

**REPORT
AND ACCOUNTS**

2017



REHABILITATION OF THE IGREJA DA NOSSA SENHORA DO LORETO
Lisbon - Portugal

REPORT AND ACCOUNTS **2017**

 **TEIXEIRA DUARTE**

A low-angle photograph of a modern, white, multi-story building with a glass facade, set against a clear blue sky. The building's architecture features sharp angles and a prominent vertical line. In the foreground, the branches of a tree with green and brown leaves are visible, partially obscuring the bottom left corner of the frame.

Building a better world.

Having started its activity in **1921**, Teixeira Duarte currently leads a major Economic Group with over 10,000 **10,200 employees**, who work in 18 countries, in 6 activity sectors, achieving an annual turnover of over 1,100 million businesses anual de mais de **1,000 milhões de euros**.

Based on its structural **Values**: Ingenuity, Truth and Commitment, Teixeira Duarte has accomplished its **Mission: Execute, contributing towards the construction of a better world.**

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

The 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 knowingly fostered since the 1970s, such as Concessions and Services (since 1984), Real Estate (since 1973), Hospitality (since 1992), Distribution (since 1996) e Automotive (since 1991). Although in 2016 it still operated in the Energy sector - where it had operated since 1996 - Teixeira Duarte divested its stake in the entity through which it maintained its activity in this sector in the first quarter of 2017.

With a consolidated process of internationalisation, Teixeira Duarte has long operated in other markets which are nowadays still important 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, United Kingdom, United States of America, Colombia, Peru, 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, with sole legal person and registration number at Cascais Commercial Register 509.234.526. It is the leading company of an Economic Group that has been **listed on Euronext Lisbon** since 1998, whose majority shareholder base is the Teixeira Duarte family.

Contents

008	Governing Bodies
010	Teixeira Duarte Organisational Chart
012	Teixeira Duarte Group 2017
015	Management Report of the Board of Directors 2017
016	Key Indicators
017	I. Introduction
018	II. Markets - Economic Framework
020	III. General Overview
037	IV. Sectoral Review
038	IV.1. Construction
090	IV.2. Concessions and Services
102	IV.3. Real Estate
108	IV.4. Hospitality
112	IV.5. Distribution
118	IV.6. Automotive
122	V. Non-Financial Information
146	VI. Subsequent Events
148	VII. Future Development Perspectives
149	VIII. Distribution of Net Income to Members of the Board of Directors and Employees
150	IX. Proposed Appropriation of Net Income
151	Notes to the Management Report of the Board of Directors
155	Corporate Governance Report 2017
209	Individual Financial Statements 2017
241	Consolidated Financial Statements 2017
325	Reports, Opinions and Certifications of the Supervisory Bodies 2017

Teixeira Duarte, S.A.

Presiding Board of the Shareholder's Meeting:

Chairman:	- Dr. Rogério Paulo Castanho Alves
Vice-Chairman:	- Dr. José Gonçalo Pereira de Sousa Guerra Constenla
Secretary	- Dr. José Pedro Poiares Cobra Ferreira

Board of Directors:

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

Supervisory Board:

Chairman:	- Engineer Óscar Manuel Machado de Figueiredo
Board Members:	- Dr. Mateus Moreira
	- Mr. Miguel Carmo Pereira Coutinho
Deputy:	- Dr. Rui Pedro Ferreira de Almeida

Chartered Accountant:

"Moore Stephens & Associados, SROC S.A.",
represented by Dr. António Gonçalves Monteiro.

Secretary of the Company:

Effective:	- Dr. José Pedro Poiares Cobra Ferreira
Deputy:	- Dr. Maria António Monteiro Ambrósio

The Market Relations Representative:

- Dr. José Pedro Poiares Cobra Ferreira

Teixeira Duarte - Engenharia e Construções, S.A.

Presiding Board of the Shareholder's Meeting:

Chairman:	- Dr. José Pedro Poiares Cobra Ferreira
Secretary	- Dr. Maria Filipa Rebelo Pereira de Matos Alves Torgo

Board of Directors:

Chairman:	- Dr. Pedro Maria Calainho Teixeira Duarte
Directors:	- Dr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	- Engineer Joel Vaz Viana de Lemos
	- Engineer Pedro Miguel Pinho Plácido
	- Engineer Rogério Esteves da Fonseca
	- Engineer Fernando Frias Correia

Statutory Auditor:

Effective:	- Moore Stephens & Associados, SROC, S.A Chartered Accounting Company, represented by
	- Dr. António Gonçalves Monteiro - ROC
Deputy:	- Dr. Ana Patrícia Correia Monteiro - ROC

Secretary of the Company:

Effective:	- Dr. José Pedro Poiares Cobra Ferreira
Deputy:	- Dr. Maria António Monteiro Ambrósio

Board of Directors

Adviser to the Board of Directors

Mr. António Costeira Faustino

MARKETS

Portugal
South Africa
Algeria
Angola
Belgium
Brazil
China
Colombia
United Arab Emirates
Spain
United States of America
France
Morocco
Mozambique
Peru
Qatar
United Kingdom
Venezuela

CORPORATE CENTRE

Central Offices

Legal
Mrs. Maria António Ambrósio
Human Resources
Mrs. Isabel Amador
Information Technology
Mr. José Gaspar
Finance and Accounting
Mr. Martins Rovisco
Mr. Sérgio Castro

Corporate Services

Corporate Secretariat
Mr. José Pedro Cobra Ferreira
Accounts Consolidation
Mr. Alexandre de Jesus
Internal Audit
Mr. Mário Ferreira Faria

ACTIVITY SECTORS

Construction

Areas of Operation

Geotechnics and Rehabilitation

Mr. Magalhães Gonçalves

I Exploration Centres

Mr. Hélder Matos
Mr. João Pedro Lopes
Mr. Duarte Nobre
Mr. António Diniz

I Direction of Projects

Mr. Baldomiro Xavier

Buildings

Mr. Pedro Costa

I Exploration Centres

Mr. Fernando Martins
Mr. Luís Santos
Mr. Carlos Timoteo
Mr. Luís Mendonça
Mr. Carlos Guedes
Mr. Luís Carreira

I Direction of Studies

Mr. Garcia Fernandes
Mr. Pedro Nunes

Infrastructures

I Exploration Centres

Mr. Sampayo Ramos
Mr. Rosa Saraiva
Mr. Correia Leal
Mr. Júlio Filho
Mr. Amílcar Teresinho

I Direction of Studies

Mr. Ricardo Acabado
Mr. João Torrado

Metalworking

Mr. Henrique Nicolau

Underground Work

Mr. Dias de Carvalho
Mr. Carlos Russo

Railway Works

Mr. Magalhães Gonçalves
Mr. Paulo Serradas

Maritime Works

Mr. Magalhães Gonçalves

Central Support Structures

Shuttering and Prestressing Operating Centre

Mr. Marques dos Santos

Central Office of Equipment

Mr. Rodrigo Ouro

Central Office of Management and Technology Systems

Mr. Ivo Rosa

Central Office of Supplies

Mrs. Rosa Almeida

Proposals Service

Mr. Viana de Lemos

Concessions and Services

I Facilities Management

Mr. Rogério Fonseca
Mr. Rodolfo Valentim
Mrs. Mariana Coimbra

I Environment

Mr. Rogério Fonseca
Mr. António Carlos Teixeira Duarte

Real Estate

Mr. Diogo Rebelo
Mr. Alfredo Silva
Mr. Guilherme Silva

Hospitality

Mr. Manuel Maria Teixeira Duarte
Mr. Luís Vicente

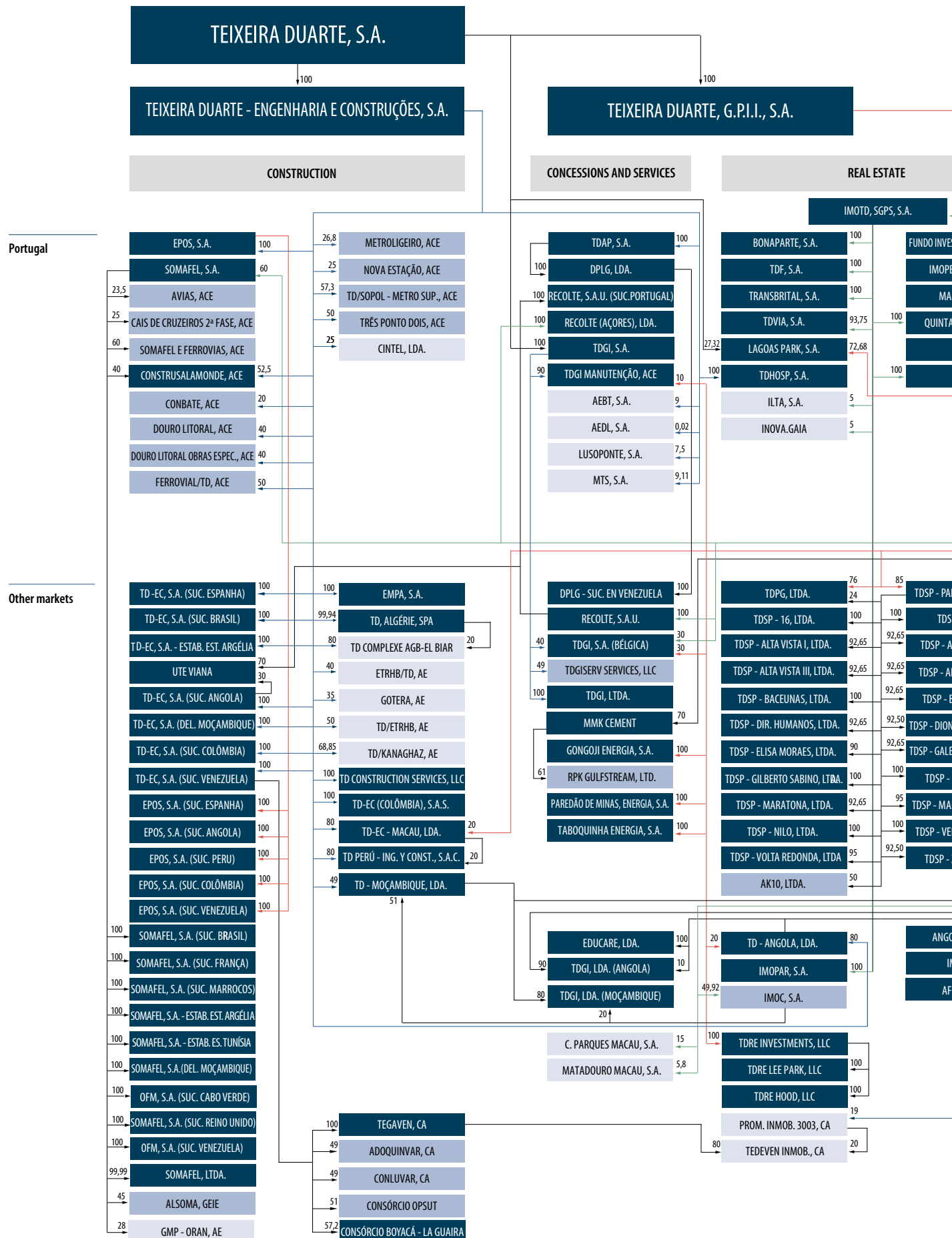
Distribution

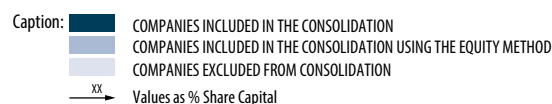
Mr. Diogo Rebelo
Mr. Hugo Santos

Automotive

Mr. Diogo Rebelo
Mr. Pedro Medo

TEIXEIRA DUARTE GROUP 2017







Teixeira Duarte

Annual Report 2017

Management Report of the Board of Directors 2017

Key Indicators

	2013	2014	2015	2016	2017	Variation 2017/2016 %
Average number of workers	12.011	13.261	13.359	11.271	10.560	(6,3%)
Turnover	1.581	1.680	1.412	1.115	1.036	(7,1%)
Operating income	1.630	1.716	1.492	1.230	1.100	(10,6%)
EBITDA	214	240	214	266	181	(31,8%)
EBITDA / Turnover	13,5%	14,3%	15,1%	23,8%	17,5%	-6,3 p.p.
EBIT	114	197	125	191	134	(29,9%)
Net Income attributable to shareholders	64	70	34	20	(5)	-
Net debt	1.176	1.293	1.147	1.133	854	(24,6%)
Net income attributable to shareholders	325	458	468	396	368	(7,1%)
Equity total	361	485	518	445	409	(8,1%)
Total of net asset	2.779	2.954	2.862	2.540	2.294	(9,7%)

(Values in thousand euros)

Notes:

The book values are expressed in million euros.

The figures in the "Variation 2017/2016 %" column were calculated based on amounts that were not rounded off.

Total Equity includes non-controlling interests.

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 2017.

This Report will analyze the consolidated activity of TD,SA as leader of a Business Group that brings together a universe of shareholdings listed on the "Teixeira Duarte Group - 2017" table on the first few pages. It will also cover some aspects of the individual Company, specifically regarding the proposed application of results. The option provided for in Article 508. -C, item 6 of the Trading Companies Code, to submit a single report, has therefore been taken.

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

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

The most appropriate way of presenting the topics of the present Report will be to start with a brief description of the economic background 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.

Therefore, the following chapters contain a presentation on the Group's different sectors of activity, including an analysis of their respective performances throughout 2017. A description is given of the main markets in which the group operates in each sector, with a particular emphasis on the area of construction. There is also a separate chapter to provide a report on "Non-Financial Information" (Decree-Law no. 89/2017, of 28 July), in compliance with applicable legislation and also under the scope of the Management Report.

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 2018,

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 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 245A 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 the accounts were prepared in accordance with the applicable accounting standards, conveying a true and fair view of the assets and liabilities, the financial position and results of TD, S.A. and of the companies included in its consolidation perimeter, and also faithfully reflect the business development, performance and position of each company, containing a description of the main risks and uncertainties they face.

II. MARKETS - ECONOMIC FRAMEWORK

In 2017, the Teixeira Duarte Group operated in 18 countries across 4 continents, identified in the Group's organizational chart included at the beginning of this report.

In this regard, emphasis should be placed on the availability and capability of Teixeira Duarte employees to adapt to the many different markets in which the Group operates; express recognition should also be given to the different fronts of Portuguese diplomacy in countries where Teixeira Duarte carries out its activities, with particular emphasis on the case of Venezuela.

Brief notes are presented below on the economic context observed in 2017 in the main markets of operation of the Teixeira Duarte Group.

PORTUGAL

During 2017, in Portugal, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hotel Services, Distribution, Automotive.

The growth of the Portuguese economy accelerated during the financial year in question, specifically due to a 2.7% increase in Gross Domestic Product (GDP) volume, reaching around 193 billion euros in nominal terms.

The average annual unemployment rate fell from the 11.1% seen in 2016, to 8.9% in 2017, in continuation of the downward trend of this indicator that began in 2014.

ANGOLA

During 2017, in Angola, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hotel Services, Distribution and Automotive sectors.

2017 was still affected by a difficult macroeconomic framework caused by the prolonged drop in the price of the barrel of oil; however, some positive signs of the recovery of the price of crude started to be seen during the second half of the year.

The rate of GDP growth in 2016 stood at below 1%, with IMF forecasts estimating a value of 1.3% for 2017. Annual inflation stood at below 20% in 2017.

Forecasts suggest that economy adjustment movements

will continue in Angola during 2018, to continually promote a reduction in dependence on the oil sector, involving a strategic commitment to economic diversion, with an emphasis on industry and agriculture.

ALGERIA

Teixeira Duarte performed in Algeria in 2017 within the Construction sector.

Despite the oil recovery, 2017 was marked by the introduction of structural reforms to the Algerian economy, with a major impact on its economic growth.

According to the World Bank, the Algerian economy is expected to grow by 2.2% in 2017, which is a slowdown compared to the growth achieved during 2016.

Inflation in 2017 will stand at approximately 6% as a result of the devaluation of the local currency and the resulting price hike of imported products; an inflation rate of 5.5% is envisaged for the current year.

World Bank forecasts for 2018 point to a growth rate of around 3.6%, essentially supported by recently adopted measures aimed at increasing public investment, positively influencing growth in the short term.

BRAZIL

During 2017, in Brazil, Teixeira Duarte operated in the Construction, Concessions and Services and Real Estate sectors.

2017 was marked by the recovery of economic activity; GDP grew by 1% while inflation stood at 2.95% (its lowest since 1998), and the Selic target rate at 7% (its lowest since 1986). The unemployment rate has been declining consistently and there has been a stable exchange rate against the USD.

The construction sector, which is still being structurally affected by the multiple proceedings that have been under investigation since 2014, was in a counter-cycle trend with a 6% contraction, whereas the Real Estate sector reversed the negative cycle seen over the past two years, with increased sales and a 12.3% reduction in real estate stock.

Expectations for 2018 are that economic activity will continue to improve moderately, with GDP expected to grow by 2.5%, mainly driven by higher household consumption and increased investment, also reflecting an expansion of credit and an increase in investor confidence levels. Despite some risk relating to political decisions that may be made from October 2018 onwards, no significant changes to the trends seen in 2017 in the sectors in which the Group operates.

SPAIN

In Spain, during 2017, Teixeira Duarte operated in the Construction, Concessions and Services and Real Estate.

A volume of 1,164 billion euros was recorded for GDP at current prices, representing a 3.1% growth when compared to 2016, thereby confirming that 2017 was yet another year of economic recovery in that country; the unemployment rate dropped by 2.09% when compared to 2016.

Forecasts for 2018 suggest that Spain's economy will continue to experience a recovery, albeit less intense than in previous years.

MOZAMBIQUE

During 2017, Teixeira Duarte operated in Mozambique in the Construction, Concessions and Services, Real Estate and Hotel Service sectors.

In a context of increased government debt, there was a slowdown in capital flows, specifically due to the reactions of the direct budget support group and the International Monetary Fund, which interrupted their support and cooperation programs. These aspects, associated with a decline in export product prices, led to a downturn in the main macroeconomic indicators and affected businesses and investments as a whole.

It is estimated that the economic growth rate, which dropped to 6% in 2015 and 3% in 2016, will remain with similar figures in 2017, and is even forecast to increase to 5% in 2018.

Following an acceleration period, which followed the announcement of the interruption of external aid programs, in 2017 inflation declined rapidly, from 25.25% of cumulative inflation in December 2016 to 5.7% in December 2017, according to the most recent data published by Banco de Moçambique.

The country's total wealth stock increased with the discovery of mineral resources, putting it on the map of major economies with potential to produce mineral resources, particularly gas and coal, which are expected to improve the global framework of the economy, attracting investment, reducing public debt and returning to international support for a country that has major structural challenges ahead of it.

VENEZUELA

During 2017, Teixeira Duarte maintained a residual activity in the Construction sector, and entered the Concessions and Services sector in April 2017, within the scope of the Strategic Partnership for the port Administration, Operation and Management of the Specialized Container Terminal.

With decreased production and sanctions imposed by the USA (even affecting some financial operations), GDP has remained in the down trend seen over recent years. A continuation of this downward trend, albeit less pronounced, is forecast for 2018.

The onerous evolution of the domestic economic-financial environment, relating to both the rate of inflation and exchange rate changes, adds to the aspects described above.

Even so, despite the economic and financial environment not being the most favorable, the policy of wage increases and other social support mechanisms was continued, to ensure that the workforce is kept in the country.

III. GENERAL OVERVIEW

FINANCIAL REVIEW

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

	2017	2016	Var (%)
Operating income	1.099.999	1.230.189	(10,6%)
Operating costs	(918.645)	(964.291)	4,7%
EBITDA	181.354	265.898	(31,8%)
Amortizations and depreciations	(56.223)	(69.458)	19,1%
Provisions and impairment losses	8.614	(5.616)	-
EBIT	133.745	190.824	(29,9%)
Financial results	(102.443)	(126.899)	19,3%
Earnings before tax	31.302	63.925	(51,0%)
Income tax	(34.534)	(30.411)	(13,6%)
Net result	(3.232)	33.514	-
Attributable to:			
Shareholders	(4.650)	20.147	-
Non-controlling interests	1.418	13.367	(89,4%)

Income Statement for the years ended on 31 December 2017 and 2016
(Values in thousand euros)

Net Results Attributable to Capital Holders were negative by 4,650 thousand euros, compared to 20,147 thousand euros in the green in 2016. A range of different factors that we believe should be mentioned have contributed to this.

Indeed, in addition to the performance of Group companies compared to the same period last year, this indicator was influenced by a positive change of 25,849 thousand euros in exchange rate differences, which decreased from 41,212 thousand euros in 2016 to 15,363 thousand euros in 2017.

The negative impact, net of deferred taxes, of the loss of 4,191 thousand euros due to impairment of its stake in "Banco Comercial Português, SA" in 2017 is comparable to a loss of 15,634 thousand euros in the same subsidiary in 2016.

2017 results were also influenced by the impact of the impairment loss of 715 thousand euros by the subsidiary VOTORANTIM

Macau Investimentos, S.A.", as well as by the positive impact of the divestment of subscription rights to the capital increase

in "Banco Comercial Português, S.A.", amounting to 6,005 thousand euros.

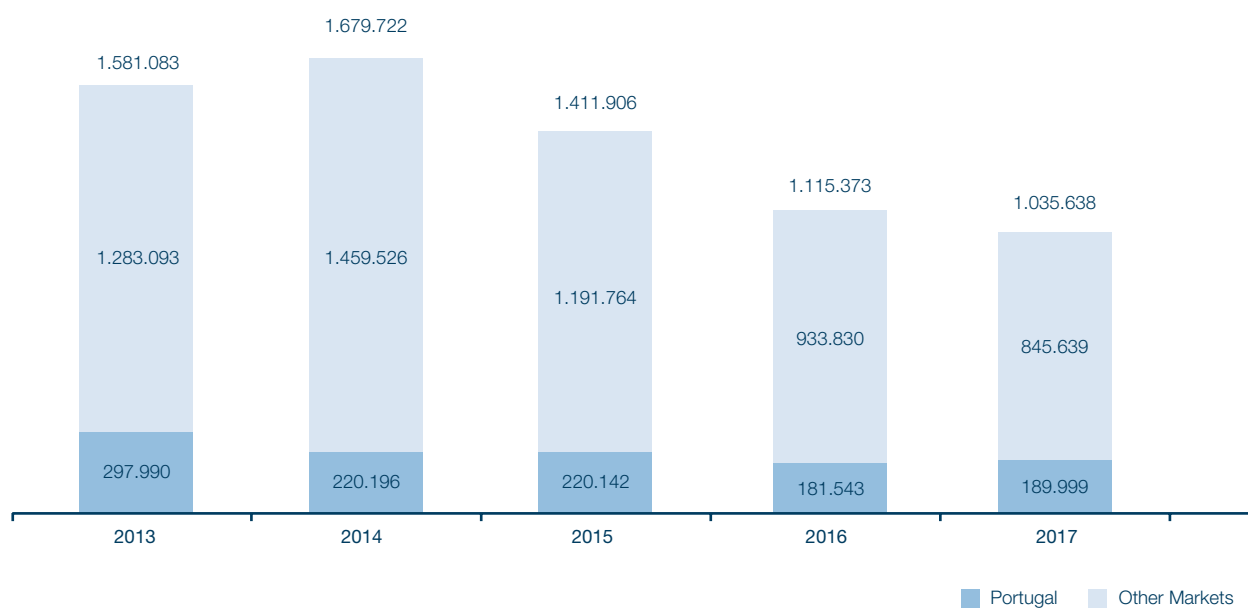
Turnover amounted to 1,035,638 thousand euros, reflecting a 7.1% decrease when compared to the 2016 financial year, or a drop of 79,735 thousand euros.

In Portugal, an increase of 8,456 thousand euros was recorded when compared to 2016, which is considered very positive taking into account the following:

In March 2017, the Group divested a share that it held in Energy sector entities, which formed part of the consolidation perimeter and contributed 16,837 thousand to the Turnover ascertained last year;

- In July 2017, the Group divested its share in RECOLTE, S.A., including its 100% share in RECOLTE (Porto), S.A., which formed part of the consolidation perimeter up until June 2017 and contributed 6,774 thousand euros to the Turnover for the second semester of 2016.

Other markets, which represented 83.7% of this indicator in September last year, experienced an overall decrease of 9.4%, coming to represent 81.7% of the Teixeira Duarte Group's total turnover.



Development of the Turnover by Markets
(Values in thousand euros)

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

Countries	2017		2016		Variation
	Value	Contribution	Value	Contribution	
Portugal	189.999	18,3%	181.543	16,3%	4,7%
Angola	398.589	38,5%	452.518	40,6%	(11,9%)
Algeria	91.463	8,8%	100.110	9,0%	(8,6%)
Brazil	235.902	22,8%	152.856	13,7%	54,3%
Spain	30.297	2,9%	31.953	2,9%	(5,2%)
Mozambique	61.035	5,9%	128.952	11,6%	(52,7%)
Venezuela	15.984	1,5%	52.080	4,7%	(69,3%)
Other	12.369	1,2%	15.361	1,4%	(19,5%)
	1.035.638	100,0%	1.115.373	100,0%	(7,1%)

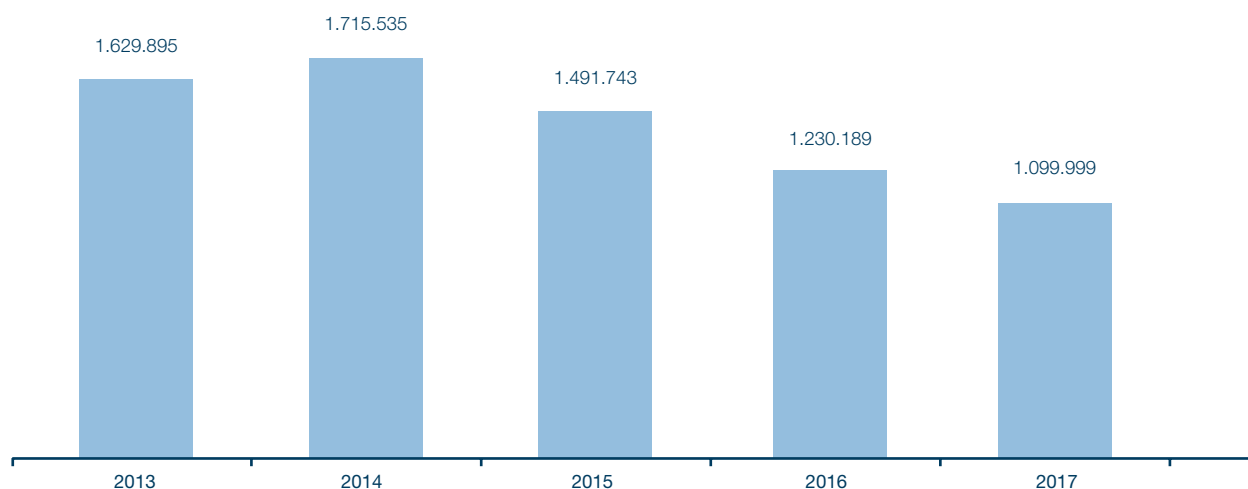
Turnover by Country
(Values in thousand euros)

Activity Sector	2017		2016		Variation
	Value	Contribution	Value	Contribution	
Construction	522.551	50,5%	506.017	45,4%	3,3%
Concessions and Services (*)	96.298	9,3%	110.390	9,9%	(12,8%)
Real Estate (*)	96.593	9,3%	101.514	9,1%	(4,8%)
Hospitality	48.246	4,7%	51.084	4,6%	(5,6%)
Distribution	205.014	19,8%	243.065	21,8%	(15,7%)
Energy	-	-	16.837	1,5%	-
Automotive	66.936	6,5%	86.466	7,8%	(22,6%)
	1.035.638	100,0%	1.115.373	100,0%	(7,1%)

Turnover by Sector
(Values in thousand euros)

(*) - Amounts from 2016 restated

Operating profits suffered a decrease of 10.6% when compared to the same period of the previous year, dropping to 1,099,999 thousand euros.



Evolution of Operating Income
(Values in thousand euros)

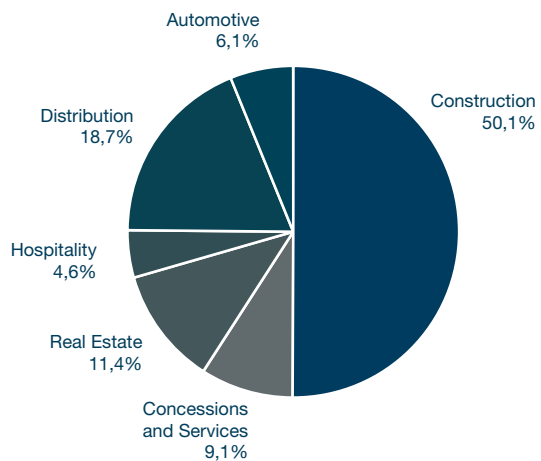
The following table shows good performance in the construction sector, due to the good performance achieved on the private market in Portugal.

Activity Sector	Internal Market			External Market			Total		
	2017	2016	Var(%)	2017	2016	Var(%)	2017	2016	Var(%)
Construction	125.948	88.796	41,8%	424.631	447.250	(5,1%)	550.579	536.046	2,7%
Concessions and Services (*)	33.586	38.318	(12,3%)	66.139	74.524	(11,3%)	99.725	112.842	(11,6%)
Real Estate (*)	64.003	81.993	(21,9%)	61.573	93.488	(34,1%)	125.576	175.481	(28,4%)
Hospitality	10.897	9.502	14,7%	39.894	42.218	(5,5%)	50.791	51.720	(1,8%)
Distribution	945	963	(1,9%)	204.704	243.916	(16,1%)	205.649	244.879	(16,0%)
Energy	-	19.004	-	-	122	-	-	19.126	-
Automotive	2.826	641	340,9%	64.853	89.454	(27,5%)	67.679	90.095	(24,9%)
Total	238.205	239.217	(0,4%)	861.794	990.972	(13,0%)	1.099.999	1.230.189	(10,6%)

Operating Profits by activity and geographical markets
(Values in thousand euros)

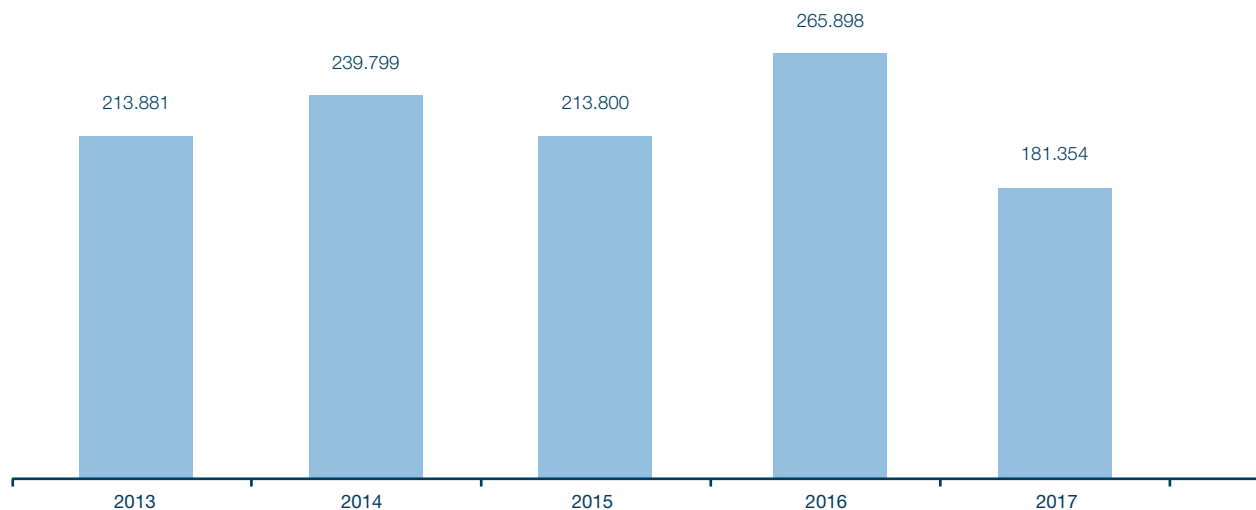
(*) - Amounts from 2016 restated

As a result of the evolutions mentioned above, the contributions of each of the sectors of activity to the global value of operating profits achieved on 2017 were as follows:



Contribution of each Activity Sector

A decrease of 31.8% in **EBITDA** was seen when compared to 2016, dropping 84,544 thousand euros to stand at 181,354 thousand euros.



Evolution of EBITDA
(Values in thousand euros)

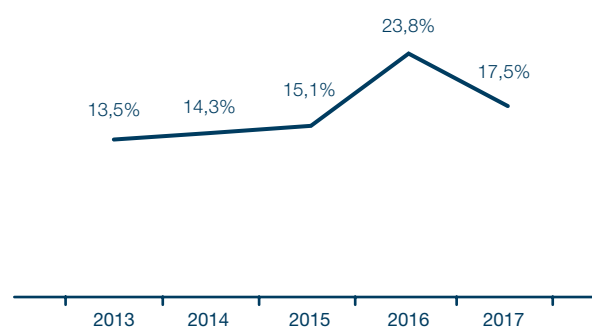
The 84,544 thousand euro decrease in EBITDA compared to the same period of the previous year is mainly due to the following changes:

- Impact of the fair value of investment properties of 16,039 thousand euros in 2017, whereas the impact in 2016 was 61,211 thousand euros;
- Income amounting to 40,270 thousand euros was posted in 2016, resulting from customer acceptance of work previously done in Venezuela.

The appreciation in the fair value of investment properties in 2017 essentially results from the reclassification of building 1 at “Lagoas Park” from a “Tangible Fixed Asset” (valued at amortized cost) to an “Investment Property” (valued at fair market value). This reclassification resulted from placing building 1 on the market, as a result of the concentration of Group companies in building 2 of the same venture.

An analysis of this indicator by sector, on the map shown below, shows very disparate behaviour of the different business areas, depending on the unique features of each activity and the respective markets in which the company operates.

And decrease was seen in the **EBITDA / Turnover Margin** when compared to the previous year, which increased from 23.8% to 17.5% in 2017.



Evolution of the EBITDA / Turnover Margin

Activity Sector	2017	2016	Var (%)
Construction	52.928	61.099	(13,4%)
Concessions and Services (*)	7.935	17.749	(55,3%)
Real Estate (*)	62.823	107.104	(41,3%)
Hospitality	11.297	9.191	22,9%
Distribution	25.161	43.234	(41,8%)
Energy	-	4.025	-
Automotive	26.518	32.672	(18,8%)
Not included in the segments	(5.309)	(8.956)	40,7%
Removals	1	(220)	-
	181.354	265.898	(31,8%)

EBITDA by Sectors of Activity
(Values in thousand euros)

(*) - Amounts from 2016 restated

Financial results were negative in 2017, amounting to minus 102,443 thousand euros, whereas the financial results in 2016 were minus 126,899 thousand euros.

	2017	2016	Var (%)
Financial costs and losses:	(170.416)	(295.643)	42,4%
Supported interests	(65.886)	(83.488)	21,1%
Unfavourable exchange rate differences	(68.554)	(200.695)	65,8%
Other costs and financial losses	(35.976)	(11.460)	(213,9%)
Financial income and gains:	65.765	179.020	(63,3%)
Obtained interests	10.087	16.881	(40,2%)
Favourable exchange rate differences	53.191	159.483	(66,6%)
Cash discounts obtained	5	50	(90,0%)
Other income and financial earnings	2.482	2.606	(4,8%)
Income related to investment activities:	2.208	(10.276)	-
Earnings from associates and joint works	2.217	8.570	(74,1%)
Dividends	2.728	1.652	65,1%
Other investments	(2.529)	1.048	-
Gains / loss in assets available for sale	(208)	(21.546)	99,0%
Financial results	(102.443)	(126.899)	19,3%

Financial results
(Values in thousand euros)

This indicator experienced a positive change of 24,456 thousand euros when compared to the same period, with an emphasis on the contribution of the following changes:

- A positive change of 25,849 thousand euros, resulting from the decrease of the balance in the exchange rate differences;
- A positive change of 21,338 thousand euros, resulting from the impact of impairment losses and sale of rights in the subsidiary "Banco Comercial Português, S.A.";
- A positive change of 17,602 thousand euros, resulting from the reduction of interest incurred;
- Negative change of 24,516 thousand euros, resulting from the increase in other financial costs;
- Negative change of 6,353 thousand euros in results relating to associated companies and joint ventures;
- Negative change of 3,577 thousand euros under the item "other investments".

In 2017, Income Tax amounted to 34,534 thousand euros, whereas it was set at 30,411 thousand euros for the previous financial year.

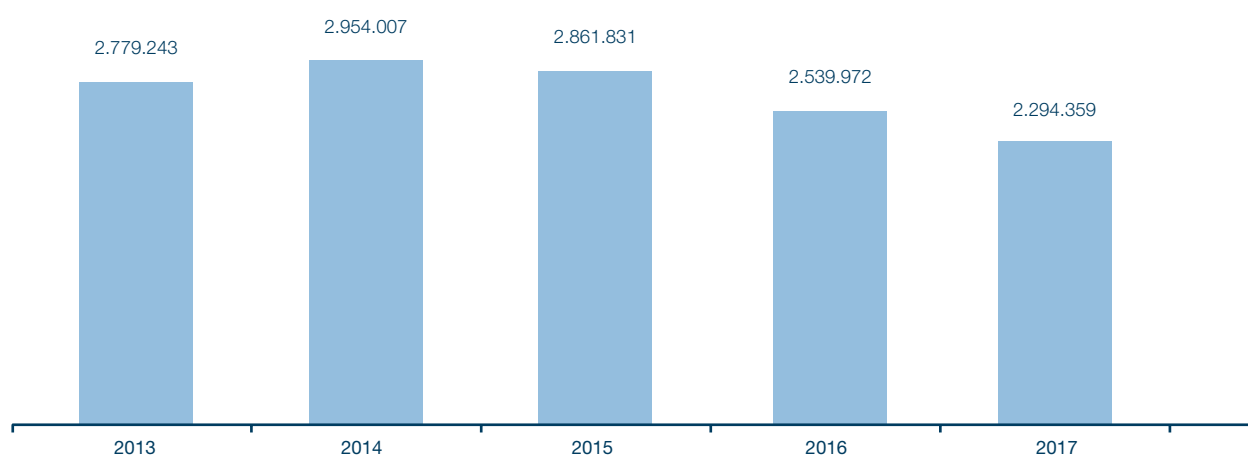
	2017	2016	Var (%)
Current tax	(54.652)	(40.339)	(35,5%)
Deferred tax	20.118	9.928	102,6%
	(34.534)	(30.411)	(13,6%)

Income tax
(Values in thousand euros)

	2017	2016	Var (%)
Asset			
Non-current assets	975.026	1.418.027	(31,2%)
Current assets			
Cash and cash-equivalent	154.265	180.908	(14,7%)
Other current assets	710.088	902.260	(21,3%)
Assets for sale	454.980	38.777	1073,3%
Total of asset	2.294.359	2.539.972	(9,7%)
Equity attributable to:			
Shareholders	367.566	395.769	(7,1%)
Non-controlling interests	41.277	49.041	(15,8%)
Total equity	408.843	444.810	(8,1%)
Liability			
Loans	1.008.278	1.314.007	(23,3%)
Provisions	35.797	43.500	(17,7%)
Other liabilities	491.565	713.293	(31,1%)
Assets for sale	349.876	24.362	1336,2%
Total liabilities	1.885.516	2.095.162	(10,0%)
Total liabilities and equity	2.294.359	2.539.972	(9,7%)

Financial positions at 31 december 2017 and 2016
(Values in thousand euros)

Total Net Assets decreased by 9.7% in relation to 31 December 2016, having reached 2,294,359 thousand euros.

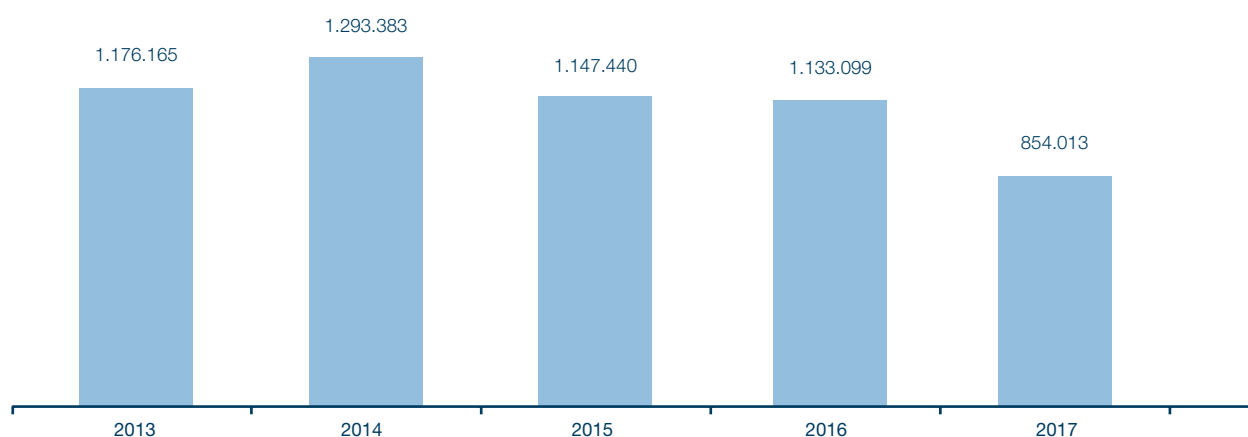


Evolution of Net Assets
(Values in thousand euros)

Net debt dropped by 279,086 thousand euros, when compared to the end of last year, to 854,013 thousand euros on 31 December 2017.

It should be noted that the 279,086 thousand euro decrease in net debt breaks down as follows:

- Effective reduction of 126,696 thousand euro;
- Reclassification of 152,390 thousand euros as “Liabilities Held for Sale”.



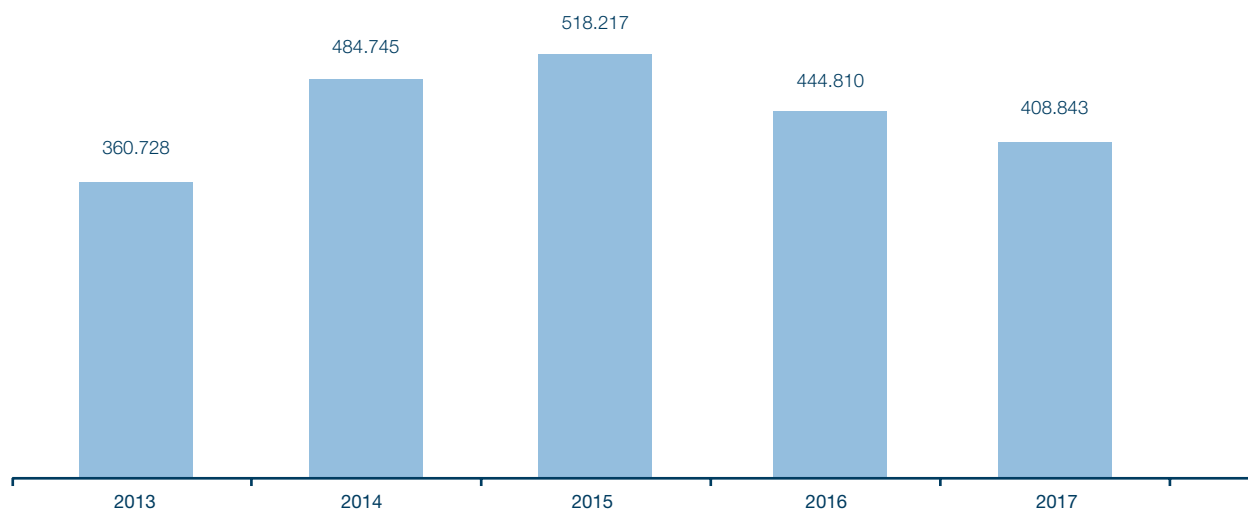
Evolution of Net Debt
(Values in thousand euros)

Equity Attributable to Shareholders decreased by 28,203 thousand euros, from 395,769 thousand euros to 367,566 thousand euros, corresponding to a 7.1% decrease when compared to 31 December 2016.

A drop of 8.1% was recorded in **Total Equity**, to 408,843 thousand euros, essentially influenced by the following factors:

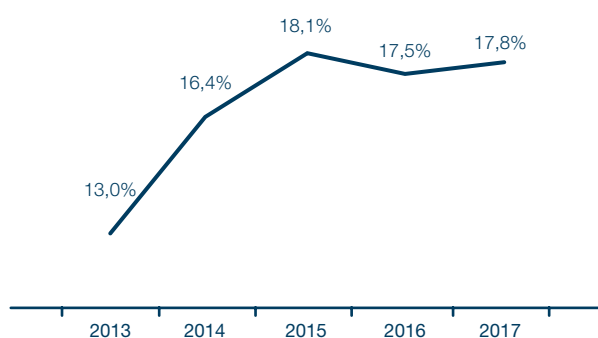
- A negative net result of 3,232 thousand euros;
- Negative impact of 35,140 thousand euros, resulting from the currency conversion recorded as a result of the devaluation of the Currencies in which the Group operates in relation to the Euro;

- Negative impact resulting from the disposal of the Group's stake in the "Energy Sector", in which uncontrolled interests amounting to EUR 7,207M were recorded;



Evolution of Net Equity
(Values in thousand euros)

Financial Autonomy dropped from 17.5% on 31 December 2016, to 17.8% on 31 December 2017.



Evolution of Financial Autonomy

ORGANISATIONAL OVERVIEW

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

Notwithstanding the details provided on the subject in the attached “Corporate Governance Report”, reporting the situation of the company and Group at 31 December 2017, it should be mentioned that the group’s operational structures are currently organized by sectors of activity, including as a general rule responsibilities for all teams and operations in these business areas, regardless of the geographic market in which they operate. This also forges close links between them and the Group’s central technical and human resources that will be operating in Teixeira Duarte’s different markets.

As a result of a lot of hard work in 2017 - including the implementation of a *compliance* management system in the Teixeira Duarte Group -, in February “Teixeira Duarte, S.A.” approved the “Teixeira Duarte Group Code of Ethics and Conduct”, which is applicable to all of the entities that form part

of its consolidation perimeter and management scope. This code, which has been in place since 2015, has been reviewed and updated to take into account new legal and circumstantial situations, developments and adaptations; like the old code, compliance with this documentation is mandatory for all employees of these entities.

"Teixeira Duarte - Engenharia e Construções, S.A." (TD-EC) as the presiding company of the Group in the Construction Sector, currently develops its activity in different Areas of Operation that divide the facets of production and are essential in the formation of managing staff and in the follow up of their careers and integration in Exploration Centres and Offices, also providing a set of Central Support Structures specific to this sector of Construction, particularly in the areas of Form-work and Prestressing, Equipment and Proposals.

Still in the scope of TD-EC structures, there are two other Central Offices that are however more focused on Construction, they also support other sectors of the Group: The Central Office of Management and Technology Systems and the Central Office of Supplies.

In addition to all those structures more closely connected to the operational area of the Group, there is a set of Central Offices and Services with special support responsibilities transversal to the operations developed in the various sectors of activity, integrated in the denominated Corporate Centre, which promotes the uniformity of procedures and joint support of the structures that operate abroad in these common areas and various businesses.

Regarding these teams - which are also identified in the Organization Chart reported on this date and presented at the beginning of this Report - emphasis will be placed below on some of their milestones in 2017, starting with the two aforementioned structures integrated into TD-EC before going on to mention the structures incorporated into the aforementioned Corporate Center.

The **Central Management and Technology Systems Department** continued its activity supporting processes to obtain, monitor and renew the management system certificates of different group companies, as well as the internal control process for TD-EC's metal structure production activity. Emphasis should be placed on the extension of safety management (OHSAS 18001), Quality (ISO 901) and Environment (ISO 14001) certificates to TD-EC's Brazilian market, along with joint third party audits of Portugal-based companies that hold these main management system references, including the transition of the

ISO 9001 and ISO 14001 certificates to the 2015 versions of the standards.

The process to harmonize management systems across different group companies was continued, inter-company internal audits were conducted and further support was given to different commercial, production and fixed installation management areas, on both the domestic and overseas markets, specifically in Angola, Algeria, Brazil and Mozambique.

Due to the growing importance of knowledge networks for conducting R&D+i (research, development and innovation) activities, specifically in the construction industry, continued support was given to Teixeira Duarte's production structures, for their membership of and participation on committees and work groups of scientific societies and technology platforms. This was done in close collaboration with Portuguese universities and laboratories, and these partnerships were expanded to include overseas consortia. Worth noting in this domain:

- Participation in TWG eCO2 Foundations – Geotechnical Carbon Calculator of the EFFC, European Federation of Foundation Contractors, with the aim of contributing to a new policy inside this organization, extended to its members, concerning the sustainability of the geotechnical and foundations activity.

- Ongoing involvement in the COST ACTION TU1404 "Towards the next generation of standards for service life of cement-based materials and structures" project, with the manufacturing of concrete and several tests of concrete properties at different ages during the experimental phase, entitled "Main phase". As part of the scope of standardization activities, TD-EC sits on the Portuguese Standardization Committee CT156 - Geotechnics in Civil Engineering, and chairs subcommittee SC10, the technical body that aims to issue opinions on standards and to translate CEN's European standards in the field of Tests of Geotechnical Structures and the Execution of Special Geotechnical Projects; it also forms part of working group WG3 of the ISO's Technical Committee TC182, responsible for drawing up the DIS version of the ISO 22477-5 standard Geotechnical investigation and testing - Testing of geotechnical structures - Part 5: Testing of grouted anchors, the publication of which is planned for the middle of 2018.

Also of note was the implementation of a *Compliance* management system, structuring a group of corporate practices associated with integrity and obeying the law, as well as with the organization's internal rules. This implementation ended with the aforementioned publication of the new Teixeira Duarte Code of Ethics and Conduct.

The **Materials Laboratory** is integrated into the Central Management Systems and Technology Department, with direct links to the Centre for Innovation and Technological Development. It has held an accreditation from the Portuguese Accreditation Institute (IPAC) since 1996, and is based at the “Teixeira Duarte Operations Centre” in Montijo.

During the year in question, a large number of bending/compression mechanical strength tests were performed on grout injection prisms, as part of the phase of excavation, peripheral containment and construction up to Floor 0 of the CUF Tejo hospital, in Alcântara, Lisbon.

Technical support provided to laboratories in Angola, Mozambique and Algeria was continued. On-site concrete characteristic strength assessments were performed for the Angola laboratory.

The Materials Laboratory worked alongside the technical-commercial department to draw up quotations in the aggregates and concretes area for participating in tender processes. This work specifically included the modernization of the Covilhã-Guarda section, the modernization of the Elvas-Border section of the eastern line, and the expansion of the east dock at Sines Port. An aggregate characterization test campaign was also run, along with several studies of the composition of concretes with aggregates from the APS and ASIC quarries - inert steel aggregate for construction from the Seixal National Steelworks.

The **Central Procurement Department** mainly developed its operational strategy for TD.EC, but also provided support to some other group companies, extending its operations to several geographical areas where the group operates, 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.

Procurement activity in **Portugal** took on particular relevance in processes involving goods sent to different projects in progress on the Angolan market, due to the country's economic-financial situation. In order to meet contractual stipulations in Angola, specifically for the Lubango project, strategic partnerships were developed with new suppliers with an evident desire to grow and develop their relationship with the Group.

wAs regards the domestic market, the procurement model defined for the company was used, involving a mixed (hybrid) configuration combining centralization with the decentralization of purchases. This format mainly involved acquiring goods of strategic importance to the organization (e.g. steel and concrete), generally in large volumes in terms of quantity and value, to enhance the creation of synergies and boost negotiating power with suppliers, thereby achieving economies of scale.

In the logistics area, the constant need to monetize the occupancy rates equipment managed by the Equipment Department led to an analysis and strategic definition of maritime transport solutions to allow transportation between countries, in the shortest periods and under the most favorable economic conditions.

In this area, there has also been a significant increase in requests for new market studies, which entail an analysis of the costs of the entire logistics chain, specifically export costs in the country of origin, land, air and/or sea transport costs and import costs in the country of destination.

The ongoing development of information technology tools that enable simplifying and enhancing the agility of operational processes has proved to be of capital importance in increasing the efficiency of the areas of Procurement and Logistics.

The process of restructuring and resizing the human resources structure of this department was continued in order to better adapt the team to the needs and requirements of the organization's internal customers, and to allow an adequate rotation of people through the markets.

In **Argélia**, strategy in the purchasing and logistics area was based on promoting the ongoing internal mobilization of employees with the aim of maximizing the potential of teams and effectively adapting the response to the needs of ongoing projects, specifically the AGB project, due to the high number of import processes. At the same time, follow-up was ensured of the work that has been developed in the attraction and development of local staff.

In **Colombia**, the logistics area has developed import processes in coordination with local partners and entities as part of an ongoing growth process, supported by occasional market trips by Portugal team employees.

In general, there was enhanced involvement by the different areas of the business; processes were optimized and solutions were made available to provide increased levels of efficiency to

contribute to improving the end customer's levels of satisfaction. Attempts were also made to systematise the replication of procedures used by the central structure in Portugal, taking into consideration the reality of the country and its particular features, with a view to attaining a uniformity of work procedures, thus boosting greater efficiency and integration.

Concerning the action of the **Central Department of Human Resources**, Teixeira Duarte continues its measures to adjust the number of workers to the activities carried out in the different sectors and markets, while promoting the personal and professional development of its employees.

The average number of workers recorded a decrease of 6.3% from 2016.

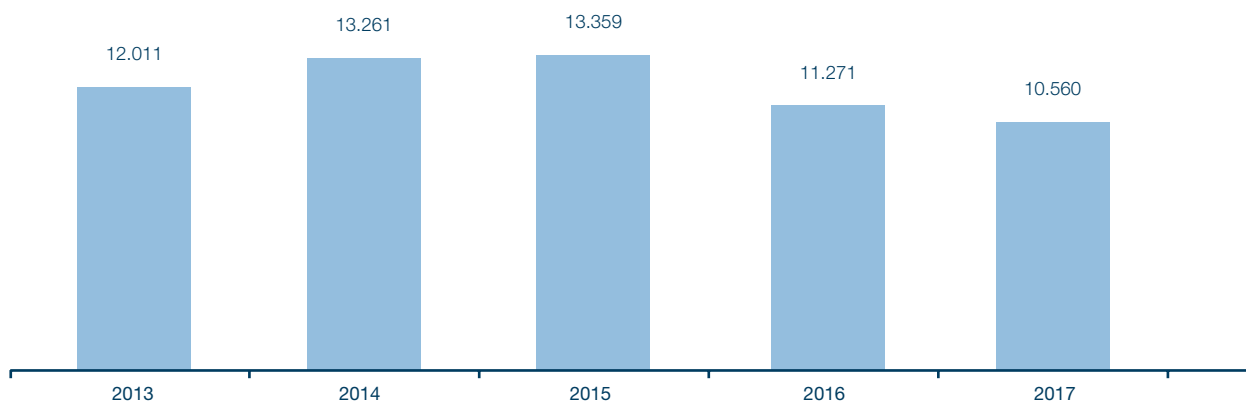
There were 10,245 employees on 31 December 2017, and 10,485 on the same date of 2016. In other words there was a decrease of 240 employees, corresponding to a negative change of 2.3%.

In this regard, it should be noted that the impact of the divestments of the investees "RECOLTE, SA" and "TDARCOL, SA" (and their subsidiaries) operating in the Concessions and Services and Energy sectors, respectively, was a reduction of 601 employees.

In the service sector, there was a reduction in distribution and automotive employees and an increase in the construction sector.

By markets, the group experienced a negative change in Angola, Algeria and Mozambique and a positive change in Brazil, essentially due to increased activity in the construction sector in that country.

A professional qualification policy has been followed in the different markets in which the Group operates. Internal qualification activities have taken on a major role - not only because they are more adequate and specific, but also because they are less onerous.



Evolution of the Average
Number of Employees

Worldwide in 2017, qualifying activities were carried out at Teixeira Duarte involving 41,472 trainees and a recorded total of 167,999 hours of training volume. These figures represent increases of 23% and 14% respectively when compared to 2016.

Qualification activities were run in Portugal involving 8,038 trainees, totaling 72,304 hours of training volume; 62,412 hours were spent on training in the following areas: induction and on-the-job; occupational health, safety and hygiene; and languages, as well as in several different areas of civil engineering.

As regards data on qualification activities run on the Portuguese market, when compared with all other markets, it is noted that they involved 19% of trainees and represented 43% of recorded hours of training volume.

In addition to the significance of the activities that are important for the integration and development of employee professional careers - particularly the careers of people starting out at Teixeira Duarte, other activities are important for employee qualifications and, in parallel, for meeting a range of different national and international requirements and demands.

In this sense, following Building Information Modeling (BIM) activities that had previously been run, features of 2017 were the evolution and increase of internal training activities in this area. The continuation of these activities is planned for forthcoming years.

Regarding these activities, it should be emphasized that they included 164 trainees working in four markets - Angola, Brazil, Mozambique and Portugal -, totaling 1,192 hours of training volume.

Also under the scope of these activities, it should be emphasized that TD-EC was awarded first prize in the "Construction and Coordination" category of the "BIM Excellence Awards" this year, at a ceremony held during the Portuguese Construction Technology Platform (PTPC) forum.

The awarded was presented for the BIM project developed by a multidisciplinary team, led by Teixeira Duarte's Design Department for the "Hospital da Luz - Oeiras Clinic", which developed it in active partnership with the project, with a particular focus on detecting errors and omissions and anticipating incompatibilities.

It should also be mentioned that the implementation of BIM in the Teixeira Duarte Group's construction sector started in 2016. The group has a specialist central team that provides support to

other areas of activity and group companies, including running training activities for group employees.

Group training activities in **Angola** during 2017 included 26,497 TD Group trainees and a total of 64,850 hours of training volume. A significant number of these hours were spent on internal qualification activities run in classrooms and on-the-job, not only in technical areas of the different businesses in continuation of work done previously, but also in new areas introduced during the second half of the year under the new training model, known as "VBS". This model includes three key development areas - Values (V), Base (B) and Specific (S) -, and a range of different subjects are presented in each of the key areas.

The aim behind the implementation of this new model, which extends to the Group in Angola, is to allow all group employees access to professional qualifications, regardless of the sector in which they work or the professional group to which they belong.

The following aspects were taken into account when designing appropriate content for the execution of this model:

- Strategic alignment with the company's management, culture and critical values, which should be known and practiced universally by all the Group's staff.
- Qualification needs identified by the Group's different sectors and areas of activity in Angola.
- Trainee profiles and the respective context of the activity, specifically roles and levels of responsibility.

As previously mentioned, a significant part of qualification activities run by the academies during the course of 2017 formed part of the VBE model.

The Professional Development Centre (CPD) once again played a key role in stimulating these activities, bringing together the Group's activities and efforts to qualify employees under very favorable learning conditions, both in terms of comprehensiveness and the quality of the training activities.

At the same time, the Projeto Fazer Pescar was run for the fifth year running. Activities were run as part of this project to give 66 participants social and professional qualifications, with a total of five classes distributed over two half-year periods. When 35 hours of training activities were complete, 35 trainees joined the distribution activities sector (Maxi, Dakaza and Nilo), 12 joined the São Francisco de Assis school, 12 joined the automotive sector (TDA and VAUCO) and 7 joined the Real Estate sector.

As regards the team of trainers, it should be mentioned that all activities are given by internal trainers, with the participation of

trainers from all of the sectors that are involved.

This was also the year to create conditions for the introduction of new learning methodologies, specifically through the Moodle e-learning platform, which will be used as a learning support tool in the context of e-learning and b-learning.

In addition to the aforementioned activities, several assessment center initiatives were run at the CPD by the Group's different businesses. The aim of these initiatives was to assess knowledge, skills and profiles of the candidates to be recruited, to allow a more rigorous selection of future Teixeira Duarte staff members in line with the objectives of each business.

The activities run in **Algeria** included 1,191 trainees and a total of 1,652 hours of training volume. A particular emphasis was placed on occupational health and safety training, manifesting the group's concern for investing in measures focusing on safeguarding workers' lives, as well as ensuring that a range of different obligations were met.

Activities were run in **Brazil** for 2,978 trainees, with a total of 9,966 hours of training volume. This training focused on the areas of occupational health, safety and hygiene, as well as induction and on-the-job training.

The implementation and development of SAP - HR on this market contributed to the growth that has been seen. This was supported by the Central Human Resources Department's professional qualification structure, whose main concern was to train users and to reproduce a decentralized registration model, while monitoring performance and ensuring the reliability of processes and their respective data, evidence and, as a result, historical information.

Activities were run in **Spain** for 828 trainees, totaling 5,926 hours of training volume. 4,809 of these hours were dedicated to the topic of occupational health, safety and hygiene, the environment and equipment.

Activities were run in **Mozambique** for 1,940 trainees, totaling 13,302 hours of training volume.

It should be noted that 11,339 hours of this volume corresponded to activities forming part of the field of professionalism (on-the-job), in specific areas of hospitality, as well as in the occupational health, safety and hygiene area.

In addition to training, emphasis should be placed on intense recruitment and selection activities in 2017. Highlights in this

context were a search and the expansion of certain sources of personnel, such as training centers and professional education establishments. Cooperation with these entities led to agreements being signed and traineeships being granted; trainees, students and professionals graduating from these entities were encouraged to join recruitment processes, leading to the hiring of employees whose professional careers had been developed by Teixeira Duarte; in parallel, we made efforts to renew generations of employees.

An important part of expanding the scope of recruitment activities was the introduction of improvements to Teixeira Duarte's recruitment website, through which many applications were received each day.

Over 5,000 applications were received in 2017, which were added to a database and used for a range of different recruitment processes, allowing them to be run independently and at a lower cost.

The **Occupational Medicine Service** continued to provide services to seventeen group companies in Portugal. It also provided health service support in 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 2,137 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.
- A new space was created for distributing health-related information, under the auspices of the corporate website homepage service.

In the scope and execution of its **Social Responsibility** policy, the continuation of the program "Todos Damos" (We all Give) is worth noting, being approved by the Board of Directors of TD,SA and extendible to all the entities and collaborators of the Group.

True to its Values, Teixeira Duarte always assumes an active role in regards to the wellbeing of its workers and their families, having understood the need to focus the options for supporting social projects through an institutionalised position directed at social solidarity organisations and that also include the very

employees in a direct action.

The Todos Damos program is, therefore, a corollary of other prior initiatives, consisting in support for people through co-financing by the Companies of the Teixeira Duarte Group of projects or social institutions that their own employees also desire to directly support.

In effect, the employees indicate an institution with social intervention to which they intend to contribute and Teixeira Duarte provides co-funding for the institutions to be supported by doubling the amount the employees intend to contribute.

According to the program's regulations, TD,SA announces the budget made available for this purpose each year is announced. In 2017, the overall amount of this budget was €100,000. Donations from 18 employees and Teixeira Duarte donations raised €17,805 and Kwz 413,502.00 (four hundred and thirteen thousand five hundred and two kwanzas), distributed to several different institutions in Portugal and Angola.

Following the **Central IT department's** structural resizing during the previous year, newly coordinated functions were implemented during 2017 by migrating tasks suitable for remote execution from the peripheries, specifically tasks related to systems security and management. The centralization of processes led to a full monitoring process to ensure greater resource efficiency and that standardized procedures were in place.

During 2017 there were multiple changes in legislation in all geographical areas, making it necessary to adapt and/or standardize applications. The most significant changes took place in Portugal, Spain and Brazil.

New applications were developed for (i) the Corporate Secretariat - for recording and managing corporate information, coordination with the computerized archive of documents, and notifications for monitoring compliance with obligations and deadlines; (ii) for the Equipment Department, with new management support transactions and functionalities; and (iii) the profit management applications applicable in Brazil were developed and implemented, and support was provided for decentralized admission and requesting services from international Human Resources.

A private cloud platform was launched in production, including a set of collaborative tools, allowing several file-sharing servers to be deactivated and leading to significant improvements to data access quality. E-mail centralization was continued with a

reduction in the number of servers and their distribution, making the service more secure and resilient.

A new data center was built as part of an extensive process to relocate the head offices of all Group companies in Angola. This process was monitored by the central structure of this department, which also performed all technical and physical migration tasks, including reworking communications and centralizing Internet access for all of the companies at their new facilities.

Monitoring of remote environments was strengthened and new firewall platforms with content filtering capabilities were implemented. This was aimed at maintaining an adequate level of security and system availability.

During 2017, Teixeira Duarte continued to optimize its **Central Finance and Accounting Department**. It implemented reinforcements of its IT platforms for the purpose of optimizing and standardizing processes in all geographical areas where the group operates, in order to boost the effectiveness of centralized control of the main processes and record of operations.

CORPORATE OVERVIEW

In compliance with all the corporate obligations, namely as an entity issuing tradable securities in regulated markets, particular note should be made of the public disclosure of the different information considered relevant in 2017, especially the Management Report and Accounts relative to 2016, as well as the Corporate Governance Report relative to the same period, both approved at the General Meeting.

General Meeting

The General Meeting on 27 May 2017 approved all of the proposals submitted for discussion, specifically the approval of documents rendering the consolidated and individual accounts, the proposed application of results presented by the Board of Directors, the proposal concerning the approval of the company's administration and oversight, the proposal concerning the statement on the remuneration policy of members of the respective company administration and oversight bodies, the proposal for maintaining the existing situation of full control over the company "LAGOAS PARK, S.A." and the proposal for acquiring and divesting company shares, also presented by the Board of Directors.

Dividends

The General Meeting approved the proposed appropriation of net income submitted by the Board of Directors, according to

which it is proposed that the individual net income of TD,SA for 2016, amounting to €7,092,173.40 (seven million and ninety-two thousand, one hundred and seventy-three euros and forty cents), should be appropriated as follows:

Reinforcement of the legal reserve:	€5,500,000.00
Reinforcement of the free reserves:	€752,173.40
Dividends to shareholders:	€840,000.00

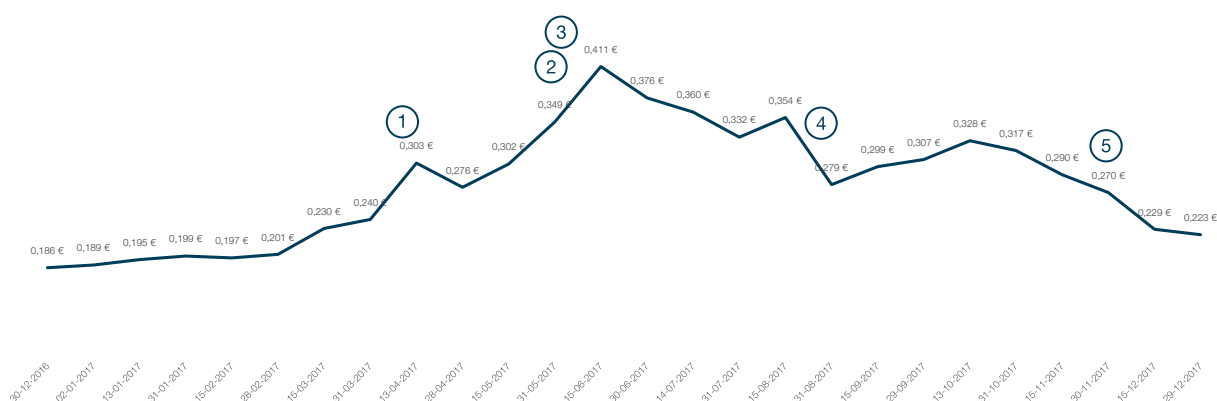
The shares of Teixeira Duarte, S.A.:

During 2017, the share price appreciated by 20%, having risen from EUR 0.186 as at 31 December 2016, to EUR 0.223 as at 30 December 2017.

Regarding liquidity and turnover during this financial year, 54,228,820 shares were traded on the stock exchange, with a total turnover of EUR 16,738,648.59.

As at 31 December 2017, the share price stood at EUR 0.223 and, today, 24 April 2018 it is EUR 0.275.

The graph below shows the evolution of the stock market share prices during 2017:



Share price Teixeira Duarte, S.A.

Notes:

- 1 - Disclosure of Results relative to the financial year of 2016 - 07/04/2017
- 2 - Approval of the Annual Report relative to the financial year of 2016 - 27/05/2017
- 3 - Presentation of Consolidated Financial Statements relative to the 1st Quarter of 2016 - 30/05/2017
- 4 - Presentation of Consolidated Financial Statements relative to the 1st Semester of 2016 - 29/08/2017
- 5 - Presentation of Consolidated Financial Statements relative to the 3rd Quarter of 2016 - 30/11/2017

IV. SECTORAL REVIEW

Next, an account was given of the activity carried out in the different sectors in which the Group operates. A similar structure was followed for all of the sectors, starting by putting the respective sector into context within the Teixeira Duarte Group, followed by a presentation of the turnover and Consolidated EBITDA and the contribution of this area of the business to the group. Each sector's account ended with a presentation on operations during 2017, supported by non-consolidated indicators for the purpose of analyzing and gaining a perspective of the activity as a whole and not just its final contribution to the consolidated figures.



IV.1. CONSTRUCTION

Construction is the core business and *raison d'être* of the Teixeira Duarte Group. In this sector, it operates in the areas of geotechnics and refurbishment of buildings, infrastructure, metalwork, underground works, railways projects and maritime projects. These areas are supported by an Operational Formwork and Pre-stressing Center, a Central Equipment Department and a Bidding Service, as well as the "Teixeira Duarte Operations Center", constructed on a plot of land with an area of over 130,000m², which represents enormous added value to the company and services provided to its customers.

Its founder, Engineer Ricardo Esquível Teixeira Duarte, who concluded the first course of Civil Engineering administered at the Higher Technical Institute and acted as the president of the Order of Engineers, he was always recognised by his contemporaries for his technical merit and innovation.

Teixeira Duarte continued its operation marked by that hallmark, always considering itself a true House of Engineering. From large infrastructures like bridges, dams, highways and other public works, as well as hospitals and large buildings considered historic landmarks, namely in Portugal, Teixeira Duarte is recognized as a synonym of knowledge and experience, being 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 and Railway works, as well as various enterprise groups (ACE) and other similar structures allocated to specific projects, in particular in the area of Infrastructures.

During 2017, Teixeira Duarte operated in this area in various countries, where its main markets were Portugal, Angola, Algeria, Brazil, Colombia, Spain, United States, France, Morocco, Mozambique, Peru, United Kingdom and Venezuela.





IMOHEALTH - HOSPITAL CUF TEJO
Lisbon - Portugal

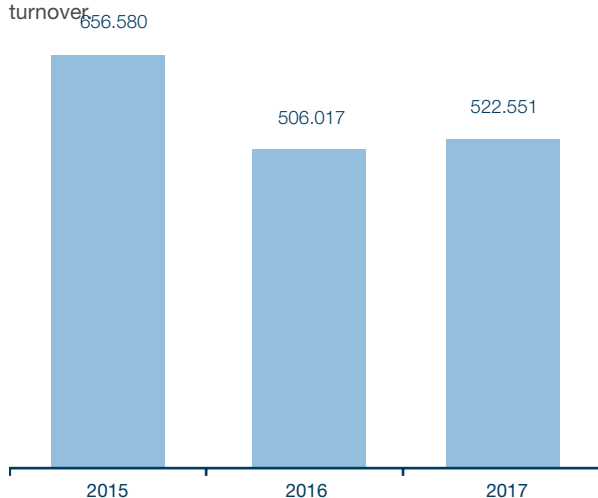
CONTRIBUTION OF THIS SECTOR TO THE GROUP

Construction Turnover grew by 3.3% compared to the same period of 2016, essentially due to growth achieved on the domestic market.

In effect, Portugal posted an increase of 44.9% comparing to the previous year, essentially due to good performance achieved in the private construction market.

In turn, overseas markets declines in Algeria.8% overall when compared to 2016, as the increases of 10.5% and 74.9% respectively in Angola and Brazil did not compensate for the declines in Algeria, Mozambique and Venezuela.

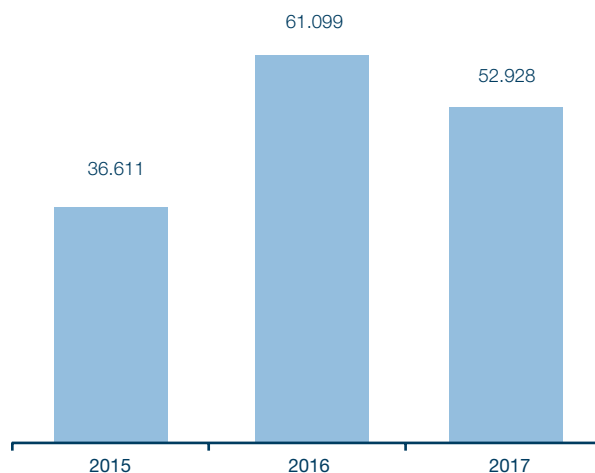
In 2017, the external market accounts for 79.6% of Construction turnover.



Evolution of Construction Turnover
(Values in thousand euros)

A drop of 13.4% in construction EBITDA was seen when compared to 2016.

Despite the drop, emphasis should be placed on the good performance of construction in 2017 when compared to the same period of the previous year, keeping in mind that the 2016 EBITDA was impacted by the 40,270 thousand euros resulting from the acceptance by the customer of work previously done in Venezuela.



Evolution of Construction EBITDA
(Values in thousand euros)

ACTIVITY DURING 2017

In non-consolidated terms and in order to provide an overall view of the total activity during 2017, we disclose that the Group's operating income in the Construction sector reached the total value of 608,817 thousand euros, reflecting a drop of 6.6% in relation to 2016.

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

GEOTECHNICAL AND REFURBISHMENT is TD-EC's area of activity that covers geotechnical aspects, foundations and refurbishment, along with project management which, in addition to focusing on an engineering and investigation core that is a benchmark in the company and on the market, it coordinates the implementation of the BIM (Building Information Modeling) system throughout the entire Teixeira Duarte Group.

The operation of the Teixeira Duarte in this sector is characterised by interventions in projects of elevated technical complexity and size, both in public and private enterprises, having highly specialised and technically prepared human resources, supported by their own state-of-the-art technology.

Designed and carried out in the area of Geotechnics and Foundations are Technical Solutions of Engineering and Foundations, Geological Studies, Mining Prospection, Pile

Walls, Stakes, Micro Stakes, Nailings, Anchors, Consolidations, Injections, Jet-Grouting, Projected Concrete, among other special works.

Carried out in the area of Rehabilitation are specialised works in the domains of Rehabilitation of Structures and Conservation of Monuments and Built Architectural Heritage, as well as Structure Inspection and Diagnostics.

In the Project Management area, Engineering Studies and Technical Projects were developed for the entire Teixeira Duarte Group. These were of great importance for the reasoned technical presentation of bids and projects. This Department is also responsible for coordinating and implementing BIM (Building Information Modeling) throughout the entire Teixeira Duarte Group, by consolidating internal and external training, developing projects with this technology and creation of internal procedures.

Contrary to the trend seen in previous financial years, a significant increase was seen in total revenue from the geotechnics and refurbishment area in 2017, reaching a value of around 78.8 million euros, corresponding to a

57.4% increase when compared to the 2016 financial year.

In **Portugal**, despite a recovery in the construction sector, this was almost exclusively due to the building refurbishment market, with the public part of the sector remaining in deficit due to a lack of public infrastructure tender processes.

In this context, there has been a significant increase (77%) in the number of tenders submitted when compared to the previous year, specifically due to tenders for private customers. During the course of the year these tenders came to an overall total of 103 million euros.

The income achieved in 2017 reached 28.6 million euros, contributing to 36.4% of the total income gained in this area of action.



BRISA CONSOLIDATION OF LANDFILL KM 25+700 OF THE A9 - CREL - CONSOLIDATION INJECTIONS
São Julião Do Tojal - Portugal

We highlight the following contract works:

- Continuation of repairs to the pillars/piling of the south viaduct of the Vasco da Gama bridge, for "LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.";
- "Excavation, peripheral containment and structure up to floor zero" of the CUF Tejo hospital, for the Mello Group company "IMO HEALTH - Investimentos Imobiliários, Unipessoal, Lda.";
- "Stabilization of the S. Pedro de Alcântara Lookout Point, minimizing earthworks", for CML - Lisbon Municipal Government;
- "Construction of Contract 1 - Earthworks, Piling and Infrastructures", in a consortium, for the new Navigator factory in Cacia;
- "Refurbishment/structural reinforcement of the Igreja da Graça in Lisbon", for the "St André and Stª Marinha Graça Parish Trust, Lisbon";
- "Refurbishment of the high altar, nave and high choir, including the automation of lighting inside the church of Nossa Senhora do Loreto, in Chiado, Lisbon", for the "Nossa Senhora do Loreto Italian Church Trust".

