



**REPORT AND
ACCOUNTS**

2018



Construction of Hospital CUF Tejo
LISBON - PORTUGAL

REPORT AND ACCOUNTS

2018

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Identification of the company

Teixeira Duarte, S.A.

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

Share capital: € 210,000,000

Single Legal Person and Registration number 500 234 526 at Cascais (Oeiras) Commercial Register 500 234 526

INTRODUCTION

The Consolidated Management Report

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 2018.

This Report will analyse in a consolidated manner the activity carried out by the subsidiaries of TD,SA and will also address some aspects of the Company on an individual basis, specifically regarding the proposed distribution of results, thus applying the option provided for in Article 508-C(6) of the Commercial Companies Code, to submit a single report.

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 perspective of the Group as a whole.

Under the terms of the applicable legislation, attached to this document can be found maps with a range of information relating to stakes in the capital of TD,SA (specifically according to the provisions of article 447 of the Commercial Companies Code and in CMVM regulation no. 5/2008, in its version amended by Regulation no. 7/2018).

Non-Financial Information Report

In compliance with applicable legislation (Decree-Law no. 89/2017, of 28 July), a separate chapter is included within the scope of the Management Report, to provide reporting of "Non-Financial Information".

Corporate Governance Report

Also submitted in this set of documents is a detailed report on the corporate governance structure and practices in 2018 (drawn up in accordance with article 245-A of the Securities Code and with CMVM Regulation no. 4/2013), this year taking as a basis the new Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG), which came into force on 1 January 2018.

Individual and Consolidated Financial Statements

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).

Compliance Statement

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.



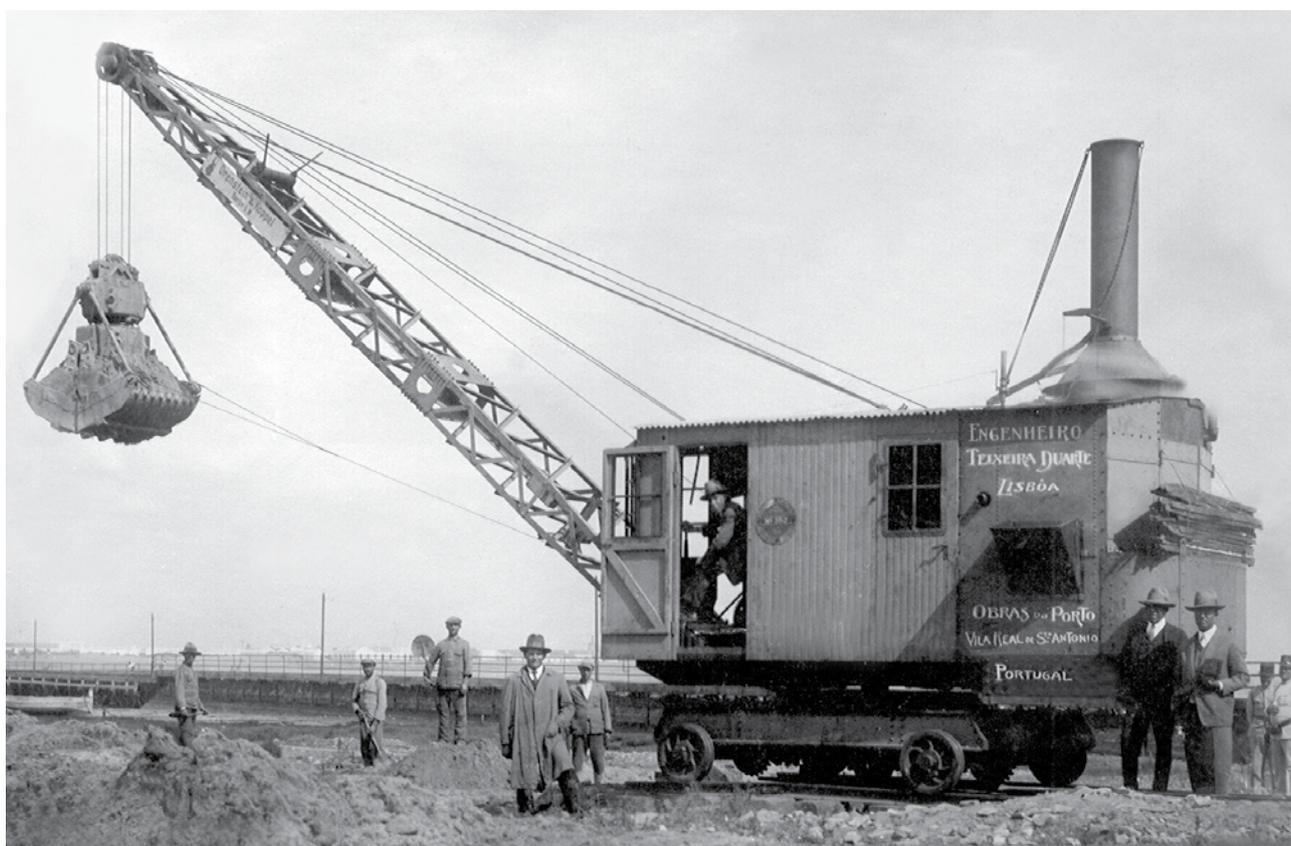
Teixeira Duarte

Reports and Accounts 2018

Board of Directors Management Report 2018

I. TEIXEIRA DUARTE GROUP IN 2018

A PORTUGUESE GROUP FOUNDED IN AN ENGINEERING COMPANY



Teixeira Duarte is the identity of a Business Group that presents itself through its brand image: a Portuguese Group founded on an Engineering House - something inherent in its origin and its founder - who, with an entrepreneurial spirit and support in their human resources and technical means, has extended its operations to other sectors and markets for decades, with an identity experienced and defended with warmth and affection by all, throughout around one hundred years of activity.

Engineer Mr. Ricardo Esquível Teixeira Duarte began the activity of the Teixeira Duarte Group in 1921. The company today known as "Teixeira Duarte - Engenharia e Construções, S.A." was also

incorporated by him in 1934 and it played the role of the group's leading entity until 2010. It became a public limited company in 1987 and was listed on the then Lisbon Stock Exchange in 1998.

In 2010, "Teixeira Duarte, S.A.", incorporated in 2009, acquired all of the share capital of "Teixeira Duarte - Engenharia e Construções, S.A." under the scope of a Public Exchange Offer, and became the listed company at the head of the Teixeira Duarte Group, which today consists of a group of entities that lie within its consolidation perimeter.

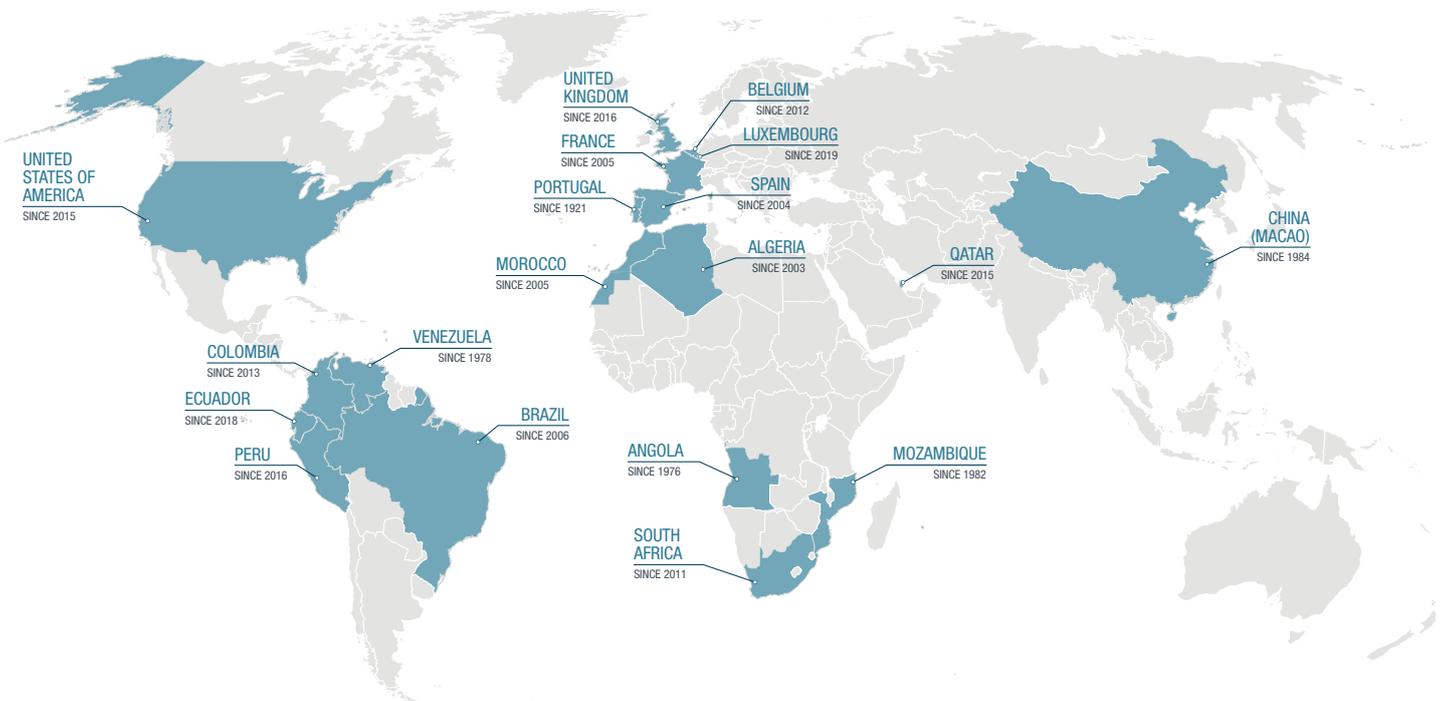
I.1 PROFILE

MORE THAN
180
COMPANIES

11,000
EMPLOYEES

4
CONTINENTS

19
COUNTRIES



6
SECTOR

CONSTRUCTION
SINCE 1921

REAL ESTATE
SINCE 1973

DISTRIBUTION
SINCE 1996

**CONCESSIONS
AND SERVICES**
SINCE 1984

HOSPITALITY
SINCE 1992

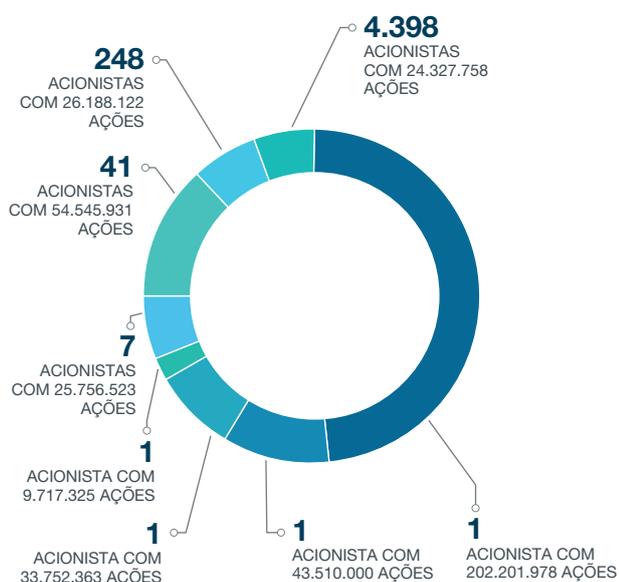
AUTOMOTIVE
SINCE 1991



Restoration and Rehabilitation of Hercilio Luz Bridge
FLORIANÓPOLIS - BRAZIL

SHAREHOLDERS

The Teixeira Duarte Group's leading company has been listed on Euronext Lisbon since 1998 and the Teixeira Duarte family has been its majority shareholder since then. In effect, on 31 December 2018, "Teixeira Duarte, S.A." had the following shareholdings:



Distribution of shares representing the share capital of TD,SA at the end of the 2018 financial year, distributed to a total of 4,697 shareholders.

CORPORATE MODEL

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), currently with five members, all of whom are executives and (since 2008) two oversight bodies: An Audit Committee (with three members) and an official accounts auditor company. This is the structure of the corporate bodies of "Teixeira Duarte, S.A.", which have the following members:

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
Eng. Joel Vaz Viana de Lemos
Eng. Carlos Gomes Baptista
Eng. Diogo Bebiano Branco de Sá Viana Rebelo

Supervisory Board:

- Chairman
Dr. Óscar Manuel Machado de Figueiredo
- Board Members
Dr. Mateus Moreira
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

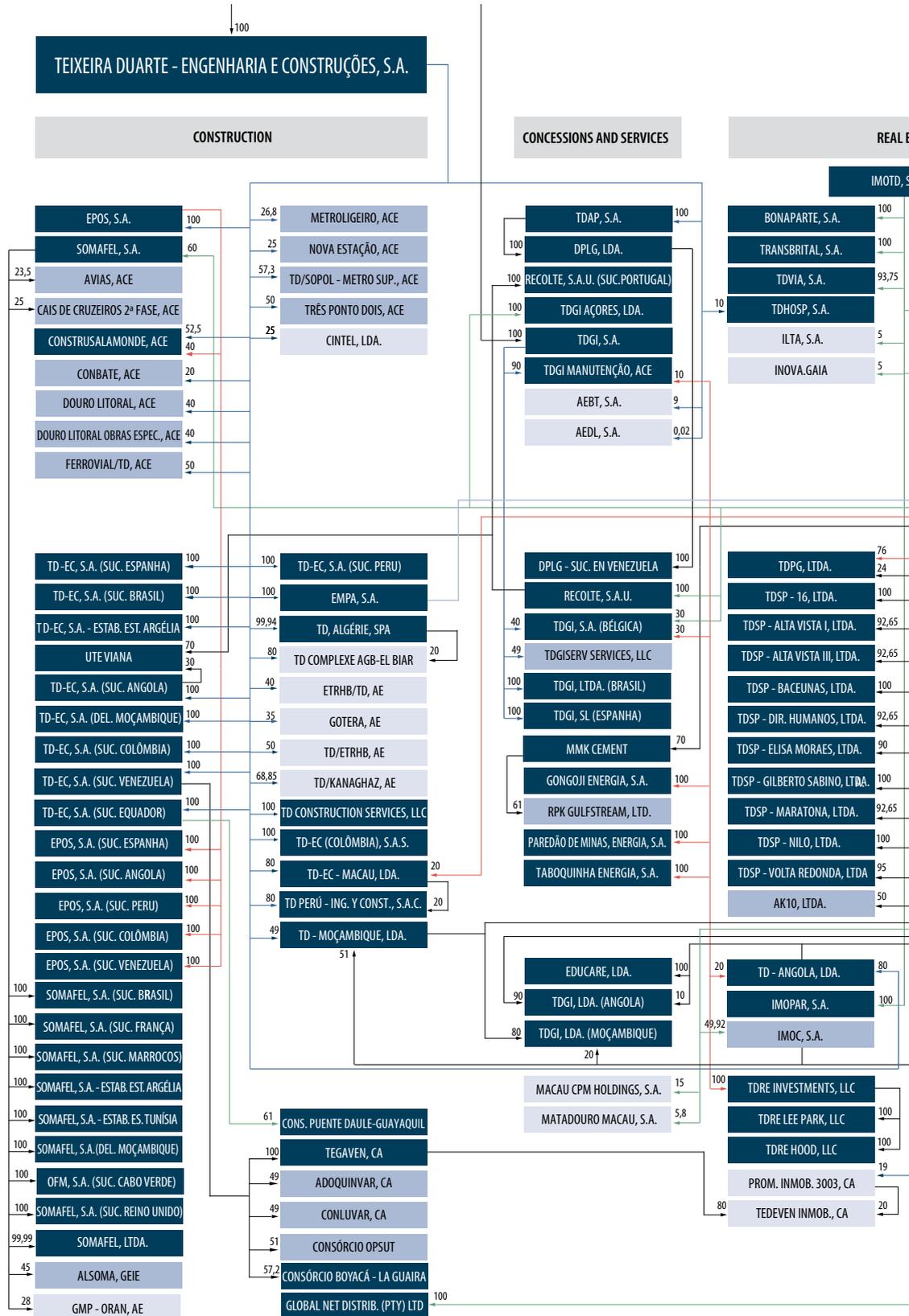
The Market Relations Representative:

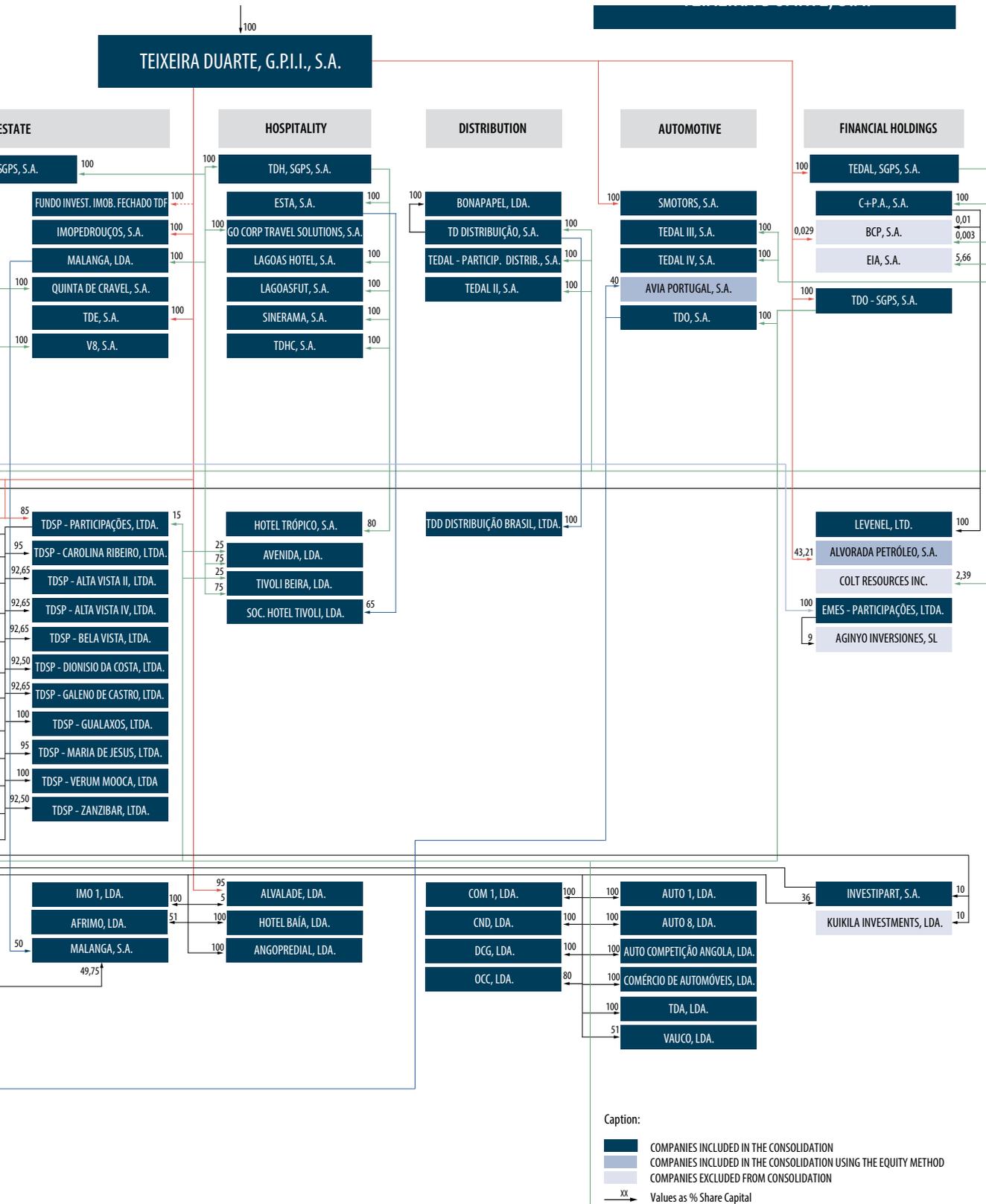
- Dr. José Pedro Poiares Cobra Ferreira

**TEIXEIRA DUARTE GROUP
2018**

Portugal

Other Markets





ORGANIZATIONAL MODEL

In addition to the corporate bodies of “Teixeira Duarte, S.A.”, and the other bodies that form part of its consolidation perimeter, as well as bodies responsible for the different sectors of activity in which these subsidiaries operate, emphasis should be placed on the organisational structure of “Teixeira Duarte - Engenharia e Construções, S.A.” (hereinafter known in short as Teixeira Duarte - Engenharia e Construções) which, as the group's main company, runs its business in different areas of activity of the construction sector, which split up the different facets of production and are an essential part of the training of management staff and monitoring their careers. The organisational structure includes operation centres and departments and this subsidiary also has a specific set of support structures for this construction sector, particularly in the areas of formwork and pre-stressing, equipment management and bid logistics, as well as a materials laboratory.

Teixeira Duarte – Engenharia e Construções also includes another two structures that, although more focused on the construction activity, also support other Group sectors in the area of Management and Technology Systems and Supplies.

In addition to all those structures with more direct links to Group’s operational area, there is a set of Central Offices and Services with special cross-disciplinary support for activities carried out in the different sectors of activity. This is the so-called Corporate Area, which is responsible for promoting the standardisation of procedures and providing support, along with structures operating overseas, in these areas that are common to several businesses.

Thus, there are several qualified employees within the different entities that make up the Teixeira Duarte Group, forming part of the Senior Management, who are responsible for different companies, sectors, areas of activity and other organisational structures, identified on the following organisational chart below:

TEIXEIRA DUARTE ORGANISATIONAL CHART

CORPORATE AREA

Internal Audit

Mr. Mário Faria

Accounting

Mr. Alexandre de Jesus
Mr. Sérgio Castro

Finance

Mr. Sérgio Pereira

Legal

Mrs. Maria António Ambrósio

Human Resources

Mrs. Isabel Amador

Corporate Secretariat

Mr. José Pedro Cobra Ferreira

Information Technology

Mr. Rui Pedroso
Mr. Rui Miranda

ACTIVITY SECTORS

Construction

Geotechnics and Rehabilitation

Marine Works

I Exploration Centres

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

I Direction of Studies and Projects

Mr. Paulo Serradas
Mr. Baldomiro Xavier
Mr. Pinto Guedes

Buildings

I Exploration Centres

Mr. Fernando Martins
Mr. Luís Santos
Mr. Carlos Timóteo
Mr. Luís Mendonça
Mr. Carlos Guedes
Mr. Luís Carreira
Mr. Gustavo Lebreiro

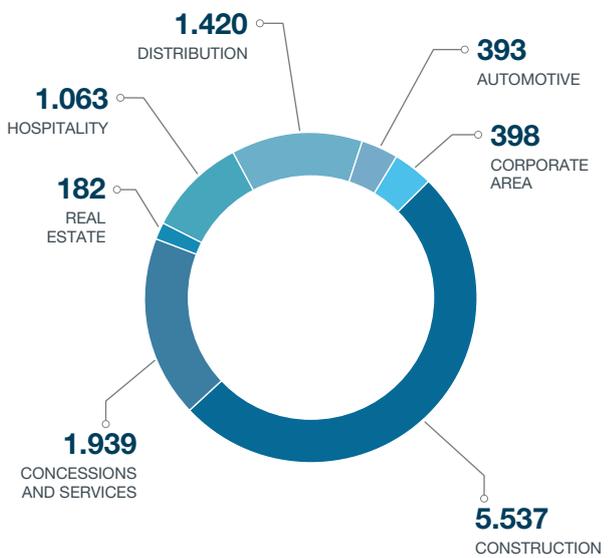
I Direction of Studies

Mr. Garcia Fernandes
Mr. Pedro Nunes

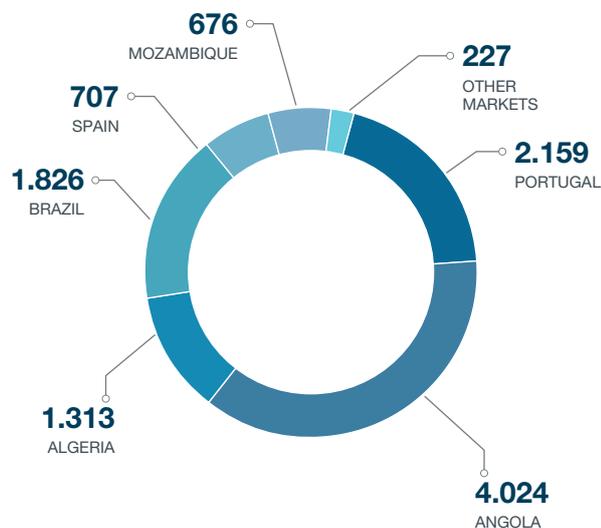
		Concessions and Services	Hospitality
<p>Infraestruturas</p> <p> Exploration Centres</p> <p>Mr. Ricardo Acabado Mr. Rosa Saraiva Mr. Correia Leal Mr. Júlio Filho Mr. Amílcar Teresinho Mr. Pedro Ferreira</p> <p> Direction of Studies</p> <p>Mr. Fernando Frias</p> <p>Metalworking</p> <p>Mr. Henrique Nicolau</p> <p>Underground Works</p> <p>Mr. Dias de Carvalho Mr. Carlos Russo</p> <p>Railway Works</p> <p>Mr. Paulo Serradas Mr. Rui Costa</p>	<p>Shuttering and Prestressing</p> <p>Mr. Marques dos Santos</p> <p>Supplies</p> <p>Mrs. Rosa Almeida</p> <p>Equipment Management</p> <p>Mr. Rodrigo Ouro</p> <p>Management and Technology Systems</p> <p>Mr. Ivo Rosa</p> <p>Proposal's Logistics</p> <p>Mr. Magalhães Gonçalves</p>	<p>Facilities Management</p> <p>Mr. Rogério Fonseca Mr. Rodolfo Valentim Mrs. Mariana Coimbra</p> <p>Environment</p> <p>Mr. Rogério Fonseca Mr. António Carlos Teixeira Duarte</p> <p>Education</p> <p>Mr. Diogo Rebelo</p> <p>Real Estate</p> <p>Mr. Alfredo Silva Mr. Guilherme Silva</p>	<p>Mr. Luís Vicente</p> <p>Distribution</p> <p>Mr. Diogo Rebelo Mr. Hugo Santos</p> <p>Automotive</p> <p>Mr. Pedro Medo</p>

EMPLOYEES

As the central core of all Teixeira Duarte Group companies and greatest asset, the total number of employees in these entities is around 11,000, which at 31 December 2018 were distributed in the following sectors and operating companies:



Distribution of Employees by Sector



Employees distribution by Market

MISSION AND VALUES

Over nearly one hundred years of history, the conduct of employees of Teixeira Duarte Group companies has been characterized by an ethic that is a source of pride and an incentive for the growth of the company. At the central core of this ethic lie its mission and values, which are set out below:

THE MISSION

EXECUTE, CONTRIBUTING TOWARDS THE CONSTRUCTION OF A BETTER WORLD

Defines what drives its employees day-by-day, and establishes the objective shared by all regardless of their area of operation, geography or work team.

“Make”, because it is always intended to make it happen.

“Contributing”, because we must understand that no one does anything alone.

For the “Construction”, of which we are part.

Of “a better world”, which is the objective that we all share, within and outside of Teixeira Duarte.

THE VALUES

The Values are the way we must act to reach that objective and characterise the Company’s relationship with all of related parties. They are:

INGENUITY

Value based on the origin and purpose 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.

TEIXEIRA DUARTE GROUP CODE OF ETHICS AND CONDUCT

As a result of a long-term work carried out in 2017 - which included the implementation of a *compliance* management system in the Teixeira Duarte Group -, in February 2018 the so-called "Code of Ethics and Conduct of the Teixeira Duarte Group" was approved by "Teixeira Duarte, S.A." and adopted by all of the entities forming part of the Group. This reviewed and updated version of the code of ethics sets out the new legislative and economic situations and develops and adapts the Code that has been in place since 2015. Compliance with this document, like the previous one, is mandatory for all employees of these entities.

I.2 HIGHLIGHTS

2018 was an important year for the Teixeira Duarte Group, and the most significant facts are highlighted here.

HOSPITAL CUF TEJO



Teixeira Duarte Engenharia e Construções started, on behalf of an entity of the José de Mello Saúde Group the execution of the contract for the construction 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, 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.

AIRPORT OF SALVADOR



A consortium led by Teixeira Duarte - Engenharia e Construções started work in 2018 for "Concessionária do Aeroporto de Salvador, S.A." - a Vinci Airports Group company - under the scope of the "Engineering, supply and construction contract for the expansion of Salvador Airport, under an integral EPC contracting regime (*Engineering, Procurement and Construction*) turn-key for a flat rate", with a view to executing the renovation and expansion of Salvador Airport, which includes the implementation of an executive project, the construction of a new terminal and respective jetways, the construction of a building connecting the new terminal to the existing terminal and 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 600 million Brazilian Reals or 149,6 million euros.

Teixeira Duarte - Engenharia e Construções is the leader of this consortium, in which it has a stake of 32.99%.

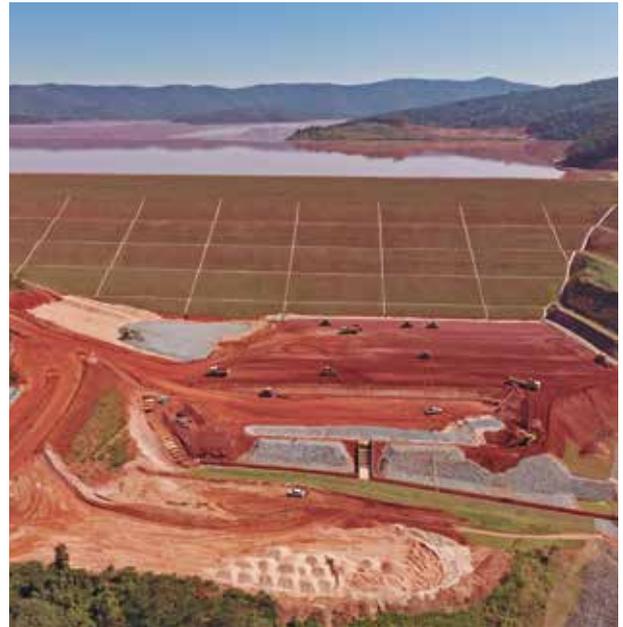
HIGHWAY BR-116/BA



A consortium made up of its 100% indirect subsidiary "EMPA, S.A. Serviços de Engenharia" began work, for the National Department of Transport Infrastructure - DNIT, under the scope of the contract for the "Preparation of basic and executive engineering designs and the execution of dual carriageway works, the implementation of auxiliary lanes, adjustment of capacity, refurbishment with improvements and special civil construction work, on highway BR-116/BA, Lot 06", to be carried out between km 387.41 and km 427.75, totalling 40.34 km in length.

The time frame foreseen for implementation of the work is of 1,350 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.

ITABIRUÇU DAM



Its 100% indirect subsidiary "EMPA, S.A. Serviços de Engenharia" started works for "VALE S.A." on the "Full contract for the execution of civil works for the elevation of the Itabiruçu Dam to a height of 850 meters, in the municipality of Itabira/MG, with supply of materials", with a value corresponding to 26.6 million euros and an estimated lead time of 514 days.

DAULE-GUAYAQUIL BRIDGE



On 31 August 2018, a consortium led by Teixeira Duarte - Engenharia e Construções with 61%, signed a contract for the execution of the "Construcción del Daule-Guayaquil Bridge, including accesses and overpasses on Av. Leon Febres Cordero and Av. Narcisa de Jesus Martillo Morán" in Ecuador, with the Decentralised Autonomous Municipal Governments of Guayaquil and Daule.

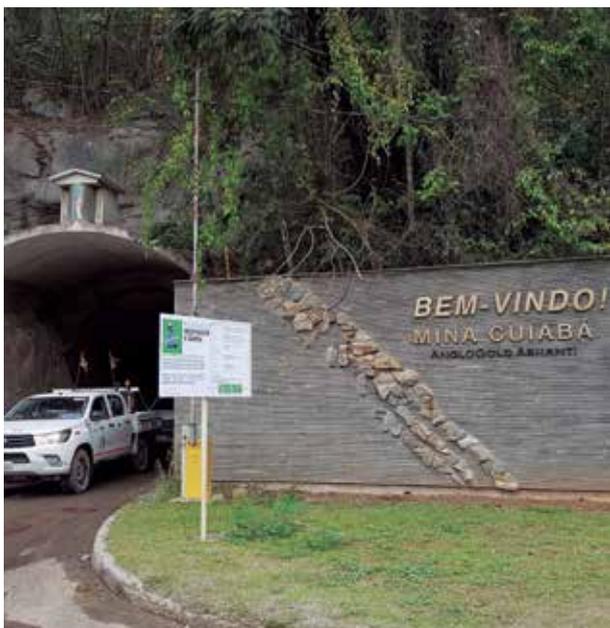
The estimated period of execution of the work is 480 months and the total value of the contract amounts to approximately 59.2 million american dollars.

NACALA PORT



The Mozambican company "Teixeira Duarte - Engenharia e Construções Moçambique, Lda.", an indirect subsidiary of "Teixeira Duarte, S.A." and part of its consolidation perimeter, signed a subcontracting contract with the Japanese consortium "Penta Ocean/Toa" for the execution, for "Mozambique Railways, of the marine works "Construction of Port Facilities for Nacala Port Development Project Phase I & II", in Nacala, Mozambique. The contract has an estimated term of 36 months and the estimated price amounts to approximately 123.2 million US dollars, equivalent to 105.2 million euros, with 50% of this value for the aforementioned Teixeira Duarte Group subsidiary.

MINING IN BRAZIL



EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A. (EPOS) concluded a mining development contract with one of the largest mining companies in the world, Anglo Gold Ashanti, for the execution of excavation and support works at a gold mine in Brazil, located in the State of Minas Gerais, near the town of Caeté, known as the Sabará mine. It is a very deep mine that has been in existence for many years. It poses major challenges in terms of execution and logistics.

This is EPOS' first contract in Brazil and it has a total value of approximately 90 million dollars, with an execution period of 60 months.

REFERENCE IN THE FACILITIES MANAGEMENT AREA



In terms of Concessions and Services, emphasis should be placed on the reinforcement of TDGI as a global benchmark in the area of the *Facilities Management*, as it has maintained existing contracts and concluded new ones with prestigious multinational clients on different continents, specifically:

- New major clients in Portugal, such as SportTV, Novo Banco, Coca-Cola, Microsoft and Tetrapak;
- The consolidated presence in the centre of Europe, with clients such as the European Council and the European Parliament and the extension of its presence in 2019 to private multinational customers in Luxembourg;
- After completing its third year of activity in Qatar, TDGI was able to achieve very significant turnover and results and is already a brand recognized for its major customers such as the Qatar Foundation, Qatar Petroleum and Ooredoo.

GOOD LEVEL OF ACTIVITY IN THE REAL ESTATE SECTOR



Good level of activity in the real estate sector in Portugal, both in terms of the urban development of projects in the portfolio, with an emphasis on:

- The completion of all the purchase and sale deeds relating to the residential units of the "Villa Torrinha" development, at Rua de Pedrouços, in Lisbon;
- The start of construction and the commercial launch of the "ONE Living" development, under construction on the grounds of the old Cascais bullring, with 84 residential units and a commerce area;
- The issuance of the license for the subdivision of the "Fábrica 1921" development, located in Benfica, Lisbon, where there are plans to construct around 48,000m² of above ground area, including more than 160 residential units and supplementary retail and equipment areas;
- The issuance of a land division license for the "Vila Rio" development, located in Póvoa de Santa Iria, on a plot of land measuring around 17 hectares on which there are plans to construct over 600 homes and 32,200m² of areas for commerce and services.

RENOVATION OF THE AVENIDA HOTEL



In the hospitality sector, in addition to the regular performance of the Group's hotel units in Portugal, Angola and Mozambique, the refurbishment of the Avenida Hotel in Maputo was carried out in the last country, with an investment of 3.7 million euros.

NEW MAXI EXPRESSWAY



In Distribution, emphasis should be placed on the opening of the “Maxi” Expressway with close to 2,500 m² of retail space, in the district of Zango, city of Luanda.

A BENCHMARK IN THE ANGOLAN AUTOMOTIVE MARKET



In the Automotive Sector, emphasis should on the one hand be placed on the regularization of order processes with manufacturers, after the introduction of documentary credit mechanisms and, on the other, the fact that the Renault brand - which the Teixeira Duarte Group also represents in Angola - has taken on increasing importance in this country, having concluded 2018 with a market share of 9.7%, largely due to its ability to adapt products to the Angolan market and its good price-quality relationship.

RECOVERY OF LIQUIDITY LEVELS



In order to achieve the objective of scheduling the speed of reduction of the Group's bank debt, thus safeguarding adequate levels of liquidity, on 24 April 2018 Teixeira Duarte, S.A. and other Teixeira Duarte Group entities signed a "Framework Agreement on the Debt of the Teixeira Duarte Group" with Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A. which, essentially, provides for a significant reduction in banking liabilities in line with an asset divestment programme worth around 500 million euros, as well as an increase in the maturity of financing and the optimisation of the cost of financing.

DIVESTMENT OF ASSETS



It should be mentioned that, following on from this, the Group signed a contract for the sale of all the share capital of the company "Lagoas Park, S.A." to a subsidiary of the European private equity fund Kildare. This operation, together with operations related to the divestment of 90% of "TDHOSP - Gestão de Edifício Hospitalar, S.A." and the 7.5% stake in "LUSOPONTE - Concessionária da Travessia do Tejo, S.A.", meant that the Teixeira Duarte Group, in just 8 months and with significant gains, divested assets with a global value of around 450 million euros of the 500 million euros that were announced as being planned for divestment during the course of the programme.

ANNUAL GENERAL MEETING



During the Annual General Meeting held on 26 May 2018, all the proposals submitted for discussion were approved, specifically the approval of the consolidated and individual financial statements, the proposal for the distribution of profits submitted by the Board of Directors, the proposal relating to the appraisal of the Company's management and supervision, the proposal on the Declaration regarding the remuneration policy for members of the Company's respective management and supervisory bodies, the proposal on the diversity policy applied by the company in relation to its management and supervisory bodies and the proposal for the acquisition and divestment of own shares, also submitted by the Board of Directors.

In accordance with the proposal for the distribution of profits submitted by the Board of Directors, the individual net results of TD,SA for 2017, amounting to negative €15,359,540.30 (fifteen million three hundred and fifty nine thousand five hundred and forty euros and thirty cents) were posted under results carried forward. In this regard, it should be noted that the same General Meeting also approved the proposal to transfer €13,660,115.78, corresponding to part of the Free Reserves included under the "Other Company Reserves" item, to the "Results carried forward" item.

SHARE PRICE EVOLUTION



Evolution of the Share Price of Teixeira Duarte, S.A. between 31 December 2017 and 31 December 2018

During 2018, shares suffered a devaluation of 39%, falling from €0.223 at 31 December 2017, to €0.135 at 30 December 2018.

In terms of liquidity and volume of trades executed during this financial year, 65,413,800 shares were traded on the Stock Exchange, with a trading volume amounting to €15,431,048.94. In 2017, 54,228,820 shares were traded, with a trading volume of €16,738,648.59.

The graph shows the evolution of the stock market share prices during 2018:

As at 31 December 2018, the share price stood at EUR 0.135 and, today, 22 April 2019 it is EUR 0.145.

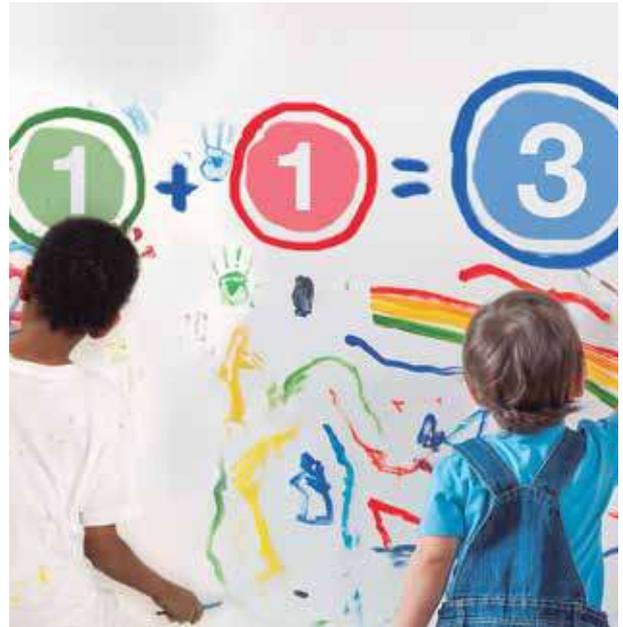
COMPANY DAY



On 15 October - the birthday of the Company's founder, the Engineer Mr. Ricardo Esquível Teixeira Duarte - Teixeira Duarte celebrated its Company Day and paid tribute to the employees who in 2018 completed 30 years of service at Teixeira Duarte.

After a church service in Porto Salvo cathedral, in memory of the founder and all deceased employees, a lunch was held at the Lagoas Park Hotel Conference Centre, at which the company's Board of Directors and Senior Management welcomed the shareholders of "Teixeira Duarte, S.A." who had attended the Annual General Meeting, as well as the aforementioned employees to whom tribute was being paid.

TODOS DAMOS PROGRAM



Under the scope of the WE ALL GIVE programme run until 31 December 2018, several people were given support in the form of co-financing from Teixeira Duarte Group companies, for projects or institutions of a social nature that group employees also supported directly. This represented a joining of efforts between the Group Companies and their employees, in favour of Social Responsibility that promotes the welfare of people.

I.3. MAIN INDICATORS

OPERATING INCOME € 1,014 M

TURNOVER € 874 M

EBITDA € 143 M
Margin of 16%

NET RESULT € 11 M
Attributable to equity holders

NET DEBT € 689 M
Net Debt/EBITDA ratio of 4.8x

FINANCIAL AUTONOMY 21.7%

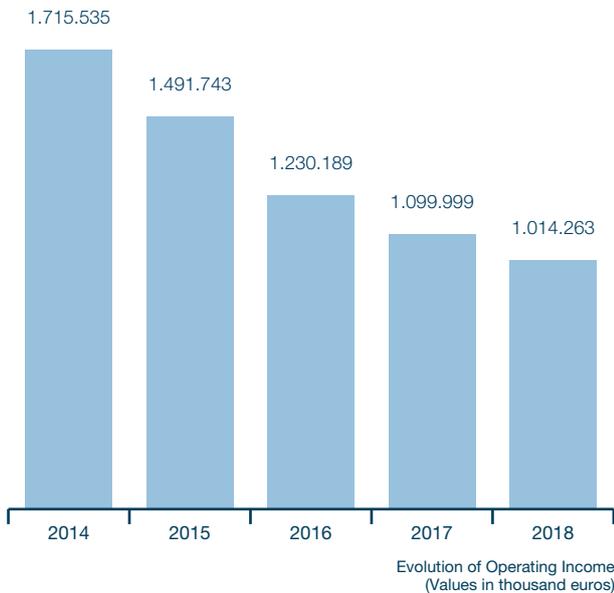
ORDER PORTFOLIO € 1,794 M
For the Construction Sector

	2018	2017	Var (%)
Operating income	1,014,263	1,099,999	(7.8%)
Operating costs	(871,582)	(918,645)	5.1%
EBITDA	142,681	181,354	(21.3%)
Amortizations and depreciations	(43,546)	(56,223)	22.5%
Provisions and impairment losses	(15,258)	8,614	-
EBIT	83,877	133,745	(37.7%)
Financial results	(54,702)	(102,443)	46.6%
Earnings before tax	29,175	31,302	(6.8%)
Income tax	(19,679)	(34,534)	43.0%
Net result	9,496	(3,232)	-
Attributable to:			
Shareholders	11,127	(4,650)	-
Non-controlling interests	(1,631)	1,418	-

(Values in thousand euros)

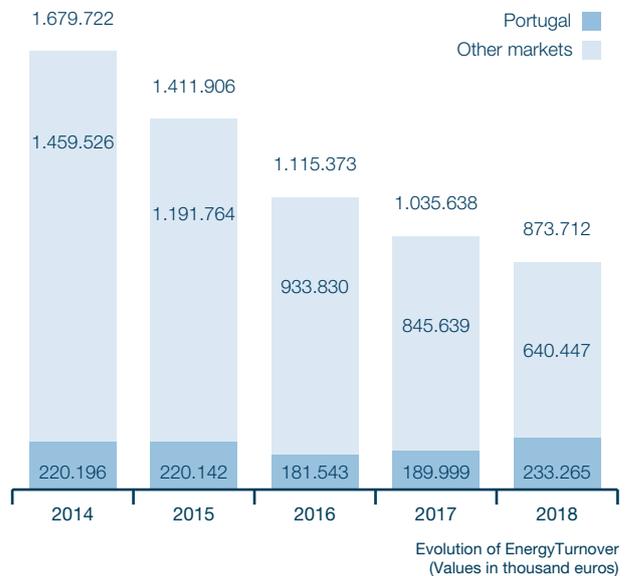


ECONOMIC AND FINANCIAL ANALYSIS



Operating Income saw a 7.8% decrease when compared to 2017, reaching a total of 1,014,263 thousand euros. Despite positive contributions from the Construction and Real Estate sectors, decreases in other sectors of activity, particularly the Distribution and Automotive sectors, were not offset.

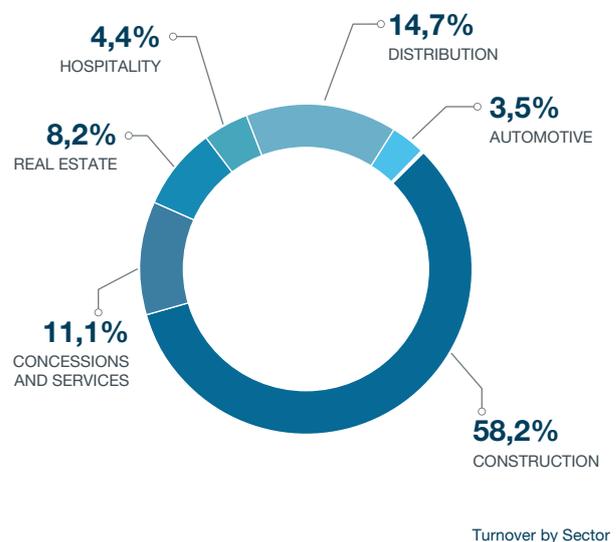
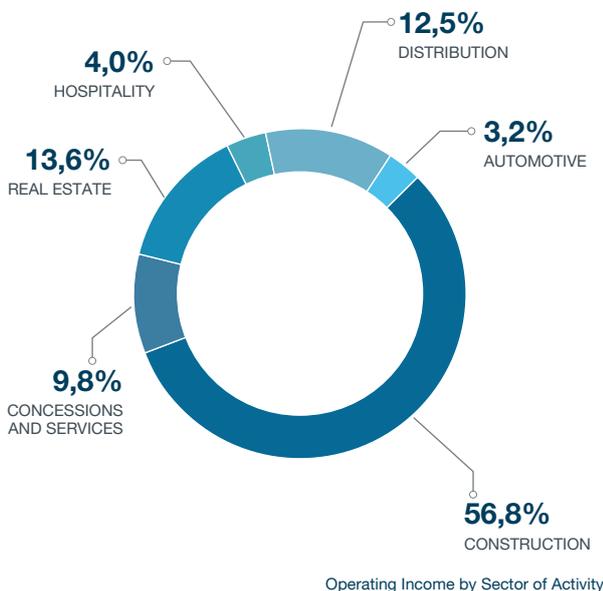
When this indicator is analysed by market, emphasis should be placed on the 33.7% growth in Portugal, while overseas markets as a whole fell by 19.3% compared to the same period of the previous year.

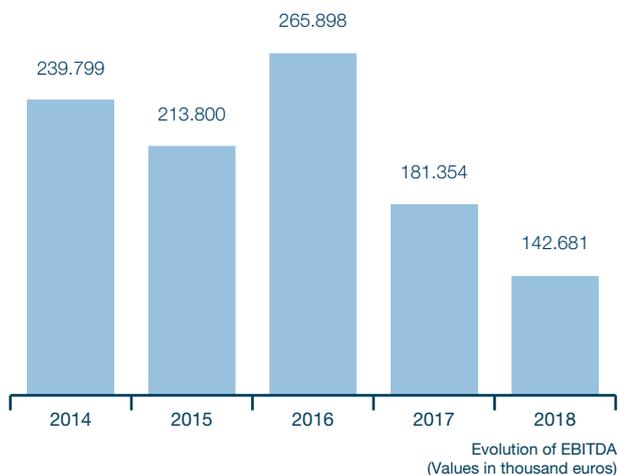


Turnover reached the amount of 873,712 thousand euros, representing a year-on-year decrease of 15.6%. Overall, all sectors of activity posted decreases, with emphasis on the slight growth in the Concessions and Services sector.

The domestic market saw an increase in turnover of 22.8%, which is considered positive, while overseas markets decreased in general, with the exception of the Algerian market which grew by 33.8%.

In this context, overseas markets, which accounted for 81.7% of the Group's turnover in 2017, now represent 73.3% of the Teixeira Duarte Group's turnover.





EBITDA reached 142,681 thousand euros, a 21.3% decrease compared to the previous year. This indicator was influenced by several factors, particularly:

- Divestment of the 100% owned subsidiary "Lagoas Park, S.A.", with gains of 24,898 thousand euros;
- Divestment of 90% of the company "TDHOSP - Gestão de Edifício Hospital, S.A.", with gains of 19,202 thousand euros;
- Operational exchange rate differences, with a positive impact of 18,385 thousand euros, which in 2017 had a negative impact of 2,204 thousand euros;
- Net trade impairment of 33,339 thousand euros - which in the previous year stood at 2,821 thousand euros - resulting from the financial rating of certain markets in which the Group operated in 2018, specifically Venezuela
- Other operating costs, non-recurring, of 7,348 thousand euros.

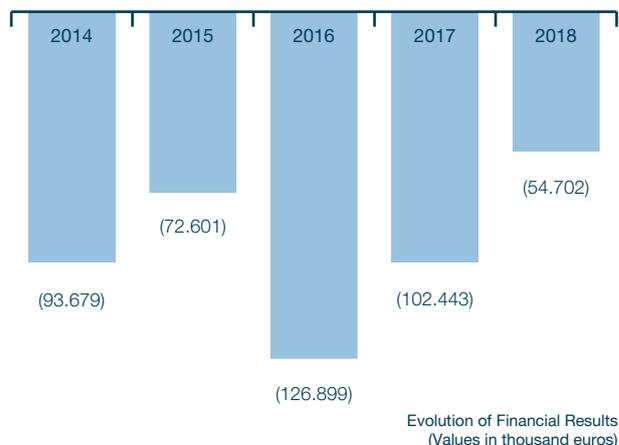
EBITDA by Activity	2018	2017	Var (%)
Construction (*)	55,927	52,922	5.7%
Concessions and services	8,169	7,935	2.9%
Real estate (*)	54,902	60,236	(8.9%)
Hospitality (*)	12,428	13,887	(10.5%)
Distribution (*)	10,235	25,164	(59.3%)
Automotive	10,379	26,518	(60.9%)
Not allocated to segments	(9,684)	(5,309)	(82.4%)
Removals	325	1	s.s.
	142,681	181,354	(21.3%)

(Values in thousand euros)
(*) 2017 amounts reclassified

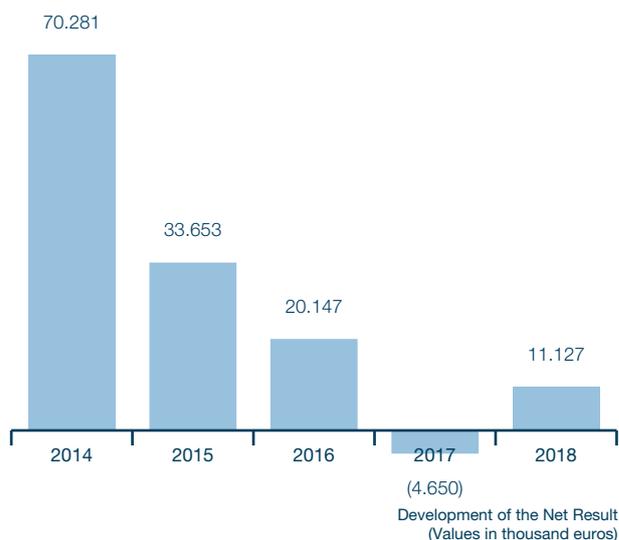
And decrease was seen in the EBITDA / Turnover Margin when compared to the previous year, which decreased from 17.5% to 16.3% in 2018.

The Financial Results were a negative 54,702 thousand euros. Even so, an improvement of 47,741 thousand euros was posted when compared to the 2017 financial year.

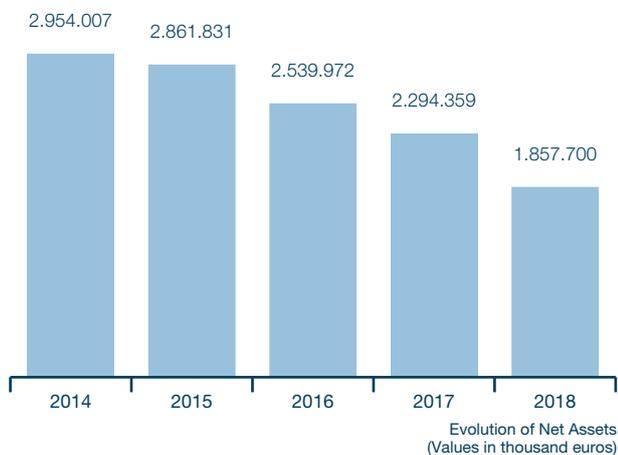
For this improvement, we highlight the 38,590 thousand euro reduction in the amount of interest paid, and the change in gains from the divestment of financial assets, amounting to 19,206 thousand euros.



Net Results Attributable to Capital Holders stood at a positive 11,127 thousand euros, compared with negative results achieved in 2017, amounting to 4,650 thousand euros.

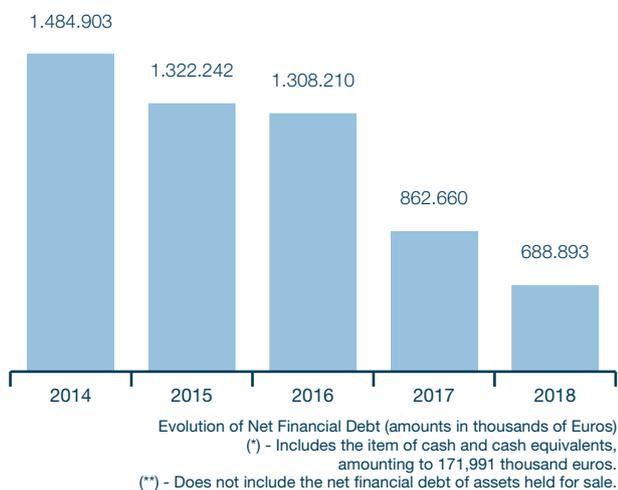


In addition to the normal development of the business, this indicator was also influenced by unfavourable exchange rate differences, which in 2018 stood at a negative 68,172 thousand euros, while they also stood at a negative 15,363 thousand euros during the 2017 financial year. It was also influenced by the positive impact, of 38,445 thousand euros, of the net financial position resulting from the application of IAS 29 to the companies in Angola and Venezuela.



