the year.

The commercial activity was also pursued, in particular the studies for port infrastructures for the sectors associated to agricultural commodities (30% of national GDP) and the pulp and paper industry.

In **Cape Verde**, the work carried out under consortium arrangements was completed in the expansion and rehabilitation of the quay of "ENACOL - Empresa Nacional de Combustíveis, S.A." and in fill adjacent to its premises, both in Mindelo, Island of São Vicente.

In **Colombia**, commercial activity was initiated in 2015, through the study of various projects which gave rise to the submission of proposals, with the developments of their tenders being followed-up carefully.

In **Mozambique**, the Rehabilitation of the Port of Nacala, Phase 1, was successfully completed for the Japanese company "Penta-Ocean Construction Co., Ltd.", with the owner of the work being "Portos e Caminhos de Ferro de Moçambique, E.P.". This triumphant achievement consolidated the Group's relations with the aforesaid "Penta-Ocean Construction Co., Ltd.", leading to good prospects of attracting more business in this important port project in Mozambique.

At the same time, a series of studies and proposals were submitted, some of which are currently at a negotiation stage with major chances of being awarded.

In **Venezuela** there has been a strong slowdown of public investment which, combined with the rest of the market circumstances, has not enabled meeting the conditions for the signing of new contracts.

The **SHUTTERING AND PRESTRESSING OPERATING CENTRE** (COC) is responsible for the management and development of the shuttering, falseworks and prestressing area, and also coordinates the activity of the Materials Laboratory.

In **Portugal**, we highlight the COC's collaboration in the lining work of Marão Tunnel, on the IP4 (A4) - Vila Real.

In **Angola**, shuttering was applied in the Kuaquié residential building, on the island of Luanda and in the structure of Clínica Sagrada Esperança, in Talatona - Luanda, for "Clínica Sagrada Esperança, Lda".

In **Algeria**, the shuttering work continued for GMAC - Groupement Metro d'Alger Centre, on the Place Emir Abdelkader - Place des Martyrs section of Algiers Metro.

Work was started on applying shuttering in the new head office of Gulf Bank Algeria (AGB) in Algiers, in the reinforced concrete structures of the service stations of the East-West motorway and in the wastewater treatment station of Ali Mendjeli, in Constantine.

In **Brazil**, shuttering work was executed in the reinforced concrete structure of Niterói Central Hospital, in Rio de Janeiro, and shuttering work started in the IURD building, in Curitiba, in Paraná.

In **Mozambique**, the shuttering work was carried out in the structure of an office building on Avenida Julius Nyerere, and started at the head office of the Ministry of Agriculture, both in Maputo.





IP, S.A.  
Covering work of Marão Tunnel  
Vila Real | Portugal



Central Department of Equipment  
Teixeira Duarte Operating Centre  
Montijo | Portugal

The **MATERIALS LABORATORY**, accredited since 1996, has been installed at the Teixeira Duarte Operating Centre in Montijo since 2011. During the year under review, it maintained its activity of conducting tests for the most diverse works of the Teixeira Duarte Group, where it should be noted that the results obtained in the aptitude tests continue to permit maintaining the accreditation conferred by the Portuguese Accreditation Institute (IPAC).

The **CENTRAL EQUIPMENT DEPARTMENT**, based at the Teixeira Duarte Operating Centre in Montijo, concentrates all the Group's equipment and warehouse management processes, as well as assuring the implementation and standardisation of the technical procedures of the management of the maintenance and periodic inspections of the equipment in the different markets.

In 2015, systems for control and monitoring via GPS were implemented in the main equipment: light and heavy vehicles, excavation and earth moving machinery, crawler cranes and rotary drilling equipment.

The investment in equipment in this construction sector includes that made under the management of this Department, as well as that carried out by other structures of the Group, having reached the total value of 27,485 thousand euros. Of this overall figure, 7,316 thousand euros were invested in Portugal, 3,257 thousand euros in Angola, 10,793 thousand euros in Algeria, 1,038 thousand euros in Brazil, 4,143 thousand euros in Mozambique, 667 thousand euros in Venezuela and 271 thousand euros in other markets.

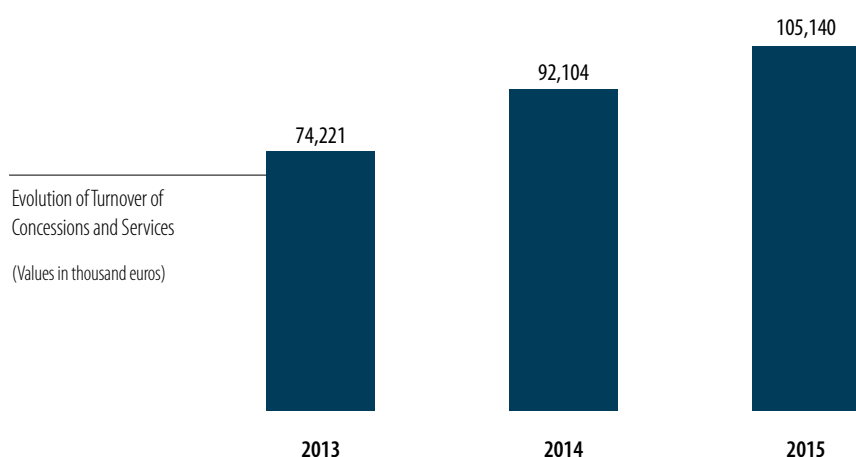
## IV.2. CONCESSIONS AND SERVICES

The Teixeira Duarte Group began to operate 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 others have been added in Portugal, Angola, Brazil, Spain, Mozambique and Qatar.

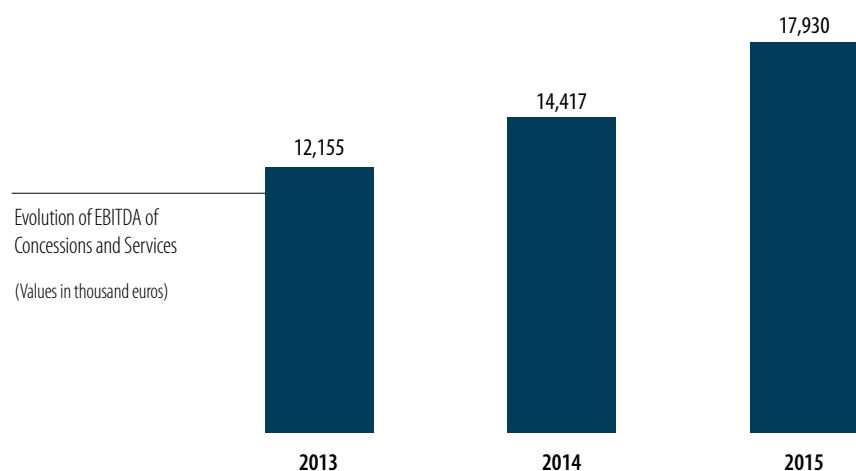
Currently, the Group's companies focus on different business areas, in particular Facilities Management, Facilities Services and the Environment.

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 14.2% in relation to 2014, with good particularly performance in Portugal and Angola, where the attraction of new customers, essentially in the area of Facilities Management, led to growth of 26.3% and 13.4% year-on-year.



The EBITDA in this sector of Concessions and Services increased by 24.4%, with good performance in all the markets in which the Group operates.

## — ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Concessions and Services sector reached the total value of 137,037 thousand euros, 59% of which refers to business developed abroad, and where these figures reflect an overall increase of 10.3% in relation to 2014.

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

#### — FACILITIES MANAGEMENT / FACILITIES SERVICES

Teixeira Duarte has operated in the Facilities Management/Facilities Services since 2000, through the company incorporated by it specifically for this purpose in Portugal, and from the very beginning 100% controlled by it, named "TDGI - Tecnologia de Gestão de Imóveis, S.A." (TDGI, S.A.).

In this context, TDGI's core business areas are (i) Integrated Management of Hard and Soft Services; (ii) Technical Maintenance; (iii) Analysis, Diagnosis and Energy Solutions; and (iv) Management of Places and Construction Sites.

Under these areas of action and aimed at creating an encompassing series of differentiating solutions capable of meeting the daily and growing needs of the market, TDGI, S.A. also focuses on specific business areas such as Collective Restaurants with the brand name *SmartFood*, Management of Car Parks with the brand name *AutoPark* and Management of Business Condominiums with the brand name *SpacePartners*.

Furthermore, aimed at creating factors of differentiating and accompanying the technological evolution of infrastructures, TDGI, S.A. also continues to focus strongly on technologically based solutions, developed internally or in partnership, which enable enhancing the efficiency of services, as is the case of the brand names *Glose EAM*, *Inergy* and *Controlo 24*.

At an international level, this activity is not developed by TDGI, S.A., but rather by other companies of the Teixeira Duarte Group which operate in the current eight different markets and use, with the support of the means and resources of TDGI, S.A., the brand name TDGI: a strong insignia with solid values, highly recognised by the markets and clients in these eight countries of operation.

In **Portugal**, following the trend of previous years, 2015 experienced growth of Turnover, both due to the strengthening of the existing contractual relations and as a result of the attraction of new contracts.

In the areas of Integrated Management of Hard and Soft Services and Technical Maintenance, which represent the core business, the increase of turnover has been significant in the different segments in which the company works. Hence, in the area of Buildings, we highlight the start-up of the Overall Management Contract with Nestlé and the Overall Management Contract covering all the properties of Millennium BCP in Portugal. These are two new large-scale contracts which are in line with the business development strategy.

In the area of *Healthcare*, a point of focus since 2014, note should be made of the extension of the Overall Contract for Maintenance of Medical Facilities and Equipment of the different units of the "Lusíadas Saúde Group" and at "Cascais Hospital", which strengthens the company's presence in this area of Maintenance of Medical and Hospital Equipment.

2015 was also a year of strong focus on the Industrial area, which was reflected in the achievement of very important contracts for the maintenance of the facilities and equipment of the factory of "Tabaqueira - Philip Morris International", as well as the Maintenance of the Facilities and Equipment of the "Gallo" olive oil factory for "Victor Guedes, Industria e Comércio, S.A.".

Last, but not least, in this area of Facilities Management and Maintenance, we also highlight the reinforcement of the Retail area through contracts with multinationals such as "AKI", "Leroy Merlin" and "MediaMarkt".



Millennium BCP  
Facilities Management  
Oeiras | Portugal



Nestlé Portugal  
Facilities Management & Maintenance  
Avanca | Portugal

The area of Analysis and Diagnosis / Energy Solutions also recorded an increase of the volume of work and turnover, consequent of a variety of work in the areas of Technical Due Diligence to buildings, Energy Certifications, and Analysis and Diagnosis. We highlight the implementation of analysis and diagnosis work in industry, for clients such as "Tabaqueira - Philip Morris International" and "Tupperware Portugal - Artigos Domésticos Lda.". This last one, derived from an investment made in techniques of leak detection in Compressed Air networks, by ultrasound. This investment reflects the positioning of technical differentiation that TDGI has always defended since its creation.

For the area of Management of Places and Construction Sites, 2015 was also a very positive year, with Turnover at the same level as the previous year. With a view to the ongoing enhancement of efficiency, the companies continue to work towards the development of the most optimised layouts, to enable creating workplaces that are simultaneously more modern and more compact. We highlight the projects to modify the interior spaces of companies such as "CANON" and "FIAT PORTUGAL". Reference should also be made of the work developed for the company "UNILEVER". Also in this area, TDGI continues attentive to technological solutions which enable viewing and foreseeing the proposed architecture.

In **Angola**, despite the heavy economic contraction in the country, the activity was in line with that of the previous year. In fact, 2015 was a year of reinforcement of the existing contractual relations with various clients, such as "CHEVRON", where TDGI was entrusted with the implementation of all the maintenance services for this company's properties, in Luanda, and "TOTAL" which also increased the scope of coverage of the contract. Note should also be made of the strengthening of the intervention in the banking area, with a new contract with "Banco Caixa Geral Angola" for the maintenance of its head office buildings, and the expansion of the existing contract with "Banco Económico, S.A." to cover the network of branches located in the outer belt of the city of Luanda.

In the area of internal training, special note should be made of the successful holding of the first edition of the "Fazer Pescar" project, through which training was ministered to various young Angolans, who were fully integrated into the company. This project strengthens the strategy of focusing on local human resources, also contributing to increase the technical capacities in the country.



Halliburton  
Industrial Maintenance  
Macaé | Brazil



GE Alstom  
Facilities Management & Maintenance  
Bilbao | Spain

In **Algeria**, it was following the construction work carried out by the Teixeira Duarte Group for "AGB – Gulf Bank Algeria" that TDGI concluded a contract to provide management, maintenance and technical assistance services for the central buildings and different branches in Algiers. 2015 was also the year when the first work was carried out in the area of Management of Places and Construction Sites, in this case for "ZOETIS", a leading international company in the area of animal health, with which TDGI already had a contract in Spain.

In **Belgium**, the commercial strategy delineated with a view to increasing the base of implantation in this market was maintained, where this commercial effort resulted in the conclusion of a contract to provide services for the maintenance of the technical facilities of Evere Public Swimming Pool, in Brussels, for a period of nine years.

Making the most of the references of the good services already provided to "PFIZER" with acknowledged success in other markets – Portugal since 2004 and more recently Spain – work was started on the maintenance of the logistics infrastructure of this multinational at Brussels airport, under a contract with an entity with which TDGI has an international partnership.

By the end of the year and taking effect from January 2016 onwards, the Council of the European Union awarded TDGI the civil construction maintenance of its premises in Brussels, in the European Quarter. This contract is particularly important to TDGI Belgium due to its scale – approximately 27 million euros with duration of 7 years – and special relevance in curricular terms.

In **Brazil**, 2015 followed the steep trend of growth recorded since the beginning of the activity of this sector of the Group in this country, in particular its entry into the area of industrial maintenance, in the Macaé zone, which has a concentration of companies linked to the Oil and Gas sector, and where TDGI started a contract with the American oil company "HALLIBURTON".

In São Paulo, the main business centre in Brazil, a contract started with one of the largest and most prestigious residential condominiums, the "Condomínio Cidade Jardim", with the major contracts in progress also having been consolidated, in particular "Porto Seguro". In Southern

Brazil, namely in the State of Santa Catarina, Municipality of Joinville, a maintenance contract was initiated with the local University.

In **Spain**, the growth achieved in the previous year continued, strengthening the presence in different business areas of this market and consolidating the trust gained with existing clients, such as "CBRE", "Goodyear" and "Vinci Facilitie".

There was notable growth in the areas of Integrated Management of Hard and Soft Services and Technical Maintenance, via the agreement made for various buildings of "General Electric" and "Credit Suisse" at an Iberian level, and the Management of Facilities with "Agbar Barcelona", as well as increased services provided to highly demanding clients such as "Flag Telecom", "VMware" and "Boeing".

In **Mozambique**, 2015 was marked by the significant growth of Turnover, especially in the provinces of the centre and south of the country. This growth was primarily due to new contracts with clients of the banking sector which selected TDGI as a partner for the Management and Maintenance of their properties, as well the continued business with the mining company of Nacala. This increase implied the expansion and creation of new operating bases, which enabled increased national coverage, with TDGI currently working in ten of the eleven provinces of Mozambique.

The focus on team training continued during the year under review, with approximately 740 hours of internal training having been given at the TDGI Academy in the areas of Heating, Ventilation and Air Conditioning, Hydraulics and Electricity.

The increased Turnover, as well as the investment in training, imply that TDGI is increasingly better positioned as a reference insignia in this market in the area of Facilities Management, working in this country not only for Mozambican companies but also for entities of other nationalities, such as Brazilian, South African, French, Italian, American and naturally Portuguese.

Lastly, reference is made to the start-up of activity of this business area in **Qatar**, a country in which the Teixeira Duarte Group was not yet operating, but that has been under commercial prospecting since 2013.

Considering the business and legal environment in this country, TDGI incorporated, together with a local company called "PETROSERV" (operating in Qatar for over 30 years in the area of services associated to the Oil and Gas sector), a local entity named "TDGISERV", through which a contract has been awarded for the Maintenance of Facilities and Equipment of a complex of buildings belonging to the "Qatar Foundation". This contract shall include the maintenance of an enormous number of properties, in particular the new hospital Sidra Medical and Research Center, the Al Shaqab Equestrian Centre, as well as other buildings and technical facilities of a considerable dimension.

## – ENVIRONMENT

In 2015, the Teixeira Duarte Group operated in the area of the **ENVIRONMENT** in different markets:

- In Portugal through its participated companies "RECOLTE - Serviços e Meio Ambiente, S.A." (RECOLTE), and "RECOLTE - Serviços e Meio Ambiente, (Porto) S.A." (RECOLTE PORTO);
- In Spain, through "RECOLTE - Servicios y Medioambiente, S.A.U" (RECOLTE, S.A.U), and "VALYGERSA, Valorización y Gestión de Resíduos Sanitarios S.L" (VALYGERSA), the latter incorporated by merger in 2016 into RECOLTE ESPANHA;
- In Angola through another entity of the Teixeira Duarte Group which operates in this market and uses, with the supporting means and resources, the brand name RECOLTE.

In 2015, the Turnover of these companies in the different geographic areas in which it operates reached a total value of more than 42 million euros, corresponding to the sustained growth of Turnover in the Environment of 3%, based on the effort of over 900 employees.





RECOLTE  
Road Cleaning  
Almada | Portugal



RECOLTE PORTO  
Collection of Urban Solid Waste  
Porto | Portugal

Accompanying the growth of Turnover and return on assets, we highlight the growing reputation of RECOLTE in the markets in which it operates, being an insurmountable player in the Environment sector in Portugal and Spain.

In **Portugal**, RECOLTE primarily 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, construction of equipment and plants for the treatment and management of waste, and also in the cleaning of beaches and coastal zones.

In 2015, RECOLTE achieved a Turnover of 13 million euros, representing growth of approximately 26% in relation to the previous year.

The activity in Portugal during 2015 essentially consisted of the continuation of the existing service contracts, the vast majority of which are multiannual, which confers great stability to this area of activity with respect to Turnover and management of the resources involved.

Most of the operating income of this company, achieved above all in the sphere of Municipalities and Municipal Companies, came from the continuity of contracts or new contracts in the area of Solid Urban Waste Collection, Street Cleaning and Waste Management carried out in various Municipalities of Mainland Portugal and Islands, namely the services provided in Alenquer, Armação de Pera, Cascais, Coimbra, Espinho, Figueira da Foz, Lagoa (Algarve), Lagoa (Azores), Ponta Delgada (Azores), Porto, Ribeira Grande (Azores), Santa Cruz (Madeira), São João da Madeira, Silves and Vila Franca do Campo (Azores).

Among the main works for the Construction and Maintenance of Gardens and Green Areas carried out in 2015, we highlight those done for the Municipalities of Cascais, Lisbon, Maia, Matosinhos, Oeiras and Vila Franca de Xira, and for various public and private companies, such as "ANA - Aeroportos de Portugal, S.A.", "Taguspark - Sociedade de Promoção e Desenvolvimento do Parque de Ciência e Tecnologia da Área de Lisboa, S.A.", "EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A.", "ANAC - Autoridade Nacional da Aviação Civil", "Serviços Intermunicipalizados de Água e Saneamento dos Municípios de Oeiras e Amadora (SIMAS), as well as the work for companies of the Teixeira



RECOLTE, S.A.U.  
Road Cleaning  
Escorial | Spain



RECOLTE, S.A.U.  
Collection of Urban Solid Waste  
Morrazo | Spain

Duarte Group in the context of "Lagoas Park", for "Teixeira Duarte - Engenharia e Construções, S.A." itself, and "SOMAFEL - Engenharia e Obras Ferroviárias, S.A.", for which a slope preventive maintenance contract continued covering a significant part of the railway lines of the North, Beira Alta and West.

In the area of the Management and Treatment of Hazardous Hospital Waste, a new area of activity of RECOLTE, we highlight the implementation of the first contract for "ARM - Águas e Resíduos da Madeira, S.A.", as well as the laying of the grounds for the development of this activity all over the country, with the creation of technical facilities in the Greater Lisbon zone and on the Island of São Miguel, in the Azores. The facilities situated in the Azores have already been licensed and are already capable of operating in this Autonomous Region in 2016.

In addition to the above, and as a result of the delineated diversification strategy, the portfolio of clients has been enlarged with the conclusion of contracts with new entities, some of which relative to new areas of action of the company which are intended to be boosted in the future, the following in particular:

- For "BRISA - Auto-Estradas de Portugal, S.A.", activity started in maintenance and cleaning with the multiannual contracts concluded for the cleaning of various sub-sections of the A1, A2 and A5 Motorways;
- For Benfica Parish Council, a new multiannual contract was started for maintenance and conservation of gardens and green areas;
- For Lagoa City Council (Algarve), a contract started for waste collection, street and beach cleaning;
- For "VALORSUL, S.A.", a contract was signed for transport of slag waste produced by Santa Iria de Azóia Treatment Plant;
- For "ARM - Águas e Resíduos da Madeira, S.A.", the first contract was made for management and treatment of Hazardous Hospital Waste in the Autonomous Region of Madeira in close collaboration with the company indirectly held by RECOLTE, VALYGERSA, specialised in the management of this type of waste;
- For "ANA - Aeroportos de Portugal, S.A.", the first multiannual contract was concluded for cleaning and washing of airport operational areas, specifically at Lisbon Airport.



During 2015, as RECOLTE is a highly reputed company in the market, it participated in most of the tenders of the Environment area in Mainland Portugal and Islands, having submitted, to public and private tenders, a total of 566 proposals and projects, of the value of 149 million euros.

For 2016, in Portugal, in spite of the added difficulty arising from the significant growth of competition with the emergence of new companies operating in the Environment area from other activity sectors, it is estimated that Turnover should be in line with that observed in 2015.

**RECOLTE PORTO**, formerly named "INVICTAAMBIENTE, S.A.", is a special purpose entity, 100% held by RECOLTE S.A.U., whose sole object is solid urban waste collection and urban cleaning of a significant part of the city of Porto.

This company achieved a Turnover of approximately 4 million euros, in line with the figure for the previous year, since this is a contract with no fluctuations in its object up to its termination. For the reasons indicated above, the outlook for 2016 points to an identical Turnover.

In **Spain**, the local company **RECOLTE, S.A.U.** is 100% held by RECOLTE and, apart from being the main vehicle company for other business areas of the Teixeira Duarte Group in Spain, it is dedicated, just as RECOLTE, to the provision of various services related to the Environment, namely in the market of overall management of urban, industrial and hospital solid waste, washing and disinfection of urban solid waste containers, urban street cleaning, design, construction and maintenance of gardens, cleaning and maintenance of beaches and coastal zones, as well as operations of cleaning and maintenance of woods and communication routes.

In Spain, a turnover stood at 25 million euros, similar to the value recorded in the previous year.

Among the various operations underway during 2015, we highlight, in the area of Solid Urban Waste Collection, Street Cleaning and Management of Ecocentres, those developed in Comunidade de Madrid (Ayuntamientos de San Lorenzo de El Escorial, Griñon and Torrejón de la Calzada), in Comunidade de Andaluzia (Ayuntamiento de Benalmadena, Cartaya, Mairena and La Carolina), in Comunidade da Galiza (Mancomunidade dos Concellos do Morrazo, which includes the Ayuntamientos de Cangas, Bueu and Moaña) and in Comunidade da Catalunha (Ayuntamiento de Arenys de Mar), where a new Door-to-Door waste collection system was implemented.

During 2015, a new contract was concluded in Andaluzia, in Córdoba, with the public company SADECO for a total value of 1.3 million euros, for cleaning various parks of the city. Reference should also be made to the new contract with Ayuntamiento de El Escorial covering the implementation of a new Side Loading Collection system.

In the area of Beach Maintenance and Cleaning, the implementation of the contracts continued in Comunidade da Andaluzia, in the Ayuntamientos de Benalmadena and Algeciras, and in the area of Park and Garden Maintenance, the implementation of the contract continued for the Ayuntamiento de Algeciras, in Comunidade de Andaluzia and also in El Puerto de Santa María which also includes the conservation of public parks and pine woods.

As in previous years, an investment was made in equipment which, during 2015, amounted to 1.3 million euros, primarily corresponding to the acquisition of equipment required for new contracts and replacement of obsolete equipment by more technically and environmentally efficient equipment.

Concerning the technical commercial activity, more than 180 proposals were submitted for public and private tenders, to a total value of approximately 117 million euros.

The current situation of the Environment business area in the Spanish market is characterised by high competitiveness, where RECOLTE, S.A.U. aims to consolidate its presence in Spain as a major player in this business area of the Environment area, in which it competes directly with the large Spanish economic groups.

**VALYGERSA** was a Spanish company, founded specifically for the management and treatment of hazardous hospital waste, having specific equipment for the treatment of this type of waste, and which was incorporated into RECOLTE, S.A.U. in 2016, which already held 100% of this company.

During 2015, primary focus was placed on commercial prospecting and on the licensing procedures for treatment units in Spain and Portugal.

In **Angola** in 2015, the activity developed focused on the province of Luanda, in the area of Construction and Maintenance of Gardens and Green Areas, especially the construction and maintenance of various green areas for a number of private entities.

Work has progressed in the prospecting and study of business opportunities in this area of the Environment, namely for intervention in the areas of collection, treatment and management of solid urban waste, urban cleaning and hazardous hospital waste management and treatment, both in Luanda and in the other provinces of the country, in view of the Angolan society's growing awareness on the issue of the Environment and the existing opportunities in this country.

Other markets are being studied, with proposals already having been submitted, such as **Mozambique, Algeria** and **Morocco**, and others in which RECOLTE has been challenged by various public and private entities to develop projects in the area of the Environment.

**"TDHOSP - Gestão de Edifício Hospitalar, S.A."** is a company 100% owned by TD-EC, the object of which is the management of 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.

During 2015, apart from the normal maintenance of the building, various improvement works were carried out in this same building, which were previously approved by the partner "LUSÍADAS - Parcerias Cascais, S.A." and Public Contracting Entity.

Under the Management Contract, the activity of TDHOSP is monitored and assessed annually by the Contracting Public Entity regarding the parameters of Availability, Service and Satisfaction, having received in this last year, as has been the case since the beginning of the operation, the classification of Very Good.

**"EDUCARE - Actividades 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 Pre-school Education up to the end of Secondary Education, CSFA Luanda Sul 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.

Along with its more direct educational purpose, this school develops a large amount of services to the community in which it is placed and serves, contributing to create linguistic and cultural ties between peoples.

During 2015, CSFA Luanda Sul continued to develop its educational activity with Pre-School, 1st, 2nd and 3rd Cycles of Elementary Education (CEB) and Secondary Education.

Reference should be made to the operational start-up of the 11th schooling year of Secondary Education with the Courses of Science and Technologies, and Languages and Humanities. For the 10th year, the two existing courses were kept and the Course of Socioeconomics was initiated. These last courses were chosen by the students who moved up from the 9th year of schooling.

By the end of 2015, CSFA Luanda Sul had increased the number of students to 610, with an annual average of 607 students.

**"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):

During the year under review, various steps were taken in the market in order to achieve the previously decided objective of divesting these assets. However, the conditions of the price of energy in 2015 and the terms of access to funding for the implementation of these projects in 2016 did not enable accomplishing any operation or even foreseeing their achievement in the short term. In this context, we shall pursue the respective licensing processes as the appropriate means of valorising these assets.

#### **IV.2.2. PARTICIPATED COMPANIES OF THE TEIXEIRA DUARTE GROUP**

The companies operating in the Concessions and Services sector, in which "Teixeira Duarte, S.A." merely has a indirect non-controlling stake, i.e. whose direct management is not carried out by the Teixeira Duarte Group, include the following entities, in particular:

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

In 2015 measures were pursued aimed at the divestment of this participated company to investors better endowed to work in the operation phase, where, by contracts signed on 28 January 2016, TD-EC divested "BRISA - Auto-Estradas de Portugal, S.A." and under the Options Contracts signed in December 2010, almost all the shares held in "AEDL - Auto-Estradas do Douro Litoral, S.A." - keeping only 1,000 shares, corresponding to 0.02% of the share capital of this entity in comparison with the previously held 19.67% -, having also, in the context of the divestment of this stake, assigned its contractual position in the funding contracts that it had underwritten while still a major shareholder of "AEDL - Auto-Estradas do Douro Litoral, S.A.".

**"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 the entity currently named "Infraestruturas 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 278 million euros.

During 2015, with all the construction works completed and the entire route operational, the tasks continued for the closure of the construction contract.

**"MTS - Metro Transportes do Sul, S.A."**, a company in which TD-EC holds 9.12% of its share capital, develops its activity under a concession arrangement for the project, construction, supply of equipment and railway rolling stock, funding, operation, maintenance and conservation of the entire light rail system of the southern bank of the River Tejo, under the concession contract signed on 30 July 2002 with the Portuguese State, with the concession having started on 12 December 2002.

During 2015, the procedures leading to the closure of the construction contract were continued.

**"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.

During 2015 there was a marginal 3.4% increase of traffic, with good service having been provided to the customer, as confirmed by the customer questionnaire data, where the satisfaction rating, on a scale of zero to five, reached 3.75 for Vasco da Gama Bridge.

During 2015, this participated company achieved EBITDA of 58,818 thousand euros, representing a 1.59% increase relative to 2014.

**"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 an international public tender, has been a pioneer and continues to be a reference company in the construction and operation of car parks and related activities, in the Special Administrative Region of Macau.

In 2015, as in previous years, it continued its successful action within the specific parameters of the market, having achieved positive earnings above those reached in of 2014, corresponding to 2,313 thousand euros.

It should be noted that this was the year when this participated company achieved its highest value of revenue, with the outlook for 2016 being an even higher figure, because at the end of the previous year the conditions were met for an increase of parking prices, which were readjusted in December 2015 and March 2016. Reference is also made, relative to the year already in course, that, due to the alteration of the labour legislation and minimum wage amounts, there will be an increase of costs related to human resources. Furthermore, some exceptional costs related to investment in equipment and software are also expected, but that these investments, combined with the aforesaid increased parking prices, should provide for better net income in the next few years.

### IV.3. REAL ESTATE

The Teixeira Duarte Group's action in this sector goes back to the beginning of the 1970's and currently includes a vast group of companies operating in Portugal, Angola, Brazil, Spain, Mozambique and, more recently, United States of America.

Having consolidated the Group's presence in its traditional markets and making the most of the know-how acquired by its teams in different segments, in 2015, the Teixeira Duarte Group embarked on a process of entry into the real estate market in the United States of America, more specifically in the State of Texas. Apart from being a market with a higher level of development, this market currently shows good economic indicators and a low level of unemployment, particularly in the State of Texas where it is estimated that GDP grew by around 5.2% in 2015 and the unemployment rate stands at only 4.5%. The Dallas-Fort Worth-Arlington metropolitan area situated there has an estimated population of around seven million inhabitants, being one of the fastest growing metropolitan areas in the country and with best performance in terms of new job creation.

In this context, in 2015, the Teixeira Duarte Group incorporate a local entity named "TDRE Investments, LLC" and started the process of buying two plots of land in Dallas, specifically in the region of Turtle Creek.

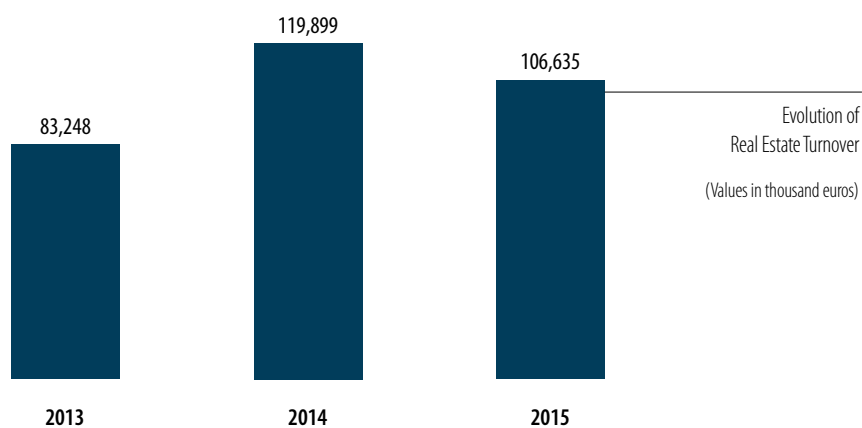
In this way, the Group has continued to extend its activity in this sector to other markets based on the maturity and experience of its teams.

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

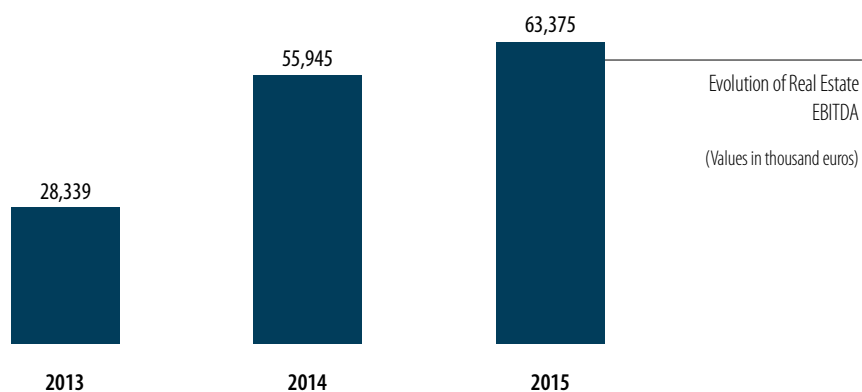
The Turnover of the Real Estate business, as a whole, fell by 11.1% in relation to 2014.

In Portugal it declined by 13% year-on-year.

In Brazil, as a result of the devaluation of the Real, Turnover decreased by 13.3%, although the development phase of the enterprises that had already been launched enabled achieving an effective increase of 2.8% compared to the same period of the previous year.



EBITDA in the Real Estate sector increased by 13.3% year-on-year, which is considered very positive in view of the current circumstances of this sector, especially in Portugal and Brazil.





Building 9, Lagoas Park  
Oeiras | Portugal



Forum Oeiras 33  
Oeiras | Portugal

## — ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Real Estate sector reached the total value of 150,318 thousand euros, corresponding to a decrease of 3.6% relative to 2014, with the markets abroad now representing 63% of the activity and Portugal accounting for 37%.

In **Portugal**, 2015 was a year of consolidation of the market recovery already experienced in the previous year, and which is currently occurring in most market segments, especially in investment activity which has continued to benefit from the scarcity of attractive solutions in the international capital market.

In the Office segment, reference is made, in "Lagoas Park", to the construction of the last building of the enterprise, building 9, with 4,900m<sup>2</sup> of construction above the ground, which was completed in January 2016. In this way, the construction of this reference office park in the Portuguese is finished, and currently involves around 120,000m<sup>2</sup> of gross construction area above the ground, with over 90% of its office areas already occupied. Moreover, during 2015, this business park was able to attract renowned brands such as *Schweppes*, *Daymon Worldwide*, *Nobre*, *Intel*, *Fossil* and *Trumpf*.

In the Residential segment, although there have been improvements in market conditions, as a result of the better economic conditions of the country, the greater willingness of the banking system to grant mortgage loans, and the growing interest shown by international clients, the year was marked for Teixeira Duarte by a lower turnover, as due to the lower available stock.

In this context, reference is made to the completion of the sale of the 120 residential units provided at the "Santa Marinha Design District" enterprise, in Vila Nova de Gaia, the completion of the sale of the "Campo Grande 9" enterprise, in Lisbon, and the continued marketing of the "Villa Park" enterprise, in Amadora, where the few units that are still available are expected to be sold in 2016.



The marketing of "Forum Oeiras" enterprise started in September 2015, with the building having been completed in early 2016, with 18 housing units and 2 shops. By the end of 2015, there were promissory sales for 12 units, with this good commercial performance not only being due to the current market context but primarily a reflection of the quality and care applied by the teams of the Teixeira Duarte Group in the design and development of its products.

Also noteworthy, during 2015, was the start of the construction of the "Villa Torrinha" enterprise at Rua de Pedrouços, in Lisbon, aimed at the medium high segment, which will contain 23 housing units and two trade/service units, with its completion being forecast for the first semester of 2017.

In the Trade segment, "Shopping Cidade do Porto", has experienced an increased number of visits and retail sales, largely due to the improved level of confidence of consumers and the growth of tourism in the city of Porto. This performance had good consequences on the operating profit of the shopping centre.

In the Logistics segment sound improvements have not yet been recorded, with the level of rents continuing low and in line with weak demand. In this segment, the Group only has the "Abrunheira Park" enterprise, in Sintra, and two warehouses at "Lezíria Park", in Vila Franca de Xira.

Regarding the Portfolio of Land, various urban processes were followed, with the approval of the urbanisation work of the "Vila Rio" enterprise, a residential project located in Póvoa de Santa Iria, implanted on a plot of land of around 17 hectares, which involves the construction of 600 housing units and 32,200m<sup>2</sup> of areas for trade and services. At the same time, the actions were maintained aimed at following the development of the detailed plan involving the plot of land referred to as "Pedregueiras", with around 35 hectares held by companies of the Group and located in the municipality of Oeiras.

During 2015, under the activities developed by the TDF Fund through its holding company, measures were also taken with a view to the issue of the land parcelling license of the "Villa Simões" residential enterprise, located in Benfica, Lisbon, which foresees the construction of approximately 48,000m<sup>2</sup> above the ground, as well as the project, also residential, named "Frisa Cascais", located on a plot of land with excellent urban features in the municipality of Cascais.

In **Angola**, surplus supply was clearly evident throughout 2015, as a result of the high investment made in the sector over the last few years, primarily in the office segment, combined with the reduction of demand, caused by the lower presence of foreign companies and senior staff, where all of this, associated with the overall circumstances of the country, has led to a decrease in the number of market transactions and values.

The activity of the sector was essentially marked by the management of income-earning assets, the development and licensing of various real estate projects, and the support to projects related to the expansion of the Teixeira Duarte Group's other activity sectors.

Concerning the Management of Income-earning Assets, we highlight the reduction of the occupancy rates of the buildings in Luanda, with the departure of some clients which closed their activity in Angola and the renegotiation of some contracts in order to adjust them to the new market conditions.

In the Residential segment, note should be made of the completion of the "Edifício Living" project, incorporated in Condomínio "Villa Sul", characterised by a gross construction area above the ground of 4,000m<sup>2</sup> and 65 T1 residential units.

In the Office segment, reference is made to the development of the project of a building in Talatona with a gross construction area above the ground of 3,200m<sup>2</sup>.

Reference is also made to the acquisition of an important plot of land in the city of Lubango, intended for an essentially commercial project.

In **Brazil**, the growing unemployment and interest rates, the deteriorating consumer confidence index and credit line restrictions for buyers of real estate have produced an extremely pessimistic scenario for the real estate developers of the country. Even so, at the end of 2015, the stock of the city of São Paulo – main market of action – remained more or less the same as at the end of 2014 (27,000 units), due to the balance between the reduction of new contracts, the lower sales and increased contractual revocations and windups, a trend that is expected to continue in 2016.

During the year under review, the companies of the Teixeira Duarte Group did not launch any enterprise in Brazil. Of the 1,819 units already launched in this market by the Teixeira Duarte Group, 1,585 have already been sold or their sale is promised, of which 152 were contracted during 2015.

In the municipality of Jundá, the construction of the "Alta Vista Premium" enterprise was concluded, with a construction area of approximately 49,000m<sup>2</sup>, and the "Alta Vista Prestige" enterprise has continued, with approximately 54,000 m<sup>2</sup> of construction area. The construction of the "Unique Alta Vista" enterprise was also started, in this municipality of Jundá, involving a total construction area of approximately 49,000m<sup>2</sup>.

In the eastern region, the construction of the "Verum Mooca" enterprise was completed and delivered, with around 23,000m<sup>2</sup> of construction area, while in the northern region, the "My Place Casa Verde" construction continued with around 23,000m<sup>2</sup> of construction area, and in the southern region, the construction of the "Don Klabin" continued, with around 10,000m<sup>2</sup> of construction area.

In Porto de Galinhas, in the State of Pernambuco, the promotion of the "Casa do Governador" enterprise continued during 2015. This is a large-scale and high quality project which is expected to be structural for the entire region, with the development of various projects and procedures for their respective licenses being pursued.

The real estate market in **Spain** continues to show weak signs of recovery, although there is some optimism by investors.

The Group's real estate activity in this country is concentrated in the Madrid region and limited to two assets, one being the marketing of the residential building "Amália", situated close to Paseo de la Castellana and Plaza Castilla, where three units were still available for sale at the end of 2015, and the other, "Parking Europa", a car park and respective shopping gallery, situated on Avenida de Europa, in San Sebastián de los Reyes, where we conduct the management of the administrative concession contract.

In **Mozambique**, the activity of the Group's real estate sector in this country in 2015 was marked by the official launch of the marketing of the mixed-purpose building, "Julius Nyerere 130", with sixteen floors for housing purposes, four floors for offices and one commercial area on the ground floor, in addition to leisure spaces for the exclusive use of the residents. Of the total of 71 housing, commercial and service units, only 8 housing units are currently available. Reference is also made, concerning the marketing of this building, to the conclusion of a contract with the bank in early 2016 for the installation of its subsidiary in Mozambique and respective branch in the building.

In the **Trade segment**, we highlight the good occupancy rate of "Polana Shopping Center", in the centre of Maputo.

Regarding new projects, the licensing of a shopping area on a plot of land in Malanga and the licensing of the "Armando Tivane" building, both in Maputo, is currently underway.

During 2016, the development of the enterprises in the portfolio will be continued in the different markets, with an expected overall growth of income, mostly due to the maturity of the enterprises in progress in the State of São Paulo, in Brazil, and the deeds of the "Julius Nyerere 130" building in Maputo.

#### 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 1990's, and currently operates eight hotels, two of which are located in Portugal, three in Angola and three in Mozambique, covering a total of 2,452 beds and 1,228 rooms.

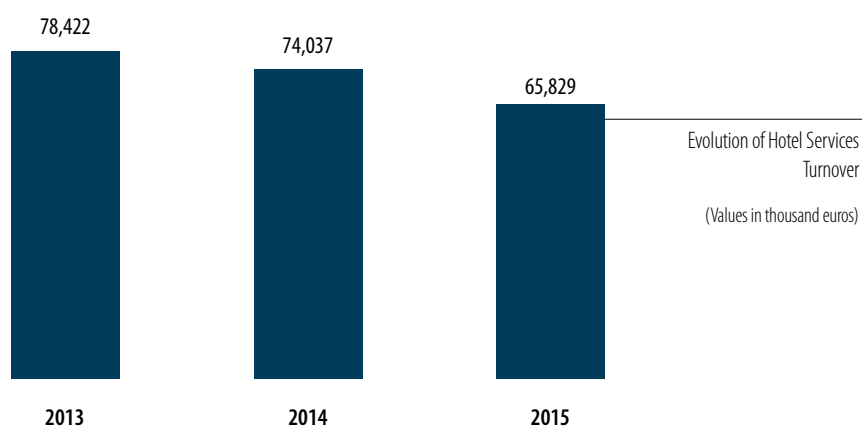
Teixeira Duarte also conducts business in the Fitness area through the operation of "Lagoas Health Club" and in the restaurant area in Angola.

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

The Turnover of the Hotel Business declined, as a whole, by 11.1% compared to the same period of 2014.

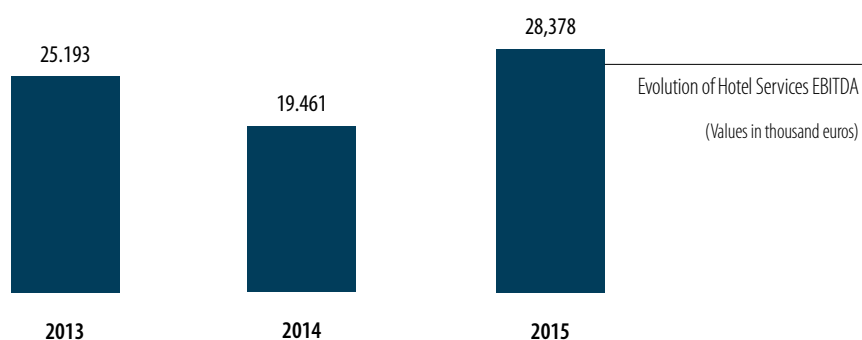
In Angola, in spite of the more adverse market conditions, the decline was 0.7% compared to 2014.

In Mozambique, a 12.5% reduction was recorded in relation to the previous year, while in Portugal a reduction of 38.1% was recorded in relation to 2014. It should be recalled that two hotels were divested in Portugal which had contributed to the Turnover of 2014 with 5,305 thousand euros.



EBITDA grew by 45.8% to stand at 28,378 thousand euros, reflecting the divestment of the two hotels in Portugal.

Particular note should be made of the good performance in the hotels in Angola.



##### — ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Hotel sector reached the total value of 84,871 thousand euros, corresponding to a decrease of 4.9% relative to 2014. In this business area, the markets abroad now represent 83% of the activity and Portugal accounts for 17%.



LAGOAS Health Club  
Oeiras | Portugal



Bar Lagoas Park Hotel  
Oeiras | Portugal

In **Portugal**, the Group divested its participated companies "EVA - Sociedade Hoteleira, S.A." and "ROCHORIENTAL - Sociedade Hoteleira, S.A." in December 2015, and is currently operating in this sector with the two hotels referred to below:

LAGOAS PARK HOTEL	Oeiras	Four star hotel	182 rooms
SINERAMA	Sines	Three star hotel	105 rooms

Overall, the occupancy rate increased by 4% in this market, essentially due to the higher demand of the corporate and online market, simultaneously with the increase of approximately 5% in the average price. Therefore, the operating income of the hotels in Portugal increased by 7% relative to 2014.

In the *Fitness* area, in 2015, the Group terminated the operation of "Villa Park" in Amadora and "Arena" in Torres Vedras, pursuing its action focused exclusively on the operation of "Lagoas Health Club", where it maintains its concentration on service quality and differentiation, which has enabled keeping the same level of prices and, at the same time, increasing the annual average of active members by 5%, which now reach 2,390 members.

In **Angola**, the Group's companies operating in this sector offer a total of 1,236 beds and 620 rooms, distributed over three hotels, as detailed below:

HOTEL TRÓPICO	Luanda	Four star hotel	280 rooms
HOTEL ALVALADE	Luanda	Four star hotel	202 rooms
HOTEL BAÍA	Luanda	Four star hotel	138 rooms

The year of 2015 was marked by the slowdown of economic activity in the Angolan market, affecting demand for this destination. This scenario negatively influenced the occupancy rates of the hotels in Angola, leading to a decline of operating income.



Fazer Pescar Project  
Angola



Restaurant Hotel Trópico  
Luanda | Angola

Reference is made to the "HOTEL TRÓPICO" which, after having been closed for six months up to May 2014 for remodelling, recovered its client base with consequent improved performance.

In the restaurant area, the operation of the bakery and pastry shops under the insignia "Nilo" continued.

