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Cover: Cascais Hospital

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ANNUAL REPORT  
AND ACCOUNTS  
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## TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A.

PUBLICLY TRADED COMPANY

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

Share Capital: € 210.000.000

Single Corporate Identification and Registration Number in the Trade Registry Office of Cascais (Oeiras) 500 097 488

Holder of Building Permit No. 24

Quality Management System Certification Document, granted to Teixeira Duarte on the 20th December 2002, in the field of Civil and Industrial Engineering and Public Works, including Foundation Technology.



Environmental Management System Certification Document, granted to Teixeira Duarte on the 15th April 2008, in the field of Civil and Industrial Engineering and Public Works, including Foundation Technology.



Occupational Health and Safety Management System Certification Document, granted to Teixeira Duarte on the 23rd February 2006, in the field of Civil and Industrial Engineering and Public Works, including Foundation Technology.

Social Responsibility Management System Certification Document, granted to Teixeira Duarte on the 24th November 2008, in the field of Civil and Industrial Engineering and Public Works, including Foundation Technology.

**General Meeting**

Chairman	Rogério Paulo Castanho Alves, Dr.
Vice-Chairman	João Torres Agoas Martinho Lopes, Dr.
Secretary	José Gonçalo Pereira de Sousa Guerra Constenla, Dr.

**Board of Directors**

Chairman	Pedro Maria Calainho Teixeira Duarte, Dr.
Directors	João Salvador dos Santos Matias, Dr.
	Manuel Maria Calainho de Azevedo Teixeira Duarte, Dr.
	Joel Vaz Viana de Lemos, Eng.
	Jorge Ricardo de Figueiredo Catarino, Eng.
	Carlos Gomes Baptista, Eng.
	João José de Gouveia Capelão, Eng.
	João José do Carmo Delgado, Eng.

**Supervisory Board**

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

**Chartered Accountant**

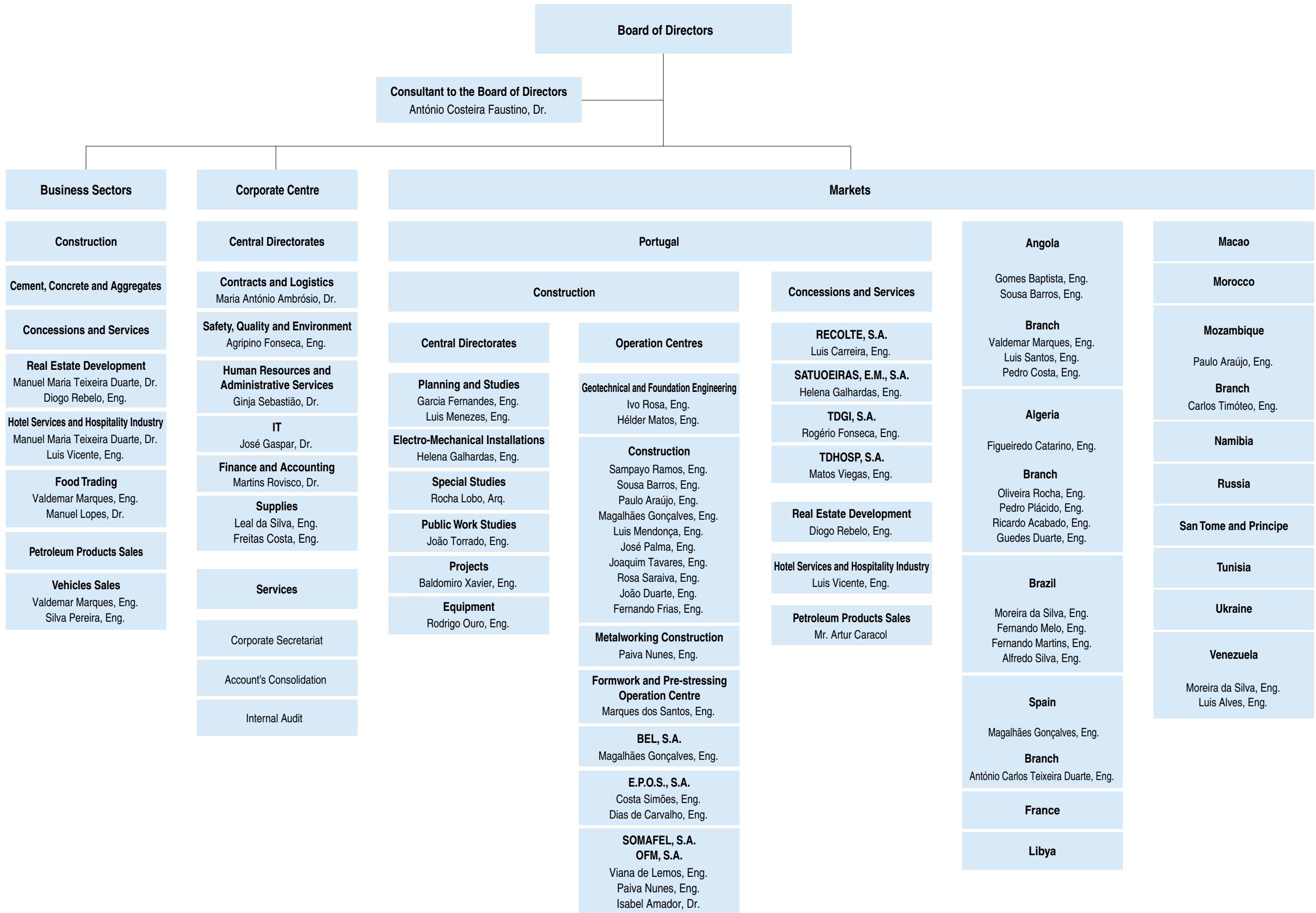
Mariquito, Correia & Associados  
Sociedade de Revisores Oficiais de Contas, representada por  
António Franciso Escarameia Mariquito, Dr. - ROC

**Company Secretary**

Permanent	José Pedro Poiares Cobra Ferreira, Dr.
Alternate Member	Maria António Monteiro Ambrósio, Dr.

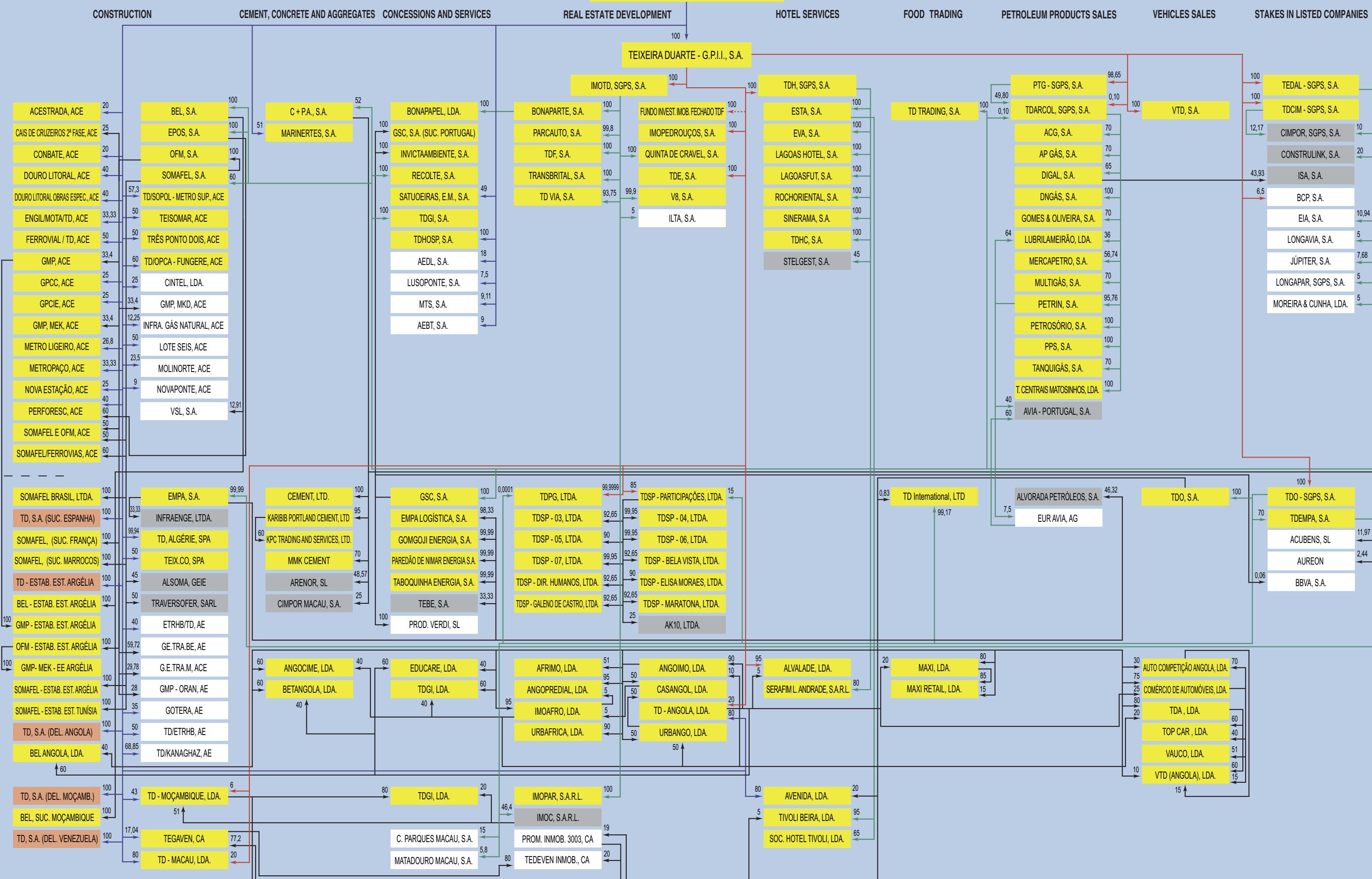
**Representative for Market Relations**

José Pedro Poiares Cobra Ferreira, Dr.



TEIXEIRA DUARTE GROUP - 2009

TEIXEIRA DUARTE  
ENGENHARIA E CONSTRUÇÕES, S.A.



Caption: COMPANIES INCORPORATED IN THE INDIVIDUAL ACCOUNTS OF THE PARENT COMPANY

#### COMPANIES INCLUDED IN THE CONSOLIDATION

COMPANIES INCLUDED IN THE CONSOLIDATION BY THE EQUITY METHOD

#### COMPANIES EXCLUDED FROM CONSOLIDATION

XX  Values as % of capital



### Teixeira Duarte Group

	2005	2006	2007	2008	2009	Change 2009/2008 %
Employees	6,362	7,774	10,717	13,157	13,530	2.8%
Sales / Services Rendered	629	756	1,012	1,291	1,282	-0.7%
Operating Income	697	833	1,067	1,377	1,385	0.6%
EBITDA	91	118	113	188	210	11.7%
EBITDA Margin / Turnover	14%	16%	11%	15%	16%	12.4%
EBIT	60	87	70	131	154	17.4%
Tangible fixed assets + Investment Property	664	724	781	925	1,038	12.2%
Investments in associates + Available-for-sale assets + Other investments	1,127	1,225	1,551	1,168	1,272	8.9%
Total Equity	544	783	834	339	512	50.9%
Net Profit / (loss)	108	114	122	(347)	117	-

Notes:

Book values are in millions of Euro.

The values of column "Change 2009/2008 %" were calculated on the values without rounding.

Total Equity includes minority interests.



**Management Report  
of the Board of Directors  
2009**



## I. INTRODUCTION

The Board of Directors of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", in compliance with the regulatory and legal framework for publicly traded companies, has the pleasure to present its management report for the financial year 2009.

This report summarises the most significant matters relating to the individual activities of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." and its Branches. Additionally, it covers the consolidated activities of a parent company that heads a Business Group comprising several investee companies, which are identified in the "Teixeira Duarte Group Chart – 2009" provided in the preliminary pages.

As each of these units has its own governing bodies, which report on their individual activities, this document will only provide brief, appropriate observations wherever the consolidated position is affected.

Within that very scope and in order to more appropriately assess the development of the activity of these companies, mention will be made, where justified, of some of their key economic and financial indicators.

The most appropriate way of presenting the topics herein will be to firstly provide a brief description of the economic background, followed by an overall assessment of Teixeira Duarte Group, focusing on the most significant aspects of consolidated operations.

The ensuing chapters provide information on the Group's performance in various business sectors throughout 2009, distinguishing the domestic and foreign markets in each one of them, particularly focusing on the Construction sector, which is the core business of both the Group and "TEIXEIRA DUARTE - Engenharia e Construções, S.A.". The latter will deserve an individual approach and its main economic and financial indicators will be separately treated.

Mention will also be made of strategic stakes held in listed companies at 31 December 2009, i.e. "CIMPOR" – Cimentos de

Portugal – SGPS, S.A.", "Banco Comercial Português, S.A." and "Banco Bilbao Vizcaya Argentaria, S.A.".

The significant events that took place between the end of the financial year and the date on which this Report was prepared will then be described, followed by the conclusions on the year 2009, ending with an outlook for the current financial year and the proposal for the allocation of profits and losses.

Attached to this document are, under the applicable legislation, the detailed report on the Company's structure and corporate governance practices (prepared in compliance with Article 245-A of the Portuguese Securities Code and with CMVM Regulation No. 1/2007), as well as some information regarding the shares held in the capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A." (particularly in accordance with Articles 447 and 448 of the Portuguese Commercial Companies Code and with CMVM Regulation No. 5/2008).

Lastly, this report also includes the individual and consolidated financial statements and accompanying notes, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, as well as the corresponding Reports and Opinions by the Audit Bodies, the Legal Certification of Accounts and the Audit Report prepared by an auditor registered with the CMVM.

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

## II. ECONOMIC BACKGROUND

During the year, the national economy lived under the threat of a sharp reduction in GDP, with most economic indicators confirming the continuation of the recession.

By contrast, and despite the international crisis, good performances have been recorded in the foreign markets where Teixeira Duarte Group companies operate, such as Angola, Algeria, Brazil and Mozambique, which are considered key markets for development abroad.

13,536 and, by the end of the year, a total of 13,092, compared to 13,157 and 13,362, respectively, recorded in the previous year.

The inevitable impact of this approach on the lives of such a large number of individuals and of the many other entities with which Teixeira Duarte directly and indirectly interacts, implies being fully aware of the Company's social responsibility commitments.

The importance of this challenge is positively accepted, facing it with the growth and diversification that it pursues with total commitment, sure to fight for the extensive and wholesome principles of good faith, rigour, professionalism, quality, fulfilling its obligations and defending its rights, all of which it expects, without being presumptuous in any way, of all its staff members.

## III. GENERAL OVERVIEW

### - COMPANY AND GROUP PERFORMANCE:

Teixeira Duarte is proud of the operating rules and guiding principles that have governed its operations for more than 80 years, and which it has kept constantly updated but unchanged in their in essence, encouraging the growth of the Group.

Its operations are basically characterised by widespread decentralisation with in-depth information and support, careful selection and training of staff, a philosophy of corporate social responsibility and committed entrepreneurial performance. An example of this within the Company is the *Site Manager* and his relationship with the client.

This consistent relationship between autonomy and responsibility, which involves all of the Group's staff, requires careful and strict compliance with the tasks allocated to each employee. Its end result is the integration of a strong, sustained and efficient risk control system that delivers extremely satisfactory practical results.

It has been felt and confirmed that, remaining loyal to this way of being and acting, it has received a very gratifying response, not only as a production unit, but also as a training centre for personal and collective improvement within an enormous group of employees, which in 2009 reached an average of

It is based on these business pillars that, from a corporate perspective, efforts to strengthen its capacity and dimension have never been given up, which has enabled TEIXEIRA DUARTE – Engenharia e Construções, S.A. to reach the first line among national entities operating in the Construction sector.

The capacity thus achieved has made it possible for the desire to continue to grow and the strategic understanding of the needs of the national economy to gradually lead, already for decades, to the diversification of business sectors and to countless internationalisation processes, as well as to important investments in strategic financial stakes of recognised intrinsic value.

In fact, the Company has wanted and managed to instil its basic policy and the guiding principles underlying it in the teams that carry out such operations, in close collaboration with the Parent Company's Board of Directors. Said policy and principles form and mould all team members.

In general, this manner of proceeding is based on the values of Teixeira Duarte: Skill, Efficiency, Dedication, Truth, Commitment, Trust and Respect. These values are transmitted to all workers, not only by way of example and daily practice, but also instilled in newly recruited employees,

through in-house training provided by experienced staff with many years of service to the Group.

The interventions in such varied business sectors as Construction, Cement, Concrete and Aggregates, Concessions and Services, Real Estate Development, Hotel Services and Hospitality Industry, Food Trading, Petroleum Products Sales and Vehicles Sales, and in such different markets as Portugal, Angola, Algeria, Brazil, Spain, France, Libya, Macao, Morocco, Mozambique, Namibia, Russia, Sao Tome and Principe, Tunisia, Ukraine and Venezuela, clearly reflect the availability and versatility of workers trained at the Parent Company.

In fact, thanks to the substantial dedication and commitment of all those who abide by the Company's guidelines, sometimes making personal and family sacrifices, the positive effects of such initiatives have now become clearer and, indeed, not at all surprising when we consider the prudent and patient investment plans that have been drawn up and implemented.

Based on the justness of the path pursued, which is once again clearly reflected in its performance during the financial year under review, Teixeira Duarte continues to reaffirm its responsibilities as a National Engineering Company and its strong desire and recognised capacity to participate in undertakings that, besides contributing to the well-being of populations, are vital to Portugal's economic recovery.

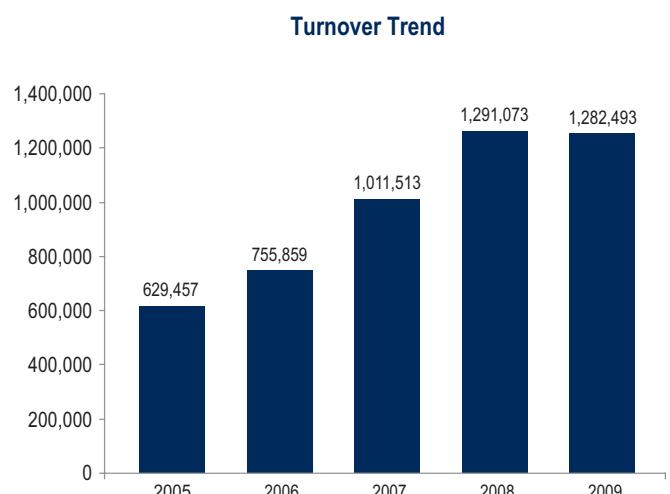
Despite the current unprecedented global economic crisis, with the inherent financial difficulties and consequent investment retraction, namely in the much affected construction sector, the Company is diligent and prepared to take on new projects that allow to endow Portugal with long-term development and sustainability instruments, which simultaneously bolster an activity that is, as universally recognised, a major factor for inducing an increase in employment increase and with immediate effects on economic activity, both upstream and downstream.

#### - FINANCIAL OVERVIEW:

After having exposed these general observations on the Company and Group performance in 2009, a few references and some of the most significant consolidated financial indicators are presented next. These, like last year, are reported in accordance with International Accounting and Financial Reporting Standards (IAS/IFRS).