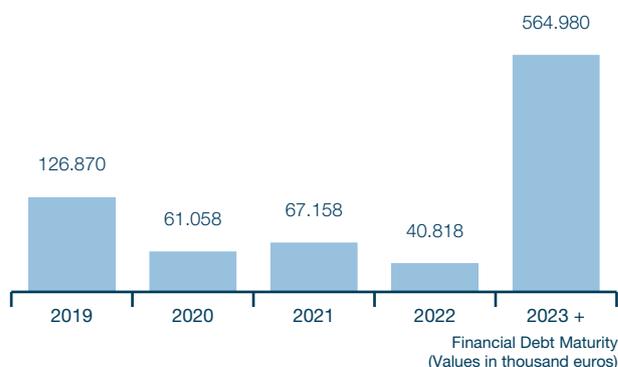
Total Assets stood at 1,857,700 thousand euros, which represents a decrease of 436,659 thousand euros, due essentially to the divestment of the companies "Lagoas Park, S.A.", "TDHOSP, S.A." and "LUSOPONTE, S.A.".

Despite the situation that has been experience in Venezuela, the Board of Directors deems it appropriate to strengthen its conviction that the net value of assets held in that country is fully recoverable.



Net Financial Debt saw a decrease of 173,767 thousand euros to 688,893 thousand euros, which represents a 20.1% reduction compared to the end of 2017, following the implementation of Teixeira Duarte Group's debt reduction strategy.

On 24 April 2018, Teixeira Duarte signed a Framework Agreement with Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A., which allowed the extension of the maturities of the financial debt, as shown on the graph.



The Net Financial Debt/EBITDA ratio stood at 4.8x at the end of 2018.

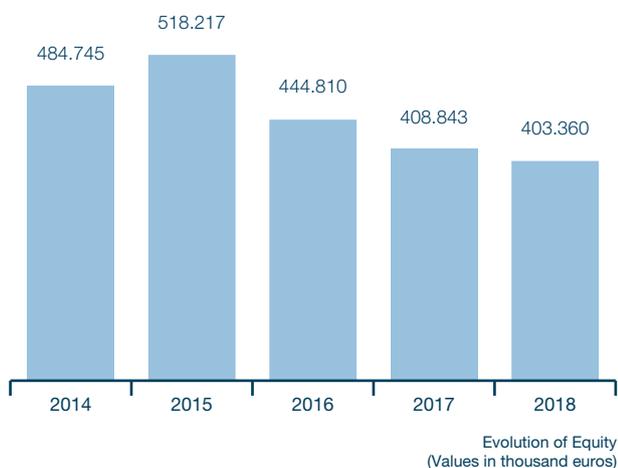
A similar amount was posted under Equity Attributable to Shareholders at 31 December 2017, standing at 367,624 thousand euros.

The accounting policies should take into account that the Teixeira Duarte Group carries out its operations in several geographical areas, with a particular emphasis on Angola, a market of particular importance due to the value of its corresponding assets and its contribution to the Group's turnover.

Until 2018, the Group adopted the cost model as its accounting policy for the measurement of its tangible fixed assets.

Given the volatility of the local currency and the significant devaluation that it has suffered against the Euro - the Group's reporting currency -, the value at which the referred assets were transposed into the Group's consolidated financial statements had significant deviations from the market value, and it was considered appropriate to highlight this in previous reports to the market.

With a view to a more appropriate presentation of the Group's financial statements, the Board of Directors deemed it appropriate to change the accounting policy used for the measurement of a homogeneous class of tangible fixed assets, specifically buildings in the Hospitality, Distribution and Automotive sectors, from the cost model to the revaluation model. This change had a positive impact on Equity, net of taxes, of 166,473 thousand euros.



Total Equity decrease by 1.3%, standing at 403,360 thousand euros, influenced essentially by the following factors:

- A net result of 9,496 thousand euros;
- Negative impact of 247,986 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;
- Revaluation of tangible fixed assets, with a positive impact of 166,473 thousand euros;
- Positive impact of the application of IAS 29 to companies in Angola and Venezuela, amounting to 59,405 thousand euros, on 1 January 2018.

The effect of these impacts, specifically in terms of the reduction of Net Financial Debt and changes in Equity, led to a significant improvement in **Financial Autonomy** which, as at 31 December 2018, reached 21.7%.

II. SECTOR REVIEW

Next, an account will be made of the activity carried out by Teixeira Duarte Group companies in the different sectors, using a similar structure for all of them, that is, starting by contextualizing the respective sector within the Teixeira Duarte Group, then presenting the Turnover and Consolidated EBITDA, the contribution of this business area to the Group and concluding with an exposition about the performance during 2018, accompanied by non-consolidated indicators that allow an analysis and perspective on the total of the activity and not only its final contribution to the consolidated figures.





II.1. CONSTRUCTION

Construction is the *core business* and the *raison d'être* of the Teixeira Duarte Group companies that operate in this sector in the areas of Geotechnics and Foundations, Refurbishment, Marine Works, Construction, Infrastructure, Metalwork, Underground Works and Railway Works. These operational areas are supported by an Operational Formwork and Pre-Stressing Centre and a group of Support Structures in the areas of Equipment Management, Management and Technology Systems, Supplies and Bid Logistics, as well as an Operations Centre and a Materials Laboratory, in Montijo, with a surface area of over 130,000 m², representing huge added value for the activity and the services that it provides to 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, 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.

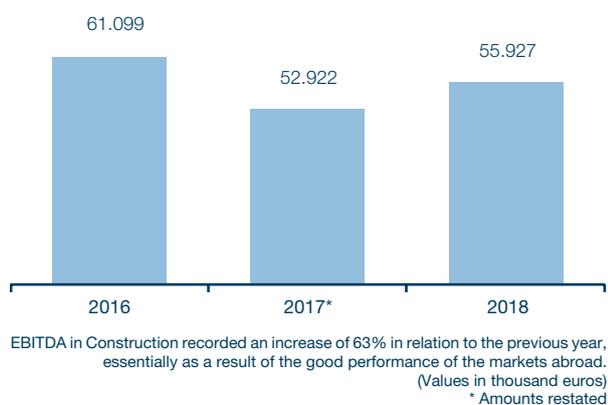
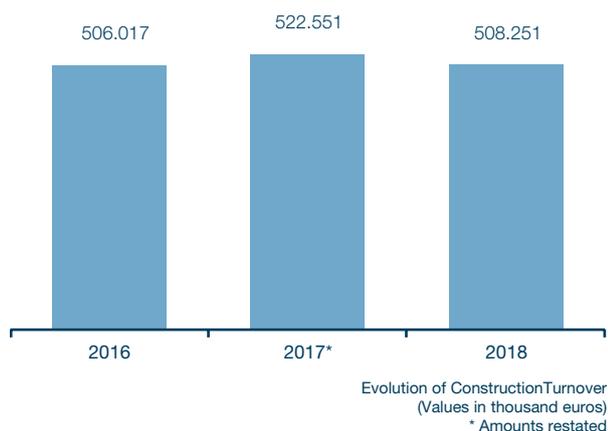
In 2018 Teixeira Duarte operated in this area in markets in Portugal, Angola, Algeria, Brazil, Colombia, Ecuador, Spain, United States, France, Morocco, Mozambique, Peru, United Kingdom and Venezuela.





Ministry of Transport and Communications of Mozambique - Construction of Port Facilities at the Port of Nacala
NACALA - MOZAMBIQUE

CONTRIBUTION OF THIS SECTOR TO THE GROUP



The Turnover of Construction Services decreased by 2.7% year-on-year 2017.

Portugal posted an increase of 29.1% comparing to the previous year, essentially due to good performance achieved in the private construction market. Even so, it was not enough to offset the overall reduction of 10.9% in overseas markets compared to 2017.

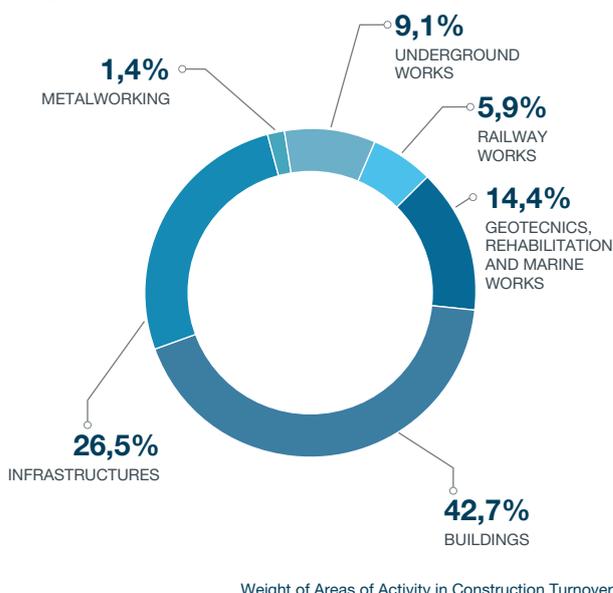
In fact, the increases achieved in Angola and Algeria did not exceed the decreases seen in Brazil and Mozambique.

Activity in Brazil and Mozambique fell by 38.3% and 55.8%, respectively, compared to the same period of the previous year. In Brazil this was also due to the devaluation of the Real.

In Angola and Algeria, Teixeira Duarte Group companies increased their activity by 25.1% and 33.8%, respectively. It should be noted that these increases were not greater, since the significance of the volumes achieved at the end of this year in these countries in euro terms was penalised by the devaluation of the currencies of these markets.

The activity carried out on overseas markets therefore represented 73% of turnover in Construction, compared to the 79.6% that it represented in 2017.

In terms of the different areas in which Teixeira Duarte Group companies operated in 2018, it should be noted that the contributions, in consolidated terms, of each company were as follows:



EBITDA in Construction saw an increase of 5.7% when compared to the same period of 2017, reaching 55,927 thousand euros. The following also contributed to this value:

- The capital gain of 19,202 thousand euros posted from the divestment of 90% of "TDHOSP - Gestão de Edifício Hospitalar, S.A.", which operated in another sector of the Group and was 100% held by "Teixeira Duarte - Engenharia e Construções, S.A.";
- Trade impairment amounting to a total of 33,428 thousand euros.



DGRNSS - Refurbishment of the East Pier of Barra de Tavira
TAVIRA - PORTUGAL

ACTIVITY IN 2018

In non-consolidated terms and in order to gain a perspective on total activity in 2018, it is hereby reported that the operating revenues achieved by Group companies in the Construction sector reached an overall value of 636,061 thousand euros, an increase of 4.5% compared to the end of last year.

GEOTECHNICS AND FOUNDATIONS, REFURBISHMENT AND MARINE WORKS

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 area of **Marine Works**, different types of port infrastructure projects are executed, such as commercial and fishing ports and marinas for recreational use; the construction and refurbishment of coastal protections, such as piers, groins, artificial beaches and related defence works, land creation and outfalls, as well as dredging and other work in the marine and river sectors.

In the **Projectarea**, 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.

Overall, contrary to the trend seen in previous years, a decrease in total revenue was seen from activities carried out in these areas of Geotechnics and Rehabilitation, and in the area of Marine Works.



ETRHB Group - Office Building Foundations
BAB EZZOUAR - ALGERIA

In effect, the reduced activity in Portugal, Angola, Brazil and the United States, and increased activity in Algeria, Colombia and Mozambique, led to an overall increase of around 64.3 million euros, corresponding to an 18.5% reduction when compared to the 2017 financial year.

In Portugal, as a result of market conditions on the one hand and of the fact that larger scale projects were completed during 2017, such as the CUF Tejo Hospital in Lisbon, on the other hand, income reduced significantly to 12.3 million euros, contributing 19.1% of the total profits earned in these areas of activity.

In Angola, performance in these areas of construction was once again affected by the financial and economic crisis that has affected the country in recent years, with a decrease in income of around 30% to around 6.6 million euros in 2018.

In Algeria, the energy crisis continues to affect this important market, affecting the launching of public tenders for new infrastructure. Despite the difficulties that were experienced, 2018

was a year of recovery of activity due to a contract being awarded for a significant marine project, meaning that income more than doubled when compared to the previous year.

A high equipment occupancy rate is expected for 2019, and there are forecasts for a significant growth in operating revenues in this market compared to the 2018 financial year.

In Brazil, the year featured the October presidential elections, and uncertainty and expectations regarding the new government led to 2018 being a year in which both public investment and potential private sector investors have remained at levels far below the country's expectations in terms of infrastructure projects.

This economic situation affected the activity and resulted in a 22.4% decrease in turnover in this area of activity compared to the previous year, reaching a value of 23.7 million euros.

In Colombia, activity in these areas experienced remarkable growth, with several different works in progress being developed throughout the period being analysed, allowing for a sig-



IMOHEALTH - Hospital CUF Tejo
LISBON - PORTUGAL

nificant equipment occupancy rate and turnover that amounted to over 5.7 million euros, i.e. an increase of more than 170% when compared to the previous year.

In the United States, during the year under review the Technical Assistance contract with the North American construction company "EIC Associates, Inc", which commenced in 2016 came to an end. Activities in this market area are not expected to continue.

In Mozambique, 2018 featured signs of recovery in terms of the macroeconomic and political crisis seen in previous years. This was reflected in the construction activity, with this area of operation recording of 5.6 million euros, i.e. growth of 62.1% compared to the previous year.

In 2019, taking into account the works in the portfolio, along with short-term perspectives, we expect that the total revenue from this area of operation may be double the figures seen in the previous year.

BUILDINGS

In the Buildings area, the most significant entity in terms of its contribution is Teixeira Duarte - Engenharia e Construções, S.A., which is involved in major activities, including the construction and refurbishment of all types of buildings, specifically those that are complex and of a large scale, public and private, and intended for a wide range of uses. In 2018, the Group operated in this area in Portugal, Angola, Algeria, Brazil and Mozambique.

On the Portuguese market, a continuation was seen of the upward trend in the volume of work done in the construction sector, which began in 2017. This work was mainly supported by private investment in the residential building and health units refurbishment and construction sector, which led to an increase in income of approximately 19% for Teixeira Duarte - Engenharia e Construções, S.A. when compared to 2017.

Even so, almost 74% of total work was done on overseas markets, where increases were seen in Angola and Algeria and reductions in Brazil and Mozambique.

Overall, revenue of 241.2 million euros was achieved in this area of activity, which represents a decrease of 4.6% when compared to 2017.

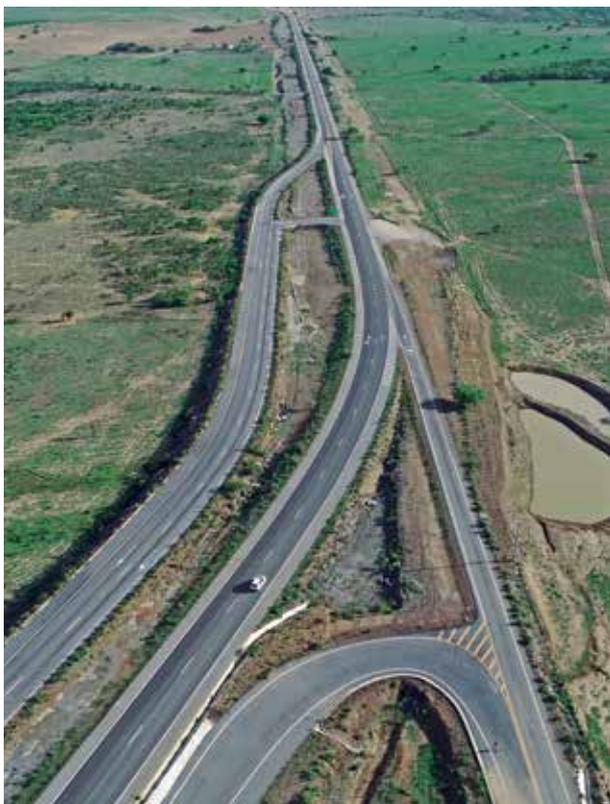
For 2019, considering the currently contracted volume of work and processes that are at an advanced stage of negotiation, it is estimated that turnover in this area of activity will be in excess of that achieved in 2018.

INFRASTRUCTURES

In the **Infrastructure** area, the Teixeira Duarte Group companies have all types of works in their *portfolio* as they have already constructed roads and motorways, bridges and viaducts, dams, tunnels, railways, railway stations and junctions, port works and environmental construction, as well as water and natural gas infrastructure.

The activity developed in this area has accompanied the cyclical variations of the main markets in which the Group companies operate.

Commercial activity continued to revolve around on sustained growth and, having been significantly intensified, results comparable with the targets set for the year under review were achieved.



DNIT - Construction of road BR235
STATE OF BAHIA - BRAZIL

In 2018, the Group operated in this area in Portugal, Angola, Algeria, Brazil, Ecuador and Venezuela. It also continued its technical and commercial activities in the Middle East and in some countries in Latin America, Africa and Europe, meaning that the award of some contracts in these geographical areas is envisaged.

Total income achieved by the Group in this area of activity decreased by 7.4% when compared to the previous year, standing at 125.2 million euros. This value was lower than expected due to the significant reduction in activity in Algeria and Brazil, due to financial constraints and exchange rate devaluations. It was partially offset by an significant increase in activity in Angola.

For 2019, taking into account the volume of work in progress and the short term prospects, we estimate that the total revenue executed by this area of operation, may grow by around 50% when compared to the previous year.

METALWORKING

In the **Metalworking** area, Teixeira Duarte Group subsidiaries bring together the area of metal construction with their significant *know-how* in the fields of mechanics and oil-hydraulics,



Infraestruturas de Portugal - Modernization of the East Line
ELVAS - PORTUGAL

developing solutions and performing highly complex work, particularly the movement and assembly of large scale structures.

With this value, over the years the Group has carried out construction and refurbishment work on metal and mixed-material bridges, on metal and mixed-material viaducts, a range of different buildings and metal structures and hydro-mechanical equipment.

In 2018, the Group carried out activities in Portugal, Angola, Algeria and Brazil, with an emphasis on the significant increase in Portugal that offset the decrease seen in Angola as a result of the macroeconomic situation seen in that country.

The total revenue achieved by Group companies during this financial year was 29.3 million euros, corresponding to a growth of 5%.

UNDERGROUND WORKS

For **Underground Works**, the Teixeira Duarte Group has a specialist company, "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS, S.A.), which, with extensive experience, works in the area of civil engineering and mining.

In 2018, total revenue from this area increased by 32.7% to 50.9 million euros, of which 88.6% were obtained on the domestic market.

In Portugal, EPOS maintained a strong component of its production in works for the mining industry, and even increased the value of sales to around 85% of total operating revenue obtained. Compared to the previous year, revenue from civil engineering works decreased as a result of the end of the Group's participation in the Gouvães Hydroelectric Power Plant.

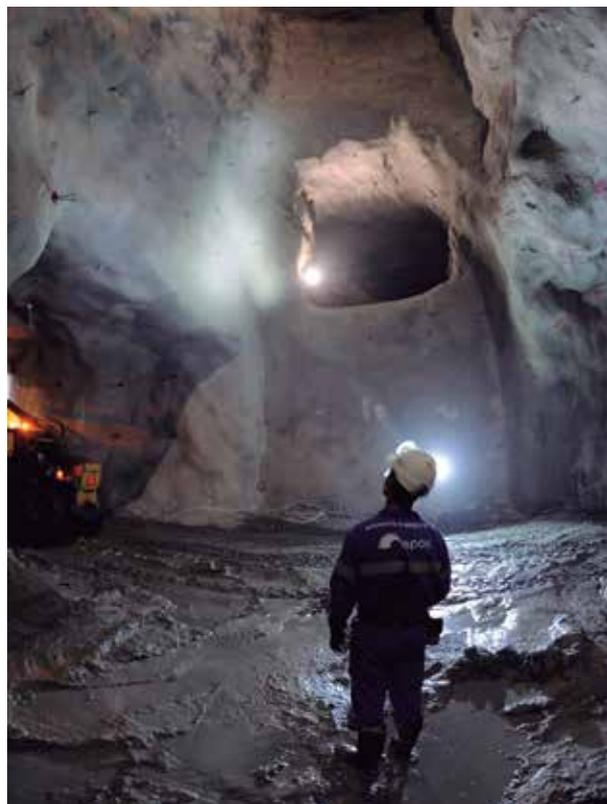
Revenues obtained on overseas markets increased slightly as a result of the activity carried out in Spain - focused exclusively on the mining sector -, which positively offset the decrease seen in Peru.

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 was continued.

In Peru, a contract was signed for the execution of work on the Lima Metro, 70% of which has already been implemented. At the end of the year, a new contract was signed with the same



ADA - H'Madna Station
ALGERIA



SOMINCOR - Neves Corvo Neves - Câmara de Britagem ZEP
CASTRO VERDE - PORTUGAL

customer for carrying out excavation and other works, within a 15-month execution period and with an estimated value of 12.7 million euros.

This market has a high mining potential that has been exploited at a commercial level, with very good prospects for contracting in 2019.

RAILWAY WORKS

In *Railway Works*, "SOMAFEL - Engenharia e Obras Ferroviárias, S.A." is a company, in which the Teixeira Duarte Group has a 60% holding, dedicated to the construction, renovation and upkeep of railway infrastructure, including electrification (catenary). The company operates directly through its branches, as well as through its Brazilian subsidiary "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda" - both of which are hereinafter known as SOMAFEL.

In this area, SOMAFEL 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 the 2018 financial year, total income in this area totalled 33.6 million euros, having suffered a negative change of 21.9% when compared to 2017.

In terms of the activity carried out by subsidiaries in this area, the domestic market increased significantly to account for 53% and the international market 47%, of which 30% is in Brazil and 12.8% in Algeria.

In relation to 2017, activity in Portugal increased by 57.5%, while in Algeria it decreased by 40.8% and in Brazil by 50.2%, in the latter case also influenced by the devaluation of the Real.

The contracts that contributed most domestically to this positive change were for the Provision of Catenary and Track Maintenance Services for Lot 5 and the Electrification of the Minho Line for IP-Infraestruturas de Portugal.

Internationally, specifically in Brazil, emphasis should be placed on the Services Execution contract for Installing Double Track on the Carajás Railway in the State of Pará, for "VALE, SA".



Crossrail South East Section Project
BARKING RIVERSIDE EXTENSION - ENGLAND

There was practically no activity in Mozambique, which was similar to what had already happened in 2017. The United Kingdom and France were the two markets with the lowest impact on SOMAFEL's activity, with revenue of 0.3 million euros and 0.1 million euros, respectively.

SOMAFEL remains commercially active in Latin America, particularly on the Colombian and Peruvian markets, and is also awaiting new developments in Argentina.

In Africa, projects are being sought in relation to the mining industry, as in Gabon, where negotiations of a rail maintenance proposal for a French company commenced at the end of 2018. Opportunities are still being sought on new markets, specifically in Scandinavian countries, such as Sweden, where SOMAFEL has already submitted a commercial bid, as well as in Finland and Norway.



Teixeira Duarte Operating Centre
MONTIJO - PORTUGAL

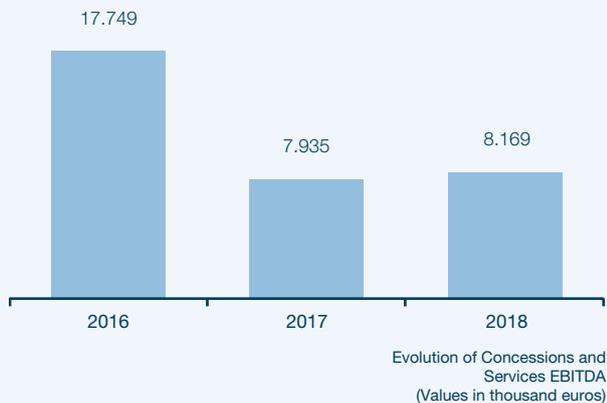
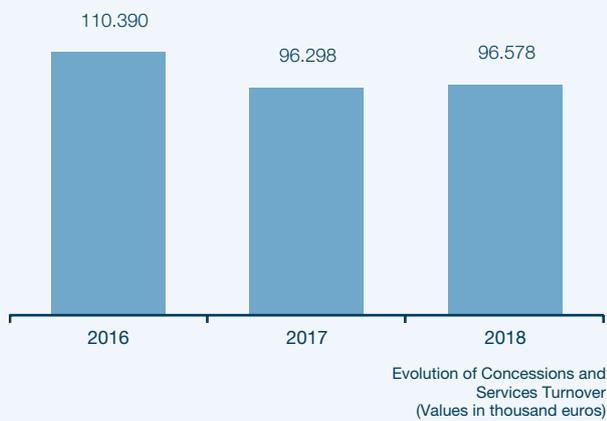
II.2. CONCESSIONS AND SERVICES

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, 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





Waste Collection
GALIZA - SPAIN

In Concessions and Services, **Turnover** saw figures similar to those achieved in 2017, although the Group no longer had contributions from its subsidiaries in the environment area in Portugal (Recolte, S.A. and Recolte (Porto), S.A.), divested in July 2017, and which had contributed 6,157 thousand euros to this indicator at the end of 2017.

In Portugal, emphasis should be placed on the fact that, disregarding the contribution that these subsidiaries made, the market in this sector saw an increase of 10,200 thousand euros.

Good performance was achieved in the remaining markets in which the Group operates in this sector, with the exception of the Angolan market which, also penalised by the devaluation of the Kwana, saw a decrease of 26.8% compared to the same period in 2017.

EBITDA in Concessions and Services increased by 2.9% when compared to the previous year.

ACTIVITY IN 2018

In non-consolidated terms and in order to provide an overall view of the total activity during 2018, we disclose that the Group's operating income in the Concessions and Services sector reached the total value of EUR 100,679 thousand, 60.9% of which referred to the activity developed abroad, and where these figures reflect an overall decrease of 4.1% in relation to 2017. 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, 59% comes from the Facilities Management area and 32% from the Environment area.

FACILITIES MANAGEMENT / FACILITIES SERVICES

"TDGI - Tecnologia de Gestão de Imóveis, S.A." (TDGI, S.A.) has been operating in the *Facilities Management / Facilities Services* area since the year 2000.

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, 2018 was all about growth in customer numbers, 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.

An increase in turnover was also seen in the **Analysis and Diagnosis / Energy Solutions** area, particularly in the Technical Audits and Energy Certification areas. The Company has positioned itself with its customers as a technical and strategic partner, providing a continuous service with a focus on reducing energy consumption. Customers are increasingly asking TDGI to carry out technical *due-diligence* on buildings that will be acquired, with the aim of finding out the actual condition of the installations and equipment.

The Spaces and Projects Management area continued to develop significant processes in the interior space refurbishment sector, in both buildings and the industrial environment.

New workplace and well-being concepts have been creating new trends and styles in space architecture. Companies therefore seek to keep up with the new trends.



Microsoft - Facilities Management & Maintenance
LISBON - PORTUGAL

In **Angola**, which is still one of TDGI's largest markets at a global level and a major commitment, the year 2018 stood out due to the renewal of several important contracts with major customers such as CHEVRON and TOTAL, as well as due to the increase in scope of several customers and the contracting of new businesses.

In Angola, the year 2018 featured a commitment to team training. TDGI ran several technical training sessions with the aim of increasing the capacity of the local team from a technical point of view. This is one of TDGI's strategic approaches on various markets.

TDGI's activity in **Algeria** during 2018 was essentially to monitor the end of the construction of the new headquarters building of Banco AGB, the maintenance of which will be the responsibility of TDGI for a period of two years after completion of the work.

During 2018 in **Belgium**, TDGI consolidated its ongoing operations, specifically in buildings for European Institutions, and extended the scope of its operations in some of them. This allowed for the growth of the company's overall turnover on this market.

Maintenance contracts also commenced with private entities, meaning that there are good prospects for the development of activities on this market.

In **Brazil**, the line of growth seen in previous years was maintained, mainly as a result of an increase in work for existing customers, as well as new contracts and interior refurbishment works.

In **Spain**, 2018 was a year of consolidation of existing contracts, and a clear commitment was made to publicising the TDGI brand and its services. Based on the analysis that has been performed of needs on this market, and aspects requested by customers, in 2018 TDGI also committed to the development of its Analysis and Diagnostics Department, with the acquisition of new and modern technical equipment to allow company personnel to perform corrective maintenance. The IT services department was also created and developed, so a consolidated increase in the number of customers and turnover on this market is expected in 2019.

In **Mozambique**, TDGI continued to carry out its activity in a



Royal Hideaway Sancti Petri, Barceló Hotel Group - Maintenance of Gardens
CÁDIZ - ESPANHA

sustained manner, increasingly striving to create value and set itself apart as a benchmark company in the maintenance and facilities management sector.

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.

The year 2018 was a year of great growth, not only due to existing contracts, but also due to the signing of new and significant contracts with entities of great importance on the market. With regard to the contract with the *Qatar Foundation*, which was the company’s first contract on this market, emphasis should be placed on the opening to the public of the *Sidra Medical & Research Centre*, which involved a significant increase in the local team resulting from an increase in the scope of the contract.

In conclusion, and despite good performances in these other markets, which often allow the company to be enhanced by large multinationals, it should be noted that over 60% of TDGI’s

activity is in Portugal.

ENVIRONMENT

RECOLTE - Servicios y Medioambiente, S.A.U” (RECOLTE, S.A.U), 100% owned by the Teixeira Duarte Group, works with the provision of various services related to the environment, specifically on the market for the global management of solid urban and industrial waste, the washing and disinfection of solid urban waste containers, urban road cleaning, garden design, construction and maintenance, cleaning and maintenance of beaches and coastal areas, and also forest and communication route cleaning and maintenance operations.

In 2018, RECOLTE, S.A.U. posted profits of 29.7 million euros, corresponding to around 10.4% more than posted for the previous financial year.

The sale of trade receivables, allowing the balance sheet of RECOLTE, S.A.U. to be adapted to suit the activity that is carried out, is highlighted as extremely relevant.

In terms of technical-commercial activity, over 150 bids were



Colégio S. Francisco de Assis
LUANDA SUL - ANGOLA

submitted to public and private tender processes, with a total value of more than 20 million euros, meaning that there are good prospects for maintaining levels of activity in 2019.

EDUCATIONAL

EDUCARE - Actividades Educativas e Culturais, Lda" is a company 100% owned by the Teixeira Duarte Group, which was incorporated in 2007 and since its inception its purpose has been to develop the "S. Francisco de Assis South Luanda School", based in Talatona/South Luanda, 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 education project has meant that families choose it as a privileged space and en-

vironment for the education of their children.

In 2018, in terms of the 11th and 12th year Examinations, the "S. Francisco de Assis South Luanda School" was ranked 49th in the ranking of a total of 634 schools (it should be noted that it held 4th, 7th and 8th places respectively in Biology and Geology, Physics-Chemistry A and Philosophy), and ranked 1st out of Portuguese schools overseas.

In the 9th Year Final Tests, it ranked 175th nationwide, out of 1,053 schools, and moved into 1st place of Portuguese schools overseas.

In September 2018, the school year started with 692 students. Secondary education included courses on science and technology, languages and humanities and socio-economic sciences, with the exception of 12th grade, in which science and technology and socio-economic science courses were continued for 11th grade students.

Careful management of the different areas and resources of "Colégio S. Francisco de Assis Luanda Sul" will continue during

2019, 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 2018 financial year with a view to the divestment of projects, as energy sales prices and interest rates on the required financing mean that it is an unfavourable situation for the sale of these projects.

PORT OPERATIONS IN VENEZUELA

Through the license granted to Teixeira Duarte - Engenharia e Construções, the Group has proceeded 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, Teixeira Duarte - Engenharia e Construções 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.

Subsequently, on September 13, 2017, the scope of the aforementioned "Strategic Alliance" was extended to "Quays 1 to 9 - North Sector of La Guaira Port".

Despite the fact that the local situation did not allow the start of transshipment operations, in 2018 the volume of income from port operations increased about 40%, reaching a value corresponding to around 16 million euros.

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:

"TDHOSP - Gestão de Edifício Hospitalar, S.A." is a company 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.

On 9 April 2018, Teixeira Duarte - Engenharia e Construções entered into a contract with subsidiaries of an investment fund managed by the management company "3i Investments plc" to sell 90% of the share capital of TDHOSP - Gestão de Edifício Hospitalar, S.A." (TDHOSP), which was done on 20 December 2018.

The total price set for the transaction, including the transfer of shares and credit claims existing over TDGOSP, was around 19.4 million euros, and had 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.

AEBT - Auto-Estradas do Baixo Tejo, S.A., incorporated on January 15, 2009, is a company in which Teixeira Duarte - Engenharia e Construções holds 9% of the respective share capital. 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.



TEC - Terminal Especializado de Contentores
LA GUAIRA - VENEZUELA

This is a holding already classified as an Asset for Sale, with regard to which the Group has already taken several steps with a view to its sale.

“MTS - Metro Transportes do Sul, S.A.” is a company that 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.

On November 19, 2018, Teixeira Duarte - Engenharia e Construções divested the 9.11% stake it held in the share capital of this subsidiary for €1,050,000.00.

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

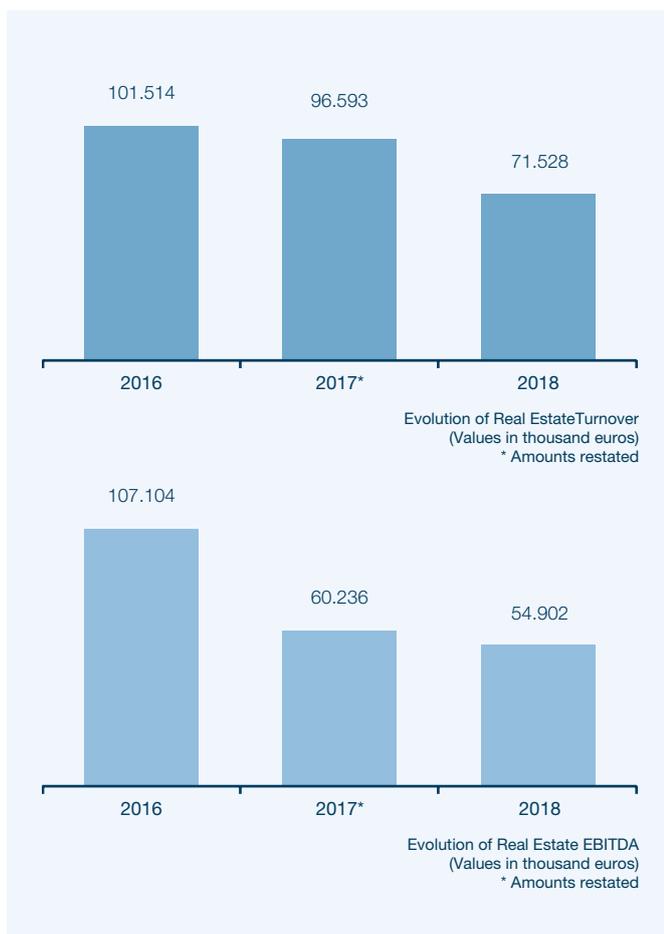
of car parks and related activities, in the Special Administrative Region of Macau.

In 2018, activity increased 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.

II.3. REAL ESTATE

The operations of the Companies of the Teixeira Duarte Group 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



Real Estate saw a 25.9% decrease in Turnover compared to the same period last year.

In Portugal, there was an increase of 24.2% compared to 2017, which is attributed to the fact that this period corresponded to the phase of completing sales of real estate that was previously for sale.

Even so, it should be noted that this growth in Portugal would have been even greater had it not been for the fact that the companies "BONAPARTE, S.A.", "TDHOSP, S.A." and "LAGOAS PARK, S.A." were classified as "Held for Sale" on 31 December 2017 and, as such, the respective turnover achieved had not been consolidated since this date.





"ONE Living" Venture
CASCAIS - PORTUGAL

It should be noted that in 2017, when those subsidiaries were still included the Group's consolidation perimeter, their contribution to Turnover for that year was 28,612 thousand euros.

In **Brazil**, the Group suffered a decrease of 58.5% when compared to the same period of the previous year, to which the devaluation of the Real and the change in the applicable accounting standards also contributed.

EBITDA from real estate saw a 8.9% decrease when compared to last year.

This indicator was influenced by several factors, particularly:

- Divestment of the 100% owned subsidiary "Lagoas Park, S.A.", with gains of 24,898 thousand euros;
- Changes in the fair value gains on investment properties amounting to 26,725 thousand euros in 2018, while in 2017 the gains were 16,039 thousand euros;
- Other operating costs, non-recurring, of 7,348 thousand euros.

ACTIVITY IN 2018

In non-consolidated terms and in order to provide an overall view of the total activity during 2018, we disclose that the Group's operating income in the Real Estate sector reached the total value of EUR 115,570 thousand, corresponding to a decrease of 10.3% relative to 2017, with the markets abroad now representing 39.7% of the activity and Portugal accounting for 60.3%.

In **Portugal**, all segments of the real estate market saw very positive performance during 2018, consolidating the country as an international real estate investment destination.

In the Offices segment, emphasis should be placed on the completion of the process to sell the entire share capital of "Lagoas Park S.A.", a company previously 100% owned by the Group and specifically dedicated to the management and operation of Lagoas Park.

In the residential market, particularly in the metropolitan areas of Lisbon and Porto, there has been some slowdown in price growth, after some years of strong growth in the value of city centre apartments.

In this context, good levels of activity should be highlighted, both in terms of the sale of assets and the urban development of projects in the portfolio, with an emphasis on:

- The completion of all the purchase and sale deeds relating to the residential units of the "Villa Torrinhã" development, at Rua de Pedrouços, in Lisbon;
- The start of construction and the commercial launch of the "ONE Living" development, under construction on the grounds of the old Cascais bullring, with 84 residential units and a commerce zone.
- The issuance of the license for the subdivision of the "Fábrica 1921" development, located in Benfica, Lisbon, where there are plans to construct around 48,000m² of above ground area, including more than 160 residential units and supplementary retail areas and equipment.
- The issuance of a land division license for the "Vila Rio" development, located in Póvoa de Santa Iria, on a plot of land measuring around 17 hectares on which there are plans to construct over 600 homes and 32,200m² of areas for commerce and services.

In **Angola**, in view of the macroeconomic situation, the slowdown in the real estate market continued, characterised by low levels of demand and a general reduction in sale and rental prices.

In this context, the Group's real estate sector essentially featured the management of investment assets, the development of some projects in the portfolio, and also support for expansion activities of other Group sectors, albeit with lower levels of activity than in previous years.

In **Brazil**, expectations regarding the measures announced by the new government provoked an environment of economic optimism in the last few months of 2018, favouring the sale of new residential properties in the city of São Paulo - the main market where the company operates - increasing from 24,000 units in 2017 to 30,000 units in 2018. The maintenance of interest rates at a historical minimum level, reached at the beginning of 2018, hints at a gradual recovery of the real estate market in 2019.

In São Paulo, in 2018 emphasis should be placed on the completion of the construction and delivery of two developments, with a total construction area of 66,000 m², and the start of construction on two other developments with a total construction area of 29,000m², as well as the start of sales of another project, with a construction area of around 25,000m².

In **Spain**, the real estate activity 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**, weak activity was seen in the real estate market as a result of the country's general difficult situation. Therefore, the activity of the Group's companies focused on the development of designs for the construction of a shopping centre on land in Malanga, located on one of the main road accesses to the city of Maputo, and on the continuation of studies and licensing process for a "mixed-use" project to be developed on land on Avenida Armando Tivane, in the capital of Mozambique.

In the **United States**, Teixeira Duarte went through the licensing processes for buildings of two residential developments, "Insignia" and "Infinity", both in the neighbourhood of Turtle Creek, in the city of Dallas, the land for which it expects to divest during the 2019 financial year.

For 2019, the development of the projects in the portfolio will continue on several markets, with a slight reduction in revenue expected, due to the sale of some investment assets and the conclusion of the marketing of developments launched in previous years.

In Portugal, the year will feature major promotional activity in-

volving the marketing and construction of the "ONE Living" project in Cascais and the launch and start of construction of the "Factory 1921" development in Lisbon. It will also feature the continuation of preparatory work related to the construction of infrastructure for the "Villa Rio" project in Vila Franca de Xira and the development of designs for the 1st phase of this project.

In the city of São Paulo in Brazil, two new residential developments are expected to be launched, Loomi Paulista and Loomi Klabin, with a total of 147 units.

In Angola, Spain and Mozambique, activity will focus on the management of constructed assets, with the aim of maintaining levels of profitability in line with current economic cycles.



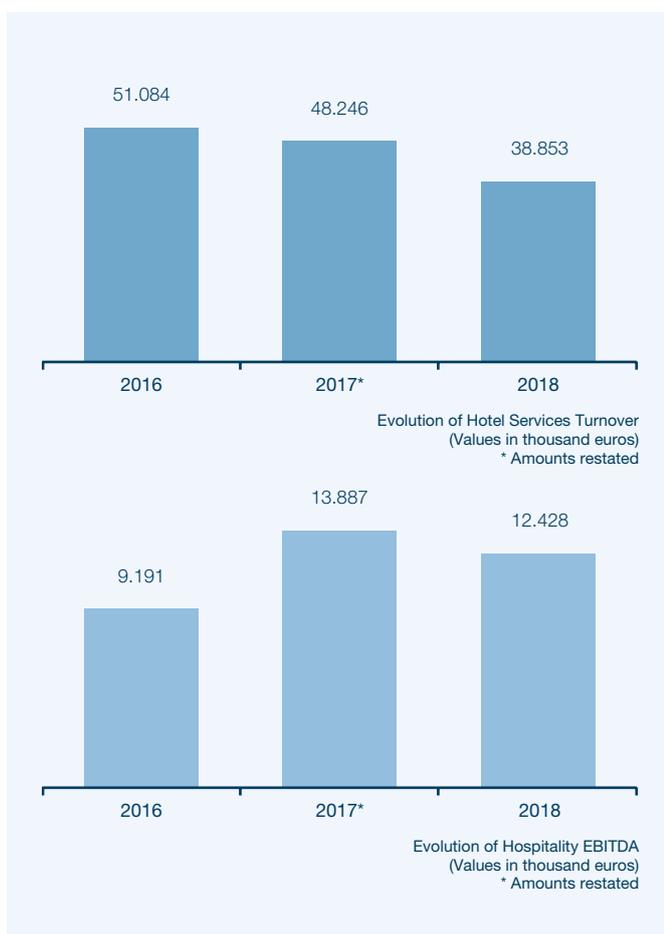
Unique Alta Vista
SÃO PAULO - BRAZIL

II.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 restaurant area in Angola.

CONTRIBUTION OF THIS SECTOR TO THE GROUP



Turnover from Hospitality suffered an overall decrease of 21% when compared to the same period of 2017.

In Portugal, activity decreased by 7.4% compared to 2017.

In Angola, activity increased by 27.4%, but due to the devaluation of the Kwanza, this indicator saw a reduction of 23.8% compared to the end of last year.

In Mozambique, during 2018 the activity experienced a decrease of 18.3% compared to the same period of the previous





Lobby of Hotel Avenida
MAPUTO - MOZAMBIQUE

year, mainly due to the reduction of turnover from Hotel Avenida, in which the Group carried out refurbishment work.

EBITDA from Hospitality saw a 10.5% decrease when compared to last year.

ACTIVITY IN 2018

In non-consolidated terms and in order to provide an overall view of the total activity during 2018, we disclose that the Group's operating income in the Hotel sector reached the total value of EUR 44,617 thousand. In this business area, the markets abroad now represent 72% of the activity and Portugal accounts for 28%.

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 10% 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 2%. Therefore, the operat-

ing income of the hotels in Portugal increased by 11% relative to 2017.

In the *Fitness* area, in 2018, the Group ceased to operate the "LAGOAS Health Club".

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 2018, as was the case in 2017. This situation affected demand for this destination, which had a negative influence on the average price of hotel units in Angola, leading to a drop in operating income from accommodation. Despite the situation, the units managed to maintain the same occupancy rate seen in 2017.



Hotel Avenida
MAPUTO - MOZAMBIQUE

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 and will be completed in 2019.

It should also be noted that Hotel Avenida was refurbished in 2018 with an investment of 3.7 million euros.

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

Mozambique's economic activity continued to suffer a slow-down in 2018, which, associated with increased competition in this segment, had a negative impact on the performance of the Group's hotel units in this country, leading to a drop in the occupancy rate and a decrease in operating revenues.

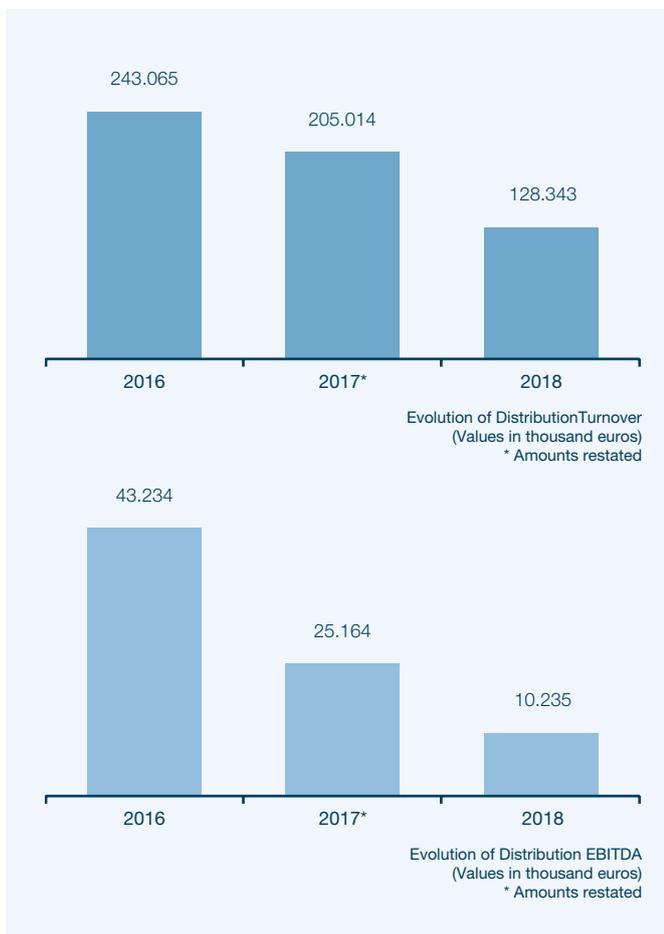


Hotel Alvalade Restaurant
LUANDA - ANGOLA

II.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.", and in South Africa through "Global Net Distributors, (PTY), Ltd."

CONTRIBUTION OF THIS SECTOR TO THE GROUP



In 2018, the Distribution sector saw a 37.4% decrease in Turnover compared to the same period of the previous year, penalised by the currency devaluation of the Kwanza. If this effect were disregarded, an increase of 5.6% would have been seen.

The EBITDA of Distribution decreased by 59.3% when compared to the previous year.





Dakaza on Avenida Primeiro Congresso
LUANDA - ANGOLA

ACTIVITY IN 2018

In non-consolidated terms and in order to provide an overall view of the total activity during 2018, we disclose that the Group's operating income in the Distribution sector reached the total value of 160,302 thousand euros, corresponding to a reduction of 37.5% relative to 2017.

In Portugal the turnover of the subsidiary "Teixeira Duarte - Distribuição, S.A." decreased by 7% compared to the previous year, due to the difficult situation on the Angolan market.

In the "Information Technologies" and "Supply Chain" areas, technological processes and solutions were consolidated that allow the optimisation of working capital, better inventory management and gaps in the entire value chain, and the strengthening of CRM and Business Intelligence support tools.

Relations with partners for the representation of exclusive brands were strengthened in order to adjust the different brands to the new economic situation. The year ended with the signing of a contract with a new partner for an exclusive drinks brand for Angola.

In Angola, the Teixeira Duarte Group, with several Business Units, operates:

1) Through the company "CND - Companhia Nacional de Distribuição, Lda:

- 1.1) In Food Retail through the brand name Maxi;
- 1.2) 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;

2) In the Representation of Exclusive Brands, through "DCG - Distribuição e Comércio Geral, Lda";

3) In wholesale commercialization of beverages, through the company "OCC - Operador Central de Comércio, Lda.", which operates under the TEFAC brand.

The activities of the different Business Units was generally affected by the difficult economic situation in Angola.

In Food Retailing, Maxi achieved a better level of supply of imported goods over the course of the year than in previous years. With the competition also well supplied and some budget



Bakery at Maxi Expressway
LUANDA - ANGOLA

operators expanding strongly, the number of 'L4L' (*like-for-like*) customers was similar to the previous year (+1%) and sales in local currency grew by 7%, which were insufficient to offset the currency depreciation against the Euro. Finally, emphasis should be placed on the opening of a new point of sale in October, with close to 2,500m² of retail space, near the Zango motorway junction, in the city of Luanda.

In **Specialised Retail in the Furniture and Decoration area**, despite the significant reduction in consumption of non-essential goods, Dakaza maintained satisfactory economic performance. The expansion plan was continued and a new point of sale with around 1,300 m² of retail space was opened in January 2019 in the centre of Luanda.

In **Specialised Retail in the Health and Well-being area**, operational management, inventory and supply chain processes of this business were consolidated through Farmácia Popular, which had a positive impact on the brand's economic performance.

In the **Specialised Retail in the Restaurant area**, emphasis should be placed on the inauguration of a new Nilo point of sale, inside the aforementioned MaxiPark at the Zango motorway junction. The development of 'B2B' (*business-to-business*) sales

was continued in the Nilo factory at the Morro Bento Distribution Centre, along with the improvement of operational management processes of the different points of sale.

In **Exclusive Brands Representation**, DCG pursued the strategy of strengthening the prestige of the represented brands, with a focus on modern distribution, both in the Beverages Unit and in the Promotion Unit. After a year of downturn in the activity, the intention is to resume growth by committing to fully re-establishing the supply chain and adapting the range/positioning of products, either with the current partners or through new business units.

In **Beverage Wholesale**, the company operating under the "TEFAC" brand continued with the consolidation of its procedures, teams and infrastructure. The business slightly reduced its reliance on returnable bottles to around 60% and on beer to around 70%, while also increasing the variety of supply during the course of the year.

In **South Africa**, the search for new business opportunities continued, specifically for budget and perishable/fresh products.



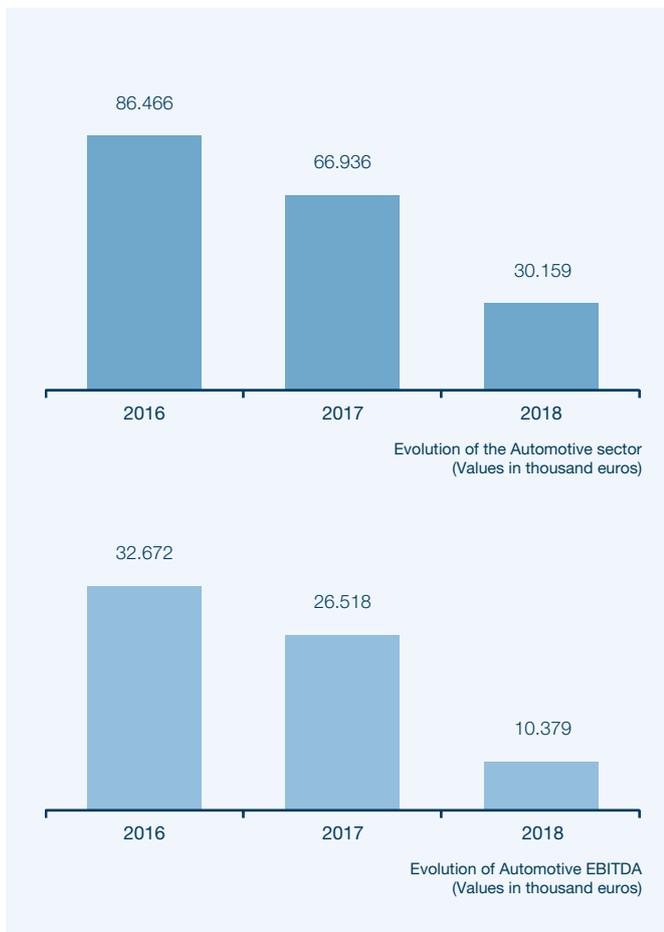
Maxi Expressway
LUANDA - ANGOLA

II.6. AUTOMOTIVE

Teixeira Duarte Group companies have been operating in the automotive sector for over twenty five years and their activity continues today through the commercialisation of products produced by different international manufacturers, operating in the following market segments:

- Light: Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet, Isuzu and Suzuki;
- Heavy: Renault Trucks, UD Trucks and Randon;
- Motorcycles: Honda, Piaggio, Vespa, Gilera and Derby;
- Equipment: Denyo and Pramac.

CONTRIBUTION OF THIS SECTOR TO THE GROUP



In the Automotive sector, the Group experienced a 54.9% decrease in **Turnover** compared to 2017, essentially due to difficulties in importing vehicles and parts to Angola and the currency devaluation of the Kwanza.

Automotive **EBITDA** saw a 60.9% decrease when compared to 2017.





Nissan and Renault Stands at the Talatona TDA Centre
LUANDA SUL - ANGOLA

ACTIVITY IN 2018

In non-consolidated terms and in order to provide an overall view of the total activity during 2018, we disclose that the Group's operating income in the Distribution sector reached the total value of 43,848 thousand euros, corresponding to a reduction of 53.4% relative to 2017.

In Portugal, the company SMOTORS is the exclusive representative of the Suzuki brand for the district of Lisbon. During 2018 it continued to consolidate the brand as a benchmark of automotive quality and reliability, by developing its activity relating to vehicle sales, after-sales technical assistance and over-the-counter sales of parts. It also operating a multi-brand collision centre located 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 42% reduction, from 3,969 vehicles sold in 2017 to just 2,298 vehicles sold in 2018.

Careful management of *stock* levels was maintained in 2018 to adjust the *line-up* of the different brands in line with 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, emphasis should be placed on a 36% 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.

Due to the economic situation that Angola continues to face, forecasts for 2019 suggest that activities on this market will stabilise at a low level. Therefore, *stock* will continue to be carefully managed, resources will be optimised and the organisation processes in the different areas of this business will be strengthened.



