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CONSOLIDATED REPORT & ACCOUNTS

A World of Inspiration

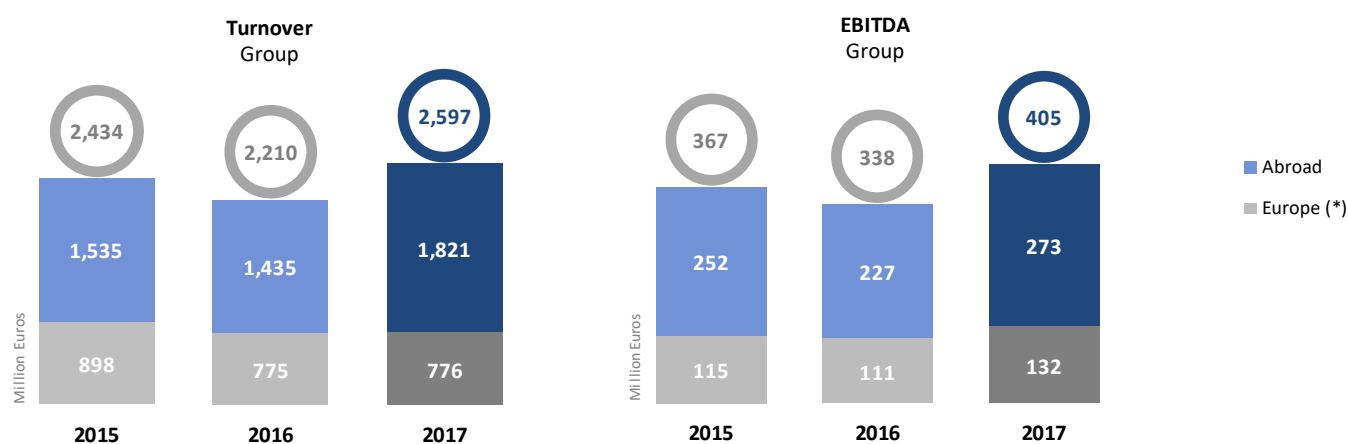


MOTAENGIL
SGPS, S.A.



Highlights

- > Turnover up 18% YoY 2.6 billion Euros, supported by all regions on a comparable basis
- > EBITDA up 20% YoY to 405 million Euros
- > Strong and diversified backlog that reached 5.1 billion Euros, of which 79% outside Europe
- > Net debt down 24% YoY to 877 million Euros
- > Working capital down 190 million Euros to 177 million Euros
- > Growth to continue in 2018 supported by backlog and interesting commercial prospects



(*) Includes others, eliminations and intra-group

	thousand euros									
	12M17	% T	Δ	12M16	% T	2H17 (non-audited)	% T	Δ	2H16 (non-audited)	% T
Turnover	2,597,294		17.5%	2,210,081		1,401,648		19.3%	1,174,440	
EBITDA (*)	404,738	15.6%	19.8%	337,946	15.3%	218,376	15.6%	15.5%	189,088	16.1%
Amortisations, provisions and impairment losses	-218,607	(8.4%)	15.0%	-257,083	(11.6%)	-129,688	(9.3%)	14.3%	-151,415	(12.9%)
EBIT (**)	186,131	7.2%	130.2%	80,863	3.7%	88,687	6.3%	135.4%	37,673	3.2%
Net financial results	-99,206	(3.8%)	3.3%	-102,617	(4.6%)	-52,055	(3.7%)	28.4%	-72,715	(6.2%)
Net income/losses from equity method	2,808	0.1%	-	-2,130	(0.1%)	1,768	0.1%	-	-3,464	(0.3%)
Gains/(losses) in the disposal of subsidiaries and associates companies	-3,058	(0.1%)	-	100,771	4.6%	-3,058	(0.2%)	-	24,129	2.1%
Net monetary position	3,149	0.1%	-	-	-	3,149	0.2%	-	-	-
Income before taxes	89,824	3.5%	16.8%	76,886	3.5%	38,492	2.7%	-	-14,376	(1.2%)
Net income	61,441	2.4%	(9.0%)	67,507	3.1%	21,921	1.6%	-	-11,468	(1.0%)
Attributable to:										
Non-controlling interests	59,853	2.3%	245.0%	17,350	0.8%	24,947	1.8%	128.1%	10,935	0.9%
Group	1,588	0.1%	(96.8%)	50,157	2.3%	-3,026	(0.2%)	86.5%	-22,402	(1.9%)

(*) EBITDA corresponds to the algebraic sum of the following headings of the consolidated income statement: "Sales and services rendered"; "Cost of goods sold, materials consumed, change in production and subcontractors"; "Third party supplies and services"; "Wages and salaries"; "Other operating income/(expenses)"

(**) The EBIT corresponds to the EBITDA minus the following headings of consolidated income statement: "Amortisations" and "Provisions and impairment losses"

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Message from the Chairman of the Board of Directors

Dear Sirs,

Now that the year has ended, we hereby submit the accounts regarding the fiscal year of 2017.

In 2017, as was forecast in the previous report, the MOTA-ENGIL GROUP achieved a significant growth in turnover, exceeding the target of 2.5 billion Euros.

In spite of this growth, the net income for the GROUP remained a long way from the norm and forecast for this year on the basis not only of the crisis that Europe – including Portugal – continues to rely on public investment although, essentially due to the application of a new orientation in the accounts for companies with activities in countries with hyperinflation. Without this element, we would have a net income at the level forecast as we have in terms of EBITDA and the significant reduction of GROUP indebtedness.

Must be stressed that even without the contribution from EGF, the backlog has exceeded 5 billion Euros, which ensures the stability of the GROUP.

I am convinced that the MOTA-ENGIL GROUP is now established in the African and Latin American markets. In Latin America, 2018 is going to be an election year in several countries although our current backlog will allow growth to be sustained even though there may be delays for new projects. In Angola, a historical and essential market for the GROUP, in spite of the country's relations with Portugal passing through a complex phase, we are convinced that this will not affect our GROUP which has a history in this country that dates back 70 years.

In Europe, we are going to take the steps necessary for an indispensable equilibrium. If in recent years the disposal of many assets was inevitable, we now have to find solutions once again to achieve diversification solutions and I have no doubt that opportunities exist.

We hope that the improvement in the Portuguese financial system will be able to support this development just as I also hope that a better internationalisation performance will be possible in the Portuguese construction sector through the banking system or through the government.

With cohesion, ambition and courage, we will continue along our path which is only possible due to the quality of not only the Executive Committee and the Board but also all of our employees.

António Mota
Chairman of the Board of Directors

Message from the Chief Executive Officer

Dear Shareholders,

With the closing of another year which coincides with the end of a mandate, it is incumbent upon me to address the Shareholders relating to the activities of the GROUP.

This was a particularly difficult mandate under the shadow from the global economic and financial crisis which affected the Portuguese market in particular, existing under the rules of international financial assistance.

These are very demanding times which lead to the practical destruction of the construction market and almost non-existent levels of public investment from which there is a long way to go to recovery.

This situation required the Company to go through a period of transformation based on flexibility and expertise in the search for new markets with all the risks and challenges that are inherent to this process of change towards the strengthening of its equilibrium which was achieved through an aggressive policy of divestment which, although successful, was carried out with an eye to the future, consolidating new markets overseas and reinforcing the diversification aspect with emphasis in particular on waste management while penetrating new areas such as power generation.

Competencies and skills had to build up overseas in order to develop these new markets which implied a level of mobility on the part of leading employees which introduced qualitative and quantitative changes to our organisation which will change it and condition it for ever.

I am convinced that when making a balance of this mandate, the entire Company will be proud of the work undertaken and the course followed in this period of crisis for our sector.

There are encouraging signs of recovery in the global economy which we all hope will not be put in doubt by political phenomena or trade war. These signs are being to translate into backlog which is at a record level and the enormous pipeline of commercial prospects that are developing.

In spite of these undeniably interesting commercial prospects, the performance of the Company is still conditioned by a demanding context which is translating into the results for this period which are clearly in excess of the prospects and of course our wishes in spite of the unexpected accounting impact.

However, I would like to stress a relatively uniform growth in turnover by 18% which has not happened for a long time at this rate, a growth in the EBITDA margin to 16%, greater control of financial resources with greater organic and recurring cash-flow generation resulting in a reduction in the GROUP's net debt.

I am certain that the bases are being created for a solid and sustainable recovery of the sector at a global level with clear benefits for our GROUP. However, the entire organisation needs to become more focused on profitability and the efficiency of operations.

I cannot close this message without expressing appreciation and gratitude to our employees scattered all over the world, to our clients who are our reason for being, shareholders and other stakeholders and I am sure that I am joined by my colleagues on the Executive Committee.

Gonçalo Moura Martins
Chairman of the Executive Committee



'52 Luanda International Airport
ANGOLA



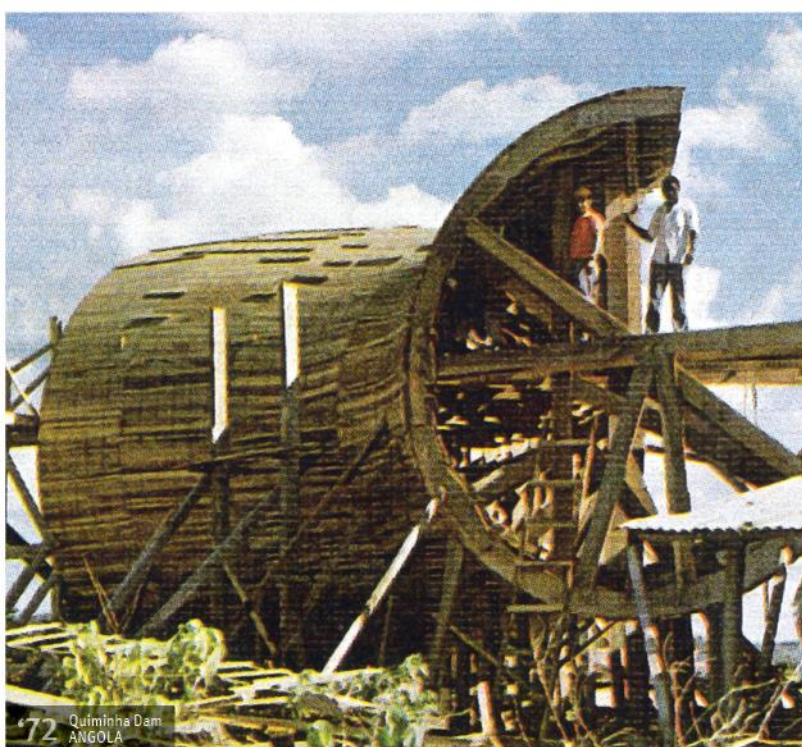
'47 Enters in the construction sector
ANGOLA



'46 Company set up
PORTUGAL



'46 Starts operations
in Cabinda
in timber
ANGOLA



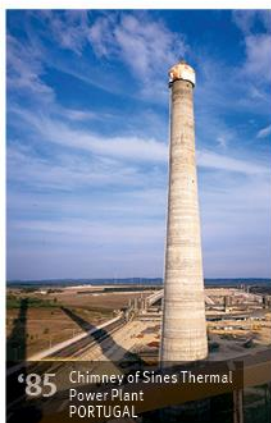
'72 Quiminha Dam
ANGOLA



'76 Barragem de Dreihuk
NAMÍBIA



'77 Luçafecit Dam
PORTUGAL



'85 Chimney of Sines Thermal
Power Plant
PORTUGAL



'83 Lonhupheko-Lomahasha Road
SWAZILAND



'81 N Toun-Cocobeach Road
GABON



'86 Faro Airport
PORTUGAL

01

CONSOLIDATED MANAGEMENT REPORT



Bases to grow

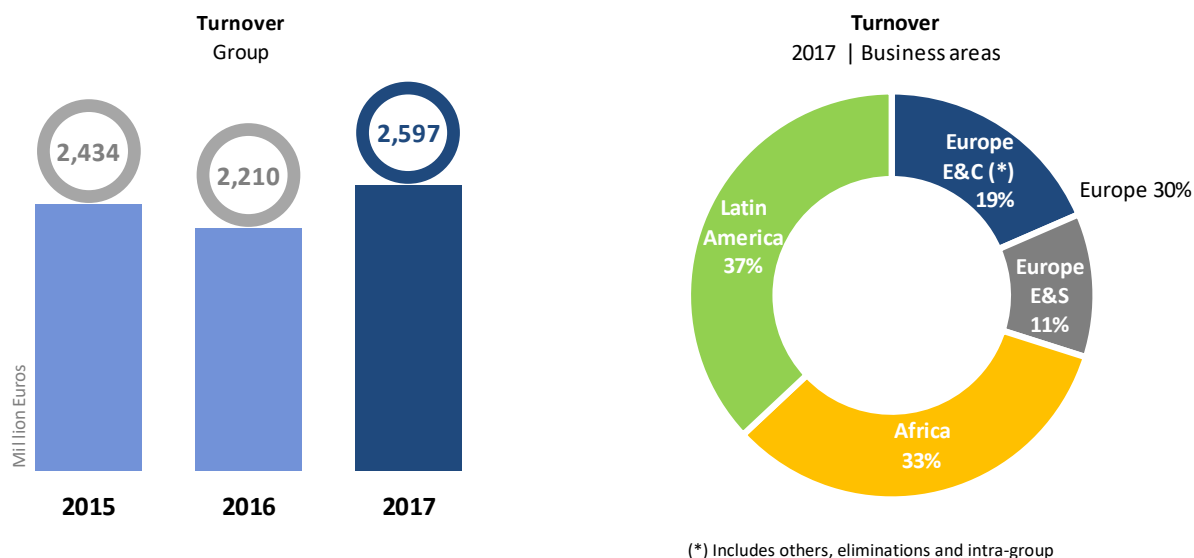
Starting the business in Angola, the first 4 decades were spent consolidation ourselves in the country while expanding into several other African markets. Mota & Companhia was founded in Portugal in 1976, the following year undertaking a major contract for the Lower Mondego river, a project that took the company to a higher level.

1946
1986

Commitment to growth.

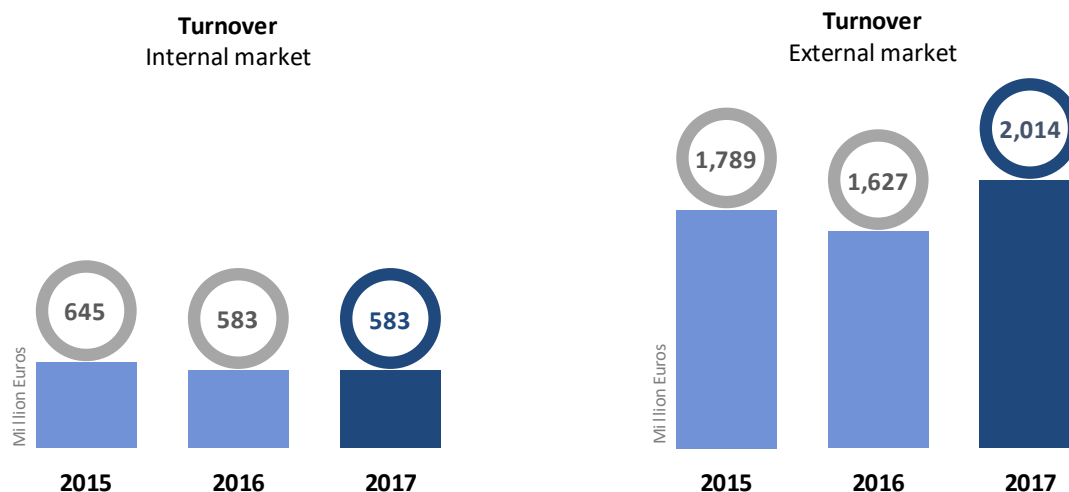


1. Economic – financial performance analysis

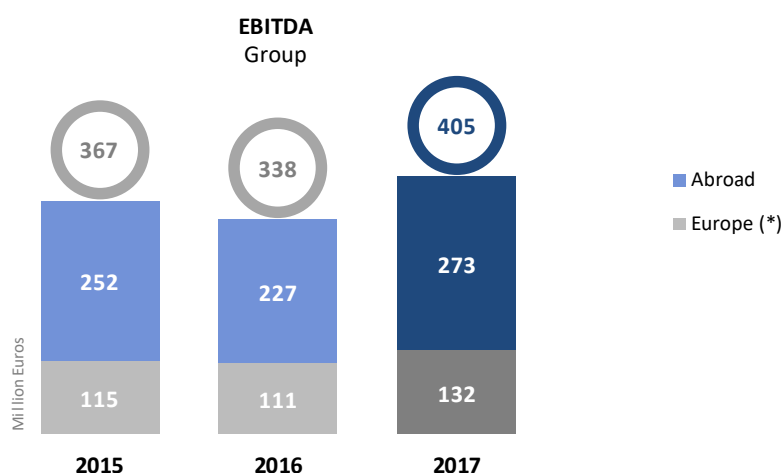


Turnover in 2017 reached 2,597 million Euros, which represented an increase of about 18% compared with 2016. Significant contributions to this performance were made by the Africa and Latin America regions which saw their turnover increase by 22% and 32% respectively.

During 2017 there was stagnation in the turnover generated in Portugal as a result of the challenging context which has affected the Engineering and Construction (E&C) business and the changes that took place on the consolidation perimeter in the Environment and Services (E&S) segment. Leaving aside the effects of the consolidation of the Ports and Logistics business in January and February 2016, the turnover in Portugal has increased by 5%. Meanwhile, turnover generated outside of Portugal recorded significant growth (24%) to in excess of 2 billion Euros.



Finally, as was set out in the GROUP Strategic Plan, the balancing of turnover between regions should also be stressed for having mitigated the risks of concentration.



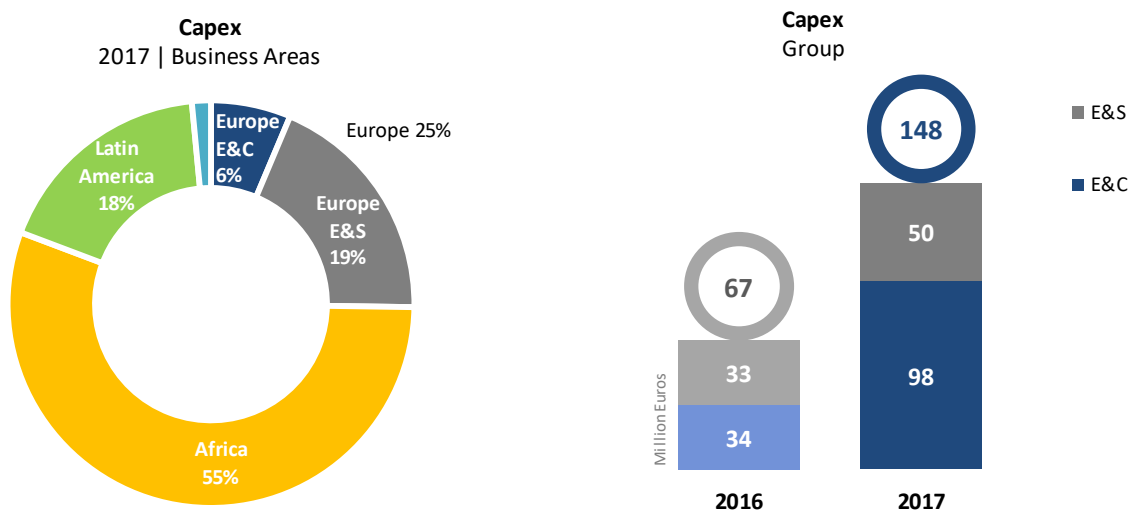
(*) Includes others, eliminations and intra-group

In 2017, the EBITDA recorded an increase of 20% compared with 2016 to 405 million Euros, the EBITDA margin reaching 16% (15% in 2016). The positive performance in the EBITDA was the result in essence of the positive progress taking place in Europe (+28%) and in Latin America (+146%). The EBITDA for the African region fell by 10% as a result of the impact produced from Angola being considered to be a country with a hyperinflationary economy (IAS 29). However, in EBITDA margin terms, although affected by the impact resulting from the adoption of IAS 29, this region reached 19% which is at the limit of the forecast profitability for the GROUP.

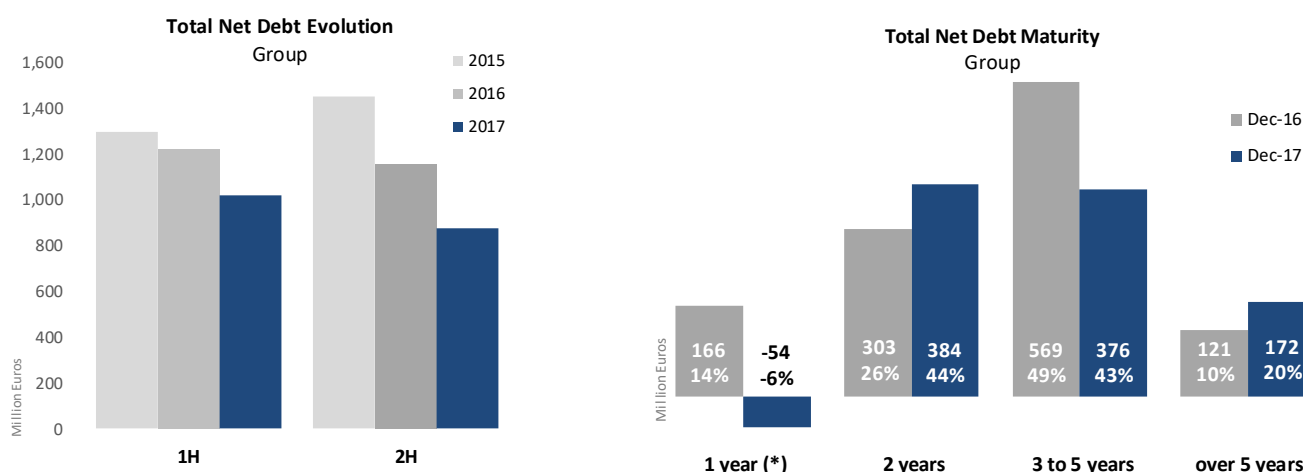
Therefore, the EBITDA margin in 2017 once again reached the profitability levels planned in the Strategic Plan of the GROUP (Step Up 2020), and remained above a large number of peers.

In 2017 the EBIT rose to 186 million Euros, marked by an increase of 105 million Euros over 2016. This positive performance is due to the improvement in the EBITDA of 67 million Euros on the one hand and on the other, to the reduction in amortisations, provisions and impairment losses of 38 million Euros. It should be remembered that 2016 was a year marked by the atypical constitution of provisions and impairment losses specifically for customers in the African region, for a customer in the treatment and processing of waste as well as to meet the estimated negative margin for the completion of a construction contract in the Czech Republic.

In 2017, as a result of the improvement in the economic and political conditions for the granting and monitoring of credit, the level of provisions and impairment was substantially reduced. Finally, in 2017 amortisations decreased by 10 million Euros, justified in part by the reduction in the level of investment in recent years and in part by the review of the useful life of certain items of equipment in Africa and in Poland.



As a result of new and major projects in the African region and in particular, the mining projects in Guinea Conakry and in Mozambique which require specific equipment's, 55% of the GROUP's investment in 2017 was to that region. On the other hand, the investment of 50 million Euros in the E&S business should be stressed, mostly in the concessionary companies of EGF, in VISTA WASTE and in FÉNIX with 11 million Euros invested by the latter for the refurbishment of certain hydro-electric plants which boosted the increase in turnover and the profitability of the company.



As at December 31 2017, the net debt (**) amounted to 877 million Euros, with a decrease of about 282 million Euros (24%) compared to December 31, 2016, essentially justified by the success achieved in the management of the working capital, which was reduced by 190 million Euros, and by the cash in resulting from the process of the disposal of LINEAS.

At the 31st of December 2017 the net debt (**) added from leasing and factoring operations reached 1,134 million Euros, a reduction of 206 million Euros compared with 2016.

(*) The one year net debt includes the full amount of Angola's government bonds.

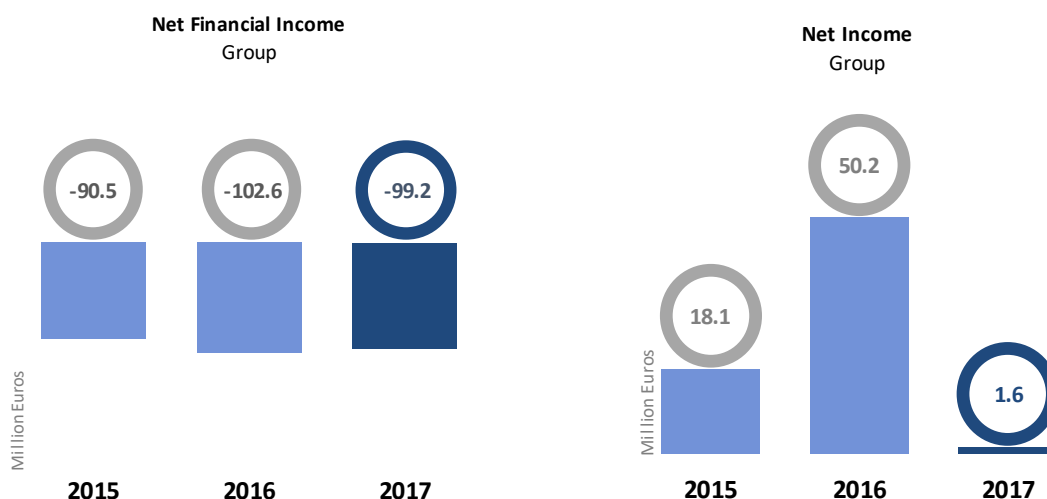
(**) The net debt corresponds to the algebraic sum of the following headings of the consolidated statement of financial position: "Cash and equivalents without recourse – demand deposits", "Cash and equivalents with recourse – demand deposits", "Cash and equivalents recourse – term deposits"; "Financial assets held to maturity"; "Loans with recourse" and "Loans without recourse". It should be noted that leasing and factoring operations contracted by the GROUP were not recorded in the abovementioned headings.

On the other hand, it should be noted that 10% (92 million Euros) out of the net debt corresponds to non-recourse debt (**), related in full to the acquisition of the EGF and the APP COATZACOALCOS-VILLAHERMOSA operation.

In addition, it should be stressed that the ratio that compares the total net debt to the EBITDA in the last 12 months decreased to 2.2x (3.4x on December 31, 2016) which ensures the achievement of the medium- and long-term goal set by the GROUP of recording a value below 3.0x for said ratio.

Gross debt (****) on December 31, 2017 was 1,678 million Euros, with 64% contracted at a variable rate. The average cost of debt decreased from 5.63% in 2016 to 5.60% in 2017, despite the higher burden of debt contracted outside Europe, particularly Africa and Latin America. Still, in December 31, 2017, 73% of gross debt was denominated in Euros with an average life was 2.4 years (2.5 years on December 31, 2016).

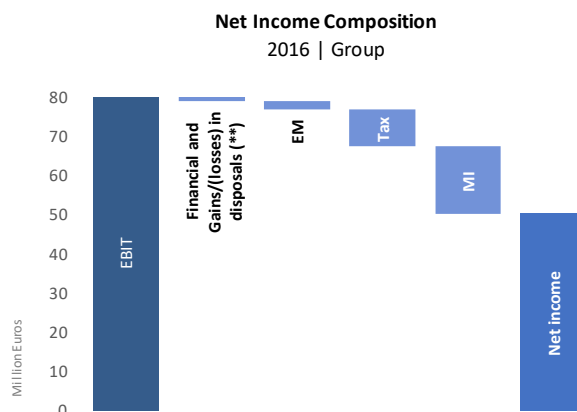
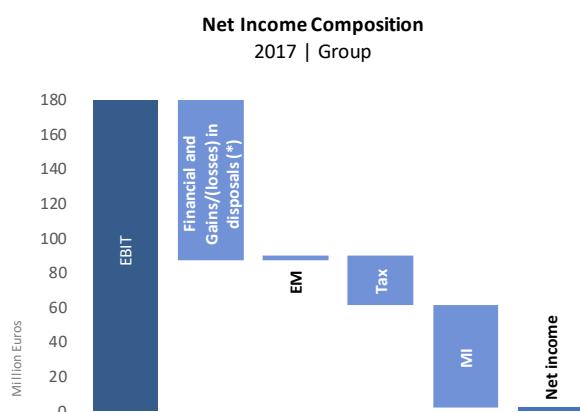
On 31 December 2017 the GROUP had contracted but unused credit lines worth 190 million Euros, resulting in a total amount of actual liquidity of 990 million Euros, corresponding to c. 60% of total gross debt.



In 2017 the financial results reached 99 million Euros (103 million Euros in 2016) which represented a reduction of c. 3%. It should be stressed that net financial charges (interest income – interest expenses) reached 68 million Euros in 2017, a reduction of 21% compared with 2016.

(**) Non-recourse debt corresponds to loans in which only assets of financed companies respond to settle the debt (Project finances).

(****) Gross debt corresponds to the net debt plus cash and cash equivalents balances recorded on the consolidated statement of financial position and the Angola's bonds held by Africa region recorded under the heading "Financial investments available for sale and held to maturity".



(*) Including c. 21 million Euros associated with part of the effect resulting from the consideration of Angola as a hyperinflationary economy (IAS 29)

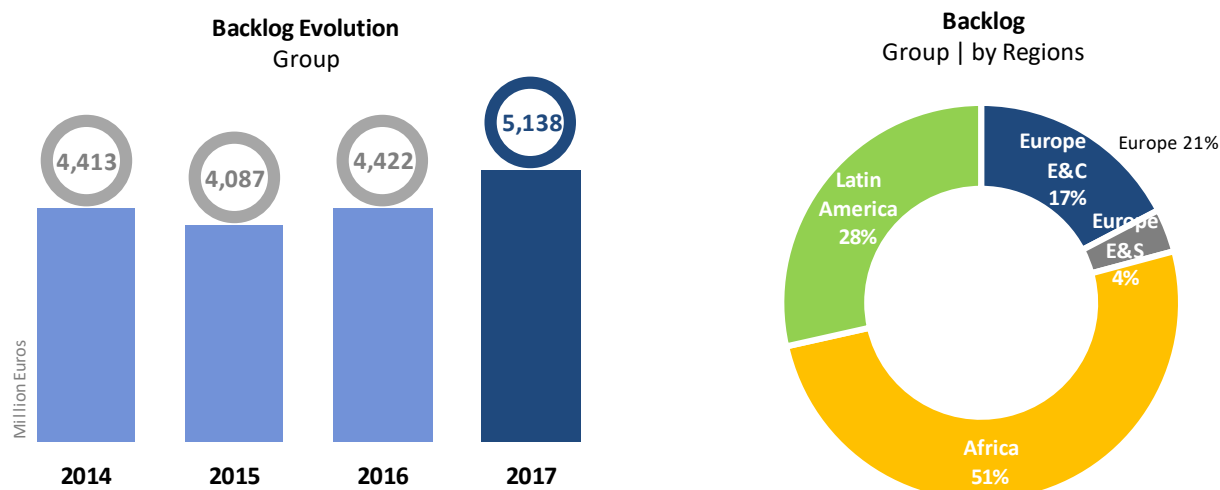
(**) Includes c. 102 million Euros in gains with the disposal of the Port and Logistics business and of INDAQUA

In 2017 the Equity Method (EM) contributed positively with 3 million Euros to the net results for 2017 indicating an improvement of c. 5 million Euros compared with 2016. Conversely, in 2017, there was a major fall in Gains / (Losses) on disposals compared with 2016 explained by the gain of 102 million Euros obtained in 2016 from the disposal of the Ports and Logistics business and INDAQUA.

In 2017 tax on profits reached 28 million Euros (9 million at the 31st of December 2016) which corresponds to an effective tax rate of 32%. It should be stressed that tax on profits in 2016 is affected to a large extent by the gain generated through the disposal of financial holdings that were not relieved for tax purposes. For additional information on this matter, we recommend reading of Note 13 of the notes to consolidated financial statements.

Finally, on the subject of non-controlling interests (MI), these reached 60 million Euros in 2017 which represents an increase of 43 million Euros compared with 2016, the result of improved profitability in the businesses carried on with partners (specifically in Angola in the construction and waste collection business and in Mexico in the construction and power generation business).

As a counterpart to the operational and financial performance described above, the net income attributable to the GROUP reached 1.6 million Euros (50 million Euros at the 31st of December 2016).



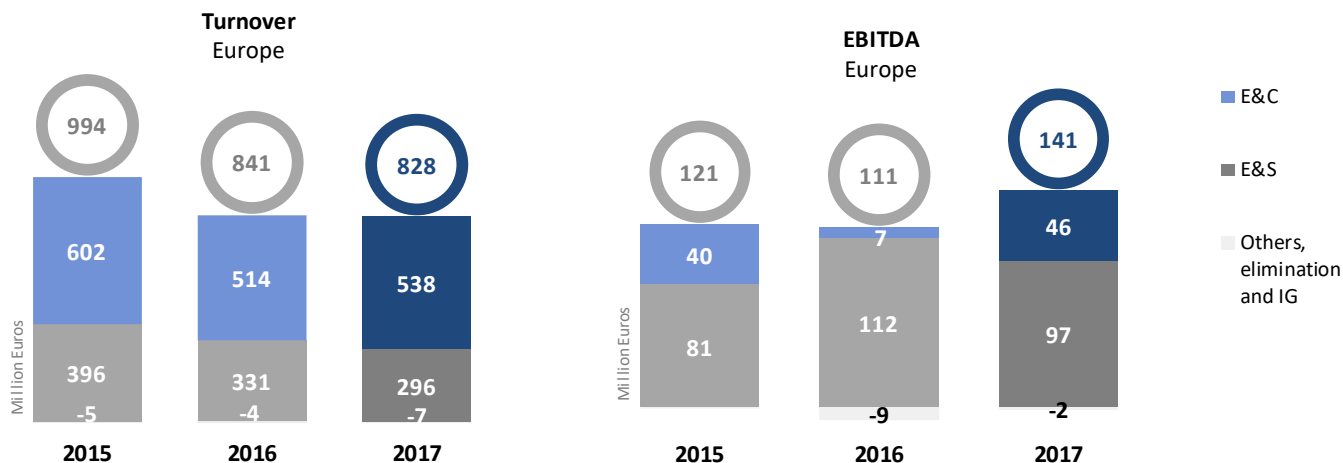
The backlog on December 31, 2017 amounted to 5,138 billion Euros (*) - Africa and Latin America contributed with c. 79% of the total amount -, corresponding to an E&C backlog to sales ratio of 2.1 years. The increase in the backlog for the year of 716 million Euros (16%) should also be noted as confirmation of the success of the commercial activity of the GROUP carried out in the year together with recognition of the capacity of the GROUP to undertake new projects of both greater size and of complexity. Confirmation of the above assertion can be seen in the awarding in 2018 of new projects worth c. 500 million Euros in both Africa and Latin America.

On December 31, 2017, the E&S business in Europe contributed with 833 million Euros to the backlog, geographically diversifying business as a result of recent awards on the African continent. It is of note that this amount does not include the expected revenues from waste treatment contracts of EGF companies.

(*) Contracts awarded for execution at the exchange rate of December 31, 2017

2. Analysis by Business Area

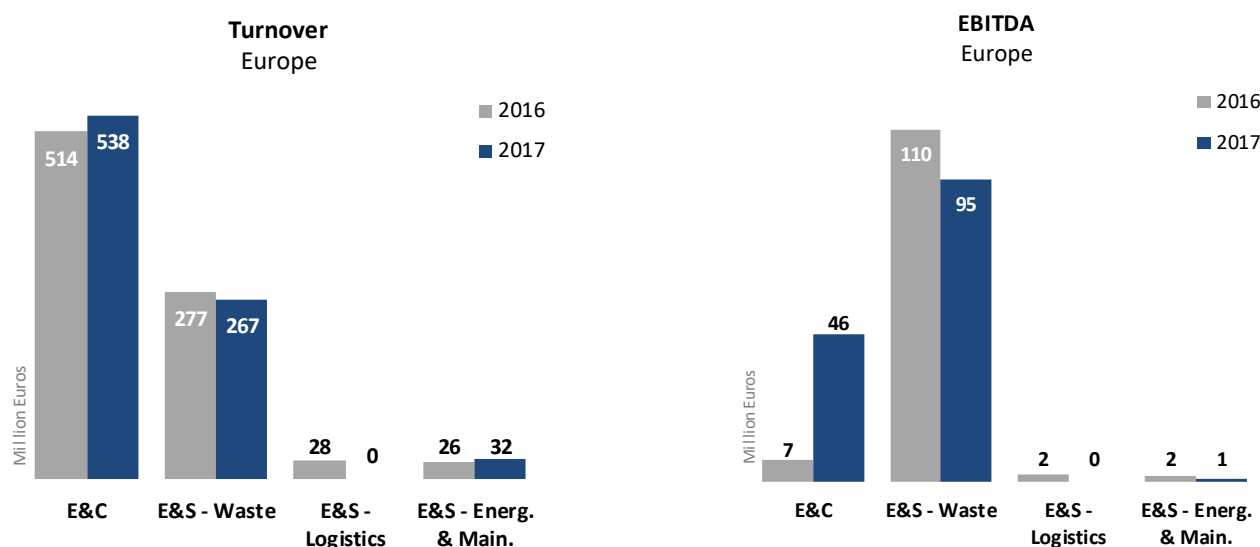
Europe



The European region manages the E&C and E&S activities and companies that the GROUP possesses in Portugal, Central Europe and Ireland or that are managed by the management structure of this region. As of March 1, 2016, following the disposal of the Port and Logistics business, in the domain of the E&S segment were essentially developed waste collection activities (by SUMA) and waste treatment and recovery (by EGF).

Turnover in Europe in 2017 reached 828 million Euros, a drop of 13 million Euros compared with 2016 and explained in essence by the consolidation in 2016 of two months of the Ports and Logistics businesses which contributed with 28 million Euros.

In terms of operating profitability, the EBITDA achieved 141 million Euros, and the EBITDA margin improved 4 p.p. to 17% compared to 2016. This development was affected mainly by the E&C business which improved profitability by 8 p.p. to 9%, mainly due to the improvement in activity in Portugal (and the management support provided by the region technical structure).



It should be noted that the E&C business in Portugal had begun to show an increase in turnover in the second half of the year while Poland recorded a growth of 7%.

On the other hand, due specifically to delays in the approval/carrying out of investments in the concessionary companies of EGF, the turnover in the waste treatment and recovery activities did not see any increase during 2017.

The EBITDA for the E&C business increased in 2017 to 46 million Euros, a notable increase compared with the previous year, mainly due to the improvement that took place in business in Portugal (and the management support provided by the technical team for the region).

The EBITDA for the E&S – Waste in 2017 rose to 95 million Euros representing a 4 p.p. decrease on the margin, resulting mainly from the correction carried out by ERSAR to the 2016 rates applied by EGF concessionary companies resulting from the classification of certain aspects in the application of the recent regulatory model applicable to said concessionaries.

Lastly, Energy & Maintenance companies, which have almost exclusively the contribution of MANVIA, turnover increased in the year by 24% to 32 million Euros compared to the previous year and the EBITDA reached 1 million Euros.

Engineering and Construction

The activity of the GROUP remained focused in 2017 on the two main markets (Portugal and Poland) with operations in Ireland and the United Kingdom recording a major increase for the year.

With the aim of rationalising operations during 2017, the GROUP opted to include the Moroccan and Cape Verdean markets to the European region.

In the Cape Verdean market MOTA-ENGIL has undertaken port works and is now prepared to exploit other business opportunities in particular in the tourist industry.

In Morocco, where MOTA-ENGIL has had a presence for a number of years through its holding in VIBEIRAS, a branch was also established with a view to extending the activity of the GROUP into the traditional domains of civil engineering and public works.

Portugal

In Portugal, in the face of the conditions, MOTA-ENGIL has been able to maintain its leadership position in the E&C field having managed to withstand the crisis through which the country has passed over recent years, its capacity for adaptation being shown through the successful implementation of measures for the rationalisation of its structure, the diversification of its backlog and in particular, benefitting from being a part of a GROUP that has a presence in a range of geographical markets and in various fields of business, having had the possibility of exchanging its resources in the technical cadre field and that of facilities to harmoniously balance the respective shortages and excesses.

On an operational level, in the course of 2017, the successful execution of two major projects is of note, the Foz Tua dam and the refurbishment work on the Brasileira building as well as starting the work for the extension to the Hospital da Luz and the building of the Alto Tâmega dam in 2017.

On the other hand, at the beginning of 2018, a revival in the market for public works can be seen and which is expected to continue its growth during 2018 and extending into 2019.

Maintaining traditions, in this way the GROUP will continue to have a presence in a range of large-scale projects which already started to be announced.

Central Europe

After a relatively quiet 2016 for the implementation of public investments plan established by the Polish government, 2017 has seen significant improvements in the field which will translate into a high volume of construction over the coming years. Therefore, the GROUP is prepared for the forecast increase in the launching of public tenders which has already resulted in the awarding of several medium and large-scale infrastructure projects, including a major part of the construction of a motorway near to Krakow and two railway construction contracts resulting in an increase in the GROUP backlog for the region which goes to meet the goals established.

From the operational point of view, the completion before schedule should be stressed of two significant road projects, specifically the Nysa Bypass and the S-11 Ostrow Bypass which once again are confirmation of the capacity of the GROUP to meet the technical requirements and the contractual delivery dates. On the other hand, 2017 also brought the beginning of the execution of design and build projects which will strengthen the image of the GROUP in the market.

In the real estate market, the Central European region showed a very positive development resulting from the historic lows for interest rates, a stagnant supply and new incentives for accommodation that have stimulated demand and jointly have induced the market in the establishment of new records.

As a result, the GROUP has sought out new opportunities for the promotion of residential projects on the Polish market with key markets in all major cities. Nowadays, the GROUP is constructing, promoting and selling various property projects in the main Polish cities, Warsaw, Krakow, Wroclaw and Lodz.

Ireland

2017 in Ireland was marked by clear signs of economic recovery, with increased activity of building construction, namely in Dublin. There were also announcements of various public tenders with significant value in road, port and airport sectors. On the other hand, investment in the treatment and supply of water and sewage continued the growth process begun in 2014.

As a result of the above, the end of the year showed indications that favour the future activities of the GROUP, in particular the operating results achieved by the GROUP companies operating in Ireland (GLAN AGUA and MEIC).

GLAN AGUA is at present one of the principle companies operating in the supply and treatment of water in Ireland having finished the year with a backlog above 60 million Euros, to be performed until 2036. On the other hand, at the moment it is the market leader in water treatment with operations along the west coast and the centre of the country.

MEIC, in addition to the relevant commercial and production support it provided to GLAN AGUA, in 2017 completed several major projects, including the refurbishment of national motorways in the county of Munster. From the commercial point of view, MEIC has aimed its efforts towards public tenders for road-building along with the construction of buildings having already qualified as bidder in major tenders and the awarding of a Dublin road-building project.

United Kingdom

2017 in the United Kingdom was a year of political uncertainty, the result of the start of Brexit negotiations which has affected the country's economic performance. Meanwhile, in spite of the uncertainty, the investment pipeline for structuring investments remains stable.

The GROUP's presence in the market in 2017 was accompanied by an intense commercial activity with a part of the efforts focused on the treatment and supply of water over the next five year investment period with its procurement process having begun in the past few months. As a result of these efforts, GLAN AGUA UK was awarded contracts for major projects the Irton WTP Upgrade for Yorkshire Water and, at the end of the year, the contracts for Stages 1 and 2 for the HS2 Process and Network Modifications for Afinity Water in consortium with Farrans.

Environment & Services

Waste

2017 was a year of continuity that confirmed SUMA in its leadership in waste management in Portugal, with a study carried out by Readers' Digest placing SUMA at the head of the table in the waste treatment business category with 24% of the vote showing the recognition of the its commitment and the role assumed by SUMA in maintaining the quality of life of the population in waste matters and continuing to be a benchmark in the market in the capacity for innovation and adaptation which has led to the achievement of a publicly recognised degree of credibility reflected in the Reader's Digest study and the awarding of the "Marca de Confiança Ambiente 2017" (Environmental Confidence Brand 2017) seal.

National plan

With the municipalities continuing to be the main source of contracts for waste collection services and street cleaning nationally, in the course of the year 156 tenders were submitted with 18 pending awarding of contracts in 2018. The provision of services with duration of one year or more totalled 57% of the total value of the contracts awarded in 2017.

Among the new contracts awarded, particular mention should be made to the street cleaning services for a period of three years by the Vila Real and Palmela local authorities as well as environmental awareness services that SUMA will provide over a two year period to LIPOR.

The continuity of the provision of services of waste collection and street cleaning in the Parque das Nações, Carnaval de Torres Vedras as well as innumerable festivals (NOS Alive, Super Bock Super Rock, and student celebrations in Coimbra and Aveiro) along with the boosting of the services provided in the city of Fátima to celebrate the Centenary and the visit of Pope Francisco are worthy of mention and are testament to the renown of the services provided by SUMA.

The opening is worthy of mention in February 2017 by TRIAZA of the new Non-hazardous Waste Treatment Centre in Azambuja is the result of an investment of 1.8 million Euros with a landfill site that will hold more than a million tons of waste over a 40 year working life.

The activity carried on by EGF and its associated companies for the treatment and processing waste in 2017 brought challenges for the industry with the revision of the rates charged and the coexistence of two entities running the Integrated Waste Packaging Management System (Sistema Integrado de Gestão de Resíduos de Embalagens) (SIGRE) – with EGF focusing on the starting of the investment and the actions established for increasing selective collection as a means of ensuring the fulfilment of the goals established in the PERSU 2020. At the end of the year, 17 of the 22 tenders submitted by EGF were approved corresponding to an investment of c. 60 million Euros.

International plan

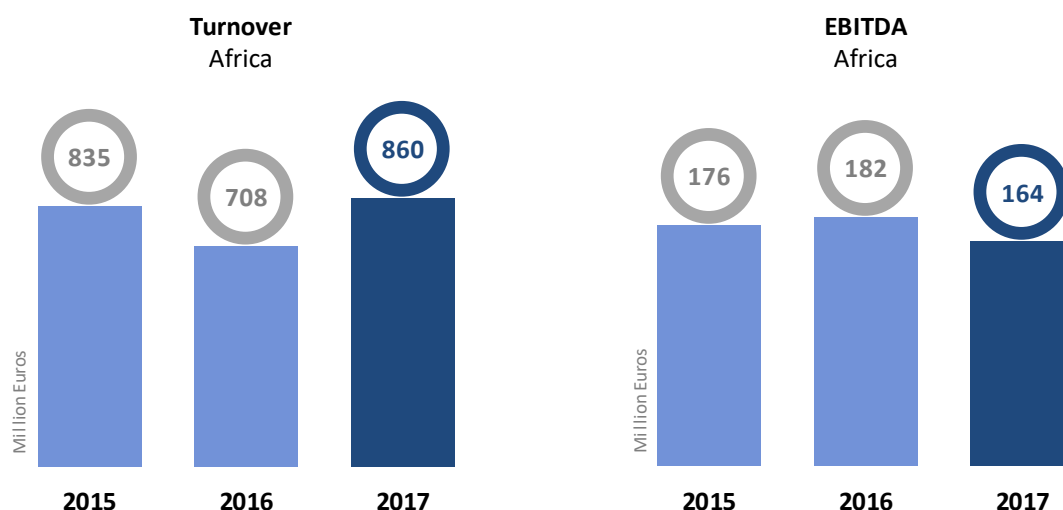
In 2017 the international project for the GROUP in the field of waste was extended to Ivory Coast as a result of the awarding of a major contract for the waste collection in the city of Abidjan. In the other five markets where the GROUP has carried on this business activity, the following events are worthy of note:

- CONSITA, a subsidiary company of SUMA in Brazil, began the supply of waste collection and street cleaning services in the municipality of São Sebastião do Paraíso, the state of Minas Gerais, which has a population of 70,000 inhabitants covering an area of 800 km².

- ECOVISION, a subsidiary company of SUMA in Oman, at the end of the year witnessed the confirmation of the intention to award a new contract for a period of seven years with the potential for its renewal for a further two years covering the management of waste collection and processing in the Al Wusta region, the management of waste collection and street cleaning for the Special Economic Area of Duqm, the operation of two landfill sites – one for hazardous waste and the second for non-hazardous waste along with the waste management on several oil fields belonging to Petroleum Development Oman and scattered throughout the country.

Finally, on the African continent, the activity of the GROUP in Angola, Cape Verde and Mozambique through its subsidiary companies VISTA WASTE, AGIR and ECOLIFE, has continued without problems with the increase in turnover at VISTA WASTE being worthy of note.

Africa



In 2017, as had been forecast, there was a positive development in the macroeconomic context of Africa in general (in particular in the making of new investments, both public and private) which led to an increase in turnover of 22% (from 708 to 860 million Euros). Following the above, there was likewise a significant increase in the backlog for the region of c. 900 million Euros diversified by new markets (Tanzania, Ivory Coast and Guinea Conakry, etc.), which leads to an expected activity growth in 2018. From an operating point of view, the start-up in 2017 is worthy of note of several medium- and large-scale projects including: (i) the construction of a railway line in Tanzania and; (ii) mining excavation works in Mozambique and Guinea Conakry. The contribution from traditional African markets to turnover was 78% in 2017 in line with the previous year due to the policy of diversification and the balancing of risk implemented by the GROUP.

The EBITDA rose in 2017 to 164 million Euros (182 million Euros in 2016), the margin reaching 19%. Meanwhile, it is worthy of note that said margin in 2017 was negatively affected by the consideration of Angola as a hyperinflationary economy, without which effect, the EBITDA would have reached 169 million Euros and the margin 21%.

Angola

A year of major political change with the election of a new President, 2017 was also an important year for the activity of the GROUP in Angola as major projects were completed with encouraging prospects for strengthening the activity of MOTA-ENGIL in the country.

On the other hand, after years of falling oil prices and the devaluation of the kwanza in 2016, 2017 was a year of considerable stability with regard to these economic indicators that also led to a favourable evolution of business. In spite of this, an extemporaneous and inadequate decision resulted in the obligation to adopt the accounting rules for Angola for countries considered to be hyperinflationary (IAS 29) and therefore, from the point of view of the financial information submitted in this report, certain major changes were recorded that distorted the image of the performance of the GROUP in Angola.

All the same, on the economic side, the growth in turnover to c. 476 million Euros is noteworthy and, on the financial side, the continuous regularisation of balances, reducing significantly the working capital effort and releasing the liquidity necessary for support for new and major projects both for the GROUP and for Angola.

In the same sense, various measures stand out for commercial prospects which allow an additional increase in the backlog to be anticipated having already recorded growth in excess of 10% in 2017.

Mozambique

Following a 2016 marked by a turning point in the rate of economic growth of the country which also implied that the activity of the GROUP in Mozambique fell, 2017 marked a return for MOTA-ENGIL of the prospects of a building up of the contribution of the country to activity in the Region.

The stability of the metical and improvements to levels of confidence led to the strengthening of the position of some investors which, associated with the leading position of MOTA-ENGIL in the public works sector of the country allows a return to major levels of activity.

More important still was the strengthening of the backlog which allows for anticipation that Mozambique will remain a stable market with mitigated risk within the performance of the GROUP in the region.

Malawi

In spite of the success of the GROUP in the completion of further infrastructure projects in the country, the macroeconomic performance of the country as well as the devaluation of the kwacha in relation to the euro failed to create the conditions for the boosting of overseas investment in the country.

As a result, the performance of the GROUP in this market was also affected, it being increasingly supported by private investment projects. In spite of this, aggregate turnover of the companies in this market reached 95 million Euros, 21% more than in 2016.

The backlog reversed the growth trend witnessed in 2016 and dropped to c. 147 million Euros.

Other countries

In Rwanda the political situation was very stable in 2017 with an unparalleled security environment in Africa which in part explains the annual growth in PIB of some 6%. The Rwandan government on the other hand seeks to make the country the regional leader in technology and communications with services presently representing some 50% of GDP.

In the meantime, the country needs to improve its infrastructure and in particular its roads, railways, water and power distribution grids and housing and therefore there are abundant opportunities in major projects to be promoted as Public Private Partnerships.

As a result of the recognition of the work carried out by the GROUP in the country, a partnership was formed in 2017 with the Rwandan government, the Bugesera Airport Company, a Public Private Partnership for the design, construction and operation of the new Bugesera International airport where construction works has already begun.

In South Africa the construction industry is characterised as being a stable and mature market with a high degree of competition, established and competent players. In 2017 meanwhile, there was a degree of shrinkage of the market due to the socio-economic conjuncture due mainly to the contraction of private investment.

At an operating level, in 2017 is of note the completion of the Central Squares, a building with 184 apartments in Johannesburg and the Kimberly Mental Hospital as well as the work in progress at the city's biggest shopping centre – the Fourways Mall and the start of construction of a residential building in Sandton.

In Zambia, 2017 witnessed presidential elections, a reduction in international support and the worsening of the public debt, all of which led to various meetings with the IMF that had an impact on the weakening of the economy and a reduction in public investment in infrastructure. Meanwhile, the rise in copper prices on international markets eased the reduction in investment which is expected to take place in 2018.

At an operational level, the completion in 2017 of the six domestic sewage treatment pools in Lusaka for the Millennium Challenge Account and the work in progress on the road construction contracts with an extension in excess of 170 km are of note.

Uganda, a country without a sea coastline in East Africa, over the past three years has witnessed consistent economic growth of between 2.3 and 5.7%, having made efforts for the development of its infrastructure to boost future economic growth and allocating a major part of its annual budget for the construction of infrastructure and in the energy field including oil, gas and water power.

Operationally, in 2017 the continuation of the Capacity Improvement of Kampala Northern Bypass works is of note and which, during the year was the subject of alterations and extension. Also worthy of note is the awarding and start of construction in 2017 of road building and refurbishment whilst waiting the awarding of two more road construction and maintenance contracts in the short- to medium -term.

In Zimbabwe, where the GROUP has a small mining operation, the year was marked by political uncertainty associated with the removal of the former President of the Republic. Meanwhile, the changes witnessed in the country and the improved international image are harbingers of improvements to productive activities, seeking the renewal of the current contract and new opportunities in the field of infrastructure, mining and building.

In São Tome and Principe activity in 2017 was at the same level as in previous years with the construction of minor roads on the island of Principe being noteworthy along with the construction of the Liceu do Conde, the construction of the water supply network for São Tome and, the most important construction work, a luxury eco-resort on the island of Principe.

In Ivory Coast where it is estimated that PIB will grow by 7.3% in 2018, MOTA-ENGIL won its first contract for the provision of services in October 2017.

The above contract covers the collection of urban waste and the sweeping of the streets and cleaning of the city of Abidjan and was signed with the Ministry of the Environment and Sustainable Development and has a duration of 7 years.

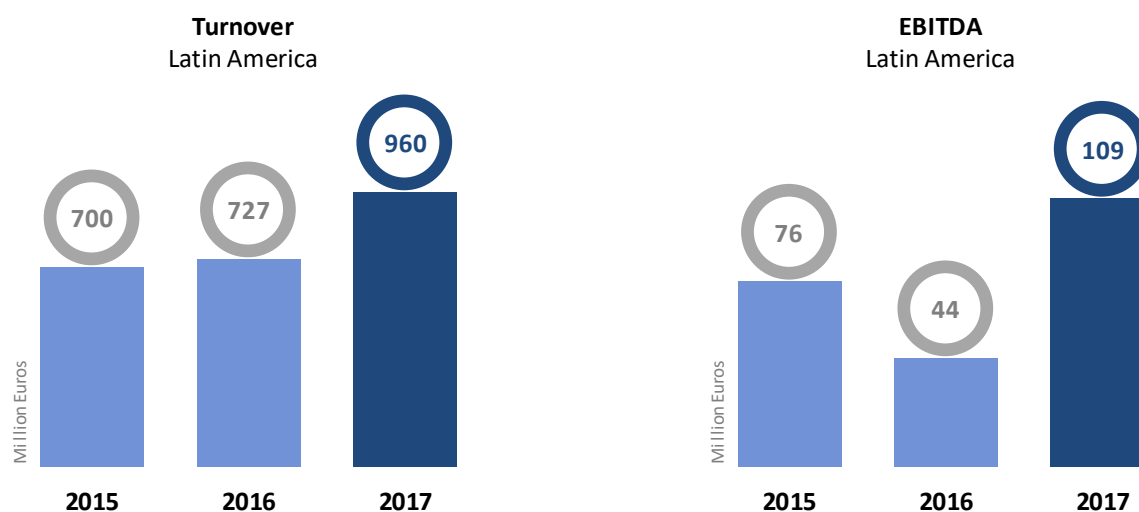
Following the signing of this contract, in 2018 a contract was also signed for the construction and operation of a landfill site for a period of 7 years with the same ministry.

In the light of the contracts awarded in 2017 it is expected that in 2018 activity will be positive in reflecting the execution of said contracts.

In Cameroon, the GROUP in 2017 began activities having been awarded the project for the refurbishment and extension of a football stadium, the construction of a training camp and the construction of a 4 star hotel with 70 rooms within the scope of the CAN 2019.

In the Republic of Guinea the GROUP also began activities in 2017, having been awarded a mining contract for the Siguri Gold Mine, the property of the Société Anglogold Ashanti SA. The awarding of this contract once again confirmed the reputation of the GROUP in the mining industry, the same having an expected duration of 56 months and involving a large number of human and mechanical resources (more than 500 personnel).

Latin America



In Latin America, 2017 was marked by the execution of the large backlog that the GROUP had and still has in the region which translates into an increase in turnover of 32% to 960 million Euros.

In addition, with the performance attained in 2017, Latin America was the region with the largest contribution to GROUP turnover (37%).

In spite of the economic framework for the region and a certain disparity between the countries where MOTA-ENGIL has a presence, the GROUP achieved not only a substantial consolidation in its historic markets but also a significant expansion in the new markets and business sectors.

Within Latin America, Mexico is the largest market as regards turnover and variety, having increased turnover by 54% for the year. The GROUP operates in Mexico in the field of infrastructure construction, managing road concessions, electric power generation, tourism, and environment.

In Peru, where the GROUP has a historic presence over more than 20 years and where it is one of the major players in the market and in Brazil where the GROUP operates in the construction field along with the waste collection and processing, the turnover for these two traditional markets reached 163 and 211 million Euros respectively with Brazil recording an annual increase of 17% in turnover.

On the other hand, the start of major contracts signed in 2016 in Colombia, Aruba and Paraguay should be stressed as they resulted in a greater diversification of sources of revenue to mitigate the risk in the region. In 2017 those markets as a whole and together with the Dominican Republic reached a turnover of 89 million Euros.

In spite of 2018 being an election year in the core countries where MOTA-ENGIL has a presence with the holding of 4 presidential elections in Brazil, Mexico, Colombia and Paraguay, the profile and recognition of the GROUP in Latin America, the current backlog (which amounts to 1.5 billion Euros and covers 7 different countries) as well as the favourable development of commodity prices lead us to forecast an increase in activity in 2018, both operational and commercial. Confirmation of this prediction derives from the GROUP signing new contracts in 2018 in Peru for some 142 million Euros.

The EBITDA reached 109 million Euros in 2017, an increase of some 146% over the previous year affected positively by the improved rate of conclusion of road-building projects in Mexico and in particular the Gran Canal and the increase in energy production by FÉNIX. In percentage terms meanwhile, the positive development of the EBITDA margin was also recorded in the majority of markets in the region.

Mexico

During 2017 the Mexican economy grew by 2.1%, having witnessed a slight slow-down in the economy due to a reduced public and private consumption driven by an increase in inflation, an increase at the start of the year in the price of fuel, by greater volatility in exchange rates for the Mexican peso against the US dollar, the low price for oil exports (reaching 56 dollars per barrel in December) and an increase in interest rates.

In addition to these economic factors, Mexico was shaken in September by natural phenomena including hurricanes and earthquakes which also contributed to a slowdown in economic growth at the end of 2017 and the start of 2018.

As a result of the above, 2018 is expected to be marked by the speedy rebuilding of the country which will drive economic growth and the Mexican construction industry.

In the construction field, in 2017 the production levels witnessed on MOTA-ENGIL MEXICO leading sites is noteworthy and includes the Guadalajara metro system, the Gran Canal, Cardel Poza Rica and Tuxpan Tampico motorways.

Furthermore, 2017 was also marked by the awarding to the GROUP of the concession for the refurbishing and maintenance of the highway linking Villahermosa and Coatzacoalcos under a Public Private Initiative arrangement and the first issue of bonds on the Mexican market guaranteed by future payments to be made by the Mexican government under the Public Private Initiative.

In the field of energy sales generation in which MOTA-ENGIL operates through FÉNIX, 2017 was characterised by the consolidation and stabilisation of the operation, in particular through the investment plan and the refurbishment plans for a series of generation plants which was started in 2016 and was completed in 2017. This factor was decisive and was reflected in the excellent operational performance which was translated into the generation of 971 GWH representing an increase of 13% over the previous year.

It should be stressed that in February 2017 FÉNIX won a tender for the sale of CELs to CFE-Calificados for a term of 20 years. In addition, companies were formed for the distribution and supply of energy which have a 26 MW pipeline.

In the tourism sector, in 2017 the development of the Costa Canuva project is worthy of note. This project has 268 acres of plot available for construction and will include 5 hotels, 3,000 houses, a marina, a golf course and other tourist facilities. More specifically, in 2017 the architectural project was developed for the construction of the Hotel Fairmont.

Peru

In 2017, Peru saw a fall in its economic growth with GDP falling from 4% to 2.7% due to the falling off in economic activity due in part to the effects of the climate phenomenon known as "El Niño costero" at the beginning of the year and in part due to reduced private demand and the reduction in public and private investment.

On an operational level, during 2017 MOTA-ENGIL PERU successfully completed the following major projects: Stage 2 of the Relaves las Bambas Dam, the Marañon Celepsa Hydro-electric plant, the Pillones Transfer Station, the Relaves Phase VI Antamina Dam, the Huancavelica Lircay road and the Callao Naval Base Shipyard.

In addition, as a result of the robust positioning that the GROUP occupies in Peru, at the end of 2017 and the start of 2018, contracts were awarded to the GROUP valued at c. 250 million dollars, including the Vizcachas Dam, the Stage 3 Extension Relaves – Toromocho Dam, the Nanay bridge, the port at Pisco, Stage 3 of the Relaves – Las Bambas Dam as well and as a result of the reconstruction work resulting from the negative impact of El Niño Costero, the emergency work on the Independencia and Rio Virú bridges.

Finally, the successful conclusion in 2017 of a major refinancing operation should be stressed as it permits the extension of the average maturity of MOTA-ENGIL PERU financial liabilities and creates improved conditions for the capital structure and its ability to meet the challenges associated with forecast growth in the Peruvian market.

Brazil

Following two years of recession, in 2017 the Brazilian economy began to show signs of recovery with an increase in GDP estimated at 0.7% compared with the -3.6% in 2016. This improvement in the Brazilian economy was driven in essence by an increase in private consumption and in exports, a reduction in inflation to 3.6% in 2017 from 6.3% in 2016, a more flexible monetary policy and a gradual improvement in the labour market.

Additionally, in the course of 2017 the government launched a series of tenders for concessions in the energy and airports sectors with great success. On the technical and commercial sides, the fact that MOTA-ENGIL and the ECB have been accredited as potential suppliers to Petrobras is worthy of note, having participated in various tenders during 2017, some of which are still awaiting awarding.

On an operational level, during 2017 ECB successfully completed the Passos – BR381 and the Linha Carajás Sections A2, A3 and A4 works, having also started several contracts for road and rail construction including the widening of the BR 381 – Section 3.1, Fernão Dias Motorway.

Colombia

Economic activities in 2017 in Colombia grew at a slower rate than in 2016 at 1.7% compared with 2%, having witnessed also, a reduction in the rate of inflation and in interest rates.

As a result of this setting, 2017 was untypical for the launching of public tenders which were really reduced in terms of numbers and in their value which lead to virtually nil growth in the construction sector.

The operational activity carried on in 2017 in the market by the GROUP was characterised by the start of work leading to the construction of schools in Antioquia, the Cafetero Eje and the Pacific along with by-pass and drainage works in the Barranquilla region. The delay in approval of several school-building projects limited the growth in the sector which likewise are at cruising speed which suggests excellent prospects for growth in the sector in 2018.

Other countries

Economic activity grew in Paraguay in 2017 to 3.9% as a result of the increase in export prices of certain food products. In addition, the stability of the Guarani in the period should be stressed with the resulting trading surplus. The operational activity of the GROUP in 2017 is noteworthy for the modernisation works on the Assuncion metro system which is progressing normally and is set for completion in 2018.

On the other hand, economic activity in the Dominican Republic showed strong growth at 4.8% with a significant reduction in poverty being witnessed although the country remains vulnerable to natural disasters including hurricanes and earthquakes. The construction sector is one of the main drivers of the economy and generates more direct and indirect employment. In spite of this economic performance, delays in the completion of infrastructure around the property development that the GROUP is involved with in Ciudad de Bosch has had a significant impact on the progress of the work and the activity of MOTA-ENGIL in this market.

Lastly, economic activity in Aruba in 2017 increased by 2.6% compared with -0.2% the previous year driven mainly by the tourism sector, by investment, by private consumption and by an increase in imports. The operational activity of the GROUP in 2017 is marked by the construction of the Watty Vos Boulevard motorway which is expected to be completed by the middle of 2018.

3. Non-financial performance analysis

3.1 Group Values and Mission

Our Vision

To be an international reference in the sector where it operates, aligned with the best market practices on a production level, with a permanent innovation, assuming thus a strong identity, recognized in technical skills by providing a service of excellence to its clients and to the community.

Our Mission

Create shareholder value respecting the community and the future, in a socially responsible way.

Our Values

Recognizing that the construction of a strong identity and culture is determinant to implement the challenges set, the MOTA-ENGIL GROUP shares with its stakeholders the following values:

- **Ambition** – eagerness always renewed of doing more and better, facing the present and future with boldness and confidence and assuming, in a determined and committed way, new challenges that contribute to the growth of the GROUP.
- **Integrity** – choose the path which reinforces the principles of honesty, truth, loyalty, righteousness and justice, in the daily conduct of everyone.
- **Cohesion** – guarantee that the goals set, which are intended ambitious, are reached through the contribution of all business units and that the vitality of the GROUP results from combining wisdom and strength necessary to overcome new challenges.
- **Group Spirit** – consolidate the sense of belonging, respect for the differences, loyalty and reciprocity in a global and culturally diverse context, maintaining pride in the past and strengthening the confidence in the future.

3.2 Ethics and Integrity

Principal policies and aspects covered by the GROUP's Business Code of Ethics and Conduct:

Together...

The good name and reputation of the MOTA-ENGIL GROUP are the result of the dedication and hard work of everyone. Our goal does not consist solely of complying with the law, rules and regulations applicable to the business; we also work to meet the highest standards of business conduct.

Culture by example

The Board of Directors, higher management and operational managers provide the example, guide and support to their teams in the fulfilment of the Business Code of Ethics and Conduct.

Corporate governance

The MOTA-ENGIL GROUP is run with transparency and observation of the standards, guidelines and principles of good corporate governance in terms of the commitment to shareholders, partners, customers, suppliers, employees and the community.

Know Your Customer / Know Your Supplier

The MOTA-ENGIL GROUP observes the compliance with the national and international standards that are applicable to its business activities and therefore, fulfils analysis procedures and mechanisms for all counterparties with which it has a relation.

Anti-corruption and bribery policy

The GROUP has adopted a policy of zero tolerance in relation to bribery and corruption, which are prohibited in any form, whether directly or through third parties in any part of the world.

Tolerance and respect for others

The MOTA-ENGIL GROUP respects human rights in all cultural, socio-economic and geographical contexts where it operates, recognising the respective traditions and cultures and promoting support for the local communities in accordance with the specificities of each region.

Communication channel for irregularities

Any stakeholder may at any time report alleged irregularities or infractions of the Business Code of Ethics and Conduct or the policies of the GROUP without fear of retaliation when made in good faith using the following e-mail address for the purpose etica@mota-engil.com, the following address Ética – Rua do Rego Lameiro, 38, 4300-454 Porto, Portugal, or the ombudsman channel available at <http://en.mota-engil.pt/Provedoria>.



3.3 Geographical presence and type of operations developed by the GROUP

(i) Markets where the Group operates and the type of services provided

EUROPE

Portugal, Spain, Poland, Czech Republic, Ireland and United Kingdom

MOTA-ENGIL has a prominent position in Europe, being currently among the 30 major European economic groups in the construction sector.

In addition to its leadership in Portugal, MOTA-ENGIL positions itself in other European markets as a trustworthy partner for the development of infrastructure projects, more specifically in Central Europe regions, where it operates for 20 years and occupies a top 10 position in the major construction companies in Poland. In Ireland, MOTA-ENGIL is developing its business through MEIC and GLAN AGUA, as these companies have extended their presence to the United Kingdom market.

In waste management the GROUP is present through EGF and SUMA to provide the entire value chain from street sweeping to the collection, treatment and processing of waste using technology additionally developed in the production of energy known as waste-to-energy.

Africa

Angola, Mozambique, Malawi, South Africa, Cape Verde, São Tomé and Príncipe, Zambia, Zimbabwe, Uganda, Rwanda, Tanzania, Guinea Conakry, Cameroon and Ivory Coast

Africa is a natural market for the MOTA-ENGIL GROUP for a long-standing and acknowledged experience in a path started in Angola in 1946.

Marked by an unparalleled position in Africa, thanks to a constantly renewed investment in the capacity of mobilisation of resources for the execution of large-scale projects, MOTA-ENGIL AFRICA holds a strategic perspective in the long term and a broad horizon of action, and endeavours to deepen partnerships for the execution of projects as regards infrastructure in areas as varied as Transport and Logistics, Energy, Oil & Gas, Mining and Environment.

With a leadership position in Mozambique and in Malawi and with expansion into new markets in the SADC (Southern Africa Development Community), MOTA-ENGIL AFRICA has the technical and financial resources necessary to the development of projects meeting the needs of its customers with the aim of raising the African continent to meet its potential.

Latin America

Mexico, Peru, Brazil, Colombia, Dominican Republic, Paraguay, Aruba and Chile

MOTA-ENGIL is present in Latin America since 1998, and begun its business in Peru, a market in which it holds skills and means to operate in the entire construction sector, and in which it is among the top 4 companies in the Engineering and Construction sector.

As it believes in the potential of Latin America, the GROUP promoted the expansion of its presence into markets such as Mexico, Brazil and Colombia, executing benchmark construction projects, and including in its portfolio highway concessions covering a network of over 1.000 km.

In Mexico, MOTA-ENGIL is developing large-scale infrastructure projects in several technical areas such as highway construction, the Guadalajara metro system, hospitals and other buildings, and is also involved in the Environment area through GISA, and in the power generation sector through FÉNIX, the first private operator in this market.

In Brazil, and through EMPRESA CONSTRUTORA BRASIL, based in Belo Horizonte, the GROUP is expanding the business in the fields of road and railway infrastructures, with activity in the domain of Environment, through CONSITA.

As a benchmark regional operator in terms of infrastructure, MOTA-ENGIL has broadened its presence in 2016 to markets such as Dominican Republic, Paraguay, Aruba and Chile.

(ii) Business area

MOTA-ENGIL carries on a vast range of business activities associated with the design, construction, management and operation of infrastructure and has a long-established and acknowledged experience that is associated with high degree of technical skill for the development of various sectors including:

Engineering and Construction

Leader in Portugal and with a stand-out position in diverse markets in Europe, Africa and Latin America, the GROUP has developed construction projects in over 40 countries, confirming its technical leadership as demonstrated on every project and building a reputation for excellence in the technical areas of civil engineering and public works, acknowledged as benchmark in the construction of a range of infrastructure projects including motorways, roads, airports, maritime ports, dams, various buildings, railways, electro-mechanics, foundations and geo-technics.

Waste Management

With a majority holding in SUMA, a company formed in 1995 for the management and collection of waste in Portugal, MOTA-ENGIL has also carved out a leadership position in this field with an increasing presence in Angola, Mozambique, Cape Verde, Mexico, Brazil, Oman and Ivory Coast.

On the other hand, through EGF, the MOTA-ENGIL GROUP is active in the treatment and processing of waste throughout the whole of the value chain, using leading edge technology in the environmental treatment and processing of waste along with the production of energy through the collection of bio-gas on landfill sites and the power generator plant.

Energy

The MOTA-ENGIL GROUP was the leading private operator in the power generation sectors in Mexico where FÉNIX operates a series of assets with a productive capacity of 285 Mw and which can be extended up to 2,000Mw.

In 2017 in Portugal c. 540 GWH of energy were generated on the various company facilities under the EGF brand.

Multi-services

As a complement to the building and management of infrastructure, MOTA-ENGIL likewise operates in the maintenance field through MANVIA, a leading company in Portugal and with operations in Africa and Northern Europe.

In the field of landscaping architecture the GROUP has a presence in VIBEIRAS which is the market leader in Portugal in this field and with major contracts in Africa.

Infrastructure and Transport Concessions

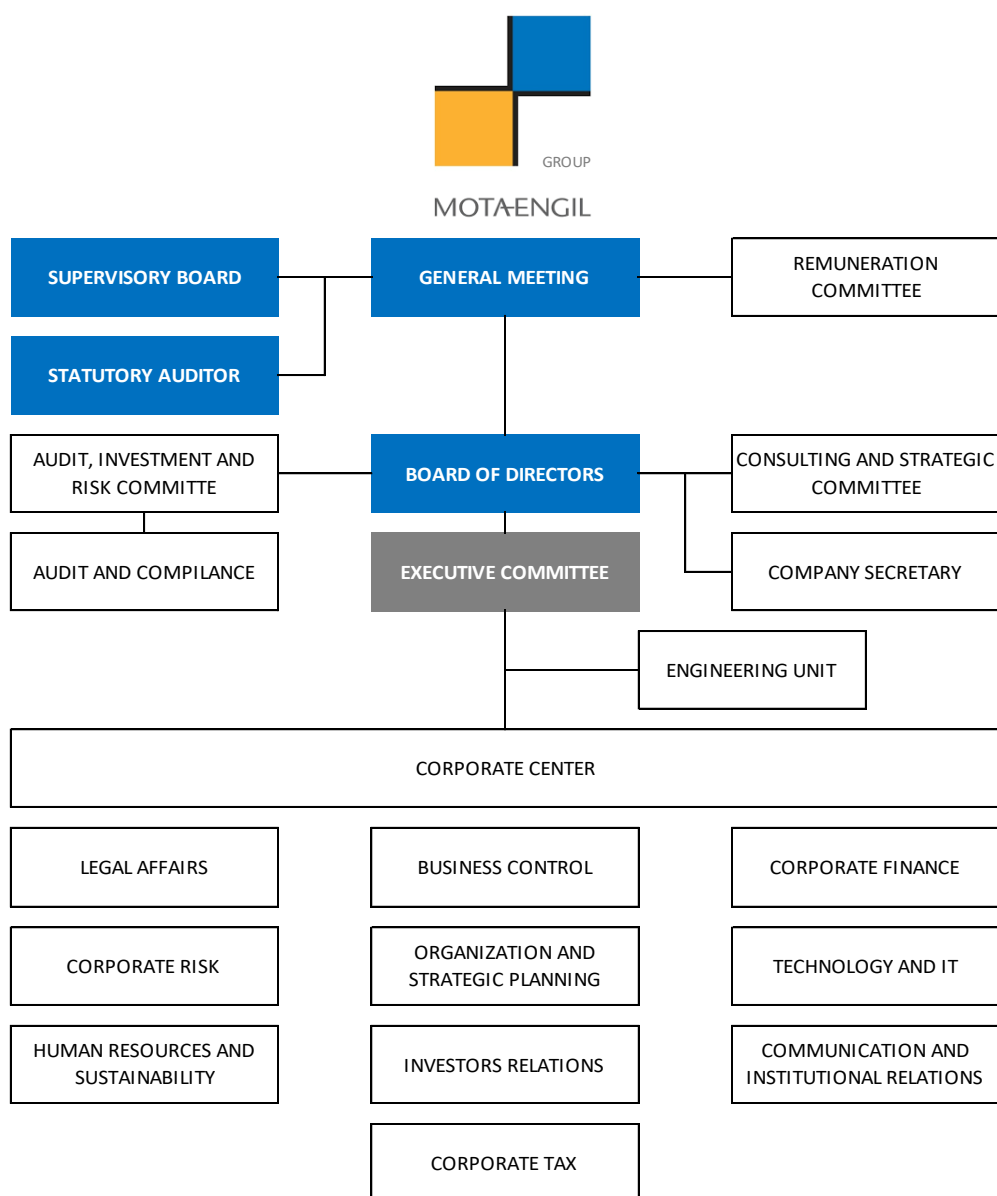
MOTA-ENGIL holds a major position in the management of road infrastructure concessions with activities in Portugal, Spain, Brazil, Mexico, Mozambique and Colombia.

Mining

MOTA-ENGIL MINING is developing projects in Africa and Latin America, benefiting from its long experience obtained in the development of civil engineering and earthmoving works it performs for some of the world's major mining companies, with special emphasis on ongoing operations in Mozambique, Malawi, Peru and Brasil.

3.4 Corporate governance model

The corporate governance model for the GROUP is set out as follows:



Detailed information on the GROUP corporate governance model may be consulted in the report on Corporate Governance which is included in the consolidated report and accounts for 2017.

3.5 Risk Management

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations, and a controlled environment that ensures the fulfilment of the GROUP's ethical principles and the reliability of information reported.

As a result, the risk management at MOTA-ENGIL GROUP is based on an integrated and across the board process which is intended to be evolutionary in the ongoing identification and control of exposure to the various types of risk inherent to the company's business activities considering the diversity of the business and the geographical regions where the group is present and encouraging the study and the implementation of mitigation strategies for the main risks.

In this chapter we present the structures responsible for the analysis and monitoring of the risk management process, identifying the main risks to which the GROUP is exposed to throughout the exercise of its activity.

Organization

The overall risk management of the MOTA-ENGIL GROUP is the responsibility of the Executive Board and of the Management and Supervisory Boards. At the level of the Executive Board, the Corporate Risk Function area of responsibility is assigned to an Executive Director.

There is also a specialised committee, the Audit, Investment and Risk Committee, which, reporting to the chairman of the Board of Directors, has as main task the assessment of investment policies and business and projects risk in the GROUP, to analyse and issue opinions on investment or disinvestment projects, issue opinions on the admission or abandonment of new business areas and new markets and monitoring relevant financial and corporate operations, ensuring the proper independence of management bodies dependent on the Executive Board.

The Audit and Compliance Function covers all areas, processes and activities of the companies within the GROUP and its main mission is to contribute to the achievement of strategic objectives, assessing compliance and continuous improvement of the efficacy and internal control of the GROUP's management processes and also assist in the prevention and mitigation of control risks and compliance risks, which result in the risk of legal or regulatory sanctions, financial loss or damage to reputation, as a result of failure to comply with the applicable laws, regulations, codes of conduct and good practice, promoting respect of the GROUP and its employees regarding all the applicable rules through an independent intervention, together with all organizational units of the GROUP.

Therefore, the main risks that the GROUP is subject to, and which are covered below, are accompanied by the internal reports of the heads of business areas and reports, opinions and guidelines by said committee, in conjunction with information compiled by those who are in positions of corporate responsibility.

In order to ensure constant strengthening of the internal control system, process integration and its compliance in terms of the three lines of defence, monthly meetings with the corporate areas of Risk and Audit and Compliance are also held. These meetings are aimed at reflecting on the level of exposure to risk of the GROUP and assessment of compliance with existing and applicable standards.

Major Project Monitoring

In addition, for larger projects, the corporate process of Major Project Monitoring, whose duties were shared by the corporate departments of Engineering Unit, Business Control and Corporate Risk with the established concept of carrying out regular monitoring of projects with high impact on the GROUP's performance, ensuring a 360-degree vision on the project's development concerning the HOLDING, reinforcing this way the visibility and control over potential risks and priority areas for action.

The promotion of the 360-degree vision is one of the essential aspects of the process, combining different monitoring types:

- Technical – regular analysis of technical and operating risks;
- Economic-financial – regular analysis of project's performance over that foreseen;
- Other risks – identification and monitoring of risks associated with the business and operating activity, as well as with the external context.

During the process development, the eligibility criteria were set for the projects to be monitored. That translate into regular and periodic project monitoring in the three main regions where the GROUP operates: Europe, Africa and Latin America.

The different areas involved in this process - Engineering Unit, Business Control and Corporate Risk - serve as a multidisciplinary team enabling the execution of a complementary and rigorous assessment concerning the main risks and opportunities inherent to projects, as well as providing a perspective on future risks.

This monitoring, promoted in a collaborative sense but rigorous and independent in the analysis, is aimed at contributing to the identification of potential risk events and supporting decision making for their mitigation and, if possible, improving the project's profitability.

Cross-sectional Risk Management

In the specific area of the cross-sectional risks to which the GROUP is exposed, it is for the Corporate Risk Function to ensure an independent analysis of the various risks, supported by an annually reviewed risk matrix approved by the Executive Committee, as well as monitoring through various risk parameters and models specifically produced the GROUP's performance profile.

The cross-sectional risk matrix of the MOTA-ENGIL GROUP is a work tool for the systematic monitoring of the risk level that is implicit in the different dimensions of risks to which the GROUP is exposed. This way, several key steps defining the development and maintenance of the cross-sectional risk matrix of the GROUP were set, most notably:

- Identification of the key business risks with an impact on the profitability of the GROUP;
- Evaluation with the Corporate and Regions departments of the historic performance of each KPI selected;
- Definition of Risk Appetite;
- Definition of the Strategic Goal for each type of risk and;
- Assessment, Monitoring and Definition of mitigation measures and its results.

The risk management process, coordinated by the Corporate Risk function is characterized by the following main macro-activities:

- Collection of information on the KPI established: monitor the risks established as priorities;
- Risk assessment levels identified in the KPI: set priorities for action;
- Estimate of the associated impact and probabilities: deep analysis of the risks;
- Definition of the mitigation measures: minimise exposure to risk and;
- Report and discussion with the Executive Committee: report key risks and mitigation measures.

The Corporate Risk Function produces quarterly reports which are analysed at the Executive Committee, thus enabling the analysis of the main recommendations issued and the decision to be made on the actions to be taken to mitigate the principle risks identified. Each report is shared with the Audit, Investment and Risk Committees.

The procedure of constant follow-up and quarterly reporting allow the introduction and description in those reports of the levels of exposure to each of the main risks identified over the year, as well as implemented mitigating measures.

Cyclical risks

The country's risk, measured on the different dimensions for each of the markets where the GROUP is present, is associated with changes or specific disturbances of a political, economic or financial nature and may prevent the achievement of strategic objectives undertaken by the GROUP.

With a diversified geographic exposure and depth of maturity in most markets, the GROUP has still sought, over the past few years, to promote an expansion in countries integrated in the regions where it operates, allocating to the Executive Committee and Board of Directors the ultimate responsibility for providing the necessary validation of any investment project in new markets, being on its own, although complemented with technical and economic and financial analysis, an organizational premise that promotes an effective internal control system, mitigating risks and promoting a strategic alignment at all levels of the GROUP.