In **Mozambique**, the Group's companies operating in this sector offer a total of 642 beds and 321 rooms, distributed over three hotels, as detailed below:

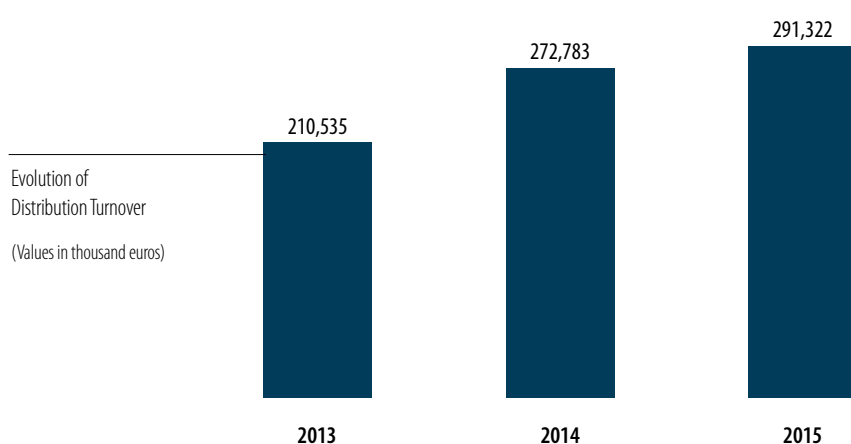
HOTEL AVENIDA	Maputo	Five star hotel	159 rooms
HOTEL TIVOLI MAPUTO	Maputo	Three star hotel	88 rooms
HOTEL TIVOLI BEIRA	Beira	Three star hotel	74 rooms

As was the case in 2014, the economy continued to slow down in 2015, with the consequent lower number of visitors to the city of Maputo and, primarily, to the city of Beira. This, combined with the increased competition in this segment, had a negative impact on the action of the Group's hotels in this country which recorded a marginal reduction in occupancy rates and average prices.

## IV.5. DISTRIBUTION

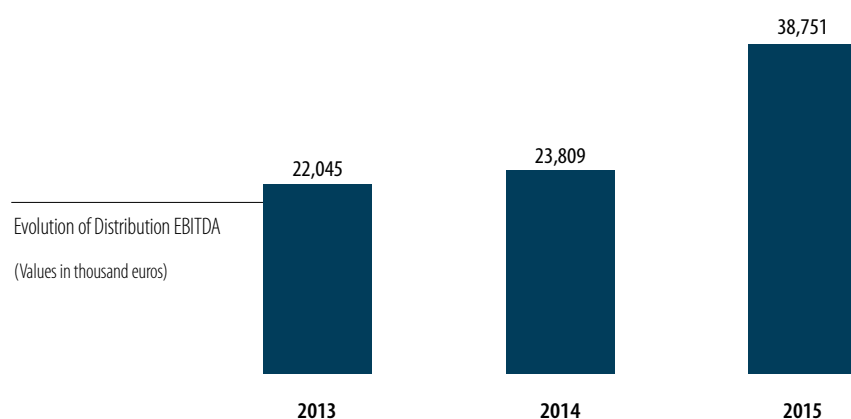
The Teixeira Duarte Group's action in this sector began in 1996 and is currently implemented by various international operations, acting in Portugal through "Teixeira Duarte Distribuição, S.A.", in Angola through the participated companies "CND - Companhia Nacional de Distribuição, Lda." and "DCG - Distribuição e Comércio Geral, Lda.", in South Africa through "Global Net Distributors, (PTY), Ltd." (GND) and in Brazil through "TDD Brasil, Limitada".

### — CONTRIBUTION OF THIS SECTOR TO THE GROUP



The Turnover of Distribution increased by 6.8% relative to the previous year.

A pharmaceutical product marketing operation was started up in Angola during the period under review, with the opening of two retail outlets in the metropolitan area of Luanda, in addition to the continued pursuit of consolidation of the business units operating in other areas of this Sector.



The EBITDA of Distribution grew by 62.8% in relation to the previous year, standing at 38,751 thousand euros.

### — ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Distribution sector reached the total value of 371,170 thousand, corresponding to a reduction of 2.5% relative to 2014.

In **Portugal**, through the company "Teixeira Duarte - Distribuição, S.A.", the actions continued with a view to strengthening competencies and partnership relations were pursued in the representation of exclusive brand names, as well as the procurement of new products and new markets.





Maxi Rocha Pinto Store  
Luanda | Angola



Cacucio Popular Pharmacy  
Luanda | Angola

In **Angola**, the Teixeira Duarte Group operates in Food Retail through the company "CND - Companhia Nacional de Distribuição, Lda" with the insignia *Maxi-bompreço*; in Specialised Retail, in the Furniture and Decoration area through the insignia *DAKAZA*, and in the Health and Well-being area under the brand name *Farmácia Popular*.

In the market of Distribution of Exclusive Products, the Group operates through its participated company "DCG - Distribuição e Comércio Geral, Lda."

In the Wholesale Marketing of Beverages, business is accomplished through the company "OCC - Operador Central de Comércio, Lda.", which operates the brand name TEFAC.

The activity was marked by the difficult economic context, causing a widespread retraction of consumption and, as a consequence, forcing the adoption of a series of measures to adjust the operations to the new economic reality, in particular the closure of two stores in the metropolitan area of Luanda (Hoji Ya Henda and Cazenga).

The insignias linked to the Food and Specialised Food retail operations maintained well stocked stores throughout 2015, which contributed to the strengthening and reputation of the brand names.

The implementation of very robust management and operation tools also boosted this success, especially the implementation of the "Automatic Suggestion of Orders System (MRP)", which enabled improving the procurement and supplies of the distribution centre and stores, reducing situations of lack of stock and adjusting the coverage to real needs.

Reference is made to the implementation of the "Quality Management System" pursuant to ISO 9001:2015, which endowed the operation with further organisation and consistency.

In Food Retail and in spite of the difficult economic scenario, the *Maxi-bompreço* insignias maintained good levels of activity, similar to those of 2014, with an 8% increase in the number of tickets.

In Specialised Retail, in the Furniture and Decoration area, the *Dakaza* insignia showed an interesting performance taking into account that the non-food retail areas usually suffer most during periods of economic crisis and retraction of consumption. During 2015 it was possible to increase the sales in all of the five stores, indicating the good acceptance by the market of this new store concept and the potential expansion of this business.

Also in Specialised Retail in the area of Health and Well-being, operations started up in May 2015 with the opening of two pharmaceutical establishments of the "Farmácia Popular" insignia, one in Cacucaco and another in Rocha Pinto, both in the metropolitan area of Luanda, with business having taken place within the foreseen expectations.

Regarding the Distribution of Exclusive Products - Beverages and Impulse, where the Group operates through the company "DCG - Distribuição e Comércio Geral, Lda.", in spite of the adverse economic context currently experienced in Angola, it was possible to implement a series of measures which enabled adequate activity levels.

In the Wholesale Marketing of Beverages segment, through the company "OCC - Operador Central de Comercio, Lda.", reference is made to the opening of yet another point of sale in Luanda, in Bairro do Cazenga, as well as to the fact that during the first semester the store of Bairro do Golf was moved to another location. The operation experienced a reduction of around 40% in terms of sales in the last months of the year, indicating an expected heavy decline of income for the year of 2016.

Fazenda Maxi, a unique programme promoted by Maxi which establishes partnerships with producers, aimed at developing national agricultural production, reducing imports, increasing the variety of products on offer, lowering the rates of lack of stocks, and decreasing and stabilising retail prices, maintained its growth in terms of number of members and marketed national products during 2015. Having started in 2012, it has been possible in merely four years to move from eleven to thirty-three members, corresponding to an increase of production area from 800 ha to 8,500 ha, and increasing the number of marketed products from eighteen to forty-six varieties.

The producer members of the Fazenda Maxi programme benefit from technical support in the planning of production and technical supervision from sowing to harvest, enabling the improvement and modernisation of their production methods and yields of their business.

In South Africa, where the Group operates through the company "GND - Global Net Distributors (PTY) Ltd.", the intensification of commercial relations with the different partners and producers continued to be pursued, with the search for new business opportunities.

In Brazil, in the State of São Paulo, the distribution continued of Herdade do Sobroso wines and olive oil, started in 2014.

In a transversal analysis of all the markets, we highlight the maintenance of the strong focus on Human Resources, continuing to give priority to dynamic and careful selection and recruitment policies, always aimed at attracting and recruiting the best professionals, General training plans were developed during the year, aimed both at new employees and the enhancement of the qualification of the existing staff at the company.

Reference should also be made to the "Fazer Pescar" project, transversal to the Group's different areas, aimed at developing skills and creating opportunities for young people in vulnerable socioeconomic family circumstances, with two more editions having been held this year.

The current economic situation of Angola and the weight of this market in this sector suggests an outlook pointing to a reduction of Turnover in 2016.

## IV.6. ENERGY

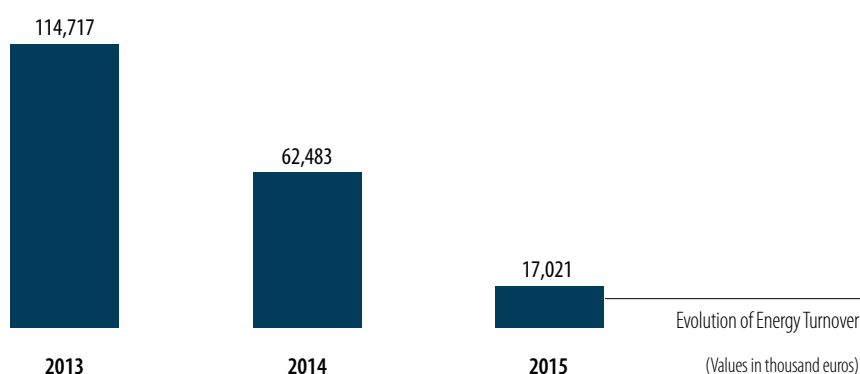
The Teixeira Duarte Group began to operate in this sector in Portugal in 1996, with its current operations in the national market being in the Gas and Solar Energy areas.

### — CONTRIBUTION OF THIS SECTOR TO THE GROUP

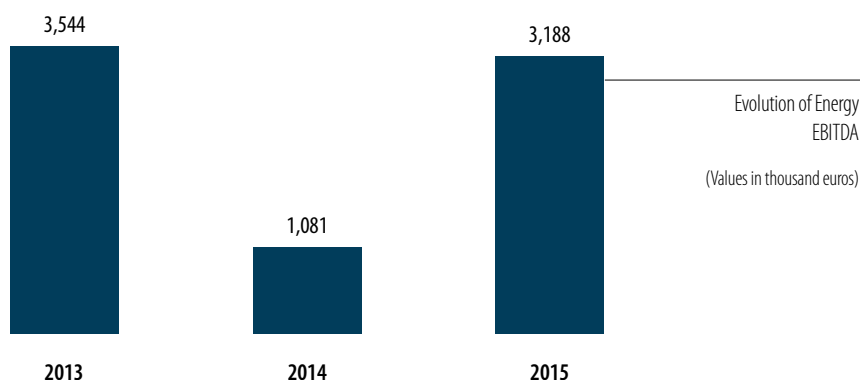
The Group's Energy Turnover declined by 72.8% year-on-year.

During the first quarter of 2015, the Group sold its stake held in "PETRIN, S.A." (a company which operated in the marketing of liquid fuel in Portugal) which had contributed with 45,299 thousand euros to the Turnover recorded in 2014.

In the area of Gas, the group maintained similar levels of activity.



In Energy, EBITDA increased by 194.9% in relation to 2014.



### — ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Energy sector reached the total value of 28,649 thousand euros, corresponding to a reduction of 60.9% relative to 2014.

In March 2015, Teixeira Duarte sold its stake in "PETRIN - Petróleos e Investimentos, S.A.", an entity through which the Group distributed liquid fuel, which was why there was a decrease of consolidated operating income.

In gas, the Group operates under the brand name "DIGAL" and has over 700 reservoirs for local supplies and a distribution network of piped gas of over 350 km, supply approximately 65,000 housing units, in addition to a structure for the filling and distribution of bottled gas in the Digal butane bottle named "ASA".



DIGAL  
Gas bottle filling line  
Sintra | Portugal



PPS - LPG Dispatch  
Port of Aveiro | Portugal

During 2015, the acquisition, by sea transport, of propane gas continued, having started at the end of 2014, using the new tank facilities installed in the Port of Aveiro which is operated under concession by companies of the Group.

The option of a foreign entity to supply propane gas in this form has enabled reaching levels of operating profitability above those achieved in 2014.

In this area, the Group also holds the national exclusive representation of the brand name Campingaz.

In the area of solar energy, the Group has continued its action of representation in Portugal of the international brand names "SOLAHART" and "SONNENKRAFT" in line with the previous year, essentially focused on the provision of technical assistance to the thermal solar equipment installed under the government's incentive programme which ended in 2010.

#### IV.7. AUTOMOTIVE

With over twenty-five years in the Automotive Sector in Angola, Teixeira Duarte currently pursues its activity through a group of companies which represent various international manufacturers, operating in the following market segments:

**Light:** Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet and Isuzu;

**Heavy:** Renault Trucks, UD Trucks and Randon;

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

**Equipment - Energy:** Denyo, Pramac, Honda Power Products and Powermate;

**Equipment - Lifting and Civil Construction:** Nissan Forklift and Heli;

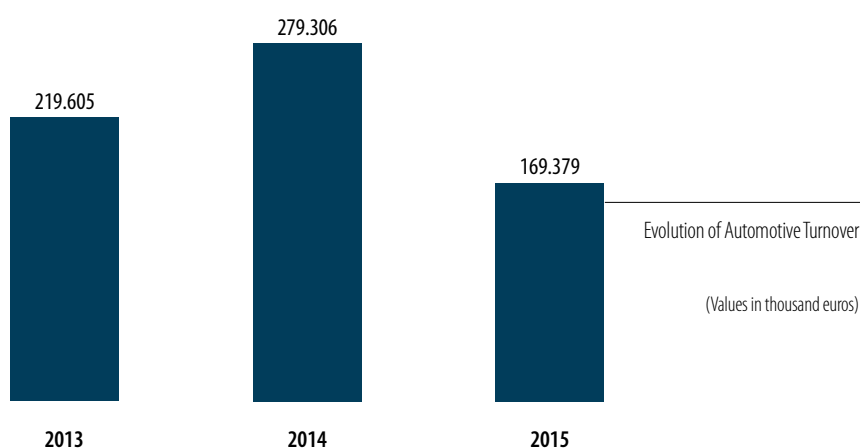
**Tyres and Lubricants:** Continental, Infinity and Avia.

At the same time, activities are developed in Specialised Retail through the network of Piwi Stores, specialised in the marketing and technical assistance of motor vehicles, and marketing of generators and auto accessories.

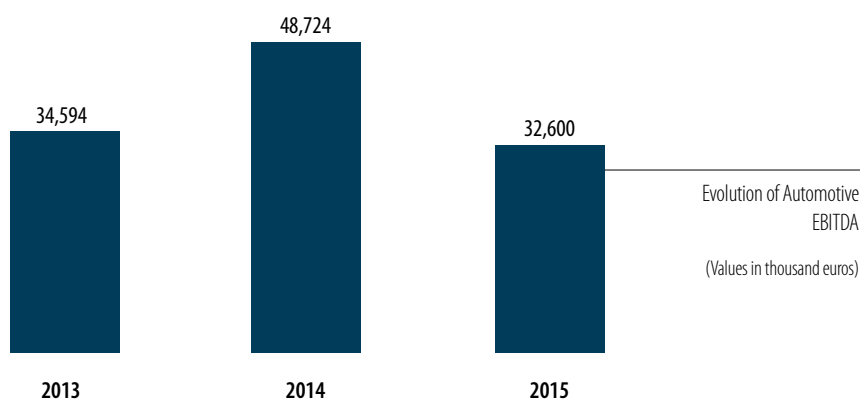
#### — CONTRIBUTION OF THIS SECTOR TO THE GROUP

The Turnover of the Automotive sector decreased by 39.4% in relation to 2014, essentially as a result of the economic and foreign exchange situation in Angola.

In 2015, there was a 23% reduction in after-sale technical assistance and a 54.4% fall in the number of light vehicles sold.



The EBITDA of the Automotive sector declined by 33.1% in relation to the previous year, to stand at 32,600 thousand euros.





Mulemba PIWI Store  
Luanda | Angola



TDA Talatona Centre Workshop  
Luanda | Angola

## – ACTIVITY DURING 2015

In non-consolidated terms and in order to provide an overall view of the total activity during 2015, we disclose that the Group's operating income in the Automotive sector reached the total value of 234,297 thousand euros, corresponding to a decline of 50% relative to 2014.

The year of 2015 was characterised by a generalised reduction of activity in the different business segments, Light, Heavy, Motorcycles and Equipment, due to the economic crisis being experienced in Angola.

The Angolan vehicle market, and more specifically, the light segment, contracted by 54%, from 40,455 units sold in 2014 to merely 18,630 vehicles sold in 2015. The marketing of light vehicles by the Teixeira Duarte Group followed this market trend, with a 54% reduction in its turnover which reached 4,934 vehicles in 2015, compared to 10,818 vehicles in 2014.

The year was thus marked by lower imports in Angola, which implied a widespread contraction in the different business areas, especially in the Light, Heavy and Equipment segments. For this reason, Teixeira Duarte gave special attention to the careful management of stock levels, adjusting the line-up of the different brand names according to the expected reduction of sales. At the same time, focus was kept on improving the Technical Assistance services, continuing the strengthening of the skills of the different teams and intensifying the office organisation processes.

Chevrolet was the brand name with the least decline (48%), and Ssangyong was the hardest hit, having fallen by 63%.

In the area of Technical Assistance of Light Vehicles, the Teixeira Duarte Group recorded a 23% decrease in Turnover, due to the lower activity of the companies and decline in private sector purchasing power.



In the Heavy segment there was a 51% decrease of the units sold.

The Motorcycle segment recorded sales of 2,210 units, equivalent to a 32.4% reduction in the number of units sold in relation to 2014.

In the Equipment segment, where the Energy area is important, maintained its focus on the training and consolidation of the skills of the different Technical Assistance teams in 2015, with similar levels of activity to 2014 having been achieved.

In the Tyres and Lubricant segment, marketing continued of the Continental tyre brand in the premium segment, and the Infinity tyre brand in the budget segment, with 52.3% growth of sales having been recorded in 2015. The marketing of Avia lubricants was maintained, with a 10% fall in income.

In Specialised Retail, the insignia of the "TDA Shop" was rebranded to "Piwi Store" with the size of the network having been kept.

In order for the Technical Assistance area to offer an available, efficient and quality service, strong focus was given to the recruitment, selection and training of Human Resources in 2015, in particular:

- The consolidation of dynamic and careful selection and recruitment policies, aimed at attracting and recruiting the best professionals.
- The implementation of an ambitious training plan, with general and specific actions for the activity of the central structure and different business segments, especially concerning technical training, which represented approximately 90% of the volume of training, followed by short duration technical sessions (2 hours on average) dedicated to the topics of occupational safety, hygiene and health. With regard to technical training, reference is made to the electromechanical course (1040 hours of training), aimed at the training of highly qualified technicians in the area of electromechanics, with eight of the twenty-six initial trainees having successfully completed this training.
- The "Fazer Pescar" project was continued, transversal to the Group's different areas, aimed at developing skills and creating opportunities for young people in vulnerable socioeconomic family circumstances, with two more editions having been held this year (4th and 5th editions), with 75 trainees having been involved up to this date.

In view of the difficult period currently sweeping through Angola, the outlook for 2016 is the continued retraction of the market in the different business segments, which requires the continued careful management of stocks, optimisation of resources and reinforcement of the organisation processes in the Technical Assistance services.

## V. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, where the following relevant facts occurred after the closing of the financial year, which were disclosed in due time to the market:

### Contract for the execution of work in Brazil, of the value of 65 million euros

The company held by it, directly and entirely, "Teixeira Duarte - Engenharia e Construções, S.A.", concluded a construction work contract on 10 March with the "Infrastructure State Department - DEINFRA", a body of the Government of the State of Santa Catarina, in Brazil, with its object being the Services for Structural Recovery and Restoration of the Hercílio Luz Bridge, in Florianópolis, in Brazil.

The period established for the implementation of the work is 30 months, with the total value of the contract being 262,928,989 brazilian reais, corresponding to the counter-value of 65,079,822.03 euros.

### Contract for the execution of the third phase of work in Algeria, of the value of 78.6 million euros

The business group composed of its participated companies "Teixeira Duarte - Engenharia e Construções, S.A." (80%) and "Teixeira Duarte Algérie, SPA" (20%), received the additional contract and respective service order issued by Gulf Bank Algeria on 31 March 2016, for the implementation of Phase III, corresponding to the interior and exterior finishing, outdoor arrangements, installations for electricity, heating, ventilation and air conditioning (AVAC), water and sewerage, solar power and façade of the building, as well as the maintenance of the building for a period of 24 months, after completion of the work.

The period established for the implementation of the work is 24 months, with the total value of the contract being 78,644,931.29 equivalent euros, increased by VAT at the legal rate in force, of which 58% will be paid in euros and the remaining 42% in algerian dinar.

This additional contract was awarded following the base contract, signed on 23 November 2014, of the value of 27,313,209.38 equivalent euros, for the implementation of reinforced concrete and metallic structures of a building with five basements and 15 floors above ground and the execution of another contract - a second phase - corresponding to the extension of the structure in reinforced concrete of the building already under construction and the metallic structure for 24 floors, amounting to 7,572,643.26 equivalent euros.

As a whole, i.e. including the three phases, the value of the construction contract reaches 113,530,783.93 equivalent euros, increased by VAT at the legal rate in force.

## VI. OUTLOOK ON FUTURE EVOLUTION

A slowdown of the Teixeira Duarte Group's activity is expected to take place during 2016, notwithstanding foreseen growth in some countries such as Algeria and Brazil.

Apart from possible new contracts, the Group has assured adequate activity levels in Construction in the foreign market which enabled, in spite of the Teixeira Duarte Group's Order Book for the construction sector having fallen by 7.4% in relation to the end of 2014, this sector as a whole to reach the impressive value of 2,232,772 thousand euros as at 31 December 2015, of which 847,574 thousand euros shall be reflected in 2018 and following years.

For a more detailed review of the closer periods, i.e. for the remaining 1,385,198 thousand euros already contracted and whose execution is foreseen to take place in 2016, 2017 and 2018, a table is presented below with additional information on its distribution by country of operation:

	2016	Contribution (%)	2017	Contribution (%)	2018	Contribution (%)	Order Book
							(Values in thousand euros)
Portugal	50,272	7.8%	38,028	8.5%	25,785	8.8%	
Angola	84,921	13.2%	44,376	9.9%	18,986	6.4%	
Algeria	246,115	38.3%	253,555	56.6%	134,731	45.7%	
Brazil	85,102	13.3%	71,883	16.1%	49,038	16.6%	
Spain	4,291	0.7%	1,200	0.3%	-	-	
Mozambique	110,074	17.1%	26,548	5.9%	2,758	0.9%	
Venezuela	56,391	8.8%	11,864	2.6%	63,284	21.5%	
Other Markets	5,334	0.8%	331	0.1%	331	0.1%	
<b>Total</b>	<b>642,500</b>	<b>100.0%</b>	<b>447,785</b>	<b>100.0%</b>	<b>294,913</b>	<b>100.0%</b>	

It should be noted that the numbers indicated above refer to the Group's Order Book for Construction stated as at 31 December 2015, with data available on 20 January 2016, therefore the work contracted after this date are not included, namely the work referred to in chapter V, of the total value of 143,725 thousand euros.

For 2016, Teixeira Duarte expects to achieve consolidated operating income of around 1,300 million euros.

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

In view of the proposal undertaken relative to the distribution to the employees and members of the Board of Directors of part of the net income for the year, and in compliance with the accounting rules currently in force, the amount of €700,000 (seven hundred thousand euros) was recorded as a cost for the financial year of 2015, with the consequent reduction of the net income heading recorded 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 aforesaid distribution of net income to the employees and members of the Board of Directors, in this last case to be deliberated by the Remuneration Committee.

It should also be noted on this issue that its subsidiaries, namely TD-EC, are committed to distributing part of their net income for 2015 to the members of their boards of directors and employees, to a total of €5,001,000.00 (five million and one thousand euros), with these subsidiaries also having recorded this value as a cost for 2015, with the consequent reductions of the respective net income headings.

## VIII. PROPOSED APPROPRIATION OF NET INCOME

The net income whose proposed appropriation is presented herein corresponds to the amounts calculated as at 31 December 2015 plus the cost of €700,000 (seven hundred thousand euros) which, being planned to be distributed to the employees and directors, was, in compliance with the applicable accounting rules, recorded as a cost of the actual financial year of 2013 in the financial statements for 2015, and which, should they be approved, confirm, on the one hand the agreement of the Shareholders to distribute profit to the employees and members of the Board of Directors and, on the other hand, that the Net Income object of the proposed appropriation of net income is €24,978,306.33 (twenty-four million, nine hundred and seventy-eight thousand, three hundred and six euros and thirty-three euro cents).

Moreover, it is also the policy of Teixeira Duarte to prioritise the reinforcement of the company's equity and assure the continued and balanced distribution of dividends to its Shareholders, which, in the current circumstances, should be especially moderated.

Considering these assumptions, the Board of Directors proposes that the net income of "TEIXEIRA DUARTE, S.A." for the financial year of 2015, amounting to € 24,978,306.33 (twenty-four million, nine hundred and seventy-eight thousand, three hundred and six euros and thirty-three euro cents), should be appropriated as follows:

Reinforcement of the legal reserve	5.000.000,00 €
Reinforcement of the free reserves	18.298.306,33 €
Dividends to shareholders	1.680.000,00 €

Lagoas Park, 27 April 2016

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*

*Jorge Ricardo de Figueiredo Catarino*

## 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 2015, 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 2014:

Name	Company	Capacity	Nr. of Shares	
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0	(a) 42,000 shares held directly by him and 1,170,550 shares held by the controlled by him, "PACIM - Sociedade Gestora de Participações Sociais, S.A."
José Gonçalves Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0	
José Pedro Poiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0	
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	(a) 1,212,550	(b) Held under a regime of joint ownership with his wife
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575	
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862	
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671	(c) Elected to the position only on 30 May 2015
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160	
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000	(d) Elected to the position only on 30 May 2015
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0	
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0	(e) Remained in office up to the elections held on 30 May 2015
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000	
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board (c)	0	
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor (d)	0	
Mariquito, Correia & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor (e)	0	

### II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2015:

Name	Transaction	Company	Date	Nr. of Shares	Price per Share	
Pedro Maria Calainho Teixeira Duarte	Divestment	Teixeira Duarte, S.A.	03-Feb-2015	180,000	(a) Exchange for TD-SGPS shares	(a) These transactions were carried out by the company controlled by him, "PACIM - Gestão e Investimentos, S.A.", where for every 30 shares of "Teixeira Duarte, S.A." divested, he received 1 share representing the share capital of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."
Pedro Maria Calainho Teixeira Duarte	Divestment	Teixeira Duarte, S.A.	13-Mar-2015	990,550	(a) Exchange for TD-SGPS shares	

### III. Number of shares held by Members of the Governing Bodies as at 31 December 2015:

Name	Company	Capacity	Nr. of Shares	
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0	(a) Held under a regime of joint ownership with his wife
José Gonçalves Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0	
José Pedro Poiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0	(b) Elected to the position only on 30 May 2015
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000	
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575	(c) Elected to the position only on 30 May 2015
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862	
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671	
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160	
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000	
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0	
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0	
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000	
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board (b)	0	
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor (c)	0	

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

Company	Nr. shares as at 31.12.2015	% Share Capital
TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.	203,520,000	48.46%
MIDINVEST, S.G.P.S., Sociedade Unipessoal Lda.	42,873,620	10.21%

### LIST OF OWNERS OF QUALIFYING HOLDINGS AS AT 31 DECEMBER 2015

In compliance with the applicable legal and regulatory provisions, based on the Company's records and the information which has been received, TEIXEIRA DUARTE, S.A. herein discloses the list of owners of qualifying holdings in its share capital as at 31 December 2015, indicating the number of shares owned and corresponding percentage voting rights, calculated under the terms of article 20 of the Securities Market Code.

<b>TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.</b>	<b>Nr. of shares</b>	<b>% Share capital with voting rights</b>
Directly	203,520,000	48.46%
Through members of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."	8,337,135	1.99%
<b>TOTAL IMPUTABLE</b>	<b>211,857,135</b>	<b>50.45%</b>

<b>Mr. Miguel Calainho de Azevedo Teixeira Duarte</b>	<b>Nr. of shares</b>	<b>% Share capital with voting rights</b>
Directly	33,000	0.01%
Through the company controlled by him directly, "MIDINVEST, S.G.P.S., Sociedade Unipessoal, Lda."	42,873,620	10.21%
<b>TOTAL IMPUTABLE</b>	<b>42,906,620</b>	<b>10.22%</b>

<b>Banco Comercial Português, S.A.</b>	<b>Nr. of shares</b>	<b>% Share capital with voting rights</b>
Directly	0	0.00%
Through the Pension Fund of the Banco Comercial Português Group held by him	41,225,838	9.8157%
<b>TOTAL IMPUTABLE</b>	<b>41,225,838</b>	<b>9.8157%</b>

<b>Mr. Pedro Pereira Coutinho Teixeira Duarte</b>	<b>Nr. of shares</b>	<b>% Share capital with voting rights</b>
Directly	9,100,000	2.17%
<b>TOTAL IMPUTABLE</b>	<b>9,100,000</b>	<b>2.17%</b>



# Corporate Governance Report **2015**



## **PART I - INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE**

### **A. SHAREHOLDER STRUCTURE**

#### **I. Capital structure**

**1. Capital structure (share capital, number of shares, distribution of the capital by the shareholders, etc.), including indication of shares not listed for trading, different categories of shares, their inherent rights and duties and percentage of share capital represented by each category (article 245-A, number 1, subparagraph a)).**

The share capital of "Teixeira Duarte, S.A." (TD,SA), of the total value of € 210,000,000.00 (two hundred and ten million euros) is represented by 420,000,000 shares with the nominal value of € 0.50 (fifty cents) each.

The shares are all ordinary, book entry, registered and listed for trading in regulated markets (EURONEXT LISBON). The shares belong to a single category, each corresponding to one vote, and there are no shares with special rights or duties.

According to the most recent information, the shares representing the share capital of TD,SA were, at the end of 2015, distributed over a total number of 5,461 shareholders, as follows:

Shareholders with up to 42,000 shares:	5,268
Shareholders with between 42,001 and 420,000 shares:	152
Shareholders with between 420,001 and 4,200,000 shares:	31
Shareholders with between 4,200,001 and 42,000,000 shares:	8
Shareholders with more than 42,000,000 shares:	2

**2. Restrictions on the transferability of shares, such as clauses of consent for disposal or limits to the holding of shares (article 245-A, number 1, subparagraph b)).**

There are no restrictions on the transferability of shares, namely clauses of consent for disposal or limits to the holding of shares.

**3. Number of own shares, corresponding percentage share capital and percentage voting rights to which the own shares would correspond (article 245-A, number 1, subparagraph a)).**

There are no own shares.

**4. 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 following a public take-over bid, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, unless the company is specifically obliged to disclose this information due to other legal requirements (article 245-A, number 1, subparagraph j)).**

There are no agreements with these characteristics.

**5. Regime to which the renewal or revocation of defensive measures is subject, in particular those establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.**

There is no statutory provision nor have any defensive measures been adopted establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.

Consequently, the provisions in the present rule and in Recommendation number I.4 are not applicable to TD,SA.

**6. Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights (article 245-A, number 1, subparagraph g)).**

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.

It should also be noted, for the effect of Recommendation number I.5 of the Corporate Governance Code of the CMVM, that no measures have been adopted whose effect is to demand payments or the assumption of costs by TD,SA in the event of transfer of control or change of the composition of the management board, and which might jeopardise the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.

## II. Shares and Bonds held

**7. Identification of the natural and legal persons who, directly or indirectly, hold qualifying stakes (article 245-A, number 1, subparagraph c) and d) and article 16), with detailed indication of the percentage share capital and votes imputable and the source and causes of imputation.**

It is disclosed that, as at 31 December 2015, 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."	Nr. of shares	% Share capital with voting rights
Directly	203,520,000	48.46%
Through members of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."	8,337,135	1.99%
<b>TOTAL IMPUTABLE</b>	<b>211,857,135</b>	<b>50.45%</b>

Mr. Miguel Calainho de Azevedo Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	33,000	0.01%
Through the company controlled by him directly, "MIDINVEST, S.G.P.S., Sociedade Unipessoal, Lda."	42,873,620	10.21%
<b>TOTAL IMPUTABLE</b>	<b>42,906,620</b>	<b>10.22%</b>

"Banco Comercial Português, S.A."	Nr. of shares	% Share capital with voting rights
Directly	0	0.00%
Through the Pension Fund of the Banco Comercial Português Group held by him	41,225,838	9.8157%
<b>TOTAL IMPUTABLE</b>	<b>41,225,838</b>	<b>9.8157%</b>

Mr. Pedro Pereira Coutinho Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	9,100,000	2.17%
<b>TOTAL IMPUTABLE</b>	<b>9,100,000</b>	<b>2.17%</b>

## 8. Identification of the number of shares owned by members of the management and supervisory bodies.

[NOTE: the information should be provided in order to comply with the provisions in number 5 of article 447 of the Commercial Companies Code]

TD,SA 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 2015, 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 2014:

	Name	Company	Capacity	Nr. of Shares
(a) 42,000 shares held directly by him and 1,170,550 shares held by the controlled by him, "PACIM - Sociedade Gestora de Participações Sociais, S.A."	Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0
	José Gonçalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0
	José Pedro Poiares Cibra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0
	Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	(a) 1,212,550
(b) Held under a regime of joint ownership with his wife	Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575
	Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862
(c) Elected to the position only on 30 May 2015	Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671
	Diogo Bebianho Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160
	Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000
(d) Elected to the position only on 30 May 2015	Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0
	Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0
(e) Remained in office up to the elections held on 30 May 2015	Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000
	Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board (c)	0
	Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor (d)	0
	Mariquito, Correia & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor (e)	0



## II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2015:

Name	Transaction	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Divestment	Teixeira Duarte, S.A.	03-Feb-2015	180,000	(a) Exchange for TD-SGPS shares
Pedro Maria Calainho Teixeira Duarte	Divestment	Teixeira Duarte, S.A.	13-Mar-2015	990,550	(a) Exchange for TD-SGPS shares

(a) These transactions were carried out by the company controlled by him, "PACIM - Gestão e Investimentos, S.A.", where for every 30 shares of "Teixeira Duarte, S.A." divested, he received 1 share representing the share capital of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."

## III. Number of shares held by Members of the Governing Bodies as at 31 December 2015:

Name	Company	Capacity	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0
José Gonalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0
José Pedro Poiars Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board (b)	0
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor (c)	0

(a) Held under a regime of joint ownership with his wife

(b) Elected to the position only on 30 May 2015

(c) Elected to the position only on 30 May 2015

## 9. Special powers of the management body, namely with respect to deliberations to increase the share capital (article 245-A, number 1, subparagraph i), indicating, with respect to these powers, the date on which they were attributed, period until which this competence may be exercised, maximum quantitative limit of the share capital increase, amount already issued under the attribution of powers and method of accomplishment of the attributed powers.

In addition to the other duties and competence entrusted by the Law, Articles of Association or through delegation of the General Meeting, the Board of Directors is responsible for:

- 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;
- negotiating and granting all contracts, independently of their scope, form and nature, where the Company is a party;
- 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;
- preparing, if deemed appropriate, its internal regulations, defining the rule and procedures relative to its operation;

- 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;
- empowering any of its members sufficiently to, jointly or individually, perform certain tasks or specific actions;
- 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;
- appointing the Company Secretary and his Alternate;
- 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;
- 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;
- 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
- 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.

#### **10. Information on the existence of significant business relations between the holders of qualifying stakes and the company.**

Although the shareholder with a qualifying holding in the share capital of TD, SA is the Pension Fund of the Banco Comercial Português Group, the truth is that this holding has been imputed to "Banco Comercial Português, S.A."

Since 1985, the companies included in the Teixeira Duarte Group have maintained business relations with "Banco Comercial Português, S.A." and its participated companies, under normal market terms and conditions, where, as at 31 December 2015, the total value of the loans raised from this institution reached approximately 337 million euros, corresponding to 24.1% of the Group's total bank debt.

It is disclosed that the contracting of bank guarantees with "Banco Comercial Português, S.A." and its participated companies amounted to 17 million euros, representing 2.5% of the total value of the guarantees contracted by the Group.

Finally, it is disclosed that the Group also has financial lease contracts with "Banco Comercial Português, S.A." and its participated companies, of a total value of 143 million euros, corresponding to 77.5 % of the total value of these types of contracts.

There are no other significant business relations between the holders of qualifying stakes and the company.



In view of the nature of the relations being those identified above and the fact that their scope is restricted to areas that are already highly regulated and supervised by various entities, it is deemed that there is no reason that would justify the supervisory body establishing necessary procedures and criteria for the definition of the relevant level of significant business with shareholders holding qualifying stakes, or with entities which are engaged with them in any of the relations established in number 1 of article 20 of the Securities Market Code, nor that the conduct of business of significant relevance should depend on the prior opinion of this body, pursuant to Recommendation number V2.

## **B. GOVERNING BODIES, COMMITTEES AND COMMISSIONS**

### **I. GENERAL MEETING**

#### **a) Composition of the board of the general meeting**

##### **11. Identification and position of the members of the board of the general meeting and respective term of office (start and end)**

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 Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal;
<u>Deputy Chairman:</u>	Mr. José Gonçalo Pereira de Sousa Guerra Costenla, lawyer, with professional domicile at Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal; and
<u>Secretary:</u>	Mr. José Pedro Poiães Cobra Ferreira, lawyer, with professional domicile at Lagoas Park, Edifício 2, 2740-265 Porto Salvo, Oeiras, Portugal.

All the identified members of the Board of the General Meeting were elected at the General Meeting held on 30 May 2015, to perform duties in this body during the four-year period 2015/2018.

#### **b) Voting and the exercise of voting rights**

##### **12. Any restrictions on voting rights, such as limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, periods of time imposed for the exercise of voting rights or systems privileging rights relative to assets (article 245-A, number 1, subparagraph f).**

There are no restrictions on voting rights, namely limitations to the exercise of voting rights dependent on the 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 for the case of voting by correspondence.

Furthermore, pursuant to article 13 of the Memorandum and Articles of Association, 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.

Each share, under the conditions referred to above, corresponds to one vote. Although the Articles of Association foresee, in article 7, the possibility of shares without rights, the truth is that there are no, and have never been any, shares without voting rights.

For the exercise of the right to vote by correspondence and for the execution of all other procedures indicated in the Articles of Association, the Company has implemented the indispensable means for the effect, providing all the necessary forms on its website and at its head office, namely drafts of letters and the voting ballot, as well as instructions for their completion.

TD,SA believes that the specific security requirements inherent to the voting process through electronic means are very significant, namely with respect to the technical means necessary to verify the authenticity of the corresponding explanations of vote, and 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.

Furthermore, TD,SA considers that the shareholders' participation in the General Meetings has been fully assured even when they are unable to attend in person, whether through voting by correspondence or via the existing mechanisms of representation, although the implementation of this system has never been requested, and no difficulties of participation in the General Meetings and in the exercise of voting rights have ever been noted.

The considerations referred to above and the fact that the General Meetings of TD,SA, as 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.

Lastly, it should also be noted that TD,SA has not established any type of systems privileging rights relative to assets or mechanisms with the effect of causing a time lag between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share.

### **13. Indication of the maximum percentage voting rights that may be exercised by a single shareholder or by shareholders which are engaged in any of the relations listed in number 1 of article 20.**

The Articles of Association of TD,SA do not stipulate a maximum percentage or maximum number of voting rights that may be exercised by a single shareholder (individually or in concertation with other shareholders) or by shareholders which are engaged in any of the relations referred to in number 1 of article 20 of the Securities Market Code.

### **14. Identification of shareholder deliberations, through statutory imposition, that may only be taken with a qualifying majority, apart from those legally established, and indication of these majorities.**

There are no statutory provisions which impose qualifying majority quorums for the deliberation of the shareholders on specific topics, apart from those legally established.

Indeed, article 16 of the Articles of Association establishes that "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".

## II. MANAGEMENT AND SUPERVISION

### (Board of Directors, Executive Board of Directors and General and Supervisory Board)

#### a) Composition

#### 15. Identification of the adopted governance model

Since its incorporation on 30 November 2009, TD,SA has adopted a Corporate Governance model known as the Latin reinforced 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 existing 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.

The adopted governance model fully complies with its underlying objectives, that is, ensuring that TD,SA maintains good levels of operation and efficiency in the performance of duties by each governing body, both independently and jointly, with this model thus proving to be appropriate to the *modus operandi* of TD,SA, its structures and members of the governing bodies, in particular of the Board of Directors.

#### 16. Statutory rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 245-A, number 1, subparagraph h)).

Regarding the rules applicable to the appointment and replacement of the members of the management body, it should be recalled that they 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 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, TD,SA has 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 interspersed, 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 establish 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.

**17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member.**

Under article 17 of the Articles of Association, the Board of Directors should be composed of a minimum number of five and maximum of eleven members. Furthermore, when electing this Board, the General Meeting should determine the number of Directors which, within these limits, should comprise the Board for each term of office and appoint, among them, the member who will perform the duties of Chairman. The Articles of Association do not foresee the existence of alternate members.

Under the terms of number 2 of article 10 of the Articles of Association, the members of the governing bodies are elected for periods of four years, as noted above.

As at 31 December 2015, the Board of Directors was composed of the following members, all permanent:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

Carlos Gomes Baptista

Diogo Bebiano Branco de Sá Viana Rebelo

Jorge Ricardo de Figueiredo Catarino

The Chairman of the Board of Directors **Pedro Maria Calainho Teixeira Duarte** and the Directors **Manuel Maria Calainho de Azevedo Teixeira Duarte**, **Joel Vaz Viana de Lemos** and **Carlos Gomes Baptista** were appointed for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2010 term of office. They were later re-elected for the 2011/2014 term of office, and at the General Meeting of 30 May 2015, once again re-elected to hold office until the end of the current term of 2015/2018.

The Director **Diogo Bebiano Branco de Sá Viana Rebelo** was elected for the first time at the General Meeting of 20 May 2011, to perform duties during the 2011/2014 term of office, having been subsequently re-elected at the General Meeting of 30 May 2015 to hold office until the end of the current term of 2015/2018.

The Director **Jorge Ricardo de Figueiredo Catarino** was appointed to the position for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2010 term of office. He was not re-elected in 2011, having continued to perform duties in the Administration of other companies of the Group. At the General Meeting of 25 May 2013, he was once again elected to hold the position of Director at TD,SA, until the end of the 2011/2014 term of office, having been subsequently re-elected to hold office until the end of the current term of 2015/2018.

**18. Distinction between the executive and non-executive members of the Board of Directors and, regarding non-executive members, identification of members who may be considered independent, or, if applicable, identification of the independent members of the General and Supervisory Board.**

**18.1. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is appraised under the terms of the current legislation and, regarding the other members of the Board of Directors, members are considered independent when they are neither associated to any specific group of interests in the company nor in any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:**

- a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;**
- b. Having, in the last three years, provided services or established significant business relations with the company or companies which are in a controlling or group relationship with the former, whether directly or as a partner, administrator, manager or director of a legal person;**
- c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;**
- d. Living in non-marital cohabitation or being the spouse, parent or family member in a straight line and up to the 3rd degree, inclusively, in a collateral line, of directors or natural persons who directly or indirectly hold a qualifying stake;**
- e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.**

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.

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 by the Supervisory Board, Remuneration Committee and General Meeting.

In fact, 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 compliance with proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

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 competence, 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.

This justifies TD,SA's decision not to include non-executive members in the Board of Directors for the monitoring, supervision and assessment of the activity of the remaining members of this board, as established in Recommendation number II.1.6. Therefore, considering that all the members of the Board of Directors perform executive duties, the present regulatory standard is not applicable to TD,SA's reality.

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.

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.

It should also be noted that, pursuant to the principle of close collaboration between the governing bodies, for the effect of the provisions in Recommendation number II.1.9, the Chairman of the Supervisory Board is called to all the meetings of periodic nature and for the approval of the documents presenting the accounts, and is sent copies of the call notices and minutes of all the meetings of this board.

However, these documents are not sent directly by the Chairman of the Board of Directors, as indicated in this recommendation. These tasks are performed, through indication of the Chairman of the Board of Directors, by the Company Secretary who delivers copies of the call notices and minutes of the Board of Directors meetings to the Chairman of the Supervisory Board, after they have been duly signed.

Moreover, it should be added that, although the Chairman of the Board of Directors performs executive duties, since there are no non-executive directors, the Recommendation in number II.1.10 is not applicable to TD,SA. This recommendation notes that, if chairman of the board of directors performs executive duties, this board should indicate, from among its members, an independent director to assure the coordination of the work of the other non-executive members, and the conditions to enable them to take decisions in an independent or informed manner or find other equivalent mechanisms to assure this coordination.

## **19. Professional qualifications and other relevant curricular elements of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.**

### **Chairman of the Board of Directors: 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 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 1987 (which was "Teixeira Duarte - Engenharia e Construções, S.A." until 2010).

As Chairman of the Board of Directors, as at 31 December 2015 he is responsible for performing the following duties, among others:

- assures the operability of this Board, namely the coordination of the performance of its members and holding of the respective meetings;
- monitors the Company's current business;
- coordinates the interaction of the members of the Board of Directors of "Teixeira Duarte, S.A." and the members of the Board of Directors of the 100% subsidiary, "Teixeira Duarte - Engenharia e Construções, S.A.";
- coordinates and monitors the activity developed by the Group's Delegates in the different countries.



He entered the staff of "Teixeira Duarte – Engenharia e Construções, S.A." in 1978, having been promoted in 1987 to Chief Executive Officer of this company which was, at the time, the Group's leading listed company, and has held his current position as Chairman of its Board of Directors since 2008.

In 2009 and on the occasion of its incorporation, he was, at the same time, appointed to the position of Chairman of the Board of Directors of TD,SA, which would later become the leading listed company of the Teixeira Duarte Group as of 2010. He currently also holds this position cumulatively with the equivalent position at "Teixeira Duarte – Engenharia e Construções, S.A.".

Outside the Teixeira Duarte Group, but within the sphere of its shareholder structure, he is Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", which, being held by members of the Teixeira Duarte family, controls the aforesaid leading listed company TD,SA with over 50%.

Throughout these years, he has performed many corporate positions in various other entities in which the Teixeira Duarte Group holds a stake, as indicated below:

- "CIMPOR – Cimentos de Portugal, S.G.P.S., S.A.", where he was a member of the Board of Directors between 2001 and August 2009; and
- "Banco Comercial Português, S.A.", where he performed various duties in the Corporate Bodies between 1985 and 2013, in particular as Deputy Chairman of the Board of Governors, Deputy Chairman of the General and Supervisory Board, and Deputy Chairman of the Board of Directors.

#### **Director: Manuel Maria Calainho de Azevedo Teixeira Duarte**

Licentiate degree in Law from the Law School of "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 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte – Engenharia e Construções, S.A. until 2010).

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2015 for supervising the activities developed by the Central Department of Finance and Accounting, as well as the Corporate Secretarial, Consolidation of Accounts and Internal Audit Services, and for supervising the action of the Hotel Services sector, monitoring the action developed in the Energy sector and monitoring the management of the financial holdings in companies.

Lawyer/legal adviser with his own office from 1989 to 1996.

Director of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.", from 30 June 1992 to 22 April 2005, with supervisory, control and investment decision responsibilities under the duties attributed to the members of the Board of Directors by the Commercial Companies Code and the Company's Articles of Association, as well as relations with the CMVM.

Member of the staff of the Teixeira Duarte Group since 1993, acting as a legal adviser and manager in various companies, in particular in the real estate sector.

Member of corporate bodies of numerous Teixeira Duarte Group companies, and since April 2005 also a member of the Board of Directors of the Group's leading listed company, at that time "Teixeira Duarte – Engenharia e Construções, S.A." and currently TD,SA, positions which he still holds.

Outside of the Teixeira Duarte Group, but within its shareholder structure, he is also a Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", a position to which he was appointed for the first time on 28 February 1991.

#### **Director: Joel Vaz Viana de Lemos**

Licentiate degree in Civil Engineering from the "Faculty of Engineering of Porto University", 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 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 2005 (which was "Teixeira Duarte – Engenharia e Construções, S.A." until 2010).