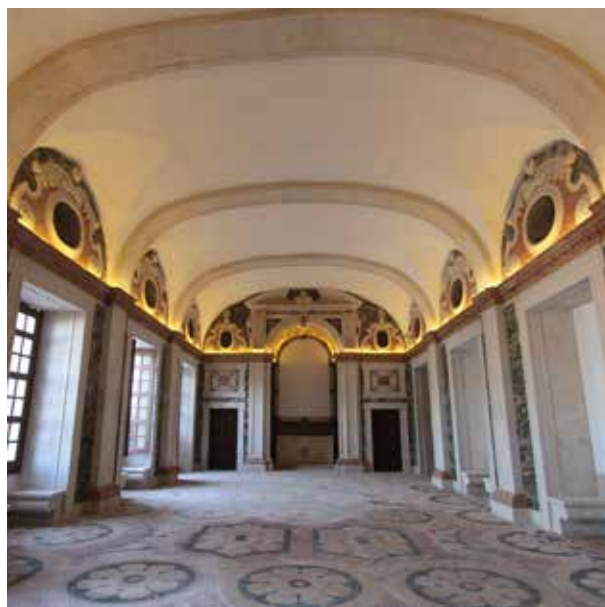
Some contracts with a multi-year execution period were launched during the second half of 2017, which will have a significant impact during 2018, specifically:

- "Demolition, Containment of Facade, Excavation and Peripheral Containment of the D. João I Block in Porto", for "Interfundos - Gestão de Fundos de Investimento Imobiliário, SA", managing body and representative of the Closed Real Estate Investment Fund Imopromotion - Portuguese Real Estate Development Fund and the Open Real Estate Investment Fund - AF Real Estate Portfolio;
- "Expansion of the Filters area at the cigarette factory facilities", in Albarraque, for "Tabaqueira - Empresa Industrial de Tabacos, S.A."
- "Demolition of the Building Present at Calçada Marquês de Abrantes, 11 a 25 in Lisbon, General Excavation and Peripheral Containment for 4 cellars, including indirect foundations", for "QUANOBLE, Lda."

Despite the fact that there has been greater development and monitoring of the commercial management of potential customers, with contracts awarded for confirmed projects amounting to a value of around 7 million euros, revenue in Portugal is expected to drop in 2018.



STABILIZATION WORKS OF THE MIRADOURO DE SÃO PEDRO DE ALCÂNTARA
Lisbon - Portugal



REFURBISHMENT AND STRUCTURAL REINFORCEMENT OF IGREJA DA GRAÇA
Lisbon - Portugal



INTERFUNDOS - D. JOÃO I NEIGHBORHOOD - DEMOLITION, FAÇADE CONTAINMENT, EXCAVATION AND PERIPHERAL CONTAINMENT
Porto - Portugal



IMO HEALTH - EXCAVATION, PERIPHERAL CONTAINMENT AND FLOOR 0 STRUCTURE - CUF TEJO HOSPITAL
Lisbon - Portugal



REHABILITATION OF THE IGREJA DA NOSSA SENHORA DO LORETO
Lisbon - Portugal

Although activity in **Angola** is still affected by the financial and economic crisis that has been affecting the country in recent years, significant growth was seen in 2017 when compared to values obtained in 2016 due to the execution of major projects; revenue totaled around 10 million euros.

Reference is made to the completion of the contract works:

- Indirect and respective solid foundations for malt and corn silos at the STI Beer Factory, for "S. Tulumba - Investimentos e Participações, Limitada", in Lubango;
- Foundation and peripheral containment for the Building "Avenida Portugal", located at Avenida de Portugal, Luanda, for "SOMAGUE ANGOLA - Construções e Obras Públicas, S.A.";
- Provisional peripheral containment at the Sodimo WWTP for "SOMAGUE ANGOLA - Construções e Obras Públicas, SA";
- Consolidation of supports and repair of reinforced concrete beams of the head office building of "IMOGESTIN, S.A.", in Luanda;

- Indirect foundations and solid sections for the Silos of Fazenda Filomena, for "COGIMBO Imobiliária, Lda.", in Luanda.
- Indirect foundations for the "Embalvidros" Glass Factory, for "OMATAPALO - Engenharia & Construção, SA", in Luanda;
- Curtain of pilings for the Sonils Road link, for "OMATAPALO - Engenharia & Construção, SA", in Luanda,
- Drilling and injection for waterproofing and drilling for drainage of the "Laúca Hydroelectric Power Station", for "Construtora Norberto Odebrecht".

As well as the start of other major contracts such as:

- Peripheral containment and excavation for the construction of the High Tech Tower, for "Afrique Imo Corporation, SA", in Luanda;
- Indirect foundations for the "Lauca Transmission Lines", for "OMATAPALO - Engenharia & Construção, SA", Catete-Lauca section;
- Blast protection reinforcement for warehouse and maintenance buildings - "Blast Protection Retrofit Work

Phase 2 for the Warehouse and Maintenance Buildings ", for "Angola LNG Limited - Angola Branch".

Despite the difficult economic and financial situation in Angola, the value of submitted bids remains the same as the previous year, with an overall total of around 30 million euros.

For the 2018 financial year, in view of projects currently in progress and known commercial prospects, operating revenue is expected to remain and the values obtained during the previous year.

In **Algeria**, activity remained the same in this area of activity in 2017, with revenue reaching the same value as the previous year. The energy crisis continues to affect this important market, affecting the launching of public tenders for new infrastructure.

We highlight the implementation and completion of the following contracts:

- Complexe Siderurgique de Bellara-El Milia- Pieux 0510mm, for "Elecnor S. A. Butec S. A. L. Ute Elecnor Butec", with the final client being "Algerian Qatar Steel, SPA";



AFRIQUE IMO CORPORATION EXCAVATION AND PERIPHERAL RETENTION
Luanda - Angola

- Base Navale de Jijel – Zone A – 6 Blocs d'hébergement des officiers – Fondations spéciales – Pieux, para a ETB/TCE Ouali Kamel and for the HTMT, with the Project Owner being the Ministère of the Défense Nationale.

Major contracts with multi-year execution periods were launched during the second half of 2017, which will have a significant impact on the 2018 financial year, specifically:

- Étude et Execution d'Excavation et de Soutènement Periphérique d'Immeuble à l'uso de Bureaux dans le Quartier d'affaires de Bab Ezzouar, for the Groupe ETRHB Haddad SPA;
- Étude, réalisation des aires de travail et de transfert, les infrastructures maritimes et génie-civil, les fournitures et l'installation d'un complexe élévateur à bateaux d'un traité de levage égale ou supérieure à 9000 tonnes et la formation de techniciens, for "ECRN - Établissement de Construction et de Réparation Navales", to be included in the Maritime Projects area.

Some contracts in the area of foundations are expected to be recommenced in 2018, as part of major road infrastructure projects that had been suspended for reassessment due to the country's economic situation.

For 2018 we are envisaging an equipment occupancy rate of close to 100%, with prospects for significant growth in operating revenues on this market when compared to the 2017 financial year.



NORBERTO ODEBRECHT CONSTRUCTION COMPANY - A.H. LAUCA PROJECT - PROVISION OF DRILLING, WATERPROOFING INJECTION AND BORING FOR DRAINAGE SERVICES
Angola

In **Brazil**, despite the economic situation showing signs of something of a recovery during 2017, public investment was still very limited and most expected private investment, specifically in infrastructure projects, was not made.

Even so, this business area posted the highest profits since it has been operating on this market, equivalent to 30.5 million euros, corresponding to a growth of 40.2% when compared to the previous financial year.

The continuation of works related to the contract for the "Execution of Works for the Restoration and Refurbishment of the Hercílio Luz Bridge", in Florianópolis, for DEINFRA - Santa Catarina Infrastructure Department, make a significant contribution to the value achieved during the financial year.

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

- Execution of Dike C Sheet Piles of the Piaçaguera Canal, at the Facilities of the Port Terminal of Usiminas, in Cubatão - São Paulo, for VLI;

- Construction of the Flecheiras River Bridge Foundations, Carajás Railway, Marabá, State of Pará, for the EMPA-SOMAFEL Consortium.

A contract was signed with "Construtora Queiroz Galvão, SA", for the Construction of Foundations on Excavated Pilings, for the Implantation of Special Civil Construction, in the area around São Sebastião (Plot 4), in São Paulo, whose consignment is expected to be formalized during the second quarter of 2018.

Emphasis should be placed on the following contracts in the Rehabilitation sector, some still in progress:

- Execution of Restoration and Refurbishment works on the Hercílio Luz Bridge, in Florianópolis, for "DEINFRA - Santa Catarina Infrastructure Department";
- Maintenance of Reinforced Concrete Bridges on the Vitória-Minas Railway, States of Minas Gerais and Espírito Santo, for "Vale, S.A. ";
- Refurbishment of the Jacundá Bridge, on the Carajás Railway, in São Bento de Tocantins, State of Pará, for "Vale, S.A. ";



VLI - SHEET PILING CONTAINMENT - PIAÇAGUERA CHANNEL
Cubatão - Brazil

- Structural Reinforcement Civil Works, in the Moinho Building at the Salvador Unit, State of Bahia, for "J. Macêdo".

During the financial year under review, 135 tenders were submitted with a value of 681 million euros. This represented a significant increase in excess of 45 when compared to the previous year, both in terms of tenders and value.

For 2018, the recovery of the international price of iron ore brings prospects for the implementation of some of the projects studied during 2017 for mining sector companies, so an increase in operating revenue is expected when compared to the previous year.

In **Colombia**, the intensification of Teixeira Duarte's positioning and commercial development brought the implementation of new contracts, in continuation of the activity started during the previous year. There has been a need to mobilize more equipment for this activity, which is in full swing.

Work was completed on the construction of special foundations, using excavated pilings and molded walls, at the Provenza Club venture in Bucaramanga, Department of Santander, for Prabyc Ingenieros.

Major work was started to construct around 25,000 m² of molded wall with a thickness of 1000 mm, for the Medellin River Park Project, for sub-soils. This work is still in progress during 2018.

Of note is the award of new contracts by concessionaire companies for the different road concessions under construction in Colombia. This work started in 2017 and are currently still ongoing:

- Construction of Containment for the Portals of the West Tunnel, for the La Mar 1 consortium, in Medellin;
- Construction of piling based foundations for Functional Units UF5 and UF7, for the Ferropol Consortium - Ruto del Cacao, Bucaramanga.



CENTRAL ATLANTIC RAILWAY - STRUCTURAL REINFORCEMENT AND RECOVERY OF ANOMALIES OF THE D. PEDRO II BRIDGE
Cachoeira - Brazil



EL MAR 1 CONSORTIUM - WESTERN TUNNEL
Medellin - Colombia



PRABYC INGENIEROS CLUB EL CONDOMINIO
Bucaramanga - Colombia

In both cases, there are strong prospects that higher volumes of work will be awarded, in view of the development of projects on several fronts.

20 tenders with a total value of 119 million euros were studied and presented during the 2017 financial year.

An increase in activity is expected for the 2018 financial year, in view of the evolution of contracts executed under the scope of the aforementioned road concessions, as well as due to new maritime projects arising that are currently in the design phase but are very likely to evolve favorably during the current financial year.

During the year under review in the **United States**, the technical assistance contract with the north American construction company "EIC Associates, Inc", was continued.

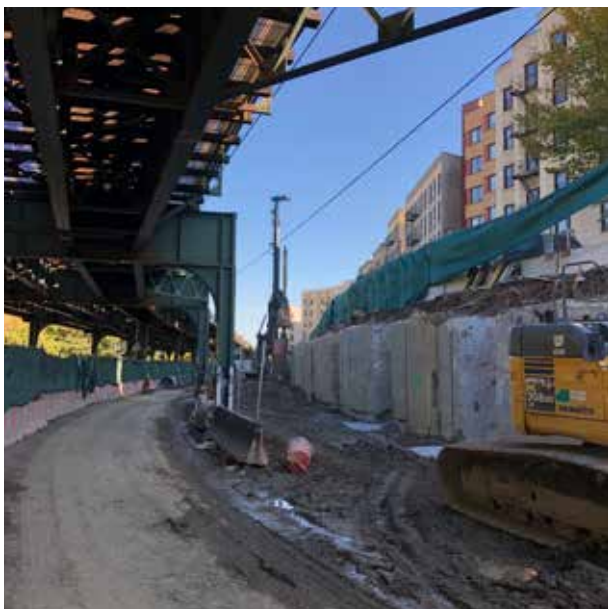
In order to provide local support for the activity, a new entity was created under US law, 100% integrated into the Group and known as "Teixeira Duarte Construction Services, LLC", which became the holder of this technical assistance contract.

The following projects were carried out in **New York** and in the city of Newark, with the participation of this aforementioned local subsidiary, some of which are still in progress:

- Reconstruction of Jerome Ave. Retaining Wall - Borough of the Bronx, para o NYC-DDC - Department of Design and Construction;
- Morton Street Bulkhead Restoration – West Manhattan, para o HRPT - Hudson River Parks Trust, NY.
- Citywide Ferry Service Program - Phase A - Steel Pipe Piles Installation over East Hudson River – Rock drilling using BG-20H on a barge, in one of several locations;
- 58 Elm Street, Newark - Construction of 132 600mm diameter continuous flight auger pilings - for Bratek Builders, LLC.

During the 2017 financial year, tenders worth approximately 350 million USD were studied and presented. This amount was identical to the previous financial year.

Currently under analysis and with a high likelihood of implementation is work involving 30,000 ml of piling, using the continuous flight auger method, as part of a project already contracted by "EIC Associates, Inc", in the city of New York.



NYC DDC - RECONSTRUCTION OF JEROME AVE. RETAINING WALL SOLDIER PILES INSTALLATION THROUGH BORED PILES AND TEMPORARY CASINGS
Nova York - EUA



NYC EDC & SKANSKA USA BUILDING INC - INSTALLATION OF FLOATING QUAYS FOR FERRY BOATS - EXECUTION OF METAL PILINGS - RIO HUDSON
New York - USA

Given the large and growing volume of works currently underway in this region, underpinned by current public investment programs specifically in the areas of engineering structure refurbishment - with metal or reinforced concrete structures - and in work with special foundations, 2018 is envisaged as a year of increased activity in this new market.

In **Morocco**, commercial relations with various companies and public bodies were developed, and several tenders were submitted for major contracts with good prospects for success in the near future.

In **Mozambique**, the continuation of the macro-economic-political crisis contributed to the ongoing contraction in construction activity, with this business area suffering a drop in revenue of around 22.5%.

The following contracts were completed during the year in question:

- Construction of piling foundations for the new US embassy, for "PERNIX Construction", in the City of Maputo;
- Refurbishment of a reinforced concrete footbridge, for "TCM - Matola Coal Terminal".

The following work was commenced during the same period:

- "Refurbishment of Manhica Bridge", for "CFM - Portos e Caminhos-de-Ferro de Moçambique, E.P.";
- "Refurbishment of the metal bridge of the Maputo-Catembe Ferry-boat", for "CFM - Portos e Caminhos-de-Ferro de Moçambique, E.P".

Under the aforesaid circumstances in Mozambique, the total value of the submitted proposals declined by 57% in relation to the previous year, having amounted to the total value of approximately 32 million euros.

Due to continued involvement over recent years in the monitoring of major tender processes, the 2018 financial year is being viewed with great optimism in view of the prospect of entering into new contracts.

As previously mentioned, project management is organically integrated into this area: a highly technical structure that develops and carries out studies and technical engineering projects, and has taken responsibility for coordinating the implementation of BIM in the Teixeira Duarte Group.

In addition to the studies and technical projects executed for the company's own work, Project Management has attended many of the main technical engineering forums and conferences, presenting articles and reports on practical cases implemented in projects planned and completed by the company, as well as research studies.

In fact, Project Management sits on the Eurocode 7 Technical Committee, CT115/SC7, which is currently being revised for Horizon 2020. As part of its participation as a specialist member in WG3 of CT156 of ISO/TC182/SC1 "Testing of Geotechnical Structures" for the development of EN ISO 22477-5 "Geotechnical investigation and Testing - Testing of Geotechnical Structures - Part 5: Testing of Anchorages ", this team, along with the National Laboratory of Civil Engineering (LNEC) participated in work meetings for the publication of the standard, held in Lisbon and Berlin. Its publication is planned for sometime during 2018.

As regards the implementation of BIM (Building Information Modeling) in the Teixeira Duarte Group's construction sector, it should be remembered that a path was embarked upon during the second half of 2016, and activities such as training, internal and external disclosure, project development with this technology and the creation of internal procedures were consolidated by 2017.

On October 19, 2017, TD-EC was awarded the 1st place in the BIM Excellence Awards 2017 in the category of "Construction and Coordination", with the BIM Hospital da Luz, Oeiras Clinic project. These awards are run by the Portuguese BIM Technical Committee (CT 197 - BIM), the entity qualified by the Portuguese Quality Institute (IPQ), responsible for the standardization of BIM and its implementation in Portugal. This award consisted of a trophy, the corresponding certificate and digital seal, and led to interesting media publications about the company's activity in the BIM area.

Also noteworthy is the participation of Teixeira Duarte's BIM coordination team in the "Lisbon Lab Consulting Project", run in partnership with The Lisbon MBA (Católica/Nova Universities) between the months of September and November. This project analyzed the adoption of BIM at a global and national level, the company's transition to the BIM system and good practices for its implementation.



CFM - REPAIR OF JETTIES
Maputo - Mozambique



CFM - REFURBISHMENT OF THE MANHIÇA BRIDGE
Mozambique

TD-EC still continues with significant activity in the **BUILDING** sector, a TD-EC, encompassing the construction and refurbishment of all building types, specifically large scale and highly complex public and private buildings, as well as buildings designed for a wide range of uses.

The recovery experienced on the domestic market during the year in question allowed for a significant increase in the volume of work done in Portugal. However, 80% of work was done in overseas markets, where reductions were seen in Angola and Mozambique and increases in Algeria and Brazil.

The overall turnover that was achieved was similar to that of 2016; however, the signing of several contracts of significant value at the beginning of 2018, along with the fact that others are in an advanced stage of negotiation, mean that 2018 can be faced with optimism, as billing from this area of activity will be in excess of figures achieved in 2017.

Emphasis should also be placed on the significant changes in production resources in each country, to maintain structures with suitable dimensions and characteristics to withstand the wild swings seen in several markets over recent years. Only by doing this was it possible to ensure that the resources available to the company were properly occupied, leading to higher levels of profitability. The high levels of availability, sense of responsibility and involvement with the Company's commitments shown by employees has made a significant contribution to this

In **Portugal**, the following works were of most importance:

In the service sector:

The construction contract for the Pingo Doce Building was completed, in Plot 34 of the "Quinta de Cravel" project in Vila Nova de Gaia, for the Teixeira Duarte Group company;

The contract for civil construction, finishings, structures and water and sewage at the Cascais Shopping Center was also completed for "CASCAISHOPPING - Centro Comercial, S.A.", in Cascais;

The refurbishment of three office buildings was started in the center of Lisbon for a private customer, one of the Group's historical partners in Macau:

- the building at Praça Marquês de Pombal nº 14, with 11 stories (2 basements + 9 floors above ground level) and a gross construction area of 7,879 m²;
- the Rua Camilo Castelo Branco nº 44 building with 15 floors

(6 basements + 9 floors above ground level) and a gross construction area of 7.881 m²;

- the Rua Barata Salgueiro nº 37 building, with 4 floors and common areas (9 floors) and a gross construction area of 1,347 m².

In the health sector:

A contract was completed for "SURGICARE - Unidade de Saúde, S.A." for alterations and the expansion of the Oeiras Clinic - Plot D; a contract for the alteration and expansion of the Oeiras Clinic, Plot C was also completed.

Work continued on the contract for excavations, containment and structures up to floor zero at the "Cuf Tejo Hospital" Phase II, for "IMOHEALTH - Investimentos Imobiliários. Unipessoal, Lda.", in Alcântara, Lisbon.

A contract was signed at the beginning of 2018 for the execution of the construction contract for structural works, special installations, finishings and external repairs to the same CUF Tejo hospital. This work had a planned deadline of 16 months and a total estimated value of 52.3 million euros.

The contract signed on February 13, 2018, involves the execution of the structure, special facilities, finishings and exterior arrangements of the new CUF Tejo Hospital, which will have six floors above-ground and four floors below-ground. The gross construction area of around 73,000sqm will comprise parking areas on floors -4 to -2, with specialist units and services on the remaining floors.

It should be mentioned that the participation of TD-EC in this large-scale project began in 2016 with excavations, peripheral containment and the building of up to Floor 0. The cost of both works will total 65.4 million euros.



HALCYON - REFURBISHMENT AND ALTERATIONS TO A BUILDING IN LAPA
Lisbon - Portugal



HOSTELING YOU - MY STORY HOTEL AUGUSTA BUILDING
Lisbon - Portugal

In the hotel sector:

Work continued in Vila Lara, Armação de Pêra, on the general contract to alter/expand Villa 2 for cell 7, for "GOLDTUR - Hotéis e Turismo, S.A.".

Work was started on foundation and reinforced concrete structures for the "Cegonha hotel, apartments and SPA", for "Palco dos Desejos Unipessoal, Lda.", in Carvalhal, district of Grândola. In this same hotel complex, work was started on the Finishings and Special Installations contract for the second construction phase of "Cegonha Hotel Apartments and SPA".

A contract for completing the refurbishment of a building located at Calçada do Ferragial nº 9 to 13, in Lisbon, was completed for "PARIMOB- Investimentos Imobiliários Lda.".

Work was continued on the structure and finishings contract for the building known as "Rua Augusta 109", for HOSTELING YOU, Lda.", in Lisbon, which would create the "My Story Hotel Rua Augusta".

In the housing sector:

A contract for the construction of a residential and trade/ services building - "Villa Torrinha" was completed for the group company, "IMOPEDROUÇOS - Sociedade Imobiliária, S.A.", in Algés, Oeiras.

A contract for demolition and the construction of structural reinforces for the "Liberdade 40" building in the center of Lisbon was completed; a contract for finishings and special installations was also started at this location.

A contract was commenced for the recovery and alteration of a residential building located at Rua Buenos Aires nº 11 and 11A, for "HALCYON - Investimentos Imobiliários, S.A.", in Lisbon's Lapa neighborhood.

Also in Lisbon, a contract was commenced for the refurbishment of a residential building located at Avenida D. Carlos I, no. 42.42B, for Dom Carlos I do Tojo, Lda.".

A contract was commenced in Estoril for a high end apartments venture known as the "Monte Estoril Ocean Residence", for "MONESTORIL Investimentos, Lda.".



SURGICARE - HOSPITAL DA LUZ
Oeiras - Portugal



IMOHEALTH - HOSPITAL CUF TEJO
Lisbon - Portugal



LIBERDADE 40 BUILDING
Lisbon Portugal



PARIMOB - REFURBISHMENT OF THE TV FERRAGIAL BUILDING
Lisbon - Portugal



NARCIPROMOV - REFURBISHMENT OF AN OFFICE BUILDING
Lisbon - Portugal



NARCIPROMOV - REFURBISHMENT OF AN OFFICE BUILDING AT
RUA CAMILO CASTELO BRANCO
Lisbon - Portugal



MONESTORIL - OCEAN RESIDENCE
Monte Estoril - Portugal



NARCIPROMOV - REFURBISHMENT OF AN OFFICE BUILDING AT MARQUÊS POMBAL
Lisbon - Portugal



PALCO DOS DESEJOS - HOTEL CEGONHA
Comporta - Portugal

Revenue continued to drop in **Angola**, as the entire activity was greatly affected by difficulty in obtaining the foreign currencies required for importing materials and equipment needed to execute the contracts.

Even so, emphasis should be placed on the execution of the following contracts:

In the services area:

A contract was executed for “S. Tulumba - Investimentos e Participações, Lda.” for Finishing Warehouse no. 3 at the STI Logistics Park in Lubango. A contract for constructing the headquarters of STI was also started in the same city.

A fish counter was constructed at the Maxi Maianga supermarket in Luanda, and a contract was started for Maxi Via Expresso, in Viana, for the Teixeira Duarte Group company “CND - Companhia Nacional de Distribuição, Lda.”.

A contract was executed for the Teixeira Duarte Group to build a data processing center at the renovated head office facilities for Group companies, at Morro Bento.

A contract was started for the construction of a building located at Avenida 1º Congresso do MPLA, in Luanda, for the installation of a “Dakaza” group brand store.

In the industrial area:

Construction of the Luanda Logistics and Distribution Center (CLOD) was completed for the consortium “MERCASA - INCATEMA CONSULTING, SL” in Viana.

The following contracts were started in Lubango for “S.TULUMBA - Investimentos e Participações, Lda”:

- Foundations for a brewery;
- Construction of a brewery - metal structure and finishings;
- Foundations and structure of the soft drinks and water factory.

An industrial bakery was also constructed for the Maxi store located in Morro Bento, for the Teixeira Duarte Group company “CND - Companhia Nacional de Distribuição”.



S. TALUMBA - BREWERY AT THE STI COMPLEX
Lubango - Angola



ESSANDJÚ COOPERATIVE - KUAQUIÉ BUILDING

Luanda - Angola



MERCASA CONSORTIUM - INCATEMA CLOD

Luanda - Angola

In the health area:

Work continued on the contract to design and construct the finishings in building 1, the basement structure of buildings 2 and 3, external repairs and technical center, for “CSE Talatona, Lda.”, in Talatona, South Luanda;

Also for this customer, a contract was completed for the design and construction of an elevated structure for Buildings 2 and 3 at the Talatona Medical Center, also in South Luanda; and

the execution of the contract to remodel the RS service at the Sagrada Esperança clinic, on Luanda Island, was also continued for the same entity.

In the housing sector:

A general construction contract for the Kuaquie building, on Cabo Island, in Luanda, was completed for “Cooperativa Essandjú, SCRL”. Work was completed on the Kamba Diame building for the same customer on the same estate. This contract was for the construction of a reinforced concrete structure for the building on plot 32; an architecture, construction and special installations contract was commenced for the same building.

Also on the same estate, a construction contract was continued on the building on plot 39, parcel 3, for a private customer.

A contract for the construction of 40 T1 dwellings and respective infrastructure was completed for a Teixeira Duarte Group company at the “Villa Sul” condominium in South Luanda.

Work was also started on the "Sky Residence Building", in Luanda for two private clients: the refurbishment of floor 23 and finishings in the apartment on floor 24/24 G.



ESSANDJÚ COOPERATIVE - DYEJI BUILDING
Luanda - Angola

Weak levels of public and private investment are being seen in **Algeria**, with very scarce public tender processes and the delayed start of some contracted projects.

In effect, emphasis should be placed on the following facts showing the downturn in this country:

Due to various difficulties relating to the contract for the construction of a car park in Sidi Yahia, in Algiers (Direction des Déplacements, des Transports e de la Circulation de la Wilaya d'Argel), it was not possible to meet the conditions for continuing with the work, so the contract was terminated by mutual agreement;

The contract for the refurbishment and renewal of the El Mithak Residence, under a design/construction system for the Directorate General of the El Mithak Residence, in Algiers, was terminated; this work was never started;

The contract to modernize the Hotel Albert 1er for "Entreprise de Gestion Touristique du Center EPE/SPA" in Algiers is suspended, awaiting major changes to the design by the developer.

However, work was still carried out in the building sector. In the service sector, emphasis should be placed on work as part of the construction contract for the new headquarters of AGB, for "Gulf Bank Alderia - A.G.B.", in El Biar, Algiers. This is a striking project in the city of Algiers. With 24 floors above ground a bolt architecture, from the point of view of the materials and technical solutions used it will certainly be one of the most modern and sophisticated buildings in the capital of Algiers.

The expected increase in billing took place in **Brazil**, almost tripling the previous year's results, despite the fact that the country remains in a difficult situation from a political, social and economic point of view. The sector's performance on this market is oriented towards niche markets that are less affected by the aforementioned conditioning factors, and for customers who value the way Teixeira Duarte operates.

Worthy of note is, as a result of long-term market positioning work, as well as specifically of intense work done in 2017 to study and prepare the tenders, on 1 March 2018 the consortium led by Teixeira Duarte (with 32.9%) receive a contract and its respective service order from "Concessionária do Aeroporto de Salvador, S.A." - a Vinci Airports Group company -, for the execution of an "Engineering, supply and construction contract for the expansion of Salvador airport, under an integral turn-key contract system, with the EPC (Engineering, Procurement and Construction) modality, with a view to refurbishing and

expanding Salvador Airport. This contracted included the execution of the executive designs, the construction of a new terminal and its respective boarding gates, the construction of a building to connect the new terminal to the existing terminal, the refurbishment of the existing terminal and improvements to runways and taxiways. The estimated period of execution of the work is 20 months and the total value of the contract amounts to approximately R \$ 600 million (Brazilian Reals) or 149,6 million euros.

In addition to this special reference, emphasis should be placed on the main projects carried out in 2017:

In the area of school buildings:

Completion of the 2nd Phase of the Basic Integration Project - Clinic: More Research for Health - CCS/UFRJ, for the "José Bonifácio University Foundation - FUJB", at the Campus of the Federal University of Rio de Janeiro.



HCHN - HOSPITAL BUILDING UNIT IV
Niterói - Brazil



IURD - CURITIBA CENACLE
Curitiba - Brazil

New Integrated Bible Schools were refurbished and constructed for the IURD, in São Paulo.

In the services area:

Completion of the contract for the Execution of Earthwork Services, Deep Foundations, Direct Foundations, Diaphragm Walls, Concrete and Metallic Structures, Installations, Finishings and External Repairs, for IURD in Curitiba - Paraná. It is a large scale project of recognized quality, and was executed in a substantially shorter period than the one contracted.

Teixeira Duarte participated in other projects for the same project owner, specifically:

- Repairs to cornices of the Temple of Solomon in Braz - São Paulo;
- Construction of the Church of Planaltina, in this city in the state of Goiás;
- Construction commenced on the Cenacle of Aracaju, in this city that serves as the capital of the state of Sergipe;
- Refurbishment and construction of a new administrative building in Brás - Engiurd Headquarters Offices, in the Brás zone, city of São Paulo.

The VIP Room was refurbished for Record TV, in São Paulo.

Work was also started on a contract for the Refurbishment of the Barão de Mauá Building, for the “Rio Doce River Valley Social Security Foundation”, in Rio de Janeiro city center- This is a property that was designed by architect Oscar Niemeyer and in which, until a few years ago, operated as the headquarters of the company Vale do Rio Doce.

In the health area:

The execution of civil construction services and technical installations was completed at the Surgery Center on the 3rd floor, and at the Intensive Care Unit (ICU) on the 4th floor, to be constructed at the São Lucas hospital for “IMPARG - Serviços Hospitalares, S.A.”, in Copacabana, Rio de Janeiro.

A contract entitled “Civil works for the Execution of Internal Finishings and Special Facilities for the Press Building” was completed for “PATRY - Investimentos Imobiliários, LTDA.”, in Niterói, Rio de Janeiro.

Construction continued on the new Pasteir Hospital tower, including peripheral containment, indirect foundation and the superstructure. Finishings and special installations, electrical and data networks, water and sewage, air conditioning and medicinal gases, were also completed for “ESHO - Empresa de Serviços Hospitalares, S.A. (“Amil Group”)), in Méier, Rio de Janeiro.

For the same customer, but in São Paulo, a contract was started for the execution of civil works, finishings and installations at the Samaritano Hospital.

During the course of the year, a contract for the construction of a supplies department and central pharmacy was executed at the Santa Paula Hospital, in São Paulo, for “Hospital Santa Paula S.A.”.

Also in São Paulo, execution was started on the 3rd phase of the New Dengue Laboratory, for the Butantan Foundation.

Reduced activity that had become a feature over the previous year remained the same in **Mozambique**, with the completion of the major projects that Teixeira Duarte had been executing in Maputo and the subsequent transfer of resources to Portugal and other countries where operations in this area are currently growing.

Work continued in 2017 despite this slowdown and adaptation of affected teams and resources; emphasis should be placed on the following:

Service area:

A contract for the construction of two buildings for Banco de Moçambique in the central zone of the city of Maputo was successfully completed, with public acknowledgment by the customer. This project, opened by His Excellency the President of the Republic of Mozambique on 3 July 2017, is now a landmark in the city and country, due to its size, aesthetics and installed technology.

Construction was completed on the headquarters building of the Ministry of Agriculture in Maputo, for “SOCIGEST - Sociedade de Gestão de Participações, S.A.”.



IMOINVEST - BUILDING JN02
Maputo - Mozambique

An infrastructure contract was completed for “Kudumba Investments, Lda.” for a non-intrusive inspection installation on the Namialo-Nampula railway line, in the province of Nampula; more minor works were carried out at its facilities at the ports of Beira and Nacala and work was also completed on the “Ghassan Ahmad Training Center” contract, involving the construction of a floor of offices in the “Interfranca Building” in Maputo.

At the Port of Maputo, a contract was executed to strengthen the floor surface and construct supporting walls for the old sugar warehouse, for the concessionaire of this infrastructure, the “Maputo Port Development Company”.

In the housing sector:

The refurbishment and re.classification of the Jonasse Residence, in Matola, was completed for “IMOINVEST, Construções, Lda.”.

In the hotel sector:

In Maputo, a contract was started for remodeling finishings, special installations and decoration at the “Avenida Hotel”, one of the capital’s most important hotel units, belonging to the Teixeira Duarte Group.



IMOC - JN 130
Maputo - Mozambique



CLN - LOCOMOTIVE MAINTENANCE OFFICES
Nacala - Mozambique



BANCO DE MOÇAMBIQUE - COMPLEX OF 3 OFFICES
Maputo - Mozambique

Teixeira Duarte brings together in its portfolio all types of **INFRASTRUCTURES** works, namely having carried out Roads and Highways, Bridges and Viaducts, Dams, Tunnels, Railways, Train Stations and Interfaces, Port Works, Environmental Construction and even 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. A similar level of activity to 2016 was seen in 2017, although the profits earned during this year suffered an overall reduction of around 33% due to the recognition during the 2016 financial year of work previously done in Venezuela.

Commercial activity continued to focus on growth efforts that have intensified significantly but have not yet been able to achieve significant results on the level of targets set for the year in question.

In **Portugal**, growth expectations of neither the business nor the project portfolio were met. Based on current knowledge of the schedule for launching new investments in the sector, particularly in the transport infrastructure sector, this is only expected to happen from the start of 2019 onwards. In 2017, activity in the infrastructures area of activity increased by around 8% compared to the previous year.

The most relevant projects and/or services carried out and provided during the course of the financial year were:

- The "Civil Construction Contract for the Initial Installation of the Alcochete 400/60 kV Substation - Project 52.00", in Alcochete, for "REN - Rede Eléctrica Nacional, S.A.". The contract was signed on 11 April 2016 and the consignment took place on 1 August of the same year. This contract involves the implementation of the earthworks, direct foundations, buildings, various infrastructures, road layouts and landscaping, in an implantation area of around 42,000m². This was the first contract performed for "REN - Rede Eléctrica Nacional, S.A." for an execution period of 11 months. The respective provisional reception took place on 23 June 2017, one week before the contractual deadline;

- On 10 January 2018, TD-EC and "IP - Infraestruturas de Portugal, S.A." signed a contract for the "General Project for the Modernization of the Elvas (inclusive) - Border Section of the Eastern Line", with an execution period of 12 months; the first partial consignment took place on 5 March 2018.

This contract, corresponding to the modernization of the Eastern Line, which forms part of the southern international corridor, between Elvas station (KP 264+050) and the Spanish border (KP 275 + 611), involves a full refurbishment of the track

and treatment of the railway track bed along a distance of 11 km between Elvas and the Border, the expansion and reworking of the current layout of Elvas station, to allow it to take in freight trains up to 750 meters in length, and improvements to container loading/unloading operations at the Elvas logistics platform; the construction of 4 road underpasses and restoration to remove existing level crossings; and the replacement of decking and strengthening of pillars on the Caiola and Caia railway bridges.

The portfolio in Portugal is worth around 18 million euros overall. This value could increase significantly with the short- and medium term launch of multiple public contracts and tender processes, in several different sectors.



EDP - REINFORCEMENT OF THE POWER OUTPUT OF SALAMONDE
Vieira do Minho - Portugal



INFRAESTRUTURAS DE PORTUGAL - MODERNIZATION OF THE ELVAS-BORDER SECTION OF THE EAST LINE
Elvas - Portugal



SOMINCOR - LINK ROAD BETWEEN THE INDUSTRIAL ZONE AND THE CERRO DO LOBO DAM
Castro Verde - Portugal

In 2017, levels of activity in this area of TD-EC's activity increased slightly in **Angola** compared to levels seen during the previous financial year, mainly due to new work under the scope of the “Luanda Road Network Refurbishment - Avenida Hoji Ya Henda” contract, for improvements to sections of road already in use and for the execution of work that had not been completed by the end of 2016, the date on which the previous contract terminated.

“Execution of Earthworks for the Dairy Factory – Lubango / 2nd Phase”, in Lubango, for “S. Tulumba – Investimentos e Participações, Limitada” (STI). This contract, to be carried out in a consortium with “Imosul, Limitada”, a STI Group construction company, led by TD-EC, consists of the execution of the 2nd earthworks phase for the STIPARK industrial complex. The value of the part of the work carried out by TD-EC (80%) amounts to around 5.5 million euros.

Due to continued economic stagnation and reductions in public investment, the portfolio of this area of activity on this market amounts to around 32 million euros.



S. TALUMBA - EARTHWORKS FOR THE MILK PRODUCT FACTORY
Lubango - Angola



INEA - REHABILITATION OF THE LUANDA ROAD NETWORK AVENIDA HOJI YA HENDA
Luanda - Angola

In Algeria, activity levels decreased by around 6% compared to levels seen during the previous financial year, due to the unfavorable impact of turnover caused by the significant devaluation of the Algerian dinar against the euro, and to the less favorable macroeconomic and financial situation, as well as to adjustments to the execution designs experienced in some of the largest projects. Due to the above, activity on this major market decreased considerably during the 2nd half of 2017.

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+14 Km)", 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 (30mts in metallic structure, 132mts in concrete, 660mts in pushed mixed structure and 765mts composed of four metallic arches each of 140mts and six concrete arches), nine stations, seven of which are new and two are being

roadworks for connections to existing roads, the construction of the second substation for supplying electricity to the catenary, and some work requested in the interim by the customer. However, the line was opened to the public on 15 April 2017, and inspections are currently underway for the provisional reception of parts of the project that have already been delivered for operation;

- "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%) reached 64 million euros. The execution of this demanding contract, the provisional reception of which took place in October 2016, is now pending the completion of the corresponding overall final reception;



ANESRIF - MODERNIZATION OF THE THENIA/TIZI-OUZOU RAILWAY LINE
Draâ Ben Khedda - Algeria

– "Réalisation des Installations et Équipements d'Exploitation de l'Autoroute Est-Ouest - Lot Ouest", in northwest Algeria, for "Algérienne des Autoroutes" (ADA). A group led by TD-EC was in charge of the work, including 330 km of earthworks, different networks, buildings and miscellaneous structures, civil construction works, special installations and equipment, floor surfaces, external repairs and landscaping of fifteen toll areas, of nine maintenance centers, of twenty-two rest areas and thirteen service areas, which will provide a service to the western lot of the east / west highway. The part relative to TD-EC was awarded for a value of close to 215 million euros, with an execution period of 43 months. The execution of this contract was very dependent on a range of different circumstances, including multiple and successive optimizations developed due to customer requests and due to indispensable work to ensure compatibility with the other 2 lots in progress;

– "Réalisation et Exploitation de la Station d'Épuration de la nouvelle ville Ali Mendjeli (Constantine)", para o "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 45,000m³ and a biological treatment system with active mud, which will serve a population

of 160,000 inhabitants in the future. The work as awarded for the value of approximately 15 million euros, with a total execution period of 57.5 months - 33.5 for the construction and 24 for the operation. This contract, currently with a civil construction deadline of the end of June 2017, will include 2 months of tests and checks before entering service by the end of August 2018, on which date the contracted operating period will commence;

– "Réalisation de la Liaison Autoroutière Reliant le Port de Ténés à l'Autoroute Est-Ouest sur 54km (première tranche sur 22km)", in Chlef, aimed at the turnkey construction of a new motorway with a 2x3 lanes, 22km long, with twenty-five structural works and four junctions, for a total value of approximately 204 million euros, with TD-EC leading the enterprise group with a stake of 47.5%. The respective service order was attributed on 31 March 2015, with an execution period of 24 months. In view of constraints of financial order, the projects were redefined from 2x3 lanes to 2x2 lanes, justifying an extension of contractual duration of 12 months, up to by the end of the first quarter of 2019, as the respective execution designs have been partially redone and changed. Some resources were gradually re-mobilized from the beginning of January 2018 onwards, following the approval of some partial



ONA - CONSTRUCTION AND OPERATION OF THE ALI MENDJELI WWTP
Constantine - Algeria

projects, for the purpose of re-starting different works;

- "Réalisation de la Pénétrante Autoroutière Reliant le Port de Skikda à l'Autoroute Est-Ouest sur 31 km", in Skikda, for ADA, for the purpose of the "turn-key" construction of a new highway with a 2x3 lane profile, a length of 31 km and with thirty seven civil engineering works and five interchanges, with an overall value of around 300 million euros; TD-EC also leads the group and has a 70% share. The respective service order was attributed on 02 July 2015, with an execution period of 24 months. Due to financial restrictions on this work, the designs were redefined from 2x3 lanes to 2x2 lanes, and a preliminary 12 month extension of the contractual term was justified, until the end of the 1st half of 2018, with a further 12 months now having been added, until the end of the 1st half of 2019. Execution designs were also partially redone and amended in this area. From the start of January 2018 onwards, following the approval of some partial projects, some resources were gradually re-mobilized for the purpose of restarting this work.

Consequently, this level of activity reflects Teixeira Duarte's continued decade-long commitment to this country, and consolidates the importance of Algeria in the Group's construction sector, specifically in the area of infrastructure. The portfolio in this area of activity on this market currently amounts to around 425 million euros.

In continuation of the growth, consolidation and expansion strategy for Teixeira Duarte's activity set out for **Brazil**, in 2017 a major commitment was made to seeking out, identifying and creating new opportunities on the infrastructures market, which is a very competitive market environment suffering the effects of two years of a major recession, with a resulting reduction in public and private investment in the infrastructure area.



AGA - OPERATING FACILITIES AND EQUIPMENT FOR THE EAST-WEST HIGHWAY - WEST LOT
Algeria



ADA - TENÉS PORT LINK HIGHWAY
Chlef - Algeria

Most of the few major public works projects launched by public bodies were administratively blocked by unsuccessful competitors, through the abusive use of subterfuge of the public contracting law, which increasingly turned out to be inadequate for coping with the more open and balanced market to be implemented. In the private investment area, we have made inroads with well-known private customers in all areas where short- and medium-term investments will be made, specifically energy, sanitation, urban mobility, rail and road transportation, ports, mining and agribusiness. This work allowed 43 tenders to be prepared and submitted during the course of 2017, with a value in excess of 3 billion euros. We have also kept an eye on the evolution of the market in terms of concession and public-private partnership (PPP) opportunities, as many future investments in infrastructures in Brazil are expected to involve these business structures. A PMI is currently being developed in partnership with another two companies for an innovative project in the water and sewerage supply sector in the north-east, which will be launched as a PPP during the second half of 2018.

In addition to the TD-EC subsidiary, the Group continues to operate in the infrastructure sector in Brazil through "EMPA, S.A. Serviços de Engenharia", particularly in the states of Minas Gerais, Bahia, Maranhão and Pará.

During 2017, the following contracts were completed:

- "Slope Stabilisation of the Cava Oeste Sector of Mina de Águas Claras", in the city of Nova Lima, State of Minas Gerais, for "MBR - Mineração Brasileira Reunidas, S.A., a participated company of the "Vale Group";
- "Civil Works at the Marine Terminal of Ponta da Madeira" in São Luís, State of Maranhão, for "VALE, S.A.".

Throughout the financial year in question, basic designs were developed and executed for the following contracts entered into with "DNIT - National Transport Infrastructure Department":

- "Preparation of Projects and Execution of Adjustment Works on the BR-440/MG Highway", at Juiz de Fora, in the State of Minas Gerais;
- "Preparation of Projects and Execution of Duplication Works on the BR-116/BA Highway - Lote 02", at Jeremoabo, in the State of Bahia.

In addition to the works mentioned above, "EMPA, S.A. Serviços de Engenharia" continued the following contracts:

- "Construction of the BR 235 Highway", in the city of Coronel

João Sá, State of Bahia, for "DNIT - Departamento Nacional de Infraestruturas de Transportes";

- "Expansion of the Carajás Railway Line" in Santa Inês, State of Maranhão, a railway contract executed as a consortium with the company "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda.", with the customer "VALE, S.A.";
- The "Execution of New Carriageway Works for the road BR-101/BA" was started, and the development of several execution designs was continued in Esplanada, in the state of Bahia, for "DNIT - National Transport Infrastructure Department";
- "Expansion of the Carajás Railway Line, Block G" in Marabá, State of Pará, for "Vale, S.A.", as a consortium with the company "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda.".

During the 3rd quarter of 2017, the following contract was entered into with "DNIT - National Transport Infrastructure Department":

- "Drawing up of Designs and the Execution of Works to build a new Carriageway for Road BR-116/BA - Lot 01", in Chorrochó, state of Bahia, with an external consortium; the stake of "EMPA, S.A. Serviços de Engenharia" represents a volume of work amounting to 15 million euros.

On 13 March 2018, "DNIT - National Transport Infrastructure Department", awarded a contract entitled "Drawing up of Basic and Executive Engineering Designs, and the Execution of Works to Add an Extra Carriageway, the Construction of Site Roads, the Adaptation of Capacity, Refurbishment with Improvements and Special Civil Engineering Works, on Road BR-116/BA, Lot 06", with a length of 40.34 km, to a consortium led by "EMPA, S.A. Serviços de Engenharia". The time frame foreseen for implementation of this work is of 1.350 days and it is valued at 297 million Reais, of which "EMPA, S.A. Serviços de Engenharia" owns a participation of 45%, equivalent to 33.3 million Euros.

On 23 March 2018, "Alupar", a well-known company on the Brazilian market in the power production and transmission sector, informed TD-EC's Brazil branch that it had been contracted for the Rio Novo do Sul substation located in the State of Espírito Santo, with a value of 14.5 million R\$ and an execution period of 9 months. As this was the first contract won by the Brazil branch in the infrastructure sector, it took on particular significance, as it represents the result of the diversification policy and strategy adopted on this market.

More recently, on 26 March 2018, EMPA, S.A. Serviços de Engenharia" was awarded a contract entitled "Complete Venture for the Execution of Civil Works for the Raising of the Itabiruçu Dam to a height of 850 meters, in the Municipality of Itabira/

MG, including the Supply of Materials”, for “VALE, S.A.”. The contract has a value of around 109 million R\$, equivalent to 26.6 million euros, with an execution period of 514 days, split up into 2 service orders.

The project portfolio in the Infrastructures area of activity in Brazil currently amounts to around 208 million euros. The sort of moderate growth in activity seen in 2017 is envisaged for 2018, with prospects of the economic recovery continuing.



DNIT - CONSTRUCTION OF ROAD BR235-BA
State of Bahia - Brazil



DNIT - ADDITION OF AN EXTRA CARRIAGEWAY AND REFURBISHMENT OF ROAD BR101-BA
State of Bahia - Brazil

In **Venezuela**, the slowdown or postponement of investment in infrastructure, in line with occurrences in 2016, had an impact on the development of several memoranda of understanding referring to several infrastructure projects, including the project for the "New Alternate Caracas - La Guaira Highway".

Even so, we highlight the evolution of the following contract work during 2017:

- "Procurement and Construction of the West Dock during the Expansion and Modernization of the Port of La Guaira", in the state of Vargas, for "Bolivariana de Puertos, S.A.", the administrative closure of which ended with the signing of the corresponding final reception in March 2017;
- "Construction of the Baralt Tunnel, Macayapa Interchange and Tacagua Viaduct", in Caracas, for the "People's Power Ministry for Land Transport", executed by TD-EC through the "Boyacá - La Guaira Consortium", in which it holds a stake of 57.2%. During this project, there as a continuation of activities to review the respective designs requested by the customer, with a major impact on the Macayapa interchange and Baralt tunnel components, essentially as a result of the need to adapt the project to the future "New Caracas - La Guaira Alternate Highway", resulting in very significant increases in the project to be executed. In operational terms, during the course of the 2017 financial year, major restraints on doing the work on all of the project components worsened;
- "Planta Fisica de Nodos de la Red del Octavo Proyecto de Servicio Universal de Telecomunicaciones - Opsut", for "Compañía Nacional de Teléfonos de Venezuela (CANTV)". Following the execution and delivery to CANTV of 125 of the 213 nodes distributed throughout the different states of Venezuela, over an area in excess of 800,000 km², the customer restructured the distribution plan for its fiber optic network and proposed the early termination of this contract, as the current network now covers around 85% of the area of the country. It should be emphasized that most of the objectives set for the contract were achieved in full, despite the reduction in scope and the extremely complicated logistics required to ensure the completion of this project. The administrative closure and final receipt are envisaged to occur during the 1st half of 2018;
- "Planta Fisica del Centro de Operaciones de la RED (COR) y Centro de Datos" for CANTV. The project is complete and has undergone final reception; the corresponding administrative closure is in progress;
- "Trabajos de Construcción para el Galpon destinado a Industrias Canaima" for "Telecom Venezuela, C.A.". This work has been completed, with the corresponding processes of definitive acceptance and administrative closure having been started.

In terms of local companies, managed by TD-EC and in which it holds a stake, we highlight:

- The company known as "Consórcio Mineiro Luso Vargas, C.A." (CONLUVAR) is a mixed company formed by the Government of the State of Vargas the TD-EC, with the main objective of operating a quarry in the district of Naiguatá, for supplying material to third parties, and the projects entitled "Procurement and Construction of the East Dock during the Expansion and Modernization of the Port of La Guaira" and "Construction of the Baralt Tunnel, Macayapa Interchange and Tacagua Viaduct", all executed by TD-EC. Once the main objective had been met, particularly concerning the La Guaira port construction project in which the group played a decisive role in the success of the project, during the 2017 financial year the activity essentially involved providing supplies to external customers. With a total of 47 workers, 46 of whom are local, as of the date of its creation in 2012, over 5 years of operation, it has been able to extract, process and distribute around 1,800,000 m³ of aggregates, including materials for causeways, sand and crushed stone. It is currently a well known company in the State of Vargas;
- "Adoquines Vargas, C.A." (ADOQUINVAR) is a mixed entity created in 2016 between the Governant of Vargas and TD-EC, aimed at restoring the operation of the factory of paving stones (cobble stones) established in 2013, in the context of the construction work of the Port of La Guaira. From the beginning of its entry into production, in Septiembre 2016, employing around 10 workers, all locals, under the joint management of the State Government and TD-EC, this plant has already produced approximately 30,500m², and currently maintains an average daily production of 210m², with the entire production being sold;

Over recent years, Teixeira Duarte has completed many structural projects for the sustained development of Venezuela, assuming responsibility for the successful execution of large and complex contracts, with a heavy engineering component in several areas of activity. Not only does this reflect its capacity, but also its presence for over 40 consecutive years in this country; the portfolio of projects contracted on this market amounts to around 362 million euros.

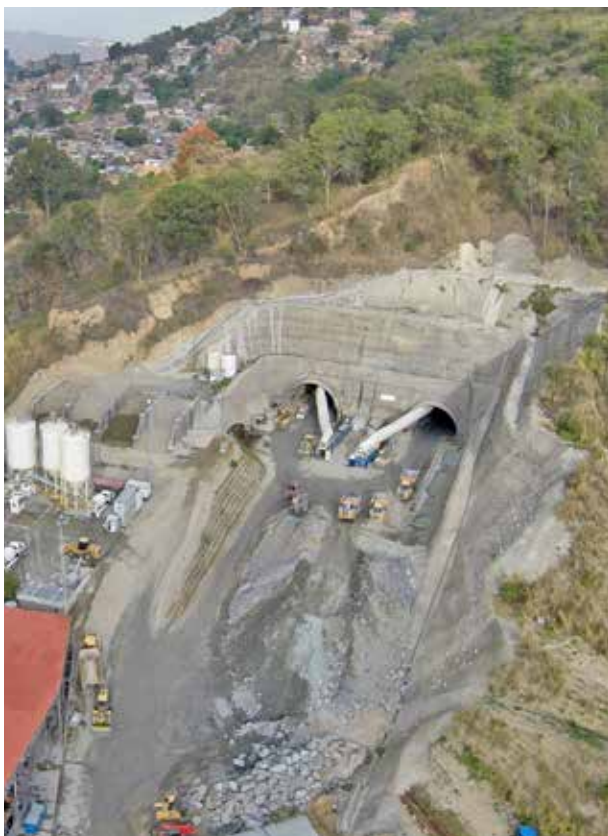
In the Middle East, the infrastructure business area has developed technical and commercial activities and has proceeded to submit some bids, particularly in Oman and Kuwait.

The geopolitical situation remains the same in 2017, with armed conflicts in the south and north of the Arabian peninsula, but the downward trend of the OPEC oil price reversed with the average price stabilizing at around 50 USD. This factor boosted investor confidence and reactivated infrastructure investment programs that have been stagnant since 2016.

In the aforementioned situation, commercial activity, despite being similar to the previous year, resulted as mentioned above in the submission of tenders in Oman and, above all, in Kuwait to government and private customers, some of which are still in progress. Out of these, emphasis should be placed on a tender for a major environmental project for a sewage treatment station in Kuwait Umm Al Hayman Waste Water Treatment Plan (UAH WWTP) Civil Construction Works, as well TD-EC obtaining the required pre-qualification with the Ministry of Public Works Kuwait as International Contractors for Major Roads And Bridges Construction.

At the level of **Other Markets**, some technical-commercial activities have also been carried out in different Latin American, African and European countries, meaning that it is likely that some contracts will be awarded in these geographical areas in the near future.

Some strengthening of activities on some major markets is envisaged for the 2018 financial year, with a resulting increase in profit levels in this area of activity, with a portfolio worth around 1,045 million euros distributed throughout the aforementioned geographical areas.



PEOPLE'S POWER MINISTRY FOR LAND TRANSPORT,
CONSTRUCTION OF THE BARALT TUNNEL
Caracas - Venezuela



CANTV - PHYSICAL PLANT OF NODES FOR THE OPSUT NETWORK
Venezuela



CONLUVAR
Naiguatá - Venezuela



ADOQUINVAR - PAVÉS FACTORY
Venezuela

As a highly specialized metal construction area of activity, **METALWORKING** is Teixeira Duarte's department in this specialist area focuses on the construction and refurbishment of metal and mixed bridges, metal and mixed viaducts, miscellaneous metal buildings and structures, and hydro-mechanical equipment. By working directly with end customers, or in an integrated manner with other sectors, reconciling its metal construction sector with huge amounts of know-how in the field of mechanics and oil-hydraulics, it develops solutions and works at a high level of complexity, specifically involvement the movement and assembly of major structures to the highest standards.

During 2017, Teixeira Duarte continued its activities in different geographical areas where it operates, posting, in overall terms, profits identical to those from the previous year.

The pace of metalwork activities in Portugal remained at similar levels to the previous year. However, this is the market where the greatest tendency has been seen for doing work directly for end customers.

The most significant production this year at the office facilities of the Teixeira Duarte Operating Complex, in Montijo, the centralized location for manufacturing metal structures for different projects in Portugal and other markets, is destined for projects in Algeria.

The mechanics area, which is dedicated to maintaining and repairing equipment, carried on collaborating in the usual way with the Equipment Department and other Group companies, as well as with external customers, the most significant of whom is "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.".

Contract work to "Adapt the upstream bottom discharge sluice gate of the Bouçã Dam to the dam safety regulations" was concluded for "EDP - Gestão de Produção de Energia, S.A.".

A contract was entered into with "ANA - Aeroportos de Portugal, S.A." for executing the project "João Paulo II Airport - Airside Terminal Roof". The project in question involves the refurbishment of the airside roof at Ponta Delgada airport, with a total area of 5,600 m². This project is to be developed during 2018.

A technical assistance contract in the area of mining equipment repairs was maintained for "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.". This contract has been in force for several years and ensures the maintenance of most of the mobile equipment for mining operations at the Neves Corvo mines. As

this customer is making new investments in the Neves Corvo mine, we are looking forward to the opportunity to collaborate on other work.

“Urgent intervention on the Alcantara metal viaducts” work was done for the municipality of Lisbon. Work was quickly performed on this infrastructure, and it was effectively stabilized.

The “Refurbishment of the Toll Roof at the Coima Junction, on the Fogueiro-Coima Sub-section, of the A2 – South Motorway” venture was executed for “BRISA - Concessão Rodoviária, S.A.”. This was a similar undertaking to another one carried out during the previous year, where once again the stringent logistics and planning requirements were met to minimize the impact on road traffic, as this is a critical factor for the customer.

In addition, a contract was concluded with “BRISA - Concessão Rodoviária, S.A.” for “Works to Replace, Strengthen and Repair Half Gantries, on the A2 – South Motorway”; this work should start in 2018.

For 2018, as a result of continuing attentive commercial activities with customers, there are high levels of expectation for favorable decisions on some very interesting processes in the specific area of metalwork.

A major reduction in activity was seen in Angola, in line with other sectors of activity, as a result of the economic contingencies that have been felt in this country.

Activities are still being carried out at the Laúca Hydroelectric project, through a partnership with “Construtora Norberto Odebrecht”, for carrying out finishing work in the power house.

The production unit installed at the Viana Operating Pole remains operations as a response to some needs that have arisen to provide support to other Teixeira Duarte areas of activity, as well as to provide support to the Equipment Department.

In Algeria, assembly was completed on a metal structure for buildings forming part of the “AGB - Nouveaux Sieges social Gulf Bank Algerie”, which due to its size represented a milestone for this area of activity of the Group in these types of high-rise buildings.

For the “AGA - Controle et suivi des travaux de réalisations des installations et équipements d’exploitation de l’autoroute Est-Ouest-Lot Ouest” project, metal structures were constructed for a few more support buildings. Manufacturing was also started on “auvents” structures used for the roofs of tools and all other support buildings. These roofs, with a three dimensional tubular construction solution, and very complex execution, are manufacturing in Portugal at the Teixeira Duarte Operating Pole, in Montijo.



NORBERTO ODEBRECHT CONSTRUCTION COMPANY - LAÚCA HYDROELECTRIC POWER STATION - ASSEMBLY OF METAL STRUCTURES FOR THE POWER HOUSE
Laúca - Angola

Some metal structure work was also performed for the modernization contract for the line between Thenia and Tizi Ouzou, which is being executed for "A.N.E.S.R.I.F. - Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires", with an emphasis on the overpass over the railway line in Tadmait.

Very significant work in this metalwork area is envisaged for the contract established with "L'Établissement de Construction et de Réparation Navales (E.C.R.N.)" for the execution of the "Structures Génie Civil et Maritime pour Installation d'un Complexe Élévateur a Bateaux" project in Mers-el-Kebir, essentially regarding equipment, as it is becoming one of the most demanding projects taken on by this area, due to both its size and technical complexity.



MODERNIZATION OF THE RAILWAY LINE - THENIA TIZI OUZOU SECTION - TDEMAT STATION - METAL OVERPASS
Algeria

In Brazil, in collaboration with the geotechnics and refurbishment area, work was continued on the "Restoration and refurbishment of the Hercílio Luz Bridge" in Florianópolis - Santa Catarina, for "DEINFRA-SC". This is a project with a high level of technical complexity, on a structure with unusual characteristics, as it is the longest eyebar suspension bridges in the world, with a total length of 819.5 m, including the mainland and island viaducts, measuring 221m and 259m respectively. Emphasis should be placed on the operation to transfer load to the entire structure, using a sophisticated synchronized hydraulic system. Work has also been done in accordance with the technical and safety requirements; this project also shows that Teixeira Duarte has the skills to complete projects in which a wide range of demanding technical competences are required.

In collaboration with the E.F.C. consortium – EMPA-SOMAFEL (both are also Teixeira Duarte Group entities), metal sections of the Rio Flecheiras Bridge were assembled, as part of the Block G project for "VALE, S.A.".

Following the contract signed with the VLI Group, work will begin in 2018 on the "Reinforcement of the D. Pedro II Bridge" project in the state of Bahia, in which Teixeira Duarte's Geotechnics and Refurbishment area will also participate.

The Teixeira Duarte Group operates in the **UNDERGROUND WORKS** area through a specialist company, its 100% owned subsidiary "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS, S.A.), which, with over 30 years of experience in the sector, has the resources needed to execute projects of this nature, working in the civil engineering and mining areas.

In addition to Portugal, EPOS also operates on five overseas markets: Spain, Angola, Venezuela, Colombia and Peru, through its subsidiaries incorporated in these countries.

The industrial activity carried out in Portugal accounted for around 85% of total billing, with the remaining percentage being accounted for by this group of other markets. However, in percentage terms there has been a decrease in revenue obtained on overseas markets; in absolute terms there has been a slight increase when compared to 2016. This fact is the result of activities carried out in Peru, with the execution of the Lima metro project, which positively compensated for the drop in sales, particularly those made in Spain.

In Portugal, EPOS maintain its strong production component of work for the mining industry, and even increased its turnover by

around 48% in this sector. In addition to this result, an increase was also seen in the mining industry, when compared to the previous year, in profits from civil engineering projects and as a result of participating, as a sub-contractor, in both the Gouvães hydroelectric project and also in the construction of an underground cellar in Quinta do Têdo, Douro.

To summarise, the following production activities developed in 2017 were of particular interest:

Work continued at the Neves Corvo Mine under the contract concluded on 1 April 2016 with “SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.”, aimed at developing mining infrastructure, transportation and the application of shotcrete at the Neves Corvo Mine, with a planned end date of 30 December 2018.

During 2017, under this contract and its aforementioned addition, about 7 km of tunnels and galleries were excavated for the development of mining infrastructure. 26 thousand m³ of shotcrete was applied and 59 thousand units of steel mesh were executed. In terms of ore blasting, around 76 thousand tonnes were extracted.

Despite having been completed on 30 November 2015, in 2017 the general construction project for increasing the power of Salomonde - Salomonde II, contracted with “EDP - Gestão da Produção de Energia, S.A.”, in which EPOS carries out its activity as part of the “CONSTRUSALAMONDE, A.C.E.” group, involved carrying out some outstanding work on the Provisional Reception Certificate, as was also the case in 2016, along with other work not envisaged in the contract, but requested in the interim by the customer EDP. In this context of extra work, emphasis should be placed on work on the heap, following a collapse that occurred at the start of February 2017.

The Marão Tunnel construction project on the IP4 (A4) (under a design/construction regime), carried out in a consortium with “TD-EC” for “Infraestruturas de Portugal, S.A.” was completed at the start of the month of May 2016. Without jeopardizing the Provisional Reception of this contract, and due to the operation of the project, the removal of rubble from the provisional project landfill (V5A) to the permanent landfill remained in progress until June 2017. Emphasis should be placed on the fact that the final reception of this part of the project also took place on this date.

Participation in work at the Aljustrel mine, for “ALMINA - Minas do Alentejo SA” was bolstered with the contracting of work for the development of the Moinho mine in March 2017. The execution period of this contract is approximately 10 months,

extended into 2018. During the year in question, around 3.2 km of galleries were executed at this mine; 15 thousand units of steel bar mesh were installed for bolting, and 1500 m³ of concrete was sprayed. In addition to all of the projects mentioned above, mention should also be made of long drilling services for ore blasting.

The sub-contract forming part of the construction of the aspiration and pumping plant below level 800 - CV04 of the “Gouvães Hydroelectric Project”, contracted at the end of November 2016 with “FERROVIAL / MSF - Barragens, ACE”, included the excavation and bolting of several water circuit components. As part of this work, over 88 thousand m³ of rock was excavated, around 2.7 thousand m³ of shotcrete applied, 18 km of steel bar and swellex type mesh were installed, 620 linear meter of metal forepoles were installed, and around 20 tonnes of steel were installed in crankshafts for bolting. Emphasis should be placed here on the leasing of equipment with operators, for the construction of a chimney lining with a length of 270 m, based on “Shaftliner” technology developed by EPOS.



EMPA - SOMAFEL - CARAJÁS RAILWAY LINE, ASSEMBLY OF METAL STRUCTURES OF THE BRIDGE OVER THE RIVER FLECHEIRAS
Marabá Pará - Brazil



DEINFRA - RESTORATION AND REHABILITATION OF HERCÍLIO LUZ BRIDGE
Florianópolis - Brazil

As part of the water circuit project for the Laúca Hydroelectric Power Station in Angola, for “Construtora Norberto Odebrecht, S.A., (Angola Branch)”, the execution of the lease services provision and shotcrete robot operation contract, concluded in 2016, was continued.

In Colombia, although it has no industrial activity, the EPOS branch permanently maintained technical-commercial contacts with a view to attracting projects, submitting a range of bids during 2017.

Activity in Spain remains concentrated in the mining sector, with a decrease in turnover when compared to 2016.

Highlights of 2017 were:

For “Orovalle Minerals, S.L”, the owner of the Boinás mine, following up different contracts from last year, for the provision of a range of different mechanical repair and operation services for dumpers, loaders, shotcreting robots and rock drilling and drainage equipment. A contract was also concluded for the construction of chimneys using the “raise boring” technique, under which three chimneys were constructed, with a total length of 67 meters and a final diameter of 1.8m.

Two contracts were concluded with “Mina de Aguas Teñidas, S.A.U.” for the provision of maintenance services, the first for mining equipment and the second for truck maintenance, with a

planned duration of 24 months.

A contract concluded in December 2016 with the M2 Lima Construction Consortium was executed in Peru. This contracted consisted of excavation of two galleries with a total length of 246 m, and their provisional lining and permanent lining with reinforced concrete. This subcontracted work started in February and ended in July. Around 9.2 mil m³ were excavated from the tunnel, 1.8 thousand m³ of concrete was sprayed for the primary lining and 1.5 thousand m³ of concrete was used for the final lining.

Several technical-commercial activities were also carried out on this market, with emphasis on the Company's participation in, and commercial presentation at the Lima Tunnels Congress.

In Venezuela, there were no developments in construction work for the Baralt Tunnel, which forms part of a complex and long section of road between Caracas and the airport, in which EPOS is participating in its capacity as a subcontractor for the “Boyacá - La Guaira” consortium for the tunnel component. The production activity of this contract was suspended throughout 2017.

In **RAILWAY WORKS**, "SOMAFEL - Engenharia e Obras Ferroviárias, S.A." (SOMAFEL, S.A.) is a company of the Teixeira Duarte Group purposed for the construction, renovation and conservation of railway infrastructures including its electrification (catenary).

The Group has been consolidating its operation in the railway area, which, currently, is focused on Portugal, Algeria, Brazil, France, Morocco, Mozambique and United Kingdom, having been developing an activity optimisation process in those countries, where it works with four distinct gauges.

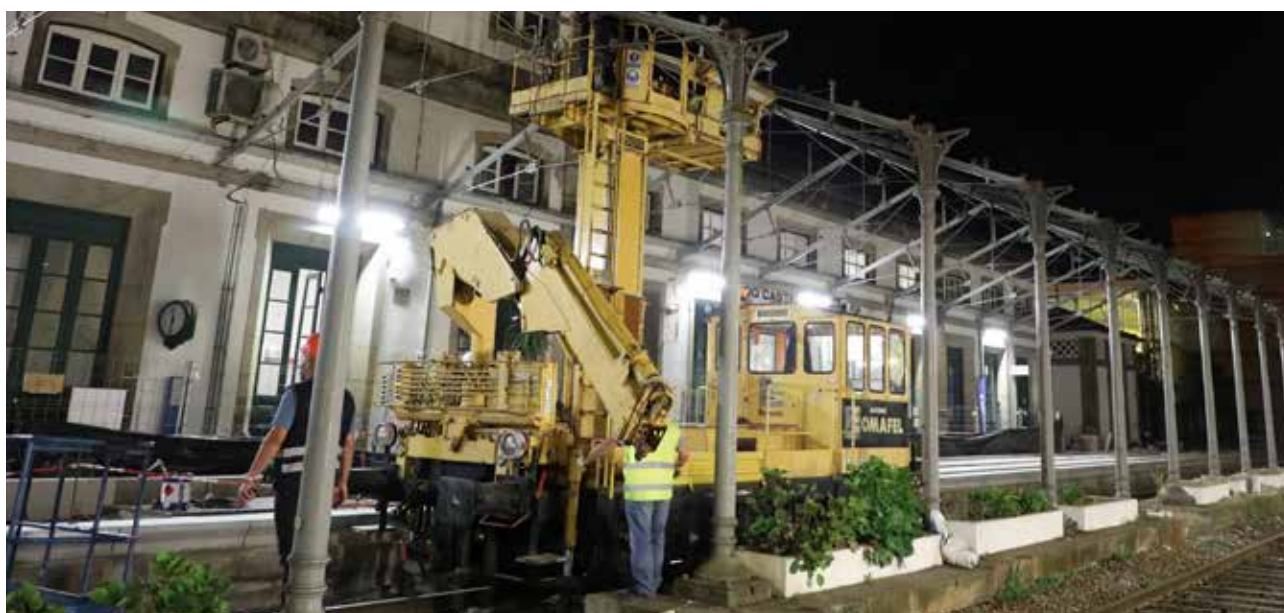
In 2017, SOMAFEL's profits increased by around 12%, to achieve operating profits of around 38 million euros. Activities in Brazil made a substantial contribution to this, accounting for around 38% of total profits, through the subsidiary "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda", along with activity in Portugal, which also experienced an upturn, accounting for 32% of total profits. Conversely, a significant reduction was seen in activity in Morocco, Algeria and Mozambique.

In terms of operating results, 2017 was the best recent year at SOMAFEL, with a notable highlight being its activity in Brazil, which contributed to around 52% of EBITDA of approximately 3.8 million euros.

In **Portugal**, the activity was primarily concentrated on projects of maintenance and rehabilitation of railway infrastructures, carried out for the main client, "IP - Infraestruturas de Portugal, S.A.", with the following contracts having been particularly important in this context:

With regard to maintenance:

- Continuation of the track and catenary infrastructure maintenance contract, related to the Coimbra, Entroncamento and Caldas da Rainha maintenance centers. The contract is entitled "Provision of Track and Catenary Maintenance Services - Lot 5", concluded with IP - Infraestruturas de Portugal, S.A.;
- Continuation of the "National Railway Network Track Equipment Maintenance Service Provision" contract concluded with IP - Infraestruturas de Portugal, S.A.". This contract covers the maintenance of the railroad switches of the Broad Track National Railway Network, in the geographic area corresponding to the Maintenance Centres of Coimbra, Entroncamento and Caldas da Rainha.



IP - ELECTRIFICATION OF THE MINHO LINE, NINE/VIANA DO CASTELO SECTION
Portugal

With regard to rehabilitation:

- Replacement of bi-block concrete sleepers with mono-block concrete sleepers between kms 158.250/167.490 on the Beira Alta line, for "Infraestruturas de Portugal, S.A.";
- Migration from wooden sleepers to bi-block concrete sleepers between kms 3.530/6.200 on the Beira Baixa line, for "Infraestruturas de Portugal, S.A.";
- Track refurbishment between kms 181.393 and 181.970, at the Vila Franca das Naves station, on the Beira Alta Line, for "Infraestruturas de Portugal, S.A.";
- Pampilhosa Station Transformation and BC/BLS and TM/TBB between kms 230.670/230.893 of the VD Substitution of MVS 6I, of the Northern Line, for "Infraestruturas de Portugal, S.A.";
- Heavy mechanical dismantling between kms 163.500 and 163.610 on the Beira Alta Line, for "Infraestruturas de Portugal, S.A.";
- Heavy mechanical dismantling between kms 126.850 and 127.050 on the Beira Alta Line, for "Infraestruturas de Portugal, S.A.";
- Eastern Line - kms 194.500/198.100 Track Laying - 2017, for "Infraestruturas de Portugal, S.A.";

- Migration from wooden sleepers to bi-block concrete sleepers on lines I and II at the Barca de Amieira station, on the Beira Baixa line, for "Infraestruturas de Portugal, S.A.".

In the area of investment/construction projects:

The activity of SOMAFEL, S.A. focused on the "Electrification of the Minho Line between Nine and Viana do Castelo, including Technical Stations" project, for "Infraestruturas de Portugal, S.A.". This major project, forming part of the "Railway Investment Plan 2016-2020, as part of the electrification of the Minho line, was awarded in January 2017, and currently corresponds to SOMAFEL's largest contract in Portugal.

Another feature of 2017 was a significant recovery in commercial activity, with several railway projects outlined in the "Strategic Transport and Infrastructure Plan" being put out to tender. As a consequence of this activity, "TD-EC" was awarded a "General contract for the modernization of the Elvas-Border section of the Eastern Line" by "Infraestruturas de Portugal, S.A.", SOMAFEL actively collaborated with this tender, and it will participate by executing the corresponding railway work.



VALE INSTALLATION OF DOUBLE TRACK ON THE CARAJÁS PARÁ MARANHÃO RAILWAY LINE
Brazil

Within this framework, it is likely that an increase in commercial activity will be seen in the railway construction sector in Portugal in 2018, although winning new contracts is also envisaged to be very difficult, due to the extremely low values presented by contracts in the most recent tender processes in which SOMAFEL has participated.

Algeria continues to be a somewhat significant market in this construction area of the Teixeira Duarte Group, but at the level of production activity only two projects were developed during the course of 2017:

- The modernization of the line between Thenia and Tizi Ouzou and its electrification as far as Oued Aissi, with an overall length of 75km, for the "Agence Nationale d'Études et de Suivi de la Réalisation des Investissements Ferroviaires". During the first half of 2017, a major increase was experienced in the development of railway work for this project, and the Thenia-Tizi Ouzou-Oued Aissi line was put into operation during the month of April;

the "Agence Nationale d'Études et de Suivi de la Réalisation des Investissements Ferroviaires". This project experience a major reduction in production during 2017, due to changes to customer responsibility, making it necessary to sign addenda that will postpone the completion of the project until the end of 2018.

In the commercial area, despite the major downturn in public investment, with the resulting suspension of all international tenders, emphasis should be placed on the continued participation in a consortium with "TD-EC" for executing the railway works forming part of a project for the construction of a Ship Elevator, with a capacity of 9000 tonnes or more, at the Mer El Kibir Naval Base, for an Algerian National Ministry of Defense entity. This process has been monitored by the Teixeira Duarte Group for a long time, and its Service Order was received in October 2017.



ONCF - KENITRA TERMINUS STATION
Morocco

Under this contract, SOMAFEL, S.A. will be responsible for executing all of the consortium's railway work, corresponding to different rail tracks between the elevator area and the Naval repair yards. This project is envisaged to commence during the fourth quarter of 2018.

In Brazil, despite both the situation in general and the situation of the sector not being the most favorable, the local subsidiary "SOMAFEL - Obras Ferroviárias e Marítimas Ltda." achieved a turnover of over 10% more than the previous year, its best result ever.

This improvement in results was a consequence of a change made to the strategies of the commercial and production areas, as SOMAFEL decided to stop submitting bids for general projects and became more selective when choosing potential customers on this market. It selected a strategic customer - "VALE, S.A." - whose demanding nature and commitment are attitudes that fit in well with the Teixeira Duarte Group and SOMAFEL.

In the production area, SOMAFEL was able to place its railway equipment with occupancy rates approaching 100%, and decided to commit to hiring and training Brazilian professionals throughout its production chain.

The railway superstructure project involving the laying of double track on sections 08-09; 09-10 C; 10-11; 11-12 C; 12-13; 14-15 C; 15-16 C; 16-17 for the expansion of the Carajás railway line, for "VALE, S.A.", was completed during 2017. The award of another section 51/52 was also added to this contracted. It should be completed during the first quarter of 2018.

Also for the customer "VALE, S.A.", the execution of a project involving the laying of double track on sections 44-45, 45-46 semi, 45-46 supplement, refurbishment of yard 46, 46-47 semi and 46-47 supplement, for the expansion of the Carajás railway line was started, performed in a consortium with EMPA, S.A.

It should be mentioned that the lack of environmental licenses in an indigenous reserve resulted in the withdrawal of this double track contract in the aforementioned region, which led to a huge reduction in the initial value of the contract, which should be completed in March 2018.



CROSSRAIL SOUTH EAST SECTION PROJECT
Felixstowe Road Abbey Wood - United Kingdom

With these two contracts, by the end of the first quarter of 2018 SOMAFEL will have completed thirteen double track sectors of the Carajás railway line, with a total length of approximately 127 km. In just over two years, this project puts it in second place in terms of the number of superstructure segments that it has delivered to “VALE, S.A.”, on one of the lines that carries most freight in the world.

In France, the activity of SOMAFEL, S.A. has remained stable, essentially characterized by catenary work for similar French companies, on the “Société Nationale des Chemins de Fer Français” network.

In Morocco, a feature of production activities this year was the continuity of work on the “Liaison à Grande Vitesse entre Tanger et Kenitra – Installations Terminales de Kenitra Lot n.º 1 et Lot n.º 2” project, for Office National des Chemins de Fer (ONCF), with the respective inspections and tests for the reception of this contract scheduled for the beginning of 2018.