Over 2017 the stabilisation of the Portuguese economy which, showing improvements in growth indicators and a reduction in the public debt, recorded its exit from the excessive debt procedure and returned to the level of investment given by two of the main international ratings agencies which has led to the financing of the Portuguese economy at highly competitive interest rates that are increasingly close to those of the main economies of the euro-zone which reflects a lower level of risk perceived by the debt market.

The continuation of the Quantitative Easing programme by the ECB (European Central Bank) and the indications that it will continue into 2018 gives the euro-zone economies the stability and the guarantee necessary to continue to benefit from historically low interest rates in its financing operations and the issue of debt.

In Africa in 2017, an improvement in the financial environment was witnessed in some of the more important markets for the business of the GROUP, in part promoted by the significant increase in the price of commodities such as oil, which led to significant growth in private investment with a resulting significant increase in the GROUP's backlog in the region, anticipating a growth trend for the coming year.

Performance in Latin America showed a very significant growth having permitted the achievement of the goal of an improved balance in the contribution from the various regions for the GROUP's activities and thus mitigating risks from dependency on the more important markets to create a more solid structure that is capable of reacting to adverse contexts, the GROUP thus being better able – due to its diversity – to achieve the goal of growth and the generation of value in a more sustainable way.

Financial Risk management

MOTA-ENGIL GROUP, due to its geographical diversification, operating in 3 continents and 28 countries, is exposed to a variety of financial risks, with particular emphasis on risks associated with interest rates, exchange rates, liquidity and credit.

The GROUP's financial risk management policy aims at reducing impacts and adverse effects deriving from the uncertainty that characterizes the financial markets. This uncertainty, reflected in various facets, demands special attention and concrete and effective management measures.

The financial risk management activity is coordinated by the Corporate Finance Function, who coordinates and monitors the treasury and debt portfolio management, with the aid and support of the Business Control Function, and is carried out according to the guidelines approved by the Board of Directors, with the consultative interventions of the Audit, Investment and Risk Committee, without ever ceasing to be the responsibility of the Board of Directors of each of the business units of the GROUP.

The GROUP's position as to the management of financial risks is cautious and conservative, using, when advisable, hedge instruments, always considering that these are related to the normal and current activity of the company, never taking positions in derivatives or other financial instruments of a speculative nature.

The different types of financial risk are interrelated and the different management measures are aimed at ensuring the persecution of the same goal, that is, protection of its assets and the reduction of cash-flow volatility and expected profitability.

Interest rate risk

The interest rate risk management policy aims at optimizing the cost of debt and obtaining a reduced level of volatility in financial charges, that is, it intends to control and mitigate the risk of losses deriving from variations in the interest rate that serves as index for the GROUP debt, mainly in Euros. It should be noted that the debt allocation strategy to local markets, close to cash flow generation, has contributed to a diversification of currency in terms of debt assumption, although contracted significantly in currencies such as the euro and the dollar or those that are indexed to them.

More recently, in light of the stagnation that short and medium-long term interest rates have been resigned to, holding steady at historical lows, new hedge operations for that risk have been made to a lesser extent. In cases where loan maturity is longer, the GROUP is, however, assessing and contracting hedge levels that ensure possible future alterations in the interest rates, with the GROUP keeping an eye out for the inversion of that trend that will certainly accompany the inevitable recovery of economies in the coming years.

Exchange rate risk

The MOTA-ENGIL GROUP operates its business internationally, with different companies and in different jurisdictions, being therefore exposed to exchange rate risk.

It should be noted that regarding the analysis of exchange rate risk, there is a continuous and systematic monitoring of the variations to which the GROUP is subjected. This monitoring is the responsibility of the Corporate Finance and Business Control Functions which consolidate and report the information from all companies in the various geographical areas regarding cash flows, balances and debt.

The exposure of the MOTA-ENGIL GROUP to exchange rate risk results mainly from the presence of various companies in diverse markets which brings new challenges with exposure to different currencies.

The exchange rate risk management policy aims at reducing the volatility in the investments and the operations expressed in foreign currency (other than Euro), contributing to a smaller sensitivity to the exchange rate fluctuations.

The exchange rate risk of the GROUP can be summarised in two ways:

- Transaction risk: risks relating to cash flows and the values of the financial instruments recorded in the financial position statement, in which changes in exchange rates have an impact on the results and the cash-flows.
- Translation risk: risks associated to equity value fluctuations invested in foreign GROUP companies, due to exchange rate changes.

In terms of exchange rate risk management, the GROUP seeks, where possible or advisable, natural hedges to manage exposure by means of financial debt denominated in foreign currency in which the values at risk are expressed. Whenever such is not possible or advisable, the contracting or performance of operations based on derivative, structured instruments is promoted, aiming at reducing their cost, namely for covering risks in future exchange transactions, with a large level of certainty as to the amount and date of performance. On the other hand, and mainly in African markets, a significant part of the contracts executed by the GROUP use Euro or US dollar, and the exchange rate is indexed to the contract value recorded in national currency whenever possible with a view to eliminating any volatility risk with value loss.

Liquidity Risk

The liquidity risk management involves the maintenance of an adequate level of cash as well as negotiating credit limits that ensure the funds needed to meet commitments when they become due.

The MOTA-ENGIL GROUP's policy of managing liquidity risk seeks to guarantee that there are funds available at every moment (balances and financial revenue flows) in the GROUP and its subsidiaries, sufficient for them to meet, in a timely manner, all the financial obligations assumed (financial expenditure flows).

Obtaining high levels of financial flexibility, fundamental for managing this risk, has been achieved by using the following management measures:

- Establishment of partnerships with financial entities, ensuring their financial support to the GROUP with a long-term vision, regardless of the context that may condition business;
- Contracting and maintaining short-term exceeding credit lines, created as liquidity reserves, available for use at any moment;
- Performing an accurate financial planning for the company by creating and periodically reviewing treasury budgets, allowing anticipated forecast of future cash surpluses and deficits, and optimization and integrated management of financial flows among GROUP affiliates;
- Financing of medium and long term investments, adapting debt maturity and payment plans deriving from financing to the ability to generate cash flows in each project or company;
- Starting the negotiation process for refinancing of medium and long term loans due for that year with at least one year of antecedence regarding relevant maturity;
- Maintaining a debt structure in the companies with financing levels at medium and long term placed between 60% and 70%, thus reducing their dependence on more short-term volatile funds, creating a degree of immunity to cyclical factors from the financial markets;
- Scaling financial debt maturity over time, seeking to extend average maturity of the debt to make it coincide with the level of permanence of certain long-term assets held by the GROUP;
- Search for new financing sources and new financiers with the purpose of:
 - Geographical diversification – capturing resources in the different markets where the GROUP operates;
 - Diversification of debt instruments – capture of funds from alternative sources, strengthening the strategic objective of obtaining a greater banking disintermediation.

Regarding debt instruments, in 2017, the GROUP was able to broaden banking relationships with financial entities in different operating countries, increasing financing sources in commercial banking.

The operations for the sale of non-core assets should be stressed, in particular the sale of LINEAS concessions which in 2017 generated the attraction of important resources for GROUP activity in line with the impact generated in 2016 with the sale of the Ports and Logistics business and INDAGUA.

Credit Risk

Credit risk management policy aims at ensuring that the GROUP's subsidiaries promote the effective collection and reception of its credits over third-parties in the established and/or negotiated deadlines as applicable.

The reduction of this risk is achieved preventively, before exposure to risk, by resorting to information-providing bodies and credit risk profiles that provide a rationale for taking decisions on credit granting.

Subsequently, when the credit is granted, the maintenance of credit and collection control structures is promoted, being implemented in each market, with the contracting of credit insurances from reputable insurance companies in specific cases. These measures contribute towards maintaining credits over customers within levels that are not able to affect the financial health of the GROUP's subsidiaries.

The significant development of the GROUP's activity in Africa and Latin America was in part promoted by the development of a business strategy of maintaining close relationships that focuses on a large and growing number of customers, spread across various business areas and geographic poles, which mitigates risk.

Additionally, some of the largest projects that the GROUP has in progress are promoted by some of the largest private conglomerates in the world, which gives added security in terms of financial strength and credit coverage, with an increasing support of multilateral entities in Africa and Latin America as financiers of infrastructure projects that promote economic and social development in areas such as Environment, Energy and Logistics, which provides additional comfort against credit risk.

Despite the growing trend in recent years to develop larger projects, the GROUP has very broad commercial relations with projects which often include prepayments and therefore a significantly reduced credit risk.

Operating risks

These risks are mainly risks complementing core business and financial risks of the GROUP, in the various regions and markets where it operates, associated with physical assets, litigation, execution and fulfilment of processes, information systems, and human resources, among others.

Risks concerning physical assets

Risks of incidents associated with physical assets can derive from external or internal causes and can result in value loss for the GROUP, in the form of loss of profit or compensation payment, threatening collaborators or third parties, equipment or other assets unavailability. The MOTA-ENGIL GROUP has several corporate and business areas that monitor these risks, managing and mitigating them through the implementation of best practices policies of operation, inspection and prevention, as well as continuity plans for unexpected events, ensuring the transfer of risk through insurers and other specialised agents in this market.

Legal Risks

Legal risks are those essentially resulting from the exercise of the own activity of the GROUP, the assumption of legal obligations whose risk has not been adequately evaluated, and/or minimized, which can generate financial impacts or increased litigation, in addition to legal risks arising from the diversity of jurisdictions in which the GROUP is represented, as well as exposure to high levels of litigation.

The legal risk management policy aims to ensure that the GROUP's companies, in the exercise of their activity, comply with applicable standards and regulations, and that the negotiations and contracting, as well as M&A transactions, are advised by lawyers, in-house or external, in order to make a preliminary assessment of the legal risk inherent in the operation in question, as well as to find admissible solutions to limit the risk to acceptable levels by the GROUP's management bodies.

The GROUP operates in several countries, with distinct legal systems and specific local characteristics, and thus the risk emerging from this legal diversity is mitigated by the concern with having projects, negotiations and hiring monitored by local lawyers, with know-how and qualified in the legal systems in question, in order to fulfil all applicable standards and regulations.

The whole GROUP is monitored from a legal point of view and from the respective risk of labour, administrative, civil and tax-related litigation which may result in economic or reputational damage. Additionally, there is particular attention given to the implementation of larger projects, with a higher technical and financial complexity as well as the higher value or higher risk litigation, by having the markets and regions reporting quarterly information to the respective Corporate Function, seeking in this way to have thorough and updated information at all times, as well as allowing legal situations that require closer monitoring and intervention to be timely identified in order to minimize their effects.

To minimize the risk of the GROUP achieving high levels of litigation, pre-litigation management of disputes is done in order to, whenever possible, obtain out of court settlement.

Regulatory risks

Considering the presence in different markets, the GROUP ensures at technical and operational level that each company and each business unit fulfils the legal standards established in each market, ensuring their appropriate technical and legal requirements for the projects that are proposed in the negotiations resulting from each project.

MOTA-ENGIL, SGPS is listed on the Portuguese stock exchange, in the main index, PSI-20, so it is inherently under the supervision of the Committee on Markets and Securities (CMVM).

In terms of the supervision of financial markets, there are also MOTA-ENGIL SGPS bonds that are listed on the Luxembourg stock exchange whose supervision is under the *Commission de Surveillance du Sector Financier*.

Through its subsidiaries, the GROUP complies in its various business areas with regulatory requirements as well as its own regulations, being subject to ongoing monitoring, not having been subjected to any process or admonition by the Supervisory Entities.

The Audit and Compliance Function has a leading role in the maintenance of compliance with the various regulations and rules which the GROUP has an obligation to fulfil.

Conformity assessment of policies and procedures, the effectiveness of internal controls and support in preventing and mitigating both control risk and compliance risks, implemented by the GROUP's management, are subject to verification, which results in an analysis of risk of legal or regulatory sanctions, financial loss or reputation as a result of failure to comply with the applicable laws, regulations, codes of conduct and best practice.

In addition to legal and regulatory compliance activities conducted in each market by the subsidiaries of the GROUP, each employee should understand and practice the standards established in the Code of Ethics and Conduct, which last version was approved in 2017, available on the company's website www.mota-engil.com.

Risk of information systems

Global companies such as MOTA-ENGIL GROUP are significantly dependent on the field of information technology (IT) for the execution of their procedures and operations in the different business units and geographies where it operates, as well as to ensure the due reliability in control and reporting processes. For that end, the GROUP continuously works towards the standardisation of platforms in order to increase the level of trust in IT use and across-the-board processes.

Given the increasing complexity of the technology infrastructure in the GROUP, present in different geographies, information security has become an essential function of the IT mission.

Information security governance has different characteristics and its own set of requirements. In this regard, the GROUP has defined its governance policy in terms of data management, access, identification of profiles, supervision policies and monitoring thereof, as a means of support to the internal control system. The GROUP also reinforced the quality of safety of its systems, aligning it with the best international practices.

To this end, the Disaster Recovery Plan has been monitored in order to improve the response capabilities for any event with an impact on the IT infrastructure.

Environmental Risk

The management of environmental risk is coordinated by the Quality and Environment departments at the various GROUP companies that are committed to the adoption of sustainable and effective practices in all aspects of the business activity.

To this end, MOTA-ENGIL has strengthened the actions carried out in the promotion of responsible and proactive behaviours, distributing shared values for business, the environment and society in areas considered to be priorities such as Waste Management and the Preservation of Resources.

Health and safety at work and occupational risks

The management of health and safety risks is coordinated by the Health and Safety departments at the various GROUP companies to ensure an effective framework for the prevention and minimising of accidents and health problems in an area of activity where accident rates are of unquestioned importance and a major concern for MOTA-ENGIL GROUP.

With the health and safety of personnel at the centre of the actions of MOTA-ENGIL, training and prevention measures form the basis for action in the area of health and safety. The GROUP organises proactive programmes for the analysis of risk that are part of the development of control measures such as:

- Initial training in safety at work during the induction process for new recruits;
- Information provided to personnel on the risks that arise in job postings and on the preventive measures to be adopted;
- Training in standards of safety management for teams;
- Implementation of self-protection Measures;
- The holding of accidents at work insurance;
- The carrying out of safety audits to confirm health and safety standards;
- The drafting of risk evaluation reports;
- Investigation and analysis of accidents at work;
- The carrying out of health examinations.

3.6 – Analysis of environmental performance

In Appendix 10 to this report the GRI4 environmental indicators associated with the GROUP's performance in 2017 are listed.

Public Health and Safety

With Public Health and Safety a right for everyone and an obligation to be respected, the subject takes on particular importance for the GROUP where it affects social well-being. With intercontinental representation, MOTA-ENGIL actively participates in the promotion of measures for the monitoring of the health and safety of the communities where it is present, taking joint responsibility for increasing the well-being of the surrounding community. For example, of note are the programmes developed in partnership with the Institute of Preventive Medicine at the Medical Faculty in Lisbon under the Environmental Epidemiology Watch Programme.

As part of the evaluation of environmental effects, a series of programmes are carried out by the GROUP for the monitoring of various aspects including air quality, noise levels, water quality, eco-systems on land and in the river estuary of the surrounding area as well as psychosocial monitoring of the health of the local population. In the field of environmental health, health and disease prevention parameters are assessed for the surrounding population using biological, risk factors and adverse effects monitoring and the implementation of the programme developed by the Institute of Preventive Medicine at the Lisbon Faculty of Medicine.

In parallel with this and also as a business partner in the Environmental Health Doctoral Programme at the Institute of Environmental Health at the University of Lisbon, the GROUP cooperates in a programme that aims to promote a close relationship between the academic and the business worlds in two-way relationship that is capable of supporting scientific research while simultaneously responding to the real needs of business.

Use of renewable and/or non-renewable energy

In a society that is marked by environmental concerns, the recourse to renewable energy has become a reference point for MOTA-ENGIL with a view to conserving the natural world. Due to their minimising of environmental impact provided along with long-term sustainability, renewable energy is the guarantee of a healthier environment. Fully aware of this, MOTA-ENGIL stands out in the field of renewable energy.

Greenhouse gas emissions

Over the years greenhouse gas emissions have been adulterating the chemical composition of the atmosphere leading to the retention of the radiation emitted by the earth's surface and affecting the thermal equilibrium of the planet.

In the light of such a pressing problem, the use of renewable energy is treated by MOTA-ENGIL as a factor that – over the long term – is able to minimise the climate change caused by air pollution, being a major factor in the control of the greenhouse effect and contributing decisively to the preservation of the natural world. In this sense and with the ethical and moral duty to focus its actions on the promotion of a more neutral environment, each year MOTA-ENGIL takes steps to reduce and dispel the greenhouse gas emissions in the activities of the various GROUP companies.

Water usage

Used for the widest variety of purposes, water is of prime importance to the activities of the GROUP which has adopted measures to combat the excessive consumption of water in all sectors of activity, promoting and incentivising the rationalisation of its use.

With its business spread over 3 continents, MOTA-ENGIL is renowned for its instructive actions to promote awareness with investments in some three dozen countries initiating and promoting behaviour that leads to the protection of the environment such as the use of thermal energy from their waste-powered Electricity Generators for the heating of their facilities and the rational use of water, the GROUP expressing an ongoing and assertive concern for the matter.

An example of this in practice is the partnership entered into with EPAL, working together for a “unique environmental education”, incentivising the efficient use of water and sharing best environmental practices. Boosting this partnership, the two companies have taken measures to develop a common strategy throughout the geographical area covered by them both. In the field of Environmental Communication and Education and with a joint plan of initiatives for the implementation of work in schools initially and later on to other audiences with integrated campaigns focussing specifically on the subject of water consumption. In addition to the sharing of communication resources with the possibility later of submitting tenders for international support programmes.

From a different point of view and entering into a partnership in an innovative project for the treatment of waste water, a revolutionary technology is applied that combines a chemical oxidisation stage with a biological treatment system together with a refinement stage for the effluent processed using algae. This project requires the installation of a waste water treatment line using the “ALGAMATER” technology with a capacity of 150 m3/d.

In parallel the MOTA-ENGIL GROUP stresses the campaign undertaken for the monitoring of water quality which has the objective of providing access to potable water to communities. As water is the most important element for the continuing existence of all species and with its availability constantly reducing, it is necessary to ensure its correct use and availability to as many people as possible with the best quality possible. MOTA-ENGIL in this sense, once again boosts its support and involvement with the local population, working together with public and private entities to ensure an effective control while transmitting confidence to the final consumer.

Air pollution

The climate change that is a result of a wide range of sources of air pollution represents one of the greatest threats to the equilibrium of the ecosystem. The result of inappropriate environmental policies without adequate regulation has resulted in the state of alert that we are living under.

With its range of transversal technical skills in the widest range of fields of business, MOTA-ENGIL has placed itself in the vanguard for respect for the medium in which it operates, promoting best environmental practice.

Aware of the importance of planning and applying means for the combat of air pollution, MOTA-ENGIL assumes a proactive attitude on the matter that reflects its concern for the local communities with a real impact on future generations.

In this sense and fully aware that environmental education is a major part of the development of the younger generation, the “Tierra Arcoiris” (Rainbow Earth) programme has been developed for pre-primary and primary schools in rural areas in the north of Leon in Mexico covering 702 children in 11 local schools. The programme has the goal of promoting awareness of the preservation and regeneration of natural resources, for the protection of animal and plant life along with the reduction of the levels of pollution generated by humans. With a clearly defined target, the programme focuses on the creation of an environmentally friendly culture, stressing the importance of care for water resources, the land, the air, the flora and fauna along with the importance of recycling.

Investments made this year in this field

Assuming a leading role in its field of activity and aware that environmental aspects cannot be dissociated from human life and needs, MOTA-ENGIL accepts investment in training as essential with 3,500 hours of training provided in 2017, the training objectives being duly aligned with the strategic guidelines of the GROUP.

3.7 – Analysis of performance in social areas and with employees

Application of the principal ILO (International Labour Organization) conventions

With its international presence and working with a labour market that is no longer restricted to national boundaries, MOTA-ENGIL takes into consideration ILO conventions and recommendations which cover all matters related with employment and in particular the protection of the rights of workers which are clear in all relations with local governments and with employer organisations.

MOTA-ENGIL therefore maintains its commitment to respect, promote and comply in good faith with the principals relating to the basic rights at work:

- There were no situations of discrimination within the GROUP’s companies. On the other hand, the GROUP ensured fully the exercise of work-related associative rights, particularly freedom of association and collective bargaining, which corresponds to mandatory constitutional and legal aspects;
- The GROUP does not have any situations of child or forced labour. MOTA-ENGIL prohibits any situation that might involve or are related with child, forced or slave labour. In parallel and in the same mode, MOTA-ENGIL vetoes the contracting or partnership in business with companies that are involved in said practises and therefore, the GROUP makes provisions in contracts that provide for the same;
- Employees or subcontracted entities associated with security issues for facilities and protection of assets (the GROUP does not have any employees or subcontracted entities involved in personal security) comply, during interpersonal relationships, with legal rights related to each area where they work;
- Last but not least, the GROUP MOTA-ENGIL does not usually perform any activities in regions where the rights of populations or indigenous people are or may be jeopardized.

Working Conditions

Acknowledging the real advantages inherent to the work – life balance, MOTA-ENGIL considers the incentivisation and encouragement of harmony and well-being that employees need to perform their functions to be fundamental. Faced with distinct realities and dependent on the various geographical areas where they are present, MOTA-ENGIL is shaping each of the communities in accordance with the values considered to be indispensable in the relation between the employer and the employee, taking the well-being of both employees and their families as their mission.

With growing concern for the highest standards of health and safety at work, MOTA-ENGIL seeks to promote organised and structured work-places that wherever necessary, the use of protection gear both individual and collective, both obligatory and advisable for the exercise of their posts. The GROUP also takes care to create working conditions that are a source of motivation as well as compensatory for employees through remuneration and incentive policies that favour excellence and merit.

Social dialogue

Many of the best labour practices today were achieved by social dialogue. This manner of promoting consensus between the government, representatives of labour and of employers over the years have led to great historical and social achievements that ensure labour peace and contribute to sustainable economic growth.

MOTA-ENGIL, open and receptive to social dialogue, subscribes to equality of opportunities and treatment in access to employment, in particular with regard to selection criteria and employment conditions along with professional training and recognition, including the acquisition of practical experience.

Respect for employee rights

In the course of exercising their functions, all employees enjoy the same rights, this being the basis for an employer – employee bipartite relationship, respect for this axiom promoting confidence in employment relations and gives back to society the equality that others achieved.

Over time and deeply marked by its international presence, MOTA-ENGIL brings to many communities where it is present, respect for the guarantee of the rights of its employees and the fundamental rights that are an integral part of the employment relationship:

- Compliance with employment legislation and the application of employment practices that are non-discriminatory;
- The attribution of fair and adequate, prompt payment of rewards;
- Treatment guided by respect and politeness;
- The promotion of the equality of opportunities in the course of career development;
- The provision of ongoing training with the aim of developing professional qualifications;
- Ensuring a safe working environment;
- Ensuring the right to occupy posts with structures representing employees;
- Ensuring good working conditions from the physical and moral point of view;
- Making a contribution towards increasing the productivity and employability of employees;
- The prevention of occupational risks and illnesses taking into account the protection of the health and safety of employees;
- Ensuring working conditions that favour the work – life balance.

The right to information and to be consulted

The best employment relationship results to a great extent from open and reasoned dialogue and the exchanges of opinions. Therefore, the right to information and to be consulted provided to employees assures their legitimate knowledge of the activities of the company along with the progress of the post and preventive measures.

The predisposition of MOTA-ENGIL for dialogue with personnel provides the latter with the necessary information and responds when necessary to the problems that are raised.

Respect for trade union rights

As an integral part of human rights and a principle applicable to all personnel, trade-union rights above all represent the protection of the rights employees and a major force for social dialogue. With MOTA-ENGIL operating in a range of business sectors, the GROUP maintains itself open to dialogue with different trade-union representative to promote good labour relations.

Steps taken in favour of health and safety at work

The employer entity is responsible for promoting good health and safety conditions at work, providing incentives and spurring the adoption of measures linked to the general principles of prevention and the legislation in force on the matter.

Through a wide variety of actions, MOTA-ENGIL complies with and ensures fulfilment of all legal provisions by providing employees with access to the highest standards of health and safety at work, holding frequent complementary training sessions on the subject as well as encouraging generalised awareness. The Collective and Individual Protective Equipment in turn is used to neutralise the action of environmental agents and to ensure that personnel are not exposed to occupational health issues that might compromise their ability to work and thus protecting their physical integrity and improving their occupational health.

The achievement of a million hours worked in the course of the Relaves Dam Phase 2 Project without any accidents is worthy of note. When all of the hours worked since phase 1 of the project are considered, this achievement now exceeds three million hours worked without any accidents and is an example of the commitment of MOTA-ENGIL to the safety and well-being of all personnel.

Dialogue with local communities and/or actions carried out with a view to assuring the protection and development of these same communities

With a presence on three continents and bringing with it an unrivalled experience in institutional and personal relations, MOTA-ENGIL is pleased to have maintained an open and trusting dialogue with local communities while promoting their cultural and social development based on the creation of basic infrastructure and always being available to provide support in situations of the greatest fragility of the surrounding communities.

With an enormous amount of accumulated evidence in all of the regions where it has a presence, MOTA-ENGIL stands out for its local interaction and development.

As a reflection of a consistent strategy of sustainability, MOTA-ENGIL MEXICO was again recognised as being - *Empresa Socialmente Responsable*®2017 (Socially Responsible Company), with a consistently solid performance in social, environmental and governmental matters. The recognition awarded is a symbol of the organisational commitment to social responsibility which is (ESR®) the greatest recognition of Social Responsibility in Mexico.

With its action in favour of communities scattered over the three continents where it operates, MOTA-ENGIL leaves its mark everywhere through its actions in the local communities and the environment:

- The donation of goods, food and equipment to families in need;
- The promotion of awareness of disability in children and support for bodies providing support;
- The donation of teaching materials to entities for the support of disturbed children and youth such as Down's Syndrome, autism, hearing loss and cognitive deficiency;
- The provision of support to persons with neurological disease;
- The donation of teaching material to teaching institutions;
- The collection and distribution of toys and children's clothing to families in need;
- The provision of building materials to local communities, contributing to refurbishments and local works;
- The creation of opportunities for local employment, social support and training action in local communities;

- The organisation of self-employment workshops for the spouses of employees;
- The provision of Monthly Hampers to employees in financial difficulties;
- Contribution to social insertion for persons in situations of exclusion;
- Financial and in kind donations in support of people affected by natural disasters in various countries complemented by actions to mitigate the impact of the aftermath of disasters;
- The donation of bedroom articles and orthopaedic materials to social support institutions;
- The provision of personnel and teams for works of cleaning and improvements to streets and exterior spaces and the clearing of waterways;
- Health awareness campaigns and the encouragement of blood donors;
- The supply of volunteers for the protection of the environment cleaning up beaches and forests and the organisation of environmental awareness actions (recycling, rational use of energy and water, etc.);
- Training and awareness actions in favour of gender equality, child labour, sexual harassment, human trafficking and health and safety hazards in local communities.

The promotion of the work – life balance together with defence of maternity and paternity leave rights

The achievement of a work – life balance that arises from the social and business transformations that have taken place over recent years has stressed the social responsibility of business on this matter, it being indispensable that companies encourage the work –life balance of personnel and contributing to improved productivity at work and improving personal and social well-being.

In this sense and as a GROUP with principles of sustainability, MOTA-ENGIL increasingly takes on the promotion of improving the work – life balance as part of its management policies and practices in this field. Providing direct benefits for personnel and their employees, the MOTA-ENGIL GROUP, through the Manuel Antonio Mota Foundation, provides support and financial consultancy services to personnel and their families in greatest need, ensures the sponsorship of health and well-being services including the promotion of sporting and cultural activities by establishing agreements with a variety of entities that provide services in the education, health and leisure fields with benefits that cover family members.

In parallel with this, the MOTA-ENGIL Advantage Club allows access to a broad range of partners to permit personnel access to preferential conditions with banks, insurance companies, fuel, hotels, gymnasiums, health care, pharmacies, opticians, shops, telecommunications and energy services and products.

Aspects relating to non-discrimination and respect for human rights

In none of the GROUP companies were there any situations of discrimination, the practice of labour law rights of association including freedom of association and collective negotiation are fully guaranteed which corresponds to a constitutional and legal requirement.

All employees should show tolerance and respect for cultures, opinions and life-styles that are different to their own, always considering how their behaviour might affect others. The adoption of discriminatory conduct, of intimidation, of bullying or physical or psychological aggression at work is prohibited. Intimidation at the place of work is unacceptable conduct from an employee to any other with supervisors and managers having particular responsibility for promoting a work environment that encourages honesty, integrity, respect and trust.

MOTA-ENGIL is an employer that gives equal opportunities in employment and promotion practices, benefits and salaries and does not tolerate discrimination against any other person on the basis of race, religion, skin colour, gender, age, marital status, nationality, sexual orientation, citizenship or disability or any other grounds and prohibited by law in recruitment, employment, posting, promotion or any other employment condition. Everyone has the right to equality of opportunities and an equal treatment based on merit.

The GROUP MOTA-ENGIL complies with and promotes human rights in all cultural, socio-economic and geographical contexts where it operates, observing the respective traditions and cultures and promoting support for local communities in accordance with the specific interests of each region and repudiates any and all acts that undermine the dignity of the person.

The Group's human capital management

GROUP human resources policy is a cornerstone in support of the development, diversification and international expansion of MOTA-ENGIL GROUP combined with the StepUp 2020 strategic plan, the Human Resources policy is structured along 4 axes:

- Culture of Merit: Ambition is a value at the core of the DNA of MOTA-ENGIL which encourages a philosophy based on the management and recognition of merit which drives people to seek out new challenges and to grow and overcome barriers;

- Strengthening of the Culture and Organizational Model: With the slogan “um só GRUPO, um só Projeto, uma só Estratégia” (a single GROUP, a single project, a single strategy), MOTA-ENGIL invests in the implementation of a uniform organisational model that applies throughout the GROUP and is an element in the facilitating of communication which increases the efficiency of processes and promotes mobility between markets and regions;

- Skills development and transversality: “Somos o que fazemos (“We are what we do”) - MOTA-ENGIL believes that the principle distinguishing factor is in the people, in their experience and accumulated skills, in diversity and in intelligence spread throughout the GROUP and therefore, takes action for the preparation, qualification and development of the competencies of its employees so as to ensure the cross-fertilisation of knowledge within MOTA-ENGIL;

- Global mobility of top professionals: The challenges of diversification and internationalisation of the GROUP has increasingly demanded the capability of transforming mobility into an unparalleled vector for the presence of the GROUP for Customers, Partners and Communities and a factor in the cohesion, exchange and growth of the individual.

This is the strength of MOTA-ENGIL: It is for People and with People that the GROUP continues along its road to affirmation in the World.

Characterisation of Mota-Engil personnel

Distribution of personnel by Region

	Number	%
Holding	340	1%
Europe	8,840	30%
Africa	11,888	40%
Latin America	8,792	29%
Mota-Engil Group	29,860	100%

Distribution of Personnel by Region and Gender

	Female		Male	
	Number	%	Number	%
Holding	174	51%	166	49%
Europe	1,271	14%	7,569	86%
Africa	1,117	9%	10,771	91%
Latin America	821	9%	7,971	91%
Mota-Engil Group	3,383	11%	26,477	89%

Distribution of Personnel by Region and Age-group

	18 to 29 years	30 to 39 years	40 to 49 years	≥ 50 years
Holding	13%	32%	26%	29%
Europe	10%	25%	31%	34%
Africa	26%	39%	22%	13%
Latin America	26%	36%	24%	14%
Mota-Engil Group	21%	34%	25%	20%

Distribution of Personnel by Region and Longevity

	< 3 years	3 to 10 years	10 to 20 years	≥ 20 years
Holding	25%	25%	26%	24%
Europe	35%	24%	31%	10%
Africa	74%	15%	8%	4%
Latin America	90%	8%	1%	1%
Mota-Engil Group	67%	16%	13%	5%

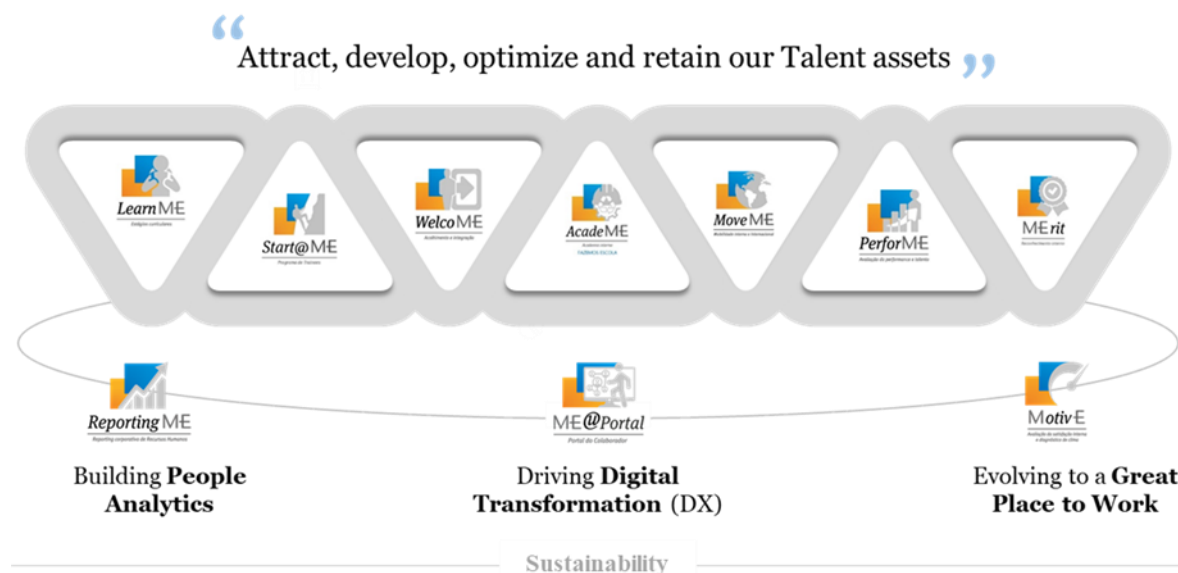
Distribution of Personnel by Region and Skill Levels

	Basic	Secondary	Higher Education
Holding	19%	27%	53%
Europe	58%	22%	20%
Africa	66%	27%	7%
Latin America	44%	39%	17%
Mota-Engil Group	56%	29%	15%

Distribution of Personnel Mobilised by Region

	Female		Male		Total	
	Number	%	Number	%	Number	%
Europe	4	4%	101	96%	105	8%
Africa	49	5%	863	95%	912	73%
Latin America	17	7%	213	93%	230	18%
Mota-Engil Group	70	6%	1,177	94%	1,247	100%

Aiming for a management of talent that is capable of covering the working life of the employee, the HR Corporate Roadmap takes up a critical position in the management and development of human capital in the GROUP, ensuring ongoing development of the company and its people.



LearnME

In the context of the recruitment and retention of young talent, the investment made in 2017 in the sense of reinforcing the LearnME corporate programme by means of a partnership between MOTA-ENGIL and the University of Princeton is of note.

This initiative seeks not only to reach students interested in a curricular or summer internship in GROUP companies, contributing actively to the projects and challenges proposed but also to welcome groups of students who would like to get to know MOTA-ENGIL providing an opportunity for contact with the employment market.

With this new partnership, MOTA-ENGIL assumes a clear commitment to attracting future professionals with a great deal of potential for its markets, reinforcing the employer brand with an extensive network of highly rated universities throughout the world.

Start@ME

In 2017 the 6th Start@ME was held (first edition in 2009). This aims to attract and integrate young talent at the start of their professional career, promoting its coordination with the culture and values of the GROUP and integration into the various markets and different business units providing an opportunity to embrace new and decisive challenges for the future.

This year MOTA-ENGIL received more than two thousand applications that lead to the selection and incorporation of 133 Millennials - 41% of which are female - from a variety of institutions and areas of study into the various businesses and markets of the GROUP.

The clear assumption of the programme is to boost individual development while providing a vast array of learning experiences through contact with the different businesses, knowledge of innovative methods and solutions, an extended networking system as well as the development of critical competencies in an international context that are essential for their personal and professional growth. To this end, the GROUP has organised an intense welcome and integration phase over a total three weeks where the interns were invited to attend a range of talks and lectures, visiting sites as well as solving the various challenges made to constitute eleven thousand hours of training.

With a satisfaction level of 86% and a retention rate of 96%, at today's date, this 6th edition has proved to be an enormous success with a high degree of commitment and involvement from the interested parties contributing to the sustainable growth of the GROUP and the holistic development of these young talents.

AcadeME

Convinced that the creation of value is in large part through its human capital, MOTA-ENGIL continues to give priority to the diversity of its profiles and the exchange of experiences and skills within the GROUP and therefore, acts for the personal and professional preparation, qualification and development of its personnel, acting across the board in terms of internal skills and competencies that are able to add value for the business.

These are the cornerstones of AcadeME, which is an initiative with a clear strategic positioning – in the value added to the business as well as the close involvement and qualification of the teams covered – ensuring the sustainable growth of the GROUP in this way. As this is an in-house academy, AcadeME aims to spread the skills that exist within the GROUP to reinforce certain areas and subjects that are critical to the business with the aim of developing core competencies in future GROUP cadres. The sessions held had the objective of critical reflection on the best practices and solutions on the market, the sharing of experience and skills together with the acquisition and development of know-how and competencies that are considered to be critical to the activities of the GROUP. To ensure the application across the board of this programme, the initiative was promoted by the across the businesses and markets where the GROUP is present, reinforcing the competitive edge of MOTA-ENGIL in the various sectors.

In addition to the development of technical competencies, MOTA-ENGIL also promotes a series of training actions in the area of soft skills, across the board competencies for promoting the relations between the employee and those with whom they work.

As a result, investment in training carried out in 2017 by the GROUP fulfils the twin objectives of developing employees personally and professionally which then contributes to the sustainable growth of MOTA-ENGIL while reinforcing its leading position in the various sectors in which it is active.

PerforME

The Corporate Performance Programme has the mission of supporting the management and development of its employees to assure the alignment of the strategic priorities of the business with the Human Resources Management policies and practices.

Taking on the active role of the employee in their own career development, this approach encourages a close interaction between the employee and line management with a view to ensuring the pursuit of the goals established as well as the monitoring and optimisation of the performance of the employee throughout the year.

With a view to the decentralised management of talent that is transparent and on the basis of meritocracy, the MOTA-ENGIL GROUP extends its Performance Management and Assessment process to the different businesses and geographical areas where it has a presence using the Success Factors platform.

This tool, which is attached to the Driving Digital Performance axis on the corporate roadmap, is an integrated solution and market leader in the field of talent management and development, covering the various stages of the employee's career, from their recruitment to their career management and internal recognition.

As a cloud solution, this has the advantage of allowing access by smartphone, tablet or laptop for personnel from any part of the world, inside or outside the GROUP.

With this platform MOTA-ENGIL aims to promote a collaborative network between the various companies and markets, encouraging group spirit, maximising synergies and interchange between the employees of GROUP companies.

MeritME

As part of the range of external awards and recognition, MANVIA was again recognised in 2017 as a company of excellence in the management of Human Resources having achieved 3rd place in the Large Companies ranking in an initiative spurred by Human Resources Portugal, Executive Digest and INDEG-ISCTE, partners of Neves de Almeida HR Consulting.

After reaching 4th and 5th position in 2016 and 2015 respectively, the award represents a major recognition for MANVIA and the GROUP for consolidating and giving credence to the talent management model in use based on the valuing of human capital.

3.8 Manuel António da Mota Foundation (“Foundation”)

General setting

The Foundation is an important instrument in the social responsibility policy of the MOTA-ENGIL GROUP as an organised and systematised expression of an ethically and socially committed management in the name of an active and participative business world.

Founded by the MOTA-ENGIL GROUP and the Mota family who are its main shareholders, the Foundation, following its business origins, seeks to find a strategic vision that generates long-term value based on the broadest principles of sustainable development through a socially coherent and structured social responsibility of which it is the preferred vehicle.

Headquartered in the city of Porto, the Foundation aims to promote, develop and support initiatives of a social nature in the fields of social beneficence and solidarity and of a cultural nature in the fields of education, health, the environment, organisation and support of artistic activities, undertaking actions all over the country and the countries where the MOTA-ENGIL GROUP has a presence.

In fulfilling its statutory purposes the foundation has the annual awarding of the Manuel Antonio Mota Prize, social development, support for education and training and the promotion of culture and access to cultural assets as its strategic objectives.

The Foundation’s activities in 2017

The main activities and projects carried out by the Foundation in 2017 are described in accordance with its strategic objectives.

- Social Development:

With a view to contributing towards social development of the communities where MOTA-ENGIL carries on its activities, the Foundation granted financial support to a variety of institutions that carry on their activities in a wide range of fields including, disability, health, advanced age, children and youth, housing, sport, community and international solidarity to a total of 97,000 Euros.

In addition to the making of these donations, the Foundation promoted new projects and continued with others that were underway both individually and in partnership with other public and private entities that are set out below.

In 2017 the programme ‘A job, a project’ was created to undertake a series of social initiatives on major developments where MOTA-ENGIL GROUP is involved for economic, social and environmental impacts deriving from the same developments.

The start of work on the refurbishment of dwellings in the district of Vila Pouca de Aguiar helping families in need and the carrying out of a skin cancer prevention campaign held on the Gouvães Tunnel – Alto Tâmega Dam site should be stressed.

The skin cancer prevention campaign carried out jointly with the Portuguese Skin Cancer Association involved the holding of training, awareness and prevention activities with employees and the site management, the distribution of leaflets, information materials and a prevention kit. Sun protection dispensers were provided with instructions for use in the canteens and dormitories on site. The use of suitable clothing was also recommended including the wearing of long sleeves and the wearing of sunglasses. These measures will be progressively implemented on MOTA-ENGIL sites where there is exposure to the sun and forming part of individual protection equipment's.

As part of the agreement for collaboration between the Manuel Antonio Mota Foundation, the Montepio Foundation and the Positive Mobility Company which specialises in the design and study of solutions for people with restricted mobility, various situations were identified where disabled people or with temporary incapacity and facing financial difficulties. Through this agreement, the bodies involved seek to respond to requests for support received on a regular basis from people in these situations, helping to finance in whole or in part, the acquisition of technical help or support products including taking action on the home for its adaptation to provide the benefit of mobility. In 2017 the Foundation disbursed 22 thousand Euros under the Integrated Mobility programme.

With housing as an area of priority action, the Foundation continued with an agreement entered into with the Habitat for Humanity Portugal Association, joining in its work with the aim of taking part in the construction or refurbishment of the homes of families in difficulties and in particular in the district of Amarante where MOTA-ENGIL has a connection due symbolic and institutional connections. Habitat for Humanity Portugal is an NGO which has the principle aim of promoting social solidarity initiatives with the goal of contributing to the elimination of poor housing and supporting families in need in the obtaining of adequate housing. The mobilisation of MOTA-ENGIL GROUP volunteers to take part in reconstruction works and the provision of building materials are just some of the forms of support provided. In 2017 the contribution of the Foundation amounted to 30,000 Euros.

Aiming for urban social cohesion and the encouragement of dignified housing conditions for the more advanced in age, the Foundation and the Porto local authorities in 2011 entered into an agreement entitled "Porto Amigo" (A Friend in Porto) which aims to carry out the adaptation and improvement of the living conditions of the older dependent population of Porto who are in poverty and residing in their own or a rented home. In 2012, with the inclusion of the Grupo de Ação Social do Porto (Porto Social Action Group) in this partnership, the area of action was extended through support in the psycho-social domain and ongoing accompaniment to the beneficiaries of the project. In 2017, the agreement was redrafted with the inclusion of the 'Just A Change' association which is dedicated to the refurbishment of the homes of people in housing need with the help of university student volunteers. The Foundation invested c. 20,000 Euros in this project in 2017.

In the health field, the Foundation maintains the agreement entered into in 2011 with the Porto Portuguese Oncology Institute and the Northern Regional Group of the Portuguese League against Cancer with a view to creating lines of social support to cancer patients, in particular in situations deriving from socio-economic and psycho-social situations of deprivation that are likely to affect the well-being and the quality of life, putting at risk the effectiveness of medical procedures or contribute to isolation or social exclusion. The agreement that was based on the same objectives and signed in 2015 with the Francisco Gentil Portuguese Oncology Institute of Coimbra, the Central Region Group of the Portuguese League against Cancer and the Coimbra University Hospital Centre and the University of Coimbra continued in force. The Foundation annually contributed 15,000 Euros to each agreement.

Social support for MOTA-ENGIL GROUP employees from the Foundation included new programmes in 2017 and continued those carried on in previous years with an investment of c. 127,000 Euros from the budget:

- Study Grants providing sums of 3,000 Euros per year and beneficiary to higher education students, the children of GROUP employees with reduced financial resources and have obtained high marks at school;
- Financial Consultancy, which provides a free advice service and support to employees in heavily indebtedness situations or at risk of financial crisis through a financial diagnosis and support for financial recovery;
- Social Support Fund, a financial support instrument provided to MOTA-ENGIL GROUP employees and their family members and intended in particular to attend to events in the personal or family sphere that might arise from the unexpected privation of income or an increase in expenditure tending to place their financial security and stability in jeopardy;

- A new programme entitled 'First Infancy' and which comprises of the adoption of two support measures for MOTA-ENGIL GROUP employees, the first facilitating attendance at nurseries with grants of 500 Euros annually for employees with limited financial resources and children aged between 4 months and 3 years and the second which provides a 'baby kit' that comprises of a set of essential items for infancy and the provision of a 'pharmacy cheque' to employees who are parents and regardless of their financial situation.

The Foundation has encouraged initiatives for volunteering in partnership with other entities, inviting participation from MOTA-ENGIL GROUP employees. In 2017, the Foundation once again enjoyed the participation of several volunteers from the GROUP for the Habitat project for the rebuilding of the homes of families in need along with the Future Porto project for the implementation of the Junior Achievement Portugal programmes.

Internationally, in 2017 the Foundation joined the GROUP comprised of MOTA-ENGIL MEXICO and MOTA-ENGIL AMÉRICA LATINA which make up the Manuel Antonio Mota Foundation which was formed in 2015.

In Peru, the Manuel Antonio Mota Foundation Award which recognises creativity, innovation and best practice in schools, was held in 2017 for the 2nd time.

- The Manuel António da Mota Award:

The setting up of the Manuel Antonio Mota Award under the articles of association of the Foundation which seeks to honour and pay tribute to the memory of the founder of MOTA-ENGIL, has the goal of distinguishing organisations that stand out in the various activities of the Foundation.

The prize consists of the awarding of 50,000 Euros to the winning institution and 25 and 10,000 Euros respectively to the 2nd and 3rd placed with the 7 remaining finalists receiving an honourable mention in the sum of 5,000 Euros.

In 2017 (8th edition of the event award), the Prize returned to the subject of combating poverty and social exclusion with particular emphasis on child poverty and that of young people and families and also covering the matter of education and employment with which the subject of poverty is so closely related across the board and went to institutions which were notable for the projects presented in these fields.

AE2O - Associação para a Educação de Segunda Oportunidade (Second Chance Education Association) with headquarters in Matosinhos was the winner. A not for profit organisation, the institution works with young people who have left education with few educational or professional qualifications and at risk of social exclusion. In 2nd place was the Associação RECOVERY IPSS and in 3rd place G.A.to – Grupo de Ajuda a Toxicodependentes (Drug Addicts Support Group).

At the previous seven award events the Prize was for the combating of poverty and social exclusion the 1st year in 2010, volunteering in 2011, active ageing and intergenerational solidarity in 2012, European citizenship in 2013, valuing, protecting and support for the family in 2014, social innovation in 2015, education, employment and combating poverty and social exclusion in 2016.

- Education and Training:

Fulfilling one of its strategic goals, the Foundation continued its support for education, training and the qualification of young people and adults with the least well-off groups, valuing their human potential and promoting social and professional insertion by making donations to a range of institutions in excess of 69,000 Euros.

The Foundation also operates in this field through the Manuel Antonio Mota Professional Training Centre which was 20 years old in 2017. The Centre continues to provide training that falls into the qualifications included in the certification obtained from the Employment and Labour relations Board and with the agreement signed with the Professional Employment and Training Institute. The courses provided are included in the apprentice programme which aims for the initial qualification of young people. In 2017, the Training Centre held four courses of training in Electrical Installation Engineering (2 courses) and Refrigeration and Air-conditioning (2 courses).

- Culture:

In 2017 the Foundation granted c. 32,000 Euros to a range of institutions that carry on activities in the field of culture. In addition to these donations, in partnership with the Silva Monteiro Music Course, the Foundation also held for the 4th year the series of music concerts entitled Culturaviva, stressing the presence of young artists and aiming to attract new audiences and encourage the loyalty of music-lovers which has attracted increasing numbers to the free concerts held in the Foundation auditorium.

- Foundation Premises:

The Foundation is headquartered at Praça do Bom Sucesso inside the refurbished market building of the same name in the city of Porto and where it has been based since June 2013. The premises comprise of a working area where administrative and management services operate, a large, multi-purpose exhibition area, a reception area and an auditorium with capacity for an audience of 136 seated and fully equipped.

The Foundation pursues a policy of use of its premises characterised by the spirit of service and openness to the community. In addition to the activities carried on in fulfilment of its strategic goals, the Foundation is regularly host to civil society and the tertiary sector organisations which, due to their inadequate material or financial resources, are able to hold meetings, working sessions, training activities etc. in privacy and comfort free of charge.

Making the best use of its premises, in 2017 the Foundation held a range of cultural activities in the city of Porto with a schedule of exhibitions with free entry.

3.9 – Policy and aspects relating to gender equality

Description of the policy of diversity adopted regarding members of the management and auditing bodies in terms of age, gender and professional qualifications

The promotion of diversity constitutes a major concern in the management of human resources at MOTA-ENGIL GROUP with the aim that this be reflected in the management bodies as provided for in Law 62/2017 of the 1st of August which establishes the rules for a balanced representation between males and females in management and supervision bodies for public sector business entities and companies listed on the stock exchange.

The entirety of the membership of the Board of Directors of MOTA-ENGIL, SGPS, SA covers further education and has an average of the order of 57 years. Three females hold board positions with an Executive Commission comprising of eight members representing the GROUP.

Goals of the policy of diversity and its application in the MOTA-ENGIL GROUP

Building on a company culture guided by the values of equality, MOTA-ENGIL is developing a committee for gender equality with the mission of planning and implementing a series of measures and procedures with a view to contributing to a socially responsible management based on equality.

The promotion of awareness on the part of employees is also an integral part of the mission of said committee which is intended apply the gender equality policy at the GROUP along with the integration of content on equality in training activity practices. With the goal of promoting an organisational environment based on respect for the integrity and dignity of the individual, MOTA-ENGIL stresses the publication of information relating to the respective rights and duties of everyone in matters of equality and non-discrimination on the basis of gender, driven by the sharing of best practice with other companies with a view to improving the organisational climate and increasing the motivation and job satisfaction of employees. Similarly and consonant with the aim, MOTA-ENGIL has set itself the task of breaking down information in its diagnostics and reports in communication instruments.

Tools and practices have been structured in the field of selection and recruitment which aim to mitigate the risks of gender skewing, the publication and communication activities being organised so as to encourage equality of access and the participation of males and females.

The current procedures in the remuneration system ensure respect for the principle of equal pay for work of similar value which is based on a performance assessment system as set out in previous pages and which is objective and free from any gender skewing.

Results in the period in question

On average, the salary of females (who carry out non-executive functions) on the Board of Directors has a 19% difference when compared with the remuneration of males.

3.10– Aspects relating to the combat against corruption and attempts at bribery

The GROUP is committed to carrying on its business and entering into partnerships with integrity and professionalism, fairly and honestly, complying with all applicable legislation.

The GROUP has adopted a zero tolerance policy in relation to corruption and bribery which are prohibited in any form, whether direct or through third parties in any part of the world. The offering or acceptance of bribes of any kind is not tolerated in any place where the GROUP has a presence. MOTA-ENGIL believes that its reputation in terms of its integrity is one of its most valuable assets and that corruption is a threat to its business and to the values of the GROUP.

The goal of this policy is as follows:

- To define the responsibilities of the GROUP and its personnel in respect for and defence of the position of MOTA-ENGIL against corruption and bribery;
- To ensure the fulfilment of anti-corruption and bribery laws, rules and regulations in any country where the GROUP may carry on business; and
- To provide information and guidance about how to recognise and deal with questions of corruption and bribery.

Tools used in the combating of bribery and corruption (communication and training)

For the programme of integrity and compliance to be effective at MOTA-ENGIL the communication and training headings are fundamental. The values and general guidelines on the principle policies of integrity and compliance adopted by MOTA-ENGIL are available for access and widely published.

This policy together with the Code of Ethics and Business Conduct and the compliance procedures are available for access on the GROUP website for all employees, shareholders, interested parties and society as a whole.

In addition, the content of the same is revised periodically in more synthesised versions that aid the communication of this policy with the aim of ensuring:

- A complete understanding of the policy on the part of MOTA-ENGIL managers so that they can act as educators for their teams;
- That employees with specific responsibilities that require specialist knowledge of certain policy matters; and
- That all employees are aware so as to promote the commitment to act ethically with integrity and transparently when working on the part of MOTA-ENGIL.

Communication:

Below some of the initiatives for promoting the compliance policy at MOTA-ENGIL units are described:

- The dispatch of a Service Order on the matter. The Service Order is a means of formal communication for MOTA-ENGIL that is sent to all personnel and always signed by a member of the board of directors. It normally reports the implementation of an order;
- The distribution of the matter by e-mail together with pamphlets and posters that indicate the channels for whistle-blowing and questions about compliance;
- In training activities as described under the heading 'Training';
- In management meetings for the monitoring of the implementation of the Integrity and Compliance Programme.

Training

MOTA-ENGIL has a learning plan that includes training on compliance which has the goal of training personnel on the content and practical aspects of the Integrity and Compliance programme

Training activities:

- On induction of the employee;
- On revision of the policies and procedures for the Integrity and Compliance Programme;
- Periodically through information, meetings, etc.;
- Annual recycling based on an online digital training platform.

Obligatory training for all personnel covers the following matters:

Content	
Ethics and Business Conduct	Presentation of the Code of Ethics: What is the Code of Ethics, Vision, Values and Mission of MOTA-ENGIL, Responsibilities at work, Protection of company resources and information, Loyal Practice, Labour Relations, Infractions of the Code of Ethics, etc.
Policy of Integrity and Compliance	Position of the GROUP against bribery and corruption (policy of zero tolerance); Guidelines on how to recognise and deal with questions of bribery and corruption, etc.
Reporting of irregularities	How to report an irregularity (channels and forms of communication). Investigation and treatment of whistle-blowing and non-retaliation.

All of the content of training activities is transmitted to employees theoretically and in practical terms so as to resolve any doubts. All training activities generate a list of those attending that is held on file in the business unit.

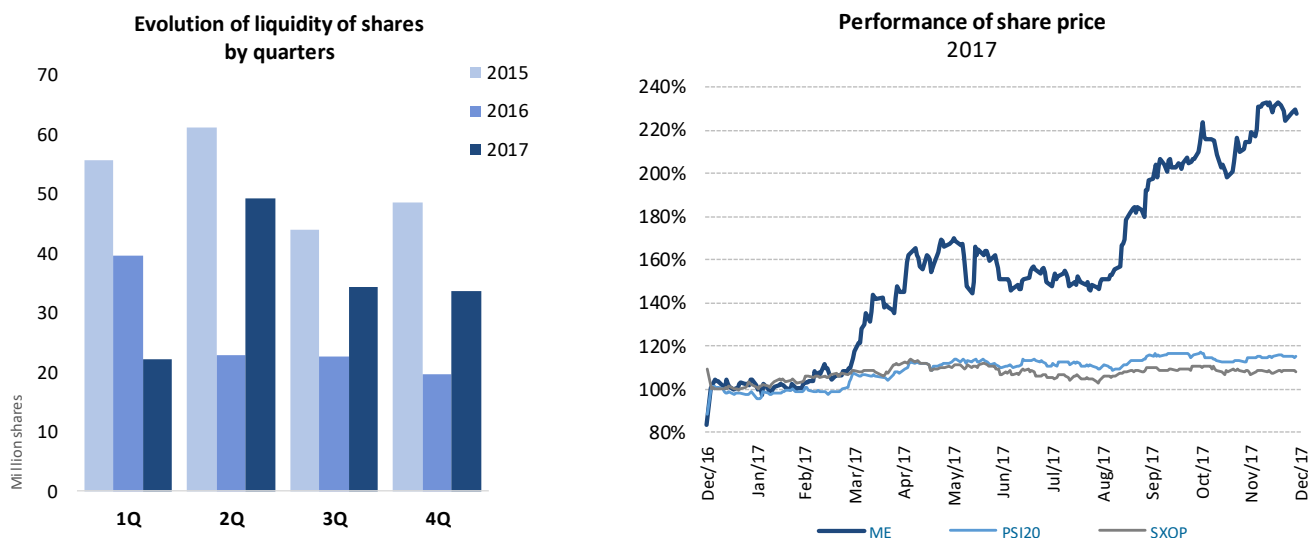
In addition to the training described above, in accordance with their functions in the GROUP, employees receive training in the procedures against bribery and corruption including the following:

- Offers procedures, daily allowances and Royalty Fees;
- Corporate Social Responsibility Procedures and Donations;
- Cash procedures etc.; and
- Third party procedures.

Finally, the Global Training Programme - Compliance Online was created with the goal of assuring the awareness of personnel and their commitment to the matter.

4. Mota-Engil on the stock market

The evolution of performance of the share price in 2017 is shown in the following charts:



On December 31, 2017, the share capital of MOTA-ENGIL is comprised of 237,505,141 shares, with a nominal value of one euro each, all traded at Euronext Lisbon. On that date, MOTA-ENGIL held 3.639.812 own shares corresponding to 1.53% of share capital.

The share price of MOTA-ENGIL at December 31, 2017 was €3.663, corresponding to a market capitalisation of around 870 million Euros. During 2017, the share price of MOTA-ENGIL appreciated 128%, while the Portuguese shareholder index, PSI 20, appreciated 15% and the European sector index, SXOP, appreciated by 8%.

The Portuguese stock market along with European markets as a whole were subject to a positive trend in 2017. The first half of the year was characterised by the positive results of the French presidential elections on the 7th of May, which resulted in the election of Emmanuel Macron. In the second half, a consistent fall was witnessed in the interest rates on national sovereign debt as well as the withdrawal of Portugal from the junk category by Standard & Poor's and Fitch. In addition, the recovery of the price of commodities and in particular oil during the second half contributed positively to this result.

During 2017, the share of MOTA-ENGIL reached a maximum of 3,754 Euros and a minimum of 1,567 Euros, and the evolution of the share price had positive trend in both semesters. During that same periods, the average daily volume of transactions of shares of MOTA-ENGIL at Euronext Lisbon rose to 548 thousand or total of 140 million shares.

In 2017, the Annual General Meeting of Shareholders of MOTA-ENGIL took place on May 24, and all items of the agenda were approved, including the annual report for 2016 and the proposal for appropriation of profits. In this context and in accordance with the proposal of the Board of Directors, it was approved the distribution of a dividend per share of thirteen cents (0,13 Euros) for 2016.

5. Activity developed by the non-executive members of the Board of Directors

During the year, non-executive directors participated regularly in the meetings of the Board of Directors, and discussed matters under analysis and expressed their opinion on strategic guidelines and specific business areas. Whenever necessary, they kept in touch with the teams of the Corporate Centre and of Shared Services Units, as well as with business managers.

6. Proposal for the appropriation of profits

The Individual Management Report presents the following proposal: The Board of Directors proposes to the Annual General Meeting of Shareholders, that the net loss in the sum of 9,201,755.06 Euros be transferred to retained earnings.

7. Outlook for 2018

The prospects for the MOTA-ENGIL GROUP for 2018 remain aligned with Strategic Plan StepUp 2020 pillars as follows:

1. To focus the organisation on the generation of cash flows based on the solid backlog and the ongoing search for additional stable, medium- and long-term contracts in particular in Latin America and Africa;
2. To continue the rate of turnover growth in engineering and construction as well as environment and services;
3. To achieve consolidated and recurring margins in spite of minor changes in the business mix;
4. To achieve margins and turnover in Europe without significant changes although without impact from major projects in Portugal;
5. To strengthen the GROUP's position as market leader in various African countries leading to major growth in turnover with margins in accordance with established performance in the region;
6. To maintain turnover growth in Latin America maintaining operating margins;
7. Following the success so far of the sale of non-core assets, the company will continue to be focused on the disposal of non-strategic assets as a further factor in the reduction of GROUP debt;
8. EGF and major projects in Africa will represent the greater part of capex of some 250 million Euros;
9. Backlog above 5.000 million Euros, based on international activity.

It should be noted that these prospects do not correspond to an engagement regarding the future performance of the GROUP, but merely the greater capacity of prediction, on this date, regarding the activity of its companies. Therefore, the performance that will be effectively achieved in 2018 could differ significantly from these forecasts. Moreover, MOTA-ENGIL does not undertake to update or correct this information due to the modification of any endogenous or exogenous factor that could change the performance of the GROUP.

8. Subsequent events

In 2018, up to the date of issue of this report, we highlight the following relevant facts, whose details are properly released as privileged information on the websites of MOTA-ENGIL and of CMVM:

January 22, 2018

MOTA-ENGIL INFORMS ABOUT A CONTRACT AWARD IN IVORY COAST BY AN AMOUNT THAT COULD REACH 140 MILLION EUROS

MOTA-ENGIL S.G.P.S., SA, through a company 60% owned by MOTA-ENGIL AFRICA, S.G.P.S., SA (MOTA-ENGIL AFRICA), announces the award of a contract for the design, construction and operation of a landfill with the capacity for the sorting and production of power using bio-gas in Abidjan, Ivory Coast.

The abovementioned contract will involve an estimated value of c. 140 million Euros (which includes an estimated variable element of c. 40 million Euros depending on the tonnage moved), a duration of 7 years for a capacity of 8.2 million tonnes with the construction component valued at c. 48 million Euros to be executed by MOTA-ENGIL AFRICA.

March 8, 2018

MOTA-ENGIL INFORMS ON THE INCREASE OF THE IVORY COAST AND PERU BACKLOG BY 225 MILLION EUROS

MOTA-ENGIL entered into a contract through MOTA-ENGIL AFRICA for the construction of a football stadium in Ivory Coast for the African Cup of Nations to be held in the country in 2021 and funded by the United Bank for Africa (UBA). The contract signed totals 83 million Euros.

MOTA-ENGIL also reports the recent awarding of 3 important contracts in the Peruvian market for the private sector in the infrastructure and mining sectors, further strengthening the backlog for its local company (MOTA-ENGIL PERU) in about 142 million Euros with the following projects:

- The construction of the San Martin port, worth 110 million Euros for the Terminales Portuarios Paracas in Ica. The contract is for a period of 24 months, and MOTA-ENGIL Peru has a stake of 33.3% in the consortium;
- Construction of the Vizcachas y Bocatoma Titire dam worth 56 million Euros for Anglo American Quellaveco, in the Moquegua region. The contract has a term of 26 month;
- Construction of Phase 4 of the Las Bambas dam worth 50 million Euros for the mining company MMG, in the Apurimac region. The contract has a term of 24 months.

Devaluation of the kwanza in 2018

On the other hand, in 2018 there was a significant devaluation of the kwanza against the Euro, decreasing more than 30%.

Although at the date of this report the impact of that devaluation has not yet been determined, it will, before the impact of the application of the IAS 29, lead to an increase in the net profit, due to the large amount of net monetary assets held in Angola expressed in Euros or Dollars, and a reduction in equity (including the net profit).

9. Final remarks

We can only thank the personal and professional commitment of all collaborators of MOTA-ENGIL GROUP, the members of governing bodies, clients and of whoever came into contact with its various companies.

O'Porto, March 27, 2018

António Manuel Queirós Vasconcelos da Mota
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins
Deputy-chairman of the Board of Directors and
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo
Deputy-chairman of the Board of Directors

Maria Manuela Queirós Vasconcelos Mota dos Santos
Member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles
Member of the Board of Directors

Carlos António Vasconcelos Mota dos Santos
Member of the Board of Directors and
Member of the Executive Committee

Ismael Antunes Hernandez Gaspar
Member of the Board of Directors and
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas
Member of the Board of Directors and
Member of the Executive Committee (Chief Financial Officer)

António Martinho Ferreira de Oliveira
Member of the Board of Directors and
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira
Member of the Board of Directors and
Member of the Executive Committee

Manuel António da Fonseca Vasconcelos da Mota
Member of the Board of Directors and
Member of the Executive Committee

Eduardo João Frade Sobral Pimentel
Member of the Board of Directors and
Member of the Executive Committee

Luís Filipe Cardoso da Silva
Member of the Board of Directors

Luís Valente de Oliveira
Non-executive and independent member of the
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier
Non-executive and independent member of the
Board of Directors

António Manuel da Silva Vila Cova
Non-executive and independent member of the
The Board of Directors



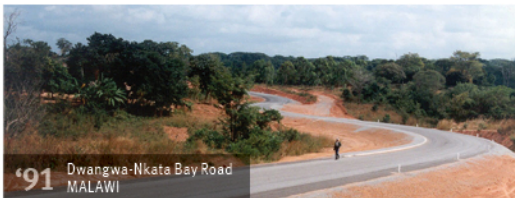
'87 Alto Lindoso Dam
PORTUGAL



'90 Belém Cultural Centre
PORTUGAL



'95 Massinga-Nhachengue Road
MOZAMBIQUE



'91 Dwangwa-Nkata Bay Road
MALAWI



'94 Lisbon's Oceanarium
PORTUGAL



'97 Highway A4
POLAND



'96 Awaso-Nokebaw Road
GHANA



'98 Expo'98 urban cleaning
PORTUGAL



'99 Caracocha Dam
PERU



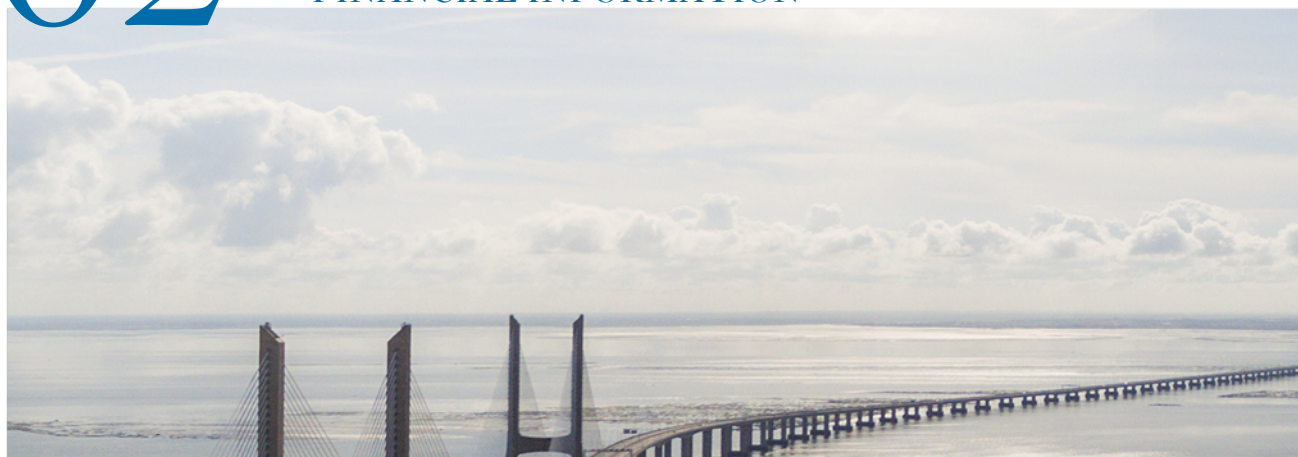
'98 Cidade da Praia New Airport
CAPE VERDE



'98 Cabinda-Landâna Road
ANGOLA

02

CONSOLIDATED FINANCIAL INFORMATION



Expanding Values

1987
—
1999

In 1987 the company became listed in the Lisbon Stock Exchange, in the 1990s starting a process of expansion into Central Europe as well as other major markets such as Mozambique, Malawi and Peru, the first investments being made in the Environment and Transport Infrastructure and Concessions.





Consolidated Income Statement by nature

For the years and semesters ended 31 December 2017 and 2016

	Notes	Year		2 nd Semester	
		2017 € '000	2016 € '000	2017 € '000	2016 € '000
Sales and services rendered	3	2,597,294	2,210,081	(unaudited) 1,401,648	(unaudited) 1,174,440
Cost of goods sold, mat. cons., changes in production and subcontractors	4	(1,092,907)	(831,844)	(626,787)	(381,243)
Third-party supplies and services	5	(540,070)	(545,918)	(241,767)	(351,203)
Wages and salaries	6	(537,266)	(524,292)	(283,453)	(254,690)
Other operating income / (expenses)	7	(22,313)	29,919	(31,265)	1,784
Amortisations	8, 16 and 17	(180,585)	(190,623)	(89,718)	(94,905)
Provisions and impairment losses	9	(38,022)	(66,460)	(39,971)	(56,510)
Financial income and gains	10	69,382	148,578	56,892	(1,380)
Financial costs and losses	10	(168,588)	(251,195)	(108,946)	(71,335)
Gains / (losses) in associates and jointly controlled companies	11	2,808	(2,130)	1,768	(3,464)
Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies	12	(3,058)	100,771	(3,058)	24,129
Net monetary position	43	3,149	-	3,149	-
Income before taxes	13	89,824	76,886	38,492	(14,376)
Income Tax	13	(28,383)	(9,379)	(16,571)	2,909
Consolidated net profit of the year		61,441	67,507	21,921	(11,468)
Attributable:					
to non-controlling interests	37	59,853	17,350	24,947	10,934
to the Group	14	1,588	50,157	(3,026)	(22,402)
Earnings per share:					
basic	14	0.01 €	0.21 €	-0.01 €	-0.10 €
diluted	14	0.01 €	0.21 €	-0.01 €	-0.10 €

To be read with the Notes to the Consolidated Financial Statements

Consolidated Statement of other Comprehensive Income for the years and semesters ended 31 December, 2017 and 2016

	Year		2 nd Semester	
	2017 € '000	2016 € '000	2017 € '000	2016 € '000
			(unaudited)	(unaudited)
Consolidated net profit of the year	61,441	67,507	21,921	(11,468)
Items of other comprehensive income that may be reclassified to the income statement				
Companies consolidated by the full consolidation method				
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(51,195)	(94,360)	(31,541)	(4,941)
Variation, net of tax, of the fair value of derivative financial instruments	(616)	65	(653)	(10,593)
Impact of hyperinflation in Angola	84,933	-	84,933	-
Other comprehensive income of Companies consolidated by the full consolidation method	(189)	(630)	(2,142)	(2,100)
Companies consolidated by the equity method				
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(422)	(585)	(326)	101
Variation, net of tax, of the fair value of derivative financial instruments	1,416	10,184	634	1,697
Other comprehensive income of Companies consolidated by the equity method	12	(140)	211	(122)
Items of other comprehensive income that will not be reclassified to the income statement				
Companies consolidated by the full consolidation method				
Variation, net of tax, of the fair value of tangible assets	(2,233)	(828)	2,074	(828)
Actuarial deviations, net tax	(1,475)	-	(1,475)	-
Total of other comprehensive income	30,232	(86,294)	51,716	(16,786)
Total comprehensive income of the year	91,673	(18,787)	73,637	(28,254)
Attributable:				
to non-controlling interests	78,431	1,963	42,945	13,384
to the Group	13,242	(20,750)	30,692	(41,637)

To be read with the Notes to the Consolidated Financial Statements

Consolidated Statement of Financial Position on 31 December, 2017 and 2016

	Notes	2017 € '000	2016 € '000
Assets			
Non-current			
Goodwill	15	37,870	39,830
Intangible assets	16	512,658	541,638
Tangible assets	17	712,273	692,858
Financial investments in associates companies	18	81,086	116,325
Financial investments in jointly controlled companies	19	7,840	6,044
Available for sale financial assets	20	68,916	45,188
Held to maturity financial assets	21	154,954	86,380
Investment properties	22	76,676	75,789
Customers and other debtors	24	130,965	64,384
Other non-current assets		8,903	726
Derivative financial instruments	29	98	-
Deferred tax assets	13	178,313	135,735
		1,970,552	1,804,896
Current			
Inventories	23	344,996	304,960
Customers	24	866,716	775,115
Other debtors	24	190,686	206,391
Corporate income tax	25	23,479	19,875
Other current assets	24	424,278	426,961
Cash and cash equivalents with recourse – Term deposits	24	34,663	13,122
Cash and cash equivalents without recourse – Demand deposits	24	154,198	86,754
Cash and cash equivalents with recourse – Demand deposits	24	455,439	296,183
		2,494,457	2,129,362
Non-current assets held for sale	26	149,082	286,446
Total Assets		4,614,090	4,220,704
Liabilities			
Non-current			
Loans without recourse	28	215,346	155,875
Loans with recourse	28	716,667	837,398
Other financial liabilities	31	122,934	86,920
Suppliers and sundry creditors	30	50,862	81,369
Derivative financial instruments	29	547	759
Provisions	33	96,098	102,085
Other non-current liabilities	34	161,625	177,838
Deferred tax liabilities	13	153,950	128,765
		1,518,030	1,571,009
Current			
Loans without recourse	28	30,580	31,590
Loans with recourse	28	715,121	616,385
Other financial liabilities	31	283,569	94,529
Suppliers	30	489,828	419,408
Sundry Creditors	30	449,906	420,380
Derivative financial instruments	29	22	6
Corporate income tax	32	28,419	11,783
Other current liabilities	34	445,175	427,320
		2,442,619	2,021,402
Non-current liabilities held for sale	26	57,703	57,703
Total Liabilities		4,018,353	3,650,114
Shareholders' equity			
Share capital	27	237,505	237,505
Own shares	27	(5,788)	(5,788)
Reserves, retained earnings and share premiums	27	73,829	47,825
Consolidated net profit of the year		1,588	50,157
Own funds attributable to the Group		307,135	329,700
Non-controlling interests	37	288,603	240,891
Total shareholders' equity		595,737	570,590
Total shareholders' equity and liabilities		4,614,090	4,220,704

To be read with the Notes to the Consolidated Financial Statements

Consolidated Statement of for the years ended on

	Share capital	Own shares	Share premiums	Fair value reserves		
				Available-for-sale investments	Tangible assets	Derivatives
Balance as at January 1, 2016	237,505	(3,084)	92,584	27,702	4,409	(139)
Total comprehensive income of the year	-	-	-	-	(828)	(400)
Consolidated net profit of the year	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Acquisition of own shares	-	(2,704)	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Changes in the consolidation perimeter and in the ownership interest in subsidiaries:						
- Disposal of Tertir Group	-	-	-	-	-	-
- Acquisition of non-controlling interests in Mota-Engil Africa NV	-	-	-	-	-	-
- Disposal of non-controlling interests in ME Turismo BV, ME Energy BV, ME Investments South Africa and Valorsul	-	-	-	-	-	-
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
Balance as at December 31, 2016	237,505	(5,788)	92,584	27,702	3,581	(539)
Balance as at January 1, 2017	237,505	(5,788)	92,584	27,702	3,581	(539)
Total comprehensive income of the year	-	-	-	-	(3,108)	800
Consolidated net profit of the year	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Others	-	-	-	-	-	-
Changes in the consolidation perimeter and in the ownership interest in subsidiaries:						
- Acquisition of non-controlling interests in EGF Group	-	-	-	-	-	-
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
Balance as at December 31, 2017	237,505	(5,788)	92,584	27,702	473	262
To be read with the Notes to the Consolidated Financial Statements						

changes in equity

31 December, 2017 and 2016

Currency translation reserve	Legal reserves	Other reserves and retained earnings	Net Profit	Own funds attributable to shareholders	Own funds attributable to non-controlling interests	Shareholders' equity
(17,364)	40,927	(31,489)	18,128	369,179	359,401	728,579
(79,558)	-	9,878	-	(70,907)	(15,387)	(86,294)
-	-	-	50,157	50,157	17,350	67,507
-	-	(11,693)	-	(11,693)	(26,393)	(38,086)
-	2,704	(2,704)	-	-	-	-
-	-	-	-	(2,704)	-	(2,704)
-	776	17,352	(18,128)	-	-	-
-	-	-	-	-	(98,602)	(98,602)
-	-	(453)	-	(453)	-	(453)
-	-	(2,631)	-	(2,631)	3,438	807
-	-	(1,249)	-	(1,249)	1,084	(165)
(96,922)	44,407	(22,989)	50,157	329,700	240,891	570,590
(96,922)	44,407	(22,989)	50,157	329,700	240,891	570,590
15,437	-	(1,475)	-	11,654	18,578	30,232
-	-	-	1,588	1,588	59,853	61,441
-	-	(30,402)	-	(30,402)	(21,878)	(52,280)
-	3,231	46,926	(50,157)	-	-	-
-	-	(6,976)	-	(6,976)	(555)	(7,531)
-	-	3,127	-	3,127	(9,916)	(6,789)
-	-	(1,556)	-	(1,556)	1,631	75
(81,485)	47,638	(13,346)	1,588	307,135	288,603	595,737

Consolidated Statement of Cash-Flows for the years ended 31 December, 2017 and 2016

	Notes	2017 € '000	2016 € '000
Operating activities			
Cash receipts from customers		2,631,486	2,352,791
Cash paid to suppliers		(1,659,161)	(1,545,966)
Cash paid to employees		(535,765)	(506,058)
Cash generated from operating activities		436,560	300,768
Income tax (paid)/received		(38,494)	(23,676)
Other receipts/(payments) generated by operating activities		(23,065)	4,517
Net cash-flows from operating activities (1)		375,001	281,609
Investment activities			
Cash receipts from:			
Financial investments	40	101,225	307,283
Tangible assets		5,120	5,547
Investment grants		1,200	-
Interest and similar income		32,899	16,177
Dividends	40	44,363	406
		184,806	329,412
Cash paid in respect of:			
Financial investments	40	(20,770)	(84,461)
Loans granted		(30,675)	-
Other treasury applications		(21,541)	(13,122)
Intangible assets		(44,975)	(14,115)
Tangible assets		(91,054)	(58,704)
		(209,015)	(170,402)
Net cash-flows from investment activities (2)		(24,209)	159,010
Financing activities			
Cash receipts from:			
Loans obtained		1,857,297	138,189
Grants and donations		-	3,373
Leasings		79,706	-
		1,937,003	141,561
Cash paid in respect of:			
Loans obtained		(1,799,965)	(424,098)
Loans obtained - impact of hyperinflation		(33,119)	-
Leasings		(37,412)	(55,703)
Interest and similar expense		(165,845)	(119,720)
Dividends	40	(41,661)	(23,505)
Acquisition of own shares		-	(2,704)
Impact of hyperinflation in financing activities		32,757	-
		(2,045,246)	(625,729)
Net cash-flows from financing activities (3)		(108,242)	(484,168)
Variation of cash and cash equivalents (4)=(1)+(2)+(3)		239,082	(43,549)
Impact of hyperinflation on cash and cash equivalents		(44,983)	-
Variations due to changes in the consolidation perimeter		-	(391)
Exchange rate effect		(8,915)	(17,020)
Cash and cash equivalents at the beginning of the year	24	424,452	443,896
Cash and cash equivalents at the end of the year	24	609,637	382,937
To be read with the Notes to the Consolidated Financial Statements			

0. Introduction

MOTA-ENGIL, SGPS, SA, with headquarter offices at Edifício Mota, Rua do Rego Lameiro, nr 38 4300-454 Porto (MOTA-ENGIL SGPS or COMPANY), and its subsidiaries (GROUP or MOTA-ENGIL GROUP), have as its principle activities the execution of public and private construction works and related activities as well as the waste collection and treatment. The GROUP's business is mostly developed in three regions: Europe, Africa and Latin America. These financial statements are consolidated in the financial statements of Mota Gestão e Participações, SGPS, SA (direct shareholders of the COMPANY – MGP) and those of FM – Sociedade de Controlo, SGPS, SA (entity holding 100% of the share capital of MGP).

All the amounts presented in these notes are expressed in thousand Euros, rounded off to the unit, unless explicitly stated otherwise.

1. Basis of presentation, consolidation and main accounting policies

1.1. Basis of presentation

The consolidated financial statements of the MOTA-ENGIL GROUP were prepared on a going concern basis from the books and accounting records of the companies comprising the GROUP adjusted in the consolidation process. The Board of Directors assessed the capacity of the GROUP as regards operating continuously, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events after the date of reference of the financial statements, available on the future. As a result of the assessment made, the Board of Directors concluded that the GROUP has appropriate resources to keep its business and has no intention to cease it in the short term. Therefore, it found appropriate the going concern assumption in the preparation of the attached, consolidated financial statements.

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and according to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standards Interpretations Committee (SIC), as adopted and effective by the European Union as of January 1, 2017. Regarding GROUP companies, which use different accounting standards, their financial statements, were subject to conversion adjustments to IFRS.

The attached consolidated financial statements were prepared based on the historical cost, except for certain classes of real estate assets, for investment properties and for derivative financial instruments that were measured at the revalued cost or at the fair value by the end of each reporting period, as explained in the accounting policies below.

The fair value is the amount by which an asset can be exchanged or a liability settled, among parties with knowledge and willing to do so, in a transaction in which there is no connection between them, regardless of the fact that said price can be directly verified or estimated using other valuation techniques. By estimating the fair value of an asset or liability, the GROUP takes into account the characteristics of the asset or liability that other players in the market would also take into account when they valued the asset or liability on the measuring date. The fair value for the purposes of measuring and disclosure in these financial statements is determined on the basis described above, except for the leases that are recognised under IAS 17, and measurements with similarities to the fair value, but which do not correspond to the fair value, such as the net realisable value established in IAS 2 or the value in use established in IAS 36.

In addition, for the purposes of the financial report, measurement at fair-value is divided according to a three-tiered system (Level 1, 2 and 3), which take into specific consideration whether the inputs used are observable on the market and the significance of them in the valuation of the assets / liabilities or in their disclosure.

The previously mentioned tiered system is the following:

- Level 1 – the fair value is set based on prices of an active market for identical assets/liabilities;
- Level 2 – the fair value is set based on data other than market prices identified in Level 1, but which can be observed in the market; and

- Level 3 – the fair value is set based on theoretical models whose main assumptions cannot be observed in the market.

1.1.1. Standards, interpretations, amendments and revisions which came into force during the year

During the year ended on December 31, 2017 the following standards, interpretations, amendments and revisions endorsed by the European Union became applicable:

Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
IAS 7 - Statement of Cash-flows (revision of disclosures)	1/Jan/17	This change introduces a further disclosure on the variations in financial liabilities broken down between the transactions that resulted in cash flow movements and those which did not and the manner in which this information agrees with the cash flows in financial activities in the cash-flow statement.
IAS 12 – Income Tax - (recording of deferred tax assets on potential losses)	1/Jan/17	This change clarifies the accounting of deferred tax assets related with assets recorded at fair value and how to estimate the future taxable profits when there are deductible temporary differences and how to assess the recoverability of the deferred tax assets when there are restrictions in the tax law.