**Consolidated net profit** attributable to shareholders amounted to EUR 116,629 thousand.

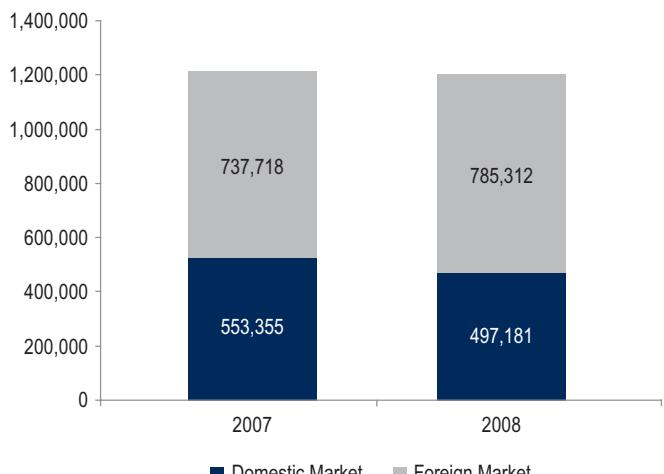
**Turnover** was similar to the values recorded in 2008, reaching EUR 1,282,493 thousand.



(Amounts in thousands of Euro)

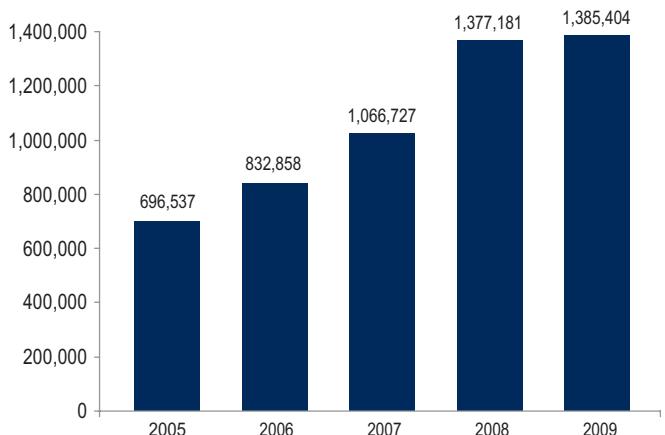
The slight drop is due mainly to the fact that the decline observed in Portugal was higher than the expansion achieved in foreign markets, which now accounts for 61.2% of the total turnover of Teixeira Duarte Group.

### Turnover Trend by Markets



(Amounts in thousands of Euro)

### Trend in Operating Profit



(Amounts in thousands of Euro)

The table below reflects a decline in most markets where the Group operates, due to the current period of crisis, with the exception of sustained growth in the markets of Angola, Brazil and Mozambique.

### Contribution to Turnover

	2009	2008	Change (%)
Portugal	497,181	553,355	(10.2%)
Angola	495,759	445,015	11.4%
Algeria	101,655	135,042	(24.7%)
Brazil	78,212	53,410	46.4%
Spain	29,092	26,782	8.6%
Morocco	6,822	13,177	(48.2%)
Mozambique	53,424	26,034	105.2%
Ukraine	11,326	27,560	(58.9%)
Venezuela	5,254	9,090	(42.2%)
Others	3,768	1,608	134.3%
<b>Total</b>	<b>1,282,493</b>	<b>1,291,073</b>	<b>(0.7%)</b>

(Amounts in thousands of Euro)

**Consolidated operating income** increased slightly by 0.6% compared to 2008, reaching the amount of EUR 1,385,404 thousand in the year ended 31 December 2009.

The total operating income achieved in the petroleum products sector in Portugal declined mainly as a result of the strategy implemented to optimise profit rather than turnover.

With regard to Cement, Concrete and Aggregates, values were negatively affected by the economic situation of certain geographic markets where the C+PA, SA operates, particularly Ukraine.

Vehicles Sales recorded a slowdown, mainly in the second half of 2009.

However, these most significant reductions were offset by the good performance achieved in Concessions and Services, Hotel Service and Hospitality Industry, Food Trading and in Construction. In fact, the latter business sector recorded a 5% increase over the same period in 2008, despite the acknowledged economic problems that it has faced.

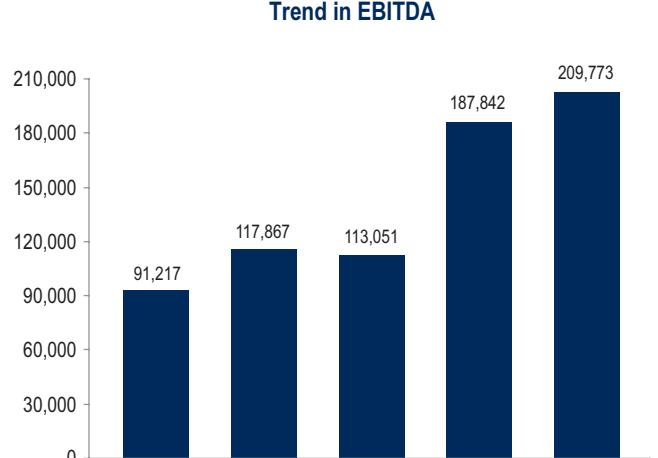
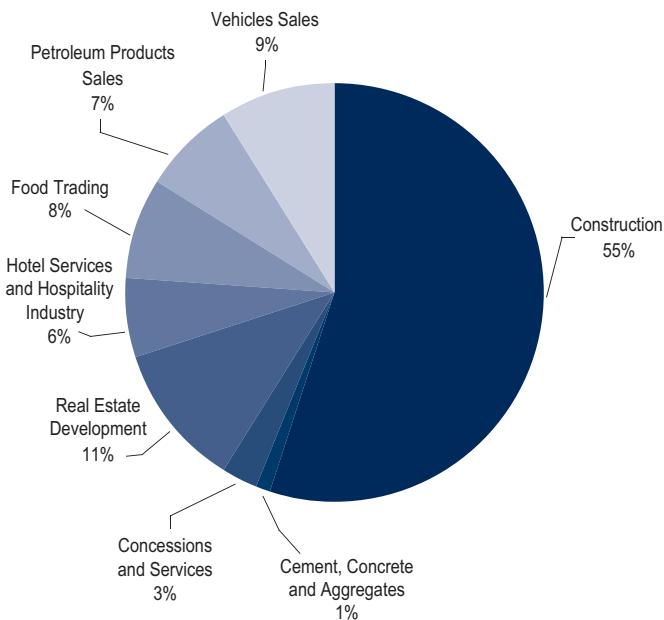
Real Estate Development grew compared to 2008, which is particularly significant in view of the decline in the value of profit generated by non-recurring operations in the amount of EUR 14,961 thousand.

## Operating Profit by business sectors and geographical markets

Business Sector	Domestic Market			Foreign Market			Total		
	2009	2008	Cha. (%)	2009	2008	Cha. (%)	2009	2008	Cha. (%)
Construction	336,096	342,639	(1.9%)	412,758	370,354	11.4%	748,854	712,993	5.0%
Cement, Concrete and Aggregates	-	3	-	17,881	33,148	(46.1%)	17,881	33,151	(46.1%)
Concessions and Services	18,840	13,420	40.4%	25,934	21,445	20.9%	44,774	34,865	28.4%
Real Estate Development	94,889	70,885	33.9%	48,419	42,971	12.7%	143,308	113,856	25.9%
Hotel Services and Hospitality Industry	15,601	13,597	10.8%	70,016	55,137	27%	85,077	68,734	23.8%
Food Trading	19	-	-	115,513	102,589	12.6%	115,532	102,589	12.6%
Petroleum Products Sales	103,031	151,320	31.9%	18	20	(10%)	103,049	151,340	(31.9%)
Vehicles Sales	1,477	122	1.110%	125,452	159,531	(21.4%)	126,929	159,653	(20.5%)
<b>Total Sectors:</b>	<b>569,413</b>	<b>591,986</b>	<b>11.2%</b>	<b>815,991</b>	<b>785,195</b>	<b>3.9%</b>	<b>1,385,404</b>	<b>1,377,181</b>	<b>0.6%</b>

(Amounts in thousands of Euro)

Thus, the contributions of individual sectors to the overall value of consolidated operating income were as follows:



(Amounts in thousands of Euro)

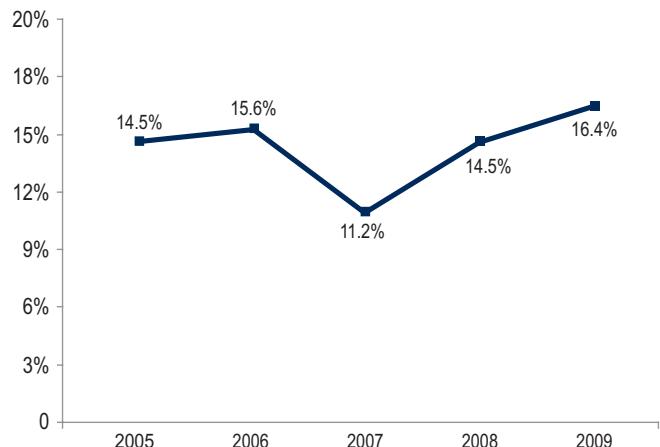
Analysing this indicator by sector, the table below reveals that the great instability in the world led to widely different behaviours of these business areas, according to the specific characteristics of each one of them and the markets in which they operate.

EBITDA grew 11.7% compared to last year, reaching the highest level ever by settling at EUR 209,773 thousand.

	EBITDA		
	2009	2008	Cha. (%)
Construction	64,776	37,149	74.4%
Cement, concrete and aggregates	993	7,279	(86.4%)
Concessions and services	8,276	6,252	32.4%
Real Estate Development	80,491	79,820	0.8%
Hotel Serv. and Hospitality Indust.	38,294	26,461	44.7%
Food Trading	7,758	8,456	(8.3%)
Petroleum Products Sales	7,846	6,297	24.6%
Vehicles Sales	14,333	29,222	(51%)
Not allocated to segments	(13,895)	(12,083)	15%
Exclusions	901	(1,011)	-
<b>Total</b>	<b>209,773</b>	<b>187,842</b>	<b>11.7%</b>

(Amounts in thousands of Euro)

Subsequently, the **EBITDA / Turnover margin** grew by 12.4% compared to December 2008, increasing from 14.5% to 16.4% in December 2009.

**Trend in EBITDA / Turnover Margin**

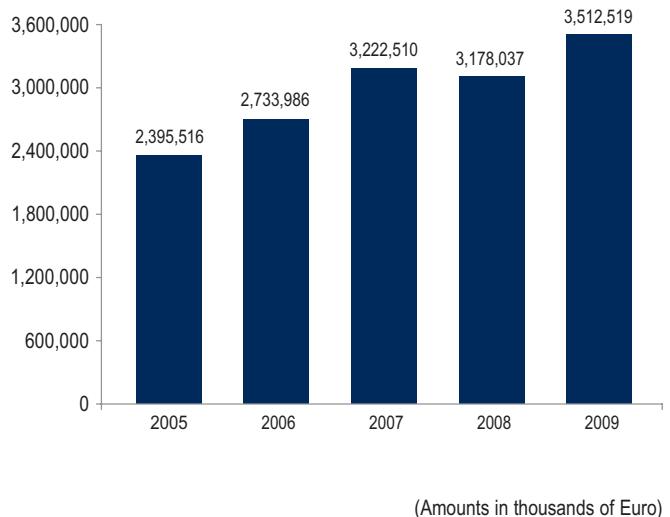
**Financial results** were a negative EUR 2,180 thousand, highlighting mainly the reduction in value resulting from the application of the equity method to investments in associated companies, amounting to EUR 5,835 thousand.

Despite the increase in indebtedness, financial costs were lower than those recorded in the same period last year, due to a decrease in interest rates.

Foreign exchange differences had a positive impact on financial results, amounting to EUR 8,351 thousand.

In the year ended 31 December 2009, **Income Tax** reached EUR 36,687 thousand.

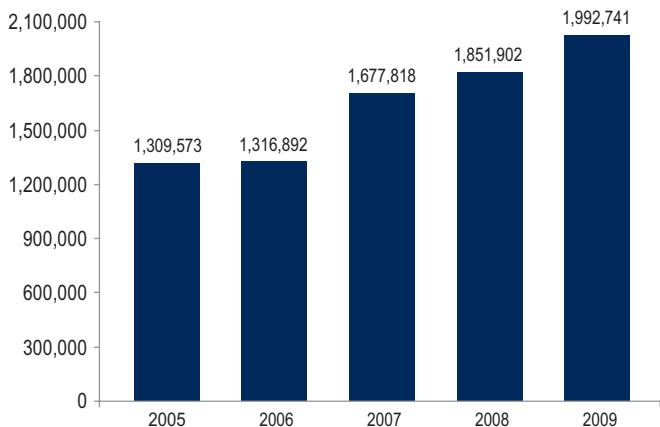
**Total Net Assets** grew by 10.5% compared to 31 December 2008 and reached EUR 3,512,519 thousand, comprising "Banco Comercial Português, S.A." and "Lagoas Park", which were recorded with the overall amount of EUR 542,581 thousand, as well as "CIMPOR - Cimentos de Portugal – SGPS, S.A.", recorded with the amount of EUR 887,912 thousand.

**Trend in Net Assets**

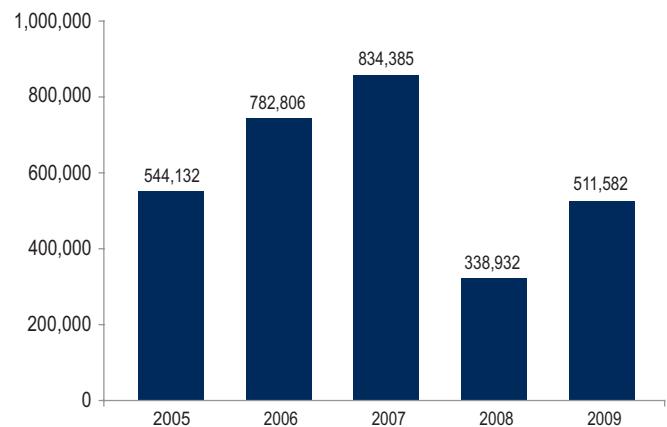
(Amounts in thousands of Euro)

The **Group's Indebtedness**, which remains subject to careful monitoring and integrated into the overall strategy set out, reached EUR 2,124,792 thousand at the end of 2009, reflecting an increase of EUR 167,412 thousand compared to 31 December 2008, mainly as a result of investment in "Lagoas Park" and Cascais Hospital, as well as in the activities underway in Angola and Brazil.

At 31 December 2009, the **Group's net Indebtedness** amounted to EUR 1,992,741 thousand, recording an increase of EUR 140,839 thousand compared to the end of last year.

**Trend in Net Indebtedness**

(Amounts in thousands of Euro)

**Trend in Total Equity**

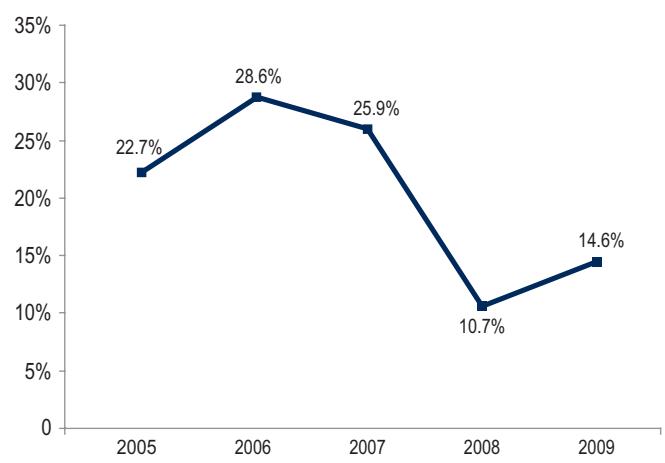
(Amounts in thousands of Euro)

The aforementioned developments resulted from a policy aimed at investing and raising Teixeira Duarte's equity, which allowed it to significantly increase its assets. In this regard, it should be noted that at the end of last year, the shares held in "Banco Comercial Português, S.A." and "Cimpor - Cimentos de Portugal, SGPS, S.A.", were valued at EUR 1,215,471 thousand, according to their respective market values at 31 December 2009, along with the development of "Lagoas Park", valued at EUR 310,394 thousand, representing 71.8% of the amount of indebtedness of the Group at that date.

In addition to this common reference, it must be mentioned that those three assets, which had been generally distinguished for their high liquidity and objective market valuation, represented only 41% of Teixeira Duarte Group's total assets.

**Total Equity** reached EUR 511,582 thousand, reflecting a growth of 50.9% compared to 31 December 2008, due primarily to the impact of "Adjustments to Equity Interests" regarding the associated company "CIMPOR - Cimentos de Portugal, SGPS, S.A." and Available-for-Sale Financial Assets, including the financial shares held in "Banco Comercial Português, S.A.".

**Financial Autonomy** rose from 10.7% at 31 December 2008 to 14.6% at 31 December 2009, representing an increase of 36.6%.

**Trend in Financial Autonomy**

**The Company's objectives and policies in respect of financial risks** are described in Note 43 of the Notes to the Consolidated Financial Statements.

**With regard to the consolidation perimeter**, the following changes took place during 2009.

In the construction sector, the following companies were incorporated: "BEL-ERE – Engenharia e Reabilitação de Estruturas - Angola, Lda.", to allow this subsidiary of the Group to operate in a market that continues to boom and in which Teixeira Duarte has, since several decades, a firmly established position, and "SOMAFEL Brasil – Obras Ferroviárias, Ltda.", which reflects this subsidiary's wager in that market, which Teixeira Duarte has been focusing on for the past few years.

The Complementary Group of Companies "CONBATE, ACE", "D.L.O.E.A.C.E. – DOURO LITORAL, Obras Especiais, ACE", "GMP – Grupo Marítimo Português, ACE" and "GMP – Grupo Marítimo Português MEK, ACE" were also incorporated that year.

In the Cement, Concrete and Aggregates sector, "KPC – Trading and Services Ltd." was incorporated to optimise business development in Namibia.

In the Concessions and Services sector, "GONGOJI Montante Energia, S.A.", "PAREDÃO de Minas Energia, S.A." and "TABOQUINHA Energia, S.A." were incorporated and "INDAIA GRANDE Energia, S.A." was sold. All of these companies are involved in projects for small hydro power plants (PCHs) in Brazil.

In the Real Estate Development sector, "GFF – Empreendimentos Imobiliários, S.A." and "MARTINS & ESTEVES, S.A." were wound up.

In the Hotel Services and Hospitality Industry, the shares held in "PROMOTUR, Lda.", which was operating its own resort on São Tomé island, were disposed of.

In the area of international trade and especially to support the Food Trading sector, "TEIXEIRA DUARTE – TRADING, S.A." was incorporated.

In conclusion, it must also be mentioned that, although "NOVA TEIXEIRA DUARTE - Engenharia e Construções, S.A." was incorporated in the first half of the year within the scope of the corporate restructuring process carried out in Teixeira Duarte Group, it was wound up and liquidated in December 2009,

without having conducted the business for which it had been incorporated.