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2015 for supervising the activities developed by the Central Departments of Human Resources, Administrative Services and Information Technology, as well as for the Central Departments of "Teixeira Duarte – Engenharia e Construções, S.A." of the areas of Management, Technology and Procurement Systems and for monitoring the participation of the Group's companies operating in the Construction sector at the Associations to which they are connected, namely representing them or providing for their respective representation.

In the distribution of areas of responsibility of the Board of Directors of TD,SA, he is also entrusted with chairing the Operational Executive Committee of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.", which is responsible for coordinating the action of its Operating Centres and participated companies in the Construction sector; supervising the activities developed by "Teixeira Duarte – Engenharia e Construções, S.A." relative to the Operating Centres of Geotechnics and Rehabilitation, Mechanical Engineering and the Shuttering and Prestressing Operating Centre (COC), as well as the Department of Equipment; and also 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 Fluviais e Marítimas, S.A.", "RECOLTE, Serviços e Meio Ambiente, S.A.", "RECOLTE, Serviços e Meio Ambiente (Porto), S.A.", "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal" and "EDUCARE – Actividades Educativas e Culturais, Lda."

After having completed the specialisation course in Soil Mechanics at Universidade Nova de Lisboa in the academic year of 1977/1978, he immediately started his professional career at "Teixeira Duarte – Engenharia e Construções, S.A." in 1978, and was Site Manager and Designer in the area of Geotechnics and Foundations until 1983.

From 1983 to 1984 he worked at the Commercial Technical Department, preparing and collaborating in a large number of studies and proposals, including bridges, dams and expansion of airport infrastructures.

From 1984 to 1992 he was assigned by "Teixeira Duarte – Engenharia e Construções, S.A." to the important Enterprise Group "FERDOURO, ACE", constituted for the construction of São João Bridge over the River Douro, having, in this context, performed the duties of Head of the Technical Office (1984/88), Technical Director/Production Director (1988/89) and Deputy Managing Director with technical and production management (1989/92).

From 1992 to 1997, he took up the position, at "Teixeira Duarte – Engenharia e Construções, S.A.", of Production Centre Director of the area at that time referred to as "Public Works", coordinating various contracts for hydraulic works (dams, wastewater treatment stations, pumping stations), hospitals, roads and general infrastructure works.

In 1997, he was appointed Operating Centre Director in this same area of "Public Works".

Since then, he was also appointed to various corporate positions in a variety of Companies, Enterprise Groups, Consortiums and Associations in which the Teixeira Duarte Group holds a stake, some of which he still maintains, even after taking up the position of Director of "Teixeira Duarte – Engenharia e Construções, S.A." in 2005.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

#### **Director: Carlos Gomes Baptista**

BSc in Engineering from the "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 2018.

Furthermore, it should be noted that he was a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte – Engenharia e Construções, S.A. until 2010).

In November 2013, he withdrew from being a member of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.".

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2015 for supervising the activities developed by the Buildings Operating Centres and the Central Department of Planning and Studies of the participated company "Teixeira Duarte – Engenharia e Construções, S.A." and supervising the activity of the participated company "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

His career includes, in particular, employment at "M.S.F., S.A.", where he was Head of Services from 1975 to 1979, collaborating in various works, namely of hydraulic nature (pipeline and dam).

He entered into "Teixeira Duarte – Engenharia e Construções, S.A." in February 1980, as Site Manager in the area of buildings, at that time referred to as "Civil Construction".

From 1982 to 1983, he was on assignment in Venezuela where he monitored various building contract works for housing and offices.

Back in Portugal, he was appointed to the position of Zone Director in 1984, with responsibilities in a large number of enterprises in the areas of tourism, roads, housing, buildings, and especially for banking entities.

In 1989 he was appointed to the position of Production Centre Director, and in 1989 Director of the Operating Centre of what was, at that time, referred to as the "Civil Construction" area, where he was coordinator from 1998 to 2005, when he was appointed Director of "Teixeira Duarte – Engenharia e Construções, S.A.", a position he held until November 2013.

From 2000 onwards he has monitored the action of the Teixeira Duarte Group company which operates in the Facilities Management area named "TDGI - Tecnologias e Gestão de Imóveis, S.A.", where he is Chairman of the Board of Directors.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**Director: Diogo Bebiano Branco de Sá Viana Rebelo**

Licentiate degree in Civil Engineering from the "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 2018.

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2015 for supervising the action developed in the Real Estate, Distribution and Automotive sectors in all the markets of action of the Teixeira Duarte Group, namely Portugal, Angola, Brazil and Mozambique, being, in this context, Director of various other companies of the Group and supervising the activity of "TDHOSP - Gestão de Edifício Hospitalar, S.A.".

He worked at "PROFABRIL, S.A." as a Design Engineer in the Buildings Division, participating in projects of reinforced concrete structures from October 1992 to May 1993.

In the Teixeira Duarte Group:

From October 1993 to November 1999, he was a member of the "Teixeira Duarte - Engenharia e Construções, S.A." teams in the Buildings Operating Centre, at that time referred to as Civil Construction, performing the duties of Assistant Site Manager and Site Manager of various works in Portugal.

From November 1999 to May 2011, he part of the real estate teams of the Teixeira Duarte Group, being responsible for the technical area with duties in the development of real estate projects, namely in feasibility analysis, design of real estate solutions, project coordination, contract work coordination, definition of related marketing products, management of rented assets and coordination of sales teams.

His responsibility included all the segments of the sector, from residential to offices, commercial spaces, hotel services, health and leisure, industry/logistics and car parks, as well as dedication to the expansion of spaces allocated to other activities of the Group, especially Construction, Hotel Services, Distribution and the Automotive sector.

In 2010 he also started to coordinate the Group's action in the Distribution and Automotive sectors, and in May 2011 he was elected Director of the leading listed company of the Teixeira Duarte Group, TD,SA.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**Director: Jorge Ricardo de Figueiredo Catarino**

Licentiate degree in Civil Engineering from the "Faculty of Engineering of Porto University", in 1974.

Appointed to the position for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2010 term of office. He terminated his duties as a Director of TD,SA in 2011, having continued to perform duties in the Administration of other companies of the Group. At the General Meeting of 25 May 2013, he was elected to hold the position of Director at TD,SA, until the end of the 2011/2014 term of office, having been re-elected on 30 May 2015 to hold office for the current term of 2015/2018.

Furthermore, it should be noted that he was a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte – Engenharia e Construções, S.A. until 2010).

In November 2013, he was no longer a member of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.".

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2015 for monitoring the activities developed by the Infrastructures Operating Centre, monitoring the activity developed by the Central Department of Infrastructure Studies of the subsidiary TD-EC and monitoring 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.".

Started his career as a liberal profession, in the dimensioning and management of construction of various buildings for housing and industry.

Employed at "CONDURIL S.A.R.L." from 1977 to 1981 as Site Manager, collaborating in various works, namely the construction of the dams of Penha Garcia and Cimeira and Fundeira in Alvão, for the "Hydraulic Directorate General (DGH)" and "Vila Real Municipal Council (CMVR)" respectively; various slope consolidation works along the Douro Line adjacent to the Régua and Valeira developments, for "EDP", following the damage caused by the great floods of 1979 and by the phenomenon of micro turbulence, and a variety of different roadworks for the "Junta Autónoma das Estradas".

Entered into "Teixeira Duarte – Engenharia e Construções, S.A." in 1981, as Site Manager in the area of buildings, at that time referred to as "Civil Construction". This area included, in particular, the construction of the Head Office of "Caixa Geral de Depósitos", a series of important buildings in the city of Porto and the construction of a Home for the Elderly on Ilha Terceira, in the Azores.

From 1984 to 1991 he was on assignment in Venezuela, performing duties in the Production and Management Department of the affiliate "TEGAVEN S.A.", under which he monitored various contract works for housing and office buildings as well as the maintenance facility and others for Caracas metropolitan railway and the construction of motorways.

Back in Portugal, in 1992 he was appointed to the position of Operating Centre Director of the area at that time referred to as "Public Works", where he was the coordinator until 2005, when he was appointed as Director of "Teixeira Duarte – Engenharia e Construções, S.A.". During this period, he coordinated the development of major projects in the area of roads and railways, storage, water treatment and distribution, hydroelectric developments, hospitals and others.

Supervised the entrance of "Teixeira Duarte – Engenharia e Construções, S.A." into Algeria in 2003, and continues, still today, to hold various positions as a Director in a variety of entities in which the Teixeira Duarte Group holds a stake in this country.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**20. Family, professional or business relations, habitual and significant, of the members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.**

The Chairman of the Board of Directors, **Pedro Maria Calainho Teixeira Duarte**, is shareholder and Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", although he does not earn any remuneration for holding this position. Furthermore, we disclose that he is the son of Mr. Pedro Pereira Coutinho Teixeira Duarte and brother of Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with "Banco Comercial Português, S.A." are not of any significant nature.

The Director **Manuel Maria Calainho de Azevedo Teixeira Duarte**, is shareholder and Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", although he does not earn any remuneration for holding this position. Furthermore, we disclose that he is the nephew of Mr. Pedro Pereira Coutinho Teixeira Duarte and cousin of Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with "Banco Comercial Português, S.A." are not of any significant nature.

Regarding the **remaining members of the Board of Directors**, we disclose that none of them maintain habitual and significant family, professional or business relations, with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.

**21. Organisational charts or flowcharts relative to the distribution of competence between the different governing boards, committees, commissions and/or departments of the company, including information on the delegation of competence, in particular with respect to the delegation of the daily management of the company.**

The Articles of Association of the Company define the competence of each of the governing bodies, namely in articles 12 (General Meeting), 19 (Board of Directors) and 23 (Supervisory Board and Chartered Accountants Firm).

There is no distribution or delegation of competence by any of the governing bodies, namely by the Board of Directors, to any specific committees or commissions, in particular an Executive Committee.

This circumstance essentially arises from the fact that the Board of Directors is exclusively composed of executive members, which is reflected in effectiveness of operability and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

Notwithstanding the above, the general organisational lines defined by the Board of Directors for the Group, established as at 31 December 2015, aim to:

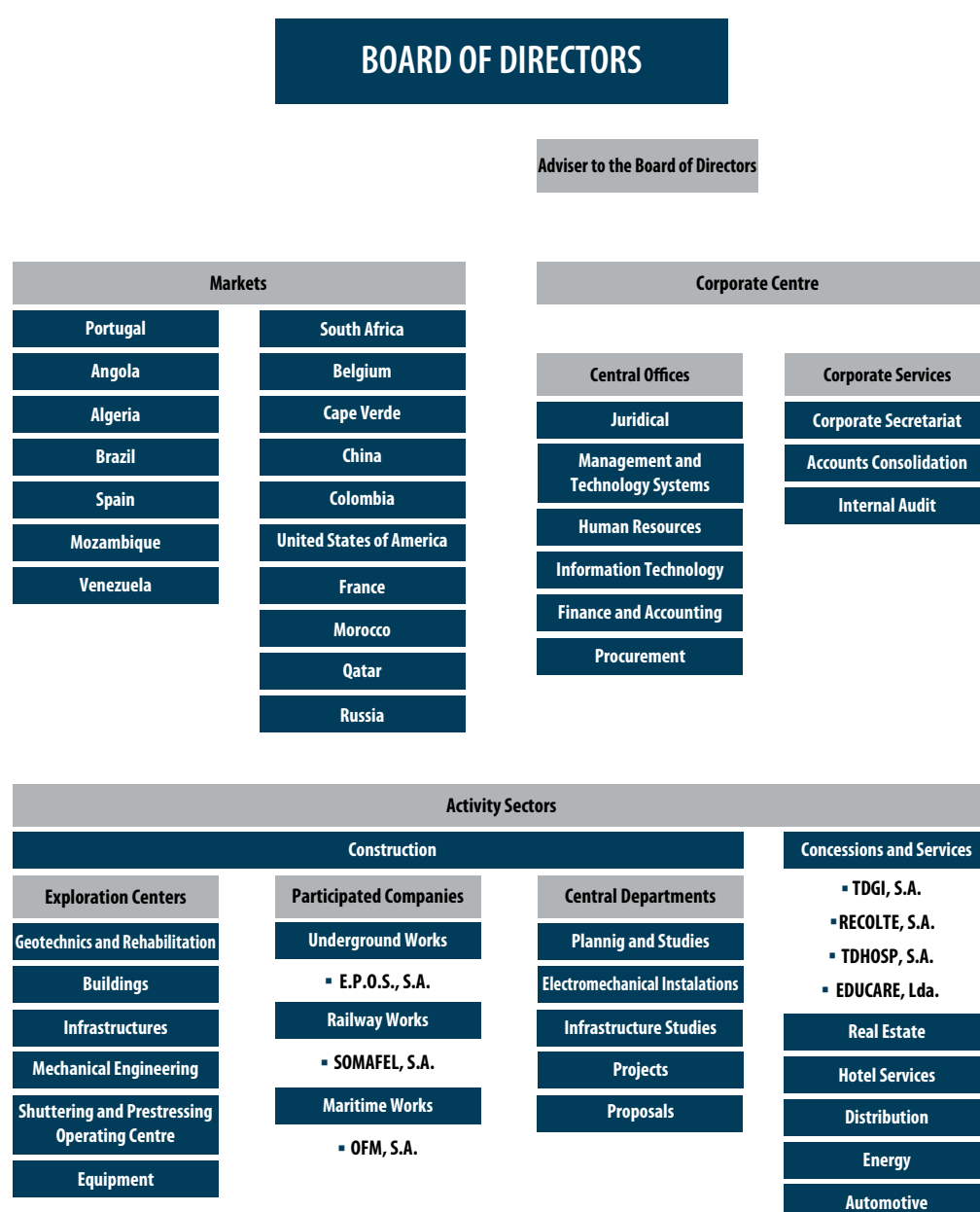
- a) Maintain a series of Central Departments with special responsibilities of transversal support to the action developed in the different business sectors included in the Corporate Centre, entrusted with promoting a standardisation of procedures and providing support to the Group's structures operating abroad in these areas common to various businesses, even though some may be included under TD,SA and others under its subsidiary Teixeira Duarte – Engenharia e Construções, S.A.;
- b) Organise the Group's Operating Structures by Activity Sector, which will cover the responsibility for all the teams and operations of these business areas, regardless of the geographic 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;



- c) Highlight the trade name of certain operations included in the Group which, in view of the particularity of their business, should maintain their individuality, especially in the Construction, Concessions and Services sectors;
- d) Strengthen Teixeira Duarte – Engenharia e Construções, S.A. as the company focused on the Construction sector:
  - d.1) Maintaining the development of its action through Operating Centres, which divide up the production areas and are essential for the training of managerial staff and follow-up of their career;
  - d.2) Maintaining a series of Central Departments with specific scope of action in the provision of specialised support to the Operating Centres, in particular in the areas of Studies, Projects and Proposals;
  - d.3) Maintaining the coordination and interaction of the activity of the companies in which the Group has a stake which operate in the Construction sector through the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.";
- e) Maintain, under the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A." and from an operational perspective, an Operational Executive Committee, which should coordinate the action of the Operating Centres and companies in which the Group has a stake in this Construction sector;
- f) Maintain close relations between the Boards of Directors of TD,SA and "Teixeira Duarte – Engenharia e Construções, S.A.";
- g) Strengthen the firmness and efficacy of the bonds of unity within the Teixeira Duarte Group through the direct connection of the Board of Direction with the Group's Delegates in the different countries, which represent the management body therein, undertaking the Group's institutional representation, as well as the connection with the structures of the various Sectors and Corporate Centre which operate in these markets and the implementation of practices to optimise the operability of the Group's companies, taking into account the particularities of each country.

These guidelines were also reflected in the organisational chart of the Teixeira Duarte Group, which was in force as at 31 December 2015 and is reproduced below:

## TEIXEIRA DUARTE ORGANIZATIONAL CHART 2015



**b) Operating****22. Existence and location where the operating regulations may be consulted, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.**

There are no operating regulations.

In view of the chosen corporate model, the composition of the Board of Directors (all the members are executive) and the fact that the competence and responsibilities of this body cannot be delegated to any other bodies, specialised committees, commissions or departments, the mode of operation of the Board of Directors is fairly simplified, added to the fact that the number of members included in this body is not of a sufficiently size to justify the stipulation, in regulations, of further rules on operationality.

The individual competence of each member is established by deliberation of the actual Board of Directors and their interaction is maintained in a regular form under the legally stipulated terms and considered sufficient for this purpose.

Notwithstanding the above, we disclose that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by deliberation of the Board of Directors of TD,SA on 24 April 2014, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. While this Code acts to strengthen and develop Teixeira Duarte's Mission and Values, it contains absolutely no regulatory provisions on the operating of the governing bodies or other pertinent regulations in this context.

**23. Number of meetings held and level of attendance of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, of the meetings that have been held.**

During 2015, the Board of Directors of TD,SA held 29 meetings.

For all due purposes, it is disclosed that the attendance of each member of this Board was as follows:

The Chairman of the Board of Directors, **Pedro Maria Calainho Teixeira Duarte**, attended all the meetings of this body.

The Director **Manuel Maria Calainho de Azevedo Teixeira Duarte** attended 26 meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at the three meetings he was unable to attend, with these absences having been previously announced and articulated with the rest of the Directors.

The Director **Joel Vaz Viana de Lemos** attended 28 meetings of the Board of Directors, with his single absence having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Carlos Gomes Baptista** attended 24 meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at one of the four meetings he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Diogo Bebiano Branco de Sá Viana Rebelo** attended 26 meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at one of the four meetings he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Jorge Ricardo de Figueiredo Catarino** attended 25 meetings of the Board of Directors, with all his four absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

#### **24. 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.

The Supervisory Board monitors, under the established terms described in this document, the action of the Board of Directors, ensuring compliance with a series of matters and issuing an opinion on the annual report and accounts which is submitted to the appraisal of the shareholders at the General Meeting.

Moreover, the Remuneration Committee assesses the activity developed by each Director for the purpose of establishing the respective remuneration, based on the remuneration policy approved at the General Meeting.

Furthermore, it is disclosed that due to the organisational and functional model established for the different governing bodies, it was not considered worthwhile creating the committees or commissions referred to in Recommendation number II.1.4 a) for the purpose of assuring a competent and independent assessment of the performance of the executive Directors and their overall performance. Therefore, as described, there are no commissions or committees.

Indeed, in view of the adopted model and the structure and composition of the Governing Bodies, these duties are explicitly entrusted to the General Meeting, Supervisory Board and Remuneration Committee, under the terms indicated above.

Likewise and for the same reasons, it was considered that it was unnecessary to create the committee or commission referred to in Recommendation number II.1.4 b) to reflect on the adopted governance system, structure and practices, verify their effectiveness and propose to the competent bodies the measures to take with a view to their improvement.

These duties are performed 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 interaction difficulties.

Ultimately, the overall assessment of the action of the governing bodies is always entrusted to the shareholders at the General Meeting.

**25. Predefined criteria for the assessment of the performance of the executive directors.**

There are no predefined 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.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced below in point 69.

**26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year.**

All the members of the Board of Directors of TD,SA have dozens of years "in-house", with professional paths conducted almost exclusively within the Teixeira Duarte Group, where, according to the Group's areas and sectors of action they supervised or monitored, they were appointed to other corporate positions. This also enabled them to report information to TD,SA on the action of these same entities and their corresponding implementation of the guidelines defined for the Teixeira Duarte Group.

However, there are various occasional situations of corporate positions held in other entities outside the Teixeira Duarte Group, where none of these Directors earn remuneration or are professionally bound to these entities, or subject to any circumstances which hinder their total availability to perform their duties as a member of the Board of Directors of TD,SA.

Chairman of the Board of Directors: Pedro Maria Calainho Teixeira Duarte

As at 31 December 2015, he held the following positions in other companies of the Teixeira Duarte Group:

Chairman of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.".

**In companies outside the Teixeira Duarte Group:**

Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "PACIM – Gestão e Investimentos, S.A.";

Chairman of the Board of Directors of "PASIM – Sociedade Imobiliária, S.A.";

Manager of "Terras da Mourinha, Lda.";

Manager of "Foros dos Olivais, Lda."; and

Manager of "PACIM – CAXALP, Gestão e Investimentos, Lda.".

Director: Manuel Maria Calainho de Azevedo Teixeira Duarte

As at 31 December 2015, he held the following positions in other companies of the Teixeira Duarte Group:

Director of "Teixeira Duarte – Engenharia e Construções, 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 "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 "SINERAMA – Organizações Turísticas e Hoteleiras, S.A.";

Chairman of the Board of Directors of "TD VIA – Sociedade Imobiliária, 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.";

Director of "CPM – Companhia de Parques de Macau, S.A.";

Member of the Board of Directors of "EMPA, S.A. Serviços de Engenharia";

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.";

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.";

Director of "Teixeira Duarte – Engenharia e Construções (Macau), Limitada"; and

Director of "Votorantim Macau Investimentos, S.A.".

**In companies outside the Teixeira Duarte Group:**

Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "ILTA – Urbanizadora da Ilha de Tavira, S.A."; and



Secretary of the Board of the General Meeting of "HAB - Cooperativa de Construção e Habitação C.R.L.".

Director: Joel Vaz Viana de Lemos

As at 31 December 2015, he held the following positions in other companies, all of the Teixeira Duarte Group:

Director of "Teixeira Duarte - Engenharia e Construções, S.A.";

Chairman of the Board of Directors of "SOMAFEL - Engenharia e Obras Ferroviárias, S.A.";

Chairman of the Board of Directors of "OFM - Obras Fluviais e Marítimas, S.A.";

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente, S.A.";

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente (Porto), S.A.";

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 "Groupement Maritime Portugais GMP - ORAN";

Deputy Chairman of the Board of Directors of "Novaponte - Agrupamento para a Construção da Segunda Travessia do Tejo, ACE";

Alternate Director of "AVIAS - Grupo Ferroviário para a Alta Velocidade, 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 "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.";

Director of "TDARCOL - Sociedade Gestora de Participações Sociais, S.A."; and

Director of "Somafel e Ferrovias, ACE".

Director: Carlos Gomes Baptista

As at 31 December 2015, he held the following position in a company outside the Teixeira Duarte Group:

Chairman of the Board of Directors of "TDGI - Tecnologia de Gestão de Imóveis, S.A.".

Director: Diogo Bebiano Branco de Sá Viana Rebelo

As at 31 December 2015, he held the following positions in other companies of the Teixeira Duarte Group:

Chairman of the Board of Directors of "TDHOSP - Gestão de Edifício Hospitalar, S.A. ";

Chairman of the Board of Directors of "TDO - Investimento e Gestão, S.A.";

Chairman of the Board of Directors of "Teixeira Duarte - Distribuição, S.A.";

Chairman of the Board of Directors of "TRANSBRITAL - Britas e Empreendimentos Imobiliários, S.A.";

Chairman of the Board of Directors of "Quinta de Cravel Imobiliária, S.A.";

Chairman of the Board of Directors of "IMOPEDROUÇOS - Sociedade Imobiliária, S.A.";

Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, S.A.";

Chairman of the Board of Directors of "BONAPARTE - Imóveis Comerciais e Participações, S.A.";

Chairman of the Board of Directors of "V8 - Gestão Imobiliária, S.A.";

Director of "IMOTD - Sociedade Gestora de Participações Sociais, S.A.";

Director of "TD VIA - Sociedade Imobiliária, S.A.";

Director of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A."; and

Manager of "BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda."

**In companies outside the Teixeira Duarte Group:**

Director of "ILTA - Urbanizadora da Ilha de Tavira, S.A."

Director: Jorge Ricardo de Figueiredo Catarino

As at 31 December 2015, he held the following positions in other companies, all of the Teixeira Duarte Group:

Chairman of the Board of Directors of "CONBATE, A.C.E.";

Director of "Douro Litoral, A.C.E.";

Director of "Groupement Etrhb Haddad - Teixeira Duarte - Harrach Douera";

Director of "Groupement Métro d'Alger Centre (GMAC)";

Director of "Groupement Teixeira Duarte / Groupe Etrhb Haddad";

Director of "Groupement Teixeira Duarte, S.A. / Kanaghaz, SPA – Lagunes de Souf"; and

Director of "Teixeira Duarte Algérie, SPA".

### **c) Committees and commissions within the management or supervisory body and chief executive officers**

#### **27. Identification of committees and commissions within, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, and location where the operating regulations may be consulted.**

Currently, there are no specific committees or commissions on management or supervisory matters; and nor can the foreseen Executive Committee be constituted under article 20 of the Articles of Association.

#### **28. Composition, if applicable, of the executive committee and/or identification of chief executive officer(s).**

Considering that there is neither an Executive Committee nor Chief Executive Officers, the present rule is not applicable to TD,SA.

#### **29. Indication of the areas of competence of each of the created committees and commissions, and summary of the activities developed during performance of this competence.**

Considering that there are no committees or commissions created under the Board of Directors, as noted in 2.7 above, the present rule is not applicable to TD,SA.

## **III. SUPERVISION**

### **(Supervisory Board, Audit Committee or General and Supervisory Board)**

#### **a) Composition**

#### **30. Identification of the supervisory body (Supervisory Board, Audit Committee or General and Supervisory Board) corresponding to the adopted model.**

The adopted corporate model is usually referred to as the Latin reinforced model, accordingly the appointment of a Supervisory Board was selected as the supervisory body.

**31. Composition, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 18.**

Pursuant to article 24 of the Articles of Association of TD,SA, the Supervisory Board is necessarily composed of three permanent members and one alternate, who should comply with the requirements and are entitled to use the powers established by law. When electing the members of this Board, the General Meeting must, mandatorily, elect one of them to perform the duties of Chairman.

As is the case with the other governing bodies and under the terms of number 2 of article 10 of the Memorandum and Articles of Association, the members of the Supervisory Board are elected at the General Meeting, through the list system, for periods of four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits.

The Supervisory Board is currently composed of the following members:

Chairman: Óscar Manuel Machado de Figueiredo

Members: Mateus Moreira

Miguel Carmo Pereira Coutinho

Alternate: Rui Pedro Ferreira de Almeida

The Chairman of the Supervisory Board was elected by the Shareholders on 31 May 2014 as Alternate of this board, having taken office as a permanent member on 7 November 2014 – following the resignation submitted by the former Chairman. He was appointed Chairman of the Supervisory Board at the meeting of this board on 5 December 2014, having been elected as Chairman of the Supervisory Board at the General Meeting of 30 May 2015, to perform duties during the current term of office 2015/2018.

The Members of the Board of Directors, Mr. Mateus Moreira and Miguel Carmo Pereira Coutinho were appointed for the first time at the time of the incorporation of the company on 30 November 2009, to perform duties during the term of office 2009/2010, and were re-elected to their respective positions at the General Meeting of 30 May 2015, to perform duties during the current four-year period of 2015/2018.

The Alternate member of the Supervisory Board, Mr. Rui Pedro Ferreira de Almeida, was elected to the position at the General Meeting of 30 May 2015, also for the term of office 2015/2018.

Furthermore, it should be noted that they all possess suitable competence for the performance of their duties, as described below in 33.

**32. Identification, as applicable, of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee who are considered independent, under the terms of article 414, number 5 of the Commercial Companies Code. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 19.**

All the current members of the Supervisory Board fully comply with all the requirements of independence, and there is no incompatibility for the performance of their duties for any of them, 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.

**33. Professional qualifications, as applicable, of each member of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee and other relevant curricular elements. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 21.**

The professional qualifications and other relevant curricular elements of the members of the Supervisory Board are described below:

Óscar Manuel Machado de Figueiredo (Chairman of the Supervisory Board)

Licentiate degree in Accounting and Administration from the "Instituto Superior de Contabilidade e Administração de Coimbra".

Advanced Management Course from the "Postgraduate School in Economic and Business Science of Universidade Católica Portuguesa".

Member of the Governing Board of the Chartered Accountants Association.

Member of the Executive Committee of the Accounting Standardisation Committee of Portugal, and Coordinator of the Public Accounting Standardisation Committee.

Was a consultant in various projects in Angola and Mozambique on matters of accounting and audits, and trainer in these same areas in Portugal and the PALOP (Portuguese-Speaking African Countries).

Entered Ernst & Young in January 1979, having been included in the Partnership between 1992 and 2006.

Mateus Moreira (Member of the Supervisory Board)

Licentiate degree in Finance from the "Instituto Superior de Ciências Económicas e Financeiras" (1972).

Retired from Millennium BCP on 30 September 2003, where he held the position of Central Deputy Director.

Member of the Supervisory Board of "Teixeira Duarte – Engenharia e Construções, S.A." from 2 May 2007 to 20 May 2011.

Miguel Carmo Pereira Coutinho (Member of the Supervisory Board)

Attendance of the 2nd year of the "Instituto Superior de Agronomia" (1952).

Formerly, a businessman.

Currently, he is retired.

Member of the Supervisory Board of "Teixeira Duarte – Engenharia e Construções, S.A." from 2 May 2007 to 20 May 2011.

Rui Pedro Ferreira de Almeida (Alternate of the Supervisory Board)

Licentiate degree in Management at the "Instituto Superior de Economia e Gestão" (1997):

Attended the Advanced Course in Human Behaviour in Organisations (AESE) (2007).

Attended a Post-graduation in Mergers and Acquisitions (EGP-UPBS) (2009).

Chairman of the Executive Committee and Board of Directors of MONERIS, SGPS, S.A..

Chairman of the Supervisory Board of "The British-Portuguese Chamber of Commerce".

#### **b) Operating**

**34. Existence and location where the operating regulations may be consulted, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 24.**

As described above in number 22 of the present Report, there are no operating regulations for the governing bodies.

Notwithstanding the above, we disclose that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by deliberation of the Board of Directors of TD,SA on 24 April 2014, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. While this Code acts to strengthen and develop Teixeira Duarte's Mission and Values, it contains absolutely no regulatory provisions on the operating of the governing bodies or other pertinent regulations in this context.

**35. Number of meetings held and level of attendance of the meetings which have been held, as applicable, of each of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 25.**

During 2015, the Supervisory Board held six meetings, all of which were attended by all of its permanent members.

**36. Availability of each member, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 26.**

All the members of the Supervisory Board show the appropriate availability for the performance of their duties at TD,SA, namely for participation in the periodic meetings of the Board of Directors and Supervisory Board, and for follow-up of the Company's activity and the preparation and publication of the documents presenting the accounts, in coordination with the action of the Chartered Accountants Firm.

The positions held by each of the members of the Supervisory Board in companies within and outside the Group are indicated below:

Óscar Manuel Machado de Figueiredo (Chairman of the Supervisory Board)

As at 31 December 2015, he held the position of Permanent Member of the Supervisory Board of the following entities: "Real Vida Seguros, S.A.", and "Sporting Clube de Portugal".

Mateus Moreira (Member of the Supervisory Board)

As at 31 December 2015, he did not perform duties in any other companies.

Miguel Carmo Pereira Coutinho (Member of the Supervisory Board)

As at 31 December 2015, he did not perform duties in any other companies.

Rui Pedro Ferreira de Almeida (Alternate of the Supervisory Board)

As at 31 December 2015, he was Chairman of the Executive Committee and Member of the Board of Directors of "MONERIS, SGPS, S.A." and Chairman of the Supervisory Board of "The British-Portuguese Chamber of Commerce".

### **c) Competencies and duties**

#### **37. Description of the procedures and criteria applicable to the intervention of the supervisory board for purposes of contracting additional services from the external auditor.**

No services are contracted from the external auditor other than those related to the legal review of accounts and auditing, hence the present regulation is not applicable to TD,SA.

#### **38. Other duties of the supervisory bodies and, if applicable, the Financial Matters Committee.**

The supervisory bodies do not perform any duties other than those described above and legally defined.

## **IV. CHARTERED ACCOUNTANT**

#### **39. Identification of the chartered accountant and chartered accountant partner representing the former.**

The position of chartered accountant is held by "Moore Stephens & Associados – SROC", represented by Mr. António Gonçalves Monteiro.



**40. Indication of the number of years during which the chartered accountant has performed duties consecutively at the company and/or group.**

The chartered accountant was appointed for the first time to the position at the General Meeting of 30 May 2015, to perform the respective duties during the four-year period 2015/2018.

**41. Description of other services provided by the chartered accountant to the company.**

The chartered accountant does not provide any services other than those related to the legal review of accounts and audit of TD,SA.

**V. EXTERNAL AUDITOR****42. Identification of the external auditor appointed pursuant to article 8 and chartered accountant partner who represents the external auditor in compliance with these duties, as well as the partner's registration number at the CMVM.**

The appointed external auditor, under the terms of article 8 of the Securities Market Code, is the chartered accountants firm "Moore Stephens & Associados – SROC", represented by Mr. António Gonçalo Monteiro, registered at the CMVM under number 173.

**43. Indication of the number of years during which the external auditor and respective chartered accountant partner who represents it in compliance with these duties, has performed duties consecutively at the company and/or group.**

The external auditor and respective chartered accountant partner who represents it in performing these duties, has held this position at TD,SA since his election at the General Meeting of 30 May 2015, in other words, for approximately 1 year.

**44. Policy and frequency of rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.**

There is no defined policy on the rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.

However, it should be further noted that the issue established in Recommendation number IV.3, companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are four or three years respectively, is not relevant in this case since the auditor is performing its first term of office in this position.

**45. Indication of the body responsible for the assessment of the external auditor and frequency with which this assessment is conducted.**

The action of the external auditor has been assessed by all the Supervisory Board and all other governing bodies of TD,SA on an annual basis, and there have never been any circumstances that could justify his dismissal or the termination of the contract for the provision of his services on fair grounds.

On this issue, it should be noted that the Board of Directors of TD,SA and the services under this board have undertaken the commitment to assure the existence of appropriate conditions for the provision of services by the external auditor within the Company, since the Board of Directors and the services under this board are placed directly within the operating structure of TD,SA, and have the necessary physical means, information and documentation to provide the external auditor with the appropriate conditions for the performance of its duties.

The Company's principal interlocutor and first receiver of the external auditor's reports is not the Supervisory Board, as indicated in Recommendation number II.2.2, but rather the Board of Directors, since this is the most suitable interlocutor of the Company, as was described above. Furthermore, this is also 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.

However, it should be noted that these procedures are adjusted and coordinated with the Supervisory Board which, notwithstanding this, also receives, from the external auditor and its team, all the information and details deemed necessary to perform its duties.

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.

**46. Identification of work, other than audit, carried out by the external auditor for the company and/or for the companies which are in a controlling relationship with it, as well as indication of the internal procedures for the purpose of approval of contracting such services and indication of the reasons for their contracting.**

It is disclosed that neither the external auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA with any services other than audit services.

**47. Indication of the value of the annual remuneration paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network, and details of the percentage relative to the following services (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 retribution paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network 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.

By the Company		
Value of review of legal accounts services	61,000.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-
By entities included in the Group		
Value of review of legal accounts services	215,300.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-

## C. INTERNAL ORGANISATION

### I. ARTICLES OF ASSOCIATION

#### 48. Rules applicable to the amendment of the articles of association (article 245-A, number 1, subparagraph h)).

There are no specific rules for any amendments of 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.

### II. COMMUNICATION OF IRREGULARITIES

#### 49. Means and policy of communication of irregularities occurred in the company.

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.

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.

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 aforesaid 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.

Apart from this, a new vehicle for the communication of irregularities directly to the Supervisory Board has been operational since 2014, via the creation of the email address [irregularidades@teixeiraduarte.pt](mailto:irregularidades@teixeiraduarte.pt), to which the employees (especially using the corporate portal) and shareholders (the same is provided for this purpose on TD,SA's official website [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt)) may send reports on any irregularities.

The aforesaid "Code of Ethics and Conduct of Teixeira Duarte", specifically for the monitoring of its application, states that *"the employees, customers, suppliers and all other related parties are responsible for striving to ensure compliance with this Code of Ethics, disclosing it, invoking it in their defence and demanding its application throughout the hierarchical structure, including the senior staff, as well as communicating any detected irregularities directly to the Board of Directors, which shall also be available to provide clarifications on its application."*

### **III. INTERNAL CONTROL AND RISK MANAGEMENT**

#### **50. People, bodies, committees or commissions responsible for internal audit and/or for the implementation of internal control systems.**

The Internal Audit Services of the Teixeira Duarte Group have progressively played a fundamental role regarding the implementation of internal control systems.

As at 31 December 2015, these services were assured by 6 employees, under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, where the coordination of this work was also articulated in meetings with the participation of the members of the Supervisory Bodies.

On this issue, particular note should be made of the relevant contribution provided by the corporate services of Consolidation of Accounts and Corporate secretarial services in the process of reporting and disclosure of financial information.

#### **51. Explanation, even if by inclusion of an organisational chart, of the relations of hierarchical and operational dependence in relation to other bodies, committees or commissions of the company.**

As noted above, as at 31 December 2015, the audit services were under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations.

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.

It is, therefore, in this context that we disclose that it is the Board of Directors – and not the Supervisory Board, as stated in Recommendation number II.2.5 – which issues opinions on all the work plans and resources allocated to the Internal Audit Service and receives all the reports produced by this service, even when unrelated to matters concerning the presentation of accounts, the identification or settlement of conflicts of interests and the detection of potential illegalities.

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.

Furthermore, the Board of Directors is also responsible – rather than the supervisory bodies as mentioned in Recommendation number II.2.4 – 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.

## **52. Existence of other operational areas with competence in risk control.**

There are no other areas with exclusive competence concerning risk control, since, in view of the model enforced within the Group on this matter, all the areas have their respective share of responsibility under the terms described above.

## **53. Identification and description of the main types of risk (economic, financial and legal) 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, Mozambique and Venezuela;
- fluctuations and volatility of interest rates, credit spreads and exchange rates, as well as ready cash of convertible currencies in markets in which the Group operates;
- 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, 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) and corresponding market prices. 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 (45.7% in 2015).

Considering that construction activity is the core business of the Teixeira Duarte Group, in particular in the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Mechanical Engineering, Underground, Railway and Maritime Works, the main risks inherent to this business are described below:

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 penalties 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 Group's **Real Estate** activity is affected by the requirements for new projects, increasing at all levels (administrative, economic, social, environmental, among others), and by variations of demand derived from updates of interest rates and ready cash for funding purposes.

**Hotel Services** in Portugal have experienced minor fluctuations, while the hotels in Africa are naturally exposed to the characteristics 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 **Automotive** sector is currently subject to heavy competition, in particular in the Angolan market, where competitiveness is increasing considerably and the investment made by the Group implies strong optimisation of processes and costs, in a market which is becoming progressively more demanding.

In the **Energy** sector it should be noted that, in 2015, the Group divested its stake in the company "PETRIN – Petróleos e Investimentos, S.A.", through which it had exercised its action in the liquid fuel area. As a result, the risks to which its activity is currently more exposed in this sector are limited to the volatility of the price of gas in the international markets.

Regarding the **financial holdings**, in particular the stake held in "Banco Comercial Português, S.A.", the risk arises from the current volatility of the financial markets and the possible impact 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 (82.9% in 2015). 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 foreign exchange risks arising from possible 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.

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 Automotive, which can be described as very 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 and retain 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 Accounting which, under the direct supervision of a Director responsible for this area and monitoring of the supervisory bodies, 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 to generate funds and re-finance these lines, and assuring the availability of credit facilities, in various cases provided 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 potential investors that all the problems related to the information technology systems will be fully identified and corrected in due time, 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 instruments available on the market are the most appropriate to cover these 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 hedge 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 automotive 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 automotive sector in Angola, involving, amongst others, the trade names Chevrolet, Honda, JMC, Mahindra, Nissan, Peugeot, Renault 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 1.2% of the operating income of the Teixeira Duarte Group in 2015;
- 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;
- the evolution of the price of oil strongly influences the development of the actual economy of the markets in which the Teixeira Duarte Group operates, some of which in a very significant manner, due to the importance that this product represents in the GDP of these countries.

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 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 held.

The net worth, equity and even, in certain situations the impairment, net income of the Teixeira Duarte Group might be influenced by the appreciation/devaluation 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.

#### **54. Description of the process of identification, assessment, monitoring, control and management of risks.**

The procedures implemented in terms of internal control and management of risks 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 practical results considered satisfactory.

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 potential benefits that could arise from control carried out by such committees. Moreover, 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 fully comply with the requirements listed in Recommendation II.1.5, 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.

#### **55. Main elements of the internal control and risk management systems implemented in the company relative to the process of disclosure of financial information (article 245-A, number 1, subparagraph m)).**

The process of disclosure of financial information is coordinated by the Board of Directors and always monitored by the Supervisory Bodies. The teams of the Consolidation of Accounts and Corporate Secretarial Services contribute to this process, respectively, in the preparation and recording of the accounts and other accounting and financial reporting and in the preparation and disclosure of the final document.

Both the aforesaid services closely follow the evolution of the applicable rules and regulations, both in the financial and legal areas, and interact with the Securities Market Commission to ensure updated supplementary information and regulations on these matters and report directly to the Board of Directors.

All the employees of the Consolidation of Accounts Services and those who, in the Corporate Secretarial Services, participate in the preparation and disclosure of the final document are included in the list established in article 248 of the Securities Market Code, as employees with access to privileged information, with all being notified by letter delivered by hand of their inclusion in this list and the legal consequences arising from the disclosure or abusive use of privileged information.

#### **IV. INVESTOR SUPPORT**

##### **56. Service responsible for investor support, composition, duties, information provided by these services and contact details.**

In order to reinforce the policy of disclosure of information referred to above, and in order to foster permanent contact with the market and the response to requests made by investors in due time, assuring 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 the supervision of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, coordinated by Mr. José Pedro Poiães Cobra Ferreira, Representative for Market 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: + 351 217 941 108

E-mail: [representantemercado@teixeiraduarte.pt](mailto:representantemercado@teixeiraduarte.pt)

The Investor Support Office also assures the maintenance of a record of the requests submitted by the different stakeholders and their subsequent treatment.

##### **57. Representative for market relations.**

As noted in 56 above, the position of Representative for Market Relations is held by Mr. José Pedro Poiães Cobra Ferreira.

**58. Information on the proportion and response time to requests for information entered during the year or outstanding from previous years.**

The response time to requests for information during 2015 was, on average, two days.

**V. INTERNET WEBSITE****59. Address(es).**

The Internet website of TD,SA has the following address: [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt). On this website, the Company provides, in Portuguese and English, the information which is considered relevant and enables knowledge on its evolution and current reality in economic, financial and governance terms.

**60. Location where information can be found on the corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code.**

These elements may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/company-identification>.

**61. Location where the articles of association and operating regulations for the bodies and/or committees or commissions.**

The Articles of Association may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/by-laws>.

As noted above, there are no operating regulations for the bodies and/or committees or commissions.

**62. Location where information is provided on the identity of the members of the governing bodies, representative for market relations, Investor Support Office or equivalent structure, respective duties and means of access.**

The information on the identity of the members of the governing bodies may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/orgaos-sociais>.

The information on the representative for market relations and the Investor Support Office may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/gabinete-apoio-investidor>.

**63. Location providing the documents presenting the accounts, which should be accessible for at least five years, as well as the six-monthly calendar of corporate events, disclosed in the beginning of each semester, including, among others, general meetings, disclosure of annual, six-monthly and, when applicable, quarterly accounts.**

The documents presenting the accounts since the Company's incorporation in 2009 may be consulted at:

<http://www.teixeiraduarte.pt/en/investors-category/annual-reports-en>.

The six-monthly calendar of corporate events may be consulted at:

<http://www.teixeiraduarte.pt/en/investors-category/financial-calendar>.

**64. Location disclosing the call notice of a general meeting and all the preparatory and subsequent information related to this meeting.**

All the elements related to the General Meetings of TD,SA may be consulted at:

<http://www.teixeiraduarte.pt/en/investors-category/general-meetings>.

**65. Location providing the historical record with the deliberations taken at the company's general meetings, the share capital represented and the results of the voting, relative to the previous 3 years.**

All these elements may be consulted at:

<http://www.teixeiraduarte.pt/en/investors-category/general-meetings>.

## **D. REMUNERATIONS**

### **I. COMPETENCE FOR DETERMINATION**

**66. Indication of competence to determine the remuneration of the governing bodies, members of the executive committee or chief executive officer and senior managers of the company.**

Pursuant to article 11 of the Articles of Association of TD,SA and under the terms established in the Policy of Remuneration of the Management and Supervisory Bodies of the Company, the Remuneration Commission is competent to determine the remuneration of the governing bodies.

It should also be noted, as has already been clarified, there is no executive committee or Chief Executive Officer, hence, in this regard, this issue is not applicable to TD,SA.

However, and based on the criteria established in article 248-B, number 3 of the Securities Market Code, the only senior managers of TD,SA who are not part of their Board of Directors are members of the Board of Directors of its subsidiary company "Teixeira Duarte - Engenharia

e Construções, S.A.", where the determination of these senior managers is entrusted to the Remuneration Committee of "Teixeira Duarte – Engenharia e Construções, S.A.", which is composed of precisely the same members as those of the Remuneration Committee of TD,SA.

## **II. REMUNERATION COMMITTEE**

### **67. Composition of the remuneration committee, including identification of natural or legal persons contracted to provide support and statement of the independence of each member and adviser.**

Currently, the Remuneration Committee is composed of the following persons, elected at the General Meeting of 30 May 2015, to perform duties during the term of office of 2015/2018:

- Pedro Maria Calainho Teixeira Duarte
- António Carlos Calainho de Azevedo Teixeira Duarte
- 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 its Remuneration Committee. Traditionally and for decades, this practice has been followed, always in conformity with the rules and recommendations on the remuneration of the members of the Management Board established by the CMVM at any given time, 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 strongly distinctive business image, has adopted a very particular way of being and a healthy management policy which has been recognised as such by the public and market.

Furthermore, no natural or legal persons have been contracted to support the Remuneration Committee in the performance of its duties.

Moreover, we disclose that the external auditor, under its competence, is responsible for verifying the application of the policies and systems of remuneration of the governing bodies, as established in Recommendation number IV.1.

### **68. Knowledge and experience of the members of the remuneration committee on matters of remuneration policy.**

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.



### III. STRUCTURE OF THE REMUNERATIONS

#### **69. Description of the policy of 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 unanimously at the General Meeting of this company, held on 30 May 2015, where the contents of this statement are reproduced below:

##### *"REGULATORY FRAMEWORK*

*Pursuant to the provisions in Law number 28/2009, of 19 June, and article eleven of the Company's Articles of Association, 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, article 399 of the Commercial Companies Code and the CMVM Corporate Governance Code of 2013 (Recommendations).*

##### *I. SCOPE OF THE STATEMENT:*

*Pursuant to the adopted corporate model adopted by "Teixeira Duarte, S.A.," the present statement covers all the members of the Board of Directors, Supervisory Board and Chartered Accountants Firm.*

##### *II. 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 leading company of the Group, the definition of this Remuneration Policy takes into account the historical reality and context of the subject experienced regarding this latter company over the years.*

##### *III. BOARD OF DIRECTORS:*

*Regarding the Board of Directors, the Remuneration Committee should determine the values of the fixed and variable component of its 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 "Teixeira Duarte, S.A." and 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 2015 to 2017 above the EBITDA recorded for 2014;*
- Average Consolidated Net Income for 2015 to 2017 above the Consolidated net income for 2014.*

*There will be no system for the attribution of shares or rights to acquire options on shares and/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, S.A." and "Teixeira Duarte - Engenharia e Construções, S.A.," namely for deployment under work for the Company.*

*No sums have been paid, and nor are there any foreseen sums payable, relative to the dismissal or termination of office of Directors.*

#### **IV. 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.*

#### **V. 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.*

#### VI. 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."*

TD,SA believes that the statement on the remuneration policy applicable to the members of the Management and Supervisory Bodies transcribed above is fairly clear and encompassing, enabling a correct understanding of the way that the remunerations of the management and supervisory bodies are established.