The new disclosure required by IAS 7 is presented in Notes 28 and 31.

1.1.2. Standards, interpretations, amendments and revisions which will come into force in future years

The following standards, interpretations, amendments and revisions, mandatory for future annual periods, were until December 31, 2017 endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
IFRS 4 – Insurance contracts (application of IFRS 4 with IFRS 9)	1/Jan/18	This change gives entities with trade insurance contracts the option of recording the volatility which results from the application of IFRS 9 prior to the new rules on insurance contracts being published in other comprehensive income instead of recording it in the income statement. Furthermore, there is a further temporary exemption from the application of IFRS 9 until 2021 for entities whose predominant activity is insurance. This exemption is optional and is not applicable to the consolidated financial statements that include an insurance entity.
IFRS 9 – Financial instruments	1/Jan/18	IFRS 9 replaces the requirements of IAS 39 relating to: (i) the classification and measurement of financial assets and liabilities; (ii) the recording of impairments on accounts receivable (using the expected loss model); and (iii) the requirements for the recording and measurement of hedge accounting.
IFRS 15 – Revenue from contracts with customers	1/Jan/18	This new standard is only applied to contracts for the delivery of products or the provision of services and requires that the entity record the revenue when the contractual obligation to deliver goods or to provide services is met and for the sum that reflects the consideration to which the entity has the right as provided for in "the 5 stages methodology".
Amendments to IFRS 15 – Revenue from contracts with customers	1/Jan/18	This amendment refers to the additional guidance to be followed to establish the obligations for the performance of a contract at the time of the recording of the revenue from intellectual property rights, to the revision of the indicators for the classification of a principal as opposed to an agent relationship and to the new rules for the simplification of the transition process.
IFRS 16 – Leases	1/Jan/19	This new standard replaces IAS 17 with a significant impact in the accounting for the lessees who are now obliged to record a leased asset reflecting future lease payments and a 'right to use' asset for all leasing contracts except certain short term leases and low value assets. The definition of a lease contract was also changed to be based on the "right to control or use of an identified asset".

As at December 31, 2017, the GROUP did not early adopt the above-mentioned standards, interpretations, amendments, and revisions.

On the Note 44 of these Notes to the consolidated financial statements, detailed information is disclosed regarding the estimated impacts arising from the adoption of the Standards IFRS - 9 and IFRS - 15.

1.1.3. Standards, interpretations, amendments, and revisions not yet endorsed by the European Union

The following standards, interpretations, amendments, and revisions, mandatory for future annual periods, were not endorsed by the European Union until December 31, 2017:

Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
Improvements to standards 2014 - 2016	01-jan-17/01-jan-18	This series of changes affects the following standards: IFRS 1 (this change removes the temporary exemptions for IFRS 7, IFRS 10 and IAS 19, since those became not applicable), IFRS 12 (this change has the purpose of clarifying that its scope includes investments classified under the scope of IFRS 5 and that the sole exemption refers to the disclosure of the summary of the financial information for said entities) and IAS 28 (this change clarifies that investments in associate companies or joint ventures held by a venture capital company may be recorded at their fair value in accordance with IFRS 9, individually and also clarifies that an entity that is not an investment entity while holding investments in associated companies and joint ventures that are investment entities may maintain the recording at fair value of the holding in the associated company or joint venture in its own subsidiaries).
IAS 40 – Investment properties (transfers of investment properties)	1/jan/18	This change clarifies that assets may only be transferred from and to the investment properties category when there is evidence of the change of use. The mere change of management intention is not sufficient to make the transfer.
IFRS 2 – Payments based on shares (classification and measurement of payment transactions based on shares)	1/jan/18	This change clarifies the basis for the measurement of transactions paid based on cash-settled shares and accounting for changes to those that are equity settled. Furthermore, an exception is introduced to the principles of IFRS 2 which now requires that a payment plan based on shares be treated as if it was fully equity settled where the employer is obliged to deduct a sum for tax from the employee and to pay the same to the tax authorities.
IFRIC 22 – Transactions in foreign currency and prepayments	1/jan/18	This is an interpretation of IAS 21 'The effects of changes in exchange rates' and refers to the establishment of the 'transaction date' where an entity pays or receives the consideration advanced for contracts denominated in foreign currency. The 'transaction date' determines the exchange rate to be used for conversion of the transactions in foreign currency.
Changes to IAS 28 - Long-term investments in associates and joint ventures	1/jan/19	This change clarifies that long-term investments in associated companies and in joint ventures (components of the net investment of an entity in associated companies and joint ventures) which are not being recorded under the equity method should be accounted for according to IFRS 9, being subject to the impairment model of estimated losses prior to any impairment test for the investment as a whole.
Change to IFRS 9 – Prepayment elements with negative compensation	1/jan/19	This change introduces the possibility of classifying financial assets with prepayment conditions with negative compensation at their amortised cost providing that some specific conditions are met rather than being classified at fair value by through profit and loss.

Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
Improvements to standards 2015 – 2017	1/jan/19	This cycle of changes affects the following standards: IAS 23 (this improvement clarifies that the specific loans obtained that remain open, after the qualifying assets to which they refer are suitable for sale or use, should be added to the generic loans for the calculation of the average capitalisation rate of interest on other qualifying assets), IAS 12 (this improvement clarifies that the tax impact inherent to the dividends is recorded at the date when the entity records liability for the payment of dividends which are recorded in the income statement of the year, in other comprehensive income or in equity in accordance with the transaction or event that gave rise to the dividends) and IFRS 3 and IFRS 11 (these improvements clarify that: i) in obtaining control of a business that is a joint operation, the interest held previously by the investor is remeasured at their fair value; and ii) when an investor in a joint operation where it does not exercise joint control obtain jointly control in an operation that is a business, the interest previously held is not remeasured).
IFRIC 23 – Uncertainties on the income tax treatment	1/jan/19	This is an interpretation of IAS 12 – "Income tax" referring to the quantification and recording requirements to be applied where there are doubts about the acceptance of a particular tax treatment by the Tax Authorities relating to income tax. In case of doubts about the position of the Tax Authorities on a specific transaction the entity should make its best estimate and record the assets or liabilities for income tax in the light of IAS 12, rather than IAS 37 – "Provisions, contingent liabilities and assets" based on the expected value or the most probable ones. The application of IFRIC 23 may be retrospective or modified retrospectively.
IFRS 17 - Insurance contracts	1/jan/21	This new standard replaces IFRS 4 and is applicable 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 the technical liabilities at each report date. Current measurement may use the "building block approach" or the "simplified premium allocation approach". The recording of the technical margin is different according to its being positive or negative. IFRS 17 is for retrospective application.

The above-mentioned standards were not yet endorsed by the European Union and, therefore, the GROUP did not apply them in the year ended on December 31, 2017.

The consolidated financial statements are presented in Euros (thousands) since this is the main currency of the GROUP's operations. The financial statements of the subsidiaries expressed in foreign currency were converted into Euros, in accordance with the accounting policies described in subparagraph xiv) of the main accounting policies herein.

In preparing the consolidated financial statements, in harmony with the IFRS, the GROUP's Board of Directors adopted certain assumptions and estimates which affect the reported amounts of assets and liabilities, as well as the respective income and expenses incurred, part of which are described in subparagraph xxii) of the main accounting policies.

All estimates and assumptions made by the Board of Directors were based on their knowledge of the events and transactions in course, as at the date of approval of the consolidated financial statements.

The attached consolidated financial statements were prepared for appreciation and approval at the General Shareholders Meeting. The GROUP's Board of Directors believes that they will be approved without amendment.

1.2. Basis of consolidation

a) Controlled companies

The consolidated financial statements include the financial statements of the Company and of the entities controlled by the Company, as well as those controlled by its subsidiaries. There is control when the company: (i) has power over the subsidiary; (ii) is exposed and/or is entitled to variable returns as a result of its involvement in the subsidiary; (iii) has the capacity to use the above mentioned power to influence the subsidiary's returns. Therefore, some subsidiaries whose effective percentage holding held by the GROUP is below 50% were considered to be controlled by the latter. Most of these situations occur when the GROUP holds a majority financial holding in a subsidiary that, in turn, holds another majority holding in a subsidiary. On the other hand, some subsidiaries whose effective holding percentage held by the GROUP is higher than 50% were not considered to be controlled, given the existence of agreements with third parties through which shared control over said holding was set. Whenever any of the three elements referred above, regarding a subsidiary, undergo changes, the GROUP reassesses the existence of control over it.

The GROUP controls a subsidiary even if it does not hold the majority of the voting rights when, by virtue of the voting rights held and/or the agreements entered into, it has the practical capacity to unilaterally manage the subsidiary's relevant activities and be exposed to variable returns.

Financial statements of controlled companies (including structured entities or SPV) are included in the consolidated financial statements through the full consolidation method the moment the GROUP gains control. Consequently, the results of the companies whose control was acquired or lost during the year are included in the income statement, respectively, as at the date control was taken or up to the date it was granted.

The net income and further items of other comprehensive income and equity of controlled companies, which correspond to third party holdings of said companies (non-controlling interests), are presented in the consolidated statement of financial position and in the consolidated statement of comprehensive income under specific headings of "Non-controlling interests".

The other comprehensive income of controlled companies is assigned to the GROUP and to the non-controlling interests, even if this results in the latter having a deficit balance.

When necessary, the financial statements of controlled companies are adjusted, in a manner such that their accounting policies are consistent with those of the GROUP. The transactions and balances between GROUP companies are eliminated in the consolidation process.

In the years ended December 31, 2017 and 2016, the main transactions performed between GROUP companies can be summarised as follows:

- (i) Purchases and sales of inventories;
- (ii) Provision of construction services;
- (iii) Provision of administrative services;
- (iv) Concession and obtainment of loans; and
- (v) Dividend distribution.

Controlled companies (included in the consolidated financial statements through the full consolidation method) are detailed in Appendix A.

b) Associated companies

Financial investments in associated companies are recorded using the equity method, and are included in the statement of financial position under the heading "Financial investments in associated companies".

Financial investments in associated companies are investments in which the GROUP holds a significant influence. The significant influence (assumed when voting rights surpass 20%) is the power to participate in the financial and operating decisions of a company, without exercising control or joint control over it. In addition, regarding some companies whose effective percentage holding held by the GROUP is below 20%, the GROUP exercises significant influence over them. Most of these situations occur when the GROUP holds a majority financial holding in a subsidiary that, in turn, controls or exercises significant influence in a subsidiary. On the other hand, some subsidiaries (whose weight is immaterial) are consolidated through the equity method given the lack of timely provision of the financial elements required for the preparation of these notes to consolidated financial statements. Financial investments in associated companies for which the GROUP was unable to obtain timely financial statements (whose weight is immaterial) were recorded at their acquisition cost, net of impairments.

Pursuant to the equity method, financial investments are initially recorded at their acquisition cost, which is subsequently adjusted:

- By the amount corresponding to the GROUP's holding in the comprehensive income (including the net income of the year) of the associates - against other comprehensive income of the GROUP or gains or losses of the year, as applicable;
- By the dividends received – against an account receivable or liquidity;
- By eventual gains or losses in operations maintained with other GROUP companies affecting the valuation of the GROUP's assets.

On the years ended December 31, 2017 and 2016, the main transactions performed between GROUP companies and associated companies can be summarised as follows:

- (i) Provision of construction services;
- (ii) Provision of administrative services;
- (iii) Concession and obtainment of loans; and
- (iv) Dividend distribution.

An impairment analysis is made to financial investments in associated companies when there is indication that the asset might be impaired, with a loss being recorded in the income statement whenever this is confirmed. The recoverable amount of financial investments in associated companies is, for this purpose, determined in accordance with the provisions of IAS 36. When impairment losses recognized in prior years no longer exist, they are subject to reversal (with the corresponding gain being recorded in the income statement). Impairment losses are recorded as a deduction to the book value of the investments.

When the GROUP's proportion of the losses in the associated company exceeds the amount for which the financial investment is recorded, the investment is reported by a null amount, as the equity in the associate is negative, except if the GROUP has assumed commitments towards the associate, recording a provision in these cases to meet those commitments.

Unrealised gains on transactions with associated companies are eliminated in the proportion of the GROUP's interest in the associate against an entry in the heading "Financial investments in associated companies". Unrealised losses are likewise eliminated, but only up to the point at which the loss does not evidence that the transferred asset is in a situation of impairment.

Whenever necessary, the financial statements of the associated companies are adjusted to ensure their consistency with the accounting policies adopted by the GROUP.

Financial investments in associated companies are detailed in Appendix A.

c) Joint ventures

Joint ventures are arrangements in which the parties who hold joint control of the agreement have rights over said arrangement's net assets. Joint control is the contractually agreed sharing of control, which exists only when decisions on relevant activities require the unanimous consent of the parties who share control. Financial investments in joint ventures are recorded in the consolidated financial statements through the equity method described in subparagraph b) above. Financial investments in joint ventures are detailed in Appendix A.

d) Joint operations

Joint operations are joint arrangements in which the parties who hold joint control have rights over the assets and obligations before the liabilities of the arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions on relevant activities require the unanimous consent of the parties who share control.

When a GROUP company develops its activity within the scope of a joint operation, the GROUP, as a joint operator, recognises in relation to its interest in a joint operation along with the following elements:

- Its assets, including its share of any jointly held assets;
- Its liabilities, including its share of any jointly incurred liabilities;
- Its share of income resulting from the sale of joint production;
- Its expenses, including its share of any jointly incurred costs.

e) Business combinations

Business combinations are recorded in accordance with the purchase method. The acquisition cost is determined at fair value, consisting of the sum, as at the date of taking control, of: (i) fair value of the assets transferred by the GROUP; (ii) fair value of the liabilities undertaken by the GROUP as a result of taking control; and (iii) fair value of the equity instruments issued by the GROUP in exchange for taking control. Costs related to business combinations are recorded in income when incurred in.

On the acquisition date, the identifiable assets and liabilities are measured at their fair value, that measurement, could be concluded within twelve months after the above mentioned date. For fair value measurement purposes, the GROUP resorts to market prices in force for similar assets and liabilities or, in the absence thereof, to universally accepted valuation techniques (comparable prices, discounted cash flows, among others). The surplus of the acquisition cost plus the fair value of potential interests previously held in the entity acquired, and the value attributed to non-controlling interests in relation to the fair value of the identifiable assets and liabilities is recognised as Goodwill. If the above-mentioned difference is negative, it is recognised as income of the year under the heading "Other operating income/ (expenses)", after reconfirmation of the value attributed to the identifiable assets and liabilities acquired. The GROUP chooses, on a transactional basis, the valuation of non-controlling interests (i) in accordance with their proportion in the fair value of assets, liabilities and contingent liabilities acquired, or (ii) in accordance with their fair value. Up to January 1, 2012, non-controlling interests were exclusively valued in accordance with the corresponding proportion in the fair value of acquired assets and liabilities.

The future contingent payments, if applicable, are recognised as a liability at the time of acquisition at its fair value, with any change afterwards being recorded against the book value of Goodwill, but only if this occurs within the remeasurement period (12 months after the acquisition date), and if it is related to events prior to the acquisition date. Otherwise, it should be recorded against the income statement.

When a business combination is achieved in stages, the interest previously held by the GROUP in the purchased company is remeasured at the fair value on the acquisition date and the gain or loss arising therefrom, if applicable, is recognised in the income statement. Amounts arising out of interests in the purchased company before the acquisition date, which had been recognised in other comprehensive income, are reclassified to the income statement, provided that it was the proper accounting treatment if that holding had been disposed of.

Furthermore, the acquisition of financial investments in associated companies is recorded through the purchase method.

Therefore, any surplus/shortfall of the acquisition cost in relation to the fair value of the identifiable assets and liabilities of the associated companies on the acquisition date is recognised, respectively, as Goodwill (added to the value of financial investment), or as income in the income statement of the year under the heading "Gains/(losses) in associates and jointly controlled companies" (regarding the latter, after the proper reconfirmation of the fair value of the identifiable assets, liabilities and contingent liabilities).

f) Other changes in interests in controlled entities

The acquisition of interests in companies that are already controlled is treated as a transaction between equity holders and, consequently, does not produce any Goodwill or income. Thus, any difference between the respective cost and the book value of the corresponding non-controlling interests acquired is directly recorded in equity. Furthermore, when the disposal of interests in controlled companies does not result in loss of control, the potential differences between the amount transferred to non-controlling interests and the price of the transaction is recorded directly in equity.

When the disposal of interests in a company controlled until then results in loss of control by the GROUP, a gain or loss in the income statement is recognised corresponding to the difference between: (i) the fair value of assets received by the GROUP plus the fair value of potential interests kept in that company and (ii) the book value of the company's assets and liabilities in the GROUP's consolidated financial statements and the potential non-controlling interests associated.

g) Goodwill

Goodwill is recorded at cost (calculated pursuant to subparagraph e) of this note) minus accumulated impairment losses. Up to January 1, 2004, Goodwill was amortised during the estimated recovery period of the associated investment, with the amortisations recorded in the income statement under the heading "Amortisations". As at January 1, 2004, the GROUP suspended the amortisation of Goodwill, subjecting it to annual impairment tests or whenever there is evidence of impairment.

Regarding Goodwill generated before the IFRS transition date, the respective cost recognised corresponded to the net book value calculated in accordance with the accounting principles generally accepted in Portugal on that date, having been subject to impairment tests on said date. Moreover, and in accordance with the provisions established in IFRS 1 – First-time Adoption of the International Financial Reporting Standards, MOTA-ENGIL SGPS did not retrospectively apply the provisions of IAS 21 – Effects of changes in foreign exchange rates to the Goodwill generated before the IFRS transition date.

The Goodwill generated in investments in subsidiaries based abroad whose functional currency is not the Euro is recorded in the functional currency of those subsidiaries, and converted to the GROUP's functional and reporting currency (Euro) at the exchange rate in force on the reference date of the statement of financial position. Any currency conversion differences arising from this conversion are recorded in equity under the heading "Currency conversion reserve".

The GROUP performs impairment tests on Goodwill annually and with reference to the date of the consolidated statement of financial position. Whenever the amount at which Goodwill is recorded is higher than its recoverable amount, an impairment loss is recognised in the income statement under the heading "Provisions and impairment losses". The recoverable amount is the highest value between the fair value minus the costs of sale and the value in use. The fair value is the amount that would be obtained with the disposal of the asset in a transaction within the reach of independent parties.

The value in use is the present value of the estimated future cash flows that are expected to arise from the continued use of the asset, and from its disposal at the end of its service life. For Goodwill, the recoverable amount is always estimated for the cash-generating unit to which it belongs.

Generally, cash generating units correspond to the companies purchased, except for the companies of waste collection and treatment whose cash generating units correspond to the respective groups of companies purchased.

Impairment losses recorded in Goodwill cannot be reversed.

h) Conversion of financial statements of companies with a functional currency different from Euro.

Assets and liabilities expressed in financial statements of foreign companies (companies that do not use Euro as a functional currency) are converted into Euro using the exchange rates in force on the reference date of the statement of financial position. Income and expenses, as well as cash flows are converted to Euros using the average exchange rates in the year, except for foreign companies using a functional currency considered hyperinflationary, in which case the exchange rates in force at the reference date of the statement of financial position are used. The resulting exchange differences, generated after January 1, 2004, are recorded in equity under the heading "Currency conversion reserve". Exchange differences up to January 1, 2004 (IFRS transition date) were annulled against the heading "Retained earnings".

Goodwill and fair value adjustments resulting from the acquisition of foreign companies are treated as assets and liabilities of said companies and converted into Euro in accordance with the exchange rates in force at the year-end.

Whenever a foreign company is disposed of (totally or partially), the share corresponding to accumulated exchange differences is recognised in income statement as gain or loss of disposal, if there is loss of control, or transferred to non-controlling interests if there is no loss of control.

As at December 31, 2017 and 2016, functional currencies used by the major subsidiaries of the GROUP were as follows:

Subsidiary	2017			2016		
	Business segment	Local currency	Functional currency	Business segment	Local currency	Functional currency
ME África NV	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
MEEC África	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil África Rwanda (Branch)	Africa	Rwandian Franc (RWF)	Euro (EUR)	Africa	Rwandian Franc (RWF)	Euro (EUR)
Mota-Engil África Malawi (Branch)	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)
Mota-Engil Angola	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Vista Waste	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Mota-Engil África Angola (Branch)	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Mota-Engil África Moçambique (Branch)	Africa	Metical (MZN)	Metical (MZN)	Africa	Metical (MZN)	Metical (MZN)
Mota-Engil Construction South Africa	Africa	South African Rand (ZAR)	South African Rand (ZAR)	Africa	South African Rand (ZAR)	South African Rand (ZAR)
ME Latin America	Latin America	Euro (EUR)	Euro (EUR)	Latin America	Euro (EUR)	Euro (EUR)
Mota-Engil Peru	Latin America	Peruvian Nuevo Sol (PEN)	Peruvian Nuevo Sol (PEN)	Latin America	Peruvian Nuevo Sol (PEN)	Peruvian Nuevo Sol (PEN)
Mota-Engil Colômbia	Latin America	Colombian Peso (COP)	Colombian Peso (COP)	Latin America	Colombian Peso (COP)	Colombian Peso (COP)
Generadora Fenix	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Mota-Engil México	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Consórcio GDL Tunnel	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Construtora Cardel Poza Rica	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Construtora Tuxpan Tampico	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Consórcio GDL Viaducto	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Empresa Construtora Brasil	Latin America	Real (BRL)	Real (BRL)	Latin America	Real (BRL)	Real (BRL)
Mota-Engil Europa	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Ambiente e Serviços	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Engenharia	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Real Estate SGPS	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Suma	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Companies of EGF Group	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Glan Água (Ireland)	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Central Europe Polónia	Europe	Polish Zloty (PLN)	Polish Zloty (PLN)	Europe	Polish Zloty (PLN)	Polish Zloty (PLN)
Mota-Engil SGPS	Holding	Euro (EUR)	Euro (EUR)	Holding	Euro (EUR)	Euro (EUR)

As a result of some changes observed in some African countries, particularly as regards restrictions/shortage of hard currencies (EUR or USD), which had a significant impact on the currency used until then in the main business transactions (whether operational, investing or financing), the GROUP changed, with effect from January 1, 2016, the functional currency of some companies/entities based in Angola, Mozambique and Malawi.

The (closing and average) exchange rates used as at December 31, 2017 and 2016 for the conversion into Euro of the financial statements of the main subsidiaries, jointly controlled companies and foreign associates (entities that do not use Euro as a functional currency) were as follows:

Currency		Year end		Average	
		2017	2016	2017	2016
Czech Crown (CZK)	EUR / CZK	25.54	27.02	26.29	27.04
US Dollar (USD)	EUR / USD	1.20	1.05	1.14	1.10
Hungarian Forint (HUF)	EUR / HUF	310.33	309.83	309.31	311.91
Angola Kwanza (AOK)	EUR / AOA	185.40	184.48	185.32	182.32
Malawian Kwacha (MWK)	EUR / MWK	868.61	766.82	824.34	787.33
Mozambique Metical (MZN)	EUR / MZN	70.66	75.20	71.63	69.80
Peruvian Nuevo Sol (PEN)	EUR / PEN	3.92	3.54	3.77	3.73
Colombian Peso (COP)	EUR / COP	3,580.19	3,164.41	3,368.02	3,348.78
Mexican Peso (MXN)	EUR / MXN	23.66	21.77	21.43	20.68
South Africa Rand (ZAR)	EUR / ZAR	14.81	14.46	15.06	16.13
Brazilian Real (BRL)	EUR / BRL	3.97	3.43	3.64	3.82
Omani Rial (OMR)	EUR / OMR	0.46	0.41	0.44	0.42
Polish Zloty (PLN)	EUR / PLN	4.18	4.41	4.24	4.37

i) Companies in hyperinflationary economies

In accordance with IAS 29 – “Financial reporting in hyperinflationary economies”, the financial statements of entities or companies where the functional currency is that of a hyperinflationary economy should be expressed in terms of the current measuring unit on the date of the statement of the financial position, being the gain or loss in the net monetary position included in the net profit of the year.

The GROUP considers hyperinflationary economies those where any of the following situations are to be found:

- a) The population as a whole prefers to hold their wealth in non-monetary assets or in a foreign currency that is relatively stable. The amounts in local currency that are held are immediately invested to maintain the purchasing power;
- b) The population as a whole sees monetary amounts not in terms of local currency but rather in terms of a stable foreign currency. Prices may be quoted in this currency;
- c) Credit sales and purchases take place at prices that compensate the expected loss in the purchasing power during the credit period even if this last one credit is short;
- d) Rates of interest, salaries and prices are linked to a price index; and
- e) The accumulated rate of inflation during the last three years approaches 100% or exceeds this value.

Following the above referred and since some of the situations described above were applicable to Angola, this one was considered in 2017 as a hyperinflationary economy.

Consequently, in accordance with IAS 29, the restatement of the financial statements of the entities whose functional currency was the Kwanza to the current measuring unit was carried out in the following manner:

Statement of financial position

- The amounts in the statement of financial position that were not yet expressed in terms of the current measuring unit at the reference date of said statements were restated by the application of a general price index.
- The monetary items were not restated because they were already expressed in terms of the current measuring unit at the date of the statement of financial position. The monetary items represent cash held and elements receivable or to be paid in cash.
- The assets and liabilities linked by agreement to the changes in prices such as bonds and loans linked to an index were adjusted in the terms of the agreement in order to establish the amount outstanding at the date of the statement of financial position.
- All other assets and liabilities were considered as non-monetary. However, certain non-monetary items were recorded at their current amounts at the date of the statement of financial position, such as the net realisable value and the market value and therefore they were not restated. All other non-monetary assets and liabilities were restated.
- The major part of non-monetary items was recorded at cost or cost less depreciation and accumulated impairment losses and therefore those items were expressed at their current accounts at their acquisition date. The restated cost for each item was established by the application to their historical cost and to their accumulated depreciation and impairment loss of the variation occurred in a general price index from the date of its acquisition (or from the date of change of the functional currency) up to the reference date for the statement of financial position. Therefore, tangible and intangible assets, financial investments, inventories and goodwill were restated from the date of their acquisition or date of change of the functional currency.
- When applicable, the restated amount of some non-monetary items was reduced to its recoverable amount due to the estimated future use of the item or its disposal. In this way, in certain cases, the restated amounts of some tangible assets were reduced to its recoverable amounts, the restated amounts of some inventories were reduced to their net realisable value and the restated amounts of some financial investments were reduced to their market value.
- The items expressed at its current cost (fair value) were not restated because they were already expressed in terms of the current measuring unit at the date of the statement of financial position.

- The headings of equity, with the exception of retained earnings and those associated with revaluation surplus were restated by the application of a general price index from the date when the respective amounts were generated. Any revaluation surplus generated in previous years was eliminated. Finally, the restated retained earnings were determined from all other restated amounts of the statement of financial position.

Income statement

- The income statement, prior to restatement, generally expresses the current income and the current costs at the time of transactions or the underlying events occurred. In this way, the cost of sales and the depreciation of fixed assets are recorded at current costs at the time of their consumption and the other current income and costs are recorded at their current amounts at the time of their generation or when they have been incurred.

- All items of the income statement were restated in terms of the current measuring unit at the reference date of the statement of financial position. In this way, all amounts were restated from the date when the income and their costs were initially recorded in the income statement by the application of the respective general price index.

- The restatement of the financial statements in accordance with IAS 29 gave rise to differences between the taxable result and the accounting result. These differences were accounted for in accordance with IAS 12.

Net monetary position

In a period of inflation, a company which holds an excess of monetary assets over monetary liabilities (debtor net monetary position) loses purchasing power and as a consequence generates a loss, while a company that holds an excess of monetary liabilities over monetary assets (creditor net monetary position) gains purchasing power and as a consequence generates a gain.

The gain or loss in the net monetary position was included in the net profit of the year.

In order to determine the general price index, referred to above, the GROUP used the information disclosed by the National Bank of Angola regarding the levels of inflation occurred in Angola in the last years. Said indices were as follows:

Price Index in Angola	
Date	Price Index
31.12.2017	100.00
30.09.2017	105.21
30.06.2017	111.61
31.03.2017	117.68
31.12.2016	126.25
30.09.2016	134.10
30.06.2016	147.21
31.03.2016	162.22
31.12.2015	179.23
30.09.2015	187.01
30.06.2015	194.05
31.03.2015	200.55
31.12.2014	204.81

As at January 1, 2017, the impact of the restatement of the financial statements of the entities and companies whose functional currency was the Angolan kwanza for the current measurement unit was recorded under the heading "Impact of hyperinflation in Angola" in the statement of other comprehensive income.

Detailed information regarding the impact of the restatement referred to above may be consulted at Note 43.

1.3. Main accounting policies

The main accounting policies adopted in the preparation of the GROUP's consolidated financial statement were as follows:

i) Intangible assets

Intangible assets are recorded at acquisition or production cost, minus amortisations and any accumulated impairment losses, and are recognised only if it is likely that they will generate future economic benefits to the GROUP, if their cost can be reasonably measured and if the GROUP has control over them.

Intangible assets are basically composed by the concession operation licenses (arising from the adoption of IFRIC 12), by the assets recognised within the scope of the allocation of fair value to the assets and liabilities acquired in business combinations and by software.

The IFRIC 12 applies to concession contracts of public service under which the concession owner controls (regulates):

- The services to be provided by the concessionaire company (by means of use of the infrastructure), to whom and at what price; and
- Any residual interest on the infrastructure at the end of the contract.

The IFRIC 12 applies to infrastructures:

- That were built or purchased by the operator from third parties;
- That already exist and to which the operator is granted access.

Therefore, and given the above, concessions held by the GROUP, mainly allocated to the area of waste treatment (EGF SUBGROUP), are in the scope of that IFRIC for the following reasons:

- The GROUP has concession contracts of public service established with the State ("Concession owner") and during a preset period;
- The GROUP provides public services by means of infrastructure use;
- The concession owner controls services provided and the conditions in which they are provided (as regards concessions in the area of waste treatment, particularly through ERSAR the regulating body); and
- The several assets used for the provision of services revert to the concession owner at the end of the concession contract.

On the other hand, the IFRIC 12 establishes the general principles for recording and measuring the rights and obligations under concession contracts with the previously mentioned characteristics and establishes the following models for their accounting:

- i) Financial asset model – applicable when the operator has an unconditional contractual right to receive funds or another financial asset from the grantor corresponding to specific or quantifiable amounts. In such situations, the operator should record a financial asset (account receivable). In this model, the grantor has little or no discretionary power to avoid the payment due since the agreement generally is legally binding.
- ii) Intangible asset model – applicable when the operator receives the right to collect a tariff based on the use of the infrastructure. In such situations, the operator should record an intangible asset; and
- iii) Mixed model – applicable when the concession contract simultaneously includes remuneration commitments guaranteed by the grantor and remuneration commitments dependent on the degree of use of the infrastructure.

Observing the terms of the concession contracts entered into by EGF concessionary companies in relation to the remuneration model, it was understood that the operations of said concessionary companies fit the intangible asset model due, essentially, to the fact that the concessionaires have the right to charge users a tariff and since they assume the operational, investment and the financing risk of the concessions.

Furthermore, regarding the residual value of the assets employed on the concessions, this one was likewise incorporated as a part of the intangible asset, being remunerated annually in accordance with the tariffs in force.

For the purposes of the depreciation of the assets employed on the concessions, the method that best reflects the model by which future economic benefits for the assets are expected to be consumed by the concessions was taken into consideration. As a result, the GROUP uses the useful lives defined and approved by the regulator (ERSAR) since those are the basis for their annual return. Therefore, the concession assets are depreciated on a linear basis in accordance with the remuneration model underlying the regulation rate.

The useful lives established and approved by ERSAR for the main infrastructures employed in the waste treatment activity are as follows:

Types of assets	Years
Landfills	Depletion method
Sealing of landfills	Concession period
Buildings and other constructions	10 - 36
Basic equipment	3 - 10
Transport equipment	3 - 12
Administrative equipment	3 - 10
Other tangible assets	2 - 12

It should also be noted that the right granted within the scope of concession contracts is the possibility that the concessionary charge tariffs according to costs incurred with infrastructures. Thus, taking into account the method for tariffs calculation, the remuneration basis is calculated based on each specific item of concessionary asset, which implies the need to have a component-based right. As a result, the right can be divided into components by different parts as the several remunerations basis are implemented. Therefore, the intangible asset increases as the several infrastructures related to the concession are built, and is recorded based on its acquisition/construction cost. The intangible asset decreases as future economic benefits are consumed.

The investments subsidiaries associated with the concession assets are recorded in the income statement at the same level as the depreciation of these assets.

Finally, within the scope of the concession contracts in force, the construction activity is subcontracted to specialised entities and therefore, the EGF concessionaries do not have any margin on the construction of the assets employed on the concessions and thus the revenue and the charges for the construction of those assets are in the same amount.

ii) Premises

Premises (land and buildings) are initially recorded at the acquisition or production cost. The GROUP adopted the revaluation model (revalued amount minus accumulated amortisations) as accounting policy for the subsequent measurement of said premises. The respective revalued amount corresponds to its fair value as at the revaluation date. The revaluations are carried out regularly (in a timeframe not exceeding three years) by independent real estate appraisers, so that the revalued amount does not differ materially from the fair value of the respective property. The fair value is basically calculated through the comparative market method or through the income method.

The comparative market method uses as relevant inputs the cost per square meter of acquisition, construction or lease of real estate assets with similar characteristics, whereas the income method uses as relevant inputs lease payments in force, expected lease payments after the term of the lease contract and the discount rate that better reflects the risks inherent of the real estate assets. When the fair value calculated in the appraisal is slightly higher than its book value in the statement of the financial position, the GROUP, for reasons of prudence, does not update the assets subject to the appraisal to their fair value.

Adjustments arising from revaluations of real estate assets for own use are recorded against equity. When a land/building, which had been revalued positively in former fiscal years, is subsequently revalued negatively, the adjustment is recorded against equity up to the amount corresponding to the increased equity arising from previous revaluation, minus the amount realised through depreciation, with its excess being recorded as a cost for the year in the income statement.

Depreciation is imputed on a systematic basis using the straight-line method during the estimated useful life of the buildings, which varies between 20 and 50 years. Land is not depreciated.

Depreciation of real estate assets for own use is recorded on a monthly basis under the heading “Amortisations”, in the income statement. Any changes to the period of estimated useful life of real estate assets for own use are carried out prospectively.

iii) Land assigned to quarry operations

The land employed in the quarries operation is recorded at acquisition cost, less accumulated depreciation and impairment losses. The depreciation of these assets is performed in accordance with the depletion method, which takes in consideration the ratio between inert quantities annually extracted and the total estimated reserves of inert stocks, which are evaluated at each reporting period.

iv) Other tangible assets

Other tangible assets acquired up to December 31, 2003 are recorded at their deemed cost, which corresponded to their acquisition cost or to the acquisition cost revalued in accordance with the accounting principles generally accepted in Portugal up to that date, minus accumulated depreciation and impairment losses.

Other tangible assets acquired after that date are recorded at acquisition cost less accumulated depreciation and impairment losses.

Tangible assets in progress represent assets still under construction/development, and are recorded at acquisition cost, less any accumulated impairment losses.

Depreciation is calculated after the assets are in condition to be used, that is, when the assets are available for use and in the necessary conditions, in terms of quality and technical reliability, to operate as intended by the GROUP's Board of Directors, and is imputed systematically using the straight-line method during their useful life. The useful life of an asset is determined based on its expected use by the GROUP, its expected natural wear, its predictable technical obsolescence and the possible residual value attributable to the asset.

The depreciation rates used correspond to the following periods of estimated useful life (in years):

Equipment:

Basic equipment (excluding the one assigned to concessions)	3 to 10
Administrative equipment	4 to 10
Transport equipment	3 to 10
Tools and utensils	3 to 6
Other tangible assets	3 to 10

Depreciation of other tangible assets is recorded on a monthly basis under the heading “Amortisations”, in the income statement. Any changes to the period of estimated useful life of other tangible assets are carried out prospectively.

Subsequent expenses related to the replacement of tangible assets components incurred by the GROUP are added to the respective assets, with the net amount of the replaced components being written off and recorded as a cost under the heading “Other operating income/ (expenses)”.

Maintenance and repair costs that neither increase the useful life nor give rise to significant improvements in the items of the tangible assets are recorded as a cost in the year when they occur.

Gains or losses resulting from the disposal or write-off of tangible assets are calculated by the difference between the sale price and the net book value on the disposal/write-off date, and are recorded in the income statement under the heading "Other operating income / (expenses)".

v) Impairment of tangible and intangible assets

On each reporting date the book value of the GROUP's tangible and intangible assets are revised to determine if there is evidence that said assets are impaired. In case there is such evidence, the recoverable amount of said assets (or of the cash-generating unit) is estimated, in order to determine the extent of the impairment loss (if any).

The recoverable amount of the asset or of the cash-generating unit is the highest value between (i) the fair value minus costs to sell and (ii) the value in use. When calculating value in use, the estimated future cash flows are discounted using a discount rate, which reflects market expectations regarding the time value of money and the specific risks of the asset, or cash-generating unit in relation to which the estimated future cash flows were not adjusted.

Whenever the book value of the asset (or cash-generating unit) is higher than its recoverable amount, an impairment loss is recognised. Impairment losses are immediately recorded in the income statement under the heading "Provisions and impairment losses", unless said losses compensates for a revaluation excess recorded in equity. In this case, said losses will be treated as a decrease in said revaluation.

Impairment losses are assigned to at the book value of the cash-generating unit's assets as follows: first at the Goodwill allocated to the cash-generating unit (if any) and then at the other assets of the cash-generating unit, on a pro rata basis given the respective book values.

The reversal of accumulated impairment losses recognised in previous years only occurs when there is evidence that the accumulated impairment losses no longer exist or decreased. The reversal of impairment losses is recognised in the income statement under the heading "Provisions and impairment losses". The reversal of impairment losses is undertaken up to the limit of the amount that would have been recognised (net of depreciation), if the prior impairment losses had not been recorded.

vi) Leases

Lease contracts are classified as: (i) finance leases when they substantially transfer all the risks and advantages inherent to the possession of the leased asset; and as (ii) operating leases when they substantially do not transfer all the risks and advantages inherent to the possession of the leased asset.

The classification of the leases between into finance or operating is undertaken based on the substance and not the form of the contract.

a) Leases where the GROUP acts as lessee

Tangible and intangible assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the assets and their corresponding accumulated depreciation, as mentioned in subparagraphs ii) and iv) above, and any outstanding debts pending settlement in accordance with the contractual financial plan. Furthermore, the interest included in the lease rental and the depreciation of the assets are recognised as costs in the income statement in the year they refer to.

In leases considered as operating, the lease payments owed are recognised as a cost in the income statement on a straight-line basis during the period of the lease.

b) Leases where the GROUP acts as lessor

In leases where the GROUP acts as lessor under operating leasing contracts, the assets are kept in the consolidated financial position and the respective income generated is recognised on a straight-line basis during the period of the lease.

vii) Investment properties

Investment properties consist of land and buildings held for the purpose of obtaining rents and/or the appreciation of the invested capital, and not for use in the production or supply of products or services, or for administrative purposes (cases in which they are classified as tangible assets), or for sale during current business activity (cases in which they are classified as inventories). Classification of given land and buildings as investment properties in spite of inventories and/or tangible assets is basically the result of the intention of the GROUP's Board of Directors for said assets, taking into account the maximization of their return.

Investment properties, including those under construction, are recorded at their fair value, set on an annual basis by specialised external experts.

Changes in the fair value of investment properties are recognised directly in the income statement of the year, under the heading "Other operating income / (expenses) – Fair value gains / (losses) – investment properties".

Costs incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes (Municipal Property Tax), are recognised in the consolidated income statement of the year to which they refer.

viii) Non-current assets held for sale

Non-current assets are classified as held for sale when their book value is expected to be recovered through its sale and not through their continued use. In order for these assets to be classified as such, they must be available for immediate sale under their current conditions, the sale must be highly probable, the Board of Directors must be committed to execute the sale and the disposal must predictably occur within a period of 12 months.

Non-current assets classified as held for sale are recorded at the lowest amount between their book value and their fair value minus the expected costs of the sale. Their potential amortisation ceases at the time of classification as non-current assets held for sale.

For the purposes of fair value calculation of non-current assets held for sale, purchase proposals for the assets to dispose of and financial valuations made by external entities were particularly taken into account.

ix) Financial assets and liabilities

Financial assets and liabilities are recognised in the statement of the financial position when the GROUP becomes a contracting party of the respective financial instrument.

a) Financial assets

The financial assets are classified into the following categories: "Financial assets recorded at fair value through profit or loss", "Loans and accounts receivable", "Held to maturity financial assets" and "Available for sale financial assets". The classification, defined at the time of initial recognition, depends on the intention underlying the acquisition of the asset and on the characteristics of the financial instruments.

- Financial assets recorded at fair value through profit or loss: this category is divided into two subcategories, "Financial assets held for trading" and "Financial assets recorded at fair value through profit or loss". A financial asset is classified into this category, particularly, when acquired for the purpose of its sale in the short term, or if the adoption of the fair value eliminates or significantly reduces an accounting mismatch. Derivative financial instruments are also classified as "Financial assets held for trading", unless they are assigned to hedging operations within the scope of the application of the IAS 39 rules of hedge accounting. Assets recorded in this category are classified as current assets if they are held for trading or if they are expected to be realised within 12 months of the date of the statement of financial position.

- Loans and accounts receivable: This category includes non-derivative financial assets, with fixed or variable repayment, which are not listed in active/liquid markets. These financial assets arise when the GROUP provides cash, products or services directly to a debtor with no intention to negotiate the debt.

“Loans and accounts receivable” are classified as current assets, except in cases where their maturity is higher than 12 months after the date of the statement of financial position, in which case they are classified as non-current assets and its present value is estimated as explained in Note 24 a). In both cases, this type of financial assets is recorded in the statement of the financial position, under the headings “Customers” and “Other debtors”.

- Held to maturity financial assets: This category includes non-derivative financial assets, with fixed or variable repayment and with defined maturity, which the GROUP intends to hold to maturity (and has the capacity to do so). These assets are classified as current assets, except in cases where their maturity is higher than 12 months after the date of the statement of financial position, in which case they are classified as non-current assets.

- Available for sale financial assets: This category includes non-derivative financial assets, which are designated as available for sale, or those that do not fall under the previous categories. This category is included under non-current assets unless the Board of Directors intends to sell the financial instrument within 12 months as of the date of the statement of financial position.

All purchases and sales of these financial assets are recognised on the date the respective purchase and sale agreements are signed, regardless of the financial settlement date.

These financial assets are initially recorded at their fair value (which is usually the amount paid on the acquisition date), plus the transaction costs, (except for those recorded at fair value through profit or loss, when the corresponding transaction costs are recorded as year costs).

After initial recognition, financial assets recorded at fair value through profit or loss and available for sale financial assets are recognised at their fair value, with no deduction relative to any transaction costs which might occur up to their sale.

Gains or losses arising from a change in the fair value of financial assets available for sale are recorded in the consolidated statement of other comprehensive income, under the heading “Fair value reserves – Available for sale investment” until the asset is sold, received or the incurred losses are considered an impairment loss, at which time the accumulated gains or losses are recorded separately in the income statement.

Gains or losses arising from a change in the fair value of financial assets held for trading or recorded at fair value through profit or loss are recorded in the income statement of the year.

All investments in equity instruments (shares) unlisted classified as available for sale financial assets are recorded at their acquisition cost (fair value on the date of initial recognition), always considering impairment losses in case there is objective evidence of such. The GROUP’s Board of Directors believes that the fair value of these investments does not differ significantly from their acquisition cost, net of impairment.

Dividends received regarding equity instruments classified as available for sale financial assets are recognised in the income statement in the year when the right to receive them was established.

Financial assets classified in the categories of Loans and accounts receivable and as Held to maturity financial assets are, after their initial recognition, measured at the amortised cost through the effective interest rate method.

Financial assets (except for those measured at fair value through profit or loss) are subject to impairment analysis on the date of each statement of financial position. Financial assets corresponding to investments in equity instruments, or assets, which are individually significant, are subject to an individual impairment analysis.

In the case of equity instruments classified as available for sale financial assets, a significant (over 50%) or prolonged decline (over two years) of their fair value against their acquisition cost indicates that the asset is impaired. For the remaining assets, the GROUP considers the following objective evidences of impairment to be relevant:

- Significant financial difficulties by the counterparty in settling its debts;
- Failure to meet payments in due time by the counterparty regarding to the credits granted by the GROUP; and
- High probability that the counterparty might enter into bankruptcy or debt restructuring proceeding.

For financial assets recorded at amortised cost, the amount of impairment is calculated as the difference between their book value and the present value of future cash flows discounted with the initial effective interest rate, that is considered null whenever it is expected to be received within less than one year, due to the fact that the discount effect is found immaterial.

The book value of the financial assets presented in the consolidated statement of financial position is directly reduced by any impairment losses calculated. When an account receivable from customers and other debtors is considered uncollectible, it is (along with potential impairment losses associated) annulled against the income statement. Subsequent receipts related to annulled accounts receivable from customers and other debtors are recorded as income in the income statement of the year. Changes to impairment losses are recorded in the income statement of the year.

With the exception of investments in equity instruments classified as available for sale financial assets, subsequent decreases in accumulated impairment losses, which objectively result from an event subsequent to the impairment recognition date, are recorded in the income statement of the year up to the limit of existing accumulated impairment losses. Impairment losses of investments in equity instruments classified as available for sale financial assets are not reversed.

b) Loans obtained

Loans are initially recorded as a liability at their fair value. Any costs incurred with the origination of these loans are recorded as a deduction to that liability and recognised, over the duration of these loans, in accordance with the effective interest rate method.

Loans obtained are subsequently measured at amortised cost, through the effective interest rate method.

Loans in the form of commercial paper issues are classified as non-current liabilities when its placement has been guarantee for more than a year, and the GROUP's Board of Directors intends to use that financing source equally for more than a year.

Non-recourse loans correspond to loans in which only assets of financed companies are accountable for the debt settlement (Project finances). In recourse loans, the debt's settlement is always ensured by the GROUP.

c) Suppliers and sundry creditors

Financial liabilities included under the headings "Suppliers" and "Sundry creditors" are initially recorded at their fair value. These financial liabilities are, after their initial recognition, measured at their amortised cost, through the effective interest rate method.

d) Other financial liabilities

Other financial liabilities are initially recorded at their fair value. These financial liabilities are, after their initial recognition, measured at their amortised cost, through the effective interest rate method.

e) Distinction between financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the contractual substance of the transaction. The GROUP defines equity instruments as those where the underlying contract of the transaction shows that the GROUP holds a residual interest in a set of assets after deduction of a set of liabilities.

f) Derivative financial instruments

The GROUP uses derivative financial instruments in the management of its financial risks solely to ensure the hedging of these risks, and never uses derivative financial instruments for purposes of trading. The use of derivative financial instruments is duly regulated by the GROUP.

Derivative financial instruments used by the GROUP refer basically to interest rate and exchange rate hedge instruments associated with loans obtained. The amount of the loans, the maturity periods of the interest and the repayment plans are similar to the conditions established for the interest rate and the exchange rate hedge instruments, and therefore the hedging is highly effective.

The following criteria is used by the GROUP to classify derivative financial instruments as cash-flows hedge instruments:

- The hedge is expected to be highly effective in offsetting changes in cash-flows attributable to the hedged risk;
- The effectiveness of the hedge can be measured reliably;
- There is sufficient documentation on the transaction at the beginning of the hedge operation; and
- The transaction covered by the hedge is highly probable.

Interest rate and exchange rate hedges derivative financial instruments are initially recorded at their fair value. Changes on the fair value of those instruments, associated to the portion that is effectively hedged, are recognised in the consolidated statement of other comprehensive income under the heading "Variation, net of tax, of the fair value of derivative financial instruments", and are transferred to net income of the year in the same period when the hedged instrument affects net income. The potential existing hedge inefficiency is recorded under the headings "Financial income and gains" and "Financial costs and losses" of the consolidated statement of income of the year.

The hedge accounting should cease if the hedge instrument falls due on early terminated. If the hedge became not effective or if it was decided to finish the hedge relation. In these situations, the accumulated gains or losses arising from the hedge instrument should remain recognised in equity accounts, being these recognised in results in the same period of the gains and losses of the hedge item.

Regarding derivative financial instruments, which, although contracted for economic hedging purposes, do not meet all of the requirements of IAS 39 with respect to the possibility of qualifying for hedge accounting, the respective changes in fair value are recorded in the income statements in the year in which they occur.

g) Treasury shares

Treasury shares are recorded at their acquisition cost as a deduction from equity. Gains or losses inherent to the disposal of treasury shares are recorded under the heading "Other reserves and retained earnings".

h) Derecognition of financial assets and liabilities

Financial assets are derecognised when: (i) the GROUP contractual rights to receive future cash flows expire; (ii) the GROUP has substantially transferred all risks and benefits associated with their holding or; (iii) although retaining a part but not substantially of the risks and rewards associated with their holding, the GROUP has transferred control over the assets.

As a consequence, the customers balances secured by discounted bills that are not yet fallen due and the accounts receivable assigned in factoring with recourse as at each date of the statement of financial position are recognised in the GROUP's consolidated financial statements against an entity in the heading "Other financial liabilities" until they are received.

Financial liabilities are derecognised when the GROUP: (i) pays the liability to the creditor or; (ii) is legally released from the primary responsibility for the liability by legal procedure or by the creditor.

x) Cash and cash equivalents

a) Cash and cash equivalents – demand deposits

The amounts included under the headings “Cash and cash equivalents with/without recourse – Demand deposits” correspond to cash, bank deposits at sight, term deposits and other cash investments falling due within less than three months that are repayable on demand and have an insignificant risk of change of value.

b) Cash and cash equivalents – term deposits

The amounts included under the heading “Cash and cash equivalents with recourse - Term deposits” correspond to cash, bank deposit at sight, term deposits and other cash investments that are not immediately available, due to having been given as pledge or being blocked.

The amounts of “Cash and cash equivalents without recourse” correspond to the available funds of the companies financed under project finance regime, particularly those of EGF SUBGROUP (Note 1.3 ix) b)).

xi) Inventories

Merchandise and raw materials and consumables are valued at the lowest of their average acquisition cost and their net realisable value (estimate of its sales price minus the costs to be incurred with their disposal).

Finished and semi-finished products, by-products, and products and work in progress are valued at their production cost, which is lower than their market value. Production cost includes the cost of incorporating raw material, direct labour and general factory costs.

Adjustments are recorded to reflect the difference between the inventory book value and the corresponding net realisable value, whenever the last one is lower on the reporting date.

Concerning inventories, adjustments to their net realisable value are calculated based on market values and several rotation indicators.

The costing of merchandise sold and raw materials and consumables abides by the following rules:

- Property – specific cost
- Materials and remaining inventories – average cost

xii) Revenue

Revenue is recorded by the fair value of the assets received or receivable, net of discounts and expected returned products.

a) Construction contracts

The GROUP recognises the revenue arising from construction contracts, contract by contract, in accordance with the percentage-of-completion method, which is defined as the ratio between the costs incurred in each contract up to a given date and the sum of these costs with the costs estimated to complete it. The differences obtained between the amounts resulting from the application of the percentage-of-completion to the total estimated revenue and the invoiced amounts until then are stated under the subheadings “Production and services rendered not invoiced (Construction)” or “Advance billing (Construction)”, included under the headings “Other current assets” and “Other current liabilities”.

Whenever, due to uncertainties in the construction plan, the subsequent revenue of the contract cannot be determined reliably, the contract is recognised by the amount of the expenditure incurred (“zero profit margin contracts”).

Changes to the amount of revenue agreed in the contract are only recognised in the income statement of the year when it is likely that the customer will approve the amount of revenue arising from said changes and it may be measured reliably.

Claims for reimbursement of costs not included in the contract price are included in the revenue of the contract when the negotiations reach an advanced stage which indicate that it is likely that the customer will accept the claim and if the respective amount can be measured reliably.

To meet the costs to be incurred during the construction contract warranty period, the GROUP recognises a liability to cover said legal obligation, which is calculated by taking into consideration the historic values of production and costs incurred by the contracts during the warranty period.

When it is likely that the total costs foreseen to complete a construction contract exceed the revenue defined therein, the expected loss is recognised immediately in the income statement of the year.

Costs incurred with the preparation of proposals for submission in tenders are recognised in the income statement of the year, as the outcome of the tenders cannot be controlled.

b) Real estate

Costs incurred with real estate projects developed by the GROUP are determined taking into account the direct construction costs, as well as all the costs related to their preparation as well as the ones associated with the licensing of works. Costs imputable to the financing, supervision and inspection of projects are also capitalised, if they are underway.

For the effect of capitalisation of financial costs and costs related to the supervision and inspection of the projects, it is considered that it is underway if it is awaiting decision of the competent authorities or if it is under construction. Should the project not be at either of these stages, it is considered stopped and the capitalisation referred to above is suspended.

In addition, in accordance with IFRIC 15, the revenue from the real estate business is recognised when all risks and benefits associated with the asset are substantially transferred to the buyer (that is, at the time of the signing of the deeds for the property).

c) Waste treatment activity

The revenue arising from the sale of energy and recycled products is recognised when all of the following conditions are met:

- All risks and benefits associated with the ownership of the goods are transferred to the buyer;
- The GROUP does not hold any control over the goods sold;
- The amount of the revenue can be measured reliably;
- It is likely that the GROUP will receive future economic benefits associated to the transaction;
- The expenses incurred or to be incurred with the transaction can be measured reliably.

Revenue arising from the provision of services of waste treatment is recognised based on the amount of waste treated, provided that all of the following conditions are met:

- The amount of the revenue can be measured reliably;
- It is likely that the GROUP will receive future economic benefits associated to the transaction;
- The expenses incurred or to be incurred with the transaction can be measured reliably; and
- The completion stage of the service can be measured reliably.

The revenue arising from the activities carried out by the EGF SUBGROUP concessionaires is recognised taking in consideration the tariff approved by the regulator (ERSAR) which is dependent upon the allowed revenues and the quantities of waste collected.

The purpose of the tariff is to recover:

- i) The depreciation of the concession assets associated with the regulated activity;
- ii) A return over the average net book value of the assets associated with the regulated activity in accordance with the rates established by the regulator; and
- iii) The operating costs associated with the regulated activity.

Tariff variations

The tariff regulation issued by ERSAR establishes the formula for the calculation of the gains allowed for the regulated activities and includes in that formula the calculation of the tariff deviations that should be recovered up to the second year after the date when the same were generated.

As a result, at each reporting date, the GROUP calculates the existing tariff deviations between the revenues allowed recalculated based on the real values and the revenues invoiced in accordance with the criteria established in the regulatory tariff.

Taking into account the regulatory framework described above, the tariff deviations calculated by the GROUP in each fiscal year comply with a series of characteristics including reliability of its quantification, right to recovery, transferability of the same and application of interest, which support their recording as revenue and as an asset in the year when they are calculated. This rationale is equally valid when tariff deviations to be paid are calculated which are configured as liabilities and minus revenue.

xiii) Accruals principle

The GROUP adopts the accruals accounting principle as regards the majority of the headings in the financial statements. Therefore, expenses and income are recorded as they are incurred, regardless of their time of payment or receipt.

xiv) Assets, liabilities and transactions in foreign currency

At the time of their initial recognition, all transactions in foreign currency are recorded in the functional currency of the respective entity by the application to the amount in foreign currency, of the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At the end of each reporting period: a) the monetary items in foreign currency are converted at the closing exchange rate; b) non-monetary items which are measured in terms of historical cost in a foreign currency are converted at the exchange rate at the transaction date; and c) the non-monetary items measured at fair value in a foreign currency are converted at the exchange rate at the date when the fair value was determined.

The exchange differences arising from the liquidation of monetary items or the conversion of monetary items at rates other than those at which they were converted at their initial recognition, or in previous financial statements, are recognised in the income statement for the period except when they result from monetary items that form part of the net investment of a foreign operational unit.

In this case, these currency conversion differences are initially recognised in other comprehensive income and reclassified from equity to the net profit of the year at the time of the disposal of that operating unit.

Currency exchange differences related to investment/financing (financial) transactions are recorded under subheadings of "Financial income and gains" and "financial costs and losses".

Currency exchange differences related to operating transactions are recorded under subheadings of "Other operating income / (expenses)".

Differences in intragroup balances arising from the process of conversion of financial statements of entities/companies with a functional currency other than the Euro, arising from inefficiencies between the several exchange rates in question are maintained in the statement of financial position and settled when the underlying transactions be liquidated.

In preparing the consolidated financial statements, the results, the cash flows and the financial position of the entities comprised in the consolidation perimeter, whose functional currency is not the currency of a hyperinflationary economy, are converted into Euro at the exchange rates listed in paragraph h) of Note 1.2.

xv) Income tax

Income tax for the year is calculated based on the taxable profit or loss of the companies included in the consolidation (in accordance with the tax rules in force in the country where they operate) and considering deferred taxation.

Deferred taxes are calculated based on the statement of financial position liability method and refer to temporary differences between the amounts of the assets and liabilities reported for accounting purposes and their respective amounts for tax purposes.

Deferred tax assets and liabilities are calculated and evaluated annually using the tax rates in force, or announced to be in force, as at the date of the reversal of the temporary differences.

Deferred tax assets are recorded only when there are reasonable expectations of sufficient future tax profits to recover them. On each date of statement of financial position, a reassessment is made over the temporary differences underlying the deferred tax assets in order to recognise deferred tax assets not recorded previously since they did not meet the requirements for their recording and/or to reduce the amount of said assets to the current expectation about their future recovery. More specifically, as regards the recognition of deferred tax assets associated with tax losses carried forward, those are only recorded when the business plan of the respective company support their full recovery within the legal deadlines set.

The amount of tax to be included, both in current tax and deferred tax, arising from transactions or events recognised under headings of other comprehensive income is recorded directly under these same headings, and does not affect the net profit of the year.

xvi) Financial costs with loans obtained

The financial costs associated with loans obtained related with the acquisition, construction or production of qualifying assets are capitalised, thus being incorporated in the cost of the asset. The capitalization of these costs begins with the preparation of the activities of construction or the development of the asset and is interrupted after the start of use, at the end of the construction of the asset or when the construction of the asset is suspended.

The remaining financial costs associated with loans obtained are recognised as expenses in the year they are incurred.

xvii) Provisions

Provisions are recognised when, and only when, the GROUP has a present obligation (legal or implicit) arising from a past event, it is likely that in order to settle this obligation there will be an outflow of funds and the amount of the obligation can be estimated reasonably. The provisions are reviewed on each date of statement of financial position and adjusted so as to reflect the best estimate on that date (expected amount of the outflow to incur), taking into account the risks and uncertainties inherent to such estimates. When a provision is calculated vising of the future cash flows required to settle the obligation, it is recorded by its net present value. The discount rate used in the aforementioned financial update corresponds to the average rate of financing of the respective company at the reporting date.

Provisions for onerous contracts - Current obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is found to exist when the GROUP faces a situation in which the unavoidable costs to meet the duties of the contract exceed the economic benefits expected to be received under said contract.

Provisions for work warranty - Provisions to handle expected costs with warranties under construction contracts are recorded on the date the construction revenue is recognised, according to the best estimate of the Board of Directors of the outflows of funds required to meet said duty.

Provisions for legal proceedings - Provisions for legal proceedings are recorded at the time it is determined that an outflow of funds to the GROUP is likely to occur, being those provisions reviewed annually based on the opinion of the corresponding lawyers/legal consultants in charge of the proceedings into account.

Provisions for restructuring are only recognised by the GROUP when there is a formal and detailed restructuring plan and it has been disclosed to the parties involved.

xviii) Employee benefits

a) Benefits granted to current and former employees

A liability is recognised to handle benefits granted to employees as regards wages, vacations and holiday pay in the period in which employees provide the service, and it is recognised at the amount of benefits expected to be paid.

Recognised liabilities regarding benefits granted to current employees are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services provided.

Recognised liabilities concerning long-term benefits granted to employees are measured at the current amount of future expected payments regarding the services provided by the employees up to the reporting date.

b) Pensions

Liabilities related to the defined benefit pension plan attributed to some former employees and to some current directors of the GROUP, are calculated in accordance with the 'Projected Unit Credit Method', using the actuarial and financial assumptions that are most suitable to the established plan, with the respective actuarial valuations performed on each reporting date. The discount rate is determined based on market rates of bonds issued by companies with high quality credit risk and with a maturity similar to the one of the settlement of the liabilities.

As at January 1, 2013, following the review of IAS 19 the GROUP started to record the following items related to the abovementioned pension plan in the heading "Wages and salaries" of the income statement:

- Cost of current services;
- Net cost of interest with the pension plan; and
- Gains and losses arising from the change of plan conditions.

The net cost of interest with the pension plan is calculated by the GROUP multiplying the net liability with pensions by the discount rate used in the determination of the corresponding liability. As at December 31, 2017 and 2016, the GROUP's liabilities with pensions were solely funded by a provision which was recorded, under the heading "Provisions", without the existence of an autonomous fund.

The actuarial gains and losses arising from differences between the actuarial assumptions used and the values effectively found (gains and losses from experience), together with the gains and losses arising from changes of the actuarial assumptions are recognised in the statement of the comprehensive income.

xix) Government grants

Grants attributed to fund staff training actions are recognised as income during the period of time during which the GROUP incurs the respective costs, and are presented in the income statement by their met amount.

Grants attributed to fund investments in tangible or intangible assets are deferred and recorded as liabilities. Investment grants are recognised in the income statement during the period of the estimated useful life of the assets granted under the heading "Other operating income / (expenses)".

xx) Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements, but they are disclosed in the Notes whenever it is likely that there will be a future economic benefit.

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the Notes, unless the possibility of an outflow of funds affecting future economic benefits is remote.

xxi) Subsequent events

Events occurring after the date of the statement of financial position that provide additional information on conditions which existed as at the date of the statement of financial position (adjusting events) are reflected in the consolidated financial statements. Events after the date of the statement of financial position that provide information on conditions which occur after the date of the statement of financial position (non-adjusting events), if material, are disclosed in the Notes to the consolidated financial statements.

xxii) Judgments and estimates

In preparing the consolidated financial statements, the GROUP's Board of Directors based its work on its best knowledge and experience of past and/or current events, considering certain assumptions relative to future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended on December 31, 2017 and 2016 (and correspondent sources of uncertainty) include:

a) Fair value of tangible assets and of investment property and net realisable value of properties recorded in inventories

Some of the GROUP's property assets (namely lands and buildings) are measured through the revaluation model (or the fair value model, in case of investment property), which implies the calculation of the respective fair value. Furthermore, the property, which presents evidence of impairment, is subject to impairment tests that are based on the calculation of the net realisable value of said properties. The fair value and the net realisable value of those property assets are often calculated through valuations, which inevitably have underlying uncertainties associated with several factors, such as market prices, yields, demand, among others. To mitigate the effect of said uncertainties the Board of Directors resorted, whenever possible, to qualified and independent experts to conduct the appraisals. When the appraisals are conducted by in-house technicians, said appraisals must always use as much observable market data as possible.

The information on the main assumptions used in the calculation of the fair value or the net realisable value for the main property assets held by the GROUP together with the sensitivity analysis of their results considering some changes in the assumptions are disclosed in Notes 17, 22 and 23.

b) Useful lives of tangible and intangible assets

The GROUP revises the estimated useful lives of its tangible and intangible assets on each reporting date. The useful lives of the assets depend on several related factors, such as their use, the GROUP's strategic decisions, as well as the economic surroundings of the several companies included in the consolidation perimeter. Therefore, the GROUP implemented a process for the revision of the estimated useful lives, which provides for the above-mentioned factors and other factors considered relevant for such purpose.

c) Impairment analyses of Goodwill, investments in associates and jointly controlled companies, tangible and intangible assets

Impairment analyses require the calculation of the fair value and/or the value in use of the assets in question (or of some cash generating units). This process requires a high number of judgments, namely estimated future cash flows associated to the assets or the respective cash generating units, and the determination of an appropriate discount rate for the calculation of the present value of said cash flows. Therefore, once again, the GROUP established as requirement the use of as much observable market data as possible. The GROUP also established monitoring mechanisms for calculations based on criticism and challenge to determine the reasonableness, coherence and consistency of the assumptions used (in similar situations).

The information on the main assumptions used in the impairment analysis together with the sensitivity analysis of them results considering some changes in the assumptions are disclosed in Notes 15 and 17.

d) Calculation of impairment losses in accounts receivable

Impairment losses in accounts receivable are calculated in accordance with Note 1.3 ix a). Therefore, the calculation of impairment through individual analysis corresponds to the GROUP's judgment on the economic and financial situation of its customers and to its estimate of the value attributed to potential existing guarantees, with consequent impact on expected future cash flows.

The information on the main assumptions used in the determination of the impairment losses in accounts receivable is disclosed at Note 24.

e) Revenue recognition in construction contracts in progress

Revenue arising from construction contracts in progress is recognised in relation to its completion stage. The completion stage is very relevant estimate based on the forecast of costs to be incurred until the conclusion of the contract. This process is mainly based on the inputs received from the technicians involved in the works, by virtue of their detailed knowledge of said works, their experience and their technical skills.

f) Valuation of financial instruments not traded in active markets

In the valuation of financial instruments not traded in active markets (particularly of derivative financial instruments contracted by the GROUP: forward exchange rates and interest rate swaps), valuation techniques based on discounted cash-flow methods are used. The calculation of the fair value of these instruments is generally performed by the entities before whom said instruments were contracted (counterparties). The GROUP's Board of Directors recognises competency and objectivity to the counterparties. The GROUP also has access to the main assumptions and methodologies used to calculate the fair value of these instruments, and said assumptions and methodologies are considered appropriate.

The information on the main assumptions used in the valuation of derivative financial instruments is disclosed at Note 29.

g) Determination of the outcome of legal proceedings underway

The outcome of legal proceedings underway, as well as the respective need for provisions, is estimated based on the opinion of the GROUP's lawyers/legal consultants. The GROUP's legal consultants have the technical skills and detailed knowledge of the proceedings necessary to deal with the uncertainty inherent in the outcome of such proceedings.

h) Measurement and valuation of the recoverability of deferred tax assets

The recognition of deferred tax assets implies the existence of taxable profits in the future. Furthermore, deferred tax assets and liabilities are calculated based on the interpretation of the tax legislation in force in the several jurisdictions in which the GROUP operates. Therefore, changes in tax legislation or in its interpretation by the competent authorities may have an impact on the amount of deferred taxes. Lastly, the recoverability of deferred tax assets also depends on the performance of the operations of the several entities included in the consolidation perimeter, situation over which the GROUP does not have full control. In order to mitigate the degree of uncertainty associated with these estimates, particularly regarding the interpretation of applicable tax legislation, the GROUP and the several companies included in its consolidation perimeter resort to external tax consultants.

i) Post-employment benefits

Liabilities for retirement pensions are estimated based on actuarial valuations conducted by external experts certified by the Supervisory Authority for Insurance and Pension Funds. Those assessments include a set of financial and actuarial assumptions, namely discount rate, mortality tables, invalidity, growth of pensions and salaries, among others. The assumptions adopted for the calculation of pension liabilities correspond to the best estimate of the GROUP's Board of Directors on the future behaviour of the above mentioned variables.

The information on the main assumptions used in the determination of the liabilities for retirement pensions together with the sensitivity analysis of their results considering some changes in the assumptions are disclosed at Note 36.

The several aforementioned estimates were calculated based on the best available historical information as at the date of preparation of the consolidated financial statements. The underlying judgments to said estimates take into consideration the overall economic surroundings of the sector and of the geography in which the several companies included in the consolidation perimeter operate, as well as their expected future development. Given its nature, those judgments are subject to a reasonable degree of uncertainty. Therefore, in subsequent periods there will be situations which, due to their unforeseeable nature, were not taken into consideration in the estimates and which may produce an outcome different from the expected. Changes in these estimates after the consolidated financial statements date will be corrected in profit and loss prospectively, pursuant to IAS 8.

As at the preparation date of these consolidated financial statements no relevant changes in the estimates produced are foreseen and, therefore, no material changes in recorded assets and liabilities based on those estimates are expected.

xxiii) Cash flow statement

The consolidated statement of cash flows is prepared in accordance with IAS 7, through the direct method. The GROUP classifies under the heading “Cash and cash equivalents” investments falling due in less than three months and for which the risk of change of value is insignificant, excluding blocked sums of term deposits of concessionaire companies assigned to debt service, as well as deposits given in guarantee under contractual clauses.

The consolidated statement of cash flows is classified into operating, investment and financing activities.

Operating activities comprise receipts from customers, payments to suppliers, payments to staff, and others related to operating activities. The cash flow involved in investment activities include, in particular, acquisitions and disposals of investments in subsidiaries and payments and receipts arising from the purchase and sale of fixed assets.

The cash flow related to financing activities include, namely, payments and receipts associated with loans received, finance lease contracts and payment of dividends.

2. Comparability of information

As result of the consideration in 2017 of the Angolan economy as being hyperinflationary and as provided for in IAS 21 and IAS 29, the effect of the adoption of IAS 29 to years prior to January 1, 2017 was reflected in the heading “Impact of hyperinflation in Angola” in the statement of other comprehensive income. Therefore, the consolidated financial statements as at December 31, 2017 are not fully comparable with the financial statements as at December 31, 2016.

3. Sales and Services Rendered

The breakdown of the sales and services rendered during the years ended on December 31, 2017 and 2016 was as follows:

	2017	2016
Sales		
Energy	120,386	80,546
Recyclable materials	55,627	52,145
Inert materials	20,970	19,743
Real estate	14,434	15,677
Others	40,646	46,472
Services rendered		
Construction contracts	1,896,731	1,553,007
Waste - collection	161,609	143,779
Waste - treatment	78,561	79,785
Others	208,331	218,926
	2,597,294	2,210,081

The increase in 2017 under the heading “Sales - Energy” is essentially justified by the increase of sales of FENIX.

The breakdown of the sales and services rendered by business segment during the years ended on December 31, 2017 and 2016 was as follows:

	2017	2016
Europe - Engineering and Construction	538,472	513,981
Europe - Environment and Services	296,223	330,791
Africa	860,273	707,937
Latin America	960,447	726,774
Others and eliminations	(58,122)	(69,403)
	2,597,294	2,210,081

In the year ended on the December 31, 2017, part of the reduction occurred in the sales and services rendered in Europe – Environment and Services was due to the consolidation in 2016 of two months of activity of the Ports and Logistics business (around 28,000 thousand Euros).

In the years ended on the December 31, 2017 and 2016 there were no customers who represented more than 10% of the heading 'Sales and services rendered'.

In the years ended on December 31, 2017 and 2016 the heading "Others and eliminations" included essentially sales and services rendered from subsidiaries of the Europe - Engineering and Construction segment to the Africa segment.

In the years ended on December 31, 2017 and 2016, there was no significant discontinuation in the business activities carried out by the GROUP.

4. Cost of goods sold, materials consumed, changes in production and subcontractors

The cost of goods sold, materials consumed, changes in production and subcontractors for the years ended on December 31, 2017 and 2016 can be analysed as follows:

2017	Merchandise	Raw and Subsidiary materials and consumables	Total
Opening balance	64,503	77,440	141,944
Exchange differences and other movements	7,814	(4,707)	3,108
Transfers	61,487	-	61,487
Impact of hyperinflation in Angola	27	25,432	25,459
Changes in the perimeter	(33,923)	(342)	(34,264)
Purchases	13,189	548,588	561,777
Closing balance (Note 23)	(96,861)	(84,915)	(181,777)
	16,236	561,496	577,732
Changes in production			50,150
Changes in production - Impact of hyperinflation in Angola			1,580
Subcontractors			439,947
Subcontractors - Impact of hyperinflation in Angola			23,498
Cost of goods sold, materials consumed, changes in production and subcontractors			1,092,907

2016	Merchandise	Raw and Subsidiary materials and consumables	Total
Opening balance	67,145	85,060	152,205
Exchange differences and other movements	467	(7,826)	(7,359)
Changes in the perimeter	-	867	867
Purchases	20,702	405,361	426,063
Closing balance (Note 23)	(64,503)	(77,440)	(141,944)
	23,810	406,023	429,832
Changes in production			(1,443)
Subcontractors			403,455
Cost of goods sold, materials consumed, changes in production and subcontractors			831,844

In the year ended on December 31, 2017, the heading "Transfers – Merchandise" included a land received from a customer to settle a commercial debt that the same had with the GROUP in an amount of 29,200 thousand Euros (Note 24) as well as a transfer of a property recorded under the heading "Products and work in progress" in an amount of 32,300 thousand Euros.

In the year ended on December 31, 2017, the amount included in the heading "Changes in perimeter" refers, essentially, to the change of consolidation method of FIDEICOMISO EL CAPOMO (from the full consolidation method to the equity method).

Amounts included under the heading "Changes in production" correspond, essentially, to the cost of the apartments built and sold by the GROUP.

5. Third party supplies and services

Third party supplies and services for the years ended on December 31, 2017 and 2016 can be analysed as follows:

	2017	2016
Leases and rents	125,329	137,175
Specialised works and recharging	89,580	99,640
Conservation and repair	53,402	47,889
Transport, travel and lodging	53,183	55,895
Transport of goods	44,154	33,094
Fuel	37,885	32,150
Insurance	21,296	18,215
Water and electricity	16,855	15,167
Utensils, other materials and office equipment	16,657	17,083
Vigilance and security	14,729	13,920
Commissions and fees	14,524	15,131
Communications	5,681	7,013
Cleaning	3,351	3,198
Advertising and publicity	2,152	1,843
Other supplies and services	41,291	48,507
	540,070	545,918

In the years ended on December 31, 2017 and 2016, the heading “Leases and rents” referred essentially to costs incurred with the lease of equipment, machines, vehicles and premises, the majority of which by a short-term period.

As at December 31, 2017 and 2016 future rents to be paid associated with operating lease contracts entered into by the GROUP with financial and credit institutions, were as follows:

Year of reimbursement	2017	2016
1 year	5,565	5,727
Between 2 and 5 years	7,536	5,170
more than 5 years	413	2
	13,514	10,899

The main operating lease contracts entered into by the GROUP referred above are associated essentially with the lease of vehicles and equipment. The leases of equipment are associated essentially with the execution of the construction contracts awarded to the GROUP.

In the years ended on December 31, 2017 and 2016 the heading “Specialised works and recharging” included technical assistance works, outsourcing and consulting.

6. Wages and salaries

Wages and salaries for the years ended on December 31, 2017 and 2016 can be analysed as follows:

	2017	2016
Payroll	420,623	411,076
Social security charges:		
Pensions and other benefits granted	439	552
Others	116,204	112,664
	537,266	524,292

The liabilities with retirement and pension plans are disclosed in Note 36.

As at December 31, 2017 and 2016, the heading “Others” included, essentially, the expenditures incurred in relation to Social Security and other similar contribution systems abroad, meals allowances and cash sickness benefits, occupational accident insurance and indemnities.

The breakdown of wages and salaries by business segment during the years ended on December 31, 2017 and 2016 was as follows:

	2017	2016
Europe - Engineering and Construction	104,384	103,639
Europe - Environment and Services	102,709	97,678
Africa	121,347	106,689
Latin America	187,979	190,742
Others and eliminations	20,847	25,545
	537,266	524,292

Number of employees

As at December 31, 2017 and 2016, the number of employees working for the GROUP (taking into account the region in which said employees are effectively carrying out their activity) can be analysed as follows:

	2017	2016
Directors and board members	140	92
Employees	12,647	11,827
Workers	17,073	13,434
	29,860	25,353
Europe	8,713	8,473
Africa	11,824	9,747
Latin America	8,791	6,590
Holding and others	532	543
	29,860	25,353

7. Other operating income / (expenses)

Other operating income / (expenses) for the years ended on December 31, 2017 and 2016, can be analysed as follows:

	2017	2016
Operating gains and income		
Favourable net exchange differences	981,384	560,482
Investment subsidies (Note 34)	26,349	28,034
Gains on the sale of tangible assets	10,739	29,857
Changes of fair value in investment properties - Increases (Note 22)	3,716	-
Own work capitalised	1,136	4,560
Other operating income	33,745	10,163
	1,057,069	633,097
Operating losses and expenses		
Unfavorable net exchange differences	1,000,470	518,066
Taxes	30,611	18,201
Losses on the sale of tangible assets	5,619	25,449
Donations	2,187	1,939
Other operating expenses	40,494	39,522
	1,079,382	603,178
	(22,313)	29,919

In the years ended on December 31, 2017 and 2016, the net unfavourable exchange differences arise essentially in the Africa region.

In the years ended on December 31, 2017 and 2016, the heading "Investment subsidies" referred essentially to the recognition of investment subsidies by companies from the EGF SUBGROUP.

In the years ended on December 31, 2017 and 2016, the heading "Taxes" included several taxes borne by the several companies of the GROUP. In the year ended on December 31, 2017, the increase that occurred under this heading was explained essentially by the Angolan market (stamp duty) and by Colombia, mainly due to the increase in activity occurred in the year.

In the year ended on December 31, 2017, the GROUP began to record under this heading the "Changes of fair value in investment properties". Up to December 31, 2016 these same amounts were recorded in the headings "Financial income and gains" and "Financial costs and losses" (Note 10).

Within the scope of the concession contracts in operation, the construction activity was subcontracted to specialised entities. Therefore, the EGF SUBGROUP companies do not generate any margin on the construction of assets associated with the concessions presenting the revenue and the expenses incurred with the acquisition of those assets an equal amount (Notes 23 and 24).

8. Amortisations

Amortisations in the years ended on December 31, 2017 and 2016 were as following:

	2017	2016
Amortisations of intangible assets for the year (Note 16):		
Development costs	1,684	463
Software and other rights	1,076	1,365
Concession operation licenses	65,568	70,225
Other intangible assets	56	26
	68,384	72,079
Amortisations of tangible assets for the year (Note 17):		
Land and Buildings	15,021	13,004
Equipments		
Europe Engineering and Construction	17,149	17,555
Europe Environment and Services	6,695	6,278
Africa	56,883	66,178
Latin America	13,850	12,530
Others and eliminations	374	926
Other tangible assets	2,229	2,073
	112,201	118,544
	180,585	190,623

During 2017, following a review carried out over the useful life of the equipment held by the GROUP, namely the one located in certain African countries and in Poland, the useful life of some of them was reviewed. As a result of that review, the amortisations for the year were lower by about 6,500 thousand Euros in comparison with those recorded in the year 2016.

During 2016, following a review carried out over the useful life of the equipment held by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, the useful life of some of them was reviewed. As a result of that review, the amortisations for the year of 2016 were lower by about 3,000 thousand Euros in comparison with those recorded in the year 2015.

9. Provisions and impairment losses

Provisions and impairment losses for the years ended on December 31, 2017 and 2016 were as follows:

	2017	2016
Provisions (Note 33. Provisions)		
Europe - Engineering and Construction	6,252	12,119
Europe - Environment and Services	2,129	2,283
Africa	10,358	1,783
Latin America	2,702	10,587
Others	2,200	500
	23,640	27,272
Adjustments and impairment losses:		
In inventories (Note 23. Inventories)		
Europe - Engineering and Construction	1,311	5,887
Africa	353	1,387
	1,664	7,274
Goodwill (Note 15. Goodwill)		
Europe - Engineering and Construction	572	3,437
	572	3,437
Tangible assets (Note 17. Tangible assets)		
Africa	13,284	-
	13,284	-
Customers and other debtors (Note 24. Other assets)		
Europe - Engineering and Construction	5,928	11,469
Europe - Environment and Services	1,273	5,852
Africa	13,456	34,502
Latin America	10,271	5,245
Other	2,472	4
	33,400	57,072
Reversal of provisions and impairment losses (Notes 17, 23, 24 and 33):		
Europe - Engineering and Construction	(12,159)	(15,229)
Europe - Environment and Services	(5,615)	(931)
Africa	(13,620)	(11,694)
Latin America	(3,137)	(746)
Others	(7)	6
	(34,539)	(28,595)
Total of provisions and impairment losses	38,022	66,460

The net increase that occurred in the year ended on December 31, 2017 under the headings “Provisions” and “Adjustments and impairment losses” was due, essentially, by the recording of impairments to meet the effect of time value of money of certain accounts receivable in the medium and long term from customers in the Africa region, the recording of provisions to cope with onerous construction contracts in the Europe – Engineering and Construction segment (Czech Republic market) and due to the recording of impairments to cope with the deterioration of certain tangible assets in Malawi.

The net increase that occurred in the year ended on December 31, 2016 under the headings “Provisions” and “Adjustments and impairment losses” was due, essentially, by the recording of impairments to meet the effect of time value of money of certain accounts receivable in the medium and long term from customers in the Africa region, the recording of impairment for accounts receivable for one customer related to the waste treatment business and the recording of provisions to cope with onerous construction contracts, particularly in the Europe – Engineering and Construction segment (Czech Republic market).

10. Financial income and gains and Financial costs and losses

The financial income and gains and the financial costs and losses (financial results) in the years ended on December 31, 2017 and 2016 can be analysed as follows:

	2017	2016
Financial income and gains		
Loans and accounts receivable:		
Interest income	25,539	14,032
Payments discounts received	1,006	522
Favourable exchange differences	28,959	128,140
Other financial assets		
Interest income - Held to maturity financial assets	8,466	2,007
Income from real estate properties	-	1,554
Dividends - Available for sale financial assets	3,173	954
Changes of fair value in investment properties	-	78
Other financial income and gains	2,239	1,291
	69,382	148,578
Financial costs and losses		
Loans and accounts payable:		
Interest expenses	101,780	102,273
Payments discount granted	1,834	1,743
Unfavorable exchange differences	26,631	121,617
Other financial liabilities:		
Other financial costs and losses	38,343	25,562
	168,588	251,195
	(99,206)	(102,617)

Interest income associated to financial assets is recognised using the effective interest rate method, if it is likely that the GROUP will receive economic benefits in the future and their amount can be measured reliably.

In the year ended on December 31, 2017, the net favourable exchange rate differences have been guaranteed, essentially, by MOTA-ENGIL SGPS (in the Africa region in the year ended on December 31, 2016).

In the year ended on December 31, 2017, the GROUP began to record the amounts associated with "Income from real estate properties" under the heading "Sales and services rendered". On the other hand, it also began to record the amounts associated with the "Changes of fair value in Investment properties" in the heading "Other operating income / (expenses)".

Revenue arising from dividends is recognised when the GROUP's right to receive the corresponding amount is established.

In the years ended on December 31, 2017 and 2016, the heading "Dividends – Available for sale financial assets" included essentially dividends received from BAI – Banco Angolano de Investimentos (2,691 thousand Euros in 2017 and 756 thousand Euros in 2016).

The cost of interest associated with financial liabilities is recorded using the effective interest rate method.