Renault stand at the Talatona TDA Centre
LUANDA SUL - ANGOLA

III. NON-FINANCIAL INFORMATION

SUSTAINABILITY IN THE TEIXEIRA DUARTE GROUP

For the companies of 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 corporate vision is enshrined in the Group's Mission - **To Do, contributing to the construction of a better world** - and in its Values - **Ingenuity, Truth and Commitment** - which reflect a deep-rooted way of acting over several generations, and which contribute to the overall sustainability of its **economic, social and environmental perspectives**. These values are pursued by Group company employees who in this way integrate sustainability into their daily tasks.

As there is a wide range of sectors of activity in this universe of Teixeira Duarte Group companies, and as the group operates in several countries, each area is responsible for the sustainable management of human resources, the environment and communities, due to their proximity to the operations and the greater effectiveness of actions.

Each subsidiary thus meets sustainable development challenges during the course of its activities, and is guided by the Group with regard to general operating objectives and the specific sustainability priorities for each country.

Additionally, the corporate areas of Teixeira Duarte promote the coordination of joint policies among subsidiaries, by identifying practices and synergies that help the different businesses to evolve in a sustainable manner and to innovate within the scope of their activities.



Maxi Health Program
ANGOLA

OUR MISSION

EXECUTE, CONTRIBUTING TOWARDS THE CONSTRUCTION OF A BETTER WORLD

HOW WE DO IT

WITH INGENUITY, TRUTH AND COMMITMENT

WE CONTRIBUTE

SUSTAINABLE DEVELOPMENT GOALS

OUR PRIORITIES

ESTABLISHED FOR EACH COUNTRY

COMPLIANCE WITH INTERNATIONAL AGREEMENTS

The activities of Teixeira Duarte Group companies are based on their Mission and are in line with the UN Human Rights Declarations, the Guiding Principles of the Organisation for Economic Cooperation and Development (OECD), the International Labour Organisation (ILO), national and international legislation and the 10 Principles of the United Nations Global Compact in the fields of Human Rights, Labour Practices, the Environment and Anti-Corruption.

Teixeira Duarte - Engenharia e Construções, S.A., in Portugal, is also voluntarily certified to the International Standard SA 8000, showing the organisation's commitment to developing, maintaining and applying responsible practices to issues such as slave and child labour, occupational health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems.

ETHICS AND CONDUCT

On 5 February 2018, Teixeira Duarte, S.A. approved a new Code of Ethics and Conduct that replaced the previous version created in 2015.

The Code of Ethics and Conduct extends to all entities within the group's consolidation perimeter and management scope, in all the geographical areas in which the entities operate, and sets out cross-company principles of action for all employees of Group companies and, therefore, for the involvement of Teixeira Duarte, S.A. with stakeholders, strengthening and developing its mission and values.

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.

Sent to all employees globally, the current Code of Ethics and Conduct is available on the website www.teixeiraduarte.com.

SUSTAINABLE DEVELOPMENT GOALS

A new assessment was conducted in 2018 of how companies in the Teixeira Duarte group approach sustainability management and how the model that is followed could best be adapted to an economic group and society in continuous evolution.

This study showed great affinity between Teixeira Duarte's corporate vision and the United Nations' Sustainable Development Goals defined in the 2030 Agenda.

The United Nations (UN) resolution entitled "Transforming our world: The "2030 Agenda for Sustainable Development", which came into force on 1 January 2016, consists of 17 Sustainable Development Goals (SDGs), broken down into 169 targets that were unanimously approved by 193 UN member states. Meeting these goals depends on everyone, even companies.

Teixeira Duarte's main markets - Portugal, Angola, Brazil, Algeria and Mozambique - are also committed to integrating Sustainable Development into their planning processes, policies and national strategies.

In this sense, in 2018, Teixeira Duarte began a process of adopting the SDGs as a global framework to shape, channel, communicate and report the actions and targets of its subsidiaries in the field of Sustainable Development.

COMMUNICATION WITH THE STAKEHOLDERS

All of the Teixeira Duarte Group companies have a wide range of relationships with groups of stakeholders. The companies use the following instruments to better understand their expectations and communicate more effectively with these different groups:

Employees

Social climate studies, Corporate Website, Company Day, Staff Meetings, Christmas Lunch, Ethics Channel.

Clients and general public

Websites, Call Centres, Social Networks, Suggestion and Complaint Systems, Ethics Channel.

Investors

General Meetings, Financial Reports, Answers to Specific Questionnaires, Announcements.

Suppliers

Visits and Audits, Reciprocal Training, Performance Assessment, Ethics Channel.

Professional Organizations

Participation in several organizations.

Regulatory and Government Bodies

Participation in different sector associations.

Communities

Partnerships with Representative Institutions, Community Support Projects, Ethics Channel.

Educational Institutions and of Scientific and Technological System Bodies

Participation in Academic Events, Conferences, Job Fairs and Partnerships.

Media

Announcements, Answers to specific questions.

NOTE ON THE METHODOLOGY REGARDING COVERAGE OF INDICATORS

The Human Resources, Communities and Environment indicators presented here encompass, whenever possible, 100% of the group of companies included in the consolidation perimeter of the Teixeira Duarte Group.

However, given the diverse range of sectors and the local circumstances of their operating areas, the scope of coverage may vary for some indicators, and this fact is mentioned where applicable in the main body of this chapter.

MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES

Employees are the most important asset that the companies of the Teixeira Duarte Group have for the development of their activities.

In addition to a concern for ensuring dignified treatment and respect for human and labour rights, as well as for providing adequate working conditions, ensuring the well-being of employees, along with hygiene, health and safety conditions, the development of skills and the retention of talent are highly relevant aspects in all of the activities.

In human resources management and development, the performance of subsidiary companies has allowed Teixeira Duarte to mainly contribute to 3 SDGs:



Human Resources in 2018

As at 31 December 2018, the companies included in the consolidation perimeter of Teixeira Duarte had a total of 10,932 employees, distributed among different types of businesses, skill sets and markets. This was a positive change of 7% compared to 2017, partly a result of the resumption of construction activity in Algeria.

As of December 31, 2018, the subsidiaries operating in the Construction sector accounted for 51% of the global workforce.

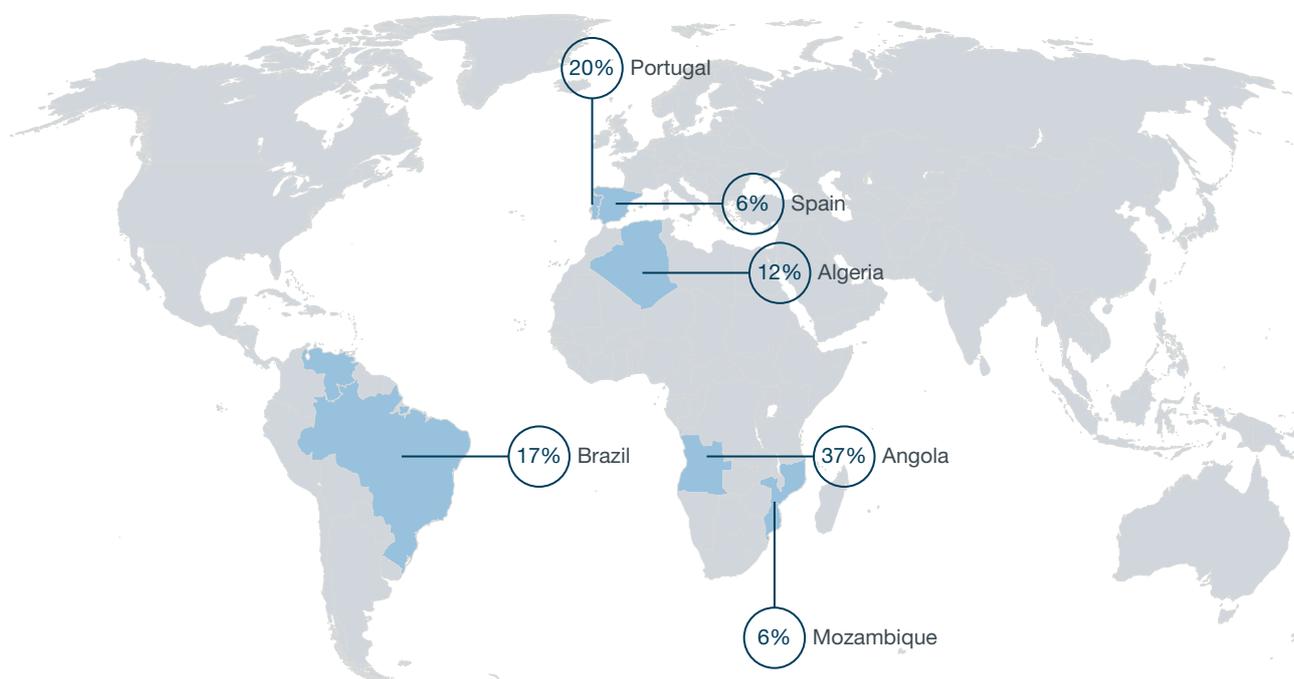


Teixeira Duarte Group Christmas Lunch 2018 PORTUGAL

	Corporate		Concessions and Services				Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education								
Portugal	174	1,181	534		48	148	39	35		2,159	2,160	
Angola	80	968	289	153	105	690	1,381	358		4,024	4,112	
Algeria	23	1,283	7							1,313	790	
Brazil	68	1,546	188		24					1,826	1,734	
Spain	13	85	609							707	561	
Mozambique	40	284	126		1	225				676	636	
Other Markets		190	33		4					227	252	
Total	398	5,537	1,786	153	182	1,063	1,420	393		10,932	10,245	

Number of employees as at 31 December 2018

Angola, Portugal and Brazil were the 3 markets with the largest number of employees, with 37%, 20% and 17% respectively, out of the 18 countries in which subsidiary companies were operating on this date.



Geographical distribution of employees in the main markets in which the group operates, as of 31 December 2018

In line with previous years, in 2018 the majority of employees were male, a fact not unrelated to the business areas of the Group's subsidiaries, where the construction and *Facilities Management* sectors predominate, which together accounted for 67% of the global workforce.

	Corporate		Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education						
Women	40%	7%	14%	79%	42%	40%	40%	18%	19%	20%
Men	60%	93%	86%	21%	58%	60%	60%	82%	81%	80%

Percentage of employees by gender as at 31 December 2018

In 2018, the majority of the employees of Teixeira Duarte Group companies were aged between 30 and 50. In Teixeira Duarte's overall totals, this group of employees increased by 5 percentage points when compared to 2017.

	Corporate		Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education						
<30 years	20%	20%	19%	24%	24%	26%	45%	27%	24%	30%
30 to 50 years	60%	62%	61%	72%	68%	63%	51%	62%	61%	56%
>50 years	20%	18%	20%	5%	8%	11%	4%	11%	15%	14%

Percentage of employees by age group as of 31 December 2018

The majority of employees were in fixed-term contract situations, with Angola, Algeria and Spain being the markets with the greatest tendency towards this contractual regime, due to the characteristics of the activities carried out on these markets.

	Corporate		Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education						
Permanent contract	66%	41%	25%	1%	33%	25%	10%	6%	32%	36%
Fixed term contract	34%	59%	75%	99%	67%	75%	90%	94%	68%	64%

Percentage of employees by contractual situation as at 31 December 2018

Recruitment, Selection and Retention of People with Potential Talent

Recruitment is a key part of the development of the human capital of an organization that intends to be innovative and dynamic, since it is the starting point of the human resources management value chain.

Many of the Group's subsidiary companies position themselves in their markets as recognised employers, particularly with a view to promoting the employment of youths with potential talent, since it offers this age group conditions and prospects for personal and professional development. They value this, and their contribution has proved to be strategic for the assertion of Group companies.

Continuing this positioning requires notable activity by these organisations in the area of recruitment and selection, including the permanent expansion of reference sources and the strengthening of partnerships.

In this context, emphasis should be placed on participation in academic events, the signing of protocols and the granting of internships, which encourage applications from trainees, students and professionals who graduate from these partner institutions.

Emphasis should also be placed on the adoption, during the second half of 2018, of a new *Applicant Tracking System* by several Teixeira Duarte Group companies. Using this platform, organisations started to manage job offers and candidates more efficiently, and the search network for attracting talent was expanded by integrating the system with jobseeking websites.

Along these same lines, mention should also be made to the role of internal recruitment which, based on performance with recognised merit, has given several employees opportunities to develop their careers.

In terms of absenteeism, the Group's different subsidiary companies have rates that vary depending on the business areas and the countries in which they operate.

	Corporate		Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Global 2018
	Area	Construction	FM and Environment	Education					
Portugal	3.2%	3.1%	1.7%		0.6%	2.9%	3.1%	3.6%	2.5%
Angola	1.0%	3.2%	1.8%	4.7%	1.8%	2.6%	2.2%	3.1%	2.6%
Algeria	0.4%	3.2%	0.8%						3.2%
Brazil	2.0%	3.9%	2.1%		2.8%				3.6%
Spain	6.6%	4.3%	8.7%						8.2%
Mozambique	1.2%	0.5%	0.6%			0.4%			0.5%
Other Markets		3.6%							3.4%
Total	2.1%	2.7%	3.3%	5.8%	1.0%	0.5%	0.3%	3.1%	2.1%

Absenteeism rate as at 31 December 2018

Overall absenteeism in 2018 was 2.1%, down 3 p.p. when compared to 2017.

Compliance with International Labour Organization (ILO) Conventions

The promotion of the fundamental conventions of the International Labour Organisation (ILO), and of human rights, is enshrined in the Code of Ethics and Conduct of Teixeira Duarte, S.A., which extends to all the entities that form part of its consolidation perimeter.

The Code expresses the commitment of the Group's subsidiaries to recognising the right to association and collective bargain-

ing. Their corporate practices protect labour rights and promote safe and healthy working environments for all workers.

Although in some countries it is not possible to identify all employees who are trade union members, it has been ascertained that the subsidiary companies operating on the Mozambican and Brazilian markets have the highest percentage of employees covered by collective bargaining agreements, considering collective contracts, collective agreements and company agreements. In Brazil it should be noted that trade union contributions were mandatory up until 2017. This was no longer the case in 2018, which explains the significant reduction in employees identified as trade union members.

	Corporate		Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education						
Portugal		1%	1%						1%	1%
Angola	1%	5%				29%	10%	26%	12%	12%
Algeria										
Brazil		46%	77%						47%	75%
Spain			20%						17%	19%
Mozambique	48%	62%	34%			63%			56%	58%
Other Markets		3%							2%	
Total	5%	17%	18%			32%	10%	23%	17%	22%

Percentage of trade union member employees as at 31 December 2018

Employees covered by professional associations are not included in the above data.

Health and safety protection and promotion

The corporate vision of the Teixeira Duarte Group has always included a strong human resources management strategy. Its measures aim to improve the quality of life of all those who work for its subsidiaries, in order to optimise the work-life balance and promote employee loyalty, regardless of the activity of the companies and the markets in which they operate.

This vision is reflected in the socially responsible attitude of its subsidiary companies with regard to the promotion of health, safety and hygiene at work.

In terms of occupational health, emphasis should be placed on the employee health monitoring policy, which takes the form of general health examinations, visits to work stations and the monitoring of situations of illness.

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
			FM and Environment	Education						
Portugal	100%	98%	99%	100%	100%	99%	100%	100%	99%	99%
Angola	100%	68%	83%	90%	90%	98%	88%	91%	85%	54%
Algeria		51%							51%	52%
Brazil	96%	98%			100%				98%	98%
Spain	80%		65%						67%	100%
Mozambique	100%	100%	77%		100%	95%			94%	92%
Other Markets		50%							50%	18%

Coverage rate of medical examinations performed on Group company employees as at 31 December 2018
 Note: Indicator calculated based on 99% of employees.

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 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 companies operate, 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 partnerships have been set up, seeking to make health care more effective and less expensive.

In the case of Angola and Mozambique, for example, Group companies have defined a medical assistance and medication policy that includes access to medical consultations for all employees and first-degree relatives.

Within the scope of health promotion, several activities are also

In Mozambique, Teixeira Duarte - Engenharia e Construções, S.A co-finances up to 8,500 Mzn of medical expenses per year per employee and his/her close relatives, along with the purchase of prescription glasses.

promoted in Group companies, such as screening and individual and group health training/education activities.

In 2018 in Portugal, Group companies provided employees with:

- 1,871** medical consultations in the field of occupational medicine;
- 1,801** occupational nursing consultations;
- 464** curative medicine consultations;
- 11,578** complementary diagnostic tests.



Teixeira Duarte medical centre in Luanda
 ANGOLA

As its origins are firmly in the construction sector, the Teixeira Duarte Group has a deep-rooted corporate culture of continuous investment in safety and, as a result, combating risks. This attitude also emanates from Teixeira Duarte's subsidiary companies, whose commitment includes prevention policies aimed at ensuring the safeguarding of human lives.

During 2018 there were no fatalities in the companies included in the consolidation perimeter of Teixeira Duarte, S.A..

As regards the accident rate in the main markets in which the Teixeira Duarte companies operate, the evolution between 2017 and 2018 in terms of the frequency (no. of accidents in the workplace x 1000000 / no. of hours worked) and severity (no. of days lost x 1000000 / no. of hours worked) of accidents was as shown on the following tables.

PORTUGAL	Nb. of Work accidents	Accident frequency rate	Accident severity rate
Corporate Area			
2017	0	0	0
2018	1	3	0
Construction			
2017	58	21	408
2018	45	27	603
Concessions and Services			
Facilities Management			
2017	38	50	1033
2018	26	33	1275
Real estate			
2017	1	15	328
2018	0	0	0
Hospitality			
2017	8	37	173
2018	8	36	483
Distribution			
2017	0	0	0
2018	0	0	0
Automotive			
2017	1	17	702
2018	0	0	0

Accident rate in Portugal as of 31 December 2018

ANGOLA	Nb. of Work accidents	Accident frequency rate	Accident severity rate
Corporate Area			
2017	1	7	0
2018	1	6	0
Construction			
2017	30	13	76
2018	23	10	66
Concessions and Services			
Facilities Management			
2017	6	11	5
2018	11	18	90
Education			
2017	0	0	0
2018	0	0	0
Real estate			
2017	2	6	74
2018	3	34	0
Hospitality			
2017	4	3	32
2018	8	6	8
Distribution			
2017	19	6	26
2018	19	6	43
Automotive			
2017	10	12	65
2018	11	11	39

Accident rate in Angola as of 31 December 2018

ALGERIA	Nb. of Work accidents	Accident frequency rate	Accident severity rate
Construction			
2017	42	18	608
2018	27	18	393

Accident rate in Algeria as of 31 December 2018

BRAZIL	Nb. of Work accidents	Accident frequency rate	Accident severity rate
Construction			
2017	22	10	242
2018	17	12	206
Concessions and Services			
Facilities Management			
2017	3	9	9
2018	n/a	n/a	n/a
Real estate			
2017	0	0	0
2018	0	0	0

Accident rate in Brazil as of 31 December 2018

SPAIN	Nb. of Work accidents	Accident frequency rate	Accident severity rate
Concessions and Services			
Facilities Management			
2017	2	38	0
2018	n/a	n/a	n/a

Accident rate in Spain as of 31 December 2018

MOZAMBIQUE	Nb. of Work accidents	Accident frequency rate	Accident severity rate
Construction			
2017	0	0	0
2018	3	8	122
Hospitality			
2017	3	5	24
2018	2	3	17

Accident rate in Mozambique as of 31 December 2018
Note: accident rate indicators cover 97% of employees.

In the cases of Portugal, Algeria and Brazil, the good practices of subsidiary companies, where the risks are higher with regard to the health and safety of employees, are strengthened by an OHSAS 18001 standard certification in occupational health and safety management systems, providing a more comprehensive and effective management of operational risks and contributing to employee protection and better performance.

Employees covered by occupational health and safety management systems (OHSAS 18001 Standard) as of 31 December 2018:

- Portugal: **1,355 employees**
- Algeria: **1,176 employees**
- Brazil: **1,157 employees**
- Mozambique: **323 employees**

Disease prevention and health promotion activities in 2018 in companies operating in the areas of construction and *Facilities Management* in Portugal, Angola, Brazil and Mozambique were based on risk factors that had been identified, specifically risky behaviour, noise in the workplace, working conditions and emergency procedures, among other aspects, with a total of over 100 actions taken.

In 2018, a study was carried out among employees working for different Group companies in Portugal to assess psychosocial risk factors. The aim of this study was to find out what work-related conditions may be influencing employee health and well-being.

The assessment consisted of answering a questionnaire aimed at measuring exposure indicators (psychosocial risks) and effect indicators (on health, satisfaction and *stress*). Participation was voluntary, and an uptake rate of around 58% was seen.

In the preliminary phase, the results were presented to the business managers and the main conclusions were shared with employees, with a view to recommending possible improvement proposals.

In accordance with the legislative provisions in countries where Group companies operate, all employees have the right to protection during parenthood. In Portugal, employees are offered a range of maternity/paternity leave options, in accordance with Law 7/2009, of 12 February, subsection IV, as defined in articles 33 to 65.

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
			FM and Environment	Education						
Portugal										
Women	5	3	4		1	4	2	2	21	19
Men	5	44	27		4	4	3	1	88	71
Angola										
Women	2	4	3	12	1	14	51	9	96	111
Men	1	3	1				1	2	8	2
Algeria										
Women		4							4	6
Men		32							32	16
Brazil										
Women	3	8			3				14	15
Men		3			1				4	0
Spain										
Women	1	1	2						4	6
Men	1	4	16						21	14
Mozambique										
Women	2				1	4			7	4
Men			1						1	0
Other Markets										
Women		1							1	1
Men									0	0
Total	20	107	54	12	11	26	57	14	301	265

Number of employees who took parental leave in 2018
 Note: this indicator covers 99% of total employees.

Other employee benefits

Companies forming part of the Teixeira Duarte universe also offer other employee benefits, such as:

a) Health and life insurance

Most Group companies provide health insurance to their employees in accordance with defined criteria, including the possibility of extending insurance to cover their families.

In some subsidiary companies, life insurance is also available in addition to health insurance to ensure protection in situations of personal accidents, death and disability.

This insurance is to supplement the mandatory protections that apply in each country to social security and labor legislation matters.

b) Protocols and Partnerships

A set of protocols and partnerships with external entities is made available to Group company employees, in various areas, such as telecommunications, banking, educational establishments, car dealerships, travel agencies and airlines, allowing employees access to goods and services under more advantageous market conditions.

Qualification for the expression of talent: development and training

In the Teixeira Duarte Group's universe of companies, and during the course of its history that dates back nearly a century, a widely recognised culture of ethics, work and merit has always been maintained and improved. This culture is systematically applied at all levels.

Guided by the Values of Ingenuity, Truth and Commitment and by the Mission of "To Do, contributing to the construction of a better world", Group companies have consistently promoted knowledge acquisition and the development of employee skills. This is a strategic area for the sustainability of their businesses.

The diverse range of activities that currently exists within the Teixeira Duarte Group, and geographical distribution throughout several countries, have required an increasingly robust model for the effective transmission of values and practices that form part of the Teixeira Duarte Group's corporate vision for all business areas existing inside the group.

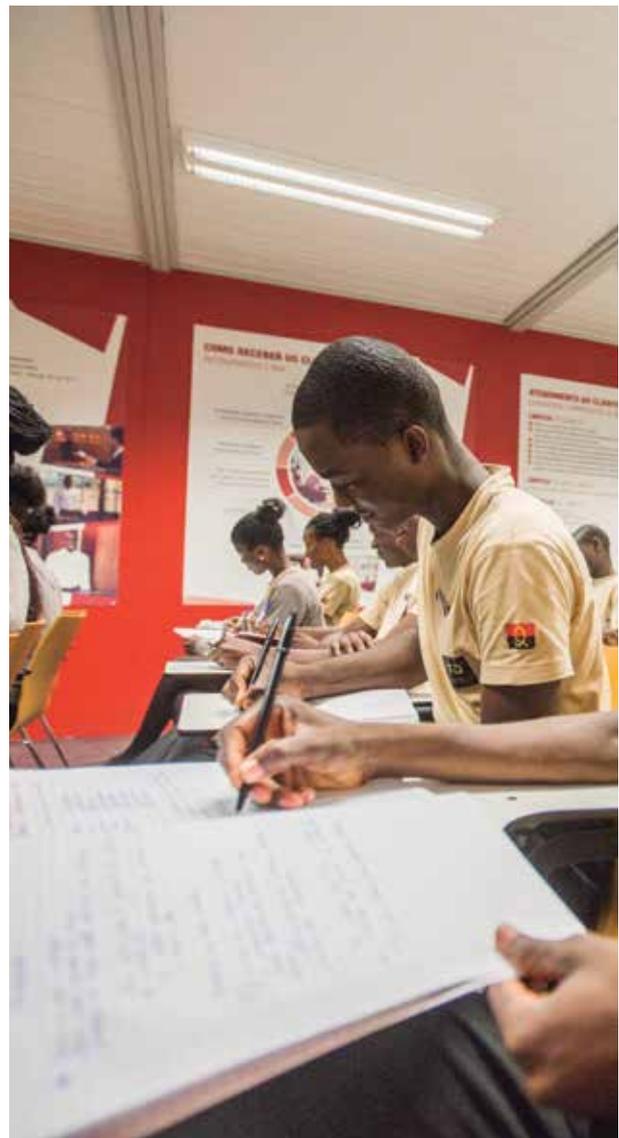
As a result, in 2018 a new matrix was implemented for the operation of the Teixeira Duarte Group's Skills Development Policy, with a view to re-establishing general universally applied and periodically reviewed guidelines, assisted by metrics that should be monitored by the business areas. The matrix includes a common/cross-company component for all business areas and a specific component. It can therefore be adapted to any sector, market and professional category in which the employee is located.

The business areas, in turn, define, implement and assess the Skills Development Plans (SDP) for their employees. These are continuous training programmes that allow each employee to be trained over time, specifically with a view to updating skills and career progression.

In order to strengthen support for the development of skills of employees of Group companies, by adjusting coordination models for better monitoring, in 2018 a Professional Qualification Coordination Committee was also set up, the mission of which is to continually support cross-company processes and to promote key projects in these areas, such as *e-learning* and *b-learning*, driving innovation in these areas. In 2018, the Committee included representatives from the business areas of markets in Portugal, Angola, Algeria and Brazil.

In line with the need for the personal and professional development of employees as a prioritised way of responding to the many, diverse, demanding and complex challenges they face in an economy that is increasingly global, competitive and technological, in 2018 the companies included in the consolidation perimeter of Teixeira Duarte, S.A. carried out qualifying activities (hereinafter activities) that included 42,385 trainees and totalled 155,117 hours of recorded training volume. When compared to 2017, this represents an 8% decrease, offset by the increase in the number of trainees, which stood at 2%.

The main indicators related to the Professional Qualification of employees, by market and activity sector, are presented below. It should be noted that, in order to account for these indicators in 2018, the Teixeira Duarte Group started to consider the market where the employee is located, regardless of the location of the company with which the employee is associated. This criteria was also reflected in the accounting for 2017.



TDHotels Employee Training
ANGOLA

	Corporate		Concessions and Services				Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education	Real estate	Hospitality				
Portugal	147	4,860	471		66	191	32	23	5,790	7,921
Angola	143	4,348	3,962	224	283	5,268	8,276	1,648	24,152	26,550
Algeria	2	2,721							2,723	1,236
Brazil	150	7,226	42		193				7,611	2,988
Spain	33	40	572						645	829
Mozambique	28	312	128			985			1,453	1,941
Other Markets		11							11	7
Total	503	19,518	5,175	224	542	6,444	8,308	1,671	42,385	41,472

No. of trainees involved in qualification activities in 2018

	Corporate		Concessions and Services				Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education	Real estate	Hospitality				
Portugal	1,351	37,744	2,277		2,918	839	1,210	292	46,631	66,730
Angola	555	9,513	8,092	1,021	1,536	15,639	27,969	9,809	74,134	68,678
Algeria	10	3,429							3,439	3,195
Brazil	343	17,438	89		357				18,226	10,093
Spain	664	298	5,366						6,327	5,930
Mozambique	73	474	328			5,367			6,241	13,314
Other Markets		119							119	61
Total	2,994	69,015	16,151	1,021	4,811	21,845	29,179	10,101	155,117	168,000

Number of hours of training volume in 2018

	Corporate		Concessions and Services				Distribution	Automotive	Total 2018	Total 2017
	Area	Construction	FM and Environment	Education	Real estate	Hospitality				
Portugal	7,8	32,0	4,3		60,8	5,7	10,6	8,3	21,2	30,9
Angola	6,9	9,8	28,0	6,7	14,6	22,7	22,1	27,4	19,1	16,7
Algeria	0,4	2,7							2,6	4,0
Brazil	5,0	11,3	0,5		14,9				10,0	5,8
Spain	51,0	3,5	8,8						8,9	10,6
Mozambique	1,8	1,7	2,6			23,9			9,2	20,9
Other Markets									0,9	0,5
Total									14,4	16,4

Average number of hours of training by year, by employee

In 2018, subsidiary companies carried out a total of 14.4 hours of training for each employee. Particularly positive emphasis should be placed on the performance of activities in Portugal and Angola.

In **Portugal**, activities were run that included 5,790 trainees, totalling 46,631 hours of training volume. 76% of this training volume was the result of activities to acquire technical skills in engineering and civil construction, including in the *on-the-job* context, as well as occupational health, safety and hygiene.

The following should be emphasised regarding the Portuguese market:

- The continuity of activities relating to the acquisition of *Building Information Modelling* (BIM), skills. In May 2018, the 2nd edition of the Portuguese BIM Congress (PTBIM) was held at the Higher Technical Institute, where Teixeira Duarte - Engenharia e Construções, S.A. made its presence felt with the presentation of work done for Hospital da Luz - Oeiras Clinic;
- The course on activities relating to teaching and refreshing knowledge in the sphere of *compliance* with the new General Data Protection Regulation (GDPR) and current management systems, included 329 trainees and totalled 655 hours of training volume, contributing to meeting the inherent requirements and obligations;
- The maintenance of the certification of Teixeira Duarte - Engenharia e Construções, S.A. as a training entity, granted by DGERT - The Directorate General of Employment and Labour Relations.

In **Angola**, the qualifying activities carried out in Teixeira Duarte Group companies throughout 2018 included 24,152 trainees and totalled a training volume of 74,134 recorded hours, 61% of which fell within the perimeter of the technical areas of the businesses.

The Teixeira Duarte Professional Development Centre is still one of the Group's main cornerstones for building a lifelong learning ecosystem for employees in Angola. A majority of qualifying activities run by Group companies on this market are concentrated at this centre.

As very favourable conditions were met for learning, both due to the scope that has been achieved and the educational quality, in 2018 the Angolan Professional Development Centre (PDC) had 7 new qualification courses certified by the National Institute for Employment and Professional Training (INEFOP), developed according to the new Skills Development matrix. With these new courses, in 2018 the PDC exceeded 30 training courses licensed by this entity.

2018 was also a year of consolidation of new learning methodologies in Angola, specifically through *e-learning* platforms, through which knowledge is assessed at the end of the sessions. *Assessment centre* initiatives were also run by different Group businesses, with the aim of assessing the knowledge, competences and skills of the candidates to be recruited, in order to enable more rigorous selection of future employees.

In the areas of employability, professional qualification and social responsibility of the Group in Angola, the "Go Fishing" Project was continued. This project provided activities that qualified 64 participants, meaning that 364 young people have graduated since this project began, 6 years ago. Emphasis should be placed on the diversity of subjects taught during this program, with the participation of 88 trainers from various specialities.

THE TEIXEIRA DUARTE PROFESSIONAL DEVELOPMENT CENTRE



Approximately 1,500m² of constructed area.

6 rooms for theoretical training.

1 computer room.

2 laboratories (Electricity and Electronics and Civil Engineering).

2 workshops for practical training in the Automotive and Distribution areas.

1 auditorium and a cafeteria with capacity for over 100 people.

With an emphasis on:

7 businesses with training activities: Construction, Facilities Management, Education, Real Estate, Hospitality, Distribution and Automotive.

30 training courses certified by INEFOP.

1st Renault Certified centre in Sub-Saharan Africa.

800,000 potential hours of training per year.

HIGHLIGHTED INITIATIVE

FAZER PESCAR



Main Sustainable Development Goals



Scope

- Employability
- Professional Qualification
- Social Responsibility

Addressees

Young people living in an underprivileged social situation.

Challenge

To take advantage of resources and instruments focused on the training and professional development of employees of different Teixeira Duarte Group subsidiaries, to train the recipients and to give them the opportunity to make a start in the jobs market.

Description

"Teach a man to fish and you'll feed him for the rest of his life", Lao Tzu

"Fazer Pescar (Go Fishing)" is an initiative that aims to create opportunities for young people, training them to autonomously become a fundamental part of the development of the community of which they form a part.

A 3.5-month educational programme that includes the components of social integration, corporate integration and integration into the workplace.

Attendance is free and trainees benefit from daily meals, a daily transport allowance, personal accident insurance, uniforms and clothing for individual use, school supplies and regular medical monitoring.

At the end of the course, trainees with positive assessments join companies Group companies in Angola.

Sectors/Group companies involved

All sectors operating in Angola.

Impact

- 26 editions since 2013 (6 editions in 2018);
- 364 young graduates joined Group companies since 2013;



Maxi Academy
ANGOLA

In **Algeria** , activities were run in different geographical areas of the country, through internal trainers, which included 2,723 trainees, totalling 3,439 hours of recorded training volume recorded. Compared to the previous year, these results represent an increase of 120% and 8%.

With regard to the areas of activity, emphasis should be placed on the 1,995 hours of training volume on occupational health, safety, hygiene and the environment that was provided. These subjects also included processes for the integration of new employees, contributing to achieving a better reception process and to meeting requirements of various kinds.

In **Brazil**, activities were carried out that included 7,611 trainees, totalling 18,226 recorded hours of training volume, which represent increases of 155% and 81% respectively when compared to 2017.

As regards the areas of activity that were taught, a highlight is 15,596 hours of training volume focusing on the acquisition of skills in the field of occupational health, safety and hygiene, as well as skills related to carrying out professional activity, with *on-the-job* training.

In **Spain** , activities were carried out that included 645 trainees, totalling 6,327 hours of training volume, of which 5,048 were on the areas of occupational health, safety and hygiene, the environment, equipment, languages and IT systems.

Activities were run in **Mozambique** for 1,453 trainees, totaling 6,241 hours of training volume.

Out of this volume, 6,037 hours corresponded to activities in the fields of professionalisation (*on-the-job*), in the specific area of hospitality, as well as the areas of occupational health, safety and hygiene.

SOCIO-ECONOMIC PERFORMANCE

The activities of Teixeira Duarte Group's subsidiaries, regardless of the sector in which they are active, have an impact on the socio-economic development of the places where they operate.

In order to enhance these positive impacts and, on the other hand, to mitigate the negative ones, the Group promotes a culture of ethics and quality among its subsidiaries, of commitment to local hiring and the development of local subcontractors and suppliers, and of strengthening their technological capabilities and social responsibility, particularly in developing countries, which contributes to the sustainable development of communities.

Combating corruption and bribery, money laundering and terrorism financing

Corruption and bribery are inherent risks of all economic activities. The tool that guides the management of the Group's subsidiaries in this area is the *compliance* program. This aims to establish and implement a set of measures and procedures based on the *Compliance* Policy, the Code of Ethics and Conduct and the Mission and Values of Teixeira Duarte, with a view to more effectively ensuring and showing compliance with the law and internal regulations, contributing to a climate of integrity and ethical culture during the course of the activities of Teixeira Duarte Group companies.

The *compliance* system provides for risk assessment processes and financial and non-financial internal control procedures, which include preliminary investigations of third parties and staff members with high levels of responsibility, an Ethics Channel to which all employees and third parties must report any irreg-

The Teixeira Duarte Ethics Channel can receive complaints through:

- Correspondence addressed to the company at its respective addresses;
- E-mail message to the address compliance@teixeiraduarte.pt
- Message sent through the Teixeira Duarte website (www.teixeiraduarte.com);
- Message sent through the Teixeira Duarte Employee Portal.

ularities that are identified in relation to any external or internal regulations, among other measures.

In the socio-economic field, the performance of subsidiary companies has mainly allowed Teixeira Duarte to contribute to 3 SDGs:



The system also ensures the implementation and assessment of the effectiveness of the Code of Ethics and Conduct, according to which employees must act in order to assess and avoid possible conflict of interest situations, as well as to actively or passively prevent any corrupt behaviour, including facilitation payments or gifts, or the creation, maintenance or promise of irregular situations or favours.

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.

Relations with people and organizations affected by the activities of Group companies

One of the relevant measures in 2018 in terms of the management of relations with people and organisations was the implementation of Personal Data Protection Management Systems (PDMS) in the Group's subsidiaries, involving the development

of a set of procedures and practices aimed at defending privacy and the rights and freedoms of personal data subjects and demonstrating compliance with the provisions of the General Data Protection Regulation (GDPR). In 2019, the PDMSs will be subject to independent audits in order to assess their effectiveness, robustness, adequacy and compliance, based on the requirements of internationally accepted standards on privacy/data protection management systems and legal data protection requirements (GDPR).

a) Clients

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.

Markets in which Teixeira Duarte Group companies have, on 31 December 2018, implemented Quality Management Systems (ISO 9001):

- **Construction:** Portugal, Algeria, Brazil and Mozambique;
- **Concessions and services:** Portugal, Spain and Mozambique;
- **Real estate:** Portugal;
- **Distribution:** Angola.

b) Partners, suppliers and subcontractors

CND - Companhia Nacional de Distribuição, Lda, in Angola, was the first food retail company in this country to implement a quality management system, certified according to ISO 9001.

In Portugal, Teixeira Duarte - Engenharia e Construções, S.A., in compliance with the SA 8000 Standard, promotes respect for labour rights and safe and healthy working environments for all workers, and among suppliers and contractors, by demanding compliance with social responsibility requirements, with an emphasis on the following:

- Not using or supporting the use of child labour, or forced or compulsory labour;
- Providing a safe and healthy environment for doing work;
- Not hindering freedom of association and the right to collective bargaining;

- Not engaging in or supporting discriminatory acts in any form;
- Not practising or supporting the harsh or inhuman disciplinary practices;
- Acting in compliance with applicable laws and standards of the respective area of activity, in matters relating to working hours;
- Remuneration considered adequate for the work effectively performed, always with respect for legal stipulations.

Based on the geographical area in which the supplier operates, the type of activity it carries out and the Company's ability to influence it, the potential social risk of suppliers is assessed in relation to the expected risk, and the cases of greatest risk are monitored. 10 monitoring activities were carried out in Portugal between 2017 and 2018, among 450 companies with which Teixeira Duarte - Engenharia e Construções, S.A. maintains supply relationships.

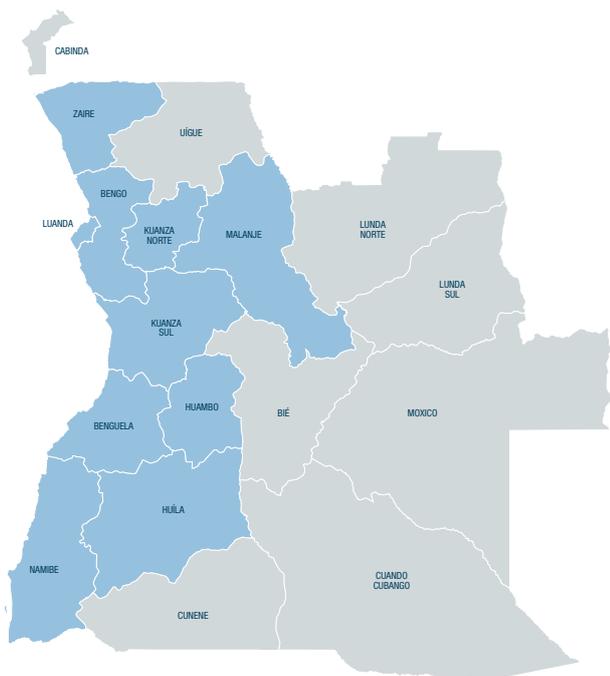
In the particular case of subcontractors, Group companies in the construction business have put specific mandatory contractual provisions in place, in addition to legal provisions, in the areas of occupational health, safety and hygiene, including occupational accident insurance, personal protective equipment, accident rates, training and information, and the prevention and control of alcoholism, among other areas.

Within the scope of the implementation of the Personal Data Management Systems, procedures were also defined to ensure the privacy and rights of personal data subjects in relationships with partners, suppliers and subcontractors, whenever these relationships could involve the processing of personal data.

In the Distribution sector in Angola, the subsidiary CND has, since 2012, had a programme - "Fazenda Maxi" (Maxi Farm) - aimed at supporting agricultural and livestock production activities, job creation and entrepreneurship, and encouraging the formalisation and growth of micro, small and medium-sized enterprises. Through "Fazenda Maxi", CND establishes partnerships with national producers, supports them and ensures that their production is purchased and distributed, which making safe and high quality produce available to the population in its stores.

In 2018, the Fazenda Maxi Program maintained a network of 35 associate producers in 10 provinces. Despite the adverse economic situation in the country, the quantity of products acquired by CND increased in comparison with the previous year.

The "Fazenda Maxi" program, which was originally agricultural in nature, is now an agricultural and cattle rearing program that



Geographical location of producers associated with "Fazenda Maxi" as of December 31, 2018

brings together a community of experienced and independent farmers, in which automation and mechanisation of production will be the next step.

Emphasis should also be placed on the fact that a project has been designed in the agro-industry area, with CND signing an investment contract with UTAIP (Technical Unit to Support Private Investment). With the agro-industry activity, producers associated with "Maxi Farm" will now include cereals and vegetables in their farms' production calendar, allowing for an increase in the production areas worked on and developed by the new area that forms part of the "Fazenda Maxi" program.

In coordination with the Governor of Kwanza Sul Province, the Administration of the Wako Kungo Municipality has already allocated a plot of land, with an area of 10 ha, for the installation of an Industrial Pole where 3 production units are planned for (1) drying and storing cereals and vegetables; (2) milling and (3) selection and packaging of dried cereals and vegetables.

The objectives of the agro-industry component of the "Maxi Farm" program are the same principles as those that led to the creation of this program in 2012:

- Increased national production;
- Reduced dependence on imports: at cruising speed, it is estimated that every 1 USD invested in the implementation of this project will save at least 4 USD on imports of products into Angola;
- Reduction and stabilization of prices in the food sector;
- Offering the population food safety and high quality products;
- Development of local economies;
- Job creation, contributing to the development of the rural micro-economy.

In a first stage, yellow corn grains, yellow cornmeal and bran will be produced for the livestock industry, and beans for the food retail industry.

The agro-industrial pole project foresees growth over 5 years of about 500 permanent jobs, this increase being related to the increases in production areas and production volume in tonnes.



HIGHLIGHTED INITIATIVE

MAXI FARM



Main Sustainable Development Goals



Scope

- Employability
- Inclusive economy
- Quality and Food Safety
- Professional Qualification
- Responsible practices in the value chain

Addressees

Agricultural producers, with an emphasis on small and medium sized producers.

Consumers in general.

Challenge

Reduce the difficulties in obtaining high quality agricultural produce for CNP's food retail business, at prices accessible to all, in a consistent and sustainable manner, taking advantage of its resources and instruments focused on the training and professional development of workers directly and indirectly related to

this activity.

Description

Program created in 2012 and promoted by CNP through its "Maxi" brand, which establishes partnerships with producers, with the aim of developing national production and making the best national agricultural products accessible to the entire population.

"Fazenda Maxi" gives producers the assurance that products are sent to Maxi stores, by collecting them and transporting them. It also provides technical advice throughout the production process, and specialised training activities with a view to improve the quality and regularity of their production.

The savings obtained by shortening the distribution chain are passed on to the end customer.

Within the scope of this program, CNP ensures the technical monitoring of producers, supplies, logistics and quality and food safety of products, by allocating to the program a fleet of refrigerated vehicles with a capacity of 8 tonnes, specially developed transport boxes and the operational support of its central structure, including the company's modern distribution centre located in Morro Bento.

Sectors/Group companies involved

Distribution Sector in Angola.

Impact

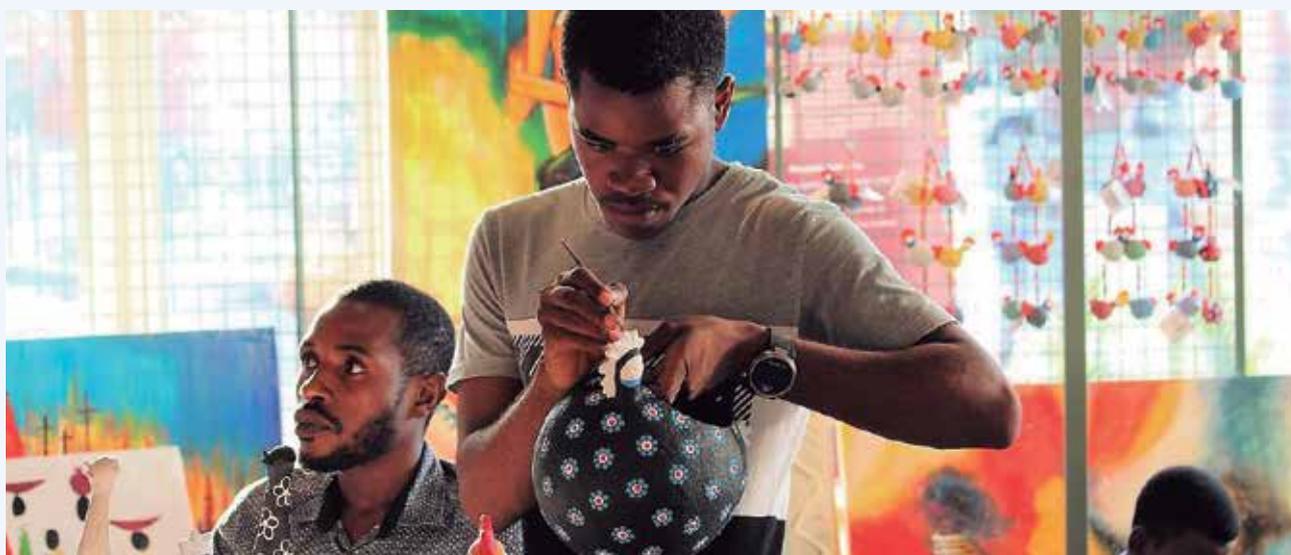
- 14,700 tonnes purchased from producers in 5 years;
- 12% average annual growth rate in production;
- Represents 70% of the volume of the Fruit & Vegetables category in "Maxi" stores;
- Decrease in the rate of imports in the Fruit & Vegetables category of "Maxi" stores from 65% in 2011 to 15% in 2018;
- 42% of purchases are made from small and medium-sized producers;
- 5,550 permanent and seasonal jobs on average per year;
- 46 different products produced;
- Transfer of knowledge and know-how;
- Strengthening of the technical capacities of producers to make progress towards more sustainable production patterns;
- Professional development of small agricultural entrepreneurs;
- Job creation;
- Increased economic well-being of families and the resulting promotion of their settlement in rural areas;
- More diversified and high quality supply of national products.

Also in terms of support to local suppliers, in 2018 emphasis should be placed on the launch of another initiative by CND, a distribution sector company forming part of the Teixeira Duarte Group in Angola. Through the “Dakaza” retail brand specialising in furniture and decoration, CND established partnerships with

Angolan artists and craftsmen and promoted contact between them and individual customers, by exhibiting, promoting and enhancing their articles in the brand’s stores and other communication channels. 10 creators participated in this first year of the initiative, and around 1,700 articles have been sold.

HIGHLIGHTED INITIATIVE

ROOTS



Main Sustainable Development Goals



Scope

- Strengthening national cultural identity
- Entrepreneurship
- Inclusive economy

Addressees

Artists and small and medium-sized national craftspeople.

Consumers in general.

Challenge

To boost the unique factors of CND’s specialised retail business by including locally manufactured original articles, integrating national artists and craftspeople into organised retail.

Description

Program created in 2018 and promoted by the CND through its “Dakaza” brand, which establishes partnerships with Angolan artists and craftspeople, with the aim of promoting the creativity, innovation and entrepreneurship of national creators.

The “Roots” Programme makes it possible for Dakaza’s customers to purchase national pieces of art and crafts.

Artisans and craftsmen are given spaces in the brand’s stores to exhibit articles and run demonstrations, and *workshops* with the participation of customers. “Dakaza” also promotes the reputation of creators in addition to selling their articles.

Sectors/Group companies involved

Distribution Sector in Angola.

Impact:

- 10 artists and their exhibitions in 2018;
- 1,700 items sold;
- 30,000 visitors affected;
- More diversified and high quality supply of national products.

d) Support for communities

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.

Within the scope of support for social projects and social charity organisations, it should be noted that Teixeira Duarte has intended to adopt an institutionalised position through initiatives that are neither exclusive nor centralised in decisions by the Board of Directors, but rather involve all employees in direct actions.

It was with this aim in mind that in 2015 the **TODOS DAMOS (We all Give) Program** was promoted for the first time. This project was designed for companies of this Group and aims to support people through the co-funding of social institutions directly supported by its own employees.

40 applications were accepted in 2018 (involving 37 employees from Portugal, Angola, Brazil and Mozambique). A total of around €37,449.00 was collected from employee donations and

In Portugal, Teixeira Duarte - Engenharia e Construções, S.A. is a **company certified in social responsibility** according to the SA 8000 benchmark.

donations from Teixeira Duarte Group companies, distributed to 35 institutions.

In Angola, Teixeira Duarte Group companies have set up and maintain various community support programmes, particularly in the areas of health promotion ("MaxiSaúde" program), national agro-industrial production ("Fazenda Maxi" program) and the promotion of local culture ("Roots" program).

The "MaxiSaúde" Program, launched in 2016 by the company CND - Companhia Nacional de Distribuição, Lda, aims to promote the health of Angolans through awareness, prevention, screening and treatment activities in communities in the areas around the "Maxi" stores, with a particular emphasis on schools. In 2018, around 8,000 children were covered through by the program's activities, specifically in the areas of malaria and oral hygiene.



"MaxiHealth" Program - Oral Health Activity
ANGOLA

HIGHLIGHTED INITIATIVE

TODOS DAMOS



Main Sustainable Development Goals



Scope

- Social Responsibility

Addressees

Social institutions that support people in markets where Teixeira Duarte Group companies operate.

Challenge

Support social charity projects and institutions through initiatives that involve employees in direct action that is neither exclusive nor centralised in a decision by the Board of Directors.

Description

The TODOS DAMOS (We All Give) Program is a project designed for Teixeira Duarte Group companies that aims to support people through the co-funding of social institutions, directly supported by their own employees.

Applying to TODOS DAMOS gives employees the possibility to strengthen their support to institutions, by adding twice the

amount that they contribute directly to the value of their donations.

Any Group company employee may apply to the Program by indicating a social institution to which he or she wishes to contribute or has already contributed. If the application is accepted, the company with which the employee has his or her professional relationship gives a co-donation to the institutions that he or she decides to support, amounting to twice the amount that the employees intend to donate to them.

The amount that the employee wishes to donate to the institution may be donated directly by them, or the amount can be deducted from their next pay packet.

The TODOS DAMOS Programme for 2018 was run between 1 January and 31 December 2018.

Including employee donations and donations from Teixeira Duarte Group companies, the total budget donated by Teixeira Duarte Group companies to the program in 2018 was €100,000.00.

Sectors/Group companies involved

All companies included in the consolidation perimeter of Teixeira Duarte.

Impact

- 40 applications in 2018;
- 35 institutions supported in Portugal, Angola, Brazil and Mozambique in 2018;
- Including donations from employees and donations Teixeira Duarte Group companies, €37,449.00 was collected in 2018;

HIGHLIGHTED INITIATIVE

MAXISAÚDE



Main Sustainable Development Goals



Scope

- Public Health
- Information
- Social Responsibility

Addressees

Underprivileged Angolan communities.

Partners.

Challenge

To create a positive impact in communities by taking advantage of the human and logistical resources of "Maxi" and the technical capacity of the "Farmácia Popular" network of stores, both belonging to the subsidiary CND.

Description

A social responsibility programme created in 2016 and promoted by CND through its "Maxi" and "Farmácia Popular" brands, which operates in underprivileged communities in the areas of influence of these stores, carrying out preventive actions, counselling, screening and treatment of diseases, in addition to running information and awareness activities on eating habits and hygiene, seeking to contribute to improving the quality of life of the target populations.

The main areas of activity of "MaxiSaúde" are malaria - the largest cause of death in Angola -, diabetes, cardiovascular diseases, oral health and healthy eating.

This program is run with the support of voluntary employees of the CND company, with other entities as partners.

Sectors/Group companies involved

Distribution Sector in Angola.

Impact

- 8,000 people involved in the program in 2018;
- 16,000 people involved in more than 40 activities carried out since the beginning of the program;
- Closer relationships with schools, churches and local communities in general;
- Expansion of partnerships; in 2018, the Girassol Clinic joined for the first time;

Investigation, Development and Innovation (IDI)

The Teixeira Duarte Group strongly promotes research and innovation, by working with subsidiary companies to create conditions for the adoption of a range of different instruments and infrastructure to enhance the results of this commitment.

In the particular case of companies operating in the construction sector, specifically in Portugal, emphasis should be placed on actions taken by the **Centre for Innovation and Technological Development (CITD)**, the mission of which is to boost RDI activities by identifying matters that could be integrated as RDI projects and that could have a useful effect on an area of activity.

These projects may be developed within the group of subsidiary companies and/or in partnership with national and international Universities and Research Laboratories.

8 RDI projects were submitted to CITD in 2018. Out of these, emphasis should be placed on the recovery of a 2015 project, which in the interim period was re-submitted and approved under the scope of Portugal 2020: **Project SHELTER - Structural Hyper-resisting Element for Life Threatening Earthquake Risk**.

Internally, the project involves the metalwork areas in the development of prototypes, and the Building area in the construction of partial models of masonry buildings of Teixeira Duarte - Engenharia e Construções, S.A. Externally, in addition to the co-sponsor the Higher Technical Institute (HTI), the National Laboratory of Civil Engineering (NLCE) will be involved to carry out tests on earthquake shaking tables, and IADE - European University will be involved in the *design* and architectural integration of the shelter.