Indeed, the aforesaid statement contains the generality of the information mentioned in Recommendation number II.3.3, where only the information relative to the potential maximum amounts referred to in subparagraph b) of this recommendation are not indicated, as these maximum amounts have never been established.

### **70. Information on the way 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 the manner in which 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 its employees and all other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A.".

The establishment of remunerations also takes 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.

**71. Reference, if applicable, to the existence of a variable component of the remuneration and information on any impact of the assessment of performance on this component.**

The remuneration 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 depends on the evolution of corporate business, financial indicators such as net debt and financial autonomy, the dedication shown by each member in the accomplishment of the tasks and objectives inherent to their duties, as well as the net income for the year and the corresponding policy of its appropriation, which has also always prioritised the reinforcement of the Company's equity and assurance of the continued and balanced distribution of dividends to shareholders.

Accordingly, there is no maximum ceiling for each component as suggest in Recommendation number III.3, but rather an attribution in conformity with the parameters identified above, the remuneration policy defined for the Company, and the assessment of the performance and execution of duties of each Director. The variable component has always been reasonable as a whole in relation to the fixed component, in conformity with the indications of Recommendation number III.3.

Although part of the variable component attributed by the Remuneration Committee may be deferred over time, it is important to note that no Director is entitled to any right to the variable component of his remuneration until a specific allocation has been made by the Remuneration Committee, under the terms and on the grounds established by this committee.

Pursuant to Recommendation number III.5, we disclose that the members of the management body did not enter into 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.

**72. Deferral of the payment of the variable component of remuneration, mentioning the period of deferral**

The payment of part of the variable component has been deferred to 2018, with this payment depending on the continued positive performance of the Company over the financial years of 2016 to 2018.

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 are "in-house people" and have been an integral part of the business for dozens of years, and that their remunerations are placed in the context of a general plan covering all employees.

**73. Criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of these shares, on any conclusion of contracts relative to these shares, namely, hedging or risk transfer contracts, the 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 concluded with the characteristics described above.

**74. 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.

**75. Main parameters and grounds of any system of annual bonuses and any other non-cash benefits.**

The Remuneration Committee takes into consideration, in the attribution of annual bonuses, the performance and net income of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, taking into account the conditions and values of the remunerations of its employees and the other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A.".

The annual bonuses were established taking 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, as already indicated above.

Furthermore, no relevant non-cash benefits were attributed to the Directors of the Company.

**76. Main characteristics of schemes for supplementary pensions or early retirement pensions for the directors and date on which they were approved at the general meeting, on an individual basis.**

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 – By 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."*

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

The determination of the Memorandum and Articles of Association referred to above does not invalidate that the Remuneration Committee may submit such a matter to the General Meeting, however, this has actually never taken place as it has never proved necessary or appropriate in view of the established statutory rule.

For all due purposes, it is disclosed that, since the incorporation of the company in 2009, up to this date, no retirement benefit schemes established in favour of the members governing bodies have been approved at the General Meeting. Likewise, neither has any specific benefit been attributed, namely by the Remuneration Committee, for any termination of duties, in particular due to retirement.

#### IV. DISCLOSURE OF THE REMUNERATIONS

**77. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the management bodies, derived from the company, including fixed and variable remuneration and, relative to the latter, reference to its different components.**

During 2015, the remunerations, in a broad sense, received individually by the members of the Board of Directors, were as follows:

Board of Directors	Fixed Remuneration	Variable Remuneration		Sub-Total	Compensation for Deployment	Total
		Attributed in 2015	Attributed in 2012			
Pedro Maria Calainho Teixeira Duarte	140,000.00	25,000.00	25,000.00	190,000.00	0.00	190,000.00
Manuel Maria Calainho de Azevedo Teixeira Duarte	137,200.00	10,000.00	90,000.00	237,200.00	19,729.55	256,929.55
Joel Viana de Lemos	137,200.00	20,000.00	90,000.00	247,200.00	2,785.95	249,985.95
Carlos Gomes Baptista	137,200.00	10,000.00	90,000.00	237,200.00	31,285.25	268,485.25
Diogo Bebiano Branco de Sá Viana Rebelo	137,200.00	10,000.00	90,000.00	237,200.00	37,779.70	274,979.70
Jorge Ricardo Figueiredo Catarino	137,200.00	5,000.00	90,000.00	232,200.00	36,643.35	271,843.35
<b>TOTAL</b>	<b>826,000.00</b>	<b>80,000.00</b>	<b>475,000.00</b>	<b>1,381,000.00</b>	<b>131,223.80</b>	<b>1,512,223.80</b>

In 2015, the total value of the variable remunerations paid by TD,SA represented 36.7% of the total value received.

During 2015, no pension rights were acquired.

Supplementary to the information indicated above about the values paid, it is disclosed that in 2015 the Remuneration Committee deliberated the attribution of variable remuneration sums to the members of the Board of Directors, part of which was paid in that same year – and is indicated above in the table – and part was deferred to 2017, depending on the continued positive performance of the Company throughout 2015 to 2017.

Board of Directors	Variable Remuneration Attributed in 2015		
	For 2015	For 2018	Total
Pedro Maria Calainho Teixeira Duarte	25,000.00	30,000.00	55,000.00
Manuel Maria Calainho de Azevedo Teixeira Duarte	10,000.00	25,000.00	35,000.00
Joel Viana de Lemos	20,000.00	22,000.00	42,000.00
Carlos Gomes Baptista	10,000.00	15,000.00	25,000.00
Diogo Bebiano Branco de Sá Viana Rebelo	10,000.00	25,000.00	35,000.00
Jorge Ricardo Figueiredo Catarino	5,000.00	10,000.00	15,000.00
<b>TOTAL</b>	<b>80,000.00</b>	<b>127,000.00</b>	<b>207,000.00</b>

#### **78. Amounts paid, for any reason, by other companies in a controlling or group relationship or which are subject to common control.**

During 2015, 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.

#### **79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for the granting 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.

Indeed, 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.

As clarified above, the establishment of the bonuses was the result of the performance and net income of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, having taken into account the conditions and values of the remunerations of its employees and the other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A.".

The establishment of the bonuses also took 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.

#### **80. 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 no Director terminated office during 2015.



### 81. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the supervisory bodies, pursuant to Law number 28/2009, of 19 June.

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 2015, 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
Óscar Manuel Machado Figueiredo	30,000.00	-	30,000.00
Mateus Moreira	18,000.00	-	18,000.00
Miguel Carmo Pereira Coutinho	18,000.00	-	18,000.00
<b>TOTAL</b>	<b>66,000.00</b>	<b>-</b>	<b>66,000.00</b>

The total value paid to the Chartered Accountants Firm "MOORE STEPHENS & ASSOCIADOS - SROC, S.A." 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, relative to the only services provided, that is, Legal Review of Accounts and Audit services, was:

Chartered Accountants Firm	Remuneration
Legal review of accounts services for the Group	276,300.00
Other reliability assurance services	-
Tax advisory services	-
Services other than legal review of accounts	-
<b>TOTAL</b>	<b>276,300.00</b>

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2015, therefore there are no portions whose payment is deferred over time.

Furthermore, it should also be noted that, as established in the Policy of Remuneration of the Management and Supervisory Bodies and, simultaneously, in compliance with the provisions in Recommendation number III.2, the remuneration of the members of the supervisory body does not include any component whose value depends on the performance of the company or its value.

### 82. Indication of the remuneration of the chairman of the board of the general meeting for the year in question.

With the exception of the aforesaid Secretary of the Board of the General Meeting, all the other members of this body, 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 these terms, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting was €10,000.00 (ten thousand euros) during 2015.

## V. AGREEMENTS WITH REMUNERATIVE IMPLICATIONS

### **83. Contractual limitations established for the compensation payable for dismissal without fair grounds 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 is 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.

It should be noted that, pursuant to Recommendation number III.8, no legal mechanisms have been established, apart from those stipulated by the law, for any indemnity or compensation, apart from that legally owed, to be payable when the dismissal of the Director neither arises from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance.

It should be recalled that the Directors of the leading listed company of the Teixeira Duarte Group, formerly "Teixeira Duarte - Engenharia e Construções, S.A." and currently TD,SA, have always been "in-house people", whose career progression was developed within the Teixeira Duarte Group and are not managers from other companies or groups. Therefore, no situation of dismissal of a Director has occurred since its incorporation, nor has there ever been any payment of compensation for termination of contract, hence it is deemed inappropriate to establish any legal mechanisms of the nature described above.

### **84. Reference to the existence and description, indicating the amounts involved, of 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 of control of the company (article 245-A, number 1, subparagraph I)).**

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.

## VI. PLANS TO ATTRIBUTE SHARES OR STOCK OPTIONS

### **85. Identification of the plan and respective beneficiaries.**

There are no plans relative to the attribution of shares or attribution of options for the acquisition of shares.

### **86. Characterisation of the plan (conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of the shares and 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).**

As described in 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

**87. Option rights attributed for the acquisition of shares (stock options) whose beneficiaries are the company's workers and employees.**

As described in 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

**88. 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 (article 245-A, number 1, subparagraph e)).**

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.

## **E. TRANSACTIONS WITH RELATED PARTIES**

### **I. CONTROL MECHANISMS AND PROCEDURES**

**89. Mechanisms implemented by the company for the purpose of control of transactions with related parties (the concept arising from IAS 24 is used for this effect).**

All transactions between entities of the Teixeira Duarte Group with related parties are conducted at market prices. The concept is clear and undertaken by all business managers of the different areas of the Group who deal with related parties.

This attitude is transversal to all transactions of this nature, in other words, any transfer of resources, services or obligations between related parties, regardless of the existence of a price debit.

In addition to these general guidelines, all transactions between related parties are recorded electronically in the Group's overall supporting platform, which, apart from the actual business managers, is also accessible to the teams dealing with finance and accounting, consolidation of accounts and audit, as well as the actual management and, supplementarily, the supervisory bodies of the Company and Group.

It should be recalled, on this issue that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by the Board of Directors of TD,SA on 24 April 2015, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. This Code acts to strengthen and develop Teixeira Duarte's Mission and Values, with its compliance being mandatory for all employees and members of the governing bodies, and any breach may be subject to disciplinary proceedings.

An excerpt of this text on "Customers and Suppliers" is quoted below:

*- Selection Criteria*

*This Truth implies that Teixeira Duarte and its employees should act so that the decisions taken by customers and those to be taken relative to suppliers follow objective, technical and professional selection criteria, aimed at the efficiency of the decision and safeguarding the Company's interests, albeit in full Respect for these entities, regardless of their position in relation to the Company, in other words, rejecting any possible abuses of power or position, whether between companies or among the employees.*

*- Conflicts of Interest and Corruption*

*In the context of relations with customers and suppliers, we reiterate the need to assess possible conflicts of interest, as well as the prohibition of any corrupting behaviour, either actively or passively, including payments or receipts for facilitation or creation, maintenance or promise of irregular situations or favours.*

**90. Indication of transactions which were subject to control during the year under review.**

In this context and in view of the mechanisms referred to above, all the transactions with related parties were subject to control under the aforesaid terms. These transactions with related parties and their respective balances and additional information may be consulted in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2015.

**91. 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.

**II. ELEMENTS RELATIVE TO BUSINESS**

**92. Indication of the location of the documents presenting the accounts with available information on business with related parties, in accordance with IAS 24, or, alternatively, reproduction of this information.**

The information on business with related parties, in accordance with IAS 24, is reproduced in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2015.

## PART II - ASSESSMENT OF CORPORATE GOVERNANCE

### 1. Identification of the adopted corporate governance code

**The Corporate Governance Code to which the company is subject or has voluntarily decided to adopt should be identified, under the terms and for the effects of article 2 of the present Regulation.**

Apart from the applicable legal and regulatory rules, namely the Commercial Companies Code, the Securities Market Code and Regulations of the CMVM, especially Regulation number 4/2013, TD,SA has chosen not adopt any Corporate Governance Code other than that issued by the CMVM in 2013.

**The location available to the public where the texts on corporate governance codes to which the issuer is subject should be indicated (article 245-A, number 1, subparagraph p)).**

The aforesaid Corporate Governance Code issued by the CMVM in 2013 may be consulted at [www.cmvm.pt](http://www.cmvm.pt).

### 2. Analysis of compliance with the adopted corporate governance code

**Under the terms of article 245-A number 1, subparagraph o), the statement on the endorsement of the corporate governance code to which the issuer is subject should be presented, specifying which, if any, parts of this code there is divergence and the reasons for this divergence.**

**The information to be presented should include, for each recommendation:**

- a) Information which enables appraising compliance with the recommendation or reference to the point of the report where the issue is discussed in detail (chapter, title, point and page);**
- b) Justification for any non-compliance or partial compliance;**
- c) In the case of non-compliance or partial compliance, identification of any alternative mechanism adopted by the company for the effect of pursuing the same objective of the recommendation.**

### 3. Other information

**The company should provide any elements or additional information which, not having been presented in the preceding points, are relevant for the comprehension of the model and governance practices that have been adopted.**

The points included in number 2 should be developed simultaneously, since they are interrelated.

Among the 41 Recommendations comprising the aforesaid Corporate Governance Code of the CMVM, the Company does not adopt eleven and partially adopts six.

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
I.1	Companies should encourage their shareholders to participate and vote at general meetings, in particular, by not establishing an excessively high number of shares required for access to the right to one vote and implementing the indispensable means for the exercise of the right to vote by correspondence and electronically.	Partial	12
I.2	Companies should not adopt mechanisms which hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum greater than that stipulated by law.	Yes	14
I.3	Companies should not establish mechanisms with the effect of causing a time lag between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, unless duly substantiated as being in the long term interests of the shareholders.	Yes	12
I.4	Articles of association of companies which set a limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders, should 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.	Not Applicable	5
I.5	Measures should not be adopted if they imply payments or the incurring of costs by the company in the event of transfer of control or change of the composition of the management board, and which might jeopardising the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.	Yes	6
<b>II</b>	<b>SUPERVISION, MANAGEMENT AND AUDIT</b>		
<b>II.1</b>	<b>SUPERVISION AND MANAGEMENT</b>		
II.1.1	Within the limits established by the law, and unless due to the small size of the company, the board of directors should delegate the daily management of the company, with the delegated competence being identified in the annual Corporate Governance Report.	No	21

	Recommendation	Adoption	Reference
II.1.2	The Board of Directors should ensure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: i) the definition of the strategy and general policies of the company; ii) the definition of the business structure of the group; iii) decisions which should be considered strategic due to the amount involved, risk or special characteristics.	Yes	21
II.1.3	The General and Supervisory Board, apart from performing the supervisory duties entrusted to it, should assume full responsibility in terms of corporate governance, therefore, through statutory provision or equivalent measure, it should be made compulsory that this body issue an opinion on the strategy and main policies of the company, the definition of the group's business structure and the decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the execution of the main policies of the company.	Not Applicable	15
II.1.4	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:		
a)	Ensure competent and independent assessment of the performance of the executive directors and their own overall performance, as well as that of the various existing committees and commissions;	No	24
b)	Reflect on the adopted governance system, structure and practices, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement.	No	24
II.1.5	The Board of Directors or General and Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, with a view to assuring that the risks which are effectively incurred are consistent with these objectives.	Partial	54
II.1.6	The Board of Directors should include a sufficient number of non-executive members so as guarantee effective capacity to monitor, supervise and assess the activities of the other members of the management body.	No	18



	Recommendation	Adoption	Reference
II.1.7	<p>Among the non-executive directors, there should be an adequate proportion of independent directors, taking into consideration the adopted governance model, the size of the company, its shareholder structure and respective free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is appraised under the terms of the current legislation and, regarding the other members of the Board of Directors, members are considered independent when they are neither associated to any specific group of interests in the company nor in any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:</p> <p>a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;</p> <p>b. Having, in the last three years, provided services or established significant business relations with the company or companies which are in a controlling or group relationship with the former, whether directly or as a partner, administrator, manager or director of a legal person;</p> <p>c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;</p> <p>d. Living in non-marital cohabitation or being the spouse, parent or family member in a straight line and up to the 3rd degree, inclusively, in a collateral line, of directors or natural persons who directly or indirectly hold a qualifying stake;</p> <p>e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.</p>	No	18
II.1.8	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	18
II.1.9	The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board, and the Chairman of the Financial Matters Committee, the call notices and minutes of the respective meetings.	Yes	18
II.1.10	Should the chairman of the management body perform executive duties, this body should indicate, from among its members, an independent director to assure the coordination of the work of the other non-executive members, and the conditions to enable them to take decisions in an independent or informed manner or find other equivalent mechanisms to assure this coordination.	Not Applicable	18

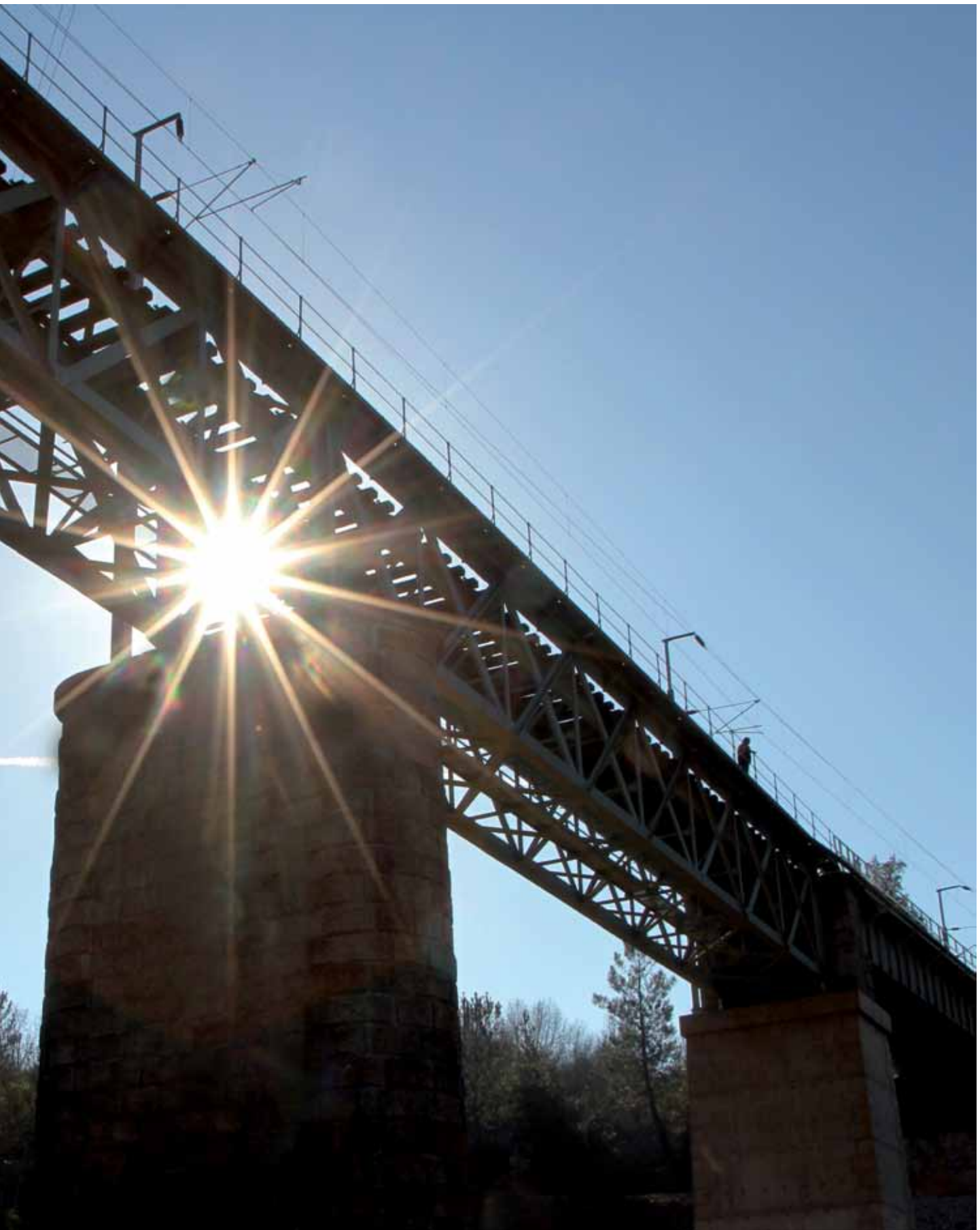
	Recommendation	Adoption	Reference
<b>II.2</b>	<b>SUPERVISION</b>		
II.2.1	According to the applicable model, the chairman of the Supervisory Board, Audit Committee or Financial Matters Committee should be independent, according to the applicable legal criteria, and possess adequate competence to perform the respective duties.	Yes	32
II.2.2	The supervisory body should be the main agent for communication with the external auditor and first receiver of the respective reports, being responsible, namely, for proposing the remuneration of the external auditor and ensuring the existence of the appropriate conditions for the provision of the services within the company.	No	45
II.2.3	The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the external auditor's dismissal or termination of its service contract whenever there are fair grounds for the effect.	Yes	45
II.2.4	The supervisory body should assess the operation of the internal control and risk management systems, and propose any adjustments deemed necessary.	No	51
II.2.5	The Audit Committee, General and Supervisory Board and Financial Matters Committee should issue an opinion on the work plans and resources allocated to the internal audit services and services which endeavour to assure compliance with the rules applied to the company (compliance services) and should receive the reports produced by these services at least when related to matters concerning the presentation of accounts, the identification or settlement of conflicts of interests and the detection of potential illegalities.	No	51
<b>II.3</b>	<b>ESTABLISHMENT OF REMUNERATIONS</b>		
II.3.1	All the members of the Remuneration Committee or equivalent should be independent from the executive members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	Partial	67 and 68
II.3.2	No legal or natural person who has provided, during the last three years, services to the any structure directly under the management body, the actual management body of the company or who has an current relationship with any consultant of the company or with the company's consultants 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	67

	Recommendation	Adoption	Reference
II.3.3	<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, also contain:</p> <p>a) Identification and explanation of the criteria for the determination of the remuneration to be attributed to the members of the governing bodies;</p> <p>b) Information on the potential maximum amount, both in individual and aggregate terms, payable to the members of the governing bodies, and identification of the circumstances when these maximum amounts may be due;</p> <p>d) Information on the enforceability or non-enforceability of payments relative to the dismissal or termination of office of directors.</p>	Partial	69
II.3.4	<p>The proposal relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for an appropriate assessment of the plan.</p>	Not Applicable	85
II.3.5	<p>The proposal relative to approval of any retirement benefit scheme established in favour of the members of the governing bodies should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the scheme.</p>	No	76
<b>III</b>	<b>REMUNERATIONS</b>		
III.1	<p>The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.</p>	Yes	70
III.2	<p>The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the company's performance or its value.</p>	Yes	18 and 81
III.3	<p>The variable component of the remuneration should be reasonable as a whole in relation to the fixed component of the remuneration, and maximum limits should be established for all the components.</p>	Partial	71
III.4	<p>A significant part of the variable remuneration should be deferred for a period not less than three years, and the right to its receipt should be subject to the continued positive performance of the company over this period.</p>	Yes	72
III.5	<p>The members of the management body should not enter into 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>	Yes	71

	Recommendation	Adoption	Reference
III.6	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.	Not Applicable	73
III.7	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.	Not Applicable	74
III.8	When the dismissal of a director does not arise from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance the company should be endowed with the appropriate and necessary legal instruments so that no indemnity or compensation, apart from that legally owed, should be payable.	No	83
<b>IV</b>	<b>AUDIT</b>		
IV.1	The external auditor should, under its competence, verify the application of the policies and systems for the remuneration of the governing bodies, the effectiveness and functioning of the internal control mechanisms and report any flaws to the company's supervisory board.	Partial	51 and 67
IV.2	The company or any entities in a controlling relationship with it should not contract from the external auditor, or from any entities in a group 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	37, 41 and 46
IV.3	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	44
<b>V</b>	<b>CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES</b>		
VI	The Company's business with shareholders of qualifying stakes, or with entities which are in any relationship with them, under the terms of article 20 of the Securities Market Code, should be conducted under normal market conditions.	Yes	10

	Recommendation	Adoption	Reference
V.2	The supervisory or audit body should establish the necessary procedures and criteria for the definition of the relevant level of significant business with shareholders holding qualifying stakes, or with entities which are engaged with them in any of the relations established in number 1 of article 20 of the Securities Market Code, where the conduct of business of significant relevance should depend on the prior opinion of this body.	No	10
<b>VI.</b>	<b>INFORMATION</b>		
VI.1	Companies should provide, through their website, in Portuguese and English, access to information which enables knowledge on their evolution and current reality in economic, financial and governance terms.	Yes	59
VI.2	Companies should ensure the existence of an investor support office and permanent contact with the market, which responds to requests submitted by investors in due time, and records should be kept of the submitted requests and their subsequent treatment.	Yes	56 and 58

# Individual Financial Statements **2015**



(Values in thousand euros)

The Notes are an integral part of the Balance Sheet as at 31 December 2015 and 2014.

Headings	Notes	2015	2014
<b>Assets</b>			
<b>Non-current assets:</b>			
Tangible fixed assets	7	28	31
Goodwill	8	32,504	-
Intangible assets	6	90	81
Financial holdings - equity method	8	1,135,429	507,552
Other financial assets	8	-	70,000
Deferred tax assets	10	3,004	-
Other accounts receivable	11.1	-	52,955
		<b>1,171,055</b>	<b>630,619</b>
<b>Current assets:</b>			
Customers	5 and 11.1	8,586	2,527
State and other public bodies	11.1	5,927	21,426
Other accounts receivable	11.1	25,925	16,256
Deferrals		10	-
Cash and bank deposits	4	134	122
		<b>40,582</b>	<b>40,331</b>
<b>Total Assets</b>		<b>1,211,637</b>	<b>670,950</b>
<b>Equity and Liabilities</b>			
<b>Equity:</b>			
Paid-up share capital	19	210,000	210,000
Legal reserves	19	31,500	21,000
Other reserves	19	224,610	175,390
<b>Retained earnings:</b>			
Non-attributed profits - equity method		(191,427)	(135,964)
<b>Adjustments to financial assets:</b>			
Non-attributed profits - equity method		191,427	135,964
Other adjustments to financial assets		68,501	63,009
		<b>534,611</b>	<b>469,399</b>
Net income for the period		24,978	65,390
<b>Total Equity</b>		<b>559,589</b>	<b>534,789</b>
<b>Liabilities</b>			
<b>Non-current liabilities:</b>			
Loans received	11.2 and 18	13,050	5,651
Other accounts payable	11.2 and 18	387,275	1,739
		<b>400,325</b>	<b>7,390</b>
<b>Current liabilities:</b>			
Suppliers	11.2 and 18	542	606
State and other public bodies	11.2 and 18	787	546
Loans received	11.2 and 18	180,626	97,641
Other accounts payable	11.2 and 18	69,288	29,978
Deferrals		480	-
		<b>251,723</b>	<b>128,771</b>
<b>Total Liabilities</b>		<b>652,048</b>	<b>136,161</b>
<b>Total Equity and Liabilities</b>		<b>1,211,637</b>	<b>670,950</b>



Income and costs	Notes	2015	2014
Sales and services rendered	9	12,351	12,599
Gains/(losses) imputed to subsidiaries	8	28,449	66,365
Cost of goods sold and materials used		-	-
External supplies and services	15	(4,085)	(4,358)
Staff costs	14	(8,628)	(8,557)
Other income and gains	16	44	167
Other costs and losses	17	(60)	(92)
<b>Earnings before interest, taxes, depreciation and amortisation</b>		<b>28,071</b>	<b>66,124</b>
Depreciation and amortisation costs	6 and 7	(35)	(7)
<b>Net operating income (earnings before interest and taxes)</b>		<b>28,036</b>	<b>66,117</b>
Interest and similar income received	9 and 13	3,547	8,082
Interest and similar costs paid		(7,853)	(7,464)
<b>Earnings before tax</b>		<b>23,730</b>	<b>66,735</b>
Income tax for the period	10	1,248	(1,345)
<b>Net income for the period</b>		<b>24,978</b>	<b>65,390</b>

(Values in thousand euros)

The Notes are an integral part of the  
Income statement by nature for the  
periods ended on  
31 December 2015 and 2014

(Values in thousand euros)

The Notes are an integral part of the Statement of changes in equity for the periods ended on 31 December 2015 and 2014

Description	Notes	Equity attributed to shareholders						Net income for the period	Total
		Paid-up share capital	Legal reserves	Other reserves	Retained earnings	Adjustments to financial assets of subsidiaries			
Balance as at 1 January 2014	1	210,000	10,000	128,661	(118,184)	123,532	64,029	418,038	
Changes in the period:									
Application of the equity method	8	-	-	-	(17,780)	75,441	-	57,661	
	2	-	-	-	(17,780)	75,441	-	57,661	
Net income for the period	3						65,390	65,390	
Comprehensive net income for the period 4=2+3								123,051	
Transactions with shareholders in the period:									
Appropriation of net income		-	11,000	46,729	-	-	(57,729)	-	
Dividends	4	-	-	-	-	-	(6,300)	(6,300)	
	5	-	11,000	46,729	-	-	(64,029)	(6,300)	
Balance as at 31 December 2014	6=1+2+3+5	210,000	21,000	175,390	(135,964)	198,973	65,390	534,789	
Balance as at 1 January 2015	7	210,000	21,000	175,390	(135,964)	198,973	65,390	534,789	
Changes in the period:									
Application of the equity method	8	-	-	-	(55,463)	60,955	-	5,492	
	8	-	-	-	(55,460)	60,952	-	5,492	
Net income for the period	9						24,978	24,978	
Comprehensive net income for the period 10=8+9								30,470	
Transactions with shareholders in the period:									
Appropriation of net income	19	-	10,500	49,220	-	-	(59,720)	-	
Dividends	4 and 19	-	-	-	-	-	(5,670)	(5,670)	
	11	-	10,500	49,220	-	-	(65,390)	(5,670)	
Balance as at 31 December 2015	12=7+8+9+11	210,000	31,500	224,610	(191,427)	259,928	24,978	559,589	

	Notes	2015	2014	(Values in thousand euros)
<b>Operating Activities:</b>				
Revenue from customers		11,780	7,989	
Payments to suppliers		(3,931)	(3,472)	
Staff payments		(7,151)	(7,214)	
<b>Cash flow generated by operations</b>		<b>698</b>	<b>(2,697)</b>	
Income tax payment/revenue		3,655	13,327	
Other revenue/payments		(3,852)	(3,334)	
<b>Cash flow from operating activities (1)</b>		<b>501</b>	<b>7,296</b>	
<b>Investment Activities:</b>				
<b>Payments relative to:</b>				
Tangible fixed assets		(1)	(46)	
<b>Revenue derived from:</b>				
Interest and similar income		4,903	5,738	
Dividends	4	12,500	52,500	
<b>Cash flow from investment activities (2)</b>		<b>(122,391)</b>	<b>58,192</b>	
<b>Financing Activities:</b>				
<b>Revenue derived from:</b>				
Loans received		74,934	44,619	
<b>Payments relative to:</b>				
Loans received		15,401	(96,079)	
Related parties		43,555	-	
Interest and similar costs		(6,318)	(7,632)	
Dividends	4 and 19	(5,670)	(6,300)	
<b>Cash flow from financing activities (3)</b>		<b>121,902</b>	<b>(65,392)</b>	
<b>Net change in cash and cash equivalents (1+2+3)</b>		<b>12</b>	<b>96</b>	
<b>Cash and cash equivalents at the beginning of the period</b>	4	<b>122</b>	<b>26</b>	
<b>Cash and cash equivalents at the end of the period</b>	4	<b>134</b>	<b>122</b>	

The Notes are an integral part of the Cash flow statement for the periods ended on 31 December 2015 and 2014

## Notes

### 1. INTRODUCTION

TEIXEIRA DUARTE, S.A. ("Company"), legal person number 509.234.526, with head office in Porto Salvo, was incorporated on 30 November 2009, and its core business is the undertaking and management of investments, the coordination and supervision of other companies included 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 companies in which the Group has a stake or entities with which contracts have been concluded for this purpose.

The financial statements attached herewith refer to the Company on an individual basis, with the financial investments in subsidiaries having been recorded through the equity method, as explained in Note 3.2. a).

All the values of these notes are expressed in thousand euros.

### 2. ACCOUNTING STANDARDS

2.1. 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. MAIN ACCOUNTING POLICIES

#### 3.1. Basis of measurement

The financial statements were prepared pursuant to the historical cost convention, based on the accounting ledgers and records of the Company kept in accordance with the NCRF.

#### 3.2. Relevant accounting policies

##### 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 aforesaid method.

Differences between the acquisition cost of investments in subsidiaries and associates, if positive, are recorded as Goodwill or maintained under the heading of investments in subsidiaries and associates. Where the acquisition cost is less than the fair value of the identified net assets, the calculated difference (negative Goodwill) is recorded as a gain for the period in which the acquisition occurs, under the heading "Other income and gains".

In accordance with the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net results of the associate and subsidiary companies against "Gains and losses in subsidiaries", and by any other variations which might have occurred in their equity against the heading "Other adjustments in financial assets", as well as by the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of financial investments.

##### b) Tangible fixed assets

Tangible assets used in production, services rendered or for administrative use are recorded at acquisition or cost, including the expenses incurred with their acquisition, minus accumulated depreciation and impairment losses, when applicable.

Tangible 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 their intended purpose and cease when the assets are divested or become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

Years of useful life	
Administrative equipment	3-10

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 when the underlying assets are concluded or in use.

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 income and gains" or "Other costs and losses".

#### **c) Intangible assets**

Intangible assets essentially comprise contractual rights over the use of computer programmes, and are stated at acquisition cost minus accumulated amortisation and impairment losses. Intangible assets are recognised only if it is probable that they will produce future economic benefits for the Company, are controllable by the company and their value can be measured reliably.

Internal costs related to the maintenance and development of software are recorded as costs in the income statement when incurred, except when such costs refer directly to projects which will probably generate future economic benefits for the company. In such cases, these costs are capitalised as intangible assets.

Amortisation is calculated, as of the date when they are available for their intended use, by the straight-line method, in accordance with the period of utility that the Company expects for the assets concerned. Amortisation is carried out in accordance with the following estimated useful lives:

Years of useful life	
Computer programmes	3

#### **d) Accrual basis**

Income and costs are recorded pursuant to the accrual accounting principle, being recognised as and when they are generated.

When the real value of the costs and income is unknown, they are estimated.

The differences between the amounts received and paid and the corresponding income and costs are recorded under "Other accounts receivable" and "Deferrals" in the Assets and under "Other accounts payable" and "Deferrals" in the Liabilities.

#### **e) Borrowing costs**

Borrowing 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 start-up of the preparation of construction activities or development of the asset and is stopped 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.

#### **f) Revenue**

Revenue derived from the sale of goods is recognised in the income statement when the following conditions have been met:

- The Company has transferred to the buyer the significant risks and rewards inherent to the ownership of the assets;
- The Company maintains neither continued managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated to the transaction will flow into the Company; 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. Revenue arising from services rendered is recognised in the income statement relative to the stage of completion of the services on the reporting date.

#### **g) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party in the contractual relationship.

##### Cash and bank deposits

The amounts included in the "Cash and bank deposits" heading correspond to cash, bank deposits, term deposits and other cash investments with a maturity of less than three months, and which are immediately repayable on demand with no significant risk of change in value.

##### Accounts receivable

Accounts receivable are measured, when recognised initially, at fair value and subsequently at their amortised cost in accordance, which does not usually differ from their nominal value. When there is indication that they are impaired, their adjustment is recorded through profit or loss. 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.

##### 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.

##### 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.

##### Accounts payable

Accounts payable are initially recognised at their fair value and subsequently stated at their amortised cost, which does not usually differ from their nominal value, minus estimated impairment losses.

##### 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 through the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are stated in accordance with the accrual accounting principle, being added to the book value of the loan if they are not settled during the period.

#### **h) Liabilities related to pensions**

The Company offers retirement insurance to its employees, constituted under a social policy and policy of incentives to workers. Considering their optional nature, the Board of Directors is exclusively responsible for deciding on contributions as deemed appropriate at any given time, in view of the Company's performance and economic and financial situation. Thus, these contributions are recorded as a cost on the date when they fall due.

Notwithstanding their optional origin, the contributions made by the Company are exclusively those established in applicable tax legislation.

#### **i) Income tax**

The Company is subject to the special taxation scheme for groups of companies (RETGS) established in article 69 of the Corporate Income Tax Code, where Teixeira Duarte, S.A. has been the controlling company since 1 January 2012.

"Income tax for the period" recorded in the income statement corresponds to the sum of current tax and deferred tax.

Current income tax is calculated based on the taxable profit of the Company in accordance with the tax rules in force. Taxable income may differ from accounting income, since it may exclude several costs and income that are only deductible or taxable in future periods, as well as costs and income that will never be deductible or taxable.

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), as required by NCRF 25 - Income Tax.

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. Deferred tax liabilities are recognised for all taxable temporary differences.

At the end of each period, a review is made of the recorded deferred taxes, with their amount being adjusted according to expectations of their future use.

Deferred taxes are recorded as a cost or income for the period, unless they arise from values recorded directly under equity, in which case the deferred tax is also recorded under the same heading.

#### **j) 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 even disclosed.

### **3.3. Value judgements of the Board of Directors**

When preparing the financial statements, the Company adopted certain assumptions and estimates which affect the related 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.

The most significant accounting estimates reflected in the financial statements include: i) accruals and deferrals; ii) impairment analyses; and iii) the useful lives of tangible fixed assets and intangible assets.

The estimates were determined based on the best information available on the date of preparation of the financial statements and on the best knowledge and experience of past and/or current events. However, situations might occur in subsequent periods which, not having been predictable on that date, were not considered in these estimates. Any alterations to the estimates, which occur subsequently to the date of the financial statements, will be corrected prospectively in the income statement.



#### 4. CASH FLOW

##### Cash and bank deposits

The breakdown of cash and bank deposits as at 31 December 2015 and 2014 is as follows:

	2015	2014
Bank deposits repayable on demand	134	122
	<b>134</b>	<b>122</b>

##### Cash flow from investment activities

The revenue derived from dividends during the periods ended on 31 December 2015 and 2014 was as follows:

	2015	2014
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	12,500	52,500
	<b>12,500</b>	<b>52,500</b>

##### Cash flow from financing activities

The General Meeting of Shareholders, held on 26 June 2015, deliberated the distribution of dividends of the value of 5,670 thousand euros, corresponding to 0.014 euros per share, taking into consideration the individual financial statements of the Company as at 31 December 2014, with their payment having taken place in June 2015 (Note 19).

Dividends of 6,300 thousand euros were paid up in June 2014, relative to the period ended on 31 December 2013.

#### 5. RELATED PARTIES

##### Remunerations of the Company's governing bodies and senior management

The remunerations attributed to the members of the Company's governing bodies, for the periods ended on 31 December 2015 and 2014, were as follows:

	2015	2014
<b>Executive directors:</b>		
Short term benefits	1,512	1,738
<b>Supervisory board:</b>		
Short term benefits	66	61
<b>Statutory auditor:</b>		
Short term benefits	61	61
	<b>1,639</b>	<b>1,860</b>

The remunerations attributed to the members of the Company's senior management, for the periods ended on 31 December 2015 and 2014, were as follows:

	2015	2014
<b>Senior staff:</b>		
Short term benefits	1,013	1,059

##### Balances and transactions:

The terms or conditions practiced between the Company and its related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable operations.

During the periods ended on 31 December 2015 and 2014, the balances with subsidiaries and other related parties were as follows:

	Balance receivable		Additional paid-in capital		Balance payable		Loans received		Other debts receivable and payable	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Subsidiaries:</b>										
TEIXEIRA DUARTE – Engenharia e Construções, S.A.	2,717	1,096	-	70,000	357	-	3,510	-	(440,604)	32,734
TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.	39	-	-	-	-	-	-	-	6,937	(1,461)
TDGI – Tecnologia de Gestão de Imóveis, S.A.	143	86	-	-	-	-	-	-	2,008	688
	<b>2,899</b>	<b>1,182</b>	<b>-</b>	<b>70,000</b>	<b>357</b>	<b>-</b>	<b>3,510</b>	<b>-</b>	<b>(431,659)</b>	<b>31,961</b>
<b>Other related parties:</b>										
ALVALADE – Empreendimentos Turísticos e Hoteleiros, Lda.	229	6	-	-	-	-	-	-	-	-
ANGOÍMO – Empreendimentos e Construções, Lda.	220	16	-	-	-	-	-	-	-	-
CND – Companhia Nacional de Distribuição, Lda.	1,119	216	-	-	-	-	-	-	-	-
C+PA – Cimento e Produtos Associados, S.A.	-	-	-	-	-	-	-	-	356	-
EMPA, S.A. – Serviços de Engenharia	354	1	-	-	-	-	-	-	-	-
EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A.	36	63	-	-	-	-	-	-	(456)	333
ESTA – Gestão de Hotéis, S.A.	21	31	-	-	-	-	-	-	378	521
Go Corp Travel Solutions, S.A.	17	-	-	-	-	-	-	-	433	19
Hotel Trópico, S.A.	125	7	-	-	-	-	-	-	-	-
IMOTD – SGPS, S.A.	-	-	-	-	-	-	-	-	1,470	793
IMOPREDOUÇOS – Sociedade Imobiliária, S.A.	-	-	-	-	-	-	-	-	28	19
LAGOAS Hotel, S.A.	18	16	-	-	45	-	-	-	(247)	(156)
QUINTA DE CRAVEL – Imobiliária, S.A.	-	-	-	-	-	-	-	-	(323)	(184)
RECOLTE – Serviços e Meio Ambiente, S.A.	81	47	-	-	-	-	-	-	152	4
RECOLTE, Servicios Y Medioambiente, S.A.U.	262	114	-	-	-	-	-	-	-	-
SINERAMA – Organizações Turísticas e Hoteleiras, S.A.	7	4	-	-	-	-	-	-	33	13
SOMAFEL – Engenharia e Obras Ferroviárias, S.A.	60	64	-	-	-	-	-	-	-	-
TEIXEIRA DUARTE – DISTRIBUIÇÃO, S.A.	62	71	-	-	-	-	-	-	6,583	4,497
TEIXEIRA DUARTE – Engenharia e Construções, S.A. (Angola Branch)	1,142	241	-	-	-	-	-	-	-	-
TEIXEIRA DUARTE – Engenharia e Construções (Moçambique), Lda.	231	182	-	-	-	-	-	-	-	-
TDHOSP – Gestão de Edifício Hospitalar, S.A.	2	2	-	-	-	-	-	-	(1,514)	(1,414)
TDE – Empreendimentos Imobiliários, S.A.	-	-	-	-	-	-	-	-	(293)	(148)
TDGI – Tecnologia de Gestão de Imóveis (Angola), Lda.	103	18	-	-	-	-	-	-	-	-
TDH – Sociedade Gestora de Participações Sociais, S.A.	-	-	-	-	-	-	-	-	(17)	(88)
TDHC – Instalações para Desporto e Saúde, S.A.	19	19	-	-	-	-	-	-	(722)	(399)
TDVIA – Sociedade Imobiliária, S.A.	-	-	-	-	-	-	-	-	(1,147)	(556)
TEDAL – Sociedade Gestora de Participações Sociais, S.A.	-	-	-	-	-	-	-	-	266	478
TDA – Comércio e Indústria, Lda.	468	2	-	-	-	-	-	-	-	-
HOTEL BAÍA, Lda.	219	2	-	-	-	-	-	-	-	-
V8 – Gestão Imobiliária, S.A.	-	-	-	-	-	-	-	-	(615)	(384)
Other	824	126	-	-	-	-	-	-	(147)	(139)
	<b>5,619</b>	<b>1,248</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,218</b>	<b>3,209</b>
	<b>8,518</b>	<b>2,430</b>	<b>-</b>	<b>70,000</b>	<b>402</b>	<b>-</b>	<b>3,510</b>	<b>-</b>	<b>(427,441)</b>	<b>35,170</b>

During the periods ended on 31 December 2015 and 2014, the transactions with subsidiaries and other related parties were as follows:

	Sales and Services Rendered		Intra-group Services Rendered		Financial Income and Gains		Purchases and Services Received	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Subsidiaries:</b>								
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	3,635	4,032	2,730	1,136	4,896	5,736	2,365	1,792
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	32	-	154	30	-	-	-	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	199	132	501	167	-	-	-	-
	<b>3,866</b>	<b>4,164</b>	<b>3,385</b>	<b>1,333</b>	<b>4,896</b>	<b>5,736</b>	<b>2,365</b>	<b>1,792</b>
<b>Other related parties:</b>								
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	154	6	70	-	-	-	-	-
ANGOÍMO - Empreendimentos e Construções, Lda.	81	16	124	-	-	-	-	-
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	56	9	82	-	-	-	-	-
BONAPARTE - Imóveis Comerciais e Participações, S.A.	5	4	34	26	-	-	-	-
CND - Companhia Nacional de Distribuição, Lda.	600	216	303	-	-	-	-	-
COMÉRCIO AUTOMÓVEIS, Lda.	-	-	99	-	-	-	-	-
CONSTRUSALAMONDE, ACE	1	1	58	46	-	-	-	-
DIGAL - Distribuição e Comércio, S.A.	23	22	150	105	-	-	-	-
EMPA, S.A. - Serviços de Engenharia	329	1	263	-	-	-	-	-
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	129	101	101	90	-	-	-	-
ESTA - Gestão de Hotéis, S.A.	43	42	66	50	-	-	-	-
EVA - Sociedade Hoteleira, S.A.	14	17	52	47	-	-	-	-
Hotel Trópico, S.A.	28	7	90	-	-	-	-	-
INVICTAAMBIENTE - Recolha de Resíduos e Limpeza Pública, S.A.	3	1	24	50	-	-	-	-
LAGOAS Hotel, S.A.	19	15	71	59	-	-	83	40
OFM - Obras Fluviais e Marítimas, S.A.	40	58	164	136	-	-	-	-
PETRIN - Petróleos e Investimentos, S.A.	12	53	17	121	-	-	-	-
RECOLTE - Serviços e Meio Ambiente, S.A.	58	41	256	134	-	-	-	-
RECOLTE, Servicios Y Medioambiente, S.A.U.	83	76	66	38	-	-	-	-
ROCHORIENTAL - Sociedade Hoteleira, S.A.	8	10	44	30	-	-	4	-
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	9	8	55	31	-	-	-	1
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	109	127	276	214	-	-	-	-
TDA - Comércio e Indústria, Lda.	262	2	203	-	-	-	-	-
TEIXEIRA DUARTE - DISTRIBUIÇÃO, S.A.	118	115	241	136	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Angola Branch)	307	241	594	-	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	369	182	204	-	-	-	-	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	6	7	13	23	-	-	-	-
TDHC - Instalações para Desporto e Saúde, S.A.	26	24	68	49	-	-	-	-
Other	526	78	822	135	-	-	-	-
	<b>3,418</b>	<b>1,480</b>	<b>4,610</b>	<b>1,520</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>41</b>
	<b>7,284</b>	<b>5,644</b>	<b>7,995</b>	<b>2,853</b>	<b>4,896</b>	<b>5,736</b>	<b>2,452</b>	<b>1,833</b>

## 6. INTANGIBLE ASSETS

During the period ended on 31 December 2015, the movements in intangible assets and their accumulated amortisation were as follows:

	Computer programmes	Intangible assets in progress	Total
<b>Gross assets:</b>			
Balance as at 1 January 2015	39	43	82
Additions	6	26	32
Transfers and write-offs	43	(43)	-
Balance as at 31 December 2015	88	26	114
<b>Accumulated amortisation:</b>			
Balance as at 1 January 2015	1	-	1
Additions	23	-	23
Balance as at 31 December 2015	24	-	24
Net value as at 31 December 2015	64	26	90

During the period ended on 31 December 2014, the movements in intangible assets and their accumulated amortisation were as follows:

	Computer programmes	Intangible assets in progress	Total
<b>Gross assets:</b>			
Balance as at 1 January 2014	-	-	-
Additions	39	43	82
Balance as at 31 December 2014	39	43	82
<b>Accumulated amortisation:</b>			
Balance as at 1 January 2014	-	-	-
Additions	1	-	1
Balance as at 31 December 2014	1	-	1
Net value as at 31 December 2014	38	43	81

## 7. TANGIBLE FIXED ASSETS

During the period ended on 31 December 2015, the movements in tangible fixed assets and their accumulated depreciation were as follows:

	Administrative equipment
<b>Gross assets:</b>	
Balance as at 1 January 2015	37
Additions	10
Transfers and write-offs	-
<b>Balance as at 31 December 2015</b>	<b>47</b>
<b>Accumulated depreciation:</b>	
Balance as at 1 January 2015	6
Additions	13
<b>Balance as at 31 December 2015</b>	<b>19</b>
<b>Net value as at 31 December 2015</b>	<b>28</b>

During the period ended on 31 December 2014, the movements in tangible fixed assets and their accumulated depreciation were as follows:

	Administrative equipment
<b>Gross assets:</b>	
Balance as at 1 January 2014	-
Additions	37
<b>Balance as at 31 December 2014</b>	<b>37</b>
<b>Accumulated depreciation:</b>	
Balance as at 1 January 2014	-
Additions	6
<b>Balance as at 31 December 2014</b>	<b>6</b>
<b>Net value as at 31 December 2014</b>	<b>31</b>

## 8. INVESTMENTS IN SUBSIDIARIES

For the period ended on 31 December 2015, the Company recorded the following financial holdings measured by the equity method:

Corporate name	Head office	Effective percentage holding
Teixeira Duarte - Engenharia e Construções, S.A.	Edifício 2, Lagoas Park Porto Salvo - Oeiras	100.00%
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo - Oeiras	100.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 1, Lagoas Park Porto Salvo - Oeiras	100.00%

The main financial information relative to this subsidiary, as at 31 December 2015 and 2014, is as follows:

	Total assets		Total liabilities		Income		Net income	
	2015	2014	2015	2014	2015	2014	2015	2014
Teixeira Duarte – Engenharia e Construções, S.A.	1,600,660	1,761,439	1,017,256	1,182,290	618,046	821,524	14,083	67,962
Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A.	1,195,134	1,301,920	647,795	685,391	112,415	112,101	48,982	34,108
TDGI – Tecnologia de Gestão de Imóveis, S.A.	18,477	12,344	13,790	8,828	35,810	29,174	3,172	2,299
	<b>2,814,271</b>	<b>3,075,703</b>	<b>1,678,841</b>	<b>1,876,509</b>	<b>766,271</b>	<b>962,799</b>	<b>66,237</b>	<b>104,369</b>

This information corresponds to the statutory accounts of the companies, which were adjusted for the purpose of application of the equity method.