In the years ended on December 31, 2017 and 2016, the heading "Interest expenses" had the following composition:

	2017	2016
Non-convertible bond loans	17,922	19,657
Amounts owe to credit institutions:		
Bank loans	50,357	50,615
Overdraft facilities	5,693	4,923
Revolving facilities	14,470	15,200
Other loans obtained:		
Commercial paper issues	5,966	5,362
	94,408	95,757
Other interest expenses (factoring, leasing and others)	7,372	6,514
	101,780	102,273

In the years ended on December 31, 2017 and 2016, the financial costs that have been capitalised to assets under construction/development were as follows:

	2017	2016
Fixed assets	-	114
Inventories	1,855	1,635
	1,855	1,749

In the years ended on December 31, 2017 and 2016, in order to capitalise financial costs to the assets under construction/development referred to above, an average interest rate of 3.79% and 4.76% was used, respectively.

In the years ended on December 31, 2017 and 2016, the heading "Other financial costs and losses", included essentially the costs related to the origination of loans and several commissions and costs debited by financial institutions, part of which recorded by the effective interest rate method.

11. Gains / (losses) in associates and jointly controlled companies

Gains in associates and jointly controlled companies for the years ended on December 31, 2017 and 2016 can be analysed as follows:

Gains in associates and jointly controlled companies	2017	2016
"Agrupamentos Complementares de Empresas (ACE's)" held by Mota-Engil Engenharia e Construção (segment Europe - Engineering and Construction)	1,521	560
HL - Sociedade Gestora do Edifício (segment Europe - Environment and Services)	774	945
Estradas do Zambêze (segment Africa)	710	-
Associates of Suma Group (segment Europe - Environment and Services)	140	143
Autopista Urbana Siervo de la Nación (segment Latin America)	-	1,115
Others	2,034	3,035
	5,179	5,797

Losses in associates and jointly controlled companies for the years ended on December 31, 2017 and 2016 can be analysed as follows:

Losses in associates and jointly controlled companies	2017	2016
Fidelcomiso el Capomo (segment Latin America)	650	-
Logz (segment Europe - Environment and Services)	371	299
Martifer Group	-	2,699
Others	1,350	4,929
	2,370	7,927
Gains/(Losses) in associates and jointly controlled companies	2,808	(2,130)

12. Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies

Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies for the years ended on December 31, 2017 and 2016 can be analysed as follows:

Gains on the disposal of subsidiaries, associates and jointly controlled companies	2017	2016
Bohdalecká Project	254	-
Ports and Logistics Business	-	91,468
Indaqua	-	10,659
Others	104	109
	358	102,236

Losses on the disposal of subsidiaries, associates and jointly controlled companies	2017	2016
RTA	3,219	-
Lokemark	-	1,096
Others	197	369
	3,416	1,465
Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies	(3,058)	100,771

During the year of 2016, and following a decision made by the Board of Directors in 2015, the GROUP concluded the disposal of the financial investments held at the Port and Logistics business, as well as at INDAQUA. The detail of the calculation of the capital gains obtained in those disposals is disclosed in Note 39.

13. Income tax

Income tax for the years ended on December 31, 2017 and 2016 can be analysed as follows:

	2017	2016
Current tax	58,259	32,094
Deferred tax - Impact of hyperinflation in Angola	(2,292)	(22,715)
Deferred tax	(27,583)	-
	28,383	9,379

The detail and movement of deferred tax assets and liabilities, as at December 31, 2017 and 2016, in accordance with the temporary differences that gave rise to them, are as follows:

Deferred Tax Assets 2017	2016	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2017
Provisions and impairment losses not accepted for tax purposes	32,256	-	6,345	(1,314)	3,559	40,845
Accrued costs not accepted for tax purposes	24,406	-	31,240	3,204	(1,038)	57,813
Tax losses	34,663	-	(3,201)	(647)	0	30,816
Exchange differences not accepted for tax purposes	-	-	3,599	-	-	3,599
Accrued expenses associated with investment to be performed not accepted for tax purposes	28,899	-	7,955	-	(3,656)	33,199
Temporary differences in the liquidation of subsidiaries	5,460	-	3,462	-	-	8,922
Other	10,050	(150)	1,798	(7,079)	(1,500)	3,119
	135,735	(150)	51,198	(5,835)	(2,635)	178,313

Deferred Tax Assets 2016	2015	Changes in the perimeter	Effect in results	Effect in reserves		2016
Provisions and impairment losses not accepted for tax purposes	20,124	-	10,736	1,396		32,256
Accrued costs not accepted for tax purposes	23,317	-	1,092	(3)		24,406
Tax losses	14,147	(6,984)	27,307	194		34,663
Accrued expenses associated with investment to be performed not accepted for tax purposes	64,055	-	(35,156)	-		28,899
Temporary differences in the liquidation of subsidiaries	-	-	5,460	-		5,460
Other	16,029	-	(2,404)	(3,575)		10,050
	137,672	(6,984)	7,035	(1,987)		135,735

Deferred Tax Liabilities 2017	2016	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2017
Revaluation of fixed assets and impacts arising from the changes of functional currency	15,099	(239)	6,277	377	-	21,513
Amortisations associated with future investments to be performed not accepted for tax purposes	31,858	-	(44)	-	0	31,814
Deferred tax capital gains	2,863	-	(579)	3	0	2,287
Amortisations not accepted for tax purposes	7,341	-	(4,433)	(4,126)	10,343	9,125
Fair value allocation in business combinations	40,795	-	(3,370)	-	(5,912)	31,513
Untaxed accrued income	17,517	-	3,270	2,029	(14,006)	8,810
Exchange differences not accepted for tax purposes	4,266	-	10,038	(21)	-	14,283
Impact of hyperinflation in Angola	-	-	10,345	13,367	-	23,712
Other	9,026	-	2,111	211	(457)	10,891
	128,765	(239)	23,615	11,841	(10,032)	153,950

Deferred Tax Liabilities 2016	2015	Changes in the perimeter	Effect in results	Effect in reserves		2016
Revaluation of fixed assets and impacts arising from the changes of functional currency	15,016	-	(89)	171		15,099
Amortisations associated with future investments to be performed not accepted for tax purposes	32,521	-	(663)	-		31,858
Deferred tax capital gains	641	-	2,228	(6)		2,863
Amortisations not accepted for tax purposes	2,122	-	(1,556)	6,775		7,341
Fair value allocation in business combinations	41,791	-	(996)	-		40,795
Untaxed accrued income	26,604	-	(5,430)	(3,657)		17,517
Exchange differences not accepted for tax purposes	12,539	-	(3,925)	(4,348)		4,266
Other	9,795	-	(5,250)	4,481		9,026
	141,029	-	(15,680)	3,416		128,765

In the year ended on December 31, 2017, circa 9,500 thousand Euros of transfers of deferred tax assets and liabilities were recorded against an equity in the headings “Other current and non-current liabilities” and were justified by movements performed by EGF SUBGROUP concessionaries.

In the years ended on December 31, 2017 and 2016, the column “Effect in reserves” included, essentially, the exchange differences arising from the conversion of financial statements of the affiliated companies expressed in foreign currencies.

In the year ended on December 31, 2016, the changes that affected profit and loss under the headings “Tax losses” and “Accrued expenses associated with investment to be performed not accepted for tax purposes” were mainly related to the changes that occurred in the regulatory model applicable to the companies from the EGF SUBGROUP, which resulted in the transfer of temporary differences to tax losses and due to the increase of tax losses generated in the tax consolidation GROUP led by MOTA-ENGIL, SGPS.

As at December 31, 2017 and 2016, the balances under the headings “Accrued costs not accepted for tax purposes” and “Untaxed accrued income” related, essentially, to the effect of the differences between the fiscal and the accounting treatment of construction contracts.

As at December 31, 2017 and 2016, according to the tax returns of the companies that recorded deferred tax assets for tax losses, those are carried forward as shown below:

2017	Tax credits and losses	Deferred Tax Losses
Year of recording:		
Up to and including 2013	2,610	612
2014	1,398	300
2015	13,987	3,210
2016	54,018	13,567
2017	58,140	13,127
	130,153	30,816

2017	Tax credits and losses	Deferred Tax Losses
Time limit:		
2018	1,638	339
2019	3,547	1,016
2020	24,389	5,196
2021	31,454	7,530
after 2021	69,125	16,735
	130,153	30,816

2016	Tax credits and losses	Deferred Tax Losses
Year of recording:		
Up to and including 2012	833	155
2013	861	140
2014	1,451	279
2015	29,531	6,384
2016	123,313	27,703
	155,989	34,663

2016	Tax credits and losses	Deferred Tax Losses
Time limit:		
2017	543	109
2018	2,430	697
2019	607	115
2020	6,745	1,962
after 2020	145,664	31,779
	155,989	34,663

As at December 31, 2017 and 2016, an assessment was made of the deferred tax assets recognised arising from tax losses and other deductible temporary differences. As a result, they were only recorded when it was considered probable - according to the information mentioned below - that there would be taxable profits in the future, and that they could be used to recover the tax losses or compensate for the existing taxable temporary differences. That assessment was based, essentially, using the business plans of the several companies of the GROUP, which are periodically reviewed and updated, as well as on some operations of in-house reorganization already identified.

Likewise, in order to assess the recoverability of the deferred tax assets generated in the tax consolidation GROUP of MOTA-ENGIL SGPS, the business plans of the companies which comprise it were used, particularly the one of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, whose main assumptions are described in Note 17, and the one of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA, as well as some operations of internal reorganisation with an impact on future taxable profit were taken into account.

The time limit for the use of the tax losses in Portugal is 12 years for those generated in 2016 and 5 years for those generated in 2017, being its deduction limited to 70% of the taxable profit for each year.

Furthermore, as at December 31, 2017 and 2016, tax losses carried forward amounting to 57,343 thousand Euros and 110,564 thousand Euros, respectively, have not lead to the recognition of deferred tax assets due to the uncertainty regarding its recoverability.

2017	Tax credits and losses	Deferred Tax Losses
Year of origination:		
Up to and including 2013	14,773	1,945
2014	1,985	392
2015	8,094	971
2016	17,256	3,142
2017	15,234	3,221
	57,343	9,671

2017	Tax credits and losses	Deferred Tax Losses
Time limit:		
2018	637	126
2019	394	75
2020	7,873	930
2021	16,729	2,972
after 2021	31,710	5,568
	57,343	9,671

2016	Tax credits and losses	Deferred Tax Losses
Year of origination:		
Up to and including 2012	36,751	6,939
2013	25,142	5,141
2014	6,476	1,279
2015	23,267	3,799
2016	18,927	3,765
	110,564	20,923

2016	Tax credits and losses	Deferred Tax Losses
Time limit:		
2017	24,831	5,201
2018	24,364	5,085
2019	6,698	1,392
2020	18,730	1,909
after 2020	35,941	7,337
	110,564	20,923

MOTA-ENGIL SGPS is covered, since January 2010, by the Special Tax Regime for Groups of Companies (RETGS) and therefore current tax is calculated based on the taxable profit or loss of the companies included in the consolidation and on the special regime referred to above, pursuant to its rules.

The RETGS covers all the subsidiaries whose share capital is at least 75% held, directly or indirectly, and which are resident in Portugal and subject to Corporate Income Tax.

For the companies not covered by that special tax regime, current tax is calculated based on the respective taxable profit or loss, pursuant to the tax rules in force at the location of the head office of each affiliated.

As of January 1, 2007, the municipalities began to be entitled to charge an annual municipal surcharge up to the maximum limit of 1.5% of taxable profit subject to and not exempt from Corporate Income Tax. Therefore, in the year ended on December 31, 2017 MOTA-ENGIL SGPS and its affiliated companies based in Portugal were subject to a Corporate Income Tax Rate of 21%, plus a municipal surcharge at a maximum rate of 1.5% of taxable profit, thus reaching a maximum tax aggregate rate of 22.5%.

In addition, in the year ended on December 31, 2017, the taxable profit of the companies that exceeded 1,500,000 Euros was subject to a state tax, under article 207 A of the Corporate Income Tax Code, at the following rates:

- 3% for taxable profit between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profit between 7,500,000 Euros and 35,000,000 Euros; and
- 7% (9% in 2018) for taxable profit over 35,000,000 Euros.

On the other hand, in the year ended on December 31, 2017, deduction of the net financing costs for the determination of the taxable profit became conditional upon the higher of the following thresholds:

- 1,000,000 Euros; and
- 30% (40% in 2016) of earnings before depreciation, net financing costs and taxes.

Lastly, under article 88 of the Corporate Income Tax Code, affiliated companies based in Portugal are additionally subject to autonomous taxation on a set of costs at the rates provided for in the previously mentioned article.

Therefore, in order to quantify the deferred tax assets and liabilities, in Portugal the rates of 21% (for tax credits and losses) and 22.5% (for the other temporary differences) were used since those are rates expected to be in effect at the date of the reversal of the respective temporary differences.

In the years ended on December 31, 2017 and 2016, the reconciliation between the nominal and the effective income tax rate can be shown as follows:

2017	Rate	Tax basis	Tax
Tax rate and nominal tax on income	22.5%	89,824	20,210
Results of associates using the equity method	-0.6%	(2,808)	(632)
Exempt companies	-8.6%	(42,462)	(9,554)
Tax losses of the year for which no deferred tax assets were recognised	8.7%	43,290	9,740
Differentiated nominal tax rates	11.5%	-	12,801
Differences between tax and accounting capital gains	-0.5%	(2,724)	(613)
Autonomous taxation	1.5%	-	1,636
Net financial costs not deductible	5.4%	26,574	5,979
Temporary differences of exempt companies until 31.12.2017 that have generated deferred tax assets/liabilities	-16.8%	-	(18,783)
Impact of hyperinflation in Angola	12.1%	-	10,907
Other effects	-3.0%	(14,703)	(3,308)
Effective rate and tax on income	31.6%		28,383

2016	Rate	Tax basis	Tax
Tax rate and nominal tax on income	22.5%	76,886	17,299
Results of associates using the equity method	0.6%	2,130	479
Exempt companies	-5.3%	(17,945)	(4,038)
Tax losses of the year for which no deferred tax assets were recognised	8.6%	29,331	6,599
Differentiated nominal tax rates	3.0%	-	2,291
Differences between tax and accounting capital gains	-27.1%	(92,441)	(20,799)
Autonomous taxation	2.7%	-	2,093
Corrections related to previous years	1.3%	-	1,001
Net financial costs not deductible	8.5%	29,216	6,574
Temporary differences that have not generated deferred tax assets in previous years	-2.9%	-	(2,227)
Other effects	0.1%	476	107
Effective rate and tax on income	11.1%		9,379

During the year ended on December 31, 2016, the reduced effective tax rate calculated was influenced by the exemption from taxation in Portugal of the capital gains generated by the disposal of the Port and Logistics business and of INDAGUA.

The amounts recorded under the headings “Exempt companies” and “Differentiated nominal tax rates” are justified essentially by the fact that MOTA-ENGIL ANGOLA benefits from an exemption from tax payment (exemption for a period of 8 years beginning in the fiscal year of 2010 and ending in 2017) and that companies based outside Portugal have tax rates different from 22.5%.

As at December 31, 2017 the nominal tax rates in force in the main countries where the GROUP operates and which also served as the basis for the quantification of the deferred tax assets and liabilities, since these are the rates expected to be in force at the date of the reversal of the respective temporary differences are as follows:

Country	Tax
Country	Rate
South Africa	28%
Angola	30%
Brazil	34%
Colombia	40%
Malawi	35%
Mexico	30%
Mozambique	32%
Peru	29.5%
Poland	19%

Pursuant to the national legislation in force, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), unless tax losses have occurred, tax benefits have been granted or inspections, claims or objections are underway, in which case, depending on the circumstances, these periods are extended or suspended. Therefore, the tax returns for 2014 to 2017 may still be subject to review and amendment. Nevertheless, the GROUP’s Board of Directors is of the opinion that any corrections, arising from different interpretations of the legislation in force by the tax authorities, will not have a significant effect on the attached consolidated financial statements.

On the other hand, the GROUP Board of Directors is convinced, supported by its lawyers and tax adviser's opinion, that there are no material liabilities associated with tax contingencies that should originate the recording of provisions or its disclosure in the attached consolidated financial statements.

14. Earnings per share

MOTA-ENGIL, SGPS has only issued ordinary shares, hence there are no special rights to dividends or voting.

There is no situation in the GROUP that might lead to a reduction in earnings per share as a result of options, warrants, convertible bonds or other rights associated to ordinary shares. Therefore, there is no dissimilarity between the calculation of basic earnings per share and the calculation of diluted earnings per share.

As of December 31, 2017 and 2016, the share capital of MOTA-ENGIL, SGPS, - fully subscribed and paid - was represented by 237,505,141 ordinary shares with the nominal value of 1 Euro each.

On the other hand, in the year ended on December 31, 2016, as approved at the General Shareholders Meeting held on May 25, the GROUP acquired several tranches of own shares (2,080,070 shares) at an average cost of 1.30 Euros per share.

Therefore, in the years ended on December 31, 2017 and 2016, the calculation of the earnings per share may be demonstrated as follows:

		2017	2016
Consolidated net profit of the year attributable to the Group:	(I)	1,588	50,157
Total number of ordinary shares	(II)	237,505,141	237,505,141
Number of own shares at the year-end	(III)	3,639,812	3,639,812
Weighted average number of ordinary shares	(IV)	237,505,141	237,505,141
Weighted average number of own shares	(V)	3,639,812	3,471,883
Number of shares outstanding	(IV - V)	233,865,329	234,033,258
Earnings per share:			
basic	(I) / (IV - V)	0.01 €	0.21 €
diluted	(I) / (IV - V)	0.01 €	0.21 €

15. Goodwill

Information on Goodwill, for the years ended on December 31, 2017 and 2016 can be analysed as follows:

	2017			2016		
	Gross Goodwill	Accumulated impairment losses	Net Goodwill	Gross Goodwill	Accumulated impairment losses	Net Goodwill
Europe Engineering and Construction						
Mota-Engil Central Europe Poland	8,797	(2,106)	6,691	8,541	(1,494)	7,047
Mota-Engil Central Europe Czech Rep.	1,147	(1,147)	-	1,147	(1,147)	-
Others	1,829	(1,767)	62	1,829	(1,767)	62
	11,772	(5,020)	6,752	11,517	(4,407)	7,110
Europe Environment and Services						
Suma Group	13,784	(4,229)	9,555	13,784	(4,229)	9,555
Others	862	(75)	787	862	(75)	787
	14,646	(4,304)	10,342	14,645	(4,304)	10,342
Africa						
ME Construction South Africa	12,210	-	12,210	12,504	-	12,504
Others	2,984	-	2,984	3,424	-	3,424
	15,194	-	15,194	15,928	-	15,928
Latin America						
Empresa Construtora Brasil	5,045	-	5,045	5,831	-	5,831
Consita	536	-	536	619	-	619
	5,581	-	5,581	6,450	-	6,450
	47,193	(9,324)	37,870	48,541	(8,711)	39,830

The movements occurred in Goodwill in the years ended on December 31, 2017 and 2016 can be analysed as follows:

	% of acquisition	2017	2016
Goodwill at the beginning of the year		39,830	40,891
Impairment losses in Goodwill (Note 9)			
Mota-Engil Central Europe Czech Rep.		-	(1,147)
Mota-Engil Central Europe Poland		(572)	(565)
Others		-	(1,726)
		(572)	(3,437)
Changes in Goodwill due to changes in the perimeter (disposal)			
Lokemark		-	(521)
		-	(521)
Changes in Goodwill due to exchange differences			
Mota-Engil Central Europe Poland		216	(262)
Empresa Construtora Brasil		(786)	1,191
ME Construction South Africa		(294)	1,841
Others		(524)	128
		(1,389)	2,898
Goodwill at the end of the year		37,870	39,830

In the year ended on December 31, 2017, the impairment losses recorded on Goodwill are justified by the partial write-off of the Goodwill associated with the electro-mechanical business in Poland.

In the year ended on December 31, 2016, following the decision of the Board of Directors of the GROUP of withdrawing from some markets in Central Europe (Czech Republic and Slovakia), impairments losses are recorded to annul the existing Goodwill associated with the companies operating in those markets.

As at December 31, 2017 and 2016, the methods and main assumptions used to assess the existence, or not, of impairment for the main values of Goodwill recorded in the attached consolidated financial statements were as follows:

2017				
Assumptions	ECB*	Mota-Engil Central Europe Poland	Group Suma (except EGF)	ME Construction South Africa*
Method used	Value in use	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years	5 years
Growth rate of cash-flows				
Year n+1	6%	14%	5%	-1%
Year n+3	4%	13%	1%	2%
Growth rate of cash-flows in perpetuity	4%	1%	1%	6%
Discount rate used	12.8%	5.7%	5.3%	10.04%**

* Valuations expressed in local currency - Brazilian Real and South African Rand, respectively

**In the valuations of ME Construction South Africa differentiated discount rates were used in each projection period, in order to incorporate the estimated inflation level in South Africa (between 10.5% and 11.2% for ME Construction South Africa).

2016				
Assumptions	ECB*	Mota-Engil Central Europe Poland	Group Suma (except EGF)	ME Construction South Africa*
Method used	Value in use	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years	5 years
Growth rate of cash-flows				
Year n+1	6%	2%	5%	18%
Year n+3	4%	2%	5%	19%
Growth rate of cash-flows in perpetuity	4%	1%	2%	6%
Discount rate used	13.4%**	6.8%	7.5%	11.4%**

* Valuations expressed in local currency - Brazilian Real and South African Rand, respectively

**In the valuation of ECB and ME Construction South Africa differentiated discount rates were used in each projection period, in order to incorporate the estimated inflation level in Brazil and in South Africa, respectively (between 13.5% and 14.3% for ECB and between 11.1% and 11.4% for ME Construction South Africa).

As at December 31, 2017 and 2016, the sensitivity of the results of the impairment tests of Goodwill to the main key assumptions, particularly to the discount rate, the growth rate in perpetuity and the projected cash flows (impact on the recoverable amount of the net assets to which the Goodwill was assigned) were as follows:

million Euros									
2017									
	Discount rate			Sensitivity to key assumptions			Projected cash-flows		
	0.5%	-0.5%		0.5%	-0.5%		5.0%	-5.0%	
ECB	(4)	4		3	(3)		4	(4)	
Suma	(12)	15		12	(10)		7	(7)	
Mota-Engil Central Europe Poland	(15)	19		15	(12)		7	(7)	
ME Construction South Africa	(1)	2		1	(1)		1	(1)	
2016									
	Discount rate			Sensitivity to key assumptions			Projected cash-flows		
	0.5%	-0.5%		0.5%	-0.5%		5.0%	-5.0%	
ECB	(6)	7		5	(4)		4	(4)	
Suma	(19)	27		21	(15)		6	(6)	
Mota-Engil Central Europe Poland	(16)	23		18	(12)		4	(4)	
ME Construction South Africa	(3)	4		3	(3)		2	(2)	

As at December 31, 2017 and 2016, if it was used a discount rate higher than 0.5% or a growth rate in perpetuity lower than 0.5% or projected cash-flows lower than 5%, the results above mentioned tests would not originate the recognition of additional material impairments.

The value in use corresponds to the estimated present value of future cash flow, calculated based on budgets and business plans duly approved by the GROUP's Board of Directors, which cover, on average, a period of five years.

In resume, the assumptions used in the calculation of the value in use were: (i) cash flow projection was based on historical business knowledge, market analyses, both in terms of growth and market share, in the backlog already obtained, as well as in the prospect of obtaining new contracts in the future, based on historical chances of success; (ii) operating margin projection was based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for the market where the affiliate operates; (iv) cash flows estimated before taxes were discounted to their present value, using a pre-tax weighted average cost of capital rate.

The GROUP did not acquire any material financial investment between December 31, 2017 and the date of approval of these consolidated financial statements that had generated Goodwill.

16. Intangible assets

The information regarding the net amount of intangible assets by business segment, with reference to December 31, 2017 and 2016 can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intragroup	Mota-Engil Group
2017						
Development costs	2	3,755	37	3,941	-	7,735
Software and other rights	640	282	1,470	2,347	18	4,756
Concession operation licenses	4,751	463,020	1,483	-	-	469,253
Assets in progress	288	10,018	176	8,363	1,886	20,731
Other intangible assets	42	8	583	9,550	-	10,183
	5,723	477,082	3,748	24,201	1,903	512,658
2016						
Development costs	3	870	37	4,555	-	5,465
Software and other rights	422	58	1,577	2,733	157	4,947
Concession operation licenses	4,638	511,822	903	-	-	517,362
Assets in progress	353	10,059	98	2,984	11	13,505
Other intangible assets	45	15	278	20	-	359
	5,461	522,823	2,894	10,292	168	541,638

Information regarding the gross amount of intangible assets, with reference December 31, 2017 and 2016 can be analysed as follows:

	Development costs	Software and other rights	Concession operation licenses	Assets in progress	Other intangible assets	Total
2017						
Opening balance	8,018	22,957	1,293,594	13,505	1,345	1,339,419
Increases	3,256	469	11,545	13,046	2	28,318
Disposals	-	(733)	(1,276)	(12)	-	(2,021)
Write-offs	(4)	(684)	(7,939)	-	-	(8,626)
Impact of hyperinflation in Angola	53	282	698	78	226	1,337
Exchange differences	(504)	(270)	(109)	(24)	(35)	(943)
Transfers and other movements	1,858	127	4,365	(5,863)	9,811	10,299
	12,676	22,147	1,300,878	20,731	11,350	1,367,782
2016						
Opening balance	7,201	24,032	1,279,038	12,217	1,388	1,323,875
Increases	744	252	4,821	9,048	-	14,866
Disposals	-	(16)	(1,091)	-	-	(1,107)
Write-offs	(3,104)	(368)	-	-	-	(3,472)
Changes in the perimeter	(539)	(94)	-	-	-	(633)
Transfers and other movements	3,717	(849)	10,826	(7,761)	(43)	5,891
	8,018	22,957	1,293,594	13,505	1,345	1,339,419

As at December 31, 2017 and 2016, the heading "Concession operation licenses" referred essentially to the concession operation rights granted to the companies from the EGF SUBGROUP.

In the year ended on December 31, 2017, transfers and other movements resulted, essentially, from transfers of tangible assets from Fenix (circa 9,000 thousand Euros).

The information regarding the amount of accumulated depreciations for intangible assets, with reference to December 31, 2017 and 2016 can be analysed as follows:

	Development costs	Software and other rights	Concession operation licenses	Assets in progress	Other intangible assets	Total
2017						
Opening balance	(2,553)	(18,010)	(776,231)	-	(987)	(797,781)
Increases (Note 8)	(1,681)	(1,061)	(65,566)	-	(53)	(68,359)
Increases - Impact of hyperinflation in Angola (Note 8)	(3)	(16)	(3)	-	(4)	(25)
Disposals	-	670	1,273	-	-	1,943
Write-offs	4	73	7,936	-	-	8,012
Impact of hyperinflation in Angola	(50)	(247)	(40)	-	(60)	(397)
Exchange differences	(26)	69	8	-	10	61
Transfers and other movements	(632)	1,130	998	-	(73)	1,422
	(4,941)	(17,392)	(831,625)	-	(1,166)	(855,124)
2016						
Opening balance	(4,841)	(17,861)	(706,347)	-	(1,006)	(730,056)
Increases (Note 8)	(463)	(1,365)	(70,225)	-	(26)	(72,079)
Disposals	-	16	340	-	-	356
Write-offs	1,859	212	-	-	-	2,071
Changes in the perimeter	-	76	1	-	8	85
Transfers and other movements	892	913	-	-	37	1,842
	(2,553)	(18,010)	(776,231)	-	(987)	(797,781)
Net amount						
2017	7,735	4,756	469,253	20,731	10,183	512,658
2016	5,465	4,947	517,362	13,505	359	541,638

As at December 31, 2017 and 2016, the heading “Concession operation licenses” was comprised by:

	2017	2016
Concessions granted to EGF Subgroup	463,020	511,822
Others	6,234	5,541
	469,253	517,362

At the end of 2014, a decision was announced which declared SUMA the winner of the public tender for the privatisation of 95% of the share capital of EGF, the entity which manages concession operators of multi-municipal systems for the treatment and energy recovery of municipal solid waste in Portugal. After obtaining a no-objection statement from the Competition Authority, the privatisation process was completed by the end of the first half of 2015, and EGF and their subsidiaries were consolidated in MOTA-ENGIL GROUP after July 1, 2015.

Concessions granted on an exclusive basis for 19 years to the companies of the EGF SUBGROUP (ALGAR, AMARSUL, ERSUC, RESIESTRELA, RESINORTE, RESULIMA, SULDOURO, VALNOR, VALORLIS, VALORMINHO and VALORSUL) will end on 2034.

As at December 31, 2017, circa 63% of the amount of concession operation licenses was justified by 5 concession companies (VALORSUL, ERSUC, RESINORTE, ALGAR and AMARSUL).

The activity covered by concessions encompasses the handling of municipal waste produced in the areas of the user municipalities, including their recovery and the provision of by-products, as well as selective collection of municipal waste. Municipalities are required to provide concession companies with all municipal waste whose management is under their responsibility.

The supervision of concessions is the responsibility of ERSAR, which is empowered to set the tariffs to be applied, as well as to approve regulated accounts and investment plans of concession companies.

Operation and management of concessions also includes the design, construction, acquisition, extension, repair, renewal, maintenance and optimisation of works and pieces of equipment required for the execution of the business of concession companies.

The basis of the concession determine that concession companies will mainly perform the activity related to the operation and management of the multimunicipal system of municipal waste, including treatment of municipal waste deriving from the undifferentiated collection and selective collection of municipal waste, such as sorting, and will perform as complementary activities those that, although they are not part of the main activity, use assets related thereto, enabling the optimisation of the corresponding profitability. The performance of complementary activities depends on the authorisation from the concession owner, after the opinions of the Competition Authority and of ERSAR.

Assets allocated to the concession are:

- Infrastructures related to the treatment and recovery of undifferentiated and selective municipal waste, as well as assets used in the selective collection of municipal waste: transfer stations, eco-centres, plants for processing, sorting and recovery and corresponding points of access, related infrastructures, landfills, ecopoints and waste transport means;
- Equipment required to operate infrastructures and to monitor and control use thereof;
- All works, machines and apparatuses and corresponding accessories used to collect and treat waste and to maintain equipment and manage the multimunicipal system that were not mentioned above;
- Equipment, machines, vehicles, apparatuses and corresponding accessories used to collect municipal waste selectively.

In addition, other assets are considered to be related to the concession:

- Property purchased using the private right or by means of expropriation to set infrastructures;
- Exclusive rights of intellectual and industrial property the concession companies hold;
- Other assets and rights related to the continuity of operation of concessions, such as labour, construction, lease and provision of services.

Concessionaire companies should prepare and keep the inventory of assets and rights related to concessions - sending to ERSAR detailed information thereon on a yearly basis -, as well as of write-offs carried out.

During the period of validity of concession companies, companies have an obligation to keep assets and means attached thereto in proper conditions of operation, conservation and safety, performing all repairs, renewals and adjustments necessary to keep assets in the required technical conditions.

The concession companies keep the right to use assets related to concessions until they are dissolved. Assets related to concession can only be used for the purpose foreseen in concessions. The day concessions end, assets allocated thereto are reverted to an inter-municipal entity, to the Association of Municipalities, to the set of using municipalities, or to the State, through the exercise of the corresponding option right and the payment to the concession companies of a compensation that corresponds to the net book value of those assets, net of grants.

The remuneration system of concessions is based on the recognition of allowed revenues to concession companies that should be reflected in the tariffs to apply to the system's users.

Concession companies are liable for risks inherent in concessions under the applicable law, taking on the corresponding operating risks. On the other hand, concession companies are liable for the obtainment of financing required for the development of the concession object, in order to meet all obligations taken under concession contracts in due time, taking on the corresponding investment and financing risks.

Revenues allowed to concession companies each year within the scope of the licensed activity are set by ERSAR for a period of three to five years ("Regulatory period"). The regulatory model is set by ERSAR and is based on the following assumptions, among others:

- Eligibility of operation costs, for the purposes of determination of allowed revenues, by reference to a context of production efficiency of operation and management of the multimunicipal system;
- Return on capital based on the weighted average cost, with parameters set by reference to market values and to the performance of comparable representative entities;
- Definition of an asset basis composed by the assets allocated to concessions as an incidence of return on capital;
- Adoption of mechanisms to promote efficiency; and

- Suitable impact on allowed revenues of differences recorded between expected amounts and the amounts of municipal waste delivered to concession companies.

In addition, the definition of the cost basis for operation must take into account its effective control by concession companies, technologies and capacity installed, as well as demand swings.

Therefore, tariffs to be applied to users must provide concession companies with allowed revenues under the terms of the previous basis and correspond to the result of the division of revenues allowed each year to concession companies by the expected consumption amounts for the year in question.

Concession contracts can be terminated by the concession owner if one of the following situations occurs, with a significant impact on concession operations: deviation from the purpose of the concession; long-lasting interruption of operation due to a fact attributable to concession companies; repeated objection to supervision or repeated non-compliance of the stipulations of the concession owner, or if laws and regulations that apply to operation are not complied with regularly; refusal to carry out proper conservation and repair of infrastructures; repeated collection of amounts that exceed those set in concession contracts and in contracts entered into with users; dissolution or insolvency of concession companies; unauthorised transfer of the concession or sub concession; unauthorised disposal of shares in the share capital of concession companies; encumbrance of shares in the share capital of companies that breach provisions in concession contracts; unauthorised increase or reduction, if any, in the share capital of concession companies; lack of provision of the security or of renewal of the corresponding value under the terms and deadlines foreseen; and concession companies' refusal or impossibility to resume concessions.

In addition, the concession owner can retrieve concessions, taking on direct management of the granted public service, whenever this is accounted for public interest and after at least two thirds of the contract term, one year in advance at least in relation to the date the bailout takes effect.

Due to the bailout, concession companies are entitled to a compensation that must take into account the book value on the date of bailout of reversed assets, net of grants, the value of existing credits, as the value of possible loss profits, considering the remaining number of years until the term of the concession.

As at December 31, 2017 and 2016, the most significant amounts included under the heading "Assets in progress" refer to the following projects:

Description	2017
Nova Fenix Project (Generadora Fenix)	3,503
Analysis and development of Jorge Luque Project (Generadora Fenix)	3,073
UCPT - Studies and land (Resulima)	2,451
Organic Recovery Centre - third digester (Amarsul)	2,426
Licensing SAP (MESP)	1,869
Construction of section C of Sotavento landfill (Algar)	1,380
Organic recover centre - WNTP (Amarsul)	706
	15,408

Description	2016
Nova Fenix Project (Generadora Fenix)	2,984
Digester for organic recover centre (Amarsul)	1,815
Upgrade of Landfill in Vila Real (Resinorte)	1,568
Landfill construction (Resulima)	1,498
Organic recover centre (Amarsul)	988
WNTP for organic recover centre (Amarsul)	707
	9,560

As at December 31, 2017 and 2016, the GROUP has neither intangible assets whose ownership was restrained, nor intangible assets given as guarantee for loans obtained. However, the licences for the operation of concessions may not be transferred without the prior approval of the Grantor and the Regulator. Likewise, apart from investment commitments of the EGF SUBGROUP, to be set/approved by ERSAR, there are no other contractual commitments for the acquisition of intangible assets.

17. Tangible assets

Information regarding the net amounts of tangible assets by business segment, with references to December 31, 2017 and 2016 can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Others, eliminations and intra-Group	Mota-Engil Group
2017						
Land and buildings	106,766	14,905	122,705	24,065	1,175	269,617
Equipment	98,165	34,188	207,822	47,051	(2,937)	384,289
Tangible assets in progress	2,074	3,658	31,665	8,299	426	46,122
Other tangible assets	75	772	4,338	7,061	-	12,246
	207,080	53,524	366,530	86,476	(1,337)	712,273
2016						
Land and buildings	102,849	15,907	96,354	28,145	15,615	258,870
Equipment	122,200	34,894	159,950	55,470	2,705	375,219
Tangible assets in progress	2,976	4,806	24,219	13,542	2	45,544
Other tangible assets	79	659	2,739	9,747	1	13,225
	228,103	56,267	283,262	106,903	18,323	692,858

As at December 31, 2016, the amount recorded in the residual segment “Others, eliminations and intra-Group” referred essentially to the assets of the companies in the tourism business. During 2017, after the disposal of RTA and SGA, that amount was considerably reduced and is presented in the following tables under the heading “Changes in the Perimeter”.

Information regarding the gross amount of tangible assets, with the reference to December 31, 2017 and 2016, can be analysed as follows:

	Land and Buildings	Equipment	Tangible assets in progress	Other tangible assets	Total
2017					
Opening balance	384,253	1,167,417	45,544	32,463	1,629,677
Increases	3,889	111,201	11,372	1,018	127,481
Disposals	(76)	(44,770)	-	-	(44,846)
Write-offs	(731)	(19,479)	(113)	(893)	(21,216)
Impact of hyperinflation in Angola	66,960	532,836	5,928	1,899	607,623
Revaluation	(3,959)	-	-	-	(3,959)
Exchange differences	(6,587)	(17,576)	(3,462)	(1,608)	(29,234)
Changes in the perimeter	(21,329)	(6,542)	(1,748)	(1)	(29,619)
Transfers and other movements	5,957	1,803	(11,400)	(606)	(4,246)
	428,377	1,724,890	46,122	32,272	2,231,661
2016					
Opening balance	401,217	1,188,841	43,073	29,029	1,662,160
Increases	6,448	39,589	11,715	952	58,704
Disposals	(2,177)	(19,741)	-	(406)	(22,324)
Write-offs	(714)	(4,728)	(13)	(270)	(5,725)
Revaluation	(1,100)	-	-	-	(1,100)
Exchange differences	(27,749)	(41,932)	(1,399)	764	(70,316)
Changes in the perimeter	(392)	(1,200)	-	(71)	(1,663)
Transfers and other movements	8,721	6,586	(7,833)	2,465	9,940
	384,253	1,167,417	45,544	32,463	1,629,677

In the year ended on December 31, 2017, the increase in tangible assets was explained, essentially, by the realization of new investments assign to the execution of new contracts awarded during the year, namely in Guinea Conakry, Rwanda and Mozambique and by the renewal and expansion of the tangible assets portfolio in several markets, namely in, Angola, Mexico, Brazil, Portugal and Peru.

In the year ended on December 31, 2016, the increase occurred in tangible assets was mainly due to investments channelled into the Environment and Services segment and into some companies in Latin America, such as Mexico and Peru.

In the year ended on December 31, 2017, the disposals of equipment were justified, essentially, by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO and by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA - ZAMBIA BRANCH.

In the year ended on December 31, 2016, the disposals of equipment were justified, essentially, by the African segment and by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO.

In the year ended on December 31, 2016, exchange differences that occurred were mainly originated in Angola and in Malawi, as a result of the functional currency change observed in some companies/entities located in those countries and by the subsequent devaluation of its local currencies.

In the year ended on December 31, 2017, the transfers and other movements were justified, essentially, by transfers to intangible assets by FENIX (circa 9,000 thousand Euros).

Information regarding the amount of accumulated amortisations and impairment losses of tangible assets, with reference to December 31, 2017 and 2016 can be analysed as follows:

	Land and Buildings	Equipment	Tangible assets in progress	Other tangible assets	Total
2017					
Opening balance	(125,383)	(792,198)	-	(19,238)	(936,819)
Increases (Note 8)	(13,259)	(91,498)	-	(31)	(104,788)
Increases - Impact of hyperinflation in Angola (Note 8)	(1,762)	(3,453)	-	(2,198)	(7,413)
Impairment losses	(7,047)	-	-	-	(7,047)
Impairment losses - Impact of hyperinflation in Angola	(3,541)	-	-	-	(3,541)
Disposals	57	37,474	-	-	37,531
Write-offs	571	14,713	-	548	15,831
Impact of hyperinflation in Angola	(18,638)	(519,167)	-	(530)	(538,335)
Revaluation	217	-	-	-	217
Exchange differences	2,814	7,453	-	912	11,179
Changes in the perimeter	10,482	4,673	-	0	15,155
Transfers and other movements	(3,270)	1,402	-	511	(1,357)
	(158,760)	(1,340,602)	-	(20,026)	(1,519,388)
2016					
Opening balance	(119,691)	(743,190)	-	(17,163)	(880,044)
Increases (Note 8)	(13,004)	(103,467)	-	(2,073)	(118,544)
Disposals	1,266	15,089	-	422	16,777
Write-offs	356	4,673	-	183	5,212
Exchange differences	6,926	29,120	-	180	36,226
Changes in the perimeter	166	1,249	-	73	1,487
Transfers and other movements	(1,401)	4,328	-	(860)	2,067
	(125,383)	(792,198)	-	(19,238)	(936,819)
Net amount					
2017	269,617	384,289	46,122	12,246	712,273
2016	258,870	375,219	45,544	13,225	692,858

As at December 31, 2017 and 2016, the most significant amounts included under the heading "Tangible assets in progress" refer to the following projects:

Description	2017
Dry Port Liwonde land (MEECA - Malawi Branch)	9,497
Hydropower plant (Tarucani)	5,089
Cociga land (Vista Waste)	4,579
Lands (Citrave)	1,662
EQSTRA Equipment (MEECA - Mozambique Branch)	1,389
Biske Plaza land (ME Real Estate Hungary)	1,327
Office refurbishment works (Mota-Engil Mexico)	948
	24,491
Description	2016
Dry Port Liwonde land (MEECA - Malawi Branch)	10,740
Hydropower plant (Tarucani)	5,640
Damen Boat (Malawi Shipping Company)	4,505
Hydroelectric plant (Generadora Fenix)	3,569
Cociga land (Vista Waste)	2,489
Non-hazardous industrial waste landfill (Citrave)	1,749
WVB project (WVB Project Company VBA)	1,746
Biske Plaza land (ME Real Estate Hungary)	1,329
	31,767

The assessment of the existence of impairment signs and the execution of the corresponding tests, if necessary, were performed on an annual basis as defined in Note 1.3 v).

In order to assess, the existence of impairment signs, the following indicators were considered by the GROUP:

- Physical/technical obsolescence of the asset;
- Asset value /EBITDA above a given parameter (according to the type and location of the asset);
- Changes in interest rates and in the rates of return of capital rates; and
- Generation of negative cash flows.

As at December 31, 2017 and 2016, the methods and main assumptions used in the preparation of the impairment tests for the main tangible assets of the GROUP which showed signs of impairment were as follows:

Assumption	2017		
	MEEC (a)	Takargo (b)	Novicer (c)
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years
Growth rate of cash-flows:			
Year n+1	5.30%	6.40%	30.00%
Year n+3	6.17%	1.20%	33.60%
Growth rate of cash-flows in perpetuity	1.20%	1.20%	9.00%
Discount rate used in perpetuity	6.77%	3.50%	18.34%
Net amount of the CGU	113,053	30,696	10,768

(a) Net assets assigned to the construction activity of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the ones assigned to the operation of quarries and the sale of apartments.

(b) Net assets assigned to the railway transport business.

(c) Net assets assigned to the activity of manufacture of clay materials in Angola.

Assumption	2017	
	Malawi Gateway Project (port business)	
Method used	Value in use	
Basis used	Forecasts	
Period used	32 years	
Growth rates of cash flows:		
Average growth rate of turnover	8.40%	
Discount rate used	14.24%	
Net amount of the CGU after impairment losses	3,250	

Regarding the impairment tests performed over the assets assign to the MALAWI GATEWAY PROJECT (logistic and a port businesses in Malawi) it was carried out taking in consideration an acquisition proposal received for the logistic business (Level 2 of the IFRS 13), which the respective amount arise 17,500 thousand Euros and the existing business plan for the port business (the value in use was established in accordance with the assumptions set out above).

Assumption	2016		
	MEEC (a)	Takargo (b)	Novicer (c)
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts
Period used	5 years	23 years	5 years
Growth rate of cash flows:			
Year n+1	5.00%	16.00%	48.20%
Year n+3	5.00%	15.00%	62.10%
Growth rate of cash flows in perpetuity	2.00%	2.00%	16.00%
Discount rate used in perpetuity	8.14%	4.40%	24.29%
Net amount of the CGU	130,349	31,430	11,926

(a) Net assets used in the construction activity of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the ones assigned to the operation of quarries and the sale of apartments.

(b) Net assets assigned to the rail transport business.

(c) Net assets assigned to the activity of manufacture of clay materials in Angola.

Assumption	2016	
	Malawi Gateway Project (logistic and port business)	
Method used	Value in use	
Basis used	Forecasts	
Period used	32 years	
Growth rates of cash-flows		
Average growth rate	28.14%	
Discount rate used	15.71%	
Net amount of the CGU after impairment losses	30,093	

As at December 31, 2017 and 2016, sensitivity to the outcomes of impairment tests performed to the main key assumptions, particularly to the discount rate, to the growth rate in perpetuity and to the projected cash flows, were as follows:

Million Euros						
2017						
	Sensitivity to key assumptions					
	Discount rate		Growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
MEEC (a)	(11)	14	11	(9)	5	(5)
Takargo (b)	(5)	7	7	(4)	2	(2)
Novicer (c)	(1)	1	1	(0)	0	(0)
2016						
	Sensitivity to key assumptions					
	Discount rate		Growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
MEEC (a)	(15)	18	14	(12)	9	(9)
Takargo (b)	(8)	12	7	(5)	3	(3)
Novicer (c)	(1)	1	-	-	1	(1)
Malawi Gateway project	(5)	5	n.a.	n.a.	5	(4)

Generally, the assumptions used in the calculation of the value in use were: (i) cash flow projection was based on historical business knowledge, market analyses, both in terms of growth and market share, backlog already obtained as well as the in the prospect of obtainment of new contracts in the future, based on historical success probability; (ii) operating margin projection was based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected the market where the affiliate operates; (iv) cash flows estimated before taxes are discounted at their present value, using a pre-tax weighted average cost of capital rate.

In the year ended on December 31, 2017, deriving from the bids for acquisition received and impairment tests undertaken, the GROUP recorded impairment losses of circa 9,250 thousands Euros on the MALAWI GATEWAY PROJECT and circa 3,500 thousand Euros on the NOVICER. The impairment losses recorded on NOVICER were the exclusive result of the positive impact of the re-statement of the tangible assets of that company on the current quantification unit (impact of hyperinflation in Angola) which subsequently was the object of full provisioning.

The valuations of land and buildings were carried out in accordance with one of the following methods applied in accordance with the specific situation of each asset:

a) Market method

The criterion for market comparison is based on transaction values of similar real estate properties and that can be compared to the property under examination obtained through market research in the area where the property is located.

b) Income method

This method is aimed at estimating the value of the property from the capitalisation of its net rent, discounted to the present time, using the discounted cash-flow method.

c) Cost method

The cost method consists of the determination of the replacement value of the property under analysis taking into account the cost of building another property with similar functions minus the amount related to functional, physical and economic depreciation/obsolescence observed.

Appraisals performed to the aforementioned property were, in its large majority, carried out by external and specialised entities, accredited by the "Comissão do Mercado de Valores Imobiliários"(CMVM).

The major and most significant inputs used in the valuation of the previously mentioned properties were as follows:

- Cost of land per square metre;
- Cost of construction per square metre;
- Sale price per square metre;
- Rental price per square metre; and
- Capitalisation / discount rate.

The most relevant information regarding the valuations carried out in 2017 to the main properties held by the GROUP can be summarised as follows:

Property	Company	Valuation Method	Valuation value	Key assumptions	
				Rent m2/month	Discount rate
Building in Lisbon	MEEC	Income method	20,256 €	11.00	7.0%
Building in Oporto	MEEC	Income method	8,700 €	9.00	8.5%
Warehouse in Sintra	MEEC	Income method	2,701 €	3.30	7.7%

The sensitivity of the results of the valuations carried out on the properties above referred to the main key assumptions, namely the discount rate and the rents per square metre was as follows:

Property	Company	Valuation method	Sensitivity to key assumptions			
			Discount rate		Rent per square metre/month	
			0.5%	-0.5%	5.0%	-5.0%
Building in Lisbon	MEEC	Income method	(1,350)	1,558	900	(900)
Building in Oporto	MEEC	Income method	(483)	544	415	(415)
Warehouse in Sintra	MEEC	Income method	(188)	220	74	(74)

Due to the improvement witnessed in the real estate market in Portugal, the GROUP reversed an impairment loss for land and buildings in 2017 in an amount of 2,200 thousand Euros.

The land and buildings of the GROUP are recorded at their revalued cost, being part of them subject to revaluation in 2017. In accordance with the policies established by the GROUP, the properties recorded under the heading of tangible assets should be revalued at least every three years.

If there is an increase in land cost, per square metre or a decrease in the capitalization/discount rate, the fair value of the property will be increased. On the other hand, if there is a decrease in land cost, in the rental price per square metre or an increase in the capitalization/discount rate, the fair value of the property will be decreased.

Although above said appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow qualifying the market as active. Therefore, the calculation of the fair value of the GROUP's real estate properties falls under level 3 of IFRS 13.

The book value, which would have been recognised if tangible assets had been recorded in accordance with the cost model, was as follows:

	Historic costs	Revaluation	Total
2017			
Land and buildings	246,728	22,889	269,617
Equipment	383,716	573	384,289
Tangible assets in progress	46,122	-	46,122
Other tangible assets	12,243	3	12,246
	688,808	23,465	712,273
2016			
Land and buildings	231,695	27,175	258,870
Equipment	374,634	585	375,219
Tangible assets in progress	45,544	-	45,544
Other tangible assets	13,222	3	13,225
	665,096	27,762	692,858

As at December 31, 2017 and 2016, the main assets and liabilities assigned to the quarries operation of the GROUP are as follows:

	2017	2016
Fixed assets:		
Land under exploitation	27,375	27,915
Buildings assigned to the operations	820	960
Equipments assigned to the operations	4,063	4,946
Inventory:		
Ore stock	4,523	5,596
Receivables	7,805	7,942
Payables	5,447	4,153
	39,139	43,205

In order to perform an impairment test on the carrying amount of the net assets assigned to the quarries operation, its fair value (calculated using the value in use), was established through the income method using a discounted cash-flows model. The income method used as relevant inputs amounts of aggregates to be extracted in the following years, taking into account the licensed area and the operation capacity, the respective sale prices, the costs to be incurred with the restoration of the quarry's landscape, the value of the underlying lands, and the following financial assumptions:

Assumptions	2017
Method used	Value in use
Basis used	Forecasts
Period used	Estimated period of exploitation of the quarries
Growth rate of cash-flows	
Year n+1	Between 3% and 10%
Year n+3	1.98%
Yearly average growth rate after n+3	0.00%
Discount rate used	6.77%

Assumptions	2016
Method used	Value in use
Basis used	Forecasts
Period used	Estimated period of exploitation of the quarries
Growth rate of cash-flows:	
Year n+1	0.00%
Year n+3	0.33%
Yearly average growth rate after n+3	13.69%
Discount rate used	7.16%

18. Financial investments in associated companies

As at December 31, 2017 and 2016, financial investments in associated companies was as follows:

	2017	2016
Autopista Urbana Siervo de la Nación (Latin America segment)	23,772	74,353
Concessionária Autopista Cardel (Latin America segment)	22,103	12,532
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	15,825	14,650
SPRI (Africa segment)	7,320	7,576
Estradas do Zambêze and affiliate (Africa segment)	4,326	-
Associated companies of Group Suma (Europe - Environment and Services segment)	2,902	2,867
Others	4,838	4,347
	81,086	116,325

In the years ended on December 31, 2017 and 2016, the movement occurred in the financial investments in associated companies was as follows:

2017	Opening Balance	Effect on profit and loss	Effect on reserves (1)	Transfers and changes in the perimeter	Acquisitions / Disposals / Liquidations	Impact of hyperinflation in Angola	Closing Balance
Autopista Urbana Siervo de la Nación (Latin America segment)	74,353	(36)	(1,637)	-	(48,908)	-	23,772
Autopista Cardel (Latin America segment)	12,532	(90)	(29)	-	9,689	-	22,103
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	14,650	(61)	37	-	1,199	-	15,825
SPRI (Africa segment)	7,576	(218)	(38)	-	-	-	7,320
Estradas do Zambêze and affiliate (Africa segment)	-	710	-	3,553	-	-	4,262
Associated companies of Suma Group (Europe - Environment and Services segment)	2,867	140	(105)	-	-	-	2,902
Others	4,347	1,265	(784)	362	(279)	(10)	4,901
	116,325	1,710	(2,555)	3,915	(38,299)	(10)	81,086

⁽¹⁾ Essentially includes exchange differences and changes in the fair value of derivative financial instruments.

2016	Opening Balance	Effect on profit and loss	Effect on reserves (1)	Transfers and changes in the perimeter	Acquisitions / Disposals / Liquidations	Closing Balance
Autopista Urbana Siervo de la Nación (Latin America segment)	3,869	1,115	48	-	69,321	74,353
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	11,306	(132)	947	-	2,529	14,650
Concessionária Autopista Cardel (Latin America segment)	6,804	(213)	2,431	-	3,510	12,532
SPRI (Africa segment)	-	5	(1,698)	9,268	-	7,576
Associated companies of Suma Group (Europe - Environment and Services segment)	2,733	143	(9)	-	-	2,867
Martifer Group	2,251	(2,699)	448	-	-	-
Others	3,310	(1,667)	(787)	2,225	1,265	4,347
	30,273	(3,449)	1,381	11,494	76,626	116,325

⁽¹⁾ Essentially includes exchange differences and changes in the fair value of derivative financial instruments.

In the year ended on December 31, 2017, the main movements occurred in this heading were explained, essentially, by the increases and reductions (reclassification to Other debtors – non-current) of the capital contributions in the Mexican highway concession companies (AUTOPISTA URBANA SIERVO DE LA NACION, CONCESSIONÁRIA AUTOPISTA CARDEL and CONCESSIONÁRIA TUXPAN-TAMPICO).

In the year ended on December 31, 2016, the increase in this heading was mainly due to the capital contributions performed in this concession and construction companies associated with the Mexican highways (AUTOPISTA URBANA SIERVO DE LA NACIÓN, CONCESSIONÁRIA AUTOPISTA CARDEL, CONSTRUCTORA CARDEL-POZA RICA and CONSTRUCTORA TUXPAN TAMPICO) and due to the consolidation of SPRI (Angolan company which develops its business in the consultancy of the Oil & Gas sector), whose financial investment was recorded in 2015 under the heading “Available for sale financial assets”.

As at December 31, 2017 and 2016, the main information regarding financial investments in associated companies was as follows:

2017	% of detention	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Autopista Urbana Siervo de la Nación	17%	152,896	61,320	40,224	127,880	46,112	79,609	(203)
Concessionária Autopista Cardel Poza Rica	29%	144,681	56,620	22,352	151,365	27,584	90,386	(313)
Concessionária Autopista Tuxpan-Tampico	26%	103,844	69,904	8,058	141,520	24,169	67,726	(237)
Haçor	40%	76,854	9,121	64,820	19,174	1,981	3,691	859
Constructora Gran Canal	17%	274	62,149	-	58,709	3,715	57,290	1,404

2016	% of detention	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Autopista Urbana Siervo de la Nación	17%	84,186	72,769	114,552	28,504	13,900	44,237	6,373
Concessionária Autopista Tuxpan-Tampico	26%	46,047	104,700	54,024	75,375	21,348	40,752	(511)
Concessionária Autopista Cardel Poza Rica	29%	68,244	63,653	66,220	43,747	21,929	39,602	(741)
Haçor	40%	78,928	7,858	65,618	22,600	(1,432)	2,311	450
Constructora Gran Canal	17%	-	79,992	-	77,635	2,357	29,734	1,087

In the year ended on December 31, 2015, the GROUP signed an agreement with a Mexican entity leading to the disposal of two Mexican highway concession companies (CONCESSIONÁRIA AUTOPISTA CARDEL – POZA RICA AND CONCESSIONÁRIA AUTOPISTA TUXPAN - TAMPICO). Following said agreement, the GROUP granted a put option to the counterparty for three years following the inauguration of the respective highways and that entity granted the GROUP a put option of said shares exercisable in the two years following the date of expiry of its put options. The exercise of the put options by the GROUP is dependent on the level of turnover generated by the highways and, in case of their being exercised, the GROUP will dispose of the respective financial holdings by their book value, at the date, plus a variable remuneration dependent of the time elapsed between the date of signature of the agreement referred to above, and the date of exercise of the options.

On the other hand, the GROUP has recorded in the heading “Customer prepayments on account of sales” circa 28,000 thousands Euros received from the potential buyer related to the abovementioned transactions.

As at December 31, 2017, the summarised information regarding the main “Agrupamentos Complementares de Empresas”(ACE's), in which the GROUP took part, consolidated by the equity method, was as follows:

	Country	% of detention	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
Agrupamentos Complementares de Empresas									
APROVEITAMENTO HIDROELÉCTRICO DE FOZ TUA	Portugal	33%	-	11,328	1,476	4,643	5,209	15,481	240
MOTA-ENGIL/ACCIONA/ EDIVISA-OBRAS APROVEIT. HIDROEL. ALTO TÁMEGA, A.C.E.	Portugal	43%	622	8,909	-	9,533	(2)	4,878	(2)
VRICLECL, ACE	Portugal	36%	-	2,752	652	1,199	900	7,439	2,738
VENDA NOVA III, ACE	Portugal	28%	-	2,514	1,383	757	374	1,336	228
GLEX, ACE	Portugal	42%	637	1,703	272	2,068	-	123	-
LGC - Linha de Gondomar, ACE	Portugal	30%	-	1,692	222	111	1,360	52	2

The list of ACE's in which the GROUP takes part is disclosed in Appendix A.

19. Financial investments in jointly controlled companies

As at December 31, 2017 and 2016, the breakdown of financial investments in jointly controlled companies was as follows:

	2017	2016
Automatriz (Africa segment)	3,675	2,384
HL - Sociedade Gestora do Edifício (Europe - Environment and Services segment)	1,706	989
Manvia II Condutas (Europe - Environment and Services)	970	972
GISA (Latin America segment)	897	973
Others	591	726
	7,840	6,044

In the years ended on December 31, 2017 and 2016, the movement occurred in the financial investments in jointly controlled companies was as follows:

2017	Opening Balance	Effect on profit and loss	Effect on reserves (1)	Transfers and changes in the perimeter	Acquisitions / Disposals / Liquidations	Impact of hyperinflation in Angola	Closing Balance
Automatriz	2,384	204	(2)	-	1,090	-	3,675
HL - Sociedade Gestora do Edifício	989	774	394	-	(450)	-	1,706
Manvia II Condutas	972	12	(14)	-	-	-	970
GISA	973	(1)	(76)	-	-	-	897
Others	726	109	810	10	(1,064)	-	591
	6,044	1,097	1,112	10	(424)	-	7,840

(1) Essentially includes exchange differences and changes in the fair value of derivative financial instruments.

2016	Opening Balance	Effect on profit and loss	Effect on reserves (1)	Transfers and changes in the perimeter	Acquisitions / Disposals / Liquidations	Closing Balance
Automatriz	943	(224)	1,535	130	-	2,384
HL - Sociedade Gestora do Edifício	1,572	945	(1,528)	-	-	989
Manvia II Condutas	851	119	3	-	-	972
GISA	667	10	296	-	-	973
Outros	30	469	1,029	(803)	-	726
	4,064	1,319	1,334	(673)	-	6,044

(1) Essentially includes exchange differences and changes in the fair value of derivative financial instruments.

As at December 31, 2017 and 2016 the summarised information regarding the main financial investments in jointly controlled companies, consolidated in the attached financial statements by the equity method was as follows:

2017	% of detention	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
HL - Sociedade Gestora do Edifício	50%	3,962	86,844	71,140	16,253	3,413	2,999	1,547
Automatriz	25%	2,300	11,041	549	7,436	5,356	14,226	801
Manvia II Condutas	45%	863	6,779	649	5,180	1,813	6,395	28
Ibercarga	50%	1,848	4,558	-	5,277	1,129	22,528	532
GISA	26%	2,972	1,195	537	135	3,496	3,620	(4)

On the other hand, on the years ended December 31, 2017 and 2016, the GROUP was included in several joint operations with partners, particularly through consortiums (Note 1.2.d), which are disclosed in Appendix A.

As at December 31, 2017, the summarised information regarding the main joint operations where the GROUP was involved, integrated into the attached consolidated financial statements by the proportional consolidation method was as follows:

	Country	% of detention	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
Consortiums									
Consortium Vial Vizcachane	Peru	50%	21,362	595	12,404	1,184	8,368	41,059	8,306
Consortium Conservacion Vial Santa Rosa	Peru	50%	9,859	3,214	8,415	18	4,640	36,873	7,827
Consortium Vial Jaylli	Peru	42%	3,659	1,349	6,671	526	(2,189)	16,689	(3,087)
Consortium Mota-Engil TR	Peru	50%	5,238	528	4,916	-	850	3,764	(1,073)
Consortium Vial Acobamba	Peru	50%	1,556	1,084	925	417	1,298	4,661	3,040
Consortium ME Colombia	Colombia	38%	5,463	29	1,395	-	4,097	861	743

20. Available for sale financial assets

As at December 31, 2017 and 2016, the detail of the available for sale financial assets was as follows:

	2017	2016
Available for sale financial assets		
BAI-Banco Angolano de Investimentos	57,256	31,872
Auto - Sueco Angola	2,724	2,724
Estradas do Zambéze	-	3,384
STI	1,531	1,439
Ecodetra	1,153	1,153
Rutas Del Este	1,546	-
Tirtife	107	74
Others	4,494	3,236
	68,811	43,881
Advances for financial assets available for sale		
Others	104	1,307
	104	1,307
Available for sale financial assets	68,916	45,188

During 2013, the GROUP acquired a financial stake of 3% in BAI – Banco Angolano de Investimentos, SA. In accordance with GROUP policy, available for sale financial assets represented by in non-listed companies are recorded at their acquisition cost, always taking into consideration potential impairment losses in case of objective evidence of said losses. As at December 31, 2017, the GROUP performed an impairment analysis over this financial investment, using the price-to-book ratio and the price to earnings ratio obtained from several market transaction (32) occurred in Angola and in Africa in the last few years, and concluded that the asset was not impaired. This asset has been given as guarantee in a loan obtained. Lastly, the increase occurred in the year in the carrying amount of this financial investment was due essentially to the consideration of Angola as a hyperinflationary economy.

Moreover, and due to the nature of the majority of the financial assets referred to above (non-listed) and the difficulty of ensuring a reliable calculation of their fair value, the GROUP recorded these assets at their acquisition cost, deducting, if necessary, any respective impairment losses identified.

As at December 31, 2017 and 2016, the amount relating to AUTO-SUECO ANGOLA refers to the part not disposed of by the GROUP (5.13%) in the sale process that took place in 2013, valued by the amount resulting from the application of the equity method up to said date. The disposal of the remaining stake awaits authorisation from Banco Nacional de Angola to occur.

In the year ended on December 31, 2017, the financial holding in ESTRADAS DO ZAMBÊZE was transferred to the heading “Financial investments in associated companies”.

In the years ended on December 31, 2017 and 2016, the movement occurred in available for sale financial assets was as follows:

	2017	2016
Opening balance on January 1	45,188	64,534
Acquisitions and advances during the year (Rutas Del Este)	1,546	-
Impact of hyperinflation in Angola	25,545	-
Exchange differences	(69)	(10,212)
Transfers and changes in the perimeter (Estradas do Zambêze)	(3,384)	(9,263)
Other changes	89	129
	68,916	45,188

21. Held to maturity financial assets

As at December 31, 2017 and 2016, the detail of held to maturity financial assets was as follows:

	2017	2016
Angola sovereign bonds	154,954	86,380
	154,954	86,380

In the years ended on December 31, 2017 and 2016, following agreements established with the Angolan state to settle overdue debts, the GROUP received about 70,000 thousands Euros and 29,000 thousands Euros, respectively, in Angola sovereign bonds. Those bonds are not traded on a regulated market and, as at December 31, 2017, have the following characteristics:

	Nominal value	Interest rate	Maturity			
			1 year	1 - 3 years	3 - 5 years	> 5 years
Angola sovereign bonds in Kwanzas indexed to USD	99,385	5%	975	13,598	15,306	69,506
Angola sovereign bonds in USD	70,458	5%	-	-	-	70,458
	169,843		975	13,598	15,306	139,964
Difference between nominal value and amortised cost	(14,889)					
Carrying amount	154,954					

The payment of interest and the reimbursement of the bonds issued in Kwanzas will be made in the same currency but indexed to the exchange rate of the US dollar at the date of payment.

In addition, part of the bonds referred above in an amount of 78,000 thousands Euros is being used as a guarantee for bank loans obtained in Angola.

In the years ended on December 31, 2017 and 2016, as result of the debt settlement agreements entered into with the Angolan State and the gap between the interest rate of the bonds received and the interest rate of financing attributable to that State, the GROUP, at the time of the initial recognition of those bonds, recorded them for their fair value (against an impairment in accounts receivable), which was lower than 9,000 thousands Euros and 6,000 thousand Euros, respectively when compared with its nominal value.

Given the characteristics of the aforesaid bonds and the intention of the GROUP's Board of Directors to keep them in its portfolio, said bonds were recorded as held to maturity financial assets.

22. Investment properties

The information regarding the GROUP's investment properties as at December 31, 2017 and 2016 was as follows:

	2017	2016
Europe - Engineering and Construction	53,018	49,455
Europe - Environment and Services	2,816	2,804
Africa	2,925	3,483
Latin America	17,917	20,047
	76,676	75,789

The movement occurred in investment properties in the years ended on December 31, 2017 and 2016, was as follows:

	2017	2016
Opening balance	75,789	82,037
Increases	387	-
Changes in fair value (Note 7)	3,716	78
Disposals	(893)	(819)
Exchange differences	(2,313)	1,059
Transfers and other movements	(10)	(6,565)
	76,676	75,789

Investment properties consist of land and buildings held for the purpose of obtaining rents and/or the appreciation of the invested capital, and not for use in the production or supply of products or services, or for administrative purposes (cases in which they are classified as tangible assets), or for sale during current business activity (cases in which they are classified as inventories). Classification of land and buildings as investment properties instead of inventories and/or tangible assets result essentially from the expected use that the GROUP's Board of Directors have for these assets, taking into account namely the maximization of its return.

Investment properties, including those under construction, are recorded at their fair value, determined on an annual basis by specialised external experts with reference to the reporting date.

The results generated in the years ended on December 31, 2017 and 2016, with investment properties can be analysed as follows:

	2017		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 7)
In Portugal			
Building in Matosinhos	31,630	1,563	2,455
Bom Sucesso Market	13,575	896	752
Galiza Building	3,898	128	-
Motadomus	2,819	110	258
Others	3,912	450	-
	55,834	3,147	3,464
Outside Portugal			
Promotora Imobiliária Santa Clara (Peru)	16,781	-	251
Empresa Construtora Brasil	1,136	-	-
Others	2,925	-	-
	20,842	-	251
Total	76,676	3,147	3,716

	2016		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 10)
In Portugal			
Building in Matosinhos	28,244	1,093	-
Bom Sucesso Market	12,965	779	720
Motadomus	2,624	96	-
Others	11,909	679	-
	55,742	2,647	720
Outside Portugal			
Promotora Imobiliária Santa Clara (Peru)	18,822	-	(642)
Empresa Construtora Brasil	1,226	-	-
	20,047	-	(642)
Total	75,789	2,647	78

The changes in fair value occurred in 2017 are explained, essentially, by the positive impact of the valuations of the properties located in Portugal due to the increase in occupation, due to the rents applied and due to the reduction in the discount rate.

The changes in fair value occurred in 2016 were explained, essentially, by the positive impact of the valuation of the property “Bom Sucesso Market” as a result of the increase in rents applied and the decrease of the discount rate, and for a property located in Peru, resulting from the devaluation of the Peruvian real estate market.

Appraisals of investment properties were carried out in accordance with one of the following methods, used according to the specific situation of each property:

a) Market method

The criterion for market comparison is based on transaction values of similar real estate properties and that can be compared to the property under examination obtained through market research in the area where the property is located.

b) Income method

This method is aimed at estimating the value of the property from the capitalisation of its net rent, discounted to the present time, using the discounted cash-flow method.

Appraisals performed to the aforementioned properties were carried out by independent and specialised entities that, as regards properties located in Portugal, are accredited by the “*Comissão dos Mercados dos Valores Mobiliários*” (CMVM).

For the most relevant investment properties held by the GROUP, their fair value was calculated taking into account the following relevant inputs:

- Occupancy rate;
- Cost of land per square metre;
- Cost of construction per square metre;
- Sale price per square metre;
- Rental price per square metre; and
- Capitalisation / discount rate.

The most relevant information regarding the valuations carried out in 2017 to the main investment properties held by the GROUP can be summarised as follows:

Property	Company	Valuation Method	Valuation value	Key assumptions		
				Sale price per square metre	Rent per square metre / month	Discount rate
Building in Matosinhos	MERE	Income method	31,630	n.a.	€ 6.20	7.6%
Land in Peru	Promotora e Imobiliária Santa Clara	Market method	16,781	€ 158.98	n.a.	n.a.
Bom Sucesso Market	Mercado Urbano	Income method	13,575	n.a.	€ 7.85	7.0%
Offices and commercial building in Oporto	Motadomus	Income method	2,819	n.a.	€ 7.50	7.2%

The sensitivity of the results of the valuations carried out on the investment properties referred above to the key assumptions, including the discount rate, the sale price per square metre and the rental price per square metre was as follows (impact on the fair value of the properties):

Property	Company	Valuation method	Sensitivity to key assumptions					
			Discount rate		Sale price / per square metre		Rent per square metre/month	
			0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
Building in Matosinhos	MERE	Income method	(2,023)	2,319	n.a.	n.a.	318	(318)
Land in Peru	Promotora e imobiliária Santa Clara	Market method	n.a.	n.a.	(671)	671	n.a.	n.a.
Bom Sucesso Market	Mercado Urbano	Income method	(996)	1,149	n.a.	n.a.	747	(747)
Offices and commercial Building in Oporto	Motadomus	Income method	(15)	16	n.a.	n.a.	111	(110)

If there is an increase in land cost, in the sales price, in the rental price per square metre or a reduction in the capitalisation/discount rate, the fair value of the property will be increased. On the other hand, if there is a decrease in land cost, in the sales prices, in the rental price per square metre or an increase in the capitalization/discount rate, the fair value of the property will be decreased.

Although above said appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow qualifying the market as active. Therefore, the calculation of the fair value of the GROUP's investment properties falls under level 3 of IFRS 13.

23. Inventories

The information regarding inventories on December 31, 2017 and 2016 can be analysed as follows:

	2017	2016
Gross amount:		
Raw and subsidiary materials and consumables	84,915	77,440
Products and work in progress	156,430	161,240
Finished goods	22,589	29,955
Merchandise	96,861	64,503
Advances on purchases	16,502	8,780
	377,297	341,920
Inventories adjustments:		
Raw and subsidiary materials and consumables	(5,033)	(7,630)
Products and work in progress	(15,241)	(19,925)
Finished goods	(2,293)	(2,202)
Merchandise	(9,733)	(7,203)
	(32,300)	(36,959)
	344,996	304,960

As at December 31, 2017 and 2016, the balance in the heading "Raw and subsidiary materials and consumables" included essentially, construction materials located in Africa (circa 54,000 thousands Euros and 50,000 thousands Euros, respectively), in Portugal (circa 8,000 thousands Euros in each exercise) and in Poland (circa 9,000 thousands Euros and 5,000 thousands Euros respectively).

As at December 31, 2017 and 2016, the balance under the heading "Products and work in progress" referred essentially to ongoing real estate projects in Poland and to projects to be developed in Portugal.

As at December 31, 2017 the movement occurred in the heading "Products and work in progress" was, essentially, justified by the development of real estate projects in Poland and the transfer of a property in the amount of 32,300 thousand Euros to the heading "Merchandise".

As at December 31, 2017 and 2016, the balance under heading "Finished goods" referred, essentially, to plots of real estate projects concluded in Portugal and in Angola for sale.

As at December 31, 2017 and 2016, the balance under the heading "Merchandise" referred, essentially, to real estate projects located in Portugal and in Angola for sale.

In the year ended on December 31, 2017, the increase occurred in the heading “Merchandise” was justified partially by the transfer of a property from the heading “Products and work in progress” in the amount of 32,300 thousand Euros and by a plot of land received from a customers in order to settle commercial debt to the GROUP in the amount of 29,200 thousand Euros (Note 24).

As at December 31, 2017, the heading “Inventories” included circa 200,000 thousand Euros associated with real estate projects developments.

The movement occurred in inventories adjustments in the years ended on December 31, 2017 and 2016 was as follows:

	2017	2016
Opening balance	36,959	28,985
Increase (Note 9)	1,664	7,274
Reduction	(6,623)	(228)
Utilization	(1,247)	-
Exchange differences	(116)	928
Transfers and changes in the perimeter	1,663	-
	32,300	36,959

In the year ended on December 31, 2017, the reductions in inventories adjustments were explained, essentially, by the appreciation of certain properties in Portugal.

In the year ended on December 31, 2016, inventories adjustments were aimed essentially to reduce the book value of some inventories in Angola, Portugal and Hungary to its net realisable value.

With the exception of some inventories related to real estate projects in Poland and in Portugal, the GROUP has no other inventories given as guarantee for loans obtained.

In order to quantify the net realisable value of the inventories, namely real estate properties, the evaluation methods described in Note 17 were used.

The most relevant information regarding the impairment analyses carried out to the main real estate properties recorded in inventories held by the GROUP can be summarised as follows:

Property	Company	Evaluation method	Evaluation value	Sensitivity to key assumptions				
				Construction cost / per square metre	Sale price per square metre/month	Rent per square metre / month	Discount rate	
Real estate project - Portugal	MERE	Cash-flow discount method	34,446	€ 590.00	€ 2,222.00	n.a.	9.0%	
Real estate project - Poland	MECE	Cash-flow discount method	18,823	€ 785.67	€ 2,000.08	n.a.	6.3%	
Real estate project - Poland	MECE	Cash-flow discount method	18,347	€ 310.44	€ 1,323.73	n.a.	6.5%	
Real estate project - Poland	MECE	Cash-flow discount method	17,448	€ 842.94	€ 1,691.70	n.a.	6.3%	
Real estate project - Poland	MECE	Cash-flow discount method	12,538	€ 453.44	€ 1,608.09	n.a.	6.3%	

The sensitivity of the results of the valuations carried out on the real estate properties referred above to the main key assumptions, including the discount rate, the cost of construction per square metre and the sale price per square metre was as follows (impact on the fair value of the real estate properties):

Property	Company	Evaluating method	Sensitivity to key assumptions						
			Discount rate		Construction cost / per square metre		Sale price per square metre / month		
			0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	
Real estate project - Portugal	MERE	Cash-flow discount method	(771)	793	(930)	930	2,534	(2,534)	
Real estate project - Poland	MECE	Cash-flow discount method	(71)	72	(163)	163	1,314	(1,314)	
Real estate project - Poland	MECE	Cash-flow discount method	(62)	62	(3)	3	938	(938)	
Real estate project - Poland	MECE	Cash-flow discount method	(125)	126	(280)	280	1,257	(1,257)	
Real estate project - Poland	MECE	Cash-flow discount method	(103)	103	(496)	496	1,212	(1,212)	

24. Other assets

a) Loans and receivables

The information regarding loans and accounts receivable from customers, as at December 31, 2017 and 2016, can be analysed as follows:

Customers	Non-current		Current	
	2017	2016	2017	2016
Trade accounts receivable:				
Gross amount:				
Europe Engineering and Construction	4,191	4,189	189,326	184,778
Europe Environment and Services	679	927	93,684	99,062
Africa	1,327	13,412	706,640	615,122
Latin America	1	-	160,263	95,709
Other, eliminations and intragroup	(23)	(3)	(77,868)	(79,089)
	6,175	18,524	1,072,045	915,582
Accumulated impairment losses	(87)	(369)	(206,034)	(147,155)
	6,088	18,155	866,012	768,427
Trade accounts - Bills receivable	-	-	705	6,688
	6,088	18,155	866,716	775,115

The increase occurred in the year ended on December 31, 2017 in the Africa and in the Latin American segments was due, essentially, to the increase of activity witnessed in the year in those regions.

In the year ended on December 31, 2017, the net increase occurred in the accumulated impairment losses for accounts receivable was, essentially, due to the GROUP companies/entities located in Angola, Mozambique and Brazil.

In the year ended on December 31, 2016, the net increase occurred in the accumulated impairment losses was due essentially to the reinforcement of impairments for certain accounts receivable of Angolan, Mozambican and Malawian entities.

The information regarding loans and accounts receivable of other debtors as at the 31st of December 2017 and 2016 can be analysed as follows:

The information regarding loans and accounts receivable from other debtors, as at December 31, 2017 and 2016, can be analysed as follows:

Other debtors	Non-current		Current	
	2017	2016	2017	2016
Associates and related companies				
Gross amount	71,808	29,570	111	4,351
Accumulated impairment losses	(3,444)	(3,338)	-	-
	68,364	26,232	111	4,351
Advances to suppliers	-	-	45,625	39,726
State and other public entities (except Corporate income tax)	3,727	14,395	14,110	23,619
Other				
Gross amount				
Europe Engineering and Construction	4,334	4,954	153,104	158,540
Europe Environment and Services	1,517	1,518	70,672	69,715
Africa	78	77	90,835	89,019
Latin America	50,922	3,874	30,439	39,740
Other, eliminations and intragroup	-	-	(189,283)	(189,957)
	56,852	10,423	155,767	167,057
Accumulated impairment losses	(4,066)	(4,822)	(24,927)	(28,362)
	52,786	5,601	130,840	138,695
	124,877	46,229	190,686	206,391
Customers and other debtors	130,965	64,384	1,057,403	981,507

The increase occurred in the year ended on December 31, 2017 in the heading "Associates and related companies" was explained, essentially, by loans granted in the year by MOTA-ENGIL MÉXICO and by MOTA-ENGIL TURISMO to affiliated companies consolidated by the equity up method (AUTOPISTA SIERVO DE LA NACIÓN and FIDEICOMISO EL CAPOMO).

As at December 31, 2017, the balance under the heading “Other non-current” in Latin America includes the account circa 21,000 thousand Euros regarding the APP COATZACOALCO – VILLAHERMOSA concession. This concession corresponds, essentially, to a multi-year contract for the provision of services signed with the Mexican government and covers two types of work: (i) one related with the refurbishment of 134.2 kms of road and (ii) a second one related with for the maintenance of the same road for a period of 10 years. Finally, as the GROUP has no demand risk in this concession, the investment in infrastructure for the same was recorded as an account receivable from the Grantor in accordance with the financial method provided for in IFRIC 12.

As at December 31, 2017, the exposure of the GROUP to overdue balances with an aging higher than one year old, net of accumulated impairment losses and creditor balances with the debtors resulted, essentially, in confirmed debts from public bodies (government and public institutions in Angola, Mozambique and Malawi), of customer balances with debt regularisation agreements, of accounts receivable from GROUP partners, including partners of MOTA ENGIL ANGOLA and from guarantee retentions provided to customers.

In 2015, the Angolan State, Sonangol and Sociedade Baía de Luanda (entity in charge of the promotion, development and management of a real estate project for the rehabilitation of the Luanda bay, for which the GROUP has performed several construction contracts) were the main customers with outstanding debt to the GROUP.

Nevertheless, in the year ended on December 31, 2016, significant changes occurred as regards the monetisation of those accounts receivable, with particular emphasis on:

- (i) Receipt by MOTA-ENGIL ANGOLA, by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA - ANGOLA BRANCH and of VISTA WASTE, by circa 57,000 thousand Euros in Angolan sovereign bonds to settle outstanding debts;
- (ii) Offset of (assets and liabilities) accounts with Sonangol and an additional receipt of circa 19,000 thousand Euros;

On the other hand, on February 5, 2017, of a presidential decree establishing an agreement between the Angolan State and Luanda Waterfront Corporation (majority shareholder of Sociedade Baía de Luanda) as regards the review and the bail out of the project for the rehabilitation of the Luanda bay was published. As a compensation for that bail out, the Angolan State authorised the issue of public debt amounting to 379 million US dollars to indemnify the participants in the project.

As a result, following the agreement referred to above, the GROUP received in lieu circa of 82,000 thousand US dollars in Angolan sovereign bonds with a maturity of 7 years. In addition, under the same agreement, the GROUP also agreed to receive a surface right over a plot of land of circa 64,000 square metres belonging to said debtor.

The movement in impairment losses in loans and accounts receivable, for the years ended on December 31, 2017 and 2016, was as follows:

	2017	2016
Customers and others debtors:		
Opening balance	184,046	160,368
Increase	33,400	57,072
Reduction	(5,812)	(14,623)
Utilization	(3,593)	(1,677)
Transfers, exchange differences and changes in the perimeter	30,516	(17,094)
	238,558	184,046

In the year ended on December 31, 2017, circa of 28,000 thousand Euros of transfers were recorded against an entity in the heading “Customers – gross value”.

Adjustments to accounts receivable due to impairment losses are recorded when there is objective evidence that the GROUP will not receive the full amounts to which it was entitled pursuant to the original terms of the established contracts. The adjustments are calculated considering the age of the accounts receivable, the risk profile of the debtors and their financial condition. On the other hand, for the accounts receivable whose expected term of collection exceeds the period of one year, the GROUP discounts those balances to its present value (considering a period between one and two additional years to recover the debt) and uses discount rates between 7.5% and 13.5% in the Africa segment and 9% in the Latin America segment.

The exposure of the GROUP to credit risk is attributable, above all, to the accounts receivable from its operating activity.

The GROUP's Board of Directors believes that the value at which these assets are recorded in the statement of financial position is similar to their fair value.

The GROUP does not charge any interest if the collection periods established with their customers are fulfilled (usually less than a year). Once these deadlines are reached, interest and charged as defined contractually, pursuant to the law in force and applicable to each situation.

b) Other current assets

As at December 31, 2017 and 2016, the heading "Other current assets" can be analysed as follows:

	2017	2016
Accrued income		
Production and services rendered not invoiced (Construction)	339,039	346,381
Production and services rendered not invoiced (Others)	4,236	6,421
Interest receivable	7,175	2,732
Other accrued income	28,725	20,503
	379,175	376,038
Deferred costs		
Insurance	9,545	9,057
Other deferred costs (Construction)	21,661	18,878
Other deferred costs (Others)	13,897	22,987
	45,104	50,923
	424,278	426,961

As at December 31, 2017, the heading "Production and services rendered not invoiced" can be analysed by business segment as follows: 109,034 thousand Euros (90,329 thousand Euros in 2016) in the Africa segment, 183,060 thousand Euros in the Latin America segment (192,228 thousand Euros in 2016) and 51,583 thousand Euros in the Europe Engineering and Construction segment (69,980 thousand Euros in 2016).

As at December 31, 2017 and 2016, the heading "Other deferred costs" included, essentially, deferred expenses associated with the production carried out in the Africa and Latin America regions, namely costs with the mobilisation and demobilisation of equipment and sites.