#### **- ORGANISATIONAL OVERVIEW:**

Notwithstanding a more detailed description of this matter in the attached "Corporate Governance Report", it is important to mention here, also with respect to Teixeira Duarte's performance in the different business sectors and markets, the close collaboration between all Group structures, which are better illustrated in the organisation chart attached at the beginning of this Report, and the added value resulting from these synergies, which are reflected in the efficient and privileged means of achieving collectively undertaken objectives.

These include, on the one hand, a **Corporate Centre** - which comprises several Central Directorates and Services with special responsibility to support Teixeira Duarte Group Companies - and, on the other hand, the operating structures distributed by business sectors and geographical markets, including most importantly the Operation Centres of "Teixeira Duarte – Engenharia e Construções, S.A.", its Central Directorates and numerous subsidiaries.

In this respect, Teixeira Duarte also has a valuable team of **Coordinators/Consultants** comprising staff members with many years of service to both the Company and the Group, who provide crucial training, guidance and information support.

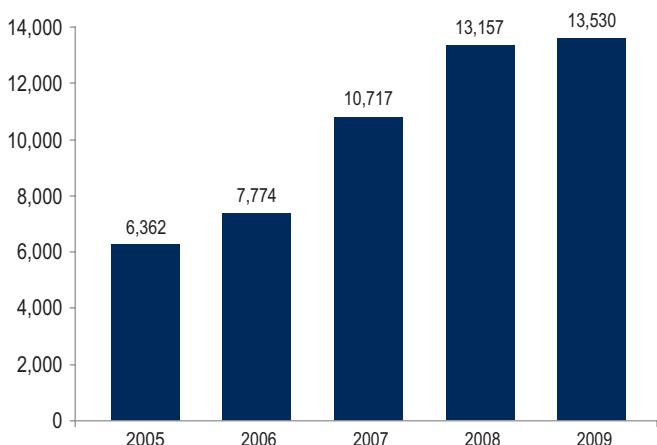
With regard to **Human Resources**, an effort has been made to minimise labour force inactivity, which has decreased considerably, coupled with a consistent policy of vocational training and improved awareness of occupational health and safety, providing the indispensable qualifications to face new challenges that the Group companies are facing.

The Group worked hard to adjust the number of employees to the activities carried out in the different sectors and markets, especially in light of the drops recorded in the Construction sector in Angola, Algeria and Portugal – in the latter market,

largely due to the disposal of workers by the subsidiary EPOS, S.A., following the termination of the contract that the company held in Aljustrel – and the rises in Brazil and Mozambique, as well as the increase in Concessions and Services in Portugal owing to RECOLTE, S.A. and INVICTAAMBIENTE, S.A., which, under the contract won in Oporto City Council, recruited a group of workers formerly belonging to that city council.

Overall, there was an increase in the average number of employees in Teixeira Duarte Group compared to 31 December 2008, from 13,157 to 13,530.

**Trend in the Average Number of Employees**



The process for obtaining, monitoring or renewing **certifications for the Management Systems** of the Group companies continued in the fields of Safety, Quality, Environment, Social Responsibility and Research, Development and Innovation.

“TEIXEIRA DUARTE - Engenharia e Construções, S.A.”, which stands out for its size and importance, has implemented some important initiatives in these areas, among which the following deserve special notice:

- Consolidation of the Social Responsibility Management System, which was successfully certified on 10 December 2009;
- Beginning of the implementation of a management system for RDI - Research, Development and Innovation in order to better

standardise, centralise and adjust all the initiatives that several areas of the Company and the Group have long promoted on this matter.

In this context, it is appropriate to mention the role played by “TEIXEIRA DUARTE - Engenharia e Construções, S.A.”, together with other Group companies, in the development of the concept of sustainability, which on the one hand, will lead to the optimisation of procedures in this area and its systematisation by the various structures that make up those companies and, on the other hand, will allow Teixeira Duarte Group to have its own sustainability report, which will be an instrument recognised in the market and which certifies the fulfilment of sustainability criteria and of future commitments undertaken in this area.

This process initially involved companies operating in the construction industry and involved a series of work sessions with broad participation of representatives of the various Group companies.

The **Central IT Directorate** directed its activities towards the implementation of projects of consolidation, standardisation and expansion of application platforms and infrastructures, aiming to adequately align them with the requirements of the business areas in order to contribute to improved productivity.

Among the projects developed during this period, it is worth mentioning the implementation of the SAP platform to cover the Group's activities in Mozambique, the preparation and coordination of the project for the implementation of the new Accounting Standardisation System and the expansion of the platform to cover new companies in Portugal, Angola, Algeria and Spain. A project called “Alertas” (Alerts), applicable to the SAP environment, was also developed for the purpose of monitoring and reporting errors and anomalies of use, contributing to strengthen the effectiveness of resources.

The Corporate Portal enjoyed strong dynamism, reflecting the expansion of features and additional contents available, currently positioning itself as a unique communication platform and already bearing a strong collaborative component.

In the area of infrastructures, communications networks, data networks and systems, studies were conducted and led to architectural developments, fostering greater integration of resources, security and availability and ensuring cost reduction. To monitor faults and malfunctions in real time, a project was launched within the scope of RDI (Research, Development and Innovation) and is currently being finalised.

#### **- CORPORATE OVERVIEW:**

Besides fulfilling all its corporate obligations, mainly as a company issuing tradable securities on a regulated market, Teixeira Duarte also strictly complied with public disclosure requirements, at different levels, related to corporate information. This is in response to a growing interest of several market agents in TEIXEIRA DUARTE Group.

Within this scope, it is worth recalling part of what was duly disclosed to the market, mainly at the **Annual General Meeting of Shareholders** of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." held on 13 May 2009, which had a significant attendance rate of 80.24% of the holders of the entire capital, who approved all the proposals submitted, mainly those made by the Board of Directors.

It must be noted that in this context, and after the resignation submitted at the end of 2008 by the former and, until then, the only Chairman of the Board of Directors that the Company had ever known, there was change in the manner of binding the Company, with the consequent partial modification of the Statutes and subsequent appointment of **Mr. Pedro Maria Calainho Teixeira Duarte as the new Chairman of the Board of Director** until the end of the current mandate (2007/2010), who simultaneously left the post of Executive Director that he held at the time.

The Board of Directors maintained the same eight members after having been reduced as a result of the above-mentioned resignation, none of whom having been assigned with those delegated functions, especially because the appointed Chairman continued to perform his executive duties.

Furthermore, at the same Annual General Meeting, a proposal envisaging the study of an **intra-Group corporate restructuring project** was approved and its final model promoted under the following conditions:

- a) Prior concentration, already performed, of 68.54% of the share capital of TEIXEIRA DUARTE - Engenharia e Construções, S.A. in a new company called TEIXEIRA DUARTE, S.A.;
- b) Disclosure of the preliminary announcement, by Teixeira Duarte, S.A., to launch a public takeover bid, in the form of a public exchange offer (PEO) on all the remaining share capital of TEIXEIRA DUARTE - Engenharia e Construções, S.A.;
- c) Application for admission to trading on the regulated market of Euronext Lisbon of Teixeira Duarte, S.A. shares, prior to or simultaneously with the closing of the public exchange offer and as a condition of the latter;
- d) Subsequent promotion, subject to the relevant legal requirements, of the loss of public company status of TEIXEIRA DUARTE - Engenharia e Construções, S.A., for the latter to be replaced by TEIXEIRA DUARTE, S.A. as a top listed company of TEIXEIRA DUARTE Group;
- e) Further planning and implementation, within the new listed company, of TEIXEIRA DUARTE Group's corporate reorganisation measures, mainly involving: (i) the necessary concentration of TEIXEIRA DUARTE - Engenharia e Construções, S.A. in its core business, i.e., the construction and public works industry and (ii) the gradual transfer to other subsidiaries of TEIXEIRA DUARTE, S.A. of TEIXEIRA DUARTE Group companies operating in other sectors.

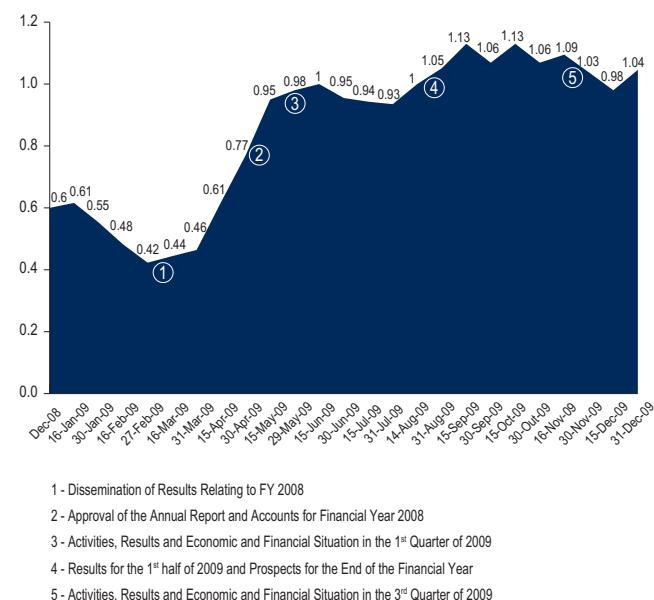
On 17 December 2009, TEIXEIRA DUARTE, S.A. published the preliminary announcement to launch a public takeover bid, in the form of a public exchange offer (PEO) on the whole share capital of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

With regard to the **payment of dividends**, taking into account the negative results recorded in 2008 and the proposal to transfer them all to "retained earnings" account, no dividends were distributed among the shareholders during the financial year 2009.

In 2009, "**Teixeira Duarte – Engenharia e Construções, S.A.**" **securities** recorded a substantial increase of 74.3%, from € 0.60 at 31 December 2008 to € 1,046 at 31 December 2009.

The chart below shows the trend in share prices throughout the year and the dates on which the results for the financial year 2008, for the first and third quarter of 2009 and for the first six months were announced, revealing that, despite having attained a minimum of € 0.407 in March, they rose gradually, reaching the annual maximum of € 1.255 in May.

#### Share Prices of Teixeira Duarte - Engenharia e Construções, S.A.



At 31 December 2009, the share price was € 1.046 and, at the present date, 23 April 2010, it is € 0.96.

With regard to liquidity and turnover recorded this year, there is a decrease compared to 2008, with 181,172,846 shares traded on the stock exchange, for a total of EUR 168,558,879.

## IV. SECTOR ANALYSIS

In the analysis of the Group activities, three distinct points will be presented for each sector: the first part will include overviews, comments and global indicators of the specific business area, the second will describe its activity in the domestic market and finally the third will focus on its performance in the different foreign market countries where it operates in that area.

The first part of each sector will provide a brief overview of how and where the Group operates in the specific business area, followed by an analysis of its activities carried out during the year - based on a set of indicators of individual contributions to the global indicators of the Group - and reference is made to the operating income on a non-consolidated basis for a better understanding of the levels achieved by each sector individually.

### IV.1. CONSTRUCTION

Construction has been Teixeira Duarte Group's core business since its formation, and it is also the main activity of the parent company, "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

In 2009, Teixeira Duarte operated in this area in Portugal, Angola, Algeria, Brazil, Spain, Morocco, Mozambique and Venezuela - further analysed one by one - as well as France, Libya, Sao Tomé, Tunisia and Ukraine.

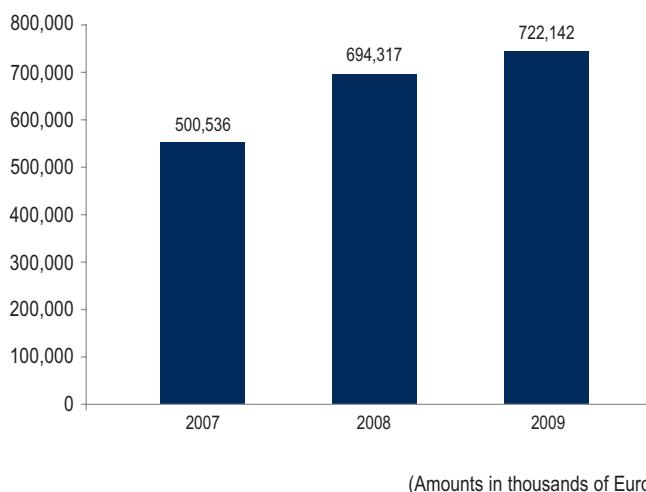
Production is achieved through a number of Operation Centres of the Parent Company, "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", which operate in different segments of the Construction industry and are supported by the Central Directorates, specialised in providing various types of support for their activities.

In addition to this, the Group also comprises many complementary groups of companies (ACE) and other subsidiaries, which operate in specific areas of the Construction industry and will be dealt with individually in the description of their activities.

## - OVERVIEW OF THIS SECTOR DURING 2009:

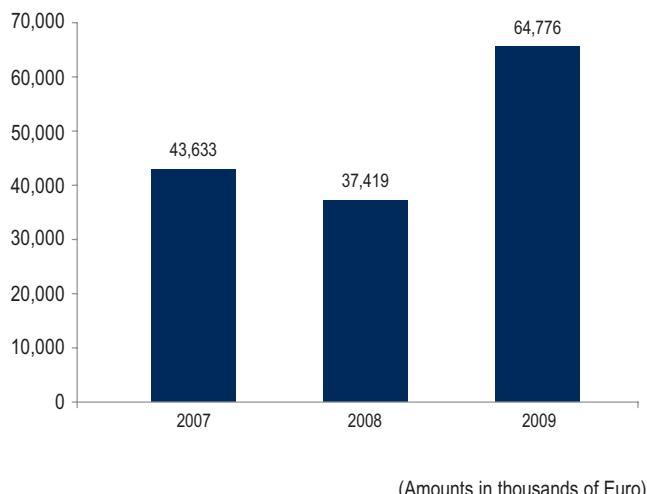
On a consolidated basis, Turnover in the Construction sector continued to rise, albeit at a slower pace than in previous years, with the foreign market offsetting the slump in the domestic market.

**Consolidated Turnover**



The EBITDA margin increased substantially compared to 2007 and 2008.

**Consolidated EBITDA**



On a non-consolidated basis and in order to provide an overall view of the activities, in 2009, the operating income of Group companies engaged in the Construction industry reached a total

of EUR 935,989 thousand, of which 51% was generated in Portugal and the rest abroad.

From a commercial point of view, there was a sharp rise in the number of works awarded compared to the same period the previous year - from EUR 573,067 thousand to EUR 669,598 thousand – due to the substantial increase recorded in foreign markets, and particular mention must be made to the good performance of associated companies in the domestic market.

**Teixeira Duarte Group's orders portfolio** for the construction sector, which as a whole reached the considerable amount of EUR 2,149,843 thousand at 31 December 2009, increased 6.5% compared to 31 December 2008, ensuring good levels of activity, especially in the context of such an unfavourable economic environment.

### IV.1.1. - “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” – GENERAL ANALYSIS

To analyse the Company's performance individually, this chapter contains some notes on various topics of a more cross-sectional nature, while a more detailed description of its actual activities is provided in Chapter IV.1.2. (B), where it is analysed by Operation Centres.

“TEIXEIRA DUARTE - Engenharia e Construções, S.A.” is based on solid ground, having different Operating Centres and Central Directorates (see the *Organisation Chart* included herein) that interact and create compensation mechanisms leading to resource rationalisation and optimisation, boosting a growing improvement of productivity rates in order to perform, in an integrated manner, technically demanding operations, with greater consistency and a better use of the commercial function under the current economic situation.

In 2009, “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” recorded an operating income of EUR 707,552 thousand, which we consider very positive, especially because, in a year

of great difficulties in the sector, it reflects an increase of 10.4% compared to the amount achieved in the previous financial year.

### Main Economic and Financial Indicators of “TEIXEIRA DUARTE - Engenharia e Construções, S.A.”

	2005	2006	2007	2008	2009	Increase 2009/2008
Workers	1,684	1,676	1,722	1,816	1,820	0.2%
Sales/Services Rendering	339,127	392,711	453,023	592,930	705,442	30.9%
Operational Profits	343,988	419,885	483,206	640,841	707,552	10.4%
EBITDA	20,624	5,926	20,416	43,952	54,630	24.3%
EBITDA/Turnover (%)	6%	2%	5%	7%	8%	4.5%
Net Profits	66,357	49,301	56,935	(196,358)	10,162	-
Net Total Assets	937,279	917,365	1,188,826	1,083,200	1,104,695	2.0%
Equity Capita	311,908	337,593	382,896	206,919	208,766	0.9%
Total Liabilities	625,371	579,772	805,930	876,301	895,929	2.2%
Bank Indebtedness	409,900	357,180	476,739	423,352	499,156	17.9%
EBITDA/ Bank Indebtedness	5%	5%	4%	10%	11%	183.4%
Financial Autonomy	33%	37%	32%	19%	19%	(1.1%)
General Liquidity	238%	237%	293%	124%	167%	34.4%

(Amounts in thousands of Euro)

With regard to **human resources**, it is important to start by mentioning that professional qualification has always played a strategic role, both in terms of employee improvement and development and of their inclusion in the Company's permanent staff.

Continuing its permanent staff renewal policy, the number of employees in “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” at 31 December 2009, compared to the previous year, was the following:

	On 31/12/2009	On 31/12/2008	Change
Managerial staff	454	463	(1.9%)
Administrative staff	341	363	(6.1%)
Specialised staff	931	960	(3.0%)
Others	49	60	(18.3%)
<b>TOTAL</b>	<b>1,775</b>	<b>1,846</b>	<b>(3.8%)</b>

Among the managerial staff, 311 (68.5%) are Engineers and, among these, 183 (58.8%) joined the company as newly graduated trainees.

In 2009, labour force inactivity increased by 6.9%, amounting to 51,975 hours.

However, the absenteeism rate decreased compared to the previous year, settling at 2.9%.

As regards professional qualification, the work carried out in previous years continued to be pursued in an integrated manner, particularly in the areas of training and certification, as well as supporting programmes aimed at raising the level of schooling.

With regard to vocational training, it must be noted that 58,066 hours of in-house training and 13,626 hours of external training (totalling 71,692 hours) were provided.

Training sessions were attended by 1,276 employees, which correspond to approximately 72% of permanent staff, reflecting an increase of 24.5% over the previous year.

Among the various subjects taught at those training sessions were those related to the recruitment, integration and professional development of new employees, but training actions were also conducted in the field of social responsibility certification, which covered 314 employees.

Under the new regulatory framework for performance assessment relating to 2009, the new model to determine employees' training needs has already been implemented and its universal character recognised by “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” and other Group companies.

With regard to professional certification in 2009, the Company was remarkably successful in promoting the obtainment of Vocational Training Certificates (VTC), thus fulfilling the strategy aimed at optimising the procedures for the professional qualification of its employees, especially those whose educational qualifications would only allow them to obtain such certificates at this stage, in accordance with applicable law.

In this regard, it should also be noted here that the Company liaised with public authorities with a view to achieving the creation of a VTC for Project Officers, comprising a specific

exam in the area of geotechnical and foundation engineering, as well as in engineering structures, whose inexistence hindered several workers from obtaining said vocational certification.

The commitment of everyone involved to fulfil the endorsed objectives enabled the achievement of 497 vocational certificates during the year under review, what represents an increase of 26% compared to 2008.

Within this context, it is also worth highlighting the ongoing commitment to obtain "safety passports", especially to meet market requirements, so much so that by the end of 2009, a total of 114 employees of the company held such certification.