Commercial activities were affected by the practical non-existence of new international tenders during the course of 2017. This situation will result in a need to conclude the five-year action program and 2012-2016 investment plan, whose postponement to 2017 made it unfeasible to launch new procedures. In this context, commercial activities in 2017 were limited to participation in tender processes, under the scope of protocols established with Moroccan companies.

There was no production activity in the group’s railway construction area in Mozambique during 2017. However, as this is a traditional market for SOMAFEL and there is great potential in the rail sector, the Group is keeping its eyes open for possible tenders being launched in this area.



DGRNSS - REFURBISHMENT OF THE EASTERN BREAKWATER OF BARRA DA TAVIRA
Portugal

In 2017, SOMAFEL started its activities in the United Kingdom with the execution of two contracts through a joint venture established with the British company “Hedson Rail Limited”:

- Works were executed to construct catenary for Balfour Beatty, in the Southeast section of the rail corridor where two railway administration companies join, Network Rail and Crossrail (TfL - Transport for London), involving the Abbey Wood Station zone;
- In December, a contract was started for “Network Rail Infrastructure, Ltd.” for the electrification of two sections of catenary on the Gospel Oak to Barking line, which is part of the London Railway upgrade plan, completed during the first quarter of 2018.

In the consultancy sector, a contract with “Network Rail Infrastructure, Ltd.”, for the inspection of a catenary project, was completed as part of one of the main electrification projects to be carried out in the United Kingdom, in the GWEP - Great Western Electrification Project rail corridor, and another consultancy project similar to the first one was started, this time for “WS Atkins Limited”.

In terms of the commercial prospects on this market, the development of the first major high speed project in the United Kingdom, known as High Speed 2 (HS2) is still being monitored. The first phase of this project corresponds to the section between the cities of London and Birmingham. Also being monitored are the conventional rail line investment plans, known as Control Periods (CP) with a duration of 5 years, with major investments being envisaged, specifically electrification during the time periods Control Period 5 (CP 5) 2014/2019 and Control Period 6 (CP 6) 2020/2025.

Several employees underwent training and certification processes throughout 2017 as part of the consolidation of SOMAFEL on this market in the United Kingdom, to ensure that they are qualified to work on this market.

SOMAFEL continues to analyze other potential markets. As part of this prospecting process it has submitted a bid, in conjunction with a Brazilian company, for the refurbishment of the ROCA line, in Buenos Aires, between Constitution and La Plata in Argentina.



ECRN - CONSTRUCTION OF A SHIP LIFT - MERS EL KEBIR NAVAL BASE
Algeria

In the **MARITIME WORKS** area, the Teixeira Duarte Group has, through the structures and teams of its subsidiary “Teixeira Duarte - Engenharia e Construções, S.A.” the capacity to execute different types of port infrastructure, such as commercial, fishing and nautical recreation ports, with construction and rehabilitation of coastal protection, such as piers, groins, artificial beaches and sea walls, hydraulic landfills, outfalls and even dredging operations and other maritime and river works.

In Portugal, as a result of low public and private investment in recent years, activities in 2017 were limited to the execution of the “Refurbishment of the Eastern Breakwater of the Barra da Tavira” contract, for “DGRM - Directorate General of Natural Resources, Safety and Marine Services”.

In view of news released by the Central and Regional Governments of the Azores and Madeira, for the development of national and regional ports, a group of tender processes are expected to be opened during 2018, with some significant ones, whose execution is only likely to start at the end of the year or during the next financial year.

With the new paradigm of commercial monitoring coming into effect during the financial year in question, which leads to positioning and improvement of commercial relationships with the main players in the maritime sector, there has been a significant increase in the number of tenders submitted, with an emphasis of several requests received to participate in consortia for major contracts, meaning that there are excellent prospects for the near future. During the financial year in question, tenders with a value of close to 100 million euros were studied, with emphasis on the tender launched by the Administration of the Port of Sines, for the 3rd expansion phase of the eastern breakwater at the Port of Sines.

On all of the markets where the group operates, tenders were studied with a value of close to 254 million euros.

In Angola, activities were still deeply affected by the economic-financial crisis that the country is going through, and no bids have been submitted in this area during the financial year in question.



EPB - REFURBISHMENT OF POSITIONS 1-2-3 OF THE OIL PORT
Bejaia - Algeria

In Algeria, the activity carried out in 2017 consisted of the opening of two major contracts:

- "Réalisation des travaux de réhabilitation des postes 1, 2 et 3 du Port Pétrolier" in Bejaia, for "Entreprise Portuaire de Bejaia", which should be concluded in 2018;
- "Étude et Réalisation d'un Complexe Élévateur à Bateaux d'une capacité de levage utile égal ou supérieur à 9000 tonnes, à la Base navale de Mers-El-Kebir", for "ECRN-Établissement de construction et de Réparation Navales", part of the Algerian National Ministry of Defense, which included drafting the designs and performing the work and transfer areas, the infrastructure and the civil construction work, as well as supplying and installing a ship elevator with a lifting capacity of over 9000 tonnes, and the respective training of technicians.

The period foreseen for execution of the works is of 29 months, with the value of the works totaling 96 million Euro and 4,513 million Algerian Dinars, representing a total approximately equivalent to 137 million Euro.

In Brazil, despite the unfavorable economic situation, the Marine Works area is seeing the development of terminal projects for different purposes, specifically for commodities exports, through different private economic groups.

Several bids were studied and submitted, with a value of close to 100 million euros, which is a significant increase when

compared to the previous year. It is envisaged that the contract will be awarded for one of these studies, with work starting during 2018.

In Colombia, as a result of a partnership with a local company in the maritime sector, bids were submitted for the refurbishment and extension of a commercial dock, and navigability studies, with a value of around 20 million euros. One of these tenders is expected to be awarded by the forestry company "Forest First Colombia, S.A.S.". Due to positioning and commercial involvement with the main customers in the port area, we are viewing 2018 with optimism.

The following contracts were completed in this area in Mozambique in 2017:

- "Rehabilitation and Extension of Service Vessel Quay in the Beira Port", for "CFM – Portos e Caminhos de Ferro de Moçambique" with European Community funding, through BEI - European Investment Bank;
- "Restoration of Defences and Mooring Posts at the Port of Pemba", for "CFM - Portos e Caminhos de Ferro de Moçambique".

Tenders have been submitted on this market with a value of around 21 million euros, so 2018 is being viewed with great optimism.



AGB - HEADQUARTERS OF GULF BANK
Algeria



IMOHEALTH - HOSPITAL CUF TEJO
Lisbon - Portugal

Other markets were also analyzed along with those mentioned above, specifically Morocco, where a tender was submitted for “Tanger Med” for the project entitled “Étude et Travaux du Rempietement du Quai -16 MZH a -18 MZH entre QC300 et QC750”.

FORMWORK AND PRE-STRESSING OPERATIONS

CENTRE is the Operation Centre responsible for the management and development of the formwork, trusses and pre-stressing area of Teixeira Duarte – Engenharia e Construções, S.A..

In Portugal, emphasis should be placed on collaboration with constructing basements using the “Top Down” method, for the CUF Tejo Hospital, in Alcântara, Lisbon, as well as on the construction of the structure for the “Cegonha Hotel” in Comporta.

In Angola, formwork was constructed for a Brewery for STI, as part of a contract for “S. Tulumba- Investimentos e Participações, Limitada”, in Lubango.

In Algeria, work was continued on the installation of formwork for reinforced concrete structures for stations on the East-West highway, as part of the contract entitled “AGA - Controle et suivi des travaux de réalisations dès installations et équipements d’exploitation de l’autoroute Est-Ouest-Lot Ouest”, as well as for the Ali Mendjeli WWPT in Constantine.

THE CENTRAL EQUIPMENT DEPARTMENT, continued with its economic, administrative and technical management activities for equipment in different geographical areas, guaranteeing the proper availability of equipment and assignment of technicians, specifically operators, mechanics and electricians.



CENTRAL DEPARTMENT OF EQUIPMENT - TEIXEIRA DUARTE OPERATIONAL POLE

Montijo - Portugal



CENTRAL DEPARTMENT OF EQUIPMENT
TEIXEIRA DUARTE OPERATIONAL POLE

Montijo - Portugal

IV.2. Concessions and Services

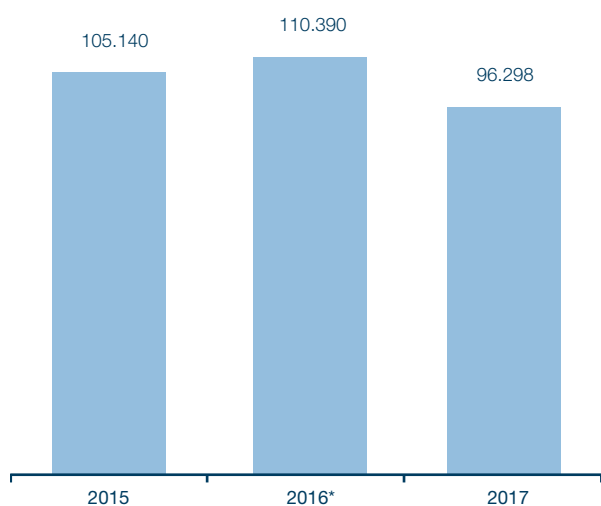
The Teixeira Duarte Group began to operate in this area in 1984, in Macau, through a holding in "CPM - Companhia de Parques de Macau, S.A." which it still owns and to which others have been added in Portugal, Angola, Brazil, Belgium, Spain, Mozambique, Qatar and Venezuela.

In the Concessions and Services sector, Group companies work in business areas with different natures, such as Facilities Management and Facilities Services, the Environment, Management of the hospital building in Portugal, educational activities in Angola, small hydroelectric power stations in Brazil, and the operation and management of a port in Venezuela.

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.

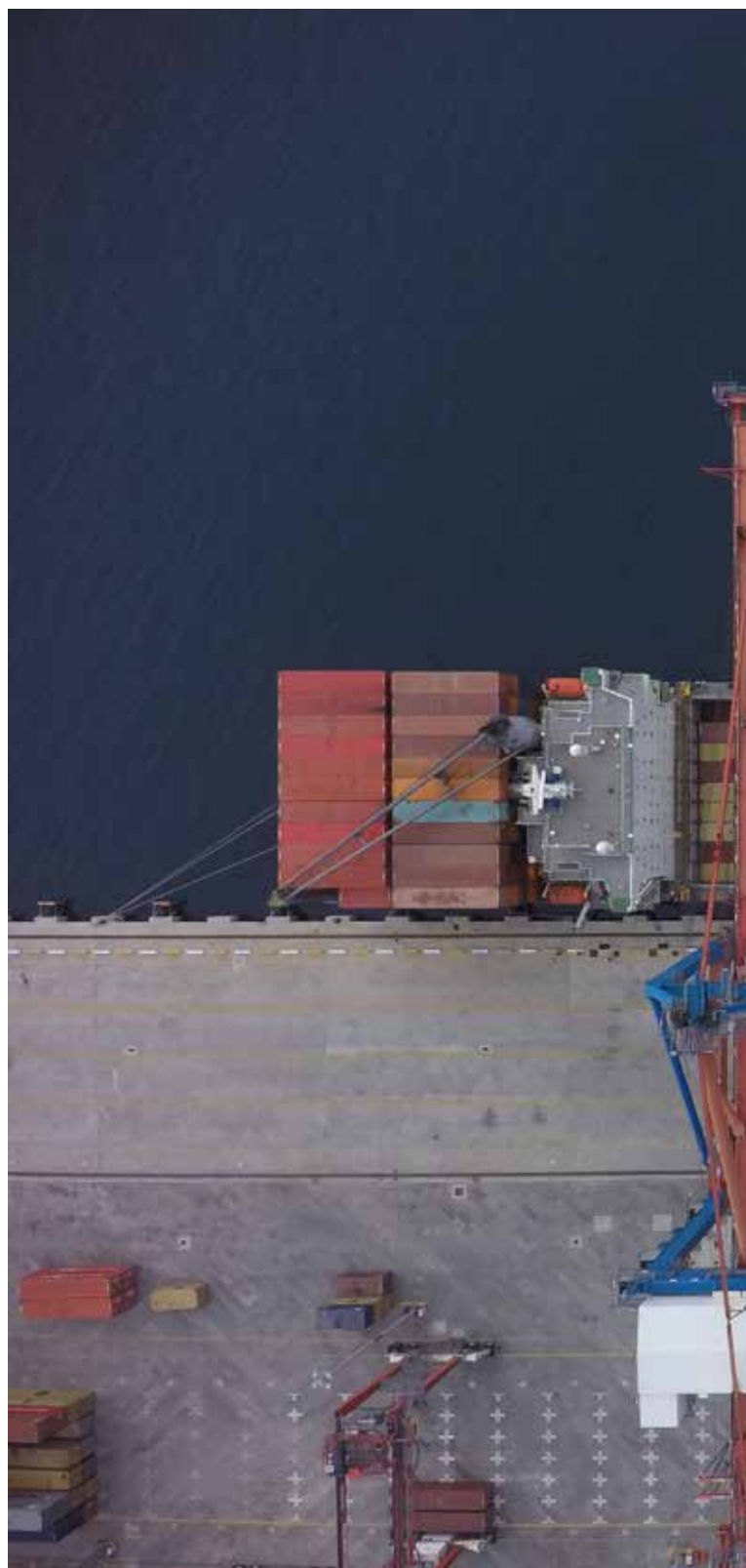
CONTRIBUTION OF THIS SECTOR TO THE GROUP

In Concessions and Services, turnover decreased by 12.8% when compared to the 2016 financial year, an effect that was worsened by customer credit losses.



Evolution of Turnover
of Concessions and Services
(Values in thousand euros)

(*) - Amounts from 2016 restated



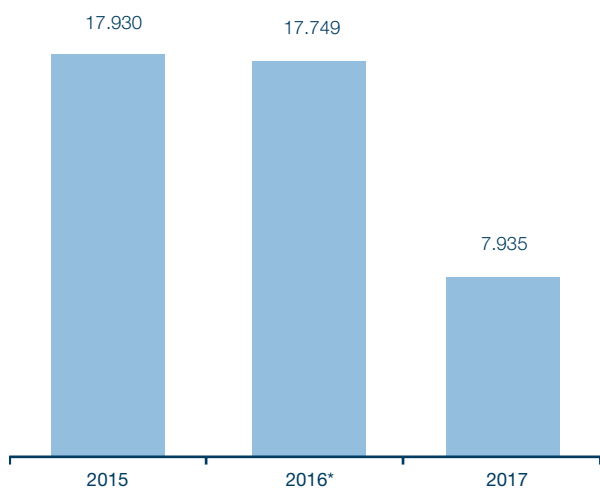


Portugal experience a drop of 14.2% when compared to the same period of the previous year, due to the fact that the Group did not enjoy contributions from its subsidiaries in the environment area in Portugal during the second half of the year (Recolte, S.A. and Recolte (Porto), S.A.), as these companies were divested in July this year.

In effect, during the second half of 2016 these companies contributed 6,774 thousand euros to this indicator in Portugal; in 2017, with no contribution on this market from these subsidiaries during the second half of the year, in this sector we would have an increase of 1,395 thousand euros in this sector in 2017.

Good performance was recorded in all other markets where the Group operates, with the exception of the Angolan market, which posted a drop of 33.2% when compared to 2016.

The EBITDA in this sector of Concessions and Services decreased by 55.3%.



Evolution of EBITDA
of Concessions and Services
(Values in thousand euros)

(*) - Amounts from 2016 restated

ACTIVITY DURING 2017

In non-consolidated terms and in order to provide an overall view of the total activity during 2017, we disclose that the Group's operating income in the Concessions and Services

sector reached the total value of EUR 104,931 thousand, 61.6% of which referred to the activity developed abroad, and where these figures reflect an overall decrease of 24% in relation to 2016. To give an idea of the weight of the main areas of activity of the Group in this sector, records show that out of the aforementioned non-consolidated operating income, 58% comes from the Facilities Management area and 28% from the Environment area.

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, the main areas of action of TDGI 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.

As it is a Facilities Management company it primarily meets customer needs, generally by creating a comprehensive set of unique and personalized solutions while at the same time committing to specific supplementary businesses that permit this broad approach to customer requirements, such as group catering with the SmartFood brand, parking lot management with the AutoPark brand, and corporate condominium management with the SpacePartners brand.

As it is simultaneously an engineering company, it creates factors to set itself apart by developing specific technical skills and technological solutions that are suitable for its parallel objective of optimizing costs and operational efficiency, as well as improving quality. In this field, emphasis should be placed on projects developed internally or in partnerships, such as the Glose EAM, Inergy and Controlo 24 brands.

This activity is carried out internationally by other Teixeira Duarte Group companies currently operating on eight markets, with support from the means and resources of TDGI, S.A. The TDGI brand is a strong insignia with solid values of ingenuity, truth and commitment, recognized by the market. In fact, one of the reasons for expanding activities into other countries through the TDGI brand was this recognition among partners and multi-

national customers, which subsequently challenged TDGI to participate in new areas where they are also operating.

In Portugal, following the trend seen in previous years, 2017 was all about growth in turnover, both through the strengthening of existing contractual relationships and winning new contracts.

In the areas of Integrated Management of Hard and Soft Services and Technical Maintenance, which represent the core business, the increased turnover was significant in the various markets in which the Company operates. Such as:

- In the Buildings area, emphasis should be placed on the start of a Facilities and Equipment Maintenance Contract for LEF, a member of the National Association of Pharmacies, for a customer and historical partner of the Teixeira Duarte Group, as well as the launch of a Maintenance and Technical Assistance Contract for Armazéns do Chiado. These are two well-known entities and the contracts with them are considered to be a direct result of the business development strategy;
- A highlight in the health care sector is the commencement of maintenance services for medical equipment at the Cova da Beira hospital center, as well as the renewal of supplies and services for Santa Casa da Misericórdia in Porto, through the HVAC maintenance contract with the Northern Recovery Center, and starting to provide medical equipment maintenance services for this unit;

- As regards the Industrial sector, 2017 kicked off with the start of the Global Maintenance Contract for TAP Campus Facilities and Equipment. This is one of the largest maintenance contracts in the country; it is also very technically demanding and will allow relationships with the customer TAP, which have been developed for several years, to be prolonged, albeit under different contractual terms;

- A very significant increase was also seen in the Retail area, with contracts signed with well-known brands such as FNAC, Nespresso and H&M. Emphasis should also be placed on the increased volume of corrective maintenance that TDGI has been performing for its customers, reflecting their trust in the work that the company does beyond the scope of the contract. Occasional work has also been done for major brands such as IKEA.

The area of Analysis and Diagnostics/ Energy Solutions, also recorded increased turnover, particularly in the areas of Energy Certification and Audits. In the sector, it has positioned itself with its customers as a technical and strategic partner, providing a continuous service with a focus on reducing energy consumption.



CAMPUS TAP - FM & Manutenção
Lisbon - Portugal



AL SHAQAB EQUESTRIAN CENTRE FM&Manutenção
Doha - Qatar



HOSPITAL PROF. EDMUNDO VASCONCELOS
São Paulo - Brazil

Certification audits were conducted, and energy rationalization plans drawn up for large buildings with links to renowned entities such as Estoril Casino, Lisbon Casino, Montepio Assisted Residences, the Expo Finanças Building, and Lusíadas Saúde and Luz Saúde Group Hospitals.

In the field of energy solutions, a first project was carried out under the scope of the “IECMS – Intensive Energy Consumption Management System”, performed fully in house: an energy audit and respective energy rationalization plan for the milling and dough and biscuit production plant run by “Industria Insular, S.A.”, on the island of Madeira.

The Spaces and Projects Management area continued to develop significant processes in the interior space refurbishment sector, in both buildings and the industrial environment, reaching work volumes roughly the same as the previous year.

This area has undergone significant changes, with customers not only deciding to optimize spaces, but also to introduce interior design and to adopt new trends and styles.

Despite the adverse situation in Angola, emphasis should be placed on the renewal of the contract with “EMIS, S.A.”, as well as the start of the process to renegotiate the contract with CHEVRON, successfully completed at the start of 2018.

Angola is still TDGI’s second largest market worldwide, and a major commitment.

Most of TDGI’s activity in Algeria during 2017 focused on strengthening, developing, optimizing and stabilizing the structure, including technical teams, and work methods and procedures. The area of activity was also expanded from Algiers to Oran and Chlef.

In Belgium, during 2017 TDGI consolidated its ongoing operations, specifically the European Council maintenance contract in Brussels, and commenced major new contracts, specifically:

- A contract with the European Parliament for interior work, with a duration of 4 years, which TDGI bid for in a consortium with Belgian companies;
- A Facilities Management contract with “Thomson Reuters (Markets) S.A.”, a company operating in the media sector. The contract was won through a long-standing partnership between TDGI and “CBRE Corporate Outsourcing SPRL”, a company that holds the global Facilities Management contract with the aforementioned “Thomson Reuters (Markets) S.A.”.

Growth continued in Brazil with the consolidation of contracts, with some being extended and other new ones started, such as those with “Brazil Senior Living, S.A.”; maintenance of the Bradesco ADC (Class Sports Association), maintenance for the



CAMPUS TAP FM & Manutenção

Lisbon - Portugal



CAMPUS TAP - FM & Manutenção
Lisbon - Portugal



GRUNDFOS - FM & Manutenção
Madrid - Spain

Teresina subsidiary of “TMKT Serviços de Marketing, Ltda.”; the renewal of the contract and an increase from 194 to 266 jobs for providing a contractual air conditioning maintenance service for UCKG churches in the state of São Paulo; also for the UCKG, a further highlight is a new maintenance contract in Curitiba; the expansion of the scope of operations with Decathlon, one of TDGI's first customers in Brazil.

Commercial and media campaigns were run in Spain during 2017 to consolidate the brand, and new contracts were started in the areas of hard and soft services and technical maintenance for the customers “Bombas Grundfos España S.A.” and “CUSCUTE S.L.” (CUBIC). Agreements were also entered into for the renewal of services provided in the PFIZER, UNISYS, BOEING and VMWARE buildings, as a result of the satisfaction of their main customers “CRBE Corporate Outsourcing S.L.” and “TECUNI S.A.” (Vince Facilities).

In Mozambique, TDGI continued to carry out its activity in a sustained manner, increasingly striving to create value and set itself apart as a benchmark company in the maintenance and facilities management sector. It also successfully completed its quality management system certification process under the scope of the ISO9001:2015 international standard.

25 of the 26 contracts that expired in 2017 were renewed (one of the customers closed its business), showing that the services provided by the company are trusted and of recognized quality.

In parallel, the activity was expanded to take in new customers, particularly during the second half of 2017, with contracts concluded with “Banco Soci  t   G  n  rale Mo  ambique S.A.” and “USAID Mozambique”, international customers who contribute to strengthening TDGI's brand image on this market.

In Qatar, TDGI operates through the local entity “TDGISERV”, jointly owned with the local company “PETROSERV”, which has been operating there for more than 30 years in the service sector associated with the oil and gas industry - essentially with a major contract covering the facilities of the Qatar Foundation.

2017 was also a year of commercial development, as a maintenance and management contract was started for two residential complexes, Doha Compound and Al Reems Compound.

ENVIRONMENT

In 2017, the Teixeira Duarte Group operated in the ENVIRONMENT area in three different markets: in Portugal (until July this year), through its subsidiaries "RECOLTE - Serviços e Meio Ambiente, S.A." (RECOLTE), "RECOLTE - Serviços e Meio Ambiente, (Porto) S.A." (RECOLTE PORTO) and RECOLTE - Serviços e Meio Ambiente, (Açores) Unipessoal, Lda." (RECOLTE AÇORES); in Spain through "RECOLTE - Servicios y Medioambiente, S.A.U" (RECOLTE, S.A.U); an in Angola through another Teixeira Duarte Group company operating on this market and that uses the RECOLTE brand with support from means and resources.

In Portugal, as the environment is not considered as a strategic area of activity for the development of Teixeira Duarte's operations on this market, the stakes held by the Group in entities operating in this area in Portugal were divested on 19 July 2017: RECOLTE and RECOLTE PORTO.

On this market, operations were only continued in the hazardous hospital waste management and treatment sector - not included in the aforementioned divestment operations -, through a contract on the Island of São Miguel, Azores, for the "Divino Espírito Santo Hospital of Ponta Delgada", EPER". This contract was signed by the a company based on the Autonomous region of the Azores - RECOLTE, Serviços e Meio Ambiente, (Azores), Unipessoal Lda. (RECOLTE AÇORES) 100% owned by TEDAL and holder of the appropriate hospital waste management and treatment permit, issued by the regional authorities.

In Spain, the local company RECOLTE, S.A.U. is 100% owned by TEDAL and, in addition to being the main special purpose vehicle (SPC) for other Teixeira Duarte Group business areas in Spain, it works to provide different services related to the Environment, specifically on the global market for the management of urban, industrial and hospital solid waste, the washing and disinfection of solid urban waste containers, urban road cleaning, garden design, construction and maintenance, cleaning and maintenance of beaches and waterfronts, as well as forest and road cleaning and maintenance.

In 2017, RECOLTE, S.A.U. posted profits of 26.9 million euros, corresponding to around 4.9% more than posted for the previous financial year.

From among the different operations in progress in 2017 in the area of solid urban waste collection, road cleaning and eco-center management, emphasis should be placed on the following:

- In the Community of Madrid, contracts for the municipalities of Soto del Real, the Association of Municipalities of Valle del Lozoya, San Lorenzo de El Escorial and Griñón;
- In the Community of Andalusia, contracts for the municipalities of Benalmadena, Cartaya, La Linea de la Concepción and Mairena;
- In the Community of Galicia, contracts for the Municipalities of Marín, Riveira and Padrón, and the Association of Councils of Morrazo, including the municipalities of Cangas, Bueu and Moaña;
- In the Community of Catalonia, contracts for the Municipality of Arenys de Mar and Arenys de Munt).

Emphasis should be placed on the following contracts in the parks and gardens maintenance area:

- In Andalusia, contracts for the gardens of Seville University and for the "Barceló Santi Petri Hotel Complex", as well as the continuation of the contract for the municipality of Algeciras and El Puerto de Santa Maria, which also includes the conservation of public parks and pine groves;
- In the Community of Madrid, a contract for the municipality of Soto del Real;
- In the Community of Galicia, contracts for the Municipalities of Marín, Riveira and Padrón.

In the beach maintenance and cleaning area, the execution of contracts was continued for the municipality of El Puerto de Santa Maria in the Community of Andalusia, and other contracts were concluded in this sector.

In terms of technical-commercial activity, over 209 bids were submitted to public and private tender processes, with a total value of approximately 91 million euros, meaning that there are good prospects for maintaining levels of activity in 2018.

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

In February 2010, the construction of the Cascais Hospital was concluded, since that date TDHOSP's activity focused management and maintenance of the hospital building, as well as management and exploitation of the Parking Lot. During the year 2017, in addition to the normal maintenance of the building, several improvements were also made, approved beforehand by the partner "LUSÍADAS - Parcerias Cascais, S.A." e pela Entidade Pública Contratante.

TDHOSP's activity is in the scope of and under the Management Contract, annually monitored and assessed by the Contracting Public Entity in the parameters of Availability, Service and Satisfaction, having obtained in the last year the classification of Very Good just as it has since the beginning of the operation.

The implementation of processes aimed at operational improvements and boosting the efficiency of different technical areas of activity were continued in 2018; it should be noted that "TDHOSP - Gestão de Edifício Hospitalar, S.A." holds an ISO 9001 - 2008 Quality certificate, although an ISO 9001 - 2015 transition process is currently underway, with a certification audit planned for May this year.



LIMPEZA VÁRIA RIVIERA
Galiza - Spain



RECOLHA LATERAL DE RSU, MARÍN
Galiza - Spain

On April 9, 2018, "Teixeira Duarte - Engenharia e Construções, S.A." has signed a contract with subsidiaries for an investment fund managed by "3i Investments plc", a management company, for the sale of 90% of the capital stock of "TDHOSP - Administration of Edifício Hospitalar, S.A." (TDHOSP).

The transaction has as a suspensive condition - in addition to obtaining consent from TDHOSP itself, authorization must be obtained on behalf of the Portuguese state, as a conceding entity, as well as on behalf of the concession's financing entities - which is expected to occur by July 30 of 2018.

The total price set for the transaction, including the transfer of shares and credit claims existing over TDGOSP, is around 19.4 million euros, which will have an impact of around 19 million euros on the "Equity" item of the 2018 accounts of "Teixeira Duarte, S.A.", leading to a reduction of around 75 million euros in the Group's liabilities.

"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.

This is an educational establishment recognised by the Portuguese Ministry of Education, offering Pre-School Education up to the end of Secondary Education, aimed at facilitating a reference education, as well as assuring excellence in the dissemination of the Portuguese language and culture.

Endorsing a Constructivist/Positivist Education Model, alongside its educational function it also develops a large series of services to the surrounding community. Its solid and high quality education project has meant that families choose it as a privileged space and environment for the education of their children.

In year 11 exams in 2017, CSFA Luanda Sul achieved 155th place in the national ranking, out of a total of 632 schools, and 3rd place out of Portuguese schools overseas (in this ranking it obtained the 2nd highest average in mathematics and the highest average in Portuguese). In the Final Exams of the 9th year, it held the 85th place at a national level, involving a total of 1,221 schools, and the 1st place at the level of Portuguese schools abroad.



Colégio São Francisco de Assis
Luanda - Angola

In September 2017, the school year started with 654 students. Secondary education included courses on science and technology, languages and humanities and socio-economic sciences, with the exception of 11th grade, in which science and technology and socio-economic science courses were continued for 10th grade students.

Emphasis should be placed on an ongoing commitment to information technologies, with the effective entry into production of the INOVAR+ school management software tool, of the SIGE integrated school management system for billing and payments at different points of the school, as well as the application for mobile devices that allows parents/EE to access integrated INOVAR+ and SIGE information about their students.

Out of all of its activities, particular emphasis should be placed on ongoing training and qualifications for human resources, both in partnership with the professional development center (PDC) and developed internally. A further highlight was attendance at a prestigious international education technology fair (BETT Show - British Educational Training and Technology Show).

Careful management of the different areas and resources of CSFA Luanda Sul will continue during 2018, pursuing with the solid work that makes this school an educational benchmark at a national and international level.

SMALL HYDROELECTRIC POWER STATIONS

"PAREDÃO DE MINAS Energia, S.A.", "GONGOJI Montante Energia, S.A." e "TABOQUINHA Energia, S.A.", are three Brazilian companies owned by the Teixeira Duarte Group that own projects for the construction of three small hydroelectric power stations; this area of activity is defined by the Group as non-strategic.

Efforts were made during the 2017 financial year to make the projects feasible, as energy sales prices and interest rates on the required financing mean that it is an unfavorable situation for the implementation of these projects.

PORT OPERATIONS IN VENEZUELA

Through the license granted to "Teixeira Duarte - Engenharia e Construções, S.A.", the Group has proceed to commercialize, conserve, operate, administer, construction and use the "specialized container terminal (docks 27 and 28 - West Sector) at La Guaira Port".

In effect, it was on 30 March 2017 that this Group company

received this authorization under the "Strategic Partnership for the port operation and management of the Guaira Port specialist container terminal", entered into with the Venezuelan entity "Bolivariana de Puertos (BOLIPUERTOS), S.A.".

The aim of this partnership was to optimize the development and growth of the terminal's activity, turning it into a transshipment port between the Caribbean Sea and Latin America. For a period of 20 years, TD,EC has assumed responsibility for the commercialization, maintenance, operation, administration, construction and use of the aforementioned La Guaira Port specialized container terminal, which has sufficient yard space to move 1,200,000 tonnes/year and a surface area of 17ha; it has 693m of dockable berths and bottoms at 15.2m. It is fitted out with state-of-the-art port operation equipment - 6 STS quayside gantry cranes, 15 yard RTG cranes, 2 reach stackers, 6 front loaders, 32 terminal tractors and 40 platforms, along with a total of over 5ha of administrative and technical facilities and equipment maintenance and repair spaces.

Organizational structuring took place in 2017, along with staff training, the disclosure of the partnership to stakeholders, registration with some International port organizations and obtaining all mandatory authorizations and licenses for performing this activity, as well as the drafting of operational procedures, among other phases. Proceedings are currently underway with the competent Venezuelan authorities to facilitate international transshipment operations. This is a fundamental objective for achieving installed capacity, as current import and export operations only allow around 20% of installed capacity to be used.

During their first year, between March 2017 and March 2018, revenue from port operations increased to around 10.3 million USD and around 31.1 billion bolivars.



TEC – TERMINAL ESPECIALIZADO DE CONTENEDORES
La Guaira - Venezuela

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

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

"AEDL - Auto-Estradas do Douro Litoral, S.A." is a company in which TD-EC has shareholdings in its share capital and that signed the Douro Litoral concession contract with the Portuguese Government at the end of December 2007.

On January 28, 2016, TD-EC alienated "BRISA - Auto-Estradas de Portugal, S.A." and under Options Contracts signed in December of 2010, almost all of the shares held in "AEDL - Auto-Estradas do Douro Litoral, S.A." - only 1.000 shares remaining, corresponding to 0.02% of

the share capital of this entity in comparison with the 19.67% held before -, also in the scope of alienation of that shareholding, having transferred the contractual position in the financing contracts that it had subscribed while shareholder of "AEDL - Auto-Estradas do Douro Litoral, S.A.".

In the year 2017, the procedures and works aimed at the close of the construction contract continued.

"AEBT - Auto-Estradas do Baixo Tejo, S.A.", incorporated on 15 January 2009, is a company in which TD-EC holds a 9% share of its respective share capital, entered into a sub-concession contract with IP - Infraestruturas de Portugal, S.A. with a 30 year duration. This contract was concluded on 24 January 2009 and amended by the reform instrumented dated 28 April 2010 and by addenda signed on 22 November 2011 and 7 September 2012, and included planning, design, construction, lane expansion, financing, operation and conservation activities for stretches of highway, regional roads and associated road junctions in the district of Setúbal, as of the date on which the aforementioned contract was signed.

The sub-concession has the following purposes:

- i. Construction, exploitation, operation and maintenance of two stretches of highway, A33/IC32 - Palhais/Coina and A33/IC32 - Casa Velhas/Palhais (including a link to Trafaria and the link to Funchalinho), with tolls charged to users, except local traffic, in the case of the final section of the A33. Construction is also planned on the regional road ER377-2 - Costa da Caparica/Fonte da Telha, with no tolls charged, as well as improvements to Avenida do Mar between Fonte da Telha and Belverde. However, these were withdrawn from the scope of the concession and the conclusion of the contract is pending. The total length of these roads is 40km;
- ii. Operation, running and maintenance of stretches already operating - IC32 - Coina / Montijo (IP1), IC3 - Montijo (IP1) / Alcochete, IC20 - Via Rápida da Caparica and IC21 - Via Rápida do Barreiro, totalling 34 km.

As part of the renegotiation in progress for the new sub-concession contract, the IC21 - Barreiro Fast Way, and Trafaria and Funchalinho junction sections will not form part of the scope of the sub-concession.

Therefore, in 2017 the AEBT network included the operation of 60.2 km; however, the length will be 46.5 km after the completion of the renegotiation process.

No construction activities took place in 2017, as the last stretch

entered service at the end of 2012. The execution of some work has been seen since then under the scope of the warranty period.

It is an asset that is expected to be divested in 2018, so it was reclassified according as an Asset for Sale.

“MTS - Metro Transportes do Sul, S.A.” is a company in which TD-EC holds 9.11% of the share capital, it develops its activity in the area of concession, project, construction, supply of equipment and rolling stock, financing, exploitation, maintenance and conservation of the entire light rail network of the southern margin of Tejo, under the concession contract signed on July 30, 2002 with the Portuguese State, having started the concession on December 12, 2002, for a period of 30 years.

In the year 2017, the procedures aimed at the close of the construction contract continued.

“LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.”, which is a company dedicated exclusively to management, in the scope of concession of its roadway stretches in Tejo, in the region of Lisbon, in which TD-EC holds 7.5% its share capital.

This subsidiary had very reasonable performance during the 2017 financial year, with Earnings Before Taxes increasing by 6.1%, amounting to 28,695 thousand euros when compared to the value of 27,044 thousand euros from 2016.

Revenue increased by 5.9%, associated with a 3.5% growth in operating costs. Emphasis should also be placed on a significant change of 21.5% in net amortizations and adjustments. This is explained to a great extent by the posting of a provision for covering future responsibilities for resurfacing the two routes. Despite this, the company obtained a net results after taxes of 21,032 thousand euros, 6.8% lower than its budget but 6.71 % higher than the amount seen in 2016. This increase can essentially be explained by increased traffic on both routes and a drop in financing costs related to debt repayments.

It is an asset that is expected to be divested in 2018, so it was reclassified according as an Asset for Sale.

“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.

As seen in previous years, during 2017 this subsidiary continued to operate successfully within the parameters of the market; however, as it did not have operating rights over parking meters on public roads during the financial year, its annual revenue suffered a 4.6% drop when compared to the previous year.

A significant drop in operating costs allowed “CPM - Companhia de Parques de Macau, S.A.” to achieve positive results of 5,964 thousand euros.

For 2018, the activity is expected to increase with the operation of new car parks, the continuation of the activity at a good pace and the optimization of operations and structures, specifically through restoration and maintenance work on public multi-storey car parks operated by the company and the introduction of some more advanced systems relating to parking guidance, license plate recognition and electronic payment.

IV.3. REAL ESTATE

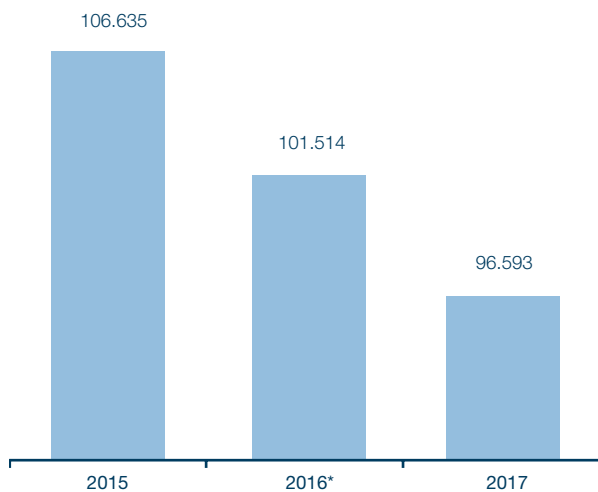
Teixeira Duarte Group's operations in this sector date back to the start of the seventies and currently encompass a large group of companies operating in Portugal, Angola, Brazil, Spain, Mozambique and, more recently, in the United States.

CONTRIBUTION OF THIS SECTOR TO THE GROUP

Turnover in the Real Estate Sector of the Teixeira Duarte Group fell, as a whole, by 4.8% in relation to 2016.

A decrease of 13.9% was seen in Portugal when compared to 2016, attributed to the commercialization phase of ventures under development.

In Brazil, the Group experienced an increase of 12.3% when compared to the same period of the previous year.



Evolution of Real Estate Turnover
(Values in thousand euros)

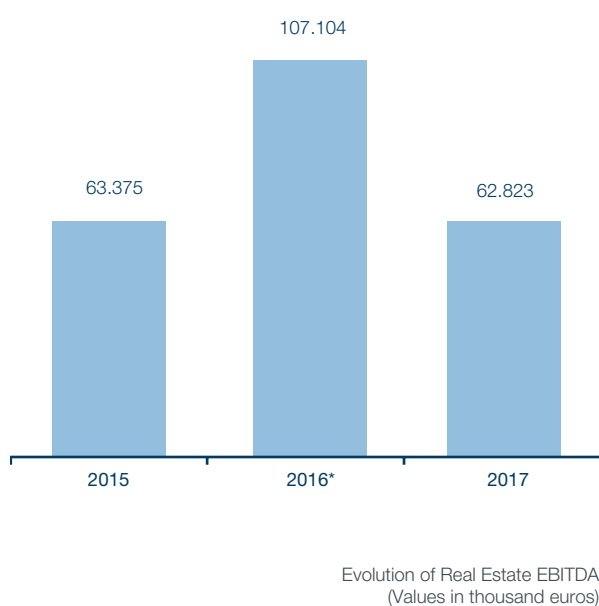
(*) - Amounts from 2016 restated





VILLA TORRINHA
Lisbon - Portugal

EBITDA decreased by 41.3% compared to the previous financial year, influenced by gains in the fair value of investment properties amounting to 16,039 thousand euros in 2017, whereas the gains were 61,211 thousand euros in 2016.



ACTIVITY DURING 2017

In non-consolidated terms and in order to provide an overall view of the total activity during 2017, we disclose that the Group's operating income in the Real Estate sector reached the total value of 129,304 thousand euros, corresponding to a decrease of 34% relative to 2016, with the markets abroad now representing 53% of the activity and Portugal accounting for 47%.

A very positive performance was observed in all sectors of the real estate market in Portugal during 2017. In investment activities, operations continued to be carried out in a very competitive scenario of property yields, closely related to the perception of general rent increases across practically all segments of the market.

As regards the residential market, particularly in the cities of Lisbon and Porto, projects launched onto the market continue to perform well, as almost all of them are sold during their initial phases of development.

In this global context, the Group also saw high levels of

commercial and urban development activities of portfolio processes.

In the offices sector, emphasis should be placed on the completion of the process to transfer the management and operation of the Lagoas Park venture to "Lagoas Park S.A.", a company 100% owned by the Group, created specifically for this purpose.

Also in relation to this venture, it should be mentioned that the financial year featured a high level of uptake of available office area - around 14,000m² - with particular emphasis on the conclusion of two major contracts, the first with "Johnson & Johnson", in February, which contracted all of the areas of Building 9, and the second with "Google" in December, which contracted most of the available space in Building 1.

In the residential sector, taking advantage of good times on the market, it was possible to complete the commercialization of all available fractions of the "Villa Torrinha" venture, at Rua de Pedrouços, in Lisbon - with the respective usage license was issued during the month of December; it was also possible to divest some land for the construction of residential projects located in Oeiras and Lisbon.

In the Trade sector, the "Porto Shopping City" experienced a positive evolution in terms of retail sale volumes, and it was possible to increase the revenue from this asset. A highlight of 2017 was the completion of a deed to alter the horizontal property title of the complex where the shopping center is located; the owners' association of the complex was also set up, and its respective regulation was approved. The completion of this process will bring more flexibility to the commercial management of this space.

Also in relation to this sector, emphasis should be placed on the project completion, start of a lease contract and resulting divestment of a purpose built supermarket for the "Pingo Doce" brand, on one of the plots of the "Quinta de Cravel" venture in Vila Nova de Gaia.

As regards the land portfolio, application processes were continued for several urban planning processes, with emphasis on the "Vila Rio" venture, located in Póvoa de Santa Iria, on a plot of land measuring around 17 hectares, on which the construction of 600 homes and 32,200m² of trade and services areas is planned.



QUARTIER CAMPO BELO
São Paulo - Brazil

Also during 2017, under the scope of activities carried out by the TDF Fund, applications were also made for the issuing of an allotment permit for the “Villa Simões” residential estate, located in Benfica, Lisbon, where the construction of an area of around 48,000m² above ground is planned.

Also in relation to Fund activities, there was a particular focus during 2017 on the urban development of a residential estate project planned on the land of the former bullring in Cascais. This project, commercially known as “One Living”, will include over 80 residential units and a trade area. Construction and commercialization is planned to start during the first half of 2018.

The economic situation in Angola remained unfavorable to the recovery of activity levels in the real estate market throughout 2017. Low levels of demand persisted in all market sectors, resulting in cross-sector difficulties in the uptake of the available stock.

Transaction numbers and market prices remained on a slight downward trend when compared to 2016, particularly on the

rental market, whereas the real estate sale/purchase market continues to provide some opportunities for investors.

Activity in the Group’s real estate sector essentially featured the management of investment assets, the licensing of some projects in the portfolio and support for the expansion activities of other Group sectors.

As regards the management of investment assets, emphasis should be placed on the fact that occupancy levels in the “Maianga”, “Soleil” and “Ingombota” buildings in operation in the city of Luanda have remained at good levels, despite the current economic and market context, sustained by the renegotiation of different contracts and the adjustment of prices charged to suit evolving market conditions.

Emphasis should also be placed on the short-term occupancy prospects of 3 floors of the “Millennium” building by a new medical unit belonging to a well-known international partnership in the health sector, in line with the reservation agreement that has already been concluded, as well as the very positive



VILLAS - VILLA SUL
Luanda - Angola

performance of “separate” assets that the Group holds in the city of Luanda, with housing operating the Alvalade zone fully occupied.

A highlight in the residential sector is the completion of construction and the start of operations of phase 2 of the Villas Condominium, part of the “Villa Sul” venture, located in Talatona and consisting of 40 type T1 units, 34 type T2 units and 12 type T3 unites.

Still in Angola, a promissory contract has been entered into for the sale of an asset with around 20,000m² of land area, located on one of the main access roads to the city of Luanda.

Despite the difficult economic situation in Brazil that is rather unfavorable to the real estate market, during 2017 a slight decrease in stock was seen in the city of São Paulo - the main market of operations - from 24,000 units to 22,000 units, as a result of the start of a slight market recovery and a drop in

negative aspects for which the previous year was known. The real estate market is expected to recover gradually during 2018 with interest rate reduction to historical lows in 2017.

During 2017, the Teixeira Duarte Group:

- Continued construction on the “Unique Alta Vista” venture, in the municipality of Jundiaí, in São Paulo, with a constructed area of approximately 44,000m²;
- Completed the construction and delivery of the “Quartier Campo Belo” venture in the southern region of São Paulo, with a constructed area of around 23,000m²;
- Continued the construction of the “Retrato Paulista” venture, with a constructed area of approximately 22,000m²;
- Started sales of the “Retrato Pinheiros” venture, to the north of the famed Avenida Faria Lima, with a constructed area of around 17,000m²;
- Started sales of the “Verissimo” venture, with a constructed area of around 12,000m², with a great location in the traditional

neighborhood of Mooca, in the eastern region of São Paulo.

The real estate market in Spain is showing signs of recovery, which should increase over the coming two years with an expected increase in investment growth.

The Group's real estate activity in this country focuses on the Madrid region and is limited to the management of "Parking Europa" - a parking lot and its respective shopping center - located on Avenida de Europa in San Sebastián de los Reyes, where management of the administrative concession contract was continued.

In Mozambique, the Group's activity in the real estate sector in 2017 mostly included the development of major portfolio projects in the city of Maputo and the management of investment assets.

Due to the difficult economic situation that continues to be felt in this country, low levels of activity were seen on the real estate market, along with low levels of uptake of available stock and a continuous reduction in market prices.

A feature of 2017 was the issuance of a construction license for the development of a new trading unit on land in Malanga, located on one of the main access roads to the city of Maputo; studies were also continued during the year and a building design license application was submitted for a development on land on Avenida Armando Tivane, in the city of Maputo.

In the trade sector, reorganization continued of the "Polana Shopping Center", which has an enviable location in the heart of the city of Maputo, with the aim of commercially rebranding it in a context of proximity and convenience.

After-sales and commercialization services were also continued for the final available units in the "Julius Nyerere 130" building, completed during the previous financial year, and located on one of the best known avenues of the city of Maputo.

In the United States, more specifically in the state of Texas, in general the market has good economic indicators, specifically low levels of unemployment. The Dallas-Fort Worth metropolitan area currently has an estimated population of around 7.5 million inhabitants, and its one of the fastest-growing metropolitan areas in this country with the best performance in terms of new job creation.

In this context, in 2017 Teixeira Duarte went through the licensing processes for buildings in two residential ventures, "Indignia" and "Infinity", both in the Turtle Creek neighborhood of Dallas.

Development will continue on portfolio ventures on several markets in 2018 and profits are envisaged to grow overall, mainly due to the maturity of undertakings in progress in the State of São Paulo, in Brazil, and to the deeds for the "Villa Torrinha" and "Magnólia" ventures in Portugal.

Activities in this sector in Angola and Mozambique will focus on maintaining the occupancy rate of Group ventures and managing the building assets, with the objective of maintaining management quality and stability of profit levels on this market.

In Portugal, it is envisaged that the Lagoas Park venture will be divested during the 2018 financial year, taking advantage of good times on the investment market. License applications for the "One Living - Cascais", "Villa Simões - Lisbon" and "Villa Rio" projects will be continued, followed by the real estate development, with the start of construction of ventures in Cascais and Lisbon.

There are plans for the launch of two new residential ventures in Brazil, in the city of São Paulo, Quartier Brooklyn, an undertaking with 124 units, located in the southern region of the city, and a venture with 96 units in Rua Nilo, Aclimação neighborhood, on Avenida Paulista.

Lastly, the start of construction is planned on the "Insignia" and "Infinity" residential ventures in the United States.

IV.4. HOSPITALITY

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 develops business in the *Fitness* area, namely through the operation of the "Lagoas Health Club" and in the restaurant area in Angola.

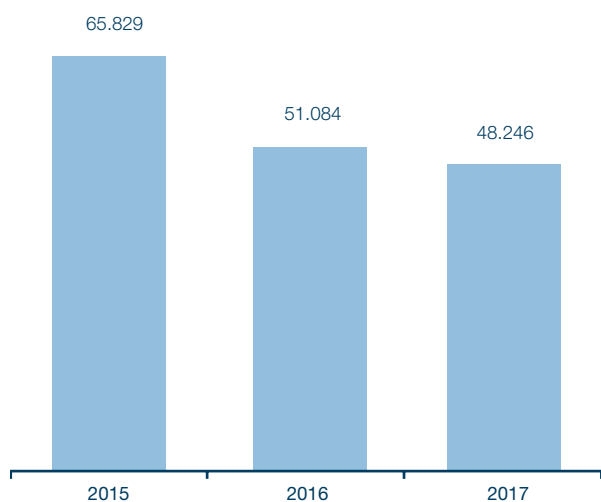
CONTRIBUTION OF THIS SECTOR TO THE GROUP

Turnover from Hospitality suffered an overall decrease of 5.6% when compared to the same period of 2016.

In Portugal, activity increased by 14.4% compared to 2016.

In Angola, this indicator suffered an 10.2% decrease when compared to 2016. It should be noted, however, that disregarding the exchange rate effect, the decrease was 7.6%.

Activity in Mozambique experienced a 9.6% decrease during the financial year of 2017, compared to the same period of the previous year. It should be noted, however, that disregarding the exchange rate effect, the decrease was only 5%.

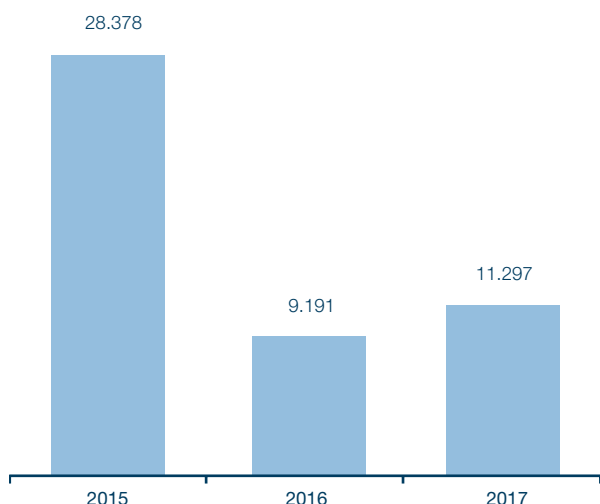


Evolution of Hotel Services Turnover
(Values in thousand euros)





A 22.9% increase in EBITDA was seen when compared to 2016, to 11,297 thousand euros.



Evolution of Hospitality EBITDA
(Values in thousand euros)

ACTIVITY DURING 2017

In non-consolidated terms and in order to provide an overall view of the total activity during 2017, we disclose that the Group's operating income in the Hotel sector reached the total value of EUR 85,979 thousand, corresponding to an increase of 39.6% relative to 2016. In this business area, the markets abroad now represent 75% of the activity and Portugal accounts for 25%.

In **Portugal**, the Group operates in this sector with two hotels:

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

An overall increase of 1% in occupancy rates was seen in these two units, essentially due to increased demand on the corporate and online markets, while at the same time it was possible to increase the average price by around 5%. Therefore, the operating income of the hotels in Portugal increased by 5% relative to 2016.

In the fitness sector, in 2017 the Group continued to operate the "Lagoas Health Club", where it maintained its commitment to quality of service and setting itself apart; prices have been increased. The yearly average of active members was 2,296.



HOTEL ALVALADE
Luanda - Angola

In **Angola**, the Group's companies operating in this sector offer a total of 1,236 beds and 620 rooms, distributed over five 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 slowdown of economic activity on the Angolan market continued in 2017, as was the case in 2016. This situation

affected demand for this destination, which had a negative influence on occupancy rates and the average price of hotel units in Angola, leading to a drop in operating income from accommodation. Despite falls in the accommodation sector, the group's restaurant, events and health club units achieved better results.

A project to renovate some areas of the Alvalade Hotel - specifically the restaurant, bar and some rooms, was carried out during the course of the financial year. This project will continue in 2018.

In the restaurant sector, operation of the group's canteens was 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

Economic activity in Mozambique was still on a downtrend in 2017. This, along with increased competition in this sector, had a negative impact on the performance of the Group's hotel units in this country, forcing an across-the-board reduction in average prices. Despite sector demands, occupancy rates of the Tivoli Beira and Tivoli Maputo increased in 2017, resulting in increased operating profits from these two units.

Lastly, reference should be made to the fact that 2017 has seen an ongoing commitment to professional training for employees in different geographical areas, specifically following the creation of a specific department for this purpose. Over 500 activities were run for 3,500 employees and totaling over 10,000 hours of training. This policy has allow staff, particularly in Angola and Mozambique, to evolve along with operational excellence.

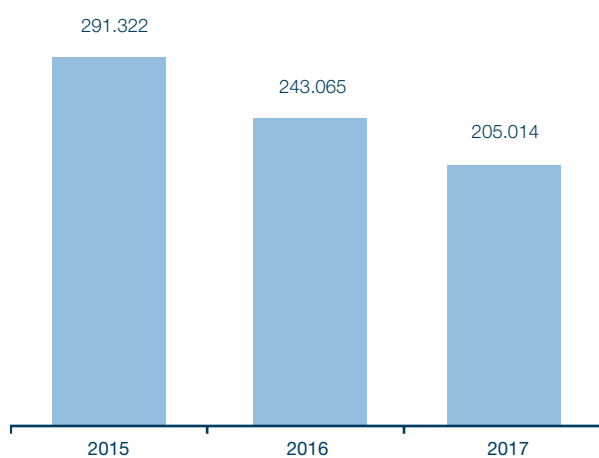


IV.5. DISTRIBUTION

The action of the Teixeira Duarte Group 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." and "OCC - Operador Central de Comércio, 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

Distribution dropped by 15.7% when compared to 2016, penalized by the lower purchasing power of companies and families due to the economic situation in Angola and due to difficulties importing products into this country during the first few months of the year.

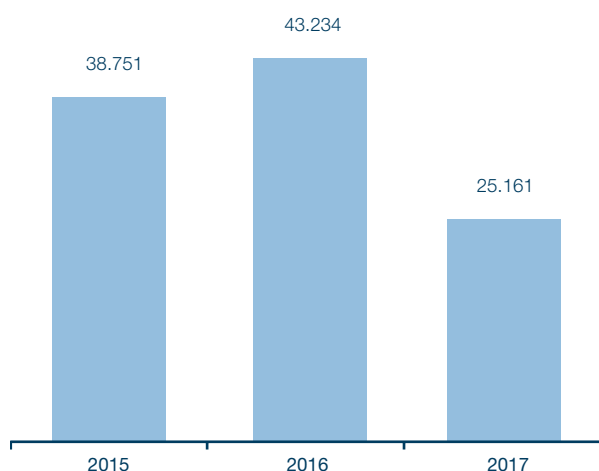


Evolution of Distribution Turnover
(Values in thousand euros)





Distribution's EBITDA decreased by 41.8% when compared to the previous year, to 25,161 thousand euros.



Evolution of Distribution EBITDA
(Values in thousand euros)

ACTIVITY DURING 2017

In non-consolidated terms and in order to provide an overall view of the total activity during 2017, we disclose that the Group's operating income in the Distribution sector reached the total value of 256,637 thousand euros, corresponding to a reduction of 4.4% relative to 2016.

In Portugal - where the Group operates through "Teixeira Duarte - Distribuição, S.A." - due to the prolongation of the unfavorable situation on the Angolan market, efforts were focused on finding solutions to obtain currency for supplying the main import products for existing operations.

In the "supply chain" area, processes and technical solutions continued to be implemented to reduce working capital and drops due to validity/obsolescence, and relationships were strengthened with exclusive brand representation partners, whose turnover was strengthened when compared to 2016, despite the difficulties experienced.

In **Angola**, the Teixeira Duarte Group operates:

- In Food Retail through the company "CND - Companhia Nacional de Distribuição, Lda." with the brand name Maxi;
- In Specialised Retail, in the Furniture and Decoration area through the brand name Dakaza, in the Health and Well-Being area through brand name Farmácia Popular and in the Restaurant area through the brand name Nilo;
- In the market of Distribution of Exclusive Products through its 100% held company "DCG - Distribuição e Comércio Geral, Lda";
- In wholesale commercialization of beverages, through the company "OCC - Operador Central de Comércio, Lda.", which operates under the TEFAC brand.

The activities of different brands was affected in general by the difficult economic situation that Angola is still going through, the consequences of which are reduced levels of consumption among the population in general.

In the food retail sector, Maxi achieved better supply levels of imported goods as of the 1st quarter. This, along with a strong media plan, led to a recovery of sales and income during the 2nd half of the year, when compared to the same half year period of 2016. Emphasis should also be placed on the opening of a new point of sale in November, in the shape of a convenience store, in the neighborhood of Fubu, in Luanda.

Dajaza maintained positive performance in the furniture and decoration area of the specialized retail sector. As part of the expansion plan for this business, a new point of sale was opened during the month of December, with around 1,000 m² of retail space on Av. 21 de Janeiro, in Luanda.

In the health and well-being area of specialized retail, the consolidation of operational management processes, inventory and supply chain processes was continued. This business is experiencing difficulties with obtaining currency for importing specific products, particularly in high end categories such as beauty, healthy eating and other products for mass consumption.

In the restaurants area of the specialized retail sector, emphasis should be placed on the opening of the new Nilo factory at the Morro Bento Distribution Center in Luanda, bringing better conditions to the operation for the production of more and better products, a greater presence on the supply chain and the enhancement of B-2-B sales.

In the exclusive distribution area, DCG followed a strategy to improve the reputation of its represented brands, in both the

beverages unit and promotion unit. It focused this year on the modern distribution channel. This business experienced positive performance - an improvement on 2016 - with the intention to commit to increased activity, both with current partners and through new business units.

In wholesale beverages marketing, TEFAC confirmed the good performance of the Mulemba point of sale, which replaced the Roque Santeiro point of sale in 2016. Emphasis should also be placed on the successful investment in the implementation of procedures, training and infrastructure, which will allow great inventory management efficiency gains to be made. 75% of the business is still dependent on returnable bottles and beer, only for products produced in Angola. Activity levels remain within expectations.

In **South Africa**, where the Group operates through the company "GND - Global Net Distributors (PTY) Ltd.", the search for new business opportunities continued to be pursued.

Procurement was continued in the Brazil region, through the company "TDD Brasil, Limitada".

In Dubai, efforts started to be made to procure new business opportunities in the Asia and Middle East region, through the company "GND Trading ME, FZE".

Emphasis should be placed on the following in the area of sustainability:

- The Fazenda Maxi program, started in 2013, which sets up partnerships with producers for the purpose of developing domestic agricultural production and making the best national agricultural products accessible to the entire population. Today it has 24 producers in 9 provinces and 3000 ha of cultivated land. A cooperation protocol has been signed with the Agribusiness Center (CANE), promoted by the Angola School of Management (ASM), a well-known institution in the Angolan executive education sector, which aims to contribute to the strengthening, competitiveness, innovation and sustainability of the agriculture sector in Angola. In addition to the annual activity plan, which includes a range of different training activities for corporate and institutional classes related to the sector, the 1st International Agribusiness Congress was held in November, which will be held annually from now on;



- As part of the MaxiSaúde programme, which aims to promote the health of Angolans through awareness, prevention, screening and treatment activities in communities around Maxi stores, with a particular focus on schools, around 7000 children benefited from activities to fight malaria and improve oral hygiene;
- A further 2 editions of the “Go Fishing” programme were held in the Distribution sector. This programme involves several group areas and aims to develop skills and create opportunities for young people with fragile socio-economic family backgrounds;
- Over 40,000 hours of training volume took place in the training area. This is a sign of commitment to human resource recruitment and development as a factor for the success of the different operations.

Measures will continue to be taken in 2018 to optimize operations and to strengthen the skills of human resources, as well as to diversify the range of products and offer and maintain the commitment to investment in innovation, with an emphasis on the areas of information technology, business intelligence and supply chain management.

The activity will be expanded by carefully selecting opportunities, with the following plans:

- Opening during the 2nd half of the year of a new point of sale in Luanda, which in addition to the Maxi retail food brand will include a Popular pharmacy and a Nilo pastry shop;
- Opening of a new Dakaza point of sale in the center of Luanda;
- Construction of a new TEFAC point of sale in Luanda.

As part of the aforementioned “Fazenda Maxi Program”, the start of a new stage of this program is planned for 2018, with construction starting in an industrial unit in the Kwanza Sul province for the processing of maize and beans.



FROTA MAXI
Angola



DAKAZA MORRO BENTO
Luanda - Angola

IV.6. AUTOMOBILE

With over twenty-five years of action 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.

In **Portugal**, the Group holds the exclusive representation of the brand Suzuki for the district of Lisbon, attributed to the Group company "SMOTORS, S.A.", which inaugurated the premises of its collision center.

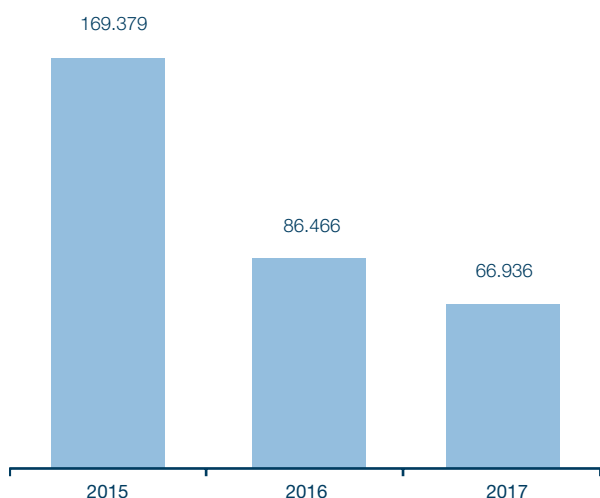




STAND NISSAN - POLO TDA TALATONA
Luanda - Angola

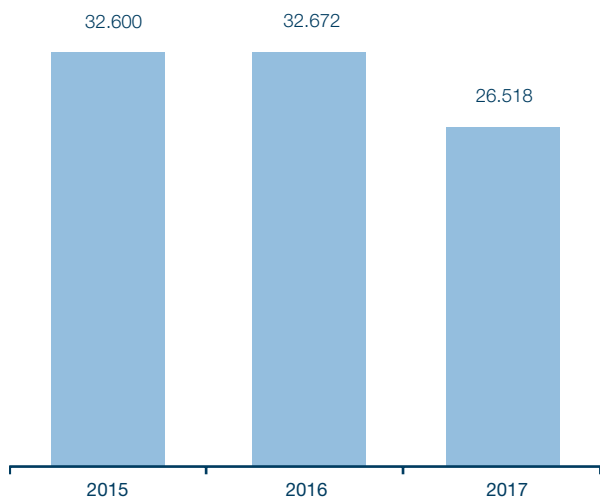
CONTRIBUTION OF THIS SECTOR TO THE GROUP

In the Automotive sector, the Group experienced a 22.6% drop in Turnover when compared to 2016, essentially due to difficulties importing vehicles and parts into Angola and due to less activity in technical assistance offices.



Evolution of the Automotive Turnover
(Values in thousand euros)

A 18.8% increase in EBITDA was seen when compared to the previous year, to 26,518 thousand euros.



Evolution of Automotive EBITDA
(Values in thousand euros)

ACTIVITY DURING 2017

In non-consolidated terms and in order to provide an overall view of the total activity during 2017, we disclose that the Group's operating income in the Automobile sector reached the total value of EUR 94,104 thousand, corresponding to a decrease of 11.1% relative to 2016.

The 2017 financial year in Portugal was the first full year of operation of the company SMOTORS. All of the company's areas of activity have been maintained, specifically representation of the SUZUKI brand for vehicle sales, after-sales technical assistance and over-the-counter parts sales. A new business area dedicated to bodywork repair was introduced into the company during second half of 2017, with the opening of a collision center in São João da Talha.

In Angola, the year was marked by the continuation of a general reduction in activity in the different business sectors - light and heavy vehicles, motorcycles and equipment - as a result of the economic crisis that the country continues to go through.

The Angolan vehicle market, and more specifically the light vehicles sector, has seen a 52% reduction, from 8,189 vehicles sold in 2016 to just 3,969 vehicles sold in 2017.

Stock levels were still carefully managed in 2017 for the commercialization of light vehicles, by adjusting the line up of several brands based on the expected reduction in sales. In parallel, a focus was maintained on improving technical assistance services, by continuing to strengthen the skills of the different teams and improving office organization processes.

In the light vehicles technical assistance area, the Teixeira Duarte Group experienced a 16% decrease in turnover resulting from a difficulty with acquiring parts, from lower levels of company activity and a drop in the purchasing power of private individuals.

In the heavy vehicles sector there were records of sales of 25 units, 19 fewer than in 2016.

In the motorcycles sector there were records of sales of 303 units, representing a 67% decrease in the number of units sold when compared to 2016.

In the equipment sector, where there is an emphasis on the energy area, there was an ongoing commitment during 2017 to training and consolidating the skills of the different technical assistance teams; turnover decreased by around 14% when compared to 2016.

With the network of PIWI stores in the specialized retail sector, it was found to be necessary to adjust the operation to suit the economic situation, leading to the closure of two points of sale, Mulemba and Cacuaco. In parallel, adjustments to the operation's Kardex were continued, according to the market situation.

Despite the demanding context being faced by the automotive sector in Angola, emphasis should be placed on the following employee training activities that were continued in 2017:

- The implementation of a training and qualification plan, with 12,581 hours of training volume, representing a growth of 8.4% compared to 2016, with technical training accounting for approximately 70% of the plan;
- During the 2015-2017 three year period, a particular focus was placed on specific training in mechanical, electricity and diagnostics areas;
- The creation and implementation of a new training model, based on 3 cornerstones of training: Values, Basics and Specific, separated into 3 professional groups: Operational staff, intermediate managers and senior managers;
- The continuation of the "Go Fishing" project, started in 2013, cutting across several Group areas - which aims to develop skills and create opportunities for young people with fragile socio-economic family backgrounds and this year yet another edition was held. With this 7th Edition, the total number of people trained by this program in the automotive sector reached 100 over 5 years.

Due to the economic situation that Angola continues to face, forecasts for 2018 suggest that activities on this market will continue to contract. Therefore, s will continue to be carefully managed, resources optimized and organization processes strengthened in different areas of business.



PROGRAMA "FAZER PESCAR" TDA
Luanda - Angola



CENTRO DE COLISÃO SMOTORS
Lisbon - Portugal

V. NON-FINANCIAL INFORMATION

The aim of this chapter is to respond to non-financial information provisions requirements as required by Directive 2014/95/EU of the European Parliament and of the Council, of 22 October 2014, transposed into national law by Decree-Law No 89/2017, of 28 July, by submitting sufficient reports for an understanding of the evolution, performance, position and impact of Teixeira Duarte Group activities relating to environmental, social and worker issues, equality between women and men, non-discrimination, respect for human rights, fighting corruption and attempts at bribery, using indicators and information deemed relevant, traceable and reliable.

The information presented herein reflects the Teixeira Duarte Group's situation in these areas, in view of the main impacts and risks of the activity that it performs; the information provides a more comprehensive overview of this activity and performance. In this sense, and to ascertain the content of this chapter, an analysis was conducted of the reporting requirements of the aforementioned legislation, in the light of its associated guidelines. The topics considered most important were focused on, based on an analysis that considered sustainability references, peer reports and an internal reflection of relevance based on the level of impact and the situation of the Teixeira Duarte Group.

Throughout this chapter, the term "Teixeira Duarte Group" will cover all of the entities that fall within the consolidation perimeter and management scope of Teixeira Duarte, S.A.

With business activities dating back to 1921, the Teixeira Duarte Group has over 10,000 employees working in 18 countries, in 6 sectors of activity. This can be verified by consulting the map of subsidiaries shown at the beginning of the Management Report.

Its foundational reference as an Engineering Establishment characterises Teixeira Duarte's action in all its Areas of Construction from Geotechnics and Rehabilitation, to Buildings, Infrastructures, Metalworking, Underground Works, Railway Works and Maritime Works.

The 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 knowingly fostered since the 1970s, such as Concessions and Services (since 1984), Real Estate (since 1973), Hospitality (since 1992), Distribution (since 1996) e Automotive (since 1991).

With a consolidated process of internationalisation, Teixeira Duarte has long operated in other markets which are nowadays still important 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, United Kingdom, United States of America, Colombia, Peru, Morocco, South Africa, China, Qatar and Dubai.

The generic organizational lines of the Teixeira Duarte Group are shown on an organizational chart included at the beginning of the Teixeira Duarte, S.A. Management Report, to which the report refers.

Teixeira Duarte, S.A. is a publicly-held company, with head offices at "Lagoas Park", Edifício 2, 2740-265 Porto Salvo, in Oeiras, with a fully subscribed and paid-in capital of €210,000,000.00, with a single legal entity and Cascais Commercial Register Office registration number of 509.234.526. It leads an economic group, the leading company of which has been listed on Euronext Lisbon since 1998. The majority shareholders have been the Teixeira Duarte family ever since then.

It should be noted that - as stated in the Corporate Governance Report and duly described therein - ever since its incorporation on 30 November 2009, Teixeira Duarte, S.A. has adopted a model of Corporate Governance known as the "strengthened Latin" model. In addition to the General Meeting and its respective board, its corporate bodies are a Board of Directors and two independent oversight bodies: the audit committee and the Official Accounts Auditor Company.

MAIN GUIDING PRINCIPLES

MISSION AND VALUES

The mission of Teixeira Duarte – **To Do, contributing to the construction of a better world** – defines what moves its employees day-by-day, and establishes the objective shared by all regardless of their area of operation, geography or work team.

This mission is rooted in the following values:



Ingenuity

A value based on the origin and design of the Company: “A House of Engineering,” where, from the research and domination of the principles of science, it innovates and develop the knowledge and techniques to apply, with efficiency and the minimum of waste, in the resolution of practical issues, forming, encouraging and relying to the “in-house” people.

Truth

It consists in the straight appreciation of the facts, exposing the things as they are, with good faith and with great accuracy, assuming the mistakes and limitations, as well as the successes and capabilities, and always reporting in a transparent and adequate the company areas of performance and responsibilities.

Commitment

Corresponds to a responsible and committed way of accepting challenges and responsibilities, on the importance of the “given word” and on the fulfilment of all obligations, with others as well as on the loyalty and complicity with their own colleagues and the Company itself, with respect for others, for the dignity of every human person and for the sustainability of the community.

These values are enshrined in the Code of Ethics and Conduct that applies to Teixeira Duarte, S.A., and which covers all of

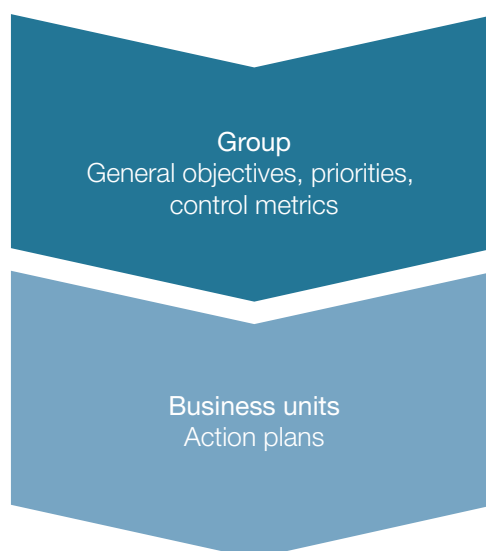
the entities that form part of its consolidation perimeter and management scope.

VISION AND SUSTAINABILITY MODEL

In the Teixeira Duarte Group, sustainability is the result of a way of being and acting, with a sense of responsibility that is reflected in the relationship with its stakeholders.

This position is enshrined in its Values, which reflect a well-grounded means of acting over several generations, and that contribute to overall sustainability from an economic, social and environmental perspective. These values are pursued by all employees, who also integrate sustainability into their daily work in this way.

As the Teixeira Duarte Group is an organization that operates in a wide range of sectors, with businesses in several countries, its sustainability model consists of establishing a global matrix with general objectives and priorities for each country and control metrics; the business units are responsible for developing the respective action plans.



The following figure shows the Group's sustainability model and identifies its main global objectives:



This approach has recently been systematized and its respective implementation in the Group's different situations began in the Angolan business, where training, health and national production were defined as priorities.

This model will be progressively adopted in other geographical areas, for which the respective specific priorities will be defined.

INTEGRATED MANAGEMENT POLICY

The Teixeira Duarte Group has shown its commitment to the adoption of a range of different international and national **management references** in the areas of occupational health and safety, quality, the environment, social responsibility and research, development and innovation as a response to market demands, but also because it believes in, and implements these references such as to create an integrated system that results in a strengthened management model.

In this sense, it has an integrated management policy that defines the principles and objectives for actions in several areas covered by the integrated management system (IMS). This policy, along with the sustainability vision, serve as an anchor and mirror the Group's mission and values by setting targets to regulate the activities of the different companies in areas that make up the IMS - particularly the activities of certified companies.

This chapter identifies the companies certified in the different areas mentioned above.

Action objectives defined in the integrated management policy:

- Comply with and enforce applicable external and internal standards;
- Prevent and train to achieve zero accidents at work;
- Plan and evaluate to get it right the first time;
- Organise and create processes to manage and control all aspects of your activity;
- Analyse and educate in the management of environmental aspects and impacts to zero damages in the surrounding environment;
- Starting with research and the mastering the principles of science to innovate and develop knowledge at a products and services, processes, and organizational methods level.

TEIXEIRA DUARTE'S CODE OF ETHICS

A Code of Ethics and Conduct for the entire Teixeira Duarte Group came into being on 24 April 2015. It was first approved by the Board of Directors of Teixeira Duarte, S.A., as the parent company of the Teixeira Duarte Group, and extended to cover

all of the entities that form part of its consolidation perimeter and management scope.

This Code aims to set out cross-company principles governing the activities of all Teixeira Duarte Group employees and, therefore, the Group's involvement with stakeholders, thereby becoming a means for strengthening and developing Teixeira Duarte's mission and values.

Following the end of the 2017 financial year, on 5 February 2018 Teixeira Duarte, S.A. approved a new Code of Ethics and Conduct for the Teixeira Duarte Group to replace the previous version. This replacement also applied to all of the entities included in its consolidation perimeter and management scope.

The Teixeira Duarte Group's new Code of Ethics and Conduct also lays down the mission and values that define Teixeira Duarte's ethics, and establishes rules to strengthen, develop and supplement them. The aim is that it should apply to Teixeira Duarte, S.A. and extend to cover all of the entities that form part of its consolidation perimeter and management scope.

This Code is aimed at all Directors, Employees and other company representatives. In addition, it is the responsibilities of all of these employees not only to be aware of the code, memorize it, implement it within the institution and defend it outside the institution, but also to promote the application of the respective rules by third parties during the course of their relationships with all Teixeira Duarte Group entities.

In summary, according to this Code, all group employees are committed to complying with, defending and enforcing (as well as among indirect recipients) the legislation and regulation in force in the geographical areas where the group operates, including any global or sector agreements and ethical rules specific to each professional, as well as any and all contractual commitments taken on by the Group.

ECONOMIC RESPONSIBILITY

INNOVATION, DEVELOPMENT AND QUALITY

The Teixeira Duarte Group is heavily committed to research and innovation and has a range of different instruments and infrastructure to enhance this commitment, such as its Innovation and Technical Development Center (ITDC) (1) and its Research, Development and Innovation (RDI) certification.

ITDC

The role of the ITDC is to stimulate RDI activities, working together with construction sector managers and corporate center management to identify subjects that could be integrated as RDI projects and that could have a useful effect in the respective area of activity.

(1) This action extends to cover all group companies, whose RDI activities complement those of TD.EC, specifically SOMAFEL, TDGI and EPOS.