As at December 31, 2017 and 2016, the information regarding construction contracts in progress can be analysed as follows:

	2017	2016
Construction costs incurred up to date	8,936,225	7,949,325
Work in progress billed by suppliers	8,701,092	7,740,062
Accrued costs - work in progress not billed by suppliers (Note 34)	256,794	228,141
Deferred costs - costs to be recognize (Note 24 b))	21,661	18,878
Income recognized up to date	10,399,524	9,543,046
Work in progress billed to customers	10,115,526	9,239,964
Accrued Income - surplus of production over billing (Note 24 b))	339,039	346,381
Deferred income - advance billing (Note 34)	55,041	43,299
Advances received by customers	223,209	247,667
Retentions held by customers	46,255	45,396
Guarantees given to customers	290,069	451,869

c) Cash and cash equivalents

The amounts regarding the headings "Cash and cash equivalents with recourse - Demand term deposits" as at December 31, 2017 and 2016, were as follows:

	Demand deposits		Term deposits		Total	
	2017	2016	2017	2016	2017	2016
Other treasury applications	394	8,567	-	-	394	8,567
Bank deposits and cash in hand						
Bank deposits	452,195	281,780	34,663	13,122	486,858	294,902
Cash in hand	2,850	5,836	-	-	2,850	5,836
	455,439	296,183	34,663	13,122	490,102	309,305

The amounts regarding the heading of “Cash and cash equivalents without recourse - Demand deposits” as at December 31, 2017 and 2016, were as follows:

	Demand deposits	
	2017	2016
Other treasury applications	-	2
Bank deposits and cash in hand		
Bank deposits	154,180	86,734
Cash in hand	18	18
	154,198	86,754

The amounts under the heading “Cash and cash equivalents without recourse - Demand deposits” are associated with EGF SUBGROUP companies and APP COATZACOALCOS VILLAHERMOSA.

As at December 31, 2017 and 2016, for the purposes of preparation of the statement of cash flows, the heading “Cash and cash equivalents” had the following detail:

	Total	
	2017	2016
With recourse	490,102	309,305
Without recourse	154,198	86,754
Blocked amounts	(34,663)	(13,122)
	609,637	382,937

As at December 31, 2017 and 2016, there were 34,663 thousand Euros and 13,122 thousand Euros, respectively, recorded under the heading “Cash and cash equivalents” not immediately available, since they were given as guarantee, being pledged, or held under finance contracts entered into with third parties.

As at December 31, 2017 and 2016, the amounts included in the headings “Cash and cash equivalents” had the following breakdown by geography:

	2017	2016
Portugal	307,056	137,682
Mexico	102,581	8,638
Angola	40,234	78,732
Malawi	31,230	31,190
Brazil	29,425	29,129
Poland	27,607	41,560
Peru	20,344	7,898
Zimbabwe	19,693	97
Tanzania	15,388	-
Mozambique	14,510	20,575
Mauritius	8,415	13,693
Others	27,818	26,865
	644,300	396,059

Additionally, regarding to Angola, it should be highlighted that as at December 31, 2017 and 2016, the loans obtained in local currency arise to circa 122,000 thousand Euros and 123,000 thousand Euros, respectively.

25. Corporate income tax

As at December 31, 2017 and 2016, the detail of the heading “Corporate income tax” by business segment was as follows:

	2017	2016
Europe - Engineering and Construction	351	5,463
Europe - Environment and Services	1,375	2,192
Africa	16,349	6,771
Latin America	5,202	5,248
Others, eliminations and intragroup	201	201
	23,479	19,875

26. Non-current assets and liabilities held for sale

As at December 31, 2017 and 2016, non-current assets and liabilities held for sale were as follows:

	2017	2016
Financial investment in Lineas subgroup (segment others eliminations and intragroup)	147,599	283,720
Others	1,483	2,726
Non-current assets held for sale	149,082	286,446

	2017	2016
Lineas subgroup liabilities (segment other, elimination and intragroup)	57,703	57,703
Non-current liabilities held for sale	57,703	57,703

In the last quarter of 2015, the Board of Directors of the GROUP decided to dispose of the financial investment held in the LINEAS SUBGROUP. Therefore, assets and liabilities related to that SUBGROUP were reclassified to the headings “Non-current assets/liabilities held for sale”.

Additionally, as established in IFRS 5, the application of the equity method to the financial investment held in the LINEAS SUBGROUP was suspended as of September 30, 2015.

Following the decision referred above and in order to achieve the disposal of said SUBGROUP, in February 2016 an agreement was established with Ardian Infrastructure for the disposal of the financial investments held by of LINEAS in ASCENDI PT and ASCENDI PT II, companies which directly or indirectly held the financial investments in the concessionaires and operators ASCENDI NORTE, ASCENDI BEIRAS LITORAL E ALTA, ASCENDI COSTA DE PRATA, ASCENDI GRANDE PORTO and ASCENDI GRANDE LISBOA. The abovementioned agreement also included the sale of the assets LINEAS held directly or indirectly at the concession companies and operators of ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, at AUVISA, at VIA VERDE PORTUGAL, at ASCENDI O&M, at ASCENDI IGI and at ASCENDI SERVIÇOS, for an amount of approximately 600 million Euros, to which 53 million Euros can be added through a floating price mechanism.

The first stage of the agreement was achieved at the end of December 2016 with the disposal of ASCENDI PT and of ASCENDI PT II, being completed in January 2017 with the disposal of VIA VERDE PORTUGAL and the sale of 75% of ASCENDI SERVIÇOS. In addition, in July 2017 and in February 2018, the disposals of AUVISA and ASCENDI PINHAL INTERIOR were also concluded. The full implementation of the agreement will occur with the transfer of the assets still held in the sub concession company and operator of ASCENDI DOURO INTERIOR and at ASCENDI SERVIÇOS (25%); this will take place when certain conditions foreseen in the agreement are met, particularly authorisations from the concession owner and financial entities. According to the Board of Directors, based on their experience in similar transactions, these requirements will be materialised.

On the other hand, during 2017, the GROUP also completed the disposal of SCUTVIAS and of VIA LITORAL, so that at this date it only remains to complete the disposal of LINEAS, of LUSOPONTE, of CRT, of COPEXA and of ESTRADAS DO ZAMBÊZE, having the GROUP received proposals for their disposal that are in the process of being completed/optimised. Nevertheless, it is the Board of Directors intention to complete the disposal process for this SUBGROUP in the short term, always dependent upon the authorisations from the Grantors and the financial entities.

Taking into consideration the amount of the offers received for the disposal of the remaining assets of LINEAS, as well as its net debt, the fair value of the financial investment held at that entity, less the estimated costs with its sale, exceeds its book value.

In the year ended on December 31, 2017, as result of the application of the equity method being suspended, the GROUP did not record any results associated with the LINEAS SUBGROUP. As at December 31, 2017, the detail of the non-current assets and liabilities held for sale was as follows:

Financial investments in associated companies	147,599
Sundry creditors - Advances on sales	(57,703)
	89,896

Following the financial settlement occurred in January 2017 associated with the first stage of the agreement established with Ardian Infrastructure relating to the disposal of certain assets of LINEAS, the latter one transfer circa of 145,000 thousand Euros to MOTA-ENGIL SGPS associated with reimbursement of supplementary capital and loans, as well as regarding the payment of interest and dividends. Therefore, the reduction occurred in the year in the heading “Non-current assets held for sale” is explained, essentially, by the events described above.

27. Share capital and reserves

Equity

The share capital of MOTA-ENGIL SGPS, as at December 31, 2017, fully subscribed and paid up, amounted to 237,505,141 Euros, and was represented by 237,505,141 shares with a nominal value of 1 Euro each.

In the years ended on December 31, 2017 and 2016, the GROUP fulfilled all capital requirements set in the Portuguese commercial law, particularly the provisions established in article 35 of the “*Código das Sociedades Comerciais*”.

Own shares

In the year ended on December 31, 2016, in accordance with the decision took at the General Shareholders Meeting held on May 25, 2016, the GROUP acquired several tranches of own shares, as detailed below:

2016	Quantity	Average cost	Amount
Opening balance	1,559,742	1.98 €	3,084
Increases			
January	792,502	1.22 €	968
February	1,283,376	1.35 €	1,729
March	4,192	1.67 €	8
	2,080,070	1.30 €	2,704
Closing balance	3,639,812	1.59 €	5,788

During 2017 the GROUP did not perform any acquisitions or disposals of own shares.

Share premiums

Share premiums correspond to premiums obtained through the issue or increase of share capital. Pursuant to the Portuguese commercial legislation, the amounts included under this heading follow the procedures established for the “Legal reserve”, that is, the amounts are not distributable except in the event of liquidation, but may be used to absorb losses, after all other reserves have been depleted, and for incorporation in the share capital.

Following the share capital increase occurred in the year of 2015, from 204,635,695 Euros to 237,505,141 Euros, and given that the subscription price of the shares (2.4814 Euros) was higher than their nominal value, a share premium of 48,149 thousand Euros was generated in that year.

Fair value reserve – Available for sale investments

The “Fair value reserve – Available for sale investments” reflects the changes in the fair value of available for sale financial assets and cannot be distributed or used to absorb losses.

Revaluation reserves

Revaluation reserves cannot be distributed to shareholders, unless they have been fully depreciated or if the respective revalued assets have been sold.

Fair value reserve – Derivatives

The “Fair value reserve – Derivatives” reflects the net changes in the fair value of cash-flow hedge derivative financial instruments which are considered effective (Note 29) and cannot be distributed to shareholders or used to absorb losses.

Currency conversion reserve

Currency conversion reserve reflects the changes in the currency conversion of the financial statements of affiliated companies expressed in a currency other than Euro and cannot be distributed to shareholders or used to absorb losses.

Legal reserve

The Portuguese commercial legislation establishes that at least 5% of the annual net profit must be assigned to increasing the "Legal reserve" until it represents at least 20% of the share capital. This reserve is not distributable except in the event of liquidation, but may be used to absorb losses, after all other reserves have been depleted, and for incorporation in the share capital.

Under the terms of the Portuguese commercial legislation, the amount of distributable reserves is determined in accordance with the individual financial statements of MOTA-ENGIL SGPS, prepared in accordance with to the Accounting Standardisation System (SNC).

Capital management policy

The capital structure of MOTA-ENGIL, determined by the proportion between equity and net debt is managed to ensure the continuity and the carrying on of its operational activities, to maximise the return for shareholders and to optimise finance costs.

MOTA-ENGIL periodically monitors its capital structure and identifies risks, opportunities and the necessary adjustment measures in order to achieve the goals referred to above.

As at December 31, 2017 and 2016, MOTA-ENGIL has an accounting Gearing of 68% and 49% respectively.

Gearing = total equity / net debt, where net debt corresponds to the algebraic sum of the following headings of the statement of financial position: loans with recourse; loans without recourse; cash and cash equivalents with recourse; cash and cash equivalents without recourse; and held to maturity financial assets.

Dividends

The Individual Management Report presents the following proposal:

The Board of Directors proposes to the Annual General Shareholders Meeting, that the net loss of the year accounting to 9,201,755.06 Euros be transferred to retained earnings.

On May 24, 2017, the General Shareholders Meeting approved the distribution of a dividend of 0,13 Euros per share regarding the year of 2016 totalling 30,876 thousand Euros. That dividend was paid on June 8, 2017.

28. Loans

The amounts related to loans with recourse as at December 31, 2017 and 2016 were as follows:

	Current (until 1 year)	between 1 and 2 years	between 2 and 5 years	more than 5 years	Non-current	Total
2017						
Non-convertible bond loans	47,639	151,167	122,500	9,167	282,833	330,472
Amounts owe to credit institutions:						
Bank loans	312,251	160,916	160,745	54,747	376,408	688,658
Overdraft facilities	96,269	-	-	-	-	96,269
Revolving facilities	140,935	-	-	-	-	140,935
Other loans obtained:						
Commercial paper issues	116,725	44,110	11,064	-	55,174	171,899
Others	1,303	2,006	247	-	2,252	3,556
	715,121	358,198	294,555	63,913	716,667	1,431,789
2016						
Non-convertible bond loans	42,009	83,717	237,000	-	320,717	362,726
Amounts owe to credit institutions:						
Bank loans	305,900	166,116	221,521	57,147	444,783	750,683
Overdraft facilities	93,758	-	-	-	-	93,758
Revolving facilities	137,624	-	-	-	-	137,624
Other loans obtained:						
Commercial paper issues	34,543	29,760	40,089	-	69,849	104,391
Others	2,552	1,303	746	-	2,049	4,602
	616,385	280,896	499,355	57,147	837,398	1,453,784

The issues of commercial paper, although maturing in a period equal or less than one year, are generally covered by medium and long-term programmes that assure their automatic renewal over time. Under these circumstances, and given that the GROUP's Board of Directors intends to pursue the use of said programmes while they are in force, it recorded said commercial paper issues as due in the medium and long term.

As at December 31, 2017, there were financing operations with commitments of maintaining covenants related to some levels of financial autonomy and debt ratios based on the GROUP's and its sub holdings consolidated financial statements, whose conditions were negotiated in accordance with normal market practices.

As at December 31, 2017, according to the information available, no creditor could demand an early reimbursement of any loan granted to the GROUP as a result of the non-fulfilment of the abovementioned covenants.

The amounts related to loans without recourse as at December 31, 2017 and 2016 were as follows:

	Current (until 1 year)	between 1 and 2 years	between 2 and 5 years	more than 5 years	Non-current	Total
2017						
Non-convertible bonds	-	3,132	24,724	54,558	82,413	82,413
Amounts owed to credit institutions:						
Bank loans	25,220	20,535	48,924	47,312	116,771	141,990
Revolving facilities	2,860	-	-	-	-	2,860
Other loans obtained:						
Commercial paper issues	2,500	2,500	7,500	6,162	16,162	18,662
	30,580	26,167	81,148	108,031	215,346	245,925
2016						
Non-convertible bonds	21,932	19,709	62,309	55,210	137,227	159,159
Amounts owed to credit institutions:						
Revolving facilities	7,158	-	-	-	-	7,158
Other loans obtained:						
Commercial paper issues	2,500	2,500	7,500	8,648	18,648	21,148
	31,590	22,209	69,809	63,858	155,875	187,465

As at December 31, 2017 and 2016, the amounts of loans without recourse and associated with EGF SUBGROUP companies and to the company used to finance its acquisition (SUMA TRATAMIENTO) and with APP COATZACOALCOS VILLAHERMOSA.

In addition, as at December 31, 2017 and 2016, the average maturity of debt (with or without recourse) was 2.4 and 2.5 years respectively.

As at December 31, 2017, the movement occurred in the financial debt was as follows:

	Non-convertible bond loans	Bank loans	Bank overdrafts	Revolving facilities	Commercial paper issues	Other loans	Total
Opening balance	362,726	909,842	93,758	144,782	125,539	4,602	1,641,249
Transactions with impact on cash-flow							
Loans obtained	279,521	330,662	492,668	171,239	583,206	-	1,857,297
Amortisations and repayments of loans	(227,340)	(393,924)	(489,646)	(170,119)	(518,015)	(651)	(1,799,695)
	52,181	(63,261)	3,022	1,121	65,191	(651)	57,602
Transactions with no impact on cash-flow							
Exchange differences	(2,864)	(12,547)	51	(1,020)	-	-	(16,381)
Merges	-	-	(152)	-	-	-	(152)
Recognition of amortised cost	842	(3,385)	-	59	(170)	-	(2,654)
Changes in perimeter	-	-	(409)	(1,146)	-	(395)	(1,950)
Closing balance	412,885	830,648	96,269	143,796	190,561	3,556	1,677,714

As at December 31, 2017 and 2016, the main bond loans and commercial paper programmes issued by the GROUP in force on those dates, were as follows:

2017						
Type of issue / Issuer	Date of emission	Date of reimbursement	Indexation	Reimbursement conditions	Amount	Maturity
Bond loans:						
Mota-Engil Engenharia e Construção África	dec/13	dec/18	Euribor 6M + 6.50%	i)	45,000	
Mota-Engil SGPS	apr/14	apr/19	Fixed Rate 5.5%	ii)	110,000	
Mota-Engil SGPS	jun/14	jun/18	Fixed Rate 4.375%	ii)	20,845	
Mota-Engil SGPS	jul/15	feb/20	Fixed Rate 3.90%	ii)	95,000	
Mota-Engil SGPS	dec/15	dec/18	Euribor 6M + 3.25%	iii)	5,000	
Mota-Engil SGPS	apr/16	apr/19	Fixed Rate 4.75%	ii)	32,000	
Suma	oct/13	oct/18	Euribor 6M + 5.25%	ii)	10,000	
Mota-Engil Latin America BV	dec/17	dec/23	Euribor 6M + 5%	iv)	15,000	
APP Coatzacoalcos Villahermosa SAPI	oct/17	oct/26	Fixed Rate 8.9%	v)	82,413	
Commercial paper programmes:						
Mota-Engil SGPS	mar/16	feb/18	Fixed Rate 3.5%		15,000	From 30 to 181 days
Mota-Engil SGPS	oct/17	oct/22	Euribor 3M + 4%		19,250	From 90 days
Mota-Engil SGPS	dec/17	dec/18	Fixed Rate 4%		55,000	From 364 days
Mota-Engil SGPS	dec/13	feb/22	Maximum rate indicated by the issuer		21,000	From 7 to 397 days
Mota-Engil Engenharia e Construção	aug/14	aug/18	Euribor of the period + 2%		8,400	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days
Mota-Engil Engenharia e Construção	oct/16	jan/18	Euribor of the period + 5%		7,500	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days
Mota-Engil Europa	dec/15	jun/19	Euribor of the period + 4.70%		25,000	Direct placement: from 7 days to 6 months
Mota-Engil SGPS and Mota-Engil Ambiente e Serviços	jan/07	jan/19	Euribor of the period + 1.5%		29,260	From 1, 3, 6 to 12 months
Resinorte	aug/16	feb/24	Euribor 6M + 2.5%		18,750	98 months

i) Interest and repayment in 10 half-yearly instalments.

ii) Interest paid in half-yearly instalments and single repayment upon the maturity of the loan.

iii) Interest and repayment in 6 yearly instalments.

iv) Interest and repayment in 12 half-yearly instalments.

2016						
Type of issue / Issuer	Date of emission	Date of reimbursement	Indexation	Reimbursement conditions	Amount	Maturity
Bond loans:						
Mota-Engil Engenharia e Construção África	dec/13	dec/18	Euribor 6M + 6.75%	i)	50,000	
Mota-Engil SGPS	dec/12	dec/17	Euribor 6M + 6.75%	ii)	15,000	
Mota-Engil SGPS	sep/13	sep/17	Euribor 6M + 5.5%	ii)	20,000	
Mota-Engil SGPS	apr/14	apr/19	Fixed Rate 5.5%	ii)	110,000	
Mota-Engil SGPS	jun/14	jun/18	Fixed Rate 4.375%	ii)	23,717	
Mota-Engil SGPS	jul/15	feb/20	Fixed Rate 3.90%	ii)	95,000	
Mota-Engil SGPS	dec/15	dec/18	Euribor 6M + 3.25%	iii)	10,000	
Mota-Engil SGPS	apr/16	apr/19	Fixed Rate 4.75%	ii)	32,000	
Suma	oct/13	oct/18	Euribor 6M + 5.25%	ii)	10,000	
Commercial paper programmes:						
Mota-Engil Europa	dec/15	jun/19	Euribor of the period + 4.70%	-	25,000	Direct placement: from 7 days to 6 months
Mota-Engil SGPS	dec/12	dec/17	Euribor 3M + 5%	-	4,450	Direct placement: quarterly
Mota-Engil SGPS and Mota-Engil Ambiente e Serviços	jan/07	jan/19	Euribor of the period + 1.5%	-	40,810	From 1, 3, 6 to 12 months
Mota-Engil Engenharia e Construção	oct/16	jan/18	Euribor of the period + 5%	-	7,500	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days
Resinorte	aug/16	feb/24	Euribor 6M + 2.5%	-	21,250	98 months
Mota-Engil Engenharia e Construção	aug/14	aug/18	Euribor of the period + 2%	-	16,700	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days

i) Interest and repayment in 10 half-yearly instalments.

ii) Interest paid in half-yearly instalments and single repayment upon the maturity of the loan.

iii) Interest and repayment in 6 yearly instalments.

As at December 31, 2017 and 2016, the debt obtained through other loan contracts higher than 10,000 thousand Euros can be analysed as follows:

2017		
Issuer	Type of loan	Amount in debt
Other operations:		
Mota-Engil, SGPS	Medium and long term loan	107,195
Mota-Engil, SGPS	Revolving facilities	17,000
Mota-Engil Engenharia e Construção	Revolving facilities	19,915
Mota-Engil Europa	Medium and long term loan	18,400
Mota-Engil Real Estate Portugal	Medium and long term loan	24,000
Mota-Engil Angola	Medium and long term loan	13,096
Mota-Engil Angola	Revolving facilities	36,181
Mota-Engil Engenharia e Construção África	Medium and long term loan	84,210
Mota-Engil Engenharia e Construção África	Short term loan	49,750
Mota-Engil Engenharia e Construção África	Overdraft facilities	39,723
Mota-Engil Latin America BV	Medium and long term loan	13,333
Mota-Engil Peru	Medium and long term loan	32,311
Suma Tratamento	Medium and long term loan	60,342
Suma	Medium and long term loan	43,556
Sucursal Mota-Engil Colômbia	Short term loan	13,341
Mota-Engil México	Medium and long term loan	10,522
Vermelo	Medium and long term loan	10,366

2016		
Issuer	Type of loan	Amount in debt
Other operations:		
Mota-Engil, SGPS	Medium and long term loan	147,343
Mota-Engil, SGPS	Revolving facilities	13,500
Mota-Engil Engenharia e Construção	Medium and long term loan	9,070
Mota-Engil Engenharia e Construção	Revolving facilities	19,987
Mota-Engil Engenharia e Construção	Overdraft facilities	5,929
Mota-Engil Europa	Medium and long term loan	40,000
Mota-Engil Real Estate Portugal	Medium and long term loan	20,000
Mota-Engil Angola	Medium and long term loan	22,090
Mota-Engil Angola	Short term loan	30,000
Mota-Engil Engenharia e Construção África	Medium and long term loan	118,332
Mota-Engil Engenharia e Construção África	Short term loan	48,455
Mota-Engil Engenharia e Construção África	Overdraft facilities	28,460
Mota-Engil Latin America BV	Medium and long term loan	20,000
Mota-Engil Peru	Medium and long term loan	16,128
Suma	Medium and long term loan	55,560
Suma Tratamento	Medium and long term loan	71,348
Mota-Engil, SGPS/Mota-Engil Engenharia e Construção/Mota-Engil Real Estate Portugal	Overdraft facilities	15,249

The amounts included under the heading “Other loans” refer essentially to loans received from the Portuguese Agency for Investment (AICEP) and for the Institute of Support to Small and Medium-sized Companies and to Investment (IAPMEI) as support to investment and do not earn interest. These loans have been recorded at their fair value at the date of their initial recognition with difference arising from the amount received treated as an investment granted.

29. Derivative financial instruments

As at December 31, 2017 and 2016, the following derivative financial instruments were contracted by the GROUP:

Subsidiary	Type	Counterpart	Beginning	Notional	Contracted rates	Maturity	Fair value	
							2017	2016
Empresa Construtora Brasil	Currency Swap	Bradesco	jul/17	2,170	-	jul/19	93	-
Empresa Construtora Brasil	Currency Forward	Santander Totta	mar/15	1,749	-	jan/17	-	(6)
							93	(6)
Mota-Engil, SGPS	Swap	JP Morgan	sep/17	73,125	Swap Libor 6M for fixed rate -0.02%	jun/21	5	-
Mota-Engil Engenharia e Construção	Swap	Santander Totta	aug/14	25,000	Swap Libor 3M for fixed rate 0.41%	aug/18	(22)	(103)
ME Peru	Swap	Citibank	dec/15	10,631	Swap Libor 3M +1.70% for fixed rate 4.35%	dec/20	(323)	(388)
ME Peru	Currency option	Citibank	aug/16	10,631	USD/PEN between [3.413 - 3.800 PEN]	dec/20	(224)	(268)
							(564)	(759)

The calculation of the fair value of the derivative financial instruments contracted by the GROUP was carried out by the respective counterparts, which are considered suitable/independent financial entities of recognised merit. The valuation models employed were based on the discounted cash flow method: using *Par Rates of Swaps*, listed on the interbank market and available on *Reuters* and *Bloomberg* pages, for the relevant periods, with calculation of the respective forward rates and discount factors which were used to discount the fixed cash-flow (fixed leg) and the variable cash-flow (floating leg). The sum of the two legs is equivalent to the Net Present Value (NPV). As for options, the Black-Scholes model and the volatility values available on the pages of *Reuters* and *Bloomberg* were used.

Following the described above, the fair value of the derivative financial instruments was determined through valuation techniques, on which the main inputs are observable on the market and so they fall into level 2 of IFRS 13.

30. Commercial liabilities

The information regarding commercial liabilities as at December 31, 2017 and 2016 can be analysed as follows:

	Non-current		Current	
	2017	2016	2017	2016
Suppliers				
Europe Engineering and Construction	10,253	12,495	196,739	163,706
Europe Environment and Services	2	-	31,465	33,392
Africa	189	144	269,074	175,866
Latin America	301	-	144,255	149,869
Others, eliminations and intragroup	0	0	(151,705)	(103,424)
	10,744	12,639	489,828	419,408
Suppliers of fixed assets	(0)	4,433	28,461	13,328
Associates and other shareholders	1,718	3,458	33,441	25,148
Customer prepayments on account of sales	30,799	33,223	260,690	259,184
State and other public entities (except Corporate income tax)	-	-	47,884	51,108
Other creditors	7,601	27,616	79,430	71,612
	40,118	68,730	449,906	420,380
	50,862	81,369	939,734	839,789

As at December 31, 2017 and 2016, the heading “Suppliers” included the amounts of approximately 40,500 thousand Euros and 39,800 thousand Euros respectively, relative to confirming contracts. These amounts concern essentially to debts arising from subcontracting the ongoing works awarded to the GROUP.

The increase occurred in the heading “Suppliers” in the year ended on December 31, 2017 in the Africa segment was due, essentially, to the increase of activity experienced in the year in Angola.

As at December 31, 2017 and 2016, the heading “Others, eliminations and intragroup” included, essentially, balances between companies from the Africa segment with the Europe Engineering and Construction segment.

As at December 31, 2017 and 2016, the heading “Associates and other shareholders” included the balances owed by GROUP companies to associates and jointly controlled companies consolidated by the equity method, together with the balances owed to partners of the GROUP, namely the partners of MOTA-ENGIL ANGOLA and the ones from companies amount of the SUMA SUBGROUP and the EGF SUBGROUP.

As at December 31, 2017, the heading “Customers prepayments on account of sales” included the amount of 26,864 thousand Euros classified as non-current (22,878 thousand Euros as at December 31, 2016) and 697 thousand Euros classified as current (7,518 thousand Euros as at December 31, 2016) relating to the regulatory liability from the EGF SUBGROUP, together with some 28,000 thousand Euros (25,000 thousand Euros as at December 31, 2016) associated with the future disposal of two highway concessions in Mexico (Note 18).

The GROUP’s Board of Directors believes that the value at which the abovementioned financial liabilities are recorded in the statement of financial position is similar to their fair value.

31. Other financial liabilities

The information regarding the other financial liabilities as at December 31, 2017 and 2016, can be analysed as follows:

	Non-current		Current	
	2017	2016	2017	2016
Leasing	122,934	86,920	42,238	40,528
Factoring	-	-	91,276	54,001
Credit sales	-	-	150,055	-
	122,934	86,920	283,569	94,529

The amount of circa 150,000 thousand Euros of credit sales corresponds to the counterpart of the receipt in Portugal in Euros of a construction projects carried out under the COSEC line established between the Portuguese and the Angolan governments. As soon as all administrative procedures associated with the transfer of that credit to the Portuguese state be completed, that amount will be derecognized from liabilities against an entity in accounts receivable for the same amount.

As at December 31, 2017, the movement occurred in other financial liabilities was as follows:

	Factoring	Leasing	Credit sales	Total
Opening balance	54,001	127,448	-	181,449
Transactions with impact in cash:				
Loans obtained	437,488	79,610	150,055	667,153
Amortization and reimbursement of loans	(400,587)	(37,412)	-	(437,999)
	36,901	42,198	150,055	229,154
Transactions without impact in cash:				
Exchange differences	374	(4,474)	-	(4,100)
Closing balance	91,276	165,172	150,055	406,503

As at December 31, 2017 and 2016, the net book value of the assets subject to leasing contracts was as follows:

	2017	2016
Land and Buildings	1,854	1,898
Basic equipment	160,930	134,758
Transport equipment	18,124	20,547
Administrative equipment	120	349
Other assets	1,543	1,206
	182,569	158,758

As at December 31, 2017 and 2016, the most significant leasing contracts entered into by the GROUP were as follows:

2017				
Contracting party	Amount	Asset	Lease period	Purchase option
Correia & Correia	1,278	Building	20 years	26
Empresa Construtora Brasil	1,069	Sundry equipment	5 years	-
Empresa Construtora Brasil	1,430	Sundry equipment	10 years	-
Empresa Construtora Brasil	1,032	Sundry equipment	4 years	21
ME- Engenharia	32,538	Sundry equipment	4 years	650
ME- Engenharia	10,779	Sundry equipment	5 years	216
ME Guiné	49,318	Sundry equipment	6 years	-
ME-Central Europe Polónia	1,512	Sundry equipment	7 years	21
ME-Central Europe Polónia	1,077	Sundry equipment	6 years	108
Mota-Engil Angola	5,314	Sundry equipment	4 years	-
Mota-Engil Engenharia e Construção África	18,991	Sundry equipment	5 years	379
Mota-Engil Engenharia e Construção África	37,787	Sundry equipment	4 years	946
Mota-Engil México	3,770	Machinery	3 years	-
Mota-Engil México	1,855	Machinery	4 years	480
PTT	3,582	Land and Construction	10 years	72
Takargo	24,140	Railway locomotives	25 years	121
Takargo	11,944	Railway wagons	25 years	60

2016				
Contracting party	Amount	Asset	Lease period	Purchase option
Correia & Correia	1,278	Building	20 years	26
Empresa Construtora Brasil	1,236	Sundry equipment	5 years	-
Empresa Construtora Brasil	1,653	Sundry equipment	10 years	-
ME- Engenharia	14,377	Sundry equipment	4 years	307
ME- Engenharia	13,876	Sundry equipment	5 years	346
ME- Engenharia	1,438	Sundry equipment	8 years	72
ME- Engenharia	16,062	Sundry equipment	5 years	321
ME Peru	11,065	Sundry equipment	3 years	4,426
ME-Central Europe Polónia	1,406	Sundry equipment	5 years	14
ME-Central Europe Polónia	1,020	Sundry equipment	7 years	102
ME-Central Europe Polónia	1,432	Sundry equipment	6 years	20
Mota-Engil Angola	1,782	Sundry equipment	2 years	-
Mota-Engil Engenharia e Construção África	3,780	Sundry equipment	2 years	151
Mota-Engil Engenharia e Construção África	44,362	Sundry equipment	4 years	1,078
Mota-Engil México	2,168	Sundry equipment	3 years	-
PTT	3,582	Land and Construction	10 years	72
Takargo	24,140	Railway locomotives	25 years	121
Takargo	11,944	Railway wagons	25 years	60

As at December 31, 2017 and 2016, the GROUP hold liabilities recorded under the heading of “Other financial liabilities” relating to financial leases with the following maturity dates:

Lease contracts	Outstanding rents on lease contracts		Present value of lease contracts	
	2017	2016	2017	2016
1 year	46,285	43,311	42,238	40,528
2 year	35,299	33,130	32,400	31,711
3 year	27,144	16,781	25,071	16,160
4 or more years	68,656	40,851	65,463	39,049
	177,384	134,074	165,172	127,447
Interest included in the rents	(12,212)	(6,626)	-	-
Present value of the lease contract rents	165,172	127,448	165,172	127,447

32. Corporate income tax

As at December 31, 2017 and 2016, the detail by business segment of the heading “Corporate income tax” was as follows:

	2017	2016
Europe Engineering and Construction	4,227	149
Europe Environment and Services	389	1,113
Africa	13,945	8,235
Latin America	10,019	1,934
Others, eliminations and intragroup	(161)	352
	28,419	11,783

33. Provisions

The information regarding provisions, as at December 31, 2017 and 2016 can be summarised as follows:

	2017	2016
Provisions for construction warranties	51,243	58,999
Liabilities arising from defined benefit pension plans (Note 36. Benefit pension plans)	13,548	11,262
Legal proceedings	6,607	6,240
Provisions for investments accounted under the equity method	6,420	4,725
Sealing and monitoring of landfills	4,669	6,817
Other pensions	562	506
Indemnities for termination of fixed-term employment contracts	12	1,168
Other contingencies	13,036	12,367
	96,098	102,085

Provisions for construction warranties arise from the construction contracts carried out by the GROUP and refer essentially to MOTA-ENGIL ANGOLA and from MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO.

The provisions for the sealing and monitoring of landfills refer essentially to the companies from the SUMA SUBGROUP.

The provisions for other contingencies include estimated costs with several contingencies of legal, tax-related and judicial nature.

The information regarding the movement occurred in provisions in the years ended on December 31, 2017 and 2016 was as follows:

	2017	2016
Provisions		
Opening balance	97,360	118,959
Increase	23,640	27,272
Reduction	(19,904)	(9,359)
Utilization	(3,974)	(12,255)
Transfers, exchange differences and changes in perimeter	(7,445)	(27,256)
	89,678	97,360
Provisions for investments accounted under the equity method		
Opening balance	4,725	4,242
Increase	763	4,135
Reduction	(1,091)	(353)
Transfers, exchange differences and changes in perimeter	2,023	(3,299)
	6,420	4,725

In the year ended on December 31, 2016, the heading “Transfers, exchange differences and changes in perimeter” included, essentially, 9,185 thousand Euros of provisions for construction warranties and onerous contracts which were transferred to customer impairment losses, as well as the impact of the depreciation of Kwanza and Metical.

As at December 31, 2017 and 2016, the provision for investments accounted under the equity method referred essentially to the affiliates LOGZ.

As at December 31, 2017 and 2016, with the exception of the provisions recorded for the sealing and monitoring of landfills and for the liabilities related to defined benefit pension plans, the utilization date of the other provision cannot be estimated and, therefore, these provisions were not financially updated.

Likewise, given the uncertainty as for the period in which the previously mentioned provisions will be converted into liabilities, it was not possible to disclose the period that the associated future cash out flows are expected to occur, reason why these were classified as non-current.

34. Other current and non-current liabilities

As at December 31, 2017 and 2016, the information regarding other non-current liabilities was as follows:

Other non-current liabilities	2017	2016
Investment subsidies	151,667	173,401
Ongoing works not billed by suppliers	4,168	3,459
Other	5,790	978
	161,625	177,838

As at December 31, 2017 and 2016, the heading “Investment subsidies” referred essentially to the companies from the EGF SUBGROUP.

As at December 31, 2017 and 2016, the information regarding other current liabilities was as follows:

Other current liabilities	2017	2016
Accrued costs		
Holiday pay and holiday bonus	38,869	37,175
Interest payable	15,483	16,393
Work in progress not billed by suppliers (Construction) (Note 24 b))	256,794	228,141
Work in progress not billed by suppliers (Others)	4,004	8,658
Other accrued costs	20,840	46,291
	335,990	336,657
Deferred income		
Advance invoicing (Construction) (Note 24 b))	55,041	43,299
Advance invoicing (Others)	3,026	756
Investment subsidies	26,251	28,691
Other deferred income	24,867	17,918
	109,185	90,663
	445,175	427,320

As at December 31, 2017 and 2016, the headings “Work in progress not billed by suppliers” had the following breakdown by business segment: 125,750 thousand Euros (143,818 thousand Euros in 2016) in the Africa segment, 90,450 thousand Euros in the Latin America segment (21,390 thousand Euros in 2016) and 44,590 thousand Euros in the Europe Engineering and Construction segment (71,290 thousand Euros in 2016).

The amount recorded under the heading “Advance billing” refers essentially to the application of the accounting policy described in Note 1.3 xii) a) related to the revenue recognition in construction contracts.

As at December 31, 2017 and 2016, the heading “Other deferred income” included the amounts of 6,700 thousand Euros and 14,600 thousand Euros, respectively, related with late payment interest debited to customers which were deferred up to the time of their receipt and 9,100 thousand Euros as at December 31, 2017 related to tariff deviations of the EGF SUBGROUP companies.

The main information regarding investment subsidies granted to the GROUP was as follows:

Beneficiary company	Revenue recognition			
	Asset value	Deferred income	Revenue recognised in 2017	Revenue recognised in 2016
Correia & Correia	3,158	111	16	17
Enviroil II	4,187	663	-	37
ME- Engenharia	44,598	686	158	317
RTA	-	-	99	123
Capsfil	1,137	1	-	-
Ersuc	161,449	43,047	6,506	6,747
Algar	76,188	10,281	1,065	1,060
Amarsul	67,735	14,716	1,378	1,200
Resiestrela	32,156	10,636	1,663	1,742
Resinorte	130,510	44,652	5,993	6,985
Resulima	11,317	2,495	324	288
Suldouro	46,430	5,073	862	1,049
Valnor	47,444	13,600	2,152	2,196
Valorlis	34,739	6,525	974	1,097
Valorminho	6,007	893	73	79
Valorsul	188,675	24,490	5,085	5,080
Vibeiras	18	2	1	1
Triu	1,139	47	-	17
		177,918	26,349	28,034

35. Contingent assets and liabilities

As at December 31, 2017 and 2016, the guarantees provided by the GROUP to third parties in the form of bank guarantees and credit insurances, particularly to customers whose contracts are being executed by the several companies of the GROUP, detailed by currency, were as follows:

	2017	2016
Czech Crown	6,601	5,331
US Dollar	183,832	129,531
Cape Verdean Escudo	886	1,804
Euros	367,891	393,918
Hungarian Forint	655	902
Angolan Kwanza	54,919	41,055
Malawian Kwacha	18,025	15,314
Mozambican Metical	7,277	6,055
Peruvian Nuevo Sol	71,141	91,565
Colombian Peso	221,401	173,825
Mexican Peso	294,707	217,835
South African Rand	39,701	41,949
Brazilian Real	110,093	106,126
Polish Zloty	143,560	119,972
Others	32,331	32,587
	1,553,021	1,377,768

As at December 31, 2017 and 2016, the breakdown of the guarantees provided by GROUP company was as follows:

	2017	2016
Área golfe	554	554
Emocil	529	979
Empresa Construtora Brasil	89,144	106,126
Geradora Fenix	1,826	4,180
Suma/EGF Group	98,846	131,193
Manvia	3,758	3,037
ME- Central Europe República Checa	6,403	5,371
MEEC África	80,791	26,754
Mota-Engil Angola	57,658	45,616
Mota-Engil Central Europe Polónia	139,038	93,237
Mota-Engil Engenharia	182,896	229,939
Mota-Engil México	81,230	67,372
Mota-Engil Peru	106,247	128,392
Mota-Engil Serviços Partilhados	225	164
Branch of Mota Engil Engenharia Colômbia/Mota Engil Colômbia	126,837	173,825
Branch of Mota Engil Engenharia África Malawi	60,851	80,183
Branch of Mota Engil Engenharia África Moçambique	35,233	33,368
Branch of Mota Engil Engenharia África Zâmbia	20,327	19,193
Vibeiras	7,461	8,942
Others	453,166	219,343
	1,553,021	1,377,768

As at December 31, 2017 and 2016, the amount of the guarantees provided by the GROUP in favour of the Portuguese tax authorities associated with tax proceedings reached 59,224 thousand Euros (46,401 thousand Euros in 2016) with the following breakdown: 50,815 thousand Euros of credit insurances (21,257 thousand Euros in 2016); 848 thousand Euros of guarantees (18,028 thousand Euros in 2016); 4,913 thousand Euros of bank guarantees (4,912 thousand Euros in 2016); 0 thousand Euros of property mortgages (336 thousand Euros in 2016); and 2,646 thousand Euros of shares pledges (1,598 thousand Euros in 2016). Nevertheless, the GROUP challenged, in court, the respective additional liquidations, and the Board of Directors believes, based on the opinion of its advisors on legal/tax matters, that said challenges will be accepted and therefore no provisions were recorded in the attached consolidated financial statements.

On the other hand, as at December 31, 2017, the GROUP was involved on several legal proceedings, both as defendant and claimant. Considering only the proceedings higher than 500 thousand Euros, those involve amounts of approximately 66,000 thousand Euros as defendant. In this regard, it should be noted that of the above said amount 51,000 thousand Euros are concentrated in two proceedings (one in Portugal and another in Slovakia) which have been ongoing for more than 10 years.

In the first of those proceedings, the fact that the counterparty was unable to prove in court over the course of the last 12 years the basis of its legal action (and for which the it demands a compensation for future profits totalling circa of 36,000 thousand Euros) support the belief of the Board of Directors that the outcome of that procedure will be in favour of the GROUP.

In what regards the second of those proceedings, for which the confirmation of the Slovakian Constitutional Court of a favourable sentence issued in the past was expected, relating to events occurred in 2004, a change in the position of that Court was witnessed in spite of the same facts and legal framework. Meanwhile and without prejudice to the right to appeal within the scope of European jurisdiction, it is the understanding of the Board of Directors, supported by the opinion of renowned jurists, that due to a very proper procedural context and some assumptions dismissed, that the content of the administrative decision that underlies the abovementioned legal action namely of the respective pecuniary sanction, will always need to be enforceable which is highly remote.

On the other hand, at the beginning of 2018, MOTA-ENGIL GROUP was referred to in an investigation initiated by the Peruvian Public Ministry associated with a series of practices carried out by certain construction companies operating in Peru that were not in fully compliant with the current legislation. Nevertheless, at the date of this report, the GROUP was not subject of any investigation nor accusation regarding that proceeding. Thus, any contingencies associated with the progress of said investigation at the moment couldn't be assessed nor quantified.

36. Retirement plans with defined benefits

As at December 31, 2017 and 2016, the GROUP assumed liabilities related to defined benefit retirement plans towards some former employees and to some founding directors who are also shareholders. Those shareholder directors are beneficiaries of a retirement plan with defined benefits, which allow them, in general terms, to receive a pension equivalent to 80% of their salary on the date of their retirement.

As at December 31, 2017 and 2016, information regarding the liabilities to pensioners and to the founding shareholder directors, as well as the respective coverage, were as follows:

	2017	2016
Liabilities to pensioners	1,417	1,153
Liabilities to founding shareholder directors	12,132	10,109
Provisions (Note 33. Provisions)	13,548	11,262
% of coverage	100%	100%

The information regarding the movement occurred in the liabilities associated with the retirement plans, in the years ended on December 31, 2017 and 2016, was as follows:

	2017	2016
Liabilities at beginning of the year	11,262	10,111
Benefits paid	(94)	(82)
Current service cost	213	271
Interest cost	226	281
Actuarial Losses / (Gains)	1,940	681
Liabilities at year end	13,548	11,262

In the years ended on December 31, 2017 and 2016, the amounts recorded in the income statement related to the defined benefits retirement plans arise to 439 thousand Euros and 552 thousand Euros, respectively. In addition, in those years, the amounts of 1,940 thousand Euros and 681 thousand Euros, respectively, income relating to this negative actuarial and financial deviations occurred in the year were recorded in the statement of comprehensive income.

As at December 31, 2017 and 2016, the actuarial studies prepared to quantify the liabilities associated with the retirement plans were executed by a specialized and independent technician accredited by the Supervisory Authority for Insurance and Pension Funds (*Autoridade de Supervisão de Seguros e Fundos de Pensões* - ASF) and assumes the following assumptions:

	2017	2016
Mortality table	TV 73/77	TV 73/77
Invalidity table	EKV80	EKV80
Discount rate	1.50%	2.0%
Expected salary increase rate	1.0%	0.0%
Pensions discount rate	1.50%	2.0%
Pensions growth rate	0%/0.5%	0%/0.4%
Number of payments of the benefit	13/14	13/14

The liabilities related to defined benefit retirement plans were calculated in accordance with the “projected unit credit method”, based on the most suitable actuarial and financial assumptions for the established plan.

The discount rate used for the calculation of the liabilities was determined by reference to market rates of bonds issued by companies with low credit risk and with a maturity similar to one of settlement of the liabilities.

Based on the actuarial study carried out on December 31, 2017, the best estimate for the contributions to be paid in 2018 amount to 258 thousand Euros.

Defined benefit retirement plans expose the GROUP to the following risks:

- Interest rate risk – the present value of the liabilities is calculated taking in consideration a discount rate established by reference to the interest rates for bonds denominated in Euros with high levels of quality in terms of credit risk; when the discount rate decreases, the liabilities would increase.

- Longevity risk – the present value of the liabilities is calculated taking in consideration the best estimate at the referring date of the expected death of the participants before and after the retirement date. An increase in the life expectancy of the participants of the plan will increase the liabilities with pensions.

- Salary/pension risk - the present value of liabilities is calculated taking in consideration an estimated future salary/pension of the participants. Therefore, an increase of participant’s salary/pension will increase the liabilities with pensions.

As at December 31, 2017, should the salary growth rate increase by 0.5%, the present value of the liabilities would be increased by circa 184 thousand Euros.

As at December 31, 2017 if the discount rate increase or decrease 0.5%, the present value of the liabilities will be decreased and increased by 829 and 760 thousand Euros, respectively.

As at December 31, 2017, the duration of the liabilities arise to 12 years.

37. Non-controlling interests

As at December 31, 2017 and 2016, subsidiaries controlled by the GROUP with the more significant non-controlling interests were as follows:

2017	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Major shareholders
Mota-Engil Angola	49.15%	17,263	107,841	Sonangol (20%) BPA (5%) Finicapital (15%) Globalpactum (9%)
Valorsul	70.23%	6,812	31,297	Municipality of Lisbon (20.00%) Municipality of Loures (11.51%) Municipality of Amadora (5.16%) Municipality of Vila Franca de Xira (4.61%) Municipality of Odivelas (0.54%) Others municipalities (5.25%); (a)
Empresa Construtora Brasil	50.00%	2,430	15,947	Bonsucesso (50%)
Mota-Engil México	49.00%	8,364	17,985	Prodi (49%)
Vista Waste	43.93%	3,507	18,331	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Generadora Fénix	73.73% (b)	17,147	16,396	Mexican Electricians' Union (SME) (40%) LF del Centro S.C. (9%) Other investors (25.22%)
Others		4,331	80,805	
		59,853	288,603	

(a) This company is also directly or indirectly held by SUMA (entity held by the MOTA-ENGIL GROUP by 61.5% and by the Urbaser Group by 38.5%).

(b) 88.16% of the hydroelectric energy generating business and 73.73% of the combined cycle power generation business.

2016	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Major shareholders
Mota-Engil Angola	49.15%	9,241	68,878	Sonangol (20%) BPA (5%) Finicapital (15%) Globalpactum (9%)
Valorsul	70.23%	2,469	26,895	Municipality of Lisbon (20.00%) Municipality of Loures (11.51%) Municipality of Amadora (5.16%) Municipality of Vila Franca de Xira (4.61%) Municipality of Odivelas (0.54%) Others municipalities (5.25%); (a)
Empresa Construtora Brasil	50.00%	2,328	19,798	Bonsucesso (50%)
Mota-Engil México	49.00%	758	12,651	Prodi (49%)
Vista Waste	43.93%	6,445	12,353	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Generadora Fénix	74.22%	(1,189)	1,237	Mexican Electricians' Union (SME) (40%) LF del Centro S.C. (9%) Other investors (25.22%)
Others		(2,703)	99,078	
		17,350	240,891	

(a) This company is also directly or indirectly held by SUMA (entity held by the MOTA-ENGIL GROUP by 61.5% and by the Urbaser Group by 38.5%).

Amounts included under the heading "Others - Accumulated non-controlling interests" basically refer to SUMA TRATAMENTO, EGF and its remaining subsidiaries (48,257 thousand Euros and 65,919 thousand Euros on December 31, 2017 and 2016, respectively), companies held jointly with the Urbaser Group and with several Portuguese municipalities.

In the years ended on December 31, 2017 and 2016, the main movements occurred in non-controlling interests resulted from the additional acquisition in 2017 of circa of 5% of the share capital of EGF within the scope of its privatisation process and the disposal in 2016 of the Port and the Logistics business.

As at December 31, 2017 and 2016, and in the years ended on these dates, the resumed financial information (contributions) of the major subsidiaries controlled by the GROUP with non-controlling interests was as follows:

2017	Mota-Engil Angola	Valorsul	Empresa Construtora Brasil	Mota-Engil México	Vista Waste	Generadora Fénix
Financial Position						
Current assets	378,212	26,229	65,245	80,335	31,608	17,168
Non-current assets	166,387	99,709	33,791	140,961	54,092	23,411
Current liabilities	290,470	35,678	41,241	162,244	18,095	12,710
Non-current liabilities	69,862	44,682	25,900	22,348	25,879	5,631
Equity attributable to shareholders	76,427	14,280	15,947	18,719	23,394	5,842
Non-controlling interests	107,841	31,297	15,947	17,985	18,331	16,396
	184,268	45,577	31,895	36,704	41,726	22,238
Income Statement						
Income	175,125	63,864	187,924	106,129	75,464	65,744
Expenses	140,005	53,944	183,064	89,059	67,482	42,487
Net Income	35,121	9,920	4,860	17,070	7,982	23,257
attributable to:						
the shareholders	17,858	3,108	2,430	8,705	4,475	6,110
the non-controlling interests	17,263	6,812	2,430	8,364	3,507	17,147

2016	Mota-Engil Angola	Valorsul	Empresa Construtora Brasil	Mota-Engil México	Vista Waste	Generadora Fénix
Financial Position						
Current assets	284,441	16,727	55,709	118,178	23,845	5,673
Non-current assets	103,586	113,634	34,161	139,015	37,979	11,023
Current liabilities	229,504	36,282	28,927	204,883	8,685	9,921
Non-current liabilities	53,699	55,785	21,347	26,492	25,021	5,109
Equity attributable to shareholders	35,945	11,399	19,798	13,167	15,765	430
Non-controlling interests	68,878	26,895	19,798	12,651	12,353	1,237
	104,824	38,295	39,596	25,818	28,117	1,667
Income Statement						
Income	255,815	58,896	158,484	152,518	40,670	27,352
Expenses	237,014	55,380	153,827	150,971	26,000	28,954
Net Income	18,800	3,516	4,657	1,547	14,670	(1,602)
attributable to:						
the shareholders	9,559	1,047	2,328	789	8,225	(413)
the non-controlling interests	9,241	2,469	2,328	758	6,445	(1,189)

The movement occurred in the heading of non-controlling interests for the years ended at December 31, 2017 and 2016 can be presented as follows:

	2017
Opening balance	240,891
Net profit attributable to non-controlling interests	59,853
Items of other comprehensive income that may be reclassified to the income statement	
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(9,236)
Impact of hyperinflation in Angola	27,269
Other comprehensive income	545
Dividend distribution	(21,878)
Changes in the consolidation perimeter and in the non-controlling interests	
Acquisition of 4.99% of the EGF Group	(9,916)
Others	1,631
Others	(555)
	288,603
	2016
Opening balance	359,400
Net profit attributable to non-controlling interests	17,350
Items of other comprehensive income that may be reclassified to the income statement	
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(15,367)
Other comprehensive income	(20)
Dividend distribution	(26,393)
Changes in the consolidation perimeter and in the non-controlling interests	
Acquisition of ME Africa NV (18.08%)	(98,602)
Others	4,522
Others	1
	240,891

38. Related parties

As at December 31, 2017 and 2016, as well as in the years ended on those dates, balances and transactions held with related parties, corresponding to associates and jointly controlled companies (recorded through the equity method) and Group shareholders with qualifying holdings, or with other companies held by these shareholders are as follows:

2017	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated companies	27,752	133,330	41,267	7
Companies with common shareholders to the Group	614	1,014	-	-
2016	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated companies	17,197	126,889	8,590	7
Companies with common shareholders to the Group	672	884	-	2,500

2017	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expense
Associated companies	217,615	17,922	4,327	36
Companies with common shareholders to the Group	79	8	-	4

2016	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expense
Associated companies	101,842	13,603	219	-
Companies with common shareholders to the Group	150	-	-	34

As at December 31, 2017 and 2016, the GROUP's shareholders with qualifying holdings and respective directors and managers were as follows:

António Manuel Queirós Vasconcelos da Mota
Maria Manuela Queirós Vasconcelos Mota dos Santos
Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Maria Paula Queirós Vasconcelos Mota de Meireles
Maria Sílvia Fonseca Vasconcelos Mota
Carlos António Vasconcelos Mota dos Santos
Manuel António da Fonseca Vasconcelos da Mota
José Pedro Matos Marques Sampaio de Freitas
José Manuel Mota Neves da Costa
António Lago Cerqueira, S.A.
Mota Gestão e Participações, SGPS, S.A.
F.M. - Sociedade de Controlo, SGPS, S.A.
Mutima Capital Management, LLC

As at December 31, 2017 and 2016, the companies with common shareholders were as follows:

António Lago Cerqueira, SA
Cogera - Sociedade de Produção de Energia por Cogeração, Lda
Covelas - Energia, Lda
Surviauto - Indústria de Componentes de Automóveis, SA (only in 2016)

As at December 31, 2017 and 2016, the directors of MOTA-ENGIL SGPS considered as key management personnel were as follows:

António Manuel Queirós Vasconcelos da Mota
Gonçalo Nuno Gomes de Andrade Moura Martins
Arnaldo José Nunes da Costa Figueiredo
Maria Manuela Queirós Vasconcelos Mota dos Santos
Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Maria Paula Queirós Vasconcelos Mota de Meireles
Ismael Antunes Hernandez Gaspar
Carlos António Vasconcelos Mota dos Santos
José Pedro Matos Marques Sampaio de Freitas
António Martinho Ferreira de Oliveira
João Pedro dos Santos Dinis Parreira
Manuel António da Fonseca Vasconcelos da Mota
Eduardo João Frade Sobral Pimentel
Luís Filipe Cardoso da Silva
Luís Valente de Oliveira
António Bernardo A. da Gama Lobo Xavier
António Manuel da Silva Vila Cova

The remuneration attributed to the members of the Board of Directors during the years ended on December 31, 2017 and 2016, reached the amounts of 5,563 thousand Euros (of which 4,168 thousand Euros represented fixed remuneration, 1,250 thousand Euros represented variable remuneration and 145 thousand Euros represented attendance fees) and of 5,904 thousand Euros (of which 4,407 thousand Euros represented fixed remuneration, 1,363 thousand Euros represented variable remuneration and 134 thousand Euros represented attendance fees), respectively.

The abovementioned remunerations were determined by the Remuneration Committee, taking into account this individual performance of each director and the evolution of this type of labour market.

The following shareholder directors are also beneficiaries of a retirement plan with defined benefits, which will allow them, in general terms to receive a pension equivalent to 80% of the salary on the date of their retirement:

- António Manuel Queirós Vasconcelos da Mota
- Maria Manuela Queirós Vasconcelos Mota dos Santos
- Maria Teresa Queirós Vasconcelos Mota Neves da Costa
- Maria Paula Queirós Vasconcelos Mota de Meireles

As at December 31, 2017 and 2016, information regarding the abovementioned retirement plan is disclosed in Note 36, and the liability of the GROUP to the abovementioned directors amounted to 12,132 thousand Euros and 10,109 thousand Euros, respectively.

In the years ended on December 31, 2017 and 2016, there were neither transactions with directors of MOTA-ENGIL SGPS nor outstanding balances by the end of said years related thereto.

39. Consolidation perimeter

As at December 31, 2017, the companies/entities included in the consolidation, respective consolidation methods, head offices, effective percentages holding, businesses, dates of incorporation and dates of acquisition are presented in Appendix A.

Changes in the consolidation perimeter for the years ended on December 31, 2017 and 2016 were as follows:

Acquisition of companies and increase in holding percentage

2017:

Business Area - Europe Engineering and Construction
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. (Company already controlled)
VBT - Projectos e Obras de Arquitectura Paisagística, Lda (Company already controlled)
Vibeiras - Sociedade Comercial de Plantas, S.A. (Company already controlled)

During 2017, the GROUP acquired an additional 2.22% of the share capital of VIBEIRAS and its subsidiaries.

Business Area - Europe - Environment and Services
Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Amarsul - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Empresa Geral de Fomento, S.A. (Company already controlled)
Ersuc - Resíduos Sólidos do Centro, S.A. (Company already controlled)
Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. (Company already controlled)
Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)

Following the decision of the Council of Ministers number 87/2017 of June, 19 and as provided for in the respective privatisation procedure, the Public Sale Procedure of the shares of EMPRESA GERAL DE FOMENTO SA reserved for employees, representing 5% of the company's share capital held by ADP - Águas de Portugal, SGPS, SA took place between the 17th of July and the 4th of August of 2017. As a result of the Public Sale Procedure, employees of the EGF SUBGROUP acquired 1,300 shares amounting to 18,000 Euros. The remaining 558,700 shares were acquired by SUMA TRATAMENTO for an amount of circa 8,000 thousand Euros.

Given the fact that the MOTA ENGIL GROUP already controlled the EGF SUBGROUP, the acquisition of the shares above referred was recorded as a transaction with shareholders (impacting only equity accounts) and not generating any Goodwill or results.

The impact of the above referred transaction in the attached consolidated financial statements may be summarised as follows:

Book value of non-controlling interests acquired	11,298
Amount paid to the non-controlling interests	8,172
Excess amount paid over the book value (recognised in the consolidated statement of changes in equity)	3,127

Business Area - Africa
Akwangola, S.A. (Company already controlled)
Business Area - Latin America
Tracevia do Brasil - Sistemas de Telemática Rodoviária Ltda. (Company already controlled)

2016:

Business Area - Europe Engineering and Construction
Immo Park (Company already controlled)
Business Area - Latin America
Consita (Company already controlled)
Czar Serviços Ambientais (Company acquired)

Companies consolidated for the first time in the year

2017:

Business Area - Africa
Estradas do Zambêze, S.A.
Operadora Estradas do Zambêze, S.A.
Business Area - Latin America
Consortium MEC Arroyo Carrera
Consortium MEC-Av. Malecon-UF2

2016:

Business Area - Europe Engineering and Construction
Glan Agua (UK), Ltd
Mota-Engil International Construction (UK) Ltd
Business Area - Europe - Environment and Services
Eco Vision
GESAR (ACE Manvia)
Business Area - Africa
Liwonde Logistics Platform Ltd
ME Africa PTY
SPRI - Sociedade Portuguesa de Realizações, S.A.
Business Area - Latin America
Mota-Engil Dominicana S.A.S
Red Rainbow Company N.V.
WVB Project Company VBA

Incorporation of companies

2017:

Business Area - Africa
Busegera Airport Company Lda
Mota-Engil Guinée Conakry SARL
Business Area - Latin America
Consortium Puentes de Loreto
Constructora APP Tabasvera S.A. de C.V.
FSE Comercializadora Fenix SAPI de C.V.
FSE Suministradora Fenix SAPI de C.V.
Mota-Engil Latam Colombia SAS
Operadora APP Coatzacoalcos Villahermosa SAPI de
Tracevia Mexico S.A. de C.V.

2016:

Business Area - Latin America
APP Coatzacoalcos Villahermosa S.A.P.I. de C.V.
Consortium MEC-Av. Malecon-UF1
Consortium ME-Contrato Colegios
Consortium Mepax Limitada
Consortium Mota-Engil Dominicana SAS/IEMCA
Global Technical Services Latam BV
Mota-Engil Aruba Holding Company VBA
Mota-Engil Ing. C. Sucursal Paraguay
Puente Boca del Rio S.A. de C.V.

Merger of companies and corporate reorganisations

2016:

Business Area - Latin America
Merge of CZAR Serviços Ambientais into Consita
Merge of Mota-Engil Opway Mexico into Mota-Engil América Latina SAPI de CV
Merge of ME Peru Ambiente e Serviços into Rentaco Peru
Merge of Rentaco Peru into Mota-Engil Peru

Exit of companies

2017:

Holding and Others
RTA - Rio Tâmega, Turismo e Recreio, S.A. (disposed)
SGA - Sociedade do Golfe de Amarante, S.A. (disposed)

Business Area - Europe - Engineering and Construction
Mota-Engil Central Europe Hungary Beruházási és Építőipari Kft. (liquidated)
Mota-Engil Central Europe Slovenská Republika, AS (liquidated)

During 2017, the GROUP disposed completely its holding in RTA and its subsidiary SGA.

In the year ended on December 31, 2017 the contribution of RTA SUBGROUP to the consolidated income statement was negligible.

The impact of the abovementioned transaction on the attached consolidated financial statements can be summarised as follows:

Book value of the net assets of the disposed companies [of which 13,347 thousand Euros were tangible assets]	(8,933)
Amount received	5,713
Loss (recorded under the heading "Gains/(losses) on the disposal of subsidiaries, associates and jointly controlled companies")	(3,219)

2016:

Business Area - Europe - Engineering and Construction
Grossiman, S.L. (liquidated)
Lanval (liquidated)
Lokemark (disposed)
Mota-Engil Brands Management B.V. (liquidated)
ME Central Europe Roménia (liquidated)
M - Invest Mierova (disposed)

Business Area - Europe - Environment and Services

Águas de S. João, E.M., S.A.
Aqualevel, Soc. Unipessoal, Lda.
Chinalog - Serviços Logísticos e Consultadoria, Lda.
Ferrol Container Terminals S.A.
Indaqua - Indústria e Gestão de Águas, S.A.
Indaqua Fafe - Gestão de Águas de Fafe, S.A.
Indaqua Feira - Indústria de Águas de Santa Maria da Feira, S.A.
Indaqua Matosinhos - Gestão de Águas de Matosinhos, S.A.
Indaqua Oliveira de Azeméis - Gestão de Águas de Oliveira de Azeméis, S.A.
Indaqua Santo Tirso/ Trofa - Gestão de Águas de Santo Tirso e Trofa, S.A.
Indaqua Vila do Conde - Gestão de Águas de Vila do Conde, S.A.
Liscont - Operadores de Contentores, S.A.
Mota-Engil Logística, SGPS, S.A.
Multiterminal - Soc. de Estiva e Tráfego, S.A.
Operestiva - Empresa de Trabalho Portuário de Setúbal, Lda.
Porlis - Empresa de Trabalho Portuário, Lda.
Quanshite International Freight Forwarding (Shanghai) Company, Limited
Sadoport - Terminal Marítimo do Sado, S.A.
Sealine - Navegação e Afretamentos, Lda.
SLPP - Serviços Logísticos de Portos Portugueses, S.A.
Socarpor - Soc. Cargas Port. (Aveiro), S.A.
Socarpor - Soc. Gestora de Participações Sociais (Douro/ Leixões), S.A.
Sotagus - Terminal de Contentores de Santa Apolónia, S.A.
TCL - Terminal de Contentores de Leixões, S.A.
TCR - Tratamento Complementar de Resíduos, S.A.
Terminais Portuários Euroandinos Paita, S.A.
Tersado - Terminais Portuários do Sado, S.A.
Tertir - Concessões Portuárias, SGPS, S.A.
Tertir - Terminais de Portugal, S.A.
Tertir - Terminais Portuários, SGPS, S.A.
Transitex - Global Logistics Operations (PTY) Ltd.
Transitex Angola (SU), Lda.
Transitex Colômbia, S.A.S.
Transitex do Brasil Serviços de Logística, Ltda.
Transitex Itália S.R.L.
Transitex México, S.A. de C.V.
Transitex Moçambique, Lda
Transitex Transitos de Extremadura Peru S.A.C
Transitex Transitos Extremadura Chile SPA
Transitos de Extremadura Serv de Importação, S.A.
Trânsitos de Extremadura, S.A.
Trânsitos de Extremadura, S.L.

In the year ended on December 31, 2016, the abovementioned companies were disposed of and were, until the date they were sold, allocated to the Ports and Logistics business and to the INDAQUA SUBGROUP (included in the Europe Environment and Services segment).

In the year ended on December 31, 2015, the Board of Directors decided to dispose of the Ports and Logistics business together with the financial investment held in INDAQUA.

Following the above, in February 2016, the sale of the Ports and Logistics business was completed for 245 million Euros. In June 2016, the INDAQUA SUBGROUP was sold for 59 million Euros.

The calculation of the capital gains generated in the disposal of the Ports and Logistics business and the in financial investment in INDAQUA can be summarised as follows:

	Indaqua	Tertir
Non current assets held for sale, net of liabilities, as at December 31, 2015	(38,403)	(224,986)
Non-controlling interests assigned to non-current assets / liabilities held for sale as at December 31, 2015	-	88,895
Amount received	59,102	245,000
Costs incurred with the sale	-	(1,588)
Intragroup and consolidations adjustments suspended assigned to non-current assets / liabilities held for sale	609	(20,986)
Net profit appropriated in 2016 (2 months)	-	(925)
Total capital gain generated with the sale	21,308	85,410
Recycling of derivative financial instruments and exchange differences	(10,649)	6,058
Total capital gain recorded in the income statement	10,659	91,468

In the year ended on December 31, 2016, the contribution from the Ports and Logistics companies to the income statement was as follows:

Ports and Logistic Business	2016
Sales and services rendered (a)	27,613
Cost of goods sold, mat. cons., changes in production and Subcontractors (b)	(14,025)
Gross margin (c) = (a) + (b)	13,588
Third-party supplies and services (d)	(7,570)
Wages and salaries (e)	(3,275)
Other operating income / (expenses) (f)	(277)
EBITDA (g) = (c) + (d) + (e) + (f)	2,466
Amortisations (h)	(0)
Provisions and impairment losses (i)	14
Operating profit (j) = (g) + (h) + (i)	2,480
Net financial result	(475)
Gains / (losses) in associated and jointly controlled companies	152
Income tax	47
Consolidated net profit attributable:	
to non-controlling interests	1,279
to the Group	925

Business Area - Latin America

Consortium Los Faisanes (liquidated)

Decrease in shareholding percentages

2017:

Business Area - Latin America

Consortium MEC-Av.Malecon-UF1 (Company already controlled)

2016:

Business Area - Europe - Environment and Services

Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. (Company already controlled)

Business Area - Africa

Automatriz, SA (Company already controlled)

ME Construction South Africa (Company already controlled)

Mota Engil Investments South Africa (Company already controlled)

Business Area - Latin America

Fideicomiso el Capomo (Company already controlled)

Generadora Fenix (Company already controlled)

Mota-Engil Energy BV (Company already controlled)

ME Energy Holding (Company already controlled)

ME Energia Operacional (Company already controlled)

Mota-Engil Tourism B.V. (Company already controlled)

ME Turismo Holding (Company already controlled)

ME Turismo Operacional (Company already controlled)

Changes in the consolidation method

2017:

Changes in the consolidation method from the equity method to the full consolidation method in Europe - Engineering and Construction:

GESAR ACE Manvia (Acquisition of control)

Changes in the consolidation method from the equity method to the full consolidation method in Latin America

Construtora Autopista Cardel - Poza Rica, S.A. de C.V. (Acquisition of control)

Construtora Tuxpan Tampico S.A. de C.V. (Acquisition of control)

Changes in the consolidation method from full consolidation method to equity method in Latin America:

Fideicomiso el Capomo (Shared control)

Consórcio Mota-Engil Colômbia (Shared control)

2016:

Changes in the consolidation method from the equity method to the full consolidation method in Europe - Engineering and Construction:

Turalgo

Changes in the consolidation method from the equity method to full consolidation method in Africa:

STM - Sociedade de Terminais de Moçambique, Lda

40. Notes to the consolidated statement of cash-flows statement

In the years ended on December 31, 2017 and 2016, the amounts paid associated with the acquisition of financial investments can be detailed as follows:

	2017	2016
Capital calls and share capital increases in the construction and concessionary companies in Latin America (Autopista Siervo de la Nacion, Concessionária Autopista Cardel and Concessionária Autopista Tuxpan-Tampico)	10,888	79,835
Additional acquisition of EGF (Europe Environment and Services segment)	8,172	-
Additional acquisition of ME Africa NV (Africa segment)	1,600	-
Additional acquisition of Vibeiras (Europe Engineering and Construction segment)	110	-
Others	-	4,626
	20,770	84,461

In the years ended on December 31, 2017 and 2016, the amounts received associated with the disposal of financial investments can be detailed as follows:

	2017	2016
Reimbursement of shareholders loans and other loans by Líneas (segment others eliminations and intra-group)	95,062	-
Sale of the financial investment held in the RTA (segment others eliminations and intra-group)	5,713	-
Sale of the financial investment held in the Tertir Group (Europe Environment and Services segment)	-	245,000
Sale of the financial investment held in Indagua Group (Europe Environment and Services segment)	-	59,102
Others	450	3,181
	101,225	307,283

In the years ended on December 31, 2017 and 2016, the amounts paid related to dividends can be detailed as follows:

	2017	2016
Shareholders of Mota-Engil SGPS	30,402	11,693
Shareholders of EGF's subsidiaries	9,336	9,936
Shareholders of Empresa Construtora Brasil	1,648	1,462
Others	275	413
	41,661	23,505

In the years ended on December 31, 2017 and 2016, the amounts received related to dividends can be detailed as follows:

	2017	2016
Líneas	41,060	-
BAI	2,691	-
Others	613	406
	44,363	406

41. Business segments

The GROUP uses its internal organisation for management purposes to report its information by business segments.

The GROUP is organised according to geographical areas: EUROPE - ENGINEERING AND CONSTRUCTION, EUROPE - ENVIRONMENT AND SERVICES, AFRICA AND LATIN AMERICA.

The amount regarding to the MOTA-ENGIL, SGPS and the GROUP companies of the Tourism business (the latter disposed of almost completely during 2017) are included under the heading "Other, eliminations and intra-group", which also include the amounts regarding the transactions and balances held between the companies of the different business segments.

The accounting policies used in the preparation of the financial information by business segments are identical to those described in Note 1.3.

The consolidated income statement by business segment can be presented as follows:

2017	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intragroup	Group Mota-Engil
Sales and services rendered (a)	538,472	296,223	860,273	960,447	(58,122)	2,597,294
Cost of goods sold, mat. cons., changes in production and Subcontractors (b)	(272,775)	(38,120)	(402,393)	(431,420)	51,801	(1,092,907)
Gross margin (c) = (a) + (b)	265,697	258,104	457,879	529,028	(6,321)	1,504,386
Third-party supplies and services (d)	(120,070)	(85,943)	(129,936)	(231,816)	27,696	(540,070)
Wages and salaries (e)	(104,384)	(102,709)	(121,347)	(187,979)	(20,847)	(537,266)
Other operating income / (expenses) (f)	5,133	27,346	(43,064)	185	(11,913)	(22,313)
EBITDA (g) = (c) + (d) + (e) + (f)	46,376	96,797	163,532	109,418	(11,385)	404,738
Amortisations (h)	(22,370)	(75,223)	(65,928)	(16,204)	(859)	(180,585)
Provisions and impairment losses (i)	(1,903)	2,212	(23,831)	(10,808)	(3,693)	(38,022)
[of which, impairment for non-current assets]	1,628	-	(13,284)	-	(0)	(11,655)
Operating income (j) = (g) + (h) + (i)	22,102	23,787	73,774	82,407	(15,937)	186,131
Gains/(losses) in associates and jointly controlled companies	1,787	4,907	208	(367)	(3,727)	2,808
Gains/(losses) in the disposal of subsidiaries, associates and jointly controlled companies	161	-	-	-	(3,219)	(3,058)
Net financial result	(7,035)	(9,994)	(39,788)	(15,820)	(26,569)	(99,206)

2016	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intragroup	Group Mota-Engil
Sales and services rendered (a)	513,981	330,791	707,937	726,774	(69,403)	2,210,081
Cost of goods sold, mat. cons., changes in production and Subcontractors (b)	(295,363)	(40,685)	(265,641)	(272,346)	42,190	(831,844)
Gross margin (c) = (a) + (b)	218,619	290,106	442,296	454,429	(27,213)	1,378,237
Third-party supplies and services (d)	(110,205)	(100,696)	(182,523)	(210,939)	58,445	(545,918)
Wages and salaries (e)	(103,639)	(97,678)	(106,689)	(190,742)	(25,545)	(524,292)
Other operating income / (expenses) (f)	2,156	20,695	28,885	(8,293)	(13,524)	29,919
EBITDA (g) = (c) + (d) + (e) + (f)	6,930	112,428	181,969	44,455	(7,836)	337,946
Amortisations (h)	(19,816)	(78,565)	(72,789)	(18,792)	(662)	(190,623)
Provisions and impairment losses (i)	(12,365)	(7,204)	(25,977)	(15,087)	(5,828)	(66,460)
[of which, impairment for non-current assets]	(3,437)	-	-	-	-	(3,437)
Operating profit (j) = (g) + (h) + (i)	(25,250)	26,660	83,203	10,576	(14,326)	80,863
Gains/(losses) in associates and jointly controlled companies	964	4,977	(69)	1,862	(9,865)	(2,130)
Gains/(losses) in the disposal of subsidiaries, associates and jointly controlled companies	(324)	92,539	-	8,560	(4)	100,771
Net financial result	(87,758)	84,946	(35,071)	(8,538)	(56,196)	(102,617)

In the years ended on December 31, 2017 and 2016, the sales and services rendered between business segments are presented in the column "Other, eliminations and intra-group".

In the years ended on December 31, 2017 and 2016, the intra-group sales and services rendered were made at prices similar to those practised for sales and services rendered to external customers.

As at December 31, 2017 and 2016, the consolidated statement of financial position per business segment can be presented as follows:

	Total assets		Total liabilities	
	2017	2016	2017	2016
Europe - Engineering and Construction	1,033,239	1,013,996	769,187	747,746
Europe - Environment and Services	944,302	1,089,668	735,914	899,548
Africa	1,882,478	1,473,679	1,418,422	1,087,807
Latin America	936,821	777,964	821,906	679,422
Other, eliminations and intragroup	(182,749)	(134,603)	272,924	235,592
Group Mota-Engil	4,614,090	4,220,704	4,018,353	3,650,114

As at December 31, 2017 and 2016, the investment and the amortisations per business segment can be presented as follows:

	Investment		Amortisations		Interests in associated and jointly controlled companies	
	2017	2016	2017	2016	2017	2016
Europe - Engineering and Construction	9,439	13,528	22,370	19,816	-	-
Europe - Environment and Services	28,020	29,432	75,223	78,565	6,936	5,185
Africa	82,372	9,172	65,928	72,789	15,365	10,348
Latin America	26,359	14,526	16,204	18,792	66,041	105,280
Other, eliminations and intragroup	2,244	615	859	662	585	1,556
Group Mota-Engil	148,433	67,272	180,585	190,623	88,926	122,369

42. Financial instruments

Financial instruments, in accordance with the accounting policies described in Note 1.3 ix), were classified as follows:

	2017	2016
Financial assets		
Cash and bank deposits		
Cash and cash equivalents - Demand depositors	609,637	382,937
Cash and cash equivalents - Term deposits	34,663	13,122
	644,300	396,059
Loans and accounts receivable		
Customers - current	866,716	775,115
Other debtors - current	130,840	138,695
Customers and other debtors - non-current	58,874	23,756
Associates and related companies	68,476	30,583
Advances to suppliers	45,625	39,726
State and other public entities (except Corporate income tax)	17,837	38,015
	1,188,368	1,045,890
Available for sale financial assets		
Shares	68,811	43,881
Advances	104	1,307
	68,916	45,188
Held to maturity financial assets	154,954	86,380
Derivative financial instruments	98	-
Book value of financial assets	2,056,635	1,573,518

	2017	2016
Financial liabilities		
Derivative financial instruments	569	765
	569	765
Loans and accounts payable		
Loans - current	745,701	647,975
Loans - non-current	932,013	993,273
Suppliers and sundry creditors - non-current	50,862	81,369
Other financial liabilities - non-current	122,934	86,920
Suppliers - current	489,828	419,408
Sundry creditors - current	449,906	420,380
Other financial liabilities - current	283,569	94,529
	3,074,814	2,743,855
Book value of financial liabilities	3,075,383	2,744,620

The impacts on the other comprehensive income statement of the above-mentioned financial instruments can be detailed as follows:

	2017			2016		
	Income statement		Other comprehensive income	Income statement		Other comprehensive income
	Financial expenses (Note 10)	Financial income (Note 10)	Fair value reserve	Financial expenses (Note 10)	Financial income (Note 10)	Fair value reserve
Financial assets						
At amortised cost	-	34,005	-	-	16,039	-
At cost	-	3,173	-	-	954	-
	-	37,178	-	-	16,993	-
Financial liabilities						
At fair value	-	-	(790)	-	-	83
At amortised cost	101,780	-	-	102,273	-	-
	101,780	-	(790)	102,273	-	83

The MOTA-ENGIL GROUP is exposed to a variety of financial risks, with special focus given to the risks of interest rate, foreign exchange rate for transactions, liquidity and credit.

Detailed information regarding the policy on financial risk management can be consulted in the Management Report or in the Individual Report and Accounts of MOTA-ENGIL SGPS as at December 31, 2017.

Interest rate risk

In the years ended on December 31, 2017 and 2016, the sensitivity of the GROUP's financial results to changes in the index of the interest rate of the loans obtained can be analysed as follows:

	Estimated Impact	
	2017	2016
Variation in interest expenses due to a 1% change in the interest rate applied to the entire debt (excluding leasing and factoring)	16,595	17,381
Fixed-rate coverage	(5,980)	(5,910)
Interest-rate derivative financial instruments hedging	(1,088)	(250)
Sensitivity of the financial results to interest rate changes:	9,528	11,222

The average interest rates bear in the main loans obtained by the GROUP in the years ended on December 31, 2017 and 2016 were as follows:

	2017		2016	
	Average rates (%)	Rates range (%)	Average rates (%)	Rates range (%)
Non-convertible bond loans	5.41	[3.62 ; 8.9]	5.30	[3.7 ; 6.95]
Amounts owed to credit institutions:				
Bank loans	6.07	[0.04 ; 28.75]	6.26	[0.04 ; 20.98]
Revolving facilities	4.86	[1.35 ; 20.15]	5.49	[1.35 ; 19]
Overdraft facilities	9.46	[1.82 ; 30]	7.75	[1.45 ; 29.75]
Commercial paper issues	3.83	[2.49 ; 6.05]	3.55	[2.48 ; 6.09]

As at December 31, 2017 and 2016, 64% of the gross debt was contracted at variable rate and its average cost amounted to 5.6% and 5.63%, respectively.

Exchange rate risk

As at December 31, 2017 and 2016, the assets and liabilities of the GROUP expressed in accordance with the functional currency of the country in which each affiliate operates, were as follows:

Currency	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Euro (EUR)	2,306,046	2,469,792	2,221,496	2,319,145
Czech Crown (CZK)	1,534	14,460	4,842	13,054
Algerian Dinar (DZD)	1,517	360	1,714	343
S. Tomé and Príncipe Dobra (STD)	2,532	2,502	5,965	4,512
US Dollar (USD)	205,602	39,459	220,705	34,845
Cape Verdean Escudo (CVE)	9,578	5,518	11,572	7,013
Hungarian Forint (HUF)	3,091	1,815	8,121	2,481
Angolan Kwanza (AOK)	752,854	445,534	546,219	371,046
Mozambican Metical (MZM)	99,426	40,914	90,797	39,197
Mexican Peso (MXN)	467,872	414,539	393,713	353,292
South African Rand (ZAR)	19,068	25,291	29,045	30,850
Brazilian Real (BRL)	123,267	91,960	110,691	77,781
Polish Zloty (PLN)	260,120	203,899	239,113	179,514
Colombian Peso (COP)	48,694	50,823	10,417	10,845
Peruvian Novo Sol (PEN)	177,657	128,430	196,852	148,791
Malawian Kwacha (MWK)	99,916	39,786	109,390	31,608
British Pound (GBP)				
Others	35,317	43,270	20,054	25,797
	4,614,090	4,018,353	4,220,704	3,650,114

In the years ended on December 31, 2017 and 2016, the sensitivity of the GROUP's net profit and equity to exchange rate changes in the major currencies to which it is exposed can be analysed as follows:

2017	Net profit	Equity
Estimated impact of the appreciation by 1% of US Dollar (USD) to Euro (EUR)	(101)	1,719
of Polish Zloty (PLN) to Euro (EUR)	(45)	628
of Mozambican Metical (MZM) to Euro (EUR)	90	499
of Mexican Peso (MXN) to Euro (EUR)	71	173
of Brazilian Real (BRL) to Euro (EUR)	18	134
of Peruvian Novo Sol (PEN) to Euro (EUR)	68	429
of Angolan Kwanza (AOK) to Euro (EUR)	431	1,421
of Malawian Kwacha (MWK) to Euro (EUR)	(91)	697

2016	Net profit	Equity
Estimated impact of the appreciation by 1% of US Dollar (USD) to Euro (EUR)	(86)	1,912
of Polish Zloty (PLN) to Euro (EUR)	(52)	641
of Mozambican Metical (MZM) to Euro (EUR)	130	362
of Mexican Peso (MXN) to Euro (EUR)	(1)	216
of Brazilian Real (BRL) to Euro (EUR)	24	127
of Peruvian Novo Sol (PEN) to Euro (EUR)	56	459
of Angolan Kwanza (AOK) to Euro (EUR)	226	649
of Malawian Kwacha (MWK) to Euro (EUR)	(31)	814

For the purposes of the abovementioned analysis, it was considered the impact of a +1% change in the exchange rate in the conversion of the financial statements of the subsidiaries with a currency different from Euro into Euro in the net profit and in the equity.