With regard to school education programmes, internal training in arithmetic, geometry, physics and design was delivered, and the corresponding programmes were mainly aimed at preparing the employees involved in the learning and certification processes.

In addition to the above-mentioned programmes, several initiatives were also implemented under the "New Opportunities" project, which enabled a total of 119 employees to complete the 9<sup>th</sup> and 12<sup>th</sup> grades of secondary education.

In the field of **Social Responsibility**, "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", both directly and through its shareholders, directors and staff, has always played an active role, mainly in what concerns the well-being of its employees and their families, and it is precisely through these concerns, joint efforts and common objectives that the purpose of achieving social justice for everyone is best pursued.

In 2009, "TEIXEIRA DUARTE - Engenharia e Construções, S.A." was awarded a social responsibility certificate in recognition of its purpose and inherent good practice in the social sphere, both internally and in its external relations. This result proves that the Company's practices reflect the fulfilment of the requirements associated with the reference standard SA 8000.

In line with these principles, the Board of Directors has decided that it should focus, through an institutional approach, on adopting a position that demonstrates the genuine commitment

that TEIXEIRA DUARTE has dedicated to implementing a pro-poor policy, reflected not only in actions conducted within its organisation, but also in certain areas of social welfare organisations. Thus, in 2009, the Board of Directors promoted an internal initiative providing financial support for retired employees with more difficult living conditions, amounting to € 50,000.00 (fifty thousand Euros).

With regard to initiatives conducted outside the Company and Group, € 20,000.00 (twenty thousand Euros) were donated to a number of social welfare organisations upon proposal by employees of the company who had personally endorsed such objectives.

Also noteworthy within this context was the application of EUR 2,000 thousand to increase the capital of the insurance taken out by the Company for the purpose of providing retirement benefits to its employees.

It is also appropriate to mention the purpose undertaken by "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", together with other Group companies, to prepare its annual **Sustainability Report**, as mentioned earlier.

With regard to **Safety, Quality and Environment**, the portfolio of certifications for the corresponding management systems was maintained.

The policy for promoting and providing training in the areas of Safety, Quality and Environment was continued in 2009 and will still be pursued during the current financial year, as part of the Company's Training Plan. The objectives of emergency management training, provided by the National School of Fire-fighters and involving other associated companies, were fulfilled and will continue to be pursued this year.

The Central Directorate of Safety, Quality and Environment continued to provide support to the branches of Angola and Mozambique and to the different business areas, especially through the preparation of specific documents, which, in the field of Safety, Quality and Environment, are still required in tender programmes.

With regard to **Plant and Machinery**, there was a substantial increase in occupancy rate compared to the figures recorded in the previous year, having risen from 47% in 2008 to 57% this year as a result of increased activity and the commencement of new works.

In 2009, the total investment in plant and machinery was higher than the previous year, amounting to EUR 5,813 thousand, and the commencement of construction of the Douro Litoral Motorway contributed to such increase, mainly through the purchase of transport and earth-moving equipment.

The most important machines purchased in 2009 were:

Renault Kerax HC 410 truck (3 un.); Renault Kerax 370 DXI truck (1 un.); Renault Lander HD 410 truck (1 un.); Komatsu PC240 NLC-8 crawler excavator (2 un.); Komatsu PC350 NLC-8 crawler excavator (1 un.); Komatsu PC450 LCHD-8 crawler excavator (1 un.); Caterpillar CS54XT roller and tyres (2 un.); Caterpillar 140 M motor grader (1 un.); Komatsu crawler tractor D65EX-15EO (1 un.); Caterpillar 428 E backhoe loader (1 un.).

Teixeira Duarte has an ongoing project to build the new **Teixeira Duarte Operation Centre** complex, in Montijo, through which it intends to optimise the running of various operating structures of the company and improve their facilities, some of which are currently scattered across the country, such as the Machinery Park in Vale Figueira and the Formwork Operation Centre, which is still in Coimbra.

This project undertaken by Teixeira Duarte Group involved the purchase of land worth EUR 5,890 thousand and a total investment which is expected to reach EUR 18,700 thousand.

The new Operation Centre will include the centralised and expanded Machinery Park, the Formwork Operation Centre, the Metalworking Operation Centre, supply warehouses, the concrete laboratory, and other complementary structures such as specific areas for training.

The **Materials Laboratory** carried out important interventions in Angola, a market where it is essential to highlight the technical

component as one of Teixeira Duarte's key differentiating factors, as well as knowing, timely and accurately, the characteristics and capacities of materials (soils, aggregates, cement, adjuvants, etc.) available in the country.

For the remaining areas of activity, it is important to highlight the support given to work carried out in the design of constructive solutions, budgeting, inspection of concrete structures, concreting of quality control, which corresponded to the completion of 59 tests on concrete, mortars and their constituents, of which 19 were Accredited by IPAC - Portuguese Institute for Accreditation.

The ability to perform these tests in strict compliance with the most recent regulatory documents, in addition to giving the Company greater autonomy and responsiveness, allows it to deepen knowledge and provide its engineers in Portugal and abroad with solid training and constant updating.

Given that the durability of concrete is one of its most important properties, the Laboratory has continuously privileged tests related to this area and, in 2009, it was accredited for conducting the test of "Potential Alkali Reactivity of Aggregates (ASTM C 1260:2007)", currently standing as one of the four laboratories recognised by IPAC as having expertise in this type of research.

In the same area, the following tests have also been accredited:

- Determination of Water Absorption by Capillary Action (EN 13057:2002);
- Standard Test Method for Electrical Indication of Concrete's Ability to Resist Chloride Ion Penetration (ASTM C 1202:2009) – (two accredited laboratories in Portugal);
- Determination of the Depth of Penetration of Water under Pressure (EN 12390-8:2009) – (four accredited laboratories in Portugal).

With regard to **Research, Development and Innovation**, some progress was made in the implementation of the corresponding Management System, a process that aims to standardise and

centralise all the work that the Company has long been carrying out in a dispersed and poorly disseminated manner, and the main focus is on obtaining its certification in the current financial year.

As mentioned above, the other developments in the business of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." and, in particular, the details of the contract jobs executed, will be stated in the following sections of this Report.

#### IV.1.2. - DOMESTIC MARKET

This section will provide (A.) an overview of this sector in Portugal, followed by (B.) a description of the production of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." in the domestic market, detailing its different types of autonomous Operation Centres, and an analysis of the performance of the Company's own commercial department.

Later on, it will discuss (C.) the productive activity, in Portugal, of the main subsidiaries operating in the Construction sector and economic and financial data will be provided for each company, where appropriate.

#### A. BACKGROUND

In 2009, the construction market in Portugal was characterised by very unfavourable conditions, in continuation of the trend recorded in previous years, with a substantial decrease in production by approximately 12%.

The drop in production was particularly clear in the reduction of cement consumption by 15% and of steel consumption by 8% compared to 2008, as well as by unemployment in the construction sector, which recorded an additional 68,000 people registered with Unemployment Centres, which cumulatively accounts for a 67% increase over the previous year.

These indicators were not more expressive only because public investment helped boost the activity, leading to a significant increase in civil engineering and public works and counteracting the effects of the steep slowdown in private investment. This was reflected in the reduction of the number of licenses granted for the construction of residential buildings in 2009, which fell by 27% compared to the previous year.

In reality, it was the joint effort of the Central and Local Government which made it possible to slightly enhance production in the construction sector, so much so that the value of contracts awarded in the first six months of the year increased by more than 50% over the same period in 2008.

It should be noted, however, that despite this fact, the number of tenders launched throughout 2009 was 29% lower than that recorded in 2008, and the value of tenders was 32% below the one obtained in the same period the previous year, which means that many of the works awarded in 2009 had been tendered for in 2008.

In the domestic market, tenders for concessions and public-private partnerships acquire special relevance, particularly due to the expectation that they will continue to contribute to the revitalisation of the construction market. In this respect, it is worth highlighting Teixeira Duarte's ability to participate in the tenders for the RAV Lisbon-Poceirão concession - which includes the new "TTT - Terceira Travessia do Tejo" (Third Tagus Crossing) bridge - and the bid for the public-private partnership of the Algarve Central Hospital.

Finally, it should be noted that despite the prospect of a further slowdown in production during 2010, the implementation of the Infrastructure Investment Plan may raise confidence levels and help boost the sector's growth, simultaneously enhancing the competitiveness of the national economy.

Public investment is therefore expected to increase in the areas of school modernisation, health care centres, construction and refurbishment of social facilities, energy, water supply, sanitation and waste management, logistics and transport networks and in urban upgrading and rehabilitation.

1

**B. "TEIXEIRA DUARTE - Engenharia e Construções, S.A.":**

**- Geotechnical and Foundation Engineering Operation Centre**

This Operation Centre recorded a normal level of activity, although it shows a reduction in invoiced income, considering that 2008 was an exceptional year.

Within its scope of activity, the following works deserve special mention:

Completion of:

- Works for the Demolition and Stabilization of the Building located at Calçada do Lavra nº 18, for the City Hall of Lisbon;
- The contract job for general excavation and retaining walls of Building V15 of the "Gaia Nova" undertaking, for a company of Teixeira Duarte Group;
- Large-diameter pile foundations included in the contract job for the Bridge and Approach Viaduct of the Alcácer do Sal By-Pass, for "Rede Ferroviária Nacional – REFER, E.P.E.;"
- Pile foundations included in the second phase of the contract job for the railway connection of Aveiro Harbour, for "Rede Ferroviária Nacional – REFER, E.P.E.;"
- Reinforcement of the foundations of the piers of P.A. Park with micro-piles, for SN Maia – Siderurgia Nacional, S.A;
- Waterproofing wall for the Odelouca Dam, for "Águas do Algarve, S.A.;"



<sup>1</sup> Lisbon City Hall / Demolition and Stabilisation of the Building located at Calçada do Lavra nº 18 / Lisbon



2



- The contract job for general excavation and retaining walls of the Business and Technology Complex of Oporto, for "IMOFARMA – Fundo Especial Imobiliário";
- Large-diameter pile foundations for piers P3 and P4 of the Bridge over the Douro River, for "DLOE, ACE";
- Jet grouting and foundation piling works included in the contract job for the tidal lock system and valve chambers of Terreiro do Paço, for "SIMTEJO - Saneamento Integrado dos Municípios do Tejo e Trancão, S.A.";

During the year under review, the diaphragm wall and anchoring works included in the contract job "Rehabilitation of the railway track between Km 70.450 and Km 105+100, along the North Line" for "REFER, E.P.E." were commenced, as well as the jet grouting and piling works included in the contract job for the design/construction of the carcasses for the extension between the underground Station of Amadora-Este and Reboleira Station on the Blue Line", for "Metropolitano de Lisboa, E.P.".

After a short interval, collaboration with LNEC and DRCC (Regional Directorate for Culture of Central Portugal) was resumed after signing the protocol for conducting research work on "self-hardening" diaphragm walls.

The value of work awarded decreased compared to the financial year 2008.



2 IMOFARMA / General Excavation and Retaining Walls of the Business and Technology Complex / Oporto

3 Douro Litoral / Large diameter pile foundations of piers P3 and P4 of the Bridge over Douro River

4 SIMTEJO / Jet Grouting and Foundation Pilese / Terreiro do Paço / Lisbon

5 Metropolitano de Lisboa / Piles and Shotcrete / Extension of the Blue Line / Amadora





#### **- Construction Operation Centres**

Among the activities carried out by the various Operation Centres, the following works deserve special mention:

##### Completed in the year under review:

- Construction of the Vodafone Building – Oporto, for “Millennium BCP - Gestão de Fundos de Investimento, S.A.”;
- Foundations and frameworks of Building A, of Machado Castro School, in Lisbon, for “Parque Escolar E.P.E.”;
- Demolition and roof works of Building A and Foundations and frameworks of Building B, of the future Hospitality Management School in Lisbon, for “Parque Escolar, E.P.E.”;
- Construction of the sports pavilion of Rodrigues de Freitas School, in Oporto, for “Parque Escolar, E.P.E.”;
- Construction of the Auditorium and Other Support Facilities of the Music Conservatory of Oporto, for “Parque Escolar, E.P.E.”;

7



- Construction of the New Indoor Market, for the Town Hall of Torres Vedras;

- SIP – Construction of the PM4 Building in the new paper mill in Setúbal, for “About The Future – Empresa Produtora de Papel, S.A.”;

- Expansion and refurbishment of the Area of Composites, Buildings 39, 40 and 41, in Alverca, for “OGMA – Indústria Aeronáutica de Portugal, S.A.”;

- Refurbishment of the “Tecnologia III” Building Premises at Tagus Park, in Oeiras, for “Tagus Park, S.A.”;

- Contract job for the refurbishment of the Cardiology Unit (refurbishment of the Arrhythmology and Cardiac Pacing Laboratory), for “Hospital de São João, E. P. E.”, in Oporto;

- Contract job for the installation of the Citizens Advice Bureau of Murça, for “Agência para a Modernização Administrativa, I.P.”;

- Contract job for the installation of the Citizens Advice Bureau of Vimioso, for “Agência para a Modernização Administrativa, I.P.”;

- Refurbishment and finishing works of the buildings located at Rua Garrett, No. 62 and 74, in Lisbon, for “Fundimo – Sociedade Gestora de Fundos de Investimento Imobiliário”;

- Building located at Rua Ocidental do Campo Grande, nº 9 and 11, in Lisbon, for “Construções Urbanas A. Lopes, S.A.”;



7 Torres Vedras City Hall / New Indoor Market

8 About The Future / SIP –PM4 Building at the New Paper Mill / Setúbal

9 São João Hospital / Remodelling of the Cardiology Service / Oporto

10 Fundimo / Remodelling and Finishes of the Buildings located at Rua Garrett, nºs 62 and 74 / Lisbon

11



- Civil engineering contract job for a Building V10 in the “Santa Marinha” undertaking, in Vila Nova de Gaia, for a company of Teixeira Duarte Group;

- Contract job for the refurbishment of the former Walter-Bensaúde Hospital, intended for the future premises of the Department of Oceanography and Fisheries of the University of the Azores, in Horta, Faial Island;

- Contract job for the adaptation of a building for the future Headquarters of the Tourism and Hospitality Management Training School, for the Regional Directorate for Labour and Professional Qualification, in Ponta Delgada, Autonomous Region of the Azores, a crucial infrastructure for hospitality training in the Region;

- Construction of the Culture House and Youth Centre of Santana, for the Regional Secretariat for Social Affairs, in Santana, Autonomous Region of Madeira;

- Refurbishment and rehabilitation of the Recolhimento de Santa Bárbara, for the Presidency of the Government – Regional Directorate for Culture, which is to become a museum and cultural centre, in Ponta Delgada, Autonomous Region of the Azores;



11 Building in Lot V10 of the “Santa Marinha” Undertaking / Vila Nova de Gaia

12 University of the Azores / Remodelling of the Former Walter-Bensaúde Hospital, intended for the Department of Oceanography and Fisheries / Horta / Azores

13 SRES / Culture and Youth Centre of Santana / Madeira

14 Government of the Azores / Remodelling and Rehabilitation of “Recolhimento de Santa Bárbara” / Azores

- Construction of the Pretarouca Dam, in Lamego, for “Águas de Trás-os-Montes e Alto Douro,S.A.”.

- Construction of the tidal lock system and valve chambers of Terreiro do Paço, in Lisbon, for “SIMTEJO - Saneamento Integrado dos Municípios do Tejo e Trancão, S.A.”. This work, in downtown Lisbon, was commenced and completed in the year under review, representing the fulfilment of a challenging objective in terms of execution period.

15





16



- ETAR (Wastewater Treatment Plant) of Serzedelo II for “Águas do Ave, SA”

- Construction works of the Ribeira de São Jorge/Arco de S. Jorge Expressway – 1<sup>st</sup> Phase – Tunnels, in Madeira Island, for “RAMEDM – Estradas da Madeira, S.A.”. These works include the construction of three 1500 metre long tunnels.

In the year under review, the following contract jobs progressed:

- Works for the refurbishment and expansion of the South-East Wing, for “Hospital de São João, E.P.E.”, in Oporto;

- “Villa Park” Undertaking, Buildings 27 to 33 and 42, in Amadora, for a company of Teixeira Duarte Group;

- Foundations and frameworks of Building of Subunit 3 of the Faculty of Medicine, in the Health Sciences Centre of the University of Coimbra, for this University;

- Construction of Buildings 18 and 19 at “Lagoas Park”, in Porto Salvo, for a company of Teixeira Duarte Group;

- Contract job for the Construction of the Integrated Primary School of Ponta Garça, for the Regional Secretariat for Education and Training, in Vila Franca do Campo, Autonomous Region of the Azores;

17



18



19



16 Águas do Ave / ETAR (Wastewater Treatment Plant) of Serzedelo II / Serzedelo

17 Estradas da Madeira / Ribeira de São Jorge/Arco de S. Jorge Expressway – 1<sup>st</sup> Phase – Tunnels / Madeira

18 “Villa Park” Undertaking, Lots 27 to 33 and 42 / Amadora

19 Regional Secretariat for Education and Training / Integrated Elementary School of Ponta Garça / Azores

20



- Contract job for the “Completion of the Construction of Odelouca Dam”, for INAG I.P./ “Águas do Algarve, S.A.”;
- Construction of trunk roads along IC24 and IC29 and construction of the Bridge over the Douro River, included in the works for the construction of the Douro Litoral Concession, for “DLACE – Douro Litoral, ACE”;
- New Cascais Hospital, in partnership with “Hospitais Privados de Portugal, S.A.”, which was completed and immediately inaugurated in February 2010;
- Reboleira Station, for “Metropolitano de Lisboa, E.P.E.”.