The following movements occurred in the equity stakes in subsidiaries during the periods ended on 31 December 2015 and 2014:

	Equity stakes	Goodwill	Total
<b>Balance as at 1 January 2014</b>	<b>436,026</b>	<b>-</b>	<b>436,026</b>
Effects of the application of the equity method:			
- Effect on net income for the year	66,365	-	66,365
- Effect on equity	57,661	-	57,661
- Dividends received	(52,500)	-	(52,500)
<b>Balance as at 31 December 2014</b>	<b>507,552</b>	<b>-</b>	<b>507,552</b>
<b>Balance as at 1 January 2015</b>	<b>507,553</b>	<b>-</b>	<b>507,553</b>
Increase	756,435	32,504	788,940
Reduction	(150,000)	-	(150,000)
Effects of the application of the equity method:			
- Effect on net income for the year	28,449	-	28,449
- Effect on equity	5,492	-	5,492
- Dividends received	(12,500)	-	(12,500)
<b>Balance as at 31 December 2015</b>	<b>1,135,429</b>	<b>32,504</b>	<b>1,167,934</b>

The increase occurred in the period ended on 31 December 2015 refers to:

	Equity stakes
Acquisition of a stake in Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A.	623,940
Share capital increase in Teixeira Duarte – Engenharia e Construções, S.A.	70,000
Coverage of losses in Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A.	59,000
Acquisition of a stake in TDGI – Tecnologia de Gestão de Imóveis, S.A.	3,495
	<b>756,435</b>

The decrease occurred in the period ended on 31 December 2015 refers to the reduction of capital of Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A. of the value of 150,000 thousand euros.

In the period ended on 31 December 2015, the Company recorded Goodwill amounting to 32,504 thousand euros following the acquisition of 100% of the participated company TDGI – Tecnologia de Gestão de Imóveis, S.A..

The effect of the application of the equity method for the period ended on 31 December 2015 and 2014 is as follows:

	Gains / losses		Equity adjustments		Dividends	
	2015	2014	2015	2014	2015	2014
Teixeira Duarte – Engenharia e Construções, S.A.	14,083	66,365	4,269	57,661	(12,500)	(52,500)
Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A.	13,176	-	11,872	-	-	-
TDGI – Tecnologia de Gestão de Imóveis, S.A.	1,190	-	-	-	-	-
	<b>28,449</b>	<b>66,365</b>	<b>16,141</b>	<b>57,661</b>	<b>(12,500)</b>	<b>(52,500)</b>

## 9. REVENUE

For the periods ended on 31 December 2015 and 2014, the revenue recognised by the Company was broken down as follows:

	2015	2014
Services rendered	12,351	12,599
Interest and similar income	3,547	8,082
	<b>15,898</b>	<b>20,681</b>

On these dates, the Company's turnover was distributed geographically as follows:

	2015	2014
Angola	2,740	2,396
Algeria	-	50
Brazil	558	245
Spain	238	161
Mozambique	726	500
Portugal	8,089	9,243
Venezuela	-	4
	<b>12,351</b>	<b>12,599</b>



## 10. INCOME TAX

The Company is subject to corporate income tax (IRC) at the rate of 21% on the taxable amount. In addition to corporate income tax, the Company might also be subject to the municipal surcharge, incident on taxable profit, and whose rate may vary up to a maximum of 1.5%.

Furthermore, should taxable profit be higher than 1,500 thousand euros, the portion which exceeds the amount of 1,500, 7,500 and 3,500 thousand euros is subject to the state surcharge at the rates of 3%, 5% and 7%, respectively. The Company is also subject to autonomous taxation at the rates and incident on the charges and expenses established in article 88 of the Corporate Income Tax Code.

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). Thus, the periods 2012 to 2015 may still be subject to review. The Board of Directors believes that any corrections which might arise from any tax reviews/inspections to these periods will not have a materially relevant effect on the financial statements reported as at 31 December 2015.

In the calculation of the taxable amount, to which the aforesaid tax rate is applied, the amounts which are not applicable 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 temporary or permanent nature.

Additionally, pursuant to the legislation in force in Portugal, tax losses can be carried forward during a period of six years after their occurrence for the periods up to 2009, four years for the periods of 2010 and 2011, five years for the periods of 2012 and 2013, and twelve years as of 2014, and may be deducted from tax profits generated during that period. As of 1 January 2014, the deduction of tax losses, including tax losses calculated before this period, is limited to 70% of taxable profit calculated for the period in which the deduction is made.

The tax charge recorded for the periods ended on 31 December 2015 and 2014 may be presented as follows:

	2015	2014
Current tax	3,043	105
Deferred tax	(3,995)	1,240
	(952)	1,345

The relationship, in Portugal, between the tax cost and book value profit, for the periods ended on 31 December 2015 and 2014, is as follows:

	2015	2014
<b>Net income for the period</b>	<b>24,978</b>	<b>65,390</b>
Adjustments to taxable profit:		
Definitive differences:		
- To be added	3,043	1,345
- To be deducted	(28,746)	(66,367)
Temporary differences:		
- To be deducted	(3,995)	-
<b>Tax loss / (Profit)</b>	<b>(4,720)</b>	<b>368</b>
<b>Tax base</b>	<b>-</b>	<b>368</b>
Tax	-	92
Other tax components:		
- Autonomous taxation	39	8
- Municipal surcharge	-	5
- Other	3,004	-
<b>Current tax</b>	<b>3,043</b>	<b>105</b>
Deferred tax	(3,995)	1,240
Differences in estimates	(297)	-
<b>Tax costs</b>	<b>(1,248)</b>	<b>1,345</b>

Definitive differences essentially refer to the elimination of the equity method effects (Note 8).

The effective tax rate for the periods ended on 31 December 2015 and 2014 was as follows:

	2015	2014
Current tax	3,043	105
Earnings before tax	23,730	66,735
<b>Effective tax rate</b>	<b>12.82%</b>	<b>0.16%</b>

The movements which occurred in deferred tax assets during the periods ended on 31 December 2015 and 2014 were as follows:

	2015			
	Opening balance	Constitution	Adjustment	Closing balance
<b>Deferred tax assets:</b>				
Tax losses carried forward	-	991	(991)	-
Net borrowing costs	-	3,004	-	3,004
	-	3,995	(991)	3,004

The adjustment recorded in tax losses carried forward for the period ended on 31 December 2015 refers to their use under the RETGS (Note 3.2 i)).

	2014			
	Opening balance	Reversal	Adjustment	Closing balance
Tax losses carried forward	1,250	(1,240)	(10)	-
	1,250	(1,240)	(10)	-

## 11. FINANCIAL INSTRUMENTS

For the periods ended on 31 December 2015 and 2014, the financial assets and liabilities, current and non-current, were broken down as follows:

### 11.1. Financial assets:

#### Customers

As at 31 December 2015 and 2014, the heading of customers was broken down as follows:

	2015		2014	
	Non-group	Group	Non-group	Group
Current account	68	8,518	-	2,527
	68	8,518	-	2,527

#### Other accounts receivable

As at 31 December 2015 and 2014, the heading of other accounts receivable was broken down as follows:

	2015		2014	
	Current	Non-current	Current	Non-current
<b>Accrued income receivable:</b>				
Supplies and services rendered and not invoiced	3,600	-	6,226	-
Interest receivable	1,020	-	2,376	-
	<b>4,620</b>	-	<b>8,602</b>	-
RETGS	11,873	-	7,586	-
Other receivables	9,432	-	68	52,955
	<b>25,925</b>	-	<b>16,256</b>	<b>52,955</b>

#### Other assets

As at 31 December 2015 and 2014, the remaining current assets were broken down as follows:

	2015	2014
<b>State and other public entities:</b>		
Corporate income tax (IRC):		
- Estimated tax	3,609	1,461
- Tax withheld at source	843	4,352
- Payments on account (a)	1,475	15,613
	<b>5,927</b>	<b>21,426</b>

(a) Includes payments on account, additional payments on account and special payments on account

These balances refer to the special taxation scheme for groups of companies - RETGS (Note 10).

The Company's individual amounts, for the headings "Estimated tax" and "Tax withheld at source" are, respectively, 3,609 thousand euros and 258 thousand euros.

## 11.2. Financial liabilities:

### Suppliers

As at 31 December 2015 and 2013, the heading of suppliers was broken down as follows:

	2015		2014	
	Non-group	Group	Non-group	Group
Current account	139	403	606	-
	139	403	606	-

### Other accounts payable

As at 31 December 2015 and 2014, the heading of other accounts payable was broken down as follows:

	2015		2014	
	Current	Non-current	Current	Non-current
<b>Accrued costs payable:</b>				
Expenditures incurred and not invoiced by suppliers	3,666	-	2,456	-
Staff costs	1,061	-	1,020	-
Distribution of net income	1,187	529	1,135	1,739
Interest payable	1,494	-	-	-
Insurance payable	6	-	22	-
	<b>7,414</b>	<b>529</b>	<b>4,633</b>	<b>1,739</b>
Other payables	61,874	386,746	25,345	-
	<b>69,288</b>	<b>387,275</b>	<b>29,978</b>	<b>1,739</b>

The heading of other payables, as at 31 December 2015, includes the amount of 429,246 thousand euros relative to the acquisition of the financial holding in Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with 42,500 thousand euros being current liabilities and 386,746 thousand euros being non-current liabilities.

### Other liabilities

As at 31 December 2015 and 2014, the remaining liabilities were broken down as follows:

	2015	2014
<b>State and other public entities:</b>		
Income tax - Withheld from third parties	141	135
Value added tax - VAT	478	251
Social security	165	157
Other	3	3
	<b>787</b>	<b>546</b>

### Loans received

As at 31 December 2015 and 2014, the heading of loans received was broken down as follows:

	2015		2014	
	Current	Non-current	Current	Non-current
Pledged accounts	133,013	-	58,473	-
Contracted bank overdrafts	41,504	-	36,568	-
Bank loans	2,599	2,600	2,600	5,200
Commercial paper	-	10,450	-	451
Related parties	3,510	-	-	-
	<b>180,626</b>	<b>13,050</b>	<b>97,641</b>	<b>5,651</b>

#### a) Bank loans

As at 31 December 2015, the bank overdrafts and pledged accounts earn interest at normal market rates.

As at 31 December 2015, the Company had contracted a bank loan from Banco do Brasil S.A. of the value of 5,200 thousand euros, granted on 17 October 2014, which shall be repaid by 1,300 thousand euros on a six monthly basis.

#### b) Commercial paper

As at 31 December 2015, the Company has negotiated a grouped commercial paper issue programme, contracted on 28 December 2011, with Banco Comercial Português, S.A., of the total amount of 42,000 thousand euros, which stood at 38,700 euros on the closing date of 2015, in which TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., TEIXEIRA DUARTE - Engenharia e Construções, S.A. and the Company participate. The amounts being used by each on this date were 37,200 thousand, 750 thousand euros and 750 thousand euros, respectively. Each of the issues must necessarily be carried out together by all the issuers and the participation of each issuer cannot be less than 250 thousand euros. The programme shall be enforced up to 30 December 2021, with repayments being foreseen at the end of each semester of 3,300 thousand euros, with the exception of the last instalment which shall be 5,900 thousand euros. 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%.

As at 31 December 2015, the Company had negotiated a grouped commercial paper issue programme contracted on 28 December 2015 with Novo Banco, S.A., of the total amount of 97,000 thousand euros, in which TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., TEIXEIRA DUARTE - Engenharia e Construções, S.A. and the Company take part, with the amounts of 77,600 thousand euros, 9,700 thousand euros and 9,700 thousand euros, respectively. The participation of each company in the programme may vary in each of its issues. The duration of the programme is five years, counted as of the contract signing date, with the interest falling due in advance and the reference rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus a 5.00% spread and determined according to the date of each auction, with the repayment of the last issue being on 6 November 2018. The programme will be subject to partial repayments, to occur on a six-monthly basis as of May 2016 of 2,000 thousand euros, and from May 2018 onwards of 2,500 thousand euros, with the remainder being paid on the date of reimbursement of the last issue.

The above are repayable in accordance with the following repayment periods:

	2015	2014
Less than one year	180,626	97,641
1 to 2 years	2,600	2,600
2 to 3 years	-	2,600
4 to 5 years	-	451
Over 5 years	10,450	-
	<b>193,676</b>	<b>103,292</b>

## 12. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

### Tax proceedings

Following various inspections conducted by the Taxation and Customs Authority (AT) on the accounts of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., a company 100% held directly by the Company, relative to the periods of 2007 to 2012, the following corrections were made to the tax losses that had initially been reported by this subsidiary:

	Calculated tax loss	AT correction
2007	46,632	29,331
2008	50,590	45,938
2009	50,182	24,807
2010	18,165	6,467
2011	12,779	3,213
2012	13,294	3,971

With the exception of the amounts of 611 thousand euros and 1,666 thousand euros, included in the correction to the tax loss for 2008 and 2012, respectively (and 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 in the form of additional paid-in capital.

Since TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. 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 the periods of 2007 to 2011 were subject to additional IRC tax assessments and compensatory interest issued to the controlling company of these periods, TEIXEIRA DUARTE – Engenharia e Construções, S.A. This company objected, under the terms of the law, to the corrections made by the Taxation and Customs Authority to the periods of 2007 to 2010, and is currently preparing an identical proceeding in relation to the corrections for the period of 2011.

Notwithstanding the unfavourable outcome of the claims of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., and, consequently, the controlling company, under the proceedings relative to the period of 2006 on the acceptance, as a tax cost, of the financing costs incurred with the investment made in participated companies under the form of additional paid-in capital, the Board of Directors continues to expect a different outcome for the other periods subject to corrections.

Apart from the corrections described above relative to the participated company TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., the following corrections made by the AT to the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A. are disclosed:

- Correction of the taxable amount calculated for the period of 2008, amounting to 35,467 thousand euros, of which TEIXEIRA DUARTE – Engenharia e Construções, S.A. objected to 32,595 thousand euros, related to tax credit, the system of re-investment of tax gains and the undue application of number 10 of article 22 of the EBF;
- The correction of 461 thousand euros, made by the Tax Authority to the tax credit due to double international taxation calculated by the Company for 2010, and disclosed in the report relative to 31 December 2014, has in the meantime had a favourable outcome in relation to the Company's claims.

### Guarantees

For the effect of suspension of the tax enforcement proceedings filed against the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A., relative to the corporate income tax debt for the period of 2008, in the meantime contested, a bank guarantee has been issued, in favour of the AT, for the amount of 14,752 thousand euros. Subsequently, TEIXEIRA DUARTE – Engenharia e Construções, S.A. applied for the replacement of the bank guarantee by a security that the Company had provided, with this application being refused by the AT. This decision of the AT was contested under the legal terms, having received a favourable decision from the South Administrative Central Court, and its enforcement as the final decision is pending. Should the AT accept this decision to replace the bank guarantee by a security, the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A. shall cancel the bank guarantee of the value of 14,752 thousand euros.

For the effect of suspension of the tax enforcement proceedings filed against the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A., relative to the corporate income tax debt for the period of 2010, in the meantime contested, the Company submitted a security, of the value of 10,139 thousand euros, which was accepted by the AT.

In order to secure the commercial paper contract concluded on 28 December 2011 with Banco Comercial Português, S.A., granted by the Company and other issuers, TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., of the value of 38,700 thousand euros on the closing date of 2015, a general mortgage was constituted on the properties implanted on lots 6, 18 and 19, located in Lagoas Park, owned by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A..

#### Comfort letters

As at 31 December 2015, the Company has issued the following comfort letters provided in favour of Group companies, in the form of bank guarantees:

Company	Currency amount	Currency	Value in thousand euros
ANGÓIMO – Empreendimentos e Construção, Lda.	30,000,000.00	USD	27,556
ANGÓIMO – Empreendimentos e Construção, Lda.	4,390,650,000.00	AON	29,700
CND – Companhia Nacional de Distribuição, Lda.	25,000,000.00	USD	22,963
RECOLTE, Servicios Y Medioambiente, S.A.U.	6,500,000.00	EUR	6,500
TDA – Comércio e Indústria, Lda.	1,891,400,000.00	AON	12,794
			<b>99,513</b>

### 13. FINANCIAL RESULTS

During the periods ended on 31 December 2015 and 2014, the financial results were detailed as follows:

	2015	2014
<b>Financial costs and losses:</b>		
Interest paid	7,078	6,404
Other financial costs and losses	775	1,060
	<b>7,853</b>	<b>7,464</b>
<b>Financial income and gains:</b>		
Interest received	3,547	8,082
<b>Financial results</b>	<b>(4,306)</b>	<b>618</b>

### 14. EMPLOYEE BENEFITS

During the periods ended on 31 December 2015 and 2014, the average number of contracted employees was 166 and 160, respectively.

For the periods ended on these dates, staff costs were broken down as follows:

	2015	2014
Wages	4,931	4,681
Other remunerations	562	691
Charges on remunerations	1,514	1,475
Costs related to governing bodies	1,246	1,243
Distribution of net income	92	300
Insurance	97	56
Other staff costs	186	111
	<b>8,628</b>	<b>8,557</b>



## 15. EXTERNAL SUPPLIES AND SERVICES

For the periods ended on 31 December 2015 and 2014, the external supplies and services were broken down as follows:

	2015	2014
Specialised services	3,419	3,351
Materials	38	407
Travel, hotel and transport expenses	476	524
Miscellaneous services	151	76
	<b>4,085</b>	<b>4,358</b>

## 16. OTHER INCOME AND GAINS

As at 31 December 2015 and 2014, the other income and gains were as follows:

	2015	2014
IT services	34	150
Other services rendered	10	16
Tax refunds	-	1
	<b>44</b>	<b>167</b>

## 17. OTHER COSTS AND LOSSES

As at 31 December 2015 and 2014, the other costs and losses were as follows:

	2015	2014
Stamp duty	-	86
Rates	6	6
Other	54	-
	<b>60</b>	<b>92</b>

## 18. FINANCIAL RISK MANAGEMENT

### General Principles

The Company is exposed to a number of financial risks arising from its activities, where the following deserve special mention:

- Interest rate risks arising from financial liabilities;
- Credit risk, particularly from credit to its customers relative to the Company's operating activities;
- Liquidity risk, as regards the maintenance of cash balance stability.

The Company'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 Company. In addition to the above, it is responsible for identifying, measuring, proposing and implementing measures to manage/mitigate the financial risks to which the Company is exposed.

The main financial risks to which the Company 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 2015 and 2014, the financial liabilities consist, only and exclusively, of variable interest rates.

Had market interest rates been higher (lower) by 1% during the periods ended on 31 December 2015 and 2014, the financial profit/(loss) of these periods would have decreased (increased) by (857) / 857 thousand euros and 116 / (116) thousand euros, respectively.

### Credit risk

As at 31 December 2015 and 2014, the balances of the accounts receivable for which no adjustments were recorded, because the Board of Directors considered that they are realisable, are as follows:

	2015	2014
<b>Balance:</b>		
Not due	4,619	1,560
Up to 180 days	2,760	789
180 to 360 days	546	178
	<b>8,586</b>	<b>2,527</b>

### 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 and financing activities, investments, remuneration of shareholders and debt repayment. In order to mitigate this risk, the Company seeks to maintain a liquidity position and an average maturity of debt that allows it to repay its debt within reasonable periods of time.

The maturity of the financial liabilities as at 31 December 2015 and 2014 is as follows:

	2015				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Suppliers	542	-	-	-	<b>542</b>
State and other public bodies	787	-	-	-	<b>787</b>
Loans received	180,626	2,600	-	10,450	<b>193,676</b>
Other accounts payable	69,288	42,902	42,627	301,746	<b>456,563</b>
Deferrals	480	-	-	-	<b>480</b>
	<b>251,723</b>	<b>45,502</b>	<b>42,627</b>	<b>312,196</b>	<b>652,048</b>

	2014				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Suppliers	606	-	-	-	<b>606</b>
State and other public bodies	546	-	-	-	<b>546</b>
Loans received	97,641	2,600	2,600	451	<b>103,292</b>
Other accounts payable	29,978	587	402	750	<b>31,717</b>
	<b>128,771</b>	<b>3,187</b>	<b>3,002</b>	<b>1,201</b>	<b>136,161</b>

## 19. CAPITAL

### Share capital

As at 31 December 2015, the Company's share capital was fully underwritten and paid-up, and composed of 420,000,000 shares with the nominal value of 0.50 euros each.

As at 31 December 2015, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 203,520,000 shares representing the share capital of TEIXEIRA DUARTE, S.A., corresponding to 48.46% of its share capital.

### Legal reserves

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.

### Other reserves

The other reserves are composed of free reserves, which are available for distribution.

### Appropriation of net income

By decision of the General Meeting, held on 26 June 2015, the accounts for the period of 2014 were approved and it was decided that the recorded Net Income of the value of €65,389,620.98 (sixty-five million, three hundred and eighty-nine thousand, six hundred and twenty euros and ninety-eight cents) should be appropriated as follows:

	Value in euros
Legal reserves	10,500,000.00
Free reserves	49,219,620.98
Dividends	5,670,000.00
	<b>65,389,620.98</b>

## 20. OTHER INFORMATION

The Board of Directors discloses that the Company does not have any debts in arrears to the State, 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 Company's situation with respect to Social Security is settled, within the legally stipulated periods of time.

## 21. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, where the following relevant facts occurred after the closing of the financial year, which were disclosed in due time to the market:

### Contract for the execution of work in Brazil, of the value of 65 million euros

The company held by it, directly and entirely, "Teixeira Duarte - Engenharia e Construções, S.A.", concluded a construction work contract on 10 March with the "Infrastructure State Department - DEINFRA", a body of the Government of the State of Santa Catarina, in Brazil, with its object being the Services for Structural Recovery and Restoration of the Hercílio Luz Bridge, in Florianópolis, in Brazil.

The period established for the implementation of the work is 30 months, with the total value of the contract being 262,928,989 brazilian reais, corresponding to the counter-value of 65,079,822.03 euros.

### Contract for the execution of the third phase of work in Algeria, of the value of 78.6 million euros

The business group composed of its participated companies "Teixeira Duarte - Engenharia e Construções, S.A." (80%) and "Teixeira Duarte Algérie, SPA" (20%), received the additional contract and respective service order issued by Gulf Bank Algeria on 31 March 2016, for the implementation of Phase III, corresponding to the interior and exterior finishing, outdoor arrangements, installations for electricity, heating, ventilation and air conditioning (AVAC), water and sewerage, solar power and façade of the building, as well as the maintenance of the building for a period of 24 months, after completion of the work.

The period established for the implementation of the work is 24 months, with the total value of the contract being 78,644,931.29 equivalent euros, increased by VAT at the legal rate in force, of which 58% will be paid in euros and the remaining 42% in algerian dinar.

This additional contract was awarded following the base contract, signed on 23 November 2014, of the value of 27,313,209.38 equivalent euros, for the implementation of reinforced concrete and metallic structures of a building with five basements and 15 floors above ground and the execution of another contract - a second phase - corresponding to the extension of the structure in reinforced concrete of the building already under construction and the metallic structure for 24 floors, amounting to 7,572,643.26 equivalent euros.

As a whole, i.e. including the three phases, the value of the construction contract reaches 113,530,783.93 equivalent euros, increased by VAT at the legal rate in force.

# Consolidated Financial Statements **2015**




 (Values expressed  
in thousand euros)

 The notes are an integral part of  
the consolidated statement of the  
financial position as at 30 December  
2015

	Notes	2015	2014
<b>Non-current assets:</b>			
Goodwill	19	21,955	29,734
Intangible assets	20	33,262	31,094
Tangible fixed assets	21	630,986	668,117
Investment properties	22	511,683	482,185
Investments in associates and joint ventures	7 & 23	16,874	40,592
Financial assets available for sale	7 & 25	30,427	59,887
Other investments	26	52,970	17,583
Deferred tax assets	27	194,913	171,219
Customers	28	52,087	55,225
Other debtors	28	99	125
Other non-current assets	31	1,242	1,303
<b>Total non-current assets</b>		<b>1,546,498</b>	<b>1,557,064</b>
<b>Current assets:</b>			
Inventories	9 & 10	274,018	355,871
Customers	28	433,569	450,078
Other debtors	28	55,908	74,540
Cash and cash equivalents	30	252,693	191,477
Other investments	26	35	3,889
Other current assets	31	276,538	320,679
		<b>1,292,761</b>	<b>1,396,534</b>
Assets held for sale	24	22,572	409
<b>Total non-current assets</b>		<b>1,315,333</b>	<b>1,396,943</b>
<b>TOTAL ASSETS</b>	<b>7</b>	<b>2,861,831</b>	<b>2,954,007</b>
<b>Equity:</b>			
Equity	33	210,000	210,000
Adjustment of holdings in associates and joint ventures		8,326	9,670
Foreign exchange conversion adjustments		48,126	55,546
Reserves and retained earnings	34	167,822	112,190
Consolidated net income	17	33,653	70,281
<b>Equity attributable to shareholders</b>		<b>467,927</b>	<b>457,687</b>
Non-controlling interests	35	50,290	27,058
<b>TOTAL EQUITY</b>		<b>518,217</b>	<b>484,745</b>
<b>Non-current liabilities:</b>			
Loans	36	665,537	761,515
Provisions	37	52,441	62,095
Finance leases	39	155,889	171,376
Deferred tax liabilities	27	59,019	56,080
Other creditors	38	113	455
Other non-current liabilities	40	70,780	110,002
<b>Total non-current liabilities</b>		<b>1,003,779</b>	<b>1,161,523</b>
<b>Current liabilities:</b>			
Loans	36	734,596	723,345
Suppliers	38	193,896	187,388
Finance leases	39	18,913	20,144
Other creditors	38	34,246	52,978
Other current liabilities	40	358,184	323,884
<b>Total current liabilities</b>		<b>1,339,835</b>	<b>1,307,739</b>
<b>TOTAL LIABILITIES</b>	<b>7</b>	<b>2,343,614</b>	<b>2,469,262</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,861,831</b>	<b>2,954,007</b>

	Notes	2015	2014
<b>Operating income:</b>			
Sales and services rendered	7 & 8	1,411,906	1,679,722
Other operating income	8	79,837	35,813
<b>Total operating income</b>	<b>8</b>	<b>1,491,743</b>	<b>1,715,535</b>
<b>Operating costs:</b>			
Cost of sales	9	(508,423)	(649,408)
Change in production	10	(472)	(2,927)
External supplies and services	11	(408,206)	(454,781)
Staff costs	12	(281,823)	(290,703)
Amortisation and depreciation	7, 20 & 21	(76,256)	(75,537)
Provisions and impairment losses in depreciable and amortisable assets and Goodwill	7 & 37	(12,638)	32,973
Other operating costs	14	(79,019)	(77,917)
<b>Total operating costs</b>		<b>(1,366,837)</b>	<b>(1,518,300)</b>
<b>Operating results</b>	<b>7</b>	<b>124,906</b>	<b>197,235</b>
Financial costs and losses	7 & 15	(372,483)	(269,823)
Financial income and gains	7 & 15	282,755	172,198
Earnings from investment activities:			
Earnings from associates and joint ventures	7 & 15	9,740	(10,598)
Other	7 & 15	7,387	14,544
<b>Financial results</b>		<b>(72,601)</b>	<b>(93,679)</b>
<b>Earnings before tax</b>	<b>7</b>	<b>52,305</b>	<b>103,556</b>
Income tax	16	(11,896)	(37,611)
<b>Consolidated net income for the year</b>		<b>40,409</b>	<b>65,945</b>
<b>Net income attributable to:</b>			
<b>Shareholders</b>	<b>17</b>	<b>33,653</b>	<b>70,281</b>
Non-controlling interests	35	6,756	(4,336)
<b>Earnings per share:</b>			
Basic (euros)	17	0.08	0.17
Diluted (euros)	17	0.08	0.17

(Values expressed  
in thousand euros)The notes are an integral part of the  
consolidated income statement for  
the year ended on 31 December 2015





(Values expressed  
in thousand euros)

The notes are an integral part of the  
consolidated statement of other  
comprehensive income for the year  
ended on 31 December 2015

	Notes	2015	2014
<b>Consolidated net income for the year</b>		<b>40,409</b>	<b>65,945</b>
<b>Income and costs that will not be subsequently reclassified to net income</b>			
Acquisition of non-controlling interests	35	-	(1,051)
Other changes in equity		9,032	(2,085)
		<b>9,032</b>	<b>(3,136)</b>
<b>Income and costs that may be subsequently reclassified to net income</b>			
Fair value of financial assets available for sale	25	(3,346)	(30,039)
Foreign exchange conversion adjustments		(7,377)	94,707
Adjustment of holdings in associates and joint ventures	23	(1,344)	8,001
Derivative financial instruments used for hedging	41	1,768	(5,161)
		<b>(10,299)</b>	<b>67,508</b>
<b>Net income recognised directly in equity</b>		<b>(1,267)</b>	<b>64,372</b>
<b>Comprehensive income for the year</b>		<b>39,142</b>	<b>130,317</b>
<b>Comprehensive income attributable to:</b>			
<b>Shareholders</b>		<b>15,910</b>	<b>138,580</b>
Non-controlling interests		23,232	(8,263)



	Notes	Equity	Adjustment of holdings in associates and joint ventures	Foreign exchange conversion adjustments	Reserves and retained earnings					Consolidated net income	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Fair value reserves	Reserve of hedging operations	Retained earnings				
<b>Balance as at 31 December 2013</b>	<b>33</b>	<b>210,000</b>	<b>1,669</b>	<b>(37,085)</b>	<b>10,000</b>	<b>75,378</b>	<b>34,074</b>	<b>(8,305)</b>	<b>(24,298)</b>	<b>63,974</b>	<b>325,407</b>	<b>35,321</b>	<b>360,728</b>
<b>Comprehensive income for the year:</b>													
Consolidated net income for the year		-	-	-	-	-	-	-	-	70,281	<b>70,281</b>	(4,336)	<b>65,945</b>
Variation in currency conversion adjustments		-	-	92,631	-	-	-	-	-	-	<b>92,631</b>	2,076	<b>94,707</b>
Variation in the fair value and divestment of financial assets available for sale	25	-	-	-	-	-	(30,039)	-	-	-	<b>(30,039)</b>	-	<b>(30,039)</b>
Effect of hedging operations	41	-	-	-	-	-	-	(5,161)	-	-	<b>(5,161)</b>	-	<b>(5,161)</b>
Effect of the application of the equity method	23	-	8,001	-	-	-	-	-	-	-	<b>8,001</b>	-	<b>8,001</b>
Acquisition of non-controlling interests	35	-	-	-	-	-	-	-	(410)	-	<b>(410)</b>	(641)	<b>(1,051)</b>
Other		-	-	-	-	-	-	-	3,277	-	<b>3,277</b>	(5,362)	<b>(2,085)</b>
<b>Operations with shareholders in the year:</b>													
Appropriation of the consolidated net income for 2013:													
Transfer to legal and free reserves		-	-	-	11,000	46,674	-	-	-	(57,674)	-	-	-
Dividends distributed	18	-	-	-	-	-	-	-	-	(6,300)	<b>(6,300)</b>	-	<b>(6,300)</b>
<b>Balance as at 31 December 2014</b>		<b>210,000</b>	<b>9,670</b>	<b>55,546</b>	<b>21,000</b>	<b>122,052</b>	<b>4,035</b>	<b>(13,466)</b>	<b>(21,431)</b>	<b>70,281</b>	<b>457,687</b>	<b>27,058</b>	<b>484,745</b>

	Notes	Equity	Adjustment of holdings in associates and joint ventures	Foreign exchange conversion adjustments	Reserves and retained earnings					Consolidated net income	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Fair value reserves	Reserve of hedging operations	Retained earnings				
<b>Balance as at 31 December 2014</b>	<b>33</b>	<b>210,000</b>	<b>9,670</b>	<b>55,546</b>	<b>21,000</b>	<b>122,052</b>	<b>4,035</b>	<b>(13,466)</b>	<b>(21,431)</b>	<b>70,281</b>	<b>457,687</b>	<b>27,058</b>	<b>484,745</b>
<b>Comprehensive income for the year:</b>													
Consolidated net income for the year		-	-	-	-	-	-	-	-	33,653	<b>33,653</b>	6,756	<b>40,409</b>
Variation in currency conversion adjustments		-	-	(7,420)	-	-	-	-	-	-	<b>(7,420)</b>	43	<b>(7,377)</b>
Variation in the fair value and divestment of financial assets available for sale	25	-	-	-	-	-	(3,346)	-	-	-	<b>(3,346)</b>	-	<b>(3,346)</b>
Effect of hedging operations	41	-	-	-	-	-	-	1,768	-	-	<b>1,768</b>	-	<b>1,768</b>
Effect of the application of the equity method	23	-	(1,344)	-	-	-	-	-	-	-	<b>(1,344)</b>	-	<b>(1,344)</b>
Other		-	-	-	-	-	(689)	-	(6,712)	-	<b>(7,401)</b>	16,433	<b>9,032</b>
<b>Operations with shareholders in the year:</b>													
Appropriation of the consolidated net income for 2014:													
Transfer to legal and free reserves		-	-	-	10,500	54,111	-	-	-	(64,611)	-	-	-
Dividends distributed	18	-	-	-	-	-	-	-	-	(5,670)	<b>(5,670)</b>	-	<b>(5,670)</b>
<b>Balance as at 31 December 2015</b>		<b>210,000</b>	<b>8,326</b>	<b>48,126</b>	<b>31,500</b>	<b>176,163</b>	<b>-</b>	<b>(11,698)</b>	<b>(28,143)</b>	<b>33,653</b>	<b>467,927</b>	<b>50,290</b>	<b>518,217</b>

(Values expressed in thousand euros)

The notes are an integral part of the consolidated statement of changes in equity for the year ended on 31 December 2015



(Values expressed  
in thousand euros)

The notes are an integral part of the  
cash flow statement for the year  
ended on 31 December 2015

	Notes	2015	2014
<b>OPERATING ACTIVITIES:</b>			
Revenue from customers		1,463,766	1,663,068
Payments to suppliers		(821,900)	(1,138,099)
Payments to staff		(287,613)	(289,450)
<b>Cash flow generated by operations</b>		<b>354,253</b>	<b>235,519</b>
Income tax payment/revenue		(33,169)	(42,566)
Other revenue/payments relative to operating activity		(40,511)	(47,954)
<b>Cash flow from operating activities (1)</b>		<b>280,573</b>	<b>144,999</b>
<b>INVESTMENT ACTIVITIES:</b>			
<b>Revenue derived from:</b>			
Financial investments	30	80,912	57,639
Tangible fixed assets and investment properties		8,125	12,881
Interest and similar income		14,778	19,544
Dividends	30	1,013	1,733
		<b>104,828</b>	<b>91,797</b>
<b>Payments related to:</b>			
Financial investments	30	(24,064)	(62,902)
Tangible fixed assets and investment properties		(70,463)	(148,894)
Intangible assets		(1,491)	(12,795)
		<b>(96,018)</b>	<b>(224,591)</b>
<b>Cash flow from investment activities (2)</b>		<b>8,810</b>	<b>(132,794)</b>
<b>FINANCING ACTIVITIES:</b>			
<b>Revenue derived from:</b>			
Loans received		<b>1,562,648</b>	<b>1,963,458</b>
<b>Payments related to:</b>			
Loans received		(1,647,375)	(1,841,204)
Interest and similar costs		(93,039)	(132,858)
Dividends	18	(5,670)	(6,300)
		<b>(1,746,084)</b>	<b>(1,980,362)</b>
<b>Cash flow from financing activities (3)</b>		<b>(183,436)</b>	<b>(16,904)</b>
<b>Variation in cash and cash equivalents (4)=(1)+(2)+(3)</b>		<b>105,947</b>	<b>(4,699)</b>
<b>Effect of exchange rate differences</b>		<b>(43,253)</b>	<b>9,321</b>
<b>Cash and cash equivalents - perimeter change (Note 5)</b>		<b>(1,478)</b>	<b>414</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>30</b>	<b>191,477</b>	<b>186,441</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>30</b>	<b>252,693</b>	<b>191,477</b>

## 1. INTRODUCTION

"Teixeira Duarte, S.A." (Company or TD,SA) with head office in Porto Salvo, was incorporated on 30 November 2009, with share capital of 210,000,000 euros, represented by 420,000,000 shares with the nominal value of 0.5 euro each (Note 33), 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.

The business group of Teixeira Duarte ("Group") is composed of the companies in which it holds stakes, indicated in Note 4. The Group's core business is the following: Construction; Concessions and Services; Real Estate; Hotel Services; Distribution; Energy and Automotive (Note 7).

The values indicated herein are expressed in thousand euros, unless explicitly indicated otherwise. The operations conducted abroad are included in the consolidated financial statements pursuant to the policy described in Note 2.9.

Following the new law issued in 2015 by Venezuela (Foreign Exchange Agreement number 33), which establishes a new foreign exchange rate for certain currency sale transactions, applicable as of 12 February 2015, there was significant devaluation of the Venezuelan bolivar during this period (Note 6).

## 2. MAIN ACCOUNTING POLICIES

### 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 2015.

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 was approved by the European Union, shall be construed as part of these standards. 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.

### Standards, interpretations, amendments and revisions which entered into force during the year

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 2015:

Standard / Interpretation	Applicable in financial years starting on or after	Comments
IFRIC 21 - Payments to the State	17-Jun-14	Establishes the conditions regarding the timing of the recognition of a liability related to the payment to the State of a contribution by an entity as a result of a particular event (for example, participation in a certain market), when this payment is not made in exchange of the specified goods or services.
Amendment to IFRS 3 - Business combinations (included in the improvements to the international financial reporting standards - 2011-2013 cycle)	1-Jan-15	Clarifies that IFRS 3 excludes from its scope of application the formation of a joint arrangement in the financial statements of the actual joint arrangement.
Amendment to IFRS 13 - Measurement at fair value (included in the improvements to the international financial reporting standards - 2011-2013 cycle)	1-Jan-15	Clarifies that the exception of applying the standard to financial assets and liabilities with offset positions is extended to all contracts under IAS 39, regardless of whether they comply, or not, with the definition of financial assets or liabilities of IAS 32.
Amendment to IAS 40 - Investment properties (included in the improvements to the international financial reporting standards - 2011-2013 cycle)	1-Jan-15	Clarifies that it is necessary to apply value judgement to determine whether the acquisition of an investment property constitutes the acquisition of an asset or a business combination covered by IFRS 3.

There were no relevant impacts on the consolidated financial statements for the year ended on 31 December 2015, derived from the adoption of the standards and interpretations, amendments and revisions referred to above.

#### Standards, interpretations, amendments and revisions which shall enter into force in future years

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 / Interpretation	Applicable in financial years starting on or after	Comments
Amendment to IAS 19 – Employee benefits – Employee contributions	1-Feb-15	Clarifies the circumstances under which the contributions of employees to post-employment benefit plans constitute a reduction of the cost related to short term benefits.  These improvements involve the clarification of various aspects related to: IFRS 2 – Payments based on shares: definition of vesting condition; IFRS 3 – Business combinations: accounting of contingent segments; IFRS 8 – Operating segments: disclosures related to the judgement applied in relation to the aggregation of segments and clarification on the need for reconciliation of total assets by segment with the value of assets in the financial statements; IAS 16 – Tangible fixed assets, and IAS 38 – Intangible assets: need for proportional revaluation of accumulated amortisations in the case of revaluation of fixed assets; and IAS 24 – Disclosures of related parties: defines that an entity rendering management services to the Company or parent company is considered a related party; and IFRS 13 – Fair value: clarifications relative to the measurement of accounts receivable or payable in the short term.
Improvements to the international financial reporting standards (2010-2012 cycle)	1-Feb-15	These improvements involve the clarification of various aspects related to: IFRS 5 – Non-current assets held for sale and discontinued operational units: introduces guidelines on how to proceed in the case of alterations regarding the expected method of realisation (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impacts of contracts to monitor assets in the context of the disclosures associated to the continued involvement of derecognised assets, and exempts the interim financial statements from disclosures relative to offsetting financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to used for purposes of discount of defined benefits should be determined with reference to the high quality liabilities of companies that have been issued in the currency in which the benefits shall be paid; and IAS 34 – Interim financial reporting: clarification on the procedures to be adopted when the information is available in other documents issued together with the interim financial statements.
Improvements to the international financial reporting standards (2012-2014 cycle)	1-Jan-16	This amendment is related to the acquisition of interests in joint operations. Establishes the compulsory application of IFRS 3 when the acquired joint operation constitutes a business activity pursuant to IFRS 3. When the joint operation in question does not constitute a business activity, the transactions should be recorded as an acquisition of assets. This alteration is prospectively applicable for new acquisitions of interests.
Amendment to IFRS 11 – Joint arrangements – Accounting of acquisitions of interests in joint arrangements	1-Jan-16	

Standard / Interpretation	Applicable in financial years starting on or after	Comments
Amendment to IAS 1 - Presentation of financial statements - Disclosure Initiative	1-Jan-16	<p>This amendment has clarified some aspects related to the disclosure initiative, namely:</p> <ul style="list-style-type: none"> <li>(i) the entity should not hinder the comprehensibility of the financial statements by aggregating material items with immaterial items or by aggregating material items of different nature; (ii) the disclosures specifically required by the IFRS should only be given if the information in question is of material interest; (iii) the lines of the financial statements specified by IAS 1 can be aggregated or disaggregated, as considered most relevant for the financial reporting objectives; (iv) the part of the other comprehensive income derived from applying the equity method to associates and joint arrangements should be presented separately from all the rest of the elements of other comprehensive income, also separating the items that may be reclassified to profit or loss from those that will not be reclassified; (v) the structure of the notes should be flexible, while respecting the following order: <ul style="list-style-type: none"> <li>– a statement of compliance with the IFRS in the first section of the notes;</li> <li>– a description of the relevant accounting policies in the second section;</li> <li>– information supporting the items presented in the financial statements in the third section; and</li> <li>– other information in the fourth section.</li> </ul> </li> </ul>
Amendment to IAS 16 - Tangible fixed assets and IAS 38 - Intangible assets - Acceptable methods of depreciation	1-Jan-16	<p>This amendment establishes the presumption (which may be refuted) that revenue is not an appropriate basis to amortise an intangible asset and prohibits the use of revenue as the basis for depreciation of tangible fixed assets. The presumption established for amortisation of intangible assets can only be refuted when the intangible asset is expressed as a function of the income generated or when the use of the economic benefits is highly correlated with the generated revenue.</p>
Amendments to IAS 16 - Tangible fixed assets and IAS 41 - Agriculture - bearer plants	1-Jan-16	<p>This amendment now excludes plants bearing fruit or other components intended for harvesting and/or removal from the application of IAS 41, which shall henceforth be covered by IAS 16.</p>
Amendment to IAS 27 - Application of the equity method in the separate financial statements	1-Jan-16	<p>This amendment introduces the possibility of measuring interests in subsidiaries, joint ventures and associates in the separate financial statements by the equity method, in addition to the currently existing methods of measurement. This alteration is applicable retrospectively.</p>

#### New standards, interpretations, amendments and revisions not endorsed by the European Union

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:

Rule/Interpretation	Comments
IFRS 9 - Financial instruments (2009) and subsequent amendments	<p>This standard is included in the draft revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities, the impairment calculation methodology and application of hedge accounting rules. The application of this standard is compulsory for years beginning on or after 1 January 2018.</p>
IFRS 14 - Regulatory deferral accounts	<p>This standard establishes the reporting requirements for entities which adopt the IFRS for the first time, applicable to regulatory deferral accounts.</p>
IFRS 15 - Revenue from contracts with customers	<p>This standard introduces a structure of recognition of revenue based on principles and a model applicable to all contracts concluded with customers, replacing IAS 18- Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer loyalty programmes, IFRIC 15 - Agreements for the construction of real estate, IFRIC 18 - Transfers of assets from customers and SIC 31 - Revenue - Barter transactions involving advertising services. The application of this standard is compulsory for years beginning on or after 1 January 2018.</p>

Rule/Interpretation	Comments
IFRS 16 - Leases	This standard introduces the principles for recognition and measurement of leases, replacing IAS 17 - Leases. The standard defines a single accounting model for lease contracts where the lessee recognises assets and liabilities for all the lease contracts, except for leases with a period less than 12 months or for leases incident on assets of low value. The lessors shall continue to classify leases as operating or finance, where IFRS 16 shall not imply substantial alterations for these entities in view of that defined in IAS 17.
Amendment to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of Interests in other entities, and IAS 28 - Investments in associates and joint ventures	These amendments seek to clarify various aspects related to the application of the exception of consolidation on the part of investment entities.
Amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures	These amendments eliminate an existing conflict between the aforesaid standards, related to the sale or contribution of assets between the investor and associate or between the investor and joint venture.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group (Company) in the year ended on 31 December 2015.