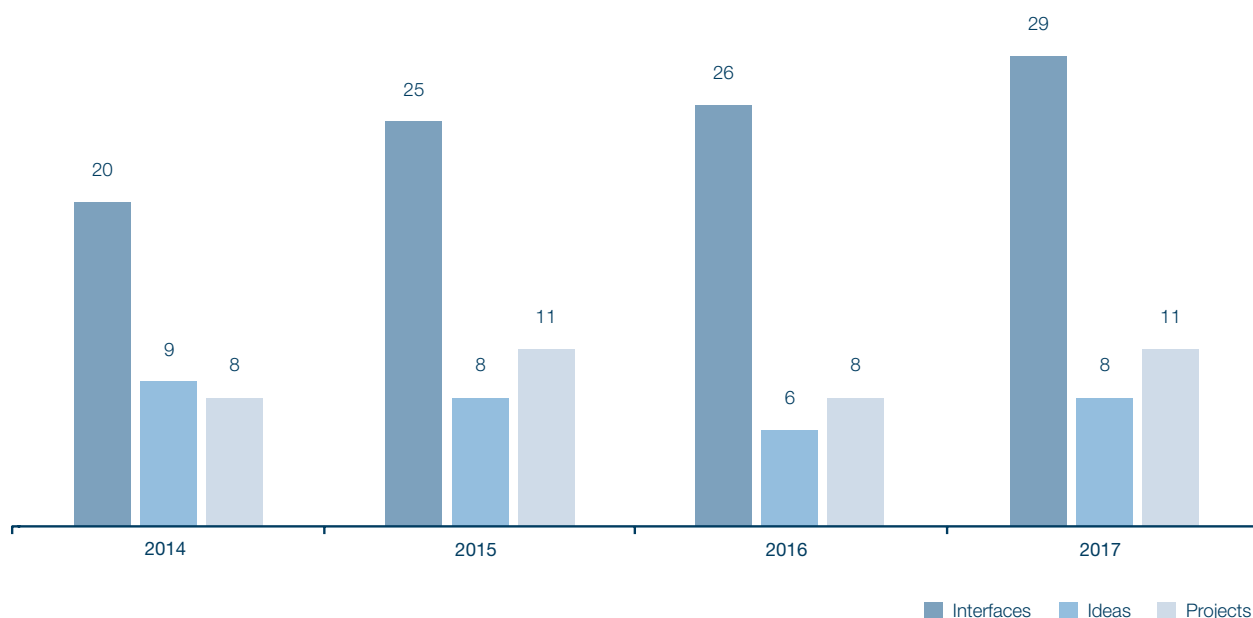
RDI Certification

In Portugal, the companies TD-EC, EPOS, SOMAFEL and TDGI are certified for Research, Development and Innovation RDI according to Portuguese Standard 4457.

The RDI management system is the perfect way for these companies to channel all of their knowledge and creativity, turning it into innovation. Therefore, wealth creation through the introduction of new features onto the market is systematized, organized and available for any stakeholder to verify its excellence.

These measures generate great dynamics in the area of innovation and development, which are recorded internally based on the number of RDI ideas, interfaces and projects that are generated. A slight increase in numbers was seen in 2017, mirroring the RDI dynamic among companies certified in this area.

A record of the evolution of interfaces, ideas and designs under the scope of TEIXEIRA DUARTE - Engenharia e Construções, S.A. is simplified on the following page.



Evolution of interfaces, ideas and designs under the scope of Teixeira Duarte – Engenharia e Construções, S.A
(Amounts expressed in units)

Five of the eleven RDI projects submitted in 2017 are related to innovation, to two research and four to development. Out of these, below can be found some examples of projects by Teixeira Duarte - Engenharia e Construções, S.A. submitted in 2017, which cover these 3 areas:

Investigation

"Epi-Building", a project to be developed as part of a Master's thesis in Civil Engineering for the seismic evaluation of existing buildings.

Its objective is the development of a methodology to support an "Epi-Building" business model based on the provision of structural characterization services for buildings, as support for seismic reinforcement designs. The expected result of this is an inspection, testing and numerical analysis methodology to be adapted to the different types of buildings, as well as the implementation of the methodology in a case study.

Developments

"BIM Hospital da Luz - Oeiras Clinic" developed from the

perspective of an improved approach to planning, dimensioning, construction, operation and maintenance, using a unique standardized 3D model for each new or old project, containing all of the information created or compiled on this project in a format that can be read by all participants throughout its life cycle.

Innovation

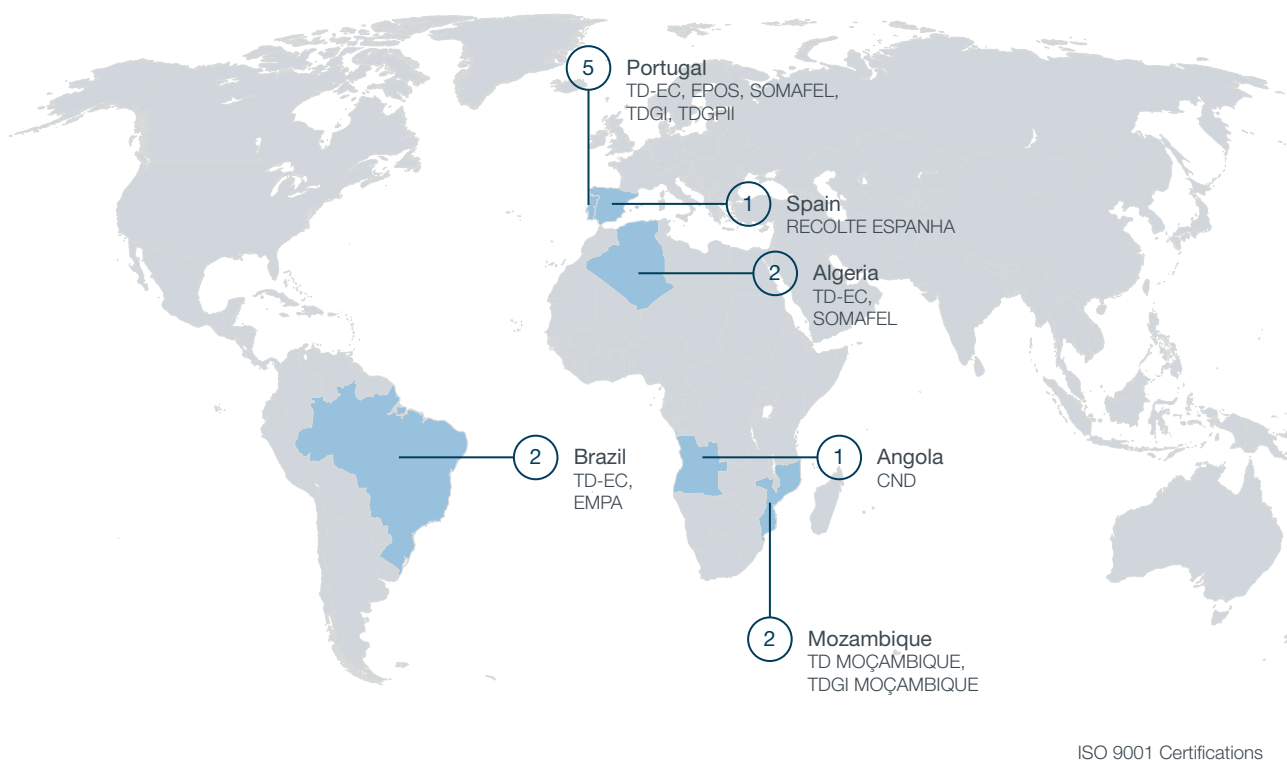
"The Portal as a means of communication and information in the area of TD Group employees' health" aims to provide health information to TD Group's entire population, and thereby promote a close relationship between the SMT and workers, and improve their health literacy.

These projects are developed within the Teixeira Duarte Group and/or in partnership with national and international universities and research laboratories. Partnership agreements are signed for this purpose, or the group participates in consortia set up for specific matters.

Quality Certification and Integrated Management System

A focus on quality, on continuously improving overall performance and the intention to meet customer needs and expectations and boost their satisfaction has led Teixeira Duarte Group companies to commit to the implementation and certification of Quality Management Systems according to the ISO 9001 standard, as a business strengthening and sustainability factor. This contributes to economic aspects and in turn provides capabilities and resources for other sustainability initiatives.

The following figure shows the group companies that are currently certified according to this internationally recognized reference.



COMBATING CORRUPTION AND BRIBERY, MONEY LAUNDERING AND TERRORISM FINANCING

Corruption and bribery is an inherent risk of any economic activity. The main tool that guides actions by employees in this area is the Code of Ethics and Conduct.

According to this Code, Teixeira Duarte employees must act such as to assess and avoid and avoid possible situations of conflicts of interest. They must also actively and passively prevent any corrupt behavior, including payments or receiving facilitations, or creating, maintaining or promising irregular or favorable situations.

They shall be obliged to report any information that constitutes misconduct, including those that constitute possible illegal or illicit practices in financial and accounting matters, fraud, corruption and money laundering, as well as any actions related, directly or indirectly, to terrorist entities or those that may target or support terrorist practices. They are also responsible for ensuring that indirect recipients of this code also do so.

Employees must act in a manner that actively combats possible attempts at money laundering, refusing to participate in any act that as such may be considered, under current legal and regulatory standards, as well as in any attempt, complicity, facilitation or advice to carry it out.

They must also take actions to prevent the business of any Teixeira Duarte Group from being able to supply, collect or hold funds or assets in any way that could be used for financing and supporting criminal activities, specifically terrorists.

SOCIAL RESPONSIBILITY

The mission and values mentioned above, particularly the "Commitment" value, reflect the Teixeira Duarte Group's concern for Social Responsibility. This is also reinforced by the principles and rules established in the Code of Ethics and Conduct that particularly applies to human capital, and by the sustainability vision and model that affirms the intention of contributing to the development of communities.

This concern is expressed to its maximum extent in Teixeira Duarte - Engenharia e Construções, S.A. in Portugal, through the social responsibility certification according to the SA 8000 reference.

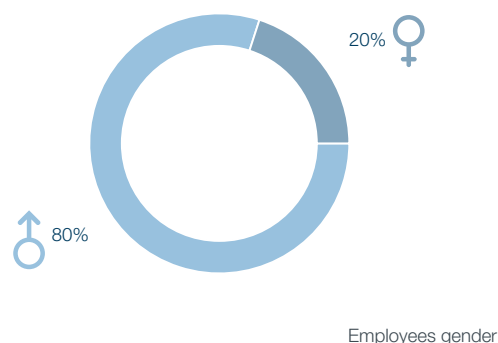
PEOPLE

Employees are the most important asset that the Teixeira Duarte Group has for the development of its activities.

In addition to showing a concern for ensuring dignified treatment and respect for basic human and labor rights, as well as to providing adequate working conditions - which is a particularly relevant aspect for expatriate employees -, and for ensuring employee well-being, skill development, the retention of talent and health and safety conditions are extremely relevant aspects and as such are described in greater detail here.

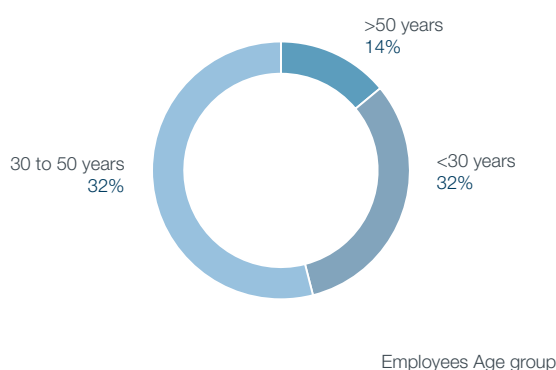
EMPLOYEES AND OCCUPATIONAL DATA

At 31 December 2017, the Teixeira Duarte Group had **10,245 employees**, mostly male, which is not unusual in the Group's business areas - predominantly the construction sector.

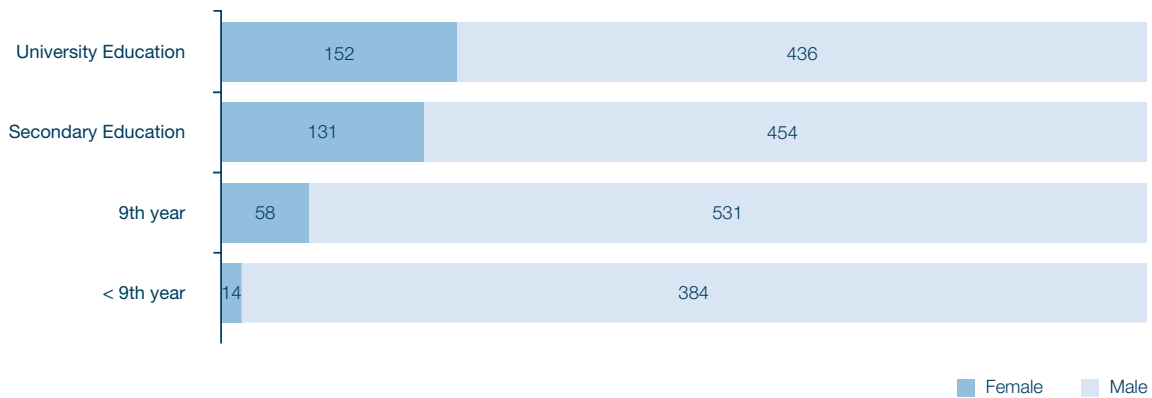


Notwithstanding the circumstances described in the previous paragraph, **diversity** is an issue that the Group recognizes as being relevant; as such it is analyzed in greater detail in the Corporate Governance Report, to which it refers.

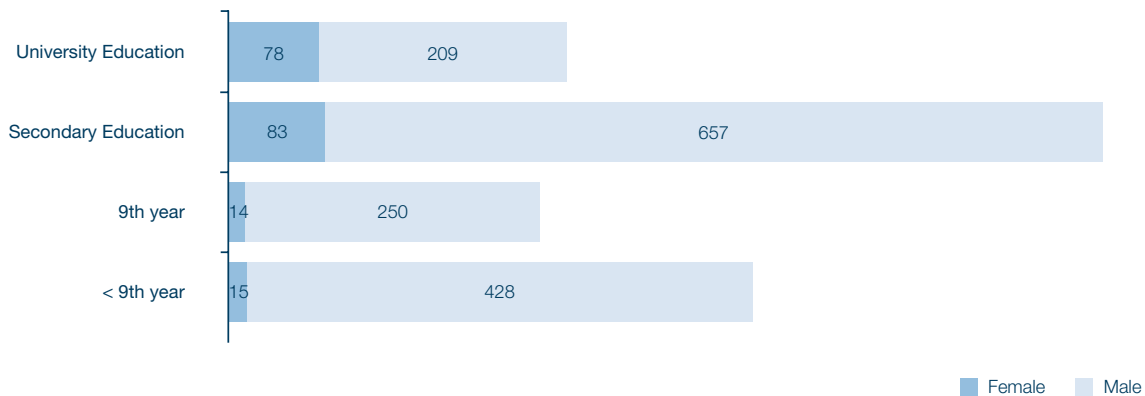
During 2017, as regards distribution by age group, the highest percentage of employees lies in the age range between 30 and 50 years.



The distribution of employees by level of education and gender is shown on the following tables, which cover the two situations for which it was possible to aggregate this information:

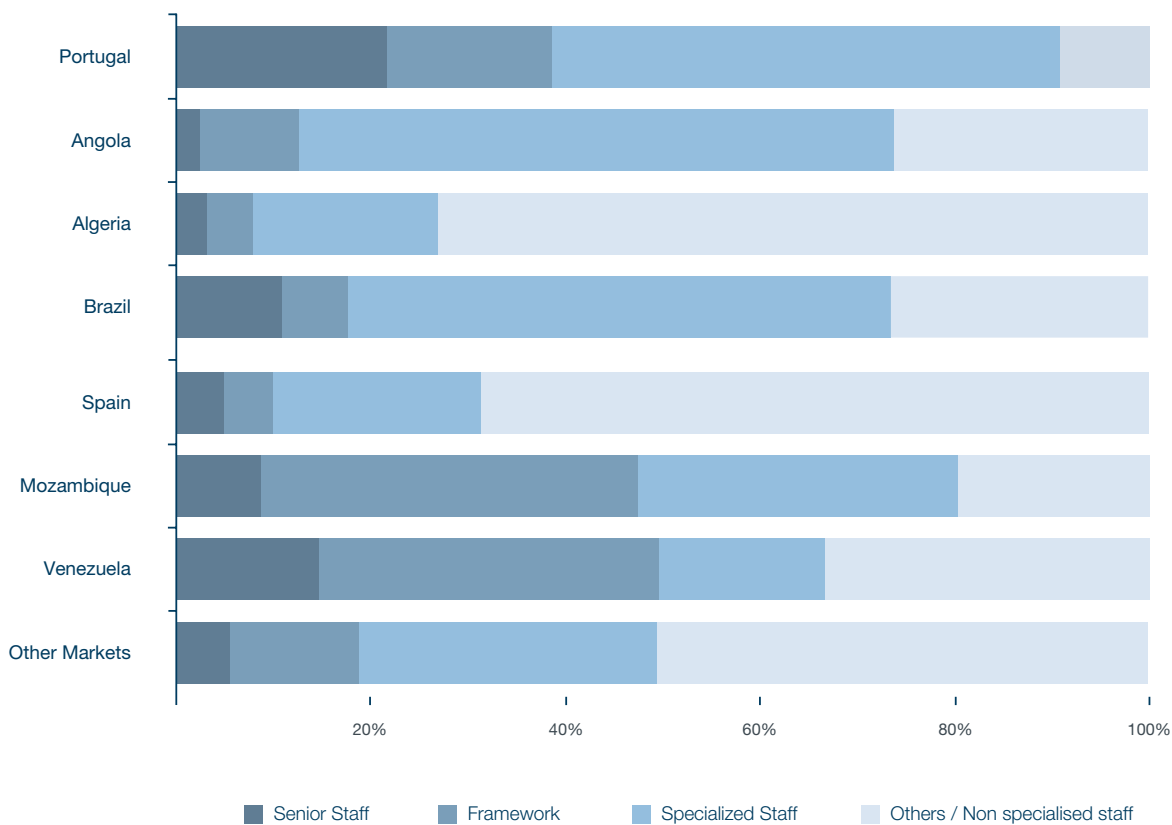


Level of education in Portugal by gender

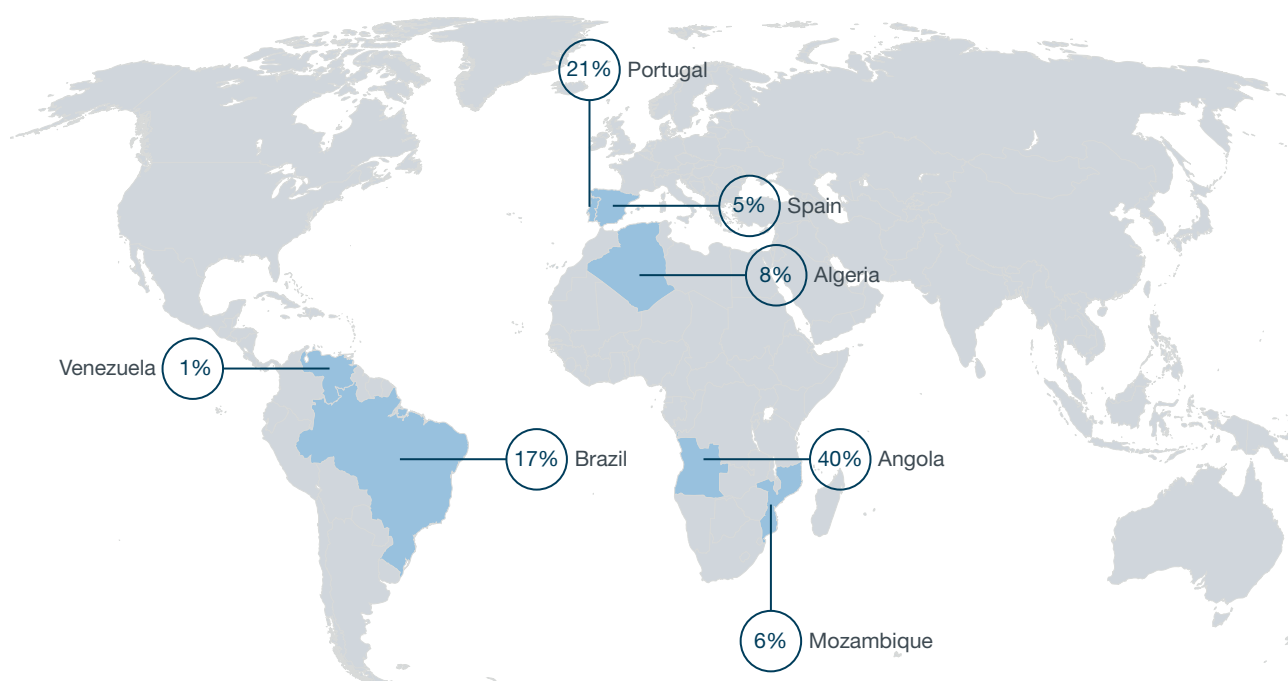


Level of education in Brazil by gender

Details of the distribution of employees by country and professional category can be found on the following table:



This information is supplemented by the following map and table, which illustrate the **geographical distribution of employees** in the main countries in which the Group operates, and through which it can be seen that the highest concentration is in Angola and Portugal. Details of distribution are provided by sector and country.

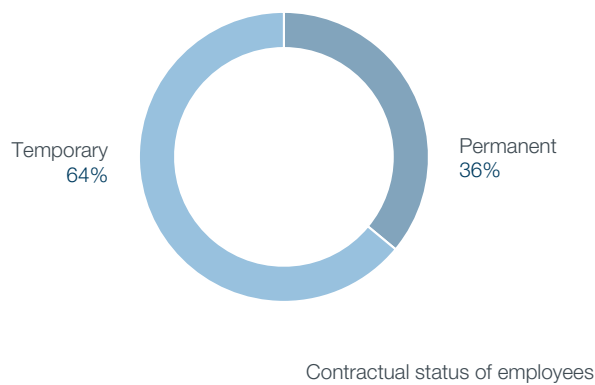


Employees geographical distribution in the main countries in which the Group operates

	Portugal	Angola	Argelia	Brazil	Spain	Mozambique	Venezuela	Other Markets	Total
Construction	1.177	1.008	766	1.425	9	256	110	84	4.835
Concessions and Services	503	403	1	197	552	109	-	34	1.799
Real Estate	35	89	-	27	-	-	-	5	156
Hospitality	175	678	-	-	-	236	-	-	1.089
Distribution	46	1.395	-	-	-	-	-	-	1.441
Automotive	36	448	-	-	-	-	-	-	484
Corporate Centre	188	91	23	85	-	35	19	-	441
Consolidated	2.160	4.112	790	1.734	561	636	129	123	10.245

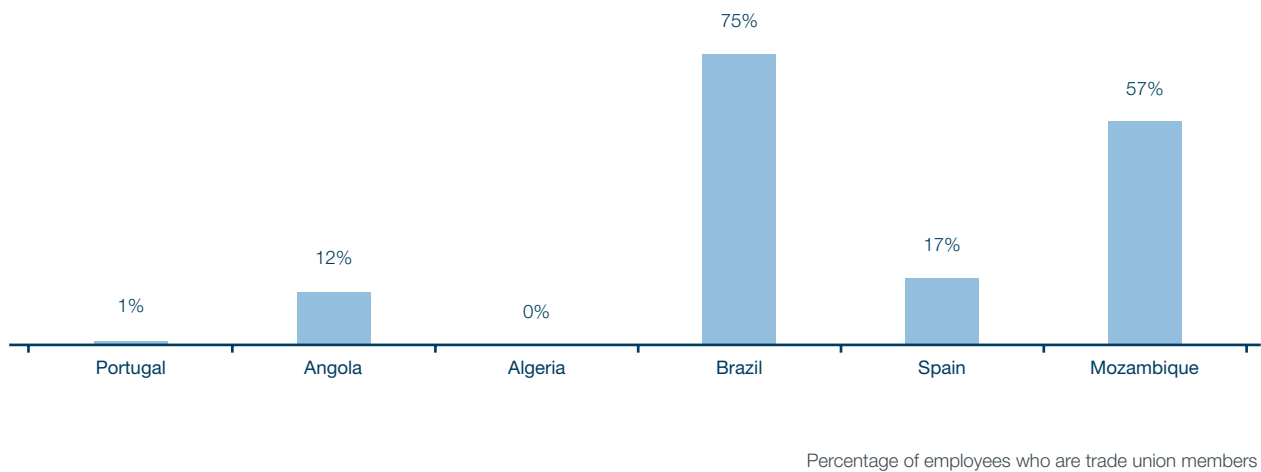
Employees geographical and sectoral distribution

The **contractual situation** is reflected on the following image, showing that employees with permanent employment contracts represent 36% of all hiring, which can be understood based on the nature of the activity in the construction sector.



The overall **absenteeism rate** was 2.47 in 2017.

The **right to association and collective bargaining** is a principle enshrined in the Code of Ethics and Conduct. The percentage of employees who are trade union members, based on estimates made of the Group's main markets, is around 1% in Portugal, 12% in Angola, none in Algeria, 75% in Brazil, 17% in Spain and 57% in Mozambique. Considering the Teixeira Duarte Group as a whole, approximately 22% of employees are trade union members.



HUMAN AND LABOR RIGHTS

Both in terms of internal relations, and relations with the community and suppliers, the Teixeira Duarte Group recognizes the importance of safeguarding human and labor rights, as it is both a question of principle and because the group has a presence in some geographical areas where legal contexts are not always as robust as those in Portugal and Europe, meaning that compliance with the International Labor Organization and universal human rights conventions is ensured.

The group has tools to define and enact rules to minimize risks relating to these matters, specifically the Code of Ethics and Conduct and the voluntary SA 8000 certification, in the case of Teixeira Duarte - Engenharia e Construções, S.A. in Portugal.

Based on Human Rights Declarations of the UN, the ILO - International Labor Organization and other international human rights, national and international legislation, industrial standards and codes of conduct, the voluntary SA 8000 certification by Teixeira Duarte - Engenharia e Construções in Portugal ensures that practices are adopted in order to protect the basic human rights of its employees.

The SA8000 certification stems from the Group's common vision, expressed in the Code of Ethics and Conduct, according to which, as part of respect for humans and the community, employees must show respect for their peers and for the dignity of every human being, including different cultures and customs, and must ensure that indirect recipients of the Code also assume these responsibilities.

In detail, according to the aforementioned Code, Group employees are responsible for complying with and enforcing the rules listed below:

- Do not use, rather repudiate the provision of child labour with workers under the legally permitted age and adopt the principle that, in works which carry special risks, do not resort to child labour;
- Prohibit and repudiate forced or compulsory labour and any other forms of labour exploitation and slavery;
- Provide adequate hygiene, safety and health conditions in all aspects related to work, applying the necessary measures while taking into account the general principles of prevention of accidents and of potential damages to the health of the workers;
- Ensure the right to freedom of association and collective bargaining;
- Ensure the protection of the Employees' personal data, the reservation of privacy in their private lives and their rights,

freedoms and warranties;

- Do not exercise any kind of discriminatory action based on descent, age, sex, sexual orientation, gender identity, marital status, family situation, economic situation, education, social origin or condition, genetic heritage, reduced work capacity, disability, chronic illness, nationality, ethnic origin or race, territory of origin, language, religion, political or ideological beliefs or trade union membership;
- Respect and treat all Employees with courtesy and probity;
- Do not take part in, tolerate or encourage harassment;
- Ensure equal opportunities and equal treatment for men and women, in particular regarding access to work, training and promotion or professional careers and to working conditions;
- Enforce the current legislation and applicable regulations to their respective areas of activity relative to the duration and organisation of working time, namely, rest periods and mandatory holidays;
- Promote personal achievement and conciliation between the workers' professional and family life, as well exercising the parenting protection rights;
- Promote that the remuneration of workers is carried out in accordance with the applicable legislation and in compliance with the applicable collective labour regulations.

SERVICES ARE ASSESSED

The Teixeira Duarte Group shows clear concern for employee well-being, essentially involving the promotion of the following:

- Occupational health;
- Safety and hygiene at work;
- A socially responsible Group posture.

It should be emphasized that the following guidelines are followed for activities in the area of occupational health:

- Employee health monitoring, which takes the form of general health checks, visits to workstations and the monitoring of disease situations.
- For the promotion of health, accomplished through screening tests, health training/education actions, individual and in groups.
- The creation of a new space for periodically publicizing health information, on the Corporate Website Homepage.

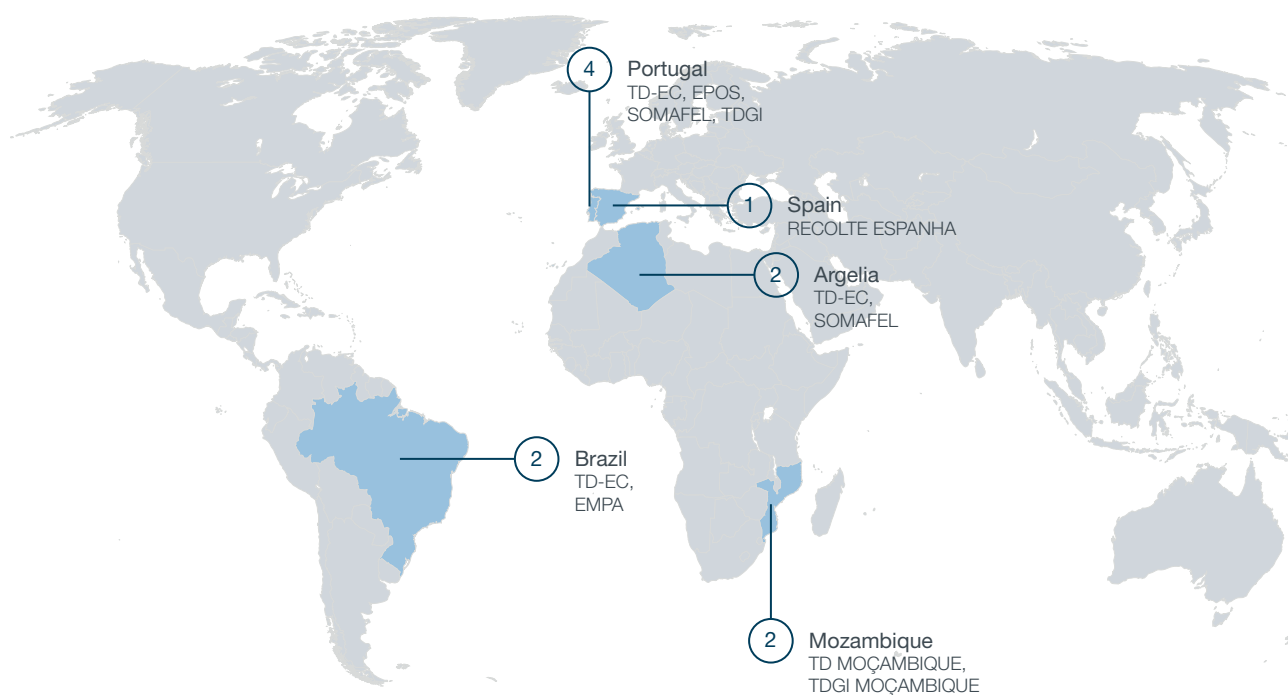
The Teixeira Duarte Group continues, and will continue with its commitment to constant investment in a culture of safety and, as a result, to combating the culture of risk. Therefore, its commitment includes a prevention policy that is integrated into the management system, aiming to ensuring that human lives are safeguarded, as this asset is defined as the most precious of all.

The Teixeira Duarte Group's commitment to employee health and safety is therefore proven by its occupational health and safety management system certification under the scope of the OHSAS 18001 standard, for companies at high risk. It is also part of the risk management system to ensure that operational risks are more comprehensively and effectively managed, thereby contributing to employee protection and better performance.

Best occupational health and safety practices related to the certified management systems are fundamental for employees and are also increasingly important for customers and other and other stakeholders.

It should be emphasized that, as part of the integrated management system policy, Teixeira Duarte Group has an objective of zero accidents for both the aforementioned companies and all other companies.

Practices arising from this policy are not limited to Teixeira Duarte Group companies themselves - they also extend to companies who work with the group.



OHSAS 18001 Certifications

The following main accident rate and occupational disease data for the year 2017 are presented by the company:

Teixeira Duarte – Engenharia e Construções, S.A.	
Nb. of work accidents	93
Number of employees with occupational diseases declared	6
Accident frequency rate	14
Accident severity rate	262

Out of the aforementioned accidents in the workplace, Teixeira Duarte - Engenharia e Construções, S.A. (including Portugal, Algeria, Angola and Brazil) recorded 27 accidents without time off, 9 involving less than 3 days off and 57 involving over 3 days off. The declared occupational disease was deafness.

EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A.	
Nb. of work accidents	4
Number of employees with occupational diseases declared	2
Accident frequency rate	5
Accident severity rate	230

The occupational diseases declared on the above table were deafness and skin disease.

SOMAFEL – Engenharia e Obras Ferroviárias, S.A.	
Nb. of work accidents	7
Number of employees with occupational diseases declared	0
Accident frequency rate	24
Accident severity rate	940

TDGI – Tecnologia de Gestão de Imóveis, S.A.

Nb. of work accidents	26
Number of employees with occupational diseases declared	1
Accident frequency rat	33
Accident severity rate	1275

Notes:

- The accident frequency rate represents the no. of recorded accidents (with or without time off) per thousand people x hours worked.
- The accident severity rate represents the no. of days off recorded as a consequence of accidents, per thousand people x hours worked

Zero fatalities were recorded during the course of 2017.

RECRUITMENT, SELECTION AND EMPLOYABILITY OF PEOPLE WITH POTENTIAL TALENT

Recruitment is a starting point for the human resources management value chain and, as such, is a fundamental part of human capital development of organizations that define themselves as innovative and dynamic.

Therefore, it is part of the Teixeira Duarte Group's vision to identify and develop talents, creating value for the organization by attracting candidates, developing their skills and ensuring their loyalty. The Group positions itself as a well-known employer of reference, and particularly aims to promote the employment of young people, with potential talent, as it offers personal and professional development conditions and prospects to this age group. This age range is valued and its contribution is looked upon as strategic for the Group's assertion, not only in terms of value formation, but also in terms of the renewal of generations of professionals.

To achieve these goals, the Teixeira Duarte Group has a defined strategy based on the following set of initiatives run with communities, which are a source of recruitment:

- Participation in job fairs/job shops and other events run by well-known education establishments, particularly universities, as well as with bodies that represent their students;
- Participation in workshops and other activities that contribute to providing clarifications and motivating candidates to work for

the Group;

c. Promoting study visits to work contexts existing in the Group, to foster relationships between the world of work and the academic community, involving the sharing of scientific and technological knowledge and experience;

d. Technical-educational partnerships with the aforementioned training institutes and educational establishments, with the aim of adjusting curriculum, training and educational plans to suit the professional activities carried out by Teixeira Duarte Group, as a way of promoting employability. This contributes to improving the personal lives of young people and ensuring their professional integration, as some of them may end up as employees in the future;

e. Running projects in the areas of social responsibility, education, professional qualifications and employability. In Angola, the "Go Fishing" project was run for the fifth consecutive year in 2017, through which 300 young people were trained with the skills they need to work both for the Group and the local jobs market. This project placed an emphasis on collaboration for the sustainable development of that country, particularly regarding the qualification and employability of young people.

In this context, also worthy of note is the role of internal recruitment which, based on recognized good performance, has provided various employees with opportunities to develop their professional careers. Some of these employees currently perform activities with high levels of responsibility.

QUALIFICATION FOR THE EXPRESSION OF TALENT - DEVELOPMENT AND TRAINING

Once employees with potential talent have been selected and contracted, learning processes need to be implemented to duly qualify the personnel, thereby meeting a range of different requirements that stem from the different challenges facing the Group, as well as the specific features of the markets on which it operates.

Throughout the history of the Teixeira Duarte Group, a culture of ethics, work and merit has always been promoted, based on continuous incentives to acquire knowledge and on the development of the necessary skills, both among employees and teams, as well as their leadership.

Performance with merit is recognized and therefore rewarded. For this reason, the aim is that this should translate into

opportunities being offered, with prospects for functional and/or geographical mobility. This serves as a basis for building up multifaceted professionals with goals of upward mobility, in terms of both experiences and results.

This being the case, the vast majority of employees, particularly those who make up the senior management, are career employees and have been trained by the Teixeira Duarte Group.

This policy and practice is not confined to certain markets, and efforts are made to ensure that all group companies share the same culture, ethics, values and mission. Therefore, talent development management is subject to the same principles, regardless of the market on which they operate.

As such, these activities are in line with the strategic objectives set out by the Group. They are therefore supported by the group and are developed such as to provide trainees with suitable knowledge and skills for the group's culture and operating methods. The activities involve promoting and designing customized programs, mostly internal, that provide an incentive for self-study, as well as sharing knowledge capital and experiences mostly resulting from the history of generations of professionals who have worked for the Group that should not be squandered due to its richness.

During 2017, each employee received an average of 15.8 hours of training. Over 160,000 hours of training were provided across the group.

A fundamental piece of this process in Angola is the Teixeira Duarte Professional Development Center, which focuses on training and professional development in a range of different areas. Over recent years it has provided ongoing training activities for employees and specific certification programs, in line with the best practices of different industries and with international standards.

Emphasis should be placed on Angolan and international education institutes, mentoring schemes and integral training programs with social outreach, such as the "Go Fishing" program, which aims to provide training to target populations and prepare trainees for life and for work.

The training offered by the PDC in Angola includes training in several different academic areas, such as:

- Construction;
- Real Estate;
- *Facilities Management*;
- Education;

- Food Distribution;
- Automotive;
- Energy;
- Hospitality.

The Teixeira Duarte Group's professional training model in Angola promotes an evolutionary training course that helps employees to improve their professional skills and develop their full potential.

Each activity has a plan with several levels of development. Depending on their professional group, trainees are assigned a level, according to the respective course plan. Each course includes between 70 and 80 hours of training per year for a total of 2 years.

Trainees are assessed by modules and are given a certificate of achievement for each year completed with a grade of over 85%, as well as a completion diploma for each course.

The assessment model adopted by the Teixeira Duarte Group aims to forge a path and encourage growth.

PERSONAL TRAINING PASSPORT

For each 2 year course.
Record and monitor the academic track record of each trainee.



CERTIFICATE

Attendance certificate awarded at the end of the 1st year of each 2 year course.



DIPLOMA

Attendance certificate awarded at the end of each 2 year course.



INFORMATION AND COMMUNICATION

Given the size of the Teixeira Duarte Group and the geographical dispersion of its businesses, a concern for ensuring effective communication and guaranteeing the provision of up to date information about significant situations led the Teixeira Duarte Group to develop an internal communications policy based on different communication methods and formats, with an emphasis on the following:

Welcome Manual

The main purpose of induction manuals of different Group Companies in different geographical areas is to introduce newly admitted employees to the group, thereby enabling better and more effective integration.

The manuals present the Group's mission, values and policy, and provide an additional set of relevant information on human resources, health, safety and social responsibility.

They are intended to be documents that inform workers of their rights and duties, thereby complying with the requirements established by current labor legislation.

Corporate Website

The Teixeira Duarte Group website is a large and extremely important project, which is intended to cover all employees and through which any information and services that could be useful to them are optimized. In addition to human relations, this is the vehicle of choice for communications between employees and the Group.

This is a dynamic and evolving process, in which content is developed to include the many services necessary to optimize internal communication and to streamline the use of work platforms.

Staff Meetings

Periodic work meetings and meetings of staff from different sectors and companies, specifically in the real estate, distribution and automobile sectors, as well as in "TDGI, S.A.", which operates in the facilities management area, were held in 2017.

Company day

Both the company's day and the date of birth of its founder, Engineer Ricardo Esquivel Teixeira Duarte, is celebrated on 15 October.

The administration and senior management welcomed shareholders who wanted to honor employees who had completed 30 years of service with the Teixeira Duarte Group, at a lively dinner and a ceremony during which these guests of honor were awarded symbolic crystal helmets.

Christmas Lunch

The Teixeira Duarte Group maintains a tradition of holding a Christmas lunch for the purpose of bringing together its employees. It was attended by around 600 people, including Group employees and some retired colleagues.

This is a moment for enjoying a warm and united environment and receiving information about the Teixeira Duarte Group's activities during the current financial year, as well as prospects for the following year.

BENEFITS

The Teixeira Duarte Group has always sought to include measures in its human resources management strategy aimed at improving the quality of life of everybody who works for it, with the aim of optimizing the work/personal life balance and encouraging the loyalty of its employees, regardless of the market where they are working.

The increasingly comprehensive geographical coverage of its activity has made it essential to create appropriate conditions to respond to different social situations and a range of legal obligations, always safeguarding the well-being of its employees and creating the best possible working conditions.

In this sense, group policy has been guided by the provision of a set of benefits that bring some added value to the day-to-day life of its employees, and that are recognized by them as such.

Health Protection

- Curative medicine support mechanisms are made available on different markets, either directly (internal services) or indirectly (agreements with private clinics and/or health insurance companies).
- The existence of an internal curative medicine service allows

the most problematic health situations to be monitored more effectively and, in parallel, to improve the ability to act in emergency and extremely serious situations.

- Employees are offered the chance to access medical services and drugs that, due to the situation in some of the countries where the Group operates, are an essential part of clinical monitoring and access to primary health care by employees. In some situations, this access is through private clinics with which the Teixeira Duarte Group has developed partnerships, seeking to make health care more effective and less expensive.
- For most group companies, the Teixeira Duarte Group also offers health insurance to its permanent staff members/trainees and any staff working outside Portugal, regardless of their contractual relationships. These employees can extend the insurance to their household if they wish.

Life Insurance

- In addition to health insurance, the same group of employees that are provided with health insurance are also offered life insurance that guarantees protection in situations of personal accidents, death and disability.
- The purpose of this insurance is to supplement the mandatory protections that apply in each country to social security and labor legislation matters.

Protocols and Partnerships

- A set of protocols and partnerships between the Teixeira Duarte Group and external entities is made available to employees in different areas of activity, such as telecommunications, banking, education establishment and car dealerships.
- The established partnerships aim to allow Group employees access to goods and services under more favorable market conditions.

COMMUNITY SUPPORT INITIATIVES

Based on its structural values: Ingenuity, Truth and Commitment, the Teixeira Duarte Group has accomplished its Mission: Execute, contributing towards the construction of a better world. In line with these values, the Group has taken an active role in both all aspects relating to the well-being of its employees and their respective families, as well as in meeting the needs of local communities in the markets where it runs its businesses, by carrying out and supporting a range of different social projects.

Some examples of community support initiatives taken by the Teixeira Duarte Group:

Social Responsibility Todos Damos

A global programme run by the Teixeira Duarte Group, which aims to support people through the co-funding of projects or social institutions.

The company donates or doubles the amount directly donated by employees, with the institution receiving triple the value of the employee's donation.



Health, nutrition and healthy living: MaxiSaúde

Social responsibility program developed by Maxi in Angola.

It works with the most disadvantaged local communities, in partnership with different social and private institutions, with pillars being health and education. They carry out preventive actions and provide counseling, screening and treatment of diseases. It also teaches and promotes good eating habits and well-being for improving the quality of life of the population.

This program was launched in 2016 and has already reached more than 10,000 people.



Training Fazer Pescar

A program run in Angola that seeks to create opportunities by training young people in vulnerable socio-economic situations, teaching them and training them to independently become a fundamental part of the development of communities where they live.

With a duration of 3.5 months and 360 hours, young people with positive evaluations join Group companies.

By the end of 2017, 20 editions of the program had been completed, with an impact on over 5000 candidates and the graduation of 300.

With 7 Teixeira Duarte Group companies involved, the retention rate stands at around 60%.



National Production: Fazenda Maxi

This program is run by Maxi in Angola and sets up partnerships with producers for the purpose of developing domestic production and making the best national agricultural projects accessible to the entire population. It contributes to the professional development of small-scale farm businesses and the economic well-being of several local families; it provides jobs and offers a diverse range of high quality national products, thereby contributing to the economic development of the country.

Over 11,000 tonnes were purchased over the last 5 years, 30% of which from small- and medium scale producers, creating an average of 4,450 permanent and seasonal jobs.

In 2017, 24 producers across 9 provinces formed part of the program.



ENVIRONMENTAL RESPONSIBILITY

The Teixeira Duarte Group recognizes the important role of companies in safeguarding the environment, and has defined this as one of the strategic objectives of its sustainability vision and model - "Caring for the Environment".

However, as regards environmental performance in particular, there are several factors that affect the selection of a panel of indicators and a reporting approach that is suitable for reflecting the performance of the Group's different activities. Essentially, these factors are the extremely diverse range of activities, as well as the fact that the most representative activity - construction - is subject to major fluctuations in the impacts that are caused, depending on the projects in question (type,

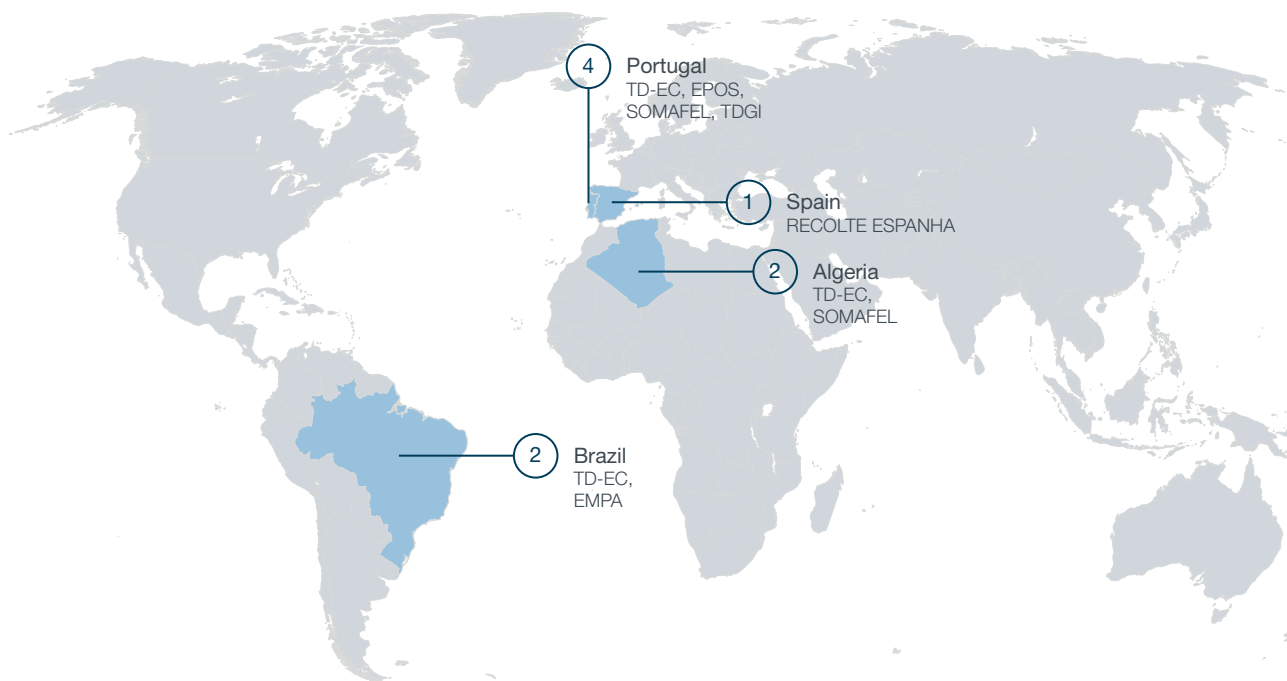
quantity and phase), which limits annual comparisons of data and the capability to manage them.

Therefore, the definition of a panel of indicators that consistently reflects the Group's environmental performance lacks a concerted reflection and comprehensive following of an information collection procedure system, which will only be possible to reproduce during the next financial year. Consequently, the environmental component of this chapter essentially focuses identifying performance improvement initiatives that are carried out, and the environmental management tools that are used.

The Group recognizes that some of the activities it carries out cause significant environmental impacts. Therefore, the Code of Ethics and Conduct states that preserving and showing respect for the environment must be essential principles of work done by its employees, and that employees must also transmit them to the indirect recipients of this instrument. In this context, we highlight the obligation to comply with applicable legal requirements and other requirements associated with the identified environmental aspects, as well as minimising the environmental impacts resulting from their activity in the various business areas, in order to guarantee sustained development of the Company's activities.

MANAGEMENT OF ENVIRONMENTAL ASPECTS AND IMPACTS

ISO 14001 is a worldwide reference for environmental management systems and since TD,SA is a global company, this certification is an essential tool for ensuring that customers, employees, surrounding communities and society gain added confidence in company practices, by demonstrating a voluntary commitment to the continuous improvement of its environmental performance.



ISO 14001 Certifications

In this context, specific processes have been established to identify and manage key environmental risks, including setting objectives for continuous improvement.

In the Group's other situations, parameter-based and safeguarded environmental risks are essentially the ones that are indexed to legal aspects. However, in addition to management indexed to the control of legal compliance risks, measures/investments are also implemented from an operational efficiency point of view that are reflected in gains, specifically regarding energy consumption and waste management, among other gains.

It should also be noted that, in order to comply with the legal obligations in the area of liability for environmental damage, arising from Directive no. 2004/35/EC, amended by Directive no. 2006/21/EC, the Teixeira Duarte Group companies in Portugal covered by this legislation opted to constitute financial guarantees totaling a value of €113,500.00. In Spain, only one company is covered by this legislation, and has taken out a civil liability insurance policy to cover environmental damage.

The risk of the occurrence of possible environmental damages caused by the activities of these companies is duly covered.

WASTE

Waste production is a challenge for the Teixeira Duarte Group, as it is one of the most significant environmental aspects in the construction sector.

The Teixeira Duarte Group has run awareness and training campaigns in recent years, with the aim of promoting waste segregation and its consequential recovery. These campaigns are not only targeted at the Group's employees, but also at all stakeholders and waste management participants, specifically subcontractors and suppliers.

When it is not possible to guarantee recycling and/or recovery, the waste is sent to duly authorized and licensed sites within the framework of the situation of each geographical area.

For 2018, the Group took on the commitment to develop and continue the current campaign to reduce paper consumption, significantly reducing waste production in this area.

ENERGY

For projects under development by the Teixeira Duarte Group, in its real estate activity, energy solutions are selected in order to optimize consumption.

In general, in the group's different activities, with a focus on operational efficiency, and particularly within environmentally certified, where operational efficiency is added to the specific requirement for improving environmental performance, the Teixeira Duarte Group has been operating with a view to minimizing energy consumption and, as a result, reducing greenhouse gas emissions. In this sense it has been implementing a set of measures, of which emphasis should be placed on the following:

TD-EC

At the Edifício do Lagoas Park, energy rationalization measures have been implemented, which have led to a reduction in the specific consumption per user of 36.2% compared to 2016; however, a slight increase has been seen in absolute terms due to works and an increase in the average number of users.

EPOS

Improvement measures have been applied at the company's facilities at the Neves Corvo Mine, such as the replacement of incandescent lighting by low consumption fluorescent and LED lighting; the acquisition of more efficient appliances and work equipment; management of the operation of fixed equipment according to the operating hours of the facilities; prioritize the operation of installations during daytime periods; the optimizing of equipment maintenance plans in line with manufacturer instructions; raising awareness among employees of frugal energy use and best practices to be taken into account.

TDGI

As part of its activities in the "Analysis and Troubleshooting" and "Energy Solutions" sectors, during 2017 TDGI proposed energy efficiency measures to its customers with a view to making annual savings of 3391 MWh, corresponding to a reduction in emissions of 767.7 tonnes of CO₂e.

SOMAFEL

In the maintenance office of the Carregal do Sal Office Park, it was possible to reduce electricity consumption by increasing the area with natural lighting through the office roof, and by

optimizing office lighting sections.

By ensuring the energy management systems certification according to the ISO 50001 reference, and the energy efficiency of its activities as a result, Recolte Spain fulfills its responsibility to the environment and guarantees that the requirements of business partners are met.

WATERS

Under the scope of environmental management systems, the Teixeira Duarte Group assesses the environmental impacts resulting from the use of water resources, and strives to take actions to reduce consumption and minimize the pollution load discharged into the soil or water.

In construction activities, it is common practice to reuse water for parallel activities such as irrigation/sprinkling dusty surfaces, washing wheels at the construction site exit, and washing cement mixers, among other uses. This subject is widely publicized during training and awareness activities, with the aim of eliminating waste and maximizing the resources available on site.

Activities that normally take place along water courses are subject to monitoring of surface water resources for the purpose of identifying any quantitative or qualitative change. At the same time, water intakes and discharges into the soil or water are monitored, whenever there is a potential for an environmental impact.

The implementation of best practices and the search for constant improvement in the reduction and reuse of water has led to the implementation of some best practices, such as those listed below.

TD-EC

Between 2006 and 2017 a reduction in water consumption of 0.53 m³/user per month was achieved, corresponding to 52.4% less.

EPOS

In 2017, measures were taken to reuse condensed water from conditioned air for sanitary water and for use in work equipment. Actions were also implemented to raise awareness among workers for regulated use of this resource.

SOMAFEL

Best consumption practices were implemented in 2017, such as the automatic irrigation of green spaces of the central site during the night, and only washing equipment when its respective departure from the site is planned.

In projects under development by the group's real estate sector, there is increasingly deep concern for selecting equipment that allows for a reduction in water consumption (e.g. toilets with controlled flushes, tap aerators).

NOISE

Noise during construction activity can be an environmental and social risk during some phases and types of work. Therefore, the loudest activities carried out close to sensitive receivers are planned such as to minimize their respective impact - whenever possible, noisy activities are planned to be carried out during daytime periods, and not on Saturdays, Sundays and holidays. If this is not all possible, a special noise license is requested to carry them out.

At EPOS, equipment maintenance was carried out during 2017, in compliance with the maintenance plans of manufacturers; quieter work equipment was also acquired.

Within the scope of real estate activity, there is also great concern for noise in projects where there are high noise sources close by. In these cases, designs are drawn up to ensure that the lowest amount of noise is transmitted to the interior of the buildings.

Lagoas Park – A good example

Lagoas Park is a venture developed, constructed and managed by the Teixeira Duarte Group. Besides developing and constructing the park, Group companies also ensure that all management and maintenance services are carried out. They have extensive experience in the areas of space planning, the execution of fit out works, facilities management, parking lot management, the environment and landscaping.

Environmental concerns were present during the design stage and are present during the operation and maintenance phase of this park. Measures and practices are applied that show a positive interaction with the environment that goes beyond simple management, ensuring compliance with applicable legal environmental requirements (e.g. transporting of non-hazardous and hazardous waste to duly authorized and licensed destinations). Some examples of these practices are:

Biodiversity



At Lagoas Park, the selection of plant species took into account the soil-climatic conditions present at the site, and it was ensured that the species formed part of the region's variety of vegetation.

As regards the choice of plant species to be used, micro-climate conditions associated with the site were taken into consideration, along with botanical and landscaping interests, specifically regarding the effects of the region's wind directions and soil type.

The success of a green structure is always dependent on the suitability of the chosen species for the local ecological conditions, as well as the level of maintenance required. Therefore, the basic principles for selecting the species to be

planted are based on bio-ecology and sustainability. When designing landscapes and subsequent re-classification, priority is always given to the use of native or sub-autochthonous species that are perfectly suited to the site location.

On this subject, we would like to highlight the installation of the urban park riparian gallery, and the use of tree, bush and grass species with xerophyte (drought resistant) characteristics. There are also areas of bushes in the park, which produce berries and attract fauna that helps to control pests and diseases. Lagoas Park has thus transformed the area that previously existed - a dry area, into a new area with different green zones. New habitats were created as a result, bringing new species into the zone.

Similarly, the water used to irrigate green spaces is continually monitored, and the irrigation standards are adapted on a seasonal basis.

Energy

At Lagoas Park, the installed equipment is analyzed frequently, to ensure that it has the best possible energy classification.

In 2017, the BREAM certification process for all office buildings at Lagoas Park, started in 2016, was continued.

With this internationally recognized certification, the intention is to confirm that the construction and daily management techniques for buildings at Lagoas Park ensure convergence in terms of environmental and social sustainability.

Other solutions for improving the consumption management and monitoring system are also being studied, such as the installation of photovoltaic panels on roofs of buildings.

In 2017, an energy management test system was installed at Lagoas Park Hotel, known as iView - a centralized guest room access management and control system, aimed at reducing energy costs and achieving greater energy efficiency of cleaning equipment.

Effective feedback is currently being monitored through testing on a selection of rooms.

FUTURE COMMITMENTS

Under the auspices of the integrated management system, and supported by the Group's sustainability vision, not only has an express commitment been made to continue to develop a range of projects and initiatives relating to the continuous improvement of environmental performance and management, but also a target has been set for obtaining and/or renewing certificates for the Teixeira Duarte Group's management systems.

VI. SUBSEQUENT EVENTS

1. Its wholly-owned subsidiary "Teixeira Duarte - Engenharia e Construções, S.A." was chosen by "IMO HEALTH – Real Estate Investments, S.A." – an entity of the José de Mello Saúde Group – to execute the contract for the construction of structures, special facilities, finishings and exterior arrangements of the CUF Tejo Hospital, in Alcântara, Lisbon. The deadline for the execution of the work is 16 months and the total value of the work is estimated at 52.3 million euros.

The contract signed on February 13, 2018, involves the execution of the structure, special facilities, finishings and exterior arrangements of the new CUF Tejo Hospital, which will have six floors above-ground and four floors below-ground. The gross construction area of around 73,000sqm will comprise parking areas on floors -4 to -2, with specialist units and services on the remaining floors.

The participation of Teixeira Duarte - Engenharia e Construções, S.A. in this large-scale project began in 2016 with excavations, peripheral containment and the building of up to Floor 0. The cost of both works will total 65.4 million euros.

2. A consortium led by its wholly-owned subsidiary "Teixeira Duarte – Engenharia e Construções, S.A.", received, on March 1, 2018, from the "Concessionaire of the Airport of Salvador, SA" – a company belonging to the Vinci Airports Group – the contract and respective service order for the execution of the "Engineering, supply and construction contract, for the expansion of Salvador airport, with fixed prices and timeframes, under an EPC turn-key contract (Engineering, *Procurement* and Construction), for a flat-rate price", with a view to carrying out work on, remodelling and expanding Salvador Airport. This includes the undertaking of the executive project, the construction of a new terminal and its respective boarding bridges, construction of a building to connect the new terminal to the existing terminal, and remodelling of the existing terminal and improvement of the runway, landing strips and taxiways.

The estimated period of execution of the work is 20 months and the total value of the contract amounts to approximately R \$ 600 million (Brazilian Reals) or 149,6 million euros.

"Teixeira Duarte - Engenharia e Construções, S.A." is the leader of this consortium, in which it has a stake of 32.99%.

3. Despite not having been disclosed to the market as "Privileged Information" due to its size, it is deemed appropriate to include here the following relevant facts from the area of activity of the infrastructure sector in Brazil, because they were also referenced in the above text of this report:

a. A joint venture which includes its 100% controlled company "EMPA, S.A. Serviços de Engenharia", has received, on March 13 of 2018, on behalf of the National Transportation Infrastructure Department (known as the DNIT), a contract for the "Elaboration of the basic and executive engineering projects and implementation of road duplication, side roads, capacity adaptation, restoration with improvements and special engineering structures on highway BR-116/BA, Lot 06", to be developed between Km 387.41 and km 427.75, for a total extension of 40.34 km.

The time frame foreseen for implementation of the work is of 1350 days and it is valued at 297 million Reais, corresponding to 74 million Euros, of which "EMPA, S.A. Serviços de Engenharia" owns a participation of 45%, equivalent to 33.3 million Euros.

b. Its indirect 100% investee "EMPA, S.A. Serviços de Engenharia" signed a contract entitled "Complete Venture for the Execution of Civil Works for the Raising of the Itabiruçu Dam to a height of 850 meters, in the Municipality of Itabira/MG, including the Supply of Materials", with the company "VALE, S.A.", on 26 March 2018.

The work is valued at R\$ 109 million Reais [Brazilian Reals], corresponding to 26.6 million Euros and divided into two Work Orders; the first one valued at R\$ 13.5 million, corresponding to 3.3 million Euros and a period of 170 days, and the second one valued at R\$ 95.5 million, corresponding to 23.3 million Euros and a period of 514 days.

4. Its wholly-owned company "Teixeira Duarte - Engenharia e Construções, S.A." has signed, on April 9, 2018, a contract with subsidiaries for an investment fund managed by "3i Investments plc", a management company, for the sale of 90% of the capital stock of "TDHOSP - Administração de Edifício Hospitalar, S.A." (TDHOSP).

The transaction has as a suspensive condition - in addition to obtaining consent from TDHOSP itself, authorization must be obtained on behalf of the Portuguese state, as a conceding entity, as well as on behalf of the concession's financing entities - which is expected to occur by July 30 of 2018.

The total price set for the transaction, including the transfer of shares and credit claims existing over TDGOSP, is around 19.4 million euros, which will have an impact of around 19 million euros on the "Equity" item of the 2018 accounts of "Teixeira Duarte, S.A.", leading to a reduction of around 75 million euros in the Group's liabilities.

5. During the first three months of 2018, the kwanza suffered a 43% devaluation against the euro. Due to the fact that the Group has assets and liabilities denominated in foreign currencies, this corresponds to a significant impact on company equity.

However, and despite the operating assets in question being recorded on the accounts at amortized cost in Kwanzas, these same assets are “dollarized” by the market, so it is understood that the devaluation in question does not reflect an effective reduction in the value of these assets.

We would also like to highlight the fact that in 2018 the Group had a plan to divest a group of assets, which were reclassified as “assets and liabilities held for sale”; when the respective divestments have a significant impact, specifically improving financial autonomy, they will mitigate this effect.

Lastly, and still in relation to the devaluation of the Kwanza, it should be mentioned that a beneficial effect on the convertibility of the kwanza is estimated, so this situation is expected to make a positive contribution to Group operations in Angola.

6. In view of the significant reduction of debt that is referenced in this report, the Company has launched a process with Banco Comercial Português, Caixa Geral de Depósitos and Novo Banco in order to agree on the terms under which the Teixeira Duarte Group will proceed to reduce its assets and liabilities.

The Teixeira Duarte Group considers this entire process to be very relevant, since it can specifically program the speed of bank debt reduction, thereby safeguarding adequate levels of liquidity.

It was in this context that, on 24 April 2018, Teixeira Duarte, S.A. and other Teixeira Duarte Group entities concluded a “Framework Agreement on Teixeira Duarte Group Debt” with three of the aforementioned Banks. This agreement essentially envisaged a significant reduction in bank liabilities in line with an asset divestment program with a value of around 500,000 thousand euros, as well as an increase in the maturity of financing and the optimization of financing expenses.

VII. FUTURE DEVELOPMENT PERSPECTIVES

In addition to that mentioned in item 6 of the previous chapter, the activity is forecast to grow in 2018 in several countries, with an impact on the activities of Teixeira Duarte on overseas markets.

In addition to possible new contracts, the Group has ensured adequate levels of activity in Construction on the overseas market. Despite the fact that the Teixeira Duarte Group's Order Book for the construction sector has decreased by 6.2% when compared to the end of 2016, this meant that it stood at 1,884,858 thousand euros on 31 December 2017, of which 449,086 thousand euros are for 2021 and following years.

For a more detailed analysis of more immediate periods, that is, for the remaining 1,435,772 thousand euros that have already been contracted, and whose execution is forecast for 2018, 2019 and 2020, below can be found a map of additional elements regarding its distribution by countries of activity:

	2018		2019		2020	
	Value	Contribution (%)	Value	Contribution (%)	Value	Contribution (%)
Portugal	124.061	18,8%	43.648	9,0%	18.529	6,4%
Angola	124.591	18,9%	55.312	11,4%	7.916	2,7%
Algeria	247.331	37,5%	249.965	51,7%	135.500	46,4%
Brazil	130.389	19,8%	86.027	17,8%	14.530	5,0%
Mozambique	9.491	1,4%	401	0,1%	13.518	4,6%
Venezuela	14.346	2,2%	45.095	9,3%	102.020	34,9%
Other Markets	9.574	1,4%	3.528	0,7%	-	-
Total	659.783	100,0%	483.976	100,0%	292.013	100,0%

Order Portfolio
(Values in thousand euros)

It should be stated that the figures shown above are reported for the Group's Construction Order book, ascertained with reference to 31 December 2017. Therefore, projects contracted after that date are not included in the Order Book that has been presented.

In this sense, and as referred to in the chapter entitled "Facts that

occurred after the end of the financial year", works that were included in the orders portfolio come to a total amount of 161.6 million euros.

For 2018, Teixeira Duarte expects to achieve consolidated operating income of EUR 1,000 million.

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

During the 2017 financial year, Teixeira Duarte, S.A. did not proceed to record the distribution of results to employees and to the members of the Board of Directors.

However, it should be noted that its subsidiary companies, specifically TD-EC, shall endeavor to distribute part of the results ascertained by them during the 2017 financial year to members of their boards of directors and their employees, amounting to a total of €3,065,000.00 (three million and sixty five thousand euros). The companies have also proceeded to record this amount on the accounts as an expense for the 2017 financial year, with the resulting reductions to the respective net result items.

IX. PROPOSED APPROPRIATION OF NET INCOME

The Board of Directors proposes that the net results of “TEIXEIRA DUARTE, S.A.”, ascertained during the 2017 financial year, with an amount of minus €15,359,540.30 (fifteen million three hundred and fifty nine thousand five hundred and forty euros and thirty cents), should be posted under results carried over.

Lagoas Park, April 25, 2018

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

NOTES TO THE MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

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 2017, 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 2016:

Name	Company	Quality	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
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	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
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	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2017:

No transactions took place during the period in question.

III. Number of shares held by Members of the Governing Bodies as at 31 December 2017:

Name	Company	Quality	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonçalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
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	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
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	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

* - Resigned from his role on 7 November 2017, due to retirement

LIST OF OWNERS OF QUALIFYING HOLDINGS AS AT 31 DECEMBER 2017

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 2017, indicating the number of shares owned and corresponding percentage voting rights, calculated under the terms of article 20 of the Securities Market Code.

"TEIXEIRA DUARTE - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A."	No. of shares	Share capital with right to vote
Directly	202.432.500	48,2%
Through the members of Board of Directors of "TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A."	9.136.947	2,2%
Total attributable	211.569.447	50,4%
MIGUEL CALAINHO DE AZEVEDO TEIXEIRA DUARTE	No. of shares	Share capital with right to vote
Directly	373.790	0,1%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	43.439.877	10,3%
Total attributable	43.813.667	10,4%
"BANCO COMERCIAL PORTUGUÊS, S.A."	No. of shares	Share capital with right to vote
Directly	-	-
Through the Pension Fund of the Banco Comercial Português Group that it holds	39.423.610	9,4%
Total attributable	39.423.610	9,4%



Teixeira Duarte

Annual Report 2017

Corporate Governance Report 2017

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.º-A, number 1, subparagraph a)).

The share capital of "Teixeira Duarte, S.A." (hereafter referred to as TD,SA, of the total value of € 210,000,000.00 (two hundred and ten million euros), is totally paid-up and is represented by 420,000,000 shares with the nominal value of € 0.50 (fifty euro 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 2017, distributed over a total number of 4,946 shareholders, as follows:

Shareholders with up to 42,000 shares:	4,693
Shareholders with 42,001 to 420,000 shares:	207
Shareholders with 420,001 to 4,200,000 shares:	36
Shareholders with 4,200,001 to 42,000,000 shares:	8
Shareholders with more than 42,000,000 shares:	2

2. Restrictions to the transferability of shares, such as clauses of consent for disposal or limits to the ownership of shares (Article 245.º-A, number 1, subparagraph b)).

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

3. Number of own shares, corresponding percentage share capital and percentage voting rights to which the own shares would correspond (article 245.º-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)).

TD,SA is not party to significant agreements that enter into force, are altered or terminated in the event of a change of control of the Company, with the exception of situations provided for in financing contracts, according to normal market practice, some of which provide for the possibility of the financial institution requesting early repayment in the event of a change of control of the Company.

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, subparagraphs c) and d) and article 16), with detailed indication of the percentage share capital and votes imputable and the source and causes of imputation.

As at 31 December 2017, 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."	No. of shares	Share capital with right to vote
Directly	202.432.500	48,2%
Through the members of Board of Directors of "TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A."	9.136.947	2,2%
Total attributable	211.569.447	50,4%
MIGUEL CALAINHO DE AZEVEDO TEIXEIRA DUARTE	No. of shares	Share capital with right to vote
Directly	373.790	0,1%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	43.439.877	10,3%
Total attributable	43.813.667	10,4%
"BANCO COMERCIAL PORTUGUÊS, S.A."	No. of shares	Share capital with right to vote
Directly	-	-
Through the Pension Fund of the Banco Comercial Português Group that it holds	39.423.610	9,4%
Total attributable	39.423.610	9,4%

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. CSC]

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 2017, 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 2016:

Name	Company	Quality	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiars Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
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 Bebianno 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	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
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	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2017:

No transactions took place during the period in question.

III. Number of shares held by Members of the Governing Bodies as at 31 December 2017:

Name	Company	Quality	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiars Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
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 Bebianno 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	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
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	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

* - Resigned from his role on 7 November 2017, due to retirement

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 competences 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.

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

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

It happens that 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 2017, the total value of the loans taken out from this institution reached approximately 341 million euros, corresponding to 29% 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 reached the total amount of 39 million euros, representing 6.9% 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 151 million euros, corresponding to 84.9% 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 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, according to the Guideline 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:

Chairman: Mr. Rogério Paulo Castanho Alves, lawyer, with professional domicile at Avelida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal;

Vice-Chairman: Mr. José Gonçalo Pereira de Sousa Guerra Costenla, lawyer, with professional domicile at Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal; and

Secretary Mr. José Pedro Poiars 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 limits on the exercise of voting rights subject to ownership of a number or percentage of shares, hence the periods imposed for the exercise of voting rights are the only limitations that are indicated

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 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 article 7 of the Articles of Association provides for the possibility of shares without voting rights, the truth is that this category of shares does not exist and has never existed.

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, on the one hand, to the technical means necessary to verify the authenticity of the corresponding explanations of vote, as well as to guarantee the integrity and confidentiality of the respective contents, and, likewise, recognises the high level of security and operational reliability required in the receipt of these explanations of vote.

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 traditionally have 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 deliberation, by 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

Ever since its incorporation on 30 November 2009, Teixeira Duarte, S.A. has adopted a model of Corporate Governance known as the "strengthened Latin" model. In addition to the General Meeting and its respective board, its corporate bodies are a Board of Directors and two independent oversight bodies: the audit committee and the Official Accounts Auditor Company.

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

The adopted corporate model fully complies with the objectives

that served as a basis, namely ensuring that TD,SA mains good levels of operation and efficiency as each corporate body performs its functions both independently and in conjunction with others. Therefore, this corporate model is appropriate for the *modus operandi* of TD,SA, for its structures and for members of the corporate bodies, specifically 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 adopted the systems which enables a Director to be elected amongst the persons proposed in lists which are undersigned and presented by groups of shareholders, provided that none of these groups own shares representing more than twenty percent and less than ten percent of the share capital. Pursuant to this choice, any Director elected in this manner automatically replaces the one last on the list who would have fallen due in the election of the Directors.

The Articles of Association do not foresee the existence of any alternate Director, but rather establish five as the number of absences to meetings, consecutively or interpolated, without justification accepted by the Board of Directors, per term of office, as leading to the situation of definitive absence of the Director, with the consequences established in the Law.

Apart from the circumstances referred to above, the Articles of Association do not foresee any specific rule for the replacement of the members of the Board of Directors, so the general system established in the Commercial Companies Code on this matter is applicable, that is, the Board of Directors may replace any Director who fails to perform duties for any of the reasons laid down in the Law, namely due to resignation or the accumulation of absences, and hence, should this be deemed appropriate and under the applicable terms and conditions, proceed with the corresponding co-optation, which must be ratified at the first following General Meeting.

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.

At the start of the 2017 financial year, the Board of Directors consisted of six members, with a Chair and five members. This situation was changed on 7 November 2017, on which date Mr. Jorge Ricardo de Figueiredo Catarino ceased his role following the resignation that he submitted from the position of Director that he had held, as part of a personal retirement process.

Consequently, the Board of Directors consisted of the following members on 31 December 2017, all effective:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

Carlos Gomes Baptista

Diogo Bebianio Branco de Sá Viana Rebelo

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 subsequently re-elected for the 2011/2014 term of office, and at

the General Meeting of 30 May 2015 were again re-elected to perform duties during the current term of office of 2015/2018.

The Director Diogo Bebianio 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 re-elected at the General Meeting of 30 May 2015 to perform duties during the 2015/2018 term of office.

It should also be noted that former Director Jorge Ricardo de Figueiredo Catarino was appointed to the position for the first time when the Company was incorporated, on 30 November 2009, to perform duties during the 2009/2010 term. 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 TD,SA director until the end of the 2011/2014 term; he was re-elected to perform functions during the 2015/2018 term and he resigned from his role as part of a personal retirement process, by means of a resignation presented on 7 November 2017.

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, operationality 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 effect, the total independence and compatibility of the members of the Supervisory Board allows for impartial and useful intervention in the supervision of the Company's activity, not only from an accounting point of view - where it benefits from the regular intervention of the Chartered Accountants Firm - but also from a policy perspective, in this case with the appropriate limits and scope essential to safeguard compliance with the legal and regulatory rules in force, all with a view to achieving constant transparency and proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

In view of the corporate model that has been adopted, and the composition and operating methods of its corporate bodies - specifically the executive nature of the Board of Directors and the independence of the audit committee and the official accounts auditor company, without competences being delegated between them or to other committees - TD,SA believes that appointing non-executive members to hold positions on the Board of Directors would not bring significant added value to the good operation of the model that has been adopted, which has proved to be adequate and efficient.

Therefore, this justifies TD,SA's decision to not have non-executive members on the Board of Directors for monitoring, supervising and evaluating the activity of the other members of the body, as stated in Recommendation no. II.1.6. Considering that all members of the Board of Directors perform executive functions, this regulatory standard does not apply to the situation of TD,SA.

Nevertheless and on this issue, it is important to disclose, with respect to the independence of its members, that the Board of Directors considers that none are under any circumstances capable of affecting their impartiality in analysis and decision-making.

It should also be noted that there is a good relationship between all of the corporate bodies - not only between the official accounts auditor company and the audit committee, which meet periodically, but also between these bodies and the Board of Directors. All of the Directors have provided all of the information requested by other members of the corporate bodies, in a timely manner and in a way that is appropriate for the request, as stated in Recommendation no. II.1.8.

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.

It should be added that, despite the fact that the chairman of the board of directors performs executive functions, as there are no non-executive Directors, the provisions of Recommendation no. II.1.10 do not apply to TD,SA. This recommendation states that, if the chair of the board of directors has executive functions, this body must appoint an independent director from among its members, to ensure that the work of the other non-executive members is coordinated, and to create conditions to allow them to made decisions in an independent and informed manner, or find another equivalent mechanism to ensure that this coordination takes place.

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 2017 he is responsible for performing the following duties, among others:

- ensuring the operation of this board, particularly when it comes to coordinating the performance of its members and holding 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 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.

Notwithstanding the foregoing, and as a result of the redistribution of portfolios that occurred after the end of the financial year, on 31.01.2018, it began performing the following functions:

- ensuring the operation of the Board of Directors, particularly when it comes to coordinating the performance of its members and holding the respective meetings;
- coordinates the interaction of the members of the Board of Directors of TD-EC and members of the Board of Directors of the sole shareholder TD,SA;
- supervising, accompanied by the Administration adviser Dr. António Manuel Costeira Faustino, the activity of the Central Legal Management;
- monitoring and reporting on Construction Sector activities, together with the other members of the Board of Directors.

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 "Faculdade de Direito da Universidade de Lisboa", in 1989.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 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 Director and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, on 31 December 2017 this director was in charge of supervising the activities carried out by the Central Finances and Accounting Department, as well as by the Corporate Secretary, Accounts Consolidation and Internal Auditing Services; he was also in charge of supervision activities

in the hotel sector and monitoring the management of financial stakes held in these companies.

Notwithstanding the foregoing, following the redistribution of responsibilities at the end of the financial year, on 31.01.2018, and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, this Director was put in charge of:

- supervising the activities developed by the Central Department for Finance and Accounting, as well as the Corporate Secretariat, Consolidation of Accounts and Internal Audit Services.
- monitoring and reporting on Construction Sector activities, together with the other members of the Board of Directors;
- monitoring and reporting on activities in the Concessions and Services sector, specifically relating to the operation of companies with stakes in small-scale hydroelectric power station projects in Brazil, "MMK Cement", "CPM - Companhia de Parques de Macau, S.A.";
- monitoring and reporting on hotel sector activities;
- monitoring and reporting on other financial stakes.

He was a lawyer/legal adviser with his own office from 1989 to 1996.

He was the Director of "TDF - Sociedade Gestora de Investimentos Imobiliário, SA" from 30.06.1992 to 22.04.2005, with supervision functions and control over investment decisions, under the scope of competences assigned to Board of Directors members by the Trading Companies Code and by the company's articles of incorporation, as well as a role relating to relations with the Portuguese Securities and Exchange Commission (CMVM).