The aim of the SHELTER project is to develop an earthquake shelter solution for parts of existing buildings (houses, offices, health centres, tourist apartments, etc.), which can be fully in-

In Portugal, the companies Teixeira Duarte - Engenharia e Construções, EPOS, SOMAFEL and TDGI use an **RDI management system according to the Portuguese Standard 4457**, allowing them to channel all of their knowledge and creativity into innovation in the most efficient way.

egrated individually and autonomously, not involving building structural reinforcement work, resulting in a fast low-cost installation.

a) Intellectual Property

In order to guarantee the protection of all intellectual property rights generated by RDI activities, as well as to build up a *portfolio* of inventions, Teixeira Duarte - Engenharia e Construções, S.A. has been granted several patents in Portugal, among which the following stand out:

- An incrementally progressing bridge and/or viaduct deck assembly system, resting on the temporary support beams on the abutment and sliding on plastic material;
- A method for protecting the attachment of rubber gutters to the expansion joints of bridges/viaducts and their assembly;
- Scaffolding suspended by funicular cables of a suspended bridge, fitted with equipment to allow it to move between the brackets on the hanging cables of the aforementioned bridge;

No new invention patents were submitted for registration during the 2018 financial year.

With regard to brands, the Teixeira Duarte Group has a vast number of **protected trademarks** for exclusive use in several countries. Since 2017, these companies have amassed over 500 trademarks.

	Corporate Area	Construction	Concessions and Services		Real estate	Hospitality	Distribution	Automotive	Total 2018	Total 2017
			FM and Environment	Education						
Portugal	2	2	8		55	8	27	1	103	98
Angola	8	7	2	1	37	3	160	68	286	282
Algeria	1	1	1			1			4	4
Brazil		4	1		22	17	8		52	52
Spain									0	0
Mozambique	8	6	2		6	3	2		27	27
Other Markets	20	8	2		8	1	7		46	46
Total	39	28	16	1	128	33	204	69	518	509

Trademark registration processes completed and in progress on 31 December 2018

b) Contribution to the regulatory activity of the Construction sector

Standardisation is a means of setting the group apart competitively, favouring companies that carry out their activities in lines with sector rules and national and international standards, to the detriment of companies operating in other ways.

In the regulatory environment, emphasis should be placed on the participation of Teixeira Duarte - Engenharia e Construções, S.A. in the *European Federation of Foundation Contractors (EFFC)* and *CO2 Foundations - Geotechnical Carbon Calculator* working groups, aimed at calculating the carbon footprint of geotechnical works, as well as in the *Technical Working Group (TWG)*, aimed at cooperation and the development of guidelines and standards for the execution of geotechnical works.

Teixeira Duarte - Engenharia e Construções, S.A. also participates in the standardisation activities of the Portuguese Standardisation Technical Committee CT156 - Geotechnics in Civil Engineering, chairing the SC10 subcommittee, a technical body that aims to issue opinions on legislation and translate CEN European standards in the field of Testing of Geotechnical Structures and the Execution of Special Geotechnical Works. It also forms part of the WG3 work group of the ISO Technical Committee TC182, responsible for preparing the ISO 22477-5 standard Geotechnical investigation and testing - Testing of geotechnical structures - Part 5: Testing of grouted anchors, the final text of which was published in August 2018.

c) Partnerships with scientific and technological system entities in the Construction sector

In awareness of its active role in the innovation and technological development of its own sector, Teixeira Duarte - Engenharia e Construções, S.A. carries out RDI activities in partnership with scientific and technological system institutions and with other similar companies.

Main partnerships in Portugal:

PTPC - Portuguese Technological Platform for Construction

PTPC brings together companies, designers, universities and other entities of the National Scientific and Technological System (NSTS) and public entities, with the mission of promoting reflection on the Construction sector, implementing Research, Development and Innovation initiatives and projects, contributing to increasing competitiveness in the general framework of

Teixeira Duarte - Engenharia e Construções, S.A. has held the Presidency of PTPC since the date that it was set up (2011).

the economy and promoting cooperation between companies, NSTS entities, associations, federations, confederations and public or private entities, from the construction and public works sector or related to it.

In 2016, PTPC was recognised by the Government of Portugal as the managing entity of the AEC Cluster - Architecture, Engineering and Construction.

PTPC has ongoing financed projects that totalled 583 thousand euros in 2018.

AEC Cluster - Architecture, Engineering and Construction

The objectives of the AEC Cluster are to act in the economic sector of Architecture, Engineering and Construction and within its effective ranks or value chain, promoting the achievement of high levels of innovation, technological development and competitive capacity, cooperation and networking, and the promotion of the internationalisation of the cluster, specifically through participation in international networks.

The Portuguese Structures Engineering Association (PSEA), which is the Portuguese group of the International Association for Bridge & Structural Engineering (IABSE)

Teixeira Duarte - Engenharia e Construções, S.A., through PTPC, participates in this association that aims to develop and promote structural engineering at an international level. It is in charge of the organization of major international congresses and conferences.

Teixeira Duarte - Engenharia e Construções, S.A. has also established protocols with the following entities in the national scientific and technological system: Faculty of Engineering of the University of Porto (FEUP), Higher Technical Institute (IST), the National Civil Engineering Laboratory (LNEC) and Minho University (UM).

Main international partnerships:

ENCORD - European Network of Construction for Research and Development

Teixeira Duarte - Engenharia e Construções, S.A. was accepted into ENCORD in 2014. However, due to a change in its statutes, it is considered as a founding member of ENCORD, an association founded in 1989.

ENCORD is the European Commission's (*High Level Group*) for construction innovation and supervises the activity of the *ECTP - European Construction Technology Platform*. Its role includes Technological Foresight, the exchange of experience and best

Teixeira Duarte - Engenharia e Construções, S.A. is a member of the Strategic Council of ENCORD and participates in the "Foresight" group, among others.

practices, the definition of European priorities for RDI in construction, justifying the economic return of investments in construction RDI (promoting innovation and European fund-raising).

The largest construction companies in Europe in terms of the promotion of innovation and competitiveness participate in this association.

ECTP – European Construction Technology Platform

As Chairman of the PTPC, Teixeira Duarte - Engenharia e Construções, S.A. participates in the *Steering Committee* of the ECTP, in the *Vision Group* and the *Heritage and Regeneration Working Group*. The ECTP is a similar association to the PTPC at a European level.

ENVIRONMENTAL MANAGEMENT

The management of environmental aspects within the Teixeira Duarte Group is directly related to the environmental impacts of the activities of its subsidiaries and to the environmental performance of the buildings and infrastructures they construct and often maintain for their customers, specifically in the Construction sector.

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.

Within the scope of the Code of Ethics and Conduct, which extends to all entities within its consolidation perimeter and the scope of management, the Group states environmental preservation and friendliness must be essential principles in the work of employees of subsidiaries. These principles must also be transmitted to the indirect recipients of this instrument.

Given the wide range of activities of these companies, as well as the fact that their best known activity - construction - is subject to strong fluctuations in the impacts it causes, depending on the works in progress (type, quantity and phase) - which limits the annual comparability of data -, the choice of a panel of indica-

tors and an appropriate reporting approach to reflect the performance of Group's various activities is partial impaired.

The management of the environmental performance of subsidiary companies has allowed Teixeira Duarte to mainly contribute to 3 SDGs:



Environmental Management Systems

The cross-company principles of environmental actions taken by employees of subsidiary companies, enshrined in the Code of Ethics and Conduct, can be seen in several of these companies, through the adoption of environmental management systems that allow the effective management of environmental risks and contribute to the objectives of the areas of activity.

ISO 14001 is a world benchmark for environmental management systems, and several Teixeira Duarte Group companies use it to support their practices with a view to continuously improving their environmental performance, by incorporating specific processes to identify and manage the main environmental risks.

In 2018, companies in the construction, *Facilities Management* and *Environment (Concessions and Services)* sector had environment management systems certified in accordance with the ISO 14001 benchmark, in the following countries:

- **Construction:** Portugal, Algeria and Brazil; currently being expanded to Angola;
- **Concessions and services:** Portugal and Spain.

In the other Group companies' 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.

Provisions and financial guarantees for environmental risks

In the normal course of their activities, Group companies operating in the construction sector and in supplementary areas

are exposed to environmental risks. In this regard, it should be noted that in order to meet 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 totalling a value of €114,300.00.

In Spain, only one company is covered by this legislation, and has taken out a civil liability insurance policy to cover environmental damage.

It is therefore considered that the risk of the occurrence of any environmental damage caused by the activities of these companies is duly covered.

Energy

With operational efficiency as a focus, particularly within environmentally certified companies, in which efficiency is added to the continuous quest for improved environmental performance, the Teixeira Duarte Group's subsidiary companies have taken action with a view to minimising energy consumption and, consequently, the emission of greenhouse gases.

In this sense, energy rationalisation measures have been implemented to reduce the specific consumption per user inside the permanent facilities of the companies, specifically in offices and operational centres, including raising awareness among employees of the regulated use of energy and best practices to take into account.

In addition, increasingly efficient energy solutions are chosen for projects under development within the scope of real estate activities of Group companies, in order to optimise consumption during the operating phases of the developments.

Water resources

Under the scope of environmental management systems, several Teixeira Duarte Group companies assess the environmental impacts resulting from the use of water resources, and strive to take actions to reduce consumption and minimize the pollution load discharged into the soil or water.

During the course of construction activities carried out by subsidiary companies, water resources can be consumed from various sources - public supply network, groundwater collection, rain collection, tanks supplied from outside and packaged - and this consumption is subject to significant fluctuations depending on the type, quantity and phase of each project.

In construction activities, it is common practice to reuse water for parallel activities such as irrigation/sprinkling dusty surfac-

es, 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. Even so, the majority of the water consumed comes from the supply network.

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.

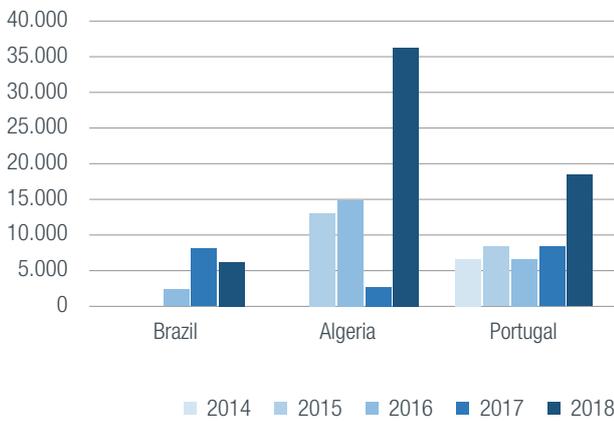
The implementation of best practices and the quest to constantly improve the reduction and reuse of water has led to the implementation of best practices, which include measures for the reuse of water, optimisation of consumption times and actions to raise awareness among employees.

In the projects under development by Group companies in the real estate sector, there is increasingly deep concern for selecting equipment that allow for a reduction in water consumption (e.g. controlled flush toilets, aerators in taps) that provide more efficient consumption during the course of their life cycles.

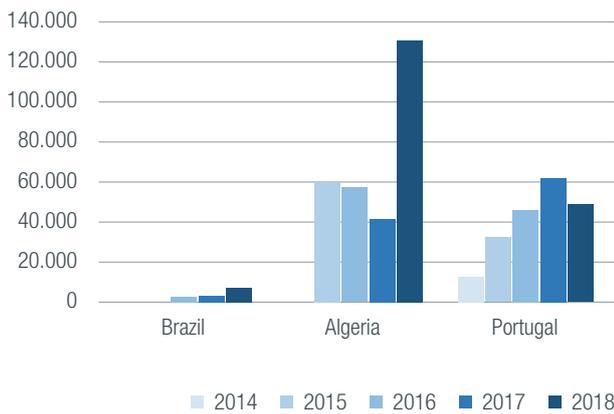
Consumption of Materials

The consumption of materials in the construction sector is also directly related to the quantity, size and type of projects that are carried out.

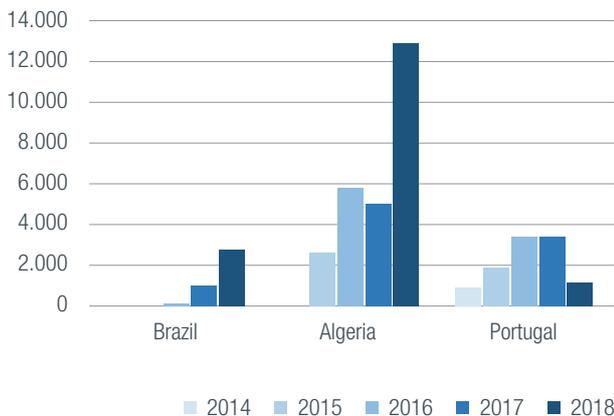
Within the scope of its environmental management systems, Teixeira Duarte - Engenharia e Construções, S.A. has monitored the evolution of the consumption of materials on three markets - Portugal, Algeria and Brazil - showing how changes in activity influence the consumption of raw materials.



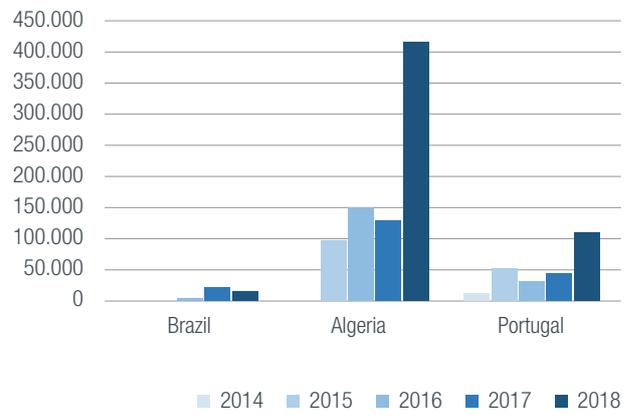
Steel consumption (t), by country, by Teixeira Duarte - Engenharia e Construções, S.A.



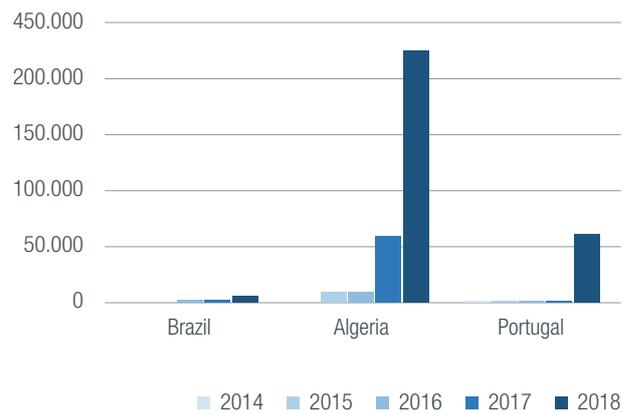
Concrete consumption (m³), by country, by Teixeira Duarte - Engenharia e Construções, S.A.



Cement consumption (t), by country, by Teixeira Duarte - Engenharia e Construções, S.A.



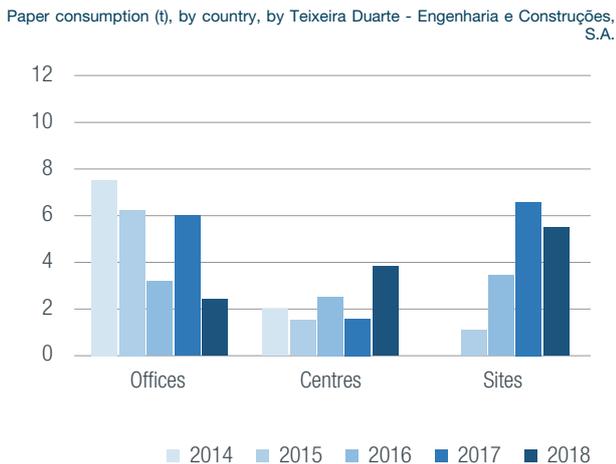
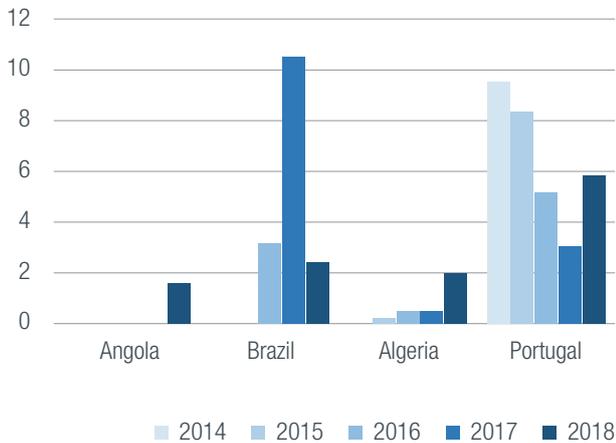
Aggregates consumption (t), by country, by Teixeira Duarte - Engenharia e Construções, S.A.



Wood consumption (t), by country, by Teixeira Duarte - Engenharia e Construções, S.A.

In the year under review, emphasis should be placed on the increased consumption of various materials in Algeria, due to the resumption of the company's activities on this market.

Within the overall scope of Teixeira Duarte - Engenharia e Construções, S.A., there was a reduction in paper consumption at its offices and construction sites. This reduction was achieved despite the inclusion of data from Angola, where the implementation of the environmental management system is in expansion this year.



As regards paper consumption, Group companies have continued with a series of measures aimed at reducing paper consumption.

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.

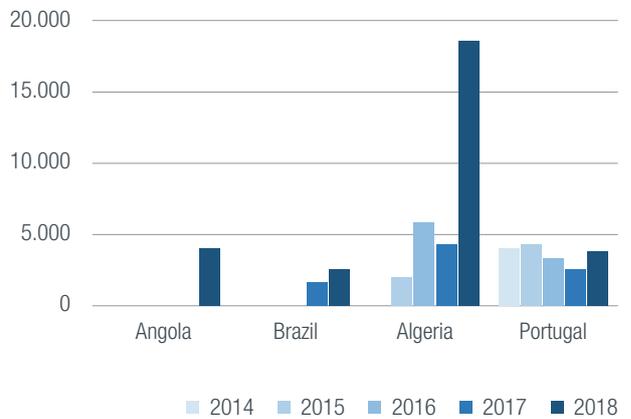
If this is not all possible, a special noise license is requested to carry them out.

Within the scope of real estate activity, there is 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.

Emissions

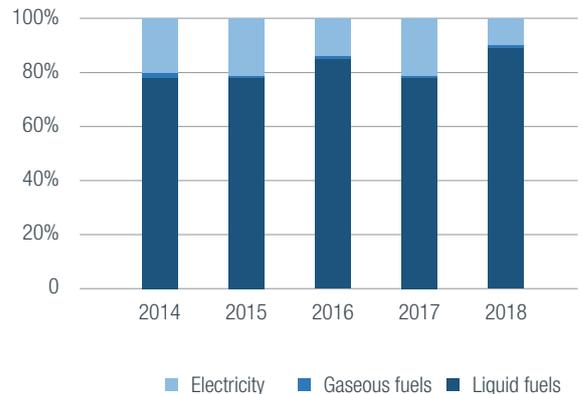
Both at offices and operational facilities, Teixeira Duarte Group companies work to reduce their ecological footprint by reducing CO2 emissions inherent to their activities.

Within the scope of the environmental management systems of Teixeira Duarte - Engenharia e Construções, S.A., the collection of CO2e emissions data from two major sources began in 2018: travel while working for the Company (plane, train and car) and energy consumption (electricity, gas and liquid fuels).



Total emissions by country of companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.

The energy source with the greatest weight in emissions produced by Teixeira Duarte - Engenharia e Construções, S.A. is liquid fossil fuel, used to carry out the projects.



Total emissions by energy source type by companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.

To address CO2e emissions from transport used by the occupants of its developments, the main commitments by companies in the Teixeira Duarte Group's real estate sector are innovative mobility solutions and dialogue with local authorities.

For example, at Lagoas Park, a business centre built and currently managed by Group companies, several measures were taken in 2018 to promote the adoption of more sustainable mobility solutions by its 6,000 users, including employees of Teixeira Duarte Group companies based in the same *office park*.

These new options include:

- *Car-sharing*: "DriveNow"; in 2017, the "24/7 City by HERTZ" was installed in the park in 2017;
- *Carpooling*: Mobile App "Be Lagoas";
- Shared buses: BusUp;
- Public transport: access to the Lisbon Metropolitan Area multimodal information system through the "Be Lagoas" Mobile App;

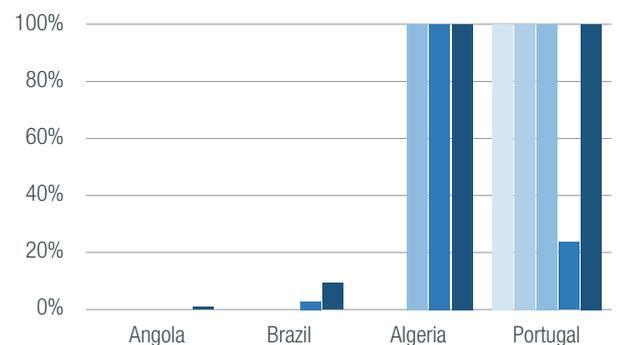


Waste

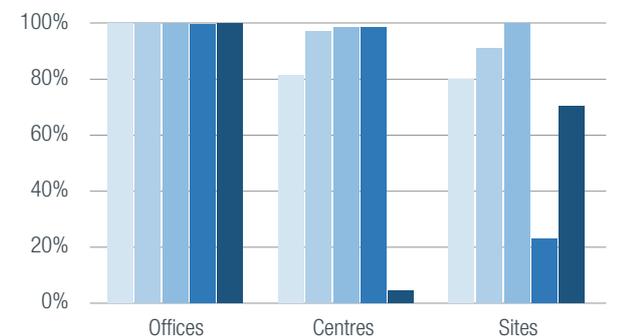
Waste production is one of the most significant environmental aspects in the Construction sector. The companies of the Teixeira Duarte Group has run awareness and training campaigns in recent years, with the aim of promoting waste segregation and its consequential recovery. These campaigns are not only 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.

Within the certified perimeter of Teixeira Duarte - Engenharia e Construções, S.A., the evolution of the percentage of recycled waste is shown on the following graphs.



Percentage of recycled waste, by country, by companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.



Percentage of recycled waste by type of establishment, by the companies included in the certification perimeter of Teixeira Duarte - Engenharia e Construções, S.A.

It should be noted that the significant decrease in the rate of waste recycling in Portugal and on construction sites, in 2017, was mainly due to a major project, where, in accordance with

the legislation, it was not possible to recover a significant part of the soil. Excluding this work, waste recycling would have stood at 83%.

Similarly, the significant decrease in the waste recycling rate in 2018 at Teixeira Duarte - Engenharia e Construções, S.A. centres and sites, was caused by starting to include data from Angola, where waste recycling solution are currently in their development phase.

Sustainable cities

More than half of the world's population now lives in urban areas, so it is essential to find strategies to enable them to continue to grow by providing greater social progress, while at the same time ensuring a reduction in pollution and the sustainable use of natural resources.

In awareness of this global challenge, the Teixeira Duarte Group's subsidiaries, particularly companies involved in construction, *Facilities Management* and Real Estate, cooperate with local communities, local authorities and other *stakeholders* to identify ways of managing the social and environmental challenges of cities.

Environmental research partnerships

As a member of the *European Federation of Foundation Contractors* (EFFC), Teixeira Duarte - Engenharia e Construções, S.A. participated in this association's working groups to create a tool to calculate the CO2 emissions from foundations and geotechnical work. The *CO2 Foundations - Geotechnical Carbon Calculator* is the first standardised tool to calculate CO2 emissions from these types of works. The calculator allows a comparison of different technical approaches to the same project, predicting their respective CO2 emissions. In addition, it can be used throughout the development of a project to compare actual and planned performance.

IV. FUTURE DEVELOPMENT PERSPECTIVES

SUBSEQUENT EVENTS

Teixeira Duarte Group companies continued their activity in the different sectors and markets in which they operate, with an emphasis on the following facts between the close of the financial year and the date of writing:

The Teixeira Duarte Group's order portfolio for the construction sector evolved positively between 31 December and the date of writing, with projects worth approximately 50 million being awarded since 31 December 2018.

TDGI signed a contract with the "H&M" fashion stores network in Luxembourg to carry out preventive and corrective maintenance in the 10 stores that the Swedish multinational company owns in that country. Services include the maintenance of electrical installations, HVAC installations, sanitary facilities, and architectural and civil construction elements.

In Brazil, the "Loomi Paulista" project was launched in the region of Aclimação, in the city of São Paulo, with 98 units.

Opening of the Dakaza flagship store, in a premium location in the centre of the city of Luanda.

Nissan continues to be one of the most important vehicle brands in Angola, achieving leading sales in Angola in Amrch 2019 with a market share of 17%.

FUTURE DEVELOPMENT PERSPECTIVES

The activity is forecast to grow in 2019 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 4.8% when compared to the end of 2017, this meant that it stood at 1,794,498 thousand euros on 31 December 2018, of which 548,932 thousand euros are for 2022 and following years.

For a more detailed analysis of more immediate periods, that is, for the remaining 1,245,566 thousand euros that have already been contracted, and whose execution is forecast for 2019, 2020 and 2021, below can be found a map of additional elements regarding its distribution by countries of activity:

	2019		2020		2021	
	Value	%	Value	%	Value	%
Portugal	158,362	25.1%	36,702	8.8%	18,961	9.6%
Angola	59,785	9.5%	49,538	11.9%	1,441	0.7%
Algeria	173,752	27.5%	204,969	49.2%	101,582	51.4%
Brazil	167,407	26.5%	85,698	20.6%	66,703	33.7%
Mozambique	28,406	4.5%	27,786	6.7%	8,259	4.2%
Other Markets	43,207	6.8%	12,137	2.9%	871	0.4%
Total	630,918	100%	416,831	100%	197,817	100%

For 2019, Teixeira Duarte expects to achieve consolidated operating income of EUR 1,100 million.

V. PROPOSED APPROPRIATION OF NET INCOME

DISTRIBUTION OF NET INCOME TO MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES

In view of the undertaking regarding the distribution to employees and members of the Board of Directors of part of the profits earned during the financial year, in compliance with the accounting standards currently in force, the amount of €950,000.00 (nine hundred and fifty thousand euros) was recorded as an expense for the 2018 financial year, with the resulting reduction in the “calculated net results” item of the financial statements attached to this Report, also subject to approval at the General Meeting.

Therefore, with the approval of this Annual Report, the Shareholders will also approve the aforesaid distribution of net income to the employees and members of the Board of Directors, in this last case to be deliberated by the Remuneration Committee.

It should also be noted in this regard that its subsidiary companies, specifically TD-EC, shall endeavour to distribute part of the results ascertained by them during the 2018 financial year to members of their boards of directors and their employees, amounting to a total of €4,764,000.00 (four million, seven hundred and sixty four thousand euros). The companies have also proceeded to record this amount on the accounts as an expense for the 2018 financial year, with the resulting reductions to the respective net result items.

PROPOSED ALLOCATION OF RESULTS

As the amount of €950,000.00 (nine hundred and fifty thousand euros), planned as being subject to distribution to employees and members of the Board of Directors, in compliance with applicable regulations it was posted as an expense for the 2018 financial year on the financial statements that form part of this Management Report. By approving these documents, the shareholders on the one hand confirm that they agree to distribute profits to employees and members of the Board of Directors and, on the other hand, that the Net Result that is subject to the proposed distribution of results is €4,671,723.84 (four million six hundred and seventy one thousand seven hundred and twenty three euros and eighty four cents).

In addition to the above, it is also Teixeira Duarte's policy to prioritise the strengthening of the company's equity by increasing other reserves, bearing in mind that Teixeira Duarte has already filled the legal reserve in its entirety.

With these assumptions, the Board of Directors proposes that the net results of "TEIXEIRA DUARTE, S.A." ascertained for the 2018 financial year, amounting to €4,671,723.84 (four million, six hundred and seventy one thousand, seven hundred and twenty three euros and eighty four cents) be retained for increasing the other reserves.

Lagoas Park, April 22, 2019

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

VI. 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 2018, 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 2017:

Name	Company	Assurance	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 Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães 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
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	-
Mr. 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 2018:

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	03/12/2018	(b) 1,000	0,17
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	04/12/2018	(b) 1,000	0,1615
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	05/12/2018	(b) 1,000	0,15
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	06/12/2018	(b) 1,000	0,145
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	07/12/2018	(b) 1,000	0,142
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	10/12/2018	(b) 1,000	0,139
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	12/12/2018	(b) 2,000	0,147
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	13/12/2018	(b) 5,000	0,16
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	13/12/2018	5,000	0,16
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/12/2018	(b) 5,000	0,154
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/12/2018	(b) 5,000	0,154
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	(b) 10,000	0,151
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	500	0,153
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	4,500	0,1505
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	18/12/2018	(b) 5,000	0,152
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	19/12/2018	(b) 5,000	0,148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	20/12/2018	(b) 5,000	0,144
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	21/12/2018	(b) 2,152	0,1385
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	21/12/2018	(b) 2,848	0,139
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	24/12/2018	(b) 5,000	0,134
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	27/12/2018	(b) 5,000	0,135
Pedro Maria Calainho Teixeira Duarte	Sale	Teixeira Duarte, S.A.	27/12/2018	(c) 35,000	Exchange for TD-SGPS shares

II. Number of shares held by Members of the Governing Bodies as at 31 December 2018:

Name	Company	Assurance	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 Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães 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	(a) 60,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,030,575
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
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	-
Mr. Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) 42,000 shares directly held by it and 18,000 shares held by the company it controls "PACIM - Gestão e Investimentos, Lda.", which in 2019, exchanged all of these shares for shares in Teixeira Duarte - SGPS, S.A.

(b) shares held under joint ownership with his wife.

LIST OF OWNERS OF QUALIFYING HOLDINGS AS AT 31 DECEMBER 2018

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 2018, indicating the number of shares owned and corresponding percentage voting rights, calculated under the terms of article 20 of the Securities Market Code.

	Nr. shares as at 31.12.2018	Share capital with right to vote
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.		
Directly	202,201,978	48.14%
Through the members of Board of Directors of "TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A."	9,058,048	2.16%
Total attributable	211,260,026	50.30%

	Nr. shares as at 31.12.2018	Share capital with right to vote
Eng. Miguel Calainho de Azevedo Teixeira Duarte		
Directly	198,070	0.05%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	43,510,000	10.36%
Total attributable	43,708,070	10.41%

	Nr. shares as at 31.12.2018	Share capital with right to vote
Banco Comercial Português, S.A. *		
Directly	-	-
Through the Pension Fund of the Banco Comercial Português Group that it holds	33,752,363	8.04%
Total attributable	33,752,363	8.04%

	Nr. shares as at 31.12.2018	Share capital with right to vote
Eng. João Afonso Calainho de Azevedo Teixeira Duarte		
Directly	9,717,325	2.31%
Total attributable	9,717,325	2.31%

* - It is reported that, on April 5, 2019, the Pension Fund of the Banco Comercial Português Group reduced its holding of the share capital of the company Teixeira Duarte, S.A., from 21,078,470 shares representing around 5.018% of the share capital and the respective voting rights, to 20,929,397 and around 4.983% respectively.



S2

BOLIVAR

ZPMC

S2

VIKING MERLIN

Hapag-Lloyd
Hapag-Lloyd
Hapag-Lloyd

Teixeira Duarte

Reports and Accounts 2018

Corporate Governance Report 2018

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 2018, distributed over a total number of 4,697 shareholders, as follows:

- Shareholders with up to 42,000 shares: 4,398
- Shareholders with 42,001 to 420,000 shares: 248
- Shareholders with 420,001 to 4,200,000 shares: 41
- 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 in-

formation 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.

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 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 2018, the qualifying holdings, calculated under the terms of article 20 of the Securities Market Code, were as follows:

	Nr. shares as at 31.12.2018	Share capital with right to vote
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.		
Directly	202,201,978	48.14%
Through the members of Board of Directors of "TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.*"	9,058,048	2.16%
Total attributable	211,260,026	50.30%
Eng. Miguel Calainho de Azevedo Teixeira Duarte		
Directly	198,070	0.05%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	43,510,000	10.36%
Total attributable	43,708,070	10.41%
Banco Comercial Português, S.A. *		
Directly	-	-
Through the Pension Fund of the Banco Comercial Português Group that it holds	33,752,363	8.04%
Total attributable	33,752,363	8.04%
Eng. João Afonso Calainho de Azevedo Teixeira Duarte		
Directly	9,717,325	2.31%
Total attributable	9,717,325	2.31%

* - It is reported that, on April 5, 2019, the Pension Fund of the Banco Comercial Português Group reduced its holding of the share capital of the company Teixeira Duarte, S.A., from 21,078,470 shares representing around 5.018% of the share capital and the respective voting rights, to 20,929,397 and around 4.983% respectively.

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 2018, 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 2017:**

Name	Company	Assurance	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 Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães 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
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	-
Mr. 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 2018:**

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	03/12/2018	(b) 1,000	0,17
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	04/12/2018	(b) 1,000	0,1615
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	05/12/2018	(b) 1,000	0,15
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	06/12/2018	(b) 1,000	0,145
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	07/12/2018	(b) 1,000	0,142
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	10/12/2018	(b) 1,000	0,139
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	12/12/2018	(b) 2,000	0,147
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	13/12/2018	(b) 5,000	0,16
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	13/12/2018	5,000	0,16
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/12/2018	(b) 5,000	0,154
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/12/2018	(b) 5,000	0,154
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	(b) 10,000	0,151
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	500	0,153
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	4,500	0,1505
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	18/12/2018	(b) 5,000	0,152
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	19/12/2018	(b) 5,000	0,148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	20/12/2018	(b) 5,000	0,144
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	21/12/2018	(b) 2,152	0,1385
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	21/12/2018	(b) 2,848	0,139

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	24/12/2018	(b) 5,000	0,134
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	27/12/2018	(b) 5,000	0,135
Pedro Maria Calainho Teixeira Duarte	Sale	Teixeira Duarte, S.A.	27/12/2018	(c) 35,000	Exchange for TD-SGPS shares

(b) These operations were carried out by the company it controls, PACIM - Gestão e Investimentos, Lda.
(c) This operation was carried out by the company it controls, PACIM - Gestão e Investimentos, Lda., which, for every 35 TEIXEIRA DUARTE, S.A. shares sold, it received 1 share representing the share capital of TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.

III. Number of shares held by Members of the Governing Bodies as at 31 December 2018:

Name	Company	Assurance	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 Constenla	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	(a) 60,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,030,575
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
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	-
Mr. Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) 42,000 shares directly held by it and 18,000 shares held by the company it controls "PACIM - Gestão e Investimentos, Lda.", which in 2019, exchanged all of these shares for shares in Teixeira Duarte - SGPS, S.A.

(b) shares held under joint ownership with his wife.

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:

- 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;
- 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;

- appointing attorneys or mandataries 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 Board of Directors ensures that the Company acts in accordance with its objectives and does not delegate powers with regard to i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk and special characteristics.

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 Comer-

cial 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 2018, the total value of the loans taken out from this institution reached approximately 246 million euros, corresponding to 28% 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 26 million euros, representing 6% of the total value of the guarantees contracted by the Group.

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.

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 Poiães Cobra Ferreira, lawyer, with professional domicile at Lagoas Park, Edifício 2, 2740-265 Porto Salvo, Oeiras, Portugal.

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

b) Voting and the exercise of voting rights

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

There are no restrictions on voting rights, namely 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 process of voting by electronic means, or to the participation of shareholders in the General Meeting by telematic means, are very significant, specifically with regard to the technical resources needed to verify the authenticity of the corresponding voting declarations, to allow participation in General Meetings by telematic means, and to guarantee the integrity and confi-

dentiality of the respective contents. It also recognises the high level of security and operational reliability necessary for receiving the aforementioned declarations.

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.

Throughout the 2018 financial year, the Board of Directors consisted of five members, all of whom were permanent, with a Chairman and four members:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos
 Carlos Gomes Baptista
 Diogo Bebiano Branco de Sá Viana Rebelo

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

Since then, no other members of the Board of Directors or of the other corporate bodies have been elected, and therefore Recommendation V.4.1. does not apply to TD,SA.

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.

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 connection between all of the corporate bodies, not only between the Statutory Auditor Company and the Supervisory Board, which meet periodically, but also between these bodies and the Board of Directors. All of the directors have provided the information requested by the other members of the corporate bodies in a timely and appropriate manner, and the company provides them all with any essential elements and documents for analysing and making decisions on matters that are their responsibility when exercising their respective positions.

The statutory auditor cooperates with the supervisory body, immediately providing it with information about any irregularities relevant to the duties performed by the supervisory body that it detects, as well as any difficulties that he/she may have encountered during the course of his/her duties.

It should also be noted that, pursuant to the principle of close collaboration between the governing bodies, 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. These tasks are performed, on the instructions of the Chairman of the Board of Directors, by the Company Secretary who, on the instructions of the former, provides the Chairman of the Supervisory Board with copies of the notifications and minutes of meetings of the Board of Directors, once 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 - and none of them is, according to the criteria of the CMVM Regulations, considered independent -, the provisions of Recommendation no. n.ºIII.1 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

Graduated in Business Management from "Universidade Católica Portuguesa", in 1977, where he held the position of assistant to the chair of General Mathematics until 1981.

Appointed for the first time in 2009, when the company was incorporated, he was last elected in 2015 to perform functions for the 2015/2018 term.

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 2018 he is responsible for performing the following duties, among others:

- ensuring the operation of the Board of Directors, particularly when it comes to coordinating the performance of its members and holding the respective meetings;
- coordinating the activities of the members of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A." and the 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, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;

In 1978 he joined the staff of "Teixeira Duarte - Engenharia e

Construções, S.A.", and in 1987 he became Managing Director of what was then the Group's top company, in which he has held the position of Chairman of the 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.

Over the years, he has held multiple corporate positions in various other entities, of which mentioned should be made of the following:

- On several occasions since 1991 he has served terms as a member of the Board of Directors of Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. - a company owned by members of the Teixeira Duarte family to which a stake in excess of 50% of the capital of TD,SA is assigned - and of which he was Chairman between 2011 and 11 April 2019;
- The top position in the management body of PASIM - Sociedade Imobiliária, Lda. since its incorporation to date;
- Member of the Board of Directors of "CIMPOR - Cimentos de Portugal, S.G.P.S., S.A." between 2001 and August 2009; and
- Various functions in the Corporate Bodies of "Banco Comercial Português, S.A." between 1985 and 2013, in particular as Vice-Chairman of the Senior Board, Vice-Chairman of the General and Supervisory Board and Vice-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 in 2009, when the company was incorporated, he was elected in 2015 to perform functions for the 2015/2018 term.

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

As a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018 this Director was 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, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;
- monitoring and reporting on activities in the concessions and services sector 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 activities carried out by subsidiaries in the Hospitality Sector;
- 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.

On several occasions since 1991 he has served terms as a member of the Board of Directors of Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. - a company owned by members of the Teixeira Duarte family to which a stake in excess

of 50% of the capital of TD,SA is assigned - and of which he was a Board Member between 2011 and 11 April 2019.

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 in 2009, when the company was incorporated, he was last elected in 2015 to perform functions for the 2015/2018 term.

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 a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018 this Director was 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, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;

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 De-

partment, 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 in 2009, when the company was incorporated, he was last elected in 2015 to perform functions for the 2015/2018 term.

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 ceased to be a member of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A.", a position to which he was again elected in 2018.

As a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018

this Director was in charge of:

- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;

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 to the position for the first time in 2011, by a General Meeting decision, he was last elected in 2015 to perform functions for the 2015/2018 term.

As a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018 this Director was:

- 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, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;
- monitoring and reporting on activities carried out by subsidiaries 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 carried out by subsidiaries in Real Estate Sector;
- monitoring and reporting on activities carried out by subsidiaries in the Distribution Sector;
- monitoring and report on activities carried out by subsidiaries 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 Construction, 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, Pedro Maria Calainho Teixeira Duarte, is a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." and brother of the Engineer Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with Banco Comercial Português, S.A. are not of any significant nature.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte is a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." and is the cousin of the Engineer 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 operationality and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

It is therefore the responsibility of the Board of Directors to ensure that the Company acts in accordance with its objectives, so this body does not delegate powers with regard to i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk and special characteristics.

In effect, it is the Board of Directors that defines the generic organisational lines for the Group, which are shown on the following organisational chart:

CORPORATE AREA

Internal Audit

Accounting

Finance

Legal

Human Resources

Corporate Secretariat

Information Technologies

ACTIVITY SECTORS

Construction

Geotechnics and Rehabilitation

Marine Works

| Exploration Centres

| Direction of Studies
and Projects

Buildings

| Exploration Centres

| Direction of Studies

Infrastructures

| Exploration Centres

| Direction of Studies

Metalworking

Underground Works

Railway Works

Shuttering and Prestressing

Supplies

Equipment Management

Management and
Technology Systems

Proposal's Logistics

Concessions and Services

Facilities Management

Environment

Education

Real Estate

Hospitality

Distribution

Automotive

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 operationality.

The individual competence of each member is established by deliberation of the actual Board of Directors and their interaction is maintained in a regular form under the legally stipulated terms and considered sufficient for this purpose.

Notwithstanding the foregoing, it is reported that following a decision by the Board of Directors of TD,SA on 5 February 2018, the new "Code of Ethics and Conduct of the Teixeira Duarte Group" was approved, which is also mandatory for all Directors. However, nowhere in this code are regulatory provisions for the operation of corporate bodies, or other relevant provisions in this regard.

Detailed minutes of the meetings of the Board of Directors and the other corporate bodies of TD,SA are always drawn up.

Although this is not established in the Articles of Incorporation or in other specific mechanisms to this effect, it is guaranteed that, within the limits of the applicable legislation, the members of the administration and supervisory bodies are permanently guaranteed access to all company information and employees for the assessment of the performance, situation and development prospects of the company, specifically including minutes, supporting documentation for decisions that are made, meeting notifications and files from meetings of the executive management body, without prejudice to access to any other documents or persons from whom clarifications may be requested.

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 2018, the Board of Directors of TD,SA held 33 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, was present at all meetings of this body.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte was present at thirty-one meetings of the Board of Directors, and was represented by the Chairman of the Board of Directors at the two meetings at which he was not present.

The Director Joel Vaz Viana de Lemos was present at twenty-nine meetings of the Board of Directors, having been represented by the Chairman of the Board of Directors at three of the four meetings he was unable to attend, his absence having been previously announced and justified by other prior professional commitments, all in coordination with the other members of the Board.

The Director Carlos Gomes Baptista was present at thirty-two meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at the only meeting at which he was not present.

The Director Diogo Bebiano Branco de Sá Viana Rebelo attended thirty-one meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at the two meetings he was unable to attend.

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 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 and for the same reasons, it was considered that it was unnecessary to create any committee or commission to reflect on the adopted governance system, structure and practices, verify their effectiveness and propose to the competent bodies the measures to take with a view to their improvement.

These duties are performed by each of the Governing Bodies which, better than any other body created only for this effect, are successful in identifying any constraints and difficulties which might have been encountered, and in the same way, collaborate together in the assessment of the adopted corporate governance model, reporting and overcoming any operational and 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 or self-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.

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 2018, 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

Director: Manuel Maria Calainho de Azevedo Teixeira Duarte

As at 31 December 2018, 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 "Teixeira Duarte - Engenharia e Construções (Macau), Limitada";
- 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 2018, 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: Carlos Gomes Baptista

As at 31 December 2018, he held the following position in a company outside the Teixeira Duarte Group:

- Director of "Teixeira Duarte - Engenharia e Construções, S.A".

Director: Diogo Bebiano Branco de Sá Viana Rebelo

As at 31 December 2018, 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 "Quinta de Cravel Imobiliária, S.A. ";
- Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, 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 "BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda. ";
- 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.

Considering the small number of members of the Board of Directors and the fact that all of them are executives and people who have been monitoring the activity of Group companies for more than 25 years and, therefore, the actions of the management staff, the people who fill these positions are appointed directly by the Board of Directors and the creation of any committees, specifically for monitoring and supporting such appointments as suggested in Recommendation V.4.2., is dispensed with in this case.

As no appointments committee has been set up, Recommendation V.4.4. does not apply to TD,SA. Therefore, the Board of Directors is responsible for establishing selection processes which, as provided for in this same Recommendation, are transparent and include effective mechanisms for identifying potential candidates. Those with the greatest merit and who are best suited to the demands of the role are chosen, and adequate diversity is promoted within the organisation, including gender diversity.

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
Board Members: Mateus Moreira
Mr. 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 re-appointed 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.
- Member of the Supervisory Board of the Pension Fund Management Company of Banco de Portugal;
- 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..
- He is a member of the Advisory Board of Start-Up Portimão.

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 reported that a decision by the Board of Directors of TD,SA of 5 February 2018, approved the new "Code of Ethics and Conduct of the Teixeira Duarte Group" which, under the terms of that document, also applies to the supervisory bodies, although nowhere in that document are provisions regulating the functioning of corporate bodies, or other relevant provisions in this regard.

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 2018, the Supervisory Board held eight meetings, all of which were attended by all of its permanent members.

36. Availability of each member, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 26.

All the members of the Supervisory Board show the appropriate availability for the performance of their duties at TD,SA, namely for participation in the periodic meetings of the Board of Directors and Supervisory Board, and for follow-up of the Company's activity and the preparation and publication of the documents presenting the accounts, in coordination with the action of the Chartered Accountants Firm.

The positions held by each of the members of the Supervisory Board in companies within and outside the Group are indicated below:

Óscar Manuel Machado de Figueiredo (Chairman of the Supervisory Board)

As at 31 December 2018, he held the following positions:

- He is chairman of the Audit Committee of the Algarve Hospital Center.
- Member of the Supervisory Board of the Pension Fund Management Company of Banco de Portugal;
- Vice President of the Governing Board of the Chartered Accountants Association.

Mateus Moreira (Member of the Supervisory Board)

- As at 31 December 2018, he did not perform duties in any other companies.

Miguel Carmo Pereira Coutinho (Member of the Supervisory Board)

- As at 31 December 2018, he did not perform duties in any other companies.

Rui Pedro Ferreira de Almeida (Alternate of the Supervisory Board)

- On 31 December 2018, he was 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* and substitute member of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco, S.A. and member of the Advisory Board of Start-Up Portimão.

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 Gonçalo 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 four 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 noted in this regard that the external auditor in office was elected to the position for the first time for the 2015/2018 term.

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 VII.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	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-
By entities included in the Group*		
Value of review of legal accounts services	260,710.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to the 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.

The previous 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 defence, 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 2018, these services were assured by five 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.

Also of note is the *Compliance* implemented in the Teixeira Duarte Group.

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 2018, 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. III.12 - 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. III.11. 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 competences in the area of risk control, and, in view of the model in force in the Group on this matter, all areas share responsibility under the terms described above and the *Compliance* System implemented in the Teixeira Duarte Group applies to all of them.

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; and
- alterations in the competitive environment of the activity sectors in which the Teixeira Duarte Group operates.

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 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.

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 Marine 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 interests 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.

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 changes in 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 (73.3% in 2018). 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 risk by acting in two ways: ensuring that the Group's financial debt has a high medium and long term component with suitable maturities for the expected capacity for generating funds and negotiating credit facilities.

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.

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.

Adverse variations in the price of oil and other commodities might also significantly affect the net income and financial situation of the Teixeira Duarte Group.

The volatility of the price of commodities constitutes a risk for the Teixeira Duarte Group, affecting the operating activity of the construction business area, although this is on occasions mitigated through supplier contracts with fixed prices and customer contracts which enable reflecting these alterations in the prices paid by these customers.

In particular, the Teixeira Duarte Group is indirectly exposed to the price of oil. The Group's capacity to reflect increases in the price of oil in the prices of its final products and services is minor, therefore, negative consequences might arise in the direct margins of the final products sold and in the net contribution of the services rendered. Furthermore, an increase in the price of oil has a direct impact on the transport costs associated to the development of the Group's activity, therefore, adverse variations in the price of oil could have a negative material impact on the Group's activity, financial situation and net income.

More specifically, the evolution in the price of oil could significantly affect the net income of the Teixeira Duarte Group for three reasons:

- 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. VI.2, 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.

Although the Board of Directors discusses the company's strategic plan and risk policy, and the definition of acceptable levels of risk, including the implementation of a *Compliance* System and approaching the matter under the terms described above, the truth is that it neither sets it out in a document nor formally approves it, as the current model has been efficient thus far.

The Board of Directors regularly assesses the degree of internal compliance and the performance of risk control and management, as well as the outlook for changes in the risk frameworks, which are, in general, disclosed annually in this Corporate Governance Report.

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.

Although this is not included in the internal regulations of the supervisory body - which do not exist - it monitors, through the meetings scheduled with the external auditor and statutory auditor, the suitability of the management body's process for drawing up and disclosing financial information, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application from financial year to financial year, in a duly documented and reported manner.

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 Póiares 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.

In addition, the aforementioned Market Relations Representative is also the Company Secretary and, in coordination with the Board of Directors, he discloses information to members of the management and supervisory bodies.

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 2018 was 4 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 criterion established in article 3(1) (25) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, the only Directors of TD,SA are its own Managers. As there are no non-executive Directors, no rule is provided on this matter.

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 prac-

tice 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.

It should be added that, although the Company is available for this purpose, no natural or legal persons were hired to support the Remuneration Committee in the performance of its duties, at the discretion of the Committee itself.

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 VII.2.4..

For the purposes of Recommendation no. V.2.5., it is reported that the Chairman of the Remuneration Committee and, generally, the other members are always present at the Annual General Meetings of the Company.

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 26 May 2018, 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 Commercial Companies Code.

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 au-

tonomy, 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 2018 to 2020 above the EBITDA recorded for 2017;
- Average Consolidated Net Income for 2018 to 2020 above the Consolidated net income for 2017.

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.

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, 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.

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.

It is also reported that the members of the Board of Directors did not enter into contracts, either with the company or with third parties, that would have the effect of mitigating the risk inherent to the variable nature of the remuneration set for them 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 2018 to 2020.

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.

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.

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 2018, the remunerations, in a broad sense, received individually by the members of the Board of Directors, were as follows:

	Fixed remuneration	Variable remuneration			Sub-Total	Travel compensation	Total
		Created in 2018	Created in 2013	Created in 2012			
Board of Directors							
Mr. Pedro Maria Calainho Teixeira Duarte	70,000.00	25,000.00	-	25,000.00	120,000.00	-	120,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	137,200.00	32,000.00	33,500.00	44,500.00	247,200.00	17,630.15	264,830.15
Joel Vaz Viana de Lemos	137,200.00	32,000.00	33,000.00	45,000.00	247,200.00	2,712.15	249,912.15
Mr. Carlos Gomes Baptista	137,200.00	32,000.00	28,000.00	50,000.00	247,200.00	14,768.75	261,968.75
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	137,200.00	32,000.00	28,000.00	50,000.00	247,200.00	6,608.70	253,808.70
	618,800.00	153,000.00	122,500.00	214,500.00	1,108,800.00	41,719.75	1,150,519.75

In 2018, the total amount of variable remuneration paid by TD,-SA, assigned during the financial year and previous financial years, represented 42.6% of the total amount earned.

In addition to the information indicated above on the amounts paid, it is reported that in 2018 the Remuneration Committee decided to award variable remuneration amounts to the members of the Board of Directors, part of which were paid in the same year - which are indicated above on the map - and part of which were deferred to 2021, the respective payment of this part being dependent on each of the members of the Board of Directors in question continuing to perform their functions and the positive performance of "Teixeira Duarte, S.A." throughout that period, with this being defined as the occurrence of at least one of the following facts:

- Increase in equity, in relation to 31 December, 2017;
- Average EBITDA for 2018 to 2020 above the EBITDA recorded for 2017;
- Average Consolidated Net Results for the financial years 2018 to 2020 higher than 10 million euros.

It is further clarified that the variable remuneration paid in 2018 was an extraordinary bonus and not a performance bonus.

Board of Directors	Variable remuneration paid in 2018		
	For 2018	For 2021	Total
Mr. Pedro Maria Calainho Teixeira Duarte	25,000.00	30,000.00	55,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	32,000.00	35,000.00	67,000.00
Joel Vaz Viana de Lemos	32,000.00	35,000.00	67,000.00
Mr. Carlos Gomes Baptista	32,000.00	35,000.00	67,000.00
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	32,000.00	35,000.00	67,000.00
	153,000.00	170,000.00	323,000.00

78. Amounts paid, for any reason, by other companies in a controlling or group relationship or which are subject to common control.

During 2018, 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".

In 2018, the establishment of the bonuses paid - both as extraordinary bonuses (awarded in 2018) and as performance bonuses (awarded in 2012 and 2013) - was motivated by the performance and results of the Company as a whole, as well as by the activity of the management body as a whole, compared to the objectives that had been set, taking into account the remuneration conditions and quantities of its employees.

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.

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 2018, the remunerations received by the members of the Supervisory Board of TD,SA were distributed as follows:

Supervisory Board	Fixed remuneration	Variable remuneration	Total Remuneration
Óscar Manuel Machado de 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:

	Remuneration
Legal review of accounts services for the Group	321,710.00
Other reliability assurance services	-
Tax advisory services	-
Services other than legal review of accounts	-
	321,710.00

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2018, 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, 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 2018.

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 V.3.6, 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.

It should be noted in this regard that, on 5 February 2018, the Board of Directors of TD,SA approved the new "Code of Ethics and Conduct of the Teixeira Duarte Group", mandatory for all Directors, employees and other representatives of those entities, under the terms defined in that document.

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.

It should be remembered that the Code of Ethics and Conduct is mandatory for all employees (this concept includes directors, employees and other representatives of Teixeira Duarte Group entities) and that any failure to apply the code may lead to disciplinary procedures and sanctions. Therefore, given this comprehensiveness and effective relationship - which has been considered efficient - the management body has not defined, as suggested by Recommendation I.5.1., the type, scope and individual or aggregated minimum value of business with related parties that: (i) requires prior approval of the management body (ii) and business that also requires a favourable opinion in advance from the supervisory body, because it is of a higher value.

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 2018.

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 2018.

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.

In addition to the applicable legislation and regulations, specifically the Commercial Companies Code, the Securities Code and the CMVM Regulations, in particular Regulation no. 4/2013, TD,SA opted to adopt the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG).

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 aforementioned Corporate Governance Code issued by the IPCG can be consulted at www.cgov.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.

These lines are subject to simultaneous development, given their interconnection.

Out of the 60 Recommendations included in the aforementioned Corporate Governance Code of the IPCG, the Company does not adopt seventeen and partially adopts six.