## 2.2. Judgements and estimates

The preparation of the consolidated financial statements in conformity with principles of recognition and measurement of the IFRS requires the Executive Board of Directors to make judgements, estimates and assumptions that might affect the reported value of assets and liabilities.

Those estimates are based on the best knowledge existing at all times and in planned actions, being 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 consolidated financial statements include, namely, the assumptions used in the treatment of 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 has been allocated, are determined based on expected cash flow. These calculations require the use of estimates by the Board of Directors regarding the future evolution 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 Group's operating segments.

### **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 results of construction contracts in accordance with the method of percentage completion, which is defined as the relationship between the incurred costs in each contract until the reporting date and the sum of these costs with the estimated costs to complete the contract. The assessment of the percentage completion of each contract is periodically reviewed, taking into account the latest production indicators.

### **Valuation of investment properties**

Investment properties are measured at their fair value, which 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. These valuations are based on observable market data and require judgments by the valuator with respect to the transaction conditions of each property in the market, which might diverge from the outcome recorded in the future.

## **2.3. Principles of consolidation**

### **a) Controlled companies**

The controlled companies are 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 statement of profit and loss and other comprehensive income, under the respective headings of "Non-controlling interests"

Significant transactions and balances between these companies were eliminated during the consolidation process. Any capital gains arising from the divestment 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) Business combinations**

Business combinations, namely the acquisition of subsidiaries, 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 control acquired. 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 the 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 in equity separately from 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 divestment 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 full income are transferred to the 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 ("IAS 39") or, as and when applicable, the cost for the effect of the initial recognition of an investment in an associate or joint venture.

### **c) Investments in associates and joint ventures**

An associate or a joint venture 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 over it.

Financial investments in most of the associates and joint ventures (Note 23) 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 stake in the net income of the associates and joint ventures against "Earnings from associates and joint ventures", and through other changes in their equity against "Adjustments of holdings in associates and joint ventures", 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 and joint ventures which exceed the investment made in these entities are not recognised unless the Group has undertaken liabilities for losses concerning these associates or joint ventures.

Any excess of acquisition cost over the fair value of the identifiable net assets is recorded as "Investments in associates and joint ventures - 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 and joint ventures are eliminated in proportion to the Group's interest in the associate and joint venture, against the investment made in that associate and joint venture. 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.



#### d) Goodwill

Differences between the acquisition cost of the investments in subsidiaries, associates and joint ventures, plus, in the case of subsidiaries, the value of the non-controlling interests and the 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) or maintained under the heading of investments in associates and joint ventures.

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 and joint ventures (Notes 19 and 23). Regarding the goodwill of subsidiaries, 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 income statement for the year and is not subject to subsequent reversal.

Upon the divestment of a subsidiary, associate or joint venture, the corresponding goodwill is included in the determination of the capital gain or loss.

When the acquisition cost is less than the fair value of the identified net assets, the difference is recognised as a gain for the year 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.

Depreciation 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 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 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 - 50
Basic equipment	4 - 8
Transport equipment	3 - 7
Tools and utensils	3 - 7
Office 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) finance 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 finance or operating leases according to the nature of the contract and not its form.

Assets acquired under finance 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.

In operating leases, the instalments payable are recognised as a cost in the income statement on a straight line basis over the period of the lease contract.

## **2.7. Impairment of non-current assets, excluding goodwill**

An impairment assessment is performed 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 in depreciable and amortisable assets and goodwill".

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 divestment 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 "Provisions and impairment losses in depreciable and amortisable assets and goodwill" 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 conducted, in the more relevant cases, 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 evaluators.

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

These financial statements are presented in euros, as this is the currency of the parent company.

Transactions carried out in currencies other than the euro are recorded at the rates prevailing on the transaction date. On each reporting date, the monetary assets and liabilities expressed in foreign currencies are converted into euros 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 euros 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 date of the collection, payment, or the 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 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 of the conversion of the headings of the statement of profit and loss and other comprehensive income and cash flow statement.

Pursuant to IAS 21 - Effects of changes in foreign exchange rates ("IAS 21"), the goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of these entities, and are converted into euros at the exchange rate in force on the reporting date. Exchange rate differences generated in this way are recorded in equity under the heading "Currency conversion adjustments."

## 2.10. Borrowing costs

Borrowing costs are recognised in the income statement for the year to which they refer, except when the financial costs of the loans received are directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use, and are capitalised as part of the costs of the asset. 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 allocable to a specific investment is deducted from financial costs eligible for capitalisation.

## 2.11. Allowances

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. Provisions are reviewed on each reporting date and adjusted to reflect the best estimate on that reporting date.

## **2.14. Segmental 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. Operating results**

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 intangible assets). It also includes the capital gains or losses calculated on the sale of companies included in the consolidation using the full consolidation method. Hence, the net financing costs, net income of associates and joint ventures, net income of 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" heading correspond to cash, bank deposits, term deposits and other cash investments with a maturity of less than three months and which are immediately repayable on demand 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, corresponding to fair value, 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 relative to investment activities - Other".

**d) Equity instruments**

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. In this sense, 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 in "Hedge operation reserves" for their effective component and in financial results for their non-effective component.

The values recorded under "Hedge operation reserves" are transferred to the financial results 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. Liabilities related to pensions**

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. Due to their optional nature, contributions that are deemed appropriate at any given time are exclusively subject to the discretion of the respective board of directors, taking into account the actuarial forecasts of disbursements and the economic and financial situation. Thus, the contributions made by the Group are recorded as a cost on the date when they are paid out.

## **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 received.

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. Deferred tax liabilities are recognised for all taxable temporary differences.

## **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 in the notes (Note 42) 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 the accrual principle**

### **Sales**

Revenue arising from the sale of goods is recognised in the income statement when all the following conditions have been fulfilled:

- 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 fulfilled:

- 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;
- 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 costs are recorded on an accrual basis, through which they are recognised as they are generated, regardless of when they are received or paid. Income and costs 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:

- seniority 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 financial position 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 in 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

Earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD,SA by the weighted average number of shares in circulation during the year.

The diluted earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD,SA 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 to 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 year ended on 30 December 2015 there were no alterations to the accounting policies, with respect to those considered in the preparation of the financial information relative to the year ended on 31 December 2014.

## 4. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

As at 31 December 2015, 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>INTERNAL 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 Fluviais 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>		
RECOLTE, Serviços e Meio Ambiente (Porto), S.A.	Praça do Bom Sucesso, nº 61 - Escritórios 501 e 502 Porto	100.00%



Corporate name	Head office	Effective percentage holding
MARINERTES, S.A.	Rotunda Eng.º Edgar Cardoso, n.º 23 - 8º Vila Nova de Gaia	51.00%
RECOLTE, Serviços e Meio Ambiente, 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 - Sociedade Gestora de Participações Sociais, 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%
TRANSBRTAL - Britas e Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
V8 - Gestão Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>HOTEL SERVICES</b>		
ESTA - Gestão de Hotéis, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
GO CORP TRAVEL SOLUTIONS - Agência de Viagens, S.A.	Rua Encosta das Lagoas, nº 8 Porto Salvo	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%
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDH - Sociedade Gestora de Participações Sociais, 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%

(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 TEDAL - SGPS, S.A.

Corporate name	Head office	Effective percentage holding
<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	50.00%
DIGAL - Distribuição e Comércio, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	50.00%
MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	50.00%
PPS - Produtos Petrolíferos, S.A. (b)	Edifício 1, Lagoas Park Porto Salvo	50.00%
TANQUIGÁS - Distribuição e Comércio de Gás, S.A. (b)	Rua das Lagoas - Campo Raso Sintra	50.00%
TDARCOL - Sociedade Gestora de Participações Sociais, S.A. (c)	Edifício 1, Lagoas Park Porto Salvo	50.00%
<b>AUTOMOTIVE</b>		
TDO - Investimento e Gestão, S.A.	Rua das Pretas, 4 - Fração 4 D Funchal	100.00%
<b>OTHER</b>		
C + P.A. - Cimento e Produtos Associados, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
TDO - Sociedade Gestora de Participações Sociais, S.A.	Rua das Pretas, 4 - Fração 4 D Funchal	100.00%
TEDAL - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>EXTERNAL MARKET</b>		
<b><u>SOUTH AFRICA</u></b>		
<b>DISTRIBUTION</b>		
Global Net Distributors (Pty) Ltd.	10 Ninth Avenue Northmead, Gauteng 1501	100.00%
<b><u>ANGOLA</u></b>		
<b>CONSTRUCTION</b>		
BETANGOLA - Betões e Pré-Fabricados de Angola, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
<b>CONCESSIONS AND SERVICES</b>		
EDUCARE - Atividades Educativas e Culturais, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
<b>REAL ESTATE</b>		
AFRIMO - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	51.00%
ANGOPREDIAL - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
IMO 1 - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%

Corporate name	Head office	Effective percentage holding
IMOAFRO - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
<b>HOTEL SERVICES</b>		
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
ANGOIMO - Empreendimentos e Construções, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
HOTEL TRÓPICO, S.A.	Alameda Manuel Van-Dúnem, nº 318 Luanda	80.00%
HOTEL BAÍA, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
<b>DISTRIBUTION</b>		
CND - Companhia Nacional de Distribuição, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
COM 1 - Comércio e Distribuição, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
DCG - Distribuição e Comércio Geral, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
OCC - Operador Central de Comércio, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	80.00%
<b>AUTOMOTIVE</b>		
AUTO 1 - Comércio Automóvel, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
AUTO COMPETIÇÃO Angola, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
AUTO 8, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
COMÉRCIO DE AUTOMÓVEIS, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
TDA - Comércio e Indústria, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
VAUCO - Automóveis e Equipamentos, Lda.	Rua Ho Chi Min, Junto ao Largo da Independência Luanda	51.00%
<b><u>ALGERIA</u></b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE ALGERIE, SPA	8 Rue Ben Aknoun, El Biar Algiers	99.94%
<b><u>BELGIUM</u></b>		
<b>CONCESSIONS AND SERVICES</b>		
TDGI	Avenue Jean-Monnet, 1 À 1348 Louvain-La-Neuve	100.00%
<b><u>BRAZIL</u></b>		
<b>CONSTRUCTION</b>		
EMPA, S.A. - Serviços de Engenharia	Rua Major Lopes, 800 Bairro São Pedro - Belo Horizonte	100.00%
SOMAFEL - Obras Ferroviárias e Marítimas, Ltda.	Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte	60.00%

Corporate name	Head office	Effective percentage holding
<b>CONCESSIONS AND SERVICES</b>		
GONGOJI Montante Energia, S.A.	Rua Major Lopes, 800, 3º - sala 310 Bairro São Pedro - Belo Horizonte	100.00%
PAREDÃO de Minas Energia, S.A.	Rua Major Lopes, 800, 3º - sala 306 Bairro São Pedro - Belo Horizonte	100.00%
TABOQUINHA Energia, S.A.	Rua Major Lopes, 800, 3º - 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, 6º andar, Conjunto 602, sala 01 Itaim Bibi - São Paulo	100.00%
TDSP - Elisa de Moraes Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 02 Itaim Bibi - São Paulo	90.00%
TDSP - Bela Vista - Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 15 Itaim Bibi - São Paulo	92.65%
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 03 Itaim Bibi - São Paulo	92.65%
TDSP - Maratona Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 10 Itaim Bibi - São Paulo	92.65%
TDSP - Direitos Humanos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 12 Itaim Bibi - São Paulo	92.65%
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 05 Itaim Bibi - São Paulo	92.65%
TDSP - Verum Mooca Empreendimento Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 06 Itaim Bibi - São Paulo	100.00%
TDSP - Gilberto Sabino Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 07 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 08 Itaim Bibi - São Paulo	92.65%
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401, sala 09 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	92.65%
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 18 Itaim Bibi - São Paulo	92.50%
TDSP - Dionísio da Costa Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	92.50%
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	100.00%
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 04 Itaim Bibi - São Paulo	95.00%
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 13 Itaim Bibi - São Paulo	95.00%
TDSP - Nilo Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401, sala 14 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 15 Itaim Bibi - São Paulo	92.65%
TDSP - 16 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 16 Itaim Bibi - São Paulo	100.00%

Corporate name	Head office	Effective percentage holding
TDSP - 17 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 17 Itaim Bibi - São Paulo	100.00%
<b>DISTRIBUTION</b>		
TDD - Distribuição, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	100.00%
<b>CYPRUS</b>		
<b>OTHER</b>		
LEVENEL, Limited	Irakli, Egkomi, 2413 Nicosia	100.00%
<b>SPAIN</b>		
<b>CONSTRUCTION</b>		
UTE DE VIANA	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
<b>CONCESSIONS AND SERVICES</b>		
RECOLTE, Servicios Y Medioambiente, S.A. Sociedade Unipersonal.	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
<b>UNITED STATES OF AMERICA</b>		
<b>REAL ESTATE</b>		
TDRE INVESTMENTS, LLC.	4900 Woodway Drive, Suite 1110, Houston Texas 77056	100.00%
<b>GIBRALTAR</b>		
<b>DISTRIBUTION</b>		
Teixeira Duarte International, LTD.	23, Portland House - Glacis Road Gibraltar	100.00%
<b>MACAU</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.	Av. Dr. Mário Soares, nº 25 - Edifício Montepio - Apr. 26 e 28 - 3º andar Macau	100.00%
<b>MOZAMBIQUE</b>		
<b>CONSTRUCTION</b>		
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. Július Nyerere, nº 130 Maputo	74.46%
<b>CONCESSIONS AND SERVICES</b>		
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Av. Július Nyerere, nº 130 Maputo	69.55%
<b>REAL ESTATE</b>		
IMOPAR - Centro Comercial de Maputo, S.A.	Av. Július Nyerere, nº 130 Maputo	100.00%
<b>HOTEL SERVICES</b>		
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	Av. Július Nyerere, nº 627 Maputo	100.00%
Sociedade Hotel Tivoli, Lda.	Av. 25 de Setembro, 1321 Maputo	65.00%
TIVOLI BEIRA - Hotelaria e Serviços, Lda.	Av. Július Nyerere, nº 130 Maputo	100.00%

Corporate name	Head office	Effective percentage holding
<b>RUSSIA</b>		
<b>CONCESSIONS AND SERVICES</b>		
MMK Cement, Limited Liability Company	Tri Rutchia Murmansk	70.00%
<b>VENEZUELA</b>		
<b>CONSTRUCTION</b>		
Consorcio Boyacá - La Guaira	Av. San Juan Bosco, Edificio Centra Altamira Piso 5, Oficina 54, Urb. Altamira - Caracas	57.20%
TEGAVEN - Teixeira Duarte y Asociados, C.A.	Av. Venezuela del Rosal con Calle Mohedano, Torre JWM Piso 5, Of. 5-2, Urb El Rosal - Caracas	95.31%

## 5. ALTERATIONS IN THE CONSOLIDATION PERIMETER

During the period ended on 30 December 2015, "PETRIN - Petróleos e Investimentos, S.A.", "KARIBIB Portland Cement, LTD", "EVA - Sociedade Hoteleira, S.A." and "ROCHORIENTAL - Sociedade Hoteleira, S.A." left the consolidation perimeter, relative to that as at 31 December 2014.

Their departure had the following impacts:

	PETRIN	KARIBIB	EVA	ROCHORIENTAL	TOTAL
Intangible assets (Note 20)	115	-	-	-	115
Tangible fixed assets (Note 21)	8,774	701	7,496	5,171	22,142
Real estate investment (Note 22)	-	-	304	-	304
Deferred tax assets (Note 27)	33	(439)	2	2	(402)
Inventories (Note 9)	1,677	-	47	11	1,735
Customers and other debtors	4,318	-	201	111	4,630
Cash and cash equivalents	1,431	2	39	6	1,478
Other current assets	183	391	98	37	709
Suppliers and other payables	(6,259)	(291)	(235)	(63)	(6,848)
Bank loans	-	-	(5,391)	(2,689)	(8,080)
Finance leases	-	-	-	(2,335)	(2,335)
Other current liabilities	(224)	(384)	(248)	(145)	(1,001)
Deferred tax liabilities (Note 27)	-	-	(92)	-	(92)
<b>Net Assets</b>	<b>10,048</b>	<b>(20)</b>	<b>2,221</b>	<b>106</b>	<b>12,355</b>
<b>Non-controlling interests (Note 35)</b>	<b>191</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>190</b>
<b>Share in Net Assets</b>	<b>9,857</b>	<b>(19)</b>	<b>2,221</b>	<b>106</b>	<b>12,165</b>
<b>Realisable value</b>	<b>10,349</b>	<b>-</b>	<b>7,627</b>	<b>3,318</b>	<b>21,294</b>
<b>Value received (Note 30)</b>	<b>10,153</b>	<b>-</b>	<b>7,627</b>	<b>3,318</b>	<b>21,098</b>
<b>Value receivable</b>	<b>196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196</b>
<b>Capital gain (Note 8)</b>	<b>492</b>	<b>19</b>	<b>5,406</b>	<b>3,212</b>	<b>9,129</b>

Furthermore, reference is also made to the departure of the following companies from the consolidation perimeter:

- PTG – Sociedade Gestora de Participações Sociais, S.A. (Merger into TEDAL – Sociedade Gestora de Participações Sociais, S.A.);
- URBÁFRICA – Sociedade Imobiliária, Lda. (Dissolution);
- VALYGERSA, S.L. (Merger into RECOLTE, Servicios y Medioambiente, S.A. Sociedade Unipersonal);
- KPC Trading and Services (Proprietary) Limited and SQUIRREL Investments 115 PTY, Ltd. (Participated companies of KARIBIB Portland Cement, Ltd.).

## 6. EXCHANGE RATES

The following exchange rates were used to convert the assets and liabilities expressed in foreign currency into euros as at 31 December 2015 and 2014, as well as the results of the operations developed in countries with a functional currency that is different from the euro, for the years ended on 31 December 2015 and 2014:

Currency	Closing exchange rate			Average exchange rate		
	2015	2014	Var	2015	2014	Var
US Dollar	1,0887	1,2141	(10.3%)	1,1130	1,3256	(16.0%)
Macaense Pataca	8,6907	9,6995	(10.4%)	8,8868	10,5893	(16.1%)
Mozambican Metical	49,2900	38,5300	27.9%	43,1492	40,7100	6.0%
Venezuelan Bolivar	216,3232	14,5692	1384.8%	155,9815	14,8251	952.1%
Angolan Kwanza	147,8315	125,1110	18.2%	132,5617	130,3424	1.7%
Algerian Dinar	116,5985	106,7437	9.2%	111,3616	106,9753	4.1%
Moroccan Dirham	10,7806	10,9505	(1.6%)	10,8249	11,1546	(3.0%)
Brazilian Real	4,3117	3,2207	33.9%	3,7024	3,1207	18.6%
Ukrainian Hryvnia	26,1593	19,2052	36.2%	24,0819	15,7729	52.7%
Namibian Dollar	16,9530	14,0353	20.8%	14,2616	14,3580	(0.7%)
Cape Verdean Escudo	110,2650	110,2650	-	110,2650	110,2650	-
Russian Rouble	80,6736	72,3370	11.5%	69,0427	51,4243	34.3%
Tunisian Dinar	2,2153	2,2566	(1.8%)	2,1832	2,2474	(2.9%)
South Africa Rand	16,9530	14,0353	20.8%	14,2616	14,3580	(0.7%)
Columbian Peso	3,456,0800	2,899,8800	19.2%	3,047,8062	2,659,1839	14.6%

Following the new law issued in 2015 by Venezuela (Foreign Exchange Agreement number 33), which establishes a new foreign exchange rate for certain currency sale transactions, applicable from 12 February 2015 onwards, there was significant devaluation of the Venezuelan bolivar during this period. Specifically, this legislation is applicable for the settlement of currency sale transactions intended, namely, for the payment of "international investments" (a concept which includes the repatriation of start-up capital and remittance of interest and dividends). The settlement of currency for these transactions will be made at the daily average exchange rate, based on the market (SIMADI).

## 7. INFORMATION BY SEGMENT

The Group is organised according to the following business segments:

- Construction;
- Concessions and services;
- Real estate;
- Hotel services;
- Distribution;
- Energy;
- Automotive.

The sales and services rendered and the earnings of each of operating segment referred to above for the years ended on 31 December 2015 and 2014, were as follows:

Segment	Sales and services rendered						Net operating income	
	2015			2014			2015	2014
	Customers abroad	Inter-segmental	Total	Customers abroad	Inter-segmental	Total		
Construction (Note 32)	656,580	59,236	715,816	779,110	84,583	863,693	(2,503)	75,889
Concessions and services	105,140	27,232	132,372	92,104	27,901	120,005	13,881	8,086
Real estate	106,635	14,780	121,415	119,899	13,324	133,223	54,214	48,797
Hotel services	65,829	21,746	87,575	74,037	18,682	92,719	18,867	11,480
Distribution	291,322	5,004	296,326	272,783	7,182	279,965	27,857	16,383
Energy	17,021	-	17,021	62,483	2,062	64,545	(354)	(1,720)
Automotive	169,379	5,522	174,901	279,306	12,093	291,399	29,821	46,335
Not allocated to segments	-	-	-	-	-	-	(16,927)	(7,956)
Elimination	-	(133,520)	(133,520)	-	(165,827)	(165,827)	50	(59)
	<b>1,411,906</b>	<b>-</b>	<b>1,411,906</b>	<b>1,679,722</b>	<b>-</b>	<b>1,679,722</b>	<b>124,906</b>	<b>197,235</b>
Financial costs and losses (Note 15)							(372,483)	(269,823)
Financial income and gains (Note 15)							282,755	172,198
Earnings from investment activities (Note 15)							17,127	3,946
<b>Earnings before tax</b>							<b>52,305</b>	<b>103,556</b>

Inter-segmental transactions are carried out under market conditions and terms, equivalent to transactions conducted with third parties.

The accounting policies in the different segments are consistent with the Group's policies.

Other information:

Segment	Fixed capital expenditure		Depreciation and amortisation through profit or loss		Provisions and impairment losses	
	2015	2014	2015	2014	2015	2014
Construction	32,748	57,171	38,339	43,704	775	(35,225)
Concessions and services	3,494	5,442	3,765	4,356	284	1,975
Real estate	14,663	32,534	8,339	7,149	822	(1)
Hotel services	2,447	22,796	9,511	8,681	-	(700)
Distribution	17,173	34,224	10,669	7,426	225	-
Energy	1,180	2,769	3,066	1,823	476	978
Automotive	2,041	6,105	2,529	2,389	250	-
Not allocated to segments	42	119	38	9	9,806	-
	<b>73,788</b>	<b>161,160</b>	<b>76,256</b>	<b>75,537</b>	<b>12,638</b>	<b>(32,973)</b>



The assets and liabilities by segment and their reconciliation with the consolidated total, as at 31 December 2015 and 2014, are as follows:

	Assets								Liabilities	
	2015				2014					
	Investments in associates and joint ventures (Note 23)	Financial assets available for sale (Note 25)	Other assets	Total	Investments in associates and joint ventures (Note 23)	Financial assets available for sale (Note 25)	Other assets	Total	2015	2014
Construction	1,371	-	2,270,472	<b>2,271,843</b>	1,176	-	1,916,045	<b>1,917,221</b>	1,230,366	1,309,497
Concessions and services	473	-	235,014	<b>235,487</b>	528	19,007	231,952	<b>251,487</b>	157,042	171,937
Real estate	446	21,761	1,548,671	<b>1,570,878</b>	643	29,236	1,647,746	<b>1,677,625</b>	851,784	880,493
Hotel services	-	-	423,590	<b>423,590</b>	-	-	389,796	<b>389,796</b>	253,515	284,613
Distribution	-	-	290,483	<b>290,483</b>	-	-	276,553	<b>276,553</b>	204,550	212,995
Energy	-	-	42,089	<b>42,089</b>	24	-	68,735	<b>68,759</b>	24,723	45,547
Automotive	24	-	177,322	<b>177,346</b>	-	-	207,658	<b>207,658</b>	102,969	126,693
Not allocated to segments	14,560	8,666	928,662	<b>951,888</b>	38,221	11,644	1,010,024	<b>1,059,889</b>	659,148	173,532
Elimination	-	-	(3,101,773)	<b>(3,101,773)</b>	-	-	(2,894,981)	<b>(2,894,981)</b>	(1,140,483)	(736,045)
	<b>16,874</b>	<b>30,427</b>	<b>2,814,530</b>	<b>2,861,831</b>	<b>40,592</b>	<b>59,887</b>	<b>2,853,528</b>	<b>2,954,007</b>	<b>2,343,614</b>	<b>2,469,262</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 2015 and 2014:

Geographic segment	Sales and services rendered		Non-monetary non-current assets	
	2015	2014	2015	2014
Portugal	220,142	220,196	563,559	586,937
Angola	682,364	798,412	530,787	493,223
Algeria	98,138	77,181	21,978	15,438
Brazil	144,090	192,338	29,561	46,464
Spain	40,076	33,646	13,683	13,861
Mozambique	194,448	66,271	36,060	32,368
Venezuela	26,510	284,783	1,412	21,242
Other	6,138	6,895	846	1,597
	<b>1,411,906</b>	<b>1,679,722</b>	<b>1,197,886</b>	<b>1,211,130</b>

## 8. OPERATING INCOME

For the years ended on 31 December 2015 and 2014, operating income was as follows:

	2015	2014
<b>Sales and services rendered:</b>		
Sales	1,010,673	1,339,256
Services rendered	401,233	340,466
	<b>1,411,906</b>	<b>1,679,722</b>
<b>Other operating income:</b>		
Own work capitalised (a)	17,048	8,823
Variation in the fair value of investment property (Note 22)	13,787	1,384
Divestment of assets (b)	12,269	6,345
Reversal of impairment losses of accounts receivable (Note 28)	12,035	1,607
Supplementary income	5,122	3,719
Reversal of inventory impairment losses (Note 9)	1,885	4,808
Correction of previous years	386	869
Gains in inventories	105	950
Tax refunds	7	35
Other operating income	17,193	7,273
	<b>79,837</b>	<b>35,813</b>
	<b>1,491,743</b>	<b>1,715,535</b>

(a) Own work capitalised essentially arises from the capitalisation of costs associated to the construction of properties

(b) The reported gains were received with the divestment of tangible fixed assets amounting to 3,140 thousand euros (6,345 thousand euros as at 31 December 2014 (Note 21) and 9,129 thousand euros derived from the divestments of "PETRIN - Petróleos e Investimentos, S.A.", "KARIBIB Portland Cement, LTD", "EVA - Sociedade Hoteleira, S.A." and "ROCHORIENTAL - Sociedade Hoteleira, S.A." (Note 5), companies which had been part of the consolidation perimeter as at 31 December 2014

## 9. COST OF SALES

During the years ended on 31 December 2015 and 2014, the cost of sales was recorded as follows:

	Raw materials and consumables	Goods	Total
<b>Gross assets:</b>			
Balance as at 31 December 2013	18,378	153,155	171,533
Foreign exchange conversion adjustments	1,590	15,135	16,725
Adjustments	(53)	355	302
Purchases	153,556	535,715	689,271
Cost of the year	(151,468)	(497,940)	(649,408)
<b>Balance as at 31 December 2014</b>	<b>22,003</b>	<b>206,420</b>	<b>228,423</b>
Perimeter alteration (Note 5)	(60)	(1,675)	(1,735)
Foreign exchange conversion adjustments	(844)	(9,068)	(9,912)
Adjustments	(387)	2,327	1,940
Purchases	138,629	299,571	438,200
Cost of the year	(140,392)	(368,031)	(508,423)
<b>Balance as at 31 December 2015</b>	<b>18,949</b>	<b>129,544</b>	<b>148,493</b>
<b>Accumulated impairment losses in inventories:</b>			
Balance as at 31 December 2013	276	7,793	8,069
Foreign exchange conversion adjustments	26	640	666
Reinforcements (Note 14)	396	1,246	1,642
Reductions (Note 8)	-	(4,808)	(4,808)
Adjustments	(12)	(164)	(176)
<b>Balance as at 31 December 2014</b>	<b>686</b>	<b>4,707</b>	<b>5,393</b>
Foreign exchange conversion adjustments	23	(125)	(102)
Reinforcements (Note 14)	20	2,093	2,113
Reductions (Note 8)	(102)	(1,783)	(1,885)
Adjustments	(375)	(676)	(1,051)
<b>Balance as at 31 December 2015</b>	<b>252</b>	<b>4,216</b>	<b>4,468</b>
<b>Net value as at 31 December 2014</b>	<b>21,317</b>	<b>201,713</b>	<b>223,030</b>
<b>Net value as at 31 December 2015</b>	<b>18,697</b>	<b>125,328</b>	<b>144,025</b>

## 10. VARIATION IN PRODUCTION

The statement of variation in production recorded for the years ended on 31 December 2015 and 2014 is as follows:

	Products and works in progress	Finished and intermediate products	Total
<b>Gross assets:</b>			
Balance as at 31 December 2013	116,516	9,914	126,430
Foreign exchange conversion adjustments	763	-	763
Adjustments	8,515	60	8,575
Change in production	389	(3,316)	(2,927)
<b>Balance as at 31 December 2014</b>	<b>126,183</b>	<b>6,658</b>	<b>132,841</b>
Foreign exchange conversion adjustments	(12,193)	-	(12,193)
Adjustments	9,821	(4)	9,817
Change in production	1,076	(1,548)	(472)
<b>Balance as at 31 December 2015</b>	<b>124,887</b>	<b>5,106</b>	<b>129,993</b>
<b>Accumulated impairment losses in inventories:</b>			
Balance as at 31 December 2013	-	-	-
<b>Balance as at 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net value as at 31 December 2014</b>	<b>126,183</b>	<b>6,658</b>	<b>132,841</b>
<b>Net value as at 31 December 2015</b>	<b>124,887</b>	<b>5,106</b>	<b>129,993</b>

As at 31 December 2015 and 2014, the products and work in progress refer entirely to real estate enterprises.

As at 31 December 2015 and 2014, the real estate enterprises were being developed by the following entities:

	2015	2014
TD VIA - Sociedade Imobiliária, S.A.	29,011	28,988
QUINTA DE CRAVEL - Imobiliária, S.A.	17,690	17,533
V8 - Gestão Imobiliária, S.A.	15,987	15,696
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	12,122	11,931
TDSP - Gilberto Sabino Empreendimentos Imobiliários SPE, Ltda.	9,168	6,422
TDSP - Galeano de Castro Empreendimentos Imobiliários SPE, Ltda.	6,068	7,860
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	5,756	7,339
TDSP Nilo Empreendimentos Imobiliários SPE, Ltda.	4,468	1,198
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	3,123	3,875
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	2,986	4,856
IMOPREDOUÇOS - Sociedade Imobiliária, S.A.	2,933	2,519
TDSP - Bela Vista Empreendimentos Imobiliários SPE, Ltda.	2,376	3,084
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	2,265	1,804
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	1,762	3,266
TDSP - Don Klabin Empreendimentos Imobiliários SPE, Ltda.	1,701	1,041
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	1,410	1,860
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	1,257	462
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	1,109	1,523
TDSP - Verum Mooca Empreendimentos Imobiliários SPE, Ltda.	974	766
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	842	1,096
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	440	764
ANGOIMO - Empreendimentos e Construções, Lda.	-	398
Other	1,439	1,902
	<b>124,887</b>	<b>126,183</b>

As at 31 December 2015 and 2014, the following inventories had been pledged as security for liabilities:

QUINTA DE CRAVEL - Imobiliária, S.A. 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 (Note 42);

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 (Note 42);

V8 - Gestão Imobiliária, S.A. mortgaged its divisions in the urban property situated on Rua de Castro Portugal, numbers 497 and 511; Rua Professora Rita Lopes Ribeiro Fonseca, numbers 46, 52, 76, 80, 94 and 96, Locality and Parish of Vila Nova de Gaia; and the divisions of the urban property named Lot 14, situated on Rua Guilherme Duarte Camarinha, number 12, Locality of Candal, Parish of Vila Nova de Gaia (Note 42).

## 11. EXTERNAL SUPPLIES AND SERVICES

For the years ended on 31 December 2015 and 2014, the external supplies and services were as follows:

	2015	2014
Subcontracts	198,206	173,022
Specialised work	37,230	67,200
Hire and rental charges	35,750	49,226
Maintenance and repair	20,136	23,696
Transport of goods	17,732	25,932
Fuel	11,714	12,027
Fees	8,656	5,280
Transport of people	6,858	6,244
Travel and accommodation	6,517	8,386
Electricity	6,230	5,519
Surveillance and security	5,803	5,127
Advertising	4,337	6,230
Other	49,037	66,892
	<b>408,206</b>	<b>454,781</b>

## 12. STAFF COSTS

The average number of employees during the years ended on 31 December 2015 and 2014, by operating segment, was as follows:

	2015	2014
Construction	6,930	6,719
Concessions and services	2,055	1,765
Real estate	119	114
Hotel services	1,397	1,585
Distribution	1,577	1,550
Energy	112	230
Automotive	895	1,000
Not allocated to segments	274	298
	<b>13,359</b>	<b>13,261</b>

The heading of "staff costs", for the years ended on 31 December 2015 and 2014, is broken down as follows:

	2015	2014
Normal wages	147,366	154,670
Other remunerations	85,340	88,122
Charges on remunerations	30,861	27,788
Insurance	526	3,072
Retirement benefits	9	9
Other staff costs	17,721	17,042
	<b>281,823</b>	<b>290,703</b>

### 13. OPERATING LEASES

For the financial years ended on 31 December 2015 and 2014, 393 thousand euros and 252 thousand euros 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 2015 and 2014 have the following maturities:

	2015	2014
2015	-	123
2016	337	58
2017	47	3
2018	8	-
2019	1	-
	<b>393</b>	<b>184</b>

### 14. OTHER OPERATING COSTS

Other operating costs for the years ended on 31 December 2015 and 2014 were as follows:

	2015	2014
Taxes	27,637	32,287
Impairment losses of debts receivable (Note 28)	26,121	2,127
Variation in the fair value of investment property (Note 22)	3,675	3,189
Losses incurred in the divestment of assets (a)	2,614	2,802
Impairment losses in inventories (Note 9)	2,113	1,642
Inventory losses	1,041	6,989
Bad debt	575	40
Other operating costs	15,243	28,841
	<b>79,019</b>	<b>77,917</b>

(a) The reported losses were incurred with the divestment of tangible fixed assets, of the value of 2,614 thousand euros (1,331 thousand euros as at 31 December 2014) (Note 21) and 1,471 thousand euros derived from the winding-up of DNGÁS - Distribuição e Comércio de Gás, S.A. on 31 December 2014, a company which had been included in the consolidation perimeter as at 31 December 2013

## 15. FINANCIAL RESULTS

The financial results for the years ended on 31 December 2015 and 2014 were as follows:

	2015	2014
<b>Financial costs and losses:</b>		
Interest paid	(94,277)	(123,164)
Unfavourable exchange rate differences	(251,682)	(118,776)
Other financial costs and losses	(26,524)	(27,883)
	<b>(372,483)</b>	<b>(269,823)</b>
<b>Financial income and gains:</b>		
Interest received	14,546	18,739
Favourable exchange rate differences	262,185	148,540
Cash discounts received	245	349
Other financial income and gains	5,779	4,570
	<b>282,755</b>	<b>172,198</b>
<b>Earnings from investment activities:</b>		
Earnings from associates and joint ventures (a)	9,740	(10,598)
Dividends (b)	1,013	930
Other investments (c)	11,628	(1,325)
Gains / losses in the measurement of assets available for sale (d)	(5,254)	14,939
	<b>17,127</b>	<b>3,946</b>
<b>Financial results</b>	<b>(72,601)</b>	<b>(93,679)</b>

a) The earnings from associates and joint ventures relative to the year ended on 31 December 2015 include the effect of the application of the equity method to the investments in associates and joint ventures of the value 5,872 thousand euros ((10,311) thousand euros as at 31 December 2014) (Note 23).

During the year ended on 31 December 2015, TEIX.CO SPA was divested with a capital loss of 27 thousand euros having been recorded.

During the period ended on 30 December 2015, the Group recorded an impairment loss of 5,143 thousand euros (Note 24) and reversed the provision for equity stakes of 9,038 thousand euros, relative to the participated company "Limited Liability Company Cement".

During the year ended on 31 December 2014, "STELGEST - Gestão Hoteleira, S.A." was wound-up, with a loss of 287 thousand euros having been recorded.

b) As at 31 December 2015 the values presented correspond to dividends received from "Financial assets available for sale" of 198 thousand euros (192 thousand euros as at 31 December 2014) (Note 25) and the rest refers to "Other investments" (Note 26).

c) The heading "Other Investments" records earnings and capital gains achieved in the divestment of financial assets available for sale at fair value amounting to 1,805 thousand euros ((1,325) thousand euros as at 31 December 2014) as well as capital gains obtained from the divestment of financial assets available for sale at cost, with the sale of the stakes held by the Group in LONGAVIA, S.A. and LONGAPAR - Sociedade Gestora de Participações Sociais, S.A., for the value of 11,499 thousand euros (Note 30), with capital gains of 9,823 thousand euros having been recorded.

d) The values presented for the year ended on 31 December 2015 and 2014 are detailed as follows:

### Divestments of shares of "Financial assets available for sale":

#### Financial Year of 2015

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 2,420,000 shares of "Banco Bilbao Vizcaya Argentaria, S.A."	19,007	19,639	4,568	5,200	19,639
<b>Total</b>	<b>19,007</b>	<b>19,639</b>	<b>4,568</b>	<b>5,200</b>	<b>19,639</b>



**Financial Year of 2014**

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 3,445,239 shares of "Banco Comercial Português, S.A."	574	257	323	7	257
Divestment of 472,414 shares of "Banco Bilbao Vizcaya Argentaria, S.A."	4,226	4,467	1,055	1,296	4,467
<b>Total</b>	<b>4,800</b>	<b>4,724</b>	<b>1,378</b>	<b>1,303</b>	<b>4,724</b>

**Impairment loss of "Financial assets available for sale":****Financial Year of 2015**

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through profit or loss
Impairment loss in the holding of "Banco Comercial Português, S.A."	(10,453)	-	(10,453)
<b>Total</b>	<b>(10,453)</b>	<b>-</b>	<b>(10,453)</b>

**Financial Year of 2014**

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through profit or loss
Impairment loss in the holding of "Banco Comercial Português, S.A."	(40,739)	32,307	(8,432)
Impairment loss in the holding of "Banco Bilbao Vizcaya Argentaria, S.A."	(1,974)	(1,974)	-
<b>Total</b>	<b>(42,713)</b>	<b>30,333</b>	<b>(8,432)</b>

During the year ended on 31 December 2014, the Group divested its subscription rights of "Banco Comercial Português, S.A." of the value of 22,068 thousand euros (Note 30).

The net currency conversion differences recorded for the years ended on 30 December 2015 and 2014 were due to payments and revenue, as well as currency conversion updates in balances, stated based on currencies other than the Euro.

During the year ended on 31 December 2015, interest was capitalised on the acquisition cost of qualifying assets of the total value of 121 thousand euros (908 thousand euros as at 31 December 2014). For the purposes of the capitalisation of financial costs associated to the acquisition cost of the qualifying assets, an average rate of 6.1% was used as at 31 December 2015 (6.4% as at 31 December 2014).

**16. INCOME TAX**

TD,SA is the controlling company of a group of companies subject to the special taxation regime for corporate groups (RETGS), which covers all the companies in which it holds a stake, directly or indirectly, of at least 75% of the respective share capital, provided that this stake confers more than 50% of the voting rights and that they also have their head office and effective senior management in Portugal and are taxed under the general regime of Corporate Income Tax ("IRC").

All the other participated companies, not covered by the RETGS, are taxed individually, based on their respective tax bases and applicable rates of Corporate Income Tax, Municipal Surcharge and State Surcharge.

TD,SA and most of the companies in which it has a stake based in Portugal are subject to Corporate Income Tax ("IRC") at the rate of 25%. Entities which record taxable profit are also subject to the Municipal Surcharge, whose rate may vary to the maximum of 1.5%, as well as the State Surcharge, incident on the portion of taxable profit in excess of 1,500,000 euros, 7,500,000 euros and 35,000,000 euros, at the rates of 3%, 5% and 7%, respectively. The aforesaid entities are also subject to autonomous taxation on the charges and expenses at the rates established in article 88 of the Corporate Income Tax Code.

In the calculation of the taxable profit, to which the aforesaid tax rates are applied, amounts not accepted for tax purposes are added to and subtracted from the book value profit or loss. These differences between the book value profit or loss and the profit or loss for tax purposes may be of temporary or permanent nature.

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). Regarding entities present in other countries, the period of revision of their tax returns varies between three and five years.

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 reported as at 31 December 2015.

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 27).

The income tax recognised for the years ended on 31 December 2015 and 2014 is as follows:

	2015	2014
<b>Current tax:</b>		
Income tax in Portugal	(11,838)	(7,868)
Income tax in other jurisdictions	(21,738)	(29,739)
<b>Current tax</b>	<b>(33,576)</b>	<b>(37,607)</b>
<b>Deferred tax (Note 27):</b>	<b>21,680</b>	<b>(4)</b>
	<b>(11,896)</b>	<b>(37,611)</b>

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to 705 thousand euros were recorded directly in equity for the year ended on 31 December 2015 (9,961 thousand euros as at 31 December 2014) (Note 27).

As at 31 December 2015 and 2014, the reconciliation between the nominal and effective income tax rate is detailed as follows:

	2015		2014	
	Rate %	Tax	Rate %	Tax
<b>Earnings before tax</b>		<b>52,305</b>		<b>103,556</b>
Nominal rate and tax on income	(22.0%)	(11,507)	(23.0%)	(23,818)
Differential of tax rates of other countries	(37.6%)	(19,660)	(15.2%)	(15,768)
Net income of associates and joint ventures (equity method)	4.1%	2,143	(2.3%)	(2,372)
Tax losses generated in the year for which deferred tax assets were not recognised	6.7%	3,485	0.2%	244
Difference between capital gains and losses for tax and accounting purposes	(2.7%)	(1,433)	(0.7%)	(706)
Non-taxed income	-	-	6.5%	6,746
Costs not accepted for tax purposes	(3.3%)	(1,717)	-	-
Autonomous taxation	(1.6%)	(840)	(1.4%)	(1,432)
Municipal surcharge	(1.3%)	(690)	(1.5%)	(1,553)
Differences in estimates	(5.6%)	(2,924)	4.0%	4,140
Other tax components	(0.8%)	(433)	(3.0%)	(3,088)
Deferred tax for the year	41.4%	21,680	(0.0%)	(4)
<b>Effective rate and tax on income</b>	<b>(22.7%)</b>	<b>(11,896)</b>	<b>(36.3%)</b>	<b>(37,611)</b>

## 17. EARNINGS PER SHARE

The earnings per share for the years ended on 31 December 2015 and 2014 were calculated taking into account the following amounts:

	2015	2014
Net income for the effect of calculating basic earnings per share (net income for the year)	33,653	70,281
Weighted average number of shares for the effect of calculating basic earnings per share (thousand)	420,000	420,000
<b>Basic earnings per share</b>	<b>0.08</b>	<b>0.17</b>

Due to the fact that, for the years ended on 31 December 2015 and 2014, there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

## 18. DIVIDENDS

The General Meeting of Shareholders, held on 30 May 2015, deliberated the distribution of dividends of the value of 5,670 thousand euros, corresponding to 0.0135 euros per share, taking into consideration the separate financial statements of the Company as at 31 December 2014, with their payment having taken place in June 2015.

During the year ended on 31 December 2014, dividends of 6,300 thousand euros were paid relative to the year of 2013.

## 19. GOODWILL

During the years ended on 31 December 2015 and 2014, the movement which occurred in the values of goodwill calculated upon the acquisition of subsidiaries, as well as in the respective impairment losses were as follows:

	2015	2014
<b>Gross assets:</b>		
Opening balance	37,183	37,155
Foreign exchange conversion adjustments	27	28
<b>Closing balance</b>	<b>37,210</b>	<b>37,183</b>
<b>Accumulated impairment losses</b>	<b>(15,255)</b>	<b>(7,449)</b>
<b>Net assets:</b>	<b>21,955</b>	<b>29,734</b>

The values of the goodwill as at 31 December 2015 and 2014 refer to the following entities:

Participated Company	Operating segment	2015	2014
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construction	12,107	12,107
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Real estate	1,979	1,979
ACG - Distribuição e Comércio de Gás, S.A.	Energy	142	142
DIGAL - Distribuição e Comércio, S.A.	Energy	7,335	7,335
MULTÍGAS - Sociedade Comercial e Distribuidora de Gás, S.A.	Energy	60	60
TANQUÍGAS - Distribuição e Comércio de Gás, S.A.	Energy	71	71
Auto Competição Angola, LDA	Automotive	261	234
C+PA - Cimento e Produtos Associados, S.A.	Other	-	7,806
		<b>21,955</b>	<b>29,734</b>

The goodwill relative to the associates and joint ventures is an integral part of the values of the corresponding investments and is disclosed in Note 23.

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 to which each unit refers. 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	2015			2014		
	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	8.7%	1.8%	12,107	8.3%	2.0%
DIGAL – Distribuição e Comércio, S.A.	7,335	7.3%	1.5%	7,335	7.5%	1.5%
BONAPARTE – Imóveis Comerciais e Participações, S.A.	1,979	6.0%	2.0%	1,979	6.1%	2.0%
Auto Competição Angola, Lda.	261	14.3%	1.5%	234	14.3%	1.5%
ACG – Distribuição e Comércio de Gás, S.A.	142	8.5%	1.5%	142	8.3%	1.5%
TANQUIGAS – Distribuição e Comércio de Gás, S.A.	71	8.5%	1.5%	71	8.3%	1.5%
MULTIGAS – Sociedade Comercial e Distribuidora de Gás, S.A.	60	8.5%	1.5%	60	8.3%	1.5%
C+P.A. – Cimento e Produtos Associados, S.A.	-	-	-	7,806	17.0%	-
	<b>21,955</b>			<b>29,734</b>		

## 20. INTANGIBLE ASSETS

During the years ended on 31 December 2015 and 2014, the movement in intangible assets and in its depreciation and accumulated impairment losses was as follows:

	Industrial property	Other	Fixed assets under construction	Advance payments for intangible assets	Total
<b>Gross assets:</b>					
Balance as at 31 December 2013	20,254	528	18,594	1,039	40,415
Foreign exchange conversion adjustments	1,912	44	34	141	2,131
Additions	12,555	-	322	-	12,877
Transfers and write-offs	(757)	(261)	(15,695)	(1,180)	(17,893)
Divestments	-	-	-	-	-
<b>Balance as at 31 December 2014</b>	<b>33,964</b>	<b>311</b>	<b>3,255</b>	<b>-</b>	<b>37,530</b>
Perimeter alteration (Note 5)	(455)	-	-	-	(455)
Foreign exchange conversion adjustments	3,174	(26)	(813)	-	2,335
Additions	1,385	-	107	-	1,492
Transfers and write-offs	520	(114)	(43)	-	363
Divestments	(15)	-	-	-	(15)
<b>Balance as at 31 December 2015</b>	<b>38,573</b>	<b>171</b>	<b>2,506</b>	<b>-</b>	<b>41,250</b>
<b>Accumulated depreciation and impairment losses:</b>					
Balance as at 31 December 2013	5,455	397	-	-	5,852
Foreign exchange conversion adjustments	268	43	-	-	311
Transfers and write-offs	(762)	(261)	-	-	(1,023)
Reinforcements	1,280	16	-	-	1,296
<b>Balance as at 31 December 2014</b>	<b>6,241</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>6,436</b>
Perimeter alteration (Note 5)	(340)	-	-	-	(340)
Foreign exchange conversion adjustments	172	2	-	-	174
Transfers and write-offs	72	(26)	-	-	46
Reinforcements	1,687	-	-	-	1,687
Divestments	(15)	-	-	-	(15)
<b>Balance as at 31 December 2015</b>	<b>7,817</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>7,988</b>
<b>Net value:</b>					
<b>As at 31 December 2014</b>	<b>27,723</b>	<b>116</b>	<b>3,255</b>	<b>-</b>	<b>31,094</b>
<b>As at 31 December 2015</b>	<b>30,756</b>	<b>-</b>	<b>2,506</b>	<b>-</b>	<b>33,262</b>

As at 31 December 2015, the heading of "Industrial property" presents the amount of 28,261 thousand euros, relative to area rights (24,248 thousand euros as at 31 December 2014).