21



22



23



20 Águas do Algarve / Completion of the Construction of Odelouca Dam / Silves

21 Douro Litoral / Bridge over Douro River / Gondomar

22 HPP / New Cascais Hospital / Alcabideche

23 Metropolitano de Lisboa / Reboleira Station / Amadora

24



- Work on the “Alcácer By-Pass (2<sup>nd</sup> phase) – Railway Bridge over the Sado River: Bridge and Approach Viaducts, for “Rede Ferroviária Nacional – REFER, E.P.E.”. This work includes a metal bridge with multiple arches with a span of 160 linear metres and its slender design has required innovative construction and assembly solutions, due to the unusual nature of the structure, even at the international level;

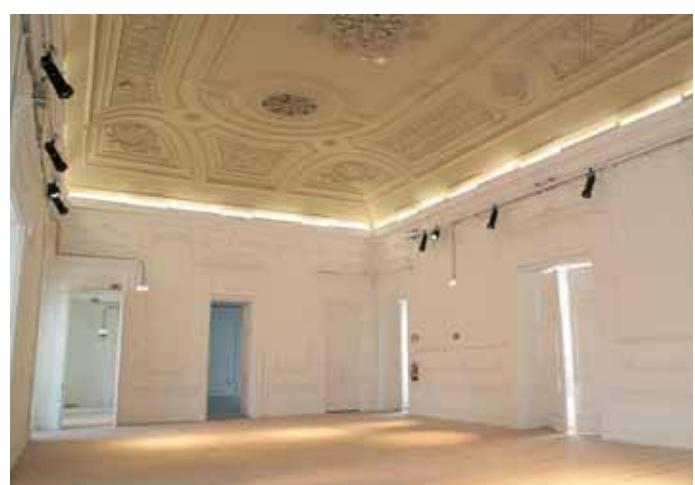
In 2009, the following works were commenced:

- Contract job for the construction of the Business and Technology Complex of Oporto (3<sup>rd</sup> Phase) for “IMOFARMA – Fundo Especial de Investimento Imobiliário Fechado”;
- Restoration and Rehabilitation Works – Phase I – of the Former Veiga Beirão School –Valadares Palace, in Lisbon, for “Parque Escolar, E.P.E.”
- Contract job for the construction of the Power Building, in São João Hospital, for “SUCH-Dalkia – Serviços Hospitalares, ACE”;

25



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27



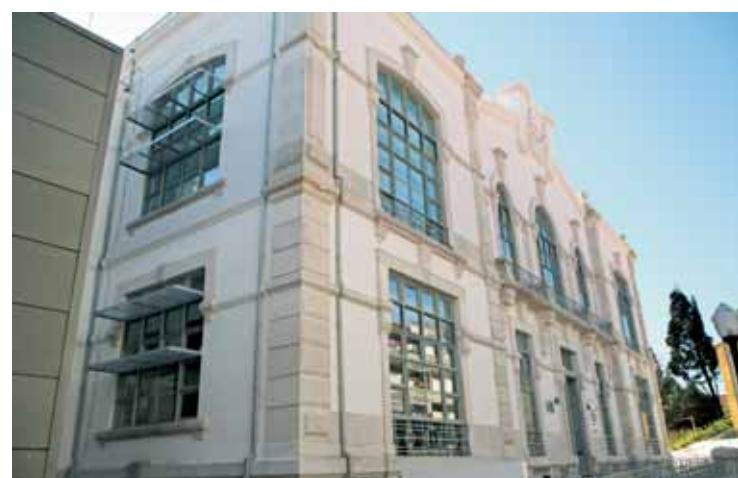
24 REFER / Alcácer do Sal Bridge and Access Viaducts / Alcácer do Sal

25 IMOFARMA / Business and Technology Complex of Oporto (3<sup>rd</sup> Phase) / Oporto

26 Parque Escolar / (School Park) / Restoration and Rehabilitation Works - Phase I – Former Beirão Veiga School, Valadares Palace / Lisbon

27 SUCH-Dalkia / Energia Building / São João Hospital / Oporto

28  
29/30



- Contract job for the refurbishment of Floor 9 of São João Hospital, for "Hospital de São João, E.P.E";

- Contract job for the refurbishment of the Obstetrics Unit (In-patients) – Floor 5 of São João Hospital, for "Hospital de São João, E.P.E.;"

- Contract job for finishing works and special facilities of the future Hospitality Management School of Lisbon (former Machado de Castro), for "Parque Escolar, E.P.E.;"

- Construction of the Virgin Active Health Club Building in the "Santa Marinha" undertaking, in Vila Nova de Gaia, for a company of Teixeira Duarte Group;

- Contract job for the refurbishment works included in phase 2A of the Secondary Schools Modernisation Programme – Building 2AN1, for "Parque Escolar, E.P.E.", which comprises the following schools:

- Alberto Sampaio Secondary School, in Braga;

- Camilo Castelo Branco Secondary School, in Vila Nova de Famalicão;

- Águas Santas Secondary School, in Maia (school no. 3).

31



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33



28/29/30 Parque Escolar / (School Park) / Finishes and Special Installations of the Future School of Hotel Management of Lisbon (former Machado de Castro) / Lisbon

31 Parque Escolar / (School Park) / Alberto Sampaio Secondary School / Braga

32 Parque Escolar / (School Park) / Camilo Castelo Branco Secondary School / Vila Nova de Famalicão

33 Parque Escolar / (School Park) / Águas Santas Secondary School (school No. 3) / Maia

34



- Construction of the Supplementary Flood Spillway of Paradela Dam, for "EDP, S.A."

- Works for the construction of Floors 3, 4 and 5 East (Expansion of the South-East Wing of H.S.J., E.P.E.), for "Hospital de São João, E.P.E";

- Rehabilitation of the façades of former "Colégio de Jesus", for the University of Coimbra;

- Construction of the premises of "Colégio São Francisco de Assis" – Building 17 – Lagoas Park, for a company of Teixeira Duarte Group.

- Construction of a trunk road along IC 2, for "DLACE – Douro Litoral ACE", included in the works for the construction of the Douro Litoral Concession.

- Construction of the Cais do Sodré / Alcântara II tidal lock system, for SIMTEJO.

- Commencement of works by the Complementary Group of Companies, "Conbate, ACE", related to the works for the construction of the Baixo Tejo Concession.

35



36



37



34 EDP / Supplementary Flood Spillway of Paradela Dam

35 São João Hospital / Construction of Floors 3, 4 and 5 East / Oporto

36 Coimbra University / Rehabilitation of the Façades of Former "Colégio de Jesus" / Coimbra

37 Douro Litoral / Construction of the Douro Litoral Concession

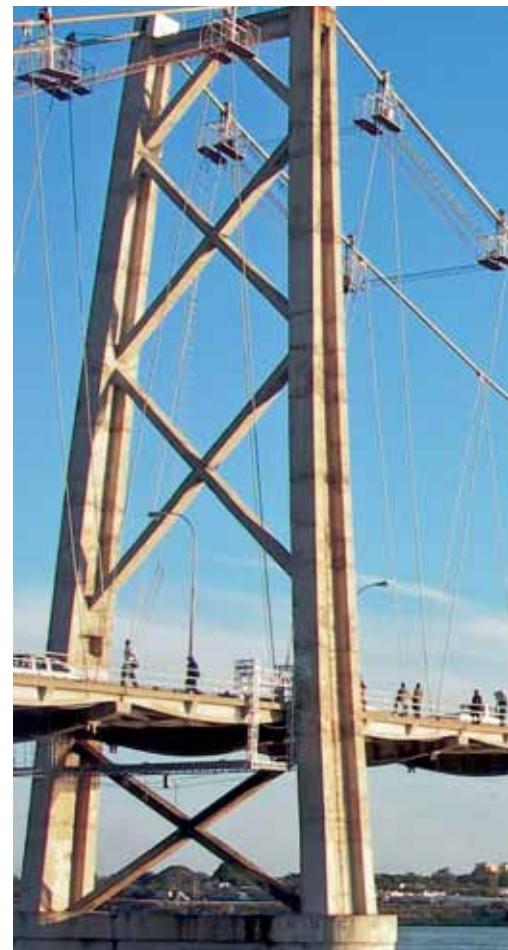
38  
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### **- Mechanical Engineering Operation Centre**

Besides providing support to other Operation Centres for works related to its specialty, as well as interventions in the foreign market, the Mechanical Engineering Operation Centre continued its work in Portugal.

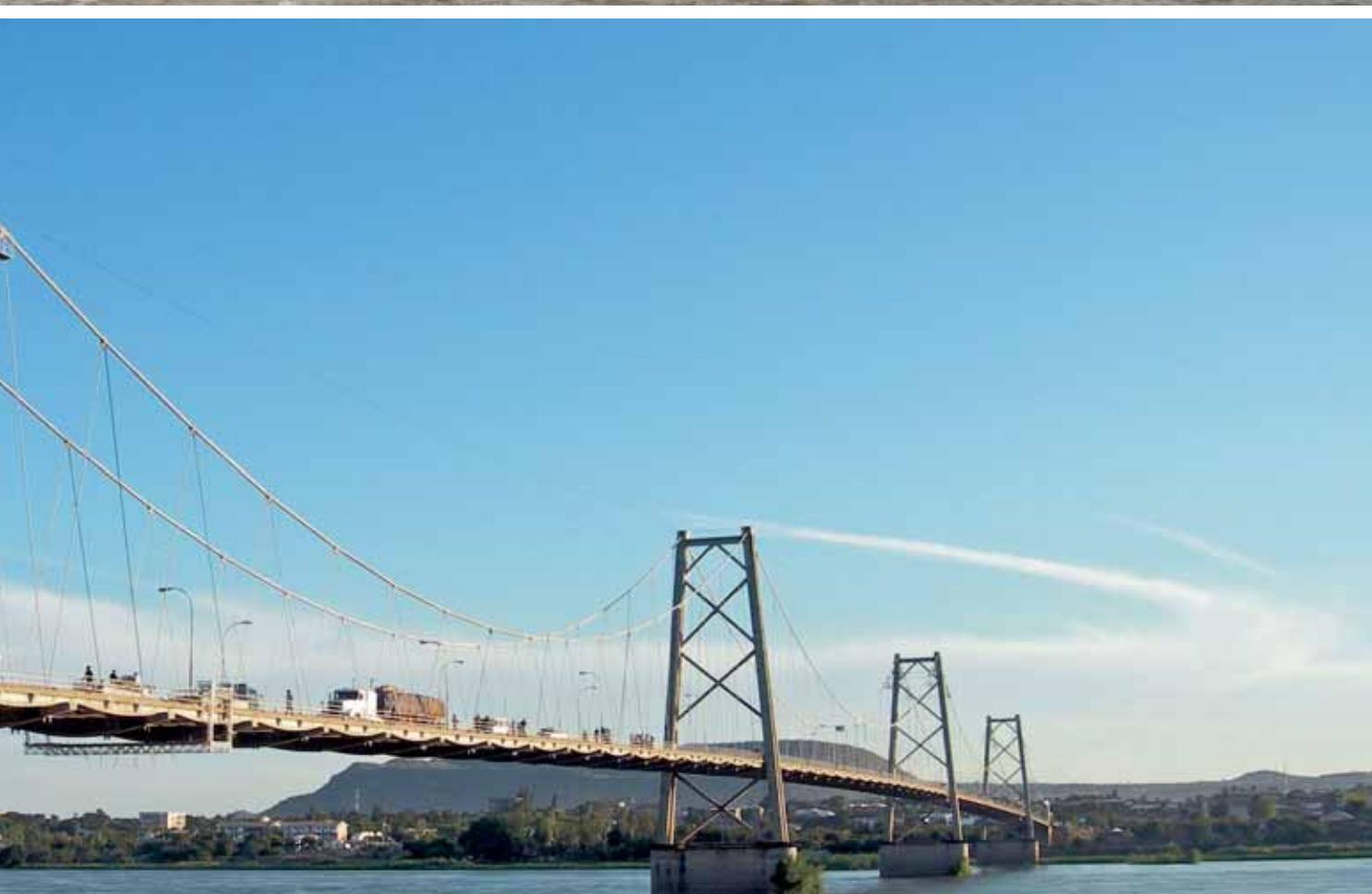
The following works deserve special mention:

- Manufacture and assembly of metal structures for the Railway Bridge of Alcácer do Sal, which has almost been completed;
- Rehabilitation of Tete Bridge, in Mozambique, involving the replacement of the hanging cables. Works are currently in progress;
- Design, Manufacture and Installation of the Gates of the Supplementary Flood Spillway of Paradela Dam, for “EDP - Gestão da Produção de Energia, S.A.”, also in progress.



38 Manufacture and Installation of Steel Structures for the Railway Bridge of Alcácer do Sal

39 Rehabilitation of Tete Bridge / Replacement of the Suspended Cables / Mozambique



40  
41/42





#### **- Formwork and Prestressing Operation Centre**

This Centre has increased its production, adapting it to its structure and capacity, not only due to the start-up of large construction yards such as those on the Railway Bridge over the Sado River, in Alcácer do Sal, and some of the bridges and viaducts of the Douro Litoral Concession, but also for its continued support for the proper development of other areas of production of the Company.

Also very important in the performance of this Company structure was the commencement of operations in Angola, especially in carrying out works related to its specialty on the Bridge and Viaducts over the Kwanza River, in Muxima, for which different important plant and machinery were deployed. A formwork equipment park is expected to be installed during 2010, with a view to increasing the effectiveness of its management.

Given the continuity of the works listed above and new construction yards under negotiation, production levels are expected to remain satisfactory in 2010.

- 40 Railway Bridge of Sado / Alcácer do Sal
- 41 Bridge over Kwanza River / Angola
- 42 Douro Litoral Concession

## **- Commercial Area**

After analysing the operating performance of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." some notes on the results and prospects for the Company's commercial area are provided below.

### **- Public Tenders and Privatization Processes**

The various Operation Centres and Central Directorates which make up Teixeira Duarte - Engenharia e Construções, S.A. have pursued a policy of consolidation of the Company's position in the different markets where it operates.

Participation in public tenders follows a sensible choice that takes into account the nature and extent of the works in question, also aiming at long-term satisfaction and loyalty of Site Owners.

To fulfil the objectives outlined above, there is the coordinated action between central and local structures, which allows, on the one hand, to achieve high levels of participation in tenders and, on the other hand, to support the various budgeting teams, which has proved to be of particular importance given the increasing variety and technical complexity of tenders, providing greater consistency and reliability in the design and preparation of studies and, thus, in the bids submitted.

The Company's capacity is also proved by the availability of necessary financial and human resources, the latter in number and expertise appropriate to the complexity of the Public Tenders for Concessions, including Public-Private Partnerships, which enables the Company to participate in these challenges, mainly in those relating to road and rail infrastructures, as well as hospital units.

Furthermore, we highlight the fact that, for 2010, there is still the prospect of focusing on improving Portugal's quality and competitiveness through investment in the construction of infrastructures, mainly in the form of public-private partnership, particularly in the hospital sector.

## **- Awarded Works**

The commercial effort made by all teams allowed the submission of 742 bids, amounting to EUR 6,204,606 thousand, of which EUR 3,214,107 thousand refer to the 32 bids submitted under partnership.

As a result of that activity and the dynamics of the markets where the Company operates, the following works, among others, were awarded in public and private tenders:

### **In Portugal:**

- Contract job for the completion of the future Hospitality Management School in Lisbon, for "Parque Escolar, E.P.E.;"
- Contract job for the construction of the Business and Technology Complex of Oporto, for "IMOFARMA – Fundo Especial Imobiliário";
- Contract job for the refurbishment works included in phase 2A of the Secondary Schools Modernisation Programme – Buildings 2AN1, 2AN4 and 2AN8, for "Parque Escolar, E.P.E.;"
- Contract job for Restoration and Rehabilitation Works – Phase I – Valadares Palace, in Lisbon, for "Parque Escolar, E.P.E.;"
- Baixo Tejo Sub-Concession, for "Instituto das Estradas de Portugal (IEP)";
- Contract job for the construction of the Supplementary Flood Spillway (Paradela Dam), for "EDP – Gestão da Produção de Energia, S.A.;"
- Contract job for the construction of the Cais do Sodré / Alcântara II tidal lock system, for "SIMTEJO – Saneamento Integrado dos Municípios do Tejo e do Trancão, S.A.;"

### **In Angola:**

- Contract job for Base Slab and Floor Treatment of Buildings GES 2, 3 and 4, for ESCOM – Espírito Santo Imobiliária, S.A.R.L.;

- Contract job for the construction of the Administrative Building of "Centro Logístico e de Distribuição (CLOD)" of Luanda, in Viana, for "Consórcio Mercasa-Incatema Consulting, S.R.L.;"
- Contract job for the construction of the Headquarters Building of the National Assembly of Angola, for the Special Works Office (GOE) of the Presidency of the Republic of Angola.

In Algeria:

- Contract job for the construction of the structure and railway track and stations along the "PLACE EMIR ABDELKADER – PLACE DES MARTYRS" line, for "Métro d'Argel";
- Contract job for the modernisation works on the Thenia/Tizi-Ouzou Line and its electrification until Oued Aissi (50+14 km) for Agence Nationale d' Études et de Suivi de la Réalisation des Investissements Ferroviaires (A.N.E.S.R.I.F.);

In Mozambique:

- Contract job for the rehabilitation of "Samora Machel" Bridge of the Zambeze River in Tete, for A.N.E. – Administração Nacional de Estradas;
- Bid for the rehabilitation of the bridge connecting the Island of Mozambique to the mainland – Phase III – and rehabilitation of the Jetty – Phases 1 and 2, for "A.N.E. – Administração Nacional de Estradas";

In Venezuela:

- Contract job for earthworks (Industry II) in the Agro-Industrial Complex for Sugarcane By-products in Santa Bárbara Aguasay, for "Constructora del Alba Bolivariana".

The total value of awarded works was EUR 444,378 thousand, of which EUR 167,360 thousand relate to Portugal and the remaining EUR 277,018 thousand to foreign markets.

This total value of awarded works was 10% lower than that recorded in 2008, but with a different progression, since there was an increase of about 30% in foreign markets, while in Portugal there was a very sharp contraction, with a decrease of

about 40%, which clearly reveals the difficulties that the Portuguese construction market is currently undergoing.

- Orders Portfolio

The Orders Portfolio of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", which reached a substantial overall amount of EUR 1,750,936 thousand at 31 December 2009, corresponding to an increase of 4.07% compared to 31 December 2008, has allowed it to ensure good levels of activity, especially in the context of such unfavourable economic conditions.

## C. SHAREHOLDINGS AND PARTNERSHIPS

**BEL - er e - Engenharia e Reabilitação de Estruturas, S.A.** is owned 100% by Teixeira Duarte Group, carrying out specialist works in the areas of Structural Rehabilitation and Preservation of Monuments and Architectural Heritage, as well as in Inspection and Diagnostics of Structures.

Despite the unfavourable climate in the rehabilitation sector, BEL recorded, on an individual basis, an operating income of EUR 20,404 thousand, which is deemed positive considering the difficulties inherent in the market.

In this context, BEL has reinforced its strategic focus on foreign markets - Algeria, Mozambique and, more recently, Angola and Spain - in which it received numerous requests to carry out new works of a highly technical nature, in recognition of its capacity and resources.

Despite the intense work of the Technical-Commercial Directorate, in 2009 there was a drop in the number and value of bids submitted, respectively by 2.8% and 4%, and 43% of the bids submitted in 2009 relate to studies and budgets for overseas contract jobs abroad.

Among the various tenders in which it participated in Portugal, the study for the recovery of the building of "Cine Teatro S. João", for the Town Hall of Palmela, and the tender for the adjustment and repair of Pier No. 6, at the Alfeite Naval Base, for the Ministry of Defence.

The total value of works commenced amounted to EUR 23,864 thousand, leading to the opening of 39 construction yards.

In the field of Research, Development and Innovation, it is important to note the implementation of the corresponding Management System, which is expected to be completed and certified during the first half of 2010.

Also noteworthy in this scientific context is BEL's active participation in important European research projects, such as:

- DURATI-NET- Durable Transport Infrastructures in the Atlantic Area Network, a project funded by "Atlantic Area Transnational Cooperation Program 2007-2013";
- "Seismic Engineering Research Infrastructures for European Synergies - SERIES", for research and development of seismic dissipation devices, to be applied during the rehabilitation of historic buildings.