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

Recommendation	Adoption	Reference
I. GENERAL PART		
I.1. The company's relationship with investors and information		
I.1.1. The company must put in place mechanisms to ensure, in an appropriate and rigorous manner, the production, processing and timely disclosure of information to its corporate bodies, shareholders, investors and other <i>stakeholders</i> , financial analysts and the market in general.	Yes	56.
I.2. Diversity in the make-up and functioning of the corporate bodies		
I.2.1. Companies must put in place criteria and requirements relating to the suitable profiles of new members of corporate bodies for the role to be performed and, in addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles must consider diversity requirements, paying particular attention to gender, which may contribute to improving the performance of the body and to balancing its respective composition.	Yes	92,3
I.2.2. The management and supervisory bodies and their internal committees must have internal regulations - specifically on exercising the respective attributes, chairmanship, meeting frequency, operation and framework of duties of their members. Detailed minutes must be kept of the respective meetings.	No	22.
I.2.3. The internal regulations of the management and supervisory bodies and their internal committees shall be disclosed in full on the website.	Not applicable.	22.
I.2.4. The composition, and the number of annual meetings of the management and supervisory bodies and their internal committees must be disclosed on the company's website.	Yes	23.
I.2.5. The company's internal regulations shall provide for the existence, and ensure the operation of mechanisms for detecting and preventing irregularities, as well as the adoption of a policy for reporting irregularities (<i>whistle blowing</i>), which guarantees appropriate means for communicating and handling such reports, while safeguarding the confidentiality of the information that is transmitted and the identity of the reporter, whenever requested.	Yes	49.
I.3. The company's relationship with investors and information		
I.3.1. The articles of association or other equivalent means adopted by the company must put mechanisms in place to ensure that, within the limits of applicable legislation, members of the management and supervisory bodies are permanently allowed access to all information and company employees for the assessment of the performance, situation and development prospects of the company, specifically including minutes, documentation supporting decisions taken, notifications of meetings and archives of meetings of the executive management body, without prejudice to access to any other documents or persons from whom clarification may be requested.	Partial	22. and 10.
I.3.2. Each of the company's bodies and committees must, in a timely and appropriate manner, ensure the flow of information, from the time of the respective meeting notifications and minutes, which is necessary to allow each of the other bodies and committees to exercise their legal and statutory powers.	Yes	22.
I.4. Conflict of interests		
I.4.1. Members of corporate bodies and committees must be required to inform the respective body or committee, in a timely manner, of any facts that may constitute or give rise to a conflict between their interests and the company's interest.	Yes	89.
I.4.2. Procedures must be put in place to ensure that the member affected by the conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification as requested by the body, the committee or its members.	Yes	89.
I.5. Transactions with related parties		
I.5.1. The management body must define, based on a prior and binding opinion of the supervisory body, the type, scope and minimum individual or aggregate value of business with related parties that: (i) requires prior approval of the management body (ii) and business that also requires a favourable opinion in advance from the supervisory body, because it is of a higher value.	No	10. and 89.
I.5.2. The management body must report all business covered by Recommendation I-5-1 to the supervisory body, at least once every six months.		

	Recommendation	Adoption	Reference
II.	SHAREHOLDERS AND GENERAL MEETING		
II.1.	The company shall not set an excessively high number of shares required to confer the right to one vote, and must explain its choice in the governance report its choice whenever this implies a deviation from the principle that each share corresponds to one vote.	Yes	1 and 12
II.2.	The company 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.
II.3.	The company must put adequate means in place to allow voting rights to be exercised by correspondence, including electronically.	Partial	12.
II.4.	The company must put adequate means in place for shareholders to participate in the meeting by telematic means.	No	12.
II.5.	Any articles of association of the company 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 and 13
II.6.	Measures must not be adopted that determine payments or the assumption of burdens by the company in the event of a change in control or of a change in the composition of the management body, if they are likely to undermine economic interest in the transfer of shares and the free appraisal by shareholders of the performance of directors.	Yes	6.
III.	NON-EXECUTIVE MANAGEMENT AND SUPERVISION		
III.1.	Without prejudice to the legal duties of the Chairman of the Board of Directors, if he/she is not independent, the independent directors must appoint a coordinator (<i>lead independent director</i>) from among their ranks to, specifically, (i) act, whenever necessary, as a point of contact between the Chairman of the Board of Directors and the other directors, (ii) ensure that they have all of the necessary conditions and means to perform their duties; and (iii) coordinate them for the performance assessment by the management body provided for in recommendation V.1.1.	Not applicable.	18.
III.2.	The number of non-executive members of the management body, as well as the number of members of the supervisory body and the number of members of the committee for financial affairs, must be appropriate for the size of the company and the complexity of the risks inherent to its activity, and sufficient to efficiently ensure the functions undertaken by them.	Yes	18.
III.3.	In any case, the number of non-executive directors must be greater than the number of executive directors.	No	18.
III.4.	No less than one third of the non-executive directors of each company must meet the independence requirements, and these directors must always be plural. For the purposes of this recommendation, a person is deemed to be independent if he or she is not associated with any specific interest group in the company, and he or she is not in any circumstance likely to affect his or her impartiality when conducting analyses or making decisions, specifically by virtue of: <ul style="list-style-type: none"> i. Having held positions in any corporate body for more than twelve years, continuously or with breaks; ii. 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; iii. 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; iv. 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; v. Living in a non-marital partnership or being the spouse or straight line relative or similar, up to and including the 3rd degree, in the collateral line, of directors of the company, of directors of a legal person that holds a qualified stake in the company or of individuals that directly or indirectly hold a qualified holding; vi. Holding a qualifying stake or representing a shareholder holding a qualifying stake. 	No	18.
III.5.	The provisions of paragraph (i) of recommendation III.4 do not preclude the qualification of a new director as independent if, at least three years have elapsed between the end of his or her functions in any corporate body and his or her new appointment (<i>cooling-off period</i>).	Not applicable.	18.

	Recommendation	Adoption	Reference
III.6.	Non-executive directors must participate in the definition, by the management body, of the strategy, main policies, corporate structure and decisions that should be considered strategic for the company due to their value or risk, as well as in the assessment of their compliance.	Not applicable.	18.
III.7.	The general and supervisory board shall, within the framework of its legal and statutory powers, cooperate with the executive board of directors to define the strategy, main policies, corporate structure and decisions that should be considered strategic for the company, due to their value or risk, as well as with their compliance assessment.	Not applicable.	18.
III.8.	With regard to the powers conferred upon it by law, the supervisory body must, in particular, monitor, assess and pronounce on the strategic guidelines and risk policy defined by the management body.	No	51.
III.9.	Companies must set up specialised internal committees commensurate with their size and complexity, to separately or jointly cover matters of corporate governance, remuneration and performance assessment, and appointments.	Partial	24. and 66.
III.10.	Risk management, internal control and internal audit systems must be structured in terms that are appropriate to the size of the company and the complexity of the risks inherent to its activity.	Yes	50. and 51.
III.11.	The supervisory body and financial affairs committee must supervise the effectiveness of risk management, internal control and internal audit systems, and propose any adjustments that may be necessary.	No	51.
III.12.	The supervisory body must pronounce on the work plans and resources related to internal control services, including control of compliance with the standards applied to the company (<i>compliance services</i>) and internal audit services, and must be sent the reports drawn up by these services, at least when matters relating to the rendering of accounts, the identification or resolution of conflicts of interest, and the detection of potential irregularities are at issue.	No	51.
IV.	EXECUTIVE MANAGEMENT		
IV.1.	The management body must approve, through internal regulations or equivalent means, the regime for actions taken by executives and their exercising of executive functions in entities outside the group.	No	22.
IV.2.	The management body must ensure that the company acts in accordance with its objectives and that it specifically does not delegate powers with regard to: i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk or special characteristics.	Yes	9 and 21
IV.3.	The management body shall set targets for taking on risks, and ensure that they are met.	Yes	53.
IV.4.	The supervisory body must organise itself internally, by implementing mechanisms and periodic control procedures with a view to ensuring that the risks to which the company is effectively exposed are consistent with the objectives set by the management body.	No	51. and 54.
V.	PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS		
V.1.	Annual Performance Assessment		
V.1.1.	On an annual basis, the management body must assess its performance, as well as the performance of its committees and of the managing directors, taking into account compliance with the company's strategic plan and the budget, risk management, its internal operation and the contribution of each member for this purpose, and the relationship between the company's bodies and committees.	Partial	24 and 25
V.1.2.	The supervisory body must supervise the management of the company and, in particular, conduct an annual assessment of compliance with the company's strategic plan and budget, risk management, the internal operation of the management body and its committees, as well as the relationship between company bodies and committees.	Partial	24. and 51.
V.2	Remuneration		
V.2.1.	The setting of remunerations shall be the responsibility of a committee, the composition of which should ensure its independence from the management.	Yes	66. and 67.

Recommendation	Adoption	Reference
V.2.2. At the beginning of each term of office and on an annual basis, the remuneration committee must approve the implementation and confirmation of the remuneration policy for members of the company's bodies and committees, under the scope of which the respective fixed components are established, and, in the case of executive managers or managers with occasional executive duties, if the remuneration has a variable component, the respective award and measurement criteria, the limitation mechanisms, the mechanisms for deferring the payment of remuneration and the remuneration mechanisms based on share options or shares in the company itself.	Yes	69.
V.2.3. 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: <ul style="list-style-type: none"> i. The total remuneration broken down by different components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the remuneration policy that has been adopted, including the way in which it contributes to the long-term performance of the company, and information on how the performance criteria have been applied; ii. Remuneration from companies belonging to the same group; iii. The number of shares and share options granted or offered, and the main conditions for exercising the rights, including the price and date of this exercise and any change in these conditions; iv. Information on the possibility of requesting the refund of a variable remuneration; v. Information on any deviation from the procedure for applying the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements subject to the dispensation; vi. Information on the enforceability or non-enforceability of payments relative to the termination of office of directors. 	Yes	69.
V.2.4. For each term of office, the remuneration committee must also approve the directors' pension scheme, if allowed by the articles of association, and the maximum amount of all compensation to be paid to members of any company body or committee due to the respective termination of their functions.	No	76.
V.2.5. In order to provide information or clarification to shareholders, the chairman or, in his or her absence, another member of the remuneration committee must be present at the annual general meeting and at any other meeting, if the respective agenda includes a matter related to the remuneration of members of the company's bodies and committees, or if his or her presence has been requested by the shareholders.	Yes	67.
V.2.6. Within the limits of the company's budget, the remuneration committee must be able to freely decide on whether the company should contract consultancy services that may be necessary or appropriate for performing its duties. The remuneration committee must ensure that services are provided independently and that the respective providers are not contracted to provide any other services to the company itself or to others that are in a control or group relationship with it, without the express authorisation of the Committee.	Yes	67.
V.3. Remuneration of directors		
V.3.1. With a view bringing the interests of the company into line with those of the executive directors, part of their remuneration shall have a variable nature, reflecting the sustained performance of the company and not encouraging the taking of excessive risks.	Yes	70. and 71.
V.3.2. A significant part of the variable component must be partially deferred over time, for a period of not less than three years, and it must be associated with the confirmation of sustained performance, under the terms laid down in the company's internal regulations.	Yes	70, 71 and 72
V.3.4. If the variable remuneration includes share options or other instruments directly or indirectly dependent on the value of the shares, the beginning of the financial year period must be deferred for a period of not less than three years.	Not applicable.	74.
V.3.5. The remuneration of non-executive directors must not include any component whose value depends on the performance of the company or its value.	Not applicable.	66.
V.3.6. The company must have suitable legal instruments in place to ensure that termination of service before the end of the term of office does not directly or indirectly lead to the payment to the director of any amounts other than those provided for by law. The legal instruments that are adopted must be explained in the corporate governance report.	No	83.
V.4. Nominations		
V.4.1. The company must, under the terms it deems appropriate, ensure that proposals for the election of members of corporate bodies are accompanied by justifications in terms of suitability for the profile, knowledge and CV, for the role to be performed by each candidate, in a way that can be demonstrated.	Not applicable.	17.
V.4.2. Unless this is not justified by the size of the company, the role of monitoring and supporting appointments of management staff must be assigned to an appointments committee.	No	27.

	Recommendation	Adoption	Reference
V.4.3.	This committee includes a majority of independent non-executive members.	Not applicable.	27.
V.4.4.	The appointments committee shall make its terms of reference available and must, to the extent of its powers, foster transparent selection processes that include effective mechanisms for identifying potential candidates, ensuring that those with the greatest merit and who are best suited to the requirements of the role are selected, and that suitable diversity, including gender diversity is promoted within the organisation.	Not applicable.	27.
VI.	RISK MANAGEMENT		
VI.1	The management body must discuss and approve the company's strategic plan and risk policy, including the definition of risk levels that are deemed acceptable.	No	54.
VI.2	Based on its risk policy, the company must put a risk management system in place, identifying (i) the main risks to which it is subjected during the course of its activity, (ii) the likelihood of their occurrence and their respective impact, (iii) the instruments and measures to be adopted with a view to their mitigation, (iv) the monitoring procedures to ensure their monitoring and (v) the system's supervision, periodic assessment and adjustment procedure.	Partial	54.
VI.3	On an annual basis, the company must assess the degree of internal compliance and the performance of the risk management system, as well as prospects of change in the previously defined risk framework.	Yes	54.
VII.	FINANCIAL INFORMATION		
VII.1.	Financial Information		
VII.1.1.	The internal regulations of the supervisory body shall require it to supervise the suitability of the management body's process to prepare and disclose financial information, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application from one financial year to the next, in a duly documented and reported manner.	Partial	55.
VII.2.	Statutory audit and supervision		
VII.2.1.	The supervisory body must use internal regulations to define the following: <ul style="list-style-type: none"> i. The criteria and selection process for the statutory auditor; ii. The way in which the company communicates with the statutory auditor; iii. The supervisory procedures designed to ensure the independence of the statutory auditor; iv. Services other than auditing that may not be provided by the statutory auditor. 	No	45.
VII.2.2.	The supervisory body shall be the main point of contact in the company with the statutory auditor, and the first recipient of the respective reports. It shall be specifically responsible for proposing the respective remuneration and ensuring that suitable conditions for the provision of the services are provided within the company.	No	45.
VII.2.3.	On an annual basis, the supervisory body must assess the work done by the statutory auditor, its independence and suitability for performing the duties. The supervisory body must propose to the competent body its dismissal or termination of the contract for the provision of its services, whenever there is just cause to do so.	Yes	45.
VII.2.4.	The statutory auditor must, within the scope of its competences, verify the application of the remuneration policies and systems for corporate bodies, and the effectiveness and operation of the internal control mechanisms, and must report any deficiencies to the supervisory body.	Yes	51. and 67.
VII.2.5.	The statutory auditor must cooperate with the supervisory body, immediately providing it with information about any irregularities relevant to the duties performed by the supervisory body that it detects, as well as any difficulties that he/she may have encountered during the course of his/her duties.	Yes	41.

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.

As this has been referred to and stated several times in the text of this Corporate Governance Report, and because it is considered important to transfer the mandatory nature of the application of the Code of Ethics and Conduct to Teixeira Duarte Group companies, it is hereby informed that it has been adopted by decisions of each of the management bodies of these entities, and communicated to all workers. The text of the following item is also reproduced here:

6.1. Compliance

This Code of Ethics and Conduct applies to all Company Employees, who must know, comply with and promote - within the range of their actions - their compliance, as well as disclose its existence and content alongside other Employees and Indirect Recipients of this Code.

Failure to comply with the Code of Ethics and Conduct may entail disciplinary proceedings against Workers who fail to comply with it, as well as the presentation of any eventual complaints, including via judicial proceedings, and any eventual reports to the competent authorities, regarding all Employees who violate this Code.

At the annual general meeting of TD,SA, the diversity policy applied by the company in relation to its management and supervisory bodies was approved, the description of which, in compliance with the stipulations of Article 245-A(1)(r) of the Securities Code, is disclosed herein:

INTRODUCTION:

TEIXEIRA DUARTE, S.A. recognises the advantages arising from diversity in the composition of its Management and Supervisory Bodies, specifically in terms of age, gender, qualifications and professional background.

The main results of these benefits are the enrichment of management models, greater efficiency in assessment and decision-making processes through the consideration of different perspectives, taking advantage of the plurality of knowledge, experiences, skills and competences of the members of these corporate governing bodies.

In parallel, respect for such differences has shown the consolidation of the Human Resources structure of the business Group

led by TEIXEIRA DUARTE, S.A., through the enhancement of diverse aptitudes and competences, making the Company itself a reflection of the community of which it forms a part, and the different markets and sectors in which it operates.

In addition to the applicable legal provisions, this "Diversity Policy for the Management and Supervisory Bodies of Teixeira Duarte, S.A." was prepared by taking into account the historical situation of the company and of the entire TEIXEIRA DUARTE Group, which it leads.

Having said this, it is clarified that although diversity in the terms indicated above is an important criterion, it is not an absolute criterion, nor does it overlay others that are also deemed suitable for the sustainable development of Company and Group activities, and for simultaneously meeting applicable legal regulations.

BOARD OF DIRECTORS:

The criterion prioritised for the selection and appointment of the members of the Board of Directors of the leading company of the Teixeira Duarte Group - currently Teixeira Duarte, S.A. - was to focus on (i) executive members who are therefore linked to the Group's activity; and, from among these (ii) those who have been internally designated as "household people"; a commitment of trust in identifying with the same values, with a shared history, which means that this more idiosyncratic link is prioritised over the choice of an external expert in any sector of activity, operating market or corporate area.

Therefore, all members of administrative bodies have now been with the Teixeira Duarte Group for over twenty five years; the same applies to many members of the Group's senior management.

For this reason, it is understood that all commitments to be assumed and measures to be implemented should take into account what has become the priority criterion for selecting and appointing members of the Board of Directors, as well as the respective suitable for activities carried out by the Business Group led by Teixeira Duarte, S.A., and the situations of the markets and sectors in which it operates.

It is therefore within this framework that Teixeira Duarte, S.A. undertakes to make its best efforts to promote diversity in the composition of the Board of Directors, specifically through:

- *Compliance with the legal provisions in force on diversity, specifically non-discrimination and equal opportunities, which derive from the law and other applicable regulations, as well as the rules contained in the "Teixeira Duarte Group Code of Ethics and Conduct" and other documents that are based on it, which apply to the entire Group;*

- *Ensure equal opportunities and equal treatment, specifically on grounds of age, gender, qualifications and professional background;*
- *Do not take any discriminatory action based on ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic or racial origin, territory of origin, language, religion, political or ideological beliefs and union membership, in compliance with the provisions of the "Teixeira Duarte Group Code of Ethics and Conduct" on this matter;*
- *Continue to commit to age diversity, by prioritising a balance resulting from combining the knowledge and experience of older people with the innovative perspective of younger ones;*
- *Guarantee compliance with the legislation on gender diversity, ensuring adequate representation of women and men on the Board of Directors, always based on their skills, abilities, experience and qualifications;*
- *Ensure that the Board of Directors continues to include people with a diverse range of basic qualifications, provided they are suitable for the position to be held and in line with the characteristics, size and activities carried out by the Business Group led by Teixeira Duarte, S.A.;*
- *Maintain the commitment to "household people" as a priority criterion, while valuing the combination of people with experience in different sectors, countries and corporate areas.*

SUPERVISORY BODIES:

According to the corporate model in force at Teixeira Duarte, S.A., the supervisory bodies are the Supervisory Board and the Statutory Audit Firm.

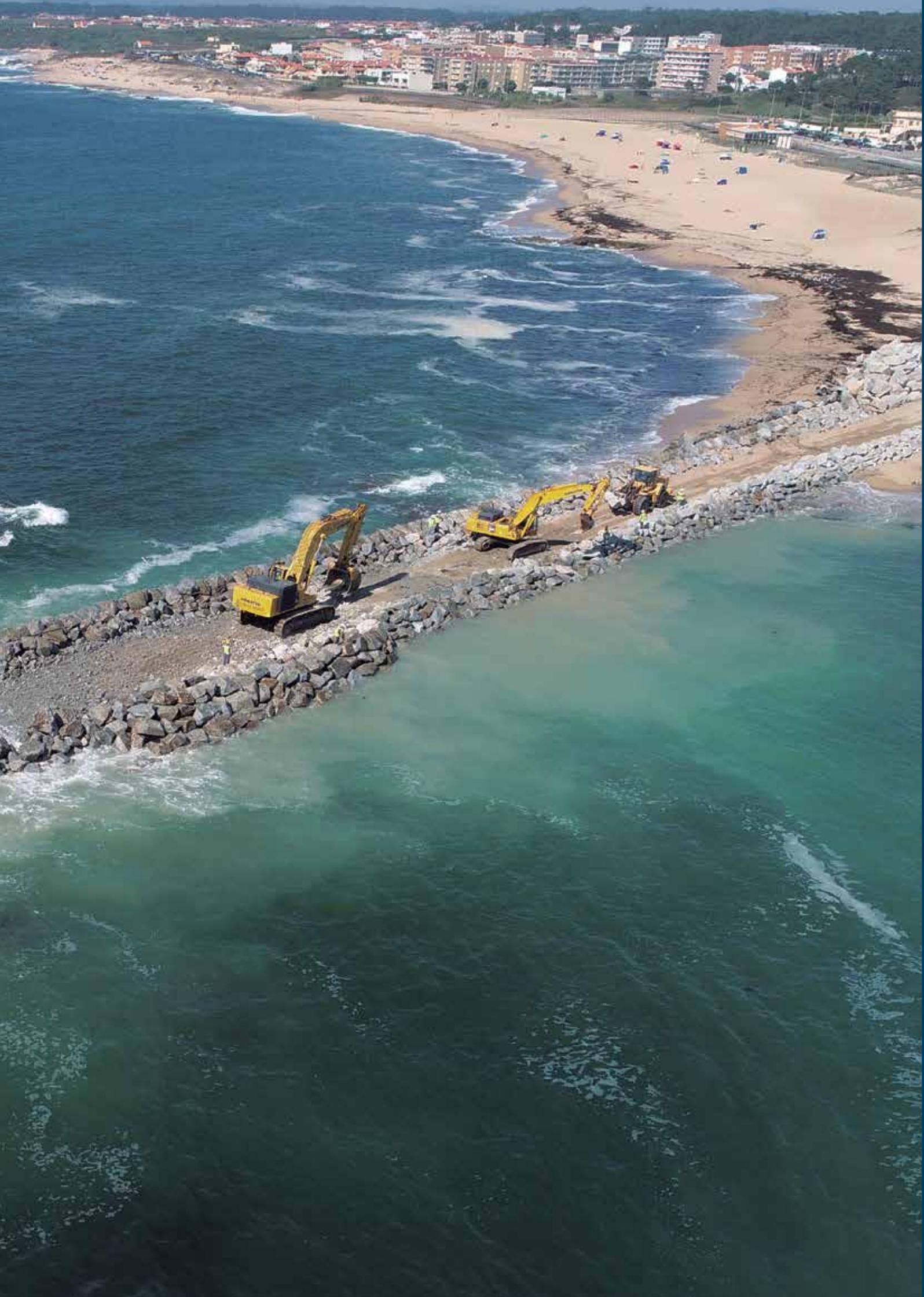
As the Statutory Audit Firm is not a collegiate body by nature, and is therefore not made up of a plurality of members, this body is excluded from the this "Diversity Policy for the Management and Supervisory Bodies of Teixeira Duarte, S.A. ".

As regards the Supervisory Board, currently consisting of three effective members and a substitute, the following commitments are assumed in order to promote the diversity of its respective composition:

- *Compliance with the legal provisions in force on diversity, specifically non-discrimination and equal opportunities, which derive from the law and other applicable regulations,*

as well as the rules contained in the "Teixeira Duarte Group Code of Ethics and Conduct" and other documents that are based on it, which apply to the entire Group;

- *Ensure equal opportunities and equal treatment, specifically on grounds of age, gender, qualifications and professional background;*
- *Do not take any discriminatory action based on ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic or racial origin, territory of origin, language, religion, political or ideological beliefs and union membership, in compliance with the provisions of the "Teixeira Duarte Group Code of Ethics and Conduct" on this matter;*
- *Continue to commit to age diversity, by prioritising a balance resulting from combining the knowledge and experience of older people with the innovative perspective of younger ones;*
- *Make efforts to promote appropriate representation of women and men on the Supervisory Board, always on the basis of their skills, competences, aptitude, experience and qualifications;*
- *Ensure that the Supervisory Board continues to include people with a diverse range of basic qualifications, provided they are suitable for the position to be held and in line with the characteristics, size and activities carried out by the Business Group led by Teixeira Duarte, S.A.;*
- *Continue the commitment to valuing the diversity of professional backgrounds of members of the Supervisory Board, encouraging the appointment of people with different professional experiences, provided that they fall within the scope of activity of the Group and that they are appropriate for the roles to be performed.*



Teixeira Duarte

Reports and Accounts 2018

Individual Financial Statements 2018

I. BALANCE SHEET

Items	Notes	2018	2017
Asset			
Non-current asset:			
Fixed tangible assets	7	745	763
<i>Goodwill</i>	8 and 9	22,753	26,003
Intangible assets	6	134	75
Shares - Equity method	9	1,131,984	1,117,703
Other financial investments	15,1	12	6
Assets for deferred tax	14	8,387	-
		1,164,015	1,144,550
Current asset:			
External	15,1	16,602	11,629
Government and other public entities	15,1	1,548	79
Other credits receivable	15,1	59,489	14,805
Deferrals	15,1	286	37
Non-current assets held for sale	15,1	-	30,133
Cash and bank deposits	4	1,603	189
		79,528	56,872
Total of Asset		1,243,543	1,201,422
Equity and Liability			
Equity:			
Subscribed capital	23	210,000	210,000
Legal reserves	23	42,000	42,000
Other reserves	23	230,000	243,660
Retained income:			
Retained income		6,116	7,806
Non-attributed profit - application of the equity method		(287,212)	(258,250)
Adjustments / other changes in equity			
Non-attributed profit - application of the equity method		287,212	258,250
Other adjustments in financial assets	9	(38,774)	(23,683)
		449,342	479,783
Net result for that period		4,672	(15,359)
Equity total		454,014	464,424
Liability			
Non-current liabilities:			
Obtained financing	15,2	221,625	116,677
Other debts payable	15,2	259,506	302,006
		481,131	418,683
Current liability:			
Suppliers	15,2	44,421	28,416
Government and other public entities	15,2	1,060	846
Obtained financing	15,2	44,862	114,233
Other debts payable	15,2	218,055	174,820
		308,398	318,315
Total of liability		789,529	736,998
Total of Equity and Liability		1,243,543	1,201,422

II. INCOME STATEMENT BY NATURE

Income and expenses	Notes	2018	2017 Restated
Sales and services rendered	11	13,910	13,232
Gains / losses attributable to subsidiaries	9 and 10	34,862	30,182
External supplies and services	19	(6,407)	(4,651)
Expenses with staff	18	(11,996)	(9,773)
Other income	20	3,094	1,504
Other expenses	21	(1,768)	(7,740)
Result before depreciation, financing expenses and taxes		31,695	22,754
Depreciation and amortisation expenses	6, 7 and 9	(3,466)	(3,343)
Operational result (before financing expenses and taxes)		28,229	19,411
Interests and similar income obtained	11 and 17	1,001	482
Interests and similar expenses borne	17	(26,884)	(30,675)
Result before taxes		2,346	(10,782)
Income tax for that period	14	2,326	(4,577)
Net result for that period		4,672	(15,359)

III.STATEMENT OF CHANGES IN EQUITY

Description	Notes	Equity attributed to the holders of capital						Net result for that period	Total
		Subscribed capital	Legal reserves	Other reserves	Retained income	Adjustments to financial assets of subsidiaries:			
Balance as at 1 January 2017	1	210,000	36,500	242,908	(209,880)	235,534	7,093	522,155	
Alterations for the period:									
Application of equity method	9	-	-	-	(40,565)	(967)	-	(41,532)	
Application of results		-	5,500	752	-	-	(6,253)	(1)	
	2	-	5,500	752	(40,565)	(967)	(6,253)	(41,533)	
Net result for that period	3						(15,359)	(15,359)	
Integral income of the period	4=2+3							(56,892)	
Operations with equity owners for that period:									
Distributions		-	-	-	-	-	(840)	(840)	
	5	-	-	-	-	-	(840)	(840)	
Balance as at 31 December 2017	6=1+2+3+5	210,000	42,000	243,660	(250,445)	234,567	(15,359)	464,423	
Balance on January 1st, 2018	7	210,000	42,000	243,660	(250,445)	234,567	(15,359)	464,423	
Alterations for the period:									
Application of equity method	9	-	-	-	(28,962)	13,881	-	(15,081)	
Application of results	23	-	-	-	(15,359)	-	15,359	-	
Other operations recognised under equity		-	-	(13,660)	13,670	(10)	-	-	
	8	-	-	(13,660)	(30,651)	13,871	15,359	(15,081)	
Net result for that period	9						4,672	4,672	
Integral income of the period	10=8+9							(10,408)	
Operations with equity owners for that period:									
Distributions		-	-	-	-	-	-	-	
	11	-	-	-	-	-	-	-	
Balance on December 31, 2018	12=7+8+9+11	210,000	42,000	230,000	(281,096)	248,438	4,672	454,014	

IV. CASH FLOWS STATEMENT

Description	Notes	2018	2017
Operational activities			
Receipts from customers		18,795	8,940
Payment to suppliers		(9,604)	(8,203)
Payment to staff		(6,184)	(5,211)
Cash generated by operations		3,003	(4,474)
Payment/receipt of income tax		(828)	430
Other receipts/payments		(7,727)	(5,483)
Cash flows of operational activities (1)		(5,552)	(9,527)
Investment activities:			
Payments related to:			
- Fixed tangible assets		(333)	(9)
- Intangible assets		-	(26)
- Financial investments	4	(15,000)	(30,000)
- Related parties		(130,564)	(22,985)
Receipts related to:			
- Financial investments	4	33,449	15,000
- Interests and similar income		123	835
- Dividends	4	5,577	12,250
- Related parties		86,959	39,417
Cash flows of investment activities (2)		(19,789)	14,482
Financing activities:			
Receipts related to:			
- Obtained financing		212,746	58,694
- Related parties		182,710	110,768
Payments related to:			
- Obtained financing		(131,491)	(53,970)
- Interests and similar expenses		(8,822)	(8,372)
- Related parties		(228,388)	(111,130)
- Dividends		-	(840)
Cash flows of financing activities (3)		26,755	(4,850)
Variation of cash and cash-equivalent items (1+2+3)		1,414	105
Cash and cash-equivalent items at the beginning of the period	4	189	84
Cash and cash-equivalent items at the end of the period	4	1,603	189

ATTACHMENT

1. INTRODUCTION

Teixeira Duarte, S.A. (hereinafter "Company"), legal person number 509.234.526, with head office in Porto Salvo, was incorporated on 30 January 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.

With reference to 31 December 2018, in the transposition of the financial statements of the subsidiaries in Angola, which is a hyperinflationary economy, the Company applied the *International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies*.

None of the provisions of the Accounting Standardisation System (SNC) were derogated considering the need for these to show a true and appropriate image of the asset, liability and the income of the entity, by which there are no effects on the financial statements resulting from this situation.

2.1 IN THE PERIOD ENDING 31 DECEMBER OF 2018 THE COMPANY MADE THE FOLLOWING "RESTATEMENTS"

Statement of results

For the purposes of comparison with the same period of the previous year, the "restatements" made in relation to the period ending 31 December 2017 are as follows:

	2017	"Restatement"	2017 "Restated"
Income and expenses			
Sales and services rendered	13,232	-	13,232
Gains / losses attributable to subsidiaries	30,182	-	30,182
External supplies and services	(4,651)	-	(4,651)
Expenses with staff	(9,773)	-	(9,773)
Other income	184	1,320	1,504
Other expenses	(378)	(7,362)	(7,740)
Result before depreciation, financing expenses and taxes	28,796	(6,042)	22,754
Depreciation and amortisation expenses	(3,343)	-	(3,343)
Operational result (before financing expenses and taxes)	25,453	(6,042)	19,411
Interests and similar income obtained	482	-	482
Interests and similar expenses borne	(30,675)	-	(30,675)
Result before taxes	(4,740)	(6,042)	(10,782)
Income tax for that period	(10,619)	6,042	(4,577)
Net result for that period	(15,359)	-	(15,359)

For the year ended 31 December 2018, the restatement refers to the reclassification of the estimated amounts of tax and withholdings of income taxes abroad from the item "Income tax for the period" to the "Other expenses" and "Other income" items.

3. SIGNIFICANT ACCOUNTING POLICIES

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 SNC's Accounting and Financial Reporting Standards.

3.2 RELEVANT 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.

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 the investor's share of the net fair value of the subsidiary's identifiable contingent assets and liabilities, if positive, are recorded as *Goodwill*. 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 and earnings" 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 subsidiaries 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.

When the losses in subsidiaries exceed the investment in those entities, provision is recognised up to the limit of the holdings in them.

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

Improvements and upgrades are only recognised as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

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 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 lives:

	Service life in years
Computer programs	3

d) Accrual basis

Income and expenditure are recorded on an accrual basis of accounting, through which they are recognized as they are generated.

Income and expenditure whose actual value is unknown are estimated based on the best information available on the date of preparation of the financial statements.

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 arising from the sale of goods is recognised in the income statement when all the following conditions have been met:

- The Company has transferred to the buyer the significant risks and rewards of the ownership of the assets;
- The company has neither continued managerial involvement to the extent usually associated with ownership nor effective control over the sold goods;

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will go to the company; 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. 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) Balances and transactions expressed in foreign currencies

The transactions in foreign currency (currency different than the functional currency of the Company) are registered at the exchange rates of the transaction dates. On each reporting date, the recorded quantities of the monetary items shown in foreign currency are updated to the exchange rate of that date.

The exchange differences calculated on the date reception or payment of the transactions in foreign currency and those resulting from the updates mentioned above are recorded in financing gains and losses of the period when they are generated.

h) 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.

Investments

Investments are recognised on the date when the inherent risks and rewards are transferred substantially. They are initially recorded at their acquisition value, which is the fair value of the price paid, including transaction costs.

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 their respective book value, or at fair value less costs of sale, whichever is lower.

Non-current assets held for sale are measured based on the assumptions in the first paragraph of NCRF 8, either at their carrying amount or at fair value less costs of sale, whichever is lower, and are distinguished from their presentation on the balance sheet.

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.

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.

Loans are initially recorded and recognised as assets at the nominal value paid, net of fees for issuing these loans, and are subsequently measured using the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual basis of accounting.

i) Responsibilities with pensions

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.

j) 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. (Parent company), since January 1, 2012, the controlling company.

The "Income tax for that period" recorded in the income statement shows the sum of the current tax and the 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.

k) 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.

The most significant accounting estimates reflected in the financial statements include: i) useful lives of tangible and intangible fixed assets; ii) the impairment analysis, specifically of accounts

receivable; iii) accruals and deferrals; iv) financial investments; and v) *goodwill*.

The estimates were determined based on the best information available at the time of the preparation of the financial statements, and based on the best knowledge and experience of past and/or current events. 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.

4. CASH FLOWS

Cash and bank deposits

On December 31, 2018 and 2017, the cash and bank deposits details were as follows:

	2018	2017
Cash	2	2
Bank deposits	1,601	187
	1,603	189

Flows of investment activities

The payments related to the financial investments during the periods ended on 31 December 2018 and 2017, concern the following operations:

	2018	2017
Settlement Agreement with TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	15,000	-
Promissory contract for the purchase and sale of LAGOAS PARK, S.A. shares.	-	30,000
	15,000	30,000

In the year ended 31 December 2018, a settlement agreement was signed with Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., which establishes the return of 15,000 thousand euros received in 2017 as a down payment for the promissory contract for the purchase and sale of the stake in Lagoas Park, S.A.

The payments received from financial investments during the periods ended on 31 December 2018 and 2017, concern the following operations:

	2018	2017
Divestment of the stake in LAGOAS PARK, S.A.	33,449	-
Capital Increase LAGOAS PARK, S.A.	-	15,000
	33,449	15,000

The payments received from dividends in the periods ending on December 31, 2018 and 2017, were as follows:

	2018	2017
LAGOAS PARK, S.A.	77	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	1,500	1,500
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	4,000	-
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	-	10,750
	5,577	12,250

5. RELATED PARTIES

Remuneration of members 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 2018 and 2017 were as follows:

	2018	2017
Executive Directors:		
Short-term benefits	1,151	870
Supervisory Board:		
Short-term benefits	66	66
Chartered accountant:		
Short-term benefits	61	61
	1,278	997

The remunerations attributed to the members of the Company's senior management for the periods ended on 31 December 2018 and 2017 were as follows:

	2018	2017
Senior staff:		
Short-term benefits	1,943	1,067

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.

The main balances in the periods ended on 31 December 2018 and 2017, subsidiaries, and other related parties can be detailed as follows:

	External		Suppliers		Obtained financing		Other debts receivable and payable	
	2018	2017	2018	2017	2018	2017	2018	2017
Subsidiaries:								
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	2,976	1,887	43,258	27,727	-	54,760	(373,577)	(444,345)
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Angola Branch)	2,252	1,894	-	-	-	-	90	61
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Stable Establishment in Algeria)	162	159	-	-	-	-	-	-
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	129	103	209	-	10,962	1,880	(26,456)	(22,433)
TDGI - Tecnologia de Gestão de Imóveis, S.A.	514	480	30	28	-	-	3,110	1,221
	6,033	4,523	43,497	27,755	10,962	56,640	(396,833)	(465,496)
Other related parties:								
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	516	355	-	-	-	-	7	185
AUTO COMPETIÇÃO ANGOLA, Lda.	189	104	-	-	-	-	16	28
BONAPARTE, S.A.	33	23	-	-	-	-	659	183
C+PA - Cimento e Produtos Associados, S.A.	6	4	-	-	-	-	2,212	967
CND - Companhia Nacional de Distribuição, Lda.	3,318	2,180	-	-	-	-	254	844
COMERCIO DE AUTOMÓVEIS, Lda.	252	150	-	-	-	-	-	38
DCG - Distribuição e Comercio Geral, Lda.	126	52	-	-	-	-	24	67
EDUCARE - Actividades Educativas e Culturais, Lda.	337	213	-	-	-	-	24	47
EMPA - Serviços de Engenharia, S.A.	184	67	-	-	-	-	116	231
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	193	219	-	-	-	-	2,385	(1,022)
ESTA - Gestão de Hotéis, S.A.	51	104	-	-	-	-	601	175
GO CORP - Travel Solutions, S.A.	21	22	3	-	-	-	980	423
HOTEL BAÍA, Lda.	605	338	-	-	-	-	26	235
HOTEL TRÓPICO, S.A.	235	104	-	-	-	-	8	39
IMOPREDOUÇOS - Sociedade Imobiliária, S.A.	4	5	-	-	-	-	4,823	45
IMOTD - Sociedade Gestora de Participações Sociais, S.A.	7	11	-	-	-	-	862	255
LAGOAS HOTEL, S.A.	75	75	2	20	-	-	5,019	2,453
OCC - Operador Central de Comercio, Lda.	182	114	-	-	-	-	-	61
QUINTA DE CRAVEL - Imobiliária, S.A.	7	9	-	-	-	-	518	293
RECOLTE, Servicios Y Medioambiente, S.A.U.	54	69	-	-	-	-	-	126
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	26	21	-	-	-	-	302	64
SMOTORS, S.A.	25	44	-	-	-	-	(388)	(57)
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	261	293	-	9	-	-	(27)	280
TEIXEIRA DUARTE (Moçambique), Lda.	152	81	-	-	-	-	102	400
TDA - Comércio e Indústria, Lda.	1,255	1,251	-	-	-	-	120	546
TDE, S.A.	6	7	-	-	-	-	(42)	29
TDGI, Lda.	354	187	-	-	-	-	-	135
TDH, S.A.	5	5	-	-	-	-	(118)	(116)
TDO, Lda.	119	80	-	-	-	-	1,504	74
TEIXEIRA DUARTE - Distribuição, S.A.	169	159	-	-	-	-	2,779	666
Other	1,647	655	12	467	-	-	(870)	(1,002)
	10,414	7,001	17	496	-	-	21,896	6,692
	16,447	11,524	43,514	28,251	10,962	56,640	(374,937)	(458,804)

The main transactions made in the periods ended on 31 December 2018 and 2017, subsidiaries, and other related parties were detailed as follows:

	Sales and services rendered		Intra-group services rendered		Income and Financial Earnings		Purchases and Services received	
	2018	2017	2018	2017	2018	2017	2018	2017
Subsidiaries:								
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	4,824	2,284	2,419	1,197	425	-	966	1,671
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Angola Branch)	195	215	162	178	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Brazil Branch)	81	60	9	7	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Stable Establishment in Algeria)	3	2	-	152	-	-	-	-
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	1,736	113	169	81	278	827	209	1,862
TDGI - Tecnologia de Gestão de Imóveis, S.A.	910	617	687	343	-	8	122	360
	7,749	3,291	3,446	1,958	703	835	1,297	3,893
Other related parties:								
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	54	10	107	42	-	-	-	-
ANGOÍMO, Lda.	-	19	-	69	-	-	-	-
AUTO COMPETIÇÃO ANGOLA, Lda.	35	-	50	13	-	-	-	-
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	57	6	76	26	-	-	-	-
BONAPARTE - Imóveis Comerciais e Participações, S.A.	23	4	55	19	-	-	-	-
CND - Companhia Nacional de Distribuição, Lda.	751	195	365	137	-	-	-	-
COMÉRCIO AUTOMÓVEIS, Lda.	34	-	68	18	-	-	-	-
DIGAL - Distribuição e Comércio, S.A.	-	19	-	143	-	-	-	-
EDUCARE - Actividades Educativas e Culturais, Lda.	33	1	91	63	-	-	-	-
EMPA - Serviços de Engenharia, S.A.	270	142	173	40	-	-	-	-
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	258	183	412	198	3	-	-	-
ESTA - Gestão de Hotéis, S.A.	349	332	67	33	5	-	-	-
GO CORP Travel Solutions, S.A.	11	1	54	18	-	-	5	-
HOTEL BAÍA, Lda.	152	16	115	51	-	-	-	-
HOTEL TRÓPICO, S.A.	42	23	89	84	-	-	-	-
LAGOAS HOTEL, S.A.	67	23	125	76	-	-	26	41
OCC - Operador Central de Comercio, Lda.	8	-	61	50	-	-	-	-
RECOLTE, Servicios Y Medioambiente, S.A.U.	135	104	103	26	-	-	-	-
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	22	9	61	21	-	-	-	-
SMOTORS, S.A.	22	14	57	35	-	-	-	-
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	345	242	480	235	5	-	-	45
TD - Distribuição, S.A.	410	292	220	84	-	-	-	-
TD (Mozambique), Lda.	349	201	143	95	-	-	-	-
Other	1,053	581	1,333	704	52	-	1,216	379
	4,480	2,417	4,305	2,280	65	-	1,247	465
	12,229	5,708	7,751	4,238	768	835	2,544	4,358

6. INTANGIBLE ASSETS

During the period ended on 31 December 2018, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Opening balance	Additions	Transfers and write-offs	Closing balance
Gross asset:				
Software	94	59	18	171
Intangible assets underway	65	15	(18)	62
	159	74	-	233
Amortisations depreciations				
Software	84	15	-	99
	84	15	-	99
Net value of intangible assets	75			134

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:

	Opening balance	Additions	Closing balance
Gross asset:			
Software	94	-	94
Intangible assets underway	26	39	65
	120	39	159
Amortisations depreciations			
Software	54	30	84
	54	30	84
Net value of intangible assets	66		75

7. FIXED TANGIBLE ASSETS

During the period ended on 31 December 2018, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Opening balance	Additions	Closing balance
Gross asset:			
Buildings and other constructions	612	-	612
Transportation equipment:	11	-	11
Administrative equipment	243	183	426
	866	183	1,049
Accumulated depreciations:			
Buildings and other constructions	24	61	85
Transportation equipment:	-	6	6
Administrative equipment	79	134	213
	103	201	304
Net value of tangible assets	763		745

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:

	Opening balance	Additions	Transfers and write-offs	Closing balance
Gross asset:				
Buildings and other constructions	-	277	335	612
Transportation equipment:	-	11	-	11
Administrative equipment	108	69	66	243
Tangible fixed assets in progress	400	-	(400)	-
	508	357	1	866
Accumulated depreciations:				
Buildings and other constructions		24		24
Administrative equipment	42	37		79
	42	61	-	103
Net value of tangible assets	466			763

8. GOODWILL

The amounts relating to *Goodwill in the periods ended 31 December 2018 and 2017* were:

	2018		
	Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	32,504	(9,751)	22,753

	2017		
	Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	32,504	(6,501)	26,003

In the financial year ended 31 December 2018, based on the subsidiary's forecast business plan, management did not identify any signs of impairment.

9. SHARES - EQUITY METHOD

On December 31, 2018 and 2017, the Company had recorded the following different investment amounts under the item "Financial stakes - Equity method":

	2018	2017
	Net quantities	Net quantities
Investments in subsidiaries	1,131,984	1,117,703

Investments in subsidiaries

During the period ending 31 December 2018, the Company presented the following financial stakes in subsidiaries, measured by the Equity Method:

Corporate name	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, 2018 and 2017, is the following:

	Assets		Liabilities		Income		Net result	
	2018	2017	2018	2017	2018	2017	2018	2017
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	1,469,431	1,610,124	966,219	1,097,778	531,216	483,054	9,975	16,004
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	859,872	970,483	233,912	391,602	45,455	163,474	8,748	42,536
TDGI - Tecnologia de Gestão de Imóveis, S.A.	19,173	21,644	14,254	17,769	40,161	40,573	2,857	1,749
	2,348,476	2,602,251	1,214,385	1,507,149	616,832	687,101	21,580	60,289

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 the subsidiaries during the period ended on 31 December 2018 and 2017:

	Equity stakes	Goodwill	Total
Balance as at 1 January 2017	1,141,436	29,254	1,170,690
Increase	30,000	-	30,000
Decrease	(30,133)	-	(30,133)
Amortisation	-	(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 as at 31 December 2017	1,117,703	26,003	1,143,706
Balance on January 1st, 2018	1,117,703	26,003	1,143,706
Amortisation	-	(3,250)	(3,250)
Effects of the application of equity method:			
- Effect on the result of the period	34,862	-	34,862
- Effect on equity	(15,081)	-	(15,081)
- Received dividends	(5,500)	-	(5,500)
Balance on December 31, 2018	1,131,984	22,753	1,154,737

In the financial years ended 31 December 2018 and 2017, the net effect on equity of applying the equity method is the result of the following impacts:

	2018	2017
Significant devaluation of the operational currencies of subsidiaries and others	(207,330)	(41,532)
Application of IAS 29	30,164	-
Reassessment of fixed tangible assets	162,085	-
	(15,081)	(41,532)

Details of investments in subsidiaries during the financial year ending 31 December 2018 and 2017 were as follows:

	Equity stakes	
	2018	2017
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	488,314	553,526
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	638,751	560,354
TDGI - Tecnologia de Gestão de Imóveis, S.A.	4,919	3,823
	1,131,984	1,117,703

Effects of the application of the equity method in the periods ending on 31 December 2018 and 2017, is detailed as follows:

	Gains / losses		Equity adjustments		Dividends	
	2018	2017	2018	2017	2018	2017
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	3,247	(9,142)	(68,459)	(21,759)	-	(10,750)
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	28,758	37,491	53,640	(20,107)	(4,000)	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	2,857	1,749	(262)	324	(1,500)	(1,500)
Lagoas Park, S.A.	-	84	-	10	-	-
	34,862	30,182	(15,081)	(41,532)	(5,500)	(12,250)

10. GAINS / LOSSES ATTRIBUTED TO SUBSIDIARIES

During the periods ending 31 December 2018 and 2017, the company presented the following changes in investments in financial stakes in subsidiaries, associates and joint-ventures:

	2018	2017
Income:		
Application of equity method	34,862	39,324
	34,862	39,324
Expenses:		
Application of equity method	-	(9,142)
	-	(9,142)
	34,862	30,182

11. REVENUE

In the periods ending on 31 December 2018 and 2017, the revenue recognised by the company had the following decomposition:

	2018	2017
Services rendered	13,910	13,232
Interest	1,001	482
	14,911	13,714

In the periods ending on 31 December 2018 and 2017, the Company's turnover was geographically distributed as follows:

	2018	2017
	Service Provision	Service Provision
Angola	1,744	2,413
Algeria	3	154
Belgium	17	23
Brazil	569	507
Spain	120	200
Mozambique	362	597
Portugal	11,094	9,338
Venezuela	1	-
	13,910	13,232

12. CONTINGENT LIABILITIES

Tax processes

As part of inspections by the Tax and Customs Authorities (AT) during the 2012 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:

	Calculated tax loss	AT correction
2012	13,294	3,965
2013	26,221	5,280

Nature of corrections made:

(a) Financial costs not accepted

With the exception of the situations listed in the following point, 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.

The correction related to the 2012 financial year was subject to an additional settlement by the parent company from that financial year, the Company, which has contested it within the legal periods.

This correction, with the exact terms and grounds, was also made by AT (Tax Authorities) during the years 2007 to 2011 to the subsidiary Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., which, as it pays corporation tax (IRC) under the Special Taxation Regime for Groups of Companies (article 69 et seq. of the IRC (Corporation Tax) Code), such corrections were subject to IRC Settlement Statements and compensatory interest issued to the parent company in those years, Teixeira Duarte - Engenharia e Construções, S.A.

During 2018, Teixeira Duarte - Engenharia e Construções, S.A., in its capacity as the parent company for the 2007 financial year, was notified of a Ruling issued by the Supreme Administrative Court, determining the annulment of the additional settlement issued by AT in relation to that financial year.

(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) Application of article 90 of the corporation tax (IRC) code

Following several inspections carried out by the AT of the calculation of corporation tax for the years 2013, 2014 and 2015, payable by the group of companies of which the Company is the dominant company, the following corrections were made:

	Corrected tax
2013	811
2014	1,097
2015	559

These corrections result from the AT having a different understanding regarding the use of tax deductions provided for in article 90 of the IRC Code for the Municipal Surtax and State Surtax ascertained within the scope of application of the Special Taxation Regime for Groups of Companies (RETGS).

(d) Net Financing Costs (article 67 of the Corporation Tax Code)

During the 2018 financial year, the Company was notified of the Report on Conclusions on the inspection carried out by the AT on corporate income tax payable by the RETGS in 2015, having determined a correction to the tax base, calculated as amounting to 22,710 thousand euros.

This correction, related to the use, in 2015, of the “break” calculated in previous years under the scope of article 67 of the Corporation Tax Code, will be contested by the Company in its capacity as parent company.

13. EFFECTS FROM EXCHANGE RATE CHANGES

The quotes used to convert the assets and liabilities expressed in foreign currency to Euros on December 31, 2018 and 2017, were as follows:

	Closing exchange rate		
	2018	2017	Variation
American Dollars (USD)	1,1450	1.1993	-5%

14. 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 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 9%, 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 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.

Pursuant to the terms of the IRC (Corporation Tax) Code, tax losses are reportable for a period of five years for those that

occurred during the tax period of 2017 onwards, and may be deducted from the taxable gains subsequently earned. This deduction is limited to 70% of the taxable gains earned during the tax period in which it is made.

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 financial years subject to review will not have a materially significant effect on the financial statements reported on 31 December 2018.

The tax charge recorded in the periods ended on 31 December 2018 and 2017 can be presented in the following manner:

	2018	2017 Re-stated
Current tax:		
Income tax in Portugal	(1,627)	11,158
	(1,627)	11,158
Deferred tax:		
Deferred tax in Portugal	(699)	(6,581)
	(699)	(6,581)
	(2,326)	4,577

The relationship, in Portugal, between the book expense and profit in the periods ended on 31 December 2018 and 2017, is as follows:

	2018	2017 Restated
Net result for that period	4,672	(15,359)
Adjustments for taxable profit:		
Definite differences:		
- To add	28,153	22,105
- To deduct	(35,561)	(38,083)
Tax loss	(2,736)	(31,337)
Collectable Material	-	-
Other income tax components:		
Other	(1,627)	11,158
Current Tax	(1,627)	11,158
Deferred tax	(699)	(6,581)
Income tax revenue/expense	(2,326)	4,577

In the year ended 31 December 2018, the amount of (1,627) thousand euros corresponds to the net financing revenue calculated under the scope of RETGS.

The definite differences essentially include the cancellation of effects from equivalence accounting (Note 9).

The tax rate effective in the periods ended on 31 December 2018 and 2017, was as follows:

	2018	2017 Restated
Current Tax	(1,627)	11,158
Earnings before tax	2,346	(10,782)
Effective tax rate	-	-

The movements occurred in the assets and liabilities by deferred taxes in the periods ending on December 31, 2018 and 2017, were as follows:

	2018			
	Opening balance	Constitution	Adjustment	Final balance
Assets by deferred taxes:				
Reportable tax losses	-	575	7,812	8,387

	2017			
	Opening balance	Constitution	Adjustment	Final balance
Assets by deferred taxes:				
Reportable tax losses	5,224	6,581	(11,805)	-

The verified constitutions and reversals were recognised as gains or income from the period under "Income tax".

15. FINANCIAL INSTRUMENTS

The current financial assets and liabilities for the periods ended on 31 December 2018 and 2017 were broken down as follows:

15.1 FINANCIAL ASSETS

Customers

On 31 December 2018 and 2017, the "Customers" items had the following breakdown:

	2018			2017		
	Non-group	Group	Total	Non-group	Group	Total
Clients current account	155	16,447	16,602	105	11,524	11,629

Other credits receivable

On 31 December 2018 and 2017, the current "Other accounts receivable" item had the following breakdown:

	2018	2017
Debtors by accrued income	3,573	8,121
Other debtors:		
Advance payments to suppliers	354	354
RETGS	11,831	6,311
Other	43,731	19
	55,916	6,684
	59,489	14,805

On 31 December 2018, the item entitled "Debtors due to accrued income" essentially relates to the provision of services provided and not invoiced on the reporting date.

On 31 December 2018, the item "Other debtors - Others" refers to related parties.

Other Assets

On December 31, 2018 and 2017 the remaining current assets is broken down as follows:

	2018	2017
Government and other public entities:		
Corporate persons income tax - IRC:		
Tax estimates	(176)	(1,489)
- Withholding tax	302	424
- Payments on account	1,422	1,144
	1,548	79
Deferrals:		
Expenses to be recognized	286	37

As of 31 December 2018, the "Income tax" item refers to the Special Taxation Regime for Groups of Companies (RETGS).

Non-current assets held for sale

On 31 December 2018 and 2017, the "Non-current assets held for sale" item had the following breakdown:

	2018	2017
Non-current assets held for sale:		
Financial investments	-	30,133

In the year ended 31 December 2018, the Company proceeded to divest the stake that it held in the company Lagoas Park, S.A.