## 21. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2015 and 2014, the movement in fixed tangible assets and in their depreciation and accumulated impairment losses was as follows:

(a) In the year ended on 31 December 2014, impairments of tangible fixed assets of the value of 13,396 thousand euros were recorded under the heading "Provisions and impairment losses in depreciable and amortisable assets and Goodwill"

	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	Advance payments for tangible fixed assets	Total
<b>Gross assets:</b>										
Balance as at 31 December 2013	31,683	434,063	406,263	82,356	41,065	41,134	10,004	65,873	-	1,112,441
Perimeter alteration	434	514	165	185	4	22	-	-	-	1,324
Foreign exchange conversion adjustments	155	26,525	(285)	(1,234)	595	2,128	454	4,447	-	32,785
Additions	-	48,130	44,361	13,117	3,930	3,718	1,070	33,090	12	147,428
Transfers and write-offs	(158)	27,391	193	(660)	(433)	(4,933)	(1,056)	(25,761)	139	(5,278)
Divestments	-	(1,494)	(16,688)	(4,053)	(1,010)	(888)	(17)	-	-	(24,150)
<b>Balance as at 31 December 2014</b>	<b>32,114</b>	<b>535,129</b>	<b>434,009</b>	<b>89,711</b>	<b>44,151</b>	<b>41,181</b>	<b>10,455</b>	<b>77,649</b>	<b>151</b>	<b>1,264,550</b>
Perimeter alteration (Note 5)	(6,800)	(29,570)	(9,907)	(165)	(31)	(1,266)	(927)	(93)	-	(48,759)
Foreign exchange conversion adjustments	(833)	32,423	(20,243)	(704)	(1,428)	963	(80)	(340)	17	9,775
Additions	-	14,221	21,732	6,753	3,646	2,097	897	13,898	-	63,244
Transfers and write-offs	(33)	18,605	(5,271)	(1,712)	(201)	58	1,530	(49,482)	-	(36,506)
Divestments	-	(5,112)	(4,037)	(8,817)	(773)	(466)	(151)	-	-	(19,356)
<b>Balance as at 31 December 2015</b>	<b>24,448</b>	<b>565,696</b>	<b>416,283</b>	<b>85,066</b>	<b>45,364</b>	<b>42,567</b>	<b>11,724</b>	<b>41,632</b>	<b>168</b>	<b>1,232,948</b>
<b>Accumulated depreciation and impairment losses:</b>										
Balance as at 31 December 2013	166	133,280	280,375	58,483	31,093	32,367	5,443	-	-	541,207
Perimeter alteration	-	232	71	95	3	15	-	-	-	416
Currency conversion effect	-	3,609	(588)	(782)	27	1,581	181	-	-	4,028
Reinforcements (a)	1	28,972	41,849	9,691	3,079	3,333	677	35	-	87,637
Transfers and write-offs	-	(4,422)	(7,690)	(1,093)	(273)	(5,061)	(32)	(35)	-	(18,606)
Divestments	-	(1,472)	(11,893)	(3,467)	(644)	(756)	(17)	-	-	(18,249)
<b>Balance as at 31 December 2014</b>	<b>167</b>	<b>160,199</b>	<b>302,124</b>	<b>62,927</b>	<b>33,285</b>	<b>31,479</b>	<b>6,252</b>	<b>-</b>	<b>-</b>	<b>596,433</b>
Perimeter alteration (Note 5)	-	(15,551)	(8,952)	(129)	(30)	(1,189)	(766)	-	-	(26,617)
Currency conversion effect	-	7,011	(8,724)	(695)	(318)	978	144	-	-	(1,604)
Reinforcements	-	22,569	34,258	10,200	3,330	3,214	998	-	-	74,569
Transfers and write-offs	(3)	(17,623)	(8,570)	(555)	(134)	(93)	(29)	-	-	(27,007)
Divestments	-	(1,242)	(3,602)	(7,802)	(729)	(323)	(114)	-	-	(13,812)
<b>Balance as at 31 December 2015</b>	<b>164</b>	<b>155,363</b>	<b>306,534</b>	<b>63,946</b>	<b>35,404</b>	<b>34,066</b>	<b>6,485</b>	<b>-</b>	<b>-</b>	<b>601,962</b>
<b>Net value:</b>										
As at 31 December 2014	31,947	374,930	131,885	26,784	10,866	9,702	4,203	77,649	151	668,117
As at 31 December 2015	24,284	410,333	109,749	21,120	9,960	8,501	5,239	41,632	168	630,986

The additions to tangible fixed assets during the year ended on 31 December 2015 primarily refer to investments in facilities and equipment.

As at 31 December 2015, the tangible assets in progress include 30,348 thousand euros relative to buildings and other constructions in progress, in particular the following:

- For the Distribution sector, the expansion of the network of shops in Angola;
- For the Distribution and Automotive sectors, facilities for logistics in Angola.

## 22. INVESTMENT PROPERTIES

During the years ended on 31 December 2015 and 2014, the movement in investment properties was as follows:

	2015	2014
<b>Opening balance</b>	<b>482,185</b>	<b>479,965</b>
Perimeter alteration (Note 5)	(304)	-
Foreign exchange conversion adjustments	10,226	10,478
Increases / (divestments)	4,156	(6,349)
Change in fair value (Notes 8 and 14)	10,112	(1,805)
Transfer of assets held for sale	-	(409)
Transfers from/to tangible fixed assets	5,308	305
<b>Closing balance</b>	<b>511,683</b>	<b>482,185</b>

The income gained from investment properties arising from operating lease contracts reached 31,235 thousand euros for the year ended on 31 December 2015 (32,398 thousand euros as at 31 December 2014). Direct operating costs related to investment properties reached 3,825 thousand euros in the year ended on 31 December 2015 (4,063 thousand euros as at 31 December 2014).

The fair value of each operational investment property is periodically determined through assessments, in the most relevant 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 evaluators, 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 8%;
- 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 evaluator. However, approximately 81% 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 properties.

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.

### 23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following associates and joint ventures were recorded through the equity method as at 31 December 2015:

Corporate name	Head office	Effective percentage holding
ALVORADA PETRÓLEO, S.A.	Rua Paraíba, nº 1000, sala 1518, 15º andar - Bairro Funcionário Belo Horizonte - Minas Gerais - Brazil	43.20%
ALSOMA, GEIE.	3 Av André Malraux Levallois Peret - France	27.00%
AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE	Edifício 1, Lagoas Park Porto Salvo	14.10%
AVIA PORTUGAL - Produtos Petrolíferos, S.A.	Edifício 1, Lagoas Park Porto Salvo	40.00%
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%
CONSORCIO MINERO LUSO VARGAS C.A. (CONLUVAR)	Av. Venezuela com Calle Mohedano, Torre JWM Piso 5, Of. 5-2, Urb El Rosal - Caracas - Venezuela	49.00%
CONSORCIO OPSUT 2010	Calle 4, Casa nº 4, Urbanizacion Los Laureles Valle de la Pascoa - Venezuela	51.00%
DOURO LITORAL, ACE	Tower Plaza, Rotunda Edgar Cardoso, nº 23, 12º andar, salas C, G e H Vila Nova de Gaia	40.00%
D.L.O.E.A.C.E. - Douro Litoral Obras Especiais, ACE	Edifício 2, Lagoas Park Porto Salvo	40.00%
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 MEK - Grupo Marítimo Português Mers EL Kibir, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
IMOC - Empreendimentos Imobiliários, S.A.	Av. Julius Nyerere, 130 Maputo	49.92%
Limited Liability Company Cement	Khutorskya Str., 70 Odessa	49.00%
METROLIGEIRO - Construção de Infraestruturas, ACE	Rua Abranches Ferrão, nº 10 - 5º F Lisbon	26.80%
NOVA ESTAÇÃO, ACE	Edifício 6 - Piso 1, Lagoas Park Porto Salvo	25.00%
RPK Gulfstream, Ltd.	Tri Ruchja str. 183003, Murmansk	42.70%
AK10 - Empreendimentos e Participações SPE Ltda.	Alameda Santos, nº 960, 19º andar, Edifício CYK Cerqueira César - São Paulo	25.00%
SOMAFEL E FERROVIAS, ACE	Edifício 1, Lagoas Park Porto Salvo	36.00%
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	Edifício 2, Lagoas Park Porto Salvo	57.30%
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%



The investments in associates and joint ventures showed the following movements during the years ended on 31 December 2015 and 2014:

	Equity stakes	Goodwill	Total
<b>Balance as at 31 December 2013</b>	<b>24,768</b>	<b>11,693</b>	<b>36,461</b>
Effects of the application of the equity method:			
- Effect on net income for the year (Note 15)	(10,311)	-	(10,311)
- Effect on equity	8,001	-	8,001
Increase	866	-	866
Foreign exchange conversion adjustments	(621)	-	(621)
Other	6,246	(50)	6,196
<b>Balance as at 31 December 2014</b>	<b>28,949</b>	<b>11,643</b>	<b>40,592</b>
Effects of the application of the equity method:			
- Effect on net income for the year (Note 15)	5,872	-	5,872
- Effect on equity	(1,344)	-	(1,344)
Divestments a)	(27)	-	(27)
Foreign exchange conversion adjustments	(239)	-	(239)
Transfer to assets held for sale (Note 24)	(16,072)	(11,643)	(27,715)
Other	(265)	-	(265)
<b>Balance as at 31 December 2015</b>	<b>16,874</b>	<b>-</b>	<b>16,874</b>

a) TEIX.CO SPA was divested during the year ended on 31 December 2015, with a capital loss of 27 thousand euros being recorded.

The investments in associates and joint ventures as at 31 December 2015 and 2014 are detailed as follows:

Associates and joint ventures	2015			2014		
	Equity stakes	Goodwill	Value of financial position	Equity stakes	Goodwill	Value of financial position
IMOC - Empreendimentos Imobiliários, S.A.R.L.	14,560	-	14,560	10,506	-	10,506
RPK Gulfstream Ltd.	473	-	473	528	-	528
Alvorada Petróleos, S.A.	430	-	430	623	-	623
SCP AK-10 Empreendimentos e Participações SPE LTDA.	16	-	16	20	-	20
Limited Liability Company Cement	-	-	-	16,072	11,643	27,715
Other	1,395	-	1,395	1,200	-	1,200
	<b>16,874</b>	<b>-</b>	<b>16,874</b>	<b>28,949</b>	<b>11,643</b>	<b>40,592</b>

The holdings referred to above are stated by the equity method, which, for the years ended on 31 December 2015 and 2014, had the following impacts:

Associates	2015		Total
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	
Alvorada Petróleos, S.A.	(28)	(165)	(193)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	6,177	(2,123)	4,054
SCP AK-10 Empreendimentos e Participações SPE LTDA.	1	-	1
Other	(278)	944	666
	<b>5,872</b>	<b>(1,344)</b>	<b>4,528</b>

2014			
Associates	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Alvorada Petróleos, S.A.	(46)	4	(42)
Limited Liability Company Cement	(8,582)	3,696	(4,886)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	232	4,017	4,249
SCP AK-10 Empreendimentos e Participações SPE LTDA.	(1)	-	(1)
Other	(1,914)	284	(1,630)
	(10,311)	8,001	(2,310)

The main financial information with respect to the associates and joint ventures at 31 December 2015 and 2014 is as follows:

	Total assets		Total liabilities		Total net assets		Share of the Group in net assets	
	2015	2014	2015	2014	2015	2014	2015	2014
Alvorada Petróleos, S.A.	1,465	2,004	469	561	996	1,443	430	623
IMOC - Empreendimentos Imobiliários, S.A.R.L.	59,509	35,364	30,343	14,318	29,167	21,046	14,560	10,506
Limited Liability Company Cement	-	16,584	-	35,029	-	(18,445)	-	16,072
SCP AK-10 Empreendimentos e Participações SPE LTDA.	32	40	-	-	32	40	16	20
TEIX.CO SPA	-	4,112	-	4,759	-	(647)	-	-
Other	12,992	16,755	8,142	16,127	4,850	628	1,868	1,728
	73,998	74,859	38,954	70,794	35,045	4,065	16,874	28,949

	Sales and services rendered		Net income for the year		Share of the Group in net income for the year	
	2015	2014	2015	2014	2015	2014
Alvorada Petróleos, S.A.	-	-	(65)	(106)	(28)	(46)
Limited Liability Company Cement	-	15,831	-	(17,514)	-	(8,582)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	235	58	12,374	464	6,177	232
SCP AK-10 Empreendimentos e Participações SPE LTDA.	-	-	2	(1)	1	(1)
Other	2,488	12,238	(703)	(3,779)	(278)	(1,914)
	2,723	28,127	11,608	(20,936)	5,872	(10,311)

## 24. ASSETS HELD FOR SALE

As at 31 December 2015, the assets held for sale are detailed as follows:

	2015
<b>Limited Liability Company Cement</b>	
Goodwill	11,643
Loan	16,072
<b>Estimated Sale Value</b>	<b>22,572</b>
<b>Impairment loss (Note 15)</b>	<b>(5,143)</b>

As at 31 December 2014, this heading refers to a unit of a property of the value of 409 thousand euros, previously classified as an investment property (Note 22).

## 25. FINANCIAL ASSETS AVAILABLE FOR SALE

During the years ended on 31 December 2015 and 2014, the movements which occurred in the valuation of the financial assets available for sale, stated at their respective fair value, were as follows:

	2015	2014
<b>Opening balance</b>	<b>59,887</b>	<b>84,613</b>
Acquisitions during the year	-	22,787
Divestments during the year a)	(19,007)	(4,800)
Increase / Decrease in fair value b)	(10,453)	(42,713)
<b>Closing balance</b>	<b>30,427</b>	<b>59,887</b>

As at 31 December 2015 and 31 December 2014, the Group held 622,229,693 shares of Banco Comercial Português, S.A., corresponding to 1.15% of the share capital and voting rights, classified as financial assets available for sale.

a) During the years ended on 31 December 2015 and 2014, the presented values are detailed as follows:

### Divestments of shares of "Financial assets available for sale":

#### Financial Year of 2015

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 2,420,000 shares of "Banco Bilbao Vizcaya Argentaria, S.A."	19,007	19,639	4,568	5,200	19,639
<b>Total</b>	<b>19,007</b>	<b>19,639</b>	<b>4,568</b>	<b>5,200</b>	<b>19,639</b>

#### Financial Year of 2014

Description	Book value (a)	Sale Value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 3,445,239 shares of "Banco Comercial Português, S.A."	574	257	323	7	257
Divestment of 472,414 shares of "Banco Bilbao Vizcaya Argentaria, S.A."	4,226	4,467	1,055	1,296	4,467
<b>Total</b>	<b>4,800</b>	<b>4,724</b>	<b>1,378</b>	<b>1,303</b>	<b>4,724</b>

b) During the years ended on 31 December 2015 and 2014, the presented values are detailed as follows:

### Impairment loss of "Financial assets available for sale":

#### Financial Year of 2015

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through profit or loss (Note 15)
Impairment loss in the holding of "Banco Comercial Português, S.A."	(10,453)	-	(10,453)
<b>Total</b>	<b>(10,453)</b>	<b>-</b>	<b>(10,453)</b>

#### Financial Year of 2014

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through profit or loss (Note 15)
Impairment loss in the holding of "Banco Comercial Português, S.A."	(40,739)	32,307	(8,432)
Impairment loss in the holding of "Banco Bilbao Vizcaya Argentaria, S.A."	(1,974)	(1,974)	-
<b>Total</b>	<b>(42,713)</b>	<b>30,333</b>	<b>(8,432)</b>

During the year ended on 31 December 2014, the Group acquired 268,674,932 shares of "Banco Comercial Português, S.A." for the value of 22,787 thousand euros (Note 30).

Also during the year ended on 31 December 2014, the Group divested its subscription rights of "Banco Comercial Português, S.A." of the value of 22,068 thousand euros (Note 30).

The financial assets available for sale, and their respective cost and market values, as at 31 December 2015 and 2014, are as follows:

	2015		2014	
	Cost value	Market value	Cost value	Market value
Banco Comercial Português, S.A.	739,822	30,427	739,822	40,880
Banco Bilbao Vizcaya Argentaria, S.A.	-	-	31,801	19,007
	<b>739,822</b>	<b>30,427</b>	<b>771,623</b>	<b>59,887</b>

Furthermore, during the years ended on 31 December 2015 and 2014, dividends were received from the investment in "Banco Bilbao Vizcaya Argentaria, S.A." to the value of 198 thousand euros and 192 thousand euros, respectively, which were recognised in the income statement for the year ended on that date (Note 15).

## 26. OTHER INVESTMENTS

As at 31 December 2015 and 2014, this heading includes investments in the following entities:

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.

Furthermore, during the years ended on 31 December 2015 and 2014, dividends were received from these investments to the value of 815 thousand euros and 738 thousand euros, respectively, which were recognised in the income statement for the year ended on that date (Note 15).

	Non-current		Current	
	2015	2014	2015	2014
<b>Financial assets available for sale at cost a)</b>				
Popular Republic of Angola Government Public Debt Securities	36,775	-	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	5,606	5,456	-	-
AEBT - Vias do Baixo Tejo, S.A.	5,373	5,373	-	-
AEDL - Auto Estradas do Douro Litoral, S.A.	1,212	1,212	-	-
JÚPITER - Indústria Hoteleira, S.A.	784	784	-	-
VOTORANTIM Macau Investimentos, S.A.	715	715	-	-
MTS - Metro Transporte do Sul, S.A.	570	570	-	-
MATADOURO DE MACAU, S.A.R.L.	317	317	-	-
EIA - Ensino, Investigação e Administração, S.A.	300	300	-	-
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	256	-	-
CPM - Companhia de Parques de Macau, S.A.R.L.	205	205	-	-
LONGAPAR - Sociedade Gestora de Participações Sociais, S.A.	-	1,006	-	-
LONGAVIA, S.A.	-	670	-	-
Other	255	187	-	-
	<b>52,368</b>	<b>17,051</b>	<b>-</b>	<b>-</b>
<b>Financial assets available for sale at fair value</b>				
COLT Resources Inc.	602	532	-	-
Banco Bilbao Vizcaya Argentaria, S.A.	-	-	-	3,848
Other	-	-	35	41
	<b>602</b>	<b>532</b>	<b>35</b>	<b>3,889</b>
	<b>52,970</b>	<b>17,583</b>	<b>35</b>	<b>3,889</b>

## 27. DEFERRED TAXES

All situations which might significantly affect future taxes are stated by the application of the deferred tax rule.

For the years ended on 31 December 2015 and 2014, the movements which occurred in deferred tax assets and liabilities, according to the temporary differences which generated them, are as follows:

2015								
	Opening balance	Perimeter alteration (Note 5)	Constitution		Reversal		Currency conversion effect and adjustments	Closing balance
			Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Deferred tax assets:								
Inventory impairments	128	-	98	-	-	-	(9)	217
Bad debt impairment	172	(33)	32	-	(3)	-	(113)	55
Financial assets available for sale	133,767	-	2,349	-	-	(15)	-	136,101
Double international taxation credit	-	-	1,113	-	-	-	8,821	9,934
Tax losses carried forward	21,588	(4)	15,348	-	(5,425)	-	(6,252)	25,255
Provision for losses in works	1,616	-	204	-	(986)	-	(63)	771
Other	13,948	439	12,559	-	(1,270)	(513)	(2,583)	22,580
	171,219	402	31,703	-	(7,684)	(528)	(199)	194,913
Deferred tax liabilities:								
Future taxable earnings	1,513	-	581	-	(237)	-	(431)	1,426
Financial assets available for sale	736	-	-	-	-	(824)	88	-
Investment properties	45,819	(45)	1,614	-	(1,095)	-	2,294	48,587
Revaluation of tangible fixed assets	5,733	(47)	87	-	(39)	(11)	4	5,727
Other	2,279	-	1,102	-	326	(398)	(30)	3,279
	56,080	(92)	3,384	-	(1,045)	(1,233)	1,925	59,019

2014								
	Opening balance	Perimeter alteration	Constitution		Reversal		Currency conversion effect and adjustments	Closing balance
			Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Deferred tax assets:								
Inventory impairments	128	-	2	-	(2)	-	-	128
Bad debt impairment	52	-	123	-	(144)	-	141	172
Financial assets available for sale	138,496	-	1,212	7,991	(12,156)	-	(1,776)	133,767
Tax losses carried forward	30,649	-	23,619	-	(5,234)	-	(27,446)	21,588
Provision for losses in works	3,617	26	2,247	-	(406)	-	(3,868)	1,616
Other	15,572	-	2,372	1,215	(9,790)	-	4,579	13,948
	188,514	26	29,575	9,206	(27,732)	-	(28,370)	171,219
Deferred tax liabilities:								
Future taxable earnings	338	-	1,224	-	(16)	-	(33)	1,513
Financial assets available for sale	1,792	-	-	-	-	(1,056)	-	736
Investment properties	44,174	-	886	-	(217)	-	976	45,819
Revaluation of tangible fixed assets	5,010	-	-	-	(623)	(9)	1,355	5,733
Other	1,379	-	862	-	(269)	310	(3)	2,279
	52,693	-	2,972	-	(1,125)	(755)	2,295	56,080

According to the tax returns of the companies that recorded deferred tax assets due to tax losses as at 31 December 2015 and 2014, they were carried forward as follows:

	2015			2014		
	Tax loss	Deferred tax assets	Deadline for use	Tax loss	Deferred tax assets	Deadline for use
Generated in 2009	-	-	-	1,137	283	2015
Generated in 2010	-	-	-	13,015	3,365	2014
Generated in 2011	-	-	-	9,453	2,155	2015
Generated in 2012	27,230	6,020	2017	10,645	3,032	2017
Generated in 2013	28,438	7,276	2018	27,100	9,002	2018
Generated in 2014	12,477	3,229	2026	13,009	3,751	2026
Generated in 2015	29,990	8,730	2027	-	-	-
	<b>98,135</b>	<b>25,255</b>		<b>74,359</b>	<b>21,588</b>	

Furthermore, as at 31 December 2015 and 2014, the tax losses and credits for which no deferred tax assets were recorded as a precaution, are broken down as follows:

	2015			2014		
	Tax loss	Tax credit	Deadline for use	Tax loss	Tax credit	Deadline for use
Generated in 2009	-	-	-	3,321	697	2015
Generated in 2010	-	-	-	3,180	668	2014
Generated in 2011	-	-	-	3,108	653	2015
Generated in 2012	2,922	614	2017	2,922	614	2017
Generated in 2013	2,252	473	2018	2,252	473	2018
Generated in 2014	1,162	244	2026	1,162	244	2026
Generated in 2015	16,595	3,485	2027	-	-	-
	<b>22,931</b>	<b>4,816</b>		<b>15,945</b>	<b>3,349</b>	

Deferred tax assets are only recorded insofar as it is considered that taxable profits are likely to occur in future taxation periods which may be used to recover the tax losses or deductible tax differences. This assessment was based on the business plans of the Group's companies, periodically reviewed and updated, and on the prospects of generating taxable earnings.

As of 1 January 2014, the deduction of tax losses, including tax losses recorded in previous periods, is limited to 70% of the taxable profit for the year when this deduction is made.

## 28. CUSTOMERS AND OTHER RECEIVABLES

As at 31 December 2015 and 2014, this heading was broken down as follows:

	Current		Non-current	
	2015	2014	2015	2014
<b>Customers:</b>				
Customers – current account	439,193	462,758	52,087	55,225
Customers – bad debt	56,488	36,397	-	-
	<b>495,681</b>	<b>499,155</b>	<b>52,087</b>	<b>55,225</b>
<b>Impairment losses</b>	<b>(62,112)</b>	<b>(49,077)</b>	-	-
	<b>433,569</b>	<b>450,078</b>	<b>52,087</b>	<b>55,225</b>
<b>Other receivables:</b>				
Staff	981	2,215	-	-
Other debtors	55,436	73,218	99	125
	<b>56,417</b>	<b>75,433</b>	<b>99</b>	<b>125</b>
<b>Impairment losses</b>	<b>(509)</b>	<b>(893)</b>	-	-
	<b>55,908</b>	<b>74,540</b>	<b>99</b>	<b>125</b>

During the years ended on 31 December 2015 and 2014, the movements which occurred in the impairment of accounts receivable were as follows:

Accumulated impairment losses on customers and other receivables:	
<b>Balance as at 31 December 2013</b>	<b>48,236</b>
Foreign exchange conversion adjustments	2,888
Reinforcements (Note 14)	2,127
Reversals (Note 8)	(1,607)
Adjustments	(1,674)
<b>Balance as at 31 December 2014</b>	<b>49,970</b>
Perimeter alteration	(1,940)
Foreign exchange conversion adjustments	679
Reinforcements (Note 14)	26,121
Reversals (Note 8)	(12,035)
Adjustments	(174)
<b>Balance as at 31 December 2015</b>	<b>62,621</b>

The Group's exposure to credit risk (Note 43) 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.

## 29. RELATED PARTIES

The transactions and balances between TD,SA 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 associates and joint ventures, related parties and individuals with significant voting rights and 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 2015 and 2014 can be broken down as follows:

Entities	Balance receivable		Balance payable		Loans granted		Other debts	
	2015	2014	2015	2014	2015	2014	2015	2014
AEBT – Auto Estradas do Baixo Tejo, S.A.	7	-	-	-	5,373	5,373	-	-
AEDL – Auto Estradas do Douro Litoral, S.A.	-	-	-	-	1,202	1,202	-	-
CINTEL – Construção Interceptor Esgotos, S.A.	46	46	-	-	4	4	-	-
CONBATE, ACE	20	22	-	-	-	-	-	-
Consórcio Mineiro Luso Vargas – CONLUVAR	519	3,808	135	1,500	-	-	-	3
Consórcio OPSUT 2010	164	2,569	28	323	-	-	-	-
DOURO LITORAL, ACE	12	7	61	30	-	-	-	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	-	2	-	-	-	(269)	(269)
EIA – Ensino de Investigação e Administração, S.A.	9	9	-	-	-	-	(324)	(324)
GMP – Grupo Marítimo Português, ACE	106	56	10	10	-	-	-	-
GMP MEK – Grupo Marítimo Português Mers El Kibir, ACE	24	20	-	-	-	-	-	-
IMOC – Empreendimentos Imobiliários, S.A.R.L.	10,246	10,050	183	5	-	-	(126)	(2)
INVESTIPART – Participações e Investimentos, S.A.	3	-	-	-	-	-	-	-
Limited Liability Company Cement	-	147	-	-	16,072	16,072	-	-
LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.	-	-	-	-	150	-	-	-
METROLIGEIRO – Construção de Infraestruturas, ACE	11	13	-	-	-	-	-	-
Moreira e Cunha, Lda.	5	7	-	-	-	-	-	-
MTS – Metro Transportes do Sul, S.A.	-	-	-	-	740	740	-	-
NOVA ESTAÇÃO, ACE	1,017	1,017	60	51	-	-	-	-
Promociones Inmobiliárias 3003, C.A.	-	-	-	-	-	-	(32)	(27)
RPK Gulfstream, Ltd.	-	-	-	-	1,236	1,379	-	-
SOMAFEL/FERROVIAS, ACE	3	5	10	-	-	-	-	-
TEDEVEN Imobiliária, C.A.	-	1	-	15	-	-	-	-
TEIX.CO SPA	-	1,396	-	524	-	-	-	(281)
TEIXEIRA DUARTE – SOPOL – Metro Superfície, ACE	6	-	58	44	-	-	-	-
TRÊS PONTO DOIS – Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	-	-	35	35	-	-	-	-
VSL Sistema de Pré-Esforço – Equipamento de Montagem, S.A.	-	1	-	12	-	-	-	-
	12,198	19,174	582	2,549	24,777	24,770	(751)	(900)



The main transactions carried out with related parties during the years ended on 31 December 2015 and 2014 were as follows:

Entities	Sales and services rendered		Purchases and services received		Interest debited	
	2015	2014	2015	2014	2015	2014
AEBT - Auto Estradas do Baixo Tejo, S.A.	32	23	-	-	-	-
AVIA PORTUGAL, S.A.	-	-	-	21	-	-
CONBATE, ACE	98	142	1	-	-	-
Consórcio Minero Luso Vargás - CONLUVAR	452	1,618	59	6,025	-	-
Consórcio OPSUT 2010	48	1,047	95	1,378	-	-
DOURO LITORAL, ACE	60	64	31	33	-	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	2	2	-	-	-
GMP - Grupo Marítimo Português, ACE	48	50	-	-	-	-
GMP MEK - Grupo Marítimo Português Mers El Kibir, ACE	3	5	-	-	-	-
GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	-	-	-	2	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	15,173	8,278	214	55	-	-
INVESTIPART - Participações e Investimentos, S.A.	3	-	-	-	-	-
Limited Liability Company Cement	-	-	-	-	1,768	1,768
METROLIGEIRO - Construção de Infraestruturas, ACE	22	21	-	-	-	-
Moreira e Cunha, Lda.	38	53	-	-	-	-
NOVA ESTAÇÃO, ACE	-	212	10	16	-	-
STELGEST - Gestão Hoteleira, S.A.	-	21	-	3	-	-
SOMAFEL/FERROVIAS, ACE	8	3	10	-	-	-
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	2	1	1	5	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	16	16	9	31	-	-
VSL Sistema de Pré-Esforço - Equipamento de Montagem, S.A.	-	1	-	22	-	-
	16,003	11,557	432	7,591	1,768	1,768

The remunerations of the members of the governing bodies of TD,SA for the years ended on 31 December 2015 and 2014 were as follows:

	2015	2014
<b>Executive directors:</b>		
Short term benefits	1,512	1,738
<b>Supervisory board:</b>		
Short term benefits	66	61
<b>Chartered accountant:</b>		
Short term benefits	61	61
	1,639	1,860

The remunerations of the senior management staff of TD,SA for the years ended on 31 December 2015 and 2014 were as follows:

	2015	2014
<b>Senior staff:</b>		
Short term benefits	7,594	7,483
	7,594	7,483

### 30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### Cash and cash equivalents

As at 31 December 2015 and 2014, the cash and cash equivalents were detailed as follows:

	2015	2014
Demand deposits	171,868	111,264
Term deposits	74,623	71,097
Other treasury applications	2,518	3,822
Cash	3,684	5,294
	<b>252,693</b>	<b>191,477</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

The revenue derived from financial investments in the quarters ended on 31 December 2015 and 2014, refer to the divestment of equity stakes in the following entities:

	2015	2014
Banco Bilbao Vizcaya Argentaria, S.A. (a)	48,315	35,164
PETRIN - Petróleos e Investimentos, S.A.	10,153	-
LONGAVIA, S.A.	9,184	-
EVA - Sociedade Hoteleira, S.A.	7,627	-
ROCHORIENTAL - Sociedade Hoteleira, S.A.	3,318	-
LONGAPAR - Sociedade Gestora de Participações Sociais, S.A.	2,315	-
Banco Comercial Português, S.A. (b)	-	22,325
Other	-	150
	<b>80,912</b>	<b>57,639</b>

(a) During the year ended on 31 December 2015, the Group sold 2,420,000 shares of "Banco Bilbao Vizcaya Argentaria, S.A." classified as Financial assets available for sale for the value of 19,639 thousand euros. The rest of the amount received refers to the divestment of shares classified as Financial assets available for sale at fair value - "Other investments" (Note 26).

During the year ended on 31 December 2014, the Group sold 472,414 shares of "Banco Bilbao Vizcaya Argentaria, S.A." classified as Financial assets available for sale for the value of 4,467 thousand euros. The rest of the amount received refers to the divestment of shares classified as Financial assets available for sale at fair value - "Other investments" (Note 26).

(b) During the year ended on 31 December 2014, the Group sold 3,445,239 shares of "Banco Comercial Português, S.A." classified as Financial assets available for sale for the value of 257 thousand euros. The rest of the amount received refers to the divestment of subscription rights of "Banco Comercial Português, S.A." of the value of 22,068 thousand euros.

The payments relative to financial investments in the years ended on 31 December 2015 and 2014, refer to the acquisition of equity stakes in the following entities:

	2015	2014
Banco Bilbao Vizcaya Argentaria, S.A.	24,064	34,429
Banco Comercial Português, S.A.	-	22,787
AEBT - Vias do Baixo Tejo, S.A.	-	4,554
DIGAL - Distribuição e Comércio, S.A.	-	930
Other	-	202
	<b>24,064</b>	<b>62,902</b>

The dividends received in the years ended on 31 December 2015 and 2014, were as follows:

	2015	2014
CPM - Companhia de Parques de Macau, S.A.R.L.	251	205
Banco Bilbao Vizcaya Argentaria, S.A.	214	207
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	150	158
Other	398	1.163
	<b>1,013</b>	<b>1,733</b>

### 31. OTHER CURRENT AND NON-CURRENT ASSETS

As at 31 December 2015 and 2014, the other current and non-current assets were broken down as follows:

	Current		Non-current	
	2015	2014	2015	2014
<b>State and other public bodies:</b>				
Corporate Income Tax (IRC)	8,971	13,421	-	-
Value Added Tax	15,179	37,998	-	-
	<b>24,150</b>	<b>51,419</b>	-	-
<b>Associates, participated companies and other shareholders:</b>				
Associates	1,541	1,774	-	-
Participated companies	620	748	951	955
Other shareholders	-	355	1	18
	<b>2,161</b>	<b>2,877</b>	<b>952</b>	<b>973</b>
<b>Accrued income:</b>				
Interest receivable	601	833	-	-
Values to be invoiced (Note 32)	124,780	141,489	-	-
Other accrued income	46,043	41,804	-	-
	<b>171,424</b>	<b>184,126</b>	-	-
<b>Deferred costs:</b>				
Insurance paid in advance	2,983	2,529	-	-
Interest payable	81	46	-	-
Other deferred costs	24,552	26,339	290	330
	<b>27,616</b>	<b>28,914</b>	<b>290</b>	<b>330</b>
<b>Other current assets:</b>				
Advances to suppliers	<b>51,187</b>	<b>53,343</b>	-	-
	<b>276,538</b>	<b>320,679</b>	<b>1,242</b>	<b>1,303</b>

### 32. CONSTRUCTION CONTRACTS

For the years ended on 31 December 2015 and 2014, the income and costs recognised for construction contracts in progress are as follows:

	2015	2014
<b>Net income:</b>		
Issued invoices	732,132	669,527
Change in:		
- Deferred income - works (Note 40)	(58,843)	52,416
- Accrued income - works (Note 31)	(16,709)	57,167
	<b>656,580</b>	<b>779,110</b>
<b>Net costs:</b>		
Invoiced costs	661,136	701,124
Change in:		
- Provisions for guarantees (Note 37)	142	1,338
- Provisions for future losses (Note 37)	(2,195)	759
	<b>659,083</b>	<b>703,221</b>
<b>Calculated earnings (Note 7):</b>	<b>(2,503)</b>	<b>75,889</b>

Additionally, as at 31 December 2015 and 2014, the withholdings made by customers relative to construction contracts amounted to 4,127 thousand euros and 2,494 thousand euros, respectively.

### 33. CAPITAL

As at 31 December 2015 and 2014, the underwritten and paid-up share capital was represented by 420,000,000 shares with the nominal value of 0.50 euro each.

As at 31 December 2015, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 203,520,000 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 48.46% of its share capital.

### 34. RESERVES AND RETAINED EARNINGS

Legal reserve: Pursuant to the current legislation, the Company is obliged to transfer at least 5% of its annual net income to the legal reserve, until it reaches at least 20% of the share capital. This reserve is not distributable to the shareholders, but may be used to absorb losses, after all the other reserves have been depleted, or incorporated in the share capital.

Fair value reserve: The fair value reserve arises from 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, under the terms and within the limits established in the Commercial Companies Code.

Reserve of hedging operations: 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 derivative financial instruments classified as cash flow hedges.

### 35. NON-CONTROLLING INTERESTS

The movements under this heading during the years ended on 31 December 2015 and 2014 were as follows:

	2015	2014
<b>Opening balance</b>	<b>27,058</b>	<b>35,321</b>
Perimeter alterations (Note 5)	(190)	2,586
Foreign exchange conversion adjustments	43	2,076
Dividends	(1,596)	(7,874)
Acquisition of non-controlling interests	-	(641)
Other changes in the equity of the participated companies	18,219	(74)
Net income for the year attributable to non-controlling interests	6,756	(4,336)
<b>Closing balance</b>	<b>50,290</b>	<b>27,058</b>

During 2014, the Group acquired the remaining 5% of the participated company "DIGAL - Distribuição e Comércio de Gás, S.A." for the value of 930 thousand euros (Note 30), as well as 5% of companies of the Energy sector for 116 thousand euros, companies that had already been consolidated.

### 36. LOANS

As at 31 December 2015 and 2014, the loans received were as follows:

	2015	2014
<b>Non-current liabilities:</b>		
Bank loans a)	217,980	243,200
Commercial paper b)	432,257	503,015
Debenture loan c)	15,300	15,300
	<b>665,537</b>	<b>761,515</b>
<b>Current liabilities:</b>		
Bank loans a)	617,139	624,788
Commercial paper b)	117,457	98,557
	<b>734,596</b>	<b>723,345</b>
	<b>1,400,133</b>	<b>1,484,860</b>

#### a) Bank loans

As at 31 December 2015, the domestic bank loans, bank overdrafts and pledged current accounts earned interest at the weighted annual average rate of 4.61% (4.95% as at 31 December 2014).

As at 31 December 2015, the most significant bank loans contracted by the Group essentially correspond to:

Loan raised from Caixa Banco de Investimento, S.A. and Caixa Geral de Depósitos, S.A., contracted on 21 February 2008, of the value of 44,422 thousand euros on the closing date of December 2015, which will be repaid in 37 equal and successive instalments, ending on 10 December 2033.

Loan taken out by the Group at Caixa Geral de Depósitos, S.A. on 30 December 2008, of the value of 28,540 thousand euros on the closing date of December 2015, which will be repaid in 96 equal and successive monthly instalments, ending on 30 December 2023.

Loan raised from Banco Caixa Geral Angola, contracted on 21 December 2011 of the value of 8,599 thousand euros on the closing date of December 2015, which will fall due on 28 February 2019.

Loan raised from Banco Bradesco, S.A., contracted on 27 March 2012 of the value of 9,122 thousand euros on the closing date of December 2015, which will fall due on 27 February 2016, and may be renewed for a further 36 months.

Loan raised from Banco BIC de Angola, contracted on 9 October 2012 of the value of 7,644 thousand euros on the closing date of December 2015, which will fall due on 5 December 2019.

Loan raised from Banco BIC de Angola, contracted on 9 October 2012 of the value of 17,222 thousand euros on the closing date of December 2015, which will fall due on 13 December 2019.

Loan raised from Banco Privado Atlântico de Angola, contracted on 12 October 2012 of the value of 9,173 thousand euros on the closing date of December 2015, which will fall due on 18 October 2017.

Loan raised from Banco Popular Portugal, S.A., contracted on 13 December 2012, of the value of 1,847 thousand euros on the closing date of December 2015. The present principal will be repaid over the contract period, and in accordance with the table of agreed haircuts, by the product of the sale of the mortgaged real estate properties, with the remainder being settled through bullet repayment on 13 December 2016.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 29 August 2013 of the value of 11,572 thousand euros on the closing date of December 2015, which will fall due on 20 October 2016.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 30 August 2013 of the value of 1,933 thousand euros on the closing date of December 2015, which will fall due on 20 November 2016.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 11 September 2013 of the value of 3,180 thousand euros on the closing date of December 2015, which will fall due on 20 April 2017.

Loan raised from Banco Caixa Geral Angola, contracted on 23 January 2014 of the value of 11,664 thousand euros on the closing date of December 2015, which will fall due on 30 April 2021.

Loan raised from Banco Angolano de Investimento, contracted on 20 February 2014 of the value of 25,979 thousand euros on the closing date of December 2015, which will fall due on 31 October 2020.

Loan raised from Banco BIC de Angola, contracted on 22 September 2014 of the value of 16,461 thousand euros on the closing date of December 2015, which will fall due on 13 December 2021.

Loan raised from Banco do Brasil S.A., contracted on 17 October 2014 of the value of 5,200 thousand euros on the closing date of December 2015, which shall be repaid on a six-monthly basis with instalments of 1,300 thousand euros.

Loan raised from Caixa Económica Montepio Geral, contracted on 23 October 2014, of the value of 8,000 thousand euros on the closing date of December 2015, which will be repaid in 84 constant and successive monthly instalments of principal and interest after a period of grace of twenty-four months, ending on 23 October 2023.

Loan raised from Caixa Económica Montepio Geral, contracted on 23 October 2014 of the value of 2,592 thousand euros on the closing date of December 2015, which will be repaid in 48 constant and successive monthly instalments, ending on 23 October 2019.

Loan raised from Banco do Brasil S.A., contracted on 24 October 2014 of the value of 7,000 thousand euros on the closing date of December 2015, which shall be repaid on 30 April 2016.

Loan raised from Banco BANRISUL, S.A., contracted on 24 November 2014 of the value of 531 thousand euros on the closing date of December 2015, which will fall due on 27 November 2016.

Loan raised from Banco BANRISUL, S.A., contracted on 24 November 2014 of the value of 506 thousand euros on the closing date of December 2015, which will fall due on 27 April 2017.

Loan raised from Banco Caixa Geral Angola, contracted on 31 December 2014 of the value of 8,435 thousand euros on the closing date of December 2015, which will fall due on 31 December 2021.

Loan raised from Novo Banco, S.A., contracted on 26 January 2015 of the value of 28,750 thousand euros on the closing date of December 2015, repaid on a six-monthly basis in amounts varying between 1,000 thousand euros and 2,500 thousand euros, with the last instalment of 16,500 thousand euros falling due on 30 December 2019.

Loan raised from Banco DAYCOVAL, S.A., contracted on 14 April 2015 of the value of 133 thousand euros on the closing date of December 2015, which will fall due on 17 April 2017.

Loan raised from Banco SANTANDER, S.A., contracted on 30 April 2015 of the value of 1,086 thousand euros on the closing date of December 2015, which will fall due on 27 April 2017.

Loan raised from Banco Caixa Geral, S.A., contracted on 13 May 2015 of the value of 7,891 thousand euros on the closing date of December 2015, which will fall due on 13 November 2016.

Loan raised from Banco SAFRA, S.A., contracted on 18 May 2015 of the value of 335 thousand euros on the closing date of December 2015, which will fall due on 8 May 2017.

Loan raised from Novo Banco, S.A., contracted on 20 May 2015 of the value of 11,184 thousand euros on the closing date of December 2015, which shall be repaid in 9 quarterly instalments starting on 30 September 2015.

Loan raised from Banco Caixa Geral, S.A., contracted on 18 June 2015 of the value of 994 thousand euros on the closing date of December 2015, which shall be repaid on 31 October 2016.

Loan raised from Banco Caixa Geral Angola, contracted on 26 November 2015 of the value of 14,422 thousand euros on the closing date of December 2015, which will fall due on 29 June 2020.

Loan raised from Banco Caixa Geral, S.A., contracted on 29 December 2015 of the value of 3,000 thousand euros on the closing date of December 2015, which shall be repaid on 29 February 2016.

Factoring line with recourse from Banco Caixa Geral, S.A., of the value of 5,000 thousand euros, of which 4,204 thousand euros is being used on the closing date of December 2015.

Factoring line with recourse from Banco Caixa Geral, S.A., of the value of 10,000 thousand euros, of which 7,037 thousand dollars is being used on the closing date of December 2015, corresponding to 6,463 thousand euros.

Under a commercial discount line for abroad (Venezuela) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. with Caixa Geral de Depósitos, S.A. of the value of 10,184 thousand dollars of the United States of America, which was being used entirely, corresponding to 9,354 thousand euros, on the closing date of December 2015.

Under a commercial discount line for abroad (Algeria) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. with Caixa Geral de Depósitos, S.A. of the value of 35,000 thousand euros, which was being used to the value of 34,673 thousand euros on the closing date of December 2015.

Under a commercial discount line for abroad (Angola) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A., Teixeira Duarte - Distribuição, S.A., EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A. and TDO - Investimento e Gestão, S.A., raised from Caixa Geral de Depósitos, S.A. of the value of 15,000 thousand euros, which was being used, on the closing date of December 2015, by the first three companies to the value of 1,937 thousand euros, 5,349 thousand euros and 4,676 thousand euros, respectively.

Under a commercial discount line for abroad (Mozambique) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. and TDGI - Tecnologia de Gestão de Imóveis, S.A., raised from Caixa Geral de Depósitos, S.A. of the value of 6,126 thousand euros, which was being used entirely on the closing date of December 2015 by the companies to the value of 5,059 thousand euros and 1,067 thousand euros, respectively.

Under a credit line, granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. - Venezuela Branch, on 29 July 2013 with CorpBanca, C.A. (which was extinguished as a consequence of its merger by incorporation into Banco Occidental de Descuento, S.A.C.A.), of the maximum amount of 100,000 thousand Venezuelan bolivars, increased to 200,000 thousand Venezuelan bolivars, in May 2014, with approval, in November 2014, of a new extension up to 300,000 thousand Venezuelan bolivars, used to the value of 270,000 thousand Venezuelan bolivars on the closing date of December 2015 which, at the closing exchange rate of December 2015, corresponds to 1,248 thousand euros.

Under a credit line granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. - Venezuela Branch with Mercantil, C.A. Banco Universal, on 4 April 2013, of the maximum amount of 150,000 thousand Venezuelan bolivars, increased in May 2014 to a maximum limit of 300,000 thousand Venezuelan bolivars, with the approval in April 2015, of a new extension up to the value of 400,000 thousand Venezuelan bolivars, with 349,520 thousand Venezuelan bolivars being used on the closing date of December 2015, which, at the closing exchange rate of December 2015, corresponds to 1,616 thousand euros.

Under a credit line granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. - Venezuela Branch with Banco del Caribe C.A. on 13 February 2014, of the maximum amount of 200,000 thousand Venezuelan bolivars, entirely used on the closing date of December 2015, which, at the closing exchange rate of September 2015, corresponds to 925 thousand euros.

Under a credit line granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Venezuela Branch in May 2014, with Banesco Universal, C.A. with a maximum ceiling of 150,000 thousand Venezuelan bolivars, used to the value of 78,750 thousand Venezuelan bolivars on the closing date of December 2015, which, at the closing exchange rate of December 2015, corresponds to 364 thousand euros.

Under a credit line granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Venezuela Branch with Banco Nacional de Crédito, C.A., on 4 April 2013, of the maximum amount of 175,000 thousand Venezuelan bolivars, increased in May 2014 to a maximum limit of 220,000 thousand Venezuelan bolivars, used to the value of 18,750 thousand Venezuelan bolivars on the closing date of December 2015 which, at the closing exchange rate of December 2015, corresponds to 87 thousand euros.

Under a credit line granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Venezuela Branch with Novo Banco Venezuela Branch, on 5 December 2013, of the maximum amount of 15,000 thousand Venezuelan bolivars, increased in January 2014 to a maximum limit of 17,000 thousand Venezuelan bolivars, used entirely on the closing date of December 2015 which, at the closing exchange rate of December 2015, corresponds to 79 thousand euros.