He has been part 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.

He has been a member of the corporate bodies many Teixeira Duarte Group companies. In April 2005 he also became a member of the Board of Directors of the Group's listed parent company - "Teixeira Duarte - Engenharia e Construções, S.A." at the time, and currently TD,SA; he still holds these positions today.

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 "Faculdade de Engenharia da Universidade do Porto", in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2018.

It should also be noted that he has been a director of the Group's listed parent company since 2005 (which until 2010 was "Teixeira Duarte - Engenharia e Construções, S.A.").

As Director and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, on 31 December 2017 this Director was in charge of supervising the activities carried out by the Central Human Resources and Administrative and IT Service Departments, as well as the management, technology and supplies systems for the central managements of "Teixeira Duarte - Engenharia e Construções, S.A.". He also monitors the participation of group companies operating in the construction sector, in associations of which they are members, specifically by representing them or guaranteeing their respective representation.

In terms of distributing the duties of the Board of Directors of TD,SA, he is also in charge of chairing the Executive Operations Committee of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A." - which is responsible for coordinating actions taken by its Operation Centers and subsidiaries in the construction sector; supervising the activities carried out by "Teixeira Duarte - Engenharia e Construções, S.A." in the geotechnics and refurbishment, metalwork and marine works areas of activity, as well as by the operational formwork and pre-stressing center (OFP), and the equipment department; it also supervises the activities of the investee companies "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A.", "SOMAFEL - Engenharia e Obras Ferroviárias, S.A.", "Recolte, Serviços e Meio Ambiente (Açores), Unipessoal, Lda." and "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal".

Notwithstanding the foregoing, following the redistribution of responsibilities at the end of the financial year, on 31.01.2018, and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its

instituted practice to regularly contact and consult with all of its members, this Director was put in charge of:

- supervising the activities carried out by the central IT department
- in this regard it will be monitored by administrator Diogo Bebiano Branco de Sá Viana Rebelo, - and activities carried out by the central human resources department - in this regard it will also be monitored by Engineer Diogo Bebiano Branco de Sá Viana Rebelo in the Professional Qualification Area - as well as monitoring the participation by group companies, particularly those that operate in the construction sector, in associations of which they are members, specifically by representing them or guaranteeing their respective representation;

- monitoring and reporting on Construction Sector activities, together with the other members of the Board of Directors;

- monitoring and reporting on activities in the Concessions and Services sector, specifically regarding operations in the environment area, as well as the activities of the subsidiaries "MTS - Metro, Transportes do Sul, S.A.", "AEBT - Auto-Estradas do Baixo Tejo, S.A." and "LUSO PONTE - Concessionária para a Travessia do Tejo, S.A.".

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 has also held corporate positions in different companies, groups, consortia and associations in which the Teixeira Duarte Group participates, some of which he still holds after taking on the role 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 "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 has been 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 Director and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, on 31 December 2017 this Director was in charge of monitoring the activity carried out by "Teixeira Duarte - Engenharia e Construções, S.A." in the buildings area, and of supervising the activity of the subsidiary "TDGI - Tecnologia de Gestão de Imóveis, S.A.".

Notwithstanding the foregoing, following the redistribution of responsibilities at the end of the financial year, on 31.01.2018, and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, this Director was put in charge of:

- monitoring and reporting on Construction Sector activities, together with the other members of the Board of Directors;

- monitoring and reporting on activities in the Concessions and Services sector, specifically relating to activities in the facilities management area, including hospital waste.

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 1992 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.", 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 "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 Director and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, on 31 December 2017 this Director was in charge of supervising activities carried out in the real estate and automotive distributions sectors in all markets where the Teixeira Duarte Group operates, specifically Portugal, Angola, Brazil and Mozambique. In this area, he is Director of several other group companies, and responsible for supervising the activity of "TDHOSP - Gestão de Edifício Hospitalar S.A." and "EDUCARE - Actividades Educativas e Culturais, Lda."

Notwithstanding the foregoing, following the redistribution of responsibilities at the end of the financial year, on 31.01.2018, and without prejudice to the legal and statutory provisions that determine the collegial nature of the Board of Directors and its instituted practice to regularly contact and consult with all of its members, this Director was put in charge of:

- monitoring the Director Joel Vaz Viana de Lemos during the supervision of activities carried out by the central IT department and the professional qualification area;
- monitoring and reporting on Construction Sector activities, together with the other members of the Board of Directors;
- monitoring and reporting on activities in the Concessions and Services sector, specifically relating to actions by "TDHOSP - Gestão de Edifício Hospitalar, SA" and "EDUCARE - Actividades Educativas e Culturais, Lda .;
- monitoring and reporting on activities in the real estate sector;
- monitoring and reporting on activities in the distribution sector;
- monitoring and reporting on activities in the Automotive Sector.

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 Construc- tion, Hotel Services, Distribution and the Automobile sector.

In 2010 he also started to coordinate the Group's action in the Distribution and Automobile 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.

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, Mr. 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 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.

The Director Mr. 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 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 foregoing, the general organizational guidelines laid down for the group by the Board of Directors were established on 31 December 2017 to allow this body to:

1. Maintain a group of central management and corporate services with special responsibilities for providing cross-company support for activities carried out in the different sectors of group activities integrated into the so-called Corporate Center, which should promote the standardization of procedures and provide support to group structures operating over seas in these areas that are common to several businesses, despite some of them falling under TD-EC and others under its sole shareholder, TD,SA, namely: Central Legal Department; Central Department of Human Resources; Central Department of Information Technology; Central Department of Finance and Accounting; Corporate Secretarial Services; Account Consolidation Services and Internal Audit Services;
2. Maintaining the organization of Group operating structures by sectors of activity. These structures will tend to encompass responsibilities for all the teams and operations in these business areas, regardless of the geographical market in which they operate, and will also forge closer relationships between the group's central technical and human resources, with those operating on the different markets where Teixeira Duarte has a presence;
3. 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;
4. Continuing to strengthen TD-EC as the Group's main company operating in the Construction sector, not only bringing together subsidiary entities operating in this sector, but also the main human resources structures relating to them;
5. Maintain the organisational model of the Construction Sector divided by Areas of Action and by Central Support Structures, which will have the following names and subdivisions:

- Areas of Activity: Geotechnics and Rehabilitation, which will have Operating Centres and a Project Department; Buildings which will have Operating Centres and a Department of Studies; Infrastructures which will have Operating Centres and a Department of Studies; Metalworking;

- Central Support Structures: Formwork and Pre-stressing Operations Centre; Central Department of Equipment; Central Department of Management Systems and Technology; Central Department of Procurement; Proposal Services.

6. 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 TD-EC;

7. Maintain, under the Board of Directors of TD-EC and from an operational perspective, an Operational Executive Committee, which shall continue to coordinate the action of the Operating Centres of the various Areas of Action and the participated companies in this Construction sector;

8. Maintain, under the Board of Directors of TD-EC, an Operational Executive Committee with duties of coordination, supervision and representation in the commercial area of the Group's entities that operate in the Construction sector;

9. Maintain close relations between the Boards of Directors of TD,SA and TD-EC;

10. Strengthening the firmness and effectiveness of bonds of unity within the Teixeira Duarte Group through direct relationships between the Board of Directors and Group Delegates that represent the managing body in different countries, assuming responsibility for the Group's institutional representation, as well as for links with the structures of different sectors and the Corporate Center operating on these markets, and for the implementation of practices to optimize the operation of Group companies, in view of the particular features 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 2017 and is reproduced below:

Board of Directors

Adviser to the Board of Directors

MARKETS

CORPORATE CENTRE

Portugal	Spain	Central Offices	Corporate Services
South Africa	United States of America		
Algeria	France	Legal	Corporate Secretariat
Angola	Morocco	Human Resources	Accounts Consolidation
Belgium	Mozambique	Information Technology	Internal Audit
Brazil	Peru	Finance and Accounting	
China	Qatar		
Colombia	United Kingdom		
United Arab Emirates	Venezuela		

ACTIVITY SECTORS

Construction	Concessions and Services
Areas of Operation	Central Support Structures
Geotechnics and Rehabilitation	Shuttering and Prestressing Operating Centre
Infrastructures	Central Office of Equipment
I Exploration Centres	Central Office of Management and Technology Systems
I Direction of Projects	Central Office of Supplies
Buildings	Proposals Service
Metalworking	
Underground Work	
Railway Works	
Maritime Works	
	I Facilities Management
	I Environment
	Real Estate
	Hospitality
	Distribution
	Automotive

After the end of the financial year, on 31.01.2018, the Board of Directors of TD,SA unanimously decided to make adjustments to the organization of the Teixeira Duarte Group, which must:

1. Keep a group of central departments and corporate services integrated in the so-called Corporate Center, with special responsibilities for providing cross-company support to actions carried out in the Group's different sectors of activity and operating markets, namely: Central Legal Department; Central Department of Human Resources; Central Department of Information Technology; Central Department of Finance and Accounting; Corporate Secretarial Services; Account Consolidation Services and Internal Audit Services;

2. Maintain the organisation of the Group's operating structures by Activity Sector, which tends to cover the responsibility for all the teams and operations of these business areas, regardless of the geographic market in which they operate;

3. Within the Group's own organizational model, to continue with the aim of highlighting the entities or business areas that much retain their respective individual nature, within the sectors of activity;

4. Work with the Board of Directors of TD-EC to coordinate the organizational model of the construction sector, its division into areas of activity and central support structures, its respective denominations and subdivisions, as well as the disbanding of the Executive Operating Committee and the Executive Commercial Committee, which are currently set up and in operation under the auspices of the TD-EC Board of Directors;

5. 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 TD-EC;

6. Change the way in which the Board of Directors of TD,SA relates to Group structures in different countries, by getting rid of the "Delegate" figure. It has been defined that, in the first instance, the managers of the different sectors and areas of activity will be responsible for setting the respective terms for relationships with the different countries in which each manager operates. Institutional and representation relationships in TD,SA specifically, and in the Group in general, will be forged between the Board of Directors and representatives designated by it for this purpose. Their number and organizational model will be decided based on what is deemed most appropriate for each market.

b) Operation

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 operability.

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 foregoing, it is hereby reported that a decision made by the TD,SA Board of Directors after the end of the financial year, on 5 February 2018, approved the new "Teixeira Duarte Group Code of Ethics and Conduct", which covers all of the entities that form part of its consolidation perimeter and management scope, as well as all of the respective Directors, employees and other representatives of these entities, under the terms defined therein. However, nowhere in this code are there regulatory provisions on the functioning of the governing bodies or others of relevance 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 2017, the Board of Directors of TD,SA held 36 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 thirty-one meetings of this board, having been represented by the Director Manuel Maria Calainho de Azevedo Teixeira Duarte at the five meetings which he did not attend.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte attended thirty-five meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at the

single meetings which he did not attend.

The Director Mr. Joel Vaz Viana de Lemos attended thirty six of the meetings of the Board of Directors.

The Director Carlos Gomes Baptista attended thirty-one meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at one of the five meetings that 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 thirty meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at one of the six meetings that 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 was present at twenty nine meetings of the Board of Directors until 7 November 2017, the date on which he resigned as Director of TD,SA. His only absence was announced and justified in advance due to other pre-existing professional commitments; this was all coordinated with other board members.

24. Indication of the company's governing bodies which are competent to assess 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 reported that due to the organizational and functional model that has been established between the

different corporate bodies, it is understood that the creation of the committees referred to in Recommendation no. II.1.4 a) is not justified for the purposes of ensuring that the performance of executive directors and the overall performance of the board is independently assessed (these committees do not exist as described).

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, for the same reasons, it is understood that there is no justification for creating the committees referred to in Recommendation II.1.4 b) to reflect on the governance system, structure and practices that have been adopted, to verify their effectiveness and propose to the competent bodies the measures to be executed, in view of 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 interconnection 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 predetermined criteria for the assessment of the performance of the Executive Directors. Indeed, all the Directors are assessed in accordance with their respective performance during the year, based on fixed and achievable objectives, the Company's net income and various other parameters which, due to their diversity and variation over the years, are not to be considered exhaustive but rather adaptable to the circumstances of each period and each specific situation, pursuant to the remuneration policy approved annually at the General Meeting.

On this issue, see the remuneration policy of the governing bodies, 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 2017, he held the following positions in companies outside 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.";

- Manager of "PACIM - Gestão e Investimentos, Lda.";

- Manager of "PASIM - Sociedade Imobiliária, Lda.";

- Manager of "PACIM - CAXALP, Gestão e Investimentos, Lda.";

- Manager of "Foros dos Olivais, Lda.";

- Manager of "Mourinha de Cima - Atividades Imobiliárias e Turísticas, Lda.";

- Manager of "Terras da Mourinha, Lda.";

- Manager of "Terras da Mourinha de Baixo, Lda.";

- Manager of "Terras da Serrinha - Atividades Agrícolas, Lda.";

- Manager of "Terras do Pico - Atividades Agrícolas, Lda.";

- Manager of "Terras de Montoito, Lda.";

- Manager of "Sociedade Agrícola Monte da Casa Alta, Lda.";

- Manager of "SOPOGAR - Sociedade Portuguesa de Gado de Raça e de Agricultura, Lda."; e

- Manager of "Terras do Monte da Casa Alta, Lda.".

Director: Manuel Maria Calainho de Azevedo Teixeira Duarte

As at 31 December 2017, he held the following positions in companies outside the Teixeira Duarte Group:

- Director of "Teixeira Duarte - Engenharia e Construções, S.A.";

- Chairman of the Board of Directors of "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 - Participações e Distribuição, S.A.";

- Chairman of the Board of Directors of "TEDAL - Sociedade Gestora de Participações Sociais, S.A.".

- Chairman of the Board of Directors of "TEDAL II - Distribuição e Investimentos, S.A.";

- Chairman of the Board of Directors of "TEDAL III - Automóveis e Investimentos, S.A.";

- Chairman of the Board of Directors of "TEDAL IV - Participações e Automóveis, S.A.";

- Chairman of the Board of Directors of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.".

- Director of "AVIA PORTUGAL - Produtos Petrolíferos, S.A."

- Director of "CPM - Companhia de Parques de Macau, S.A.";

- Director of "TDAP - Atividades Portuárias, S.A."

- Director of "TDHOSP - Gestão de Edifício Hospitalar, S.A.";

- Director of "Teixeira Duarte - Engenharia e Construções (Macau), Limitada";

- Director of "Votorantim Macau Investimentos, S.A."; e

- Manager of "DPLG - Desenvolvimento do Terminal Especializado de Contentores do Porto de La Guaira, Sociedade Unipessoal Lda."

In companies outside the Teixeira Duarte Group:

- Director of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."; and

- Chairman of the Board of Directors of "ILTA - Urbanizadora da Ilha de Tavira, S.A."

Director: Joel Vaz Viana de Lemos

As at 31 December 2017, 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 "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A.";

- Chairman of the Board of Directors of "SOMAFEL - Engenharia e Obras Ferroviárias, S.A."

- Chairman of the Board of Directors of "Groupement Maritime Portugais GMP - ORAN";

- Alternate Director "AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE";

- Director of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.";

- Director of "Somafel e Ferrovias, ACE"; and

- Manager of "Recolte, Serviços e Meio Ambiente (Açores), Unipessoal Lda."

Director: Carlos Gomes Baptista

As at 31 December 2017, 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 2017, he held the following positions in companies outside the Teixeira Duarte Group:

- Chairman of the Board of Directors of "BONAPARTE - Imóveis Comerciais e Participações, S.A."

- Chairman of the Board of Directors of "IMOPEDROUÇOS - Sociedade Imobiliária, S.A."

- Chairman of the Board of Directors of "Lagoas Park, S.A.";

- Chairman of the Board of Directors of "Quinta de Cravel Imobiliária, S.A.";

- Chairman of the Board of Directors of "Smotors, S.A.";

- Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, S.A."

- 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 "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.";

- Manager of "BONAPAPPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda."; and

- Manager of "Malanga - Investimentos Imobiliários, Unipessoal Lda.";

In companies outside the Teixeira Duarte Group:

- Director of "ILTA - Urbanizadora da Ilha de Tavira, S.A.".

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 specialised Committees on management or supervisory matters - the specified Executive Committee cannot even be constituted under article 20 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 one-tier 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

Deputy: Rui Pedro Ferreira de Almeida

The Chair of the Audit Committee was elected by the shareholders on 31 May 2014, as substitute member of this body, and he took on a position as an effective member on 7 November 2014 - following the resignation submitted by the previous chairman; he was appointed as Chair of the Audit Committee at a meeting of this body on 5 December 2014, having been elected as the Chair of the Audit Committee at the General Meeting on 30 May 2015, to perform functions during the current 2015/2018 term.

Audit Committee members, Mr. Mateus Moreira and Mr. Miguel Carmo Pereira Coutinho, were appointed for the first time upon the incorporation of the company, on 30 November 2009, to perform functions during the 2009/2010 term. They were reappointed to their respective positions at the Annual General Meeting on 30 May 2015, to perform functions during the current 2015/2018 four year period.

The Alternate member of the Supervisory Board, Dr. 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 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 Instituto Superior de Contabilidade e Administração de Coimbra.
- Advanced Management Course from the Postgraduate School in Economic and Business Science of Universidade Católica

Portuguesa.

- Vice President of the Governing Board of the Chartered Accountants Association.
- He is chairman of the Audit Committee of the Algarve Hospital Center.
- Deputy Chairman of the Executive Committee of the Accounting Standardisation Committee of Portugal (2015-2017).
- 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 "Instituto Superior de Ciências Económicas e Financeiras" (1972).
- Retired from Millennium BCP on September 30, 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 "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 Member of the Board of Directors of MONERIS, SGPS, S.A..

- Member of the Board of Directors of the British-Portuguese Chamber of Commerce;

- Alternate of the Supervisory Board of EDP Ventures - Sociedade De Capital De Risco, S.A..

b) Operation

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 foregoing, it is hereby reported that a decision made by the TD,SA Board of Directors after the end of the financial year, on 5 February 2018, approved the new “Teixeira Duarte Group Code of Ethics and Conduct”, which covers all of the entities that form part of its consolidation perimeter and management scope, as well as all of the respective Directors, employees and other representatives of these entities, under the terms defined therein.

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 2017, the Supervisory Board held five 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)

- He is chairman of the Audit Committee of the Algarve Hospital Center.

Mateus Moreira (Member of the Supervisory Board)

- As at 31 December 2017, he did not perform duties in any other companies.

Miguel Carmo Pereira Coutinho (Member of the Supervisory Board)

- As at 31 December 2017, he did not perform duties in any other companies.

Rui Pedro Ferreira de Almeida (Alternate of the Supervisory Board)

As at 31 December 2017, 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, and Alternate of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco.

c) Areas of competence 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 Dr. 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 Dr. António Gonalo Monteiro, registered at the OROC under number 173 and at the CMVM under number 20161476.

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 partner of the chartered accountant firm 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 three years.

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 should be noted that neither the External Auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA any services other than audit services.

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	100,0%
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	254.130,00	99,51%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	1.250,00	0,49%

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to the alteration of the articles of association (Article 245-A, number 1, subparagraph h)).

There are no specific rules for any alterations to the Articles of Association, with the general rules established in the Commercial Companies Code being applicable, in particular the provisions in articles 85, 383, number 2 and 386.

II. COMMUNICATION OF IRREGULARITIES

49. Means and policy of communication of irregularities occurred in the company.

Up until the close of the 2017 financial year, the policy for reporting irregularities alleged to have occurred was based on giving employees an incentive to report them, by any means deemed appropriate - direct contact, written documents, email or telephone - to the respective hierarchies of any irregularities that are detected. The persons with legitimacy to receive these communications were the respective hierarchical senior staff.

The corresponding processes or inquiries will be opened wherever appropriate for correctly ascertaining the facts and responsibilities relating to the irregularities in question, ensuring that the confidentiality of the report is safeguarded as appropriate, 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 abovementioned rules and especially from the point of view of the other stakeholders, an Investor Support Office is also available for the reporting of any possible irregularities, and likewise the Company's supervisory bodies, that is, the Supervisory Board and the Chartered Accountants Firm.

Another means for reporting irregularities directly to the Audit Committee has been in place since 2014, through the email address irregularidades@teixeiraduarte.pt, to allow employees (particularly through the corporate website) and shareholders (as the email address is also published for this purpose on the official TD,SA website www.teixeiraduarte.pt) to report on any possible irregularities.

The aforementioned irregularities reporting policy was adjusted in 2018, as part of the process carried out throughout 2017 to strengthen the compliance system, and as a result of the approval, on 5 February 2018, of the aforementioned new "Teixeira Duarte Group Code of Ethics and Conduct". Therefore,

the procedure that currently applies is described in that Code which, for the purpose of monitoring the application of its rules, states that “It is the responsibility of employees - and indirect recipients, under the terms and scopes listed above - to enforce this Code of Ethics and Conduct, to publicize it, to invoke it in their defense, to apply it and to require its application by hierarchical management structures, including the employee's own, as well as to proceed to report any possible irregularities identified through in-house means and procedures, developed by each company for this purpose and usually defined as the Ethics Channel.

Without prejudice to these means, this Code also assumes that any irregularities identified in relation to any external or internal regulations should be reported through the following means:

- Correspondence addressed to the Company's management or supervisory body.
- Correspondence addressed to the “Teixeira Duarte, S.A.” Board of Directors or Supervisory Board;
- E-mail addressed to an independent body constituted within the scope of the Teixeira Duarte Group, whose address is compliance@teixeiraduarte.pt.

The Company guarantees the confidentiality of communications received, the absence of any reprisals by whistle-blower complainants in good faith and the protection of the reporter's and the suspected offender's personal data. Reprisals against the complainants are frowned upon by the Company and may give rise to disciplinary proceedings against its perpetrators and the persons who have allowed such reprisals.

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 2017, these services were assured by four 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 indicated above, as at 31 December 2017, the internal audit services were under the hierarchical and operational dependence of Director Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations.

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.

Therefore, it is within the reported framework that it's the Board of Directors - and not the Audit Committee, as stated in Recommendation no. II.2.5 - that pronounces on work plans and resources related to the Internal Audit Service. It is also the recipient of all of the reports drawn up by this service, even when matters related to rendering accounts are in hand, it identifies and resolves conflicts of interest and detects possible illegalities, without prejudice to the Audit Committee holding meetings to monitor work done by the Audit Services and access by the Audit Committee to documents issued by these Services and to the activities plan that they that they intend to carry out for the following year.

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.

It should be added that the Board of Directors - and not the oversight bodies referred to in Recommendation no. II.2.4. is responsible for assessing the operation of these systems and proposing their respective adjustment to meet the needs of TD,SA, as this is a subject that, due to its nature and specific features describe above, falls within the scope of the activities of the Board of Directors, and the control and supervision by this body of the different group company departments. This system has turned out to be suitable for the 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 of stock markets and the impact on the 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 (50.1% in 2017).

Considering that the construction business is the core activity of the Teixeira Duarte Group, in particular in the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Mechanical Engineering, Underground, Railway and Maritime Works, below is a description of the main risks inherent to this business.

Large-scale construction business involves a major allocation of human and material resources, which implies a high fixed cost structure not only due to the necessary need to invest in the teams and their training, but also the significant investment required in the acquisition, maintenance and adaptation of equipment.

The costs associated to many of the tenders, both in the preparation of proposals and in the insurance, guarantees and completion bonds which are sometimes necessary to provide, also constitute another risk factor inherent to the activity, especially taking into account the 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.

Similarly, the nature of the service often involves changes to the circumstances that are initially negotiated, as a result of difficulties with contracts in progress (climate change; discovery of characteristics of an adverse nature, different to those planned; natural, social and economic phenomena resulting from the impact of the project), and of changes to designs, often due to new choices made by project owners that require great flexibility and efficiency during 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 more stringent requirements for new projects at all levels (administrative, economic, social, environmental, among others), and by changes in demand as a result of changes in interest rates and availability of financing.

Hospitality 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.

As regards financial holdings, the risk to be considered is the risk relating to the stake held in Banco Comercial Português, S.A.". This risk is the result of current volatility on the financial markets and the possible impact of the respective prices on the accounts of the Teixeira Duarte Group, which could affect results under certain circumstances.

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 (81.7% in 2017). 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 exchange risks arising from possibly adverse economic developments in the countries where they are established. These factors could adversely affect the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group operates in various activity sectors, in particular, due to their contribution to the Group's operating income, the Construction sector, but also in others such as Distribution 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 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 resources to effectively control the risk of its activity. It considers the actions taken by the administration to report on elements provided to it by the Internal Audit Accounts Consolidation Services, as well as by the central finances and accounting department which, under the direct supervision of the portfolios administrator and monitoring by the oversight bodies, is especially charged with controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity by acting in two directions: by 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 by 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 IFRS 9 (formerly IAS 39), being measured at their fair value, which is based on assessments made by financial institutions. These are qualified as hedging instruments or instruments held for trading, in compliance with the provisions of IFRS 9.

The variation of the exchange rate of the Euro relative to other currencies, in particular the US Dollar, Angolan Kwanza, Algerian Dinar, Brazilian Real, Mozambican Metical and Venezuelan Bolivar might have an impact on the financial situation of TD,SA. The Teixeira Duarte Group operates in various markets, records revenue in foreign currency and has monetary assets and

liabilities denominated in currencies other than the Euro and, therefore, in this way, is exposed to variations in the respective currencies.

In indirect terms, note should also be made of the fact that the Teixeira Duarte Group acquires a variety of materials, of special importance in the construction, distribution and automobile areas in currencies other than those in which the final products are subsequently sold, namely in Angola, which could partially influence the net income achieved by the Group in the activity developed in these sectors.

Particular note should be made of the import and export of materials for construction and products which are essentially consumables to the companies established under Angolan law which operate in the area of distribution, as well as automobile vehicles, spare parts and equipment for the different local participated companies in the automobile sector in Angola, involving, amongst others, the brands Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet and Isuzu.

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 contrasts 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:

- transportation costs is one of the most important expense items on 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 owned.

The net situation, equity and even, in certain impairment situations, the results of the Teixeira Duarte Group, can be influenced by the appreciation/devaluation of financial holdings. In the case of stakes held in companies that are traded on regulated markets (Banco Comercial Português, S.A.), this depends directly on the market listing of the respective shares, as well as on changes to the applicable tax legislation related to holding and/or trading the stakes in question.

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

This consistent relationship between autonomy and responsibility imposes, in a realistic manner, careful and strict compliance with the tasks allocated to each employee, thus representing, in itself, a solid, sustained and effective risk control system that delivers 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. Based on the evaluation of the company, the way in which it is managed, the composition of staff and managers of the companies that form part of the Teixeira Duarte Group, and the fundamental principles and concepts that are applied, it is concluded that efficiency and control costs, as well as the creation of possible control commissions, would be much higher than the benefits that could result from controls performed through such commissions. 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.

Despite the fact that the internal control and risk management system implemented in the company does not fully meet the requirements listed in Recommendation no. II.1.5, TD,SA remains convinced of its choice to opt for the model described above, as it believes that the main guidelines of this recommendation are out of step with the regular operation of the Company and that they could create different obstacles from a merely formal and bureaucratic point of view that are neither compatible with the procedures that have already been implemented, nor with ensuring that the Group's organizational structures are held responsible.

55. Main elements of the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (article 245-A, number 1, subparagraph m)).

The financial information disclosure process is coordinated by the Board of Directors and always monitored by the Oversight bodies. Teams from the accounts consolidation services and the corporate secretary's office, respectively, work to draw up and ascertain the accounts and other accounting and financial reports, and to draw up and publish the final document.

Both of the aforementioned services monitor the evolution of applicable legislation, both in financial and legal areas, and work in coordination with the Portuguese Securities and Exchange Commission to update supplementary results and regulations on these matters, and report directly to the Board of Directors.

All employees who work for the accounts consolidation services, and those who work for the corporate secretary services, and who participate in drawing up and publishing the final document, are on the list provided for in article 248-A, item 7 of the Securities Code, and Article 18 of Regulation (EU) no. 596/2014, of the European Parliament and of the Council, of 16 April 2014 - to wit on employees with access to privileged

information. All of these parties are notified, by a letter delivered in person, of their inclusion on the aforementioned list and the legal consequences arising from the disclosure or misuse of privileged information.

IV. INVESTOR SUPPORT

56. Service responsible for investor support, composition, duties, information provided by these services and contact details.

As a way of strengthening the aforementioned information disclosure policy and for the purpose of encouraging permanent contact with the market and responding to investor requests in a timely manner, ensuring strict compliance with the principle of equality between shareholders and with the aim of preventing possible imbalances in access to information by investors, the Company has an Investor Support Office, which operates under the supervision of the Director Dr. Manuel Maria Calainho de Azevedo Teixeira Duarte, coordinated by Dr. José Pedro Poiães Cobra Ferreira, market relations representative, duly registered with the Portuguese securities and exchange commission (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 2, 2740-265, Porto Salvo, Oeiras

Telephone: + 351 217 912 415

Fax: + 351 217 941 108

E-mail: 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 average response time to requests for information during 2017 was 3 days.

V. INTERNET WEBSITE

59. Address(es).

TD,SA's official website is: www.teixeiraduarte.pt. The Company provides, on this website, 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:

www.teixeiraduarte.pt/investidores/identificacao-da-sociedade.

61. Location where the articles of association and operating regulations for the bodies and/or committees or commissions.

The Company's Articles of Association can be found at: www.teixeiraduarte.pt/investidores/estatutos.

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 representative for market relations and the Investor Support Office may be consulted at:

www.teixeiraduarte.pt/investidores/orgaos-sociais.

The information on the identity of the members of the governing bodies may be consulted at:

www.teixeiraduarte.pt/investidores/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:

www.teixeiraduarte.pt/investidores/informacao-financeira.

The six-monthly calendar of corporate events may be consulted at:

www.teixeiraduarte.pt/calendario-do-investidor.

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: www.teixeiraduarte.pt/assembleias-gerais.

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 preceding 3 years

All these elements may be consulted at: www.teixeiraduarte.pt/assembleias-gerais.

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 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 the Remuneration Committee. This has traditionally been the practice followed for decades, always in accordance with the rules and recommendations established by the Portuguese securities and exchange commission (CMVM) at any given time on remuneration for members of the Body of Directors, so no reasons to change it are envisaged.

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 27 May 2017, where the contents of this statement are reproduced below:

"REGULATORY FRAMEWORK

According to the provisions laid down in Law no. 28/2009, of 19 June, and article eleven of the company's articles of incorporation, this Committee is responsible for submitting a statement on the remuneration policy for members of this company's administration and oversight bodies on an annual basis for the approval of the General Meeting; in addition to this piece of legislation, consideration should be given to article 399 of the Trading Companies Code and the CMVM's 2013 Corporate Governance Code (Recommendations).

SCOPE OF THE STATEMENT:

Depending on the corporate model adopted by "Teixeira Duarte, S.A.", this statement covers all members of the Board of Directors, the Audit Committee and the official accounts auditor company.

INTRODUCTION:

When drawing up this "Statement on the Remuneration Policy for Members of Administration and Oversight Bodies", the historical situation and framework of the subject in the Teixeira Duarte Group over the years were taken into account, in addition to applicable legal provisions, particularly for the subsidiary company "Teixeira Duarte - Engenharia e Construções, S.A.".

BOARD OF DIRECTORS:

Regarding the Board of Directors, the Remuneration Committee should determine the values of the fixed and variable component of their remunerations in accordance with guidelines that link them to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative

to the defined objectives, taking into account the conditions and amounts of the remunerations of the other employees of "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 2017 to 2019 above the EBITDA recorded for 2016;
- Average Consolidated Net Income for 2017 to 2019 above the Consolidated net income for 2016.

There will be no system for the attribution of shares or rights to acquire options on shares or any other share incentive scheme.

For the overall remuneration of the members of the Board of Directors, no sum will be paid in the form of profit-sharing.

The Directors of "Teixeira Duarte, S.A." should not receive any remuneration, of any nature, paid by companies that are in a controlling or group relationship with it.

There should not be any other relevant non-cash benefits, apart from those established by this Committee.

The members of the Board of Directors shall be paid daily allowances under the terms and of the amounts determined for all the other employees of "Teixeira Duarte, 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.

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.

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 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.

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 applicable regulations, 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 how the remuneration is structured so as to permit the alignment of the interests of the members of

the management board with the long-term interests of the company, as well as on how it is based on the assessment of performance and discourages excessive risk taking.

In addition to the obligations inherent to the performance of the actual duties, the remuneration of the Directors also, complementarily, acts to meet the alignment of their interests with those of the Company. Indeed, the remuneration is determined by this Committee elected at the General Meeting, which establishes these values in accordance with guidelines related to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and amounts of the remunerations of the other employees of the company 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 is composed of a variable component, referred to as "performance bonus", which is attributed within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

This variable component of remuneration 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

As decided by the Remunerations Committee, part of the variable component will be paid from 2021 onwards, on a date to be determined by the Remunerations Committee. This payment is dependent on the company's positive performance continuing during the course of the financial years 2017 to 2019.

Moreover, it should be noted that the performance bonus attributed as distribution of profits for 2013 to each of the members of the Board of Directors of "Teixeira Duarte, S.A." were conditional to the observance of certain conditions - which did indeed take place - and stipulated the deferral of the payment of part of this bonus to this year of 2017. However, the Remunerations Committee decided that "due to the situational framework being faced by the company and economic group in the different geographical areas in which it operates, reduced activity and the results achieved, as well as the measures that have been taken by the Board of Directors to deal with a situation of greater difficulty, this Committee unanimously decided that all of the aforementioned funds pending payment would be paid at a later date to be defined by this Committee".

It should be noted that the payment of the variable component of the remuneration of the members of the Board of Directors has been intrinsically dependent on the net income for the year and development of corporate business. In this regard, it is important to remember that the Directors of TD,SA have been "in-house people" for dozens of years, and that their

remunerations are placed in the context of a general plan covering all the employees.

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 signed 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 bonus (referred to as "performance bonus") is attributed under the scope and within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

Therefore, the Remuneration Committee takes into consideration, in the attribution of annual bonus, 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. The aforesaid Remuneration Committee is also responsible for conducting an annual review of the amounts attributed.

As to the attribution of supplementary pension schemes, the actual Articles of Association establish, in article 22, transcribed below, the terms and criteria on which the Remuneration Committee should base the establishment of such amounts:

ARTICLE TWENTY TWO

ONE - When people who have performed duties as Directors cease to hold office, the Company may grant them a retirement pension for life, whenever they meet one of the following requirements:

- a) Have held that position in this Company for over ten years, counting, for the effect, the years of service under the same position at "Teixeira Duarte - Engenharia e Construções, S.A.";
- b) Have provided, even with a shorter period of holding this position, a total of over twenty-five years of service to this Company, counting, for the effect, the years of service at "Teixeira Duarte - Engenharia e Construções, S.A.";

TWO - The value of this pension will be determined taking into consideration the time or relevance of the services provided and the situation of the beneficiary, and should be reviewed on an annual basis but can never be greater than the highest remuneration received any given time by the permanent Directors.

THREE - Through delegation of the General Meeting, hereby established, the Remuneration Committee referred to in Article Eleven will be responsible for the assessment of the cases submitted to it and establishing the values and other procedures for the award of pensions.

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 because this has never proved necessary or appropriate in view of the established statutory rule.

To all due effects, it is reported that at no time between the incorporation of the company, in 2009, and today's date has the General Meeting approved any retirement benefit systems being established for members of corporate bodies, as this competence is expressly assigned to the Remuneration Committee, under the terms of the aforementioned provisions of the articles of incorporation.

It is also reported that, under the scope of this competence, on 15 September 2017 the Remuneration Committee decided on the specific retirement benefit to be awarded to Engineer Jorge Ricardo de Figueiredo Catarino, on the occasion of his respective retirement as Director of TD,SA, taking the following into account:

- (i) A "pro-retirement (Modality 45)" insurance policy is in force within the Teixeira Duarte Group for its employees, including Engineer Jorge Ricardo de Figueiredo Catarino;
- (ii) Engineer Jorge Ricardo de Figueiredo Catarino is therefore considered as an insured person for the purposes of that policy. The policy states that the value of the "Immediate Annuity" should be calculated under the terms established therein, specifically by multiplying the number of years of service by a number (set by the policy at 0.5), and in turn by multiplying the result of this multiplication by the amount of the final salary;
- (iii) The aforementioned Engineer Jorge Ricardo de Figueiredo Catarino held the position of director of TD,SA for over ten years - the years during which he held the same position at "Teixeira Duarte - Engenharia e Construções, S.A." are counted for this purpose. - he also has a total of over twenty five years of services provided to the Company;
- iv) Pursuant to the rule stated in the articles of incorporation of "Teixeira Duarte - Engenharia e Construções, S.A." for more than 30 years, and in the articles of incorporation of TD,SA ever since its incorporation in 2009, when people who have held director positions retire, the Company may award them a lifelong retirement pension, provided that they meet one of the requirements stated in item (iii) above,

It was within this framework that the remunerations committee decided

- 1. that the retirement pension of Engineer Jorge Ricardo de Figueiredo Catarino should include the amount provided for

other employees covered by the policy indicated above;

2. That, in addition - due to a rule in the articles of incorporation laid down over 30 years ago, and which follows an objective and identical criterion for any worker who meets these requirements, in this case the aforementioned requirements - he should be awarded an amount of retirement pension to be added to the amount mentioned in item 1 above; this amount should correspond to twice the amount calculated under the terms of line (ii) above, such that the final value of the monthly retirement pension of this ex-director corresponds to three times the amount calculated under these terms.

Having agreed this amount and procedure with the insurance company, the Commission unanimously decided to award Engineer Jorge Ricardo de Figueiredo Catarino a retirement pension with an overall value of €1,159,832.59, to be paid by the insurance company under the terms and within the deadlines stated in the aforementioned policy - the result of which will be a monthly pension amount calculated based on the agreement, under the terms of the Law and Policy, between Engineer Jorge Ricardo de Figueiredo Catarino - with effects as of the month following the date on which the deferral of his old-age retirement is deferred.

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 2017, 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 paid in 2017	Sub-Total	Travel compensation	Total
Mr. Pedro Maria Calainho Teixeira Duarte	70.000,00	5.000,00	75.000,00	-	75.000,00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	137.200,00	5.000,00	142.200,00	21.751,95	163.951,95
Joel Viana de Lemos	137.200,00	5.000,00	142.200,00	2.767,50	144.967,50
Mr. Carlos Gomes Baptista	137.200,00	5.000,00	142.200,00	21.993,75	164.193,75
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	137.200,00	5.000,00	142.200,00	30.356,65	172.556,65
Jorge Ricardo Figueiredo Catarino	135.754,50	-	135.754,50	13.560,30	149.314,80
	754.554,50	25.000,00	779.554,50	90.430,15	869.984,65

In 2017, the total value of the variable remunerations paid by TD,SA represented 2.9% of the total value received.

To supplement the aforementioned information about the paid amounts, it is reported that a decision was made in 2017 by the Remuneration Committee to assign variable remuneration amounts to members of the Board of Directors, part of which was paid during that same year - indicated on the above map - and part was deferred to 2021, depending on the ongoing positive performance of the company during the course of the financial years from 2017 to 2019.

	Variable Remuneration paid in 2017		
	For 2017	For 2021	Total
Mr. Pedro Maria Calainho Teixeira Duarte	5.000,00	10.000,00	15.000,00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	5.000,00	10.000,00	15.000,00
Joel Viana de Lemos	5.000,00	10.000,00	15.000,00
Mr. Carlos Gomes Baptista	5.000,00	10.000,00	15.000,00
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	5.000,00	10.000,00	15.000,00
	25.000,00	50.000,00	75.000,00

78. Amounts paid, for any reason, by other companies in a controlling or group relationship or which are subject to common control.

During 2017, 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.

In effect, members of the Board of Directors are paid a premium amount - known as the "performance premium" - which is allocated within the limits of distribution of part of the results of the financial year in question, to employees and members of the Board of Directors. This is decided at the respective Annual General Meetings and the terms, conditions, amounts and deadlines of the allocation are subsequently established by the Remuneration Committee, taking into account the stipulations of the current "Statement on the Remunerations Policy for Administration and Company Oversight Bodies".

As clarified above, the reason for establishing premium payments was the company's overall performance and results, as well as the overall activity of the management body, in view of the objectives that had been set, taking into account the conditions and amounts of remuneration paid to employees and to other employees of the 100% owned company "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.

Although former Director Jorge Ricardo de Figueiredo Catarino resigned during the 2017 financial year, he was not paid any compensation resulting from this fact, nor is he due any.

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 2017, the remunerations received by the members of the Supervisory Board of TD,SA were distributed as follows:

Supervisory Board	Remuneration Fixed	Remuneration Variable	Remuneration Total
Óscar Manuel Machado Figueiredo	30.000,00	-	30.000,00
Mr. Mateus Moreira	18.000,00	-	18.000,00
Mr. Miguel Carmo Pereira Coutinho	18.000,00	-	18.000,00
	66.000,00	-	66.000,00

The total value of annual fees paid to the Official Accounts Auditor Company “MOORE STEPHENS & ASSOCIADOS, SROC, S.A.” and to other individuals and legal entities forming part of the same network supported by the Company and/or by legal entities with a controlling or group relationship, for the services provided by it, to wit legal accounts review and auditing, was:

Sociedade de Revisores Oficiais de Contas	Remuneration
Legal review of accounts services for the Group	315.130,00
Other reliability assurance services	-
Tax advisory services	-
Services other than legal review of accounts	1.250,00
	316.380,00

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2017, 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 said Secretary of the Board of the General Meeting, the remaining members of this Board, under the current system established in the Commercial Companies Code, namely the provisions in 422-A, through number 3 of article 374-A, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee established in article 11 of the Articles of Association.

Under these terms, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting was € 5,000.00 (five thousand euros) during 2017.

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 was signed for the performance of the duties of the position of Director, nor is any agreement signed on any possible compensation payable for fair or unfair dismissal. The existence of a contractual limit under the terms referred to above would be incoherent, in view of the characteristics of the existing relationship between the Company and the members of its Management board.

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 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.

In this regard, it should be remembered that, on 5 February 2018 the Board of Directors of TD,SA approved the new "Teixeira Duarte Group Code of Ethics and Conduct", which covers all of the entities that form part of its consolidation perimeter and management scope, as well as all of the respective Directors, employees and other representatives of these entities, under the terms defined therein. This Code strengthens and develops the Mission and Values of Teixeira Duarte and restates the cross-company principles governing the activities of the recipients of this document and, therefore, of the involvement of TD,SA with its stakeholders.

An excerpt of this text on "Customers and Suppliers" is quoted below:

5.2.2. Selection Criteria

Employees must act - and encourage the Indirect Recipients of this Code to also act - so that the decisions made by the clients and to be taken relatively by the suppliers follow objective, technical and professional selection criteria, that aim at the efficiency of the decision and safeguard the interests of the entities they represent, repudiating any possible criteria that privilege personal or diffuse interests, as well as any actions constituting power or position abuse.

5.2.3. Conflicts of Interest, Corruption and Reporting Illicit Acts

Employees must act - and ensure that the indirect recipients of this Code also act, to assess possible situations of conflicts of interest, which should be avoided. They must also actively and passively forbid any corrupt behavior, including payments or receiving facilitations, or creating, maintaining or promising irregular or favorable situations.

Furthermore, Employees shall be obliged to report - and encourage the Indirect Recipients of this Code to also report - any information that constitutes misconduct, including those that constitute possible illegal or illicit practices in financial and accounting matters, fraud, corruption and money laundering, as well as any actions related, directly or indirectly, to terrorist entities or those that may target or support terrorist practices.

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 2017.

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 2017.

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.

Indication of the location where the texts on corporate governance codes to which the issuer is subject (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.

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.

Out of the 41 recommendations laid down in the aforementioned Corporate Governance Code of the CMVM, the Company did not adopt eleven and only partially adopted 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	Any 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, must also establish the commitment that at least every five years the maintenance or not of this statutory provision will be subject to deliberation at the General Meeting - with no requirement of a quorum larger than that legally established - and that in this deliberation all the votes cast will be counted, without the application of the above limit.	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
II	SUPERVISION, MANAGEMENT AND AUDIT		
II.1	SUPERVISION AND MANAGEMENT		
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
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

	Recommendation	Adoption	Reference
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
II.1.7	<p>Among the non-executive directors, there should be an adequate proportion of independent director 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

Recommendation		Adoption	Reference
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
II.2	SUPERVISION		
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 33
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
II.3	ESTABLISHMENT OF REMUNERATIONS		
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 e 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	The statement on the policy of remunerations of the Management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June, should contain:		
	a) identification and explanation of the criteria for the determination of the remuneration to be attributed to the members of the governing bodies;	Partial	69
	b) individual terms, and the potential maximum amount, in aggregate terms, payable to the members of the governing bodies, and identification of the circumstances when these maximum amounts may be due;		
	d) Information on the enforceability or non-enforceability of payments relative to the dismissal or termination of office of directors.		
II.3.4	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.	Not Applicable.	85
II.3.5	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.	No	76
III	REMUNERATIONS		
III.1	The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.	Yes	70
III.2	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.	Yes	18 e 81
III.3	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.	Partial	71
III.4	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.	Yes	72
III.5	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.	Yes	71
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

	Recommendation	Adoption	Reference
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
IV	AUDIT		
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 e 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 e 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
V	CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES		
V.1	The company's business with qualifying shareholders or with entities in any relation with them, under the terms of article 20 of the Securities Market Code, should be carried out under normal market conditions.	Yes	10
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
VI.	INFORMATION		
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 a 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 e 58

**DESCRIPTION OF THE DIVERSITY POLICY APPLIED BY THE COMPANY TO ITS ADMINISTRATION AND OVERSIGHT BODIES
(ARTICLE 245-A, ITEM 1, LINE R) OF THE SECURITIES CODE)**

1. Framework

Pursuant to new legislation laid down in line r) of item 1 of Article 245-A of the Securities Code, this document contains a “description of the Diversity Policy applied by the company to its administration and oversight bodies”.

As this is a legal requirement that came into force during the course of 2017, the matter is described herein, but any policy in this regard is yet to be approved by the General Meeting, which is the correct forum and competent body to do so, specifically in view of the corporate model of “Teixeira Duarte, S.A.”.

As there has been no meeting of shareholders between the date on which this legislation came into force and the date on which the report was produced, below can be found a description of the effective diversity of members of these corporate bodies, its framework and aspects that this Board - signing the report - believes should be taken into account when approving a Diversity Policy to be applied by the company on this matter.

Since 1987, the Teixeira Duarte Group's listed parent company has maintained a corporate model commonly referred to as a unitary management body (the Board of Directors), with just five members, all of whom are executives and (since 2008) two oversight bodies: An Audit Committee (with just three members) and an official accounts auditor company.

2. Supervisory bodies

Depending on the corporate model in force at “Teixeira Duarte, S.A.” - and excluding the Official Accounts Auditor Company from this matter by definition - and the fact that the Audit Committee is made up of just three members, it is reported that there is relative age diversity on this body (spanning 20 years), diverse professional backgrounds and qualifications, but they are all male, as can be seen from information previously described in this Corporate Governance Report.

3. Board of Directors

3.1. Diversity as a consequence

Board members of “Teixeira Duarte, S.A.” are effectively diverse, albeit not as a result of setting this as an objective, but due to the fact that this is a consequence of other Corporate Governance criteria defined as a priority for the simultaneous success of the company and for meeting the obligations of each holder of the respective positions. However, it should be mentioned that - despite this only indirectly resulting from the implementation of the aforementioned criteria - members of the board of directors are all male.

3.2. Privileged criteria

In effect, something that has been the position of the main shareholder (Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.) of the Group's listed parent company since it was listed on the stock exchange in 1998 (which as still “Teixeira Duarte, Engenharia e Construções, S.A.” at the time, and “Teixeira Duarte, S.A.” since 2010) to always commit (with just one exception for a certain period of time) (i) to executive members, therefore related to the Group's activity; and, from among these (ii) those who have been internally designated as “inside people”; a confident commitment that they identify with the same values and with a shared history. This more idiosyncratic relationship takes precedence over selecting an outside expert in any sector of activity, market of activity or corporate area.

Therefore, all members of administrative bodies have been with the Teixeira Duarte Group for at least twenty five years; the same applies to many members of the Group's senior management.

3.3. Diversity

However, this does not always mean that people with many years under their belts are selected, as the current Chair of the Board of Directors joined this body for the first time in 1987, at an age of 31; the five members of this board currently have an age range of 19 years.

This aspect is also dependent on the professional backgrounds of each member of the Board of Directors, to the extent that

with the exception of short periods of time at the start of their respective careers, most members of the Board of Directors have a long track record within the Teixeira Duarte Group, albeit with experience in different sectors, counties and corporate area. Another result of this is that their original qualifications are also diverse, ranging from management, law and several different areas of civil engineering.

This Civil Engineering aspect is also the result of the first criterion mentioned above - work done at Teixeira Duarte - because the Group was founded based on engineering and construction and it remains the core business, it is normal that employees have taken training courses in this specific area of engineering and construction.

Note that it was also this fact, and that no policy or guidelines had been committed to in this sense, that contributed to the Board of Directors consisting entirely of men, as the monitoring of many projects is dependent of a perspective of the activity itself and geographical dispersion, which also decreases the number of women who seek out certain positions within this central activity of the Group.

3.4. Conclusion

Therefore, “Teixeira Duarte, S.A.” does not currently have a diversity policy, but it has applied an effective diversity of ages, qualifications (three different qualifications across five members) and professional backgrounds within the Group (currently varying from the construction sector, Concessions and Services, real estate, accommodation, distribution and automotive; as well as different corporate support areas: human resources, finances and accounting, management and technology systems, among others); there is no gender diversity.

All of this is the result of the application of the priority criteria described above and not of any specific diversity policy. A diversity policy is expected to be approved this year at the General Meeting of Shareholders.

4. Diversity Commitments

The Company - as well as the group that it leads - already complies with a wide range of diversity obligations, specifically non-discrimination and equal opportunities laid down by law,

and other applicable regulations, as well as with the rules laid down in the “Teixeira Duarte Group Code of Ethics and Conduct” and all other documents based on it and applicable to the entire Group, which should be taken into account when defining any “Diversity Policy to be Applied to Administration and Oversight Bodies” that the shareholders may approve at a General Meeting.



Teixeira Duarte

Annual Report 2017

Individual Financial Statements 2017

I. BALANCE SHEET

Items	Notes	2017	2016
Asset			
Non-current asset:			
Fixed tangible assets	7	763	467
Goodwill	8	26.003	29.254
Intangible assets	6	75	66
Shares - Equity method	8	1.117.703	1.141.436
Other financial investments	11.1	6	-
Assets for deferred tax	10	-	5.224
		1.144.550	1.176.447
Current asset:			
Clients	11.1	11.629	8.933
Government and other public entities	11.1	79	9.434
Other credits receivable	11.1	14.806	37.807
Deferrals	11.1	37	40
Non-current assets held for sale	11.1	30.133	-
Cash and bank deposits	4	189	84
		56.872	56.298
Total of Asset		1.201.422	1.232.745
Equity and Liability			
Equity:			
Subscribed capital	19	210.000	210.000
Legal reserves	19	42.000	36.500
Other reserves	19	243.660	242.908
Retained income:			
Retained income		7.806	7.806
Non-attributed profit - application of the equity method		(258.250)	(217.685)
Adjustments in financial assets:			
Non-attributed profit - application of the equity method		258.250	217.685
Other adjustments in financial assets		(23.683)	17.848
		479.783	515.062
Net result for that period		(15.359)	7.093
Equity total		464.424	522.155
Liability			
Non-current liabilities:			
Obtained financing	11.2	116.677	13.034
Other debts payable	11.2	302.006	344.433
		418.683	357.467
Current liability:			
Suppliers	11.2	28.416	2.243
Government and other public entities	11.2	846	354
Obtained financing	11.2	114.233	213.513
Other debts payable	11.2	174.820	137.013
		318.315	353.123
Total of liability		736.998	710.590
Total of Equity and Liability		1.201.422	1.232.745

(Values in thousand euros)

The annex forms are an integral part of the Balance Sheet at December 31, 2017 and 2016.

II. INCOME STATEMENT BY NATURE

Income and expenses	Notes	2017	2016
Sales and services rendered	9	13.232	12.223
Gains / losses attributable to subsidiaries	8	30.182	52.804
External supplies and services	15	(4.651)	(4.009)
Expenses with staff	14	(9.773)	(11.696)
Other income	16	184	107
Other expenses	17	(378)	(153)
Result before depreciation, financing expenses and taxes		28.796	49.276
Depreciation and amortisation expenses	6, 7 and 8	(3.343)	(3.303)
Operational result (before financing expenses and taxes)		25.453	45.973
Interests and similar income obtained	9 and 13	482	680
Interests and similar expenses borne	13	(30.675)	(35.861)
Result before taxes		(4.740)	10.792
Income tax for that period	10	(10.619)	(3.699)
Net result for that period		(15.359)	7.093

(Values in thousand euros)

The annex forms are an integral part of the Income Statement by nature at December 31 2017 and 2016.

III. STATEMENT OF CHANGES IN EQUITY

Description	Notes	Equity attributed to the holders of capital						Total
		Paid-up capital	Legal reserves	Other reserves	Retained income	Adjustments to financial assets of subsidiaries:	Net result for that period	
Balance on January 1st, 2016	1	210.000	31.500	224.610	(191.427)	259.928	24.978	559.589
Alterations for the period:								
Application of results		-	5.000	18.298	-	-	(23.298)	-
Application of equity method	8	-	-	-	(18.453)	(24.394)	-	(42.847)
	2	-	5.000	18.298	(18.453)	(24.394)	(23.298)	(42.847)
Net result for that period	3						7.093	7.093
Integral income of the period	4=2+3							(35.754)
Operations with equity owners for that period:								
Dividends	4	-	-	-	-	-	(1.680)	(1.680)
	5	-	-	-	-	-	(1.680)	(1.680)
Balance on December 31, 2016	6=1+2+3+5	210.000	36.500	242.908	(209.880)	235.534	7.093	522.155
Balance on January 1st, 2017	7	210.000	36.500	242.908	(209.880)	235.534	7.093	522.155
Alterations for the period:								
Application of results	19	-	5.500	752	-	-	(6.252)	-
Application of equity method	8	-	-	-	(40.565)	(967)	-	(41.532)
Reduction of capital		-	-	-	-	-	-	-
	8	-	5.500	752	(40.565)	(967)	(6.252)	(41.532)
Net result for that period	9						(15.359)	(15.359)
Integral income of the period	10=8+9							(56.891)
Operations with equity owners for that period:								
Dividends	4 e 19	-	-	-	-	-	(840)	(840)
	11	-	-	-	-	-	(840)	(840)
Balance on December 31, 2017	12=7+8+9+11	210.000	42.000	243.660	(250.445)	234.567	(15.359)	464.424

(Values in thousand euros)

The Notes are an integral part of the consolidated statement of changes in equity for the year ended on 31 December 2017 and 2016

IV. CASH FLOWS STATEMENT

Description	Notes	2017	2016
Operational activities			
Receipts from customers		8.940	11.755
Payment to suppliers		(8.203)	(20.436)
Payment to staff		(5.211)	(6.666)
Cash generated by operations		(4.474)	(15.347)
Payment/receipt of income tax		430	1.610
Other receipts/payments		(5.483)	(5.791)
Cash flows of operational activities (1)		(9.527)	(19.528)
Investment activities:			
Payments related to:			
Tangible fixed assets		(9)	(86)
Intangible assets		(26)	(7)
Financial investments	4	(30.000)	(50)
Related Parts	4	(22.985)	(8.748)
Receipts related to:			
Financial investments	4	15.000	-
Interests and similar income		835	1.301
Dividends	4 and 8	12.250	4.000
Related Parts	4	39.417	1.715
Cash flows of investment activities (2)		14.482	(1.875)
Financing activities:			
Receipts related to:			
Obtained financing		58.694	100.870
Related Parts	4	110.768	-
Payments related to:			
Obtained financing		(53.970)	(67.999)
Related Parts	4	(111.130)	-
Interests and similar expenses		(8.372)	(9.838)
Dividends	4 and 19	(840)	(1.680)
Cash flows of financing activities (3)		(4.850)	21.353
Variation of cash and cash-equivalent items (1+2+3)		105	(50)
Cash and cash-equivalent items at the beginning of the period	4	84	134
Cash and cash-equivalent items at the end of the period	4	189	84

(Values in thousand euros)

The annex forms are an integral part of the Cash Flow Statement at December 31 2017 and 2016.

ATTACHMENT

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 in annex refer to the Company in individual terms with the financial investments in subsidiaries registered by the equity method, as explained in Note 3.2.a).

All the values of these Notes are expressed in thousand euros.

2. ACCOUNTING REFERENCE

These financial statements were elaborated pursuant to the Accounting Standards and Financial Reporting (NCRF) foreseen by the Accounting Standardisation System (SNC), approved by Decree-Law No. 158/2009, of July 13, with the rectifications of the Declaration of Rectification No. 67-B/2009, of September 11, and with amendments introduced by Law No. 20/2010, of August 23, and by Decree-Law no. 98/2015, of 2 June, which introduced into the Accounting Standardisation System (SNC) changes considered essential to guarantee its compliance with Directive no. 2013/34/EU, of the European Parliament and of the Council, of 26 June, with subsequent alterations being made to Directives and Notices relating to the accounting instruments that make up the SNC.

3. SIGNIFICANT ACCOUNTING POLICIES

Assumed continuation

The attached financial statements were prepared with the assumption of the continuity of operations, from the accounting record books of the Company maintained according to the SNC's Accounting and Financial Report Standards.

3.1. Basis of measurement

The financial statements have been prepared according to the convention of recorded expenses, on an assumption of the continuity of operations, from the accounting records of the Company, maintained in accordance with the NCRF.

3.2. Relevant accounting policies

a) Financial investments

The financial investments in subsidiaries are recorded by the equity method, the participation initially being calculated by the cost of acquisition, which was added or deducted by the difference between that cost of acquisition and the proportional value from the participation in the capital belonging to those companies, reported on the date of acquisition or the first application of the mentioned method.

Differences between the acquisition cost of investments in subsidiaries and associates, if positive, are recorded as Goodwill or kept under the item of investments in subsidiaries and associates. In cases where the acquisition cost is lower than the fair value of identified net assets, the ascertained difference (negative goodwill) is recorded as a gain for the period in which the acquisition is made, under the "Other income" item.

Amortisations are calculated, by the straight line method according to the utility period expected by the company for the *Goodwill* in cause. Amortisation is calculated in accordance with the following estimated useful life:

	Service life in years
<i>Goodwill</i>	10

Pursuant to the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net income of the associated companies against Income and Gains or Costs and Losses in subsidiaries and associates and through other changes which might have occurred in their equity under the heading "Other adjustments in financial assets", 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.

b) Fixed tangible assets

The fixed tangible assets used in the production, service rendering or for administrative use, are registered with the cost of acquisition or production, including the expenditures imputable to the purchase, deducted from the accumulated depreciation and impairment losses, when applicable.

The fixed tangible assets are depreciated by the straight line method according to its estimated useful life, from the date when

the same is found available to be used for the intended use and stops when the assets are disposed or become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Service life in years
Buildings and other constructions	10
Transportation equipment:	4 - 5
Administrative equipment	3 - 10

The benefactors and beneficiations are only recorded as assets in cases where they correspond to the replacement of goods, which are written off, or lead to an increase of the future economic benefits.

The fixed tangible assets underway represent assets even during construction, being recorded in the cost of acquisition, deducted from the possible impairment. These fixed tangible assets are depreciated from the moment the underlying assets are concluded or in use.

The gains or losses arising from the sale or write-off of fixed tangible assets are determined as the difference between the sale price and the net book value on the date of alienation/write-off, being recorded at the net value in the income statement under the headings "Other income" or "Other expenses".

c) Intangible Assets

The intangible assets essentially correspond to contractual entitlements on computer programs and are recorded with the cost of acquisition, deducted from the accumulated amortisations and impairment losses. The intangible assets are only recognised if it is probable for future economic benefits for the company to result from them, they are controllable by the company and the respective value may be accurately measured.

The internal expenses associated with maintenance and the development of *software* are recorded as expenses in the income statement when incurred, except when these expenses are directly associated with projects that are likely to generate future economic benefits for the company. In these situations, these expenses are capitalised as intangible assets.

Amortisations are calculated, from the date when they become available to be used for their intended use, by the straight line method according to the utility period expected by the company for the assets in cause. Amortisation is calculated in accordance

with the following estimated useful life:

	Service life in years
Software	3

d) Accrual basis

Income and expenditure are recorded on an accrual basis of accounting, through which they are recognized as they are generated.

When the real value of the costs and income is unknown they are estimated.

Differences between the amounts received and paid and the corresponding income and costs are recorded under "Other credits receivable" and "Deferrals" in the assets and under "Other debts payable" and "Deferrals" in the liabilities.

c) Costs of loans obtained

Loan costs are recognised in the income statement for the period to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

f) Revenue

Revenue derived from the services rendered is recognised in the income statement when the following conditions have been met:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will go to the company;
- The stage of completion of the transaction on the reporting date can be measured reliably; and
- The costs incurred with the transaction and the costs to complete 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. The revenue resulting from services is recognised in the income statement with reference to the completion stage of the services rendered at the date of the balance sheet.

g) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party in the contractual relationship.

Cash and bank deposits

Amounts included under the item "Cash and bank deposits" correspond to amounts of cash, bank deposits, fixed term deposits and other cash investments, with maturities of less than three months, and that can be mobilized immediately with an insignificant risk of a change in value.

Accounts receivable

The accounts receivable are measured, when initially recognised, by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value. When there is evidence that they are impaired, the corresponding adjustment is recorded in income. The recognised adjustment is measured by the difference between the value by which the accounts receivable are recognised and the actual value of the cash flows discounted from the effective interest rate determined at the initial recognition.

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.

Financial liabilities and equity instruments

The financial liabilities and the equity instruments are classified according to the contractual substance independent from the legal form they assume. The equity instruments are contracts that show a residual interest in the company's assets after

deduction of the liabilities.

The equity instruments issued by the company are recorded by the net received value of costs supported by its issuance.

Accounts payable

The accounts payable are initially recognised by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value.

Bank loans

Loans are initially recorded and recognized as liabilities at the amount received, net of costs of issuing such loans and later measured by the amortized cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual basis of accounting, being added to the book value of the loan if they are not settled during the financial year.

h) Reform insurance

The Company offers its employees a reform insurance policy established in the scope of a social policy and incentives for the workers. It is characterised by its optional nature, it is the exclusive decision of the Administration that the contributions are made which are always adequate, taking into consideration performance and economic and financial situation. Therefore, the contributions made are recorded as expenses on the date they are due.

Notwithstanding its optional origin, the availability of the contributions made by the Company are those exclusively foreseen in the applicable tax legislation.

i) Income tax

The Company is subject to the Special Taxation Regime of Company Groups (RETGS) foreseen in article 69 of the Corporate Income Tax Code, to which Teixeira Duarte, S.A., belongs since January 1st, 2014.

"Income tax for the period" recorded in the income statement corresponds to the sum of current tax and deferred tax.

Current tax on income is calculated based on the taxable profits of the company in accordance with the tax rules in force. The taxable profits can defer from the accounting results, as they can exclude diverse expenses and profits that are only deductible or taxable in years to come, as well as expenses and profits that will never be deductible or taxable.

Deferred tax is the result of the temporary differences between the amount of assets and liabilities for the purpose of accounting (book value) and the respective amounts for the purposes of taxation (tax basis), according to the dispositions in NCRF 25 - Income taxes.

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 assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the timing differences reverse.

At the end of each period the deferred income tax is reviewed, the amount of the same being adjusted in function with the expectations of future use.

Deferred taxes are recorded as income or expenditure for the period, unless they result from values recorded directly in equity; in this situation the deferred tax is also recorded under the same item.

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 entity's consolidated financial statements, but are disclosed, unless the possibility of an outflow of funds affecting future economic

benefits is remote, in which case they are not subject to disclosure.

3.3. Value judgements of the board of directors

When preparing the financial statements, the Company adopted certain assumptions and estimates which affect the reported assets, liabilities, income and costs. All the estimates and assumptions made by the Board of Directors were based on the best existing knowledge, at the date of the approval of the financial statements, of the events and transactions in progress. However, situations may occur in subsequent periods that, since they are not being predictable at this time, were not considered in those estimates. The changes to these estimates which may occur after the date of the financial statements will be corrected in the profit and loss account in a prospective way.

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.

4. CASH FLOWS

Cash and bank deposits

The breakdown of cash and bank deposits as at 31 December 2017 and 2016 is as follows:

	2017	2016
Bank deposits mobilised immediately	189	84
	189	84

Cash flow from investment activities

Payment of 30,000 thousand euros of financial investments, during the period ending 31 December 2017, refers to the increase in capital in Lagoas Park, S.A.

Receipts from financial investments, during the period ending 31 December 2017, refers to the amount received as a token for the promissory contract for the purchase of the stake in Lagoas Park, S.A., concluded on 20 December 2017 between the Company and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.

The payments received from dividends in the periods ending on December 31, 2017 and 2016, were as follows (Note 8):

	2017	2016
TEIXEIRA DUARTE – Engenharia e Construções, S.A.	10.750	1.000
TDGI - Tecnologia de Gestão de Imóveis, S.A.	1.500	3.000
	12.250	4.000

Receipts and payments relating to Related Parties, during the financial year ending 31 December 2016, were restated.

Flows of financing activities

During a General Meeting of Shareholders held on 27 May 2017, it was decided to distribute dividends amounting to 840 thousand euros, corresponding to 0.004 euros per share, taking into consideration the separate financial statements of the Company at 31 December 2016. The dividends were settled in June 2017 (Note 19).

Receipts and payments relating to Related Parties, during the financial year ending 31 December 2016, were restated.

5. RELATED PARTIES

Remuneration of corporate bodies and of the Company's senior management

The remunerations attributed to the members of the Company's governing bodies for the periods ended on 31 December 2017 and 2016 were as follows:

	2017	2016
Executive Directors:		
Short-term benefits	870	1.133
Supervisory Board:		
Short-term benefits	66	66
Chartered accountant:		
Short-term benefits	61	61
	997	1.260

The remunerations attributed to the members of the Company's senior management for the periods ended on 31 December 2017 and 2016 were as follows:

	2017	2016
Senior management:		
Short-term benefits	1.067	1.204

Balances and transactions

The terms or conditions applied between the Company and the 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 2017 and 2016, the balances with subsidiaries and other related parties were as follows:

	Clients		Suppliers		Obtained financing		Other debts receivable and payable	
	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiaries:								
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	1.887	615	27.727	1.535	54.760	57.002	(444.345)	(439.258)
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Sucursal de Angola)	1.894	1.501	-	-	-	-	61	148
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	103	5	-	-	1.880	-	(22.433)	1.579
TDGI - Tecnologia de Gestão de Imóveis, S.A.	480	144	28	278	-	-	1.221	3.580
	4.364	2.265	27.755	1.813	56.640	57.002	(465.496)	(433.951)
Other related parties:								
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	355	361	-	-	-	-	185	91
AUTO COMPETIÇÃO Angola, Lda.	104	91	-	-	-	-	28	18
CND - Companhia Nacional de Distribuição, Lda.	2.180	1.841	-	-	-	-	844	442
COMÉRCIO DE AUTOMÓVEIS, Lda.	150	132	-	-	-	-	38	25
C+PA - Cimento e Produtos Associados, S.A.	4	-	-	-	-	-	967	827
EDUCARE - Actividades Educativas e Culturais, Lda.	213	162	-	-	-	-	47	23
EMPA - Serviços de Engenharia, S.A.	67	268	-	-	-	-	231	137
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	218	54	-	-	-	-	(1.022)	(416)
ESTA - Gestão de Hotéis, S.A.	104	21	-	-	-	-	175	578
GO CORP - Travel Solutions, S.A.	22	1	-	-	-	-	423	578
HOTEL BAÍA, Lda.	338	364	-	-	-	-	235	107
HOTEL TRÓPICO, S.A.	104	231	-	-	-	-	39	48
IMOTD - Sociedade Gestora de Participações Sociais, S.A.	11	-	-	-	-	-	255	1.796
IMOPREDOUÇOS - Sociedade Imobiliária, S.A.	5	-	-	-	-	-	45	24
LAGOAS HOTEL, S.A.	75	18	21	39	-	-	2.453	(226)
QUINTA DE CRAVEL - Imobiliária, S.A.	9	-	-	-	-	-	293	(332)
RECOLTE, Servicios Y Medioambiente, S.A.U.	69	447	-	-	-	-	126	68
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	21	6	-	-	-	-	64	97
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	293	86	9	-	-	-	280	179
TEIXEIRA DUARTE - Distribuição, S.A.	159	46	-	-	-	-	666	8.596
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	81	312	-	-	-	-	400	251
TDHOSP - Gestão de Edifício Hospitalar, S.A.	17	2	-	-	-	-	(1.674)	(1.596)
TDE - Empreendimentos Imobiliários, S.A.	7	-	-	-	-	-	29	(378)
TDGI - Tecnologia de Gestão de Imóveis (Angola), Lda.	187	201	-	-	-	-	135	62
TDH - Sociedade Gestora de Participações Sociais, S.A.	5	-	-	-	-	-	(116)	23
TDHC - Instalações para Desporto e Saúde, S.A.	26	10	-	-	-	-	(31)	(804)
TDVIA - Sociedade Imobiliária, S.A.	6	-	-	-	-	-	(382)	(1.474)
TEDAL - Sociedade Gestora de Participações Sociais, S.A.	16	-	-	-	-	-	187	268
TDA - Comércio e Indústria, Lda.	1.251	734	-	-	-	-	546	202
VAUCO - Automóveis e Equipamentos, Lda.	135	132	-	-	-	-	96	50
V8 - Gestão Imobiliária, S.A.	10	-	-	-	-	-	(7)	(648)
Other	918	1.016	466	-	-	-	1.134	672
	7.160	6.536	496	39	-	-	6.689	9.288
	11.524	8.801	28.251	1.852	56.640	57.002	(458.807)	(424.663)

During the periods ended on 31 December 2017 and 2016, the transactions with subsidiaries and other related parties were as follows:

	Sales and services rendered		Intra-group services rendered		Income and Financial Earnings		Purchases and Services Obtained	
	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiaries:								
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	2.284	2.388	1.197	1.213	-	1.018	1.671	5.509
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Sucursal de Angola)	215	212	178	148	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Sucursal de Brasil)	60	39	7	5	-	-	-	-
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	113	33	81	81	827	280	1.862	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	617	297	343	425	8	3	360	275
	3.289	2.969	1.806	1.872	835	1.301	3.893	5.784
Other related parties:								
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	10	79	42	52	-	-	-	-
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	6	4	26	27	-	-	-	-
BONAPARTE - Imóveis Comerciais e Participações, S.A.	4	4	19	24	-	-	-	-
CND - Companhia Nacional de Distribuição, Lda.	195	533	137	189	-	-	-	-
COMÉRCIO AUTOMÓVEIS, Lda.	-	1	18	31	-	-	-	-
CONSTRUSALAMONDE, ACE	-	1	15	20	-	-	-	-
DIGAL - Distribuição e Comércio, S.A.	19	25	143	121	-	-	-	-
EDUCARE - Actividades Educativas e Culturais, Lda.	1	15	63	75	-	-	-	-
EMPA - Serviços de Engenharia, S.A.	142	312	40	95	-	-	-	-
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	183	76	198	266	-	-	-	-
ESTA - Gestão de Hotéis, S.A.	332	162	33	26	-	-	-	-
HOTEL BAÍA, Lda.	16	102	51	43	-	-	-	-
HOTEL TRÓPICO, S.A.	23	29	84	77	-	-	-	-
LAGOAS HOTEL, S.A.	23	21	76	63	-	-	41	57
RECOLTE, Servicios Y Medioambiente, S.A.U.	104	128	26	57	-	-	-	-
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	9	10	21	36	-	-	-	-
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	242	139	235	231	-	-	45	-
TDA - Comércio e Indústria, Lda.	12	162	58	104	-	-	-	-
TEIXEIRA DUARTE - Distribuição, S.A.	292	106	84	106	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	201	503	95	63	-	-	-	-
TDGI - Manutenção, A.C.E.	28	-	23	-	-	-	-	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	4	5	14	16	-	-	-	-
TDHC - Instalações para Desporto e Saúde, S.A.	16	18	24	34	-	-	-	-
TDO - Investimento e Gestão, S.A.	60	2	64	99	-	-	-	-
Other	497	679	843	758	-	-	379	-
	2.419	3.116	2.432	2.613	-	-	465	57
	5.708	6.085	4.238	4.485	835	1.301	4.358	5.841

6. INTANGIBLE ASSETS

During the period ended on 31 December 2017, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Software	Intangible assets underway	Total
Gross asset:			
Balance on January 1st, 2017	94	26	120
Additions	-	39	39
Balance on December 31, 2017	94	65	159
Amortisations depreciations			
Balance on January 1st, 2017	54	-	54
Additions	30	-	30
Balance on December 31, 2017	84	-	84
Net value on December 31, 2017	10	65	75

During the period ended on 31 December 2016, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Software	Intangible assets underway	Total
Gross asset:			
Balance on January 1st, 2016	88	26	114
Additions	6	-	6
Balance on December 31, 2016	94	26	120
Amortisations depreciations			
Balance on January 1st, 2016	24	-	24
Additions	30	-	30
Balance on December 31, 2016	54	-	54
Net value on December 31, 2016	40	26	66

7. FIXED TANGIBLE ASSETS

During the period ended on 31 December 2017, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Buildings and other constructions	Transportation equipment:	Administrative equipment	Tangible assets ongoing	Total
Gross asset:					
Balance on January 1st, 2017	-	-	108	400	508
Additions	277	11	69	-	357
Transfers and write-offs	335	-	66	(400)	1
Balance on December 31, 2017	612	11	243	-	866
Accumulated depreciations:					
Balance on January 1st, 2017	-	-	42	-	42
Additions	24	-	37	-	61
Balance on December 31, 2017	24	-	79	-	103
Net value on December 31, 2017	588	11	164	-	763

During the period ended on 31 December 2016, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Administrative equipment	Tangible assets ongoing	Total
Gross asset:			
Balance on January 1st, 2016	47	-	47
Additions	62	400	462
Balance on December 31, 2016	109	400	509
Accumulated depreciations:			
Balance on January 1st, 2016	19	-	19
Additions	23	-	23
Balance on December 31, 2016	42	-	42
Net value on December 31, 2016	67	400	467

8. INVESTMENTS IN SUBSIDIARIES

During the period ended on 31 December 2017, the movements in tangible fixed assets and their accumulated depreciation were as follows:

Social denomination	Head Office	Percentage of effective participation
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 2, Lagoas Park Porto Salvo - Oeiras	100,00%

The main financial information related to subsidiaries at December 31, 2017 and 2016, is the following:

	Total assets		Total liabilities		Income		Net result	
	2017	2016	2017	2016	2017	2016	2017	2016
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	1.610.125	1.620.429	1.097.780	1.053.328	483.054	536.421	16.004	19.715
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	968.659	1.218.178	391.602	669.215	163.474	161.472	52.478	24.255
TDGI - Tecnologia de Gestão de Imóveis, S.A.	21.644	21.352	17.769	18.051	40.573	39.039	1.749	1.807
	2.600.428	2.859.959	1.507.151	1.740.594	687.101	736.932	70.231	45.777

This information corresponds to the statutory accounts companies, the same having been adjusted for effects of application of the equity method.

The following movements occurred in the holdings in subsidiaries during the periods ended on 31 December 2017 and 2016:

	Equity holdings	Goodwill	Total
Balance on January 1st, 2016	1.135.429	32.504	1.167.933
Increase	50	-	50
Goodwill amortization	-	(3.250)	(3.250)
Effects of the application of equity method:			
- Effect on the result of the period	52.804	-	52.804
- Effect on equity	(42.847)	-	(42.847)
- Received dividends	(4.000)	-	(4.000)
Balance on December 31, 2016	1.141.436	29.254	1.170.690
Balance on January 1st, 2017	1.141.436	29.254	1.170.690
Increase	30.000	-	30.000
Decrease	(30.133)	-	(30.133)
Goodwill amortization	-	(3.251)	(3.251)
Effects of the application of equity method:			
- Effect on the result of the period	30.182	-	30.182
- Effect on equity	(41.532)	-	(41.532)
- Received dividends	(12.250)	-	(12.250)
Balance on January 1st, 2017	1.117.703	26.003	1.143.706

The increase of 30,000 thousand euros that occurred during the period ending 31 December 2017 is related to the capital increase in Lagoas Park, S.A.

The reduction that occurred during the period ending 31 December 2017, amounting to 30,133 thousand euros, is related to the reclassification of the stake in Lagoas Park, S.A, to a non-current asset held for sale (Note 11.1).