As at December 31, 2017 and 2016, the loans obtained by the GROUP were denominated in the following currencies:

	Bonds	Debts to credit institutions	Commercial paper	Other loans	Total
2017					
US Dollars	20,845	93,567	-	-	114,413
Euros	309,627	720,953	190,560	3,556	1,224,696
Rial Omani	-	6,030	-	-	6,030
Angolan Kwanza	-	121,960	-	-	121,960
Peruvian Nuevo Sol	-	4,327	-	-	4,327
Colombian Peso	-	5,439	-	-	5,439
Mexican Peso	82,413	24,578	-	-	106,991
South African Rand	-	6,163	-	-	6,163
Brazilian Real	-	25,891	-	-	25,891
Polish Zloty	-	61,804	-	-	61,804
	412,885	1,070,713	190,560	3,556	1,677,714
2016					
US Dollars	23,623	120,446	-	-	144,069
Euros	339,103	787,582	125,540	4,602	1,256,826
Rial Omani	-	8,769	-	-	8,769
Angolan Kwanza	-	122,569	-	-	122,569
Peruvian Nuevo Sol	-	10,960	-	-	10,960
Colombian Peso	-	6,722	-	-	6,722
Mexican Peso	-	23,731	-	-	23,731
South African Rand	-	4,874	-	-	4,874
Brazilian Real	-	18,645	-	-	18,645
Polish Zloty	-	43,892	-	-	43,892
Others	-	191	-	-	191
	362,726	1,148,381	125,540	4,602	1,641,249

Liquidity risk

As at December 31, 2017, the liquidity position of the GROUP can be detailed as follows:

	2017				Total
	< 1 year	between 1 and 2 years	more than 2 years	Undetermined	
Assets					
Loans and accounts receivable:					
Customers	789,211	83,593	-	-	872,805
Other debtors	130,840	52,786	-	-	183,626
Associated and related companies	111	68,364	-	-	68,476
Advances to suppliers	45,625	-	-	-	45,625
State and other public entities (except Corporate income tax)	14,110	3,727	-	-	17,837
Cash and bank deposits:					
Cash and cash equivalents	644,300	-	-	-	644,300
Held to maturity financial assets	975	7,209	146,770	-	154,954
Available for sale financial assets					
Shares	-	-	-	68,811	68,811
Advances	-	-	-	104	104
Derivative financial instruments	-	93	5	-	98
	1,625,173	215,772	146,775	68,916	2,056,635
Liabilities					
Suppliers	473,205	13,305	14,062	-	500,572
Sundry creditors	436,270	36,661	17,094	-	490,025
Other financial liabilities	283,569	32,400	90,534	-	406,503
Loans	745,701	384,365	547,648	-	1,677,714
Derivative financial instruments	22	547	-	-	569
	1,938,766	467,278	669,339	-	3,075,383
	(313,593)	(251,506)	(522,563)	68,916	(1,018,747)

	2016				Total
	< 1 year	between 1 and 2 years	more than 2 years	undetermined	
Assets					
Loans and accounts receivable:					
Customers	701,180	92,090	-	-	793,270
Other debtors	138,695	5,601	-	-	144,296
Associated and related companies	4,351	26,232	-	-	30,583
Advances to suppliers	39,726	-	-	-	39,726
State and other public entities (except Corporate income tax)	23,619	14,395	-	-	38,015
Cash and bank deposits:					
Cash and cash equivalents	396,059	-	-	-	396,059
Held to maturity financial investments	445	5,434	80,502	-	86,380
Available for sale financial assets					
Shares	-	-	-	43,881	43,881
Advances	-	-	-	1,307	1,307
Derivative financial instruments	-	-	-	-	-
	1,304,075	143,752	80,502	45,188	1,573,518
Liabilities					
Suppliers	417,600	9,833	4,614	-	432,047
Sundry creditors	433,688	49,710	5,713	-	489,111
Other financial liabilities	94,529	64,625	22,295	-	181,449
Loans	647,975	646,458	346,816	-	1,641,249
Derivative financial instruments	6	759	-	-	765
	1,593,799	771,384	379,437	-	2,744,620
	(289,724)	(627,631)	(298,935)	45,188	(1,171,102)

Moreover, as at December 31, 2017 the GROUP had contracted but unused credit lines amounting to 190 million Euros (195 million Euros as at December 31, 2016).

Credit risk

As at December 31, 2017 and 2016, the exposure of the GROUP to credit risk was as follows:

	2017	2016
Financial assets		
Cash and bank deposits		
Cash and cash equivalents - Demand depositors	609,637	382,937
Cash and cash equivalents - Term deposits	34,663	13,122
	644,300	396,059
Loans and accounts receivable		
Customers - current	866,716	775,115
Other debtors - current	130,840	138,695
Customers and other debtors - non-current	58,874	23,756
Associates and related companies	68,476	30,583
Advances to suppliers	45,625	39,726
State and other public entities (except Corporate income tax)	17,837	38,015
	1,188,368	1,045,890
Available for sale financial assets		
Shares	68,811	43,881
Advances	104	1,307
	68,916	45,188
Held to maturity financial assets	154,954	86,380
Derivative financial instruments	98	-
Book value of financial assets	2,056,635	1,573,518

As at December 31, 2017 the quality of the GROUP's credit risk was as follows:

Moody's - Credit rating	Customers and other debtors	Cash and bank deposits
Aaa; Aa2; Aa3	1,982	72,337
A3; A2; A3	48,680	20,803
Baa1; Baa2; Baa3	17,210	71,151
Ba1; Ba2; Ba3	12,630	200,367
B1; B2; B3	315,808	9,972
Caa2; Caa3	42,587	390
Without rating or information	617,534	269,281
Total	1,056,430	644,300

As at December 31, 2017 and 2016, the aging of accounts receivable from customers and other debtors that were not impaired can be analysed as follows:

Aging in the balance sheet 2017	Customers and other debtors
Overdue amounts	
] 0 ; 3] months	270,751
] 3 ; 12] months	173,466
] 1 ; 3] years	118,249
Over 3 years	276,585
	839,052
Non overdue amounts	225,617
Total	1,064,669

Aging in the balance sheet 2016	Customers and other debtors
Overdue amounts	
] 0 ; 3] months	184,473
] 3 ; 12] months	160,272
] 1 ; 3] years	201,498
Over 3 years	158,884
	705,127
Non overdue amounts	232,440
Total	937,566

Fair value

As at December 31, 2017, the GROUP financial instruments recorded at fair value were as follows:

	2017				Fair value hierarchy
	Amortised cost	Fair value	Cost	Total	
Financial assets					
Cash and bank deposits					
Cash and cash equivalents - Demand deposits	-	-	609,637	609,637	
Cash and cash equivalents - Term deposits	-	-	34,663	34,663	
Loans and accounts receivable					
Customers - current	866,716	-	-	866,716	
Other debtors- current	130,840	-	-	130,840	
Customers and other debtors - non-current	58,874	-	-	58,874	
Associated and related companies	68,476	-	-	68,476	
Advances to suppliers	45,625	-	-	45,625	
State and other public entities (except Corporate income tax)	17,837	-	-	17,837	
Available for sale financial assets					
Shares	-	-	68,811	68,811	
Advances	-	-	104	104	
Held to maturity financial assets	154,954	-	-	154,954	
Derivative financial instruments	-	98	-	98	Level 2
Book value of financial assets	1,343,322	98	713,216	2,056,635	

	2017				Fair value hierarchy
	Amortised cost	Fair value	Cost	Total	
Financial liabilities					
Derivative financial instruments	-	569	-	569	Level 2
Loans and other accounts payable					
Loans - current	745,701	-	-	745,701	
Loans - non-current	932,013	-	-	932,013	
Suppliers and sundry creditors - non-current	50,862	-	-	50,862	
Other financial liabilities - non-current	122,934	-	-	122,934	
Suppliers - current	489,828	-	-	489,828	
Sundry creditors - current	449,906	-	-	449,906	
Other current liabilities	283,569	-	-	283,569	
Book value of financial liabilities	3,074,814	569	-	3,075,383	

43. Impact of the hyperinflation in Angola

As stated in Note 1.2. i), during 2017 the Angolan economy was considered to be a hyperinflationary one. Therefore, the GROUP companies/entities whose functional currency was the kwanza restated their financial statements the current measuring unit. The companies/entities that restated their financial statements were as follows:

- MOTA-ENGIL ANGOLA;
- ANGOLA BRANCH OF MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA;
- VISTA WASTE;
- NOVICER;
- SONAUTA;
- VISTA POWER; and
- MEBISA.

As at December 31, 2017 and in the year ended on that date, the impact on the attached consolidated financial statements of considering the Angolan economy to be hyperinflationary can be resumed as follows:

	2017 before the application of IAS 29	Impact of IAS 29	2017 after the application of IAS 29
Sales and services rendered	2,539,113	58,181	2,597,294
Cost of goods sold, mat. cons., changes in production and Subcontractors	(1,042,370)	(50,537)	(1,092,907)
Third-party supplies and services	(533,284)	(6,786)	(540,070)
Wages and salaries	(532,216)	(5,050)	(537,266)
Other operating income / (expenses)	(21,063)	(1,250)	(22,313)
Amortisations	(173,147)	(7,438)	(180,585)
Provisions and impairment losses	(33,971)	(4,051)	(38,022)
Financial income and gains	68,223	1,159	69,382
Financial costs and losses	(166,245)	(2,343)	(168,588)
Gains / (losses) in associates and jointly controlled companies	2,818	(10)	2,808
Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies	(3,058)	-	(3,058)
Net monetary position	0	3,149	3,149
Income before taxes	104,799	(14,975)	89,824
Income tax	(20,320)	(8,063)	(28,383)
Consolidated net profit of the year	84,479	(23,038)	61,441
Attributable:			
to non-controlling interests	70,800	(10,947)	59,853
to the Group	13,679	(12,091)	1,588

	2017 before the application of IAS 29	Impact of IAS 29	2017 after the application of IAS 29
Assets			
Non-current			
Goodwill	37,870	-	37,870
Intangible assets	511,744	914	512,658
Tangible assets	653,939	58,334	712,273
Financial investments in associates and jointly controlled companies	88,936	(10)	88,926
Available for sale financial assets	43,371	25,545	68,916
Held to maturity financial assets	154,954	-	154,954
Investment properties	76,676	-	76,676
Customers, other debtors and other non-current assets	139,868	-	139,868
Derivative financial instruments	98	-	98
Deferred tax assets	178,313	-	178,313
	1,885,768	84,784	1,970,552
Current			
Inventories	343,343	1,653	344,996
Customers	866,716	-	866,716
Other debtors	190,686	-	190,686
Corporate income tax	23,479	-	23,479
Other current assets	424,148	130	424,278
Cash and cash equivalents	644,300	-	644,300
	2,492,673	1,783	2,494,457
Non-current assets held for sale	149,082	-	149,082
Total Assets	4,527,523	86,567	4,614,090
Liabilities			
Non-current			
Loans	932,013	-	932,013
Other financial liabilities	122,934	-	122,934
Suppliers and sundry creditors	50,862	-	50,862
Derivative financial instruments	547	-	547
Provisions	95,951	147	96,098
Other non-current liabilities	161,625	-	161,625
Deferred tax liabilities	130,237	23,712	153,950
	1,494,171	23,860	1,518,030
Current			
Loans	745,701	-	745,701
Other financial liabilities	283,569	-	283,569
Suppliers	489,828	-	489,828
Sundry creditors	449,906	-	449,906
Derivative financial instruments	22	-	22
Corporate income tax	28,419	-	28,419
Other current liabilities	444,362	813	445,175
	2,441,807	813	2,442,619
Non-current liabilities held for sale	57,703	-	57,703
Total Liabilities	3,993,680	24,672	4,018,353
Shareholders' equity			
Share capital	237,505	-	237,505
Own shares	(5,788)	-	(5,788)
Reserves, retained earnings and share premiums	16,008	57,822	73,829
Consolidated net profit of the year	13,679	(12,091)	1,588
Own funds attributable to the Group	261,404	45,731	307,135
Non-controlling interests	272,438	16,164	288,603
Total shareholders' equity	533,843	61,895	595,737
Total shareholders' equity and liabilities	4,527,523	86,567	4,614,090

44. Disclosure of the estimated impacts analysing from the adoption of standards IFRS 15 and IFRS 9

For the new standards that will become effective in the periods beginning on or after January 1, 2018, the GROUP undertook an analysis of the changes introduced together with the quantification of their potential impact on the attached consolidated financial statements.

The main conclusions arising from the analysis carried out regarding the estimated impact of the adoption of those standards are set out below.

I – IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is based on the principle that revenue is recorded at the date of the transfer of control to the customers, being the value of the transaction allocated to the different performance obligations assumed toward the same and subject to adjustments in its measurement providing that the consideration is variable or subject to a significant financial effect.

Under said standards, the GROUP initially carried out an analysis over the principle transactions and contracts that originate revenue recognition having identified the following main sources of it:

- Construction contracts;
- Mining extraction contracts;
- Contracts for operation and maintenance;
- Contracts for waste collection;
- Contracts for waste treatment and recycling; and
- Contracts for the sale of energy.

Subsequently, the potential impact of the adoption of this standard in the future revenue recognition was assessed both in terms of amount, as well as in terms of period of recognition. The following conclusions arise from the analysis carried out:

- i) The construction contracts entered into by the GROUP generically correspond to a single performance obligation and the respective revenue will be recorded over the time (accounting treatment similar to the one established in IAS 11);
- ii) The contracts for the operation and maintenance of assets (highways, buildings, gardens etc.) executed by the GROUP cover an extensive series of services and processes. However, given that said services and processes are highly correlated, they have been treated as a single performance obligation and will be recorded over the time. Therefore, no significant differences in the accounting treatment are anticipated from the ones established in IAS 18;
- iii) Regarding the revenue associated with bundle contracts (contracts that include several performance obligations), the GROUP estimates that the allocation of the transaction price to the different performance obligations will not produce material differences against the allocation already carried out under the application of IAS 11 and IAS 18, due to the fact that the majority of the performance obligations had a sale price that was already determined;
- iv) For the contractual changes and modifications carried out on certain contracts, no situations were found that gave rise to material differences between the accounting treatment adopted under IAS 11 and IAS 18 and the one provided for in IFRS 15;
- v) Regarding the variable components associated with the construction contracts (such as: bonuses, price revisions, claims, etc.) which should be in accordance with IFRS 15, recorded when it is estimated that they are highly probable to be transformed into revenue, from the historic performance of the GROUP and the type of contractual clauses established with its customers, there are, in general terms, no situation where the recognition of the variable components should be recorded as a result, essentially, of the uncertainty regarding its quantification and fulfilment;
- vi) Regarding the application of potential penalties associated to the non-fulfilment in terms of completion dates or in terms of quality of the works executed by the GROUP, a small number of historic situations were identified. Therefore, an expected loss associated with the risk of the GROUP incurring future penalties was calculated; and
- vii) No material costs were identified associated with the acquisition of contracts that should be capitalised.

Finally, in order to quantify the impact of the adoption of IFRS 15, the GROUP decided to use the provisions established in its transitional regime, namely the retrospective application with the cumulative initial effect recorded in retained earnings as of January 1, 2018 with recourse to the adoption of the following practical measures:

- a) Application only for the contracts not yet completed as of January 1, 2018; and
- b) Non-consideration of the modified contracts before January 1, 2017.

As a result of the analysis referred to above it was concluded that the impact of the adoption of IFRS 15 in the attached consolidated financial statements of the GROUP will not be a significant one (less than 5 million Euros).

II – IFRS 9 – Financial Instruments

The IFRS 9 will establish the criteria for classification, measurement and recognition of financial instruments by introducing changes in: i) the classification of the financial assets; ii) the calculation of the impairment of financial assets; and iii) the designating of hedging relations.

Under the preliminary evaluation of the impact arising from the adoption of IFRS 9, the GROUP assessed the nature of the financial assets recorded to identify any gaps in its measurement. As at December 31, 2017, the financial assets recognised by the GROUP refer essentially to the following categories:

- i) Loans and accounts receivable;
- ii) Available for sale financial investments;
- iii) Held to maturity financial assets; and
- iv) Derivative financial instruments.

From the analysis undertaken, the headings for customers, other debtors and financial assets held to maturity should be classified in the category “held to collect and for sale”. No impact on GROUP’s equity is estimated from this classification.

Regarding the available for sale financial assets, which will be recognised at fair value through equity, but recorded at cost, since that is the best estimate of their fair value, no major impact is expected in the GROUP’s equity.

Regarding the calculation of impairment (going from the loss incurred model to the expected loss model), the GROUP opted for the application of a historic matrix of collectability to determine the new impairment losses in its accounts receivable. As a result of the analysis performed, the GROUP estimates that the impact of the adoption of this standard can produce a reduction in its consolidated equity in an amount that could reach 10 million Euros. This impact arise essentially from the Engineering and Construction business, namely in the Africa region.

Given the few derivative financial instruments used by the GROUP, no material impact is expected in its equity resulting from the adoption of this standard.

Finally, in adopting IFRS 9, the GROUP decided to use the provisions established in this transitional regime, namely the retrospective application with the initial cumulative effect recorded in retained earnings as of January 1, 2018.

45. Subsequent events

In 2018, up to the date of issue of this report, we highlight the following relevant facts, whose details have been properly released as privileged information on the websites of MOTA-ENGIL and of CMVM:

January 22, 2018

MOTA-ENGIL INFORMS ABOUT A CONTRACT AWARD IN IVORY COAST BY AN AMOUNT THAT COULD REACH 140 MILLION EUROS

MOTA-ENGIL S.G.P.S., SA, through a company 60% owned by MOTA-ENGIL AFRICA, S.G.P.S., SA (MOTA-ENGIL AFRICA), announces the award of a contract for the design, construction and operation of a landfill with the capacity for the sorting and production of power using biogas in Abidjan, Ivory Coast.

The abovementioned contract will involve an estimated value of c. 140 million Euros (which includes an estimated variable element of c. 40 million Euros depending on the tonnage moved), a duration of 7 years for a capacity of 8.2 million tonnes with the construction component valued at c. 48 million Euros to be executed by MOTA-ENGIL AFRICA.

March 8, 2018**MOTA-ENGIL INFORMS ON THE INCREASE OF THE IVORY COAST AND PERU BACKLOG BY 225 MILLION EUROS**

MOTA-ENGIL entered into a contract through MOTA-ENGIL AFRICA for the construction of a football stadium in Ivory Coast for the African Cup of Nations to be held in the country in 2021 and funded by the United Bank for Africa (UBA). The contract signed totals 83 million Euros.

MOTA-ENGIL also reports the recent awarding of 3 important contracts in the Peruvian market for the private sector in the infrastructure and mining sectors, further strengthening the backlog for its local company (MOTA-ENGIL PERU) in about 142 million Euros with the following projects:

- The construction of the San Martin port, worth 110 million Euros for the Terminales Portuarios Paracas in Ica. The contract is for a period of 24 months, and MOTA-ENGIL Peru has a stake of 33.3% in the consortium;
- Construction of the Vizcachas y Bocatoma Titire dam worth 56 million Euros for Anglo American Quellaveco, in the Moquegua region. The contract has a term of 26 month;
- Construction of Phase 4 of the Las Bambas dam worth 50 million Euros for the mining company MMG, in the Apurimac region. The contract has a term of 24 months.

Devaluation of the kwanza in 2018

On the other hand, in 2018 there was a significant devaluation of the kwanza against the Euro, decreasing more than 30%.

Although at the date of this report the impact of that devaluation has not yet been determined, it will, before the impact of the application of the IAS 29, lead to an increase in the net profit, due to the large amount of net monetary assets held in Angola expressed in Euros or Dollars, and a reduction in equity (including the net profit).

46. Fees paid to the auditor/statutory auditor

As at December 31, 2017, the amount of fees paid to the auditor/statutory auditor was as follows:

Nature of the service	By the company Amount (Euros)	By other company/entity Amount (Euros)	Total Amount (Euros)
Audit and statutory audit	58,280	742,201	800,481
Other assurance services	500	-	500
Tax consultancy	-	12,985	12,985
Other consulting services	-	58,600	58,600
Total	58,780	813,786	872,566

The services other than audit carried out by the auditor/statutory auditor during 2017 were as follows:

- Provision of license for access to the Inforfisco database which consists of a public fiscal repository (on legislation and jurisprudence);
- Support for the collection, making available and updating of sectoral economic analyses to be used by certain GROUP companies in the preparation of their transfer pricing dossier;
- The issue of a report on the procedures agreed relating to the validity of financial ratios associated with finance obtained;
- Support for the collection and compiling of data on the new Mexican retail energy market leading to the making available of information that leads to the preparation of various business model scenarios by a GROUP Company.

47. Approval of the financial statements

These consolidated financial statements were approved by the GROUP Board of Directors on March 27, 2018 although they are still pending approval by the Annual General Shareholders Meeting. However, the GROUP Board of Directors is convinced that they will be approved without amendment.

Appendix A. Consolidated companies

Companies included in the consolidation by the full consolidation method.

Companies included in the consolidation by the full consolidation method, their headquarters, the effective holding percentage, their activity, their setup/acquisition date, were as follows:

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Parent Company of the Group and Related Activities					
Mota-Engil, SGPS, S.A., Sociedade Aberta ("Mota-Engil SGPS")	Portugal (Porto)	-	Management of financial holdings	Aug-90	-
Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço")	Portugal (Amarante)	100.00	Real Estate Development	-	Oct-01
Through Mota-Engil SGPS		100.00			
ME 3I, SGPS, S.A. ("ME 3I SGPS")	Portugal (Linda-a-Velha)	61.20	Management of financial holdings	Oct-11	-
Through Mota-Engil Indústria e Inovação		61.20			
MESP - Mota Engil, Serviços Partilhados, Administrativos e de Gestão, S.A. ("Mota-Engil Serviços Partilhados")	Portugal (Porto)	100.00	Administrative Services	Dec-02	-
Through Mota-Engil SGPS		100.00			
Mota-Engil Indústria e Inovação, SGPS, S.A. ("Mota-Engil Indústria e Inovação")	Portugal (Linda-a-Velha)	100.00	Management of financial holdings	Nov-10	-
Through Mota-Engil SGPS		100.00			
MK Contractors, LLC ("MKC")	USA (Miami)	100.00	Real Estate Development	Mar-02	-
Through Mota-Engil Engenharia e Construção		100.00			
Mota-Engil Finance, B.V. ("ME Finance BV")	Netherlands (Amsterdam)	100.00	Consulting Services	Dec-12	-
Through Mota-Engil SGPS		100.00			
Mota-Engil Mining Management (Proprietary) Limited ("ME Mining Management")	South Africa (Johannesburg)	100.00	Human Resources Management in Mining	Apr-11	-
Through Mota-Engil Minerals Mining Investment B.V.		100.00			
Mota-Engil Minerals & Mining (Malawi) Limited ("ME Minerals & Mining Malawi")	Malawi (Lilongwe)	99.99	Prospecting, exploitation and processing of minerals	Mar-11	-
Through Mota-Engil Minerals Mining Investment B.V.		99.99			
Mota-Engil Minerals & Mining (Zimbabwe) (Private) Limited ("ME Minerals & Mining Zimbabwe")	Zimbabwe (Harare)	100.00	Prospecting, exploitation and processing of minerals	May-11	-
Through Mota-Engil Minerals Mining Investment B.V.		100.00			
Mota-Engil Minerals Mining Investment B.V. ("ME Minerals Mining Investment BV")	Netherlands (Amsterdam)	100.00	Management of other businesses	Oct-10	-
Through Mota-Engil SGPS		100.00			
Europe					
Engineering and Construction					
Aurimove – Sociedade Imobiliária, S.A. ("Aurimove")	Portugal (Porto)	100.00	Real Estate Development	Dec-93	-
Through Mota-Engil Real Estate Portugal		100.00			
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. ("Áreagolfe")	Portugal (Torres Novas)	68.89	Management, construction and maintenance of golf courses	-	Jul-07
Through Vibeiras		68.89			
Balice Project Development Sp. z o.o. ("Balice")	Poland (Cracow)	100.00	Real Estate Development	Oct-12	-
Through Mota-Engil Real Estate, SGPS		100.00			
Bay 6.3. Koriátolt Felelősségű Társaság Kft. ("Bay 6.3")	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
Bay-Office Koriátolt Felelősségű Társaság Kft. ("Bay Office")	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
Bay-Park Koriátolt Felelősségű Társaság Kft. ("Bay Park")	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
Bay-Tower Koriátolt Felelősségű Társaság Kft. ("Bay Tower")	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
Bay-Wellness Koriátolt Felelősségű Társaság Kft. ("Bay Wellness")	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
Bohdalecká Project Development s.r.o. ("Bohdalecká")	Czech Republic (Prague)	100.00	Real Estate Development	-	Sep-07
Through Mota-Engil Real Estate, SGPS		100.00			
Bukowska Project Development ("Bukowska Project Development ")	Poland (Cracow)	100.00	Design and construction of social housing	Mar-15	-
Through Mota-Engil Central Europe Polónia		100.00			
Calçadas do Douro - Sociedade Imobiliária, Lda. ("Calçadas do Douro")	Portugal (Porto)	100.00	Real Estate Development	-	Sep-00
Through Mota-Engil Real Estate Portugal		100.00			
Carlos Augusto Pinto dos Santos & Filhos S.A. ("Capsfil")	Portugal (Vila Flor)	100.00	Extraction of gravel, sand and crushed stone	Mar-77	Oct-09
Through Mota-Engil Engenharia e Construção		100.00			
Corgimobil - Empresa Imobiliária das Corgas, Lda. ("Corgimobil")	Portugal (Cascais)	97.25	Construction works, studies and real estate	-	Nov-00
Through Mota-Engil Engenharia e Construção		71.79			
Through Mota-Engil Real Estate Portugal		25.46			
Devonská Project Development A.S. ("Devonská")	Czech Republic (Prague)	100.00	Real Estate Development	Dec-06	-
Through Mota-Engil Real Estate, SGPS		100.00			
Diace - Construtoras das Estradas do Douro Interior A.C.E. ("Diace ACE MEEC")	Portugal (Porto)	53.10	Realization of construction works and services and providing design.	Nov-08	Dec-15
Through Mota-Engil Engenharia e Construção		53.10			

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Dmowski Project Development, Sp. z o.o. ("Dmowski")	Poland	100.00			
Through Mota-Engil Real Estate, SGPS	(Cracow)	100.00	Real Estate Development	Aug-07	-
Dzieci Warszawy Project Development Sp. z o.o. ("Dzieci")	Poland	100.00			
Through Mota-Engil Real Estate, SGPS	(Cracow)	100.00	Real Estate Development	Nov-15	-
Edifício Mota Viso – Soc. Imobiliária, Lda. ("Mota Viso")	Portugal	100.00			
Through Mota-Engil Real Estate Portugal	(Porto)	100.00	Real Estate Development	Jun-94	-
Edipainel – Sociedade Imobiliária, Lda. ("Edipainel")	Portugal	100.00			
Through Mota-Engil Real Estate Portugal	(Porto)	70.00	Real Estate Development	Mar-02	-
Through Mota-Engil Engenharia e Construção		30.00			
Ekosrodowisko z.o.o. In Liquidation ("Ekosrodowisko")	Poland	61.50			
Through SUMA	(Bytom)	61.50	Urban solid waste	Feb-05	Dec-05
Engber Ingatlanforgalmazó És Szolgáltató Korlátolt Felelősségű Társaság Kft. ("Engber")	Hungary	76.73			
Through Obol XI	(Budapest)	76.73	Real Estate Development	-	Jun-08
Glacé - Construtoras das Auto-estradas da Grande Lisboa A.C.E. ("Glacé ACE MEEC")	Portugal	52.87			
Through Mota-Engil Engenharia e Construção	(Porto)	52.87	Realization of construction works and services and providing design	Dec-06	Dec-15
Glan Agua, Ltd ("Glanagua")	Ireland	70.00			
Through MEIS	(Ballinasloe)	70.00	Treatment of waste, exploitation and management of water systems	Jan-08	-
Glan Agua (UK), Ltd	United Kingdom	70.00			
Through MEIS	(St Albans)	70.00	Treatment of waste, exploitation and management of water systems	Jul-15	-
Grota-Roweckiego Project Development Sp. z o.o. ("Grota")	Poland	100.00			
Through Mota-Engil Central Europe Polónia	(Cracow)	100.00	Real Estate Development	Oct-12	-
Hungária Hotel Ingatlanforgalmazó, Kereskedelmi, és Szolgáltató Kft. ("Hotel Achat Hungria")	Hungary	100.00			
Through Mota-Engil Real Estate, SGPS	(Budapest)	100.00	Real Estate Development	Jun-08	-
Immo Park Gdańsk, Sp. z o.o. ("Immo Park Gdańsk")	Poland	100.00			
Through Mota-Engil Central Europe Polónia	(Cracow)	100.00	Design, construction, management and exploitation of parking lots	Mar-13	-
Immo Park Warszawa, Sp. z o.o. ("Immo Park Warszawa")	Poland	100.00			
Through Mota-Engil Central Europe Polónia	(Cracow)	100.00	Design, construction, management and exploitation of parking lots	Oct-12	-
Immo Park, Sp. z o.o. ("Immo Park")	Poland	100.00			
Through Mota-Engil Central Europe Polónia	(Cracow)	100.00	Design, construction, management and exploitation of parking lots	Jan-08	Mar-11
Kilinskiego Project Development Sp. z o.o. ("Kilinskiego")	Poland	100.00			
Through Mota-Engil Real Estate, SGPS	(Cracow)	100.00	Real Estate Development	Aug-07	-
Kilinskiego Property Investment Sp. z o.o. ("Kilinskiego PI")	Poland	100.00			
Through Kilinskiego Project Development Sp. z o.o.	(Cracow)	99.99	Real Estate Development	Sep-11	-
Through Mota-Engil Real Estate, SGPS		0.01			
Kordylewskiego Project Development W Likwidacji Sp. z o.o. ("Kordylewskiego")	Poland	100.00			
Through Mota-Engil Real Estate, SGPS	(Cracow)	100.00	Real Estate Development	Feb-05	-
Listopada Project Development ("Listopada project Development ")	Poland	100.00			
Through Mota-Engil Real Estate, SGPS	(Cracow)	100.00	Real Estate Development	Nov-15	-
Lusitânia - Construtoras das Auto-estradas das Beiras Litoral e Alta A.C.E. ("Lusitânia ACE MEEC")	Portugal	83.95			
Through Mota-Engil Engenharia e Construção	(Porto)	83.95	Realization of construction works and services and providing design.	Apr-01	Dec-15
Mercado Urbano - Gestão Imobiliária, S.A. ("Mercado Urbano")	Portugal	100.00			
Through Mota-Engil Real Estate Portugal	(Porto)	100.00	Real Estate Development	Jul-09	Mar-11
ME Real Estate - Mota-Engil Real Estate Portugal, S.A. ("Mota-Engil Real Estate Portugal")	Portugal	100.00			
Through Mota-Engil Real Estate, SGPS	(Porto)	100.00	Real Estate Development	Sep-01	-
ME Investitii AV s.r.l. ("Mota-Engil Investitii")	Romania	100.00			
Through Mota-Engil Real Estate, SGPS	(Bucarest)	100.00	Real Estate Development	-	Sep-07
MES, Mota-Engil Srodowisko, Sp. z o.o. ("MES")	Poland	61.50			
Through Suma	(Cracow)	61.50	Urban solid waste	Dec-05	-
Metró Épitóipari Gépészeti és szállítási, Zrt ("Metroepszolg")	Hungary	100.00			
Through Mota-Engil Magyarország	(Budapest)	100.00	Public works	Dec-00	-
Motadomus - Sociedade Imobiliária, Lda. ("Motadomus")	Portugal	100.00			
Through Aurimove	(Porto)	95.00	Real Estate Development	Jan-97	Jan-01
Through Mota-Engil Real Estate Portugal		5.00			
Mota-Engil International Construction (UK) Ltd	United Kingdom	60.00			
Through Mota-Engil Engenharia e Construção	(St Albans)	60.00	Construction works	Jul-15	-
Mota-Engil Ireland Construction Limited ("Mota-Engil Irlanda")	Ireland	60.00			
Through Mota-Engil Engenharia e Construção	(Dublin)	60.00	Construction works	Oct-07	-
Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia e Construção")	Portugal	100.00			
Through Mota-Engil Europa	(Amarante)	100.00	Construction works, and purchase and sale of real estate	-	Dec-00

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Mota-Engil Real Estate, SGPS, S.A. ("Mota-Engil Central Europe SGPS") Through Mota-Engil Europa	Portugal (Porto)	100.00 100.00	Management of financial holdings	Dec-02	-
Mota-Engil Central Europe, S.A. ("Mota-Engil Central Europe Polónia") Through Mota-Engil Engenharia e Construção	Poland (Cracow)	100.00 100.00	Construction works	Feb-53	Mar-99
Mota-Engil Central Europe Ceska Republika, AS ("Mota-Engil Central Europe República Checa") Through Mota-Engil Europa	Czech Republic (Prague)	100.00 100.00	Construction and public works	Jan-97	-
Mota-Engil Central Europe Business Support Center Sp. z o. o. ("MECE Business Support Center") Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Administrative Services	Dec-09	-
Mota-Engil Ireland Services Ltd. ("MEIS") Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	70.00 70.00	Treatment of waste, exploitation and management of water sytems	Jan-08	-
Mota-Engil Magyarország Beruházási Épitőipari Zrt. ("Mota-Engil Magyarország") Through Mota-Engil Europa	Hungary (Budapest)	100.00 100.00	Construction and public works	Jan-96	-
Mota-Engil Vermelo Sp. z o.o ("ME Vermelo") Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Real Estate Development	Mar-12	-
Mota-Engil Central Europe PPP Sp. z.o.o ("ME Central Europe PPP") Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Mar-12	-
Mota-Engil Central Europe PPP 2 Sp. z.o.o ("ME Central Europe PPP 2") Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Dec-13	-
Mota-Engil Central Europe PPP Road Sp. z.o.o ("ME Central Europe PPP Road") Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	-	Nov-13
Mota-Engil Central Europe PPP 3 Sp. Z.o.o (ME Central Europe PPP 3) Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Apr-14	-
Grodowska Project Development Sp. z.o.o ("Grodowska") Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Design and construction of social housing	Mar-14	-
Mota-Engil Real Estate Hungary Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft. ("Mota-Engil Real Estate Hungria") Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	100.00 100.00	Real Estate Development	Jul-05	-
Mota-Engil Real Estate Management, sp. z.o.o. ("Mota-Engil Real Estate Management") Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Jun-05	-
Nádor-Öböl Ingatlanforgalmazó és Beruházó Korlátolt Felelősségű Társaság Kft. ("Nádor Obol") Through Obol XI	Hungary (Budapest)	76.73 76.73	Real Estate Development	-	Oct-06
Norace - Construtoras das Auto-estradas do Norte A.C.E. ("Norace ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	82.87 82.87	Realization of construction works and services and providing design.	Jun-99	Dec-15
Nortedomus, Sociedade Imobiliária SA. ("Nortedomus") Through Mota-Engil Real Estate Portugal	Portugal (Lisboa)	100.00 100.00	Real Estate Development	-	Oct-01
Öböl Invest Befektetési és Üzletviteli Tanácsadó Korlátolt Felelősségű Társaság Kft. ("Obol Invest") Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	77.50 77.50	Real Estate Development	-	May-05
Öböl XI. Ingatlanhasznosítási Beruházó és Szolgáltató Korlátolt Felelősségű Társaság Kft. ("Obol XI") Through Obol Invest	Hungary (Budapest)	76.73 76.73	Real Estate Development	-	Dec-03
Proempar - Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A. ("Proempar") Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00 100.00	Marketing, management and exploitation of technological and industrial business parks	Oct-06	-
Project Development 1 Sp. Z.o.o. ("Project Development 1") Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Nov-15	-
Project Development 2 Sp. Z.o.o. ("Project Development 2") Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Nov-15	-
Pinhal - Construtoras das Auto-estradas do Pinhal Interior A.C.E. ("Pinhal ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	53.52 53.52	Realization of construction works and services and providing design	Apr-10	Dec-15
Portuscale - Construtoras das Auto-estradas do Grande Porto A.C.E. ("Portuscale ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	83.95 83.95	Realization of construction works and services and providing design	Jul-02	Dec-15
Sampaio Üzletviteli Tanácsadó Korlátolt Felelősségű Társaság Kft. ("Sampaio") Through Obol XI	Hungary (Budapest)	76.73 76.73	Real Estate Development	-	Jan-03
Sedengil – Sociedade Imobiliária, S.A. ("Sedengil") Through Mota-Engil Real Estate Portugal	Portugal (Matosinhos)	100.00 100.00	Real Estate Development	Oct-82	May-95 / May-97
Sikorki Project Development Sp. z o.o. ("Sikorki") Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Real Estate Development	Oct-12	-

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Soltysowska Project Development Sp. z o.o. ("Soltysowska")	Poland (Cracow)	100.00	Real Estate Development	Nov-05	-
Through Mota-Engil Real Estate, SGPS		100.00			
Senatorska Project Development Sp. z.o.o. ("Senatorska")	Poland (Cracow)	100.00	Real Estate Development	Nov-15	-
Through Mota-Engil Central Europe Polónia		100.00			
Tetenyi Project Development Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft ("Tetenyi")	Hungary (Budapest)	100.00	Real Estate Development	Jan-05	-
Through Mota-Engil Real Estate, SGPS		100.00			
Turalgo-Sociedade de Promoção Imobiliária e Turística do Algarve, S.A. ("Turalgo")	Potugal (Ceiras)	51.00	Real Estate Development	May-92	-
Through Mota-Engil Real Estate Portugal		51.00			
Vibeiras – Sociedade Comercial de Plantas, S.A. ("Vibeiras")	Portugal (Torres Novas)	68.89	Landscape gardening	Jul-88	Oct-98
Through Mota-Engil Engenharia e Construção		68.89			
Vianor - Construtoras das Auto-estradas da Costa de Prata A.C.E. ("Vianor ACE MEEC")	Portugal (Porto)	83.95	Realization of construction works and services and providing design	Apr-00	Dec-15
Through Mota-Engil Engenharia e Construção		83.95			
VBT - Projectos e Obras de Arquitectura Paisagística, Lda ("VBT")	Angola (Luanda)	44.45	Landscape gardening	Sep-08	-
Through Vibeiras		34.45			
Through Mota-Engil Ambiente e Serviços		10.00			
Wilanow Project Development SP. z.o.o. ("Wilanow")	Poland (Cracow)	100.00	Real Estate Development	Jun-07	-
Through Mota-Engil Real Estate, SGPS		100.00			
Wilenska Project Development Sp. z.o.o. w likwidacji ("Wilenska")	Poland (Cracow)	100.00	Real Estate Development	Jan-05	-
Through Mota-Engil Real Estate, SGPS		100.00			
Environment and Services					
AGIR - Ambiente e Gestão Integrada de Resíduos, Lda. ("Agir")	Cape Verde (Praia)	80.75	Collection of urban solid waste	Dec-07	-
Through Mota-Engil Ambiente e Serviços		50.00			
Through Suma		30.75			
Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Algar")	Portugal (Loulé)	33.15	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF		33.15			
Amarsul- Valorização e Tratamento de Resíduos Sólidos, S.A. ("Amarsul")	Portugal (Setúbal)	30.19	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF		30.19			
CH&P – Combined Heat & Power Anadia, Sociedade Unipessoal, Lda ("CH&P Anadia")	Portugal (Linda-a-Velha)	90.00	Exploitation of a co-generation plant for the production of electric and thermal energy	May-11	-
Through Manvia		90.00			
CH&P – Combined Heat & Power Coja, Unipessoal, Lda ("CH&P Coja")	Portugal (Linda-a-Velha)	90.00	Exploitation of a co-generation plant for the production of electric and thermal energy	May-11	-
Through Manvia		90.00			
Citrave - Centro Integrado de Tratamento de Resíduos de Aveiro, S.A. ("Citrave")	Portugal (Lisboa)	61.50	Treatment and disposal of non-hazardous waste	Dec-87	Oct-06
Through Suma		61.41			
Through Novaflex		0.05			
Through Suma Esposende		0.05			
Correia & Correia, Lda. ("Correia & Correia")	Portugal (Sertão)	48.19	Trade and collection of used oils	Sep-88	Feb-00
Through Enviroil		48.19			
Enviroil SGPS, Lda. ("Enviroil")	Portugal (Torres Novas)	48.19	Management of financial holdings	Nov-97	-
Through Suma		48.19			
Enviroil II – Reciclagem de Óleos Usados, Lda. ("Enviroil II")	Portugal (Torres Novas)	43.37	Oil recycling, electricity production and bulk trade of fuels and related products	Apr-11	-
Through Enviroil		43.37			
Ersuc - Resíduos Sólidos do Centro, S.A. ("Ersuc")	Portugal (Coimbra)	34.14	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF		30.46			
Through Suma		3.68			
Empresa Geral de Fomento, S.A. ("EGF")	Portugal (Lisboa)	60.88	Treatment and recovery of urban solid waste	-	Jun-15
Through Suma Tratamento		60.88			
Eco Vision LLC ("Eco Vision")	Oman (Muscat)	31.37	Treatment and recovery of urban solid waste	Jul-15	-
Through Suma		31.37			
Gesar - Gestão de Águas Residuais do Algarve ("GESAR ACE Manvia")	Portugal (Linda-a-Velha)	54.00	Water waste treatment	Apr-15	-
Through Manvia		54.00			
InvestAmbiente - Recolha de Resíduos e Gestão de Sistemas de Saneamento Básico, S.A. ("Investambiente")	Portugal (Lisboa)	31.98	Collection of non-hazardous waste	Feb-00	Dec-07
Through Novaflex		31.98			
Manvia - Manutenção e Exploração de Instalações e Construção, S.A. ("Manvia")	Portugal (Linda-a-Velha)	90.00	Maintenance and exploitation of installations	Jul-94	Jun-98
Through Mota-Engil Ambiente e Serviços		90.00			
Mota-Engil Europa, S.A. ("Mota-Engil Europa")	Portugal (Linda-a-Velha)	100.00	Management of financial holdings	Jun-10	-
Through Mota-Engil SGPS		100.00			
Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A. ("MEAS II")	Portugal (Porto)	100.00	Projects' management	Dec-03	-
Through Mota-Engil Europa		100.00			
Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços")	Portugal (Porto)	100.00	Management of financial holdings	Jun-97	-
Through Mota-Engil Europa		100.00			

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Nova Beira - Gestão de Resíduos, S.A. ("Nova Beira")	Portugal	30.85	Treatment and disposal of non-hazardous waste	-	Dec-07
Through Novaflex	(Lisboa)	20.30			
Through Investambiente		10.55			
Novaflex - Técnicas do Ambiente, S.A. ("Novaflex")	Portugal	61.50	Collection of other non-hazardous waste	-	Dec-07
Through Suma	(Lisboa)	61.50			
PTT - Parque Tecnológico do Tâmega, S.A. ("PTT")	Portugal	90.00	Marketing and management of technological business hosting	Dec-06	-
Through Proempar	(Felgueiras)	70.00			
Through Mota-Engil Ambiente e Serviços		10.00			
Through Mota-Engil Engenharia e Construção		10.00			
Real Verde - Técnicas de Ambiente, S.A. ("Real Verde")	Portugal	61.50	Treatment and disposal of non-hazardous waste	Dec-07	-
Through Novaflex	(Vila Real)	61.50			
Resiges - Gestão de Resíduos Hospitalares, Lda. ("Resiges")	Portugal	61.50	Collection of hazardous waste	May-98	Dec-07
Through Novaflex	(Setúbal)	61.50			
Resilei - Tratamento de Resíduos Industriais, S.A. ("Resilei")	Portugal	30.75	Treatment and disposal of non-hazardous waste	-	Jun-03
Through Suma	(Leiria)	30.75			
Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resiestrela")	Portugal	37.26	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Castelo Branco)	37.26			
Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resinorte")	Portugal	44.46	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Braga)	44.46			
Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resulima")	Portugal	30.19	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Viana do Castelo)	30.19			
Rima - Resíduos Industriais e Meio Ambiente, S.A. ("Rima")	Portugal	59.12	Treatment of industrial waste	Aug-01	-
Through Suma	(Lourousa)	59.12			
SIGA - Sistema Integrado de Gestão Ambiental, S.A. ("Siga")	Portugal	43.05	Treatment and disposal of non-hazardous waste	Oct-08	-
Through Suma	(Ponta Delgada)	43.05			
Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Suldouro")	Portugal	35.52	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Vila Nova de Gaia)	35.52			
SRI - Gestão de Resíduos, Lda ("SRI")	Portugal	48.19	Collection of hazardous waste	Jul-08	-
Through Correia & Correia	(Sertã)	48.19			
SIGAMB - Sistemas de Gestão Ambiental, Lda. (Angola) ("SIGAMB")	Angola	61.44	Technical studies, consulting and environmental training	Feb-14	-
Through Novaflex	(Luanda)	61.44			
Suma (Douro) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Douro")	Portugal	61.50	Collection of urban solid waste	Jul-00	-
Through Suma	(Murça)	61.50			
Suma (Esposende) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Esposende")	Portugal	61.50	Collection of urban solid waste	Dec-99	-
Through Suma	(Esposende)	61.50			
Suma (Macau), Lda. ("Suma Macau")	China	60.89	Collection of urban solid waste	-	Dec-13
Through Suma	(Macau)	60.89			
Suma (Matosinhos) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Matosinhos")	Portugal	61.50	Collection of urban solid waste	Dec-00	-
Through Suma	(Matosinhos)	61.50			
Suma (Porto) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Porto")	Portugal	61.50	Collection of urban solid waste	Nov-08	-
Through Suma	(Porto)	61.50			
Suma Tratamento, S.A. ("Suma Tratamento")	Portugal	59.20	Collection of urban solid waste	Oct-14	-
Through Suma	(Lisboa)	49.19			
Through Suma Esposende		0.01			
Through Novaflex		0.01			
Through Mota-Engil Ambiente e Serviços		10.00			
Suma - Serviços Urbanos e Meio Ambiente, S.A. ("Suma")	Portugal	61.50	Collection of urban solid waste	Jun-94	-
Through Mota-Engil Ambiente e Serviços	(Lisboa)	61.50			
Takargo - Transportes de Mercadorias, S.A. ("Takargo")	Portugal	100.00	Rail transport of goods	Oct-06	-
Through Mota-Engil Ambiente e Serviços	(Linda-a-Velha)	100.00			
Tratofoz - Sociedade de Tratamento de Resíduos, S.A. ("Tratofoz")	Portugal	99.62	Collection of urban solid waste	Oct-02	-
Through Mota-Engil Ambiente e Serviços	(Porto)	99.00			
Through Suma		0.62			
Triu - Técnicas de Resíduos Industriais e Urbanos, S.A. ("Triu")	Portugal	48.19	Collection of non-hazardous waste	Apr-91	Sep-08
Through Enviroil	(Loures)	48.19			
Triaza - Tratamento de Resíduos Industriais da Azambuja, S.A. ("Triaza")	Portugal	61.50	Collection of urban solid waste	Nov-15	Sep-08
Through Suma	(Azambuja)	61.50			
Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valnor")	Portugal	31.57	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Portalegre)	31.57			
Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorlis")	Portugal	30.19	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Leiria)	30.19			
Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorminho")	Portugal	30.19	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Valença)	30.19			
Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. ("Valorsul")	Portugal	31.33	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Loures)	31.33			

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Africa					
Akwangola, S.A. ("Akwangola") Through Mota-Engil África	Angola (Luanda)	51.00 51.00	Exploitation of water market	Dec-10	Dec 13
Cecot - Centro de Estudos e Consultas Técnicas, Lda. ("Cecot") Through MEEC África	Mozambique (Maputo)	100.00 100.00	Construction works' projects and inspection	Sep-98	Apr-11
Cosamo (Proprietary) Limited ("Cosamo") Through Mota Internacional	South Africa (Johannesburg)	100.00 100.00	Commercial	Dec-76	-
Ecolife, S.A. ("Ecolife") Through Mota-Internacional Through Suma	Mozambique (Maputo)	58.51 40.00 18.51	Collection of urban solid waste	Dec-13	-
Fatra - Fábrica de Trefilaria de Angola, S.A. ("Fatra") Through Mota-Engil Angola	Angola (Luanda)	35.70 35.70	Manufacturing of iron-derived products	-	Nov-10
Fibreglass Sundlete (Moçambique), Lda. ("Fibreglass") Through ME Maurícias	Mozambique (Maputo)	100.00 100.00	Commercial	Aug-62	Mar-99
Indimo, Lda. ("Indimo") Through Cecot Through MEEC África	Mozambique (Maputo)	100.00 50.00 50.00	Real Estate Development	-	Oct-04
Liwonde Logistics Platform Limited ("Liwonde") Through ME Investments Malawi Through MEEC África – Malawi Branch	Malawi (Lilongwe)	99.64 50.49 49.15	Management of financial holdings	Jun-15	-
Mota-Engil Engenharia e Construção África, S.A. ("MEEC África") Through Mota-Engil África N.V.	Portugal (Porto)	100.00 100.00	Construction works	Aug-12	-
Mota-Engil África, N.V. ("ME África NV") Through Mota-Engil SGPS	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	Oct-12	-
Mota-Engil África, SGPS, S.A. ("Mota-Engil África") Through MEEC África	Portugal (Porto)	100.00 100.00	Management of financial holdings	May-10	-
Mota-Engil África Finance B.V. ("ME África Finance BV") Through Mota-Engil África N.V.	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	May-14	-
Mota-Engil África Global Technical Services B.V. ("ME África GTS BV") Through Mota-Engil África N.V.	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	May-14	-
Mota Internacional – Comércio e Consultadoria Económica, Lda. ("Mota Internacional") Through Mota-Engil África	Portugal (Funchal)	100.00 100.00	Trade and management of international holdings	Sep-97	Dec-98
Mota-Engil Moçambique, Lda. ("Emocil") Through MEEC África Through Indimo	Mozambique (Maputo)	100.00 50.00 50.00	Real Estate Development	Jul-94	-
Mota-Engil Angola, S.A. ("Mota-Engil Angola") Through Mota Internacional	Angola (Luanda)	51.00 51.00	Construction works and public and private works	May-10	-
Malawi Ports Company Limited ("Malawi Ports Company") Through MEEC África Through ME Malawi	Malawi (Lilongwe)	100.00 88.00 12.00	Sea transport	Nov-10	-
Malawi Shipping Company Limited ("Malawi Shipping Company") Through MEEC África Through ME Malawi	Malawi (Lilongwe)	100.00 88.00 12.00	Sea transport	Nov-10	-
Martinex, SA ("Martinex") Through Mota-Engil Angola	Angola (Benguela)	48.45 48.45	Stainless steel works	Feb-08	Dec-11
Mota & Companhia Maurícias, Lda. ("ME Maurícias") Through MEEC África	Mauritius (Ebene)	100.00 100.00	Construction works	May-10	-
Mota-Engil Africa (PTY) Limited ("ME Africa PTY") Through Mota-Engil África N.V. Through MEEC África	South Africa (Johannesburg)	100.00 95.00 5.00	Management of financial holdings	Nov-15	-
Mota-Engil Construction South Africa, Pty Ltd ("ME Construction South Africa") Through Mota-Engil Investments South Africa	South Africa (Johannesburg)	51.00 51.00	Public works and /or construction works contractor	Mar-14	-
Mota-Engil (Malawi) Limited ("ME Malawi") Through MEEC África	Malawi (Lilongwe)	99.99 99.99	Public works and /or construction works contractor	Jul-11	-
Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi") Through Mota-Engil África	Malawi (Lilongwe)	99.00 99.00	Public works and /or construction works contractor	Mar-11	-
Mota-Engil Investments South Africa, Pty Ltd ("Mota-Engil Investments South Africa") Through Mota Internacional	South Africa (Johannesburg)	51.00 51.00	Management of financial holdings	-	Mar-14
Mota-Engil S.Tomé e Príncipe, Lda. ("Mota-Engil S.Tomé") Through Mota Internacional Through MEEC África	S. Tomé and Príncipe (S. Tomé)	100.00 95.00 5.00	Public works and /or construction works contractor	Dec-04	-
Mota-Engil Guinée Conakry SARL ("Mota-Engil Guinée") Through Sucursal Mota-Engil Engenharia e Construção África	Guinée Conakry (Conakry)	100.30 100.30	Construction works and public and private works	-	Aug-17
Novicer-Cerâmicas de Angola,(SU) Limitada. ("Novicer") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Manufacturing and trade in clay goods	Sep-07	-
Prefal – Préfabricados de Luanda, Lda. ("Prefal") Through Mota-Engil Angola	Angola (Luanda)	45.90 45.90	Manufacturing of prestressed goods	Dec-93	-
Penta - Engenharia e Construção, Lda. ("Penta") Through MEEC África Through Mota Internacional	Cape Verde (Praia)	100.00 96.00 4.00	Construction works and public and private works	Apr-07	-
Rentaco Angola - Equipamentos e Transportes, (SU) Limitada. ("Rentaco Angola") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Rental of construction equipment	Jan-08	-

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Sonauta - Sociedade de Navegação, Lda. ("Sonauta")	Angola	100.00	Sea transport, excluding coastal transport	Nov-94	-
Through Mota Internacional	(Luanda)	100.00			
Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")	Angola	40.80	Road signs	-	Sep-07
Through Mota-Engil Angola	(Luanda)	40.80			
Vista Energy Environment & Services, S.A. ("Vista SA")	Angola	51.00	Management of financial holdings	Jul-08	Dec-13
Through Mota-Engil Angola	(Luanda)	51.00			
Vista Waste Management, Lda. ("Vista Waste")	Angola	56.24	Road signs	Dec-09	Dec-13
Through Mota-Engil Angola	(Luanda)	5.10			
Through Vista SA		20.91			
Through Suma		30.23			
Vista Multi Services, Lda. ("Vista Multi Services")	Angola	51.00	Urban services	May-09	Dec-13
Through Vista SA	(Luanda)	40.80			
Through Mota-Engil Angola		10.20			
Vista Water, Lda. ("Vista Water")	Angola	28.05	Exploitation of water market	May-09	Dec-13
Through Mota-Engil Angola	(Luanda)	6.38			
Through Vista SA		21.68			
Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Latin America					
APP Coatzacoalcas Villahermosa S.A.P.I. de C.V. ("APP Coatzacoalcas Villahermosa")	Mexico	37.74	Construction and public works	Oct-16	-
Through Mota-Engil México	(Mexico City)	37.74			
Consita Tratamento de Resíduos, S.A. ("Consita")	Brazil	54.93	Waste treatment	-	Dec-14
Through ECB Suma Participações	(Belo Horizonte)	54.93			
Consórcio Los Castños ("Consórcio Los Castños")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio Mota-Engil Ojeda & Iju Paracas ("Consórcio ME Ojeda & Iju")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio Fanning ("Consórcio Fanning")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio Porta ("Consórcio Porta")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio La Ponciana ("Consórcio La Ponciana")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio GDL Viaduto, S.A.P.I. de CV ("Consórcio GDL Viaduto")	Mexico	21.88	Construction and public works	Jun-14	-
Through Mota-Engil México	(Mexico City)	21.88			
Consórcio Túnel Guadalajara, SAPI de CV ("Consórcio GDL Túnel")	Mexico	21.88	Construction and public works	Jul-14	-
Through Mota-Engil México	(Mexico City)	21.88			
Consórcio ME-Contrato Colegios (Colômbia) ("Consórcio ME Colegios")	Colombia	100.00	Construction works	May-16	-
Through Mota-Engil Engenharia e Construção	(Buenaventura)	75.00			
Through Mota-Engil Peru		25.00			
Consórcio MEC Arroyo Carrera 65 ("Consórcio MEC Arroyo Carrera")	Colombia	98.75	Construction and public works	Sep-16	-
Through Mota-Engil Engenharia e Construção - Sucursal Colômbia	(Bogota)	0.01			
Through Mota-Engil Col SAS		98.74			
Consórcio Conservacion Vial Santa Rosa ("Consórcio Conservacion Vial Santa Rosa")	Peru	50.00	Construction works	Dec-15	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio MEC-Av.Malecon-UF1 ("Consórcio MEC-Av.Malecon-UF1")	Colombia	98.75	Construction and public works	May-16	-
Through Mota-Engil Engenharia e Construção	(Buenaventura)	0.01			
Through Mota-Engil Col		98.74			
Consórcio MEC-Av.Malecon-UF2 ("Consórcio MEC-Av.Malecon-UF2")	Colombia	98.75	Construction and public works	Nov-16	-
Through Mota-Engil Engenharia e Construção - Sucursal Colômbia	(Bogota)	0.01			
Through Mota-Engil Col SAS		98.74			
Consórcio Mepax Ltd ("Consórcio Mepax Limitada")	Chile	49.90	Construction and public works	Feb-16	-
Through Mota-Engil Chile	(Santiago)	49.90			
Constructora APP Tabasvera S.A. de C.V. ("Constructora APP Tabasvera")	Mexico	75.00	Construction and public works	Jul-16	-
Through Mota-Engil México	(Mexico City)	75.00			
Constructora Autopista Cardel-Poza Rica, S.A. de CV ("Constructora Cardel-Poza Rica")	Mexico	40.80	Construction and public works	-	Nov/17
Through Mota-Engil México	(Mexico City)	40.80			
Constructora Tuxpan Tampico ("Constructora Tuxpan Tampico")	Mexico	51.00	Construction and public works	-	Nov/17
Through Mota-Engil México	(Mexico City)	50.99			
Through Mota-Engil América Latina SAPI		0.01			
Construcciones dos Puertos S.A. de CV ("Construcciones dos Puertos")	Mexico	35.70	Construction and public works	Jul-12	-
Through Mota-Engil México	(Xalapa)	35.70			
Empresa Constructora Brasil, S.A. ("Empresa Constructora Brasil")	Brazil	50.00	Construction and public works	Nov-12	-
Through Mota-Engil Brasil Participações, Ltda	(Belo Horizonte)	50.00			
ECB Suma Participações, S.A. ("ECB Suma Participações")	Brazil	54.93	Management of financial holdings	Dec-14	-
Through Empresa Constructora Brasil	(Belo Horizonte)	28.58			
Through Suma		26.35			
Flame Investments, B.V. ("Flame Investments")	Netherlands	51.96	Management of financial holdings	Mar-15	-
Through Mota-Engil Latin America BV	(Amsterdam)	51.96			
FCE Comercializadora Fenix SAPI de C.V. ("FCE Comercializadora Fenix")	Mexico	100.00	Energy trade	Sep-16	-
Through Mota Engil America Latina SAPI	(Mexico City)	0.01			
Through ME Energia operacional		99.99			
FSE Suministradora Fenix SAPI de C.V. ("FSE Suministradora Fenix")	Mexico	100.00	Energy distribution	Aug-16	-
Through Mota Engil America Latina SAPI	(Mexico City)	0.01			
Through ME Energia operacional		99.99			
Generadora Fenix ("Generadora Fenix")	Mexico	26.27	Energy production	Sep-15	-
Through ME Energia operacional	(Mexico City)	26.27			
Mota-Engil Latam Colombia SAS ("ME Latam Colombia SAS")	Colombia	100.00	Construction and public works	Dec-16	-
Through Mota-Engil Engenharia e Construção	(Bogota)	49.00			
Through Mota-Engil Latin America BV		51.00			
Mota-Engil Energy B.V. ("Mota-Engil Energy BV")	Netherlands	28.86	Finance and consulting	Sep-15	-
Through Flame Investments	(Amsterdam)	28.86			
MEBR Construções, Consultoria e Participações, S.A. ("MEBR")	Brazil	100.00	Construction and public works	Mar-11	-
Through Mota-Engil Latin America BV	(São Paulo)	57.69			
Through Mota-Engil Latam Peru		42.31			

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
ME Energy Holding ("ME Energy Holding ") Through Mota-Engil México Through Mota-Engil Energy BV	Netherlands (Amsterdam)	28.87 0.01 28.86	Management of financial holdings	Nov-15	-
Mota-Engil Dominicana S.A.S. ("Mota-Engil Dominicana") Through Mota-Engil Latin America BV	Dominican Republic (Santo Domingo)	60.00 60.00	Construction and public works	Nov-14	-
Mota-Engil Latin America BV ("ME Latin America") Through Mota-Engil SGPS	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	Nov-15	-
Mota-Engil Latam Peru ("Mota-Engil Latam Peru") Through Mota-Engil Latin America BV Through Mota-Engil Engenharia e Construção	Peru (Lima)	100.00 99.90 0.10	Management of financial holdings	Dec-15	-
Mota-Engil Peru- Ambiente, S.A. ("Mota-Engil Peru Ambiente") Through Mota-Engil Engenharia e Construção Through Mota-Engil Peru	Peru (Lima)	100.00 0.00 99.99	Exploitation of terminals	-	-
Mota-Engil América Latina S.A.P.I. de C.V. ("Mota-Engil América Latina") Through Mota-Engil SGPS Through Mota-Engil Latin America BV	Mexico (Mexico City)	100.00 0.02 99.98	Management of financial holdings	Nov-13	May-14
Mota-Engil Chile S.A. ("Mota-Engil Chile") Through Mota-Engil Latam Portugal Through Mota-Engil Engenharia e Construção	Chile (Santiago)	100.00 99.00 1.00	Construction and public works	Feb-13	-
Mota-Engil Colômbia, S.A.S ("Mota-Engil Colômbia") Through Mota-Engil Latam Peru	Colombia (Bogota)	100.00 100.00	Construction and public works	Feb-11	-
Mota-Engil Col, S.A.S ("Mota-Engil Col") Through Mota-Engil Engenharia e Construção Through Mota-Engil Peru	Colombia (Bogota)	100.00 99.00 1.00	Construction and public works	Feb-14	-
ME Energia Operacional ("ME Energia operacional") Through Mota-Engil Energy Holding Through Mota-Engil América Latina SAPI de CV	Mexico (Mexico City)	28.87 28.87 0.00	Development and energy production operation	Sep-15	-
Mota-Engil Prodi S.A.P.I. de C.V. ("Mota-Engil Prodi") Through Mota-Engil México	Mexico (Mexico City)	25.55 25.55	Construction and public works	Feb-14	-
Mota-Engil Latam Portugal, S.A. ("Mota-Engil Latam Portugal") Through Mota-Engil Latin America BV	Portugal (Porto)	100.00 100.00	Management of financial holdings	Jul-15	-
Mota-Engil Energia Peru S.A. ("Mota-Engil Energia Peru") Through Mota-Engil Peru Through Mota-Engil Engenharia e Construção	Peru (Lima)	100.00 99.98 0.02	Other business activities	May-11	-
Mota-Engil Tourism, B.V. ("Mota-Engil Tourism BV") Through Flame Investments	Netherlands (Amsterdam)	43.13 43.13	Management of financial holdings	Sep-15	-
Mota-Engil México, S.A. de C.V. ("Mota-Engil México") Through Mota-Engil Latin America BV Through Mota-Engil América Latina SAPI Through Mota Internacional	Mexico (Mexico City)	51.00 19.18 31.82 0.00	Construction and public works	Jan-10	-
Mota-Engil Turismo, S.A. de CV ("Mota-Engil Turismo operacional") Through Mota-Engil América Latina SAPI Through Mota-Engil Turismo Holding	Mexico (Mexico City)	43.13 0.00 43.13	Real Estate and Tourism	Feb-15	-
Mota-Engil Turismo Holding, S.A.P.I. de C.V. ("Mota-Engil Turismo Holding") Through Mota-Engil México Through Mota-Engil Tourism BV	Mexico (Mexico City)	43.13 0.01 43.13	Management of financial holdings	Jun-15	-
Mota-Engil Peru, S.A. ("Mota-Engil Peru") Through Mota-Engil Latin America BV Through Mota-Engil Engenharia e Construção	Peru (Lima)	100.00 99.90 0.10	Construction and public works	Sep-86	-
Global Technical Services Latam BV Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	Jul-16	-
Mota-Engil Aruba Holding Company VBA Through Mota-Engil Latin America BV	Aruba (Oranjestad)	100.00 100.00	Management of financial holdings	Dec-15	-
Operadora APP Coatzacoalcas Villahermosa SAPI de C.V. ("Operadora APP Coatzacoalcas Villahermosa") Through Mota-Engil México	Mexico (Mexico City)	74.00 74.00	Road maintenance and concession	Apr-17	-
Promotora Inmobiliária Santa Clara, S.A. ("Santa Clara") Through Mota-Engil Peru	Peru (Lima)	100.00 100.00	Real Estate Development	May-12	-
Puente Boca del Rio S.A. De C.V. ("Puente Boca del Rio") Through Mota-Engil México Through Mota-Engil Engenharia e Construção	Mexico (Mexico City)	58.35 43.35 15.00	Construction and public works	May-16	-
Red Rainbow Company N.V. Through Mota-Engil Aruba Holding Company VBA	Aruba (Oranjestad)	100.00 100.00	Construction and public works	Jan-12	Apr-16
Tarucani Generating Company, S.A. ("Tarucani") Through Mota-Engil Energia Peru Through Mota-Engil Peru	Peru (Lima)	100.00 99.98 0.02	Energy production and distribution	Apr-00	-
Tracevia Mexico S.A. de C.V. ("Tracevia Mexico") Through Tracevia Brasil	Mexico (Mexico City)	100.00 100.00	Design, installation, development and maintenance of ITS	Jun-17	-
Tracevia do Brasil -Sistemas de Telemática Rodoviária Ltda. ("Tracevia do Brasil") Through MEBR Engenharia, Consultoria e Participações, Ltda.	Brazil (São Paulo)	50.00 50.00	Design, installation, development and maintenance of ITS	Mar-11	-
WVB Project Company VBA Through Mota-Engil Aruba Holding Company VBA	Aruba (Oranjestad)	100.00 100.00	Construction and public works	Dec-15	-

Companies/entities included in the consolidation by the equity method

Companies/entities included in the consolidation by the equity method, their headquarters and effective holding percentage as at December 31, 2017, were as follows:

Designation	Headquarters	Effective holding percentage
Associates and jointly controlled companies		
Parent Company of the Group and related activities		
Nortenha Angola, SGPS, S.A. ("Nortenha")	Portugal	29.99
Riscos e Diâmetros Angola, SGPS, S.A. ("Riscos e Diâmetros Angola")	Portugal	30.10
Sangobiar Perú, S.A. ("Sangobiar")	Peru	29.99
SMGT Angola, SGPS, SA ("SMGT")	Portugal	29.99
Sunviauto Internacional, SGPS, S.A. ("Sunviauto Internacional")	Portugal	29.99
Vitropor Moçambique, SGPS, S.A. ("Vitropor Moçambique")	Portugal	30.10
Europe - Engineering and Construction		
Ibercarga Rail, S.A. ("Ibercarga")	Spain	50.00
Europe - Environment and Services		
Ambilital – Investimentos Ambientais no Alentejo, EIM. ("Ambilital")	Portugal	30.14
Citrup – Centro Integrado de Resíduos, Lda. ("Citrup")	Portugal	18.45
Ecolezíria - Empresa Intermunicipal para Tratamento de Resíduos Sólidos, E. I. M. ("Ecolezíria")	Portugal	15.07
Haçor, Conc. Edifício do Hospital da Ilha Terceira, S.A. ("Haçor")	Portugal	40.00
HL - Sociedade Gestora do Edifício, S.A. ("HL - Sociedade Gestora do Edifício")	Portugal	50.00
Logz - Atlantic Hub, S.A. ("Logz")	Portugal	30.00
Manvia II Condutas, Lda. ("Manvia II Condutas")	Portugal	45.00
Manvia Condutas Moçambique, Lda. ("Manvia Condutas Moçambique")	Mozambique	47.25
África		
Automatriz, S.A. ("Automatriz")	Angola	25.42
Busegera Airport Company Lda ("Busegera")	Rwanda	74.78
Estradas do Zambêze, S.A. ("Estradas do Zambêze")	Mozambique	39.88
Icer – Indústria de Cerâmica, Lda. ("Icer")	Angola	25.42
Mebisa - Minerais e Britagens, S.A. ("Mebisa")	Angola	15.25
Operadora Estradas do Zambêze, S.A. ("Operadora Estradas do Zambêze")	Mozambique	39.88
SPRI - Sociedade Portuguesa de Realizações Industriais e Assistência Técnica, S.A. ("SPRI")	Angola	39.89
STM - Sociedade de Terminais de Moçambique, Lda ("STM")	Mozambique	49.85
Vista Power, Lda. ("Vista Power")	Angola	25.42
Latin America		
Autopista Urbana Siervo de la Nacion, SAPI de CV ("Autopista Siervo de la Nacion")	Mexico	17.49
Concessionária Autopista Cardel-Poza Rica SA de CV ("Concessionária Autopista Cardel")	Mexico	28.73
Concessionária Autopista Tuxpan-Tampico SA de CV ("Concessionária Autopista Tuxpan-Tampico")	Mexico	25.85
Consórcio Mota-Engil Colômbia ("Consortio ME Colômbia")	Colombia	30.00
Constructora Auto-Pista Perote Xalapa, SA de CV ("Constructora Perote Xalapa")	Mexico	25.50
Constructora Gran Canal SAPI de CV ("Constructora Gran Canal")	Mexico	17.03
Constructora M&R, S.A. de C.V. ("Constructora M&R")	Mexico	10.20
Eco Innovacion Ambiental SAPI de CV ("Eco Innovacion")	Mexico	17.85
Fideicomiso el Capomo ("Fideicomiso el Capomo")	Mexico	30.00
Gestion e Innovacion en Servicios Ambientales SA de CV ("GISA")	Mexico	25.50
M&R de Occidente SAPI de CV ("Concessionária M&R")	Mexico	20.00
Martifer Group	Portugal	37.50

“Agrupamentos Complementares de Empresas” (ACE)

“Agrupamentos Complementares de Empresas” (ACE) included in the consolidation by the equity method and their effective holding percentage as at December 31, 2017, were as follows:

"Agrupamentos Complementares de Empresas"		Effective holding percentage
In activity		
Mota-Engil/Acciona/Edivisa - Obras do Aproveitamento Hidroeléctrico de Alto Tâmega, ACE		42.50%
Reforço de Potência da Barragem de Venda Nova III, ACE		28.33%
In warranty period		
AVIAS, ACE		23.50%
Barragem de Foz Tua ACE		33.34%
DIEXP - Expropriações do Douro Interior, ACE		37.08%
Engil e OPCA em ACE		50.00%
EXPI - Expropriações do Pinhal Interior, ACE		37.08%
GACE - Gondomar ACE		24.00%
GCVC, ACE (Grupo Construtor de Vila do Conde)		42.86%
GLEX - Expropriações da Grande Lisboa, ACE		42.08%
Grupo Construtor do Edifício Gil Eanes, ACE		50.00%
Haçor C - Construção do Edifício do Hospital da Ilha Terceira, ACE		43.25%
HL Construção, ACE		65.00%
LGC - Linha Gondomar, Construtores, ACE		30.00%
Metroligeiro - Construtora de Infra - Estruturas, ACE		53.20%
Mota-Engil, Soares da Costa, Monteadriano - Matosinhos, ACE		42.86%
Mota-Engil, Zagope, URBASER, ACE		38.50%
NEOPUL-FERROVIAS, ACE		50.00%
SOMAFEL-FERROVIAS, ACE		40.00%
Somague, BCP, Mota-Engil, SPIE - Linha Vermelha do Metropolitano em ACE		23.68%
Via Rápida Câmara Lobos ECL, ACE		36.42%
VIAS E OBRAS, ACE		50.00%

Jointly controlled operations – Consortiums

Consortiums included in the consolidation by the proportional consolidation method, their headquarters and effective holding percentage as at December 31, 2017, were as follows:

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Latin America					
Consórcio Vial Acobamba ("Consórcio Vial Acobamba")	Peru	50.00	Construction works	Jun-13	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Vial Tambillo ("Consórcio Vial Tambillo")	Peru	50.00	Construction works	Jan-13	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Vial Vizcachane ("Consórcio Vial Vizcachane")	Peru	50.00	Construction works	Dec-15	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Mota-Engil TR ("Consórcio Mota-Engil TR")	Peru	50.00	Construction works	Nov-14	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Mota-Engil Peru HL Paita ("Consórcio Mota-Engil Peru HL Paita")	Peru	50.00	Construction works	Aug-13	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Vial el Descanso-Langui ("Consórcio Vial el Descanso-Langui")	Peru	50.00	Construction works	Oct-10	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Vial Sur del Peru ("Consórcio Vial Sur del Peru")	Peru	50.00	Construction works	Nov-10	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Vial Valle Sagrado ("Consórcio Vial Valle Sagrado")	Peru	50.00	Construction works	Jun-10	-
Through Mota-Engil Peru	(Lima)	50.00			
Stracon Translei Joint Venture ("Stracon Translei Joint Venture")	Peru	50.00	Construction works	Apr-10	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Vial Jaylli ("Consórcio Vial Jaylli")	Peru	42.00	Construction works	Dec-14	-
Through Mota-Engil Peru	(Lima)	42.00			
Translei Consórcio Cosapi ("Translei Consórcio Cosapi")	Peru	50.00	Construction works	Jan-03	-
Through Mota-Engil Peru	(Lima)	50.00			
Translei Consórcio Cusco-Quillabamba ("Translei Consórcio Cusco-Quillabamba")	Peru	50.00	Construction works	Mar-10	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Conservacion Vial Santa Rosa ("Consórcio Conservacion Vial Santa Rosa")	Peru	50.00	Construction works	Dec-15	-
Through Mota-Engil Peru	(Lima)	50.00			
Consórcio Inframe ("Consórcio Inframe")	Colombia	60.00	Construction works	Jul-13	-
Through Mota-Engil Engenharia e Construção - Sucursal Colômbia	(Medellín)	60.00			
Consórcio Ibagué-Honda-Cambao-Manizales ("Consórcio Ibagué")	Colombia	25.00	Construction works	Sep-15	-
Through Mota-Engil Engenharia e Construção - Sucursal Colômbia	(Bogotá)	25.00			
Consórcio Mota-Engil Dominicana SAS/IEMCA ("Consórcio Mota-Engil Dominicana")	Dominican Republic	42.00	Construction and public works	May-16	-
Through Mota-Engil Dominicana	(Santo Domingo)	42.00			



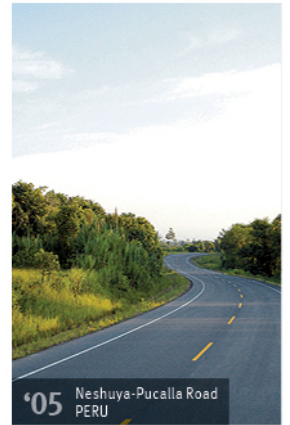
'03 Francisco Sá Carneiro Airport
PORTUGAL



'04 Lisbon Casino
PORTUGAL



'01 Serra da Leba Road
ANGOLA



'05 Neshuya-Pucalla Road
PERU



'07 Bay of Luanda
ANGOLA



'06 Armando Emilio Guebuza Bridge
MOZAMBIQUE



'07 4 de Abril Bridge
ANGOLA



'07 Fajny Dom Housing
Complex
POLAND



'08 Perote-Xalapa Concession
MEXICO



'08 Douro Interior Concession
PORTUGAL



'07 N7 Road
IRELAND

03 REPORT ON CORPORATE GOVERNANCE PRACTICES

Partnerships for Progress

In 2000 the merger was completed between Mota & Companhia and Engil, an operation that would lead to the creation of the biggest construction Company in Portugal, as well as the market leader in the area of services, creating a Group with potential for growth overseas extending into Europe, Africa and Latin America completed by the forming of the Manuel Antonio Mota Foundation at the end of the decade.

Commitment to Growth.

2000

2009

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PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND GOVERNANCE OF THE COMPANY

A. SHAREHOLDER STRUCTURE

I. Capital structure

1. Capital structure (share capital, number of shares, distribution of capital to shareholders, etc.) including listing of shares not admitted for trading, different categories of shares, the rights and duties inherent to them and the percentage of capital that each category represents (article 245-A, no. 1, sec. a).

The share capital of Mota-Engil, SGPS, SA ("MOTA-ENGIL" or "Company") is 237,505,141 Euros and is represented by 237,505,141 ordinary shares with a nominal value of one Euro per share. All shares are listed on Euronext Lisbon.

Distribution of capital by shareholders on December 31, 2017:

Shareholders	No. of shares	% Capital	% Voting rights
Own shares:	3,639,812	1.53%	-
Qualified holdings:			
FM – Sociedade de Controlo, SGPS, SA	153,603,648	64.67%	65.68%
Mutima Capital Management, LLC	6,926,253	2.92%	2.96%
Freefloat	73,335,428	30.88%	31.36%
	237,505,141	100.00%	100.00%

2. Restrictions to the transferability of shares, such as consent for alienation clauses or limitations to share ownership (article 245-A, no. 1, sec. b).

There are no restrictions on the transfer of shares.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights corresponding to the Company's own shares (article 245-A, no. 1, sec. A).

On December 31, 2017, MOTA-ENGIL held 3,639,812 treasury shares corresponding to 1.53% of share capital, which do not grant voting right.

4. Significant agreements in which the Company is a party and that shall come into force, be modified or terminated upon a change in the Company's control, as a result of a public offer for acquisition, as well as their effects, unless, due to its nature, their disclosure is prejudicial to the Company, unless the Company is obliged to disclose such information under other legal imperatives (article 245-A, no. 1, sec. j).

There are no significant agreements in which the Company is a party or that shall come into force, be modified or terminated in case of change in the Company's control.

5. System of renewal or revoking of defensive measures, especially those that stipulate the limitations to the number of votes that may be being held or exercised by a single shareholder, individually or in coordination with other shareholders.

No defensive measures were adopted and there are no statutory limitations on the number of votes that may be exercised by a single shareholder.

6. Shareholder agreements that may be known to the Company and lead to restrictions in the transmission of securities or voting rights (article 245-A, no. 1, sec. g).

The Company has no knowledge of any shareholder agreements that may result in restrictions on the transmission of securities or voting rights.

II. Participations and securities held

7. Identification of legal persons who, directly or indirectly, hold qualified holdings (article 245-A, no. 1, sec. c) and d), and article 16), with detailed indication of the percentage of capital, attributable votes, source and causes of attribution.

On December 31, 2017 and according to the notifications received by the Company, the shareholders who, under article 20 of the Securities Code, have representative qualifying holdings of at least 2% of the share capital of MOTA-ENGIL, are the following:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	132,803,739	55.92%	56.79%
António Manuel Queirós Vasconcelos da Mota (**) (a)	5,550,020	2.34%	2.37%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.92%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.57%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,675,066	1.55%	1.57%
António Lago Cerqueira, S.A. (***)	3,091,577	1.30%	1.32%
Maria Sílvia Fonseca Vasconcelos Mota (****)	87,061	0.04%	0.04%
Carlos António Vasconcelos Mota dos Santos (**)	80,000	0.03%	0.03%
José Manuel Mota Neves da Costa (****)	35,000	0.01%	0.01%
José Pedro Matos Marques Sampaio de Freitas (**)	20,138	0.01%	0.01%
Manuel António da Fonseca Vasconcelos da Mota (**)	90,000	0.04%	0.04%
Atribuível à FM – Sociedade de Controlo, SGPS, SA	153,603,648	64.67%	65.68%
Gothic Corp Mutima Capital(*)	3,757,593	1.58%	1.61%
Gothic JBD LLC Mutima Capital (*)	1,341,887	0.56%	0.57%
Gothic HSP Corp Mutima Capital (*)	973,089	0.41%	0.42%
Gothic ERP LLC Mutima (*)	500,000	0.21%	0.21%
The Mutima Africa Fund LP (*)	353,684	0.15%	0.15%
Atribuível à Mutima Capital Management, LLC	6,926,253	2.92%	2.96%
Ações próprias	3,639,812	1.53%	-
Freefloat	73,335,428	30.88%	31.36%
TOTAL	237,505,141	100.00%	100.00%

(*) Direct Shareholder of the Company

(**) Member of the Board of Directors and Senior Member of the Company

(***) 51% of this company is held by Mota Gestão e Participações, SGPS, SA

(****) Manager of the Company

On December 31, 2017, Mota Gestão e Participações, SGPS, SA is 100% held by FM – Sociedade de Controlo, SGPS, S.A., which is 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 153,753,648 shares corresponding to 64.74% of the share capital of MOTA-ENGIL, granting 65.74% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

There are no shareholders, or category of shareholders, who hold special rights.

8. Indication of the number of shares and bonds held by management members and supervisory bodies. [NOTE: the information shall be provided in compliance with no. 5 of article 447 of the Companies Code.]

Shares and bonds held by board members and members of supervisory bodies in the Company are disclosed and attached to the annual management report under the terms of article 447 of the Companies Code and no. 7, article 14 of the CMVM (Securities Market Commission) Regulations no. 5/2008.

9. Special powers of the management body, namely regarding the decision to increase capital (article 245-A, no. 1, sec. i), with indication of date on which such powers were granted, term up to which they may be exercised, maximum quantitative limit of the increase in social capital, amount already issued under the powers granted and form of achieving the assigned powers.

As described in paragraph 7 of Article 6 of the Company Articles of Association, the Board of Directors of MOTA-ENGIL may deliberate on the increase in share capital of the Company, due to cash inflow, one or more times, up to the maximum amount of 80 million Euros, with the sole purpose of providing new shares to holders who have requested the conversion of convertible bonds into ordinary shares in the Company. On December 31, 2017, the Company had not issued any convertible bonds.

10. Information on the existence of significant relations of a commercial nature between the holders of qualifying holdings and the Company.

There are no significant relations of a commercial nature between the holders of qualifying holdings and the Company.

B. COMPANY BODIES AND COMMITTEES

I. General Meeting

11. Identification and duties of members of the Board of the Annual General Meeting and respective terms of office (beginning and end)

On December 31, 2017, the Board of the Annual General Meeting was composed of the following members mandated for the period 2014-2017:

Chairman: Luís Neiva Santos

Secretary: Rodrigo Neiva Santos

12. Potential restrictions to the right to vote, such as limitations to vote dependent on the ownership of a number or percentage of shares, deadlines set for the exercise of voting rights or systems that highlight ownership rights (article 245-A, no. 1, sec. f)

According to the MOTA-ENGIL articles of association, each share corresponds to one vote, thus ensuring the necessary proportionality between the holding of capital and the right to vote.

Even though MOTA-ENGIL's articles of association provide for the possibility of the Company issuing preferred non-voting shares, this class of shares does not currently exist.

According to article 24 of the Company's articles of association, in order for the general meeting to gather and deliberate at first call, shareholders who hold shares corresponding to more than 50% of the share capital must be present or represented.

The statutory rules on the exercise of voting rights by correspondence are stipulated in article 23 of the Company's articles of association. In accordance with this article, shareholders may vote by correspondence on each and every matter, there being no restriction in this regard.

The Company provides a form for the exercise of voting rights by correspondence. This form can be obtained from the Capital Investors Relations Function (João Vermelho – e-mail: jvermelho@mota-engil.pt).

Postal ballots shall be considered only if received at the Company's registered office at least three days before the date of the general meeting.

The exercise of voting rights by electronic means is not yet possible. To date the Company has received no request for or expression of interest in the provision of these means from shareholders or investors.

Company shareholders may access, at the website (www.mota-engil.pt), the extracts of the minutes of the General Meeting which are published within five days after the meeting is held.

The Company has available, on its website (www.mota-engil.pt), information regarding resolutions made in the Company's general meetings for a minimum of the last three financial years, as well as the share capital represented and the results of the votes.

The Company has not adopted any mechanism that causes the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each share.

13. Indication of the maximum percentage of voting rights which may be exercised by a sole shareholder or shareholders who find themselves in one of the relationships covered by number 1 of article 20

The Company's articles of association do not provide for a limitation to the votes able to be held or exercised by a sole shareholder individually or jointly with other shareholders.

14. Identification of the shareholder decisions which, by requirement of the articles of association, can only be taken with a qualified majority, in addition to those provided for under the law and indication of said majorities

In accordance with the provisions of the articles of association of the Company, the decisions of the Annual General Meeting should be taken by a simple majority except where the law requires otherwise.

II. Administration and Supervision

15. Identification of the governance model adopted

MOTA-ENGIL, adopts a Latin/classic model of governance comprising of a Board of Directors, a Statutory Audit Board and a Statutory Auditor who is not a member of the Statutory Audit Board. The Board of Directors is the body responsible for undertaking all of the administrative actions relating to Company business, deciding on the strategic direction and the designation and general supervision of the Executive Committee and the expert committees it forms. The other two bodies have the responsibility of supervision and monitoring.

The details of the structure adopted, the bodies of which it is composed and their corresponding functions and responsibilities are set out below.

16. Regulations in the articles of association regarding procedural and material requirements applicable to the nomination and substitution of members where applicable for the Board of Directors, the Executive Administration Board and the General and Supervisory Board (art. 245-A, no. 1, sec. h.)

The members of the Board of Directors are elected in accordance with the law and the articles of association under the terms of the proposal approved at the annual general meeting. In addition and as provided for by law and the articles of association, the Board of Directors elected an Executive Committee. The articles of association do not provide for any specific regime relative to the substitution of members of the Board of Directors and therefore this takes place under the provisions of number 3 of article 39 of the Companies Code.