Other financial assets

On December 31, 2018 and 2017 the heading "Other net financial assets of impairment" is broken down as follows:

	2018	2017
Employment Compensation Fund	12	6

15.2 FINANCIAL LIABILITIES**Suppliers**

On 31 December 2018 and 2017, the “Suppliers” items had the following breakdown:

	2018			2017		
	Non-group	Group	Total	Non-group	Group	Total
Suppliers Checking Account	907	43,514	44,421	165	28,251	28,416

Other debts payable

On December 31, 2017 and 2015 the heading “Other debts payable” is broken down as follows:

	2018		2017	
	Chain	Non-current	Chain	Non-current
Creditors for accrued expenses	10,664	-	9,472	-
Other Creditors:				
Staff	2,838	260	2,187	260
Shareholders/partners	77	-	-	-
RETGS	31,094	-	20,510	-
Other	173,382	259,246	142,651	301,746
	207,391	259,506	165,348	302,006
	218,055	259,506	174,820	302,006

As at 31 December 2018, the item "Other creditors - Others" from 2018 includes the amount of 429,246 thousand euros relating to the acquisition of a financial stake in Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., which took place in 2015, with 170,500 thousand euros of current liabilities and 259,246 thousand euros of non-current liabilities.

Other liabilities

On December 31st, 2018 and 2017, the item “Government and other public entities” had the following breakdown:

	2018	2017
Government and other public entities:		
Retention of income tax	153	192
Added value tax	707	460
Contributions for Social Security	196	194
Other Taxes	4	-
	1,060	846

Obtained financing

On 31 December 2018 and 2017, the item entitled “current and non-current loans obtained” had the following breakdown:

		2018			2017		
		Chain	Non-current	Total	Chain	Non-current	Total
Bank loans	a)	33,900	208,904	242,804	37,506	69,019	106,525
Bank overdrafts	a)	-	3,871	3,871	19,837	38,808	58,645
Securities market - Other financing	b)	-	8,850	8,850	250	8,850	9,100
Subsidiary companies	Note 5	10,962	-	10,962	56,640	-	56,640
		44,862	221,625	266,487	114,233	116,677	230,910

During the period ended on 31 December 2018, the following movements occurred in “financing obtained”:

	2018			
	Opening balance	Increase	Decrease	Closing balance
Bank loans	106,525	208,875	(72,596)	242,804
Bank overdrafts	58,645	3,871	(58,645)	3,871
Securities market - Other financing	9,100	-	(250)	8,850
Subsidiary companies	56,640	-	(45,678)	10,962
	230,910	212,746	(177,169)	266,487

During the period ended on 31 December 2017, the following movements occurred in “financing obtained”:

	2017			
	Opening balance	Increase	Decrease	Closing balance
Bank loans	115,217	50	(8,742)	106,525
Bank overdrafts	43,628	58,645	(43,628)	58,645
Securities market - Other financing	10,700	-	(1,600)	9,100
Subsidiary companies	57,002	-	(362)	56,640
	226,547	58,695	(54,332)	230,910

On December 31, 2018 the heading “Obtained financing” contains the different contracted operations along with various financial institutions and related parties, bearing interest at normal market rates.

(a) Bank loans

On December 31, 2018, the bank loans bank related to the overdrafts and the secured accounts bore interest at normal market rates.

The bank loans contracted by the Company essentially correspond to:

Bank	Type of Financing	Start date	Due date	Financing	Total financing amount - (€)	Limit used by Company - (€)	Limit used by rest of the Group - (€)
Banco do Brasil S.A.	Bank Loans	22 January 2016	10 January 2019	Single	1,167	1,167	-
Banco Comercial Português, S.A.	Bank Loans	27 November 2017	31 December 2033	Group	31,777	32	31,745
Banco Comercial Português, S.A.	Bank Loans	30 January 2018	15 June 2021	Group	13,650	50	13,600
Banco Comercial Português, S.A.	Bank Loans	5 January 2009	15 December 2033	Group	141,020	141,020	-
Caixa Geral de Depósitos, S.A.	Bank Loans	30 September 2014	15 December 2033	Group	83,000	67,805	15,195
Banco Santander, S.A.	Escrow account	31 October 2012	30 December 2021	Single	12,160	12,160	-
Banco BIC, S.A.	Escrow account	6 August 2015	5 August 2019	Group	21,742	20,570	1,172
Novo Banco, S.A.	Bank overdrafts	1 February 2007	31 December 2033	Group	15,396	3,871	3,857
					319,912	246,675	65,569

(b) Commercial role

On December 31, 2018, the Company has negotiated the following commercial paper programs:

Bank	Type of Financing	Start date	Due date	Financing	Total financing amount - (€)	Limit used by Company - (€)	Limit used by rest of the Group - (€)
Novo Banco, S.A.	Commercial paper	28 December 2015	15 June 2027	Group	95,000	8,850	86,150

The Obtained financing above is refundable according to the following terms of redemption:

	2018	2017
Less than a year	44,862	114,233
1 to 2 years	42	1,906
2 to 3 years	10,217	8,543
3 to 4 years	11,437	8,543
4 to 5 years	15,877	8,543
Over 5 years	184,052	89,142
	266,487	230,910

For guarantee of the obtained financing previously described, mortgages and loans of different collateral were established.

16. GUARANTEES AND COMMITMENTS

Guarantees

On December 31, 2018 and 2017, the Company had granted bank guarantees and insurance bonds to third parties, as follows:

	2018	2017
Bank guarantees	28,726	26,073

Bank guarantees in force at December 31, 2018 include:

- 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 purposes of suspending tax enforcement proceedings instigated against the Company, and relating to the cor-

poration 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 tax enforcement proceedings instigated against the Company, and relating to the corporation tax (IRC) debt for the 2014 period, bank guarantees with an overall amount of 1,528 thousand euros were 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 2015 period, a bank guarantee amounting to 898 thousand euros was issued in favour of 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. This bank guarantee was cancelled during 2018.

Assumed financial commitments

On December 31, 2018, the Company issued comfort letters in favour of companies of the group as follows:

	Debt value	Currency	Values in thousand euros
TDA - Comércio e Indústria, Lda.	1,891,400,000.00	AON	5,358
TDA - Comércio e Indústria, Lda.	4,390,650,000.00	AON	12,438
TDA - Comércio e Indústria, Lda.	30,000,000.00	USD	26,201
RECOLTE, Servicios y Medioambiente, S.A.	2,000,000.00	EUR	2,000
BONAPARTE - Imóveis Comerciais e Participações, S.A.	1,000,000.00	EUR	1,000
RECOLTE, Servicios y Medioambiente, S.A.	4,500,000.00	EUR	4,500
BONAPARTE - Imóveis Comerciais e Participações, S.A.	17,000,000.00	EUR	17,000
RECOLTE, Servicios y Medioambiente, S.A.	2,150,000.00	EUR	2,150
RECOLTE, Servicios y Medioambiente, S.A.	512,579.00	EUR	513
RECOLTE, Servicios y Medioambiente, S.A.	584,758.00	EUR	585
			71,745

17. FINANCIAL RESULTS

In the periods ended on 31 December 2018 and 2017, the financial results were broken down as follows:

	2018	2017
Financial expenses and losses:		
Supported interests	(23,555)	(29,044)
Other financing expenses:	(3,329)	(1,631)
	(26,884)	(30,675)
Income and financial earnings:		
Obtained interests	1,001	482
	1,001	482
	(25,883)	(30,193)

18. EMPLOYEE BENEFITS

During the periods ended on 31 December 2018 and 2017, the average number of employees hired directly by Portugal was 192 and 180 people, respectively.

In the periods ended on those dates, the expenses with personnel had the following break-down:

	2018	2017
Remuneration of corporate bodies	1,123	893
Remuneration of staff	8,433	6,709
Indemnity	813	541
Charges on earnings	1,811	1,410
Industrial accidents and occupational diseases insurance	65	167
Other staff costs	(249)	53
	11,996	9,773

19. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31 December 2018 and 2017, the supplies and external services heading was broken down as follows:

	2018	2017
Subcontracts	53	38
Specialised Services	5,372	3,577
Materials	316	184
Energy and fluids	3	2
Travel, stays and transport	446	684
Different Services	217	166
	6,407	4,651

20. OTHER INCOME

On December 31, 2018 and 2017, the other income and gains were as follows:

	2018	2017 Restated
Equipment hire	83	102
Tax estimate excess	-	1,320
Gains from divestment of financial assets	1,588	-
Other gains with financial assets	26	-
Other	1,397	82
	3,094	1,504

21. OTHER EXPENSES

On December 31, 2018 and 2017, the other expenses and losses were as follows:

	2018	2017 Restated
Taxes and rates	26	65
Corrections related to prior financial years	-	165
Insufficiency for tax estimate	1,646	7,362
Other	96	148
	1,768	7,740

22. 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;
- Liquidity risk, as regards the maintenance of cash balance stability.

The Company's Financial Department ensures the centralised management of the financing operations, applications of cash surplus, 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.

(a) 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 2018 and 2017, the financial liability is composed only and exclusively of 100% variable interest tax.

In case the market interest rates were less by 1% during the periods ended on December 31, 2018 and 2017, the income of those periods would have diminished by 9861 thousand euros and 8657 thousand euros, respectively. In case the same market interest rates had been greater by 1% during the same periods, the income of those periods would have increased by 9861 and 8657 thousand euros, respectively.

(b) Credit risk

On December 31, 2018 and 2017, 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:

	2018	2017
Balances		
Unexpired	6,338	4,449
Up to 180 days	1,051	1,010
From 180 to 360 days	2,623	757
Over 360 days	6,590	5,413
	16,602	11,629

(c) Settlement 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 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 2018 and 2017 is as follows:

	2018				Total
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	
Suppliers	44,421	-	-	-	44,421
Obtained financing	44,862	43	10,217	211,365	266,487
Government and other public entities	1,060	-	-	-	1,060
Other debts payable	218,055	42,560	42,560	174,386	477,561
	308,399	42,602	52,777	385,751	789,529

	2017				Total
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	
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 debts payable	174,820	42,560	42,560	216,886	476,826
	318,315	44,466	51,103	323,114	736,998

23. CAPITAL

Share capital

As at 31 December 2018, the Company's paid-in capital, totally underwritten and paid-up, was composed of 420,000,000 shares with the nominal value of 0.50 euro each.

Legal reserve

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 are composed only and exclusively by free reserves.

A decision at the General Meeting, held on 26 May 2018, approved the transfer of the amount of €13,660,115.78 (thirteen million, six hundred and sixty thousand, one hundred and fifteen euros and seventy eight cents) from the "Other reserves" item to the "Results carried forward" item was approved.

Application of results

Following a decision at the General Meeting held on May 26, 2018, the accounts for the 2017 period were approved and it was decided that the Net Result, amounting to negative

€15,359,540.30 (fifteen million, three hundred and fifty nine thousand, five hundred and forty euros and thirty cents) should be distributed as follows:

	Value
Retained income	(15,359,540.30)

As presented in the Management Report, the proposed distribution of profit for the year ended 31 December 31 2018, amounting to €4,671,723.84 (four million, six hundred and seventy-one thousand, seven hundred and twenty three euros and eighty four cents) is as follows:

	Value
Other reserves	4,671,723.84

24. OTHER INFORMATION

The Board of Directors approved and authorised the issuance of the financial statements for the year 2018 on 27 May 2019.

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.

The Board of Directors reports that the Company's Social Security status is regularised, within the legally stipulated periods.

Additional disclosures

Total fees invoiced by the official accounts auditor company for the legal review of the financial statements, as well as for other services to guarantee their accuracy, for tax consultancy services and services other than review and auditing, form part of the notes of the consolidated Annex of Teixeira Duarte, S.A.

25. SUBSEQUENT EVENTS AT THE DATE OF THE BALANCE SHEET

At this date, no subsequent events are known of any significant impact on the Financial Statements as at 31 December 2018.

After the closure of the period, and up to the preparation of the present report, no other facts have occurred that might modify the situation reported in the accounts, for the effect of the provisions in subparagraph b) of number 5 of article 66 of the Commercial Companies Code.



AVENIDA

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Teixeira Duarte

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CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

Items	Notes	2018	2017
Non-current assets:			
Goodwill	19	12,271	12,316
Intangible assets	20	65,013	77,509
Fixed tangible assets	21	552,632	406,577
Investment Properties	22	194,091	217,647
Investments in associates and joint-ventures	7 and 23	16,821	20,296
Financial assets available for sale	7 and 25	-	1,841
Other investments	26	-	27,413
Other financial investments at amortized cost	45	4,219	-
Other financial investments at fair value through other comprehensive income	7 and 45	16,930	-
Assets for deferred tax	27	149,435	155,032
Customers	28	23,441	39,784
Other debtors	28	11,091	10,985
Other non-current assets	31	-	5,626
Total of non-current assets		1,045,944	975,026
Current assets:			
Inventories	9 and 10	192,645	241,057
Customers	28	186,103	260,407
Other debtors	28	22,194	42,805
Other financial investments at amortized cost	45	14,665	-
Cash and cash equivalents	30	171,991	154,265
Other current assets	31	189,262	165,819
		776,860	864,353
Assets for sale	24	34,897	454,980
Total of current assets		811,757	1,319,333
TOTAL OF ASSET	7	1,857,700	2,294,359
Equity:			
Equity	33	210,000	210,000
Adjustments of shareholdings in associates and joint-ventures	23	(673)	215
Currency conversion adjustments	47	(303,790)	(67,455)
Reserves and retained income	34	450,960	229,456
Consolidated net result	17	11,127	(4,650)
Equity attributable to shareholders		367,624	367,566
Non-controlling interests	35	35,736	41,277
EQUITY TOTAL		403,360	408,843
Non-current liabilities:			
Loans	36	730,200	708,718
Provisions	37	43,946	35,797
Financial Leases	39	3,814	4,768
Liabilities by deferred taxes	27	112,548	35,043
Other non-current liabilities	40	63,654	32,161
Total of non-current liabilities		954,162	816,487
Current liabilities:			
Loans	36	124,076	299,560
Suppliers	38	139,646	155,625
Financial Leases	39	2,794	3,879
Other Creditors	38	21,472	28,186
Other current liabilities	40	188,629	231,903
		476,617	719,153
Liabilities for sale	24	23,561	349,876
Total of current liabilities		500,178	1,069,029
TOTAL OF LIABILITY	7	1,454,340	1,885,516
TOTAL OF LIABILITY AND EQUITY		1,857,700	2,294,359

(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 2018.

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED ON 31 DECEMBER 2018 AND 2017

Items	Notes	2018	2017
Operating income:			
Sales and services rendered	7 and 8	873,712	1,035,638
Other operating income	8	140,551	64,361
Total of operating income	8	1,014,263	1,099,999
Operating costs:			
Cost of sales	9	(247,195)	(303,637)
Production changes	10	(18,812)	4,373
External supplies and services	11	(286,677)	(316,526)
Expenses with staff	12	(221,976)	(239,984)
Amortizations and depreciations	7, 20 and 21	(43,546)	(56,223)
Provisions and impairment losses in depreciable and amortizable asset and Goodwill	7 and 37	(15,258)	8,614
Other operating costs	14	(96,922)	(62,871)
Total of operating costs		(930,386)	(966,254)
Operational income	7	83,877	133,745
Costs and financial losses	7 and 15	(150,250)	(170,416)
Income and financial earnings	7 and 15	77,228	65,765
Earnings from investment activities:			
Income related to affiliates and joint-ventures	7 and 15	220	2,217
Other	7 and 15	18,100	(9)
Financial Results	7 and 15	(54,702)	(102,443)
Earnings before tax	7	29,175	31,302
Income tax	16	(19,679)	(34,534)
Consolidated net income for the year		9,496	(3,232)
Net results attributable to:			
Shareholders	17	11,127	(4,650)
Non-controlling interests	35	(1,631)	1,418
Income by share:			
Basic (euros)	17	0.03	(0.01)
Diluted (euros)	17	0.03	(0.01)

(Values in thousand euros)

The annex notes are an integral part of the consolidated income statement for the year ended on 31 December 2018

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE REVENUE FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 2017

Items	Notes	2018	2017
Consolidated net income for the year		9,496	(3,232)
Income and expenses that will not be reclassified for results			
Sale of Non-controlling interests	35	-	(7,207)
Other equity variations		9,191	7,591
Other financial investments at fair value through other comprehensive income, net of taxes	45	598	-
Revaluation surplus, net of tax	21	166,473	-
		176,262	384
Income and expenses that can be reclassified for results			
Currency conversion adjustments	47	(247,986)	(35,140)
Adjustments of shareholdings in associates and joint-ventures	23	(888)	(634)
Impact of the application of IAS 29 in Angola and Venezuela on 1 January 2018	48	59,405	-
Impact of the application of IFRS 9 on 1 January 2018		(1,772)	-
Financial instruments due to coverage		-	3,495
		(191,241)	(32,279)
Result known directly in equity		(14,979)	(31,895)
Comprehensive income for the year		(5,483)	(35,127)
Comprehensive income attributable to:			
Shareholders		58	(27,363)
Non-controlling interests		(5,541)	(7,764)

(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 2018.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 2017

Items	Notes	Equity	Adjustments of shareholdings in associates and joint-ventures	Effect of currency adjustments	Reserves and retained income				Consolidated net result	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Other reserves	Hedge operation reserve	Retained income				
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		-	-	-	-	-	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:												
Appropriation of the consolidated net income for 2016:												
Transfer to legal reserves, other reserves and results carried forward		-	-	-	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

Items	Notes	Equity	Adjustments of shareholdings in associates and joint-ventures	Effect of currency adjustments	Reserves and retained income					Consolidated net result	Total equity attributable to shareholders	Non-controlling interests	Total	
					Legal reserve	Other reserves	Fair value reserve - financial investments	Revaluation reserve - real estate	Hedge operation reserve					Retained income
Balance on January 1st, 2018	33	210,000	215	(67,455)	42,000	195,213	-	-	(8,490)	733	(4,650)	367,566	41,277	408,843
Comprehensive income for the year														
Consolidated net income for the year		-	-	-	-	-	-	-	-	-	11,127	11,127	(1,631)	9,496
Impact of the application of IAS 29 in Angola and Venezuela on 1 January 2018	48	-	-	-	-	58,113	-	-	-	-	-	58,113	1,292	59,405
Impact of the application of IFRS 9 on 1 January 2018		-	-	-	-	-	-	-	(1,572)	-	-	(1,572)	(200)	(1,772)
Variation in currency conversion adjustments	47	-	-	(236,335)	-	-	-	-	-	-	-	(236,335)	(11,651)	(247,986)
Changes in the fair value of other investments through other comprehensive income, net of taxes	45	-	-	-	-	-	598	-	-	-	-	598	-	598
Revaluation surplus, net of tax	21	-	-	-	-	-	-	162,085	-	-	-	162,085	4,388	166,473
Effect of the application of equity method:	23	-	(888)	-	-	-	-	-	-	-	-	(888)	-	(888)
Other		-	-	-	-	-	-	-	8,490	(1,560)	-	6,930	2,261	9,191
Operations with shareholders in the year:														
Appropriation of the consolidated net income for 2017:														
Transfer to retained earnings		-	-	-	-	-	-	-	(4,650)	4,650	-	-	-	-
Balance on December 31, 2018		210,000	(673)	(303,790)	42,000	253,326	598	162,085	-	(7,049)	11,127	367,624	35,736	403,360

(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 2018.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 2017

Items	Notes	2018	2017
OPERATIONAL ACTIVITIES			
Receipts from customers		900,503	1,036,937
Payment to suppliers		(567,711)	(575,589)
Payment to staff		(219,319)	(232,972)
Cash flow generated by operations		113,473	228,376
Payment/receipt of income tax		(29,664)	(35,262)
Other receipts/payments related to the operational activity		(27,748)	(11,446)
Cash flows of operational activities [1]		56,061	181,668
INVESTMENT ACTIVITIES:			
Receipts related to:			
Financial investments	30	169,663	28,817
Tangible fixed assets and investment properties		15,987	5,451
Intangible assets		-	1
Interests and similar gains		7,145	10,608
Dividends	30	1,423	2,728
		194,218	47,605
Payments related to:			
Financial investments	30	(214)	(440)
Tangible fixed assets and investment properties		(28,245)	(25,168)
Intangible assets		(916)	(2,383)
		(29,375)	(27,991)
Cash flows from investment activities [2]		164,843	19,614
FINANCING ACTIVITIES:			
Receipts related to:			
Obtained loans	36	1,817,989	2,010,598
Payments related to:			
Obtained loans	36	(1,962,354)	(2,150,776)
Interests and similar costs		(27,077)	(65,962)
Dividends	18	-	(840)
		(1,989,431)	(2,217,578)
Cash flows from financing activities [3]		(171,442)	(206,980)
Variation of cash and cash-equivalent items (4)=(1)+(2)+(3)		49,462	(5,698)
Effect of exchange rate differences		(31,736)	(8,338)
Cash and cash-equivalent items - scope change		-	(111)
Cash and cash-equivalent items at the beginning of the period	30	154,265	180,908
Transfer to assets held for sale		-	(12,496)
Cash and cash-equivalent items at the end of the period	30	171,991	154,265

(Values in thousand euros)

The annex notes are an integral part of the cash flow statement for the year ended on 31 December 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

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).

As a result of the application of "IAS 29 - Hyperinflationary Economies", as of 2018, for Group companies based in Angola and Venezuela, the consolidated financial statements and respective notes in 2018 are not directly comparable with the financial statements in 2017

Mention should also be made of the fact that within the Teixeira Duarte Group, two of the 100% owned companies have been repositioned: "ANGOPREDIAL - Empreendimentos Imobiliários, Lda." from the Real Estate sector to the Hospitality sector and "Global Net Distributors (Pty) Ltd." from the Distribution sector to the Construction sector. In this document, the notes to the 2017 consolidated financial statements were reclassified - only in relation to these four sectors - to provide an adequate level of comparability.

On December 31, 2017, the companies "BONAPARTE - Imóveis Comerciais e Participações, S.A." (owner of "Shopping Cidade do Porto"), "TDHOSP - Gestão de Edifício Hospitalar, S.A." and "LAGOAS PARK, S.A." were classified as "Held for Sale" and, as such, have not been consolidated since that date. This fact has an impact on the comparability of the difference indicators described below, as these companies were included in the consolidation perimeter in 2017 and contributed to these same indicators at the end of that period last year.

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 Notes 2.9 and 2.10.

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 2018. With regard to Group companies that use different accounting standards, adjustments were made for conversion to the IFRS.

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 have been prepared according to the historical cost convention, modified by applying fair value to investment property and financial assets at fair value through other comprehensive income. The Group also adopted the revaluation model for certain classes of tangible fixed assets, according to note 21.

Fair value is the amount for which an asset can be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction, regardless of whether that price can be directly observed or estimated using other valuation techniques. When estimating the fair value of an asset or liability, the Group considers the characteristics that market participants would also take into consideration when valuing the asset or liability at the measurement date.

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, 2018:

Standard/Interpretation	Applicable in the European Union for the financial years starting on or after	Contents
Improvement to standards 2014 - 2016	01/Jan/18	This improvement cycle affects the following standards: IFRS 1 (this improvement eliminates the temporary exemptions for IFRS 7, IFRS 10 and IAS 19, as they are no longer applicable), IFRS 12 (this improvement aims to clarify that its scope includes investments classified under the scope of IFRS 5, and that the only exemption refers to the disclosure of the summary financial information of these entities) and IAS 28 (this improvement clarifies that investments in associates or joint ventures held by a venture capital company can be individually measured at fair value in accordance with IFRS 9; it also clarifies that an entity that is not an investment entity, but holds investments in associates and joint ventures that are investment entities, may continue to measure the stake in the associate or joint venture at fair value in its own subsidiaries);
IAS 40 - Investment property (transfer of investment property)	01/Jan/18	This amendment clarifies that assets can only be transferred to and from the investment property category when there is evidence of a change in use. The change in management intent alone is not sufficient to effect the transfer.
IFRS 2 - Share-based payments (classification and measurement of share-based payment transactions)	01/Jan/18	This amendment clarifies the measurement basis for cash-settled share-based payment transactions and accounting for modifications to a share-based payment plan, which changes its classification from "cash-settled" to "equity-settled". In addition to this, it introduces an exception to the principles of IFRS 2, which now requires that a share-based payment plan be treated as if it were fully equity settled when the employer is under the obligation to withhold an amount of tax from the employee and pay that amount to the tax authority.
IFRS 4 - Insurance contracts (Application of IFRS 4 with IFRS 9)	01/Jan/18	This amendment gives entities that trade insurance contracts the option to recognise the volatility that may result from the application of IFRS 9 under other comprehensive income, instead of recognising it on the statement of results, before the new standard on insurance contracts is published. Additionally, a temporary exemption to the application of IFRS 9 is given until 2021 to entities whose main activity is insurance. This exemption is optional and does not apply to consolidated financial statements that include an insurance entity.
IFRS 9 - Financial instruments	01/Jan/18	IFRS 9 substitutes the requirements of IAS 39 regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of impairments on receivables (through the expected loss model); and (iii) the requirements for the recognition and classification of hedge accounting.
IFRS 15 - Revenue from contracts with clients	01/Jan/18	This standard only applies to contracts for the delivery of products or the provision of services, and requires the entity to recognise revenue when the contractual obligation to deliver assets or provide services is met, and at the amount that reflects the consideration to which the entity is entitled, as provided for in the '5-step methodology'.
Amendment to IFRS 15 - Revenue from contracts with customers	01/Jan/18	This amendment includes additional indications to be followed for determining a contract's performance obligations, the timing of recognition of revenue from an intellectual property license, the review of indicators for the principal or agent relationship classification, and the new regimes planned to simplify the transition.

Standard/Interpretation	Applicable in the European Union for the financial years starting on or after	Contents
IFRIC 22 - Foreign currency transactions and advance consideration	01/Jan/18	This is an interpretation of IAS 21 - The effects of changes in foreign exchange rates - and refers to the determination of the "transaction date" when an entity pays or receives in advance the consideration for contracts denominated in foreign currency. The "transaction date" determines the exchange rate to be used for converting foreign currency transactions.

In the year ended 31 December, 2018, the Group applied IFRS 9 - Financial Instruments and the related amendments that are in effect for financial years starting on or after 1 January 2018.

The transitional provisions in IFRS 9 allow entities not to restate comparisons. The Group chose this option when adopting the standard, and did not restate comparisons regarding the classification and measurement of financial instruments.

In addition, the Group adopted the consecutive amendments issued for IFRS 7 - Financial Instruments: Disclosures, which were applied to the disclosures for the 2018 financial year.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) Hedge accounting.

The details of the new requirements and their impact on the Group's consolidated financial statements are described below.

The Group applied IFRS 9 in accordance with the transitory provisions defined therein, as follows:

(a) Requirements for the classification and measurement of financial assets.

The initial application date (i.e. the date on which the Group assessed existing financial assets and financial liabilities in accordance with the requirements of IFRS 9) was 1 January 2018. Accordingly, the Group applied the requirements of IFRS 9 to instruments existing on 1 January 2018 and did not apply them to instruments that had already been derecognised on that date.

All of the Group's financial assets recognised and covered by the scope of IFRS 9 are subsequently measured at amortised cost or at fair value on the basis of the entity's business model

for managing its financial assets, and based on the characteristics of the contractual cash flows of each financial asset.

The Board of Directors reviewed and assessed the financial assets existing on 1 January 2018, based on the facts and circumstances that existed on that date, and concluded that the initial application of IFRS 9 had no impact on the classification and measurement of the Group's financial assets - trade accounts receivable and other accounts receivable from third parties - that under IAS 39 were measured at amortised cost, and which will continue to be measured at amortised cost by IFRS 9 since they are held under the scope of the Group's business model with a view to their normal collection under the contractually established terms for the respective cash flows.

Financial assets available for sale will now be registered at fair value and classified in the "at fair value through other comprehensive income" category. This reclassification did not have any impact on equity.

Other investments were analysed and recorded at fair value and at amortised cost. These reclassifications did not result in any impact on equity.

(b) Impairment of financial assets

With regard to impairment of financial assets, IFRS 9 requires an expected credit loss model, instead of the incurred credit loss model provided for in IAS 39.

The expected credit loss model requires the Group to account for expected credit losses and changes in these expected losses at each reporting date, to reflect changes in credit risk since the initial recognition of the financial assets. Thus, it is no longer necessary for a credit event to occur in order for impairment losses to be recognised.

IFRS 9 specifically requires the Group to recognise an impairment loss for expected credit losses for all financial assets which, in the Group, essentially relate to trade and other accounts receivable.

In particular, IFRS 9 requires the Group to measure impairment losses for a financial instrument at an amount equivalent to the expected losses throughout the lifetime of the instrument, if the credit risk of the financial instrument has increased significantly since initial recognition, or if the financial instrument relates to a credit in circumstances of impairment at the time of its constitution.

However, if the credit risk has not increased significantly since its initial recognition (except if the credit originated or was acquired when it was already under impairment circumstances), the Group must recognise the impairment loss for the respective instrument at an amount equivalent to the expected losses in the twelve-month period following the financial reporting (12-months).

IFRS 9 provides for the existence of a simplified model to measure expected losses, at an amount equivalent to the lifetime losses for trade and other receivables. The Group has adopted this model.

Since the Group chose not to restate comparisons, it was not necessary to perform any assessment of the credit risk of the financial assets at a date other than 1 January 2018. Therefore, on 1 January 2018, the Group recognised an impairment loss directly against results carried forwards, net of the respective fiscal effect of deferred tax, resulting in a 1,722 thousand euro reduction in equity on this date, distributed as follows:

	01/01/2018
Recognised impairment losses (Note 28)	2,456
Deferred tax assets recognised (Note 27)	(684)
	1,772

The reconciliation between the value of impairments of financial assets in accordance with IAS 39 and the value of impairments of financial assets in accordance with IFRS 9 is disclosed in note 28.

(c) Classification and measurement of financial liabilities

There were no relevant impacts on the Group's consolidated financial statements relating to the classification and measurement of financial liabilities.

Within the scope of the implementation of IFRS 15 - Revenue from contracts with customers, which replaced IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programmes; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of assets from customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services, the impacts of the adoption of that standard were assessed and recorded, with effects reported on 1 January 2018.

The Group applied the simplified retrospective transition method on the transition date, which had no impacts on 1 January 2018 on the 2017 Consolidate statement of results presented for the purposes of comparison. Additionally, it used the practical expediciencies for completed and modified contracts and for disclosures related to performance obligations still to be fulfilled, and for the recognition of revenue presented before the initial application date, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe concepts commonly referred to as 'accrued income' and 'deferred income'. However, the standard does not prohibit the entity from using alternative descriptions in the consolidated financial position statement. Therefore, the Group has used the previously adopted terminology and has not changed any item of the consolidated financial statements.

The Group's accounting policies for the recognition of revenue are disclosed in Note 2.21.

The Board of Directors assessed the different sources of revenue referred to in Note 2.21 and, in addition to the more extensive disclosure requirements required by IFRS 15 regarding the recognised transactions, concluded that there are no impacts on the consolidated financial statements.

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	Contents
IFRS 16 - Leases	01/Jan/19	This standard replaces IAS 17, with a significant impact on how lessees are accounted for, who are now required to recognise a lease liability equivalent to future lease payments and a "usage right" asset for all lease contracts, except for certain short-term leases and low value assets. The definition of a lease contract has also been changed and is based on the "right to control the use of an identified asset".
IFRIC 23 - Uncertainty over income tax treatments	01/Jan/19	This is an interpretation of IAS 12 - Income Tax, referring to the measurement and recognition requirements to be applied when there are uncertainties regarding the acceptance of a certain tax treatment by the tax authorities, regarding income tax. In the event of uncertainty as to the position of the Tax Administration on a specific transaction, the entity should make its best estimate and record the tax assets or liabilities in the light of IAS 12, and not IAS 37 - "Provisions, contingent liabilities and contingent assets", based on the expected value or most likely value. IFRIC 23 may be applied retrospectively, or modified retrospectively.
Amendment to IFRS 9 - Prepayment elements with negative compensation	01/Jan/19	This amendment introduces the possibility of classifying financial assets with prepayment conditions with negative compensation at amortised cost, provided that specific conditions are met, instead of being classified at fair value through results.

Despite being endorsed by the European Union, these standards were not adopted in 2018, as their application is not yet mandatory.

IFRS 16 establishes a global model for the identification of lease contracts and for their treatment on the financial statements of lessors and lessees. IFRS 16 will replace the standards currently in force, including IAS 17 - Leases and their Interpretations when it comes into effect, for periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019.

The Group opted for the modified retrospective transition model of IFRS 16, as set out in IFRS paragraphs: C3(b), C7 and C8. Consequently, the Group will not restate the comparative financial information, and will record the liability related to future rents on the transition date, and an asset of an equal amount.

In contrast to accounting for leases for lessees, IFRS 16 substantially maintains the principles for recording leases for lessors previously provided for in IAS 17.

Impacts of the new lease definition

The Group assessed the practical expediency available for the transition to IFRS 16, of not reassessing whether a contract is for or contains a lease, having made an overall assessment of the new definition and having assessed all the contracts entered into or modified by it prior to 1 January 2019.

The change in the definition of leasing is essentially related to the concept of control. IFRS 16 distinguishes between leasing services based on whether or not the customer has control over the use of an identifiable asset. Control is deemed to exist if the customer has, cumulatively:

- The right to substantially obtain all the economic benefits from the use of a specific identified asset; and
- The right to direct the use of that specific asset.

The Group will apply the lease definition established in IFRS 16, and the respective application guidelines, to all lease contracts that it concludes, as a lessor or lessee, including those on or after 1 January 2019.

The Group developed an implementation project in preparation for the first application of IFRS 16. The project demonstrated that the new lease definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impacts on accounting as a lessee

Operational Leases

IFRS 16 will change the way the Group accounts for leases previously classified as operational leases in accordance with IAS 17, which were not recorded in the consolidated financial position statement and are disclosed in the respective attached notes, as commitments that are assumed but not included on the balance sheet.

In the initial application of IFRS 16, the Group will do the following for all leases (with the exception of those referred to below):

- (a) recognise right-of-use assets and lease liabilities on the consolidated financial position statement, initially measured at the present value of future payments of each lease;
- b) recognise depreciations of right-of-use assets and financial expenses of lease liabilities on the consolidated statement of results;
- c) separate the total amount paid into capital and interest (presented as financing activities) on the consolidated cash flow statement.

In accordance with IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 - Impairment of Assets. This treatment will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (of 12 months or less) and low value leases (such as personal computers or office furniture), the Group will choose to recognise a lease expense on a straight-line basis as an operational expense, as permitted by IFRS 16.

The preliminary assessment indicates that 55,263 thousand euros relate to leases for which the Group will recognise a right-of-use asset of 43,511 thousand euros and a corresponding lease liability of the same amount. The impact on the consolidated statement of results will be a reduction in external supplies and services of approximately 8,255 thousand euros, and an increase in depreciation of approximately 6,849 thousand euros, and an increase of approximately 2,274 thousand euros in financial expenses.

The aforementioned assessment indicated that 440 thousand

euros of those commitments relate to short-term leases and low value leases, which will be treated as above.

In accordance with IAS 17, all operational lease payments are presented as part of operating cash flows.

The impact of the adoption of IFRS 16 will be an increase in operating cash flows by approximately 8,152 thousand euros, which will have a negative effect on financing cash flows by the same amount.

Financial Leases

In the initial application, the Group will present equipment related to finance leases, previously included under tangible fixed assets, under the right-of-use assets line, and the respective lease liability, previously included under the Financial leases item, will be presented on a line separate from liabilities, for lease liabilities.

Based on the analysis of the Group's financial leases as at 31 December 2018, and on the basis of the facts and circumstances existing on that date, the Board of Directors considered that the impact of this change will have no effect on the amounts recognised on the Group's consolidated 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	Contents
Improvement to standards 2015 - 2017	01/Jan/19	This improvement cycle affects the following standards: IAS 23 (this improvement clarifies that the specific loans obtained, that still remain open, after the qualifying assets to which they relate are in a condition for use or sale, must be added to generic loans to calculate the average capitalisation interest rate on other assets subject to qualification), IAS 12 (this improvement clarifies that the tax impacts inherent to dividends are recognised on the date on which the entity records the responsibility for the payment of dividends, which are recognised under results for the financial year, in other comprehensive income or in capital, depending on the transaction or event that gave rise to the dividends) and IFRS 3 and IFRS 11 (these improvements clarify that: (i) when obtaining control over a business that is a joint operation, the interest previously held by the investor are remeasured at fair value, and (ii) when an investor in a joint operation, who does not exercise joint control, obtains joint control in an operation that is a business, the previously held interest is not remeasured).
IAS 19 - Changes, reductions and settlements of defined benefit plans	01/Jan/19	This change requires an entity: (i) to use updated assumptions to determine current service cost and net interest for the remaining period after the change, reduction or settlement of the plan; and (ii) to recognise any reduction in excess coverage under results for the year, as part of the costs of past services, or as a settlement gain or loss, and under other comprehensive income, even if the excess coverage was not previously recognised due to the effect of the "asset ceiling".
Amendment to IAS 28 - Long-term investments in associates and joint ventures	01/Jan/19	This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures) that are not being measured using the equity method, must be accounted for under IFRS 9, and are subject to the estimated losses impairment model, before any impairment test on the investment as a whole.
Conceptual structure - Changes in the reference to other IFRSs	01/jan/20	With the publication of the new conceptual structure, the IASB introduced changes to the text of several standards and interpretations, in order to clarify the application of the new definitions of assets / liabilities and expenditure / income, in addition to some of the characteristics of financial reporting. These changes apply retrospectively, unless this is impractical.
IFRS 3 (amendment) - Business definition	01/jan/20	This amendment constitutes a revision of the definition of business for the purposes of accounting for business combinations. The new definition requires an acquisition to include an <i>input</i> and a substantive process that together generate <i>outputs</i> . <i>Outputs</i> are now defined as goods and services that are provided to customers, that generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits to shareholders. "Combination tests" are now permitted to determine whether a transaction refers to the acquisition of an asset or a business.
IAS 1 and IAS 8 (amendment) - Definition of material	01/jan/20	This amendment introduces a change to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations where its effect is similar to omitting or distorting such information, in the overall context of the financial statements; it also includes clarifications regarding the term "main users of financial statements", who are defined as "current and future investors, financiers and creditors" who depend on the financial statements to obtain a significant part of the information they need.

Standard/Interpretation	Applicable in the European Union for the financial years starting on or after	Contents
IFRS 17 - Insurance contracts	01/Jan/21	<p>This standard replaces IFRS 4 and applies to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement may be based on a complete model (<i>'building block approach'</i>) or a simplified model (<i>'premium allocation approach'</i>). The recognition of the technical margin differs according to whether it is positive or negative. IFRS 17 is applied retrospectively.</p>
<p>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 2018.</p>		<p>rectors regarding the identification and evaluation of various impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.</p>
<p>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.</p>		<p><u>Impairment of goodwill</u></p> <p><i>Goodwill</i> 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 <i>goodwill</i> 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.</p>
<p>2.2 - Judgments and estimates</p>		<p><u>Useful lives of tangible and intangible assets</u></p>
<p>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.</p>		<p>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.</p>
<p>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.</p>		<p>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.</p>
<p>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:</p>		<p>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.</p>
<p><u>Impairment of non-current assets (except goodwill)</u></p>		<p><u>Contingent provisions and liabilities</u></p>
<p>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.</p>		<p>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</p>
<p>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 Di-</p>		

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.

On the other hand, expected impairment losses on granted credits are calculated by taking into account a set of historical information and assumptions, which may not be representative of future uncollectability from Group debtors.

Recognition of revenue from construction contracts

The Group recognises the earnings of construction contracts in accordance with the input 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.

Revaluation of tangible fixed assets

Tangible fixed assets are measured at acquisition or construction cost, including expenses attributable to the purchase, less accumulated depreciation and impairment losses, when applicable. However, for a homogeneous class of assets, the revaluation model (revalued value less accumulated amortisation) may be adopted as the accounting policy for the subsequent measurement of these assets. Thus, the revalued amount corre-

sponds to its fair value on the revaluation date.

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 participation in the equity and net income of these companies is presented separately in the consolidated statement of profit and loss and other comprehensive income, under the respective headings of "Non-controlling interests"

Significant transactions and balances between these companies were eliminated during the consolidation process. 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.

Pursuant to the equity method, financial holdings are adjusted periodically by the amount corresponding to the participation in the net income of the associates and joint-ventures against "Earnings from associates and joint-ventures", and through other changes in their equity against "Adjustments of holdings in associates and joint-ventures", as well as through the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value

of financial investments.

Losses in associates and joint ventures which exceed the investment made in these entities are not recognised unless the Group has undertaken liabilities for losses concerning these associates or joint ventures.

Any excess of 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*

Differences between the acquisition cost of the investments in subsidiaries, associates and joint-ventures, plus, in the case of subsidiaries, the value of the non-controlled interests and fair value of the identifiable assets and liabilities of these companies on their acquisition date, if positive, are recorded as goodwill (in the case of subsidiaries and joint-ventures) or maintained under the heading of investments in associates.

Goodwill is recognised as an asset and is not subject to amortisation, and is presented separately in the consolidated statement of financial position or under the heading "Investments in associates 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.

However, for a homogeneous class of assets, on 31 December 2018 the Group adopted the revaluation model (revalued value less accumulated depreciation) as the accounting policy for the subsequent measurement of these assets. Thus, the revalued amount corresponds to its fair value on the revaluation date.

Revaluations will be made every 2 years by independent appraisers, in order to ensure that the carrying amount is not materially different from the amount that would be determined by using fair value at the end of the reporting period.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised under other comprehensive income and accumulated under equity in the "revaluation surplus" account. However, the increase is recognised under results, as it reverses a decrease in the revaluation of the same asset that

was previously recognised under results.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease is recognised under results. However, the decrease is recognised under other comprehensive income, up to the point of any credit balance existing in the revaluation surplus with respect to this asset. The decrease recognised under other comprehensive income reduces the amount accumulated under equity, in the “Revaluation surplus” account.

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

Improvements and upgrades are only recognised as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

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 and losses arising from the sale or write-off of property, plant and equipment are determined by the difference between the net realisable value and the net book value at the date of sale / write-off, and are recorded at the net income in the income statement under "Other income operational "or" Other operating costs ", as applicable.

2.6 - Leases

Lease contracts are classified as: (i) financial leases, if all the risks and benefits of their ownership are transferred substantially; or (ii) operating leases, if all the risks and benefits of ownership are not transferred substantially.

Leases are classified as financial or operating leases according to the nature of the contract and not its form.

Assets acquired under financial lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the asset, the corresponding accumulated depreciation and the outstanding debts payable pursuant to the contractual financial plan. Furthermore, the interest included in the lease instalments and depreciation / amortisation of the assets are recognised as costs in the income statement of the period to which they refer.

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 the amount for which the asset is recorded is greater than its recoverable value, an impairment loss of the difference is recognised, which is recorded in the income statement under the heading "Provisions and impairment losses in depreciable and amortisable assets and goodwill".

The recoverable amount is either the fair value less divestment costs, or usage value, whichever is higher. The net fair value is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable parties, minus the costs directly attributable to the sale. The value in use is the present value of estimated future cash flows that are expected from continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, when this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses is recorded when there are indications that the recognised impairment losses no longer

exist or have decreased. The reversal of impairment losses is recognised in the income statement under "Provisions and impairment losses in depreciable and amortisable assets and goodwill" for the year when the reversal occurs. However, the reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

2.8 - Investment properties

Investment properties, which include land and buildings held for leasing, capital appreciation, or both, are recorded initially at their acquisition price or at construction cost (in the case of own construction investment), including any directly attributable expenditure.

After their initial recognition, all the investment properties, including those that are under construction, are measured at their fair value reflecting market conditions on the reporting date. All gains or losses arising from changes in the fair value of investment properties are recognised through profit or loss for the year when they occur and recorded under the heading "Variation in the fair value of investment properties", included in "Other operating income" or "Other operating costs", depending on whether they refer to gains or losses.

The fair value of each investment property is determined 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.

Favourable and unfavourable exchange rate differences arising from differences between the exchange rates on the date of the transactions and those in force on the collection, payment or reporting date of such transactions are recorded as gains and costs in the income statement for the year, except those related to non-monetary items whose change in fair value is directly recorded in equity under the heading "Currency conversion adjustments" (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.

For the Kwanza and Bolivar currencies, the exchange rates used for the conversion of items on the statement of results were the final exchange rates, as these were hyperinflationary economies, as explained in note 2.10.

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 generated in this way are recorded in equity under the heading "Exchange rate adjustments" (Note 47).

2.10 - Companies in hyperinflationary economies

According to IAS 29 - "Financial reporting in hyperinflationary

economies”, the financial statements of an entity whose operating currency is the currency of a hyperinflationary economy, regardless of whether they are based on historical cost or current cost, must be expressed in terms of the current measurement unit at the end of the reporting period.

The standard mentions that hyperinflation is indicated by characteristics of a country's economic environment, specifically including the following characteristics:

(a) the general population prefers to preserve its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency that are held are immediately invested to maintain purchasing power;

(b) the general population sees monetary amounts not in terms of the local currency, but in terms of a stable foreign currency. Prices may be quoted in that currency;

(c) sales and purchases on credit are made at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;

(d) interest rates, wages and prices are linked to a price index; and

(e) the rate of inflation accumulated over three years approaches or exceeds 100%.

An analysis by the Group considered that the economies of Angola and Venezuela in 2018 fit into these parameters and IAS 29 was therefore applied on 1 January 2018, with the financial statements being restated as described below:

Financial position statement

- Amounts on the financial position statement that have not yet been expressed in terms of the current unit of measurement on the reference date of that statement were restated by applying a general price index;
- Monetary items were not restated because they were already expressed in terms of the current unit at the end of the reporting period. Monetary items represent cash held and elements receivable or payable in cash;
- Assets and liabilities that by agreement were linked to price changes, such as index-linked bonds and loans, were adjusted under the terms of the agreement in order to determine the balance amount at the end of the reporting period;

- All other assets and liabilities were considered as non-monetary. However, some non-monetary items were recorded at current amounts at the end of the reporting period, such as net realisable value and fair value, and were therefore not restated. All other non-monetary assets and liabilities have been restated;
- Most non-monetary items were carried at cost or at cost less depreciation and accumulated impairment losses. Consequently, they were expressed in current amounts at the date of their acquisition. The restated cost of each item was determined by applying the change in a general price index to its historical cost and to its accumulated amortisation / impairment loss between the date of its acquisition (or date of change of operating currency) and the reporting date. Therefore, tangible and intangible assets, inventories and goodwill were restated from the dates of their acquisition or change in operating currency;
- Where applicable, the restated amount of non-monetary items is reduced to their recoverable amount by virtue of the estimated future use of the item or its divestment;
- Items expressed at current cost (fair value) were not restated because they were already expressed in terms of the current measurement unit on the financial position statement date;
- Equity items, except for results carried forwards and any revaluation surplus, were restated by applying a general price index, from the dates on which the respective amounts were constituted. Finally, the restated results carried forward were determined from all other amounts on the restated financial position statement.

Statement of Results

- The statement of results, before restatement, generally reports current costs and income at the time when the underlying transactions or events occurred. Accordingly, the cost of sales and depreciation of fixed assets are recorded at current costs at the time of their consumption; and income and other current costs are recorded at current amounts at the time they were incurred;
- The restatement of the financial statements in accordance with IAS 29 gave rise to differences between the taxable income and the accounting result. Those differences were accounted for in accordance with IAS 12.

Net Financial Position

In a period of inflation, a company that holds an excess of monetary assets over monetary liabilities (net monetary position - debtor) loses purchasing power and consequently generates a loss; on the other hand, a company that holds an excess of monetary liabilities over monetary assets (net monetary position - creditor) gains purchasing power and consequently generates a gain, to the extent that the assets and liabilities are not indexed to a price level.

The gain or loss on the net monetary position was included in the net result for the financial year.

For the purpose of determining the aforementioned general price index, the Group used the information disclosed by Banco Nacional de Angola on inflation levels that have occurred in Angola in recent years. These indexes can be summarised as follows:

Date	Price Index
31/12/2018	100,00
30/09/2018	103,45
30/06/2018	109,36
31/03/2018	113,25
31/12/2017	117,72
30/09/2017	123,85
30/06/2017	131,40
31/03/2017	138,54
31/12/2016	148,63
30/09/2016	157,87
30/06/2016	173,30
31/03/2016	190,97
31/12/2015	210,97

In the absence of official information, the price indices for Venezuela were estimated based on the latest price index published by the National Bank of Venezuela (December 2015) and an assessment was made of the average increase over the last three months of 2015. In subsequent periods, the Group made estimates based on the calculated increase.

2.11 - 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.

2.12 - Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the grant conditions.

Operating grants, particularly for employee training, are recognised in the income statement in accordance with costs incurred.

Investment grants relating to the acquisition of tangible fixed assets are included under "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement according to the straight-line depreciation / amortisation of the assets financed with the grants.

2.13 - 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.

2.14 - 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.

2.15 - 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.

2.16 - 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.

2.17 - Financial instruments

During the 2018 financial year, the Group adopted IFRS 9 and the cumulative effect of its initial application was recognised as an initial adjustment to the balance under the item "Results carried forwards" on the consolidated financial position statement on 1 January 2018. Therefore, the comparative information for the 2017 financial year was not restated and is being presented in accordance with IAS 39.

Accounting policy adopted in 2018 (IFRS 9)

Financial assets and financial liabilities are recognised when the Group becomes a party in the respective contractual relationship.

All recognized financial assets are subsequently measured at

amortised cost or at their fair value, depending on the model adopted by the Group and the characteristics of their contractual cash flows.

a) Cash and cash equivalents

The amounts included in Cash and equivalent correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be mobilised immediately with no significant risk of change in value.

b) Debt instruments and accounts receivable

Debt instruments and accounts receivable are measured, when initially recognised, at their respective fair value and, subsequently, at their amortised cost, in accordance with the effective interest rate method. When there is evidence that they are impaired, the corresponding adjustment is recorded through profit or loss under the heading "Other Operating Costs". The recognised adjustment is measured by the difference between the value 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) Financial investments

Financial 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.

Financial investments are classified as follows:

Financial investments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are financial investments that are available for sale and are classified as non-current assets.

After initial recognition, financial assets at fair value through other comprehensive income are measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in other comprehensive income. Upon their divestment, the cumulative gain or loss on these financial investments is not reclassified to the consolidated statement of results, but is only transferred only to the "Results carried forward" item.

Associated dividends are recognised on the consolidated state-

ment of results when they are attributed/decided upon, unless they represent a recovery of part of the cost of the investment. Dividends are recorded on the consolidated statement of results under "Results related to investment activities".

Financial investments at fair value through the statement of results

Financial assets that do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income are measured at fair value through the statement of results.

Financial assets recorded at fair value through the statement of results are measured at the fair value determined at the end of each reporting period, with the respective gains or losses recognised on the consolidated statement of results, unless they form part of a hedging relationship.

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 expenses, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual principle.

Accounting policy adopted until 31 December 2017 (IAS 39)

Financial assets and financial liabilities are recognised when the Group becomes a party in the respective contractual relationship.

a) Cash and cash equivalents

The amounts included in Cash and equivalent correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be mobilised immediately with no significant risk of change in value.

b) Accounts receivable

Accounts receivable are measured, when recognised initially, at fair value and subsequently at amortised cost in accordance with the effective interest rate method. When there is evidence that they are impaired, the corresponding adjustment is recorded through profit or loss under the heading "Other Operating Costs". The recognised adjustment is measured by the difference between the value 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 due to changes in the fair value are recorded in equity, under the heading "Fair value reserve" until the investment is sold, received or disposed in any other way, or when impairment losses are believed to exist, in which case the accumulated gain or loss is recorded in the income statement.

Other investments

Financial assets available for sale in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably are measured at their acquisition cost minus any accumulated impairment losses, and are recorded under the heading "Other investments".

Furthermore, assets measured at fair value through profit or loss are revalued at their fair value with reference to their market value on the reporting date, without any deduction for transaction costs that may be incurred until their sale. These assets are recognised in the heading "Other investments" and any variation in their fair value is recorded under the heading "Earnings from investment activities - Other".

d) 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 poli-

cies adopted by the Board of Directors.

Derivative financial instruments are measured at their respective fair value and recognised in the heading "Other liabilities/current assets" or "Other non-current liabilities/assets", as applicable. The recognition method depends on the nature and purpose of their contracting.

The fair value of the derivative financial instruments is determined with reference to stock market values. If the stock market values are not available, the fair value is determined based on the analysis of discounted cash flows, which include assumptions supported on observable market prices or rates.

Hedge accounting

The possibility of classifying a derivative financial instrument as a hedging instrument follows the provisions of 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.

2.18 - 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, contri-

butions made by the Group are recorded as costs on the date on which they are made.

2.19 – 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.

2.20 - 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.

2.21 - Revenue

The Group adopted IFRS 15 for the 2018 financial year, while the 2017 values are presented in accordance with IAS 11 and IAS 18. The consolidated statements from 2017 have not been restated.

Accounting policy adopted in 2018 (IFRS 15)

Sales and services rendered are recognised on the statement of results when there is a transfer of control of the goods or service rendered to the buyer and the amount of income is reasonably quantified. Returns of sold products are recorded as a reduction in sales, in the period to which they relate.

The Group recognises revenues from different businesses:

Construction:

The construction business involves a unique performance obligation relating to the completion of a certain work under the terms defined in the respective terms of reference and the guidance and requests made by customers during the construction period. The Group believes that this performance obligation is met throughout the work execution period, since in situations of construction to order, the asset does not have an alternative use and the Group has the right to receive compensation for work performed up until the reporting date. In this way, *timing* the recognition of the performance obligation occurs during that period, determined using the *input* method (degree of completion method), based on the costs incurred for the project and the actual estimated margin for each project. As it is not a policy to provide project guarantees in excess of those defined by law, the Group has not identified any additional performance obligation related to extensions of the guarantee.

Real estate:

As regards the sale of real estate assets, the Group believes that its performance obligation is met at the time of delivery and when the corresponding transfer of control occurs. This is considered to occur at the time of the public deed of purchase and sale, since until that moment the customer does not benefit from the acquired asset and does not have control over it or access to it, and there are no other significant performance obligations

to be met from that moment onwards. Particularly with regard to real estate construction and sale projects developed by the Group, where there is a commitment by the Group to sell assets with certain characteristics, the Group believes that, although the development of the asset and its characteristics are provided for in the promissory contract that is entered into, the Group has the ability to control the process and the customer does not have the ability to decide on changes or considerations about it. Therefore, the respective revenue is recognised at a moment in time after the aforementioned public purchase and sale deed.