The effect of the application of the equity method for the period ended on 31 December 2017 and 2016 is as follows:

	Gains / losses		Equity adjustments		Dividends	
	2017	2016	2017	2016	2017	2016
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	(9.142)	28.749	(21.759)	(15.977)	(10.750)	(1.000)
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	37.491	22.238	(20.107)	(26.606)	-	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	1.749	1.828	324	(264)	(1.500)	(3.000)
LAGOAS PARK, S.A.	84	(11)	10	-	-	-
	30.182	52.804	(41.532)	(42.847)	(12.250)	(4.000)

9. REVENUE

In the periods ending on 31 December 2017 and 2016, the revenue recognised by the company had the following decomposition:

	2017	2016
Service Provision	13.232	12.223
Interests and similar income	482	680
	13.714	12.903

On these dates, the Company's turnover was distributed geographically as follows:

	2017	2016
Angola	2.413	2.531
Algeria	154	(48)
Brazil	507	678
Belgium	23	-
Spain	200	159
Mozambique	597	672
Portugal	9.338	8.224
Venezuela	-	7
	13.232	12.223

10. INCOME TAX

The Company is subject to Taxation on the Income of Legal Persons (IRC) at 21% on the collectable material. On the IRC taxable profit, the Company will still be subject to the Municipal Surtax, whose rate may vary up to a maximum of 1.5%.

Additionally, the taxable profit part that exceeds the amount of 1,500, 7,500 and 35,000 thousand euros is subject to Federal Surtax at rates of 3%, 5% and 7%, respectively.

The Company is still subject to autonomous taxation, at the rates and on the charges and expenditures foreseen in article 88 of the IRC Code.

In accordance with the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, unless tax losses have been deducted or inspections, claims or appeals, in which cases, depending on

the circumstances, this period may be increased or suspended. The Board of Directors believes that any corrections which might arise from any tax reviews/inspections to financial years subject to review will not have a materially significant effect on the financial statements reported on 31 December 2017.

In the calculation process of the company's taxable income, amounts that are not tax deductible are added to, and subtracted from the accounting result. These differences between the book value profit and the profit for tax purposes may be of a temporary or permanent nature.

In addition, pursuant to the legislation in force in Portugal, tax losses are reportable for a period of twelve (12) years for those that occurred during the 2016 tax year, and 5 (five) years for those that occurred in 2017 onwards, being subject to deduction from taxable income calculated subsequently, with this deduction being limited to 70% of the taxable income calculated during the tax period in which it is earned.

The tax charge recorded in the periods ended on 31 December 2017 and 2016 can be presented in the following manner:

	2017	2016
Current Tax	11.158	8.100
Deferred tax	(6.581)	(5.119)
	4.577	2.981

The relationship, in Portugal, between the book expense and profit in the periods ended on 31 December 2017 and 2016, is as follows:

	2017	2016
Net result for that period	(15.359)	7.093
Adjustments for taxable profit:		
Definite differences:		
- To add	22.105	12.161
- To deduct	(38.083)	(57.934)
Tax loss	(31.337)	(38.680)
Other tax components:		
- Other (a)	11.158	8.100
Current Tax	11.158	8.100
Deferred tax	(6.581)	(5.119)
Alterations in estimates (b)	6.042	718
Tax expenses	10.619	3.699

a) The amount of 11,158 thousand euros corresponds to the net financing expense ascertained under the scope of the Special Taxation Regime for Company Groups (RETGS) (Note 3.2 i)).

b) The amount of 6,042 thousand euros corresponds to the net financing expense estimate difference, ascertained under the scope of the Special Taxation Regime for Company Groups (RETGS) (Note 3.2 i)).

The definite differences essentially include the cancellation of effects from equivalence accounting (Note 8).

The tax rate effective in the periods ended on 31 December 2017 and 2016, was as follows:

	2017	2016
Current Tax	11.158	8.100
Result before taxes	(4.740)	10.792
Effective tax rate	-	75,06%

The movements occurred in the assets by deferred taxes in the periods ending on December 31, 2017 and 2016, were as follows:

	2017			
	Initial balance	Constitution	Adjustment	Final balance
Assets by deferred taxes:				
Reportable tax losses	5.224	6.581	(11.805)	-
	5.224	6.581	(11.805)	-

The adjustment recorded in tax losses carried forward for the period ended on 31 December 2017 refers to their use under the RETGS (Note 3.2 i)).

	2016				
	Initial balance	Constitution	Reversal	Adjustment	Final balance
Assets by deferred taxes:					
Reportable tax losses	-	8.123	-	(2.899)	5.224
Financing net expenses	3.004	-	(3.004)	-	-
	3.004	8.123	(3.004)	(2.899)	5.224

11. FINANCIAL INSTRUMENTS

The current financial assets and liabilities for the periods ended on 31 December 2017 and 2016 were broken down as follows:

11.1. Financial assets:

Clients

On 31 December 2017 and 2016, the “Customers” items had the following breakdown:

	2017			2016		
	Non-Group	Group	Total	Non-Group	Group	Total
Current account	121	11.508	11.629	132	8.801	8.933
	121	11.508	11.629	132	8.801	8.933

Government and other public entities

On December 31st, 2017 and 2016, the item “Government and other public entities” had the following breakdown:

	2017	2016
Corporate persons income tax - IRC (a)		
- Estimated tax	(1.489)	6.746
- Withholding tax	425	1.282
- Payments on account	1.143	1.274
	79	9.302
Added value tax - VAT	-	132
	79	9.434

a) These balances are related to the special tax system for groups of companies - RETGS (Note 3.2 i)). The Company's individual amount for the "Estimated tax" item, ascertained in 2017, is 4,577 thousand euros (Note 10).

Other credits receivable

On December 31, 2016 and 2015 the heading "Other credits receivable" is broken down as follows:

	Chain	
	2017	2016
Debtors by income accruals:		
Supplies and services rendered and not billed	8.076	4.718
Interests receivable	46	398
	8.122	5.116
RETGS	6.311	16.244
Advance payments to suppliers	354	-
Other debtors	19	16.447
	14.806	37.807

Deferrals

On 31 December 2017 and 2016, the "Deferrals" items had the following breakdown:

	2017	2016
Interest payable	37	40
	37	40

Non-current assets held for sale

On 31 December 2017 and 2016, the "Non-current assets held for sale" item had the following breakdown (Note 8):

	2017	2016
LAGOAS PARK, S.A. (Note 8)	30.133	-
	30.133	-

Other financial investments

On December 31, 2016 and 2015 the heading “Other financial investments” is broken down as follows:

	2017	2016
Employment Compensation Fund (FCT)	6	-
	6	-

11.2. Financial liabilities:**Suppliers**

On 31 December 2017 and 2016, the “Suppliers” items had the following breakdown:

	2017			2016		
	Non-group	Group	Total	Non-group	Group	Total
Current account	165	28.251	28.416	391	1.852	2.243
	165	28.251	28.416	391	1.852	2.243

Government and other public entities

On December 31st, 2017 and 2016, the item “Government and other public entities” had the following composition:

	2017	2016
Income tax - Third party withholdings	192	162
Added value tax - VAT	460	-
Social Security	194	186
Other	-	6
	846	354

Other debts payable

On December 31, 2016 and 2015 the heading “Other debts payable” is broken down as follows:

	2017		2016	
	Current	Non-Current	Current	Non-Current
Creditors by accrued expenses				
Incurred expenses and not billed by suppliers	455	-	935	-
Charges with staff	1.242	-	1.157	-
Distribution of profit	945	260	1.182	187
Interest payable	9.017	-	13.971	-
Insurance to liquidate	4	-	13	-
	11.663	260	17.258	187
RETGS	20.510	-	34.728	-
Other Creditors	142.647	301.746	85.027	344.246
	174.820	302.006	137.013	344.433

The item “other credits receivable” on Sunday, December 31, 2017 includes the amount of 429,246 thousand euros referring to the acquisition of the financial stake of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with 127,500 thousand euros of current assets and 301,746 thousand euros of non-current assets. In addition, it includes the amount of 15,000 thousand euros related to the promissory contract for the purchase of the stake in Lagoas Park, S.A., concluded between the Company and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A. (Note 4).

Obtained financing

On December 31, 2017 and 2016, the heading “Obtained financing” had the following breakdown:

	2017		2016	
	Current	Non-Current	Current	Non-Current
Escrow accounts	36.340	67.802	109.117	-
Contracted bank overdrafts	19.837	38.808	43.628	-
Bank loans	1.166	1.217	3.766	2.334
Commercial paper	250	8.850	-	10.700
Related parties	56.640	-	57.002	-
	114.233	116.677	213.513	13.034

a) Bank loans

A loan with Banco Commercial Português, S.A., taken out on 27 November 2017, with a current amount of 50,000 thousand euros, 10,975 thousand of which are used by Teixeira Duarte - Engenharia e Construções, S.A., 38,975 thousand by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A., and 50 thousand euros by the Company. The current capital will be amortized semi-annually in amounts that vary from 2,000 thousand euros and 10,000 thousand euros, starting on March 31st, 2001 and the last loan of 33,000 thousand euros to occur on December 30th, 2019. (*)

A loan from Banco Brazil, S.A. taken out on 22 January 2016, amounting to 2,333 thousand euros at the end of December 2017, and used in full by the Company, to be repaid in 2 equal and consecutive annual installments, ending on 10 January 2019.

A loan with Banco Português de Investimento, taken out on 5 July 2016 by the Company, by Teixeira Duarte - Engenharia e Construções, S.A., and by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A., with a current amount of 15,769 thousand euros, which will be repaid in 47 successive monthly installments, terminating on 5 November 2021.

b) Commercial role

A grouped commercial paper issuance program contracted on 16 December 2005 with Haitong Bank, S.A. and Novo Banco, S.A. with a current amount of 42,500 thousand euros, with the participants being Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. AND Company, used in full by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. Each company's participation in the program may vary for each issuance. Interest is payable in advance on the date of each subscription, with the intervention rate indexed to the Euribor for the respective period, plus a spread of 1.80%, which will be repaid in full upon the final issuance on 20 August 2018.

A grouped commercial paper issuance program contracted with Haitong Bank, S.A. and Novo Banco, S.A. on 30 December 2013, with a current amount of 191,250 thousand euros, with the participants being the Company, Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with the guarantors being TEDAL - Sociedade Gestora de Participações Sociais, S.A., Teixeira Duarte - Gestão de Participações e Investimentos

Imobiliários, S.A., Quinta de Cravel - Imobiliária, S.A. and V8 - Gestão Imobiliária, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A.. The participation of each company in each programme may vary each time it is issued. The programme is subject to a partial amortization amounting to 12,550 thousand euros, to take place on 30 June 2018, and the remaining amount will be repaid upon the final issuance on 29 December 2018.

A grouped commercial paper issuance program contracted with Banco Comercial Português, S.A., on 28 December 2017, with a current amount of 53,400 thousand euros, with the participants being the Company, Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and Lagoas Park, S.A., with the amounts of 250 thousand euros, 250 thousand euros, 250 thousand euros and 52,650 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 EUR 250 thousand. The programme is in force until 30 December 2021, and the first amortisation is scheduled for Saturday, March 30, 2018, amounting to 13,500 thousand euros, and the remaining amortizations are scheduled every six months, starting on 30 June 2018, with amounts varying between 3,300 thousand euros and 8,400 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 2.90%.

Group commercial paper issuance program contracted with Banco Finantia, S.A., on 2 May 2014, with a maximum amount of 10,000 thousand euros, with the participants Teixeira Duarte - Engenharia e Construções, S.A., the Company and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.; 2,050 thousand euros are currently being used by Teixeira Duarte - Engenharia e Construções at the end of December 2017. The participation of each company in each programme may vary each time it is issued. The programme lasts until 2 May 2020, and issues may have a period of between 7 and 365 days. Interest is payable in arrears, with the intervention rate corresponding to the rate resulting from direct placement, never lower than the maximum rate indicated by the issuer.

A grouped commercial paper issuance program contracted with Banco BIC Português, S.A. on 18 November 2014, with a current amount of 5000 thousand euros, with the participants being the Company, Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A. The program is in force until 2 January 2020, and the issues may have a term of one or six months. Interest is payable in arrears, with the intervention rate indexed

to the Euribor applicable to the emission period, plus a spread of 3.25%.

A grouped commercial paper issuance program contracted with Novo Banco, S.A. on 28 December 2015, with a current amount of 95,000 thousand euros, with the participants being the Company, Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with amounts of 8,850 thousand euros, 8,550 thousand euros and 77,600 thousand euros, respectively. The participation of each company in each programme may vary each time it is issued. The interest is earned in advance, 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 a *spread* of 2.25% and determined in accordance with the date of each auction. The program is subject to partial amortizations, with the first, amounting to 2,850 thousand euros, occurring on Sunday, May 6, 2018, and all others half-yearly with amounts varying between 3,350 thousand euros and 3,400 thousand euros; the remaining value of 75,250 thousand euros will be settled on the repayment date of the program's final issue, 27 December 2020. (*)

A grouped commercial paper issuance program contracted with Novo Banco, S.A., on 14 January 2016, with a current amount of 34,000 thousand euros, with the participants being the Company and Teixeira Duarte - Engenharia e Construções, S.A., used in fully by Teixeira Duarte - Engenharia e Construções, S.A. 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 a *spread* of 1.80% and determined in accordance with the date of each auction. The program is subject to partial amortizations, with the first, amounting to 2,400 thousand euros and all others half-yearly with amounts varying between 2,400 thousand euros and 2,900 thousand euros; the remaining value will be settled on the repayment date of the final issue, amounting to 26,300 thousand euros on January 13, 2020.

(*) The impact of the "Framework Agreement on the Teixeira Duarte Group's debt", entered into on 24 April 2018, determined, regarding the financing contracts identified below, contracted with Caixa Geral de Depósitos, S.A., amounting to 67,803 thousand euros, with Banco Comercial Português, S.A., amounting to 38,858 thousand euros, and with Novo Banco, S.A., amounting to 8,850 thousand euros, that their repayment plan considers a 2 year waiting period, with the first amortization being in December 2019, amounting to 434 thousand euros, 248 thousand euros, and 57 thousand euros, respectively, and following an annual repayment plan of 5,017 thousand euros, 2,871 and 655 thousand euros, respectively, with the exception of the final installment of 2,148 thousand euros, 1,287 thousand euros and 278 thousand euros.

Bank	Type of Financing	Amount
Caixa Geral de Depósitos, S.A.	Escrow account	67.803
Banco Comercial Português, S.A.	Bank overdrafts	38.808
Banco Comercial Português, S.A.	Bank Loans	50
Novo Banco, S.A.	Commercial Paper	8.850

c) Remaining loans

As at 31 December 2017, the remaining loans received relative to bank overdrafts and pledged accounts earned interest at normal market rates. (*)

The Obtained financing is refundable according to the following terms of redemption:

	2017	2016
Less than a year	114.233	213.513
1 to 2 years	1.906	1.167
2 to 3 years	8.543	1.167
3 to 4 years	8.543	9.700
4 to 5 years	8.543	1.000
Over 5 years	89.142	-

12. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Tax processes

As part of inspections conducted by the Tax and Customs Authorities (AT) during the 2007 and 2013 financial years, of accounting elements of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., a company

with 100% of its share capital held directly by the Company, the following corrections were made to the tax losses initially ascertained by this subsidiary:

Exercise	Calculated tax loss	AT correction
2007	42.088	29.331
2008	36.573	45.938
2009	46.203	24.807
2010	5.123	6.467
2011	12.779	3.213
2012	13.294	2.299
2013	26.221	5.000

The nature of corrections made is presented below:

a) Financial costs not accepted

With the exception of the situations listed in the following points, the corrections result from the fact that the financial charges incurred due to the investment made in owned companies, under the form of ancillary payments subject to the supplementary provisions regime, have been disregarded as a taxable expense.

Given that TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. pays corporation tax (IRC) according to the Special Taxation Regime for Groups of Companies (article 69 onwards of the Corporate Income Tax Code), the corrections to tax losses over the financial years from 2007 to 2011 were subject to Corporate Income Tax settlement statements and compensatory interest issued to the parent company during these financial years - TEIXEIRA DUARTE – Engenharia e Construções, S.A.. This company contested the corrections made by AT to the periods from 2007 to 2011.

Following the closure of the 2017 financial year, TEIXEIRA DUARTE - Engenharia e Construções, S.A., in its capacity as the parent company during the 2007 financial year, was notified of a ruling handed down by the Supreme Administrative Tribunal, ordering the cancellation of the additional settlement issued by the AT.

The correction related to the 2012 financial year was subject to an additional settlement by the Company, in its capacity as parent company, for that financial year; the company has contested with within the legal periods.

b) Application of article 51 of the corporation tax (IRC) code

The correction to the tax loss ascertained during the 2013

financial year, amounting to 5,000 thousand euros, relating to the incorrect application, according to the AT, of article 51 of the corporation tax (IRC) code. This correction was subject to a legal challenge by the Company, in its capacity as the parent company.

c) Elimination of economic double taxation - revenue distributed by the TDF Fund

The correction to the 2008 tax loss includes the amount of 611 thousand euros relating to, according to AT, the improper application of item 10 of article 22 of the Tax Benefits Statute (EBF) to the distribution of revenue by the Real Estate Investment Fund TDF.

TEIXEIRA DUARTE – Engenharia e Construções, S.A., in its capacity as parent company, contested this correction under the terms of the law.

In addition to the aforementioned corrections regarding the subsidiary TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., below can be found reports on correction made by the AT to TEIXEIRA DUARTE – Engenharia e Construções, S.A.:

Correction to the taxable profit ascertained in the 2008 period, amounting to 35,467 thousand euros, of which the Teixeira Duarte Engenharia e Construções, S.A., contested 32,595 thousand euros related to tax credits, the taxable gains re-investment regime and the undue application of item 10 of article 22 of EBF;

Guarantees

For the purposes of suspending a tax enforcement procedure instigated against the subsidiary Teixeira Duarte - Engenharia e Construções, S.A. relating to corporation tax (IRC) debt from the 2010 period, the Company submitted a guarantee, amounting to 10,139 thousand euros, which was accepted by the Tax Authority (AT).

For the effects of guaranteeing the installment payments of an additional corporation tax settlement for the company's 2013 period, a bank guarantee amounting to 582 thousand euros was issued in favor of AT.

For the purposes of suspending tax enforcement proceedings instigated against the Company, and relating to the corporation tax (IRC) debt for the 2013 period, bank guarantees with an overall amount of 1,125 thousand euros were issued in favor of AT.

For the purposes of suspending a tax enforcement procedure filed against the subsidiary Teixeira Duarte – Engenharia e Construções, S.A. concerning the corporation tax debt for the 2014 period, which is pending settlement under the scope of a loan plan, bank guarantees amounting to a total of 4,038 thousand euros were issued in favor of AT. After 31 December 2017, the amount of these guarantees was reduced based on the payments made by that subsidiary.

To guarantee the commercial paper contract concluded with Banco Comercial Português, S.A., on 28 December 2011, with a current amount of 53,400 thousand euros, with the participants being the Company, Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and Lagoas Park, S.A., a generic mortgage was taken out on properties located on plots 6, 18 and 19, located at Lagoas Park - Porto Salvo, belonging to Lagoas Park, S.A.

To guarantee the loan contract concluded with Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., and Novo Banco, S.A., on 12 August 2016, with a current amount of 35,213 thousand euros, with the liability shared between the banks as follows: 13,205 thousand euros, 9,402 thousand euros and 12,606 thousand euros, respectively; Teixeira Duarte - Gestão de Participações e Investimento Imobiliário, S.A., raised a mortgage on 14 plots of land located in Casal do Deserto in Porto Salvo, and a mixed used property located in Zemouto in Seixal, TDE - Empreendimentos Imobiliários, S.A. raised a mortgage on an urban property located at Estrada Municipal, number five hundred and four in Troviscas, District of Loures, and TDVIA - Sociedade Imobiliária, S.A. raised a mortgage on three rural properties and one urban property located in the district of Vila Franca de Xira.

To guarantee the commercial paper contract concluded with Novo Banco, S.A., on 28 December 2017, with a current amount of 95,000 thousand euros, the guarantors TDE - Empreendimentos Imobiliários, S.A., and Transbrital - Britas e Empreendimentos Imobiliários, S.A., raised a mortgage on 10 plots of land, as well as on 14 plots of land of the venture known as Pedregueiras, respectively, with an overall value of 59,640 thousand euros, and TEDAL - Sociedade Gestora de Participações Sociais, S.A., pledged 1,045,610 shares in Recolte - Serviços e Meio Ambiente, valued at 30,720 thousand euros.

To guarantee the commercial paper agreement entered into with Haitong Bank, S.A. and Novo Banco, S.A., on 16 December 2005, with a current amount of 42,500 thousand euros, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL - Sociedad Gestora de Participações Sociais,

S.A. pledged 4,333,333 and 426,666 shares in Banco Comercial Português, S.A., respectively.

To guarantee the commercial paper contract entered into with Haitong Bank, S.A., and Novo Banco, S.A., on 30 December 2013, with a current amount of 191,250 thousand euros TEDAL - Sociedade Gestora de Participações Sociais, S.A., pledged 12,500,000 shares in EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., 200,000,000 shares in C+P.A. - Cimentos e Produtos Associados, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 1,325,000 share units in Fundo de Investimento Imobiliário Fechado TDF. In addition, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A., took out a voluntary mortgage on an urban property that it owns, containing warehouses, offices, a materials laboratory and equipment storage yard, located at Avenida da Indústria, Alto Estanqueiro - Jardim, Montijo, for an amount of 13,242 thousand euros, Quinta de Cravel - Imobiliária, S.A., also took out a mortgage on construction plots numbers 8, 10, 11, 12, 13, 19, 23, 26 and 31, located at Quinta de Cravel - Mafamude, Vila Nova de Gaia for an overall amount of 6,829 thousand euros, and V8 - Gestão Imobiliária, S.A. took out a mortgage on construction plots number 1, 2, 3, 5, 6, 8, 16, 18, 20 and 30, located at the Santa Marinha Design District - Santa Marinha, Vila Nova de Gaia, for an overall value of 26,698 thousand euros.

To guarantee the commercial paper contract entered into with Novo Banco, S.A., on 14 January 2016, with a current amount of 34,000 thousand euros, the Company pledged 1,000,000 shares in TDGI - Tecnologia de Gestão de Imóveis, S.A..

To strengthen the guarantees provided under the scope of the financial lease contract entered into with Banco Comercial Português, S.A., on 31 December 2008, currently amounting to 139,676 thousand euros, granted by Lagoas Park, S.A., and with the Company, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A., Teixeira Duarte - Engenharia e Construções, S.A. and TEDAL - Sociedad Gestora de Participações Sociais, S.A. as guarantors, 9,000,000 shares in Somafel - Engenharia e Obras Ferroviárias, S.A. were given as a pledge.

To guarantee the loan agreement entered into with Banco Comercial Português, S.A. on 29 March 2016, with a current amount of 10,000 thousand euros, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A. took out a mortgage on plot 13 of the Lagoas Park project in Porto Salvo.

To guarantee the loan contracted concluded with Caixa Geral de Depósitos, S.A., amounting to 23,680 thousand euros at the end

of December 2017, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., took out a mortgage on plot 3 at the Lagoas Park venture, in Porto Salvo.

To guarantee the loan agreement entered into with Caixa Geral de Depósitos, S.A., on 29 February 2016, with a current amount of 7,000 thousand euros, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A. took out a second mortgage on plot 3 of the Lagoas Park project in Porto Salvo.

Comfort letters

On 31 December 2017, the Company issued letters of comfort provided in favor of group companies, in the form of bank guarantees, as follows:

Company	Value in currencies	Currency	Values in thousand euros
RECOLTE - Servicios Y Medioambiente, S.A.U.	9.300.000	EUR	9.300
BONAPARTE - Imóveis Comerciais e Participações, S.A.	18.000.000	EUR	18.000
TDA - Comércio e Indústria, Lda.	30.000.000	USD	25.015
TDA - Comércio e Indústria, Lda.	6.282.050.000	AON	33.884
			86.199

13. FINANCIAL RESULTS

In the periods ended on 31 December 2017 and 2016, the financial results were broken down as follows:

	2017	2016
Financial expenses and losses:		
Supported interests	29.044	34.357
Other costs and financial losses	1.631	1.504
	30.675	35.861
Income and financial earnings:		
Obtained interests	482	680
	482	680
Financial Results	(30.193)	(35.181)

14. EMPLOYEE BENEFITS

During the periods ended on 31 December 2017 and 2017, the average number of contracted employees was 180 and 184, respectively.

For the periods ended on these dates, staff costs were broken down as follows:

	2017	2016
Salaries	5.996	6.182
Charges with remunerations	1.410	1.756
Costs related to corporate bodies	893	906
Distribution of profit	-	132
Other remunerations	713	679
Indemnity	541	1.772
Insurance	167	86
Other personnel Costs	53	183
	9.773	11.696

15. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31 December 2017 and 2016, the supplies and external services were broken down as follows:

	2017	2016
Specialised Services	3.577	3.271
Travel, stays and transport	684	402
Materials	185	199
Different Services	167	137
Subcontracts	38	-
	4.651	4.009

16. OTHER INCOME AND EARNINGS

On December 31, 2017 and 2016, the other income and gains were as follows:

	2017	2016
IT Services	102	70
Other Services	82	37
	184	107

17. OTHER EXPENSES AND LOSSES

On December 31, 2017 and 2016, the other expenses and losses were as follows:

	2017	2016
Donations	21	37
Stamp duty	59	6
Fines	-	1
Quotes	-	2
Fees	6	6
Corrections related to prior financial years	165	-
Other	127	101
	378	153

18. FINANCIAL RISKS MANAGEMENT**General Principles**

The Company 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;
- Credit risk, particularly from amounts receivable from customers related to the company's operating activities;
- risk of liquidation, 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, exchange transactions as well as the counterpart risk of the Company. It is also responsible for the identification, quantification and for the proposal and implementation of measures aimed at the management/mitigation of the financial risks to which the Company is exposed.

Following is a more detailed description of Company's main financial risks and measures implemented to manage them.

Interest rate risk

The objective of the interest rate risk management policy is the minimization of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2017, the financial liability is composed only and exclusively of 100% variable interest tax.

In case the market interest rates were 1% higher (lower) during the periods ended on December 31, 2017 and 2016, the income of those periods would have decrease (increase) by (8,657) / 8,657 thousand euros and (6,998) / 6,998 thousand euros, respectively.

Credit risk

On December 31, 2017 and 2016, the accounts receivable balances of clients for whom adjustments were not recorded by the Board of Directors, considering that the same are realisable, are the following:

	2017	2016
Balances:		
Unexpired	4.449	1.339
Up to 180 days	1.010	3.031
From 180 to 360 days	757	1.458
Over 360 days	5.413	3.105
	11.629	8.933

Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating activities and financing, investments, remuneration of shareholders and debt repayment. In order to mitigate this risk, the 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 at 31 December 2017 and 2016 is as follows:

	2017				
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	28.416	-	-	-	28.416
Obtained financing	114.233	1.906	8.543	106.228	230.910
Government and other public entities	846	-	-	-	846
Other payable accounts	174.820	42.560	42.560	216.886	476.826
	318.315	44.466	51.103	323.114	736.998

	2016				
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	2.243	-	-	-	2.243
Obtained financing	213.513	1.167	1.167	10.700	226.547
Government and other public entities	354	-	-	-	354
Other payable accounts	137.013	42.627	42.560	259.246	481.446
	353.123	43.794	43.727	269.946	710.590

19. CAPITAL

Share capital

As at 31 December 2017, 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.

On 31 December 2017, Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. directly holds 202,432,500 shares

representing the capital of the Company, corresponding to 48.20 of the respective share capital.

Legal reserves

Commercial legislation establishes that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of 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 consist of non-distributed results and a reduction in capital.

Application of results

By decision of the General Assembly, held on Saturday, May 27, 2017, the accounts from the 2016 were approved and it was decided that the Net Result, calculated at €7,092,173.40 (seven million ninety two thousand one hundred and seventy three euros and forty cents), should be applied as follows:

	Amount in Euros
Dividends	840.000,00
Legal reserves	5.500.000,00
Free reserves	752.173,40
	7.092.173,40

20. OTHER INFORMATION

The Board of Directors discloses that the Company does not have any debts to the State in a situation of late payment, under the terms of Decree-Law 534/80, of 7 November.

Pursuant to Decree-Law number 411/91, of 17 October, the Board of Directors discloses that the situation of the Company relative to Social Security is settled, within the legally stipulated periods of time.

21. EVENTS AFTER THE BALANCE SHEET DATE

Teixeira Duarte continued its activity in the different sectors and markets in which it operates. The following relevant facts that occurred after the close of the financial year should be highlighted:

1. Its wholly-owned subsidiary "Teixeira Duarte - Engenharia e Construções, S.A." was chosen by "IMO HEALTH – Real Estate Investments, S.A." – an entity of the José de Mello Saúde Group – to execute the contract for the construction of structures, special facilities, finishings and exterior arrangements of the CUF Tejo Hospital, in Alcântara, Lisbon. The deadline for the execution of the work is 16 months and the total value of the

work is estimated at 52.3 million euros.

The contract signed on February 13, 2018, involves the execution of the structure, special facilities, finishings and exterior arrangements of the new CUF Tejo Hospital, which will have six floors above-ground and four floors below-ground. The gross construction area of around 73,000sqm will comprise parking areas on floors -4 to -2, with specialist units and services on the remaining floors.

The participation of Teixeira Duarte - Engenharia e Construções, S.A. in this large-scale project began in 2016 with excavations, peripheral containment and the building of up to Floor 0. The cost of both works will total 65.4 million euros.

2. A consortium led by its wholly-owned subsidiary "Teixeira Duarte – Engenharia e Construções, S.A.", received, on March 1, 2018, from the "Concessionaire of the Airport of Salvador, SA" – a company belonging to the Vinci Airports Group – the contract and respective service order for the execution of the "Engineering, supply and construction contract, for the expansion of Salvador airport, with fixed prices and timeframes, under an EPC turn-key contract (Engineering, Procurement and Construction), for a flat-rate price", with a view to carrying out work on, remodelling and expanding Salvador Airport. This includes the undertaking of the executive project, the construction of a new terminal and its respective boarding bridges, construction of a building to connect the new terminal to the existing terminal, and remodelling of the existing terminal and improvement of the runway, landing strips and taxiways.

The estimated period of execution of the work is 20 months and the total value of the contract amounts to approximately R \$ 600 million (Brazilian Reals) or 149,6 million euros.

"Teixeira Duarte - Engenharia e Construções, S.A." is the leader of this consortium, in which it has a stake of 32.99%.

3. Despite not having been disclosed to the market as "Privileged Information" due to its size, it is deemed appropriate to include here the following relevant facts from the area of activity of the infrastructure sector in Brazil, because they were also referenced in the above text of this report:

a. A joint venture which includes its 100% controlled company "EMPA, S.A. Serviços de Engenharia", has received, on

March 13 of 2018, on behalf of the National Transportation Infrastructure Department (known as the DNIT), a contract for the "Elaboration of the basic and executive engineering projects and implementation of road duplication, side roads, capacity adaptation, restoration with improvements and special engineering structures on highway BR-116/BA, Lot 06", to be developed between Km 387.41 and km 427.75, for a total extension of 40.34 km.

The time frame foreseen for implementation of the work is of 1350 days and it is valued at 297 million Reais, corresponding to 74 million Euros, of which "EMPA, S.A. Serviços de Engenharia" owns a participation of 45%, equivalent to 33.3 million Euros.

b. Its 100% controlled company "EMPA, S.A. Serviços de Engenharia" has signed, on March 26 of 2018, with the company "VALE S.A.", a contract for the "Full implementation of the civil works for raising the scope of the Itabiruçu Dam to a height of 850 meters, in the municipal district of Itabira/MG, including the supply of materials".

The work is valued at R\$ 109 million Reais [Brazilian Reals], corresponding to 26.6 million Euros and divided into two Work Orders; the first one valued at R\$ 13.5 million, corresponding to 3.3 million Euros and a period of 170 days, and the second one valued at R\$ 95.5 million, corresponding to 23.3 million Euros and a period of 514 days.

4. Its wholly-owned company "Teixeira Duarte - Engenharia e Construções, S.A." has signed, on April 9, 2018, a contract with subsidiaries for an investment fund managed by "3i Investments plc", a management company, for the sale of 90% of the capital stock of "TDHOSP - Administração de Edifício Hospitalar, S.A." (TDHOSP).

The transaction has as a suspensive condition - in addition to obtaining consent from TDHOSP itself, authorization must be obtained on behalf of the Portuguese state, as a conceding entity, as well as on behalf of the concession's financing entities - which is expected to occur by July 30 of 2018.

The total price set for the transaction, including the transfer of shares and credit claims existing over TDGOSP, is around 19.4 million euros, which will have an impact of around 19 million euros on the "Equity" item of the 2018 accounts of "Teixeira Duarte, S.A.", leading to a reduction of around 75 million euros

in the Group's liabilities.

5. During the first three months of 2018 the kwanza suffered a 43% devaluation against the euro, corresponding to a significant on the equity of the Company, to be recognized by the equity method, due to the effect that this devaluation has of the financial statements of the company's Angolan subsidiaries. However, and despite the operating assets, these subsidiary companies, recorded on the accounts at amortized cost in Kwanzas, these same assets are "dollarized" by the market, so it is understood that the devaluation in question does not reflect an effective reduction in the value of these assets.

We would also like to highlight the fact that in 2018 the Group had a plan to divest a group of assets, which were reclassified as "assets and liabilities held for sale"; when the respective divestments have a significant impact, specifically improving financial autonomy, they will mitigate this effect.

Lastly, and still in relation to the devaluation of the Kwanza, it should be mentioned that a beneficial effect on the convertibility of the kwanza is estimated, so this situation is expected to make a positive contribution to Group operations in Angola.

6. As mentioned in the Management Report, the Teixeira Duarte Group concluded a Framework Agreement with Banco Comercial Português, Caixa Geral de Depósitos and Novo Banco, which sets out the terms by which the Group's debt will be significantly reduced. The aforementioned agreement had no effect on the amounts recognized on the Company's financial statements, but it had an effect on their presentation, in consequence of the extension of financial debt maturities.



Teixeira Duarte

Annual Report 2017

Consolidated Financial Statements 2017

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 2016

	Notes	2017	2016
Non-current assets:			
Goodwill	19	12.316	14.295
Intangible assets	20	77.509	38.954
Fixed tangible assets	21	406.577	495.787
Investment Properties	22	217.647	547.067
Investments in associates and joint-ventures	7 e 23	20.296	17.504
Financial assets available for sale	7 e 25	1.841	8.318
Other investments	26	27.413	54.125
Assets for deferred tax	27	155.032	198.187
Clients	28	39.784	43.137
Other debtors	28	10.985	-
Other non-current assets	31	5.626	653
Total of non-current assets		975.026	1.418.027
Current assets:			
Inventories	9 e 10	241.057	251.442
Clients	28	260.407	416.509
Other debtors	28	42.805	54.652
Cash and cash equivalents	30	154.265	180.908
Other current assets	31	165.819	179.657
		864.353	1.083.168
Assets for sale	24	454.980	38.777
Total of current assets		1.319.333	1.121.945
TOTAL OF ASSET	7	2.294.359	2.539.972
Equity:			
Paid-up	33	210.000	210.000
Adjustments of shareholdings in associates and joint-ventures		215	849
Currency conversion adjustments		(67.455)	(34.826)
Reserves and retained income	34	229.456	199.599
Consolidated net result	17	(4.650)	20.147
Equity attributable to shareholders		367.566	395.769
Non-controlling interests	35	41.277	49.041
EQUITY TOTAL		408.843	444.810
Non-current liabilities:			
Loans	36	708.718	664.094
Provisions	37	35.797	43.500
Finance leasing	39	4.768	154.304
Liabilities by deferred taxes	27	35.043	73.340
Other Creditors	38	-	68
Other non-current liabilities	40	32.161	66.530
Total of non-current liabilities		816.487	1.001.836
Current liabilities:			
Loans	36	299.560	649.913
Suppliers	38	155.625	121.371
Finance leasing	39	3.879	20.807
Other Creditors	38	28.186	33.096
Other current liabilities	40	231.903	243.777
		719.153	1.068.964
Liabilities for sale	24	349.876	24.362
Total of current liabilities		1.069.029	1.093.326
TOTAL OF LIABILITY	7	1.885.516	2.095.162
TOTAL OF LIABILITY AND EQUITY		2.294.359	2.539.972

(Values in thousand euros)

The annex notes are an integral part of the consolidated statement of the financial position for the quarter ending 31 December 2017.

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED ON 31 DECEMBER 2017 AND 2016

	Notes	2017	2016
Operating income:			
Sales and services rendered	7 e 8	1.035.638	1.115.373
Other operating income	8	64.361	114.816
Total of operating income	8	1.099.999	1.230.189
Operating costs:			
Cost of sales	9	(303.637)	(338.842)
Production changes	10	4.373	3.570
External supplies and services	11	(316.526)	(313.306)
Expenses with staff	12	(239.984)	(243.610)
Amortizations and depreciations	7, 20 e 21	(56.223)	(69.458)
Provisions and impairment losses in depreciable and amortizable asset and Goodwill	7 e 37	8.614	(5.616)
Other operating costs	14	(62.871)	(72.103)
Total of operating costs		(966.254)	(1.039.365)
Operational income	7	133.745	190.824
Costs and financial losses	7 e 15	(170.416)	(295.643)
Income and financial earnings	7 e 15	65.765	179.020
Income related to investment activities:			
Income related to affiliates and joint-ventures	7 e 15	2.217	8.570
Other	7 e 15	(9)	(18.846)
Financial Results		(102.443)	(126.899)
Earnings before tax	7	31.302	63.925
Income tax	16	(34.534)	(30.411)
Consolidated net income for the year		(3.232)	33.514
Net results attributable to:			
Shareholders	17	(4.650)	20.147
Non-controlling interests	35	1.418	13.367
Income by share:			
Basic (euros)	17	(0,01)	0,05
Diluted (euros)	17	(0,01)	0,05

(Values in thousand euros)

The annex notes are an integral part of the consolidated income statement for the year ended on 31 December 2017

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE REVENUE FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2017 AND 2016

	Notes	2017	2016
Consolidated net income for the year		(3.232)	33.514
Income and expenses that will not be reclassified for results			
Sale of Non-controlling interests	35	(7.207)	-
Other equity variations		7.591	1.380
		384	1.380
Income and expenses that can be reclassified for results			
Currency conversion adjustments	47	(35.140)	(98.857)
Adjustments of shareholdings in associates and joint-ventures	23	(634)	(7.477)
Financial instruments due to coverage	41	3.495	(287)
		(32.279)	(106.621)
Result known directly in equity		(31.895)	(105.241)
Comprehensive income for the year		(35.127)	(71.727)
Comprehensive income attributable to:			
Shareholders		(27.363)	(70.478)
Non-controlling interests		(7.764)	(1.249)

(Values in thousand euros)

The annex notes are an integral part of the consolidated statement of the other comprehensive income for the year ended on 31 December 2017.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2017 AND 2016

	Notes	Paid-up	Adjustments of shareholdings in associates and joint-ventures	Currency conversion adjustments	Reserves and retained income				Consolidated net result	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Hedge operation reserve	Income retained				
Balance as at 1 January 2016	33	210.000	8.326	48.126	31.500	176.163	(11.698)	(28.143)	33.653	467.927	50.290	518.217
Comprehensive income for the year:												
Consolidated net income for the year		-	-	-	-	-	-	-	20.147	20.147	13.367	33.514
Variation in currency conversion adjustments	47	-	-	(82.952)	-	-	-	-	-	(82.952)	(15.905)	(98.857)
Effect of hedge operations	41	-	-	-	-	-	(287)	-	-	(287)	-	(287)
Effect of the application of equity method:	23	-	(7.477)	-	-	-	-	-	-	(7.477)	-	(7.477)
Other		-	-	-	-	-	-	91	-	91	1.289	1.380
Operations with shareholders in the year:												
Appropriation of the consolidated net income for 2015:												
Transfer to legal reserves, free and retained earnings		-	-	-	5.000	18.298	-	8.675	(31.973)	-	-	-
Dividends distributed	18	-	-	-	-	-	-	-	(1.680)	(1.680)	-	(1.680)
Balance as at 31 December 2016		210.000	849	(34.826)	36.500	194.461	(11.985)	(19.377)	20.147	395.769	49.041	444.810

	Notes	Paid-up	Adjustments of shareholdings in associates and joint-ventures	Currency conversion adjustments	Reserves and retained income				Consolidated net result	Total equity attributable to shareholders	Non-controlling interests	Total
					Reserva legal	Free reserves	Hedge operation reserve	Income retained				
Balance as at 1 January 2017	33	210.000	849	(34.826)	36.500	194.461	(11.985)	(19.377)	20.147	395.769	49.041	444.810
Comprehensive income for the year:												
Consolidated net income for the year		-	-	-	-	-	-	-	(4.650)	(4.650)	1.418	(3.232)
Variation in currency conversion adjustments	47	-	-	(32.629)	-	-	-	-	-	(32.629)	(2.511)	(35.140)
Effect of hedge operations	41	-	-	-	-	-	3.495	-	-	3.495	-	3.495
Effect of the application of equity method:	23	-	(634)	-	-	-	-	-	-	(634)	-	(634)
Sale of Non-controlling interests		-	-	-	-	-	-	-	-	-	(7.207)	(7.207)
Other		-	-	-	-	-	-	7.055	-	7.055	536	7.591
Operations with shareholders in the year:												
Operations with shareholders in the year:												
Transfer to legal reserves, free and retained earnings		-	-	-	5.500	752	-	13.055	(19.307)	-	-	-
Dividends distributed	18	-	-	-	-	-	-	-	(840)	(840)	-	(840)
Balance as at 31 December 2017		210.000	215	(67.455)	42.000	195.213	(8.490)	733	(4.650)	367.566	41.277	408.843

(Values in thousand euros)

The annex notes are an integral part of the consolidated statement of changes in equity for the year ended on 31 December 2017.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2017 AND 2016

	Notes	2017	2016
OPERATIONAL ACTIVITIES			
Receipts from customers		1.036.937	1.017.409
Payment to suppliers		(575.589)	(612.989)
Payment to staff		(232.972)	(251.941)
Cash flow generated by operations		228.376	152.479
Payment/receipt of income tax		(35.262)	(39.255)
Other receipts/payments related to the operational activity		(11.446)	13.507
Cash flows of operational activities [1]		181.668	126.731
INVESTMENT ACTIVITIES:			
Receipts related to:			
Financial investments	30	28.817	25.771
Tangible fixed assets and investment properties		5.451	20.248
Intangible assets		1	24
Interests and similar gains		10.608	15.820
Dividends	30	2.728	1.652
		47.605	63.515
Payments related to:			
Financial investments	30	(440)	(548)
Tangible fixed assets and investment properties		(25.168)	(62.484)
Intangible assets		(2.383)	(3.467)
		(27.991)	(66.499)
Cash flows from investment activities [2]		19.614	(2.984)
FINANCING ACTIVITIES:			
Receipts related to:			
Obtained loans		2.010.598	1.849.651
Payments related to:			
Obtained loans		(2.150.776)	(1.919.616)
Interests and similar costs		(65.962)	(81.843)
Dividends	18	(840)	(1.680)
		(2.217.578)	(2.003.139)
Cash flows from financing activities [3]		(206.980)	(153.488)
Variation of cash and cash-equivalent items (4)=(1)+(2)+(3)		(5.698)	(29.741)
Effect of exchange rate differences		(8.338)	(41.569)
Cash and cash-equivalent items - scope change (Note 5)		(111)	-
Cash and cash-equivalent items at the beginning of the period	30	180.908	252.693
Transfer to assets held for sale (Note 24)	24	(12.496)	(475)
Cash and cash-equivalent items at the end of the period	30	154.265	180.908

(Values in thousand euros)

The annex notes are an integral part of the cash flow statement for the year ended on 31 December 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

1 - INTRODUCTION

Teixeira Duarte, S.A. ("Company" or "TD, S.A.") with head office in Porto Salvo, was incorporated on 30 November 2009, with share capital of EUR 210,000,000, represented by 420,000,000 shares with the nominal value of EUR 0.50 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 corporate universe of Teixeira Duarte ("Group") is composed of the participated companies indicated in Note 4. The Group's core activities are: Construction; Concessions and Services; Real Estate; Hospitality; Distribution; Energy and Automotive (Note 7).

Within the Teixeira Duarte Group, it stands out that one of the 100% owned companies ("TDHOSP - Gestão de Edifício Hospitalar, SA") has been repositioned from the "Concessions and Services" sector to the "Real Estate" sector. In the appendices plus the maps and graphs set out in this document, the 2016 indicators were - only in relation to these two sectors - restated to allow the appropriate level of comparability.

The stated values will be expressed in thousands of euros, unless expressly indicated. The operations conducted abroad are included in the consolidated financial statements pursuant to the policy described in Note 2.9.

2 - MAIN ACCOUNTING PRINCIPLES

2.1 - Basis of presentation

The consolidated financial statements have been prepared under the assumption of the continuity of operations, based on the accounting books and records of the companies included in the consolidation (Note 4), adjusted in accordance with the consolidation process, in order to conform with the provisions of the International Financial Reporting Standards adopted by the European Union, effective for financial years beginning on 1 January 2017.

These standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations, issued by the IFRS Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"), respectively, whose adoption has been approved by the European Union. Hereinafter, these standards and interpretations shall be referred to in general as "IFRS".

The financial statements were prepared under the historical cost convention, except with respect to investment properties, financial assets available for sale and derivative financial instruments.

Standards, interpretations, amendments and revisions which entered into force during the year

Prior to the date of approval of these financial statements, the European Union endorsed the following mandatory accounting standards, interpretations, amendments and revisions for the financial year beginning on January 1, 2017:

Standard/Interpretation	Applicable in the European Union for the financial years starting on or after	Observations
Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses	01-Jan-17	These amendments clarify the conditions for recognition and measurement of tax assets derived from unrealised losses.
Amendments to IAS 7 - Disclosures	01-Jan-17	These amendments introduce additional disclosures related to the cash flow of financing activities.

There were no relevant impacts on the consolidated financial statements for the year ended on 31 December 2017, arising 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 the European Union for the financial years starting on or after	Observations
IFRS 9 - Financial instruments	01-Jan-18	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.
IFRS 15 - Revenue from contracts with clients	01-Jan-18	This standard introduces a structure of recognition of revenue based on principles and a model applicable to all contracts concluded with clients, 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.
IFRS 16 - Leases	01-Jan-19	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.
Clarifications about IFRS 15 - Revenue from contracts with customers	01-Jan-18	These amendments introduce various clarifications in the standard aimed at eliminating the possible emergence of divergent interpretations of various topics.
Amendments to IFRS 4: Application of IFRS 9 - Financial Instruments with IFRS 4 - Insurance	01-Jan-18	These amendments provide guidelines on the application of IFRS 4 together with IFRS 9. IFRS 4 will be replaced with the

Despite being endorsed by the European Union, these standards were not adopted in 2017, as their application is not yet mandatory. The application of the aforementioned standards is not envisaged to have a significant impact on the attached financial statements.

Standards, interpretations, amendments and revisions not endorsed by the European Union

The following accounting standards and interpretations were issued by the IASB and have not yet been endorsed by the European Union:

Standard/Interpretation	Applicable in the European Union for the financial years starting on or after	Observations
IFRS 17 - Insurance contracts	01-Jan-21	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance contracts.
Amendments to IFRS 2: Classification and measurement of transactions of share-based payments	01-Jan-18	These amendments introduce various clarifications in the standard related to: (i) the recording of transactions of share-based payments that are settled with cash; (ii) the recording of modifications in transactions of share-based payments (from settled with cash to settled with equity instruments); (iii) the classification of transactions with offsetting settlement features.
Amendments to IAS 40: Transfers of Investment Properties	01-Jan-18	These amendments clarify that the change of classification from or to investment property should only be done when there is evidence of an alteration in the use of the asset.
Improvements to the international financial reporting standards (2014-2016 cycle)	01-Jan-18 except for the amendments to IFRS 12, whose application date is 01-Jan-17	These improvements involve the clarification of various aspects related to: IFRS 1 - First-time adoption of the financial reporting standards: eliminates various short term exemptions; IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the standard regarding its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in associates and joint ventures: introduces clarifications on fair value measurements through profit or loss of investments in associates or joint ventures held by venture capital companies or investment funds.
Improvements to the international financial reporting standards (2015-2017 cycle)	01-Jan-19	These improvements involve the clarification of various aspects related to: IFRS 3 - Business combinations: require the remeasuring of previously held interests when an entity obtains control over a subsidiary over which there was previously joint control; IFRS 11 - Joint ventures: clarifies that previously held interests do not have to be remeasured when an entity obtains joint control over a joint operation; IAS 12 - Income tax: clarifies that all of the tax consequences of dividends must be recorded under results, regardless of how the tax arises; IAS 23 - Borrowing costs: clarifies that the part of the loan directly related to the acquisition/construction of an asset, payable after the corresponding asset is ready for its intended use is, for the purposes of calculating the capitalization rate, considered as an integral part of the entity's generic financing.
Amendment to IFRS 9: prepayment features with negative compensation	01-Jan-19	This amendment will allow financial assets with contractual conditions that envisage, upon early amortization, the payment of a considerable amount by the creditor, to be measured at amortized cost or at fair value through reserves (depending on the business model), provided that: (i) on the initial asset recognition date, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation upon early amortization is the only reason why the asset in question is not considered as an instrument that only considers interest and capital payments.

Standard/Interpretation	Applicable in the European Union for the financial years starting on or after	Observations
Amendments to IAS 28: Long-term investments in associates and joint ventures	01-Jan-19	This amendment will clarify that IFRS 9 (including the respective requirements concerning impairment) must be applied to investments in associates and joint agreements if the equity method is not used to measure them.
IFRIC 22 - Foreign currency transactions and advance consideration	01-Jan-18	This interpretation establishes the date of the initial recognition of the advance or deferred income as the transaction date for purposes of determination of the exchange rate for recognition of the revenue.
IFRIC 23 - Uncertainty over Income Tax Treatments	01-Jan-19	This interpretation will provide guidelines on calculating taxable gains, tax bases, tax losses to be reported, tax credits to use and tax rates in uncertain scenarios concerning income tax treatment.

These standards have not yet been *endorsed* by the European Union and, as such, were not applied by the Group in the financial year ended on 31 December 2017.

It is not estimated that the future adoption of these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, will have a significant impact on the attached financial statements.

2.2 - Judgments and estimates

The preparation of the consolidated financial statements in conformity with the recognition and measurement principles of the IFRS requires the Board of Directors to make judgements, estimates and assumptions that can affect the reported amounts of assets and liabilities.

These estimates are based on the best knowledge existing at all times and on the planned actions, and are periodically reviewed based on the available information. Changes in facts and circumstances may lead to the need to review the estimates, hence the actual future results may differ from these estimates.

The significant estimates and assumptions made by the Board of Directors in preparing these consolidated financial statements include, namely, the assumptions used to estimate the following aspects:

Impairment of non-current assets (except *goodwill*)

The determination of a possible impairment loss can be triggered by the occurrence of different events, many of which are outside the sphere of influence of the Group, such as the availability of

future financing, the cost of capital or any other changes.

The identification of impairment indicators, the estimate of future cash flows and the determination of the recoverable amount of assets imply a high degree of judgement by the Board of Directors regarding the identification and evaluation of various impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Impairment of *goodwill*

Goodwill is subject to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable values of the cash flow generating units to which the *goodwill* is allocated, are determined based on expected cash flow. These calculations require the use of estimates by the 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 operational segments in which the Group operates.

Contingent provisions and liabilities

The Group periodically analyses possible obligations arising from past events that must be recognised or disclosed. The subjectivity inherent in determining the likelihood of the existence of a present liability and amount of internal resources necessary for the payment of the obligations could lead to significant adjustments, either by changing the assumptions made, or by the future recognition of provisions previously disclosed as contingent liabilities.

Recognition of deferred tax assets

Deferred tax assets are only recognised when there is a reasonable expectation that there will be sufficient future taxable profits to use them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by the management at the end of each year and takes into consideration the expectation of future tax performance.

Impairment losses of accounts receivable

The credit risk associated to accounts receivable is evaluated at the end of each reporting date, taking into account the debtor's historical information and risk profile. The accounts receivable are adjusted according to the management's assessment of the estimated risks of recovery existing on the reporting date, which may prove to be erroneous.

Recognition of revenue from construction contracts

The Group recognises the earnings of construction contracts in accordance with the percentage completion method, which is defined as the relationship between the incurred costs in each contract up to the reporting date and the sum of these costs with the estimated costs to complete the contract. The assessment of the degree of completion of each contract is periodically reviewed, taking into consideration the most recent production indicators.

Valuation of investment properties

Investment properties are measured at their fair value, which is determined based on valuations 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 stakes in equity and in the net income of these companies are presented separately on the financial position and consolidated income statement and other comprehensive income, under the respective "Non-controlling interests" items.

Any significant transactions and balances between these companies were eliminated during the consolidation process. Capital gains arising from the disposal of participated companies, made within the Group, were also annulled.

Whenever appropriate, adjustments are made to the financial statements of the subsidiaries with a view to the standardisation of their accounting policies with those of the Group.

b) Business combination

Business combinations, namely the acquisition of jointly controlled companies, are recorded through the acquisition method.

The acquisition cost corresponds to the sum of the fair values of the assets acquired, liabilities incurred or assumed and the equity instruments issued by the Group in exchange for the acquired control. Costs related to the acquisition are recognised as a cost when incurred. When applicable, the acquisition cost also includes the fair value of contingent payments measured on the acquisition date. Subsequent alterations in the value of contingent payments are recorded in accordance with the accounting rules which regulate the recording of the assets or liabilities in question, unless they qualify as an adjustment in the provisional measurement period (with a maximum of 12 months).

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance

with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value on the acquisition date, except for non-current assets (or groups of assets) which are classified as held for sale, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations ("IFRS 5"), which are recognised and measured at the respective fair value minus the costs to be incurred in their future sale.

Any excess of the acquisition cost increased by the value of the non-controlled interests relative to the fair value of the acquired assets and liabilities is recognised as *Goodwill*. If the cost of acquisition is less than the fair value of the identified net assets, the difference is recorded as net income gain for the period when the acquisition occurs, after re-confirmation of the attributed fair value.

If the process of recording of the business combinations is incomplete by the end of the year when the combination occurs, the Group discloses this same situation, and the provisioned values may be adjusted during the measurement period (the period between the acquisition date and the date when the Group obtains the complete information on the facts and circumstances that existed on the acquisition date and within the maximum of 12 months), or new assets and liabilities may be recognised so as to reflect facts and circumstances that existed on the reporting date and which, in known cases, would have affected the amounts recognised on the acquisition date.

Non-controlling interests are identified separately in equity by the equity attributable to the shareholders of the Parent Company. Non-controlling interests may be measured initially either at their fair value or by the proportion of the fair value of the assets and liabilities of the acquired subsidiary. This option is made separately for each transaction.

After the initial recognition the book value of the minority interests is determined as the value recognised initially plus the proportion of alterations of equity of the subsidiary. The full income of a subsidiary is attributed to the non-controlling interests even if it is negative.

Changes in the percentage control of subsidiaries that do not result in a loss in control are recorded as equity transactions. The value of the Group's interests and the non-controlled interests is adjusted to reflect the percentage changes. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the transaction price is recognised directly under equity and attributed to the shareholders of the Parent Company.

When the Group loses control over a subsidiary, the gain or loss in the sale is calculated as the difference between (i) the aggregate amount of the fair value of the price and the fair value of the retained interests and (ii) the book value of the assets (including goodwill) and the liabilities of the subsidiary and of the non-controlling interests. Amounts recognised previously as other comprehensive income are transferred to profit or loss for the year or transferred to retained earnings in the same way as would be the case if the related assets or liabilities were sold. The fair value of the retained interests corresponds to the fair value in the initial recognition for the effect of subsequent recording under IFRS 9 - Financial instruments or, as and when applicable, the cost for the effect of the initial recognition of an investment in an associate or joint venture.

c) Investments in associates and joint-ventures

An associate or 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.

According to the equity method, financial holdings are adjusted periodically based on the value corresponding to the participation in the net income of associated companies and joint ventures, against "Income attributable to associates and joint ventures", and based on other changes that occur in their equity, against the items "Adjustments of capital stakes 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 the 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*

The differences between the acquisition cost of investments in subsidiaries, associated companies and joint ventures, plus, in the case of subsidiaries, the value of non-controlling interests and the fair value of the identifiable assets and liabilities of these companies on the date of their acquisition, if positive, are recorded as goodwill (in the case of subsidiaries), or kept until the item of investments in associated companies and joint ventures.

Goodwill is recorded as an asset and is not subject to amortization. It is presented separately in the consolidated statement on the financial position or under the item entitled "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 period and is not subject to subsequent reversal.

Upon the disposal of a subsidiary, associate or joint-venture, the corresponding *Goodwill* is included in the determination of the capital gain or loss.

Where the acquisition cost is less than the fair value of the identified net assets, the difference is recognised as a gain for the period in which the acquisition occurs.

2.4 - Intangible assets

Intangible assets essentially comprise contractual rights and costs incurred in specific projects with future economic value, and are stated at cost, minus accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that they will produce future economic benefits for the Group, are controllable by the Group and their value can be measured reliably.

Internally generated intangible assets, including expenditure on current research and development, are recognised as a cost for

the period when they are incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the income statement when incurred, except when such costs relate directly to projects which will probably generate future economic benefits for the Group. In these situations, these expenses are capitalised as intangible assets.

Amortisation is calculated, after the beginning of use of the assets, through the straight-line method, in accordance with the year of utility that the Group expects of the assets concerned.

2.5 - Tangible fixed assets

Tangible fixed assets used in production, services rendered or for administrative use are recorded at acquisition or construction cost, including the expenses incurred with their acquisition, minus accumulated depreciation and impairment losses, when applicable.

Tangible fixed assets are depreciated through the straight-line method, according to their estimated useful life, from the date on which they are available to be used for the intended purpose and cease when the assets become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Service life in years
Buildings and other constructions	5 - 50
Basic equipment	4 - 8
Transportation equipment:	3 - 7
Tool and utensils	3 - 7
Administrative equipment	2 - 10
Other fixed tangible assets	1 - 4

The benefactors and beneficiations are only recorded as assets in cases where they correspond to the replacement of goods, which are written off, or lead to an increase of the future economic benefits.

The fixed tangible assets underway represent assets even during construction, being recorded in the cost of acquisition, deducted from the possible impairment. These tangible fixed assets are depreciated as from the time when the underlying assets are able to be used for the intended purposes.

The gains or losses arising from the sale or write-off of fixed tangible assets are determined as the difference between the sale price and the net book value on the date of alienation/write-off, being recorded at the net value in the income statement

under the headings “Other Operational” or “Other Operating costs”.

2.6 - Leases

Lease contracts are classified as: (i) financial leases, if all the risks and benefits of their ownership are transferred substantially; or (ii) operating leases, if all the risks and benefits of ownership are not transferred substantially.

Leases are classified as financial or operating leases according to the nature of the contract and not its form.

Assets acquired under financial lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the asset, the corresponding accumulated depreciation and the outstanding debts payable pursuant to the contractual financial plan. Furthermore, the interest included in the lease instalments and depreciation / amortisation of the assets are recognised as costs in the income statement of the period to which they refer.

In the leases considered as operational, the due profits are recognised as expenses in the income statement on a linear basis during the leasing contract term.

2.7 - Impairment of non-current assets, excluding goodwill

Impairment is assessed whenever events or changes in circumstances indicate that the amount at which an asset is recognised might not be recovered. When such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss.

In situations where the individual asset does not generate *cash-flows* independently of other assets, the recoverable value is estimated for the cash flow generating unit to which the asset belongs.

Whenever an asset's recorded value is higher than its recoverable amount, an impairment loss is recognized for the difference, which is recorded on the income statement under the item entitled “Provisions and impairment losses on depreciable and amortizable 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 disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, when this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses is recorded when there are indications that the recognised impairment losses no longer exist or have decreased. Impairment loss reversals are recognized on the income statement under the item entitled “Provisions and impairment losses on depreciable and amortizable assets and goodwill”, for the year in which 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 the gains or losses resulting from changes in the fair value of investment properties are recognized in the income for the financial year in which they occur, and recorded under the item entitled “Change in fair value of investment properties”, included under “Other operating profits” or “Other operating costs”, depending on whether they are gains or losses.

The fair value of each investment property is determined by the evaluations made by the independent specialised entity and in compliance with evaluation criteria generally accepted by the real-estate market.

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 in currencies other than the Euro are recorded at the rates in force on the date of the transaction. On each reporting date, the monetary assets and liabilities expressed in foreign currencies are converted into Euro using the exchange rates in force on that date. Non-monetary assets and liabilities recorded at fair value denominated in foreign currencies are converted into Euro using the exchange rate in force on the date when the fair value was determined.

Favorable and unfavorable exchange rate differences, caused by differences between the exchange rates in force on the transaction date and those in force on the date of collection, payment or on the financial statement date, of these same transactions, are recorded as profits and costs on the income statement for the financial year, with the exception of those relating to non-monetary items, whose changes in fair value are recorded directly under equity in the item entitled "Exchange rate adjustments" (Note 47).

The financial statements of subsidiary companies denominated in foreign currency are converted taking into consideration the exchange rate in force on the date of the financial statement, for the conversion of assets and liabilities, the historical exchange rate for converting the balances of the equity item, and average exchange rates for the financial year, for converting the items under the income statement, other comprehensive income and cash flows.

Pursuant to IAS 21 - Effects of changes in foreign exchange rates ("IAS 21"), the *goodwill* and fair value corrections determined upon the acquisition of foreign entities are considered in the reporting currency of these entities, and are converted into euros at the exchange rate in force on the reporting date. Exchange rate differences created in this way are recorded under equity, under the item entitled "Exchange rate adjustments" (Note 47).

2.10 - Financing costs

Loan costs are recognised in the income statement for the year to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising

from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

2.11 - Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the grant conditions.

Operating grants, particularly for employee training, are recognised in the income statement in accordance with costs incurred.

Investment subsidies related to the acquisition of tangible fixed assets are included under the items entitled "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement using the straight line method, consistently and in proportion to the depreciation/amortization of the assets that they are used to acquire.

2.12 - Inventories

Goods and raw materials are stated at acquisition cost, using the average cost as the costing method.

Intermediate and finished products and work in progress are stated at the weighted average cost of production, which includes the cost of the incorporated raw materials, labour and manufacturing overheads (considering the depreciation of production equipment calculated on the basis of normal usage levels), which is below the net realisable value. Net realisable value corresponds to the normal sales price minus the production completion costs and marketing costs.

The difference between the cost value and respective realisation value of the inventories, when the latter is lower than the book value, is recorded as impairment losses in inventories.

2.13 - Provisions

Provisions are recognised when and only when: i) the Group has a present obligation (legal or constructive) as a result of a past event, ii) it is probable that a transfer of economic benefits will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each reporting date and adjusted to reflect the best estimate on that reporting date.

2.14 - Segment reporting

A business segment is a group of assets and operations involved in the provision of products and services subject to risks and benefits that are different from other business segments. A geographic segment is a group of assets and operations involved in the provision of products and services in a specific economic environment, which is subject to risks and benefits different from those that affect segments that operate in other economic environments.

The Group presents business segments as operating segments, in a manner consistent with the way the management conducts the business.

2.15 - Net operating income

Net operating income includes all the costs and revenues of operating activities, both recurrent and non-recurrent, including restructuring costs and the costs and revenues related to operating assets (tangible fixed assets and 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, net financing costs, the net income of associates and joint-ventures, 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 cash equivalents

Amounts included under the item "Cash and cash equivalents" correspond to amounts of cash, bank deposits, fixed term deposits and other cash investments, with maturities of less than three months and that can be mobilized immediately with an insignificant risk of a 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. If there is evidence that they are in impairment, the corresponding adjustment is recorded under the "Other operating costs" item of income. The recognised adjustment is measured by the difference between

the value by which the accounts receivable are recognised and the actual value of the cash flows discounted from the effective interest rate determined at the 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 arising from a change in fair value are recorded under equity, under the item entitled "Fair value reserve" until the investment is sold, received or divested in any way, or in situations where an impairment loss is deemed to exist, at which time the accumulated loss is recorded on the income statement.

Other investments

Financial assets held for sale in equity instruments, which do not have a market price listed on an active market, or whose fair value cannot be reliably measured, are measured based on their acquisition cost, minus any accumulated impairment losses; they are recognized under the item entitled "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 recognized under the item entitled "Other investments", and any change in their fair value is recognized under the item entitled "Income from 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 recognized as liabilities at the amount received, net of costs of issuing such loans and later measured by the amortized cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual accounting principle, being added to the book value of the loan if they are not settled during the financial year.

g) Derivative financial instruments and hedge accounting

Derivative financial instruments are used to hedge the financial risks to which the Group is exposed due to changes in interest rates. Therefore, the Group does not resort to financial derivative instruments for speculative purposes.

Financial instruments are used in accordance with internal policies adopted by the Board of Directors.

Derivative financial instruments are measured based on their respective fair value and are recognized under the item entitled "Other current liabilities / assets" or "Other non-current assets / liabilities", 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 IFRS 9 - Financial Instruments: recognition and measurement ("IFRS 9"), namely relative to the respective documentation and effectiveness.

Changes in the fair value of derivative financial instruments

classified as fair value hedges are recognised as a financial profit or loss for the year, as well as changes in the fair value of the asset or liability subject to that risk.

Changes in the fair value of derivative financial instruments classified as *cash-flow* hedges are recorded under the "Hedge operation reserve" for their effective component and through financial profit or loss for their non-effective component.

The values recorded under the "Hedge operation reserve" are transferred to the financial profit or loss for the year when the hedged item also has an effect on profit or loss.

Hedge accounting is discontinued when the hedging instrument reaches maturity, is sold or exercised, or when the hedge relationship no longer meets the requirements established in IFRS 9.

2.17 - Pension liabilities

The Group offers a retirement plan to its employees.

This insurance plan was established in the context of a social and incentive policy for workers and is of the exclusive initiative of the subsidiary companies where these benefits are attributed. Due to its optional nature, it is the exclusive decision of the respective administrations to make any appropriate contributions at any given time, taking into account current planned expenditure and the economic and financial situation.

Therefore, contributions made by the Group are recorded as costs on the date on which they are made.

2.18 – Income tax

Income tax for the year is calculated based on taxable income of the companies included in consolidation and considers deferred taxation.

The current income tax rate is calculated based on the taxable income (which differs from accounting income) of the companies included in the consolidation in accordance with the tax rules in force at the head office of each company of the Group.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for taxation purposes, as well as the resulting tax benefits obtained.

Deferred tax assets and liabilities are calculated and periodically evaluated using tax rates that are expected to be in force at the date of reversal of the temporary differences, are not discounted and are recognised as non-current assets or liabilities.

Deferred tax assets are only recorded when there are reasonable expectations of sufficient future tax profits to use them. On each reporting date, the temporary differences underlying deferred tax assets are reviewed to recognise or adjust them according to the current expectation of future recovery. 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 when an inflow of future economic benefits is probable.

A contingent liability is (i) a possible liability arising from past events and whose existence will be confirmed by the occurrence or not of uncertain future events or (ii) a present liability which arises from past events, but which is not recognised because it is unlikely that there will be an outflow of funds or the possible outflow of funds cannot be measured reliably.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

2.20 - Revenue and accruals

Sales

Revenue arising from the sale of goods is recognised in the income statement when all the following conditions have been met:

- The Group has transferred to the buyer the significant risks and rewards of the ownership of the assets;
- The Group maintains neither continued managerial involvement to the extent usually associated with ownership nor effective control over the sold assets;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred with the transaction can be reliably measured.

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). Differences between profits calculated using this method and issued invoices are accounted for under the items entitled "Other current assets" and "Other current liabilities", depending on the nature of the differences.

Changes in the works under a construction contract, claims and premiums are considered as they are agreed and when they can be quantified in a sufficiently reliable manner.

To make a reasonable estimate of the result of a contract, the following conditions must be met:

- It is probable that the Group will obtain the economic benefits set out in the contract;
- The costs of the contract are identifiable and can be quantified reliably;
- 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 expenditure whose actual value is unknown are estimated.

Differences between invoiced amounts and the corresponding profits and costs are recorded under the items entitled "Other current assets" and "Other current liabilities".

2.21 - Classification of financial position

Assets which are realisable and liabilities payable less than one year from the reporting date are classified, respectively, as current assets and liabilities.

Liabilities relative to which there is no unconditional right to defer their payment for a period of at least twelve months after the reporting date are also classified as current.

2.22 - Impairment of financial assets

On each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets available for sale

In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator that the instruments are impaired. If such evidence exists for financial assets classified as available for sale, the accumulated loss (measured as the difference between its acquisition cost and present fair value, minus any impairment loss already recognised through profit and loss) is removed from equity and recognised in the income statement. Impairment losses of equity instruments recognised through profit or loss are not reversed through the income statement.

Customers, receivables and other financial assets

Impairment losses are recorded whenever there are clear indicators that the Group will not be able to collect all the

amounts to which it is entitled, in accordance with the original terms of the established contracts. Various indicators are used to identify them, such as:

- age of the loan;
- financial difficulties of the debtor;
- probability of insolvency of the debtor.

Impairment losses are measured by the difference between the recoverable amount and the 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 through profit or loss.

2.23 - Non-current assets held for sale

Non-current assets (or discontinued operations) are classified as held for sale whenever it is determined that their value will be recovered through their sale and not through their continued use. This situation is considered to occur only when: (i) the sale is highly probable; (ii) the asset is available for sale immediately in its current conditions; (iii) the management is committed to a sales plan and, (iv) it is expected that the sale will take place within the period of twelve months.

Non-current assets (or discontinued operations) classified as held for sale are measured at the lowest value of their book value and respective fair value minus the costs of their sale.

2.24 - Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year.

Diluted earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible into shares of the Company.

2.25 - Subsequent events

Events occurring after the reporting date that provide additional information about conditions that existed on the reporting date are duly reflected in the consolidated financial statements.

Events occurring after the reporting date that provide additional information on conditions that occurred after the reporting date are disclosed in the notes to the consolidated financial statements (Note 49).

3 - ALTERATIONS OF POLICIES, ESTIMATES AND ERRORS

There were no changes to accounting policies during the financial year ending 31 December 2017, compared to the policies considered for preparing the financial information for the financial year ending 31 December 2016.

4 - COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

As at 31 December 2017, Teixeira Duarte, S.A. and the following controlled companies were included in the consolidation, by the full method:

Social denomination	Head Office	Percentage of effective participation
INTERNAL MARKET		
CONSTRUCTION		
CONSTRUSALAMONDE, ACE	Edifício 2, Lagoas Park - Porto Salvo	92,50%
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	Edifício 2, Lagoas Park - Porto Salvo	67,74%
TEIXEIRA DUARTE – Engenharia e Construções, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
CONCESSIONS AND SERVICES		
DPLG - Desenvolvimento do Terminal Especializado de Contentores do Porto de La Guaira, Sociedade Unipessoal, Lda.	Rua das Pretas, 4 - Fracção 4 D - Funchal	100,00%
RECOLTE, Serviços e Meio Ambiente (Açores), Unipessoal, Lda.	Zona Industrial Chã do Rego d'Água, Lote 39 Cabouco, Ilha de São Miguel - Açores	100,00%
TDAP - Atividades Portuárias, S.A.	Rua das Pretas, 4 - Fracção 4 D - Funchal	100,00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TDGI Manutenção, ACE	Edifício 2, Lagoas Park - Porto Salvo	100,00%
REAL ESTATE		
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%

Social denomination	Head Office	Percentage of effective participation
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%
LAGOAS PARK, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
MALANGA – Investimentos Imobiliários, Unipessoal, Lda.	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%
TDHOSP - Gestão de Edifício Hospitalar, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TRANSBRITAL - 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%
HOSPITALITY		
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%
DISTRIBUTION		
BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TEDAL – Participações e Distribuição, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TEDAL II – Distribuição e Investimentos, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TEIXEIRA DUARTE – Distribuição, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
AUTOMOBILE		
SMOTORS, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TDO - Investimento e Gestão, S.A.	Rua das Pretas, 4 - Fracção 4 D - Funchal	100,00%
TEDAL III – Automóveis e Investimentos, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TEDAL IV – Participações e Automóveis, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
OTHER		
C + P.A. - Cimento e Produtos Associados, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%
TDO - Sociedade Gestora de Participações Sociais, S.A.	Rua das Pretas, 4 - Fracção 4 D - Funchal	100,00%
Tedal - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100,00%

Social denomination	Head Office	Percentage of effective participation
EXTERNAL MARKET		
SOUTH AFRICA		
DISTRIBUTION		
Global Net Distributors (Pty) Ltd.	10 Ninth Avenue - Northmead, Gauteng 1501	100,00%
ANGOLA		
CONCESSIONS AND SERVICES		
EDUCARE - Actividades Educativas e Culturais, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	42,40%
REAL ESTATE		
AFRIMO - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	51,00%
ANGOPREDIAL - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
IMO 1 - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
HOSPITALITY		
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
HOTEL TRÓPICO, S.A.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	80,00%
HOTEL BAÍA, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%

Social denomination	Head Office	Percentage of effective participation
DISTRIBUTION		
CND – Companhia Nacional de Distribuição, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
COM 1 - Comércio e Distribuição, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
DCG – Distribuição e Comércio Geral, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
OCC – Operador Central de Comércio, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	80,00%
AUTOMOBILE		
AUTO 1 - Comércio Automóvel, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
Auto Competição Angola, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
AUTO 8, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
Comércio de Automóveis, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
TDA - Comércio e Indústria, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	100,00%
VAUCO - Automóveis e Equipamentos, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	51,00%
OTHER		
Investipart – Participações e Investimentos, S.A.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) Edifício Teixeira Duarte, nº 387 Luanda	36,00%
ALGERIA		
CONSTRUCTION		
TEIXEIRA DUARTE ALGERIE, SPA	8 Rue de Ben Aknoun, Rés de Chanssée El Biar - Alger	99,94%

Social denomination	Head Office	Percentage of effective participation
BÉLGICA		
CONCESSIONS AND SERVICES		
TDGI, S.A.	Avenue Jean-Monnet, 1, 1348 Louvain-La-Neuve – RPM Bruxelles	100,00%
BRAZIL		
CONSTRUCTION		
EMPA, S.A. - Serviços de Engenharia	Rua Paraiba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100,00%
SOMAFEL – Obras Ferroviárias e Marítimas, Ltda.	Rua Iguatemi, n.º 448, 6.º andar conjuntos 602, 604, 606, 608 e 610 Bairro Itaim Bibi, São Paulo	67,74%
CONCESSIONS AND SERVICES		
GONGOJI Montante Energia, S.A.	Rua Paraiba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100,00%
PAREDÃO de Minas Energia, S.A.	Rua Paraiba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100,00%
TABOQUINHA Energia, S.A.	Rua Paraiba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100,00%
TDGI <i>FACILITIES</i> E MANUTENCAO DE INSTALACOES LTDA.	Rua Iguatemi, n.º 448, 6.º andar Conjunto 602, sala 18 Bairro Itaim Bibi, São Paulo	100,00%
REAL ESTATE		
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	Rua Irene Ramos Gomes de Matteo, nº 97 - Casa 097 Pina - 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%

Social denomination	Head Office	Percentage of effective participation
TDSP – Verum Mooca Empreendimentos 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, 6º andar Conjunto 602, 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%
TDSP – 17 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar Conjunto 602, sala 17 Itaim Bibi - São Paulo	100,00%
DISTRIBUTION		
TDD – Distribuição Brasil, Ltda.	Rua Iguatemi, nº 448, 6º andar Conjunto 602 Itaim Bibi - São Paulo	100,00%
COLOMBIA		
CONSTRUCTION		
TEIXEIRA DUARTE – Engenharia e Construções (Colômbia) S.A.S.	Carrera 11 nº 94 – 02 oficina 201 Centro empresarial Manhattan, Bogotá	100,00%

Social denomination	Head Office	Percentage of effective participation
CYPRUS		
OTHER		
LEVENEL, Limited	Irakli, 2, Egkomi, 2413 Nicosia	100,00%
SPAIN		
CONSTRUCTION		
UTE DE VIANA	Av. Alberto Alcocer, 24 - 7º Madrid	100,00%
CONCESSIONS AND SERVICES		
RECOLTE, Servicios Y Medioambiente, S.A. Sociedade Unipersonal.	Av. Alberto Alcocer, 24 - 7º Madrid	100,00%
UNITED ARAB EMIRATES		
AUTOMOBILE		
GND Trading ME FZE	Office Number FZLOA1503, Jafza One Jebel Ali Free Zone, Dubai	100,00%
UNITED STATES OF AMERICA		
CONSTRUCTION		
TEIXEIRA DUARTE CONSTRUCTION SERVICES, LLC	1030 Salem Road Union, NJ 07083	100,00%
REAL ESTATE		
TDRE INVESTMENTS, LLC.	4100 Spring Valley Road, Suit 310, Dallas Texas 75244	100,00%
TDRE LEE PARK, LLC.	4100 Spring Valley Road, Suit 310, Dallas Texas 75244	100,00%
TDRE HOOD, LLC.	4100 Spring Valley Road, Suit 300, Dallas Texas 75244	100,00%
GIBRALTAR		
DISTRIBUTION		
Teixeira Duarte Internacional, LTD	23, Portland House - Glacis Road Gibraltar	100,00%
MACAU		
CONSTRUCTION		
TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.	Av. Dr. Mário Soares, nº 25 Edifício Montepio Apr. 26 e 28 – 3º andar Macau	100,00%
MOZAMBIQUE		
CONSTRUCTION		
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. Július Nyerere, nº 130 Maputo	74,46%

Social denomination	Head Office	Percentage of effective participation
CONCESSIONS AND SERVICES		
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Av. Július Nyerere, nº 130 Maputo	69,55%
REAL ESTATE		
IMOPAR - Centro Comercial de Maputo, S.A.	Av. Július Nyerere, nº 130 Maputo	100,00%
HOSPITALITY		
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%
PERU		
CONSTRUCTION		
TEIXEIRA DUARTE PERÚ – Ingeniería y Construcciones, Sociedad Anonima Cerrada	Avenida Arenales, nº 773 Lima	100,00%
RUSSIA		
CONCESSIONS AND SERVICES		
MMK Cement, Limited Liability Company	Tri Rutchia Murmansk	70,00%
VENEZUELA		
CONSTRUCTION		
Consortio 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	100,00%

5 - CHANGES IN THE CONSOLIDATION SCOPE

During the year ended on 31 December 2017, there was alterations to the consolidation perimeter relative to 31 December 2016:

Departures:

Energy

- ACG – Distribuição e Comércio de Gás, S.A.;
- DIGAL – Distribuição e Comércio, S.A.;
- MULTIGÁS – Sociedade Comercial e Distribuidora de Gás, S.A.;
- PPS – Produtos Petrolíferos, S.A.;
- TANQUIGÁS – Distribuição e Comércio de Gás, S.A.;
- TDARCOL – Sociedade Gestora de Participações Sociais, S.A..