17. Composition as applicable of the Board of Directors, the Executive Administration Board and the General Supervisory Board with indication of the statutory minimum and maximum number of members, the statutory duration of the mandate, number of full members, date of the first nomination and date of end of office of each member

In accordance with the articles of association of the Company, the Board of Directors is composed of a minimum of three members and a maximum of 17 who may or may not be shareholders and are elected at an annual general meeting. The mandate of the Board of Directors is four years with their re-election being permitted in legal terms. The present mandate of the Board of Directors corresponds to the four year period from 2014-2017. The Annual General meeting designates the Chairman and up to three deputy-chairmen from the Directors elected.

On December 31, 2017, MOTA-ENGIL, had a Board of Directors made up of 17 members: one chairman, two deputy-chairmen and 14 members. On that same date, eight of its members performed executive functions and formed an Executive Committee, while the remaining nine performed non-executive functions.

Director	First appointment	Current term of office
António Manuel Queirós Vasconcelos da Mota	March 31, 2000	December 31, 2017
Gonçalo Nuno Gomes de A. Moura Martins	March 28, 2008	December 31, 2017
Arnaldo José Nunes da Costa Figueiredo	May 26, 2008	December 31, 2017
Maria Manuela Queirós V. Mota dos Santos	March 31, 2000	December 31, 2017
Maria Teresa Queirós V. Mota Neves da Costa	March 31, 2000	December 31, 2017
Maria Paula Queirós V. Mota de Meireles	March 31, 2000	December 31, 2017
Carlos António Vasconcelos Mota dos Santos	April 17, 2012	December 31, 2017
Ismael Antunes Hernandez Gaspar	March 28, 2008	December 31, 2017
José Pedro Matos Marques Sampaio de Freitas	January 7, 2013(1) April 24, 2013(2)	December 31, 2017
António Martinho Ferreira de Oliveira	April 30, 2014	December 31, 2017
Manuel António da Fonseca Vasconcelos da Mota	May 25, 2016	December 31, 2017
João Pedro dos Santos Dinis Parreira	April 30, 2014	December 31, 2017
Eduardo João Frade Sobral Pimentel	May 25, 2016	December 31, 2017
Luís Filipe Cardoso da Silva	March 31, 2010	December 31, 2017
Luís Valente de Oliveira	March 31, 2006	December 31, 2017
António Bernardo A. Da Gama Lobo Xavier	March 31, 2006	December 31, 2017
António Manuel da Silva Vila Cova	April 15, 2009	December 31, 2017

(1) Co-optation by the Board of Directors

(2) Ratification of the co-optation in the annual general meeting

18. Distinction between executive and non-executive members of the Board of Directors and, for non-executive members, identification of those who could be considered independent or, where applicable, identification of the independent members of the General and Supervisory Board

Director	Executive / Non-executive ⁽¹⁾	Independent / Non-independent ⁽²⁾
António Manuel Queirós Vasconcelos da Mota	Non-executive	Non-independent
Gonçalo Nuno Gomes de A. Moura Martins	Executive	Non-independent
Arnaldo José Nunes da Costa Figueiredo	Non-executive	Non-independent
Maria Manuela Queirós V. Mota dos Santos	Non-executive	Non-independent
Maria Teresa Queirós V. Mota Neves da Costa	Non-executive	Non-independent
Maria Paula Queirós V. Mota de Meireles	Non-executive	Non-independent
Carlos António Vasconcelos Mota dos Santos	Executive	Non-independent
Ismael Antunes Hernandez Gaspar	Executive	Non-independent
José Pedro Matos Marques Sampaio de Freitas	Executive	Non-independent
António Martinho Ferreira de Oliveira	Executive	Non-independent
Manuel António da Fonseca Vasconcelos da Mota	Executive	Non-independent
João Pedro dos Santos Dinis Parreira	Executive	Non-independent
Eduardo João Frade Sobral Pimentel	Executive	Non-independent
Luís Filipe Cardoso da Silva	Non-executive	Non-independent
Luís Valente de Oliveira	Non-executive	Independent
António Bernardo A. Da Gama Lobo Xavier	Non-executive	Independent
António Manuel da Silva Vila Cova	Non-executive	Independent

(1) Executive: Member of the Executive Committee; Non-executive: non-member of the Executive Committee;

(2) Considered independent under the independence criteria set out in paragraph 18.1 of Annex I to CMVM Regulation No. 4/2013 and the recommendation II.1.7 of the Corporate Governance Code of CMVM (2013).

It is understood that the annual remuneration of 50,000 Euros, 55,000 Euros and 39,500 Euros (see paragraph 77) of directors Luís Valente de Oliveira, António Bernardo A. da Gama Lobo Xavier and António Manuel da Silva Vila Cova, respectively, does not deprive them of their independence.

As there are three independent directors according to the above referred criteria, from a total of nine non-executive directors, it is deemed that a proper ratio of independent directors exists among the non-executive directors.

19. Professional qualifications and other curricular elements of interest of each member, where applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administration Board.

António Manuel Queirós Vasconcelos da Mota (Chairman)

Professional qualifications

- Degree in Civil Engineering (transport routes) by the Faculdade de Engenharia Civil da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being Chairman of the Board of Directors and Chairman of Mota-Engil, SGPS, SA Remuneration Committee, works/worked in several corporate bodies of companies within and outside the Group

Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

Professional qualifications

- Degree in Law by Faculdade de Direito da Universidade de Lisboa
- Post graduation in Management by Instituto Superior de Gestão

Professional career in the last five years

- Currently, and at least for five years, besides being Deputy-chairman of the Board of Directors and Chairman of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)

Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors and Remuneration Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Maria Paula Queirós Vasconcelos Mota de Meireles (Member)**Professional qualifications**

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Carlos António Vasconcelos Mota dos Santos (Member)**Professional qualifications**

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- Master in Business Administration by the Universidade do Porto

Professional career in the last five years

- Currently, besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Ismael Antunes Hernandez Gaspar (Member)**Professional qualifications**

- Degree in Civil Engineering by the Instituto Superior de Engenharia de Lisboa

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

José Pedro Matos Marques Sampaio de Freitas (Member)**Professional qualifications**

- Degree in Economics by the Universidade Católica Portuguesa – Porto

Professional career in the last five years

- Currently, besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA (CFO), works/worked in several corporate bodies of companies within and outside the Group

António Martinho Ferreira de Oliveira (Member)**Professional qualifications**

- Bachelor's degree in Civil Engineering by the Instituto Superior de Engenharia de Coimbra
- Post Graduation in Management by the Universidade Nova de Lisboa

Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Manuel António da Fonseca Vasconcelos da Mota (Member)**Professional qualifications**

- Master's Degree in Civil Engineering by the University College of London

Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

João Pedro dos Santos Dinis Parreira (Member)**Professional qualifications**

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
- Post Graduation in Management by the Universidade Católica Portuguesa

Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Eduardo João Frade Sobral Pimentel (Member)**Professional qualifications**

- Degree in Civil Engineering by the Instituto Superior Técnico de Lisboa

Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Luís Filipe Cardoso da Silva (Member)**Professional qualifications**

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Luís Valente de Oliveira (Independent member)**Professional qualifications**

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- PhD in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- Retired University Professor at Faculdade de Engenharia da Universidade do Porto

Professional career in the last five years

- Chairman of the Board of Founders of Casa da Música
- Member of the Consultancy Board of Foundations (Presidency of the Council of Ministers)

António Bernardo Aranha da Gama Lobo Xavier (Independent member)**Professional qualifications**

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
- Master in Economics and Tax Law by the Faculdade de Direito da Universidade de Coimbra

Professional career in the last five years

- Besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies outside the Group

António Manuel da Silva Vila Cova (Independent member)**Professional qualifications**

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

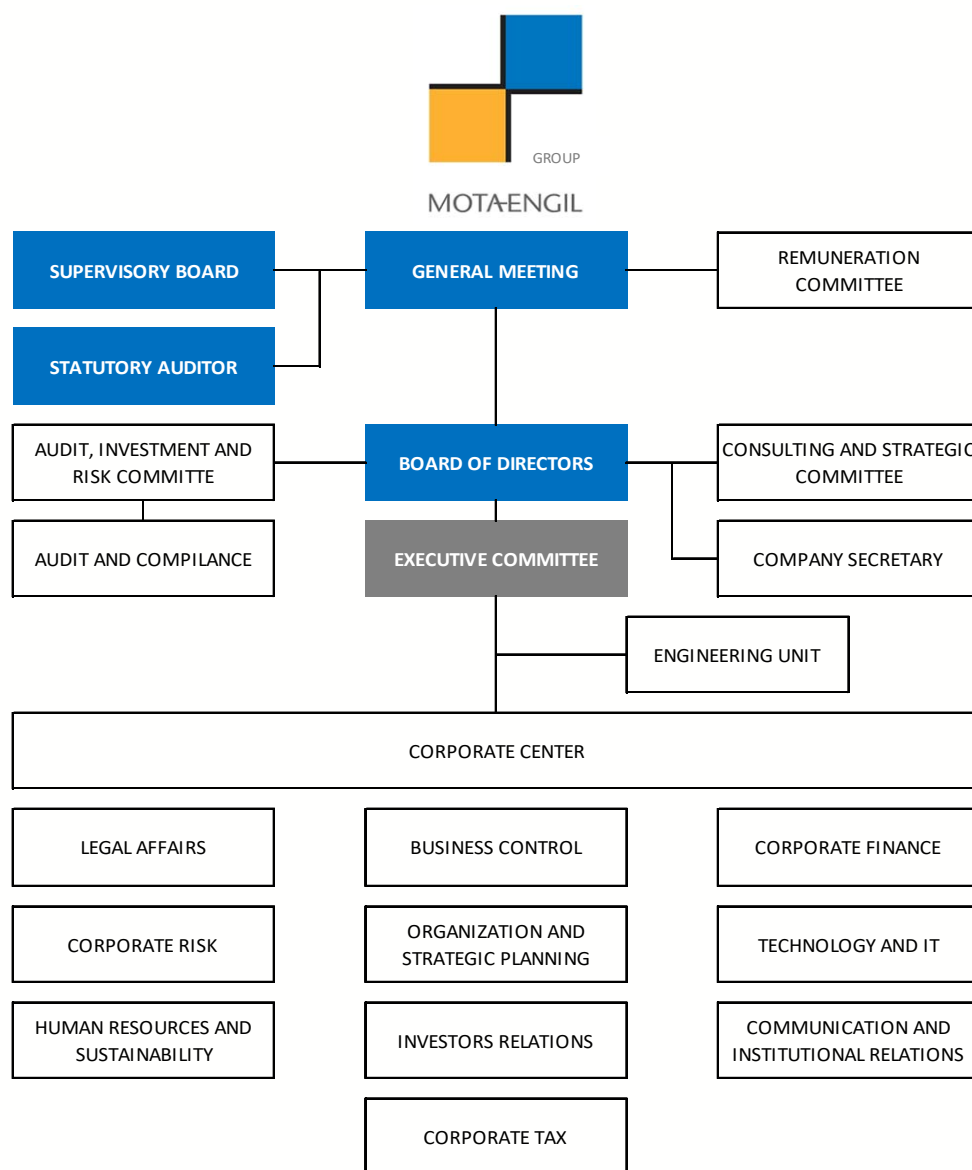
- Member of the Statutory Audit Board of Banco Finantia
- Non-executive chairman of the Board of Directors of Banco Finantia
- Independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA
- Besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies outside the Group

20. Family and professional or commercial relationships which are ongoing and significant, of the members of the Board of Directors, the General and Supervisory Board and the Executive Administration Board with shareholders to whom qualified participation is attributable greater than 2% of voting.

The members of the Board of Directors, António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota dos Santos, Maria Teresa Queirós Vasconcelos Mota Neves da Costa and Maria Paula Queirós Vasconcelos Mota de Meireles are siblings and holders of 100% of the share capital of FM – Sociedade de Controlo, SGPS, SA, to which control of MOTA-ENGIL, SGPS, SA's share capital and the respective voting rights are attributed.

Board of Directors member Carlos António Vasconcelos Mota dos Santos is the son of Maria Manuela Queirós Vasconcelos Mota dos Santos while the member Manuel António da Fonseca Vasconcelos da Mota is the son of António Manuel Queirós Vasconcelos da Mota and José Pedro Matos Marques Sampaio de Freitas is the son-in-law of Maria Paula Queirós Vasconcelos Mota de Meireles.

21. Organizational charts or tables of duties related to the division of responsibilities between the various corporate bodies, committees and/or departments of the Company, including information regarding the scope of the delegation of responsibilities, in particular as it relates to the delegation of the day-to-day management of the Company.



Management bodies

On December 31, 2017, MOTA-ENGIL had a Board of Directors made up of 17 members: one chairman, two deputy-chairmen and 14 members. On that same date, eight of its members performed executive functions and formed an Executive Committee, while the remaining nine performed non-executive functions.

The Executive Committee was elected by the Board of Directors, having been delegated all the powers related to the management of activities at the Company and all its subsidiaries, in its strictest interpretation of making tactical options and controlling specific lines of development in the various activities, assuming the responsibilities of executive management of the GROUP's business in line with the guidelines and policies established by the Board of Directors. The Executive Committee can discuss all the matters that are the responsibility of the Board of Directors, without prejudice to only being able to deliberate on the matters delegated to them. All matters dealt with by the Executive Committee, even when included in its delegated responsibilities, are made known to the non-executive directors, who have access to the corresponding minutes and support documents.

Executive Committee meetings are usually held every three weeks, while at the beginning of the fiscal year all meetings to be held during the year are scheduled. The Chairman of the Executive Committee, through the Communication and Institutional Relations Function, submits the notices and the minutes of the respective meetings in a timely fashion to the Chairman of the Board of Directors. The executive directors provide to non-executive directors as well as the other Board members all necessary explanations for the exercise of these powers, either on their own initiative or at the request of said Board members.

In addition to the functions that are attributed to it by law, the Board of Directors is essentially committed to defining and controlling the strategic development of the GROUP and its business and decision-making on matters of greatest importance. In this context, no responsibilities were delegated concerning strategy and general policies of the Company, corporate structure of the GROUP and decisions that must be considered strategic due to the amounts, risk and particular characteristics involved.

The Chairman of the Board of Directors has the responsibilities entrusted to him by law and by the articles of association.

With regard to the assignment of posts to the members of the Board of Directors, particularly within the scope of the Executive Committee, the following are underscored:

- Gonalo Nuno Gomes de Andrade Moura Martins
 - Coordination of the Executive Committee
 - Legal affairs
 - Communications and institutional relations
 - Investors relations
 - Organization and Strategic Planning
 - Chairman of MOTA-ENGIL  FRICA
- Carlos Ant nio Vasconcelos Mota dos Santos
 - Chairman of MOTA-ENGIL EUROPA
 - Chairman of MOTA-ENGIL AM RICA LATINA
 - Chairman of MOTA-ENGIL AMBIENTE E SERVIOS
- Ismael Antunes Hernandez Gaspar
 - Engineering unit
 - Real Estate
 - CEO of MOTA-ENGIL CAPITAL
- Jos  Pedro Matos Marques Sampaio de Freitas
 - Chief Financial Officer (CFO)
 - Business control
 - Corporate finance
 - Corporate risk
 - Investors relations
 - Corporate tax
- Ant nio Martinho Ferreira de Oliveira
 - CEO of MOTA-ENGIL EUROPA (engineering and construction)
- Manuel Ant nio da Fonseca Vasconcelos da Mota
 - CEO of MOTA-ENGIL  FRICA
- Jo o Pedro dos Santos Dinis Parreira
 - CEO of MOTA-ENGIL AM RICA LATINA

- Eduardo João Frade Sobral Pimentel
 - CEO of MOTA-ENGIL AMBIENTE E SERVIÇOS
 - Human resources and sustainability
 - Technology and IT

As at December 31, 2017, Gonçalo Nuno Gomes de Andrade Moura Martins, in the capacity of Chairman of the Executive Committee, was considered the Chief Executive Officer (CEO) of the Company and José Pedro Matos Marques Sampaio de Freitas, in the capacity of officer responsible for the financial areas of the Company, was considered the Chief Financial Officer (CFO).

Non-executive directors monitor the Company's business, thus guaranteeing their effectiveness to supervise, inspect and assess the business, specifically through periodic meetings of the Board of Directors, without prejudice to access to any information or documentation as may be requested at any time. In exercising their non-executive duties, the directors were not faced with any constraints in 2017. The annual management report includes a description of the activity of the non-executive directors.

Supervisory bodies

Supervision of the Company is performed by a Statutory Audit Board and by a Statutory Auditor (auditing firm), performing the duties called for by law and by the articles of association.

The General meeting shall elect the Statutory Audit Board and designate, at the proposal of the Statutory Audit Board, the Statutory Auditor or auditing firm.

The Company's Statutory Audit Board is made up of four members, a chairman, two full members and an alternate member.

Specialised committees

Remuneration Committee

In accordance with the articles of association, the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration taking into account the duties performed, their performance and the Company's economic situation. In this connection, the Remuneration Committee constantly monitors and assesses the performance of the directors, verifying the extent to which the proposed objectives have been accomplished and meets as and when necessary. The directors' remuneration includes a performance-based component.

The committee elected for the four-year period 2014-2017 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the Board of Directors, and Manuel Teixeira Mendes. Minutes are drawn up of all meetings held.

Audit, investment and Risk Committee

The Audit, investment and Risk Committee is normally composed of three permanent members (three non-executive directors, one of whom is an independent non-executive director), which may invite other senior GROUP staff connected with the projects under evaluation. The main functions and responsibilities of the Committee are: (i) approving the Annual Audit Plan, monitoring them and commenting on reports thereof, (ii) appraising and suggesting investment and business risk policies and projects to the Board of Directors, (iii) examining and issuing opinions on investment or divestment projects, (iv) issuing opinions on getting into and out of new business areas, (v) monitoring relevant financial and corporate operations, (vi) issuing opinions on the Risk Matrix of the GROUP whenever it is updated or whenever there are significant changes to external circumstances and/or to operating risks, (vii) assessing risk management strategies set at corporate level and implementing cross-sectional risk management policies in the regions/business areas, and (viii) following up the monitoring of risks related to selected projects. Minutes are drawn up of all meetings held. As at December 31, 2017, the members of the committee were: Maria Teresa Queirós Vasconcelos Mota Neves da Costa, Luís Filipe Cardoso da Silva and António Manuel da Silva Vila Cova, the latter being an independent non-executive director.

No other committees were created within the Board of Directors, including the committees for assessment of performance of executive directors and for reflection on the system, structure and governance practices adopted, since it has not become necessary.

Consulting and Strategic Committee

The Consulting and Strategic Committee is a consulting body designated by MOTA-ENGIL's Board of Directors and by proposal of its Chairman, having as its function the deliberation, without a being binding, on the issues raised under its regulation and other issues mandated by the Board of Directors for their analysis and possible provision of opinions and recommendations, although without a binding nature for the Company.

The Consulting and Strategic Committee is entrusted with monitoring and, on their own initiative, providing recommendations addressed to the Board of Directors, on the following issues: strategic plan design and implementation; GROUP strategy for each geographical area and implementation thereof; political and social context in Portugal and international geopolitical situation, national and global macroeconomic developments and interaction with the GROUP's strategy; and benchmarking of the GROUP's activities, as well as of global trends.

22. Existence and site where the regulations can be consulted, where applicable, for the Board of Directors, the General and Supervisory Board and the Executive Administration Board.

The management and supervisory bodies for the Company have internal regulations for their function which are not published on the Company website and which are not available for consultation. MOTA-ENGIL understands that the regulations go beyond the mere functioning of the bodies with a reserved content which is the reason that they are not publicly available. However, the main functions and duties of those bodies are detailed throughout this report, such as in sections 21 and 38.

23. Number of meetings held and level of attendance of each member, where applicable, of the Management Board, the General and Supervisory Board and the Executive Administration Board.

In the course of 2017, 33 meetings of the Board of Directors (CADM) and 15 meetings of the Executive Committee (COMEX) were held with the following level of attendance:

Director	Board of Directors	Executive Committee
António Manuel Queirós Vasconcelos da Mota	100%	n/a
Gonçalo Nuno Gomes de A. Moura Martins	97%	100%
Arnaldo José Nunes da Costa Figueiredo	100%	n/a
Maria Manuela Queirós V. Mota dos Santos	100%	n/a
Maria Teresa Queirós V. Mota Neves da Costa	91%	n/a
Maria Paula Queirós V. Mota de Meireles	100%	n/a
Carlos António Vasconcelos Mota dos Santos	100%	100%
Ismael Antunes Hernandez Gaspar	91%	93%
José Pedro Matos Marques Sampaio de Freitas	100%	93%
António Martinho Ferreira de Oliveira	97%	100%
Manuel António da Fonseca Vasconcelos da Mota	88%	87%
João Pedro dos Santos Dinis Parreira	97%	87%
Eduardo João Frade Sobral Pimentel	100%	100%
Luís Filipe Cardoso da Silva	100%	n/a
Luís Valente de Oliveira	76%	n/a
António Bernardo A. da Gama Lobo Xavier	79%	n/a
António Manuel da Silva Vila Cova	73%	n/a

24. Indication of the Company bodies responsible for assessing the performance of executive directors.

The Remuneration Committee is the body responsible for assessing performance and approving the remuneration of the members of the Board of Directors as representative of shareholders in accordance with the remuneration policy approved by the annual general meeting.

25. Predetermined criteria for the assessment of performance of executive directors.

The quantitative element of the assessment of performance of executive directors consists of a series of Key-Performance Indicators (KPI) set out in the GROUP's Strategic Plan.

Quantitative assessment is subsequently weighted by a discretionary, individual, qualitative assessment which may result in a pay-out value between a pre-established minimum and maximum percentage.

26. Availability, where applicable, of each member of the Board of Directors, the General and Supervisory Board and the Executive Administration Board with an indication of the responsibilities exercised simultaneously at other companies within and outside of the GROUP and other relevant activities exercised by members of said bodies in the course of the year.

The responsibilities exercised by the directors in other companies (in their majority in GROUP companies or representing the GROUP) and other relevant activities are broken down at Appendix "List of offices held by Directors", being the availability of each member for the exercise of their functions demonstrated not only by the posts they occupy but also by the degree of attendance and active participation of the directors in meetings whether of the Executive Committee, in the case of executive directors, or in meetings of the Board of Directors, for all members (according to 23 above).

27. Identification of the committees created, where applicable, in the Board of Directors, the General and Supervisory Board and the Executive Administration Board and the site where the regulations for their functioning may be consulted.

In addition to the Executive Committee, the Board of Directors created the Audit, investment and Risk Committee (according to 21 above). The respective internal regulations are not available for consultation, although the main functions and duties of that Committee are described in the section mentioned above.

28. Composition, where applicable, of the Executive Committee and/or the identification of director(s).

Director	Function
Gonalo Nuno Gomes de A. Moura Martins	Deputy-chairman of the Board of Directors and Chief Executive Officer
Carlos Ant3nio Vasconcelos Mota dos Santos	Member
Ismael Antunes Hernandez Gaspar	Member
Jos3 Pedro Matos Marques Sampaio de Freitas	Member and Chief Financial Officer (CFO)
Ant3nio Martinho Ferreira de Oliveira	Member
Manuel Ant3nio da Fonseca Vasconcelos da Mota	Member
Jo3o Pedro dos Santos Dinis Parreira	Member
Eduardo Jo3o Frade Sobral Pimentel	Member

29. Indication of the responsibilities of each of the committees created and synthesis of the activities carried on in their exercise.

On this matter reference is made to 21 and 27 above.

III. Supervision

30. Identification of the supervisory body (Statutory Audit Board, Audit Committee or General and Supervisory Board) corresponding to the model adopted.

The Statutory Audit Board and the Statutory Auditor are the Company's supervisory bodies under the governance model adopted.

31. Composition, where applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters with an indication of the statutory minimum and maximum number of members, statutory duration of their mandate, the number of effective members, the date of nomination and the termination date for each member with reference to the point in the report where this information appears under the provisions of no. 18.

In accordance with the Company's articles of association, the Statutory Audit Board should be composed of a minimum of three effective members, this number being set by the annual general meeting. The Statutory Audit Board will also have one or two alternate members if constituted with three or more effective members respectively. The Statutory Audit Board nominates its chairperson when the annual general meeting fails to do so. The mandate for members of the Statutory Audit Board has duration of four years.

The members nominated for the current mandate (four-year period 2015-2018) and currently in post are:

Member	Function	First appointment	Current term of office
Alberto João Coraceiro de Castro	Chairman	March 30, 2007	December 31, 2018
José Rodrigues de Jesus	Full member	March 30, 2007	December 31, 2018
Horácio Fernando Reis e Sá	Full member	April 14, 2011	December 31, 2018
Pedro Manuel Seara Cardoso Perez	Alternate member	March 30, 2007	December 31, 2018

32. Identification, where applicable, of the members of the Statutory Audit Board, the General Board and the Committee for Financial Matters who are considered to be independent under the terms of art. 414, no. 5 of the Companies Code, referring to the point in the report where this information appears under the provisions of no. 19.

All the members of the Statutory Audit Board, both full and alternate, comply with the independence criteria provided for under no. 5 of article 414, along with the incompatibility regulations provided for under no. 1 of article 414-A and those of the Companies Code.

33. Professional qualifications, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters and other relevant curricular matters referring to the point in the report where this information appears under the provisions of no. 21.

Alberto João Coraceiro de Castro (Chairman)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
- PhD in Economics by the University of South Carolina

Professional career in the last five years

- University Professor
- Chairman of the Board of Directors of Instituição Financeira de Desenvolvimento, SA
- Member of the Board of Directors of Mystic Invest, SA
- Chairman of the Supervisory Audit Board of Unicer – Bebidas, SA
- Chairman of the Supervisory Audit Board of Fundação AEP
- Chairman of the Supervisory Audit Board of Cruz Vermelha Portuguesa
- Chairman of the Shareholders' Meeting of the Centro Pinus
- Member of the Board of Associação para o Museu dos Transportes
- Deputy-chairman of the Shareholders' Meeting of Metro do Porto, SA
- Member of the Supervisory Audit Board of Associação Empresarial de Portugal

José Rodrigues de Jesus (Effective member)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- University Professor
- Member of the Supervisory Audit Board of several companies outside the Group
- Sole supervisor of several companies outside the Group
- Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA

Horácio Fernando Reis e Sá (Effective member)

Professional qualifications

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra

Professional career in the last five years

- Lawyer
- Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA

34. Existence and site where the functional regulations, where applicable, for the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters may be consulted, referring to the point in the report where this information appears under the provisions of no. 24.

The Statutory Audit Board of MOTA-ENGIL has internal regulations for their functioning. However, this is not published on the Company website and is not available for consultation. The Company understands that the regulations go beyond the merely functional aspects of the body with a reserved content which is why it is not made public.

35. Number of meetings held and the level of attendance, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters referring to the point in the report where this information appears under the provisions of no. 25.

During 2017 four meetings of the Statutory Audit Board were held, with the effective presence of all of its members in office.

36. Availability of each of the members, where applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters with indication of the posts held simultaneously in other companies within and outside of the GROUP and other relevant activities carried on by the members of said bodies in the course of the period referring to the point in the report where this information appears under the provisions of no. 26.

Alberto João Coraceiro de Castro (Chairman)

Duties in other companies of Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2017

- University Professor
- Chairman of the Board of Directors of Instituição Financeira de Desenvolvimento, SA
- Member of the Board of Directors of Mystic Invest, SA
- Chairman of the Supervisory Audit Board of Unicer – Bebidas, SA
- Chairman of the Supervisory Audit Board of Fundação AEP
- Chairman of the Supervisory Audit Board of Cruz Vermelha Portuguesa
- Chairman of the Shareholders' meeting of the Centro Pinus
- Member of the Board of Associação para o Museu dos Transportes
- Deputy-chairman of the Shareholders' Meeting of Metro do Porto, SA
- Member of the Supervisory Audit Board of Associação Empresarial de Portugal

José Rodrigues de Jesus (Effective member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Statutory Audit Board of the following companies:
 - Germen – Moagem de Cereais, SA
 - Labesfal - Laboratório Almiro, SA
 - Ageas Portugal - Companhia Portuguesa de Seguros, SA
 - Ageas Portugal - Companhia Portuguesa de Seguros de Vida, SA
 - Novo Banco, SA
- Sole Supervisor at the following companies:
 - Calfor – Indústrias Metálicas, SA
 - Edemi Gardens – Promoção Imobiliária, SA
 - Arsopi – Holding, Sociedade Gestora de Participações Sociais, SA
 - Arsopi – Indústrias Metalúrgicas Arlindo S. Pinho, SA
 - Arlindo Soares de Pinho, Lda
 - Imoágueda, SA
 - Camilo dos Santos Mota, SA
 - Oliveira Dias, SA
- Chairman at the Governing Board of the Association of Statutory Auditors
- Member at the representative meeting of the Economists Association
- Member of the Studies Office of the Chartered Accountants Association
- Member of the General Board of the Commission of Accounting Standards

Horácio Fernando Reis e Sá (Effective member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies outside the Mota-Engil Group

37. Description of the procedures and criteria applicable to the activities of the supervisory body for the purposes of contracting services additional to the External Auditor.

In accordance with section 11 of article 77 of the Regulations of the Association of Statutory Auditors, approved by law no. 140/2015 of September 7 (hereinafter referred to as NEOROC), the Statutory Audit Board of MOTA-ENGIL, is responsible for correctly assessing any threats to Statutory Auditor/External Auditor independence arising from the provision of services other than those of audit. These services, which are not forbidden under section 8, must still be subject to preliminary opinion and duly explained.

This being the case, the possibility of provision of any service other than that of audit by the Statutory Auditor/External Auditor of MOTA-ENGIL is subject to the assessment of the Statutory Audit Board. Therefore, a duly explained opinion on its execution was issued for each service provision request.

Moreover, the Statutory Audit Board also receives the declaration of the independence of the auditor under the terms of article 62-B of Decree Law 487/99 of November 16 (amended by Decree Law 224/2008 of November 20), which describes the services provided by the Statutory Auditor/External Auditor and other entities in the same network, the respective fees paid, any threats to their independence and the measures for its safeguarding. All threats to the independence of the Statutory Auditor/External Auditor are assessed and discussed with the auditor together with the respective safeguarding measures.

38. Other functions of the supervisory bodies and, where applicable, the Committee for Financial Matters.

The Statutory Audit Board is responsible for the following, under the terms of the law and the respective functional regulation:

- Verifying compliance with the law and regulations, the statutes and the regulations issued by the supervisory authorities together with the general policies, regulations and practices instituted within the GROUP.
- Verifying the pursuit of the fundamental objectives regarding internal control and management of risks set by the Stock Exchange Commission in the GROUP companies subject to supervision on the basis of consolidation.
- Assessing the reliability of the reports on the GROUP and GROUP companies subject to this obligation.
- Verifying the suitability and supervising the fulfilment of the policies, criteria and accounting practices adopted and the documents on which they are based.
- Verifying the books, accounting records and documents on which they are based.
- Verifying the extent of cash and stocks of any type of goods or securities belonging to the Company or received as guarantee, deposit or other basis whenever judged to be necessary and in the manner felt to be appropriate.
- Calling the annual general meeting where the chair fails to do so.
- Verifying the accuracy of the accounting documents.
- Providing an opinion on the report, the accounts and the proposals submitted by the Board of Directors attesting to whether or not the report on the structure and practices of corporate governance published includes the elements referred to in article 245-A of the Securities Code.
- Elaborate an annual report on its supervisory activity.
- Supervising the process of preparation and publication of financial information by the Company.
- Learning of the communication of any irregularities detected by employees, shareholders or others.
- Contracting the provision of specialist services which support one or more of its members in the exercise of their functions, the contracting and the remuneration of the specialists taking into account the importance of the matters in question and the financial situation of the Company.
- As regards the Statutory Auditor: proposing the nomination of the Statutory Auditor to the Annual General meeting; supervise the audit of the accounts and documents for the provision of accounts to the Company; supervising the independence of the auditor and studying and deciding on the provision of additional services (other than audit) by the auditor to the Company or subsidiaries, together with the respective conditions.
- As regards the External Auditor: Submitting to the Executive Committee a proposal relating to the External Auditor to be contracted by the Company including not only the proposal of who should provide these services but also their proposed remuneration; representing the Company to all intents and purposes together with the External Auditor serving as the primary spokesman for the Company and recipient of the respective reports; ensuring that adequate conditions are made available for the provision of their services by the Company; supervising the independence of the External Auditor and studying and issuing an opinion on the provision of additional services (other than audit) and the respective conditions by the External Auditor to the Company or subsidiaries; providing an opinion on maintaining the External Auditor beyond a period of eight years studying the conditions of independence and the advantages and costs of the replacement.

- Overseeing the official activities of the CMVM, the Direção Geral de Impostos (General Taxation Board) and the Inspeção Geral das Finanças (General Financial Inspectorate) at GROUP companies.
- Ensuring the effectiveness of the systems of internal control, internal auditing and management of risks.
- Providing a report on the transactions realised with qualified shareholders or entities related with them under the terms of article 20 of the Securities Code or the respective renovations where the added value per entity is greater than 500,000 Euros per year.

In addition, and with respect to the relevant supervisory function, the Statutory Audit Board monitors the work plans and resources allocated to the Internal Audit and Compliance Office of the Company, being the receiver of periodical reports issued by these departments, as well as of information on matters related to accounting, identification or settlement of conflicts of interest and detection of possible illegalities.

IV. Statutory Auditor

39. Identification of the Statutory Auditor and the engagement partner.

The post of Statutory Auditor of the Company is performed by PricewaterhouseCoopers & Associados – SROC Lda, represented by António Joaquim Brochado Correia.

40. Indication of the number of consecutive years in which the Statutory Auditor has exercised the function for the Company and/or GROUP.

The post of Statutory Auditor has been exercised since 2017 by PricewaterhouseCoopers & Associados – SROC, Lda.

41. Description of other services provided by the Statutory Auditor to the Company.

See response at 46 below.

V. External Auditor

42. Identification of the External Auditor nominated for the purposes of article 8 and the respective chartered accountant for the fulfilment of these functions together with the respective CMVM registration number.

The External Auditor for the Company is PricewaterhouseCoopers & Associados – SROC, Lda, represented by António Joaquim Brochado Correia, and registered at the CMVM under number 20161485.

43. Indication of the number of consecutive years in which the External Auditor and the respective chartered accountant representing the Company exercise their functions for the Company and/or the GROUP.

PricewaterhouseCoopers & Associados – SROC, Lda and its representative began the provision of external auditing services to the Company in 2017.

44. Policy and frequency of rotation of the External Auditor and the respective chartered accountant representing the former in the fulfilment of said functions.

The Company's policy in terms of rotation of the External Auditor is to carry out a consultation exercise regularly to select one each four years. However, in 2016, as part of the legal requirement on the need for the rotation of auditors, the Company's Statutory Audit Board promoted the launch of a new consultation process for the period between 2017 and 2022 and invited three out of the four largest audit firms of international repute to submit a proposal for the provision of audit services to MOTA-ENGIL GROUP. As a result of said exercise, the Statutory Audit Board issued an opinion in favour of PricewaterhouseCoopers & Associados – SROC, Lda. In addition, the policy of the Company and of the External Auditor regarding the frequency of rotation of the Statutory Auditor representing the Company in the exercise of their functions is in accordance with applicable legal requirements, i.e. two or three terms of office, depending on whether these are for four or three years, respectively.

45. Indication of the body responsible for the assessment of the External Auditor and frequency of said assessment.

The Statutory Audit Board annually assesses the External Auditor, taking responsibility for supervising their qualifications and independence, as well as ensuring that the appropriate conditions for the provision of their services are provided within the Company, being the Company's point of contact and the first recipient of the reports from the External Auditor.

Although not a specific or exclusive competence of the General Meeting, nothing prevents it being called upon to decide, in case of questioning by the Statutory Audit Board about the removal of the External Auditor, where there is just cause for the effect. In any case, and to date, the Statutory Audit Board of MOTA-ENGIL found no reason to consider taking steps towards removing for just cause an entity that has played the role of External Auditor of the Company.

46. Identification of the tasks other than auditing carried out by the External Auditor for the Company and/or for companies which it controls as well as indicating the internal procedures for the purposes of approval of the contracting of said services and the reasons for doing so.

Tasks other than audit provided by the External Auditor and Statutory Auditor during the year of 2017 are detailed below:

- Provision of licence for access to the Inforfisco database which consists of a public fiscal repository (on legislation and jurisprudence);
- Support for the collection, making available and updating of sectoral economic analyses to be used by certain GROUP companies in the preparation of their transfer pricing dossier;
- The issue of a report on the procedures agreed relating to the validity of financial ratios associated with finance obtained;
- Support for the collection and compiling of data on the new Mexican retail energy market leading to the making available of information that leads to the preparation of various business model scenarios by a GROUP Company.

As stated in 38 above, the Statutory Audit Board is responsible for inspecting the independence of the External Auditor and as such, assess and issues an opinion on the performance of additional services (other than audit) by the External Auditor to the Company or subsidiaries. Therefore, a duly explained opinion on the respective execution was issued for each service provision request.

All threats to the independence of the auditor were assessed and discussed with the auditor together with the respective safeguarding measures. As a result and on the basis of the abovementioned services not being proscribed, certain services demanded specific competencies that other suppliers do not have at the date in question while the respective accumulated fees other than auditing, are not significant, the Statutory Audit Board understands that the independence of the Auditor was not affected by the provision of said services.

Furthermore and within the scope of the respective tasks, the External Auditor verifies the implementation of remuneration policies and systems as well as the effectiveness and operation of internal control mechanisms. In case of finding any defect or irregularity, this will be reported to the Statutory Audit Board.

47. Indication of the annual amount paid by the Company and/or companies, controlled or part of the group, to the auditor and to other individuals or companies belonging to the same network, as well as the percentage for the following services (for the purposes of this information, the concept of “network” is that deriving from the recommendation of the European Commission no. C (2002) 1873, of May 16)

During 2017, the annual remuneration borne by MOTA-ENGIL and other companies which it controlled or part of the Group with the Company External Auditors (PricewaterhouseCoopers & Associados – SROC, Lda), including other entities forming part of the same network, was 872,566 Euros, which was distributed over the following services:

Service nature	By the Company		By other Group Entities		TOTAL	
	Amount (Euros)	%	Amount (Euros)	%	Amount (Euros)	%
Audit and statutory audit	58,280	99%	742,201	91%	800,481	92%
Other reliability guarantee services	500	1%	-	-	500	0%
Tax consultancy	-	0%	12,985	2%	12,985	1%
Other consulting services	-	0%	58,600	7%	58,600	7%
TOTAL	58,780	100%	813,786	100%	872,566	100%

C. INTERNAL ORGANISATION

I. Articles of association

48. Regulations applicable to the amendment of the articles of association of the Company (art. 245-A, no. 1, sec. h).

Amendments to the articles of association obey the terms of the Companies Code and require a two-third majority of votes issued for approval of this decision.

II. Reporting of irregularities

49. Means and policies for the reporting of irregularities which occur in the Company.

The Company has in place a procedure which defines the mechanisms to adopt for reporting irregularities. The procedure considers that 'irregularities' are all acts or omissions, willful or negligent, practiced by employees of the Company during the exercise of their duties, which breach: i) the law, standards or regulations in force; ii) the "Code of Ethics and Business Conduct"; iii) best management practices; in all cases, this regards accounting, internal accounting controls, audit, the combatting of corruption and financial crimes. Reports received which fall beyond this scope will not be handled.

This procedure covers the following aspects:

- (i) handling purpose;
- (ii) voluntary reporting;
- (iii) rights of the reported individual, particularly of access to information;
- (iv) rights of the whistleblower of non retaliation, bullying or discrimination;
- (v) non misuse or use in bad faith, under penalty of the opening of disciplinary or legal proceedings;
- (vi) confidentiality of reporting, as well as of the whistleblower, ensuring the appropriate security measures.

Irregularity reporting must be performed in writing, via email or letter, to at least one of the following addresses:

- etica@mota-engil.com
- Auditoria e Compliance – Rua do Legó Lameiro, n.º 38, 4300 – 454 Porto

By delegation of the Statutory Audit Board, in charge of the reception of whistleblowing under the Companies Code, reception and forwarding of reports of concerns or infringements is the responsibility of the Audit and Compliance Function. Some cases, due to their nature, may be forwarded to the corresponding functional areas of the Company.

The stages in the whistleblowing process include: receipt and registration; preliminary examination and confirmation of the alleged information; notification; investigation; and final report, with corrective measures and conclusion/opinion on the reported situation, transmitted to the Statutory Audit Board and the Board of Directors.

A yearly report is made summarising the most frequent situations and the relevant indicators of the findings over the year. This report may help detect potential weaknesses or opportunities for improving process control and contributes to a proposal of review thereof and/or review of the whistleblowing mechanism.

III. Internal control and risk management

50. Persons, bodies or committees responsible for internal audit and/or implementation of internal control systems.

As the highest and independent body for the safeguarding of the compliance of processes and procedures, and reporting to the Board of Directors, the Audit, investment and Risk Committee, aims to support the management of the MOTA-ENGIL GROUP, strengthening the means and methods of operation to the internal control and business risk monitoring level. It is also this Committee's responsibility to monitor the evolution of overall risk levels and evaluate, together with the Executive Committee, the monitoring, and control of risk measures.

The Audit, investment and Risk Committee has the Audit and Compliance Function under its control, the mission of which is to support the achievement of strategic objectives, evaluation, compliance and continuous improvement of effectiveness and internal control management processes for the GROUP.

The Audit and Compliance Function has a structure of resources specifically allocated to perform the following functions:

- Performing management, financial operational and technological audits in the different regions and companies of the GROUP;
- Auditing the proper operation of processes, good practices and policies defined;
- Verifying compliance with internal procedures, laws, regulations and contracts;
- Verifying compliance with internal control procedures related to recommendations from market regulating bodies as well as applicable legislation in the different regions where the GROUP operates;
- Ensuring proper follow-up of recommendations issued by the Audit, investment and Risk Committee;
- Providing a prior opinion to the Audit, investment and Risk Committee on purchase or sale initiatives defined by the MOTA-ENGIL GROUP;
- Facilitating, promoting and guiding the definition of compliance policies that are cross-sectional for the GROUP and monitor their implementation and compliance;
- Assessing the reporting process and compliance with the GROUP's "Code of Ethics and Business Conduct";
- Supporting the Board of Directors, the Statutory Audit Board and the Audit, investment and Risk Committee in the areas related to the relevant management processes and procedures.

Included in the duties of the Audit and Compliance Function and framed by a policy of continuous improvement for the development of best practices in risk assessment and management, the corporate function strengthened its process in the approach to and analysis of the Compliance component, integrated into issues related to its mission, to ensure consistency of standards and processes at different levels of the organization, as well as to ensure that it is in line with the standards and regulations by which the GROUP must abide.

The Statutory Audit Board is responsible for assessing the functioning of the internal control system and proposing the respective adjustment to the GROUP's needs. On this point, it should also be noted that, as stipulated in line i) of paragraph 1 of Article 420 of the Companies Code, it is the responsibility of the Statutory Audit Board to verify the effectiveness of the risk management system, the internal control system and the practice of internal audit.

The Statutory Audit Board accesses the reports and opinions issued by the Audit, investment and Risk Committee, supervises the adoption of the principles and policies applied to the identification and management of the main financial and operating risks and oversees the measures aimed at risk monitoring, controlling and dissemination.

The Board of Directors and the Statutory Audit Board recognise the importance that the risk management and internal control systems have in the organisation, encouraging the human and technological conditions leading to the provision of an environment of control that is proportionate and suited to the risks of the activity.

The Executive Committee is responsible for ensuring the creation and operation of internal control and risk management systems.

With the significant growth of the international activity of the GROUP and its consequent geographic and business diversification, the GROUP's organizational structure now has a higher and more complex dimension.

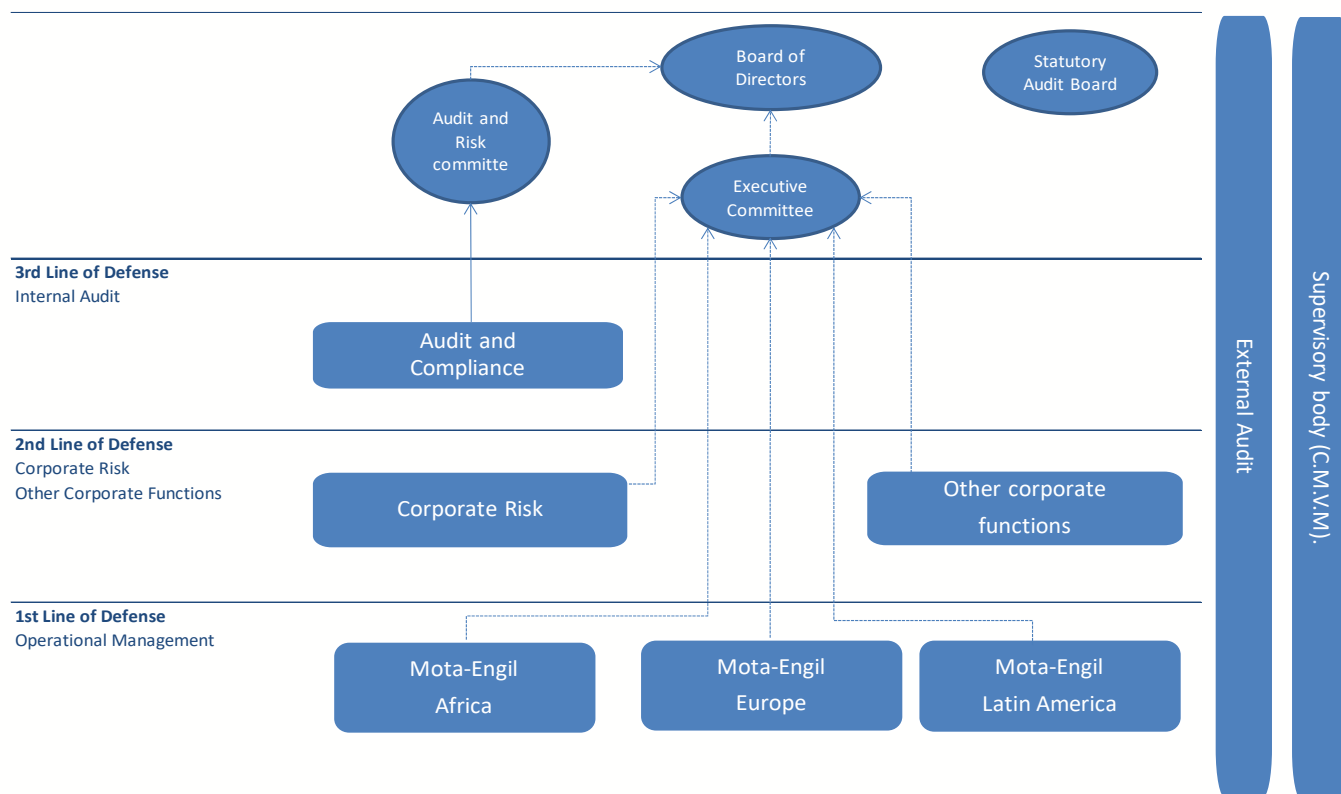
Ensuring the proper operational autonomy for business, MOTA-ENGIL, with its strategic and financial aspect, has established a governance model which includes a structure entitled the Corporate Centre, where all corporate functions supporting the Executive Committee are present, with control instruments for business performance and a more robust and structured risk management, according to the GROUP's policies, procedures and strategic vision.

The risk management activity and its focus on a specific area, the Corporate Risk Function, is under the responsibility of an executive director, in an attempt to reinforce risk assessment in a more systematic and efficient manner with the due communication interface with the various business areas in different regions/markets.

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of assets, compliance with laws and regulations and a controlled environment that ensures the fulfilment of MOTA-ENGIL's ethical principles and the reliability of information reported.

51. Explanation by means of an organisational chart, of the hierarchical and/or functional dependence relations regarding other bodies or committees of the Company.

The organization and governance model at MOTA-ENGIL is based on the implementation of international best practices in terms of corporate governance, ensuring the transparency of processes and procedures and autonomy and independence of operation enshrined in the so called "three lines of defense" model, as summarised in the organisational chart below, pursuing the guidelines of the positioning statement by the "Institute of Internal Auditors" for the effective risk and control management of an organization.



- The first line of defense consists of the business management units, which are responsible for performing the operational activities integrated into the strategic guidelines established by the Board of Directors, ensuring compliance with the rules and procedures of the GROUP, which aim to ensure a mainstreaming of action in accordance with its own cultural identity, based on ethical principles and conduct embodied in the following cross-sectional policies.

The business management units are responsible for the identification, assessment, reporting and mitigation of risks, in order to facilitate, standardize and make more effective the risk management process. In operational management risk managers known as Risk Owners are appointed and who are responsible for identifying risks in their business area and acting as focal points in the relationship with the Corporate Risk Function.

- The second line of defense is represented by the functions of the Corporate Centre, which report to the Executive Committee and among which are highlighted the Engineering Unit; Business Control; Organization and Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability; Investors Relations; Legal Affairs and Technology and IT. All these functions contribute, in their functional areas and in a complementary way, to the spread of the cross-sectional risk policies, always with the due consent/approval from the Executive Committee.
- The third line of defense is represented by the Audit and Compliance Function, whose main function is to independently and systematically verify the activities carried out by the first and second lines in accordance with the rules and regulations established.

The Audit and Compliance Function reports hierarchically to the Audit, investment and Risk Committee, which in turn reports directly to the Board of Directors and is composed of three permanent members. The three members are non-executive directors while one director is independent. With the presence of a non-executive independent director in this collegiate body, the independence of the Committee from the executive administration body is seen to be provided for (see sections 21 and 50).

The External Auditors, CMVM, and the Statutory Audit Board are outside the Company's structure, but play an important role in the overall structure of governance and control, as follows:

- The External Auditors, the regulating body and the Statutory Audit Board can be considered as additional lines of defense, which provide assessments to the Company's stakeholders, including to the governance bodies and the Board of Directors;
- The regulating bodies established requirements with the intention of strengthening controls and have an independent and objective function of evaluating the whole or part of the first, second or third line of defense with respect to these requirements, seeking to operate in a cooperative spirit and in permanent dialogue with the Company.

52. Existence of other functional areas with risk control competences.

Risk management at the Company and subsidiaries is an integrating element for all organisational and decision-making processes within the Company rather than an isolated activity apart from the GROUP's main activities.

Management and risk control are monitored by the Board of Directors, the heads of the business areas and the Company's Corporate functions, highlighting the following: Engineering Unit; Business Control; Organization and Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability; Investors Relations; Legal Affairs and Technology and IT.

The Corporate Risk Function aims to promote the establishment and implementation of a risk management policy, identify and analyze against previously established parameters, the risks that may affect the sustainability of the business / market and value creation.

This Function reports directly to the Executive Committee and has autonomy in the identification, assessment, monitoring and mitigation of risks.

Corporate Risk has defined, within the scope of its actions, the following main activities:

- Mapping transversal risks based on a risk matrix (reviewed on an annual basis);
- Checking risk levels by collecting and assessing critical information for monitoring transversal risks;
- Defining models and lines of actions for mitigating transversal risks;
- Developing and implementing risk action plans and relevant integration into the business management;
- Monitoring and reporting risk evolution and relevant compliance with actions carried out for their mitigation;
- Promoting the dynamization and implementation of cross-sectional risk policies in the regions/business areas, properly customised for the relevant markets;
- Systemizing the risk management policies and systems to be integrated into the GROUP's Reports and Accounts;
- Collaborating, as an integral part, with the team for Major Projects Monitoring.

There is also a specialist committee which is the Audit, investment and Risk Committee, reporting to the Board of Directors. The main functions and duties of this committee are described in section 21 above.

53. Identification and description of the main economic, financial and legal risks that the Company is exposed to in the course of its activities.

Risk management in the MOTA-ENGIL GROUP is based on the ongoing identification and analysis of the different types of risks inherent to its activity, in the various countries where it operates and that cut across the entire Company – cyclical risks, financial risks, interest rate risks, exchange rate risks, liquidity risks, credit risks, operational risks, legal risks, regulatory risks, etc. – and the adoption of profitability maximization strategies.

In a separate chapter of the Management Report, which is considered an integral part of this report by reference, the main risks to which the GROUP is exposed in its business are described in detail (Chapter 3.5 of the Management Report).

54. Description of the process of risk identification, assessment, monitoring, control and management.

Risk management is embedded throughout the organization and the main objective is to identify, assess and manage the opportunities and threats that the different businesses in different locations face in the pursuit of value creation objectives.

MOTA-ENGIL GROUP applies the best practices established for Internal Control and Risk Management and as such, management incorporates an internal control system based on COSO's international guidelines (The Committee of Sponsoring Organizations of the Treadway Commission), more specifically with regard to the assessment and attribution of degrees of criticalness and priority to risks according to their impact on business objectives and their probability of occurrence.

Risk management is an across-the-board responsibility, particularly of business management units, the different corporate functions, with a special emphasis on the Corporate Risk Function, which coordinates the different risk information which it monitors based on an overall perspective, and for the Audit and Compliance Function.

Hereunder the cyclical and consecutive cluster of the GROUP's risk management process is described:

- Risk identification - determination of the risks to which the organisation is exposed and the level of tolerance of exposure to those risks;
- Risk measurement - quantification of risk exposure and production of decision support reports;
- Risk control and management - definition of actions to be taken to cope with risk;
- Implementation of the risk management measures defined - systematic aggregation of risk information and relevant reporting to the Executive Committee;
- Monitoring - evaluation of the risk management process and, if necessary, realignment and redefinition of strategies.

Each year, according to a plan defined and approved by the Audit, investment and Risk Committee, operational compliance and financial audits are carried out that are aimed at testing the effectiveness of the internal controls implemented by the GROUP.

All investments and new businesses are analyzed for associated risks by the various corporate areas and subject to a prior opinion from the Audit, investment and Risk Committee before being submitted for approval by the Board of Directors.

The Corporate Risk Function ensures the effective implementation of risk management through continuous monitoring of the respective adequacy and effectiveness, monitoring of any mitigation measures regarding deficiencies in internal control and permanent monitoring of risk levels and implementation of control measures.

The evaluation of the internal control and risk management system allows the assessment of its efficacy, notwithstanding the reference of improvement measures to be implemented in the short and medium term, within a process that intends to achieve evolution and continuous improvement, as adequate to the development of the Company organization and its strategic challenges.

55. Main elements of the internal control and risk management systems implemented in the Company regarding the processing of financial information dissemination (article 245-A, no. 1, sec. m).

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment by the Management and Supervisory Bodies, as well as different business units and the corporate centre responsible for producing financial information.

The Board of Directors is committed to ensuring that appropriate policies are implemented, ensuring that the financial statements are reported in accordance with the accounting principles adopted.

The financial information documents to be presented to the market are prepared by the heads of the Business Control and Investors Relations Function, based on information provided by the business units and submitted to the capital market by the representative for Market Relations.

All financial information documents to be submitted to the market are sent to the management and supervisory bodies and are only released after being analyzed and approved by them.

The financial reporting process involves a limited number of MOTA-ENGIL's employees, consisting only of those that are directly involved in the preparation and development of that financial information.

To this end and in accordance with the provisions in Regulation (EU) no. 596/2014 of the European Parliament and Council, MOTA-ENGIL drafted a list - regularly updated - of the collaborators, employed or not by the Company, who have access, either regularly or occasionally, to privileged information. Each collaborator was informed of their inclusion in the corresponding list and provided with an explanation on: (i) the reasons that led to his/her inclusion in such list; (ii) their rights and obligations set forth in the law; (iii) the consequences resulting from the dissemination or abusive disclosure or use of privileged information, as well as confirmation from collaborators that they are aware of their inclusion in said list and the duties deriving from the same.

Furthermore, within the scope of the auditing task, in their report, the External Auditor makes a statement on the inclusion of the elements required from the Company under the terms of Article 245-A relating to the report on Corporate Governance Practices. In this sense and in view of line m) of that article, there is compliance with the key elements regarding the internal control and risk management systems within the Company in relation to the financial reporting process.

IV. Investor support**56. Service responsible for investor support, its composition, functions, information provided by such service and contacts.**

The Company maintains ongoing contact with investors and analysts through the Investors Relations Function which makes up-to-date, relevant and reliable information available, as well as providing clarifications regarding the business of the GROUP with a view to improving their awareness and understanding of the GROUP.

The Investors Relations Function, jointly with the Organization and Strategic Planning Function and the Business Control Function, regularly prepares presentations for the financial community, reports with six-monthly and annual results, as well as market-relevant communications whenever this proves necessary for disclosing or clarifying any event which might influence the share price of MOTA-ENGIL. In addition and when requested, clarifications are provided about the GROUP's activities in response to questions raised by e-mail or telephone.

All information disclosed is made available on the CMVM webpage (www.cmvm.pt) and that of MOTA-ENGIL (www.mota-engil.pt).

João Miguel V. G. Apolinário Vermelho is responsible for the Investors Relations Function:

João Vermelho
Rua Mário Dionísio, 2
2796-957 Linda-a-Velha
Tel.: 351 214 158 200
Fax: +351 214 158 688
E-mail: jvermelho@mota-engil.pt

57. Representative for market relations.

The representative for market relations is Luís Filipe Cardoso da Silva:

Luís Silva
Edifício Mota
Rua do Rego Lameiro, 38
4300-454 Porto
Tel.: +351 225 190 300
Fax: +351 225 190 303
E-mail: investor.relations@mota-engil.pt

58. Information on the proportion and the period for response to requests for information received in the current year or outstanding from previous years.

As already mentioned, the Company maintains permanent contact, through the Investors Relations Function, with shareholders and analysts by providing regularly updated information. When requested, clarification is provided on the relevant facts of the activities of the Company, which are made available under the law. All requested information is analysed and answered in a period not exceeding five working days. Therefore, there are no pending requests from the previous year. The Company believes that its Investors Relations Function ensures permanent contact with investors, keeping a register of applications and the respective treatment that was given.

V. Website

59. Address(es).

The Company website is available in Portuguese, Spanish and English and can be accessed at the address www.mota-engil.pt. In the area for investors, information is provided that provides knowledge about the evolution of the Company and its current reality in economic, financial and governance terms.

60. Web address providing information on the Company, its status as an open capital Company, registered offices and other elements referred to in article 171 of the Companies' Code.

<http://en.mota-engil.pt/Investors/Corporate-Profile>

61. Web address for the articles of association and the regulations for the function of its bodies and/or committees.

<http://en.mota-engil.pt/Investors/Corporate-Profile>

62. Web address with information on the identity of the holders of offices on Company bodies, the representative for market relations, the Investor Support Office or equivalent structure and their respective functions and means of access may be found.

<http://en.mota-engil.pt/Institutional/Corporate-Offices>

<http://en.mota-engil.pt/Investors/Investor-Support>

63. Web address where documents providing accounts can be found and which should be available for at least five years together with a six-monthly calendar of corporate events published at the beginning of each period including annual general meetings, the publication of annual, six-monthly and, where applicable, quarterly accounts.

<http://en.mota-engil.pt/Investors/Financial-Information>

<http://en.mota-engil.pt/Investors/Investor-Calendar>

<http://en.mota-engil.pt/Investors/General-Meetings>

64. Web address where the notice of the annual general meeting is published together with all of the related preparatory and subsequent information.

<http://en.mota-engil.pt/Investors/General-Meetings>

65. Web address where the Company archives are made available including decisions taken at annual general meetings for the Company, the share capital represented and the results of votes for the previous 3 years.

<http://en.mota-engil.pt/Investors/General-Meetings>

D. REMUNERATION

I. Responsibility for determination

66. Indication of the responsibility for determining the remuneration of corporate bodies, the members of the Executive Committee or the managing director and Company directors.

In accordance with the articles of association, the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration taking into account the duties performed, their performance and the Company's economic situation.

The remuneration of officers of the Company is determined by the respective administration body observing the principles of the remuneration policy submitted by the Remuneration Committee for appreciation by the Annual General Meeting as established under Law 28/2009 of June 19.

II. Remuneration Committee

67. Composition of the remuneration committee including the identification of the persons or companies hired to provide support and declare on the independence of each of its members and advisers.

The committee elected for the four-year period 2014-2017 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the management body and Manuel Teixeira Mendes (independent member).

António Manuel Queirós Vasconcelos da Mota (Chairman, non-executive member of the Board of Directors and relative of two executive members) and Maria Teresa Queirós Vasconcelos Mota Neves da Costa (non-executive member of the Board of Directors and relative of two executive members) form the Remuneration Committee, having been elected for these duties by the General Meeting, under a proposal from the majority shareholder Mota Gestão e Participações, SGPS, SA. Their participation on the Remuneration Committee is limited exclusively to the representation of the shareholder interest, intervening in that capacity and not as members of the management body. To ensure their independence in the performance of these duties, these members do not take part in any discussion or deliberation in which there is or there may be a conflict of interest, specifically when it comes to the setting of their relatives' remunerations as members of the management body. Additionally, it is generally believed, namely by the Annual General Meeting that elected them to their respective positions, that the members of the Remuneration Committee accumulate an experience, a weight and an ethic that allows them to fully protect the interests conferred upon them.

The Company did not hire any natural or legal person to support the Remuneration Committee in its functions.

68. Knowledge and experience of the members of the remuneration committee on remuneration policy.

It is considered that, by virtue of their respective curricula and/or career paths (see chapter "List of offices held by directors"), the three members of the Remuneration Committee have knowledge and experience in matters of remuneration policy. Additionally and when necessary, the Remuneration Committee is assisted by specialized internal or external resources to support their decisions regarding remuneration policy.

III. Structure of remuneration

69. Description of the remuneration policy for the management and supervisory bodies referred to in article 2 of Law 28/2009, of June 19.

As required by Law 28/2009, of June 19, a declaration on the remuneration policy of the management and supervisory bodies is submitted annually for study to the Annual General Meeting.

The general principles to be observed in the setting of remuneration are the following:

A) Functions performed

The functions performed by each member should be taken into account in the broadest sense of the activity effectively exercised and the associated responsibilities and not solely in a formal sense. All of the directors, executive directors or the members of the Statutory Audit Board will not be in the same position. Consideration of the functions should be made in the broadest sense with the requirement that criteria such as responsibility, the time spent or the value added for the GROUP, which results from a specific type of activity or institutional representation. It should be taken into account not discounting any functions performed at other companies controlled, which implies an increase in responsibility as well as a cumulative source of income.

In line with the principle set out, the GROUP has established a remuneration policy, the coverage of which is extended by segments to members of management and employees based on the international Hay model for the marking of functions.

In accordance with the current methodology, functions are assessed on the basis of knowledge, complexity and responsibility/autonomy required and fitting subsequently into predefined functional groups, which constitutes the benchmark vector for the determining of conditions in matters of remuneration.

B) Financial situation of the Company

The financial situation of the Company should be taken into consideration together with its interests from a longer term perspective and its growth and the creation of shareholder value.

Within this scope, the GROUP has built its development by means of a short- and medium-term plan (GROUP Strategic Plan), setting goals and preparing initiatives, the execution of which is subject to periodic assessment through a series of KPI which guide performance along four dimensions: cash-flow generation, internal control/controlled risk, sustainable growth and organizational reinforcement.

As the GROUP's Strategic Plan is the instrument which strategically guides the GROUP, the KPI comprise one of the key components for the assessment of members of the GROUP's management and for the determining of their respective remuneration, driving the incentive mechanisms toward the effective creation of value with a long-term horizon.

C) General market conditions for equivalent situations

The establishment of any remuneration cannot avoid the laws of supply and demand and the members of Company bodies are no exception. Respect for market practices allows professionals to be maintained with a level of performance which is adequate to the complexity of their functions and their responsibilities. It is important that the remuneration should be in line with the market and stimulating as a means for achieving a high level of individual and collective performance assuring not only their own interests but essentially those of the Company and the creation of shareholder value.

Taking into account the abovementioned principle, the periodic auditing of compensation practice as well as comparison with the market falls within the remuneration policy for the GROUP. To this end the international Hay methodology for the marking of functions is adopted along with Hay salary studies aimed at the comparative functional group thus ensuring competitive rationales for adjustments to the strategy for the development of human capital and the evolution of the salary market.

The specific remuneration policy options submitted and approved were the following:

1. The remuneration of executive members of the Board of Directors along with non-executive directors which are not independent will be composed of fixed and variable components.

The remuneration policy embodies two fundamental aspects in the compensation of all members of Group management and employees: Firstly, the equity/competitiveness of salaries, which is safeguarded by internal analysis and external comparison of the proportion of fixed payments in relation to the function exercised by the post holders (using the Hay methodology as support); secondly, meritocracy, complementing the fixed salary with a variable component dependent on assessment of performance.

2. The remuneration of non-executive, independent members of the Board of Directors, the members of the Statutory Audit Board and the members of the Annual General Meeting Board is composed solely of a fixed component.
3. The fixed component of the remuneration for members of the Board of Directors with executive functions along with the non-executive members who are not independent will consist of a monthly sum payable 14 times per year.
4. The setting of the monthly amount of the fixed component of the remuneration of Board members will be made for all of those who are members of the Executive Committee and for those which, although not part of this committee, are not considered to be independent.
5. The setting of a predetermined sum for each participation in meetings of the members of the Board of Directors will be made for those considered to be independent and have essentially non-executive functions.
6. The fixed remuneration of the members of the Statutory Audit Board and the Board of the Annual General meeting will consist of a fixed amount payable 12 times per year.
7. The process of attribution of variable remuneration to executive members, as well as to non-executive non-independent members of the Board of Directors should obey the criteria proposed by the Remuneration Committee on the basis of the assessment of the performance carried out, of their rank in the hierarchy, long-term Company performance criteria and its real growth and the performance variable selected.

Under the remuneration policy defined for the GROUP, variable remuneration is dependent on the assessment of performance, the general principles of which and the respective mode of application are to be found in the Corporate Performance Management Model.

The assessment of performance in the GROUP covers two components: quantitative evaluation, measured through the fulfilment of the KPIs indexed to the GROUP's Strategic Plan and expressed in annual goals, which are set at the beginning of each evaluation cycle; and qualitative evaluation which results from an individual assessment covering key skills for the GROUP (corporate, management and personal skills).

The determination of variable remuneration within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-goals, defined at the beginning of each annual evaluation cycle, and drawn from the GROUP's Strategic Plan; and the satisfactory average achievement of at least 95% of the quantitative goals, weighted with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

In addition, preventive mechanisms are established which inhibit the payment of variable remuneration so as to minimise the incentive for unaligned results with the perspective of the creation of sustainable value with a long-term horizon.

Therefore, no variable remuneration will be allocated where any of the following conditions is found:

- a. One of the target barriers (which corresponds to the minimum to be attained in each KPI to be eligible for the payment of variable remuneration) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
 - b. The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.
8. In the setting of all remuneration and the specific distribution of the total sum for variable remuneration of the Board members, the general principles quoted above will be observed: functions performed, financial situation of the Company and market criteria.

The GROUP's remuneration policy is extended to cover management and employees and is segmented into predefined functional groups (members of the Board of Directors being included in Top Executives) using the international Hay model for the marking of functions. Under the GROUP's remuneration policy it is ensured that the fixed remuneration for each functional group (for both the fixed and the variable components) has as its rationale, internal equity and salary benchmarking for the market produced periodically.

The policy and remuneration practices of the groups of companies taken as comparative elements for the setting of remuneration, all Portuguese companies of an equivalent size are taken into account by the Remuneration Committee within the limits of accessible information and specifically the PSI-20 as well as companies on other international markets with characteristics equivalent to those of the GROUP.

No agreements for payments by the GROUP are set by the Remuneration Committee for the relief or termination of the functions of directors by agreement.

As already mentioned, the remuneration of non-executive and non-independent members of the management body includes one variable component. The Company believes that, besides having the duty to reward the long-term strategy carried out by the entire Board of Directors, including the non-executive and non-independent directors, this does not pervert their non-executive function.

Besides the articles of association determining that, in overall terms, the variable salary of the Board of Directors cannot exceed 5% of the profits for the financial year, there are mechanisms in the compensation policy in force that aim, on the one hand, to reward the effective creation of value in a long-range perspective, whilst on the other hand, they seek to discourage the assumption of excessive risks and behaviours that are out of line with the strategy outlined for the GROUP.

In this way, the fixed and variable compensation is delimited by compensation place holders that have as their rationale the function, the corresponding functional group and the benchmarking in the market of reference. The fixed compensation has an underlying predefined minimum and maximum value by functional group and the variable compensation is dependent on the performance evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages. In aggregate terms, the mix of fixed and variable compensations is balanced, due to the setting of minimum and maximum limits, provided in the scope of the compensation policy.

The Remuneration Committee considers that the way directors compensation is structured is appropriate and this committee deems it unnecessary to fix possible maximum, aggregate and/or individual limits regarding the remuneration payable to the members of the board of directors, especially considering that the remuneration policy adopted is in line with the remuneration practices of most of the similar companies included in the PSI-20, when considering the characteristics of the Company.

The members of the Board of Directors did not conclude any contracts with the Company or third parties that will have the effect of mitigating the risk inherent to the variability of their remuneration as fixed by the Company.

70. Information on the mode by which remuneration is structured so as to permit the alignment of the interests of members of the management board with the long term interests of the Company together with the mode by which assessment of performance is based while acting as a disincentive to the excessive assumption of risk.

The GROUP's current remuneration policy as approved by the annual general meeting seeks to promote the alignment of the interests of the directors and other Company bodies and managers with the interests of the Company in the medium and long term and is based on a fixed basic with a variable component (where applicable) on the basis of the results of the activities carried on and the financial situation of the Company.

As described at paragraph 69, the GROUP's remuneration policy has underlying variable remuneration instruments structured so as to promote the alignment of the interests of the Board of Directors with the longer term interests of the Company which acts as a disincentive to the assumption of excessive risk, particularly by monitoring KPIs associated with the "internal control/controlled risk" dimension.

To this end, indexation mechanisms are established for variable remuneration based on the assessment of performance which in turn is based on KPIs set by the GROUP's Strategic Plan, which was defined for a long-term horizon.

Under the quantitative component of the assessment of performance, at the start of the assessment cycle, targets are defined for each KPI.

The determining of the variable remuneration in the GROUP requires an average satisfactory attainment of the targets set, weighted by the individual qualitative assessment (which may result in a pay-out sum which varies between a preset minimum and maximum percentage).

In addition, preventive mechanisms for the inhibition of the payment of the variable remuneration are established should any of the following conditions be found:

- One of the target barriers (which corresponds to the minimum to be attained in each KPI to be eligible for the payment of variable remuneration) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
- The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.

71. Reference, if applicable, to the existence of a variable component of remuneration and information regarding the way this component depends on the performance evaluation.

The remuneration and compensation policy for executive members of the Company's Board of Directors, as well as for non-executive and non-independent members, abides by a plan comprised of: (i) a fixed component defined in accordance with the function, the corresponding position within the functional groups predefined for the GROUP and market benchmarking (supported by the Hay international methodology for the marking of functions), which includes the base gross remuneration paid in reference to the period of one year; and (ii) a variable component paid as performance bonus, taking into consideration performance, based upon criteria defined and revised annually by the Remuneration Committee.

The criteria for allocating variable compensation to members of the GROUP's management bodies are indexed to the performance evaluation, which falls under the responsibility of the Remuneration Committee.

Performance evaluation comprises two components: quantitative evaluation, measured through the fulfilment of the KPI indexed to the GROUP's Strategic Plan and expressed in annual goals, which are set at the beginning of each evaluation cycle; and qualitative evaluation that results from a discretionary individual evaluation.

The payment of the variable remuneration applicable to key office-holders within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-goals, defined at the beginning of each annual evaluation cycle, and drawn from the GROUP's Strategic Plan; and the satisfactory average achievement of at least 95% of the quantitative goals, weighted with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

72. Deferral in the payment of the variable component of the remuneration, with reference to the deferment period.

There is no deferral in the payment of the aforesaid variable remunerations mentioned. Nevertheless, the remuneration Committee structures the remuneration of the members of the management body in a way that allows for the long-term continuous positive performance of the Company. Ex ante monitoring of positive performance is carried out through the periodic assessment of KPIs drawn from the GROUP's Strategic Plan, enabling monitoring of the Company's performance evolution. Ex-post, there are mechanisms defined in the remuneration policy that aim to inhibit the payment of the variable remuneration when one of the following conditions is not met:

- One of the target barriers (which corresponds to the minimum to be attained in each KPI to be eligible for the payment of variable remuneration) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
- The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.

The Remuneration Committee considers that the way the directors' compensation is structured, particularly the lack of any deferment mechanism for the variable component, is appropriate and allows the alignment of their interests with the interests of the Company in the long run. For the same reason, the Remuneration Committee deems it unnecessary to set any possible maximum, aggregate and/or individual limits for the remuneration payable to the members of the governing bodies, especially considering that the adopted remuneration policy is in line with the remuneration practices of most of the similar companies included in the PSI-20, considering the characteristics of the Company.

73. Criteria on which the allocation of variable remuneration in shares is based, as well as regarding the retention by executive directors, of such shares; criteria for the potential conclusion of contracts related to those shares, specifically hedging or risk transfer contracts, their respective limits and relation with the value of total annual remuneration.

The Company does not have, nor plans to have, any remuneration measure in effect that includes the allocation of shares and/or any other incentive system with shares.

74. Criteria for the attribution of variable remuneration in options and indication of the period of deferral and the price of exercise.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

75. Main parameters and grounds for any annual bonus system or any other non-monetary benefits.

The Company does not have an annual bonus system or other non-monetary benefits.

76. Main characteristics of the complementary pension regimes or early retirement for directors and date on which they were approved individually in a General Meeting.

With the exception of founding directors who are shareholders, the Company does not currently have complementary pension regimes or early retirement for directors. The founding shareholder directors are beneficiaries of a pension plan with defined benefits, which allow them to receive a pension equivalent to 80% of their salary on the date of retirement. This plan was already in effect prior to MOTA-ENGIL's admission to the stock exchange.

On December 31 2017 and 2016, the accumulated amounts of liabilities related to defined retirement plans set for said directors are broken down as follows:

Members	Value in Euros		
	2017	2016	Variation
António Manuel Queirós V. da Mota	4,785,501	3,966,780	818,721
Maria Manuela Q. V. Mota dos Santos	2,855,574	2,646,106	209,469
Maria Teresa Q. V. Mota Neves da Costa	2,247,151	1,800,152	446,999
Maria Paula Queirós V. Mota de Meireles	2,243,406	1,696,197	547,209
	12,131,632	10,109,234	2,022,398

Variation which was made in 2017 of accumulated liabilities was specifically due to the change in the discount rate, and increase of salary of the founding directors.

IV. Publication of remuneration

77. Indication of the annual sum of the remuneration received from the Company, in aggregate and individually by the members of the Company's management bodies, including fixed and variable remuneration and reference to the various components which gave rise to the latter.

				Value in Euros
Members	Fixed Component	Variable Component	Attendance Fees	Total
Executive directors				
Gonçalo Nuno Gomes de Andrade Moura Martins	474,472	265,000		739,472
Carlos António Vasconcelos Mota dos Santos	279,487	60,000		339,487
Ismael Antunes Hernandez Gaspar	289,135	80,000		369,135
José Pedro Matos Marques Sampaio de Freitas	219,187	50,000		269,187
Eduardo João Frade Sobral Pimentel	337,014	60,000		397,014
António Martinho Ferreira Oliveira	293,725	65,000		358,725
João Pedro Santos Dinis Parreira	261,995	200,000		461,995
Manuel António Fonseca Vasconcelos da Mota	250,833	140,000		390,833
Non-executive non-independent directors				
António Manuel Queirós Vasconcelos da Mota	476,000	75,000		551,000
Arnaldo José Nunes da Costa Figueiredo	286,000	70,000		356,000
Maria Manuela Queirós Vasconcelos Mota dos Santos	251,000	40,000		291,000
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	245,710	40,000		285,710
Maria Paula Queirós Vasconcelos Mota de Meireles	260,395	40,000		300,395
Luís Filipe Cardoso da Silva	243,461	65,000		308,461
Independent non-executive directors				
Luís Valente de Oliveira			50,000	50,000
António Bernardo Aranha da Gama Lobo Xavier			55,000	55,000
António Manuel da Silva Vila Cova			39,500	39,500
				5,562,914

There are no plans for allocation of shares or rights to acquire options on shares or any other incentive system with shares, since the criteria related to the variable components of the management bodies' remuneration are those listed in the remuneration policy described in paragraph 69.

Information regarding the connection between remuneration and the performance of management bodies is that which is stated in the remuneration policy described in paragraph 69.

Information regarding the main parameters and the grounds for any system of annual premiums is that which is stated in the remuneration policy described in paragraph 69.

There are no other amounts to be paid for any reason to other companies in a control or group relationship.

78. Amounts of any kind paid by other companies under GROUP control, members of the GROUP or which are subject to joint control.

The sums paid by other GROUP companies are included in the table of the point above.

79. Remuneration paid as a form of share of profits and/or payment of bonuses and the reasons for said bonuses and/or the profit share granted.

The variable component of the Board of Directors members' remuneration corresponds to a performance bonus and depends on performance assessment, the general principles and application method of which are provided for in the Performance Management Corporate Model, as explained in item 69.

The amounts paid to executive directors and non-executive and non-independent directors as a form of share of profits and/or payment of bonuses are set out in the table at 77.

80. Compensation paid or owed to former executive directors relating to the termination of their functions during the period.

No compensation was paid to former executive directors relating to the termination of their functions during the period.

81. Indication of the annual remuneration received, in aggregate and individually, by members of the Company's supervisory bodies for the purposes of Law 28/2009, of June 19.

		Value in Euros
Members	Company	Total
Alberto João Coraceiro de Castro	Mota-Engil SGPS	30,000
José Rodrigues de Jesus	Mota-Engil SGPS	30,000
Horácio Fernando Reis Sá	Mota-Engil SGPS	8,000
		68,000

In addition, the Auditing Company PricewaterhouseCoopers & Associados – SROC, Lda earned, from the Company and related companies within the GROUP domain, the sum of 872,566 Euros in the course of fiscal year 2017 (see items 46 and 47).

82. Indication of the remuneration of the chairperson of the annual general meeting for the period.

During 2017, the chair of the Annual General Meeting received 6,000 Euros.

V. Agreements with remunerative implications

83. Contractual limitations for the compensation to be paid for undue termination of a director and its relationship with the variable component of the remuneration.

No limits are contractually set for the compensation to be paid for undue termination of a director other than that provided for in law. The Company will resort to the legal instruments available in law adequate for this situation in particular if the performance of a director is inadequate. On the other hand, there is no legal instrument entered into with directors requiring the Company in cases provided for in recommendation III.8, the payment of any damages or compensation beyond what is legally required.

84. Reference to the existence and description with indication of the amounts involved in agreements between the Company and officers on the board and managers in the context of no. 3 of article 248-B of the Stock Market Code which provides for compensation in case of dismissal, termination without due cause or termination of the employment relationship following a change in control of the Company (art. 245-A, no. 1, sec. I).

No agreements were entered into between the Company and directors and managers which provide for compensation in case of dismissal, termination without due cause or termination of the employment relationship following a change in control of the Company.

VI. Plans for the awarding of shares or stock options

85. Identification of the plan and the respective awardees.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

86. Characterisation of the plan (conditions for the awarding, clauses prohibiting the disposal of shares, criteria relating to the price of the shares and the price for the exercise of options, the period during which the options may be exercised, characteristics of the shares or options to be awarded, the existence of incentives for the acquisition of shares and/or the exercise of options).

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

87. Option rights awarded for the acquisition of shares (stock options) of which employees and collaborators of the Company are beneficiaries.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

88. Mechanisms of control provided for in any system of employee participation in the Company capital where the rights to vote are not exercised directly by the latter (art. 245 - A, no. 1, sec. e).

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

E. TRANSACTIONS WITH RELATED PARTIES

I. Mechanisms and control procedures

89. Mechanisms implemented by the Company for the purposes of the control of transactions with related parties.

All business carried out between the Company and related parties respects the interests of the Company and its subsidiaries and is undertaken in the normal conditions of the market. The mechanisms implemented for the control of transactions go through specific administrative procedures which derive from regulatory requirements including those relating to transfer pricing regulations and the obligation of prior appraisal by the Statutory Audit Board of the transactions realised with the holders of qualified shares or entities related with them, under the terms of article 20 of the Stock Market Code, or its respective renewals, the aggregate value of which per entity is not greater than 500,000 Euros per year.

90. Indication of the transactions which were subject to control in the period in question.

During 2017 there were no transactions that required submission to control on the part of the Statutory Audit Board.

91. Description of the procedures and criteria applicable to the actions of the supervisory body for the purposes of the prior assessment of the transactions to be carried out between the Company and the holders of qualified shares or entities with which there is any relationship under the terms of article 20 of the Stock Market Code.

As provided for by the regulations for the functioning of the Statutory Audit Board, the body is responsible for the prior study of transactions entered into with the holders of qualified shares or related entities, under the terms of article 20 of the Stock Market Code, or the respective renewals, the added value of which per entity is greater than 500,000 Euros per year.

II. Elements relating to the business

92. Indication of the site of accounting documents where information is available on business with related parties in accordance with IAS 24 or, alternately, the reproduction of this information.

The information on business made between related parties is disclosed at Note 38 to the consolidated financial accounts in the Consolidated Report & Accounts 2017.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the corporate governance code adopted

The present report follows the model featured in CMVM Regulation 4/2013, of August 1 and is based upon the CMVM Corporate Governance Code of 2013 published by the CMVM at the website www.cmvm.pt.