In the area of Structural Rehabilitation, Reinforcement and Repair, the most significant interventions were:

Implementation of various projects, including completion of the following works:

- Completion of the rehabilitation of the Bridge over the Caldo River, in Gerez, which involved its reinforcement with external pre-stressing, for "EP - Estradas de Portugal, E.P.E.;"



43 Estradas de Portugal / Rehabilitation of the Bridge over Caldo River

- Completion of the rehabilitation of Bico Bridge, in Braga, which included, among other activities, the reinforcement of foundations and anchoring of arches, for "EP - Estradas de Portugal, E.P.E.;"



44 Estradas de Portugal / Rehabilitation of Bico Bridge / Braga

- Completion of the rehabilitation of Foz Bridge over the Sousa River, in Gondomar, for "EP - Estradas de Portugal, E.P.E.". This Bridge was the prototype of Arrábida Bridge and was also designed by Prof. Edgar Cardoso;

Rehabilitation and reinforcement of a section of the water supply pipeline to Lisbon, in Alhandra, for EPAL, S.A., using a solution designed by BEL.

Within the scope of Maritime Repairs, the most significant interventions were:

- Rehabilitation and reinforcement of Pier 6 at the Alfeite Naval Base, for future use of new submarines acquired by the Portuguese State, for the Ministry of National Defence;
- Completion of the rehabilitation of Pier 2, at Banátila, in Almada, for "REPSOL PORTUGUESA, S.A.".

Another major area of activity of this subsidiary is the Preservation and Restoration of Architectural Heritage and Historic Buildings, in which the most significant interventions were:

- Completion of the structural consolidation and archaeological works in the Convent of São Francisco, for the City Hall of Coimbra;



45 Palmela City Hall / Rehabilitation do Cine-teatro de São João / Palmela

- Rehabilitation of "Cine-Teatro de São João", including the treatment of roofs and façades, interior refurbishment and special facilities, for the Town Hall of Palmela;
- Rehabilitation of the Loulé Castle Walls, for the Town Hall of Loulé;



46 Loulé Palmela City Hall / Rehabilitation of the Loulé Castle Walls

- Rehabilitation, in partnership with Teixeira Duarte, of the façades of "Colégio de Jesus" - one of the largest buildings in the historic centre of the University – for the University of Coimbra;
- Rehabilitation of the façades and replacement of frameworks of the University of Évora, under the Energy Efficiency Improvement Plan;

For 2010, taking into account the orders portfolio and the number of contract jobs already awarded and underway, turnover it is expected to be similar to that achieved in the year under review.

**E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.** is owned 100% by Teixeira Duarte Group and, while maintaining a strong performance in the mining industry, in 2009 it was awarded new contract jobs in the road and rail sectors.

In 2009, this Company recorded, on an individual basis, a 41.1% decrease in operating income, which was entirely generated in the domestic market and settled at EUR 36,011 thousand.

The most significant projects currently underway are:

- A new phase of works for the development of the Neves Corvo mining facility, to be completed between 2009 and 2011, was awarded in January, with "Somincor – Sociedade Mineira de Neves Corvo, S.A.". By December, more than 7 km of tunnels had been built, 84,000 nails installed and 31,000 m<sup>3</sup> of shotcrete applied.



47 Somincor / Neves Corvo Mine Tunnels and Galleries

- Second stage of preparation for the resumption of operations of the Feitais Mine in Aljustrel, for "Almina - Minas do Alentejo, S.A.", including the construction of the Crushing Chamber, Excavation and Lining of Underground Silos and also widening and reinforcement of the support structures of several galleries.

- Within the scope of the contract job for the construction of roads on the Ribeira de S. Jorge - Arco de S. Jorge Expressway – 1<sup>st</sup> Phase
- Tunnels, currently underway for “RAMEDM – Estradas da Madeira, S.A.”, the tunnel excavation and concreting works were completed.

48 Estradas da Madeira / Ribeira de S. Jorge - Arco de S. Jorge Expressway – 1<sup>st</sup> Phase - Tunnels

- In June, excavation and retaining wall works commenced on a 232-metre stretch of the tunnel, comprised in the “Estádio do Dragão–Venda Nova” Oporto Metro (Underground) Line. This contract job was awarded with “LGC – Linha de Gondomar, Construtores, A.C.E.”.

- Also noteworthy was the awarding of a large-scale subcontract for “Infratúnel – Construtores do Túnel do Marão, A.C.E.”, involving the construction of several pedestrian crossings and approximately 6 km of tunnels spread across the two main galleries.

This work was commenced in June, but was suspended on the 10<sup>th</sup> of November by decision of the Court of Penafiel, as a result of a lawsuit brought against the Concessionaire by third parties.

Also noteworthy were the works carried out by the Department of Instrumentation and Monitoring of EPOS, which continued to perform its activities in support of several works, among which those carried out under the above-mentioned subcontract for the construction of the Marão Tunnel stand out for their broad scope.

It is also worth mentioning the Instrumentation and Monitoring works awarded with “Nova Estação, A.C.E.”, which are

currently in progress under the contract job for the design/construction of the carcasses for the extension between the underground Station of Amadora-Este and Reboleira Station on the Blue Line of “Metropolitano de Lisboa, E.P.”.

Finally, EPOS also provided technical assistance to “Teixeira Duarte - Engenharia e Construções, S.A.”, within the groups “Nova Estação, A.C.E.” and “Douro Litoral Obras Especiais, A.C.E.”, regarding the underground excavation works that were being carried out under their respective contract jobs.



49 Technical Assistance / Tunnels of the Douro Litoral Concession

**SOMAFEL - Engenharia e Obras Ferroviárias, S.A.** is owned 60% by Teixeira Duarte Group and its core business is railway engineering (tracks and catenary work).

In 2009, this Company recorded, on an individual basis, an operating income of EUR 38,786 thousand, which corresponds to a 14.27% decrease compared to the previous year.

It was yet another year in which domestic production did not show the expected development, so its operations in the foreign market still accounted for more than 50% of total revenue.

During the financial year under review, the following works were completed in Portugal:

- Installation of the railway layout (tracks and catenaries) in the Upper the PMO (Workshop and Material Park) of Guifões, for "Metro do Porto, S.A.;"
- Heavy-Duty Mechanical Tamping Machine for the preservation of the railway track on the North line for "Rede Ferroviária Nacional - REFER, E.P.E.;"
- Total refurbishment of the railway track between Pk 178+400 and Pk 188+500 on the Beira Baixa Line, for "Rede Ferroviária Nacional – REFER, E.P.E.;"



50 REFER / Total Refurbishment of the railway line between Pk 178+400 to Pk 188+500 of the Beira Baixa Line

- Maintenance of the railway track and geotechnical works on the Beira Alta Line, for "Rede Ferroviária Nacional – REFER, E.P.E.;"

Among the various works in progress in Portugal during the year, the following, which were all carried out by "Rede Ferroviária Nacional – REFER, E.P.E.", deserve special mention:

- Branch line rail access to Aveiro Harbour – 3<sup>rd</sup> Phase, in partnership;
- Construction of the Alcácer By-pass (2<sup>nd</sup> Phase): railway track and electric traction fixtures, in partnership;
- North Line – Sub-section 1.3: Setil/Entroncamento. Contract job for the rehabilitation of the railway track between Kms. 90+450 and 105+100, in partnership;



51 REFER / North Line - Sub-section 1.3 - Setil/Entroncamento / Rehabilitation of the railway line between Kms. 90+450 and 105+100 (in partnership)

- "General Railway Maintenance Works":
- Beira Alta Line: Pampilhosa - Vilar Formoso;
- West Line: Mira Sintra/Meleças – Louriçal;
- East Line: Corrective grinding of rails on both rows – Kms. 236,5 to 245,3.

**OFM - Obras Públicas, Ferroviárias e Marítimas, S.A.** is owned 100% by SOMAFEL, S.A. and specialises in maritime and river works and rail infrastructures.

In the financial year 2009, the Company recorded, on an individual basis, an operating income of EUR 27,685 thousand, which reflects a 24.1% decrease compared to the previous year. Of this income, approximately 66% was obtained in the domestic market and the rest in Algeria.

Among the various works in progress in Portugal during the year, the following deserve special mention:

In the railway sector:

Contract job for the "Total refurbishment of the railway track between Pk 178+400 and Pk 188+500 on the Beira Baixa Line", near Belmonte and Caria. This

contract was won in partnership with SOMAFEL S.A. and OFM, S.A. was in charge of the civil engineering works. The Site Owner is “Rede Ferroviária Nacional – REFER, E.P.E.”.



52 REFER / Total Refurbishment of the railway line between PK 178,400 and PK 118,500, on the Beira Baixa Line”, close to Belmonte and Caria – Civil Engineering

Contract job for the “Rehabilitation of the railway track between PK 70,450 and PK 105,100 on the North Line”, between Setil and Entroncamento, also in partnership with SOMAFEL, S.A., for “Rede Ferroviária Nacional – REFER, E.P.E.”.



53 REFER / Rehabilitation of the railway line between PK 70,450 and PK 105,100, on the North Line”, between Setil and Entroncamento

Contract job for the “Urban Insertion of Pedras Rubras, Interface and Accesses to the Overpass, in Maia,” for “Metro do Porto, S.A.” This work was carried out in association for the purpose of landscaping the area surrounding Pedras Rubras Station on the Red Line of the Oporto underground network.

Within the scope of maritime works:

Contract job for the “Rehabilitation and reinforcement of the piers between Santa Apolónia and Jardim do Tabaco (2<sup>nd</sup> phase)”, which is being carried out by the “Cais de Cruzeiros - 2<sup>a</sup> fase, ACE” group, for “APL – Administração do Porto de Lisboa”.

Contract job for the “Rehabilitation and reconstruction of the breakwater pier at Ericeira Harbour”, carried out in partnership, for “IPTM – Instituto Português dos Transportes Marítimos, I.P.”.

Contract job for the “regularisation of Ribeira de Silvade, in Espinho”, para a “Rede Ferroviária Nacional – REFER, E.P.E.”.



54 REFER / Regularisation of the Silvade Riverside / Espinho

Contract job for the “construction of the access to the breakwater service for coastal protection of Vila das Lajes do Pico, on Pico island, for “APTO – Administração dos Portos do Triângulo e do Grupo Ocidental, S.A.”.

In the commercial area, particularly noteworthy is the awarding of a number of minor works, including slope stabilisation, in the Douro line, using landslide and rock-fall protection devices, such as nails, wire mesh and mechanical barriers, for “Rede Ferroviária Nacional – REFER, E.P.E.”.

In 2010, OFM, S.A., in partnership, was awarded the “Construction contract for the expansion of Porto Novo Harbour on Santo Antão Island, Cape Verde, with work for the Company amounting to EUR 5.8 million.

In 2009, OFM, S.A. invested approximately EUR 1,700 thousand, especially for the purchase of two Vibratory Pile Hammers with a Power Pack and Universal Clamp, a GPS Hydrographic Sounder, a Dredge Bucket and a Hydraulic Drag Flow Pump.

In mid-2009, the Certification Authority (APCER) conducted and gave a final positive opinion on the follow-up audit of the Occupational Health and Safety, Quality and Environmental Management Systems, after which certification was also pursued for the Social Responsibility and RDI - Research, Development and Innovation Management Systems.

**DOURO LITORAL, ACE** is a complementary group of companies, incorporated in December 2007, in which "TEIXEIRA DUARTE - Engenharia e Construções, S.A." is the largest shareholder with a 40% stake. Its core business is the execution of contract jobs for building and increasing the number of lanes of trunk roads and associated road networks under the Douro Litoral Concession, totalling 129 km.



55 Douro Litoral Concession

The works associated with the Douro Litoral Concession commenced in 2008 and are progressing at a good pace. In 2009, operating income reached EUR 120,007 thousand.

**CONBATE, ACE** is a complementary group of companies incorporated for the purpose of executing works related to the Baixo Tejo Concession, amounting to a total of approximately EUR 160,000 thousand, in which "TEIXEIRA DUARTE - Engenharia e Construções, S.A." holds a 20% stake.

The contract was signed in January 2009 and during the year the implementation project was developed, expropriations commenced and the first work fronts were initiated.

In the final period, problems arose concerning the approval of the contract by the Court of Auditors, a situation that poses serious obstacles to the business continuity of this group. It is practically unavoidable that this serious situation will considerably affect the Concession.

#### IV.1.3 - FOREIGN MARKET

In this chapter, some reference will be made to the most significant performances abroad, carried out by both "TEIXEIRA DUARTE - Engenharia e Construções, S.A." and its subsidiaries operating in the Construction sector and, besides the most important foreign markets for this business area, their activities in countries such as France, Libya, São Tomé and Príncipe, Tunisia and Ukraine will also be mentioned.

##### - ANGOLA

Despite logistical problems, it was possible to achieve a growth in activity compared to 2008.

During the year under review, the following works were completed:

- Several bank branches for "Banco de Fomento de Angola", for "BES Angola" and for "Millennium BCP", as well as for "Banco Caixa Geral Totta", the latter in the town of Soyo;
- Four industrial facilities in the Logistics and Distribution Centre (CLOD) of Viana for the Mercasa-Incatema Consulting, S.R.L. Consortium;

- Espírito Santo Building, in Luanda, for "ESCOM - Espírito Santo Imobiliária, S.A.R.L.;"



56 ESCOM / Espírito Santo Building / Luanda

- Ekumbi Building in Luanda, for a local Real Estate agent and intended for housing;



58 Ekumbi Building / Luanda

- Retaining walls and excavation works of the "Torres do Carmo" and "Torre Maravilha" buildings in Luanda;
- Bridge over the Giraúl River, in Namibe, for I.N.E.A..



57 INEA / Bridge over Giraúl River / Namibe

The following construction works progressed:

- Of the Headquarters Building for CHEVRON oil company, in Luanda;



59 CHEVRON / Headquarters Building / Luanda

- Of the Headquarters Building for INACOM, in Luanda;
- Of the New Headquarters of the General Directorate for Roads and Traffic, in Luanda;



60 General Directorate of Roads and Traffic / New Headquarters / Luanda

- Of the new CABALA-MUXIMA bridge over the Kwanza River, for I.N.E.A.;



61 INEA / New Bridge over Kwanza River between Cabala and Muxima

- Rehabilitation of Avenida Hoji-Ya-Henda, in Luanda, for I.N.E.A..

The following works were continued for a company of Teixeira Duarte Group, relating to:

- Hotel Baía, in Luanda;
- Coqueiros Building, in Luanda;



62 Coqueiros Building / Luanda

- São Francisco de Assis School.



63 São Francisco de Assis School / Luanda Sul

During 2009, the following contract jobs were commenced:

- Construction of an administrative building and bank branches for several banks in the Logistics and Distribution Centre (CLOD) of Viana;
- Construction of an elevated water tank in the town of Soyo, for the Cajueiro Co-operative;
- Inspection and reinforcement works of Barra Bridge over the Kwanza River, for I.N.E.A.;
- Construction of the New Safe Computer Science Centre, for EMIS, in Luanda;

- Retaining walls, excavation and general base slabbing of building GES 2, 3 and 4, in Luanda, for "ESCOM - Espírito Santo Imobiliária, S.A.R.L.;"



64 ESCOM / Retaining walls, Excavation and General Slabbing of GES Buildings 2, 3 and 4 / Luanda

During the year under review, investments were made in Construction and Geotechnical and Foundation Engineering equipment amounting to EUR 8,950 thousand.

The expansion of Portuguese credit line has allowed the progress of processes relating to a number of public works that were planned to be carried out, particularly those covered by the Portugal-Angola Financial Agreement between Portugal and Angola.

It was in this context that "TEIXEIRA DUARTE - Engenharia e Construções, S.A." signed with the Special Works Office (GOE) of the Presidency of the Republic of Angola, the Contract Job for the Construction of the Headquarters of the National Assembly of Angola, located in the future new political and administrative centre of Luanda, amounting to EUR 185,000 thousand.

The enhancement of cultural affinities between the Portuguese and Angolan people, a position in which Portugal has unique advantages compared to other competing nations, continues to be regarded as essential to allow Portuguese companies to participate in large-scale reconstruction projects that are about to commence.

## - ALGERIA

In this country, "TEIXEIRA DUARTE - Engenharia e Construções, S.A." operates not only directly, but also through two subsidiaries: "Teixeira Duarte Algerie, S.A." and "TEIX.CO", the latter in partnership with an Algerian public sector construction group, as well as several groups of companies.

During 2009, the trends in the global economy have negatively affected the Algerian economy, which is highly dependent on the export of hydrocarbons.

Teixeira Duarte's installed production capacity has grown with several construction yards in full operation, and only administrative vicissitudes have prevented its good business performance from being totally reflected in the revenue recorded for the year.

Nonetheless, the Company is prepared to face the difficulties ahead, also because the knowledge gained from experience suggests that those who resist, standing their ground, are the first to emerge from the crisis, anchored in the roots that they managed to grow.

In this context, in 2009, Algeria recorded a substantial drop in production compared with the level obtained in the previous year.

During the year under review, the following works were completed:

- 2<sup>ème</sup> Rocade Autoroutière d'Alger Sud, for ANA – Agence Nationale des Autoroutes;



65 Agence Nationale des Autoroutes / 2<sup>ème</sup> Rocade Autoroutière d'Alger Sud

- MAO – Projet d'Adduction du Couloir Mostaganem-Arzew-Oran – Lot 3.1. – for ANBT – Agence Nationale des Barrages et Transferts, including the manufacture of BPAT pipes (pre-stressed concrete with steel core) in our factory in Fornaka, specifically built for this purpose.



66 Agence Nationale des Barrages et Transferts / MAO - Projet d'Adduction du Couloir Mostaganem-Arzew-Oran - Lot 3.1

The most significant works in progress and nearing completion are:

- El Oued – Assainissement des Eaux Résiduaires Pluviales et Lutte contre la Remontée de la Nappe Phréatique de la Vallée d'El Oued (tranche 2) for ONA – Office National de l'Assainissement;
- El Harrach-Douéra pour l'Aménagement du Périmètre de la Mitidja Centre – for ONID – Office National de l'Irrigation et du Drainage.



67 Office National de l'Irrigation et du Drainage / El Harrach-Douéra pour l'Aménagement du Périmètre de la Mitidja Centre

And the following works were commenced:

- Travaux de modernisation de la ligne Thénia / Tizi-Ouzou et son électrification jusqu'à Oued Aissi (64 kms) para a ANESRIF – Agence Nationale d'Étude et de Suivi de la Réalisation des Investissements Ferroviaires.

The commencement of these works was conditioned to inherent problems in the region and to the expropriation of land by Algerian entities.

- On 3 December, TEIXEIRA DUARTE – Engenharia e Construções, S.A. signed the contract for the construction of the structure and railway track and stations along the "PLACE EMIR ABDELKADER – PLACE DES MARTYRS" line with "Metro d'Argel". This work was set to be carried out in partnership with another Portuguese company and an Algerian company and Teixeira Duarte would be in charge of executing 40% of the contract, amounting to an estimated total of EUR 133,000 thousand.

**With regard to Portuguese associated companies, it is important to note:**

- The completion, by BEL, S.A., of the rehabilitation of the Riad El-Feth Monument, in Algiers, for Wilaya d'Alger. This is a 90m-tall reinforced concrete structure, whose surface is being rehabilitated together with the whole surrounding area, comprising the gardens, stone paving and lighting of this monument, erected in memory of the martyrs of the revolution and which became a major landmark of the Algerian capital;

- SOMAFEL, S.A. continued its activities in this Maghreb country through the following contract jobs:

- Total refurbishment of the "El Gourzi/Biskra/Touggourt" railway track – 240 Km, for ANESRIF (Agence Nationale D'Études et de Suivi de la Réalisation Des Investissements Ferroviaires).