As regards the lease of real estate assets held by the Group, the performance obligation of Teixeira Duarte consists of assigning the right of use, by leasing, of the real estate/store specifically referred to in each contract that is entered into. The Group believes that the revenue should be recognised over time, corresponding to the lease period, as the customer simultaneously receives and enjoys the benefits arising from Teixeira Duarte's performance and execution upon the assignment of the usage right during that period.

Hospitality:

As regards hotel services, the Group believes that the obligation to perform the service, depending on its nature, occurs over time, as the service is provided. Therefore, it believes that revenue should be recognised over time, corresponding to the duration of the stay in a hotel, as the customer enjoys the associated benefits during this period. When other performance obligations are established, particularly by requesting other services (*Food & Beverage*, *SPA*, or other services provided by the Group), these are recognised at a moment in time when the customer obtains the benefits associated with them.

Distribution:

As regards distribution services, the Group believes that the performance obligation that it assumes towards customers consists of the sale/delivery of goods at a wholesale or retail market in the distribution network (supermarkets) held by the Teixeira Duarte Group. This obligation is met when the goods purchased by the customer are delivered, as until this moment the customer neither benefits from the acquired goods nor has control or access over it. Therefore, the respective revenue is recognised at that moment in time.

Automotive:

As regards the sale of cars, the Group considers that its performance obligation is met at the time of delivery and when the corresponding transfer of control occurs, since up to that moment the customer neither benefits from the acquired goods nor has control or access over it. The Group believes that there are no other performance obligations or commitments established with customers under the scope of the respective contracts that are established.

Other services:

As regards other lines of revenue, particularly services provided to customers, of a continuous or occasional nature, it is understood that there are separate performance obligations when such agreements provide for various assets to be delivered or services to be provided, from which the customer can benefit separately. These are differentiated in the terms contracted between the parties. The Group believes that the revenue attributed to each performance obligation identified in the contracts is recognised at the moment that the respective control is transferred, particular over time or at a moment in time, based on its characteristics, depending on whether the customer benefits from its execution over this same period or from a certain date.

Expenses and income are recorded in the period to which they relate, regardless of the date of their payment, receipt or invoicing. Costs and income for which the amounts are not known are estimated.

Accounting policy adopted up until 31 December 2017 (IAS 11 and IAS 18)

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). The differences between the income calculated through the application of this method and the turnover issued are recorded for under the headings "Other current assets" or "Other current liabilities", according to the nature of the differences.

Changes in the works under a construction contract, claims and premiums are considered as they are agreed and when they can be quantified in a sufficiently reliable manner.

To make a reasonable estimate of the result of a contract, the following conditions must be met:

- It is probable that the Group will obtain the economic benefits set out in the contract;
- The costs of the contract are identifiable and can be quantified reliably;
- 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.

2.22 - 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 the amounts invoiced and the corresponding income and costs generated are recorded under "Other current assets" and "Other current liabilities".

2.23 - 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.

2.24 - Impairment of financial assets

Accounting policy adopted in 2018 (IFRS 9)

The Group recognises expected impairment losses for debt instruments, measured at amortised cost or at fair value through other comprehensive income, as well as for accounts receivable from customers, from other debtors, and for assets associated with contracts with customers.

The amount of expected impairment losses for the aforementioned financial assets is updated at each reporting date in order to reflect the changes in credit risk that have occurred since the initial recognition of the respective financial assets.

Expected impairment losses are estimated using an uncollectibility matrix based on the credit history of the Group's customers over the last four years (three years for 2017), adjusted based

on specific factors attributable to customers, as well as by the macroeconomic conditions that are estimated for the future. For this purpose, the balances of customers and other debtors were grouped together, taking into account similar credit risk profiles (country, business unit, type of debtor - public or private, and others) and expiry intervals.

Accounting policy adopted until 31 December 2017 (IAS 39)

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.

2.25 - 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.

2.26 - 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.

2.27 - 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 50).

3 - ALTERATIONS OF ACCOUNTING POLICIES, ESTIMATES AND ERRORS

There were no changes to accounting policies during the financial year ending 31 December 2018, compared to the policies considered for preparing the financial information for the financial year ending 31 December 2017, except:

- Application of IAS 29 - Hyperinflationary Economies to companies in Angola and Venezuela, and as recommended in IAS 21 and IAS 29, the effect of the adoption of IAS 29 on years prior to 1 January 2018 was reflected under the item "Impact of the application of IAS 29 in Angola and Venezuela" on the statement of other comprehensive income (Note 48);
- Application of IFRS 9;
- Adoption of the revaluation model for a homogeneous class of tangible fixed assets.

4 - COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

As at 31 December 2018, Teixeira Duarte, S.A. and the following controlled companies were included in the consolidation, by the full method:

Social Denomination	Head Office	% 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 - Fração 4 D - Funchal	100.00%
TDAP - Atividades Portuárias, S.A.	Rua das Pretas, 4 - Fração 4 D - Funchal	100.00%
TDGI AÇORES - Unipessoal, Lda.	Zona Industrial Chã do Rego d'Água, Lote 39 - Cabouco, Ilha de São Miguel - Açores	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		
Fundo de Investimento Imobiliário Fechado TDF	Edifício 2, Lagoas Park - Porto Salvo	100.00%
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
IMOTD - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
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%
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%

Social Denomination	Head Office	% Effective participation
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%
AUTOMOTIVE		
SMOTORS, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TDO - Investimento e Gestão, S.A.	Edifício 2, Lagoas Park - Porto Salvo	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.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
TEDAL - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park - Porto Salvo	100.00%
EXTERNAL MARKET		
SOUTH AFRICA		
CONSTRUCTION		
Global Net Distributors (Pty) Ltd.	10 Ninth Avenue - Northmead, Gauteng 1501	100.00%
ANGOLA		
CONCESSIONS AND SERVICES		
EDUCARE - Atividades 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%

Social Denomination	Head Office	% Effective participation
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%
ANGOPREDIAL - Empreendimentos Imobiliários, 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%
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%
IMO 1 - Empreendimentos Imobiliários, 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%
AUTOMOTIVE		
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%

Social Denomination	Head Office	% Effective participation
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 Rooute Ben Aknoun, Rés de Chanssée El Biar - Alger	99.94%
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 Paraíba, 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 Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
PAREDÃO de Minas Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
TABOQUINHA Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
TDGI FACILITIES 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, 10º andar Conjunto 1001, sala 01 Itaim Bibi - São Paulo	100.00%
TDSP - Elisa de Moraes Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 02 Itaim Bibi - São Paulo	90.00%

Social Denomination	Head Office	% Effective participation
TDSP - Bela Vista Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 06 Itaim Bibi - São Paulo	92.65%
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 03 Itaim Bibi - São Paulo	92.65%
TDSP - Maratona Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 08 Itaim Bibi - São Paulo	92.65%
TDSP - Direitos Humanos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 4 Itaim Bibi - São Paulo	92.65%
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 19 Itaim Bibi - São Paulo	92.65%
TDSP - Verum Mooça Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 18 Itaim Bibi - São Paulo	100.00%
TDSP - Gilberto Sabino Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 05 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 20 Itaim Bibi - São Paulo	92.65%
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 07 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, 10º andar Conjunto 1001, sala 09 Itaim Bibi - São Paulo	92.50%
TDSP - Dionísio da Costa Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 10 Itaim Bibi - São Paulo	92.50%
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 11 Itaim Bibi - São Paulo	100.00%
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 12 Itaim Bibi - São Paulo	95.00%
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 13 Itaim Bibi - São Paulo	95.00%
TDSP - Nilo Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 14 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 15 Itaim Bibi - São Paulo	92.65%
TDSP - 16 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 16 Itaim Bibi - São Paulo	100.00%
TDSP - Carolina Ribeiro - Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 10º andar Conjunto 1001, sala 17 Itaim Bibi - São Paulo	95.00%
DISTRIBUTION		
TDD - Distribuição Brasil, Ltda.	Rua Iguatemi, nº 448, 6º andar Conjunto 602 Itaim Bibi - São Paulo	100.00%

Social Denomination	Head Office	% Effective participation
OTHER		
EMES – Participações , Ltda.	Rua Iguatemi, nº 448, 6º andar Conjunto 602, sala 21 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%
CYPRUS		
OTHER		
LEVENEL, Limited	Irakli, 2, Egkomi, 2413 Nicósia	100.00%
SPAIN		
CONSTRUCTION		
UTE 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%
TDGI - Mantenimiento y Servicios Integrales, S.L.	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
ECUADOR		
CONSTRUCTION		
CONSORCIO PUENTE DAULE - GUAYAQUIL II	Av. Francisco de Orellana, Kilometro uno e medio (1,5) y Juan Tanca Marengo, Edificio Cofin, piso seis (6) Guayaquil, Equador	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%
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%

Social Denomination	Head Office	% Effective participation
MOZAMBIQUE		
CONSTRUCTION		
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. Július Nyerere, nº 130 Maputo	74.46%
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%
MALANGA - Empreendimentos Imobiliários, S.A.	Av. Július Nyerere, nº 4 - R/C Maputo	74.71%
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		
Consorcio Boyacá - La Guaira	Av. San Juan Bosco, Edifício 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 financial year ending 31 December 2018, the following departures occurred when compared to the consolidation perimeter on 31 December 2017:

- BONAPARTE – Imóveis Comerciais e Participações, S.A.;
- LAGOAS PARK, S.A.;
- TDHOSP – Gestão de Edifício Hospital, S.A.;

It should be noted that these companies were classified as "Held for Sale" on 31 December 2017.

During the financial year ending 31 December 2018, the Group sold the 100% owned subsidiary "LAGOAS PARK, S.A." and 90% of the interest held in "TDHOSP - Gestão de Edifício Hospital, S.A.".

The following companies were wound up during the financial year ending 31 December 2018:

- TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
- GND Trading ME FZE

Mention should be made of the following incorporations during the financial year ending 31 December 2018:

Construction:

- CONSORCIO PUENTE DAULE - GUAYAQUIL II.

Concessions and services:

- TDGI - Mantenimiento y Servicios Integrales, S.L..

Real estate:

- MALANGA - Empreendimentos Imobiliários, S.A..

Other:

- EMES – Participações , Ltda..

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 2018 and 2017, 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 2018 and 2017:

Currency	Closing exchange rate			Mean exchange rate		
	2018	2017	Var	2018	2017	Var
American dollars	1,1450	1.1993	(4.5%)	1,1803	1.1307	4.4%
Macanese pataca	9,2365	9.6532	(4.3%)	9,5269	9.0741	5.0%
Mozambican metical	70,2400	70.5700	(0.5%)	71,2377	71.7446	(0.7%)
Venezuelan bolivar	813,5683	0,0401	S.S.	128,2807	0,0235	S.S.
Angola Kwanza	353,0155	185.4000	90.4%	294,5685	184.8361	59.4%
Algerian dinar	135,5660	137.6194	(1.5%)	137,5775	125,5197	9.6%
Dirham from Emirates	4,2058	4,4056	(4.5%)	4,3374	4,1538	4.4%
Moroccan Dirham	10,9560	11,2168	(2.3%)	11,0913	10,9528	1.3%
Brazilian real	4,4440	3.9729	11.9%	4,2980	3.6271	18.5%
Cape Verde Escudo	110,2650	110,2650	-	110,2650	110,2650	-
Russian ruble	79,7153	69,3920	14.9%	73,7887	66,0350	11.7%
Tunisian Dinar	3,4485	2,9464	17.0%	3,1193	2,7141	14.9%
South Africa Rand	16,4594	14,8054	11.2%	15,5474	15,0168	3.5%
Peruvian Novo Sol	3,8667	3,8846	(0.5%)	3,8807	3,6876	5.2%
Colombian Peso	3,718.3900	3,579.3100	3.9%	3,512.5138	3,358.9723	4.6%

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 2018 and 2017, were as follows:

Segment	Sales and services rendered						Operational income	
	2018			2017			2018	2017
	External clients	Intersegmental	Total	External clients	Intersegmental	Total		
Construction (*) (Note 32)	508,251	17,268	525,519	522,551	16,844	539,395	25,920	30,371
Concessions and services	96,578	13,905	110,483	96,298	12,519	108,817	5,153	4,510
Real estate (*)	71,528	10,196	81,724	96,593	9,000	105,593	48,257	54,498
Hospitality (*)	38,853	587	39,440	48,246	13,460	61,706	8,387	8,305
Distribution (*)	128,343	1,887	130,230	205,014	2,083	207,097	(2,795)	16,822
Automotive	30,159	3,241	33,400	66,936	5,176	72,112	8,532	24,642
Not allocated to segments	-	-	-	-	-	-	(9,902)	(5,404)
Removals	-	(47,084)	(47,084)	-	(59,082)	(59,082)	325	1
	873,712	-	873,712	1,035,638	-	1,035,638	83,877	133,745
Costs and financial losses (Note 15)							(150,250)	(170,416)
Income and financial earnings (Note 15)							77,228	65,765
(144,593)							18,320	2,208
Earnings before tax							29,175	31,302

(*) - Amounts from 2017 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.

Other information:

Segment	Fixed capital expenditures		Amortizations and depreciations in results		Provisions and impairment losses	
	2018	2017	2018	2017	2018	2017
Construction (*)	17,001	(10,109)	25,712	31,329	4,295	(8,778)
Concessions and services	4,949	40,003	2,572	3,429	444	(4)
Real estate (*)	13,744	(7,135)	2,903	5,738	3,742	-
Hospitality (*)	3,263	2,392	4,031	5,600	10	(18)
Distribution (*)	6,888	4,466	6,400	8,342	6,630	-
Automotive	132	571	1,710	1,690	137	186
Not allocated to segments	199	398	218	95	-	-
	46,176	65,074	(43,546)	(56,223)	(15,258)	(8,614)

(*) - Amounts from 2017 restated as explained above in the introductory note.

The assets and liabilities of the segments and their respective reconciliation with the consolidated total, as at 31 December 2018 and 2017, are as follows:

Segment	Assets								Liabilities	
	2018				2017				2018	2017
	Investments in associates and joint-ventures (Note 23)	Financial assets at fair value through other comprehensive income (Note 45)	Other Assets	Total	Investments in associates and joint-ventures (Note 23)	Financial assets available for sale (Note 25)	Other Assets	Total		
Construction (*)	2,134	12,978	1,850,492	1,865,604	2,608	-	2,108,465	2,111,073	975,325	1,145,116
Concessions and services	1,249	76	117,939	119,264	3,113	-	181,638	184,751	43,351	76,178
Real estate (*)	75	1,285	1,124,972	1,126,332	603	1,198	1,641,286	1,643,087	457,749	850,966
Hospitality (*)	-	12	234,698	234,710	-	-	332,198	332,198	71,653	188,798
Distribution (*)	-	10	248,399	248,409	-	-	227,494	227,494	145,517	158,679
Automotive	24	7	207,273	207,304	24	-	167,031	167,055	88,905	72,478
Not allocated to segments	13,339	2,562	896,707	912,608	13,948	643	901,828	916,419	841,532	759,545
Removals	-	-	(2,856,531)	(2,856,531)	-	-	(3,287,718)	(3,287,718)	(1,169,692)	(1,366,244)
	16,821	16,930	1,823,949	1,857,700	20,296	1,841	2,272,222	2,294,359	1,454,340	1,885,516

(*) - Amounts from 2017 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 2018 and 2017:

Geographic segment	Sales and services rendered		Non-current and non-monetary assets	
	2018	2017	2018	2017
Portugal	233,265	189,999	196,576	215,002
Angola	284,433	398,589	536,284	416,628
Algeria	122,347	91,463	20,451	22,862
Brazil	136,013	235,902	16,529	21,264
Spain	35,989	30,297	17,528	16,372
Mozambique	30,587	61,035	31,818	19,840
Venezuela	15,651	15,984	1,014	65
Other	15,427	12,369	3,807	2,016
	873,712	1,035,638	824,007	714,049

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 2018 and 2017 was as follows:

	2018	2017
Sales and services rendered:		
Sales	494,624	575,221
Services rendered	379,088	460,417
	873,712	1,035,638
Other operating income:		
Sales of assets a)	47,316	5,425
Variation in the fair value of investment properties (Note 22)	41,098	23,816
Exchange rate differences	18,385	-
Supplementary income	7,449	6,841
Works for own company b)	3,762	2,235
Reversal of impairment losses in accounts receivable (Note 28)	2,992	13,193
Corrections to prior financial years	296	895
Reversal of impairment losses in inventories (Notes 9 and 10)	215	257
Tax refund	89	204
Gains in inventories	28	84
Other operating income	18,921	11,411
	140,551	64,361
	1,014,263	1,099,999

a) During the period ending 31 December 2018, the stated gains were obtained with the divestment of tangible fixed assets worth 3,087 thousand euros (3,829 thousand euros in the period ending 31 December, 2017) (Note 21).

During the financial year ending 31 December 2018, the Group divested "Lagoas Park, S.A." and TDHOSP - Gestão de Edifício

Hospital, S.A., having posted an overall capital gain of 44,100 thousand euros (Note 24). These companies formed part of the consolidation perimeter on 31 December 2017 and were classified as "Assets and liabilities held for sale".

Also in the financial year ending 31 December 2018, TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. and GND Trading ME FZE were dissolved, posting gains of 129 thousand euros.

In the financial year ending 31 December 2018, the Group divested the energy sector for 7,820 thousand euros, with a capital gain of 612 thousand euros.

Mention should also be made of the sale of "RECOLTE, Serviços e Meio Ambiente, S.A." and "RECOLTE, Serviços e Meio Ambiente (Porto), S.A." for 1,150 thousand euros, with a capital gain of 283 thousand euros. These companies were part of the consolidation perimeter on 31 December 2016. The dissolution of BETANGOLA - Betões e Pré-Fabricados de Angola, Lda., with gains of 701 thousand euros should also be mentioned.

(b) Work for the company essentially involves the improvement of equipment.

Net exchange rate differences posted for the financial year ending 31 December 2018 are due to payments and receipts, as well as to exchange rate updates in balances, posted based on currencies other than the Euro.

9 - COST OF SALES

During the years ended on 31 December 2018 and 2017, the cost of sales was as follows:

	Raw materials and consumables	Goods	Total
Gross asset:			
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	-	(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
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	5,382	5,382
Impact of the application of IAS 29 - Hyperinflation	71	2,648	2,719
Currency conversion adjustments	1,448	(27,722)	(26,274)
Regularization	-	(2,424)	(2,424)
Purchases	117,380	137,008	254,388
Cost for the year	(121,078)	(126,117)	(247,195)
Balance on December 31, 2018	11,274	59,095	70,369
Accumulated impairment losses in inventories:			
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	-	(366)	(366)
Balance as at 31 December 2017	788	4,441	5,229
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	1,021	1,021
Impact of the application of IAS 29 - Hyperinflation	-	479	479
Currency conversion adjustments	(307)	(2,552)	(2,859)
Reinforcements (Note 14)	538	380	918
Reductions (Note 8)	(28)	(187)	(215)
Regularization	(5)	(10)	(15)
Balance on December 31, 2018	986	3,572	4,558
Net value as at 31 December 2017	12,665	65,880	78,545
Net value as at 31 December 2018	10,288	55,523	65,811

10 - CHANGE IN PRODUCTION

The statement of change in production recorded for the years ended on 31 December 2018 and 2017 was as follows:

	Ongoing products and works	Finished and intermediate products	Total
Gross asset:			
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
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	244	-	244
Impact of the application of IAS 29 - Hyperinflation	97	-	97
Currency conversion adjustments	(5,938)	-	(5,938)
Regularization	(10,185)	78	(10,107)
Production changes	(8,663)	(10,149)	(18,812)
Balance on December 31, 2018	124,364	3,849	128,213
Accumulated impairment losses in inventories:			
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
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	46	-	46
Impact of the application of IAS 29 - Hyperinflation	47	-	47
Currency conversion adjustments	(109)	-	(109)
Reinforcements (Note 14)	1,203	-	1,203
Transfers	(24)	-	(24)
Balance on December 31, 2018	1,380	-	1,380
Net value as at 31 December 2017	148,592	13,920	162,512
Net value as at 31 December 2018	122,985	3,849	126,834

As at 31 December 2018 and 2017, the Inventories are detailed as follows: 2016

	2018	2017
Raw materials and consumables	10,288	12,665
Goods	55,523	65,880
Ongoing products and works	122,985	148,592
Finished and intermediate products	3,849	13,920
Total	192,645	241,057

As at 31 December 2018 and 2017, the real estate enterprises, presented under products and work in progress, are being developed by the following entities:

	2018	2017
TD VIA - Sociedade Imobiliária, S.A.	40,692	39,158
V8 - Gestão Imobiliária, S.A.	16,596	16,242
QUINTA DE CRAVEL - Imobiliária, S.A.	16,435	16,336
TDSP - Nilo Empreendimentos Imobiliários SPE, Ltda.	6,615	5,809
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	6,161	6,800
TDRE Hood, LLC	5,091	4,383
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	4,896	8,295
TDSP - Carolina Ribeiro Empreendimentos Imobiliários SPE, Ltda.	4,823	-
TDRE LEE Park, LLC	4,483	3,971
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	4,138	6,389
TDSP - Gilberto Sabino Empreendimentos Imobiliários SPE, Ltda.	3,301	7,514
TDSP - Bela Vista Empreendimentos Imobiliários SPE, Ltda.	2,908	3,156
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	2,526	3,577
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	1,482	1,583
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	1,433	1,433
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	833	930
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	51	2,719
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	30	3,080
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	6	3,027
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	-	11,814
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	-	1,440
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	-	85
Other	485	851
	122,985	148,592

As at 31 December 2018 and 2017, the following inventories had been pledged as security for liabilities:

Geography	2018	2017
Portugal	Mortgage 10 Lots Santa Marinha Design District Development	Mortgage 10 Lots Santa Marinha Design District Development
Portugal	Mortgage 9 Lots Mafamude	Mortgage 9 Lots Mafamude
Portugal	-	Mortgage of the real estate, urban buildings, located on Rua de Pedrouços
Portugal	Mortgage of 65 fractions - Santa Marinha Design District Development - Vila Nova de Gaia	Mortgage of 65 fractions - Santa Marinha Design District Development - Vila Nova de Gaia
Portugal	Mortgage on Land in Pedregueiras - (14+10) Rural Buildings	-
Portugal	Mortgage on the Magnolia and Coina Development	-
Portugal	Vale Figueira Mortgage	-
Portugal	Mortgage on the Lezíria Park 2 development, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park	-
Brazil	Real Estate Development Condominium Unique Alta Vista - São Paulo / Brazil (168 Independent Units)	-
Brazil	Real Estate Development Condominium Portrait Pinheiros - São Paulo / Brazil (104 Independent Units)	-

11 -EXTERNAL SUPPLIES AND SERVICES

For the years ended on 31 December 2018 and 2017, external supplies and services were as follows:

	2018	2017
Subcontracts	130,404	142,331
Specialised work	33,255	30,607
Maintenance and repair	23,983	22,583
Hire and rental charges	19,074	22,062
Transport of goods	7,770	7,577
Fuel	7,527	9,357
Travel and accommodation	4,647	5,362
Electricity	4,509	6,220
Surveillance and security	3,448	4,703
Advertising	3,103	3,322
Transport of people	2,498	3,351
Fees	2,249	3,132
Other	44,210	55,919
	286,677	316,526

12 - STAFF COSTS

The average number of employees in the years ended on 31 December 2018 and 2017, by operating segment, was as follows:

	2018	2017
Construction	5,298	5,125
Concessions and services	1,908	2,021
Real estate	262	176
Hospitality	1,079	1,096
Distribution	1,386	1,417
Energy	-	17
Automotive	412	504
Not allocated to segments	186	204
	10,530	10,560

The heading "staff costs", for the years ended on 31 December 2018 and 2017, is broken down as follows:

	2018	2017
Normal remunerations	108,695	113,792
Other remunerations	63,476	64,584
Charges with remunerations	32,281	31,427
Insurance	2,608	3,516
Retirement benefits	8	8
Other staff costs	14,908	26,657
	221,976	239,984

13 - OPERATING LEASES

For the financial years ended on 31 December 2018 and 2017, EUR 186 thousand and EUR 172 thousand were recorded, respectively, relative to operating lease instalments, which were recognised under the heading "External supplies and services".

The instalments of operating leases held by the Group at 31 December 2018 and 2017 have the following maturities:

	2018	2017
2018	-	83
2019	48	6
2020	11	3
2021	1	1
	60	93

14 - OTHER OPERATING COSTS

Other operating costs for the years ended on 31 December 2018 and 2017 were as follows:

	2018	2017
Impairment losses of debts receivable (Note 28)	36,331	16,014
Taxes	18,200	20,246
Variation in the fair value of investment properties (Note 22)	14,373	7,777
Bad debts	7,416	664
Loss of inventories	5,544	277
Losses incurred in the divestment of assets (a)	2,703	1,693
Reversal of inventory impairment losses (Notes 9 and 10)	2,121	1,597
Operational exchange rate differences	-	2,204
Other operating costs	10,234	12,399
	96,922	62,871

a) The reported losses were incurred through the divestment of tangible fixed assets to the value of 1,419 thousand euros (1,641 thousand euros in 2017) (Note 21).

During the financial year ending 31 December 2017, Teixeira Duarte Internacional, LTD. was dissolved and posted losses of 1,284 thousand euros.

In 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 2018 and 2017 were as follows:

	2018	2017
Financial costs and losses:		
Supported interests	(27,296)	(65,886)
Unfavourable exchange rate differences	(99,427)	(68,554)
Other costs and financial losses	(23,527)	(35,976)
	(150,250)	(170,416)
Financial income and gains:		
Obtained interests	6,953	10,087
Favourable exchange rate differences	31,255	53,191
Net Financial Position d)	38,445	-
Other income and financial earnings	575	2,487
	77,228	65,765
Earnings from investment activities:		
Earnings from associates and joint ventures (a)	220	2,217
Dividends (b)	1,423	2,728
Other investments (c)	16,677	(2,529)
Gains / losses in assets available for sale	-	(208)
	18,320	2,208
Financial Results	(54,702)	(102,443)

a) The results of associated companies and joint ventures from the financial year ending 31 December 2018 include the effect of applying the equity method to investments in associates and joint ventures, amounting to 220 thousand euros (2,217 thousand euros in 2017) (Note 23).

b) The values shown in 2018 and 2017 correspond to dividends received from "Other Investments".

c) The "Other investments" item includes capital gains and losses on the divestment of financial assets amounting to 16,677 thousand euros in 2018 (1,814 thousand euros in 2017).

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 amount shown corresponds to the gain resulting from the application of IAS 29.

Net exchange rate differences, recorded during the periods ending Saturday, December 31, 2018 and 2017, 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 2018, no interest was capitalised on the acquisition cost of qualifying assets (EUR 198 thousand as at 31 December 2017).

For the effect 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 de 2017.

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, SA" 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 9%, respectively.

These entities are also subject to regional taxation, at the rates and with the fees, charges and expenses provided for in article 88 of the IRC (Corporation Tax) 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 2018 tax year 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.

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 2018.

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 2018 and 2017 are as follows:

	2018	2017
Current tax:		
Income tax in Portugal	(10,456)	(31,522)
Income tax in other jurisdictions	(11,955)	(23,130)
Current Tax	(22,411)	(54,652)
Deferred tax (Note 27):	2,732	20,118
	(19,679)	(34,534)

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to (71,251) thousand euros were recorded directly in equity for the year ended on 31 December 2018 (1,009 thousand euros as at 31 December 2017) (Note 27).

As at 31 December 2018 and 2017, the reconciliation between the nominal and effective income tax rate may be presented as follows:

	2018		2017	
	Rate %	Tax	Rate %	Tax
Earnings before tax		29,175		31,302
Nominal rate and tax on income	(21.0%)	(6,127)	(21.0%)	(6,573)
Differential of tax rates of other countries	(54.1%)	(15,796)	(78.1%)	(24,447)
Earnings from associated companies and joint ventures (equity method)	0.2%	46	1.5%	466
Tax losses generated in the year for which deferred tax assets were not recognised	42.7%	12,460	6.4%	1,995
Difference between capital gains and losses for tax and accounting purposes	9.8%	2,855	28.7%	8,984
Costs not accepted for tax purposes	(21.9%)	(6,389)	(42.3%)	(13,248)
Autonomous taxation	(3.4%)	(996)	(3.4%)	(1,066)
Surcharge	(5.2%)	(1,520)	(2.6%)	(818)
Differences in estimates	5.7%	1,662	(36.7%)	(11,488)
Other tax components	(29.5%)	(8,607)	(27.0%)	(8,457)
Deferred tax for the year	9.4%	2,732	64.3%	20,118
Effective rate and tax on income	(67.5%)	(19,679)	(110.3%)	(34,534)

17 - EARNINGS PER SHARE

Earnings per share for the years ended on 31 December 2018 and 2017 were calculated taking into account the following amounts:

	2018	2017
Earnings for the effect of calculating net earnings per basic share (net income for the year)	11,127	(4,650)
Weighted average number of shares for the effect of calculating earnings per basic share (thousand)	420,000	420,000
Earnings per basic share	0.03	(0.01)

Since for the financial years ended on 31 December 2018 and 2017 there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

18 - DIVIDENDS

At the General Meeting of Shareholders held on 26 May 2018 it was decided not to distribute dividends, taking into consideration the separate financial statements of the Company as at 31 December 2017.

Dividends of 840 thousand euros were settled during the period ending 31 December 2017, referring to the 2016 financial year.

19 - GOODWILL

During the years ended on 31 December de 2018 and 2017, the movements in the values of *goodwill* calculated upon the acquisition of subsidiaries, as well as in related impairment losses

were as follows:

	2018	2017
Gross asset:		
Opening balance	27,571	29,550
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	55	-
Impact of the application of IAS 29 - Hyperinflation	25	-
Currency conversion adjustments	(125)	-
Transfer to assets held for sale	-	(1,979)
Closing balance	27,526	27,571
Accumulated impairment losses	(15,255)	(15,255)
Net asset:	12,271	12,316

The values of the *goodwill* as at 31 December 2018 and 2017 refer to the following entities:

Participated company	Operating segment	2018	2017
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construction	12,107	12,107
Auto Competição Angola, Lda.	Automotive	164	209
		12,271	12,316

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 cash-generating units are allocated.

The Boards of Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the book value of these cash-generating units to exceed its recoverable amount.

The main assumptions considered in determining the value in use of *goodwill* are as follows:

Participated company	2018			2017		
	Book value of the goodwill	Discount rate	Perpetuity growth rate	Book value of the goodwill	Discount rate	Perpetuity growth rate
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	12,107	6.4%	1.25%	12,107	6.1%	1.25%
Auto Competição Angola, Lda.	164	14.3%	1.50%	209	14.3%	1.50%
	12,271			12,316		

20 - INTANGIBLE ASSETS

During the years ended on 31 December 2018 and 2017, the movement in intangible assets and their respective accumulated amortisation and impairment losses was as follows:

	Industrial property	Other	Fixed assets under construction	Advances for intangible assets	Total
Gross asset:					
Balance as at 31 December 2016	45,293	140	3,313	-	48,746
Perimeter alteration	(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	(25)	-	-	-	(25)
Balance as at 31 December 2017	88,722	89	2,936	-	91,747
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	9,005	14	-	-	9,019
Impact of the application of IAS 29 - Hyperinflation	4,078	6	-	-	4,084
Currency conversion adjustments	(17,705)	(32)	(302)	-	(18,039)
Additions	439	-	131	347	917
Transfers and write-offs	(8,563)	-	(24)	-	(8,587)
Sales	(34)	-	-	-	(34)
Balance on December 31, 2018	75,942	77	2,741	347	79,107
Accumulated amortisation and impairment losses:					
Balance as at 31 December 2016	9,652	140	-	-	9,792
Perimeter alteration	(47)	-	-	-	(47)
Currency conversion adjustments	(82)	2	-	-	(80)
Transfers and write-offs	1,094	(53)	-	-	1,041
Stiffeners	3,577	-	-	-	3,577
Sales	(20)	-	-	-	(20)
Transfer to assets held for sale	(25)	-	-	-	(25)
Balance as at 31 December 2017	14,149	89	-	-	14,238
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	1,420	14	-	-	1,434
Impact of the application of IAS 29 - Hyperinflation	951	6	-	-	957
Currency conversion adjustments	(3,011)	(32)	-	-	(3,043)
Transfers and write-offs	(2,665)	-	-	-	(2,665)
Stiffeners	3,207	-	-	-	3,207
Sales	(34)	-	-	-	(34)
Balance on December 31, 2018	14,017	77	-	-	14,094
Net value:					
As at 31 December 2017	74,573	-	2,936	-	77,509
As at 31 December 2018	61,925	-	2,741	347	65,013

On 31 December 2018, the “Industrial property” item presented the amount of 56,641 thousand euros, referring to surface rights (66,833 thousand euros on 31 December 2017).

21 - TANGIBLE FIXED ASSETS

During the years ended on 31 December 2018 and 2017, 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 2016	31,328	483,317	388,750	85,600	41,656	36,226	10,794	15,061	-	1,092,732
Perimeter alteration	-	(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	(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
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	2,562	87,572	23,957	8,395	136	4,779	1,197	1,071	38	129,707
Impact of the application of IAS 29 - Hyperinflation	2,422	44,125	11,103	3,489	70	2,221	853	2,161	17	66,461
Currency conversion adjustments	(6,021)	(220,366)	(48,103)	(18,056)	(1,957)	(10,008)	(2,733)	(2,326)	(86)	(309,656)
Additions	-	5,108	12,964	6,356	2,958	1,048	1,409	5,034	-	34,877
Transfers and write-offs	(2,705)	35	(7,493)	(2,426)	(1,573)	(988)	(68)	(4,265)	-	(19,483)
Sales	(40)	(6,616)	(4,787)	(3,219)	(397)	(857)	(412)	-	-	(16,328)
Revaluation	-	473,051	-	-	-	-	-	-	-	473,051
Balance on December 31, 2018	27,157	828,208	348,539	73,198	41,227	30,535	11,183	8,972	112	1,369,131
Depreciation and losses from accrued impairment:										
Balance as at 31 December 2016	164	152,005	305,377	70,009	32,222	30,879	6,289	-	-	596,945
Perimeter alteration	-	(67)	(7,616)	(1,159)	(262)	(223)	(288)	-	-	(9,615)
Exchange conversion effect	-	(258)	(5,092)	(1,875)	(370)	(103)	(11)	-	-	(7,709)
Stiffeners	-	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	-	(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
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	25,111	19,755	7,736	112	4,164	648	-	-	57,526
Impact of the application of IAS 29 - Hyperinflation	-	18,732	9,115	2,685	60	1,995	430	-	-	33,017
Exchange conversion effect	-	(67,718)	(37,406)	(16,622)	(345)	(8,809)	(1,524)	-	-	(132,424)
Stiffeners	-	17,092	19,343	3,712	2,947	1,325	783	-	-	45,202
Transfers and write-offs	-	(1,405)	(8,858)	(2,350)	(1,400)	(917)	(65)	-	-	(14,995)
Sales	-	(1,857)	(4,210)	(3,010)	(306)	(715)	(917)	-	-	(11,015)
Revaluation	-	235,263	-	-	-	-	-	-	-	235,263
Balance on December 31, 2018	164	389,169	298,546	60,021	35,118	27,183	6,298	-	-	816,499
Net value:										
As at 31 December 2017	30,775	281,348	60,091	10,789	7,940	4,200	3,994	7,297	143	406,577
As at 31 December 2018	26,993	439,039	49,993	13,177	6,109	3,352	4,885	8,972	112	552,632

According to IAS 16, after initial recognition, tangible fixed assets can be measured in accordance with two models:

- Cost Model
- Revaluation model

On 31 December 2018, the Group opted for the revaluation model for a restricted set of tangible fixed assets, and this policy was then applied to an entire homogeneous class.

The adoption of the revaluation model assumes that the fair value can be reliably determined, and the asset in question is measured at its revalued value, corresponding to its fair value at the date of the revaluation, less any accumulated depreciation and subsequent impairment.

In order to ensure that the financial statements more accurately reflect the fair value of the net assets, it was decided, with effect from 31 December 2018, to change the measurement model applied to all hotels, all distribution stores and also to stores in the vehicle sector, as these form part of the homogeneous class of assets in which it is believed that the difference between the value recognised on the financial statements and the corresponding fair value is most significant.

The change from the previously adopted cost model to the revaluation model constitutes a change in accounting policy. However, under the terms of IAS 8:17, an exception to the general rule applied to changes in accounting policies is established in this situation. Therefore, this change should take place within the framework of a revaluation at the date set for the change, rather than leading to an adjustment (restatement) of the comparative period. The increase in the value of the assets should be directly reflected in equity (or in results, in the event of a reduction in value due to impairment)

Revaluations should be carried out sufficiently frequently to ensure that the carrying amount does not materially differ from the corresponding fair value at the reporting date (IAS 16:31).

At 31 December 2018, the impact of the revaluation of these tangible fixed assets was as follows:

Fixed tangible assets	Gross assets	Accrued amortizations	Net value	Evaluation value	Impact on revaluation	Deferred tax	Impact of net revaluation
Hotels							
Portugal	8,174	(5,140)	3,034	5,770	2,736	(574)	2,162
Angola	87,046	(42,889)	44,157	147,992	103,835	(31,151)	72,684
Mozambique	11,916	(3,655)	8,261	19,487	11,226	(3,592)	7,634
	107,136	(51,684)	55,452	173,249	117,797	(35,317)	82,480
Stores in the distribution sector							
Angola	84,345	(15,200)	69,145	117,640	48,495	(14,549)	33,946
	84,345	(15,200)	69,145	117,640	48,495	(14,549)	33,946
Stores in the automotive sector							
Angola	19,583	(4,062)	15,521	87,017	71,496	(21,449)	50,047
	19,583	(4,062)	15,521	87,017	71,496	(21,449)	50,047
	211,064	(70,946)	140,118	377,906	237,788	(71,315)	166,473

All real estate was valued by independent, professionally qualified and recognised appraisers with recent experience in the location and category of the valued properties.

It should also be noted that the useful lives of the revalued real estate were not changed.

The additions to tangible fixed assets during the year ended on 31 December 2018 refer mainly to investments in facilities and equipment.

At 31 December 2018, the tangible fixed assets in progress are essentially buildings and other constructions in progress.

22 - INVESTMENT PROPERTIES

During the years ended on 31 December 2018 and 2017, the movement in investment properties was as follows:

	2018	2017
Opening balance	217,647	547,067
Currency conversion adjustments	(53,020)	(393)
Increases / (divestments)	2,319	2,566
Change in fair value (Notes 8 and 14)	26,725	16,039
Transfer to assets held for sale (Note 24)	-	(354,874)
Transfers from/to tangible fixed assets	420	7,242
Closing balance	194,091	217,647

During the years ended on 31 December 2018 and 2017, the movement in investment properties by geographic area was as follows:

	2018	2017
Portugal	698	17,062
Angola	26,027	(1,023)
	26,725	16,039

The income gained from investment property arising from op-

erating leasing contracts reached EUR 4,821 thousand for the financial year ended on 31 December 2018 (EUR 32,961 thousand as at 31 December 2017). For the financial year ended on 31 December 2018, direct operating costs related to investment properties reached EUR 1,243 thousand (EUR 3,424 thousand as at 31 December 2017).

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 12%.
- 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 2018 and 2017, 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 2018:

Social Denomination	Head Office	% Effective participation
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 - Linhão – 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%
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	Edifício 2, Lagoas Park - Porto Salvo	57.30%
TDGISERV Services, LLC (a)	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 2018 and 2017:

	Equity stakes	Goodwill	Total
Balance as at 31 December 2016	17,504	-	17,504
Effects of the application of the equity method:			
Effect on net income for the year (Note 15)	2,217	-	2,217
Effect on equity	(634)	-	(634)
Increases	435	-	435
Currency conversion adjustments	571	-	571
Other	203	-	203
Balance as at 31 December 2017	20,296	-	20,296
Effects of the application of the equity method:			
Effect on net income for the year (Note 15)	220	-	220
Effect on equity	(888)	-	(888)
Increases (a)	214	-	214
Currency conversion adjustments	(99)	-	(99)
Other	(2,922)	-	(2,922)
Balance on December 31, 2018	16,821	-	16,821

(a) Capital increase of Alvorada Petróleo, S.A..

Investments in associated companies and joint-ventures as at 31 December 2018 and 2017 are broken down as follows:

Associates and joint-ventures	2018			2017		
	Equity stakes	Goodwill	Value of financial position	Equity stakes	Goodwill	Value of financial position
IMOC - Empreendimentos Imobiliários, S.A.R.L.	13,339	-	13,339	13,948	-	13,948
TDGISERV Services, LLC (a)	770	-	770	2,563	-	2,563
RPK Gulfstream Ltd.	479	-	479	550	-	550
Alvorada Petróleo, S.A.	75	-	75	582	-	582
SCP AK-10 Empreendimentos e Participações SPE LTDA.	-	-	-	21	-	21
Other	2,158	-	2,158	2,632	-	2,632
	16,821	-	16,821	20,296	-	20,296

The holdings referred to above are stated using the equity method, which, for the years ended on 31 December 2018 and 2017, had the following impacts:

Associates and joint-ventures	2018		Total
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	
Alvorada Petróleo, S.A.	(50)	(609)	(659)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	(664)	(11)	(675)
SCP AK-10 Empreendimentos e Participações SPE LTDA.	(39)	-	(39)
TDGISERV Services, LLC (a)	1,152	(268)	884
Other	(179)	-	(179)
	220	(888)	(668)

Associates and joint-ventures	2017		Total
	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	
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 (a)	(565)	322	(243)
Other	1,479	(19)	1,460
	2,217	(634)	1,583

The main financial information relative to the associates and joint ventures at 31 December 2018 and 2017 is as follows:

	Total assets		Total liabilities		Total net assets		Share of the Group in net assets	
	2018	2017	2018	2017	2018	2017	2018	2017
Alvorada Petróleo, S.A.	1,858	1,905	1,684	558	173	1,347	75	582
IMOC - Empreendimentos Imobiliários, S.A.R.L.	28,477	34,064	1,756	6,123	26,721	27,941	13,339	13,948
SCP AK-10 Empreendimentos e Participações SPE LTDA.	-	42	38	-	(38)	42	-	21
TDGISERV Services, LLC (a)	8,535	4,323	6,964	9,786	1,571	(5,463)	770	2,563
Other	13,751	19,492	7,274	11,957	6,477	7,535	2,637	3,182
	52,621	59,826	17,716	28,424	34,904	31,402	16,821	20,296

24 - ASSETS AND LIABILITIES HELD FOR SALE

As at 31 December 2018 and 2017, the assets and liabilities held for sale are detailed as follows:

	2018	2017
Assets held for sale:		
Goodwill	1,979	1,979
Fixed tangible assets	441	28,062
Investment Properties	30,548	354,874
Other investments	(1,159)	7,125
Assets for deferred tax	-	2,572
Inventories	199	199
Clients - current	115	6,560
Clients - Non-current	-	40,250
Other debtors	5	5
Cash and cash equivalents	24	12,496
Other Assets	427	858
Total assets held for sale	34,897	454,980
Liabilities held for sale:		
Loans	21,698	164,886
Liabilities by deferred taxes	(1,848)	1,701
Financial Leases	2,417	161,808
Suppliers	212	448
Other Creditors	634	1,900
Other liabilities	448	19,133
Total liabilities held for sale	23,561	349,876
Total net value	11,336	105,104

On 31 December 2018 the following companies are classified as "Assets and liabilities held for sale":

- BONAPARTE – Imóveis Comerciais e Participações, S.A.;
- AEBT – Vias do Baixo Tejo, S.A.

On 31 December 2017, the following companies were classified as "Assets and liabilities held for sale":

- BONAPARTE – Imóveis Comerciais e Participações, S.A.;
- LAGOAS PARK, S.A.;
- TDHOSP – Gestão de Edifício Hospital, S.A.;
- LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.;
- AEBT – Vias do Baixo Tejo, S.A.

On 31 December 2018, the Group divested the following investments, which were classified as "Assets held for sale":

- The 100% owned subsidiary "LAGOAS PARK, S.A." which operates in the real estate sector in Portugal;

- Divestment of 90% of the subsidiary "TDHOSP - Gestão de Edifício Hospital, S.A.", which operates in Portugal, in the hospital building management and maintenance sector, as well as the management and operation of the respective car park;
- Divestment of the entire stake (9%) held in "LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.".

These divestments break down as follows:

Assets held for sale:	
Fixed tangible assets	27,621
Investment Properties	324,326
Other investments	5,606
Assets for deferred tax	2,572
Clients - current	6,445
Clients - Non-current	40,250
Cash and cash equivalents	12,472
Other Assets	431
Total assets held for sale	419,723
Liabilities held for sale:	
Loans	143,188
Liabilities by deferred taxes	3,549
Financial Leases	159,391
Suppliers	236
Other Creditors	1,266
Other liabilities	18,685
Total liabilities held for sale	326,315
Total net value	93,408
Realization value	162,825
Profits (Note 8)	44,100
Profits (Note 15)	17,405
Value received (Note 30)	162,570
Amount receivable	255

25 - FINANCIAL ASSETS AVAILABLE FOR SALE

During the year ended on 31 December 2017, the movements which occurred in the valuation of the financial assets available for sale, stated at their respective fair value, were as follows:

	2017
Opening balance	8,318
Divestments during the year a)	(1,071)
Fair value reduction b)	(5,406)
	1,841

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.

a) During the year ended on 31 December 2017, the presented values 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
Total	1,071	264	-	(807)	264

b) During the years ended on 31 December 2018 and 2017, the presented values are detailed as follows:

2017

Description	Impairment for the year		
	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)
Total	(5,406)	-	(5,406)

The financial assets available for sale, and their respective cost and market values, as at 31 December 2017, are as follows:

	2017	
	Cost Value	Market value
Banco Comercial Português, S.A.	586,331	1,841
	586,331	1,841

26 - OTHER INVESTMENTS

As at 31 December 2017, this heading includes investments in the following entities:

	2017
Financial assets available for sale at cost a)	
Government Debt Security of the People's Republic of Angola Government	24,561
EIA - Ensino, Investigação e Administração, S.A.	624
MTS - Metro Transporte do Sul, S.A.	570
KUIKILA Investments, Lda.	481
MATADOURO DE MACAU, S.A.R.L.	317
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256
CPM - Companhia de Parques de Macau, S.A.R.L.	205
Other	125
	27,139
Financial assets available for sale at fair value	
COLT Resources Inc.	151
Other	123
	274
	27,413

a) This heading essentially includes investments in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably. These investments are measured at their acquisition cost minus any accumulated impairment losses.

Moreover, during the year ended on 31 December 2017, dividends were received from these investments amounting to EUR 2,728 thousand (Note 15).

These assets were reclassified in 2018 to Other financial investments (Note 45)

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 2018 and 2017, the movements which occurred in deferred tax assets and liabilities, according to the temporary differences which generated them, are as follows:

	2018			Constitution		Reversal		Currency conversion & adjustments	Closing balance
	Opening balance	Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	Impact of the application of IFRS 9	Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Assets by deferred taxes:									
Inventory impairments	150	11	-	365	-	(23)	-	(115)	388
Impairment of clients	42	-	684	557	-	(10)	-	-	1,273
Impairment of financial assets at fair value through other comprehensive income	108,572	-	-	-	66	-	-	-	108,638
Double international taxation credit	10,321	-	-	-	-	-	-	921	11,242
Reportable tax losses	21,954	-	-	(4,357)	-	(1,498)	-	(5,867)	18,946
Provision for work losses	308	-	-	566	-	(66)	-	(92)	716
Other	13,685	240	-	7,659	-	(1,429)	(2)	(11,921)	8,232
	155,032	251	684	13,504	66	(3,026)	(2)	(17,074)	149,435
Liabilities by deferred taxes:									
Income taxable in future periods	974	-	-	70	-	(564)	-	(175)	305
Investment Properties	23,128	-	-	7,954	-	98	-	(8,906)	22,078
Reassessment of fixed tangible assets	5,059	381	-	-	71,315	(73)	-	(1,562)	75,120
Other	5,882	23,899	-	640	-	(183)	-	(15,193)	15,045
	35,043	24,280	-	8,664	71,315	(918)	-	(25,836)	112,548

	2017			Constitution		Reversal		Currency conversion & adjustments	Closing balance
	Opening balance	Perimeter alteration	Transfer to assets held for sale	Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Assets by deferred taxes:									
Inventory impairments	150	-	-	-	-	-	-	-	150
Impairment of clients	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)	-	(6)	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

According to the tax returns of the companies that recorded deferred tax assets due to tax losses as at 31 December 2018 and 2017, they were carried forward as follows:

	2018			2017		
	Tax loss	Deferred tax assets	Usage deadline	Tax loss	Deferred tax assets	Usage deadline
Generated in 2013	-	-	2018	10,211	2,752	2018
Generated in 2014	9,486	2,371	2026	638	223	2026
Generated in 2015	4,447	1,509	2027	6,905	2,344	2027
Generated in 2016	6,573	1,643	2028	59,820	12,890	2028
Generated in 2017	48,777	10,564	2022	16,199	3,745	2022
Generated in 2018	9,450	2,859	2023	-	-	-
	78,733	18,946		93,773	21,954	

Furthermore, as at 31 December 2018 and 2017, the tax losses and credits for which no deferred tax assets were recorded as a precaution, are broken down as follows:

	2018			2017		
	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	3,958	1,187	2028	7,536	2,261	2028
Generated in 2017	3,492	1,048	2022	6,649	1,995	2022
Generated in 2018	41,533	12,460	2023	-	-	-
	48,983	14,695		14,185	4,256	

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 December 31, 2018 and 2017, balances with these entities had the following composition:

	Chain		Non-current	
	2018	2017	2018	2017
Clients:				
Clients current account	190,830	268,358	23,441	80,034
Clients with bad debt	52,747	52,506	18,596	-
	243,577	320,864	42,037	80,034
Impairment losses	(57,474)	(53,897)	(18,596)	-
Transfer to assets held for sale	-	(6,560)	-	(40,250)
	186,103	260,407	23,441	39,784
Other debtors:				
Staff	928	1,670	-	-
Other debtors	23,711	43,682	11,091	10,985
	24,639	45,352	11,091	10,985
Impairment losses	(2,445)	(2,542)	-	-
Transfer to assets held for sale	-	(5)	-	-
	22,194	42,805	11,091	10,985

During the years ended on 31 December 2018 and 2017, 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 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
Impact of the application of IFRS 9	2,456
Currency conversion adjustments	(11,674)
Reinforcements (Note 14)	36,331
Reversals (Note 8)	(2,992)
Regularization	(1,704)
Balance on December 31, 2018	78,515

Reconciliation of accumulated impairment losses at 31 December 2018:

	2018
Accumulated impairment losses recognised in accordance with IAS 39	73,898
Accumulated impairment losses recognised in accordance with IFRS 9	4,617
	78,515

The Group's exposure to credit risk (Note 42) is attributable to

the accounts receivable from its operating activity. The balances shown in the statement of the financial position are net of impairment losses arising from bad debt which were estimated by the Group in accordance with its experience and based on its assessment of the economic situation and environment.

The Board of Directors believes that the book value of the accounts receivable corresponds to the best estimate of their fair value.

The Group has no significant concentration of credit risks, since it is diluted over a wide range of customers and other debtors.

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 2018 and 2017 can be broken down as follows:

	Balance Receivable		Balance Payable		Granted loans		Other debts	
	2018	2017	2018	2017	2018	2017	2018	2017
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	67	2	-	-	-	-	-	-
AEBT - Auto Estradas do Baixo Tejo, S.A.	7	9	-	-	-	1,515	-	-
AVIA PORTUGAL, S.A.	8	15	-	-	-	-	-	-
CINTEL - Construção Interceptor Esgotos, S.A.	46	50	-	-	4	4	-	-
CONBATE, ACE	33	15	1	1	-	-	-	-
Consórcio Minerio Luso Vargas - CONLUVAR	-	17	-	7	-	-	-	-
Consórcio OPSUT 2010	-	7	-	1	-	-	-	-
DOURO LITORAL, ACE	24	9	28	55	-	-	-	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	-	2	2	-	-	-	-
EIA - Ensino de Investigação e Administração, S.A.	9	9	-	-	-	-	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	35	5,454	21	5	-	-	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	49	43	-	-	-	150	-	-
METROLIGEIRO - Construção de Infraestruturas, ACE	32	33	-	-	11	-	-	-
MTS - Metro Transportes do Sul, S.A.	-	-	-	-	-	740	-	-
NOVA ESTAÇÃO, ACE	267	1,023	88	88	13	13	-	-
Promociones Inmobiliárias 3003, C.A.	-	-	-	-	-	-	(34)	(43)
RPK Gulfstream, Ltd.	-	-	-	-	1,251	1,437	-	-
SOMAFEL/FERROVIAS, ACE	-	3	-	646	-	-	-	-
TDGISERV Services, LLC (a)	-	-	-	-	447	220	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	7	7	55	58	-	-	-	-
TRÊS PONTO DOIS – Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	-	-	35	35	-	-	-	-
TDGISERV Services, LLC (a)	52	-	-	-	-	-	-	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	224	-	-	-	-	-	-	-
	860	6,696	230	898	1,726	4,079	(34)	(43)

The main transactions carried out with related parties during the years ended on 31 December 2018 and 2017 were as follows:

	Sales and services rendered		Purchases and Services received		Interest debited	
	2018	2017	2018	2017	2018	2017
AEBT - Auto Estradas do Baixo Tejo, S.A.	24	24	-	-	-	192
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	65	-	-	-	-	-
AVIA PORTUGAL, S.A.	1	-	-	-	-	-
CONBATE, ACE	108	68	-	-	-	-
Consórcio Mineiro Luso Vargas - CONLUVAR	-	2	-	-	-	-
DOURO LITORAL, ACE	74	77	9	32	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	174	1,793	498	148	-	-
Limited Liability Company Cement	-	-	-	-	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	376	704	-	-	-	-
SOMAFEL/FERROVIAS, ACE	-	4	-	525	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	-	-	(3)	13	-	-
TDGISERV Services, LLC (a)	50	319	-	-	-	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	1,940	-	-	-	-	-
	2,812	2,991	504	718	-	192

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2018 and 2017 were as follows:

	2018	2017
Executive Directors:		
Short-term benefits	1,151	870
Supervisory Board:		
Short-term benefits	66	66
Chartered accountant:		
Short-term benefits	61	61
	1,278	997

The remunerations of the members of the governing bodies of TD, S.A. for the years ended on 31 December 2018 and 2017 were as follows:

	2018	2017
Senior staff:		
Short-term benefits	7,144	5,088
	7,144	5,088

30 - NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents

As at 31 December 2018 and 2017, the cash and equivalent was detailed as follows:

	2018	2017
Bank deposits	129,629	87,219
Time deposits	22,066	34,667
Other treasury applications	18,332	29,599
Cash	1,964	2,780
	171,991	154,265

The cash and equivalent heading includes cash, deposits payable on demand, cash investments and term deposits with maturity of less than three months, repayable on demand, and for which the risk of change of value is insignificant.