These companies in the Energy sector were classified as "Assets and liabilities held for sale" as of 31 December 2016 and were disposed of during the period ending 31 December 2017.

Concessions and Services

- RECOLTE - Serviços e Meio Ambiente, S.A.;
- RECOLTE, Serviços e Meio Ambiente (Porto), S.A..

The companies "RECOLTE, Serviços e Meio Ambiente, S.A." and "RECOLTE, Serviços e Meio Ambiente (Porto), S.A." which operate in the Concessions and Services sector - environment area - in Portugal, were divested during the financial year ending 31 December 2017, causing the following effects:

Asset	
Tangible Fixed Assets (Note 21)	1.337
Assets for deferred tax (Note 27)	57
Clients	2.810
Other debtors	141
Cash and cash equivalents	111
Other Assets	939
Total assets held for sale	5.395
Liability:	
Loans	5
Provisions	243
Finance leasing	895
Suppliers	1.531
Other Creditors	85
Other liabilities	1.769
Total liabilities held for sale	4.528
Total net value	867
Sale amount (Note 30)	1.150
Capital Gain (Note 8)	283

The following companies were wound up during the financial year ending 31 December 2017:

- BETANGOLA - Betões e Pré-Fabricados de Angola, Lda.
- MARINERTES, S.A.

The following entities were merged into TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda. during the financial year ending 31 December 2017.

- ANGOIMO – Empreendimentos e Construções, S.A.;
- IMOAFRO – Empreendimentos Imobiliários, Lda..

Mention should be made of the following incorporations during the financial year ending 31 December 2017:

Construction

- TEIXEIRA DUARTE PERU – Ingeniería y Construcciones, Sociedad Anonima Cerrada;
- TEIXEIRA DUARTE CONSTRUCTION SERVICES, LLC.

Concessions and Services:

- DPLG - Desenvolvimento do Terminal Especializado de Contentores do Porto de La Guaira, Sociedade Unipessoal Lda.;
- TDAP - Atividades Portuárias, S.A.;
- TDGI *Facilities* e Manutenção de Instalações, LTDA (Brazil).

6 - EXCHANGE RATES

The following exchange rates were used to convert the assets and liabilities expressed in foreign currency into Euro as at 31 December 2017 and 2016, as well as the earnings of the operations developed in countries where the functional currency is different from the Euro, for the year ended on 31 December 2017 and 2016:

Currency	Closing exchange rate			Mean exchange rate		
	2017	2016	Var	2017	2016	Var
American dollars	1,1993	1,0541	13,8%	1,1307	1,1021	2,6%
Macanese pataca	9,6532	8,4204	14,6%	9,0741	8,8096	3,0%
Mozambican metical	70,5700	74,5400	(5,3%)	71,7446	68,2439	5,1%
Venezuelan bolivar	4.011,6585	710,2122	464,9%	2.353,2600	538,3002	337,2%
Angola Kwanza	185,4000	184,4750	0,5%	184,8361	179,6710	2,9%
Algerian dinar	137,6194	116,3682	18,3%	125,5197	120,4747	4,2%
Dirham from Emirates	4,4056	3,8716	13,8%	4,1538	4,0478	2,6%
Moroccan Dirham	11,2168	10,6755	5,1%	10,9528	10,8292	1,1%
Brazilian real	3,9729	3,4305	15,8%	3,6271	3,8571	(6,0%)
Cape Verde Escudo	110,2650	110,2650	-	110,2650	110,2650	-
Russian ruble	69,3920	64,3000	7,9%	66,0350	73,8756	(10,6%)
Tunisian Dinar	2,9464	2,4265	21,4%	2,7141	2,3674	14,6%
South Africa Rand	14,8054	14,4570	2,4%	15,0168	16,1923	(7,3%)
Peruvian Novo Sol	3,8846	3,5350	9,9%	3,6876	3,7244	(1,0%)
Colombian Peso	3.579,3100	3.164,4100	13,1%	3.358,9723	3.357,0377	0,1%

7 – INFORMATION BY OPERATING SEGMENTS

The Group organises its activity according to the following business segments:

- Construction;
- Concessions and Services;
- Real estate;
- Hotel services;
- Distribution;
- Automobile.

The sales and services rendered and the earnings of each of operating segment referred to above for the semesters ended on 31 December 2017 and 2016, were as follows:

Segment	Sales and services rendered						Operational income	
	2017			2016			2017	2016
	External clients	Intersegmental	Total	External clients	Intersegmental	Total		
Net operating income	522.551	16.844	539.395	506.017	25.070	531.087	30.377	19.601
Concessions and services (*)	96.298	12.519	108.817	110.390	25.423	135.813	4.510	13.923
Real estate (*)	96.593	9.000	105.593	101.514	11.842	113.356	56.516	101.581
Hospitality	48.246	13.460	61.706	51.084	15.309	66.393	6.283	1.499
Distribution	205.014	2.083	207.097	243.065	1.497	244.562	16.820	33.849
Energy	-	-	-	16.837	28	16.865	-	(2.852)
Automotive	66.936	5.176	72.112	86.466	4.096	90.562	24.642	30.850
Not included in the segments	-	-	-	-	-	-	(5.404)	(7.407)
Removals	-	(59.082)	(59.082)	-	(83.265)	(83.265)	1	(220)
	1.035.638	-	1.035.638	1.115.373	-	1.115.373	133.745	190.824
Costs and financial losses (Note 15)							(170.416)	(295.643)
Income and financial earnings (Note 15)							65.765	179.020
Earnings from investment activities (Note 15)							2.208	(10.276)
Earnings before tax							31.302	63.925

(*) - Amounts from 2016 restated as explained above in the introductory note.

Inter-segmental transactions are carried out under market conditions and terms, equivalent to transactions made with third parties.

The accounting policies in the various segments are consistent with the Group policies.

Other information:

Segment	Fixed capital expenditures		Amortizations and depreciations in results		Provisions and impairment losses	
	2017	2016	2017	2016	2017	2016
Construction	10.109	40.492	31.329	39.091	(8.778)	2.407
Concessions and services (*)	40.003	3.475	3.429	3.724	(4)	102
Real estate (*)	7.135	11.503	6.307	5.173	-	350
Hospitality	2.392	1.034	5.032	7.673	(18)	19
Distribution	4.466	4.547	8.341	9.385	-	-
Energy	-	374	-	2.535	-	4.342
Automotive	571	1.943	1.690	1.822	186	-
Not included in the segments	398	467	95	55	-	(1.604)
	65.074	63.835	56.223	69.458	(8.614)	5.616

(*) - Amounts from 2016 restated as explained above in the introductory note.

Expenditure of fixed capital of Concessions and Services essentially consists of the concession for the “Port Management of the Specialized Container Terminal at Porto De La Guaira”, for a 20 year period, for the commercialization, conservation, operation, administration, construction and operation of the aforementioned terminal, amounting to 37,757 thousand euros.

The assets and liabilities of the segments and their respective reconciliation with the consolidated total, as at 31 December 2017 and 2016, are as follows:

Segment	Assets								Liabilities	
	2017				2016				2017	2016
	Investments in associates and joint-ventures (Note 23)	Financial assets available for sale (Nota 25)	Other Assets	Total	Investments in associates and joint-ventures (Note 23)	Financial assets available for sale (Nota 25)	Other Assets	Total		
Construction	2.608	-	2.108.165	2.110.773	1.269	-	2.216.175	2.217.444	1.144.961	1.140.467
Concessions and services (*)	3.113	1.198	180.440	184.751	2.656	-	160.479	163.135	76.178	83.016
Real estate (*)	603	-	1.649.480	1.650.083	684	5.787	1.727.660	1.734.131	851.358	922.579
Hospitality	-	-	325.204	325.204	-	-	362.654	362.654	188.406	190.852
Distribution	-	-	227.792	227.792	-	-	226.598	226.598	158.834	147.919
Energy	-	-	-	-	-	-	38.777	38.777	-	24.362
Automotive	24	-	167.031	167.055	24	-	148.213	148.237	72.478	58.596
Not included in the segments	13.948	643	901.828	916.419	12.871	2.531	948.363	963.765	759.545	717.024
Removals	-	-	(3.287.718)	(3.287.718)	-	-	(3.314.769)	(3.314.769)	(1.366.244)	(1.189.653)
	20.296	1.841	2.272.222	2.294.359	17.504	8.318	2.514.150	2.539.972	1.885.516	2.095.162

(*) - Amounts from 2016 restated as explained above in the introductory note.

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 2017 and 2016:

Geographic segment	Sales and services rendered		Non-current and non-monetary assets	
	2017	2016	2017	2016
Portugal	189.999	181.543	215.002	553.458
Angola	398.589	452.518	416.628	438.796
Algeria	91.463	100.110	22.862	32.995
Brazil	235.902	152.856	21.264	30.297
Spain	30.297	31.953	16.372	17.855
Mozambique	61.035	128.952	19.840	21.702
Venezuela	15.984	52.080	65	362
Other	12.369	15.361	2.016	638
	1.035.638	1.115.373	714.049	1.096.103

Non-current, non-monetary assets include goodwill, intangible assets, tangible fixed assets and investment properties.

8 - OPERATING INCOME

Operating income for the years ended on 31 December 2017 and 2016 was as follows:

	2017	2016
Sales and services rendered:		
Sales	575.221	748.564
Services rendered	460.417	366.809
	1.035.638	1.115.373
Other operating income:		
Variation in the fair value of income of investment properties (Note 22) a)	23.816	69.529
Reversal of impairment losses in accounts receivable (Note 28)	13.193	6.498
Supplementary income	6.841	13.748
Sales of assets (b)	5.425	9.644
Works for the company c)	2.235	2.708
Corrections to prior financial years	895	388
Reversal of impairment losses in inventories (Notes 9 and 10)	257	456
Tax refund	204	264
Gains in inventories	84	215
Other operating income d)	11.411	11.366
	64.361	114.816
	1.099.999	1.230.189

a) The appreciation in the fair value of investment properties essentially results from the reclassification of building 1 at "Lagoas Park" from a "Tangible Fixed Asset" (valued at amortized cost) to an "Investment Property" (valued at fair market value).

b) During the period ending 31 December 2017, the stated gains were obtained with the divestment of tangible fixed assets worth 3,829 thousand euros (9,644 thousand euros in the period ending 31 December, 2016).

During the financial year ending 31 December 2017, the Group divested the Energy sector for 7820 thousand euros (Note 30), recording a gain of 612 thousand euros (Note 24). These companies formed part of the consolidation perimeter at 31 December 2016 and were classified as "Assets and liabilities held for sale".

The divestment of "RECOLTE, Serviços e Meio Ambiente, S.A." and of "RECOLTE, Serviços e Meio Ambiente (Porto), S.A." for 1,150 thousand euros (Note 30), should also be mentioned, with a recorded capital gain of 283 thousand euros (Note 5). These companies formed part of the consolidation perimeter on 31 December 2016 and the winding up of BETANGOLA – Betões e Pré-Fabricados de Angola, Lda., with gains of 701 thousand euros being recorded.

c) Work for the company itself essentially corresponds to costs associated with real estate construction.

d) "Other operational profits" are influenced by a negative adjustment of 3,026 thousand euros in the real estate acquisition value, resulting from a reduction in the planned construction area.

9 - COST OF SALES

During the years ended on 31 December 2017 and 2016, the cost of sales was as follows:

	Raw materials and consumables	Goods	Total
Gross asset:			
Balance as at 31 December 2015	18.949	129.544	148.493
Currency conversion adjustments	(2.856)	(9.712)	(12.568)
Transfer to assets held for sale (Note 24)	(7)	(1.992)	(1.999)
Regularization	(61)	3.227	3.166
Purchases	99.105	185.877	284.982
Cost for the year	(101.400)	(237.442)	(338.842)
Balance as at 31 December 2016	13.730	69.502	83.232
Currency conversion adjustments	(1.256)	(258)	(1.514)
Transfer to assets held for sale (Note 24)	-	(565)	(565)
Regularization	(79)	(664)	(743)
Purchases	99.764	207.237	307.001
Cost for the year	(98.706)	(204.931)	(303.637)
Balance as at 31 December 2017	13.453	70.321	83.774
Accumulated impairment losses in inventories:			
Balance as at 31 December 2015	252	4.216	4.468
Currency conversion adjustments	(79)	(546)	(625)
Reinforcements (Note 14)	428	1.660	2.088
Reductions (Note 8)	-	(456)	(456)
Regularization	-	(620)	(620)
Transfer to assets held for sale (Note 24)	-	(450)	(450)
Balance as at 31 December 2016	601	3.804	4.405
Currency conversion adjustments	(8)	(15)	(23)
Reinforcements (Note 14)	207	1.297	1.504
Reductions (Note 8)	-	(254)	(254)
Regularization	(12)	(25)	(37)
Transfer to assets held for sale (Note 24)	-	(366)	(366)
Balance as at 31 December 2017	788	4.441	5.229
Net value as at 31 December 2016	13.129	65.698	78.827
Net value as at 31 December 2017	12.665	65.880	78.545

10 - CHANGE IN PRODUCTION

The statement of change in production recorded for the years ended on 31 December 2017 and 2016 was as follows:

	Ongoing products and works	Finished and intermediate products	Total
Gross asset:			
Balance as at 31 December 2015	124.887	5.106	129.993
Currency conversion adjustments	11.455	-	11.455
Regularization	27.560	155	27.715
Production changes	4.057	(487)	3.570
Balance as at 31 December 2016	167.959	4.774	172.733
Currency conversion adjustments	(11.026)	-	(11.026)
Regularization	(3.107)	(244)	(3.351)
Production changes	(5.017)	9.390	4.373
Balance as at 31 December 2017	148.809	13.920	162.729
Accumulated impairment losses in inventories:			
Balance as at 31 December 2015	-	-	-
Currency conversion adjustments	13	-	13
Reinforcements (Note 14)	105	-	105
Balance as at 31 December 2016	118	-	118
Currency conversion adjustments	9	-	9
Reinforcements (Note 14)	93	-	93
Reductions (Note 8)	(3)	-	(3)
Balance as at 31 December 2017	217	-	217
Net value as at 31 December 2016	167.841	4.774	172.615
Net value as at 31 December 2017	148.592	13.920	162.512

As at 31 December 2017 and 2016, the Inventories are detailed as follows: 2016

	2017	2016
Raw materials and consumables	12.665	13.129
Goods	65.880	65.698
Ongoing products and works	148.592	167.841
Finished and intermediate products	13.920	4.774
	241.057	251.442

As at 31 December 2017 and 2016, the real estate enterprises, presented under products and work in progress, are being developed by the following entities:

	2017	2016
TD VIA - Sociedade Imobiliária, S.A.	39.158	37.896
QUINTA DE CRAVEL - Imobiliária, S.A.	16.336	17.827
V8 - Gestão Imobiliária, S.A.	16.242	16.066
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	11.814	6.055
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	8.295	7.642
TDSP - Gilberto Sabino Empreendimentos Imobiliários SPE, Ltda.	7.514	12.739
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	6.800	7.739
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	6.389	4.155
TDSP - Nilo Empreendimentos Imobiliários SPE, Ltda.	5.809	6.056
TDRE Hood, LLC	4.383	4.353
TDRE LEE Park, LLC	3.971	4.170
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	3.577	4.004
TDSP - Bela Vista Empreendimentos Imobiliários SPE, Ltda.	3.156	3.183
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	3.080	4.652
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	3.027	2.263
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	2.719	6.636
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	1.583	1.809
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	1.440	4.552
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	1.433	12.155
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	930	1.066
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	85	1.115
TDSP - Dionisio da Costa Empreendimentos Imobiliários SPE, Ltda.	-	602
Other	851	1.106
	148.592	167.841

As at 31 December 2017 and 2016, 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, 23, 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 on fractions of its ownership of an urban property located at Rua de Castro Portugal, numbers 497 and 511; Rua Professora Rita Lopes Ribeiro Fonseca, numbers 46, 52, 76, 80, 94 and 96; District and Parish of Vila Nova de Gaia (Note 42).

Imopedrouços – Sociedade Imobiliária, S.A. provided a guarantee in the form of a mortgage on urban properties located at Rua de Pedrouços, parish of Santa Maria de Belém, district of Lisbon, registered with the urban property office under articles 2408, 2285 654, 2369 and 2368 (Note 42).

11 - EXTERNAL SUPPLIES AND SERVICES

For the years ended on 31 December 2017 and 2016, external supplies and services were as follows:

	2017	2016
Subcontracts	142.331	144.346
Specialised work	30.607	31.934
Maintenance and repair	22.583	15.524
Hire and rental charges	22.062	28.314
Fuel	9.357	9.104
Transport of goods	7.577	7.810
Electricity	6.220	5.986
Travel and accommodation	5.362	4.996
Surveillance and security	4.703	4.276
Transport of people	3.351	3.672
Advertising	3.322	2.290
Fees	3.132	3.191
Other	55.919	51.863
	316.526	313.306

12 - STAFF COSTS

The average number of employees in the years ended on 31 December 2017 and 2016, by operating segment, was as follows:

	2017	2016
Construction	5.125	5.320
Concessions and services	2.021	2.216
Real estate	176	109
Hospitality	1.096	1.184
Distribution	1.417	1.460
Energy	17	107
Automotive	504	654
Not allocated to segments	204	221
	10.560	11.271

The item "Staff expenses" for the financial years ending on 31 December 2017 and 2016, has the following composition:

	2017	2016
Normal remunerations	113.792	118.705
Other remunerations	64.584	64.105
Charges with remunerations	31.427	31.689
Insurance	3.516	2.344
Retirement benefits	8	9
Other staff costs	26.657	26.758
	239.984	243.610

13 - OPERATING LEASES

During the financial years ending 31 December 2017 and 2016, costs of 172 thousand euros and 246 thousand euros, respectively, were recognized in relation to income from operating lease contracts, which were recognized under the item entitled "External supplies and services."

The instalments of operating leases held by the Group at 31 December 2017 and 2016 have the following maturities:

	2017	2016
2017	-	113
2018	83	48
2019	6	4
2020	3	-
2021	1	-
	93	165

14 - OTHER OPERATING COSTS

Other operating costs for the years ended on 31 December 2017 and 2016 were as follows:

	2017	2016
Taxes	20.246	26.226
Impairment losses of debts receivable (Note 28)	16.014	20.244
Variation in the fair value of investment properties (Note 22)	7.777	8.318
Operational exchange rate differences	2.204	-
Losses incurred in the divestment of assets (a)	1.693	1.238
Reversal of inventory impairment losses (Notes 9 and 10)	1.597	2.193
Bad debts	664	109
Loss of inventories	277	536
Other operating costs	12.399	13.239
	62.871	72.103

a) The reported losses were incurred through the divestment of tangible fixed assets to the value of 1,641 thousand euros (1,238 thousand euros as at 31 December 2016) (Note 21).

During the financial year ending 31 December 2017, the Group proceeded to wind up MARINERTES, S.A., posting losses of 52 thousand euros.

15 - FINANCIAL RESULTS

The financial results for the years ended on 31 December 2017 and 2016 were as follows:

	2017	2016
Financial costs and losses:		
Supported interests	(65.886)	(83.488)
Unfavourable exchange rate differences	(68.554)	(200.695)
Other costs and financial losses	(35.976)	(11.460)
	(170.416)	(295.643)
Financial income and gains:		
Obtained interests	10.087	16.881
Favourable exchange rate differences	53.191	159.483
Cash discounts obtained	5	50
Other income and financial earnings	2.482	2.606
	65.765	179.020
Earnings from investment activities:		
Earnings from associates and joint ventures (a)	2.217	8.570
Dividends (b)	2.728	1.652
Other investments (c)	(2.529)	1.048
Gains / losses in assets available for sale (d)	(208)	(21.546)
	2.208	(10.276)
Financial Results	(102.443)	(126.899)

a) The results of associated companies and joint ventures from the financial year ending 31 December 2017 include the effect of applying the equity method to investments in associates and joint ventures, amounting to 2,217 thousand euros (8,570 thousand euros at 31 December 2016) (Note 23).

b) At Saturday, December 31, 2017 and 2016, the values shown correspond to dividends received from "Other Investments".

c) Posted under the item entitled "Other investments" are gains and losses from the divestment of financial assets held for sale at cost, amounting to (1,814) thousand euros (1,048 thousand euros at 31 December 2016).

It should also be mentioned that, during the financial year ending 31 December 2017, the Group posted 715 thousand euros of impairment in the holding "VOTORANTIM Macau Investimentos, S.A."

(d) The values presented for the year ended on 31 December 2017 and 2016 are detailed as follows:

Divestments of shares of "Financial assets available for sale":

2017					
Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital loss (b-a+c)	Value received (Note 30)
Divestment of 1,000,000 shares of «Banco Comercial Português, S.A.»	1.071	264	-	(807)	264
	1.071	264	-	(807)	264

2016					
Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital loss (b-a+c)	Value received (Note 30)
Divestment of 530,000 shares of «Banco Comercial Português, S.A.»	1.944	563	-	(1.381)	563
	1.944	563	-	(1.381)	563

Impairment loss of "Financial assets available for sale":

Description	Impairment for the year 2017		
	Total (Note 25)	Fair value reserve in equity	Loss through earnings (Note 15)
Impairment loss in the holding of «Banco Comercial Português, S.A.»	(5.406)	-	(5.406)
	(5.406)	-	(5.406)

Description	Impairment for the year 2016		
	Total (Note 25)	Fair value reserve in equity	Loss through earnings (Note 15)
Impairment loss in the holding of «Banco Comercial Português, S.A.»	(20.165)	-	(20.165)
	(20.165)	-	(20.165)

During the period ending 31 December 2017, the Group sold subscription rights of the "Banco Comercial Português, S.A." for EUR 6,005m (Note 30).

Net exchange rate differences, recorded during the periods ending Saturday, December 31, 2017 and 2016, are due to payments and receipts, as well as exchange rate updates on balance sheets, recorded based on currencies other than the Euro.

During the year ended on 31 December 2017, interest was capitalised in the acquisition cost of qualifying assets of the total value of 198 thousand euros (122 thousand euros as at 31 December 2016).

For the purposes of the capitalisation of financial costs associated to the acquisition cost of the qualifying assets, an average rate of 3.9% was used as at 31 December 2017 (5.9% as at 31 December 2016).

16 – INCOME TAX

"TD, SA" is the dominant company of a group of companies that pay tax under the Special Taxation Regime for Groups of Companies (RETGS), covering all companies in which it directly or indirectly holds at least 75% of the respective equity, provided that the stake in question grants it over 50% of voting rights and that, at the same time, have effective headquarters and management in Portugal and pay tax under the general

Corporation Income Tax regime ("IRC").

All other subsidiary companies that are not covered by the RETGS, pay tax individually, based on the respective taxable items and the applicable rates of IRC, and municipal and state surtaxes.

The "TD, S.A." and most of its subsidiaries headquartered in Portugal are subject to Corporation Tax (IRC), at the rate of 21%, on the taxable amount. Entities with reportable profit are also subject to the Municipal Surcharge, whose rate may vary to the maximum of 1.5%, as the State Surcharge, incident on taxable profit in excess of EUR 1,500, 7,500 and EUR 35,000, at the rates of 3%, 5% and 7%, respectively.

The aforementioned entities are also subject to autonomous taxation at the rates, and on the expenses and charges stipulated in article 88 of the IRC Code.

In the calculation process of the taxable income, amounts that are not tax deductible are added to, and subtracted from the accounting result. These differences between the book value profit and the profit for tax purposes may be of a temporary or permanent nature.

In addition, pursuant to the legislation in force in Portugal, tax losses are reportable for a period of twelve (5) years for those that occurred during the 2017 tax year, being subject to deduction from taxable income calculated subsequently, with this deduction being limited to 70% of the taxable income calculated during the tax period in which it is earned.

In accordance with the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, unless tax losses have been deducted or inspections, claims or appeals, in which cases, depending on the circumstances, this period may be increased or suspended.

The review period of tax returns of entities with a presence in other countries 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 as at 31 December 2017.

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 taxes recognised for the years ended on 31 December 2017 and 2016 are as follows:

	2017	2016
Current tax:		
Income tax in Portugal	(31.522)	(17.638)
Income tax in other jurisdictions	(23.130)	(22.701)
Current Tax	(54.652)	(40.339)
Deferred tax (Note 27):	20.118	9.928
	(34.534)	(30.411)

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to (1,009) thousand euros were recorded directly in equity for the year ended on 31 December 2017 (83 thousand euros as at 31 December 2016) (Note 27).

As at 31 December 2017 and 2016, the reconciliation between the nominal and effective income tax rate may be presented as follows:

	2017		2016	
	Rate %	Tax	Rate %	Tax
Earnings before tax		31.302		63.925
Nominal rate and tax on income	(21,0%)	(6.573)	(21,0%)	(13.424)
Differential of tax rates of other countries	(78,1%)	(24.447)	(41,5%)	(26.514)
Earnings from associated companies and joint ventures (equity method)	1,5%	466	2,9%	1.885
Tax losses generated in the year for which deferred tax assets were not recognised	6,4%	1.995	2,3%	1.490
Difference between capital gains and losses for tax and accounting purposes	28,7%	8.984	15,9%	10.176
Costs not accepted for tax purposes	(42,3%)	(13.248)	(11,8%)	(7.560)
Autonomous taxation	(3,4%)	(1.066)	(1,0%)	(668)
Surcharge	(2,6%)	(818)	(1,5%)	(988)
Differences in estimates	(36,7%)	(11.488)	(6,3%)	(4.009)
Other tax components	(27,0%)	(8.457)	(1,1%)	(727)
Deferred tax for the year	64,3%	20.118	15,5%	9.928
Effective rate and tax on income	(110,3%)	(34.535)	(47,6%)	(30.411)

17 - EARNINGS PER SHARE

Earnings per share for the years ended on 31 December 2017 and 2016 were calculated taking into account the following amounts:

	2017	2016
Earnings for the effect of calculating net earnings per basic share (net income for the year)	(4.650)	20.147
Weighted average number of shares for the effect of calculating earnings per basic share (thousand)	420.000	420.000
Earnings per basic share	(0,01)	0,05

Since for the financial years ended on 31 December 2017 and 2016 there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

Dividends of 1,680 thousand euros were settled during the period ending 31 December 2016, referring to the 2015 financial year.

18 - DIVIDENDS

During a General Meeting of Shareholders held on 27 May 2017, it was decided to distribute dividends amounting to 840 thousand euros, corresponding to 0.002 euros per share, taking into consideration the separate financial statements of the Company at 31 December 2016. The dividends were settled in June 2017.

19 - GOODWILL

During the years ended on 31 December de 2017 and 2016, the movements in the values of *goodwill* calculated upon the acquisition of subsidiaries, as well as in related impairment losses were as follows:

	2017	2016
Gross asset:		
Opening balance	29.550	37.210
Currency conversion adjustments	-	(52)
Transfer to assets held for sale (Note 24)	(1.979)	(7.608)
Closing balance	27.571	29.550
Accumulated impairment losses	(15.255)	(15.255)
Net asset:	12.316	14.295

The values of the *goodwill* as at 31 December 2017 and 2016 refer to the following entities:

Participated company	Operating segment	2017	2016
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construção	12.107	12.107
Auto Competição Angola, LDA	Automóvel	209	209
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Ativo Detido para Venda	-	1.979
		12.316	14.295

The *goodwill* relative to the associated companies 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 in which each unit is placed. Cash flows beyond this five-year period were forecast using the rates specified in the same table. These rates do not exceed the average long-term growth for the markets in which those cashgenerating 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:

	2017			2016		
	Book value of the goodwill	Discount rate	Perpetuity growth rate	Book value of the goodwill	Discount rate	Perpetuity growth rate
Participated company						
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	12.107	6,1%	1,25%	12.107	8,4%	2,00%
Auto Competição Angola, Lda.	209	14,3%	1,50%	209	14,3%	1,50%
BONAPARTE - Imóveis Comerciais e Participações, S.A.	-	-	-	1.979	5,7%	2,00%
	12.316			14.295		

20 - INTANGIBLE ASSETS

During the years ended on 31 December 2017 and 2016, the movement in intangible assets and their respective accumulated amortisation and impairment losses was as follows:

	Industrial property	Other	Fixed assets under construction	Total
Gross asset:				
Balance as at 31 December 2015	38.573	171	2.506	41.250
Currency conversion adjustments	(5.888)	(31)	643	(5.276)
Additions	3.328	-	139	3.467
Transfers and write-offs	9.934	-	25	9.959
Sales	(33)	-	-	(33)
Transfer to assets held for sale (Note 24)	(621)	-	-	(621)
Balance as at 31 December 2016	45.293	140	3.313	48.746
Perimeter alteration (Note 5)	(47)	-	-	(47)
Currency conversion adjustments	(243)	2	(449)	(690)
Additions	40.068	-	72	40.140
Transfers and write-offs	3.697	(53)	-	3.644
Sales	(21)	-	-	(21)
Transfer to assets held for sale (Note 24)	(25)	-	-	(25)
Balance as at 31 December 2017	88.722	89	2.936	91.747
Accumulated amortisation and impairment losses:				
Balance as at 31 December 2015	7.817	171	-	7.988
Currency conversion adjustments	(409)	(31)	-	(440)
Transfers and write-offs	909	-	-	909
Reinforcements	1.783	-	-	1.783
Sales	(9)	-	-	(9)
Transfer to assets held for sale (Note 24)	(439)	-	-	(439)
Balance as at 31 December 2016	9.652	140	-	9.792
Perimeter alteration (Note 5)	(47)	-	-	(47)
Currency conversion adjustments	(82)	2	-	(80)
Transfers and write-offs	1.094	(53)	-	1.041
Reinforcements	3.577	-	-	3.577
Sales	(20)	-	-	(20)
Transfer to assets held for sale (Note 24)	(25)	-	-	(25)
Balance as at 31 December 2017	14.149	89	-	14.238
Net value:				
As at 31 December 2016	35.641	-	3.313	38.954
As at 31 December 2017	74.573	-	2.936	77.509

On 31 December 2017, additions essentially consist of the concession for the “Port Management of the Specialized Container Terminal at Porto De La Guaira”, for a 20 year period, for the commercialization, conservation, operation, administration, construction and operation of the aforementioned terminal, amounting to 37,757 thousand euros.

On 31 December 2017, the “Industrial property” item presented the amount of 66,833 thousand euros, referring to surface rights (34,151 thousand euros on 31 December 2016).

21 - TANGIBLE FIXED ASSETS

During the years ended on 31 December 2017 and 2016, the movement in fixed tangible assets and their depreciation and accumulated impairment losses was as follows:

	Land and Natural Resources	Buildings and other constructions	Basic equipment	Transportation equipment	Tool and utensils	Administrative equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advances on account of tangible fixed assets	Total
Gross asset:										
Balance as at 31 December 2015	24.448	565.696	416.283	85.066	45.364	42.567	11.724	41.632	168	1.232.948
Currency conversion adjustments	193	(67.161)	4.568	883	(1.581)	(4.426)	(973)	(8.956)	(92)	(77.545)
Additions	11	10.247	29.605	5.768	3.618	663	1.386	8.104	-	59.402
Transfers and write-offs	8.980	(4.354)	(21.737)	(1.712)	(5.118)	(1.593)	(286)	(25.719)	-	(51.539)
Sales	-	(4.083)	(14.594)	(3.771)	(532)	(110)	(11)	-	(76)	(23.177)
Transfer to assets held for sale (Note 24)	(2.304)	(17.028)	(25.375)	(634)	(95)	(875)	(1.046)	-	-	(47.357)
Balance as at 31 December 2016	31.328	483.317	388.750	85.600	41.656	36.226	10.794	15.061	-	1.092.732
Perimeter alteration (Note 5)	-	(77)	(7.898)	(2.187)	(265)	(233)	(292)	-	-	(10.952)
Currency conversion adjustments	(328)	3.752	(9.045)	(1.980)	(624)	(163)	(29)	(51)	-	(8.468)
Additions	-	5.576	7.308	2.022	1.861	894	967	2.921	143	21.692
Transfers and write-offs	(32)	(16.246)	(5.272)	(1.698)	(135)	(1.634)	(489)	(10.634)	-	(36.140)
Sales	-	(169)	(9.494)	(3.098)	(500)	(542)	(3)	-	-	(13.806)
Transfer to assets held for sale (Note 24)	(29)	(30.854)	(3.451)	-	(3)	(208)	(11)	-	-	(34.556)
Balance as at 31 December 2017	30.939	445.299	360.898	78.659	41.990	34.340	10.937	7.297	143	1.010.502
Accumulated depreciation and impairment losses:										
Balance as at 31 December 2015	164	155.363	306.534	63.946	35.404	34.066	6.485	-	-	601.962
Exchange conversion effect	-	(11.580)	8.654	2.393	(932)	(3.205)	(787)	-	-	(5.457)
Reinforcements	-	18.330	33.681	8.843	3.006	2.394	1.421	-	-	67.675
Transfers and write-offs	-	(3.076)	(18.137)	(1.413)	(4.963)	(1.490)	(358)	-	-	(29.437)
Sales	-	(2.740)	(8.648)	(3.176)	(206)	(69)	(10)	-	-	(14.849)
Transfer to assets held for sale (Note 24)	-	(4.292)	(16.707)	(584)	(87)	(817)	(462)	-	-	(22.949)
Balance as at 31 December 2016	164	152.005	305.377	70.009	32.222	30.879	6.289	-	-	596.945
Perimeter alteration (Note 5)	-	(67)	(7.616)	(1.159)	(262)	(223)	(288)	-	-	(9.615)
Exchange conversion effect	-	(258)	(5.092)	(1.875)	(370)	(103)	(11)	-	-	(7.709)
Reinforcements	-	15.993	25.126	5.556	3.122	1.813	1.036	-	-	52.646
Transfers and write-offs	-	(410)	(5.710)	(1.701)	(257)	(1.541)	(81)	-	-	(9.700)
Sales	-	(81)	(8.213)	(2.960)	(403)	(489)	(2)	-	-	(12.148)
Transfer to assets held for sale (Note 24)	-	(3.231)	(3.065)	-	(2)	(196)	-	-	-	(6.494)
Balance as at 31 December 2017	164	163.951	300.807	67.870	34.050	30.140	6.943	-	-	603.925
Net value:										
As at 31 December 2016	31.164	331.312	83.373	15.591	9.434	5.347	4.505	15.061	-	495.787
As at 31 December 2017	30.775	281.348	60.091	10.789	7.940	4.200	3.994	7.297	143	406.577

The additions to tangible fixed assets during the year ended on 31 December 2017 refer mainly to investments in facilities and equipment.

As at 31 December 2017, the tangible assets in progress include EUR 3,050 thousand relative to buildings and other constructions in progress.

22 - INVESTMENT PROPERTIES

During the years ended on 31 December 2017 and 2016, the movement in investment properties was as follows:

	2017	2016
Opening balance	547.067	511.683
Currency conversion adjustments	(393)	(20.686)
Increases / (divestments)	2.566	(11.067)
Change in fair value (Notes 8 and 14)	16.039	61.211
Transfer to assets held for sale (Note 24)	(354.874)	-
Transfers from/to tangible fixed assets	7.242	5.926
Closing balance	217.647	547.067

During the years ended on 31 December 2017 and 2016, the movement in investment properties by geographic area was as follows:

	2017	2016
Portugal	17.062	27.816
Angola	(1.023)	32.881
Mozambique	-	514
	16.039	61.211

The income gained from investment property arising from operating leasing contracts reached EUR 32,961 thousand for the financial year ended on 31 December 2017 (EUR 31,581 thousand as at 31 December 2016). For the financial year ended on 31 December 2017, direct operating costs related to investment properties reached EUR 3,424 thousand (EUR 3,138 thousand as at 31 December 2016).

The fair value of each operational investment property is periodically determined through assessments 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.

The main assumptions and methods inherent to the assessment of support for the market value of the investment properties

were as follows:

- *Yield:*
 - Portugal between 6% and 10%;
 - Angola between 10% and 12%;
 - Mozambique with 16.5%.
- Average of the comparative method and income multiples;
- Average of the comparative method and cost.

IAS 40 - Investment property ("IAS 40") does not require the determination fair value of investment properties on the basis of a valuation made by an independent valuator. On 31 December 2017 and 2016, all investment properties were appraised by independent appraisers with relevant and recognized professional qualifications, as well as recent experience in localization and in the category of valued investment property.

These valuers have applied methods currently used in this market, based on the use of the income method, replacement cost method or market price comparisons, according to the specific situations of each property. Considering that the assets are leased, the income method was used, but also taking into account the other methods used to assess the reasonableness of the results achieved through this method. According to this method, the income of the current leasing contracts under the current conditions was used and, once the year of these contracts had ended, a *yield* adapted to each property was used.

23 - INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

The following associates and joint-ventures were recorded through the equity method as at 31 December 2017:

Corporate name	Head Office	Effective percentage holding
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	Instalaciones de Bolivariana de Puertos Puerto de La Guaria – Parroquia Maiquetia Municipio Vargas del Estado Vargas	49,00%
ALVORADA PETRÓLEO, S.A.	Rua Paraíba, nº 1000, sala 1518 15º andar – Bairro Funcionário Belo Horizonte - Minas Gerais - Brasil	43,21%
ALSOMA, GEIE.	3 Av André Malraux - Levallois Peret - França	30,48%
AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE	Edifício 1, Lagoas Park - Porto Salvo	15,92%
AVIA Portugal - Produtos Petrolíferos, S.A.	Edifício 2, Lagoas Park - Porto Salvo	40,00%
AK10 - Empreendimentos e Participações SPE Ltda.	Alameda Santos, nº 960, 19º andar, Edifício CYK Cerqueira César – São Paulo	25,00%
CAIS DE CRUZEIROS 2ª FASE, ACE	Rua da Tapada da Quinta de Cima - Linhó – Sintra	16,94%
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, sala F - 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, Edifício 1 - 4º Piso, Fração B e C - Linda-a-Velha	50,00%
IMOC - Empreendimentos Imobiliários, S.A.	Av. Julius Nyerere, 130 - Maputo	49,92%
METROLIGEIRO - Construção de Infraestruturas, ACE	Rua Abranches Ferrão, nº 10 – 5º F - Lisboa	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%
Somafel/Ferrovias, ACE	Edifício 1, Lagoas Park - Porto Salvo	40,64%
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	Edifício 2, Lagoas Park - Porto Salvo	57,30%
TDGISERV Services, LLC	PO Box 7098, Doha - Qatar	49,00%
TRÊS PONTO DOIS – Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	Av. das Forças Armadas, 125 - 2º C - Lisboa	50,00%

The investments in associates and joint-ventures showed the following movements in the years ended on 31 December 2017 and 2016:

	Equity stakes	Goodwill	Total
Balance as at 31 December 2015	16.874	-	16.874
Effects of the application of the equity method:			
- Effect of the financial year result (Note 15)	8.570	-	8.570
- Effect on equity	(7.477)	-	(7.477)
Increases	543	-	543
Currency conversion adjustments	(4.718)	-	(4.718)
Other	3.712	-	3.712
Balance as at 31 December 2016	17.504	-	17.504
Effects of the application of the equity method:			
- Effect of the financial year result (Note 15)	2.217	-	2.217
- Effect on equity	(634)	-	(634)
Increases (a)	435	-	435
Currency conversion adjustments	571	-	571
Other	203	-	203
Balance as at 31 December 2017	20.296	-	20.296

(a) Details of the increases in the year ended on 31 December 2017:

Associates	Amount
TDGISERV Services, LLC	435
	435

Investments in associated companies and joint-ventures as at 31 December 2017 and 2016 are broken down as follows:

	2017			2016		
	Equity stakes	Goodwill	Value of financial position	Equity stakes	Goodwill	Value of financial position
Associates and joint-ventures						
IMOC - Empreendimentos Imobiliários, S.A.R.L.	13.948	-	13.948	12.871	-	12.871
TDGISERV Services, LLC (a)	2.563	-	2.563	2.062	-	2.062
Alvorada Petróleo, S.A.	582	-	582	669	-	669
RPK Gulfstream Ltd.	550	-	550	594	-	594
SCP AK-10 Empreendimentos e Participações SPE LTDA.	21	-	21	15	-	15
Other	2.632	-	2.632	1.293	-	1.293
	20.296	-	20.296	17.504	-	17.504

(a) – Advance on account of capital increase.

The holdings referred to above are stated using the equity method, which, for the years ended on 31 December 2017 and 2016, had the following impacts:

	2017		
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Associates			
Alvorada Petróleo, S.A.	(27)	31	4
IMOC - Empreendimentos Imobiliários, S.A.R.L.	1.321	(968)	353
SCP AK-10 Empreendimentos e Participações SPE LTDA.	9	-	9
TDGISERV Services, LLC	(565)	322	(243)
Other	1.479	(19)	1.460
	2.217	(634)	1.583

	2016		
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Associates			
Alvorada Petróleo, S.A.	(4)	121	117
IMOC - Empreendimentos Imobiliários, S.A.R.L.	10.626	(7.383)	3.243
SCP AK-10 Empreendimentos e Participações SPE LTDA.	(4)	-	(4)
TDGISERV Services, LLC	(2.243)	(215)	(2.458)
Other	195	-	195
	8.570	(7.477)	1.093

The main financial information relative to the associates and joint ventures at 31 December 2017 and 2016 is as follows:

	Total assets		Total liabilities		Total net assets		Share of the Group in net assets	
	2017	2016	2017	2016	2017	2016	2017	2016
Alvorada Petróleo, S.A.	1.905	2.228	558	679	1.347	1.549	582	669
IMOC - Empreendimentos Imobiliários, S.A.R.L.	34.064	34.681	6.123	8.898	27.941	25.783	13.948	12.871
SCP AK-10 Empreendimentos e Participações SPE LTDA.	42	32	-	-	42	32	21	15
TDGISERV Services, LLC	4.323	3.472	9.786	8.439	(5.463)	(4.967)	2.563	2.062
Other	19.492	16.910	11.957	12.544	7.535	4.366	3.182	1.887
	59.826	57.323	28.424	30.560	31.402	26.763	20.296	17.504

	Sales and services rendered		Net result for that financial year		Share of the Group in net income for the year	
	2017	2016	2017	2016	2017	2016
Alvorada Petróleo, S.A.	-	-	(62)	(9)	(27)	(4)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	1.998	25.813	2.646	21.286	1.321	10.626
SCP AK-10 Empreendimentos e Participações SPE LTDA.	-	-	17	(7)	9	(4)
TDGISERV Services, LLC	8.475	959	(1.152)	(4.578)	(565)	(2.243)
Other	1.762	1.926	3.279	32	1.479	195
	12.235	28.698	4.728	16.724	2.217	8.570

24 - FINANCIAL ASSETS FOR SALE

As at 31 December 2017, the assets and liabilities held for sale are detailed as follows:

Assets held for sale:	
Goodwill (Note 19)	1.979
Intangible assets (Note 20)	-
Tangible fixed assets (Note 21)	28.062
Investment properties (Note 22)	354.874
Other investments	7.125
Assets for deferred tax (Note 27)	2.572
Inventories (Note 9)	199
Clients - current account (Note 28)	6.560
Clients - non-current account (Note 28)	40.250
Other debtors (Note 28)	5
Cash and cash equivalents	12.496
Other assets	858
Total assets held for sale	454.980
Liabilities held for sale:	
Loans	164.886
Liabilities for deferred tax (Note 27)	1.701
Finance leasing	161.808
Suppliers	448
Other creditors	1.900
Other liabilities	19.133
Total liabilities held for sale	349.876
Total net value	105.104

The estimate sale value (equity) varies between 140,000 thousand euros and 180,000 thousand euros.

The following companies are classified as "Assets and liabilities held for sale":

- BONAPARTE – Imóveis Comerciais e Participações, S.A.;
- LAGOAS PARK, S.A.;
- TDHOSP - Gestão de Edifício Hospitalar, S.A.;
- LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.;
- AEBT – Vias do Baixo Tejo, S.A.

On 31 December 2016, the assets and liabilities classified as "held for sale" (energy sector) had the following breakdown:

Assets held for sale:	
Goodwill (Note 19)	7.608
Intangible assets (Note 20)	182
Tangible fixed assets (Note 21)	24.408
Assets for deferred tax (Note 27)	2.318
Inventories (Note 9)	1.549
Clients (note 28)	1.066
Other debtors (Note 28)	889
Cash and cash equivalents	475
Other assets	282
Total assets held for sale	38.777
Liabilities held for sale:	
Loans	16.160
Provisions (Note 37)	5.853
Finance leasing	15
Suppliers	1.179
Other creditors	46
Other liabilities	1.109
Total liabilities held for sale	24.362
Total net value	14.415
Equity of non-controlling interests	7.207
Share of the Group	7.208
Sale value (Note 30)	7.820
Capital Gain (Note 8)	612

25 - FINANCIAL ASSETS AVAILABLE FOR SALE

During the years ended on 31 December 2017 and 2016, the movements which occurred in the valuation of the financial assets available for sale, stated at their respective fair value, were as follows:

	2017	2016
Opening balance	8.318	30.427
Divestments during the year a)	(1.071)	(1.944)
Fair value reduction b)	(5.406)	(20.165)
Closing balance	1.841	8.318

At 31 December 2017, the Group held 6,766,394 shares in Banco Comercial Português, S.A., corresponding to 0.04% of the respective share capital and voting rights, classified as financial assets available for sale.

At 31 December 2016, the Group held 7,766,394 shares in Banco Comercial Português, S.A., corresponding to 0.82% of the respective share capital and voting rights, classified as financial assets available for sale.

a) During the years ended on 31 December 2017 and 2016, the presented values are detailed as follows:

Divestments of shares of "Financial assets available for sale":

Description	2017				
	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital loss (b-a+c)	Value received (Note 30)
Divestment of 1,000,000 shares of «Banco Comercial Português, S.A.»	1.071	264	-	(807)	264
	1.071	264	-	(807)	264

Description	2016				
	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital loss (b-a+c)	Value received (Note 30)
Divestment of 530,000 shares of «Banco Comercial Português, S.A.»	1.944	563	-	(1.381)	563
	1.944	563	-	(1.381)	563

b) During the years ended on 31 December 2017 and 2016, the presented values are detailed as follows:

Impairment loss of "Financial assets available for sale":

Description	Impairment for the year 2017		
	Total (Note 25)	Fair value reserve in equity	Loss through earnings (Note 15)
Impairment loss in the holding of «Banco Comercial Português, S.A.»	(5.406)	-	(5.406)
	(5.406)	-	(5.406)

Description	Impairment for the year 2016		
	Total (Note 25)	Fair value reserve in equity	Loss through earnings (Note 15)
Impairment loss in the holding of «Banco Comercial Português, S.A.»	(20.165)	-	(20.165)
	(20.165)	-	(20.165)

The financial assets available for sale, and their respective cost and market values, as at 31 December 2017 and 2016, are as follows:

	2017		2016	
	Cost Value	Market value	Cost Value	Market value
Banco Comercial Português, S.A.	586.331	1.841	686.652	8.318
	586.331	1.841	686.652	8.318

26 - OTHER INVESTMENTS

On 31 December 2017 and 2016, this item included investments in the following entities:

	Non-current		Current	
	2017	2016	2017	2016
Financial assets available for sale at cost a)				
Government Debt Security of the People's Republic of Angola Government	24.561	39.291	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	-	5.606	-	-
AEBT - Vias do Baixo Tejo, S.A.	-	5.378	-	-
EIA - Ensino, Investigação e Administração, S.A.	624	624	-	-
MTS - Metro Transporte do Sul, S.A.	570	570	-	-
KUIKILA Investments, Lda.	481	-	-	-
MATADOURO DE MACAU, S.A.R.L.	317	317	-	-
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	256	-	-
CPM - Companhia de Parques de Macau, S.A.R.L.	205	205	-	-
JÚPITER - Indústria Hoteleira, S.A.	-	784	-	-
VOTORANTIM Macau Investimentos, S.A.	-	715	-	-
Other	125	219	-	-
	27.139	53.965	-	-
Financial assets available for sale at fair value				
COLT Resources Inc.	151	160	-	-
Other	123	-	-	-
	274	160	-	-
	27.413	54.125	-	-

a) This item essentially includes equity investments that do not have a market price listed on an active market, and whose fair value cannot be reliably measured. These investments are measured at their acquisition cost minus any accumulated impairment losses.

In addition, during the financial years ending 31 December 2017 and 2016, dividends amounting to 2,728 and 1,652 thousand euros, respectively, were received from these investment, which were recognized on the statement of results for the financial year ending on that date (Note 15).

27 - DEFERRED TAX

All situations which could significantly affect future taxes are recorded by applying the rules on deferred taxes.

For the years ended on 31 December 2017 and 2016, the movements which occurred in deferred tax assets and liabilities, according to the temporary differences which generated them, are as follows:

2017									
	Opening balance	Perimeter alteration (Note 5)	Transfer to assets held for sale (Note 24)	Constitution		Reversal		Currency conversion & adjustments	Closing balance
				Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Assets by deferred taxes:									
Inventory impairments	150	-	-	-	-	-	-	-	150
Client bad debt impairments	4.348	-	-	3	-	(1)	-	(4.308)	42
Financial assets available for sale impairments	129.686	-	-	1.215	2	(22.331)	-	-	108.572
Double international taxation credit	10.226	-	-	2.928	-	-	-	(2.833)	10.321
Reportable tax losses	31.670	-	(107)	18.942	-	(7.249)	-	(21.302)	21.954
Provision for work losses	639	-	-	4	-	(327)	-	(8)	308
Other	21.468	(57)	(2.465)	1.491	-	(10.876)	(1.015)	5.139	13.685
	198.187	(57)	(2.572)	24.583	2	(40.784)	(1.015)	(23.312)	155.032
Liabilities by deferred taxes:									
Income taxable in future periods	1.285	-	-	268	-	(329)	-	(250)	974
Investment properties	59.161	-	(1.701)	2.560	-	(36.771)	-	(121)	23.128
Reassessment of fixed tangible assets	4.353	-	-	-	-	(168)	(3)	877	5.059
Other	8.541	-	-	527	-	(2.406)	(1)	(779)	5.882
	73.340	-	(1.701)	3.355	-	(39.674)	(4)	(273)	35.043

2016									
	Opening balance	Perimeter alteration (Note 5)	Transfer to assets held for sale (Note 24)	Constitution		Reversal		Currency conversion & adjustments	Closing balance
				Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Assets by deferred taxes:									
Inventory impairments	217	-	(101)	121	-	(56)	-	(31)	150
Client bad debt impairments	55	-	(1)	2.958	-	(6)	-	1.342	4.348
Financial assets available for sale impairments	136.101	-	-	4.630	-	(11.526)	-	481	129.686
Double international taxation credit	9.934	-	-	4.437	-	-	-	(4.145)	10.226
Reportable tax losses	25.255	-	(923)	35.372	-	(8.230)	-	(19.804)	31.670
Provision for work losses	771	-	-	107	-	(234)	-	(5)	639
Other	22.580	-	(1.293)	6.426	83	(4.811)	-	(1.517)	21.468
	194.913	-	(2.318)	54.051	83	(24.863)	-	(23.679)	198.187
Liabilities by deferred taxes:									
Income taxable in future periods	1.426	-	-	170	-	(360)	-	49	1.285
Investment properties	48.587	-	-	15.279	-	(34)	-	(4.671)	59.161
Reassessment of fixed tangible assets	5.727	-	-	-	-	(410)	-	(964)	4.353
Other	3.279	-	-	4.615	-	-	-	647	8.541
	59.019	-	-	20.064	-	(804)	-	(4.939)	73.340

According to the tax returns of the companies that recorded deferred tax assets due to tax losses as at 31 December 2017 and 2016, they were carried forward as follows:

	2017			2016		
	Tax loss	Assets for deferred tax	Deadline for use	Tax loss	Assets for deferred tax	Deadline for use
Generated in 2012	-	-	-	15.189	3.676	2017
Generated in 2013	10.211	2.752	2018	14.316	2.544	2018
Generated in 2014	638	223	2026	1.714	574	2026
Generated in 2015	6.905	2.344	2027	19.255	6.048	2027
Generated in 2016	59.820	12.890	2028	87.796	18.828	2028
Generated in 2017	16.199	3.745	2022	-	-	-
	93.773	21.954		138.270	31.670	

Furthermore, as at 31 December 2017 and 2016, the tax losses and credits for which no deferred tax assets were recorded as a precaution, are broken down as follows:

	2017			2016		
	Tax loss	Tax credit	Deadline for use	Tax loss	Tax credit	Deadline for use
Generated in 2013	-	-	-	-	-	-
Generated in 2014	-	-	-	-	-	-
Generated in 2015	-	-	-	-	-	-
Generated in 2016	7.536	2.261	2028	4.965	1.490	2028
Generated in 2017	6.649	1.995	2022	-	-	-
	14.185	4.256		4.965	1.490	

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 appraisal is based on business plans of Group companies, which are periodically reviewed and updated, and on prospects of generating taxable results.

28 - CUSTOMERS AND OTHER RECEIVABLES

On 31 December 2017 and 2016 this item had the following composition:

	Current		Non-current	
	2017	2016	2017	2016
Clients:				
Clients current account	268.358	437.888	80.034	43.137
Clients with bad debt	52.506	33.441	-	-
	320.864	471.329	80.034	43.137
Impairment losses	(53.897)	(53.754)	-	-
Transfer to assets held for sale (Note 24)	(6.560)	(1.066)	(40.250)	-
	260.407	416.509	39.784	43.137
Other debtors:				
Staff	1.670	1.110	-	-
Other debtors	43.682	55.399	10.985	-
	45.352	56.509	10.985	-
Impairment losses	(2.542)	(968)	-	-
Transfer to assets held for sale (Note 24)	(5)	(889)	-	-
	42.805	54.652	10.985	-

During the years ended on 31 December 2017 and 2016, the movements which occurred in the impairment of the accounts receivable were as follows:

Accumulated impairment losses on customers and other receivables:

Balance as at 31 December 2015	62.621
Currency conversion adjustments	(17.912)
Reinforcements (Note 14)	20.244
Reversals (Note 8)	(6.498)
Regularization	(3.733)
Transfer to assets held for sale	(654)
Balance as at 31 December 2016	54.068
Perimeter alteration	(101)
Currency conversion adjustments	(252)
Reinforcements (Note 14)	16.014
Reversals (Note 8)	(13.193)
Regularization	(97)
Transfer to assets held for sale	(341)
Balance as at 31 December 2017	56.098

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, S.A." and the companies of the Group included in the consolidation perimeter, which are related parties, were eliminated in the consolidation process and are not disclosed in the present note. The balances and transactions between the Group and the associates and joint-ventures, related and individual companies with significant voting power which have their own companies, are detailed below.

The terms or conditions applied between these related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable operations.

The main balances with related parties as at 31 December 2017 and 2016 can be broken down as follows:

Entities	Balance Receivable		Balance Payable		Granted loans		Other debts	
	2017	2016	2017	2016	2017	2016	2017	2016
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	2	-	-	-	-	-	-	-
AEBT - Auto Estradas do Baixo Tejo, S.A.	9	7	-	-	1.515	5.373	-	-
AVIA PORTUGAL, S.A.	15	11	-	-	-	-	-	-
CINTEL - Construção Interceptor Esgotos, S.A.	50	46	-	-	4	4	-	-
CONBATE, ACE	15	17	1	-	-	-	-	-
Consórcio Mineiro Luso Vargas - CONLUVAR	17	199	7	-	-	-	-	-
Consórcio OPSUT 2010	7	42	1	-	-	-	-	-
DOURO LITORAL, ACE	9	15	55	-	-	-	-	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	-	2	-	-	-	-	166
EIA - Ensino de Investigação e Administração, S.A.	9	-	-	-	-	-	-	-
GMP - Grupo Marítimo Português, ACE	-	53	-	-	-	-	-	-
GMP MEK - Grupo Marítimo Português Mers El Kibir, ACE	-	7	-	-	-	-	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	5.454	2.660	5	14	-	-	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	43	153	-	-	150	150	-	-
METROLIGEIRO - Construção de Infraestruturas, ACE	33	11	-	-	-	-	-	-
Moreira e Cunha, Lda.	-	7	-	-	-	-	-	-
MTS - Metro Transportes do Sul, S.A.	-	-	-	-	740	740	-	-
NOVA ESTAÇÃO, ACE	1.023	1.023	88	-	13	7	-	-
Promociones Inmobiliárias 3003, C.A.	-	347	-	-	-	-	(43)	(36)
RPK Gulfstream, Ltd.	-	-	-	-	1.437	1.551	-	-
SOMAFEL/FERROVIAS, ACE	3	2	646	-	-	-	-	-
TDGISERV Services, LLC	-	-	-	44	220	-	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	7	7	58	-	-	-	-	-
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	-	-	35	-	-	-	-	-
	6.696	4.607	898	58	4.079	7.825	(43)	130

The main transactions carried out with related parties during the years ended on 31 December 2017 and 2016 were as follows:

Entities	Sales and services rendered		Purchases and Services received		Interest debited	
	2017	2016	2017	2016	2017	2016
AEBT - Auto Estradas do Baixo Tejo, S.A.	24	22	-	-	192	-
AVIA PORTUGAL, S.A.	-	1	-	-	-	-
CONBATE, ACE	68	86	-	-	-	-
Consórcio Mineiro Luso Vargas - CONLUVAR	2	308	-	-	-	-
DOURO LITORAL, ACE	77	79	32	40	-	-
GMP - Grupo Marítimo Português, ACE	-	43	-	-	-	-
GMP MEK - Grupo Marítimo Português Mers El Kibir, ACE	-	5	-	-	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	1.793	5.538	148	200	-	-
Limited Liability Company Cement	-	-	-	-	-	972
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	704	904	-	-	-	-
METROLIGEIRO - Construção de Infraestruturas, ACE	-	20	-	-	-	-
Moreira e Cunha, Lda.	-	44	-	-	-	-
NOVA ESTAÇÃO, ACE	-	-	-	28	-	-
SOMAFEL/FERROVIAS, ACE	4	22	525	28	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	-	11	13	-	-	-
TDGISERV Services, LLC	319	1.512	-	-	-	-
	2.991	8.595	718	296	192	972

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2017 and 2016 were as follows:

	2017	2016
Executive Directors:		
Short-term benefits	870	1.133
Supervisory Board:		
Short-term benefits	66	66
Chartered accountant:		
Short-term benefits	61	61
	997	1.260

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2017 and 2016 were as follows:

	2017	2016
Senior staff:		
Short-term benefits	5.088	5.789
	5.088	5.789

30 - NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents

As at 31 December 2017 and 2016, the cash and equivalent was detailed as follows:

	2017	2016
Bank deposits	87.219	118.710
Time deposits	34.667	40.566
Other treasury applications	29.599	19.012
Cash	2.780	2.620
	154.265	180.908

The item entitled “Cash and cash equivalents” includes to amounts of cash, immediately available bank deposits, fixed term deposits and other cash investments, with maturities of less than three months and that can be mobilized immediately with an insignificant risk of a change in value.

Flows of investment activities

Revenue from financial investments for the years ended on 31 December 2017 and 2016 refer to the disposal of equity interests in the following companies:

	2017	2016
Government Debt Security of the People's Republic of Angola Government	12.940	-
TDARCOL - Sociedade Gestora de Participações Sociais, S.A.	7.820	-
Banco Comercial Português, S.A. (a)	6.269	563
Recolte, Serviços e Meio Ambiente, S.A.	1.150	-
JÚPITER - Indústria Hoteleira, S.A.	538	-
Moreira & Cunha, Lda.	100	-
Limited Liability Company Cement	-	22.717
AEDL - Auto-Estradas do Douro Litoral, S.A.	-	2.491
	28.817	25.771

(a) Amounts received during 2017 are related to the divestment of rights worth 6,005 thousand euros and the divestment of 1,000,000 shares worth 264 thousand euros (divestment of 530,000 shares worth 563 thousand euros in 2016).

Payments related to financial investments in the financial years ending on December 31, 2017 and 2016, concern the purchase of shares to the following associated company:

	2017	2016
TDGISERV Services, LLC	435	531
Alvorada Petróleo, S.A.	-	12
Other	5	5
	440	548

Dividends received in the financial years ending on December 31, 2017 and 2016 were as follows:

	2017	2016
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	1.377	1.310
CPM - Companhia de Parques de Macau, S.A.R.L.	1.351	342
	2.728	1.652

31 - OTHER CURRENT AND NON-CURRENT ASSETS

As at 31 December 2017 and 2016, the other current and non-current assets had the following composition:

	Current		Non-current	
	2017	2016	2017	2016
Government and other public entities:				
Corporate Income Tax (IRC)	23.264	11.819	-	-
Value Added Tax	10.476	12.202	-	-
	33.740	24.021	-	-
Associates, participated companies and other shareholders:				
Associated companies	1.727	1.609	-	-
Participated companies	461	543	626	627
Other shareholders	104	83	-	-
	2.292	2.235	626	627
Accrued income:				
Interests receivable	629	1.662	-	-
Values to be invoiced (Note 32)	88.697	80.768	-	-
Other accrued income	5.509	33.076	-	-
	94.835	115.506	-	-
Deferred costs:				
Insurance paid in advance	2.184	2.958	-	-
Interest payable	23	22	-	-
Other deferred costs	5.629	6.794	-	26
	7.836	9.774	-	26
Other current assets:				
Advance payments to suppliers	27.110	28.121	-	-
Advance payments to fixed asset suppliers	6	-	5.000	-
	27.116	28.121	5.000	-
	165.819	179.657	5.626	653

32 - CONSTRUCTION CONTRACTS

For the years ended on 31 December 2017 and 2016, the income and expenditure recognised for construction contracts in progress are as follows:

	2017	2016
Net income:		
Issued invoices	478.228	501.639
Change in:		
- Deferred income - works (Note 40)	36.394	48.390
- Accrued income - works (Note 31)	7.929	(44.012)
	522.551	506.017
Net costs:		
Invoice costs	496.155	492.837
Change in:		
- Provisions for guarantees (Note 37)	(2.556)	(5.829)
- Provisions for future losses (Note 37)	(1.425)	(592)
	492.174	486.416
Calculated earnings (Note 7):	30.377	19.601

Additionally, as at 31 December 2017 and 2016, the withholdings made by customers relative to construction contracts amounted to EUR 5,094 thousand and EUR 3.981 thousand, respectively.

33 - SHARE CAPITAL

As at 31 December 2017 and 2016, 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 2017, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 202,432,500 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 48.20% of its share capital.

As at 31 December 2016, 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 profit to the legal reserve, until it reaches at least 20% of the share capital. This reserve is not distributable to shareholders, but may be used to absorb losses, after all other reserves have been depleted, or incorporated in the share capital.

Fair value reserve: The fair value reserve represents the difference between the cost value and market value of the financial assets available for sale, not yet recognised in the income statement.

Free reserves: Free reserves are available for distribution, under the terms and subject to the limits stated in the Code of Commercial Companies.

Hedge operation reserve: As described in Note 2.16 g), the hedge operation reserve reflects the effective component (net of the tax effect) of the changes in the fair value of the derivative financial instruments classified as cash flow hedges.

35 - NON-CONTROLLING INTERESTS

This item had the following movements during the financial years ending 31 December 2017 and 2016:

	2017	2016
Opening balance	49.041	50.290
Currency conversion adjustments	(2.511)	(16.116)
Dividends	(347)	(348)
Dissolution of holdings	238	-
Sale of Non-controlling interests	(7.207)	-
Other changes in the equity of the participated companies	645	1.848
Net income for the year attributable to non-controlling interests	1.418	13.367
Closing balance	41.277	49.041

36 - LOANS

As at 31 December 2017 and 2016, the loans received were as follows:

	2017	2016
Non-current liabilities:		
Bank loans a)	369.191	202.194
Commercial role b)	324.600	446.600
Debentures loans c)	14.927	15.300
	708.718	664.094
Current liabilities:		
Bank loans a)	188.700	545.306
Commercial role b)	110.860	104.607
	299.560	649.913
	1.008.278	1.314.007

a) Bank loans

As at 31 December 2017, the internal bank loans, bank overdrafts and escrow accounts earned interest at the weighted annual average rate of 3.30% (4.49% as at 31 December 2016).

As at 31 December 2017, 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 on December 2017 of EUR 41,153 thousand, which will be repaid in 32 equal and successive instalments, ending on 10 December 2033.

A loan from Caixa Geral de Depósitos, S.A., taken out on 30 December 2008, amounting to 23,680 thousand euros at the end of December 2017, which will be repaid in 69 equal and consecutive monthly installments, ending on 30 December 2023.

A loan from Banco Santander Totta, S.A., taken out on 13 December 2012, amounting to 1,098 thousand euros at the end of December 2017, to be repaid in 8 consecutive quarterly installments, ending on 13 December 2019.

A loan from Banco Caixa Geral (Angola), taken out on 23 January 2014, amounting to 5,993 thousand euros at the end of December 2017, to be repaid in 40 equal and consecutive monthly installments, ending on 30 April 2021.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 14 October 2014 of the value on December 2017 of EUR 8,415 thousand, which will fall due on 20 November 2018.

A loan from Novo Banco, S.A., taken out on 26 January 2015, amounting to 21,916 thousand euros at the end of December 2017, to be repaid in 4 half-yearly installments with amounts varying between 1,543 thousand euros and 1,929 thousand euros, with the final payment of 16,901 thousand euros due on 30 December 2019. (*)

Loan raised from Novo Banco, S.A., contracted on 20 May 2015 of the value on December 2017 of EUR 6,754 thousand, which will fall due on 30 December 2018. (*)

Loan raised from Banco Brandesco, contracted on 26 June 2015 of the value on December 2017 of EUR 13,203 thousand, which will fall due on 20 August 2018.

A loan from Banco Brazil, S.A., taken out on 22 January 2016, amounting to 2,333 thousand euros at the end of December 2017, to be repaid in 2 equal and consecutive annual installments, ending on 10 January 2019.

A loan from Caixa Geral de Depósitos, S.A., taken out on 29 February 2016, amounting to 7,000 thousand euros on 29 February 2017, ending on 28 February 2018.

A loan from Banco Comercial Português, S.A., taken out on 29 March 2016, amounting to 10,000 thousand euros at the end of December 2017, to be repaid in 11 equal and consecutive half-yearly installments, ending on 20 February 2023.

A loan from Banco Sabadell (Spain), taken out on 21 April 2016, amounting to 387 thousand euros at the end of December 2017, to be repaid in 17 consecutive monthly installments, ending on 20 May 2019.

A loan from Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A., taken out on 17 June 2016, amounting to 8,705 thousand euros at the end of December 2017, with liability shared between the banks as follows: 3,263 thousand euros, 2,325 thousand euros and 3,117 thousand euros, respectively, ending on 31 March 2018.

Loan raised from Novo Banco, S.A., contracted on Thursday, June 30, 2016 of the value on December 2017 of EUR 3,474 thousand, which will fall due on Wednesday, April 4, 2018. (*)
A loan from Banco Português de Investimento, S.A., taken out on 5 July 2016, amounting to 15,769 thousand euros at the end of December 2017, to be repaid in 47 consecutive monthly installments, ending on 5 November 2021.

A loan from Banco Bankinter (Spain), taken out on 22 July 2016, amounting to 655 thousand euros at the end of December 2017, to be repaid in 31 consecutive monthly installments, ending on 22 July 2020.

A loan from Banco Caixa Económica Montepio Geral, taken out on 29 July 2016, for a real estate construction development, amounting to 7,500 thousand euros at the end of December 2017. The loan lasts for five years and will be repaid with proceeds from the sale of the development.

A loan from Banco Santander Totta, S.A., taken out on 1 August 2016, amounting to 993 thousand euros at the end of December 2017, to be repaid in 8 consecutive monthly installments, ending on 1 August 2018.

A loan from Banco Commercial Português, Caixa Geral de Depósitos and Novo Banco, taken out on 12 August 2016, amounting to 35,213 thousand euros at the end of December 2017, with liability shared between the banks as follows: 13,205 thousand euros, 9,402 thousand euros and 12,606 thousand euros, respectively, ending on 28 February 2018. (*)

A loan from Banco BAI Europe, S.A., taken out on 22 September 2016, with the amount of 2,724 thousand dollars, used in full at the end of December 2017, corresponding to 2,271 thousand euros, to be repaid in 7 consecutive quarterly installments, ending on 30 September 2019.

A loan from Banco BAI Europa, S.A, taken out on 22 September 2016, amounting to 125 thousand euros at the end of December 2017, ending on 30 March 2018.

A loan from Banco PAN,, taken out on 30 November 2016, amounting to 374 thousand euros at the end of December 2017, to be repaid in 11 consecutive monthly installments, ending on 30 November 2018,

A loan from Banco Santander Central Hispano, taken out on 16 June 2017, amounting to 1,806 thousand euros at the end of December 2017, to be repaid in 43 consecutive monthly installments, ending on 20 July 2021.

A loan from Banco España Duero, taken out on 16 June 2017, amounting to 437 thousand euros at the end of December 2017, to be repaid in 12 consecutive monthly installments, ending on 16 December 2018.

A loan from Banco Santander Central Hispano, taken out on 16 October 2017, amounting to 150 thousand euros at the end of December 2017, ending on 1 January 2018.

A loan from Banco Caixa Geral (Spain), taken out on 26 October 2017, amounting to 1,100 thousand euros at the end of December 2017, to be repaid in 3 installments with amounts varying between 150 thousand euros and 200 thousand euros, with the final payment of 750 thousand euros due on 30 January 2019.

A loan from Banco Santander Central Hispano, taken out on 22 November 2017, amounting to 669 thousand euros at the end of December 2017, to be repaid in 59 equal and consecutive monthly installments, ending on 22 November 2022.

Loan raised from Novo Banco, S.A., contracted on 27 November 2017 of the value on September 2017 of EUR 17,000 thousand, which will fall due on 27 December 2018.

A loan from Banco Comercial Português, taken out on 27 November 2017, amounting to 50,000 thousand euros at the end of December 2017. The current capital will be amortized semi-annually in amounts that vary from 2,000 thousand euros and 10,000 thousand euros, starting on March 31st, 2001 and the last loan of 33,000 thousand euros to occur on December 30th, 2019. (*)

Factoring line with recourse with Novo Banco, S.A., of which 1.033 thousand euros were used at the end of December 2017.

Factoring line with recourse with Banco Santander Central Hispano, of which 21 thousand euros were used at the end of December 2017.

Factoring line with recourse with Caixa Económica Montepio, of which 1.390 thousand euros were used at the end of December 2017.

Factoring line with recourse with Banco Renner, of which 1.966 thousand euros were used at the end of December 2017.

Factoring line with recourse with Banco Safra, of which 4.025 thousand euros were used at the end of December 2017.

Factoring line with recourse with Banco Caixa Geral (Espanha), of which 3.927 thousand euros were used at the end of December 2017.

Factoring line with recourse with Banco Santander Central Hispano, of which 228 thousand euros were used at the end of December 2017.

Factoring line with recourse with Banco Bankinter, of which 5 thousand euros were used at the end of December 2017.

Loan agreement for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. on 2 June 2016, amounting to 809 thousand euros at the end of December 2017, to be repaid in 30 consecutive monthly installments, ending on 7 June 2020.

Loan agreement for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. on Monday, July 11, 2016, amounting to 371 thousand euros at the end of December 2017, to be repaid in 31 consecutive monthly installments, ending on Tuesday, July 7, 2020.

Loan agreement for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. on Tuesday, July 19, 2016, amounting to 100 thousand euros

at the end of December 2017, to be repaid in 32 consecutive monthly installments, ending on Friday, August 7, 2020.

Loan agreement for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. on Monday, December 12, 2016, amounting to 188 thousand euros at the end of December 2017, to be repaid in 36 consecutive monthly installments, ending on Tuesday, December 22, 2020. Overseas commercial discount line (Venezuela) with Caixa Geral de Depósitos, amounting to 369 thousand US dollars, corresponding to 308 thousand euros at the end of December 2017.

Overseas commercial discount line (Algeria) with Caixa Geral de Depósitos, amounting to 35,000 thousand euros, of which 16,629 thousand euros were used at the end of December 2017.

Overseas commercial discount line (Angola) with Caixa Geral de Depósitos, amounting to 4,321 thousand euros at the end of December 2017.

Overseas commercial discount line (Angola) with Banco Privado Atlântico Europa, with a maximum amount of 4,000 thousand euros, of which 463 thousand euros are used by TDO – Investimentos e Gestão, S.A.: and 1,492 thousand euros by TEIXEIRA DUARTE - Distribuição, S.A., at the end of December 2017.

Line of credit with Banco Occidental de Descuento, C.A. (Venezuela), with a maximum amount of 6,802,000 thousand Venezuelan bolivars, currently being used in full at the end of December 2017, which, at the exchange rate at the end of December 2017, correspond to 1,696 thousand euros.

Line of credit with Banco Universal Mercantil (Venezuela), with a maximum amount of 8,297,000 thousand Venezuelan bolivars, currently being used in full at the end of December 2017, which, at the exchange rate at the end of December 2017, correspond to 2,068 thousand euros.

Line of credit with Novo Banco (Venezuela), with a maximum amount of 12,500 thousand Venezuelan bolivars, currently being used in full at the end of December 2017, which, at the exchange rate at the end of December 2017, correspond to 3 thousand euros.