In this contract, in partnership with a Chinese company and an Algerian company, SOMAFEL S.A. leads the group, ensures the implementation and coordination of the overall project and carries out its part of the renovation works along an 80 km

stretch. The implementation projects for the refurbishment of the route (Platform, Drainage and Track) were prepared with the collaboration of national drafting entities.



68 ANESRIF / Total Refurbishment of the railway line between "El Gourzi/Biskra/Touggourt"

- Preparation of the construction yard for the "Modernisation works on the Thenia / Tizi-Ouzou Line and its electrification until Oued Aissi" (64km of Railway Track and 75km of Catenary).

This contract was awarded to an international consortium led by Teixeira Duarte Group, in which SOMAFEL S.A. is in charge of preparing the implementation project for the Railway Track and Electrification system, all supplies of materials, remodelling work on the railway route and installation of catenary wires along a 75 Km stretch, including the supply and installation of two substations.

For this contract job, like the previous one, the bi-block concrete sleepers manufactured at the SOMAFEL, S.A. factory in Biskra were approved. Also noteworthy in this regard is the Site Owner's acceptance and recognition of the quality and compliance of the VAX U31 sleeper.

Although the Algerian railway authorities have announced the launch of new large-scale projects within the scope of the current railway modernisation programme, several setbacks have affected the smooth running of the commercial business due to successive changes and tender cancellations.

- OFM, S.A. continued the works it was carrying out within a group of companies:

- Construction of the Beni-Saf Desalination Plant outfall, for "UTE Desaladora Beni-Saf Construcción";



69 UTE Desaladora Beni-Saf Construcción / Emissário da Central de Dessaínização de Beni-Saf

- Réalisation d'un Poste Mixte Gazier et Huilier, for "Entreprise Portuaire de Bejaia, E.P.E.", em Bejaia,

And, in this period, it managed to win other contract jobs within a group of companies:

- Subcontract for the construction of a cofferdam for the "cooling water pumping and filtration unit of the combined-cycle power plant" in Terga, for Orascon Construction Industries;

- Subcontract for the construction of "Retaining Structures and Frontal Protection", for seawater intake, at the Koudiet Ed Draouch combined-cycle power plant in Annaba, for IBERDROLA;

- Contract job for the "Containment of the Repair Zone in the MERS-El-Kibir Naval Base", for the Ministry of National Defence of Algeria;

- Subcontract for the "service quay of the GNL3Z project", in Arzew, which involves the construction of two service quays comprised in the above-mentioned project. SAIPEM (ENI) is the client and Sonatrach the Site Owner.

## - BRAZIL

Teixeira Duarte construction activities in Brazil are performed through its subsidiary “EMPA, S/A – Serviços de Engenharia”, based in Belo Horizonte, State of Minas Gerais, which operates in the heavy construction industry in several Brazilian states.

In turn, EMPA, S/A holds a 33.33% stake in “INFRAENGE - Construções, Lda.”, a company incorporated under Brazilian law, based in Bebedouro, State of São Paulo, specialising in road construction.

In November 2009, a limited company called “SOMAFEL BRASIL, Engenharia e Obras Ferroviárias Ltda.” was incorporated under Brazilian law, having OFM. S.A. as its minority partner. It is also based in Belo Horizonte and formally registered with the official authorities of Minas Gerais.

This company was incorporated for the purpose of developing the strategy that SOMAFEL, S.A. decided to implement in that market and its human resources and commercial and productive framework are currently being organised. Although it has not yet achieved any contracts, local partnerships have been signed for tenders and, in the field of rail infrastructures, several bids have been submitted to perform railway track and overhead line works.

Although the performance of “EMPA, S/A” was penalised in the first half of 2009, its recovery in the second half of the year enabled the company to record a 13% increase in turnover compared to the previous year.

During the year under review, the following contract jobs were completed:

- Bedding and paving of the RS-481 road, in Salto do Jacuí, for DAER.
- Civil engineering works in the Bauxite Treatment Plant, in Miraí, Minas Gerais, for CBA.
- Several accesses to the Bauxite Mines, in Miraí, Minas Gerais, for CBA.

- Restoration of rural roads, in Cássia do Coqueiros, São Paulo, for DER-SP.

- Transport of Bauxite, in Miraí, Minas Gerais, for CBA.

The following works were continued:

- Construction of the BR-285/RS road - 30 km, for “DNIT - Departamento Nacional de Infra-Estrutura de Transportes”;



70 National Department of Transport Infrastructure / BR-285/RS Road

- Bedding and paving of the RS-520 road, between Chiapeta and RS, for DAER.

- BR-440 Road – Link from BR-267 to BR-040, in Juiz de Fora – MG, for “DNIT - Departamento Nacional de Infra-Estrutura de Transportes”;

- Construction of the BR-474/MG road, 195 km, for “DER/MG - Departamento de Estradas de Rodagem de Minas Gerais” and for “DNIT - Departamento Nacional de Infra-Estrutura de Transportes”;

- Areia Branca Hydroelectric Power Plant, located in Caratinga, Minas Gerais, for GDF Suez-Tractebel;

- Construction of bases and accesses, in Linhares ES, for PETROBRAS;

- Santo Antônio Hydroelectric Power Plant, State of Rio de Janeiro, for ENERGISA;



71 ENERGISA / Santo Antônio Hydroelectric Power Plant

- São Sebastião do Alto Hydroelectric Power Plant, State of Rio de Janeiro, for ENERGISA;



72 São Sebastião do Alto Hydroelectric Power Plant, Rio de Janeiro state, for ENERGISA

- Cajú Hydroelectric Power Plant, State of Rio de Janeiro, for ENERGISA;

- Rio do Braço Hydroelectric Power Plant, State of Rio de Janeiro, for "Banco Pactual";

In the year under review, works were commenced for:

- Thermal Power Plant, State of Baia, for MULTINER, S.A..

With regard to the contract jobs in progress, the construction of two undertakings in São Paulo has commenced, for Teixeira Duarte Group companies, one with four hundred apartments and another with sixteen.

These works represent the beginning of this subsidiary's operations in the building construction sector.

**- SPAIN**

In Spain, Teixeira Duarte operates through "GSC - Compañía General de Servicios y Construcción, S.A.", with the support of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." operation centres, as well as of its Spanish branch.

It is through GSC, S.A. that Teixeira Duarte tenders for most of the works, focusing on the regions of Madrid and Andalusia, but in some cases, and usually only for commercial and strategic purposes, "Teixeira Duarte - Engenharia e Construções SA" itself is included in consortiums for certain contract jobs.

Most of the contract jobs carried out are intended for the so-called "public facilities", local municipal councils being the main clients, and are often related to infrastructures assigned to another area of activity of GSC, S.A.: waste collection and treatment.

The subsidiary BEL, S.A., which operates in the rehabilitation of monuments and building structures, has also gained a prominent position in this field.

The situations in which "TEIXEIRA DUARTE - Engenharia e Construções, S.A." operates autonomously, through the teams of its Geotechnical and Foundation Engineering Operation Centre, are mainly restricted to subcontracts pertaining to this specific area of construction.

In spite of the highly unfavourable economic conditions, due to the greater impact that the global crisis has had on Spain, Teixeira Duarte continued operating in this sector in the same geographical areas, mainly in the communities of Madrid and Andalusia, and has recorded a significant increase in production compared to the previous year.

With regard to production during 2009, the following contract jobs deserve special mention:

- Completion of:

- Construction of the Facilities for the Cleaning and Waste Collection Service in the city of Algeciras, for the municipal company ALGESA;



73 ALGESA / Waste Collection Facilities and Cleaning Service of the City of Algeciras

- Construction of "CEMPLAF – Centro Municipal de Playas y Pinares" in El Puerto Santa María (Andalusia), for the Municipality of this city;



74 El Puerto de Santa María City Hall / Centro Municipal de Playas y Pinares

- Burial of municipal waste containers, executed under the government programme: "Local Investment State Fund", for the City Hall of Serranillos del Valle;
- Execution of various works in María Cristina Park, for the City Hall of Algeciras;

- Construction of an industrial facility for the Municipal Warehouses and Workshops of the City Hall of Algeciras;

- Construction of Units for the Cleaning Service of the City Hall of Algeciras;

- Rehabilitation of a Building for the Development Office of the Municipality of Algeciras;

- Execution of part of the 30,000ml of 950 mm piles for the retaining walls of the Metro de Granada channel, for "FERROVIAL – Agroman, S.A.".



75 Ferrovial / 950 mm piles for the retaining walls of the channel of Metro de Granada

- Construction of an 800 mm diameter pile wall, in Arroyo de los Migueles, on the A3 motorway, in Madrid, for "FERROVIAL – Agroman, S.A.";



76 Ferrovial / 800 mm diameter pile wall, at Arroyo de los Migueles, on the A3 / Madrid motorway

- Execution of 1500 mm sleeved piles for the foundation of part of the Segarra Channel, in Lérida, for the "BRUESA, S.A. - PLODER, S.A." consortium;

Continuation of:

- Burial of municipal waste containers, for the Municipality of Algeciras;

- Construction of San José Artesano Park, a public green space located in one of the most important avenues of Algeciras, for its City Hall;

- Construction of a 950 mm pile wall in Subsection II of Camino de Ronda, Campus de la Salud, for "Metro de Granada" consortium;

- Execution of a 1500 mm pile wall, 1500 and 1800 mm piles, 1000 mm diaphragm walls and 300 mm, micro-piles on the high-speed line connecting Barcelona to the French border, for the burial of AVE tracks in Montmeló, Barcelona, for "FERROVIAL – Agroman, S.A.;"

- Commencement of work for the Rehabilitation of Fuente Grande de Ocaña and Adaptation of the Surrounding Area, for the Municipality of Ocaña, in which the subsidiary BEL, S.A. also participated.



78 Algeciras City Hall / Rehabilitation of the Aquamarina Aqueduct



77 Municipality of Ocaña / Rehabilitation of Fuente Grande de Ocaña and Adaptation of the Surrounding Area

During 2009, BEL, S.A. performed its first works in this country, including the contract job for the Rehabilitation of the Aquamarina Aqueduct, for the City Hall of Algeciras.

**- FRANCE**

The Group operates in this country through its subsidiary SOMAFEL, S.A., which, since 2004, is accredited by SNCF - Société Nationale des Chemins de Fer – one of the world's most demanding railway administrations –, for both railway track and overhead line works.

During 2009, it continued working on the installation of overhead lines for SNCF – Société Nationale des Chemins de Fer Français which is expected to be completed in 2010.

A decision has been made to terminate SOMAFEL, S.A.'s operations in the French market, for it has already fulfilled its strategic objectives there.

**- LIBYA**

Following the work that "Teixeira Duarte – Engenharia e Construções, S.A." and other companies comprised in its Group have been carrying out in North Africa with increasing scope and regularity, studies to create new business opportunities for the Company in Libya continued.

## - MOROCCO

The Group continued to operate in this market through SOMAFEL, S.A., mainly with the completion of works awarded in previous years and the commencement of work for the refurbishment of the railway line between Rabat and Casablanca.

Thus, the following contract jobs were completed:

- Construction of the new railway track on the planned stretch between Taourirt and Nador(130 km), including the plan and installation of the layout on a concreted railway track at Beni Ansar Harbour, for "ONCF – Office National des Chemins de Fer";
- Plan and installation of a concreted railway track at Tânger-Mediterranée Harbour, for "ONCF – Office National des Chemins de Fer";
- Refurbishment of a 70 km stretch of railway track between Tanger and Mechraa Bel Ksiri, for "ONCF – Office National des Chemins de Fer".

In the year under review, the Moroccan market did not offer new contract opportunities and the only work in progress is the one relating to the Full Refurbishment of the Railway Track along a 50 Km stretch on the Rabat-Casablanca Line, for "ONCF – Office National des Chemins de Fer".

## - MOZAMBIQUE

In 2009, the construction market in Mozambique revealed an extraordinary performance, both at tender level and in the awarding of works, allowing Teixeira Duarte to optimise its local structure, responding to these new challenges in such a way that it reached a portfolio of works above the average of previous years and the largest volume of work since the Company started operations in this country.

Despite the drop in the number of new funded tenders in the last months of 2009, such indicators are expected to recover during 2010, subsequently reflecting in the portfolio of works for the second half of this year.

Particularly noteworthy among the operations conducted in this sector are those related to the areas of school construction and bridge rehabilitation, as well as the following works in 2009.

Completion of:

- Construction of the PS-Laulane Substation, in Maputo, for "ISOWAT Moçambique, Limitada";
- Rehabilitation of the DATI Headquarters building, in Inhambane, for "Telecomunicações de Moçambique – TDM";
- Rehabilitation of the Cais de Maputo and Catembe Jetties, in Maputo Province, for the Ministry of Transport and Communications, in which the subsidiary BEL participated;
- Construction of an outpatients building, in Maputo, for "ICOR – Instituto do Coração";
- Rehabilitation of "Utomi Park" building, in Maputo Province, for the National Directorate of Public Accounting and Budgeting;
- Rehabilitation of the São Sebastião Fortress in the Island of Mozambique, in Nampula Province, for UNESCO / Ministry of Education and Culture, in which the subsidiary BEL participated;



79 UNESCO / Ministry for Education and Culture / Rehabilitation of São Sebastião Fortress on the Island of Mozambique

- Infrastructures for the updating and extension of safety equipment, in Maputo Province, for "KUDUMBA - Investments, Lda.";

- Construction of the Comprehensive Primary School in the city of Chitima, for the Provincial Directorate of Education and Culture of Tete, Ministry of Education and Culture;
- Construction of the Secondary School of Macia, in Gaza Province, for the Ministry of Education and Culture;



80 Ministry for Education and Culture / Secondary School of Macia, in Gaza Province

- Construction of the Comprehensive Primary School in the city of Tete, for the Provincial Directorate of Education and Culture of Tete, Ministry of Education and Culture;
- Rehabilitation of the School of Agriculture of Chokwé, in Gaza Province, for the Ministry of Education and Culture;



81 Ministry for Education and Culture / Rehabilitation of the School of Agriculture of Chokwé / Gaza

- Construction of Catedral da Fé (Faith Cathedral) – 1<sup>st</sup> phase, at Avenida 24 de Julho, in Maputo, for “Igreja Universal do Reino de Deus” (Universal Church of the Kingdom of God);

- Construction of the Teachers' Training Institute of Chitima, for the Provincial Directorate of Education and Culture of Tete, Ministry of Education and Culture;

- Construction of the Teachers' Training Institute of Tete, for the Provincial Directorate of Education and Culture of Tete, Ministry of Education and Culture;

- Construction of the cargo inspection area in Maputo Harbour, for “KUDUMBA – Investments, Lda.”;

- Construction of four dwellings and a ceremonial area of the Eduardo Mondlane Foundation (2<sup>nd</sup> phase) in Nwandjahane - Manjacaze, in Gaza Province, for the Ministry of Education and Culture – DIPLAC;

- Construction of a building for recreational activities for “Escola Portuguesa de Moçambique – CELP”, in Maputo;

In 2009 the following works were continued:

- Building 01 – Construction of the Rectory Building, for Eduardo Mondlane University, in Maputo;

- Building 02 – Construction of the Faculty of Science Building, for Eduardo Mondlane University, in Maputo;

- Design and construction of buildings for the Ministries of Youth and Sports, Tourism and Public Administration, in Maputo, for “BCI – Fomento” (Site Owner);

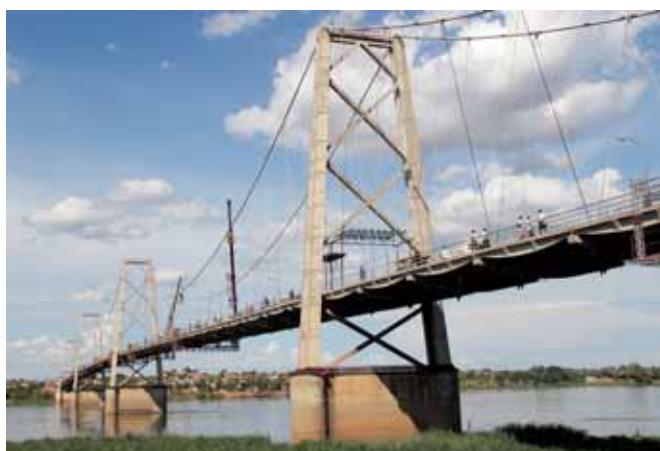


82 BCI - Fomento / Design/Construction of Buildings for the Ministries of Youth and Sports, Tourism and Public Administration / Maputo

- Design and construction of a building for the Ministry of Labour, in Maputo, for "BCI – Fomento" (Site Owner);
- Construction of the Paedagogical University of Tete, for the Provincial Directorate of Education and Culture of Tete, Ministry of Education and Culture;
- Construction of the Secondary School of Chidzolomondo, in Tete Province, for the Ministry of Education and Culture;
- Construction of the School of Arts and Crafts of Mugeba, in Zambézia Province, for the Ministry of Education and Culture;
- Construction of the Regional Disability Resource Centre of Tete, for the Ministry of Education and Culture;
- Construction of the Higher Polytechnic Institute of Geology and Mining of Tete, for the Ministry of Education and Culture;

In the same period, the following contract jobs were commenced:

- Rehabilitation of the bridge connecting the Island of Mozambique to the mainland - Phase III and rehabilitation of the Jetty - Phase 1 and 2, in Nampula Province, for "ANE – Administração Nacional de Estradas", in which the subsidiary BEL participated;
- Rehabilitation of "Samora Machel" bridge over the Zambeze River, in Tete, for "ANE – Administração Nacional de Estradas", in which the subsidiary BEL participated;



83 ANE / Rehabilitation of "Samora Machel" Bridge over Zambeze River / Tete

- Reconstruction of the Beira fishing harbour and construction of the processing factory, ice factory, cold stores and support facilities in Sofala Province, for the Ministry of Fisheries;

- Construction of the support facilities for the installation of safety equipment in the Nacala harbour area, in Nampula Province, for "KUDUMBA – Investments, Lda.;"
- Construction of the support facilities for the installation of railway safety equipment in Maputo, for "KUDUMBA – Investments, Lda.;"



84 KUDUMBA / Infrastructure to Support the Installation of Railway Safety Equipment / Maputo

- Construction of the support facilities for the installation of safety equipment in the Beira harbour area, in Sofala Province, for "KUDUMBA – Investments, Lda.;"



85 KUDUMBA / Infrastructure to Support the Installation of Safety Equipment in the Beira Harbour Area

- Transformation of the Manhiça Health Centre into a Rural Hospital, in Maputo Province, for the Ministry of Health - Directorate of Planning and Cooperation - DI;
- Construction of the Londe-Chokwé Polytechnic Institute of Agricultural Sciences, in Gaza Province, for the Ministry of Education and Culture;
- Construction of the structure for two buildings intended for Commerce, Offices and Housing, in Maputo, for IMOINVESTE.

#### **- SAO TOME AND PRINCIPE**

The Company continues to operate in this country, where it expects to commence the construction of the new Headquarters of the Central Bank of Sao Tome and Principe in 2010.