All the credit lines granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Venezuela Branch are negotiated and renegotiated for periods of 12, 18 or 24 months and the amounts used under them earn interest at normal rates for identical operations on the local market, at their dates of use, which are charged on a monthly, quarterly or six-monthly basis, accordingly.

As at 31 December 2015 and 2014, the bank loans also included the pledged accounts of the value of 456,648 thousand euros and 447,029 thousand euros, respectively.

## **b) Commercial paper**

As at 31 December 2015, the Group had negotiated the following commercial paper programmes:

Grouped commercial paper issue programme contracted with Haitong Bank S.A. and Novo Banco, S.A. on 16 December 2005, of the value of 100,000 thousand euros, corresponding to 45,000 thousand euros on the closing date of December 2015, in which 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 – 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 plus a spread of 3%, with the repayment of the last issue being on 20 August 2018. This programme stipulates semi-annual repayments starting on 20 August 2015 of the value of 1,000 thousand euros on the first date and 2,500 thousand euros thereafter, and settlement of the remaining value on the repayment date of the last issue of the programme.

Commercial paper issue programme contracted with Banco Comercial Português, S.A. on 20 August 2008, of 17,800 thousand euros on the closing date of December 2015, with annual renewal. The interest is earned in arrears, with the rate being indexed to the three-month Euribor plus a spread of 5.75% determined according to each issue date.

Commercial paper issue programme contracted with Banco Comercial Português, S.A. on 20 August 2008, of 3,500 thousand euros on the closing date of December 2015, with annual renewal. The interest is earned in arrears, with the rate being indexed to the three-month Euribor plus a spread of 5.75% determined according to each issue date.

Grouped programme for commercial paper issues contracted with Caixa Geral de Depósitos, S.A. on 7 July 2010, of the value of 70,000 thousand euros, in which 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. The participation of each company in each programme may vary each time it is used. The programme was renewed on 12 May 2014 up to 14 May 2019, for the amount of 50,000 thousand euros, currently with the value of 40,000 thousand euros on the closing date of December 2015. This will be subject to annual repayments of 10,000 thousand euros, starting on 15 May 2016. 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 4% up to May 2016 and 3.75% for the remaining period of the programme, and determined according to each auction date.

Commercial paper issue programme contracted with Haitong Bank, S.A. and Novo Banco, S.A. on 28 December 2010, of the amount of 34,000 thousand euros, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. participates. The programme had an initial use of three years, and is currently subject to the annual renewal. 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 commercial paper issues, through private subscription, contracted on 14 January 2011 with Banco Comercial Português, S.A., with the total amount used being 20,750 thousand euros, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, to the amounts of 18,650 thousand euros and 2,100 thousand euros, 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. Interest is payable 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% and determined in accordance with the date of each auction, with the repayment of the last issue taking place on 6 January 2021.



Grouped programme for commercial paper contracted on 28 December 2011, with Banco Comercial Português, S.A. of the total amount of 42,000 thousand euros, corresponding to 38,700 thousand euros on the closing date of December 2015, 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 750 thousand euros, 750 thousand euros and 37,200 thousand euros, respectively. Each of the issues must necessarily be carried out together by all the issuers and the participation of each issuer cannot be less than 250 thousand euros. The programme shall be enforced up to 30 December 2021, with repayments being foreseen at the end of each semester of 3,300 thousand euros, with the exception of the last which shall be 5,900 thousand euros. 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 commercial paper issue programme contracted on 30 December 2013 with Novo Banco, S.A. and Haitong Bank, S.A., of the value of 191,250 thousand euros on the closing date of December 2015, granted by the issuers TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., and by the guarantors TEDAL – Sociedade Gestora de Participações Sociais, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A., QUINTA DO CRAVEL – Imobiliária, S.A., and V8 – Gestão Imobiliária, S.A., which is being entirely used by TEIXEIRA DUARTE – Engenharia e Construções, S.A. The participation of each company in each programme may vary in each of its issues. The duration of the programme is five years minus 1 day, counted as of the contract signing date, with the interest falling due in advance and the reference rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus spread of 5% and determined according to the date of each auction, with the repayment of the last issue being on 29 November 2018. The programme will be subject to partial repayments, to occur on a six-monthly basis as of 30 December 2015 of 8,000 thousand euros, and as of June 2016 of 5,000 thousand euros.

Grouped commercial paper issue programme contracted on 2 May 2014 with Banco Finantia, S.A., of the value of 10,000 thousand euros, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., of which, on the closing date of December 2015, 7,650 thousand euros is being used by TEIXEIRA DUARTE – Engenharia e Construções, S.A., and where the participation of each issuer may vary upon each issue. The duration of the programme is up to May 2017, and the issue period may vary from 7 to 365 days. Interest is payable in arrears at the rate corresponding to direct placement, never below the maximum rate indicated by the issuer.

Grouped programme for commercial paper issues contracted on 27 June 2014 with Banco Comercial Português, S.A. of the total value of 55,000 thousand euros, corresponding to 50,000 thousand euros on the closing date of December 2015, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. The programme has a duration of 5 years, and the issue period may vary from one to three months. Interest is payable in arrears at the rate corresponding to the Euribor applicable to the issue period plus 6%.

Grouped programme for commercial paper issues contracted on 18 November 2014 with Banco BIC Português, S.A. of the value of 5,000 thousand euros, granted by TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. The programme is valid up to 2 January 2020, and the issue period may vary from one to six months. Interest is payable in arrears at the rate corresponding to the Euribor applicable to the issue period plus 3.25%.

Grouped programme for commercial paper contracted on 28 December 2011, with Novo Banco, S.A. corresponding to the value of 97,000 thousand euros on the closing date of December 2015, in which TEIXEIRA DUARTE, S.A., a TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part to the amounts of 9,700 thousand euros, 9,700 thousand euros and 77,600 thousand euros, respectively. The participation of each company in the programme may vary in each of its issues. The duration of the programme is five years, counted as of the contract signing date, with the interest falling due in advance and the reference rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus a 5% spread and determined according to the date of each auction, with the repayment of the last issue being on 6 November 2018. The programme will be subject to partial repayments, to occur on a six-monthly basis from May 2018 onwards, of 2,500 thousand euros, with the rest being paid on the reimbursement date of the last issue.

As a result of the commitment of successive renewal during the programme contract period, some existing issues as at 31 December 2015 and 2014 are classified as non-current liabilities.

### c) Debenture Loan

TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. have signed, with Banco Comercial Português, S.A., a Contract for Provision of Services of Assistance and Placement of a Private Offer of Issue of Bonds, as well as the Contract of Paying Agent relative to the Grouped Issue by Private Subscription of Bonds of the value of 15,300 thousand euros (1,500 thousand euros of TEIXEIRA DUARTE – Engenharia e Construções, S.A. and 13,800 thousand euros of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.) called "TEIXEIRA DUARTE – Engenharia e Construções, S.A. / TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. – 2014/2021". The interest is paid quarterly at the rate of 4.57% and the repayment is made at par value in three instalments of equal amount which fall due on 2 April 2019, 2 April 2020 and 2 April 2021.

As at 31 December 2015 and 2014, the repayment of the non-current bank loans is defined as follows:

	2015	2014
2016	-	137,032
2017	91,846	98,781
2018	267,496	346,910
2019	90,634	68,901
2020	85,220	27,024
2021 and following	130,341	82,867
	<b>665,537</b>	<b>761,515</b>

As at 31 December 2015 and 2014, the funding in foreign currency was expressed in the following currencies:

Currency	2015		2014	
	Currency	Euros	Currency	Euros
Venezuelan Bolivar	3,511,491	16,233	935,082	64,182
US Dollar	28,442	26,125	21,553	17,752
Moroccan Dirham	-	-	7,034	642
Japanese Yen	4,671	35	-	-
Angolan Kwanza	22,118,694	149,621	21,262,829	169,952
Mozambican Metical	5	-	-	-
South Africa Rand	-	-	2,264	161
Brazilian Real	130,074	30,168	110,391	34,275

The loans denominated in foreign currency earn interest at market rates and were converted into euros based on the exchange rate as at the reporting date.

The amounts expressed in Venezuelan Bolivars reflect the impact of the adoption of the "SIMADI" exchange rate.

### 37. PROVISIONS

The movement in accumulated reserves during the years ended on 31 December 2015 and 2014 was as follows:

	Provision for legal and tax risks	Other staff costs	Bonds to customers (Note 32)	Lawsuits	Losses in works (Note 32)	Other provisions	Total
<b>Balance as at 31 December 2013</b>	<b>360</b>	<b>10,001</b>	<b>22,015</b>	<b>267</b>	<b>4,475</b>	<b>35,816</b>	<b>72,934</b>
Perimeter alteration	-	-	-	-	-	204	204
Foreign exchange conversion adjustments	8	-	437	116	(22)	34	573
Reinforcements	89	7,447	1,326	1,382	3,701	18,487	32,432
Reductions	-	-	(319)	-	(2,920)	(27,817)	(31,056)
Uses	-	(8,224)	(106)	-	-	(4,662)	(12,992)
Transfers	-	-	-	-	-	-	-
<b>Balance as at 31 December 2014</b>	<b>457</b>	<b>9,224</b>	<b>23,353</b>	<b>1,765</b>	<b>5,234</b>	<b>22,062</b>	<b>62,095</b>
Foreign exchange conversion adjustments	7	-	721	(465)	(158)	(827)	(722)
Reinforcements	-	5,709	1,512	855	906	9,390	18,372
Reductions	-	-	(1,585)	(461)	(2,872)	(11,847)	(16,765)
Uses	(464)	(7,602)	(506)	(4)	-	(1,963)	(10,539)
Transfers	-	-	-	71	(71)	-	-
<b>Balance as at 31 December 2015</b>	<b>-</b>	<b>7,331</b>	<b>23,495</b>	<b>1,761</b>	<b>3,039</b>	<b>16,815</b>	<b>52,441</b>

The reinforcements and reductions were made against:

	2015			2014		
	Reinforcements	Reductions	Total	Reinforcements	Reductions	Total
<b>Net income for the year:</b>						
Provisions	12,501	(7,669)	<b>4,832</b>	13,812	(30,850)	<b>(17,038)</b>
Staff costs	5,818	-	<b>5,818</b>	8,143	(157)	<b>7,986</b>
Earnings from associates and joint ventures	53	(9,038)	<b>(8,985)</b>	10,431	-	<b>10,431</b>
Other operating costs	-	-	-	46	(49)	<b>(3)</b>
<b>Equity</b>	-	(58)	<b>(58)</b>	-	-	-
	<b>18,372</b>	<b>(16,765)</b>	<b>1,607</b>	<b>32,432</b>	<b>(31,056)</b>	<b>1,376</b>

During the year ended on 31 December 2015, an impairment of 7,806 thousand euros was recorded under the heading "Provisions and impairment losses in depreciable and amortisable assets and Goodwill", relative to the participated company "C+P.A. - Cimento e Produtos Associados, S.A.".

During the year ended on 31 December 2014, negative goodwill of 29,331 thousand euros was recorded under the heading "Provisions and impairment losses in depreciable and amortisable assets and Goodwill", relative to the acquisition of the participated company "TEGAVEN - Teixeira Duarte y Asociados, C.A.".

Also, in the year ended on 31 December 2014, impairments of tangible fixed assets of the value of 13,396 thousand euros were recorded under the heading "Provisions and impairment losses in depreciable and amortisable assets and Goodwill".

### 38. SUPPLIERS AND OTHER PAYABLES

As at 31 December 2015 and 2014, these headings were broken down as follows:

	Current		Non-current	
	2015	2014	2015	2014
<b>Other creditors</b>	<b>34,246</b>	<b>52,978</b>	<b>113</b>	<b>455</b>
<b>Suppliers</b>				
Suppliers – current account	193,896	187,388	-	-
	<b>193,896</b>	<b>187,388</b>	<b>-</b>	<b>-</b>

### 39. FINANCE LEASES

As at 31 December 2015 and 2014, the total net value of the assets acquired under finance leases amounted to:

	2015	2014
Land and natural resources	-	1,624
Buildings and other constructions	208,011	204,247
Basic equipment	12,976	21,713
Transport equipment	6,148	5,302
Tools and utensils	434	33
Administrative equipment	238	191
Other tangible fixed assets	1,308	1,384
	<b>229,115</b>	<b>234,494</b>

As at 31 December 2015 and 2014, the present value of the minimum financial lease payments falls due as follows:

	2015	2014
2015	-	20,144
2016	18,913	18,358
2017	17,729	16,557
2018	16,650	15,293
2019	14,470	13,087
After 2019	107,040	108,081
	<b>174,802</b>	<b>191,520</b>

As at 31 December 2015, the Group had contracted a sale and leaseback operation involving the Lagoas Park undertaking, which is essentially recorded as an investment property (Note 22). 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.

The finance lease contracts earn interest at market rates and have a defined duration.

The financial liabilities due to leases are secured by the ownership of the leased assets.

#### 40. OTHER CURRENT AND NON-CURRENT LIABILITIES

As at 31 December 2015 and 2014, these headings were broken down as follows:

	Current		Non-current	
	2015	2014	2015	2014
<b>State and other public entities:</b>				
Corporate Income Tax - IRC	-	-	-	-
Income Tax Withholdings	4,326	4,181	-	-
Value Added Tax	20,859	14,799	-	-
Social Security Contributions	4,019	4,001	-	-
Other	3,100	5,697	-	-
	<b>32,304</b>	<b>28,678</b>	<b>-</b>	<b>-</b>
<b>Associates, participated companies and other shareholders:</b>				
Associates	-	7	-	-
Participated companies	364	358	-	-
Other shareholders	3	86	1	10
	<b>367</b>	<b>451</b>	<b>1</b>	<b>10</b>
<b>Accrued costs:</b>				
Insurance payable	(3)	98	-	-
Remunerations payable	27,669	33,677	-	-
Interest payable	3,374	4,527	-	-
Other amounts payable	34,431	33,783	-	-
	<b>65,471</b>	<b>72,085</b>	<b>-</b>	<b>-</b>
<b>Deferred income:</b>				
Work invoiced and not executed (Note 32)	111,328	52,485	-	-
Other deferred income	11,449	9,771	1,806	1,904
	<b>122,777</b>	<b>62,256</b>	<b>1,806</b>	<b>1,904</b>
<b>Other:</b>				
Advances from customers	136,895	159,942	53,879	90,686
Advances on sales	370	472	-	27
Derivative financial instruments (Note 41)	-	-	15,094	17,375
	<b>137,265</b>	<b>160,414</b>	<b>68,973</b>	<b>108,088</b>
	<b>358,184</b>	<b>323,884</b>	<b>70,780</b>	<b>110,002</b>

#### 41. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2015 and 2014, 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, in particular 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 2015 and 2014 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 2015 and 2014, 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 36.

The fair value of this instrument as at 31 December 2015 and 2014 reached 15,094 thousand euros and 17,375 thousand euros, respectively, unfavourable to the Group, which is recognised in the heading "Other non-current liabilities" (Note 40).

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. Up to 31 December 2015, the changes in the fair value of this trading instruments were recorded directly in the income statements of the periods when they occurred.

From 1 January 2010 onwards, these requirements were met with the derivative being recorded as a cash flow hedge. Hence, during the years ended on 31 December 2015 and 2014, the effective component of the change of the hedging instrument was recognised in the Hedge operation reserve, at the value of 1,768 thousand euros and (5,161) thousand euros, net of the tax effect, respectively.

The main information underlying the determination of the fair value of this instrument as at 31 December 2015 was as follows:

Days	Euribor	Dates	Updating Factor	Days	Euribor	Dates	Updating Factor
1	-0.10000%	05-01-2016	1.0000139	6940	1.55100%	05-01-2035	0.7372811
31	-0.20500%	05-02-2016	1.0001905	7307	1.56460%	07-01-2036	0.7235931
91	-0.13100%	05-04-2016	1.0003451	7671	1.58600%	05-01-2037	0.7086358
182	-0.04000%	05-07-2016	1.0002162	8036	1.59500%	05-01-2038	0.6958830
366	0.06000%	05-01-2017	0.9994043	8401	1.60200%	05-01-2039	0.6835970
731	-0.02900%	05-01-2018	1.0005939	8766	1.60600%	05-01-2040	0.6720144
1098	0.06600%	07-01-2019	0.9980315	9134	1.60300%	07-01-2041	0.6619570
1462	0.19620%	06-01-2020	0.9921796	9498	1.61000%	06-01-2042	0.6500441
1827	0.33100%	05-01-2021	0.9835506	9862	1.61100%	05-01-2043	0.6395522
2192	0.47850%	05-01-2022	0.9715652	10227	1.61200%	05-01-2044	0.6291859
2557	0.62000%	05-01-2023	0.9572178	10593	1.61300%	05-01-2045	0.6189719
2922	0.75700%	05-01-2024	0.9406406	10958	1.61300%	05-01-2046	0.6091463
3289	0.88600%	06-01-2025	0.9223283	11325	1.57400%	07-01-2047	0.5996553
3653	1.00100%	05-01-2026	0.9032287	11689	1.57500%	06-01-2048	0.5901511
4018	1.09750%	05-01-2027	0.8841942	12054	1.57600%	05-01-2049	0.5807995
4383	1.18900%	05-01-2028	0.8642621	12419	1.57600%	05-01-2050	0.5715771
4749	1.26880%	05-01-2029	0.8444369	12784	1.60970%	05-01-2051	0.5781397
5116	1.33820%	07-01-2030	0.8248281	13149	1.57700%	05-01-2052	0.5850347
5480	1.39650%	06-01-2031	0.8059718	13514	1.57700%	04-01-2053	0.5916190
5844	1.45000%	05-01-2032	0.7871560	13879	1.57700%	04-01-2054	0.5979809
6210	1.49200%	05-01-2033	0.7695094	14244	1.57500%	04-01-2055	0.6084417
6575	1.52500%	05-01-2034	0.7529289	14609	1.60560%	04-01-2056	0.6182792

## 42. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Following various inspections conducted by the Taxation and Customs Authority (AT) to the accounts of TEIXEIRA DUARTE – Gestão de Participações Investimentos Imobiliários, S.A., a company 100% held directly by TEIXEIRA DUARTE, S.A. relative to the financial years of 2007 to 2012, the following corrections were made to the tax losses that had initially been reported for this subsidiary:

Year	Calculated tax loss	AT correction
2007	46,632	29,331
2008	50,590	45,938
2009	50,182	24,807
2010	18,165	6,467
2011	12,779	3,213
2012	13,294	3,971

With the exception of the amounts of 611 and 1,666 thousand euros, included in the correction to the tax loss for 2008 and 2012, respectively (and 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 Fundo de Investimento Imobiliário Fechado TDF), these corrections arise entirely from the non-acceptance, as a tax cost, of the financial costs incurred with the investment made in participated companies in the form of additional paid-in capital.

Since TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, 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 for the periods of 2007 to 2011 were subject to additional IRC tax assessments and compensatory interest issued to TEIXEIRA DUARTE – Engenharia e Construções, S.A., a subsidiary 100% directly held by TEIXEIRA DUARTE, S.A., as the controlling company of the RETGS for those financial years. TEIXEIRA DUARTE – Engenharia e Construções, S.A. objected, under the terms of the law, to the corrections made by the Taxation and Customs Authority (AT) for the periods of 2007 to 2011.

Up to the present date, the Company has not yet been issued any additional payment, in its capacity of controlling company of the RETGS, in relation to the corrections of the financial year of 2012.

Notwithstanding the unfavourable outcome to the claims of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., and, consequently, TEIXEIRA DUARTE – Engenharia e Construções, S.A., as the controlling company, under the proceedings relative to the period of 2006 on the acceptance, as a tax cost, of the financing costs incurred with the investment made in participated companies in the form of additional paid-in capital, the Board of Directors continues to expect a different outcome for the other periods subject to corrections.

In addition to the corrections described above relative to the participated company TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., the following corrections made by the AT to TEIXEIRA DUARTE – Engenharia e Construções, S.A., in an individual capacity, are disclosed:

- Correction of the taxable amount calculated for the period of 2008, amounting to 35,467 thousand euros, of which the Company objected to 32,595 thousand euros, related to tax credit, the system of re-investment of tax gains and the undue application of number 10 of article 22 of the EBF;
- The correction of 461 thousand euros, made by the Tax Authority to the tax credit due to double international taxation calculated by the Company for 2010, and disclosed in the report relative to 31 December 2014, has in the meantime had a favourable outcome in relation to the Company's claims;
- Corrections of the taxable amount calculated for the period of 2011, amounting to 1,739 thousand euros, of which the Company objected to 608 thousand euros, primarily related to the non-acceptance of autonomous taxation as a tax cost;
- Correction related to the IRC of previous periods and included in the additional payment issued in relation to the financial year of 2011, amounting to 12 thousand euros, the entirety of which was contested by the Company, due to considering that the correction established in number 6 of article 45 of the Corporate Income Tax Code (in the text applicable to the period of 2011) does not cover the Municipal Surcharge;
- Corrections to the taxable amount calculated for the period of 2011, amounting to 9,268 thousand euros, of which the Company shall object to 702 thousand euros, related to the non-acceptance of autonomous taxation as a tax cost, as well as favourable corrections to the amount of tax credit due to international double taxation, amounting to 2,969 thousand euros.



## Guarantees:

As at 31 December 2015 and 2014, the companies included in the consolidation perimeter had provided the following guarantees to third parties:

	2015	2014
Bank guarantees provided	483,912	460,269
Fidelity insurance	193,160	360,865

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 Fluviais e Marítimas, S.A., RECOLTE, Serviços e Meio Ambiente, S.A., RECOLTE, Servicios y Medioambiente, S.A.U., EMPA – Serviços de Engenharia, S.A. and the Boyacá – La Guaira Consortium, have provided fidelity insurance in order to guarantee the good implementation of works and services rendered.

For the effect of suspension of the tax enforcement proceedings filed against the participated company TEIXEIRA DUARTE – Engenharia e Construções, S.A., relative to the corporate income tax debt for the year of 2008, in the meantime contested, a bank guarantee has been issued, in favour of the AT, for the amount of 14,752 thousand euros. Subsequently, TEIXEIRA DUARTE – Engenharia e Construções, S.A. applied for the replacement of the bank guarantee by a security provided by TEIXEIRA DUARTE, S.A., which had been successively refused by the AT. Judicial claims were submitted against the AT's various decisions of dismissal, with a favourable outcome for the Company. On the closing date of December 2015, a claim filed by the Company at the end of 2015 is being appraised judicially. Should this claim be accepted by the AT, of the replacement of the bank guarantee by a security, the Company shall cancel this bank guarantee.

For the effect of suspension of the tax enforcement proceedings filed against the participated company TEIXEIRA DUARTE – Engenharia e Construções, S.A., relative to the corporate income tax debt for the year of 2010, in the meantime contested, TEIXEIRA DUARTE, S.A. submitted a security, of the value of 10,139 thousand euros, which was accepted by the Taxation and Customs Authority.

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 value of 28,540 thousand euros on the closing date of December 2015.

In order to secure a contract signed with Banco Caixa Totta Angola, of the present value of 8,599 thousand euros on the closing date of December 2015, HOTEL BAÍA, Lda. mortgaged a property owned by it, number 256 – 1st section, located in Chicala.

In order to secure a contract signed with BIC, of the value of 7,644 thousand euros on the closing date of December 2015, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, number 2554, located in Samba.

In order to secure a contract signed with BIC, of the value of 16,461 thousand euros on the closing date of December 2015, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, number 2554, located in Samba.

In order to secure a contract signed with BIC, of the value of 17,222 thousand euros on the closing date of December 2015, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, number 354, located in Samba.

In order to secure a contract signed with Banco Angolano de Investimentos, of the value of 25,979 thousand euros on the closing date of December 2015, CND – Companhia Nacional de Distribuição, Lda. mortgaged a property owned by it, number 123 and 874, located respectively at Ingombotas and Sambizanga.

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 8,435 thousand euros on the closing date of December 2015, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, number 187, located in Ingombotas.

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 11,664 thousand euros on the closing date of December 2015, HOTEL TRÓPICO, S.A. mortgaged a property owned by it, number 1826, located in Ingombotas.

In order to secure the issue of a bank guarantee with Banco BIC, of the value of 25,000 thousand euros on the closing date of December 2015, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, number 2554, located in Samba.

In order to secure the commercial paper contract signed with Banco Comercial Português, S.A., of the value of 38,700 thousand euros on the closing date of December 2015, 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, owned by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A..

In order to guarantee the loan of the value of 1,847 thousand euros on the closing date of December 2015, concluded 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 46, 52, 76, 80, 94 and 96; Locality and Parish of Vila Nova de Gaia, as well as the fractions of the urban property named lot 14, located on Rua Guilherme Duarte Camarinha, number 12, Locality of Candal, Parish of Vila Nova de Gaia, for the total value of 1,847 thousand euros.

Apart from the guarantees indicated above, the following pledges have also been provided:

In order to secure the commercial paper contract signed with Haitong Bank, S.A. and Novo Banco, S.A. of the value of 45,000 thousand euros on the closing date of December 2015, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and by 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 325,000,000 and 32,000,000 shares of Banco Comercial Português, S.A., respectively.

To secure a loan contract signed with Novo Banco, S.A., of the value of 28,750 thousand euros on the closing date of December 2015, TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. and C+P.A. – Cimentos e Produtos Associados, S.A. pledged 120,000,000 and 145,229,693 shares in Banco Comercial Português, S.A., respectively.

In order to secure the commercial paper contract signed with Haitong Bank, S.A. and Novo Banco, S.A. of the value of 191,250 thousand euros on the closing date of December 2015, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 12,500,000 shares of EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A., 200,000,000 shares of C+P.A. – Cimentos e Produtos Associados, S.A., and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. pledged 1,325,000 participation units of the Fundo de Investimento Imobiliário Fechado TDF. TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. constituted a voluntary mortgage on an urban building 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 13,242 thousand euros. 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 6,829 thousand euros. 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 26,698 thousand euros.

In order to secure the commercial paper contract signed with Caixa Geral de Depósitos, S.A. of the value of 70,000 thousand euros, renewed on 12 May 2014 up to 14 May 2019, for the value of 50,000 thousand euros, and corresponding to 40,000 thousand euros on the closing date of December 2015, 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 Fundo de Investimento Imobiliário Fechado TDF.

In order to secure the commercial paper contract signed with Haitong Bank, S.A. and Novo Banco, S.A., of the value of 34,000 thousand euros, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A., TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 1,000,000 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 of SOMAFEL – Engenharia e Obras Ferroviárias, S.A..

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 14,422 thousand euros on the closing date of December 2015, TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Angola Branch, pledged 13,020 Treasury Bond Securities.

In order to secure debts to third parties, of the value of 14 thousand euros, IMOTD – SGPS, S.A. pledged 14,000 shares in V8, S.A..

In order to secure the loan contract granted by TDHOSP – Gestão de Edifício Hospitalar, S.A. of the value of 44,422 thousand euros on the closing date of December 2015, 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..

In order to secure the loan contract concluded with Caixa Económica Montepio Geral, of the value of 2,592 thousand euros on the closing date of December 2015, granted by DIGAL – Distribuição e Comércio, S.A., DIGAL – Distribuição e Comércio, S.A. constituted a commercial pledge on equipment of the value of 3,394 thousand euros.

In order to secure the loan contract signed with Caixa Económica Montepio Geral, of the value of 8,000 thousand euros, granted by PPS – Produtos Petrolíferos, S.A., TDARCOL – SGPS, S.A. pledged the shares of PPS – Produtos Petrolíferos, S.A..

#### Financial commitments:

As at 31 December 2015 and 2014, the comfort letters provided by TEIXEIRA DUARTE, S.A. and its subsidiaries reached 485,853 thousand euros and 546,054 thousand euros, respectively.

As at 31 December 2015 and 2014, factoring contracts without right of recourse were in force, which were recorded as reductions in accounts receivable of the value of 10,538 thousand euros and 11,609 thousand euros, 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.

### 43. 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, as well as ready cash in convertible currencies in some of these markets;
- 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 the financial charges.

As at 31 December 2015, 92% of the financial liabilities had a variable interest rate (84% as at 31 December 2014) and 8% had a fixed interest rate (16% as at 31 December 2014).

Had the market interest rates been higher (lower) by 1% during the year ended on 31 December 2015 and 2014, the financial results of these years would have (decreased) increased by (14,464) / 14,464 thousand euros and (14,610) / 14,610 thousand euros, 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, 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 euros as at 31 December 2015 and 2014, were as follows:

Currency	Assets		Liabilities	
	2015	2014	2015	2014
Venezuelan Bolivar	1,492	42	13,964	110,653
Algerian Dinar	2,850	7,207	37,774	84,180
Moroccan Dirham	-	-	4,017	3,109
Tunisian Dinar	-	-	134	121
US Dollar	509,034	411,139	754,562	547,531
Australian Dollar	-	-	33	44
Namibian Dollar	-	-	-	1,819
Japanese Yen	3,589	4,974	473	71
Pound Sterling	1,759	1,662	-	-
Angolan Kwanza	1,475	4,812	138,082	12,600
Mozambican Metical	26,290	33,164	19,216	25,840
Macaense Pataca	-	-	161	168
South African Rand	204	-	33	82
Brazilian Real	161	4,100	23,003	24,251
Russian Rouble	-	-	2,834	3,156
	<b>546,854</b>	<b>467,100</b>	<b>994,286</b>	<b>813,625</b>

Exchange rate risk management is based on a continuous measurement and monitoring of relevant financial and accounting exposures.

The possible impacts generated in the heading Currency conversion adjustments as at 31 December 2015 and 2014 and in the net income for the year ended on that date, if there was a 5% appreciation of the aforesaid currencies, can be summarised as follows:

Currency	2015		2014	
	Net income	Equity	Net income	Equity
Venezuelan Bolivar	(624)	-	(5,530)	-
Algerian Dinar	(1,746)	-	(3,849)	-
Moroccan Dirham	(201)	-	(155)	-
Tunisian Dinar	(7)	-	(6)	-
US Dollar	(12,276)	-	(6,820)	-
Australian Dollar	(2)	-	(2)	-
Namibian Dollar	-	-	(91)	-
Japanese Yen	156	-	245	-
Pound Sterling	88	-	83	-
Angolan Kwanza	(6,830)	-	(389)	-
Mozambican Metical	354	-	366	-
Macaense Pataca	(8)	-	(8)	-
South African Rand	9	-	(4)	-
Brazilian Real	(1,142)	-	(1,008)	-
Russian Rouble	(142)	-	(158)	-
	<b>(22,371)</b>	<b>-</b>	<b>(17,326)</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 2015 and 2014, 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 2015 and 2014, the accounts receivable from customers (Note 28) for which no impairment losses were recorded, because the Board of Directors considered that they are achievable, are as follows:

	2015	2014
<b>Balance</b>		
Not due	230,338	199,687
Up to 180 days	108,133	154,028
180 to 360 days	21,809	39,304
Over 360 days	125,376	112,284
	<b>485,656</b>	<b>505,303</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 aforementioned objectives.

### 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 and financing activities, 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 2015 and 2014 is as follows:

	2015				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Loans	734,596	91,846	267,496	306,195	1,400,133
Suppliers	193,896	–	–	–	193,896
Finance leases	18,913	17,729	16,650	121,510	174,802
Other creditors	34,246	80	18	15	34,359
Other liabilities	358,184	35,518	16,541	18,721	428,964
	<b>1,339,835</b>	<b>145,173</b>	<b>300,705</b>	<b>446,441</b>	<b>2,232,154</b>

	2014				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Loans	723,345	137,032	98,781	525,702	1,484,860
Suppliers	187,388	-	-	-	187,388
Finance leases	20,144	18,358	16,557	136,461	191,520
Other creditors	52,978	64	96	295	53,433
Other liabilities	323,884	67,481	31,996	10,525	433,886
	<b>1,307,739</b>	<b>222,935</b>	<b>147,430</b>	<b>672,983</b>	<b>2,351,087</b>

As at 31 December 2015 and 2014, the amount of available cash and the unused amount of the commercial paper programme and credit lines reached 390,972 thousand euros and 463,914 thousand euros, respectively.

#### 44. FINANCIAL ASSETS AND LIABILITIES UNDER IAS 39

The accounting policies established in IAS 39 for financial instruments were applied as follows:

	2015					
	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 hedging instruments	Total
<b>Assets:</b>						
Cash and cash equivalents	252,693	-	-	-	-	252,693
Customers	485,656	-	-	-	-	485,656
Financial assets available for sale	-	30,427	-	-	-	30,427
Other investments	-	52,970	-	35	-	53,005
Other debtors	56,007	-	-	-	-	56,007
Other assets	225,724	-	-	-	-	225,724
<b>Total financial assets</b>	<b>1,020,080</b>	<b>83,397</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>1,103,512</b>
<b>Liabilities:</b>						
Loans	-	-	1,400,133	-	-	1,400,133
Suppliers	-	-	193,896	-	-	193,896
Other creditors	-	-	34,359	-	-	34,359
Other liabilities	-	-	256,983	-	15,094	272,077
Finance leases	-	-	174,802	-	-	174,802
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,060,173</b>	<b>-</b>	<b>15,094</b>	<b>2,075,267</b>

2014						
	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 hedging instruments	Total
<b>Assets:</b>						
Cash and cash equivalents	191,477	-	-	-	-	191,477
Customers	505,303	-	-	-	-	505,303
Financial assets available for sale	-	59,887	-	-	-	59,887
Other investments	-	17,051	-	4,421	-	21,472
Other debtors	74,665	-	-	-	-	74,665
Other assets	241,319	-	-	-	-	241,319
<b>Total financial assets</b>	<b>1,012,764</b>	<b>76,938</b>	<b>-</b>	<b>4,421</b>	<b>-</b>	<b>1,094,123</b>
<b>Liabilities:</b>						
Loans	-	-	1,484,860	-	-	1,484,860
Suppliers	-	-	187,388	-	-	187,388
Other creditors	-	-	53,433	-	-	53,433
Other liabilities	-	-	323,673	-	17,375	341,048
Finance leases	-	-	191,520	-	-	191,520
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,240,874</b>	<b>-</b>	<b>17,375</b>	<b>2,258,249</b>

#### 45. MEASUREMENT AT FAIR VALUE

##### Estimated fair value - assets and liabilities measured at fair value

The table below presents the Group's assets and liabilities measured at fair value as at 31 December 2015, according to the following hierarchical levels of fair value:

- Level 1: the fair value of financial instruments is based on lending net market prices as at the reference date of the statement of financial position;
- Level 2: the fair value of financial instruments is not determined based on lending net market prices, but rather through use of valuation models;
- Level 3: the fair value of financial instruments is not determined based on lending net market prices, but rather through use of valuation models whose main inputs are not observable on the market.

Category	Item	Level 1	Level 2	Level 3
<b>Assets:</b>				
Financial assets available for sale	Shares	30,427	-	-
Financial assets at fair value through profit or loss	Shares	35	-	-
Investment properties	Buildings and land	-	511,683	-
<b>Liabilities:</b>				
Financial liabilities at fair value	Hedging derivatives	-	15,094	-

Except with respect to non-current loans, most financial assets and liabilities mature in the short term, hence it is considered that their fair value is identical to the respective book values.

Regarding loans, as demonstrated in Note 36, most loans are taken out at variable interest rates. Therefore, it is deemed that the corresponding book value (amortised cost) does not differ significantly from the corresponding market value.

#### 46. FEES AND SERVICE OF THE AUDITORS

During the years ended on 31 December 2015 and 2014, the fees for services provided by the Group's auditors were as follows:

	2015	2014
Legal accounts review services	552	463
Other reliability assurance services	1	-
Tax advisory services	13	140
	<b>566</b>	<b>603</b>

#### 47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended on 31 December 2015 were approved by the Board of Directors at its meeting held on 27 April 2016, 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 28 May 2016.

#### 48. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, where the following relevant facts occurred after the closing of the financial year, which were disclosed in due time to the market:

##### Contract for execution of work in Brazil, of the value of 65 million euros

The company directly and entirely held by it, "Teixeira Duarte - Engenharia e Construções, S.A.", concluded a construction contract on 10 March with the "Infrastructure State Department - DEINFRA", a body of the Government of the State of Santa Catarina, in Brazil, whose object is Services for Structural Recovery and Restoration of Hercílio Luz Bridge, in Florianópolis, in Brazil.

The period established for the implementation of the work is 30 months and the value of the contract work is 262,928,989 brazilian reais, corresponding to the counter-value of 65,079,822.03 euros.

##### Contract for execution of the third phase of the work in Algeria, of the value of 78.6 million euros

The business group composed of its participated companies "Teixeira Duarte - Engenharia e Construções, S.A." (80%) and "Teixeira Duarte Algérie, SPA" (20%), received the additional contract and respective service order of Gulf Bank Algeria, for the execution of Phase III on 31 March 2016, corresponding to the interior and exterior finishing, exterior arrangements, electrical installations, heating, ventilation and air conditioning (AVAC), water and sewerage, solar power and façade of the building, as well as the maintenance of the building for a period of 24 months, after completion of the work.

The period established for the execution of the work is 24 months and its total value is 78,644,931.29 equivalent euros, increased by VAT at the legal rate in force, of which 58% will be paid in euros and the remaining 42% in algerian dinar.

This additional contract was awarded following the base contract, signed on 23 November 2014, of the value of 27,313,209.38 equivalent euros, for the implementation of reinforced concrete and metallic structures of a building with five basements and 15 floors above ground and the execution of another contract - a second phase - corresponding to the extension of the structure in reinforced concrete of the building already under construction and the metallic structure for 24 floors, amounting to 7,572,643.26 equivalent euros.

As a whole, i.e. including the three phases, the value of the construction contract reaches 113,530,783.93 equivalent euros, increased by VAT at the legal rate in force.



# Reports, Opinions and Certifications of the Supervisory Bodies **2015**



Dear Shareholders,

Pursuant to subparagraph g) of article 420 of the Commercial Companies Code, and culminating our monitoring of the preliminary version of the documents presenting the accounts that have been prepared by the Board of Directors, we submit the report on our supervisory actions. Our opinion on the individual and consolidated annual report of TEIXEIRA DUARTE, S.A. relative to the year ended on 31 December 2015, approved by the Board of Directors on 27 April 2016 and the respective proposed appropriation of net income. This document also includes the statement of responsibility referred to in subparagraph c) of number 1 of article 245 of the Securities Market Code.

Under our duties and competencies 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 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 assure that they lead to a correct valuation of its financial position and net income;

Under the competence 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:

- a) the Management Report should be approved;
- b) the individual and consolidated financial statements relative to 2015 should be approved;
- c) 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 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, 29 April 2016

Óscar Manuel Machado de Figueiredo – Chairman

Mateus Moreira – Member

Miguel Carmo Pereira Coutinho – Member



(Translation of a report originally issued in Portuguese)

## **STATUTORY AUDITOR'S REPORT AND AUDIT REPORT ON THE INDIVIDUAL FINANCIAL INFORMATION**

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## **INTRODUCTION**

1. In compliance with the applicable laws, we hereby present our Statutory Auditors' Report and Audit Report on the financial information contained in the Board of Directors Report and on the accompanying financial statements for the year ended 31 December 2015 of TEIXEIRA DUARTE S.A., which comprise the Balance sheet as of 31 December 2015 (that presents a total of 1,211,637 thousands of Euros and a total of shareholders' equity of 559,589 thousands of Euros, including a net profit of 24,978 thousands of Euros), the Statement of income, the Statement of changes in equity and the Statement of cash flows for the year then ended and the corresponding notes.

## **RESPONSIBILITIES**

2. The Company's Board of Directors is responsible for: (i) the preparation of financial statements that present a true and fair view of the financial position of the Company, the results of their operations, the changes in its equity and their cash flows; (ii) the preparation of historical financial information in accordance with the Accounting and Financial Reporting Standards, and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of appropriate internal control systems; and (v) the information on any significant facts that have influenced its operations, their financial position, or their results.
3. Our responsibility is to verify the financial information included in the documents of account referred to above, including if, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

## **SCOPE OF THE AUDIT**

4. Our examination was performed in accordance with the Technical Review/Audit Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas") which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. This examination included: (i) verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation; (ii) assessing the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances; (iii) the verification of the applicability of the going concern accounting principle; (iv) the verification of the adequacy of the overall presentation of the financial statements, and (v) the assessment whether, the information is complete, true, up-to-date, clear, objective and licit.

5. Our examination also comprised verifying that the financial information contained in the Board of Directors' Report is in accordance with the other documents of accounts, as well as the verifications established in numbers 4 and 5 of the article 451º of the Commercial Companies Code.
6. We believe that the audit performed by us provides an acceptable basis for expressing our opinion.

**OPINION**

7. In our opinion, the above mentioned financial statements give a true and fair view, in all material aspects, of the financial position of TEIXEIRA DUARTE S.A. at December 31, 2015, the results of its operations, the changes in its equity and their cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards, and the information contained therein is, complete, true, up-to-date, clear, objective and licit.

**REPORT ON OTHER LEGAL REQUIREMENTS**

8. It is also our opinion that the financial information included in the Board of Directors' Report is in accordance with the financial statements of the year and the report of the corporate governance practices includes the information required, as established by the Article 245º- A of the Securities Market Code.

Lisbon, april 29, 2016

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MOORE STEPHENS & ASSOCIADOS, SROC, S.A.  
Represented by António Gonçalves Monteiro



(Translation of a report originally issued in Portuguese)

## **STATUTORY AUDITOR'S REPORT AND AUDIT REPORT ON THE CONSOLIDATED FINANCIAL INFORMATION**

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[www.moorestephens.pt](http://www.moorestephens.pt)

## **INTRODUCTION**

1. In compliance with the applicable laws, we hereby present our Statutory Auditors' Report and Audit Report on the consolidated financial information contained in the Board of Directors Report and on the accompanying consolidated financial statements for the year ended 31 December 2015 of TEIXEIRA DUARTE S.A., which comprise the Consolidated Statement of the Financial Position as of 31 December 2015 (that presents a total of 2,861,831 thousands of Euros and a total of shareholders' equity of 518,217 thousands of Euros, including a net consolidated profit attributable to the Group of 33,653 thousands of Euros), the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and the corresponding notes.

## **RESPONSIBILITIES**

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the Company and of the group of companies included in the consolidation, the consolidated results and comprehensive income of their operations, the changes in its consolidated equity and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as adopted by the European Union, and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of appropriate internal control systems; and (v) the information on any significant facts that have influenced its operations and the operations of the group of companies included in the consolidation, their financial position, their results or their comprehensive income.
3. Our responsibility is to verify the financial information included in the documents of account referred to above, including if, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.



## **SCOPE OF THE AUDIT**

4. Our examination was performed in accordance with the Technical Review/Audit Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas") which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. This examination included: (i) verifying that the financial statements of the companies included in the consolidation have been appropriately examined and, for the significant cases where they have not been, the verification, on a sample basis, of evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation; (ii) the verification of the consolidation procedures used, the application of the equity method, as well as assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances; (iii) the verification of the applicability of the going concern accounting principle; (iv) the verification of the adequacy of the overall presentation of the consolidated financial statements, and (v) the assessment whether, the information is complete, true, up-to-date, clear, objective and licit.
5. Our examination also comprised verifying that the consolidated financial information contained in the Board of Directors' Report is in accordance with the other documents of consolidated accounts, as well as the verifications established in numbers 4 and 5 of the article 451º of the Commercial Companies Code.
6. We believe that the audit performed by us provides an acceptable basis for expressing our opinion.

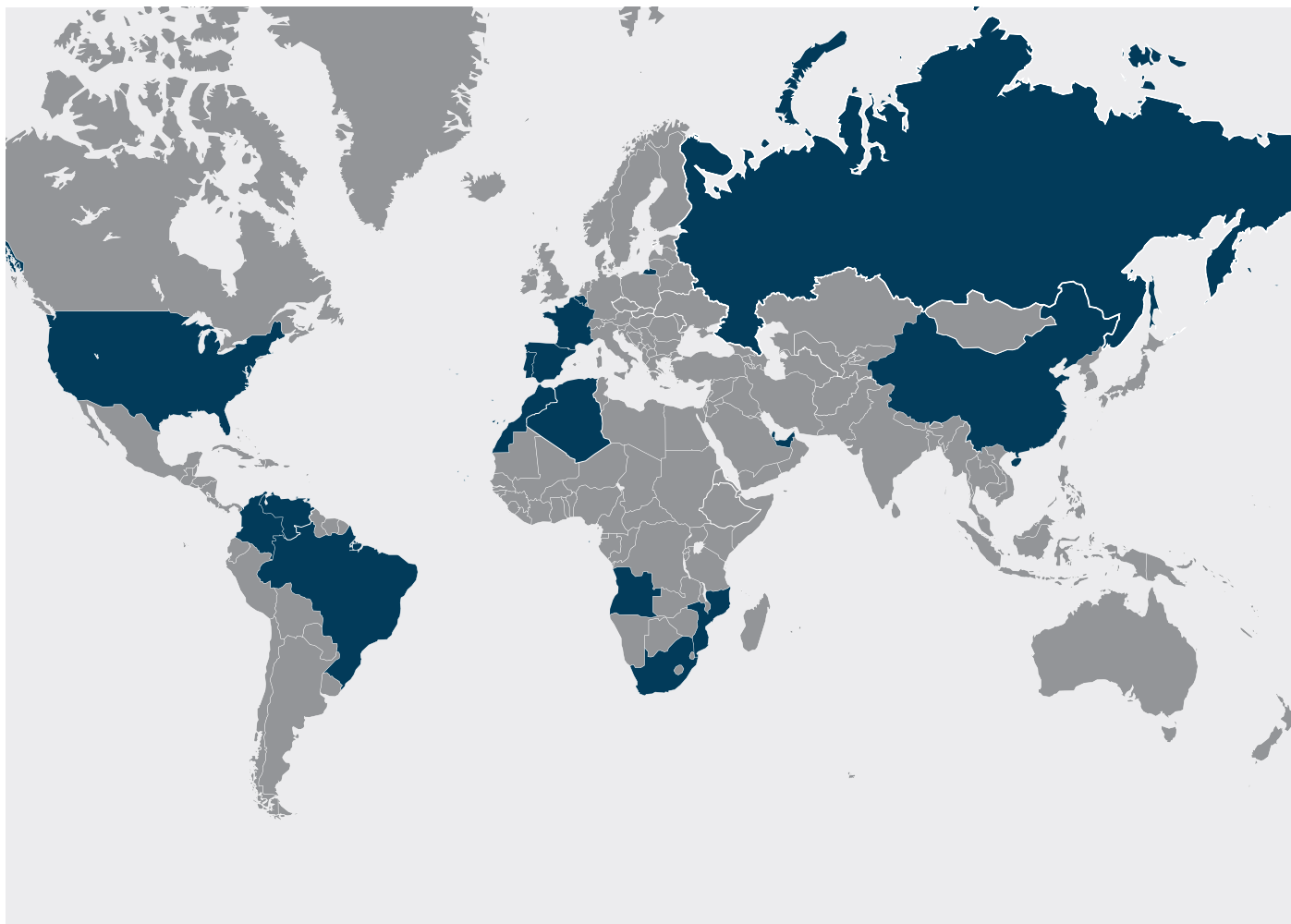
## **OPINION**

7. In our opinion, the above mentioned consolidated financial statements give a true and fair view, in all material aspects, of the consolidated financial position of TEIXEIRA DUARTE S.A. at December 31, 2015, the consolidated results and comprehensive income of its operations, the changes in its consolidated equity and their consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union, and the information contained therein is, complete, true, up-to-date, clear, objective and licit.

## **REPORT ON OTHER LEGAL REQUIREMENTS**

8. It is also our opinion that the financial information included in the Board of Directors' Report is in accordance with the consolidated financial statements of the year and the report of the corporate governance practices includes the information required, as established by the Article 245º- A of the Securities Market Code.

Lisbon, april 29, 2016



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