As at 31 December 2017 and 2016, the bank loans also included the pledged accounts of the value of 350,679 thousand euros and 368,586 thousand euros, respectively.

b) Commercial paper

As at 31 December 2017, the Group had negotiated the following commercial paper programmes:

A grouped commercial paper issuance program contracted on 16 December 2005 with Haitong Bank, S.A. and Novo Banco, S.A., amounting to 42,500 thousand euros at the end of December 2017, with the participants being TEIXEIRA DUARTE - Engenharia e Construções, S.A., TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. AND TEIXEIRA DUARTE, S.A., used in full by TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. Each company's participation in the program may vary for each issuance. Interest is payable in advance on the date of each subscription, with the application rate indexed to the Euribor for the respective period, plus a spread of 1.8%. It will be repaid in full upon the final issue on 20 August 2018. (*)

A grouped commercial paper issuance program contracted with Caixa Geral de Depósitos on 7 July 2010, amounting to 40,000 thousand euros at the end of December 2017, with the participants being Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A. Each company's participation in the program may vary for each issuance. The program will be subject to 3 amortizations: on 26 March 2018, amounting to 20,000 thousand euros, on 14 May 2018, amounting to 10,000 thousand euros, and on 14 May 2019, amounting to 10,000 thousand euros. Interest is payable in advance on the date of each subscription, with the application rate indexed to the Euribor for the respective period, in force two business days prior to each subscription date, plus a *spread* of 2.75%. (*)

A grouped commercial paper issuance program contracted with Banco Comercial Português on 14 January 2011, amounting to 20,750 thousand euros at the end of December 2017, with the participants being Teixeira Duarte - Engenharia e Construções, S.A. e a Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., for the amounts of 18,675 thousand euros and 2,075 thousand euros, respectively. Each company's participation in the program can vary with each issuance, and Teixeira Duarte - Engenharia e Construções, S.A. participating with a minimum of 10% of the total value. The interest is paid in arrears, the intervention rate being indexed to Euribor six month rate by competitive auction or 7 to 180 days by direct placement plus a spread of 2.90%; it will be paid in full upon the final issue on 30 January 2018. (*)

A grouped commercial paper issuance program contracted with Banco Comercial Português on 28 December 2017, amounting to 53,400 thousand euros at the end of December 2017, with the participants being Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and Lagoas Park, S.A., with the amounts of 250 thousand euros, 250 thousand euros, 250 thousand euros and 52,650 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 EUR 250 thousand. The programme is in force until 30 December 2021, and the first amortisation is scheduled for Saturday, March 30, 2018, amounting to 13,500 thousand euros, and the remaining amortizations are scheduled every six months, starting on 30 June 2018, with amounts varying between 3,300 thousand euros and 8,400 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 2.90%. (*)

A grouped commercial paper issuance program contracted with Haitong Bank and Novo Banco on 30 December 2013, amounting to 191,250 thousand euros at the end of December 2017, with the participants being Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with the guarantors being TEDAL - Sociedade Gestora de Participações Sociais, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Quinta de Cravel - Imobiliária, S.A. and V8 - Gestão Imobiliária, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A.. The participation of each company in each programme may vary each time it is issued. The program is subject to partial amortization, amounting to 12,550 thousand euros, to take place on 30 June 2018, with the remaining amount being repaid upon the final issue on 29 December 2018. (*)

Grouped commercial paper issuance program contracted with Banco Finantia on 2 May 2014, with a maximum amount of 10,000 thousand euros, with the participants being Teixeira Duarte - Engenharia e Construções, S.A., a Teixeira Duarte, S.A. e a Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with 2,050 thousand euros being used by Teixeira Duarte - Engenharia e Construções, S.A. at the end of December 2017. The participation of each company in each programme may vary each time it is issued. The programme lasts until 2 May 2020, and issues may have a period of between 7 and 365 days. Interest is payable in arrears, with the intervention rate corresponding to the rate resulting from direct placement, never lower than the maximum rate indicated by the issuer.

A grouped commercial paper issuance program contracted with Banco BIC Português on 18 November 2014, amounting to 5,000 thousand euros at the end of December 2017, with the participants being Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A.. The program is in force until 2 January 2020, and the issues may have a term of one or six months. Interest is payable in arrears, with the intervention rate indexed to the Euribor applicable to the emission period, plus a spread of 3.25%.

A grouped commercial paper issuance program contracted with Novo Banco on 28 December 2015, amounting to 95,000 thousand euros at the end of December 2017, with the participants being Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with amounts of 8,850 thousand euros, 8,550 thousand euros and 77,600 thousand euros, respectively. The participation of each company in each programme may vary each time it is issued. The interest is earned in advance, 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 a *spread* of 2.25% and determined in accordance with the date of each auction. The program is subject to partial amortizations, with the first, amounting to 2,850 thousand euros, occurring on Sunday, May 6, 2018, and all others half-yearly with amounts varying between 3,350 thousand euros and 3,400 thousand euros; the remaining value of 75,250 thousand euros will be settled on the repayment date of the program's final issue, 27 December 2020. (*)

A grouped commercial paper issuance program contracted with Novo Banco on 14 January 2016, amounting to 34,000 thousand euros at the end of December 2017, with the participants being Teixeira Duarte, S.A. and Teixeira Duarte - Engenharia e Construções, S.A., used in full by Teixeira Duarte - Engenharia e Construções, S.A. 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 a *spread* of 1.80% and determined in accordance with the date of each auction. The program is subject to partial amortizations, with the first, amounting to 2,400 thousand euros and all others half-yearly with amounts varying between 2,400 thousand euros and 2,900 thousand euros; the remaining value will be settled on the repayment date of the final issue, amounting to 26,300 thousand euros on January 13, 2020. (*)

As a result of the commitment of successive renewal during the financial year of the programme contracts, some existing issues as at 31 December 2017 and 2016 are classified as non-current liabilities.

c) Debentures loans

A TEIXEIRA DUARTE – Engenharia e Construções S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. entered into a contract with Banco Comercial Português, S.A. for the Provision of Assistance and Placement Services for a Private Bond Issue Offer, as well as a Paying Agent Contract related to the Grouped Issue of Bonds by Private Subscription, amounting to 15,300 thousand euros (1,500 thousand euros from TEIXEIRA DUARTE – Engenharia e Construções S.A. and 13,800 thousand euros from TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.) known as “*Teixeira Duarte - Engenharia e Construções, S.A. / Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. – 2014/2021*”. Interest is settled quarterly at a rate of 4.57%, and repayment will be made at part in three equal instalments, on 2 April 2019, 2 April 2020 and 2 April 2021.

(*) The impact of the “Framework Agreement on the Teixeira Duarte Group’s debt”, entered into on 24 April 2018, determined, regarding the financing contracts identified below, contracted with Caixa Geral de Depósitos, S.A., amounting to 87,594 thousand euros, with Banco Comercial Português, S.A., amounting to 157,510 thousand euros, and with Novo Banco, S.A., amounting to 254,944 thousand euros, that their repayment plan considers a 2 year waiting period, with the first amortization being in December 2019, amounting to 561 thousand euros, 1,008 thousand euros, and 1,631 thousand euros, respectively, and following an annual repayment plan of 6,481 thousand euros, 11,655 thousand euros and 18,864 thousand euros, respectively, with the exception of the final installment of 2,776 thousand euros, 4,922 thousand euros and 8,080 thousand euros, respectively.

Bank	Type of Financing	Amount
Caixa Geral de Depósitos	Escrow account	3.000
Caixa Geral de Depósitos	Escrow account	9.929
Caixa Geral de Depósitos	Escrow account	2.234
Caixa Geral de Depósitos	Escrow account	67.803
Caixa Geral de Depósitos	Invoice Discount Line	2.528
Caixa Geral de Depósitos	Invoice Discount Line	1.793
Caixa Geral de Depósitos	Loan	307
Banco Comercial Português	Commercial Paper	14.175
Banco Comercial Português	Commercial Paper	2.075
Banco Comercial Português	Bank overdrafts	33.584
Banco Comercial Português	Bank overdrafts	27.105
Banco Comercial Português	Bank overdrafts	9.378
Banco Comercial Português	Bank overdrafts	27.306
Banco Comercial Português	Bank overdrafts	38.808
Banco Comercial Português	Bank overdrafts	5.079
Novo Banco	Loan	21.916
Novo Banco	Loan	6.754
Novo Banco	Loan	3.474
Novo Banco	Commercial Paper	42.500
Novo Banco	Commercial Paper	119.300
Novo Banco	Commercial Paper	8.550
Novo Banco	Commercial Paper	43.600
Novo Banco	Commercial Paper	8.850
		500.048

As at 31 December 2017 and 2016, the repayment of the non-current bank loans is defined as follows:

	2017	2016
2018	-	301.405
2019	19.151	112.117
2020	47.529	143.351
2021	42.832	64.145
2022	41.354	7.719
2023 and following	557.852	35.357
	708.718	664.094

As at 31 December 2017 and 2016, financing agreements in foreign currency were expressed in the following currencies:

Currency	2017		2016	
	Currency	Euros	Currency	Euros
Venezuelan Bolivar	15,403.809	3.840	3,390.426	4.774
American Dollars	5.935	4.949	9.815	9.311
Angola Kwanza	1,197.014	6.456	17,515.311	94.947
Colombian Peso	6.402	2	1.795	1
Brazilian Real	111.171	27.982	109.775	32.000

The loans denominated in foreign currency earn interest at market rates and were converted into Euro based on the exchange rate on the reporting date.

37 - PROVISIONS

The movement in accumulated reserves during the years ended on 31 December 2017 and 2016 was as follows:

	Other provisions related to the staff	Bonds to clients (Note 32)	Lawsuits	Losses in works (Note 32)	Other provisions for risks and charges	Total
Balance as at 31 December 2015	7.331	23.495	1.761	3.039	16.815	52.441
Currency conversion adjustments	-	(1.885)	(14)	(6)	(612)	(2.517)
Reinforcements	2.543	774	119	793	17.971	22.200
Reductions	(1.908)	(4.293)	(425)	(1.534)	(5.274)	(13.434)
Uses	(3.608)	(425)	-	-	696	(3.337)
Transfers	-	-	(230)	155	(5.925)	(6.000)
Transfer to assets held for sale (Note 24)	-	-	(1.204)	-	(4.649)	(5.853)
Balance as at 31 December 2016	4.358	17.666	7	2.447	19.022	43.500
Currency conversion adjustments	-	(213)	(6)	(20)	(468)	(707)
Reinforcements	3.463	1.329	-	715	1.762	7.269
Reductions	-	(2.887)	-	(2.123)	(7.112)	(12.122)
Uses	(1.457)	(230)	-	-	(96)	(1.783)
Transfers	-	(555)	-	3	192	(360)
Balance as at 31 December 2017	6.364	15.110	1	1.022	13.300	35.797

During the financial year ending 31 December 2017, reinforcements of other provisions for risks and charges, amounting to 17,971 thousand euros, include a generic provision of 8,613 thousand euros to tackle possible risks that may arise in the geographical areas with the highest operating risk (Angola, Algeria and Venezuela).

The reinforcements and reductions were made against:

	2017			2016		
	Reinforcements	Reductions	Total	Reinforcements	Reduções	Total
Net income for the year:						
Provisions	3.185	(11.799)	(8.614)	17.110	(11.494)	5.616
Expenses with staff	3.503	-	3.503	2.543	(1.908)	635
Earnings from associates and joint works	581	-	581	2.222	(32)	2.190
Other operating costs	-	-	-	110	-	110
Equity	-	(323)	(323)	215	-	215
	7.269	(12.122)	(4.853)	22.200	(13.434)	8.766

38 - SUPPLIERS AND OTHER PAYABLES

These items had the following compositions at 31 December 2017 and 2016:

	Current		Non-current	
	2017	2016	2017	2016
Other creditors	28.186	33.096	-	68
Suppliers				
Suppliers checking account	155.570	121.371	-	-
Fixed asset suppliers	55	-	-	-
	155.625	121.371	-	-

39 - FINANCIAL LEASING

As at 31 December 2017 and 2016, the total net value of the assets acquired under finance leases amounted to:

	2017	2016
Land and natural resources	-	92
Buildings and other constructions	-	231.680
Basic equipment	6.024	9.400
Transportation equipment:	3.678	5.352
Tool and utensils	-	198
Administrative equipment	176	201
Other fixed tangible assets	1.582	1.171
	11.460	248.094

As at 31 December 2016, 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.

On 31 December 2017, the Group reclassified this “sale and leaseback” operation as “Liabilities held for sale”.

The financial lease contracts earn interest at market rates and have a defined duration.

The financial commitments under lease contracts are secured by the ownership of the leased assets.

As at 31 December 2017 and 2016, the present value of the minimum financial lease payments fell due as follows:

	2017	2016
2017	-	20.807
2018	3.879	20.182
2019	2.457	18.420
2020	1.145	17.310
2021	917	15.684
After 2021	249	82.708
	8.647	175.111

40 - OTHER CURRENT AND NON-CURRENT LIABILITIES

These items had the following compositions at 31 December 2017 and 2016:

	Current		Non-current	
	2017	2016	2017	2016
Government and other public entities:				
Income Tax Withholdings	5.199	2.546	-	-
Value Added Tax	15.268	16.669	-	-
Contributions for Social Security	4.544	4.607	-	-
Other	4.504	3.539	-	-
	29.515	27.361	-	-
Associates, participated companies and other shareholders:				
Associated companies	-	166	-	-
Participated companies	14	123	-	-
Other shareholders	109	1	-	-
	123	290	-	-
Accrued costs:				
Insurance to liquidate	110	158	-	-
Remunerations payable	16.403	14.837	-	-
Interest payable	2.169	2.819	-	-
Other costs payable	59.018	47.602	-	-
	77.700	65.416	-	-
Deferred income:				
Work invoiced and not executed (Note 32)	26.544	62.938	-	-
Other deferred income	3.699	10.154	-	-
	30.243	73.092	-	-
Other:				
Advance payments from clients	93.952	76.197	32.134	51.066
Advances on account of sales	370	370	27	-
Derivative financial instruments (Note 41)	-	1.051	-	15.464
	94.322	77.618	32.161	66.530
	231.903	243.777	32.161	66.530

41 - DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2017 and 2016, the Group had contracted a derivative financial instrument to minimise the risks of exposure to changes in interest rate, consisting of an interest rate swap contract.

These instruments are contracted by considering the risks affecting the assets and liabilities and after checking which instruments available on the market are the most appropriate to cover these risks.

These operations, the contracting of which is subject to prior approval by the Board of Directors, are permanently monitored, particularly through the analysis of various indicators

relative to these instruments, mainly the trend of their market value and sensitivity of the forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects.

Derivative financial instruments are recorded in accordance with the provisions of IFRS 9 and measured at fair value, which is based on assessments made by financial institutions. The existing derivative financial instrument as at 31 December 2017 and 2016 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 hedging instruments or instruments held for trading, in compliance with the provisions of IFRS 9.

Derivative financial instruments classified as hedges

As at 31 December 2017 and 2016, 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 at 31 December 2017 and 2016 amounted to 12,027 thousand euros and 16,515 thousand euros, respectively, unfavorable to the Group, which is recognized under the items entitled "Other current and non-current liabilities" (Note 40) in 2016, and it was reclassified to "Liabilities held for sale" at the end of the 2017 financial year.

In view of the provisions of IFRS 9, this instrument was initially recorded as a trading derivative financial instrument since it does not meet all of the requirements for the application of hedge accounting. The changes in the fair value of this trading instruments were, up to December 31st 2009, recorded directly in the income statements of the periods when they occurred.

As of 1 January 2010, these requirements were met and, therefore, the derivative was then recorded as a cash flow hedge. Therefore, during the financial years ending 31 December 2017 and 2016, the effective portion of the change in the hedging instrument was recognized under "Hedging operations reserve", amounting to 3,495 thousand euros and (287) thousand euros, net of tax effects, respectively.

42 - CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Following several inspections carried out by the Tax and Customs Authority (TA) for the financial years 2007 to 2013, TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, SA, a company directly owned at 100% of its share capital by "TD, SA", the following adjustments were made to the tax losses initially determined by this investee:

Exercise	Calculated tax loss	AT correction
2007	42.088	29.331
2008	36.573	45.938
2009	46.203	24.807
2010	5.123	6.467
2011	12.779	3.213
2012	13.294	2.299
2013	26.221	5.000

The nature of corrections made is presented below:

1. Financial costs not accepted

With the exception of the situations listed in the following points, the corrections result from the fact that the financial charges incurred due to the investment made in owned companies, under the form of ancillary payments subject to the supplementary provisions regime, have been disregarded as a taxable expense.

Given that TEIXEIRA DUARTE- Gestão de Participações e Investimentos Imobiliários, S.A. pays corporation tax (IRC) according to the Special Taxation Regime for Groups of Companies (article 69 onwards of the Corporate Income Tax Code), the corrections to tax losses over the financial years from 2007 to 2011 were subject to Corporate Income Tax settlement statements and compensatory interest issued to the parent company during these financial years - TEIXEIRA DUARTE - Engenharia e Construções, S.A.. This company contested the corrections made by AT to the periods from 2007 to 2011.

Following the closure of the 2017 financial year, TEIXEIRA DUARTE - Engenharia e Construções, S.A., in its capacity as the parent company during the 2007 financial year, was notified of a ruling handed down by the Supreme Administrative Tribunal, ordering the cancellation of the additional settlement issued by the AT.

The correction related to the 2012 financial year was subject to an additional settlement by the parent company from that financial year, "TD, S.A.", which has contested it within the legal periods.

2. Application of article 51 of the corporation tax (IRC) code

The correction to the tax loss ascertained during the 2013 financial year, amounting to 5,000 thousand euros, relating to the incorrect application, according to the AT, of article 51 of the corporation tax (IRC) code. This correction was subject to a legal challenge by "TD, S.A." in its capacity as the parent company.

3. Elimination of economic double taxation - revenue distributed by the TDF Fund

The correction to the 2008 tax loss includes the amount of 611 thousand euros relating to, according to AT, the improper application of item 10 of article 22 of the Tax Benefits Statute (EBF) to the distribution of revenue by the Real Estate Investment Fund TDF.

TEIXEIRA DUARTE - Engenharia e Construções, S.A., in its

capacity as parent company, contested this correction under the terms of the law.

In addition to the aforementioned corrections regarding the subsidiary TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., below can be found reports on correction made by the AT to TEIXEIRA DUARTE – Engenharia e Construções, S.A.:

- Correction to the taxable profit ascertained in the 2008 period, amounting to 35,467 thousand euros, of which the Company contested 32,595 thousand euros related to tax credits, the taxable gains re-investment regime and the undue application of item 10 of article 22 of EBF;

Guarantees:

As at 31 December 2017 and 2016, the companies included in the consolidation perimeter had provided the following guarantees to third parties:

	2017	2016
Granted bank guarantees	325.889	360.847
Guarantee insurance	230.177	268.725

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., RECOLTE, Servicios y Medioambiente, S.A.U., EMPA - Serviços de Engenharia, S.A., and the Boyacá - La Guaira consortium, have provided bond insurance to guarantee the performance of works and services provided.

For the effects of the suspension of two tax enforcement processes instigated against investee TEIXEIRA DUARTE – Engenharia e Construções, S.A., and with regard to Corporate Income Tax debt from the 2008 period, the settlement of which was contested, bank guarantees amounting overall to more than 27,546 thousand euros were issued in favor of the Tax and Customs Authority (AT).

For the purpose of suspending a tax enforcement proceeding filed with the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, SA, relating to IRC (Corporation Tax) debt for the period of 2010, "TD, SA" presented a guarantee, amounting to

EUR 10,139m, which was accepted by the AT.

For the effects of guaranteeing the installment payments of an additional corporation tax settlement for "TD,S.A.'s" 2013 period, a bank guarantee amounting to 582 thousand euros was issued in favor of AT.

For the purposes of suspending tax enforcement proceedings instigated against "TD, S.A.." and relating to the corporation tax (IRC) debt for the 2013 period, bank guarantees with an overall amount of 1,125 thousand euros were issued in favor of AT.

For the purposes of suspending a tax enforcement procedure filed against the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A., concerning the corporation tax debt for the 2014 period, which is pending settlement under the scope of a loan plan, bank guarantees amounting to a total of 4,038 thousand euros were issued in favor of AT. After 31 December 2017, the amount of these guarantees was reduced based on the payments made by that subsidiary.

To guarantee the commercial paper contract concluded with Banco Comercial Português, amounting to 53,400 thousand euros at the end of December 2017, with the participants being Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and Lagoas Park, S.A., a generic mortgage was taken out on properties located on plots 6, 18 and 19, located at Lagoas Park - Porto Salvo, belonging to Lagoas Park, S.A.

To guarantee the loan contract concluded with Banco Santander Totta, amounting to 1,098 thousand euros at the end of December 2017, V8 - Gestão Imobiliária, S.A. took out a mortgage on units belonging to it of the urban real estate located at Rua de Castro Portugal (numbers 497 and 511), at Rua Professora Rita Lopes Ribeiro Fonseca (numbers 46, 52, 76, 80, 94 and 96) - District and Parish of Vila Nova de Gaia, and on the urban property units known as plot 14, located at Rua Guilherme Duarte Camarinha, number 12 - District of Canda, parish of Vila Nova de Gaia, for an overall amount of 1,611 thousand euros.

To guarantee the loan contract concluded with Banco Comercial Português, Caixa Geral de Depósitos and Novo Banco, amounting to 35,213 thousand euros at the end of December 2017, with the liability shared between the banks as follows: 13,205 thousand euros, 9,402 thousand euros and 12,606 thousand euros, respectively; Teixeira Duarte - Gestão de Participações e Investimento Imobiliário, S.A., raised a mortgage on 14 plots of land located in Casal do Deserto in

Porto Salvo, and a mixed used property located in Zemouto in Seixal, TDE - Empreendimentos Imobiliários, S.A. raised a mortgage on an urban property located at Estrada Municipal, number five hundred and four in Troviscas, District of Loures, and TDVIA - Sociedade Imobiliária, S.A. raised a mortgage on three rural properties and one urban property located in the district of Vila Franca de Xira.

To guarantee the loan contract concluded with Caixa Económica Montepio Geral, to promote real estate construction, amounting to 7,500 thousand euros at the end of December 2017, Imopedrouços – Sociedade Imobiliária, S.A. provided a guarantee of a mortgage on urban properties located at Rua de Pedrouços, parish of Santa Maria de Belém, district of Lisbon, and registered at the urban property office under article 2408, 2285 654, 2369 and 2368.

To guarantee the loan contracted concluded with Banco Comercial Português, amounting to 10,000 thousand euros at the end of December 2017, Lagoas Park, S.A. took out a mortgage on plot 13 of the Lagoas Park venture in Porto Salvo.

To guarantee the loan contracted concluded with Caixa Geral de Depósitos, amounting to 23,680 thousand euros at the end of December 2017, Lagoas Park, S.A. took out a mortgage on plot 3 of the Lagoas Park venture in Porto Salvo.

To guarantee the loan contracted concluded with Caixa Geral de Depósitos, amounting to 7,000 thousand euros at the end of December 2017, Lagoas Park, S.A. took out a second mortgage on plot 3 of the Lagoas Park venture in Porto Salvo.

To guarantee the loan contracted concluded with Banco Caixa Geral (Angola) amounting to 5,993 thousand euros at the end of December 2017, Hotel Trópico S.A. took out a mortgage on a property belonging to it, no. 1826, located in Ingombotas.

To guarantee a bank guarantee issued by Banco BIC (Angola), amounting to 23,000 thousand euros at the end of December 2017, Teixeira Duarte – Engenharia e Construções, Lda. took out a mortgage on property no. 2554, belonging to it, located in Samba.

Apart from the guarantees indicated above, the following pledges were also provided:

To guarantee the loan contract entered into with Banco Comercial Português, Caixa Geral de Depósitos and Novo Banco, amounting to 8,705 thousand euros at the end of December 2017, with liability shared between the banks

amounting to 3,263 thousand euros, 2,325 thousand euros and 3,117 thousand euros, respectively, Teixeira Duarte - Engenharia e Construções, S.A. undertook to transfer 375,000 shares in lieu of payment, with a par value of 5 euros, representing 7.5% of the share capital of the limited company Lusoponte - Concessionária para a Travessia do Tejo, S.A.

As guarantee of the commercial paper contract concluded with Haitong Bank, S.A. and Novo Banco, amounting to 42,500 thousand euros at the end of December 2017, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 4,333,333 and 426,666 shares in Banco Comercial Português, S.A., respectively.

To guarantee the commercial paper contract concluded with Novo Banco, amounting to 95,000 thousand euros at the end of December 2017, the guarantors TDE - Empreendimentos Imobiliários, S.A., and Transbrital - Britas e Empreendimentos Imobiliários, S.A., raised a mortgage on 10+14 plots of land of the venture known as Pedregueiras, respectively, with an overall value of 59,640 thousand euros, and TEDAL - Sociedade Gestora de Participações Sociais, S.A., pledged 1,045,610 shares in Recolte - Serviços e Meio Ambiente, valued at 30,720 thousand euros.

To guarantee the loan contract concluded with Novo Banco, amounting to 21,916 thousand euros at the end of December 2017, Teixeira Duarte - Gestão de Participações e Investimentos, S.A. and C+P.A. - Cimentos e Produtos Associados, S.A., pledged 600,000 and 1,936,395 shares in Banco Comercial Português, S.A., respectively.

To guarantee the commercial paper contract entered into with Haitong Bank and Novo Banco, amounting to 191,250 thousand euros at the end of December 2017, TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 12,500,000 shares in EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., 200,000,000 shares in C+P.A. - Cimentos e Produtos Associados, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 1,325,000 share units in the Fundo de Investimento Imobiliário Fechado TDF. In addition, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A., took out a voluntary mortgage on an urban property that it owns, containing warehouses, offices, a materials laboratory and equipment storage yard, located at Avenida da Indústria, Alto Estanqueiro - Jardia, Montijo, for an amount of 13,242 thousand euros, Quinta de Cravel - Imobiliária, S.A., also took out a mortgage on construction plots numbers 8, 10, 11, 12, 13, 19, 23, 26 and 31, located at Quinta de Cravel - Mafamude, Vila Nova de Gaia for an overall amount of 6,829 thousand euros, and V8 - Gestão Imobiliária, S.A. took out a mortgage on construction plots number 1, 2, 3, 5, 6, 8, 16, 18, 20 and 30, located at the Santa Marinha Design District - Santa Marinha, Vila Nova de Gaia, for an overall value of 26,698 thousand euros.

To guarantee the commercial paper contract entered into with Caixa Geral de Depósitos, amounting to 40,000 thousand euros at the end of December 2017, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 4,675,000 shares in Fundo de Investimento Imobiliário Fechado TDF.

To guarantee the commercial paper contract entered into with Novo Banco, amounting to 34,000 thousand euros at the end of December 2017, Teixeira Duarte, S.A. pledged 1,000,000 shares in TDGI - Tecnologia de Gestão de Imóveis, S.A..

To reinforce guarantees provided under the scope of the financial lease contract concluded with Banco Comercial Português, amounting to 139,676 thousand euros at the end of December 2017, TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 9,000,000 shares in Somafel - Engenharia e Obras Ferroviárias, S.A.

To guarantee the loan contract entered into with Caixa Banco de Investimento and Caixa Geral de Depósitos, amounting to 41,153 thousand euros at the end of December 2017, Teixeira Duarte - Engenharia e Construções, S.A. pledged 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..

To guarantee the loan contract for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, amounting to 809 thousand euros at the end of December 2017, Teixeira Duarte - Engenharia e Construções, S.A. gave the equipment acquired under the scope of the contract as a guarantee.

To guarantee the loan contract for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, amounting to 371 thousand euros at the end of December 2017, Teixeira Duarte - Engenharia e Construções, S.A. gave the equipment acquired under the scope of the contract as a guarantee.

To guarantee the loan contract for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, amounting to 100 thousand euros at the end of December 2017, Teixeira Duarte - Engenharia e Construções, S.A. gave the equipment acquired under the scope of the contract as a guarantee.

To guarantee the loan contract for the acquisition of equipment, concluded with Caterpillar Financial Corporacion Financiera, amounting to 188 thousand euros at the end of December 2017, Teixeira Duarte - Engenharia e Construções, S.A. gave the equipment acquired under the scope of the contract as a guarantee.

To cover future obligations to third parties, IMOTD - SGPS, S.A. pledged 14,000 shares in V8, S.A.

Financial commitments:

As at 31 December 2017 and 2016, the comfort letters provided by TEIXEIRA DUARTE, S.A. and its subsidiaries reached 372,200 thousand euros and 430,627 thousand euros, respectively.

Factoring contracts without recourse were in force on 31 December 2017 and 2016, and were recorded as a reduction in accounts receivable, amounting to 6,037 thousand euros and 10,024 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 mainly resulting from the existence of operations and assets located outside the Euro zone, specifically in Angola, Algeria, Brazil, Colombia, Macao, Morocco, Mozambique, Peru, Russia and Venezuela, as well as the availability of convertible currencies on 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. It is also responsible for the identification, quantification and for the proposal and implementation of measures aimed at the management/mitigation of the financial risks to which the Group is exposed.

Following is a more detailed description of Group's main financial risks and measures implemented to manage them.

Interest rate risk

The objective of the interest rate risk management policy is the minimization of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2017, 94% of the financial liabilities had a variable interest rate (93% as at 31 December 2016) and 6% had a fixed interest rate (7% as at 31 December 2016).

Had the market interest rates been higher (lower) by 1% during the years ended on 31 December 2017 and 2016, the financial profit/(loss) of these years would have (decreased) increased by EUR (12,540) / 12,540 thousand and EUR (13,543) / 13,543 thousand, respectively.

Exchange rate risk

The Group's operating activities are exposed to variations in the Euro exchange rate against other currencies.

Moreover, considering the different countries in which the Group operates, its exposure to exchange rate risk arises from the fact that its subsidiaries report their assets and liabilities in currencies other than the reporting currency, namely in Angola, Algeria, Brazil, Colombia, Macao, Morocco, Mozambique, Peru, Russia and Venezuela.

The exchange rate risk management policy followed by the Group is ultimately aimed at reducing the sensitivity of the Group's net income to currency fluctuations.

The monetary assets and liabilities denominated in foreign currency, converted into Euro as at 31 December 2017 and 2016, were as follows:

Currency	Assets		Liabilities	
	2017	2016	2017	2016
Venezuelan Bolivar	1.463	13.874	2.575	6.678
Algerian Dinar	11.985	-	20.758	23.325
UAE Dirham	-	-	122	-
Moroccan Dirham	-	-	3.849	4.360
Tunisian Dinar	-	-	110	131
American Dollars	464.735	420.169	117.002	73.953
Australian Dollar	5.017	-	4	58
Japanese Yen	2.827	2.730	13	50
Pound Sterling	1.699	1.195	-	13
Angola Kwanza	129.091	23.374	298.342	179.945
Mozambican Metical	35.102	77.849	17.727	37.811
Macanese Pataca	-	-	341	168
Colombian Peso	-	-	1.827	1.591
South Africa Rand	42	619	12	216
Brazilian Real	2.198	100	14.013	19.823
Russian Ruble	-	-	3.295	3.419
	654.159	539.910	479.990	351.541

Exchange rate risk management is based on the continuous measurement and monitoring of relevant financial and accounting exposures.

Possible impacts on the item entitled "Exchange rate adjustments", on 31 December 2017 and 2016, an on net income from the financial years ending on those dates, in the event of a 5% appreciation of the aforementioned currencies, can be summarized as follows:

Currency	2017		2016	
	Earnings	Equity	Earnings	Equity
Venezuelan bolivar	(56)	-	360	-
Algerian Dinar	(439)	-	(1.166)	-
UAE Dirham	(6)	-	-	-
Moroccan Dirham	(192)	-	(218)	-
Tunisian Dinar	(6)	-	(7)	-
American Dollars	17.387	-	17.311	-
Australian Dollar	251	-	(3)	-
Japanese Yen	141	-	134	-
Pound Sterling	85	-	59	-
Angola Kwanza	(8.463)	-	(7.829)	-
Mozambican Metical	869	-	2.002	-
Macanese Pataca	(17)	-	(8)	-
Colombian Peso	(91)	-	(80)	-
South Africa Rand	2	-	20	-
Brazilian Real	(591)	-	(986)	-
Russian Ruble	(165)	-	(171)	-
	8.709	-	9.418	-

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 2017 and 2016, 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 2017 and 2016, 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:

	2017	2016
Balances		
Unexpired	109.466	259.448
Up to 180 days	40.889	64.357
From 180 to 360 days	51.268	38.798
Over 360 days	98.568	97.043
	300.191	459.646

The credit quality of the accounts receivable which are not yet due included in the table above is monitored on a regular basis, based on the objectives described above.

Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating activities and financing, investments, remuneration of shareholders and debt repayment.

As a way of mitigating this risk, the Group seeks to contract new financing and maintain a net position and an average debt maturity that allow it to amortize its debt in adequate periods of time.

The financial liability valid up to a year is, whenever deemed appropriate, substituted by medium and long term maturity.

The maturity of the financial liabilities at 31 December 2017 and 2016 is as follows:

	2017				
	Until 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Loans	299.560	19.151	47.529	642.038	1.008.278
Suppliers	155.625	-	-	-	155.625
Finance leasing	3.879	2.457	1.145	1.166	8.647
Other creditors	28.186	-	-	-	28.186
Other liabilities	231.903	13.543	15.937	2.681	264.064
	719.153	35.151	64.611	645.885	1.464.800

	2016				
	Until 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Loans	649.913	301.405	112.117	250.572	1.314.007
Suppliers	121.371	-	-	-	121.371
Financial leases	20.807	20.182	18.420	115.702	175.111
Other creditors	33.096	68	-	-	33.164
Other liabilities	243.777	26.905	17.189	22.436	310.307
	1.068.964	348.560	147.726	388.710	1.953.960

As at 31 December 2017 and 2016, the amount of available cash and the unused amount of the commercial paper programme and credit lines reached EUR 201,461 thousand and EUR 260,973 thousand, respectively.

44 - FINANCIAL ASSETS AND LIABILITIES UNDER IFRS 9

The accounting policies established in IFRS 9 for financial instruments were applied to the following items:

	2017					
	Loans and accounts receivable	Financial assets available for sale	Other financial liabilities and loans	Financial assets/liabilities at fair value against profit or loss	Derivative hedge instruments	Total
Assets:						
Cash and cash equivalents	154.265	-	-	-	-	154.265
Cash and cash equivalents	300.191	-	-	-	-	300.191
Financial assets available for sale	-	1.841	-	-	-	1.841
Other investments	-	27.413	-	-	-	27.413
Other debtors	53.790	-	-	-	-	53.790
Other assets	129.869	-	-	-	-	129.869
Total financial assets	638.115	29.254	-	-	-	667.369
Liabilities:						
Loans	-	-	1.008.278	-	-	1.008.278
Suppliers	-	-	155.625	-	-	155.625
Other creditors	-	-	28.186	-	-	28.186
Other liabilities	-	-	204.524	-	-	204.524
Financial leases	-	-	8.647	-	-	8.647
Total financial liabilities	-	-	1.405.260	-	-	1.405.260

2016						
	Loans and accounts receivable	Financial assets available for sale	Other financial liabilities and loans	Financial assets/liabilities at fair value against profit or loss	Derivative hedge instruments	Total
Assets:						
Cash and cash equivalents	180.908	-	-	-	-	180.908
External	459.646	-	-	-	-	459.646
Financial assets available for sale	-	8.318	-	-	-	8.318
Other investments	-	54.125	-	-	-	54.125
Other debtors	54.652	-	-	-	-	54.652
Other assets	146.489	-	-	-	-	146.489
Total financial assets	841.695	62.443	-	-	-	904.138
Liabilities:						
Loans	-	-	1.314.007	-	-	1.314.007
Suppliers	-	-	121.371	-	-	121.371
Other creditors	-	-	33.164	-	-	33.164
Other liabilities	-	-	193.339	-	16.515	209.854
Financial leases	-	-	175.111	-	-	175.111
Total financial liabilities	-	-	1.836.992	-	16.515	1.853.507

45 - MEASUREMENTS AT FAIR VALUE

Fair value estimate - 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 2017, 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
Assets:				
Financial assets available for sale	Actions	1.841	-	-
Investment properties	Buildings and land	-	217.647	-
Liabilities:				
Financial assets at fair value	Hedge derivatives	-	12.027	-

At the end of the 2017 financial year, the hedge derivative was reclassified as "Liabilities held for sale".

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. It is considered that their book value (amortised cost) does not differ significantly from corresponding market value.

46 - AUDITOR FEES AND SERVICES

During the financial years ending 31 December 2017 and 2016, the fees for services provided to Group companies by auditors (Moore Stephens in Portugal, Spain, Venezuela and Belgium; Deloitte in Brazil and Angola; Ernst & Young in Portugal and Mozambique, as well as other auditors) were as follows:

	2017	2016
Legal accounts review services	735	585
Other reliability assurance services	9	-
Tax advisory services	23	30
	14	47
	781	662

47 - EXCHANGE RATE ADJUSTMENTS

During the financial years ending 31 December 2017 and 2016, exchange rate adjustments calculate during the conversion of the financial statements of companies denominated in foreign currencies, for each geographical area, were as follows:

	2017	2016
Angola	(4.717)	(102.161)
Algeria	3.506	(10.809)
Brazil	(28.253)	46.858
Mozambique	1.957	(22.139)
Venezuela	(5.045)	(13.012)
Other markets	(2.588)	2.406
	(35.140)	(98.857)

48 - APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the financial year ending 31 December 2017 were approved at a meeting of the Board of Directors on 25 April. However, they are still subject to approval, under the terms of commercial legislation in force in Portugal, by the General Meeting of Shareholders, which is scheduled to meet on 26 May 2018.

49 - SUBSEQUENT EVENTS

Teixeira Duarte is committed to making any disclosures necessary to achieve a high level of disclosure and an appropriate presentation. It provides users with all relevant information that could influence their economic decisions taken based on financial statements. In this sense, it deems it appropriate to emphasize the following relevant facts that occurred after the close of the financial year:

1. Its wholly-owned subsidiary "Teixeira Duarte - Engenharia e Construções, S.A." was chosen by "IMO HEALTH - Real Estate Investments, S.A." - an entity of the José de Mello Saúde Group - to execute the contract for the construction of structures, special facilities, finishings and exterior arrangements of the CUF Tejo Hospital, in Alcântara, Lisbon. The deadline for the execution of the work is 16 months and the total value of the work is estimated at 52.3 million euros.

The contract signed on February 13, 2018, involves the execution of the structure, special facilities, finishings and exterior arrangements of the new CUF Tejo Hospital, which will have six floors above-ground and four floors below-ground. The gross construction area of around 73,000sqm will comprise parking areas on floors -4 to -2, with specialist units and services on the remaining floors.

The participation of Teixeira Duarte - Engenharia e Construções, S.A. in this large-scale project began in 2016 with excavations, peripheral containment and the building of up to Floor 0. The cost of both works will total 65.4 million euros.

2. A consortium led by its wholly-owned subsidiary "Teixeira Duarte - Engenharia e Construções, S.A.", received, on March 1, 2018, from the "Concessionaire of the Airport of Salvador, SA" - a company belonging to the Vinci Airports Group - the contract and respective service order for the execution of the "Engineering, supply and construction contract, for the expansion of Salvador airport, with fixed prices and timeframes, under an EPC turn-key contract (Engineering, Procurement and Construction), for a flat-rate price", with a view to carrying out work on, remodelling and expanding Salvador Airport.

This includes the undertaking of the executive project, the construction of a new terminal and its respective boarding bridges, construction of a building to connect the new terminal to the existing terminal, and remodelling of the existing terminal and improvement of the runway, landing strips and taxiways.

The estimated period of execution of the work is 20 months and the total value of the contract amounts to approximately R \$ 600 million (Brazilian Reals) or 149,6 million euros.

"Teixeira Duarte - Engenharia e Construções, S.A." is the leader of this consortium, in which it has a stake of 32.99%.

3. Despite not having been disclosed to the market as "Privileged Information" due to its size, it is deemed appropriate to include here the following relevant facts from the area of activity of the infrastructure sector in Brazil, because they were also referenced in the above text of this report:

a. A joint venture which includes its 100% controlled company "EMPA, S.A. Serviços de Engenharia", has received, on March 13 of 2018, on behalf of the National Transportation Infrastructure Department (known as the DNIT), a contract for the "Elaboration of the basic and executive engineering projects and implementation of road duplication, side roads, capacity adaptation, restoration with improvements and special engineering structures on highway BR-116/BA, Lot 06", to be developed between Km 387.41 and km 427.75, for a total extension of 40.34 km.

The time frame foreseen for implementation of the work is of 1350 days and it is valued at 297 million Reais, corresponding to 74 million Euros, of which "EMPA, S.A. Serviços de Engenharia" owns a participation of 45%, equivalent to 33.3 million Euros.

b. Its 100% controlled company "EMPA, S.A. Serviços de Engenharia" has signed, on March 26 of 2018, with the company "VALE S.A.", a contract for the "Full implementation of the civil works for raising the scope of the Itabiruçu Dam to a height of 850 meters, in the municipal district of Itabira/MG, including the supply of materials".

The work is valued at R\$ 109 million Reais [Brazilian Reals], corresponding to 26.6 million Euros and divided into two Work Orders; the first one valued at R\$ 13.5 million, corresponding to 3.3 million Euros and a period of 170 days, and the second one valued at R\$ 95.5 million, corresponding to 23.3 million Euros and a period of 514 days.

4. Its wholly-owned company "Teixeira Duarte - Engenharia e

Construções, S.A." has signed, on April 9, 2018, a contract with subsidiaries for an investment fund managed by "3i Investments plc", a management company, for the sale of 90% of the capital stock of "TDHOSP - Administração de Edifício Hospitalar, S.A." (TDHOSP).

The transaction has as a suspensive condition - in addition to obtaining consent from TDHOSP itself, authorization must be obtained on behalf of the Portuguese state, as a conceding entity, as well as on behalf of the concession's financing entities - which is expected to occur by July 30 of 2018.

The total price set for the transaction, including the transfer of shares and credit claims existing over TDGOSP, is around 19.4 million euros, which will have an impact of around 19 million euros on the "Equity" item of the 2018 accounts of "Teixeira Duarte, S.A.", leading to a reduction of around 75 million euros in the Group's liabilities.

5. During the first three months of 2018, the kwanza suffered a 43% devaluation against the euro. Due to the fact that the Group has assets and liabilities denominated in foreign currencies, this corresponds to a significant impact on company equity.

However, and despite the operating assets in question being recorded on the accounts at amortized cost in Kwanzas, these same assets are "dollarized" by the market, so it is understood that the devaluation in question does not reflect an effective reduction in the value of these assets.

We would also like to highlight the fact that in 2018 the Group had a plan to divest a group of assets, which were reclassified as "assets and liabilities held for sale"; when the respective divestments have a significant impact, specifically improving financial autonomy, they will mitigate this effect.

Lastly, and still in relation to the devaluation of the Kwanza, it should be mentioned that a beneficial effect on the convertibility of the kwanza is estimated, so this situation is expected to make a positive contribution to Group operations in Angola.

6. In view of the significant debt reduction that is referenced in the Management Report, the company concluded a framework agreement with Banco Comercial Português, Caixa Geral de Depósitos and Novo Banco, which lays down the terms under which the Teixeira Duarte Group will proceed to reduce its assets and liabilities. The aforementioned agreement has no effect on the amounts recognized on the financial statements, but it has an effect on their presentation, as a result of the maturities of financial debt being lengthened.



Teixeira Duarte

Annual Report 2017

Reports, Opinions and Certifications of the Supervisory Bodies 2017

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders,

Under the terms laid down in line g) of article 420 of the Trading Companies Code, and having completed work to monitoring the preliminary versions of the accounting documents that are being drawn up by the Board of Directors, we hereby present our report on oversight activities, our opinion on the report and individual and consolidated report and accounts of TEIXEIRA DUARTE, S.A. with regard to the financial year ending 31 December 2017, approved by the Board of Directors on 25 April 2018, and the respective proposal for the application of results. This document also includes the statement of responsibility referred to in subparagraph c) of number 1 of article 245 of the Portuguese Securities Market Code.

Under the scope of attributes and competences assigned to the Audit Committee, we monitor the Group's activities, specifically by means of the Chair of the Audit Committee regularly participating in monthly meetings of the Board of Directors, and in other meetings and contacts with the Board of Directors, management and other Group managers, as well as in meetings with the Official Accounts Auditor Company. The Supervisory Board also held periodic meetings, where it:

- appraised the activity and business of the Company and Group, and compliance with the law and memorandum of association;
- analyzed the accounting documents, including the accounting policies and valuation criteria adopted by the Company, to ensure that they are conducive to a correct appraisal of the equity and income.

Within the scope of competences legally bestowed upon us, we supervise the financial reporting preparation and disclosure process and:

- we verify that the management report contains a clear presentation of the most significant aspects of the evolution of the business, financial and non-financial performance and of the equity situation of the Company and Group. In particular, we verify events that take place after the date on the financial statements, with an emphasis on the framework debt restructuring agreement and mechanisms for generating liquidity through the divestment of assets, signed on 24 April 2018, as referred to in the management report and in the Annex to these financial statements;
- we checked that 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.
- we appraised the Legal Accounts Certificate and Audit

Report of the individual and consolidated financial statements, which are deserving of our agreement; we also appraised the Additional Report addressed to the Audit Committee, issued under the terms of current legislation, which describes the way in which the Official Accounts Auditor Company conducted the audit and reached its conclusions;

- we understand that the audit services were provided independently, under the terms of current legislation, and the Official Accounts Auditor Company has requested this committee to approve an intangible value reliability guarantee services for the auditing services as a whole.

Under these terms, taking into consideration the information provided to us by the Board of Directors and by the Company services, as well as the conclusions stated on the Legal Accounts Certificate and Audit Report of the individual and consolidated financial statements, issued by the Official Accounts Auditor Company, we are of the opinion that:

- a) the Management Report should be approved;
- b) the individual and consolidated financial statements relative to 2017 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 Portuguese Securities Market Code, the members of the Supervisory Board state that, to the best of their knowledge, the annual accounts and other documents presenting the accounts were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial situation and net income of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter. They further state that the management report faithfully reflects the business evolution, performance and position of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter, presenting a description of the main risks and uncertainties of the business.

Lisbon, 27 April, 2018

Óscar Manuel Machado de Figueiredo - Chairman

Mateus Moreira - Member

Miguel Carmo Pereira Coutinho - Member

**STATUTORY AUDITOR'S REPORT
AND AUDIT REPORT**
(free translation from the original in Portuguese)

Moore Stephens & Associados, SROC, S.A.
Av. Miguel Bombarda, nº 36 - 6º A
1050-165 Lisboa - Portugal

T +351 218 471 933

F +351 218 471 932

www.moorestephens.pt

REPORT ON THE AUDIT OF THE INDIVIDUAL FINANCIAL STATEMENTS

Opinion

We have examined the accompanying financial statements of TEIXEIRA DUARTE, S.A. (the entity), comprising the balance sheet at December 31, 2017 (which reflects a total of 1.201.422 thousand euros and a shareholders' equity of 464.424 thousand euros, including a net loss for the period of 15.359 thousand euros), the income statement, the changes in equity and the cash flow statement for the year ended that date, and the annex to the financial statements which includes a summary of the main accounting policies.

In our opinion, the attached financial statements give, in all material aspects, a true and fair view of the financial position of TEIXEIRA DUARTE, S.A. at December 31, 2017, the results of its operations, the changes in equity and its cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards approved by the Portuguese standard setters.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards (ISAs) and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described below in the section "Auditor responsibilities for the audit of the financial statements". We are independent with respect to the Company in accordance with legal and regulatory provisions of the Code of Ethics approved by the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Relevant audit matters

Relevant audit matters are those that, in our professional judgment, played a greater role in auditing the financial statements of the current year. These matters were considered in the context of the audit of the financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on these matters.

We describe below the relevant audit matters for the current year:

KEY AUDIT MATTERS

SYNTHESIS OF OUR AUDIT APPROACH

1. Valuation of financial investments in subsidiaries and recoverability of Goodwill

As disclosed in notes 3.2.a) and 8 of the notes to the financial statements, the financial investments in subsidiary companies, amounting to Euro 1,117.7 million are measured by the equity method. An evaluation of these investments is regularly carried out when there are indications that the asset may be impaired, which, if verified, results in the recognition of a loss in the income statement.

Goodwill, amounting to 26 million, is subject to annual amortization, as disclosed in note 3.2 a) of the annex, and subject to impairment tests.

The possible impairment of the Financial Shares and Goodwill were considered a relevant matter in our audit, because the carrying amount of these assets is significant and the process of assessing impairment is complex, including the use of estimates and the use of assumptions, market developments and the economic situation of the countries in which the operations take place.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Obtaining the financial statements of the subsidiaries, and their legal certifications of the accounts or audit reports;
- Investigation of evidence that these assets may be impaired;
- Analysis of the consistency of the assumptions used in the preparation of the business plan, in the light of historical data and the relevant information available. We validated the arithmetic calculations of the model used;
- Evaluation of the assumptions used in the evaluation models approved by the Management board;
- Evaluation of the proper application of the valuation procedures under the equity method, and test of the accuracy of the calculations made;
- Validation of the disclosures included in the appendix to the financial statements.

2. Financial Risk

The fact that a significant part of the loans obtained has a relatively short maturity, without guarantees of systematic renewal or realistic repayment prospects, indicates a significant financial risk and requires an assessment of the Entity's ability to obtain the necessary financing for the normal development of their business.

Our approach to this risk was to adopt the following procedures:

- Appraisal of the divestment actions carried out in 2017, involving the sale of several assets, whose proceeds from the sale were mainly applied to the reduction of bank liabilities;
- Follow-up of proposed measures and steps taken to mitigate identified risk;
- Evaluation of the results of the actions undertaken to promote (i) the recovery of overdue loans and / or recognition of the corresponding impairments, and (ii) the reduction of financial and operating costs;
- Analysis of the Bank Agreement, concluded on April 24, 2018, with the three most important financial institutions, which (I) ensures more favorable financing conditions, (II) establishes an appropriate time horizon for the execution of an alienation plan of financial and real estate assets and (III) establishes the consequent reduction of levels of financing and financial autonomy for amounts deemed adequate for the Entity.

Responsibilities of management board and the supervisory board for the financial statements

Company's management board are responsible for:

- preparation of the financial statements presenting a true and fair view of the financial position, financial performance and cash flows of the Company, in accordance with the Accounting and Financial Reporting Standards in Portugal;
- preparation of the management report, including the corporate governance report, in accordance with legal and regulatory provisions;
- establishing and maintenance a proper internal control system in order to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adopting the appropriated accounting policies, taking into account the circumstances; and
- evaluation of the entity ability in maintaining its activity, annual disclose, if applicable, the matters that may cast significant doubts about going concern of its activities and the going concern basis of accounting.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about financial statements as a whole are free from material misstatement, whether due to fraud or error and make an audit report with our opinion. Reasonable assurance is a high but not absolute level of assurance that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate can reasonably influence user's economic decisions based on these financial statements.

As part of an audit in accordance with the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and evaluate the material misstatement risks of financial statements due to fraud or error, audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances to set an opinion. The risk of not detecting a material misstatement resulting from fraud is bigger than due to error, once fraud can be accompanied by collusion, forgery, intentional omissions, false statements or override of internal controls;
- obtain an understanding of internal control relevant to the audit with the purpose of designing audit procedures taking into account the circumstances, but not to express an opinion about the effectiveness of the entity's internal control;
- the appropriateness of the accounting policies adopted and reasonableness of accounting estimates and disclosures by management board;
- conclude on the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern. This responsibility exists even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern. Our conclusions are based on obtained audit evidence till the date of audit report. Therefore, the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for future events or conditions that may cause the entity to cease to continue as a going concern;
- assessing of the adequacy of the overall presentation of the financial statements, including disclosures and if those financial statements reflects the underlying transactions and events in order to achieve appropriate presentation;

- shall communicate with those charged with governance the scope and timing and communicate significant findings from the audit, including significant deficiencies in internal control that the auditor has identified during audit;
- the matters that we have communicated to those in charge of governance, including the supervisory board, determine which were the most important in auditing the financial statements of the current year and which are the relevant audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- declare to the supervisory body that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, respective safeguards.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements, and the verifications provided for in numbers 4 and 5 of article 451 of the Portuguese Companies Law, as well as the verification that the non-financial statement has been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management Report

As requested by the article 451º, n.º 3, paragraph e) of the Portuguese Companies Law, we confirm that Management Report has been prepared in accordance with legal and regulatory provisions and that the information contained in it agrees with the audited financial statements and with the acknowledge about the entity, and we did not find any material inaccuracy. However, we should point out that the Entity did not prepare an independent management report on the individual activity since, as usual, all relevant information will be included in the consolidated management report. As provided in article 451, paragraph 7 of the Companies Law, this opinion does not apply to the non-financial statement included in the management report.

Regarding the non-financial statement planned for in article 66-B of the Portuguese Companies Law

In compliance with article 451, paragraph 6 of the Portuguese Companies Law, we hereby inform that the Entity included in its management report the non-financial statement provided for in article 66-B of the Portuguese Companies Law.

About the Corporate Governance Report

In compliance with article 451, paragraph 4, of the Portuguese Companies Law, we are of the opinion that the corporate governance report includes the elements required by the Entity pursuant to article 245-A of the Portuguese Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of subparagraphs c), d), f), h), i) and m) of the said article.

On the additional elements provided for in Article 10 of Regulation (EU) No 537/2014

In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters mentioned above, we also report the following:

- We were elected auditors of TEIXEIRA DUARTE, S.A. for the first time at the general meeting of shareholders held on May 30, 2015 for a term between 2015 and 2018.
- The management board has confirmed to us that it is not aware of the occurrence of any fraud or suspected material fraud in the financial statements. In the planning and execution of our audit under ISA we have maintained professional skepticism and devised audit procedures to respond to the possibility of material misstatement of financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report we prepared and delivered to the supervisory board on this date.
- We declare that we have not provided any services prohibited under Article 77 number 8 of the Statutes of the Order of Statutory Auditors, that the assurance services rendered in addition to the audit were authorized by the Audit Committee and that we maintained our independence from the Group during the performance of the audit.

Lisbon, April 27, 2018

MOORE STEPHENS & ASSOCIADOS, SROC, S.A.
Represented by António Gonçalves Monteiro

STATUTORY AUDITOR'S REPORT AND AUDIT REPORT (free translation from the original in Portuguese)

Moore Stephens & Associados, SROC, S.A.
Av. Miguel Bombarda, nº 36 - 6º A
1050-165 Lisboa - Portugal

T +351 218 471 933

F +351 218 471 932

www.moorestephens.pt

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have examined the accompanying consolidated financial statements of TEIXEIRA DUARTE, S.A. (the Group), comprising the consolidated statement of financial position at December 31, 2017 (which reflects a total of 2.294.359 thousand euros and a total shareholders' equity of 408.843 thousand euros, including a consolidated net loss attributable to shareholders for the period of 4.650 thousand euros), the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the attached 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, 2017, and its financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards (ISAs) and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described below in the section "Auditor responsibilities for the audit of the financial statements". We are independent with respect to the Company in accordance with legal and regulatory provisions of the Code of Ethics approved by the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Relevant audit matters

Relevant audit matters are those that, in our professional judgment, played a greater role in auditing the financial statements of the current year. These matters were considered in the context of the audit of the financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on these matters.

We describe below the relevant audit matters for the current year:

KEY AUDIT MATTERS

SYNTHESIS OF OUR AUDIT APPROACH

1. International Exposure - Foreign exchange risk and liquidity risk

As disclosed in Note 7 to the financial statements, the Group's business activity is divided into 7 business segments, with relevant operations in 7 countries, with different economic contexts and operational risks.

The Group's activity outside Portugal represents 81.6% of turnover. As mentioned in note 43 to the financial statements, several territories where the Group operates, namely Angola, Algeria, Mozambique, Venezuela and Brazil, are subject to significant exchange rate variations of their currencies against the euro.

Exposure to these countries' currencies entails increased risks for the Group, namely:

- I) Foreign exchange risk, due to the strong devaluation of local functional currencies against the euro; and
- II) Liquidity risk, resulting from the difficulty of repatriating foreign currency from these territories.

Due to their significance and unpredictability, we considered these issues as relevant matters to our audit.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Measurement of the degree of exposure of the Group to geographies with high exchange rate and liquidity risk, namely the level of impairment of receivables and other relevant assets held by the Group;
- Analysis of the currency translation of the financial statements of the subsidiaries of said geographies, by reference to the International Financial Reporting Standards (IFRS);
- Review of the description of the types of risks that the Group is exposed and which are included in the Corporate Governance Report and the validation of the adequacy of the Group's disclosures regarding the risk management policy, taking into account the IFRS;
- Inquiry with the management body, the strategy and action plans to reduce the Group's international exposure in the next four years.

2. Revenue recognition

As shown in note 7 to the financial statements, the Group's revenue comes from several business segments, with construction being the segment with the greatest relevance accounting for 52.0% of the group's revenue (45.4% in 2016).

As mentioned in note 2.20, income and expenditure from the construction sector are recognized according to the percentage of completion, which is determined by the ratio between the expenses incurred and the total estimated expenditures for each of the works.

Given the uncertainty and judgment associated with the estimates of the expenses to be incurred until the completion of the works, we consider this matter relevant for the purposes of our audit.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Obtaining and reconciling the construction work charts with the amounts included in the financial position and in the income statement;
- Review of contracts that support total project revenue;
- Analysis of the costs incurred and the cost estimates to complete the work and the budgets that support the finishing percentage;
- Verification of compliance with IAS 11 - Construction Contracts;
- Review of the reasonableness of provisions for guarantees and for onerous contracts;
- Validation of the disclosures included in the accompanying notes to the consolidated financial statements.

KEY AUDIT MATTERS

SYNTHESIS OF OUR AUDIT APPROACH

3. Impairment of accounts receivable

As shown in notes 14 and 28 to the financial statements, the Impairment losses on customers represent 53,897 thousand euros, approximately 17% of customer balances, and in the current year were increased by approximately 16,014 thousand euros.

The identification of impairment losses and the determination of their recoverable value is a process involving a number of factors, including the nature and length of the debt, the debtor's financial condition, non-compliance with payment agreements and collection prospects.

Based on the analysis of customer balances in litigation and / or with significant delinquency, the adjustments for the impairment of accounts receivable from customers are calculated.

We considered this subject as a relevant audit matter, mainly because the recovery of credits in some geographies it is particularly slow.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Analysis of the aging of customer balances and review of the adjustments made for impairments in customers, as well as assertions used by the management in the quantification of impairment losses to be recognized;
- Review of relevant balances with entities based in higher risk geographies (Angola and Venezuela), taking into account the seniority of the debt, the financial capacity of the debtors and the history of collections;
- Discussion with the management regarding the criteria and assumptions that were the basis of the judgments to recognize impairment adjustments in accounts receivable;
- Review the disclosures in notes 14 and 28 to the financial statements to ensure that they adequately reflect the accounting policies adopted by the Group.

4. • Valuation and Classification of Assets and Liabilities held for sale

As disclosed in notes 24 and 49 to the financial statements, the Assets and Liabilities held for sale represent 454,980 thousand euros, and 349,876 thousand euros, respectively. These amounts represent approximately 20% of the Assets and 19% of the Liabilities.

An asset should be classified as held for sale if its book value is recovered through a sale transaction, rather than through its continued use.

The identification of the components of Assets and Liabilities held for sale, and the determination of their recoverable value is a process that involves some complexity, and judgments.

Based on the analysis of the amounts of the existing purchase proposals, any impairment adjustments to be recognized in assets are determined.

We considered this issue as a relevant audit matter, taking into account the expression of these assets and liabilities in the consolidated financial statements and the complexity of the judgment involved.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Verification of compliance with the recognition criteria as Assets and Liabilities held for sale in accordance with IFRS 5;
- Analysis of the evaluations made and the purchase proposals for the respective Assets and Liabilities;
- Analysis of possible adjustments made to impairments in assets, as well as assertions used by the management in the quantification of impairment losses to be recognized;
- Discussion with the management body regarding the criteria and assumptions that were the basis of the judgments to recognize or not certain amounts such as Assets and Liabilities held for sale;
- Review of the disclosures in notes 24 and 49 to the financial statements to ensure that they adequately reflect the accounting policies adopted by the Group.

KEY AUDIT MATTERS

SYNTHESIS OF OUR AUDIT APPROACH

5. Valuation of Investment Properties

The Group presents in its financial position as of December 31, 2017, a total of 217,647 thousand euros related to Investment Properties (547,067 thousand euros at December 31, 2016). As stated in Note 2.8 to the financial statements, these Investment Properties are measured at fair value, which is determined through valuations performed by specialized and independent entities, as referred to in note 22 to the financial statements.

The Investment Properties are essentially in Portugal and Angola, the latter being subject to the effects of the exchange variation of the local currency.

Taking into consideration the expression of these assets in the consolidated financial statements and the judgment involved, we believe that this area is a relevant matter of our audit.

Our approach to the risk of material misstatement in this area included:

- Verification of the register of external evaluators with the Securities Market Commission and analysis of their independence;
- Analysis of information on real estate, included in the evaluations, and validation of this information with the documents and records of the Group;
- Assessment of the reasonableness of the main assumptions used by the experts and their discussion with the Group services;
- Validation of the fair value recorded with the values included in the evaluations;
- Validation of the appropriate exchange rate conversion of the fair values of the Investment Properties located abroad;
- Review of the disclosures in the notes to the financial statements in accordance with IAS 40 - Investment Property.

6. • Financial Risk

The fact that a significant part of the loans obtained has a relatively short maturity, without guarantees of systematic renewal or realistic repayment prospects, indicates a significant financial risk and requires an assessment of the Entity's ability to obtain the necessary financing for the normal development of their business.

Our approach to this risk was to adopt the following procedures:

- Appraisal of the divestment actions carried out in 2017, involving the sale of several assets, whose proceeds from the sale were mainly applied to the reduction of bank liabilities;
- Follow-up of proposed measures and steps taken to mitigate identified risk;
- Evaluation of the results of the actions undertaken to promote (i) the recovery of overdue loans and / or recognition of the corresponding impairments, and (ii) the reduction of financial and operating costs;
- Analysis of the Bank Agreement, concluded on April 24, 2018, with the three most important financial institutions, which (I) ensures more favorable financing conditions, (II) establishes an appropriate time horizon for the execution of an alienation plan of financial and real estate assets and (III) establishes the consequent reduction of levels of financing and financial autonomy for amounts deemed adequate for the Entity.

Responsibilities of management board and the supervisory board for the consolidated financial statements

Company's management board are responsible for:

- preparation of the consolidated financial statements presenting a true and fair view of the financial position, financial performance and cash flows of the Group, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.;
- preparation of the management report, including the corporate governance report, in accordance with legal and regulatory provisions;
- establishing and maintenance a proper internal control system in order to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adopting the appropriated accounting policies, taking into account the circumstances; and
- evaluation of the Group ability in maintaining its activity, annual disclose, if applicable, the matters that may cast significant doubts about going concern of its activities and the going concern basis of accounting.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Group.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and make an audit report with our opinion. Reasonable assurance is a high but not absolute level of assurance that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate can reasonably influence user's economic decisions based on these financial statements.

As part of an audit in accordance with the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and evaluate the material misstatement risks of consolidated financial statements due to fraud or error, audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances to set an opinion. The risk of not detecting a material misstatement resulting from fraud is bigger than due to error, once fraud can be accompanied by collusion, forgery, intentional omissions, false statements or override of internal controls;
- obtain an understanding of internal control relevant to the audit with the purpose of designing audit procedures taking into account the circumstances, but not to express an opinion about the effectiveness of the Group's internal control;
- the appropriateness of the accounting policies adopted and reasonableness of accounting estimates and disclosures by management board;
- conclude on the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and to conclude whether there is a material uncertainty about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention in our report to the related disclosures included in the financial statements or, if these disclosures are not appropriate, to modify our opinion. Our findings are based on the audit evidence obtained as of the date of our report. However, future events or conditions may cause the Group to discontinue its activities;

- assessing of the adequacy of the overall presentation of the consolidated financial statements, including disclosures and if those financial statements reflects the underlying transactions and events in order to achieve appropriate presentation;
- we obtained sufficient and appropriate audit evidence regarding the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the Group's audit and we are ultimately responsible for our audit opinion;
- shall communicate with those charged with governance, including the supervisory board, among other things, the scope and timing and communicate significant findings from the audit, including significant deficiencies in internal control that the auditor has identified during audit;
- the matters that we have communicated to those in charge of governance, including the supervisory board, determine which were the most important in auditing the financial statements of the current year and which are the relevant audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- declare to the supervisory body that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, respective safeguards.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements, and the verifications provided for in numbers 4 and 5 of article 451 of the Portuguese Companies Law, as well as the verification that the non-financial statement has been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management Report

As requested by the article 451º, n.º 3, paragraph e) of the Portuguese Company Law, we confirm that Management Report has been prepared in accordance with legal and regulatory provisions and that the information contained in it agrees with the audited financial statements and with the acknowledge about the entity, and we did not find any material inaccuracy. As provided in article 451, paragraph 7 of the Portuguese Companies Law, this opinion does not apply to the non-financial statement included in the management report.

Regarding the non-financial statement planned for in article 508-G of the Portuguese Companies Law

In compliance with article 451, paragraph 6 of the Portuguese Companies Law, we hereby inform that the Entity included in its management report the non-financial statement provided for in article 508-G of the Portuguese Companies Law.

About the Corporate Governance Report

In compliance with article 451, paragraph 4, of the Commercial Companies Law, we are of the opinion that the corporate governance report includes the elements required by the Entity pursuant to article 245-A of the Portuguese Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of subparagraphs c), d), f), h), i) and m) of the said article.

On the additional elements provided for in Article 10 of Regulation (EU) No 537/2014

In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters mentioned above, we also report the following:

- We were elected auditors of TEIXEIRA DUARTE, S.A. for the first time at the general meeting of shareholders held on May 30, 2015 for a term between 2015 and 2018.
- The management board has confirmed to us that it is not aware of the occurrence of any fraud or suspected material fraud in the financial statements. In the planning and execution of our audit under ISA we have maintained professional skepticism and devised audit procedures to respond to the possibility of material misstatement of consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report we prepared and delivered to the supervisory board on this date.
- We declare that we have not provided any services prohibited under Article 77 (8) of the Statutes of the Order of Statutory Auditors, that the assurance services rendered in addition to the audit were authorized by the Audit Committee and that we maintained our independence from the Group during the performance of the audit.

Lisbon, April 27, 2018

MOORE STEPHENS & ASSOCIADOS, SROC, S.A.
Represented by António Gonçalves Monteiro

Portugal

Head Office
Lagoas Park, Edifício 2
2740-265 Porto Salvo
Phone: (+351) 217 912 300
Fax: (+351) 217 941 120
E-mail: geral@teixeiraduarte.pt
Site: www.teixeiraduarte.com

Teixeira Duarte Operating Centre
Av. da Indústria, 540
2870-635 Alto do Estanqueiro - Jardim - Montijo
Phone: (+351) 219 948 000
Fax: (+351) 210 096 888

Rua das Pretas, 4 - 4º Dto.
9000-049 Funchal - Madeira
Tel: (+351) 291 206 930

Edifício Tower Plaza
Rotunda Engº Edgar Cardoso, nº 23 - Piso 8
4400-676 Vila Nova de Gaia
Tel: (+351) 226 166 180
Fax: (+351) 226 104 297

South Africa

GLOBAL NET DISTRIBUTORS (PTY) LTD
2nd Floor, West Tower - Nelson Mandela Square
Maude Street - Sandton - Johannesburg, 2146
Tel: (+27) 11 881 5963
Fax: (+27) 11 881 5611

Angola

Avenida Pedro de Castro Van-Dúnem Loy
Baixo Morro Bento (Maxipark)
Edifício Teixeira Duarte, 387 - Luanda
Phone: (+244) 222 641 500
Fax: (+244) 222 641 560

Teixeira Duarte Operating Centre
Rua S/N, Zona Industrial Polo Operacional
de Viana - Edifício Central
Viana - Luanda

Algeria

08 Route Ben Aknoun - El Biar
16030 Alger
Phone: +213 (0) 21 92 74 33
Fax: +213 (0) 21 92 74 36

Belgium

TDGI, S.A.
Avenue Jean Monnet, 1
1348 LOUVAIN-LA-NEUVE
Phone: (+32) 2 318 38 04
Fax: (+32) 2 318 38 03

Brazil

Rua Iguatemi, 448 - 6º Andar
CEP 01451 - 010
Itaim Bibi - São Paulo
Tel: (+55) 112 144 57 00
Fax: (+55) 112 144 57 04

Rua Vieira de Moraes, 1111 - 6º andar
Campo Belo - Conj. 601
CEP 04617-014 São Paulo
Phone: (+55) 113 073 13 03

EMPA - Serviços de Engenharia, S.A.
Rua Paraiba, 1000 - 12º Andar-Parte
Bairro Savassi, CEP 30130-145
Belo Horizonte - MG
Phone: (+55) 313 311 47 88
Fax: (+55) 313 221 42 56

China (Macau)

Avenida Dr. Mário Soares, nº 25
Edifício Montepio, Ap. 26-28, 3º Andar - Macau
Tel: (+853) 28 780 288

Fax: (+853) 28 780 188

Colombia

Carrera 11, 94-02 - Oficina 201
Edifício Centro de Negócios Manhattan
Bogotá
Phone: (+57) 1 6754530

United Arab Emirates (Dubai)

GND Trading ME, FZE
Jafza One, Office 1503 - Jebel Ali Free Zone
PO Box 263895 - Dubai - UAE

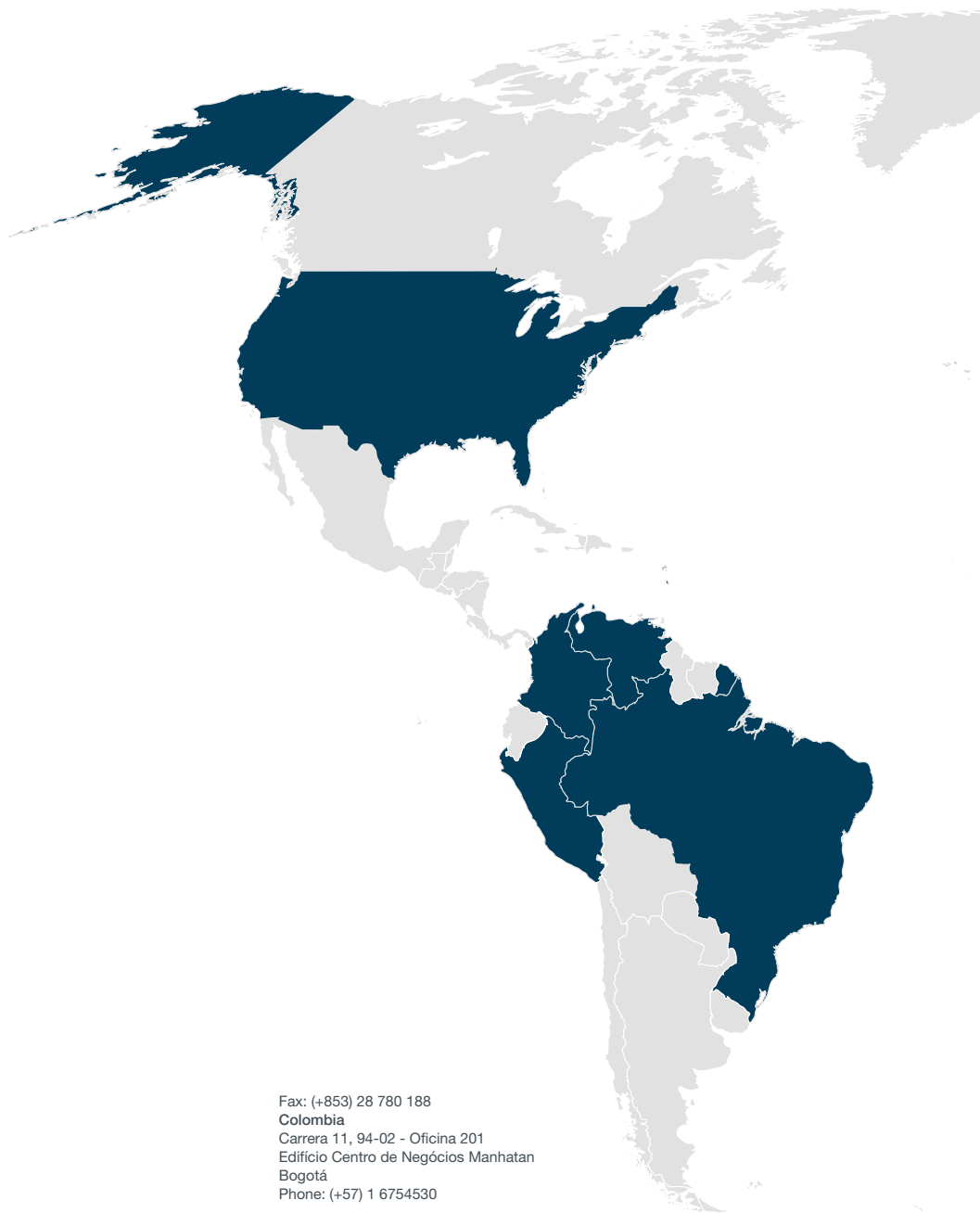
Spain

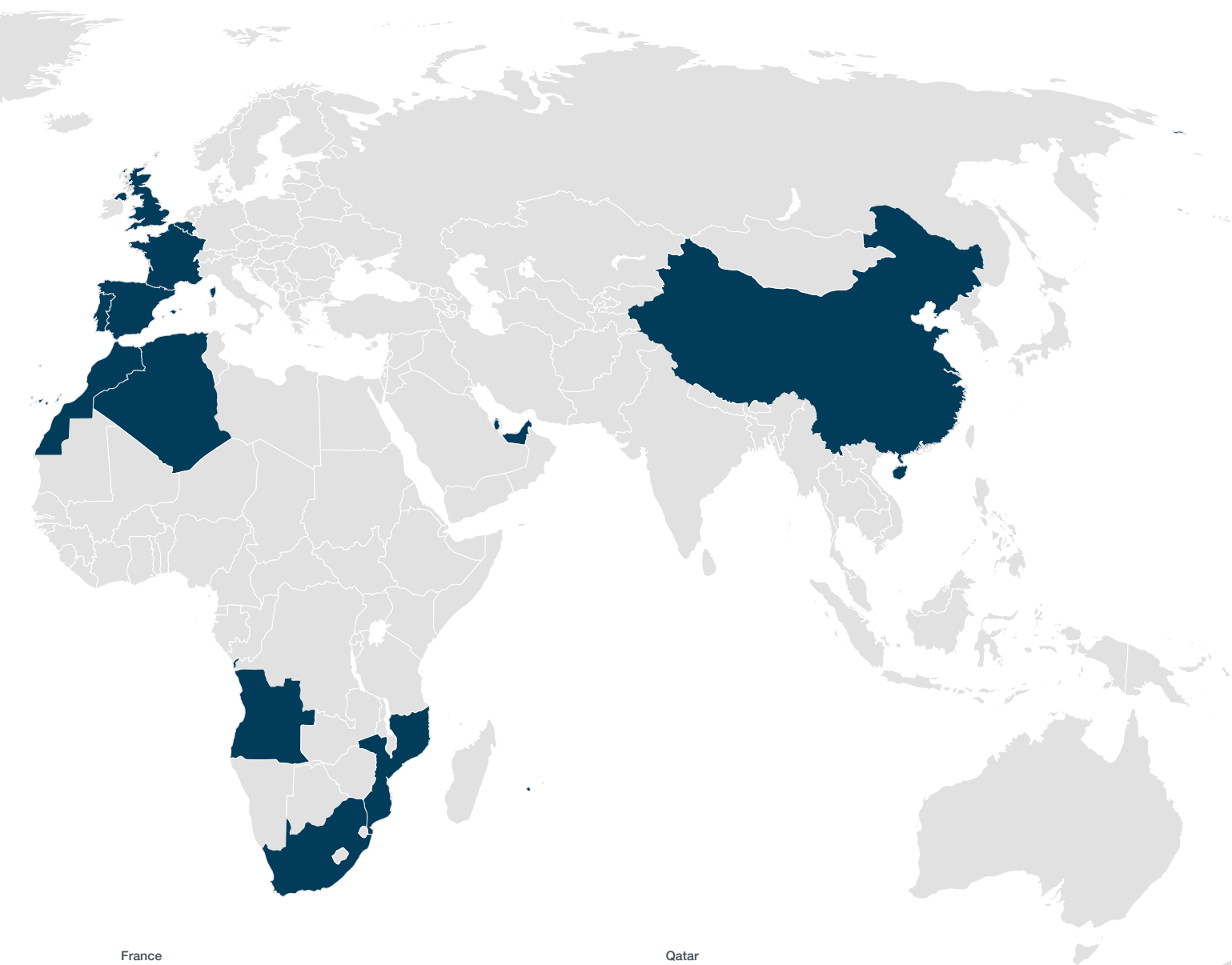
Avenida Alberto Alcocer, nº 24 - 7º C
28036 Madrid
Tel: (+34) 915 550 903
Fax: (+34) 915 972 834

United States of America

1030 Salem Road
Union, NJ 07083

TDRE Investments, LLC
4100 Spring Valley Rd - Suite 310
Dallas - TX 75244
Tel: (+1) 214 253 2553





France
SOMAFEL, S.A (Branch)
11, Bis, Passage Dartois Bidot
94100 Saint-Maur des Fosses

Morocco
SOMAFEL, S.A (Branch)
Angle BD Anfa et Rue Clos de Province,
N° 2, 6^{ème} Étage, N° 6B
20040 Casablanca
Tel: (+212) 223 62 890
Fax: (+212) 223 62 647

Mozambique
Avenida Julyus Nyerere, 4 - R/C
Maputo
Tel: (+258) 214 914 01
Fax: (+258) 214 914 00

Peru
Avenida Javier Prado Este N° 560
Int.1601
San Isidro - Lima

Qatar
TDGISERV Services, LLC (a)
Al Mana Plaza Building, 6th Floor.
Qatari Bin Fujaah St, Bin Mahmoud.
Doha. Qatar.
P.O.Box: 7098
Phone: (+974) 705 70 219

United Kingdom
SOMAFEL - Railway Construction, S.A.
10, St Ann Street, Salisbury,
Wiltshire, SP1 2DN

Venezuela
Av. Venezuela del Rosal, con Calle Mohedano,
Torre JWM, frente al BOD, piso 5, El Rosal
1060 Caracas
Tel: (+58) 212 951 2012
Fax: (+58) 212 953 7409