Flows of investment activities

Revenue from financial investments for the years ended on 31 December 2018 and 2017 refer to the disposal of equity interests in the following companies:

	2018	2017
Lagoas Park, S.A.	122,433	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	23,011	-
TDHOSP – Gestão de Edifício Hospital, S.A.;	17,126	-
Government Debt Security of the People's Republic of Angola Government	5,546	12,940
MTS - Metro Transportes do Sul, S.A.	1,050	-
AEBT - Auto Estradas do Baixo Tejo, S.A.	360	-
TDARCOL – Sociedade Gestora de Participações Sociais, S.A..	-	7,820
Banco Comercial Português, S.A.	-	6,269
RECOLTE - Serviços e Meio Ambiente, S.A.	-	1,150
JÚPITER - Indústria Hoteleira, S.A.	-	538
Moreira & Cunha, Lda.	-	100
Other	137	-
	169,663	28,817

Payments related to financial investments in the financial years ending on December 31, 2018 and 2017, concern the purchase of shares to the following associated company:

	2018	2017
Alvorada Petróleo, S.A.	214	-
TDGISERV Services, LLC (a)	-	435
Other	-	5
	214	440

Dividends received in the financial years ending on December 31, 2018 and 2017 were as follows:

	2018	2017
CPM - Companhia de Parques de Macau, S.A.R.L.	984	1,351
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	439	1,377
	1,423	2,728

31 - OTHER CURRENT AND NON-CURRENT ASSETS

As at 31 December 2018 and 2017, the other current and non-current assets had the following composition:

	Current		Non-current	
	2018	2017	2018	2017
Government and other public entities:				
Corporate Income Tax (IRC)	9,634	23,264	-	-
Value Added Tax	8,343	10,476	-	-
Other	7,499	-	-	-
	25,476	33,740	-	-
Associates, participated companies and other shareholders:				
Associated companies	1,771	1,727	-	-
Participated companies	538	461	-	626
Other shareholders	420	104	-	-
	2,729	2,292	-	626
Accrued income:				
Interests receivable	553	629	-	-
Values to be invoiced (Note 32)	114,743	88,697	-	-
Other accrued income	4,728	5,509	-	-
	120,024	94,835	-	-
Deferred costs:				
Insurance paid in advance	1,713	2,184	-	-
Interest payable	5	23	-	-
Other deferred costs	14,027	5,629	-	-
	15,745	7,836	-	-
Other current assets:				
Advance payments to suppliers	25,288	27,110	-	-
Advance payments to fixed asset suppliers	-	6	-	5,000
	25,288	27,116	-	5,000
	189,262	165,819	-	5,626

32 - CONSTRUCTION CONTRACTS

For the years ended on 31 December 2018 and 2017, the income and expenditure recognised for construction contracts in progress are as follows:

	2018	2017
Net income:		
Issued invoices	489,611	478,228
Change in:		
Deferred income - works (Note 40)	(7,406)	36,394
Accrued income - works (Note 31)	26,046	7,929
	508,251	522,551
Net costs:		
Invoice costs	479,502	496,161
Change in:		
Provisions for guarantees (Note 37)	(2,218)	(2,556)
Provisions for future losses (Note 37)	5,047	(1,425)
	482,331	492,180
Calculated earnings (Note 7):	25,920	30,371

Additionally, as at 31 December 2018 and 2017, the withholdings made by customers relative to construction contracts amounted to EUR 1,994 thousand and EUR 5.094 thousand, respectively.

33 - SHARE CAPITAL

As at 31 December 2018 and 2017, 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 2018, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 202,201,978 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 48.14% of its share capital.

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.

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 - Financial investments: The fair value reserve of financial investments reflects changes in the fair value of financial assets recorded at fair value against other comprehensive income, and it cannot be distributed or used for observing losses.

Revaluation reserve – Real estate: This reserve may not be distributed, unless it is fully paid in or the respective assets subject to revaluation have been sold.

Other reserves: Other reserves are available for distribution, under the terms and subject to the limits stated in the Code of Commercial Companies.

35 - NON-CONTROLLING INTERESTS

The changes in this caption in the years ended 31 December 2018 and 2017 were as follows:

	2018	2017
Opening balance	41,277	49,041
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	1,292	-
Impact of the application of IFRS 9	(200)	-
Currency conversion adjustments	(11,651)	(2,511)
Dividends	(1,091)	(347)
Dissolution of holdings	-	238
Sale of Non-controlling interests	-	(7,207)
Reassessment of tangible assets	4,388	-
Other changes in the equity of the participated companies	3,352	645
Net income for the year attributable to non-controlling interests	(1,631)	1,418
Closing balance	35,736	41,277

36 - LOANS

As at 31 December 2018 and 2017, the loans received were as follows:

	2018	2017
Non-current liabilities:		
Bank loans a)	376,100	369,191
Commercial role b)	343,900	324,600
Debentures loans c)	10,200	14,927
	730,200	708,718
Current liabilities:		
Bank loans a)	84,976	188,700
Commercial role b)	34,000	110,860
Debentures loans c)	5,100	-
	124,076	299,560
	854,276	1,008,278

a) Bank loans

As at 31 December 2018, the internal bank loans, bank overdrafts and escrow accounts earned interest at the weighted annual average rate of 2.44% (3.30% as at 31 December 2017).

As at 31 December 2018, the most significant bank loans contracted by the Group essentially correspond to:

Geography	Bank	Type of Financing	Contract Date	Due Date	Currency	Amount Currency	Amount (€)
Portugal	Banco Comercial Português	Loan	05/01/2009	15/12/2033	EUR	141,020	141,020
Portugal	Banco Santander Totta	Loan	13/12/2012	13/12/2019	EUR	561	561
Portugal	Banco Atlântico Europa	Invoice Discount Line	08/04/2013	08/01/2019	EUR	1,924	1,924
Venezuela	BOD - Banco Occidental de Descuento (Venezuela)	Loan	29/07/2013	31/12/2019	VES	40,000	49
Venezuela	Banco Mercantil (Venezuela)	Loan	26/11/2013	31/12/2019	VES	103,668	127
Angola	BCGA - Banco Caixa Geral Angola (Angola)	Loan	23/01/2014	30/04/2021	AON	777,777	2,203
Portugal	Caixa Geral de Depósitos	Invoice Discount Line	27/01/2014	15/12/2020	EUR	4,321	4,321
Portugal	Caixa Geral de Depósitos	Loan	22/09/2014	15/12/2033	EUR	83,000	83,000
Portugal	Novo Banco	Loan	26/01/2015	15/12/2021	EUR	32,144	32,144
Portugal	Caixa Geral de Depósitos	Loan	04/04/2015	15/12/2019	USD	369	322
Brazil	Banco Bradesco (Brazil)	Loan	26/06/2015	20/02/2019	BRL	7,203	1,620
Portugal	Banco do Brasil	Loan	22/01/2016	10/01/2019	EUR	1,167	1,167
Spain	Banco Sabadell (Spain)	Loan	21/04/2016	20/05/2019	EUR	115	115
Portugal	Caterpillar	Loan	02/06/2016	07/06/2020	EUR	490	490
Portugal	Banco BPI	Loan	05/07/2016	05/11/2021	EUR	10,516	10,516
Portugal	Caterpillar	Loan	11/07/2016	07/07/2020	EUR	230	230
Portugal	Caterpillar	Loan	19/07/2016	07/08/2020	EUR	63	63
Spain	Bankinter (Spain)	Loan	22/07/2016	22/07/2020	EUR	406	406
Portugal	Banco Comercial Português	Loan	12/08/2016	31/12/2033	EUR	10,179	10,179
Portugal	Caixa Geral de Depósitos	Loan	12/08/2016	31/12/2033	EUR	7,235	7,235
Portugal	Novo Banco	Loan	12/08/2016	31/12/2033	EUR	9,722	9,722
Portugal	Banco BAI Europa	Loan	22/09/2016	30/09/2019	USD	1,924	1,681
Portugal	Caterpillar	Loan	12/12/2016	22/12/2020	EUR	127	127
Portugal	Caixa Económica Montepio Geral	Factoring with resource	17/01/2017	31/12/2019	EUR	4,397	4,397
Spain	Banco Popular (Spain)	Loan	16/06/2017	20/07/2021	EUR	1,328	1,328
Brazil	Banco Itaú	Loan	26/07/2017	25/07/2021	BRL	9,777	2,200
Portugal	Banco BAI Europa	Export Pre-Financing	04/09/2017	02/02/2019	EUR	1,027	1,027
Spain	Banco Santander Central Hispano (Spain)	Loan	22/11/2017	22/11/2022	EUR	533	533
Portugal	Banco Comercial Português	Loan	27/11/2017	31/12/2033	EUR	31,777	31,777
Spain	Abanca (Spain)	Factoring with resource	21/12/2017	30/11/2018	EUR	186	186
Portugal	Caixa Geral de Depósitos	Invoice Discount Line	12/01/2018	31/12/2033	EUR	3,690	3,690
Portugal	Novo Banco	Invoice Discount Line	12/01/2018	31/12/2033	EUR	8,110	8,110
Portugal	Banco Comercial Português	Invoice Discount Line	16/01/2018	31/12/2033	EUR	3,440	3,440
Portugal	Banco Comercial Português	Loan	30/01/2018	15/06/2021	EUR	13,650	13,650
Portugal	Caixa Geral de Depósitos	Loan	30/01/2018	15/06/2021	EUR	2,600	2,600
Portugal	Banco Comercial Português	Loan	10/05/2018	09/05/2021	EUR	5,638	5,638
Spain	De Lage Landen International	Loan	10/10/2018	10/10/2023	EUR	424	424

As at 31 December 2018 and 2017, the bank loans also included the pledged accounts of the value of 72,316 thousand euros and 350,679 thousand euros, respectively.

b) Commercial role

As at 31 December 2018, the Group had negotiated the following commercial paper programmes:

Geography	Bank	Type of Financing	Contract Date	Due Date	Spread	Currency	Amount (€)
Portugal	Novo Banco	Commercial Paper	16/12/2005	15/12/2023	1.60%	EUR	42,500
Portugal	Caixa Geral de Depósitos	Commercial Paper	07/07/2010	31/12/2033	2.50%	EUR	20,900
Portugal	Novo Banco	Commercial Paper	30/12/2013	31/12/2033	2.00%	EUR	191,250
Portugal	Banco Finantia	Commercial Paper	02/05/2014	02/05/2020	4.25%	EUR	1,850
Portugal	Banco BIC Português	Commercial Paper	18/11/2014	02/01/2020	3.25%	EUR	5,000
Portugal	Novo Banco	Commercial Paper	28/12/2015	15/06/2027	1.95%	EUR	95,000
Portugal	Novo Banco	Commercial Paper	14/01/2016	31/12/2033	1.55%	EUR	16,900
Portugal	Banco BPI	Commercial Paper	30/01/2018	30/01/2021	2.90%	EUR	4,500
							377,900

As a result of the commitment of successive renewal during the financial year of the programme contracts, some existing issues as at 31 December 2018 and 2017 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.

As at 31 December 2018 and 2017, the repayment of the non-current bank loans is defined as follows:

	2018	2017
2019	-	19,151
2020	59,485	47,529
2021	65,804	42,832
2022	40,130	41,354
2023	39,547	25,575
2024 and following	525,234	532,277
	730,200	708,718

As at 31 December 2018 and 2017, financing agreements in foreign currency were expressed in the following currencies:

	2018		2017	
	Currency	Euros	Currency	Euros
Venezuelan bolivar	143,668	177	15,403,809	3,840
American dollars	2,293	2,003	5,935	4,949
Angola Kwanza	4,962,223	14,057	1,197,014	6,456
Colombian Peso	6,143	2	6,402	2
Brazilian real	17,029	3,832	111,171	27,982

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.

At 31 December 2018 and 2017, we present the reconciliation of the changes in liabilities arising from the financing activity:

2018	Initial balance	Increases	Currency effect	Closing balance
Loans	1,008,278	1,817,989	(1,962,354)	854,276
			Exchange rate effect and reclassification to liabilities held for sale	
2017	Initial balance	Increases	Currency effect	Closing balance
Loans	1,314,007	2,010,598	(2,150,776)	1,008,276

37 - PROVISIONS

The movement in accumulated reserves during the years ended on 31 December 2018 and 2017 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 2016	4,358	17,666	7	2,447	19,022	43,500
Currency conversion adjustments	-	(213)	(6)	(20)	(468)	(707)
Stiffeners	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
Impact of the application of IFRS 29 - Hyperinflation on 1 January 2018	-	775	2	-	169	946
Impact of the application of IAS 29 - Hyperinflation	-	176	-	-	1,071	1,247
Currency conversion adjustments	-	(1,888)	1	32	(709)	(2,564)
Stiffeners	5,722	3,319	1,812	5,645	4,487	20,985
Reductions	-	(597)	-	(630)	(3,658)	(4,885)
Uses	(4,591)	(310)	-	-	-	(4,901)
Transfers	-	(3,693)	-	-	1,014	(2,679)
Balance on December 31, 2018	7,495	12,892	1,816	6,069	15,674	43,946

The reinforcements and reductions were made against:

	2018			2017		
	Stiffeners	Reductions	Total	Stiffeners	Reductions	Total
Net income for the year:						
Provisions	20,107	(4,849)	(15,258)	3,185	(11,799)	(8,614)
Expenses with staff	5,722	-	5,722	3,503	-	3,503
Earnings from associates and joint works	19	-	19	581	-	581
Other operating costs	-	(36)	(36)	-	-	-
Equity	-	-	-	-	(323)	(323)
	25,848	(4,885)	20,963	7,269	(12,122)	(4,853)

During the financial year ending 31 December 2018, an impairment of 4,863 thousand euros was posted under the item "Provisions and impairment losses in assets subject to depreciation and amortisation, and Goodwill", referring to tangible fixed assets (Note 21).

38 - SUPPLIERS AND OTHER PAYABLES

On December 31, 2018 and 2017, these headings had the following composition:

	Current		Non-current	
	2018	2017	2018	2017
Other Creditors	21,472	28,186	-	-
Suppliers				
Suppliers Checking Account	139,646	155,570	-	-
Fixed asset suppliers	-	55	-	-
	139,646	155,625	-	-

39 - FINANCIAL LEASING

As at 31 December 2018 and 2017, the total net value of the assets acquired under finance leases amounted to:

	2018	2017
Basic equipment	3,471	6,024
Transportation equipment:	3,625	3,678
Administrative equipment	164	176
Other fixed tangible assets	1,582	1,582
	8,842	11,460

As at 31 December 2018 and 2017, the present value of the minimum financial lease payments fell due as follows:

	2018	2017
2018	-	3,879
2019	2,794	2,457
2020	1,573	1,145
2021	1,354	917
2022	688	249
After 2022	199	-
	6,608	8,647

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.

40 - OTHER CURRENT AND NON-CURRENT LIABILITIES

On December 31, 2018 and 2017, these headings had the following composition:

	Current		Non-current	
	2018	2017	2018	2017
Government and other public entities:				
Income Tax Withholdings	3,438	5,199	-	-
Value Added Tax	12,652	15,268	-	-
Contributions for Social Security	3,917	4,544	-	-
Other	4,566	4,504	-	-
	24,573	29,515	-	-
Associates, participated companies and other shareholders:				
Participated companies	14	14	-	-
Other shareholders	1,620	109	-	-
	1,634	123	-	-
Accrued costs:				
Insurance to liquidate	122	110	-	-
Remunerations payable	14,033	16,403	-	-
Interest payable	2,453	2,169	-	-
Other costs payable	21,094	59,018	-	-
	37,702	77,700	-	-
Deferred income:				
Work invoiced and not executed (Note 32)	33,950	26,544	-	-
Other deferred income	4,227	3,699	-	-
	38,177	30,243	-	-
Other:				
Advance payments from clients	86,173	93,952	63,628	32,134
Advances on account of sales	370	370	26	27
	86,543	94,322	63,654	32,161
	188,629	231,903	63,654	32,161

41 - 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 close of the 2017 financial year, TEIXEIRA DUARTE - Engenharia e Construções, S.A., as the parent company for the 2007 financial year, was notified of a Ruling handed down by the Supreme Administrative Court (STA), determining the annulment of the additional settlement issued by AT, which was the subject of an appeal, considered unfounded by STA during the second quarter of 2018.

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 calculated in 2013 is related in full to the incorrect application, according to the AT, of article 51 of the IRC (Corporation Tax) 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 during the 2008 financial year, contested this correction under the terms of the law.

As a result of an inspection carried out by AT of the accounting elements of the subsidiary company TEIXEIRA DUARTE - Engenharia e Construções, S.A. in 2008, the respective taxable profit ascertained on that date was corrected, amounting to 35,467 thousand euros.

As regards this correction, the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, S.A., in its capacity as the controlling company of the group of companies in force at the time, contested 32,595 thousand euros, related to tax credit, the capital gains tax reinvestment regime and the application of article 22(10) of the EBF (Tax Benefits Statute).

Following an inspection of the subsidiary TDO - Investimento e Gestão, S.A. for the financial year 2014, AT also settled a Regional Surtax amounting to 102 thousand euros.

Given that this subsidiary was covered, in 2014, by the regime provided for in article 36 of the Tax Benefits Statute, this correction was challenged in court.

Following several inspections carried out by the AT of the calculation of corporation tax for the years 2013, 2014 and 2015, owed by the group of companies taxed under the Special Taxation Regime for Company Groups (RETGS) of which "TD, SA" is the parent company, the following corrections were made:

1. Application of article 90 of the corporation tax (IRC) code

Exercise	Corrected tax
2013	811
2014	1,097
2015	559

These corrections result from the AT having a different understanding regarding the use of tax deductions provided for in article 90 of the IRC Code for the Municipal Surtax and State Surtax ascertained within the scope of application of the RETGS.

2. Net Financing Costs (article 67 of the Corporation Tax Code)

During the 2018 financial year, "TD, SA" was notified of the Report on Conclusions on the inspection carried out by the AT on corporate income tax payable by the RETGS in 2015, having determined a correction to the tax base, calculated as amounting to 22,710 thousand euros.

This correction, related to the use, in 2015, of the "break" calculated in previous years under the scope of article 67 of the Corporation Tax Code, will be challenged by "TD,SA" in its capacity as parent company.

Guarantees:

As at 31 December 2018 and 2017, the companies included in the consolidation perimeter had provided the following guarantees to third parties:

	2018	2017
Granted bank guarantees	275,996	325,889
Guarantee insurance	149,676	230,177

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).

Following a favourable decision regarding the 2007 Corporation Tax (IRC), with a direct impact on the losses reported for the 2008 financial year, during the course of 2018 the AT ruled that the bank guarantees mentioned in the preceding paragraph could be reduced to the amount of 16,887 thousand euros.

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 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. Also related to corporation tax for the 2013 tax period, which was being paid under the scope of an instalment plan, a bank guarantee amounting to 582 thousand euros was issued, and was cancelled during the course of 2018.

For the purposes of suspending a tax enforcement procedure filed against the subsidiary TEIXEIRA DUARTE - Engenharia e Construções, S.A., concerning the debt for corporation tax withheld at source 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 favour of AT. The amount of these guarantees has been reduced following payments made by that subsidiary company, amounting to 2,089 thousand euros as at 31 December 2018.

For the purposes of suspending tax enforcement proceedings instigated against the subsidiary TDO - Investimento e Gestão, S.A., and relating to the corporation tax (IRC) debt for the 2014 period, a bank guarantee amounting to 181 thousand euros was issued in favour of AT.

For the purposes of suspending a tax enforcement procedure filed against "TD, SA", concerning the corporation tax debt for the 2014 period, bank guarantees amounting to a total of 1,528 thousand euros were issued in favor of AT.

For the purposes of suspending tax enforcement proceedings instigated against "TD, SA" and relating to the corporation tax (IRC) debt for the 2015 period, a bank guarantee amounting to 898 thousand euros was issued in favour of AT.

As of 31 December 2018, the Group's collateral broke down as follows:

Geography	Bank	Type of Financing	Contract Date	Due Date	Collateral
Portugal	Novo Banco	Commercial Paper	16/12/2005	15/12/2023	Pledge of 4,760,000 BCP shares
Portugal	Caixa Geral de Depósitos	Commercial Paper	07/07/2010	31/12/2033	Pledge of 4,675,000 Shares in the TDF Fund
Portugal	Caixa Geral de Depósitos	Escrow account	07/07/2010	31/12/2033	Pledge of 4,675,000 Shares in the TDF Fund
Portugal	Banco Santander Totta	Loan	13/12/2012	13/12/2019	Mortgage of 65 Fractions - Santa Marinha - Vila Nova de Gaia
Venezuela	BOD - Banco Occidental de Descuento (Venezuela)	Loan	29/07/2013	31/12/2019	Collateral held by the bank - USD 420,325.66 at Banco Orinoco
Venezuela	Banco Mercantil (Venezuela)	Loan	26/11/2013	31/12/2019	Collateral held by the bank - USD 125,000.00 in Mercantil Bank Panama
Portugal	Novo Banco	Commercial Paper	30/12/2013	31/12/2033	Pledge of 12,500,000 EPOS Shares and 200,000,000 C+PA Shares + Pledge of 1,325,000 Shares in the TDF Fund + Mortgage on the TD Montijo Operations Centre + Mortgage on 9 Lots in Mafamude + Mortgage on 10 Lots of the Santa Marinha Design District Development - Santa Marinha
Angola	BCGA - Banco Caixa Geral Angola (Angola)	Loan	30/04/2014	30/04/2021	Mortgage on Hotel Trópico (Building no. 1826) - Ingombotas
Portugal	Novo Banco	Loan	26/01/2015	15/12/2021	Pledge of 2,006,396 BCP shares
Brazil	Banco Bradesco (Brazil)	Loan	26/06/2015	20/02/2019	Real Estate Development Condominium Unique Alta Vista - São Paulo / Brazil (168 Independent Units)
Portugal	Banco BIC Português	Escrow account	06/08/2015	05/08/2019	GB from BIC AO (€23M) to BIC PT / Mortgage on Building no. 2254 - Shopping Complex and Offices Vehicle Centre - Talatona
Portugal	Novo Banco	Commercial Paper	28/12/2015	15/06/2027	Mortgage on Land in Pedregueiras - (14+10) Rural Buildings + Pledge of 1,045,610 Shares in Recolte Spain
Portugal	Novo Banco	Commercial Paper	14/01/2016	31/12/2033	Pledge of 1,000,000 TDGI shares
Portugal	Caterpillar	Loan	02/06/2016	07/06/2020	Respective Equipment
Portugal	Caterpillar	Loan	11/07/2016	07/07/2020	Respective Equipment
Portugal	Caterpillar	Loan	19/07/2016	07/08/2020	Respective Equipment
Portugal	Banco Comercial Português	Loan	12/08/2016	31/12/2033	Mortgage on the Magnolia and Coia + Vale Figueira development, Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park
Portugal	Caixa Geral de Depósitos	Loan	12/08/2016	31/12/2033	Mortgage on the Magnolia and Coia + Vale Figueira development, Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park
Portugal	Novo Banco	Loan	12/08/2016	31/12/2033	Mortgage on the Magnolia and Coia + Vale Figueira development, Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park
Portugal	Caterpillar	Loan	12/12/2016	22/12/2020	Respective Equipment
Brazil	Banco Itaú	Loan	26/07/2017	25/07/2021	Real Estate Development Condominium Portrait Pinheiros - São Paulo / Brazil (104 Independent Units)
Portugal	Banco Comercial Português	Escrow account	18/08/2017	31/03/2019	Bank Guarantee Banco BIM to BCP valid until 30.04.2019 / Pledge of Term Deposit in EUR and MZN (Coverage Degree 130%)
Spain	RCI Banque (Spain)	Loan	20/12/2017	20/06/2021	Respective Equipment
Spain	RCI Banque (Spain)	Loan	30/01/2018	25/07/2021	Respective Equipment
Portugal	Banco Comercial Português	Loan	10/05/2018	09/05/2021	Mortgage of 4 Lots/Land for Construction - Bairro Rosário (Cascais)

Financial commitments:

As at 31 December 2018 and 2017, the comfort letters provided

by TEIXEIRA DUARTE, S.A. and its subsidiaries reached 344,459 thousand euros and 372,200 thousand euros, respectively.

As at 31 December de 2018 and 2017, factoring contracts without right of recourse were in force, which were recorded as reductions in accounts receivable of the value of 5,024 thousand euros and 6,037 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.

42 - FINANCIAL RISK MANAGEMENT

General principles:

The Group is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- interest rate risks arising from financial liabilities;
- exchange rate risk mainly resulting from the existence of operations and assets located outside the Euro zone, specifically in Angola, Algeria, Brazil, Colombia, Ecuador, Macau, 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 counterparty 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 2018, 97% of the financial liabilities had a variable interest rate (94% as at 31 December 2017) and 3% had a fixed interest rate (6% as at 31 December 2017).

Had the market interest rates been higher (lower) by 1% during the years ended on 31 December 2018 and 2017, the financial

profit/(loss) of these years would have (decreased) increased by EUR (9,116) / 9,116 thousand and EUR (12,540) / 12,540 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, Ecuador, 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 2018 and 2017, were as follows:

Currency	Assets		Liability	
	2018	2017	2018	2017
Venezuelan bolivar	9,347	1,463	19,749	2,575
Algerian dinar	13,150	11,985	21,616	20,758
UAE Dirham	-	-	-	122
Moroccan Dirham	84	-	2,265	3,849
Tunisian Dinar	-	-	-	110
American dollars	176,510	464,735	30,615	117,002
Australian Dollar	-	5,017	285	4
Cape Verdean escudo	-	-	4	-
Japanese yen	1,724	2,827	8	13
Pound Sterling	309	1,699	13	-
Angola Kwanza	99,939	129,091	189,821	298,342
Mozambican metical	57,331	35,102	17,515	17,727
Peruvian Novo Sol	5	-	122	-
Macanese pataca	-	-	24	341
Colombian Peso	-	-	3,179	1,827
South African Rand	38	42	35	12
Brazilian real	1,317	2,198	4,163	14,013
Russian ruble	-	-	2,868	3,295
	359,754	654,159	292,282	479,990

Exchange rate risk management is based on the continuous measurement and monitoring of relevant financial and accounting exposures.

The possible impacts generated in the heading "Currency conversion adjustments" as at 31 December 2018 and 2017 and in the net income for the years ended on that date, if there was a 5% appreciation of the abovementioned currencies, can be summarised as follows:

Currency	2018		2017	
	Earnings	Equity	Earnings	Equity
Venezuelan bolivar	(520)	-	(56)	-
Algerian dinar	(423)	-	(439)	-
UAE Dirham	-	-	(6)	-
Moroccan Dirham	(109)	-	(192)	-
Tunisian Dinar	-	-	(6)	-
American dollars	7,295	-	17,387	-
Australian Dollar	(14)	-	251	-
Japanese yen	86	-	141	-
Pound Sterling	15	-	85	-
Angola Kwanza	(4,494)	-	(8,463)	-
Mozambican metical	1,991	-	869	-
Peruvian Novo Sol	(6)	-	-	-
Macanese pataca	(1)	-	(17)	-
Colombian Peso	(159)	-	(91)	-
South African Rand	-	-	2	-
Brazilian real	(142)	-	(591)	-
Russian ruble	(143)	-	(165)	-
	3,376	-	8,709	-

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 2018 and 2017, 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 2018 and 2017, 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:

	2018	2017
Balances		
Unexpired	59,891	109,466
Up to 180 days	62,187	40,889
From 180 to 360 days	4,305	51,268
Over 360 days	83,161	98,568
	209,544	300,191

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 2018 and 2017 is as follows:

	2018				
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Loans	124,076	59,485	65,804	604,911	854,276
Suppliers	139,646	-	-	-	139,646
Financial Leases	2,794	1,573	1,354	887	6,608
Other Creditors	21,472	-	-	-	21,472
Other liabilities	188,629	16,722	34,716	12,216	252,283
	476,617	77,780	101,874	618,014	1,274,285

	2017				
	Until 1 year	From 1 to 2 years	From 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
Financial Leases	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

As at 31 December 2018 and 2017, the amount of available cash and the unused amount of the commercial paper programme and credit lines reached EUR 263,712 thousand and EUR 201,461 thousand, respectively.

43 - FINANCIAL ASSETS AND LIABILITIES UNDER IFRS 9

The accounting policies established in IFRS 9 for financial instruments were applied to the following items:

	2018				
	Loans and accounts receivable	Financial assets	Other financial liabilities and loans	Financial assets / liabilities at fair value by results	Total
Assets:					
Cash and cash equivalents	171,991	-	-	-	171,991
Customers	209,544	-	-	-	209,544
Other financial investments at fair value through other comprehensive income	-	16,930	-	-	16,930
Other financial investments at amortized cost	-	18,884	-	-	18,884
Other debtors	33,285	-	-	-	33,285
Other Assets	148,041	-	-	-	148,041
Total financial assets	562,861	35,814	-	-	598,675
Liabilities:					
Loans	-	-	854,276	-	854,276
Suppliers	-	-	139,646	-	139,646
Other Creditors	-	-	21,472	-	21,472
Other liabilities	-	-	189,533	-	189,533
Financial Leases	-	-	6,608	-	6,608
Total financial liabilities	-	-	1,211,535	-	1,211,535

	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	Total
Assets:					
Cash and cash equivalents	154,265	-	-	-	154,265
Customers	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

44 - 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 2018, 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.

	Item	Level 1	Level 2	Level 3
Assets:				
Other financial investments at fair value through other comprehensive income	Actions	1,699		
Other financial investments at fair value through other comprehensive income	Actions	-	12,398	2,833
Investment Properties	Buildings and land	-	194,091	-

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.

45 - OTHER FINANCIAL INVESTMENTS

At 31 December 2018, the details of other financial investments were as follows:

2018	Non-current	Current
Financial assets at fair value through other comprehensive income		
Aginyo Inversiones Y Gestiones Inmobiliarias S.L.	12,398	-
Banco Comercial Português, S.A.	1,553	-
TDHOSP – Gestão de Edifício Hospital, S.A.;	768	-
EIA - Ensino, Investigação e Administração, S.A.	624	-
KUIKILA Investments, Lda.	483	-
MATADOURO DE MACAU, S.A.R.L.	317	-
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	-
Macau CPM Holdings	150	-
COLT Resources Inc.	146	-
Other	235	-
	16,930	-
Financial assets at amortized cost		
Government Debt Security of the People's Republic of Angola Government	4,219	14,665
	4,219	14,665
	21,149	14,665

As a result of the application of IFRS 9, as from 1 January 2018 the Group began to record financial assets available for sale and other investments under the headings of "Other financial investments recorded at fair value through other comprehensive income" and "Other financial investments recorded at amortised cost".

For the stakes held in "Banco Comercial Português, S.A." and "COLT Resources Inc.", the fair value of these assets was at market price.

On 31 December 2018, the Group held 6,766,394 shares in Banco Comercial Português, S.A., corresponding to 0.04% of its share capital and voting rights, classified as financial assets through other comprehensive income.

As regards the stake in "Aginyo Inversiones y Gestiones Inmobiliarias S.L.", acquired in 2018, its fair value was determined by an independent valuation.

For the remaining financial assets indicated above (shares in unlisted companies), the Board of Directors of the Group considered that their acquisition cost, less, if necessary, the respective impairment losses, corresponded to the best estimate of their fair value at 31 December 2018.

During the financial year ending 31 December 2018, the following movements occurred in other financial investments:

2018	Non-current	Current
Opening balance	27,413	-
Increases	11,792	-
Reductions	(6,169)	-
Variation of fair value	532	-
Currency Variation	2	-
Transfers	(13,897)	14,665
Other variations	1,476	-
Closing balance	21,149	14,665

46 - FEES AND SERVICE OF THE AUDITORS

During the financial years ending 31 December 2018 and 2017, the fees for services provided to Group companies by auditors (Moore Stephens in Portugal, Brazil, Spain and Belgium; Deloitte in Brazil and Angola; Ernst & Young in Portugal, Mozambique and Venezuela as well as other auditors) were as follows:

	2018	2017
Legal accounts review services	651	735
Other reliability assurance services	9	9
Tax advisory services	5	23
Other services	15	14
	680	781

47 - EXCHANGE RATE ADJUSTMENTS

During the financial years ending 31 December 2018 and 2017, exchange rate adjustments calculate during the conversion of the financial statements of companies denominated in foreign currencies, for each geographical area, were as follows:

	2018	2017
Angola	(218,700)	(4,717)
Algeria	(9,169)	3,506
Brazil	(14,959)	(28,253)
Mozambique	225	1,957
Venezuela	(5,896)	(5,045)
Other Markets	513	(2,588)
Total	(247,986)	(35,140)

48 - IMPACT OF HYPERINFLATION IN ANGOLA AND VENEZUELA

As mentioned in Note 2.10, during the 2018 financial year the Angolan and Venezuelan economies were considered to be hyperinflationary economies. Therefore, the Group companies whose operational currencies were Kwanzas and Bolívars, restated their financial statements in the current measurement unit.

On 31 December 2018, the impact on the accompanying consolidated financial statements, taking into account the application of IAS 29 to companies in Angola and Venezuela, can be summarised as follows:

Statement of Results

Items	2018 (Before the application of IAS 29)	IAS 29 impact	2018 (After the application of IAS 29)
Operating income:			
Sales and services rendered	841,103	32,609	873,712
Other operating income	131,887	8,664	140,551
Total of operating income	972,990	41,273	1,014,263
Operating costs:			
Cost of sales	(234,056)	(13,139)	(247,195)
Production changes	(18,812)	-	(18,812)
External supplies and services	(281,202)	(5,475)	(286,677)
Expenses with staff	(217,106)	(4,870)	(221,976)
Amortizations and depreciations	(40,703)	(2,843)	(43,546)
Provisions and impairment losses in depreciable and amortizable asset and Goodwill	(15,317)	59	(15,258)
Other operating costs	(94,066)	(2,856)	(96,922)
Total of operating costs	(901,262)	(29,124)	(930,386)
Operational income	71,728	12,149	83,877
Costs and financial losses	(136,138)	(14,112)	(150,250)
Income and financial earnings	37,054	40,174	77,228
Earnings from investment activities:			
Income related to affiliates and joint-ventures	221	(1)	220
Other	18,100	-	18,100
Financial Results	(80,763)	26,061	(54,702)
Earnings before tax	(9,035)	38,210	29,175
Income tax	(19,715)	36	(19,679)
Consolidated net income for the year	(28,750)	38,246	9,496
Net results attributable to:			
Shareholders	(26,504)	37,631	11,127
Non-controlling interests	(2,246)	615	(1,631)

Financial Position

Items	2018 (Before the application of IAS 29)	IAS 29 impact	2018 (After the application of IAS 29)
Non-current assets:			
<i>Goodwill</i>	12,217	54	12,271
Intangible assets	58,018	6,995	65,013
Fixed tangible assets	482,360	70,272	552,632
Investment Properties	194,091	-	194,091
Investments in associates and joint-ventures	16,821	-	16,821
Other financial investment at amortized cost	4,219	-	4,219
Other financial investments at fair value through other comprehensive income	16,930	-	16,930
Assets for deferred tax	148,334	1,101	149,435
Customers	23,441	-	23,441
Other debtors	11,091	-	11,091
Total of non-current assets	967,522	78,421	1,045,944
Current assets:			
Inventories	187,960	4,685	192,645
Customers	186,103	-	186,103
Other debtors	22,194	-	22,194
Other financial investment at amortized cost	14,665	-	14,665
Cash and cash equivalents	171,991	-	171,991
Other current assets	189,262	-	189,262
	772,175	4,685	776,860
Assets for sale	34,897	-	34,897
Total of current assets	807,072	4,685	811,757
TOTAL OF ASSET	1,774,594	83,106	1,857,700
Equity:			
Equity	210,000	-	210,000
Adjustments of shareholdings in associates and joint-ventures	(673)	-	(673)
Currency conversion adjustments	(275,574)	(28,216)	(303,790)
Reserves and retained income	392,847	58,113	450,960
Consolidated net result	(26,504)	37,631	11,127
Equity attributable to shareholders	300,096	67,528	367,624
Non-controlling interests	34,474	1,262	35,736
EQUITY TOTAL	334,570	68,790	403,360
Non-current liabilities:			
Loans	730,200	-	730,200
Provisions	42,215	1,731	43,946
Financial Leases	3,814	-	3,814
Liabilities by deferred taxes	99,963	12,585	112,548
Other non-current liabilities	63,654	-	63,654
Total of non-current liabilities	939,846	14,316	954,162
Current liabilities:			
Loans	124,076	-	124,076
Suppliers	139,646	-	139,646
Financial Leases	2,794	-	2,794
Other Creditors	21,472	-	21,472
Other current liabilities	188,629	-	188,629
	476,617	-	476,617
Liabilities for sale	23,561	-	23,561
Total of current liabilities	500,178	-	500,178
TOTAL OF LIABILITY	1,440,024	14,316	1,454,340
TOTAL OF LIABILITY AND EQUITY	1,774,594	83,106	1,857,700

The Group adopted IAS 29 for companies in Angola and Venezuela in 2018, with the following impact on the accompanying consolidated financial statements on 1 January 2018:

Financial Position

Items	IAS 29 impact
Non-current assets:	
<i>Goodwill</i>	55
Intangible assets	7,585
Fixed tangible assets	72,181
Assets for deferred tax	251
Total of non-current assets	80,072
Current assets:	
Inventories	4,559
Total of current assets	4,559
TOTAL OF ASSET	84,631
Equity:	
Reserves and retained income	58,113
Equity attributable to shareholders	58,113
Non-controlling interests	1,292
EQUITY TOTAL	59,405
Non-current liabilities:	
Provisions	946
Liabilities by deferred taxes	24,280
Total of non-current liabilities	25,226
TOTAL OF LIABILITY	25,226
TOTAL OF LIABILITY AND EQUITY	84,631

49 - APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the financial year ending 31 December 2018 were approved at a meeting of the Board of Directors on 22 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 27 May 2019.

50 - SUBSEQUENT EVENTS

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



Teixeira Duarte

Reports and Accounts 2018

Reports, Opinions and Certifications of the Supervisory Bodies 2018

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 2018, approved by the Board of Directors on 22 April 2019, 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 verified that the management report contains a clear description of the most significant aspects of the evolution of the business, the financial and non-financial performance and the financial situation of the Company and the Group and, in particular, the impact on equity resulting from the exposure to exchange rate risk in markets where the Group has significant activities, and the change in the criteria for the subsequent measurement of a homogeneous class of assets from the cost model to the revaluation model, as referred to in the management report and in the Annex to the 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 believe that the audit services were provided independently, under the terms of the current legislation, and the Statutory Audit Firm has not asked this Board to approve other services that are legally permitted, in addition to the audit.

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 2018 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, 26 April, 2019

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)

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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, 2018 (which reflects a total of 1.243.544 thousand euros and a shareholders' equity of 454.015 thousand euros, including a net profit for the period of 4.672 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, 2018, 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
<p>1. Valuation of financial investments in subsidiaries</p> <p>As disclosed in notes 3.2.a) and 9 of the notes to the financial statements, the financial investments in subsidiary companies, amounting to Euro 1,132 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.</p> <p>The possible impairment of the Financial Investments 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.</p>	<p>We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:</p> <ul style="list-style-type: none"> • 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 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.

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 24, 2019

STATUTORY AUDITOR'S REPORT AND AUDIT REPORT (free translation from the original in Portuguese)

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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, 2018 (which reflects a total of 1.857.700 thousand euros and a total shareholders' equity of 403.360 thousand euros, including a consolidated net profit attributable to shareholders for the period of 11.127 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, 2018, 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	
<p>As disclosed in Note 7 to the financial statements, the Group's business activity is divided into 6 business segments, with relevant operations in 7 countries, with different economic contexts and operational risks.</p>	<p>Our audit approach included performing various audit procedures to mitigate the risks of material misstatement in this area, highlighting the following:</p>
<p>The Group's activity outside Portugal represents 73.3% of turnover. As mentioned in note 42 to the financial statements, several territories where the Group operates, namely Angola, Venezuela and Brazil, are subject to significant exchange rate variations of their currencies against the euro.</p>	<ul style="list-style-type: none"> • Measurement of the degree of exposure of the Group to geographies with high exchange rate and liquidity risk; • Assessment of the collection risks and the levels of any impairment on accounts receivable; • 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 the validation of the adequacy of the Group's disclosures regarding the risk management policy; • Inquiry with the management body, the strategy and action plans to reduce the Group's exposure in geographies of greater instability and business risk.
<p>Exposure to these countries' currencies entails increased risks for the Group, namely:</p>	
<ol style="list-style-type: none"> I) <i>Foreign exchange risk</i>, due to the strong devaluation of local functional currencies against the euro; II) <i>Liquidity risk</i>, resulting from the difficulty of repatriating foreign currency from these territories; and III) <i>Credit Risk</i>, arising from difficulties in recovering credits related to the Group's operational activities. 	
<p>Due to their significance and unpredictability, we considered these issues as relevant matters to our audit.</p>	
2. Revenue recognition of construction contracts	
<p>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 60% of the group's revenue (52% in 2017).</p>	<p>We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:</p>
<p>As mentioned in note 2.21, income and expenditure from the construction sector are recognized in accordance with the guidelines introduced by the adoption of IFRS 15 - Revenue from Contracts with Customers, being revenue and margins associated with construction contracts in progress recognized according to the percentage of completion, which is determined by the ratio between the expenses incurred and the total estimated expenses for each of the works.</p>	<ul style="list-style-type: none"> • 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 and selecting a sample of contracts and verifying the measurement costs and budgets that support the percentage of completion, and analysis of costs incurred and cost estimates to complete the work; • Verification of the proper application of IFRS 15 - Revenue from contracts with customers; • Review of the reasonableness of provisions for guarantees and for onerous contracts; • We have assessed the differences identified by the Group in accounting for construction contracts, namely in researching whether or not there is a significant financial component in the contract price and different performance obligations, as disclosed in note 2.1; • Validation of the disclosures included in the accompanying notes to the consolidated financial statements.
<p>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.</p>	

KEY AUDIT MATTERS

SYNTHESIS OF OUR AUDIT APPROACH

3. Measurement and recognition of impairment on accounts receivable

As shown in notes 14 and 28 to the financial statements, the Impairment losses on customers represent 76,070 thousand euros, approximately 26.6% of customer balances. In the year of 2018 impairments were recognized by 36,331 thousand euros.

Due to the adoption of IFRS 9, as disclosed in notes 2.1 a) and b), and 28, impairment losses of 2,456 thousand euros were recognized in equity.

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, the recognition of recognized impairments is significant and the estimates used by management require a high degree of judgment.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Analysis of the aging and recoverability of customer balances, as well as assertions used by the management in the quantification of impairment losses to be recognized;
- Review of detail and calculations of impairments recognized in the year and opening financial position resulting from the adoption of IFRS 9;
- Review of relevant balances with entities based in higher risk geographies (Angola and Venezuela);
- Review of the calculations of adjustments recognized to the nominal value of credits and evaluation of the assumptions used by management, namely, the estimate of the receipt term and the discount rate used;
- Review the disclosures in notes 14 and 28 to the financial statements.

4. Revaluation of tangible fixed assets

As disclosed in notes 2.5 and 21 to the financial statements, as of December 31, 2018, the Group adopted the revaluation model as an accounting policy for the subsequent measurement of buildings that are included in property, plant and equipment and constitute a homogeneous class of assets allocated to specific business segments, regardless of their geography.

Adoption of the revaluation model assumes that fair value can be reliably determined, and the asset in question is measured at revalued value, corresponding to fair value at the revaluation date, less any accumulated depreciation and subsequent impairment.

The effects of this revaluation represent an increase of Tangible Fixed Assets of 237,788 thousand euros, of Equity of 166,473 thousand euros, net of the effect of the deferred tax liability of 71,315 thousand euros.

The revaluations were performed by independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined by the use of fair value at the end of the reporting period.

We have considered this topic as a material audit subject, taking into account the relevance of the effects of the revaluation of these tangible fixed assets on the consolidated financial statements.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Verification of compliance with the revalued asset classification criteria as part of a homogeneous class of property, plant and equipment in accordance with IAS 16;
- Discussion with the management body regarding the criteria and assumptions that were the basis of the judgments to recognize, or not, certain assets as members of the homogeneous classes that have been revalued;
- Analysis of independent valuations performed and the revaluation effects for each element included in the homogeneous asset classes;
- Assessment of independence and competence of external evaluators hired by management;
- Revision of the calculation of the effects of the revaluation, as to their accuracy and completeness of the amounts determined.
- Analysis of any adjustments made to impairments in assets, as well as the assertions used by the management body to quantify impairment losses to recognize;

We also verified the adequacy of the disclosures regarding the revaluation of tangible fixed assets, presented in the consolidated financial statements.

KEY AUDIT MATTERS

SYNTHESIS OF OUR AUDIT APPROACH

5. Valuation of Investment Properties

The value of the Investment Properties presented as of December 31, 2018, totals 194,091 thousand euros (217,647 thousand euros at December 31, 2017). 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 located 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. Hyperinflationary economies

As disclosed in note 2.10, during 2018 Angola and Venezuela were considered hyperinflationary economies and the respective financial statements of companies whose functional currency is Kwanza or Bolivar were restated to the current measurement unit.

The financial statements of the subsidiaries of the Group whose functional currency is Kwanza were restated by applying a general price index, and the financial statements were then translated at the exchange rates prevailing at the reporting date for inclusion in the consolidated financial statements.

As disclosed in note 48, the impact of adopting IAS 29 on the Group's subsidiaries resulted in a positive change of 83,106 thousand euros in assets, 14,316 thousand euros in non-current liabilities and 68,790 thousand euros in equity

Given the relevance of the effects on the consolidated financial statements, we consider Angola's qualification as a hyperinflationary economy and the consequent accounting impacts as a relevant audit matter.

Our approach to this risk was to adopt the following procedures:

- Regular follow-up of the validation work on adjustments arising from the application of IAS 29, and verification of supporting documentation to ensure that an appropriate inflation index was used;
- Verification that the restatement methodology in IAS29 has been properly applied for non-monetary items, equity items, items in the statement of other comprehensive income, separately considering the restatement impacts recognized in the income statement and retained earnings.
- Review of the correct transposition of the restated financial statements of Angolan and Venezuelan entities into the Group's reporting currency, assessing the appropriateness of consolidation adjustments and management judgments thereof;
- Assessment of the appropriateness of the presentation of the impacts of restatement in the "Consolidated Statement of Other Comprehensive Income", taking into account the defined accounting policies;
- Verification of the adequacy of the disclosures made.

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 451^o, 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 n.º 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 24, 2019

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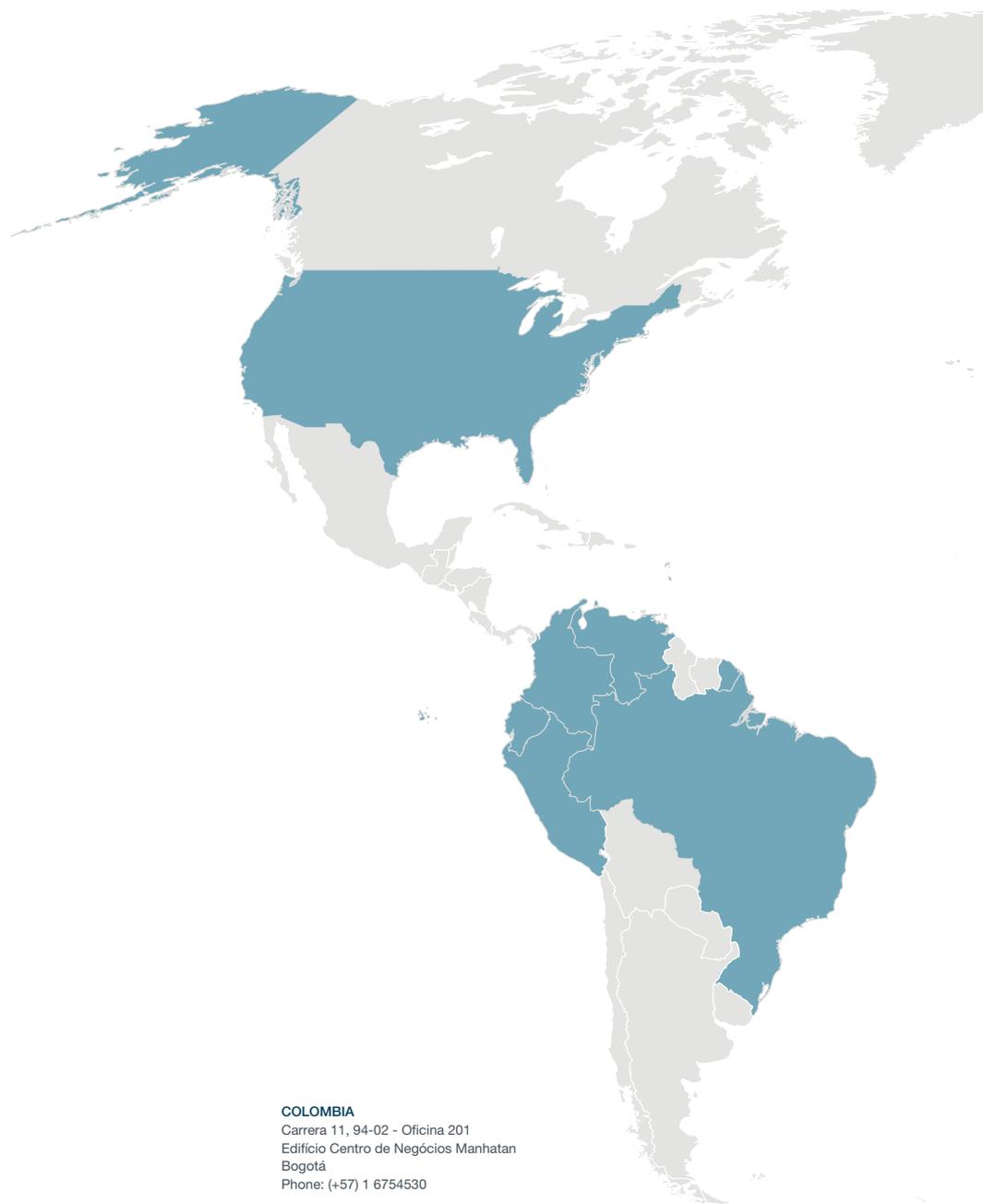
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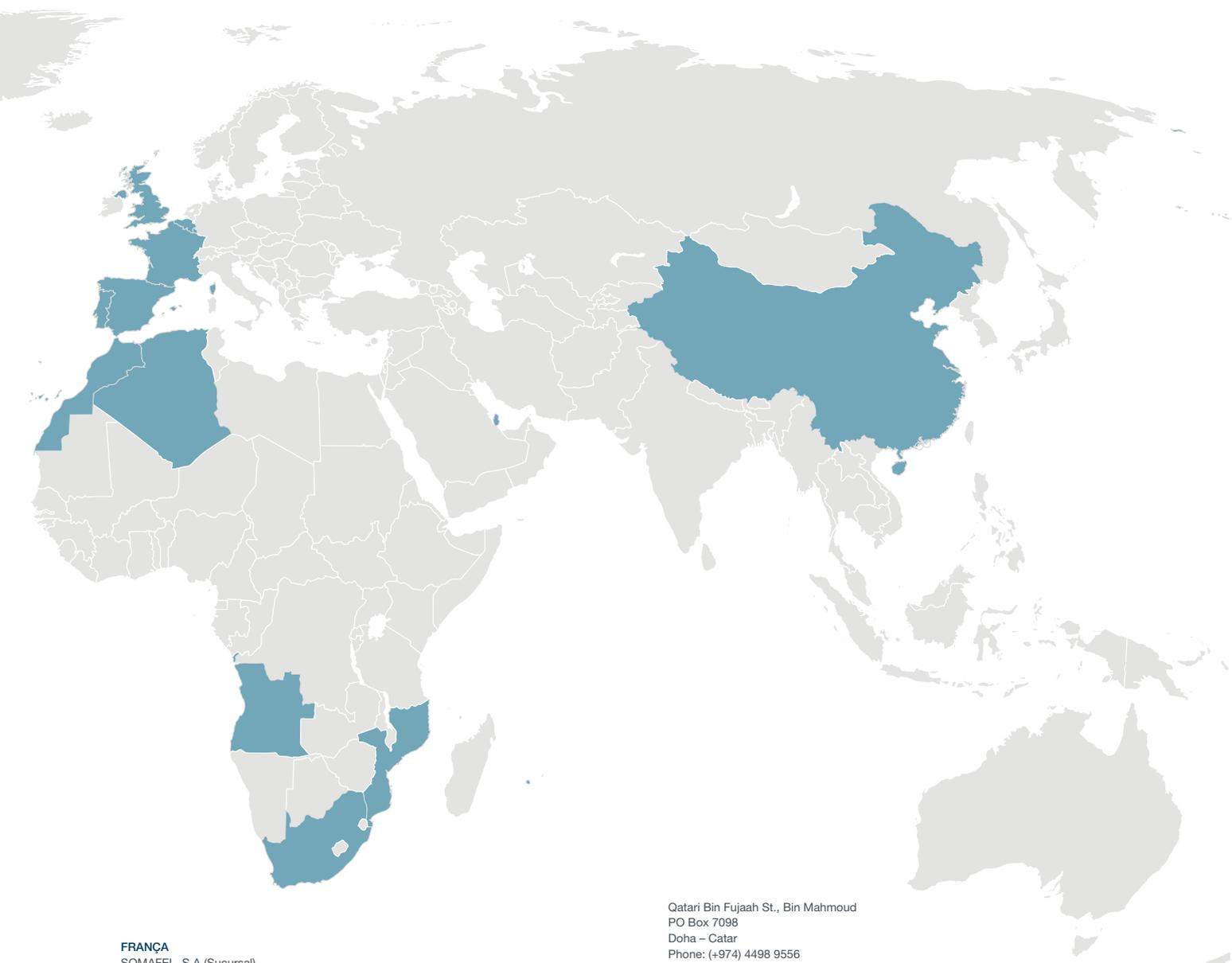
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