2. Analysis of compliance with the corporate governance code adopted

Breakdown of the recommendations included in the CMVM Corporate Governance Code adopted and not adopted by MOTA-ENGIL, SGPS, SA:

Recommendation/chapter	Fulfilment	Report
I. VOTING AND CORPORATE CONTROL		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	In compliance	12
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	In compliance	14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	In compliance	12
I.4. The Company's articles of association that provide for the restricting of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General meeting (five year intervals), on whether that statutory provision is to be amended or prevails – without higher quorum requirement than that legally in force – and that in said resolution all votes issued be counted, without applying said restriction.	N/A	
I.5. Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appears likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	In compliance	4
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the Company, the board of directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	In compliance	21
II.1.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company; ii) define the business structure of the group; iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	In compliance	21
II.1.3. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.	N/A	
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system, structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Not in compliance	21

Recommendation/chapter	Fulfilment	Report
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	In compliance	50, 51, 52, 53, 54 and 55
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	In compliance	17 and 18
II.1.7 Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. Independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a) having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b) having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c) being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d) living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are directly and indirectly holders of qualifying holdings; e) Being a qualifying shareholder or representative of a qualifying shareholder.	In compliance	18
II.1.8. When directors that carry out executive duties are requested by other directors, they should provide the information requested, in a timely and appropriate manner to the request.	In compliance	21
II.1.9. The chair of the executive board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Statutory Audit Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Committee for Financial Matters, the convening notices and minutes of the relevant meetings.	In compliance	21
II.1.10. If the chairman of the board of directors carries out executive duties, said body shall appoint from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	N/A	
II.2. OVERSIGHT		
II.2.1. Depending on the applicable model, the Chair of the Statutory Audit Board, the Audit Committee or the Committee for Financial Matters shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	In compliance	32 and 33
II.2.2. The supervisory body shall be the main representative of the External Auditor and the first recipient of the relevant reports and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company.	In compliance	38 and 45
II.2.3. The supervisory board shall assess the External Auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	In compliance	45
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	In compliance	50 and 51
II.2.5. The Audit Committee, the General and Supervisory Board and the Statutory Audit Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential illegalities.	In compliance	38 and 50
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Not in compliance	67

Recommendation/chapter	Fulfilment	Report
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the Company itself or who has a current relationship with the Company or is a consultant to the Company, shall not be hired to assist the remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	In compliance	67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009 of June 19, shall also contain the following: a) identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	In compliance	69
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	N/A	
II.3.5. Approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	N/A	

III. REMUNERATION

III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk-taking.	In compliance	69 and 70
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.	Not in compliance	69
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Not in compliance	69
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.	Not in compliance	72
III.5. Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.	In compliance	69
III.6. Executive board members shall retain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, up to the end of their mandate.	N/A	
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	N/A	
III.8. When the removal of a board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	In compliance	83

IV. AUDITING

IV.1. The External Auditor shall, within the scope of their duties, verify the implementation of remuneration policies and systems at the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.	In compliance	46
IV.2. The Company or any entity which it maintains a control relationship shall not engage the External Auditor or any entity with it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services – which must be approved by the supervisory board and explained in the Annual Report on Corporate Governance – the same should not exceed more than 30% of the total value of services rendered to the Company.	In compliance	46 and 47
IV.3. Companies shall support auditor rotation after two or three terms, whether of four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor independence and the benefits and costs of its replacement.	In compliance	44

Recommendation/chapter	Fulfilment	Report
V. CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES		
V.1. The Company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese securities Code shall be conducted in normal market conditions.	In compliance	89
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings – or entities with which they are in any of the relationships described in no. 1 of article 20 of the Portuguese Securities Code – thus significant relevant business is dependent upon the prior opinion of that body.	In compliance	89 and 91
VI. INFORMATION		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Not in compliance	22
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion, and a record of the requests submitted and their processing, shall be kept.	In compliance	56 and 58

3. Other information

There are no recommendations for which the failure to observe or to apply, require subsequent justification.



04 - Appendices

1 - Declaration under the terms of article 245, no. 1, sec. c), of CVM (Securities Code)

Under the terms of article 245, no. 1, sec. c) of the Securities Code, the members of the Board of Directors declare that, to the best of their knowledge, the financial information contained in this report and accounts has been drawn up according to the International Financial Reporting Standards (IFRS) as adopted by the European Union, providing a true and appropriate image of assets and liabilities, the financial situation and the results of MOTA-ENGIL and companies included in the consolidation perimeter and that this management report faithfully expresses the progression of the business, the performance and the position of MOTA-ENGIL and the companies included in the consolidation perimeter and contains a description of the main risks and uncertainties with which they are confronted.

O'Porto, 27 March 2018

António Manuel Queirós Vasconcelos da Mota
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins
Deputy-chairman of the Board of Directors
(Chief Executive Officer)

Arnaldo José Nunes da Costa Figueiredo
Deputy-chairman of the Board of Directors

Maria Manuela Queirós Vasconcelos Mota dos Santos
Member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles
Member of the Board of Directors

Carlos António Vasconcelos Mota dos Santos
Member of the Board of Directors and
Member of the Executive Committee

Ismael Antunes Hernandez Gaspar
Member of the Board of Directors and
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas
Member of the Board of Directors and
Member of the Executive Committee (Chief Financial Officer)

António Martinho Ferreira de Oliveira
Member of the Board of Directors and
Member of the Executive Committee

Manuel António da Fonseca Vasconcelos da Mota
Member of the Board of Directors and
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira
Member of the Board of Directors and
Member of the Executive Committee

Eduardo João Frade Sobral Pimentel
Member of the Board of Directors and
Member of the Executive Committee

Luís Filipe Cardoso da Silva
Member of the Board of Directors

Luís Valente de Oliveira
Non-executive and independent member of the
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier
Non-executive and independent member of the
Board of Directors

António Manuel da Silva Vila Cova
Non-executive and independent member of the
The Board of Directors

2 - Article 324 no. 2, and article 66, no. 5, sec. d), of the Companies Code

During 2017, MOTA-ENGIL did not purchase treasury shares.

On December 31, 2017, MOTA-ENGIL held 3,639,812 treasury shares corresponding to 1.53% of its share capital, which do not grant voting rights.

3 - Article 447 of the Companies Code and article 14, no. 7, of CMVM regulation no. 5/2008

Disclosure of shares and other securities held by members of the Board of Directors and by key office-holders, as well as people closely related to them, under the terms of article 248-B of the Securities Code, and of transactions thereon made over the course of the financial year.

Annex referred to in article 447 of the Companies Code and article 14, no. 7 of CMVM regulation no. 5/2008:

Directors	Date	Holding shares of									
		MOTA-ENGIL, SGPS, SA					MGP, SGPS, SA		FM, SGPS, SA		
		Qt.	Price	Buy / Sell	Inside/ Outside market	%	Qt.	%	Qt.	%	
António Manuel Queirós Vasconcelos da Mota											
Closing balance		5,550,020				2.34%	0	0.0%	28,701	34.48%	
Maria Manuela Queirós Vasconcelos Mota dos Santos											
Closing balance		3,675,066				1.55%	0	0.0%	17,902	21.51%	
Maria Teresa Queirós Vasconcelos Mota Neves da Costa											
Closing balance		3,676,836				1.55%	0	0.0%	17,902	21.51%	
Maria Paula Queirós Vasconcelos Mota de Meireles											
Closing balance		4,494,211				1.89%	0	0.0%	17,902	21.51%	
Carlos António Vasconcelos Mota dos Santos											
Closing balance		80,000				0.03%					
Maria Sílvia Fonseca Vasconcelos Mota											
Closing balance		87,061				0.04%					
José Manuel Mota Neves da Costa											
Opening balance	21-Dec-17	37,000									
		2,000	3.689	Sell	Inside						
Closing balance		35,000				0.01%					
Manuel António da Fonseca Vasconcelos da Mota											
Opening balance	16-Jun-17	72,985									
		17,015	2.628	Buy	Inside						
Closing balance		90,000				0.04%					
Luís Filipe Cardoso da Silva											
Closing balance		12,500				0.01%					
Gonçalo Nuno Gomes de Andrade Moura Martins											
Closing balance		12,435				0.01%					
Ismael Antunes Hernandez Gaspar											
Closing balance		1,000				0.00%					
José Pedro Matos Marques Sampaio de Freitas											
Closing balance		20,138				0.01%					
Alberto João Coraceiro de Castro											
Closing balance		2,200				0.00%					
António Largo Cerqueira, S.A.											
Opening balance	30-Aug-17	0									
Buy*		3,091,577									
Closing balance		3,091,577				1.30%					
F.M. - Sociedade de Controlo, SGPS, SA											
Closing balance		-				-	6,337,640	100.0%			
Mota Gestão e Participações, SGPS, SA											
Opening balance	01-Mar-17	132,756,739				55.90%					
	10-Jul-17	2,000	1.664	Buy	Inside						
	27-Jul-17	20,000	2.384	Buy	Inside						
		25,000	2.483	Buy	Inside						
Closing balance		132,803,739				55.92%	-	-			

*On 30 of August of 2017, Mota Gestão e Participações, SGPS, SA acquired 51% of the share capital of António Largo Cerqueira, SA, which by that time held 3,091,577 shares of Mota-Engil, SGPS, SA

The securities held by members of the Board of Directors and members of the Company supervision bodies at the 31st of December 2017 were as follows:

Name	No. of bonds	Bonds ME 2014/2019	Bonds ME 2015/2020
António Manuel Queirós Vasconcelos da Mota	102	2	100
Maria Manuela Queirós Vasconcelos Mota dos Santos	7	7	-
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	28	16	12
Maria Paula Queirós Vasconcelos Mota de Meireles	2	2	-
Carlos António Vasconcelos Mota dos Santos	194	-	194
Manuel António da Fonseca Vasconcelos da Mota	16	-	16
Eduardo João Frade Sobral Pimentel	56	-	56
Luís Filipe Cardoso da Silva	36	-	36
António Manuel da Silva Vila Cova	300	-	300
José Pedro Matos Marques Sampaio de Freitas	350	-	350
Alberto João Coraceiro de Castro	16	-	16

4 - Article 448 of the Companies Code

Moreover, hereunder is presented a list of the shareholders who, as at December 31, 2017, held at least 10%, 33% or 50% of the share capital of MOTA-ENGIL:

Shareholder	2017		2016	
	No. of shares	% capital	No. of shares	% capital
Mota Gestão e Participações, SGPS, SA (Direct and indirect through António Largo Cerqueira, S.A.)	135,895,316	57.22%	132,756,739	55.90%

5 - Decree-Law no. 411/91, of October 17

Under the terms and for the purposes of article 21 of Decree-Law no. 411/91, of October 17, we hereby declare that MOTA-ENGIL GROUP has no outstanding debt to Social Security.

6 - Article 66, no. 5, sec. g) of the Companies Code

On December 31, 2017, companies belonging to the MOTA-ENGIL GROUP held branches in the following countries:

Company	Country
Mota-Engil, Engenharia e Construção, SA	Algeria
	Brazil
	Cape Verde
	Colombia
	Czech Republic
	France
	Hungary
	Ireland
	Morocco
	Panama
	Paraguay
	Peru
	Poland
	Romania
	Spain
Mota-Engil, Engenharia e Construção África, SA	United Kingdom
	USA
	Angola
	Cape Verde
	Cameroon
	Ivory Coast
	Ghana
	Malawi
	Mozambique
	Kenya
	Rwanda
	Swaziland
	Tanzania
	Uganda
	Zambia
Manvia – Manutenção e Exploração de Instalações e Construção, SA	Zimbabwe
Manvia II Condutas, Lda.	Spain
Mota-Engil Peru, SA	Angola
Vibeiras – Sociedade Comercial de Plantas, SA	Colombia
Mota-Engil Africa, NV	Morocco
	Kenya
	Uganda
Mota-Engil Central Europe, S.A.	Zambia
SUMA - Serviços Urbanos e Meio Ambiente, Lda.	Czech Republic
	Oman

7 - Qualified holdings

In compliance with the provision of article 2017, no. 4, of CMVM regulation no. 5/2008, hereunder is the list of the holders of qualifying holdings, giving the number of shares held and the corresponding percentage of rights to vote, computed as at December 31, 2017, under the terms of article 20 of the securities Code:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	132,803,739	55.92%	56.79%
António Manuel Queirós Vasconcelos da Mota (**) (a)	5,550,020	2.34%	2.37%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.92%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.57%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,675,066	1.55%	1.57%
António Lago Cerqueira, S.A. (***)	3,091,577	1.30%	1.32%
Maria Sílvia Fonseca Vasconcelos Mota (****)	87,061	0.04%	0.04%
Carlos António Vasconcelos Mota dos Santos (**) (a)	80,000	0.03%	0.03%
José Manuel Mota Neves da Costa (****)	35,000	0.01%	0.01%
José Pedro Matos Marques Sampaio de Freitas (**) (a)	20,138	0.01%	0.01%
Manuel António da Fonseca Vasconcelos da Mota (**) (a)	90,000	0.04%	0.04%
Atribuível à FM – Sociedade de Controlo, SGPS, SA	153,603,648	64.67%	65.68%
Gothic Corp Mutima Capital (*)	3,757,593	1.58%	1.61%
Gothic JBD LLC Mutima Capital (*)	1,341,887	0.56%	0.57%
Gothic HSP Corp Mutima Capital (*)	973,089	0.41%	0.42%
Gothic ERP LLC Mutima (*)	500,000	0.21%	0.21%
The Mutima Africa Fund LP (*)	353,684	0.15%	0.15%
Atribuível à Mutima Capital Management, LLC	6,926,253	2.92%	2.96%
Ações próprias	3,639,812	1.53%	-
Freefloat	73,335,428	30.88%	31.36%
TOTAL	237,505,141	100.00%	100.00%

(*) Direct Shareholder of the Company

(**) Member of the Board of Directors and Senior Member of the Company

(***) 51% of this company is held by Mota Gestão e Participações, SGPS, SA

(****) Manager of the Company

On December 31, 2017, Mota Gestão e Participações, SGPS, SA is 100% held by FM – Sociedade de Controlo, SGPS, S.A., which is 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 153,753,648 shares corresponding to 64.42% of the share capital of MOTA-ENGIL, granting 65.73% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

8 - Statement of the Board of Directors on the remuneration policies applicable to key office-holders of MOTA-ENGIL GROUP, as described in article 248-B, no. 3, of the Securities Code

1. INTRODUCTION

In line with the recommendations made by CMVM regarding the importance of the remuneration policy covering key office-holders, as described in article 248-B, no. 3, of the Securities Code, hereunder we present the principles and general options in force, that are extended to collaborators of MOTA-ENGIL GROUP, including other staff whose professional activity may have a relevant impact on the Company's risk profile and whose remuneration contains a major variable component. Regarding the remuneration options applicable to members of the management and supervisory body, which are mandated in Law no. 28/2009, of June 19, please see the declaration made by the Remuneration Committee for the specific options in this matter.

2. GENERAL PRINCIPLES

The MOTA-ENGIL GROUP remuneration policy comprises a set of operating principles that aim to guarantee their contribution to the pursuit of the strategic vision and culture outlined for the GROUP, as well as the alignment of the interests of the key office-holders with the GROUP's long-term interests.

- Ability to attract and retain:

MOTA-ENGIL GROUP, through its remuneration policy, seeks to guarantee the attraction and retaining of talent, adopting a competitive positioning in the market, taking into account the level of responsibility and contribution of the collaborators for the creation of value.

- Alignment of remuneration practices with short and long-term performance:

MOTA-ENGIL GROUP'S remuneration policy and corresponding rules of application are indexed to the performance evaluation model in effect which in turn, encompasses the evaluation of indicators and performance goals taken from the GROUP'S Strategic Plan defined for the long-term.

- Equity/competitiveness:

The remuneration policy is segmented into functional groups formed as a result from an evaluation of function, allowing on the one hand, an internal levelling of the compensation practices according to criteria of responsibility, complexity and autonomy whilst, on the other hand, guaranteeing competitiveness with the practices in the reference market.

- Meritocracy:

The criteria that establish the increase of the remuneration components are underlain by the success achieved by the MOTA-ENGIL GROUP and its business, as well as the individual evaluation of collaborators, in order to recognise and reward merit and excellence.

- Transversality/verticality:

MOTA-ENGIL GROUP aims to associate its management model to a common policy for executive and management positions, promoting transversal alignment and convergence toward the strategy, culture and objectives of the GROUP.

In order to safeguard the specificity of the different business areas, the remuneration policy also embodies rules of vertical application, Company by Company, in order to adjust its practices to the respective sector of activity and reference market.

The MOTA-ENGIL GROUP's remuneration policy is divided into functional groups which aggregate positions according to parameters, such as level of knowledge, complexity or responsibility/autonomy required, periodically assessed through the Hay international methodology, and are structured as follows:

- Top Executives
- Executives
- Top Management
- Management
- Technicians
- Administrative and Operational

The functional groups listed comprise the essential basis for the definition of human resources policies, namely the remuneration policy, which establishes, for each functional group, the remuneration components and conditions, whether they be of a fixed, variable and/or in benefits nature, taking into account the positioning strategy envisioned and the salary practices of specific reference markets.

Key office-holders at MOTA-ENGIL GROUP fall into the functional groups of Top Executives, Executives and Top Management.

3. SPECIFIC OPTIONS

3.1 Overall architecture of the GROUP's remuneration policy

The MOTA-ENGIL GROUP remuneration policy comprises three remuneration components, which are defined considering the position held, the alignment with salary practices of the market and the performance of the collaborators:

- Fixed remuneration, which consists of the gross base remuneration with reference to a one-year period. Each functional group has an associated salary band that establishes the minimum, medium and maximum values, considering the position held, level of experience and performance of the employee and salary practices of the reference market and MOTA-ENGIL.
- Variable remuneration, which includes a short-term bonus paid according to the achievement of defined performance goals and, in functional groups with greater responsibility, includes a higher weighting of KPI indexed to the GROUP's Strategic Plan. Each functional group establishes a set of target payments based upon salary practices in the reference market for positions with equivalent levels of responsibility, according to the level of performance achieved by the GROUP and the employee.
- Benefits, for which there is an established portfolio of applicable benefits, in accordance with the position and corresponding functional group.

3.2 Indexation of the remuneration policy to MOTA-ENGIL GROUP's performance

Aiming to promote the alignment of short- and long-term interests of MOTA-ENGIL and preventing excessive risk-taking, the payment of the variable component is indexed to the performance evaluation, whose general principles and corresponding application method are provided for in the Corporate Performance Management Model.

The GROUP's performance evaluation consists of two components:

- Quantitative assessment, including a series of Key Performance Indicators (KPI) indexed in the GROUP's Strategic Plan.
- Qualitative evaluation, which results from the individual evaluation focusing on key skills for the GROUP.

There have also been established preventive mechanisms aiming to promote restraint in risk-taking that may be prejudicial to the Company's interests and prevent the payment of the variable remuneration, in order to minimise the incentive of results not in line with a perspective of creating sustainable value in the long-term. Therefore, in performance evaluation criteria such as risks taken by the employee in decision-making, as well as compliance with the standards applicable to the Company's activity, are taken into consideration.

3.3 Plans for the attribution of shares or options on the acquisition of shares

There are no plans for the attribution of shares or options on the acquisition of shares regarding key office-holders within the meaning of no. 3 of article 248-B of the Securities Code.

9 - List of offices held by directors:

António Manuel Queirós Vasconcelos da Mota (Chairman)

Duties in other companies of Mota-Engil Group on December 31, 2017

- Chairman at the shareholder's meeting of Mota-Engil, Engenharia e Construção, SA
- Chairman at the shareholder's meeting of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman at the shareholder's meeting of Mota-Engil Angola, SA
- Chairman at the shareholder's meeting of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Member of the Remuneration Committee of ÁreaGolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Aurimove, Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Manvia – Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Real Estate Portugal, SA
- Member of the Remuneration Committee of MESP – Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Member of the Remuneration Committee of Nortedomus – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Sedengil – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Suma Tratamento, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Remuneration Committee of Mota-Engil, Angola, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of Suma – Serviços Urbanos e Meio Ambiente, S.A.
- Member of the Remuneration Committee of Empresa Geral do Fomento, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA
- Chairman of the Board of Directors of Valorsul – Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Chairman of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Manager of Sociedade Agrícola Moura Basto, Lda
- Member of the Remuneration Committee of António do Lago Cerqueira, SA
- Member of the Board of Curators of Fundação Manuel António da Mota
- Member of the Board of Directors of AEP, in representation of Mota-Engil, SGPS, SA
- Member of the Board of Curators of Fundação AEP, in representation of Mota-Engil, SGPS, SA
- Member of the Administrative Commission of Centro Regional do Porto of Universidade Católica Portuguesa
- Member of the Conselho Municipal de Economia do Porto – “Casa dos 24”
- Member of the Board of Directors of Swipe News, SA

Gonalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

Duties in other companies of Mota-Engil Group on December 31, 2017

- Chairman of the Board of Directors of Mota-Engil  frica, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Engenharia e Construc o  frica, SA
- Chairman of the Board of Directors of Lineas – Concess es de Transportes, SGPS, S.A.
- Chairman of the Board of Directors of Ascendi Douro - Estradas do Douro Interior, SA
- Chairman of the Board of Directors of Ascendi Pinhal Interior, Estradas do Pinhal Interior, SA
- Chairman of the Board of Directors of Ascendi Operadora DI, Opera o e Manuten o Rodovi ria, SA
- Chairman of the Board of Directors of Ascendi Operadora PI, Opera o e Manuten o Rodovi ria, SA
- Chairman of the Board of Directors of Ascendi, Servios de Assessoria, Gest o e Opera o, SA
- Chairman of the Board of Directors of Ascendi O&M, SA
- Chairman of the Board of Directors of Ascendi Mexico SA de CV
- Manager of Lineas – Servios de Administra o e Gest o, Lda.
- Member of the Board of Directors of Copexa - Concession ria Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Lusoponte – Concession ria para a Travessia do Tejo SA
- Sole Director of Mota-Engil,  frica, NV
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Ascendi Douro – Estradas do Douro Interior, SA
- Member of the Remuneration Committee of Ascendi Pinhal Interior, Estradas do Pinhal Interior, SA
- Member of the Remuneration Committee of Ascendi Operadora DI, Opera o e Manuten o Rodovi ria, SA
- Member of the Remuneration Committee of Ascendi Operadora PI, Opera o e Manuten o Rodovi ria, SA
- Member of the Remuneration Committee of Lusoponte – Concession ria para a Travessia do Tejo S.A., in representation of Lineas – Concess es de Transportes, SGPS, S.A
- Member of the Remuneration Committee of Mota- Engil, Ambiente e Servios, SGPS, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of Curators of Funda o Manuel Ant nio da Mota

Arnaldo Jos  Nunes da Costa Figueiredo (Deputy-chairman)

Duties in other companies of Mota-Engil Group on December 31, 2017

- Chairman of the Board of Directors of Martifer Metallic Constructions, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil, Ind stria e Inova o, SGPS, SA
- Member of the Board of Directors of Vetor Di logo, SGPS, SA
- Member of the Board of Directors of Martifer, SGPS, SA
- Member of the Board of Directors of Martifer Solar Inc
- Member of the Board of Directors of Martifer Silverado Fund I, LLC
- Member of the Board of Directors of Duelobrigat rio, SA
- Chairman at the shareholder’s meeting of Mercado Urbano – Gest o Imobili ria, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of AEM – Associa o de Empresas Emitentes de Valores Cotados em Mercado
- Member of the Board of Directors of PROFORUM - Associa o para o Desenvolvimento da Engenharia
- Member of the Board of the Conselho Estrat gico para a Coopera o, Desenvolvimento e Lusofonia Econ mica

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Member of the Remuneration Committee of Manvia - Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Member of the Remuneration Committee of Nortedomus – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Member of the Remuneration Committee of Áreagolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Aurimove – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of Sedengil – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Remuneration Committee of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Manager of Casal Agrícola de Parada, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Mineira do Jarmelo, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Serra Lisa, Sociedade de Empreendimentos Imobiliários, Lda
- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Remuneration Committee of António do Lago Cerqueira, SA
- Member of the Board of Curators of Manuel António da Mota Foundation

Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Manager of Navarras Supermercados, Lda
- Manager of Imobiliária Toca do Lobo, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Casal Agrícola de Parada, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Member of the Board of Curators of Fundação Manuel António da Mota

Maria Paula Queirós Vasconcelos Mota de Meireles (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Manager of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Senior and Supervisory Board of Mota-Engil Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Manager of Casal Agrícola de Parada, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Verotâmega – Sociedade Imobiliária, Lda
- Member of the Remuneration Committee of António do Lago Cerqueira, SA
- Member of the Board of Curators of Fundação Manuel António da Mota

Carlos António Vasconcelos Mota dos Santos (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil, Real Estate Portugal, SA
- Chairman of the Board of Directors of Mota-Engil Real Estate, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil America Latina, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil, Europa, SA
- Chairman of the Board of Directors of Empresa Construtora do Brasil, SA
- Chairman of the Board of Directors of Mota-Engil Renewing, SA
- Chairman of the Board of Directors of Mota-Engil, Latam Portugal, SA
- Chairman of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Member of Supervisory Board da Mota-Engil Central Europe Česká Republika, A.S.
- Member of the Remuneration Committee of Mota-Engil, Real Estate Portugal, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Director of Mota-Engil, Latin America, BV
- Director of Mota-Engil Energy, BV
- Director of Mota-Engil Tourism, BV
- Director of Flame Investments, BV
- Director of Global Technical Services Latam, BV
- Member of Supervisory Board of Mota-Engil Central Europe, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of António do Lago Cerqueira, S.A.
- Member of the Board of Directors of Mota Global - Planeamento, S.A.
- Manager of Kepler, SGPS, Lda.

Ismael Antunes Hernandez Gaspar (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Manvia – Manutenção e Exploração de Instalações e Construção, S.A.
- Member of the Board of Directors of Mota-Engil, Europa SA
- Member of the Board of Directors of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Member of the Remuneration Committee of Aurimove – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Nortedomus – Sociedade Imobiliária, SA
- Chairman at the shareholder's meeting of Sedengil – Sociedade Imobiliária, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies outside the Mota-Engil Group at 31 of December of 2017

José Pedro Matos Marques Sampaio de Freitas (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Sunviauto México, S.A. de C.V.
- Chairman of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão SA
- Member of the Board of Directors of Lineas – Concessões de Transportes, SGPS, S.A.
- Director of Mota-Engil, Finance, B.V.
- Manager of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Manager of Lineas – Serviços de Administração e Gestão, Lda

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of António do Lago Cerqueira, SA
- Member of the Board of Directors of Mota Global – Planeamento, S.A.
- Manager of Kepler, SGPS, Lda.
- Member of the Board of Directors of ANJE - Associação Nacional de Jovens Empresários
- Chairman at the Shareholder's Meeting of IET - Instituto Empresarial do Tâmega
- Member of the Board of Directors of AEP - Associação Empresarial de Portugal
- Member of the Board of EIC - European International Contractors

António Martinho Ferreira de Oliveira (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Nortedomus - Sociedade Imobiliária, SA
- Chairman of the Board of Directors of Aurimove - Sociedade Imobiliária, SA
- Chairman of the Board of Directors of Turalgo - Sociedade de Promoção Imobiliária e Turística do Algarve, SA
- Chairman of the Board of Directors of Mercado Urbano - Gestão Imobiliária, SA
- Chairman of the Board of Directors of Mota-Engil, Engenharia e Construção, SA
- Chairman of the Board of Directors of Haçor – Concessionário do Edifício da Ilha Terceira, S.A.
- Chairman of the Board of Directors of HL – Sociedade Gestora do Edifício, S.A.
- Chairman of the Board of Directors of Mota-Engil Central Europe Česká Republika, AS
- Chairman of the Board of Directors of Mota-Engil Magyarország Beruházási És Építőipari Zrt
- Member of the Board of Directors of Mota-Engil Real Estate Portugal, SA
- Member of the Board of Directors of Sedengil - Sociedade Imobiliária, SA
- Member of the Board of Directors of Mota-Engil, Europa, SA
- Member of the Board of Directors of Mota-Engil, Real Estate, SGPS, SA
- Member of the Board of Directors of Mota-Engil, Central Europe, SGPS, SA
- Member of the Board of Directors of Glan Agua, Limited
- Member of the Board of Directors of Mota-Engil International Construction (UK), Limited
- Manager of Calçadas do Douro - Sociedade Imobiliária, Lda
- Manager of Corgimobil - Empresa Imobiliária das Corgas, Lda
- Manager of Edifícios Mota-Viso - Sociedade Imobiliária, Lda
- Manager of Edipainel - Sociedade Imobiliária, Lda
- Manager of Motadomus - Sociedade Imobiliária, Lda
- Manager of Haçor Domus – Compra e Venda de Imóveis, Lda.
- Member of Supervisory Board of Obol Invest Befektetési És Üzletviteli Tanácsadó KFT
- Member of Supervisory Board of Obol XI Ingatlanhasznosítási Beruházó És Szolgáltató KFT
- Member of Supervisory Board of Metró Építőipari Gépészeti és szállítási ZRT
- Member of Supervisory Board of Mota-Engil Central Europe, S.A.
- Member of Supervisory Board of Devonská Project Development, AS

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies outside the Mota-Engil Group

Manuel António da Fonseca Vasconcelos da Mota (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA
- Chairman of the Board of Directors of Mota-Engil Construction South Africa (PTY), Ltd
- Chairman of the Board of Directors of Mota-Engil Investments South Africa (PTY), Ltd
- Member of the Board of Directors of Mota-Engil África, SGPS, SA
- Member of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Member of the Board of Directors of Mota-Engil África (PTY), Limited
- Member of the Board of Directors of Mota-Engil, Minerals & Mining (Zimbabwe) (Private), Limited
- Member of the Board of Directors of Cosamo (PTY), Ltd
- Member of the Board of Directors of Bugesera Airport Company, Limited
- Member of the Board of Directors of Mota-Engil Mining Management (Proprietary), Ltd
- Manager of Mota Internacional, Comércio e Consultadoria Económica, Lda
- Member of Supervisory Board of Devonska Project Development, AS
- Member of Supervisory Board of Mota-Engil Central Europe Ceska Republika, AS

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Manager of Kepler, SGPS, Lda.

João Pedro dos Santos Dinis Parreira (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Autopista Urbana Siervo de La Nación, SAPI de CV
- Chairman of the Board of Directors of Construcciones dos Puertos, SA de CV
- Chairman of the Board of Directors of Constructora Gran Canal, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Turismo, SA de CV
- Chairman of the Board of Directors of Mota-Engil Energy Holdings Mexico, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Turismo Holding, SAPI de CV
- Chairman of the Board of Directors of Generadora Fénix SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Energia SA de CV
- Chairman of the Board of Directors of Mota-Engil Peru SA
- Chairman of the Board of Directors of Mota-Engil Latam Peru SA
- Chairman of the Board of Directors of Mota-Engil Dominicana, SAS
- Chairman of the Board of Directors of Mota-Engil Chile, S.A.
- Chairman of the Board of Directors of Puente Boca del Río, SA de CV
- Member of the Board of Directors of Mota-Engil América Latina SAPI de CV
- Member of the Board of Directors of Mota-Engil Mexico, SAPI de CV
- Member of the Board of Directors of Ascendi Mexico, S.A. de CV
- Member of the Board of Directors of Mota-Engil Latam Portugal, SA
- Member of the Board of Directors of Concessionária Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Gestión e Innovación en Servicios Ambientales, SA de CV
- Member of the Board of Directors of Operadora Autopista Perote-Xalapa, S.A. de CV
- Member of the Board of Directors of Empresa Construtora do Brasil, SA
- Alternate member of the Board of Directors of Concessionária Autopista Cardel-Poza Rica, SA de CV
- Alternate member of the Board of Directors of Concessionária Autopista Tuxpan-Tampico, SA de CV
- Alternate member of the Board of Directors of Constructora Concessionária Autopista Cardel-Poza Rica, SA de CV
- Alternate member of the Board of Directors of Tuxpan - Tampico Construcciones, SA de CV
- Secretary of the Board of Directors of Constructora Autopista Perote-Xalapa, SA de CV
- Secretary of the Board of Directors of M&R Occidente, SAPI de CV
- Secretary of the Board of Directors of Constructora M&R, SA de CV

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies outside the Mota-Engil Group

Eduardo João Frade Sobral Pimentel (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Chairman of the Board of Directors of Tratofoz – Sociedade de Tratamento de Resíduos, S.A.
- Member of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Board of Directors of Ecodetra – Sociedade de Tratamento e Deposição de Resíduos, S.A
- Member of the Board of Directors of Valorsul – Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A.
- Manager of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Member of the Remuneration Committee of Algar – Valorização de Tratamento de Resíduos Sólidos, S.A.
- Member of the Remuneration Committee of Amarsul – Valorização e Tratamento de Resíduos, S.A.
- Member of the Remuneration Committee of Ersuc – Resíduos Sólidos do Centro, S.A.
- Member of the Remuneration Committee of Resisestrela – Valorização e Tratamento de Resíduos Sólidos, S.A.
- Member of the Remuneration Committee of Resinorte – Valorização e Tratamento de Resíduos Sólidos, S.A.
- Member of the Remuneration Committee of Suldouro – Valorização e Tratamento de Resíduos Sólidos Urbanos, S.A.
- Member of the Remuneration Committee of Valnor – Valorização e Tratamento de Resíduos Sólidos, S.A.
- Member of the Remuneration Committee of Valorlis – Valorização e Tratamento de Resíduos Sólidos, S.A.
- Member of the Remuneration Committee of Valorminho – Valorização e Tratamento de Resíduos Sólidos, S.A.
- Chairman of the Superior Board of Suma – Serviços Urbanos e Meio Ambiente, S.A.
- Chairman of the Superior Board of Suma Tratamento, S.A.

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies outside the Mota-Engil Group

Luís Filipe Cardoso da Silva (Member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Member of the Board of Directors of Empresa Geral do Fomento, SA
- Member of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Resinorte - Valorização de Tratamento de Resíduos Sólidos, SA

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Does not perform duties in other companies outside the Mota-Engil Group

Luís Valente de Oliveira (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Chairman of the Board of Founders of Casa da Música
- Chairman of the Board of Advisory of Universidade do Minho
- Member of the Board of Curators of Fundação Francisco Manuel dos Santos
- Member of the Consultancy Board of Foundations (Presidency of the Council of Ministers)

António Bernardo Aranha da Gama Lobo Xavier (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Partner and Member of the Board of Directors of Morais Leitão, Galvão Teles, Soares da Silva & Associados
- Non-executive Member of the Board of Directors of NOS, SGPS, SA
- Non-executive Member of the Board of Directors of Riopele, SA
- Non-executive Member of the Board of Directors of Vallis Capital Partners
- Non-executive Member of the Board of Directors of Fundação Casa da Música
- Non-executive Member of the Board of Directors of Fundação Francisco Manuel dos Santos
- Non-executive Member of the Board of Directors of Sonaecom, SGPS, SA
- Member of the Board of Directors of Banco BPI, SGPS, SA
- Chairman at the Shareholder's Meeting of Ascendum SA
- Chairman at the Shareholder's Meeting of Têxtil Manuel Gonçalves, SA
- Chairman at the Shareholder's Meeting of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado
- Council State Adviser
- Member of the Board of Curators of Fundação Belmiro de Azevedo

António Manuel da Silva Vila Cova (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2017**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2017

- Member of the Board of Directors of Liga dos Amigos do Hospital de S. João
- Chairman of the non-executive Board of Directors of Banco Finantia

10 –GRI 4 indicators: Environmental



Materials – Materials used and broken down by weight or volume

Europe

Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO

Materials	2017
Steel	11,539 t
Concrete	45,397 m3
Aggregate	1,469,238 t
Bitumen and Emulsion	20,860 t
Cement	48,856 t
Paints/varnish/glaze/solvents	50,000 L

Portugal – CAPSFIL

Materials	2017
Steel	4 t
Concrete	1,646 m3
Aggregate	23,843 t
Bitumen and Emulsion	19 t
Cement	251 t

Portugal – TAKARGO

Materials	2017
Railway sand	60 t
Synthetic blocks - composite materials	7 t

Portugal – VIBEIRAS

Materials	2017
Steel	44 t
Concrete	2,370 m3
Aggregate	35,354 t
Bitumen and Emulsion	8 t
Cement	672 t
Paints/varnish/glaze/solvents	3,380 L

Portugal – EGF

Materials	2017
Accumulators	8 t
Plastic bags	14 t
New tyres (heavy and light)	148 t
Retread tyres (heavy and light)	106 t
Lubricants/paste	201,107 L
Chemical products (herbicides, disinfectants, detergents, bleach)	81,866 L
Paints/varnish/glaze/solvents	1,986 L
Other chemical products for vehicle maintenance	33,120 L
Paper	15 t
Ink cartridges (ink jet)	44 un
Toners (laser)	439 un

Portugal – SUMA

Materials	2017
Accumulators	5,7 t
Plastic bags	122 t
New tyres (heavy and light)	76 t
Retread tyres (heavy and light)	86 t
Lubricants/paste	173,354 L
Chemical products (herbicides, disinfectants, detergents, bleach)	29,184 L
Paints/varnish/glaze/solvents	4,169 L
Other chemical products for vehicle maintenance	3,174 L
Paper	9,7 t
Ink cartridges (ink jet)	297 un
Toners (laser)	171 un

Ireland

Materials	2017
Steel	750 t
Concrete	26,500 m3
Bitumen and Emulsion	630 t

Poland

Materials	2017
Steel	11,715 t
Concrete	103,000 m3
Bitumen and Emulsion	746,157 t
Cement	24,241 t
Paints/varnish/glaze/solvents	8,666 L

África

South Africa

Materials	2017
Concrete	127,000 m3
Cement	7,780 t
Paints/varnish/glaze/solvents	107,000 L

Angola

Materials	2017
Steel	7,500 t
Concrete	85,235 m3
Aggregate	1,503,690 t
Bitumen and Emulsion	20,900 t
Cement	35,000 t
Paints/varnish/glaze/solvents	210,000 L

Cape Verde

Materials	2017
Steel	106 t
Concrete	6,000 m3
Aggregate	58,000 t
Cement	13,600 t

Malawi

Materials	2017
Steel	970 t
Concrete	19,537 m3
Aggregate	120 t
Bitumen and Emulsion	200 t
Cement	3,800 t
Paints/varnish/glaze/solvents	600 L

Mozambique

Materials	2017
Steel	250 t
Concrete	2,410 m3
Bitumen and Emulsion	4,500 t
Paints/varnish/glaze/solvents	15,000 L

Rwanda

Materials	2017
Steel	266 t

Uganda

Materials	2017
Steel	1,010 t
Concrete	13,908 m3
Aggregate	383,127 t
Bitumen and Emulsion	3,600 t
Cement	4,284 t
Paints/varnish/glaze/solvents	250 L

Zâmbia

Materials	2017
Steel	206 t
Concrete	2,117 m3
Aggregate	24,132 t
Bitumen and Emulsion	160 t
Cement	1,244 t

Latin America

Brazil

Materials	2017
Steel	4,879 t
Concrete	103,720 m3
Aggregate	623,032 t
Bitumen and Emulsion	7,248 t
Cement	32,951 t
Paints/varnish/glaze/solvents	44,700 L

Mexico

Materials	2017
Steel	39,639 t
Concrete	348,054 m3
Aggregate	257,600 t
Bitumen and Emulsion	223,867 t
Cement	1,213 t
Paints/varnish/glaze/solvents	294 L

Paraguay

Materials	2017
Steel	574 t
Concrete	18,284 m3
Aggregate	47,272 t
Cement	133 t

Dominican Republic

Materials	2017
Steel	120 t
Concrete	5,249 m3
Aggregate	703 t
Cement	75 t



Materials – Percentage of materials used deriving from recycling

Europa

Portugal – CAPSFIL

Materials	2017
Retread tyres	42%

Portugal – EGF

Materials	2017
Retread tyres	50%
Paper recycled	56%
PE recycling industry used in the maintenance of the bed as replacement for shale (Amarsul)	70%
Toners	83%

Portugal – SUMA

Materials	2017
Retread tyres	47%

Africa

Uganda

Materials	2017
Tires used in retaining walls	20%



Energy – Energy consumption within the organisation

Europe

Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO

Energy	2017
Diesel	275,644 GJ/year
Petrol	342 GJ/year
Propane	331 GJ/year
Fuel Oil	78,569 GJ/year
Natural Gas	5 GJ/year

Portugal – CAPSFIL

Energy	2017
Diesel	10,907 GJ/year

Portugal – TAKARGO

Energy	2017
Diesel Fleet	291,721 GJ/year

Portugal – VIBEIRAS

Energy	2017
Diesel	13,573 GJ/year
Petrol	2,355 GJ/year

Portugal – EGF

Energy	2017
Diesel	362,290 GJ/year
Petrol	156 GJ/year
Natural Gas	99,064 GJ/year
LPG	7 GJ/year
Propane	276 GJ/year

Portugal – SUMA

Energy	2017
Diesel	173,677 GJ/year

Portugal – MANVIA

Energy	2017
Diesel	20,378 GJ/year
Petrol	222 GJ/year

Ireland

Energy	2017
Diesel	13,977 GJ/year

Poland

Energy	2017
Coal	88 GJ/year
Natural Gas	22,757 GJ/year
Petrol	3,288 GJ/year
Diesel	181,000 GJ/year
Oil	13,750 GJ/year

Africa

Malawi

Energy	2017
Coal	183 GJ/year
Diesel	108,000 GJ/year
Petrol	914 GJ/year
Butane	686 GJ/year

Mozambique

Energy	2017
Diesel	181,255 GJ/year

Rwanda

Energy	2017
Diesel	151,395 GJ/year

Uganda

Energy	2017
Diesel	82,800 GJ/year
Petrol	242 GJ/year
Butane	144 GJ/year
Propane	44 GJ/year

Zambia

Energy	2017
Diesel	71,043 GJ/year

Latin America

Brazil

Energy	2017
Low Pour Fuel Oil	12,045 GJ/year
Diesel	492,511 GJ/year
Petrol	4,993 GJ/year

Paraguay

Energy	2017
Diesel	8,917 GJ/year
Petrol	492 GJ/year

Dominican Republic

Energy	2017
Diesel	277 GJ/year

EN4

Energy – Energy consumption outside of the organisation

Europe

Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO

Energy	2017
Electricity	36,884 GJ/year

Portugal – CAPSFIL

Energy	2017
Electricity	1,267 GJ/year

Portugal – VIBEIRAS

Energy	2017
Electricity	219 GJ/year

Portugal – EGF

Energy	2017*
Electricity	229 GJ/year

*Note: Without information from it's Spain Branch

Portugal – SUMA

Energy	2017
Electricity	3,913 GJ/year

Portugal – MANVIA

Energy	2017*
Electricity	229 GJ/year

*Note: Without information from it's Spain Branch

Ireland

Energy	2017
Electricity	32,206 GJ/year

Poland

Energy	2017
Electricity	33,894 GJ/year
Heating and Cooling	

Africa

South Africa

Energy	2017
Electricity	2,676 GJ/year

Malawi

Energy	2017
Electricity	2,200 GJ/year

Mozambique

Energy	2017
Electricity	2,955 GJ/year

Rwanda

Energy	2017
Electricity	93 GJ/year

Uganda

Energy	2017
Electricity	2,293 GJ/year

Zambia

Energy	2017
Electricity	5,123 GJ/year

Latin America

Brazil

Energy	2017
Electricity	2,496 GJ/year

Mexico – MOTA-ENGIL MÉXICO

Energy	2017
Electricity	1,424 GJ/year

Mexico – GISA

Energy	2017
Electricity	1 GJ/year

Dominican Republic

Energy	2017
Electricity	11 GJ/year

EN8

Water – Total water withdrawn by source**Europa**

Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO

Water	2017
Surface water capture	37,546 m3/year
Underground water capture	88,918 m3/year
Capture of municipal water supply or from other suppliers of water	31,323 m3/year

Portugal – CAPSFIL

Water	2017
Surface water capture	6,000 m3/year
Capture of municipal water supply or from other suppliers of water	3,600 m3/year

Portugal – EGF

Water	2017
Underground water capture	304,450 m3/year
Capture of rainwater directly collected and stored by the organisation	2,057 m3/year
Capture of municipal water supply or from other suppliers of water	210,952 m3/year
Reuse of treated effluent	23,151 m3/year

Portugal – SUMA

Water	2017
Underground water capture	39,502 m3/year
Capture of municipal water supply or from other suppliers of water	13,167 m3/year

Portugal – MANVIA

Water	2017*
Capture of municipal water supply or from other suppliers of water	1,201 m3/year

* Information about Manvia, S.A. and it's Spain Branch

Africa

South Africa

Water	2017
Capture of municipal water supply or from other suppliers of water	15,321 m3/year

Cape Verde

Water	2017
Underground water capture	7,750 m3/year

Malawi

Water	2017
Surface water capture	250,000 m3/year
Underground water capture	114,685 m3/year
Capture of municipal water supply or from other suppliers of water	23,079 m3/year

Mozambique

Water	2017
Surface water capture	6,900,000 m3/year
Capture of municipal water supply or from other suppliers of water	16,573 m3/year

Rwanda

Water	2017
Capture of municipal water supply or from other suppliers of water	18,974 m3/year
Surface water capture	28,554 m3/year

Uganda

Water	2017
Surface water capture	845,000 m3/year
Underground water capture	12,000 m3/year

Zambia

Water	2017
Underground water capture	42,800 m3/year

Latin America

Brazil

Water	2017
Surface water capture	179,844 m3/year
Underground water capture	13,429 m3/year
Capture of municipal water supply or from other suppliers of water	73,409 m3/year

Mexico – MOTA-ENGIL MÉXICO

Water	2017
Capture of municipal water supply or from other suppliers of water	383,863 m ³ /year

Mexico – GISA

Water	2017
Capture of municipal water supply or from other suppliers of water	340 m ³ /year

Dominican Republic

Water	2017
Underground water capture	560 m ³ /year

EN11

Biodiversity – Operating units owned, hired or administered within or adjacent to protected areas and areas with a high degree of biodiversity located outside protected areas

- EGF companies have permanent installations in classified areas or protected zones including in the Serra da Estrela Nature Reserve (0.0036 km² affected area), in the Tagus Estuary Agricultural Reserve (RNET) (0.04 km² affected area), in the Barlavento Landfill Zone and the Sotavento Landfill Zone (0.132 km²) totalling 0.1756 km² affected area.
- Ireland has permanent installations in areas classified as protected zones in the Oughterard Wastewater Treatment Plant (0.00607 km² affected area) and in Ballinakill GWS (0.00202 km² affected area), totalling 0.00809 Km² affected area.
- Uganda has permanent installations in classified areas and protected zones in the National Park Queen Elizabeth, covering 11 lof affected area.
- Mexico has permanent installations in classified areas and protected zones at the Chontalpa Ecological Park, Tabasco, covering 0.02 km² affected area.

EN12

Biodiversity – Description of significant impact from activities, products and services on biodiversity in protected areas and areas of high levels of biodiversity located outside protected areas

Africa

Uganda

Biodiversity	2017
Which are the species affected?	Flora and fauna
What is the extent of the zones undergoing the impact?	17 km
What is the duration of the impact?	3.5 years
To what degree is the impact reversible?	Self regeneration of the species

Latin America

Paraguay

Biodiversity	2017
Which are the species affected?	Tree species: Delonix regia, Handroanthus impetiginosus, Jacaranda mimosifolia, Cordia americana, Peltophorum dubium, Ficus benamina, Myracrodruon urundeuva, Pterogyne nitens, Cedrus, Cedrela fissilis, Handroanthus impetiginosus, Pinus elliottii, Livistona chinensis, Citrus paradisi, Ocotea puberula, Roystonea regia
What is the extent of the zones undergoing the impact?	12 km
What is the duration of the impact?	Permanent impact
To what degree is the impact reversible?	Irreversible. Reforestation actions were initiated in other areas



Emissions – Direct emissions of greenhouse gases (GEE)

Europe

Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO

Portugal – TAKARGO

Emissions	2017
Total 2017	26,467 t CO ₂ /year

Emissions	2017
Total 2017	21,813 t CO ₂ /year

Portugal – EGF

Portugal – SUMA

Emissions	2017
Total 2017	1,041,882 t CO ₂ /year

Emissions	2017
Total 2017	12,853 t CO ₂ /year

*Note: Through waste burning, electrical energy was produced and sold afterwards - 1.963.797 GJ/year

Poland

Emissions	2017
Total 2017	17,555 t CO ₂ /year

Africa

Uganda

Emissions	2017
Total 2017	32,000 t CO ₂ /year

Latin America**Brazil**

Emissions	2017
Total 2017	34,782 t CO ₂ /year

Mexico – GISA

Emissions	2017
Total 2017	1,779 t CO ₂ /year

EN16

Emissions – Indirect emissions of greenhouse gases deriving from the acquisition of energy**Europe****Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO**

Emissions	2017
Total 2017	4,815 t CO ₂ /year

Portugal – EGF

Emissions	2017
Total 2017	22,880 t CO ₂ /year

Poland

Emissions	2017
Total 2017	13,708 t CO ₂ /year

Latin America**Brazil**

Emissions	2017
Total 2017	57 t CO ₂ /year

EN17

Emissions – Other indirect emissions of greenhouse gases (GEE)**Europe****Portugal – EGF**

Emissions	2017
Total 2017	22,880 t CO ₂ /year

Latin America**Brazil**

Emissions	2017
Total 2017	57 t CO ₂ /year

EN20

Emissions – Emissions of substances that destroy the ozone layer (SDO)**Europe**

Poland

Emissions	2017
Total 2017	3 t CFC-11

EN21

Emissions – Emissions of NOx, SOx and other significant atmospheric emissions**Europe**

Portugal – EGF

Poland

Emissions	2017	Emissions	2017
NOx	861,781 kg	NOx	34,831 kg
SOx	42,864 kg	SOx	59,474 kg
Volatile Organic Compoundss - COV's	44,976 kg	Persistent organic pollutants (POP)	226 kg
Particulate Material - PM	7,622 kg	Hazardous air polutants (HAP)	54 g
Inorganic fluoride compounds expressed in F-	682 kg	Particulate Material (PM)	13,412 kg
H2S	1,248 kg	CO	106,420 kg
HCl	4,362 kg	Total Dust	17,882 kg
NMOC	110,458 kg		
CO	381,160 kg		

EN22

Effluent and Residues – Total discharge of water by quality and destination**Europe**

Portugal – VIBEIRAS

Effluents and Residues	2017
<i>quality:</i> Biochemical absence of oxygen (CBO)	14 m ³ /year
<i>quality:</i> Chemical absence of oxygen (CQO)	45 m ³ /year
<i>quality:</i> Total solid suspensions (SST)	8 m ³ /year
<i>quality:</i> Total Heavy metals	<0,4 m ³ /year

Portugal – EGF

Effluents and Residues	2017
<i>quality:</i> Biochemical absence of oxygen (CBO)	192,415 kg/year
<i>quality :</i> Chemical absence of oxygen (CQO)	1,522,713 kg/year
<i>quality:</i> Total solid suspensions (SST)	196,303 kg/year
final destination: discharge collector	558,599 m3/year
<i>quality:</i> Biochemical absence of oxygen (CBO)	475 kg/year
<i>quality:</i> Chemical absence of oxygen (CQO)	244 kg/year
<i>quality:</i> Total solid suspensions (SST)	25 kg/year
final destination: water line	12,591 m3/year
<i>quality:</i> Biochemical absence of oxygen (CBO)	59 kg/year
<i>quality:</i> Chemical absence of oxygen (CQO)	306 kg/year
<i>quality:</i> Total solid suspensions (SST)	38 kg/year
final destination: reuse	15,290 m3/year
<i>quality:</i> Biochemical absence of oxygen (CBO)	13,503 kg/year
<i>quality:</i> Chemical absence of oxygen (CQO)	146,455 kg/year
<i>quality:</i> Total solid suspensions (SST)	8,237 kg/year
final destination: Industrial plant WWTP	26,701 m3/year

Poland

Effluents and Residues	2017
<i>quality:</i> Total solid suspensions (SST)	5,776 m3/year

Africa

Mozambique

Effluents and Residues	2017
<i>quality:</i> Biochemical absence of oxygen (CBO)	363,000 m3/year

Latin America

Brazil

Effluents and Residues	2017
<i>quality:</i> Biochemical absence of oxygen (CBO)	1,087 m3/year
<i>quality:</i> Chemical absence of oxygen (CQO)	2,135 m3/year
<i>quality :</i> Total solid suspensions (SST)	3,883 m3/year

EN23

Effluent and Residues – Total weight of residues broken down by type and method of disposal**Europe****Portugal – MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO**

Effluents and Residues	2017
Hazardous waste	237 t
Non-hazardous waste	13,942 t
Waste sent for recycling	13,696 t
Waste sent for disposal	483 t

Portugal – CAPSFIL

Effluents and Residues	2017
Hazardous waste	2 t
Non-hazardous waste	11 t
Waste sent for recycling	12 t
Waste sent for disposal	1 t

Portugal – VIBEIRAS

Effluents and Residues	2017
Hazardous waste	27 t
Non-hazardous waste	18,192 t
Waste sent for recycling	18,183 t
Waste sent for disposal	36 t

Portugal – EGF

Effluents and Residues	2017
Hazardous waste	320 t
Non-hazardous waste	8,626 t
Waste sent for recycling	557 t
Waste sent for disposal	8,389 t

Portugal – MANVIA

Effluents and Residues	2017*
Hazardous waste	23 t
Non-hazardous waste	390 t
Waste sent for recycling	154 t
Waste sent for disposal	259 t

* Information about Manvia, S.A., Spain Branch, Manvia Conduatas and CH&P Anadia & Coja

Poland

Effluents and Residues	2017
Hazardous waste	12 t
Non-hazardous waste	153,217 t

Africa

Cape Verde

Effluents and Residues	2017
Hazardous waste	22 t
Non-hazardous waste	175 t
Waste sent for disposal	6 t

Malawi

Effluents and Residues	2017
Hazardous waste	284 t
Non-hazardous waste	322 t

Uganda

Effluents and Residues	2017
Hazardous waste	6 t
Non-hazardous waste	84 t
Waste sent for recycling	32 t
Waste sent for disposal	13 t

Zambia

Effluents and Residues	2017
Hazardous waste	2 t
Non-hazardous waste	1 t
Waste sent for recycling	6 t
Waste sent for disposal	10 t

Latin America

Brazil

Effluents and Residues	2017
Hazardous waste	43 t
Non-hazardous waste	5,388 t
Waste sent for recycling	384 t
Waste sent for disposal	5,408 t

Mexico – MOTA-ENGIL MÉXICO

Effluents and Residues	2017
Hazardous waste	21 t
Non-hazardous waste	4,110 t
Waste sent for recycling	2,985 t
Waste sent for disposal	4,109 t

Mexico – GISA

Effluents and Residues	2017
Hazardous waste	23 t
Non-hazardous waste	6 t
Waste sent for recycling	5 t
Waste sent for disposal	10,340 t

Peru

Effluents and Residues	2017
Hazardous waste	117 t
Non-hazardous waste	25,298 t
Waste sent for recycling	659 t
Waste sent for disposal	6,423 t

EN24

Effluent and Residues – Total number and volume of significant spills**Europe****Portugal – EGF**

Effluents and Residues	2017
How many spills took place?	4
What was the location of the spill?	Valnor: "Aterro Sanitário de Castelo Branco"; Algar: 2 spills on the premises and 1 on the public road
What was the volume of the spill?	Valnor: 1m ³ on the premises; Algar: 5L of hydraulic oil e 2m ³ of mud (Organic Material) inside the premises and 35L of hydraulic oil on the public road
What was the material spilled? oil, fuel, waste, chemical substances, others	Valnor: Leachates; Algar: Hydraulic Oil and Mud (Organic Material)
What was the impact?	Valnor: Non-existent as a result of the speedy application of the emergency response with the application of corrective measures including the removal of the entire spill and the soil affected ensuring the re-establishment of the original conditions at the site; Algar: Non-existent due to the actions developed. Concerning hydraulic oil: spillage containment with absorbing materials, in order to avoid its spreading, followed by cleaning of the location; in relation to mud (M.O.): cleaning of the location (near storage tanks) and removal of the surface of the affected soil, sending it afterwards to landfill

Latin America**Brazil**

Effluents and Residues	2017
How many spills took place?	2
What was the location of the spill?	Railway infrastructure area in the municipality of Marabá
What was the volume of the spill?	6 m ³
What was the material spilled? oil, fuel, waste, chemical substances, others	Diesel Oil and Lubricating Oil
What was the impact?	Contamination of the soil

Mexico - MOTA-ENGIL MÉXICO

Effluents and Residues	2017
How many spills took place?	12
What was the location of the spill?	Cardel-Poza Rica, Tuxpan-Tampico, Gran Canal e Las Varas
What was the volume of the spill?	3 m ³
What was the material spilled? oil, fuel, waste, chemical substances, others	Oil, Diesel and Petrol
What was the impact?	The spilled materials have been collected and disposed as hazardous waste in companies duly authorized, according with the response plan to environmental emergencies and Control Procedure of Spillage and Hazardous substances

Peru

Effluents and Residues	2017
How many spills took place?	10
What was the location of the spill?	Las Bambas – Apurímac, Chinalco – Junín, Antamina Toga Cruz – Huaraz e Consorcio Vizcachane – Arequipa
What was the volume of the spill?	4.8 m ³
What was the material spilled? oil, fuel, waste, chemical substances, others	Fuel, Hydraulic Oil and Asphalt Cement
What was the impact?	Soil contamination, with activation of the Environmental Emergency Plan

EN27

Products and Services – Extent of the mitigation of the environmental impact of goods and services

Europe

Portugal – VIBEIRAS

Which?	Driving Standards/ GPS and restructuring of teams
Up to what point was the impact mitigated?	Reduction of fuel consumption

Portugal – TAKARGO

Which?	Energy Rationalisation Plan (PREN) -Fleet
Up to what point was the impact mitigated?	Monitoring and targets set in the PREN: In 2017 there was an improvement in the performance of the fuel consumption of the locomotives, with a reduction of 3.5% in transportation

Portugal – MANVIA

Which?	Associated with the management of the vehicle fleet
Up to what point was the impact mitigated?	Average consumption per vehicle (L/100 km) - Reduction of 3.2% (compared with 2016)

Portugal – EGF

Generic initiatives for the saving of resources:

- Mitigation of the consumption of energy associated with the fleet and other fixed and mobile infrastructure and equipment through the implementation of the following measures:

- (i) Training in eco-driving;
- (ii) Replacement of heavy vehicles;
- (iii) Implementation/improvement to systems for monitoring, analysis and management of information collection;
- (iv) Installation of low-consumption bulbs and;
- (v) Other measures provided for in the PREn.

- Mitigation of the release of odours from installations by implementing the following measures: closing off of open sites, covering of landfills etc.;

- Mitigation of the pollution present in leachates by improving the treatment system;

- Mitigation of potential accidents/environmental damage by the training of employees and carrying out simulations;

- Promotion of the re-use of products or materials and the use of those recycled; and

- Mitigation of the environmental impact associated with the use of Corrective Organic Aggregate by providing guidelines to clients on their correct usage.

It is still not possible to confirm the effectiveness of all of these actions in terms of the mitigation of impact as the abovementioned practices are still underway or because there is insufficient data to carry out an evaluation.

The absence of environmental damage associated with the greater part of the companies in the EGF Sub-group is evidence in itself of the mitigation of environmental impact.

Africa

Cape Verde

Which?	Environmental recovery of Quarry
Up to what point was the impact mitigated?	100%

Rwanda

Which?	Implementation of waste management plan, in order to treat used oil
Up to what point was the impact mitigated?	All used oils have been sent to proper treatment

Latin America

Brazil

Which?	Optimization of the areas' inspection methods, in order to anticipate the occurrence of impacts; development of in-house water reuse projects
Up to what point was the impact mitigated?	Decrease of non-compliances and deviations pointed by the client and/or audits related to failure of operative controls; decrease of water consumption in units

Mexico – MOTA-ENGIL MÉXICO

Which?	Execution and further implementation of the following procedures: life cycle; identification of environmental aspects and evaluation of its impacts; control and management of hazardous substances spillage; rescue of animal and plant species; execution and development of environmental campaigns; maintenance or nurseries; reforestation activities; environmental awareness and training; placement of information and restrictive signaling; environmental supervision; execution of compliance reporting; acquisition of insurances and environmental guarantees and management of environmental authorizations
Up to what point was the impact mitigated?	28 reforested areas; 48,971 plants in forest nurseries; 38,044 rescued wild species; 4,131 tons of managed wastes

Mexico – GISA

Which?	Individual training in good compacting practices: use of anti-spillage kit; awareness program for the use of water and resources rationalization; awareness program for the use of energy and resources rationalization; maintenance programs; final delivery of ink cartridges and batteries
Up to what point was the impact mitigated?	50%

Peru

Which?	Awareness-raising and training actions in management, control and handling of materials and products and in prevention of environmental accidents
Up to what point was the impact mitigated?	-

EN28

Products and Services – Percentage of products and packaging recovered in relation to the total of products sold, broken down by category

Europe

Portugal – EGF

	2017
Products and their packaging recovered (ton) - <i>Selective collection of glass</i>	103,536 t
Products and their packaging recovered (ton) – <i>Selective collection of paper and card</i>	93,990 t
Products and their packaging recovered (ton) – <i>Selective collection of mixed packaging</i>	57,221 t
Products and their packaging recovered (ton) - <i>Wood</i>	7,825 t
Products and their packaging recovered (ton) REEE + OAU + batteries...	6,562 t
Total - Products and their packaging recovered (ton)	269,132 t
Products sold glass packaging (ton)	102,948 t
Products sold Paper and card (ton)	90,617 t
Products sold Plastics and compound packaging (ton)	43,844 t
Products sold Metals (ton)	7,370 t
Products sold wooden packaging (ton)	6,668 t
Total - Products sold (ton) REEE + OAU + batteries...	7,627 t
Total of Products sold (ton)	259,073 t
	104%

EN29

Conformity – Monetary value of significant fines and the total number of non-monetary sanctions applied due to failure to observe environmental laws and regulations

No GROUP business and/or market declared any failure to observe environmental regulations in 2017.



'10 Pinhal Interior
PORTUGAL



'10 Highway S3
POLAND



'12 Calueque Dam
ANGOLA



'13 Krakow Light Railway
POLAND



'13 EDP Head office
PORTUGAL



'13 Motorway Píguá
MEXICO



'14 Las Bambas
PERU



'15 Valorsul Waste recovery
plant
PORTUGAL



'15 Generadora Fénix, Central Necaxa
MEXICO



'14 Guadalupe Light Railway
MEXICO



'15 Bridge over Umbeluzi River
MOZAMBIQUE

05

SUPERVISION REPORTS

Building the future

Acting on a business model based on an international structure, the Mota-Engil Group is extending its order book with large-scale projects in the field of infrastructure while expanding its activities in the Environmental and Energy fields, consolidating its position among the 30 largest European groups in the Engineering and Construction industries

Commitment to Growth.

2010

2017



Statutory Audit Report and Auditors' Report

***(Free translation from the original in Portuguese)
Report on the audit of the consolidated financial statements***

Opinion

We have audited the accompanying consolidated financial statements of Mota-Engil, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 (which shows total assets of Euro 4,614,090 thousand and total shareholders' equity of Euro 595,737 thousand including a net profit of Euro 1,588 thousand), the consolidated income statement by nature, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. as at 31 December 2017, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter

Summary of the Audit Approach

Construction contracts revenue recognition

Disclosures related to construction contracts revenue presented in notes 1.3 xii) a), 1.3 xvii), 3, 9, 24 b), 33 and 34 of the consolidated financial statements.

The Group operates part of its activities in the construction industry, which is characterised by the existence of pluriennial contracts. Construction contracts revenue at 31 December 2017 amounts to Euro 1,896,731 thousand.

In accordance to IAS 11 – Construction Contracts, revenue and margins related to ongoing construction contracts are recognised in accordance with the percentage of completion method, which corresponds to the proportion of incurred costs to the total estimated contract costs.

Determining the percentage of completion of the contracts requires significant estimates and judgements, namely the total contract income, expenditure to incur until completion and the impact of work to be performed differently from the agreed work, delays in execution and existent or future claims. These estimates are reviewed in each reporting period, based on management best knowledge, and material changes in recognised revenue and margins could arise from that review.

Due to the magnitude of the amounts and uncertainty and complexity of the judgements involved in the estimates, we consider this issue as a key audit matter.

The work performed over pluriennial construction contracts revenue recognition included the following procedures:

- understanding and evaluating the control activities related to revenue recognition of construction contracts, and testing control effectiveness, when relevant;
- obtaining construction contract reports that support revenue recognition of pluriennial construction contracts, and its reconciliation with the amounts of the consolidated statement of the financial position and the consolidated income statement.
- confirmation of total estimated income as stated in the reports with contracts agreed with clients and other terms and conditions, and of the total estimated costs with production budgets, for a sample of contracts.
- reasonableness tests to the percentage of completion, considering the underlying assumptions;
- analysis of the estimates and judgements of management, concerning the recognized margin, through: (i) analysis of the reliability of historical estimates; and (ii) inquiring of changes in total income and total estimated costs, as well as in incurred costs in comparison with budgeted costs.
- analysis of the need to recognize provisions for contract expected losses, through key personnel inquiry, as well as through significant contracts and management minutes examination, external known factors, litigation and disputes with the counterparties or the outcomes of events after the reporting period.

We have verified the adequacy of the disclosures related to construction contracts presented in the consolidated financial statements.

Key Audit Matter

Summary of the Audit Approach

Non-current assets impairment

Disclosures related to non-current assets presented in notes 1.3 v), 1.3 xxii), 9, 17 and 20 of the consolidated financial statements.

At 31 December 2017 the Group holds non-current assets allocated to the following cash generating units (CGU), and for which impairment indications were identified:

- construction of Mota-Engil Engenharia, amounting to Euro 113,053 thousand;
- railway transportation, amounting to Euro 30,696 thousand;
- logistics operation to develop in Malawi, amounting to Euro 17,500 thousand;
- port activities to operate in Malawi, amounting to Euro 3,250 thousand;
- quarry exploration, amounting to Euro 39,139 thousand.

The Group also holds a financial investment available for sale in an entity not listed in a regulated market amounting to Euro 57,256 thousand.

As mentioned in the Group's accounting policies, in each reporting period an evaluation is made to determine if there are indications that its assets might be impaired, and if so, tests are performed in order to estimate its recoverable amount.

As mentioned, for the CGU and equity investment above mentioned, impairment indications were identified, triggering the need to perform impairment tests. The realisation of these tests involve significant uncertainties and judgements, namely future profitability and investment amounts, growth rates, obtaining market benchmarks and discount rates, as well as analysis of the documentation related to assets bidding offers.

It was recognised an impairment loss in the consolidated statement of income related to the assets allocated to port activities to operate in Malawi, amounting to Euro 9,250 thousand.

The analysis of the evaluation of these assets impairment losses consisted of:

- evaluate the underlying criteria to identify the cash generating units (CGU);
- obtain the models made to determine the recoverable amount of the CGU and of the equity investment, in order to determine its accordance with the accounting standards;
- reexecute the models calculations;
- critically evaluate, and whenever possible in a corroborative fashion, the assumptions used in the models, namely the timing periods used, estimated cash flows, growth rates of the cash flows in the projection periods and perpetuity, discount rates, multiples and transaction benchmarks considered;
- ensure that recoverable amounts based on bidding offers by third parties match the assets/CGU present condition, as well as the viability and consistency with all available information known to date;
- review the sensitivity analysis to the models most significant assumptions, whenever the value in use or market value obtained is close to the carrying amount.

We have also verified the adequacy of disclosures related to non-current assets impairment presented in the consolidated financial statements.

Key Audit Matter

Summary of the Audit Approach

The analysis of the evaluation of these assets impairment losses was considered a key audit matter due to its complexity and judgement degree involved in the estimation of the recoverable amount performed by management.

Accounts receivable valuation and impairment recognition

Disclosures related to Accounts receivable presented in the notes 1.3 ix) a), 1.3 xxii), 9 and 24, a) of the consolidated financial statements.

At 31 December 2017 the Group presents accounts receivable from Customers and Other Debtors amounting to Euro 1,188,367 thousand, (net of cumulative impairment losses of Euro 238,558 thousand, of which Euro 27,588 thousand were recognised, net of reversals in the consolidated statement of income.

The Group evaluates, in each reporting period, the recoverable amount of aged accounts receivable and other impairment indications.

The identification of impaired accounts receivable, and determining its recoverable amount involves significant management judgement, namely in regards to the debtors ability to settle the debt, probability of default of agreed conditions and collection prospects. The existence of significant accounts receivable, in the many geographies the Group operates in, of government entities, state or entities considered as public entities, raises an additional level of subjectivity and uncertainty to those judgements.

Moreover, and in accordance with the Group accounting policies, the normal cycle of the accounts receivable recoverability is 12 months. However, there are amounts for which the period between the rendering of services and the payment exceeds the normal operational cycle.

Work performed over recognition and measurement of accounts receivable impairment included the following procedures:

- understanding and evaluating control activities related to recognition and measurement of accounts receivable, and tests to the effectiveness of controls, when relevant;
 - obtaining the detail list of recognised accounts receivable impairment and reconciling with accounting records;
 - obtaining ageing accounts receivable reports and reconciling with recognised impairment losses;
 - discussing with management about the assumptions used to determine accounts receivable impairment losses, namely for outstanding significant amounts for long time periods;
 - obtain and analyse available supporting information, used by management in the assessment;
 - verify receipts after the closing date;
 - in the particular case of significant accounts receivable of government entities, state or entities considered as public entities, long time past due, external confirmations, formal correspondence documentation with those entities, measurement reports and other evidence supporting the sale/service rendered were attested, in order to assess if the evidence is consistent with the recognised impairment losses.
-

Key Audit Matter	Summary of the Audit Approach
In accordance with IAS 39 - Financial instruments: Recognition and Measurement, and as reported in note 1.3 ix) a), the Group estimates the present value of accounts receivable whenever it is expected that payment exceeds the normal operational cycle. In this case, the estimates made by management require judgement, namely concerning the settlement date and the discount rate to use. Estimates of accounts receivable impairment and the present value are a key audit matter because they require a high level of judgement by management.	Our procedures concerning the valuation of accounts receivable past due beyond the normal operational cycle, were mainly as follows: • understanding and evaluation of control activities related to measurement of accounts receivable past due over one year and tests of the controls effectiveness, when relevant; • assessment of the completeness of accounts receivable with settlement conditions beyond normal terms, considered by management for recognition at present value; • test of the calculation of present value measurement impacts and assessment of the management assumptions reasonableness, concerning the expected settlement date and discount rate used. We have also verified the adequacy of disclosures related to the valuation and impairment of accounts receivable presented in the consolidated financial statements.

Real Estate Inventory and Investment Properties Valuation

Disclosures related to real estate inventory and investment property presented in notes 1.3 vii), 1.3 xi), 1.3 xxii), 7, 9, 22 and 23 of the consolidated financial statements.

At 31 December 2017 the Group holds real estate inventory ready for sale or for real estate development and future sale, amounting to Euro 200,000 thousand, measured at the lower of acquisition or production cost and net realisable value. The Group also holds investment property at fair value, amounting to Euro 76,676 thousand, with a positive impact in the consolidated statement of income of Euro 3,716 thousand. Real estate inventory and investment property include some projects for which there are no prospects for immediate development or the sale as been delayed.

Audit procedures performed, concerning inventory and investment property valuation included:

- understanding and evaluation of control activities related to the calculation of real estate inventory net realisable value and investment property fair value;
- assessment of the inventory and investment property presentation reasonableness, considering the expected way of realisation, based on meeting with management;
- independence and competence assessment of the external appraisers appointed by management, and of the competence of the internal and external experts to perform/analyse the appraisals;

Key Audit Matter

Summary of the Audit Approach

Determination of the net realisable value or fair value of these assets require estimation involving the use of management assumptions, namely market benchmarks, future cash flow projections (sales prices and construction costs to be incurred until completion of the asset), market rents and discount rates.

The high level of judgement embedded in the assumptions used in the net realisable value and fair value estimates, and the related uncertainty, justifies this issue as a key audit matter.

- review of real estate valuation, namely through the following procedures: (a) meeting with the real estate Group managers and, when necessary, with the Group internal and external experts, in order to analyse and discuss the evidence presented and withdrawn conclusions; (b) analysis of the reasonableness of the underlying data used in appraisals, considering our knowledge and experience, including the comparison with industry and transaction benchmarks, involving in this exercise, whenever necessary, our internal specialists.

We have also verified the adequacy of the disclosures related to real estate inventory and to investment property presented in the consolidated financial statements.

Provisions and contingencies

Disclosures related to provisions and contingencies presented in notes 1.3 xvii), 1.3 xxii), 9, 13, 33 and 35 of the consolidated financial statements.

The Group accounts provisions for contingencies, namely claims and other liabilities related to construction contracts, including construction guarantees. At 31 December 2017 provisions and other contingencies presented in the consolidated financial statements amount to Euro 89,678 thousand, of which Euro 3,736 thousand were recognised in the consolidated statement of income net of reversals).

Moreover, due to the dimension, structure and geographical dispersion of its operations, the Group is exposed to different tax and legal frameworks, which originate an increased complexity of the procedures of tax and legal nature. Consequently, the Group has a variety of open tax issues and ongoing legal proceedings, for which no provisions were accounted and are contingent liabilities.

Concerning the provisions and contingent liabilities for obligations regarding construction contracts, the procedures we performed, among other, were as follows:

- understanding and evaluation of control activities related to identification and measurement of provisions for obligations arising from construction contracts, and tests to controls effectiveness, when relevant;
 - validation of the listing of provisions accounted for obligations arising from construction contracts, considering our knowledge of the business, management inquiries, minutes of meetings and other documents and events after the closing date;
 - assessment of the reasonableness of management assumptions for provisions measurement, namely by comparing the estimates of previous periods with actual incurred costs;
 - analysis of the calculation of provisions and the supporting documentation.
-

Key Audit Matter	Summary of the Audit Approach
According to note 35 to the consolidated financial statements, contingent liabilities related to legal proceedings over Euro 500 thousand, individually, amounts to Euro 66,000 thousand. In the same note it is also mentioned a recent investigation raised by the Government Agency for Law Enforcement and Prosecution of Peru, over a set of construction companies operating on that country, where the Group is referred to but in relation to which it was not yet formally accused, neither it is possible to assess and quantify the possible impacts arising from this matter. In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and presented in note 35, the Group accounts provisions whenever an unfavourable outcome is expected for the regarded contingency. The assessment of the outcome probability is based on management judgement about that matters and the Group's tax and legal advisors opinion. Taking into account the high level of judgement involved in the assessment of contingent liabilities and the estimation of the outflows amounts to settle the present obligation, and the high degree of uncertainty of the outcome of the proceedings, we consider this issue as a key audit matter.	Concerning the provisions and contingent liabilities for obligations arising from tax and legal litigation, we have performed, among others, the following procedures: • understanding of the procedures to assess contingencies and tax and legal litigation made by management; • obtaining and analysis of the listings of tax and legal litigation involving the Group; • obtaining and analysis of the confirmations received from internal and external lawyers, regarding the proceedings of which they are in charge; • analysis of correspondence exchange with tax authorities and external lawyers, namely regarding claims and appeals by the Group; • inquiry to management and to key personnel of the tax and legal department, with the support of our specialists, regarding the most significant estimates and judgements, aiming to corroborate the assumptions of the classification and measurement of the provisions amount. We have also verified the adequacy of the disclosures related to provisions and contingencies presented in the consolidated financial statements.

Key Audit Matter

Summary of the Audit Approach

Impact in the consolidated financial statements of considering Angola as a hyper-inflationary economy

Disclosures related to consideration of Angola as a hyper-inflationary economy presented in notes 1.2 i), 2 and 43 of the consolidated financial statements.

Because of the high levels of inflation in the 3 last years being cumulatively close to 100%, and considering other qualitative aspects, Angola was considered a hyper-inflationary economy in 2017.

The entities which functional currency is the Angolan currency must apply IAS 29 - "Financial Reporting in Hyper-inflationary Economies" to the financial statements as of 1 January 2017. According to the standard, the financial statements of an entity which functional currency is the currency of a hyper-inflationary economy, either based on historical cost or current cost, must be expressed in terms of current measurement unit at the closing date. The gain or loss in the net monetary position must be included in profit and loss and disclosed separately.

The financial statements of the Group subsidiaries and associates which functional currency is the Angolan currency were restated by applying a general price index of Angola. The restated financial statements were transposed at closing date exchange rate, to be included in the consolidated financial statements.

The restatement impacts of the financial statements of the Angolan subsidiaries and associates in the consolidated financial statements increased the total assets by Euro 86,567 thousand, the total liabilities by Euro 24,672 thousand, Euro 61,895 thousand in equity, and a negative impact of Euro 23,038 thousand in the consolidated statement of income.

The audit procedures performed in relation to the restatement impacts of the Angolan entities financial statements consisted of:

- periodic follow-up of the validation procedures of the adjustments of applying IAS 29 performed by the auditor of the respective components, as well as verifying the supporting documentation to that validation, in order to ensure that management:
 - used an appropriate inflation index;
 - identified accurately the monetary and non monetary items;
 - adequately applied the restatement methodology in accordance with IAS 29 for the non monetary items, equity items, statement of income and other comprehensive income, considering separately the restatement impacts recognised in the statement of income and in retained earnings;
 - adopted reasonable and consistent assumptions, whenever it was impracticable to identify the effective date of each transaction to apply the respective inflation index;
 - applied the restatement procedures to the opening statement of the financial position in accordance with IFRIC 7 - Applying the restatement approach under IAS 29 Financial reporting in hyper-inflationary economies, namely the impact calculation over the opening balance of retained earnings and income tax deferred items;
 - presented adequately the restatement impacts in the statement of income, through a separate line of "Net monetary position"; and

<i>Key Audit Matter</i>	<i>Summary of the Audit Approach</i>
Due to the magnitude of the impacts in the consolidated financial statements, we have considered the classification of Angola as a hyper-inflationary economy, and the consequent accounting repercussions, as a key audit matter.	- also updated the statement of cash flows items. • review the accuracy of the transposition of the restated financial statements of the Angolan entities to the Group reporting currency, assessing the adequacy of the related consolidation adjustments and respective judgements involved; • assess the adequacy of the presentation of the restatement impacts in the "Consolidated Statement of other comprehensive income", in accordance with the accounting policies; • verify the consistency of the results presented in the consolidated statement of income, including the caption "Net monetary position", with the statements of financial position of the Angolan entities. We have also verified the adequacy of the disclosures related to the restatement impact due to hyper-inflation of Angolan entities.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board 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, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements, and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law, and verifying that the non-financial information was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Director's report.

Non-financial statement set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity included in its Director's report the non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Mota-Engil, S.G.P.S., S.A. in the Shareholders' General Meeting of 24 May 2017 for the remaining period from 2015 to 2018.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 19 April 2018.
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

19 April 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a report originally issued in Portuguese)

To the Shareholders of MOTA-ENGIL, SGPS, S.A.

In compliance with legal and statutory requirements, the Statutory Audit Board of MOTA-ENGIL, SGPS, S.A., presents the report of its activities during 2017, as well as its opinion on the documents comprising the consolidated financial report, which include the Management Report and the Consolidated Financial Statements prepared by the Company's Board of Directors for that year.

The Statutory Audit Board met regularly and accompanied the progress of the Company, particularly through contacts with the Board of Directors and its members and with the main persons responsible for the Group's services, who provided all the information that was needed.

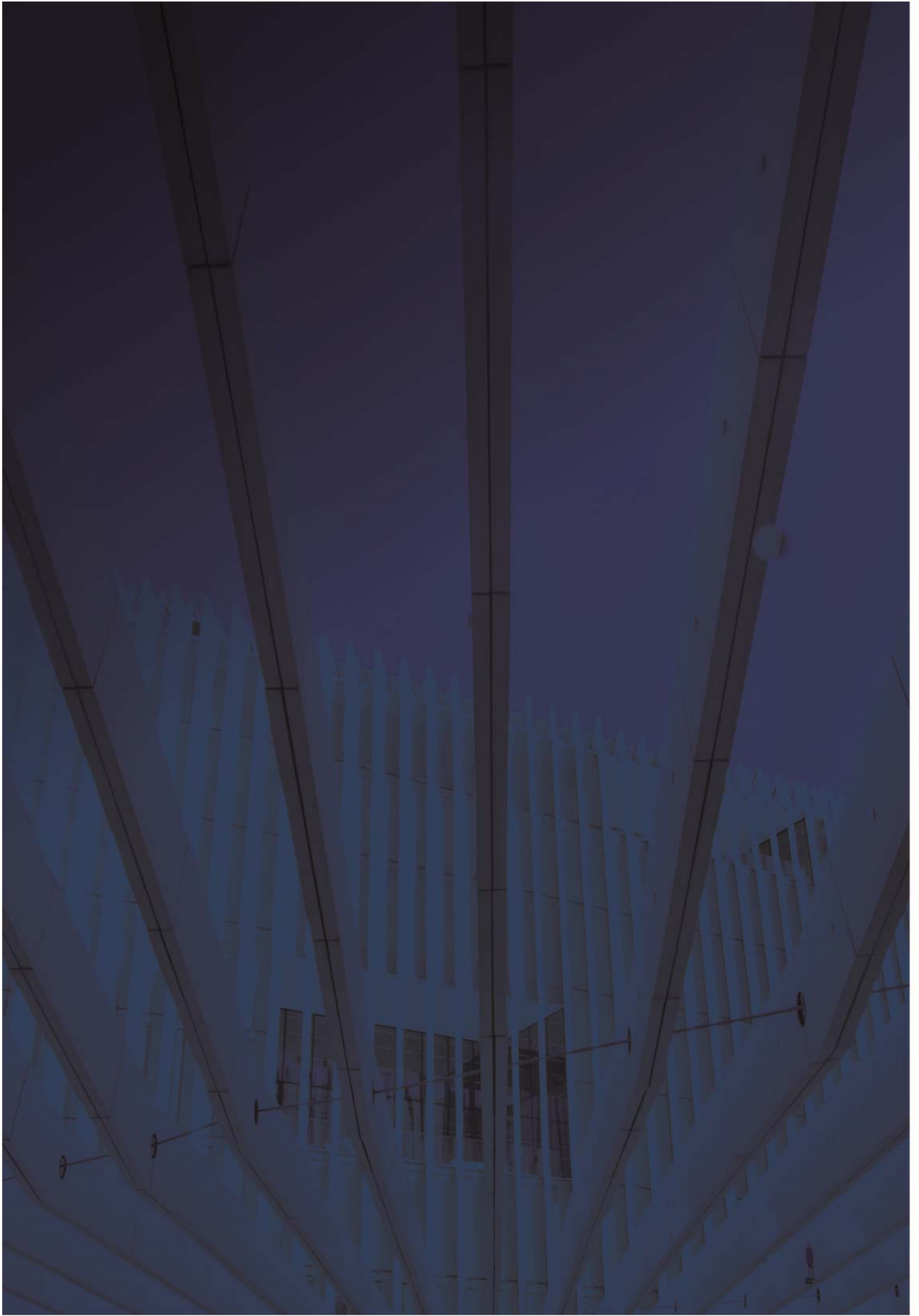
The Statutory Audit Board also accompanied the activity of the Statutory Auditor/External Auditor, and therefore obtained elements that were useful in the performance of its supervisory responsibilities. It also supervised the activity of the Statutory Auditor/External Auditor, including its independence and exemption.

The Statutory Audit Board analyzed the aforesaid documents of the consolidated financial report, the Consolidated Legal Certification of Accounts/Audit Report, issued by the Statutory Auditor/External Auditor, who is registered in the CMVM (Portuguese Market Securities Commission), as well as the additional reports addressed to the Statutory Audit Board.

Pursuant to the terms of Art. 245(1)(c) of the Securities Market Code, the members of the Statutory Audit Board hereby declare that, to the best of our knowledge, the information contained in the Consolidated Report and Accounts for 2017 was drawn up in accordance with the applicable accounting principles and gives a true and fair view of the assets and liabilities, the financial position and the results of MOTA-ENGIL, SGPS, S.A. and the companies within the perimeter of its consolidation, and that the Management Report faithfully describes the progress of the business, the financial and non financial performance and the position of MOTA-ENGIL, SGPS, S.A., and the companies within the perimeter of its consolidation, including a description of the main risks and uncertainties they face.

In light of the foregoing, the Statutory Audit Board is of the opinion that the aforementioned documents of the consolidated financial report presented by the Board of Directors should be approved.

Porto, April 19, 2018



MOTAENGIL

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