#### **- TUNISIA**

In 2009, SOMAFEL, S.A. completed the work of installing the catenary and electrical substations of the Extension of the West Line of the Tunis light rail system, for "TRANSTU - Société de Transports de Tunis".

This contract, signed in 2007 in partnership with another Portuguese company, also included the preparation of the implementation project and the supply of Catenary materials.

#### **- UKRAINE**

Continuing its activities in Ukraine, which commenced in mid-2006, "TEIXEIRA DUARTE - Engenharia e Construções, S.A." has been carrying out remodelling and modernisation works in a cement factory owned by another company of the Group (CEMENT, Limited), in the city of Odessa, close to the Black Sea.

In 2009, the coal grinding and spraying units were completed, as well as the palletisation warehouse.

This contract job has provided local market knowledge, particularly in the areas of Construction and Cement, Concrete and Aggregates.

Despite the current world situation, to which Ukraine is particularly exposed, Teixeira Duarte is determined to assert itself in this market and in the opportunities it provides, disseminating and enhancing the Group's presence in this eastern European country.

#### **- VENEZUELA**

In 2009, the growth cycle of the local subsidiary TEGAVEN, CA was interrupted, not only due to drops in production, but especially because of imponderable bureaucratic setbacks.

During the year under review, the following contract jobs were carried out:

- Reinforced concrete structure of the Buildings of the Multi-Family Housing Project, within the scope of the Special Physical and Structural Transformation Plan in the Sector III Metropolitan Area of João Paulo II Urbanisation, lot D, in Montalban, Caracas DC, for "PDVSA – Petróleos da Venezuela, S.A.";



86 PDVSA / Multifamily Dwellings in Montalban

- Finishing works in the multi-family dwellings in Montalban;

In the same year, the contract job "Movimiento de Tierra de la Obra Complejo Agoro Industrial de Derivados de la caña de azucar St. Bárbara, Aguasay del estado Monagas", for "PDVSA Agrícola, was commenced;

Within the area of Geotechnical and Foundation Engineering, we highlight the preliminary geophysical and geotechnical surveys conducted for the important Contract Job "Ampliación y Modernización del Puerto de la Guaira", for "Ministerio del Poder Popular de la República Bolivariana de Venezuela".

The political restructuring process carried out in Venezuela during 2009 involved re-addressing the priorities to meet the projects entered into in 2008, which led to a slowdown in these projects. Now that studies have been conducted and decisions made, there is a clear path for the resumption of production, which is expected to take effect from the beginning of the second half of 2010, despite the financial constraints.

## IV.2. – CEMENT, CONCRETE AND AGGREGATES

This sector has been individualised within Teixeira Duarte Group since 2004, as is currently being developed through a number of companies operating abroad, two of them acting essentially in support of construction activities in Angola and the other integrated into "C+P.A. – Cimento e Produtos Associados, S.A.", a company owned 52% by Teixeira Duarte Group, the remaining 48% by CIMPOR Group.

On 28 April 2009, Teixeira Duarte and "CIMPOR – Cimentos de Portugal – SGPS, S.A." entered into an Agreement in Principle regarding the transfer of their joint stake in "C + PA - Cement and Associated Products, Inc.", by sharing the assets held by this joint subsidiary.

The Agreement in Principle set out a number of assumptions or conditions, including the negotiation and conclusion of the necessary binding contractual instruments and was also

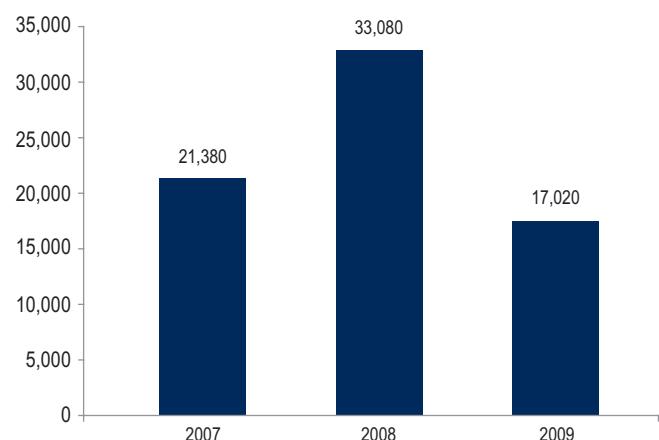
subject to the obtainment of all legally required authorisations or approvals and agreements from third parties, within a period of three months, with the possibility of being extended by mutual agreement of the parties.

Once the proceedings concerning the matter had been completed, the assumptions or conditions established in that Agreement in Principle were not fulfilled, so it was terminated mainly due to the definitive impossibility of obtaining the necessary agreements from third parties to achieve all the operations envisaged, whereby the Agreement expired on 28 July 2009.

## - OVERVIEW OF THIS SECTOR DURING 2009:

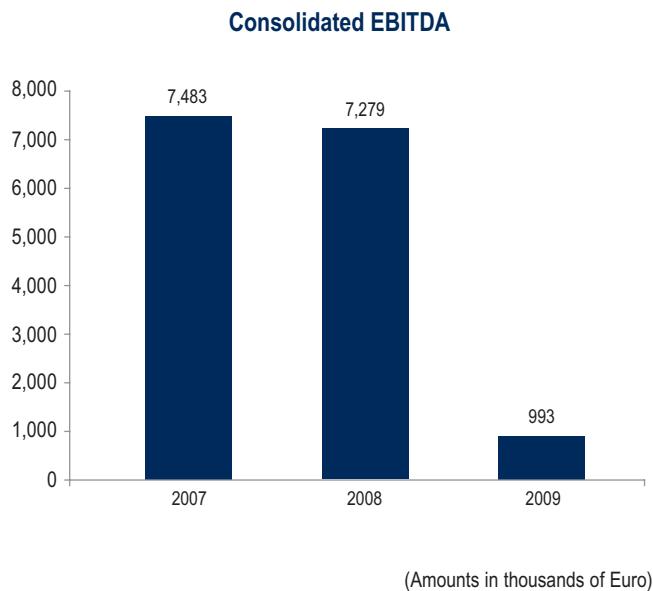
On a consolidated basis, Turnover in the Cement, Concrete and Aggregates sector was EUR 17,020 thousand, reflecting a steep drop in demand in Ukraine, where Teixeira Duarte has its most important production unit.

**Consolidated Turnover**



(Amounts in thousands of Euro)

As a result of the substantial reduction in turnover and the fixed cost structure, EBITDA was heavily penalised, but the recovery observed at the end of the year allowed it to settle at a positive EUR 993 thousand.



building a new facility for the exploitation of crushed granite, to be commissioned in the first half of 2010.



87 Úcua Quarry

On a non-consolidated basis and to give an overall picture of the activity, in 2009, the operating income of the Group companies engaged in the Cement, Concrete and Aggregates sector reached a total of EUR 36,624 thousand, relating exclusively to activities carried out abroad.

## - ANGOLA

The Group operates in Angola through "ANGOCIME, Lda." and "BETANGOLA, Lda." – the first in the commercial exploitation of aggregates and the second in the selling of ready-mix concrete –, and also through the operation of crushing plant owned by "Teixeira Duarte - Engenharia e Construções, S.A.".

In this country, the sector is still affected by the irregular supply of cement and increase in the number of cycles to supply aggregates, due to the ever-increasing distances to the places of origin of raw materials, as well as the traffic problems in the city of Luanda. These factors cause a significant increase in the cost of the final product.

ANGOCIME is currently operating a quarry and a gravel pit and

BETANGOLA is operating four concrete plants, which in 2009 produced 90,000 m<sup>3</sup> of concrete.

Together, the two companies maintained the level of income earned in 2008, partly due to the constraints already mentioned and also to the slowdown in demand, which did not allow them to increase sales to third parties.

## - SPAIN

C+P.A, S.A. owns 48.57% of the share capital of "ARENOR, S.L.", based in Seville, which operated in the concrete and aggregates sector in Spain and also holds stakes in several local and overseas companies.

ARENOR, SL is currently a shareholder in several entities, among which the following operate in the Cement, Concrete and Aggregates sector:

- "Arenor-Hormigones Sevilla, SLU", a company incorporated under Spanish law, which operates a concrete plant in Seville;
- An indirect minority share in the Portuguese company "LUSOBETÃO – Betões de Portugal, S.A.".

- In Bulgaria, this company indirectly owns a local company called Cimbul, which specialises in quarrying and concrete production and sales.

#### **- MACAO**

C+P.A., S.A. remained associated with its shareholder CIMPOR, S.A. and with local partners of Teixeira Duarte, to operate in the strategic market of the People's Republic of China, through the Macao-based company "Sociedade de Investimento CIMPOR MACAU, S.A.", owned 25% by C+P.A., S.A., which is also a shareholder in other companies incorporated under Chinese law.

Those local companies have a total of two clinker production lines with a capacity of 2,700,000 ton/year each and two cement mills, with an overall production capacity of 3,600,000 ton/year, operating in the provinces of South Sandong and Jiangsu, including the Shanghai area.

During 2009, the following events deserved special mention:

- Increase from 80% to 100% of the stake held by "Sociedade de Investimento CIMPOR MACAU, S.A." in the local sub-holding that owns shares in other operating companies;
- "Cimpor Zaozhuang Cement Corporation, Ltd." was incorporated under Chinese law to operate a new factory in Shanting, in the province of Shandong;
- Commissioning of the new Huaian cement mill, located in the north of the province of Jiangsu, with a production capacity of 1,500,000 ton/year.
- Acquisition of "Liyang Dongfang Cement Co".

#### **- NAMIBIA**

The project that C+P.A., S.A. has underway in Namibia is being carried out by "KARIBIB PORTLAND CEMENT, Limited", a company incorporated under Namibian law and based in Windhoek (Namibia).

In mid-2008, following a long and complex procedure carried out with various Namibian authorities, this subsidiary obtained the mining license and the environmental license, which allow it to commence work for the installation of a clinker production plant in the city of Karibib, for the purpose of producing cement.

During the first half of this year, a qualitative and quantitative analysis of the material from the quarries of Karibib was performed in view of its use in the production of clinker, and the results were very positive.

Technical and commercial negotiations were conducted with the potential suppliers of equipment for a 1,500tpd clinker production line. Within the scope of the revaluation of the forecast investment and in order to test the market, cement started being imported in May.

#### **- RUSSIA**

C+P.A., S.A. maintained its 70% stake in "MMK CEMENT, Limited", a company incorporated under Russian law, for the purpose of purchasing facilities and obtaining the license to operate in the port of Murmansk, located in the North of Russia, as well as for the installation of a storage unit for cement to be sold in that market.

#### **- UKRAINE**

The local company "CEMENT, Ltd.", owned 100% by C+P.A., S.A. and continued its activities focused on the operation of its cement plant in Odessa, much affected by the difficult market conditions, especially when considering the fact that in 2009

it dropped by 35.8% in Ukraine, and by 42.8% in the Odessa region.

In this context, the sales volume of this subsidiary decreased by 40.8% in the year under review.

The market position of "CEMENT, Ltd." in the Odessa region has been improving consistently, so much so that it is currently leading with a share of 45%, compared with 30% that the company had in 2006. In this regard, special mention must be made of cement sold in bags, which within the company's sales mix rose from 9.9% in 2006 to 32.6% in 2009.

The investments made allowed for a substantial improvement in the company's competitive position, from both an operational and technological point of view, so this is an objective that will continue to be pursued in 2010 with a view to achieving the start-up of the new coal mill facility, which will reduce the cost of clinker and, consequently, of cement.

Also noteworthy was the significant improvement in the efficiency of this unit in terms of labour productivity (tons of cement/worker), the use of electricity (Kwh/tons of cement) and heat energy (Kcal/Kg of clinker).

Within the scope of the study carried out for the installation of a new cement plant in Ukraine, CEMENT, Ltd. has already obtained a concession of land for this purpose.

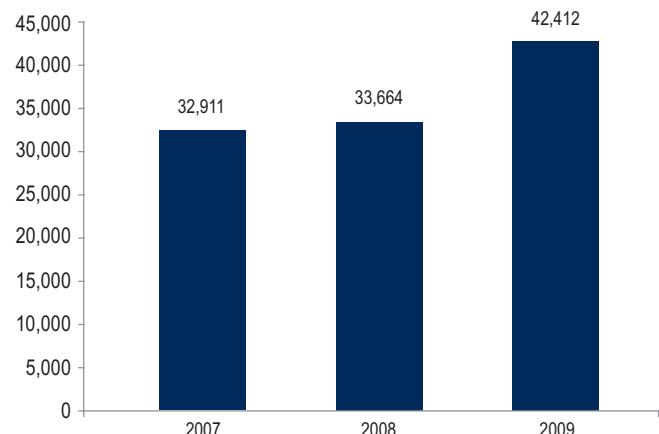
Thus, the analysis conducted below describes their operations divided by countries and, within each country, by company.

In this sector, Teixeira Duarte also holds several minority stakes in other companies whose management is not conducted by the Group's structures and which, in almost all cases, are not included in its consolidation perimeter. The most important ones will be mentioned at the end of this chapter.

#### **- OVERVIEW OF THIS SECTOR DURING 2009:**

On a consolidated basis, Turnover in the Concessions and Services sector was EUR 42,412 thousand, reflecting an increase of 26% compared to the total figures recorded at 31 December 2008.

**Consolidated Turnover**



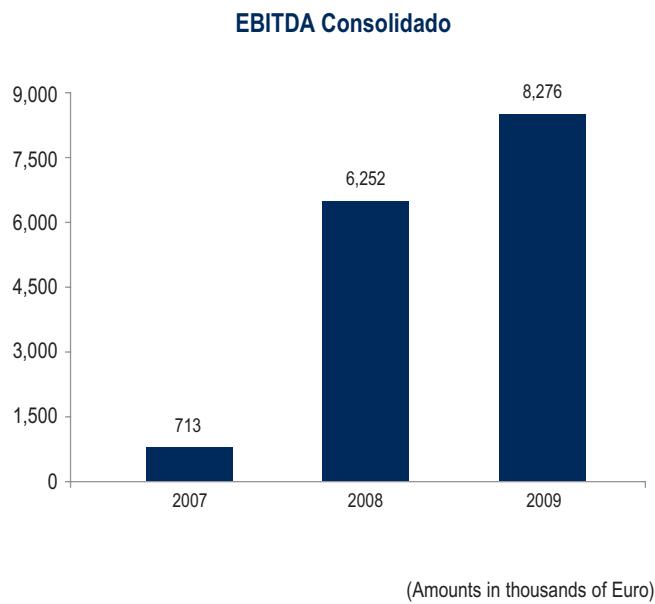
(Amounts in thousands of Euro)

### **IV.3. – CONCESSIONS AND SERVICES**

Teixeira Duarte Group started operating in this area in 1984, in Macau, through a stake that it still maintains and to which it added some others, over the past twenty-five years, in Portugal, Angola, Brazil, Spain and Mozambique.

At present, the Group companies are engaged in different business areas, with emphasis on environment, transport, concessions, mainly of roads, as well as technology and property management.

EBITDA rose by 32.4%, which is considered very significant in the light of the Turnover trend and this positive outcome is essentially due to the good performance of the subsidiary TDGI, S.A., both in Portugal and in foreign markets in which it has extended its activities.



On a non-consolidated basis, and to give an overall picture of the activity, in 2009, the operating income of the Group companies engaged in the Concessions and Services sector reached a total of EUR 61,095 thousand, of which 52% was generated from operations carried out in the foreign market and 48% in Portugal.

#### IV.3.1. - DOMESTIC MARKET

Given the diversity of the Group's business in this sector in Portugal, activities will be analysed by company and not as a whole.

**BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda.**, owned 100% by Teixeira Duarte Group, continued selling stationary in its shop in "Shopping Cidade do Porto".

**GSC - Compañía General de Servicios y Construcciones, S.A.**, through its Branch in Portugal, specialises in the provision of services, particularly in the environmental field.

Since 2006, this company has participated in various tenders in this area, often in partnership with RECOLTE S.A., in order to give a more interesting and competitive value to the bids submitted resulting from the accumulated experience, expertise and valences of both companies, from a complementarity perspective, within the economic group in which they are included and which has successfully led to the conclusion of several important contracts.

Some of the most significant operations carried out or in progress in 2009 were:

In the area of Collection and Transport of Municipal Solid Waste, the contracts for the municipalities of São João da Madeira, Lamego, Cascais, Vale de Cambra and Oporto, the latter through its subsidiary "INVICTAAMBIENTE, S.A".



88 GSC / Municipal Solid Waste Collection and Transport / Cascais

In the area of Construction / Maintenance of Gardens and Green Spaces, several contracts for the municipalities of Oeiras and Cascais.

In the year under review, the company achieved an operating income of EUR 2,842 thousand, representing a growth of 8.4% compared to that obtained in the previous year, and operating income is expected to increase in 2010.

**INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A.** is a Portuguese company owned 100% by "GSC – Compañía General de Servicios y Construcciones, S.A.",

established in fulfilment of an obligation under the concession contract entered into between the latter, its sole shareholder, and the Municipality of Oporto.

This company operates solely and exclusively in the development, management and operation, under concession contracts, of municipal solid waste collection and street cleaning services in a very large urban area of that Municipality.

One of the particularities of the concession contract that deserves special mention is that "INVICTAAMBIENTE S.A." is also responsible for the management and integration, in its production force, of more than a hundred workers of the Municipality of Oporto, under an assignment scheme, during the entire eight years of the duration of the concession. This integration has been generally conducted in a very positive manner, respecting workers' rights and the values of Teixeira Duarte.



89 Invictaambiente / Municipal Solid Waste Collection and Transport / Oporto

In the year under review, the company achieved an operating income of EUR 4,210 thousand, and an equally large operating income is expected to be obtained in 2010.

**RECOLTE - Recolha, Tratamento e Eliminação de Resíduos, S.A.** is owned 100% by Teixeira Duarte Group and is dedicated to the design and operation of urban cleaning and sanitation systems, to municipal and industrial waste management systems, and also to the construction and maintenance of gardens and green spaces, providing a wide

variety of environmental services.

In 2009, RECOLTE, S.A. recorded an operating income of EUR 9,398 thousand, representing a growth of 19.3% over the previous year, especially significant if we consider the particularly difficult cycle in the environment sector.

This year, the company consolidated the turnover growth trend that has been observed over the past few years, despite the significant adverse impacts arising from the systematic decrease in the contract award values due the huge mismatch between demand and supply.

Within the scope of the internal reorganisation that has been carried out and new contracts concluded, RECOLTE, S.A. maintained its commitment to continuous renewal of equipment, investing in the purchase of new state of the art vehicles, more environmentally efficient, amounting to a total of EUR 694 thousand.

Despite the problems arising from the decrease in the base values of tenders, in addition to the entry into force of the new public procurement legislation, the company recorded an intense technical and commercial activity and, overall, there was an increase in the number of studies conducted throughout the financial year, which totalled 231 bids – amounting to EUR 81,756 thousand – what represents a growth of 18% over the previous year.

Despite the difficult market conditions, which led to a substantial decrease in bid values, the value of new contracts awarded amounted to EUR 9,530 thousand, including the "Tender for the Provision of Municipal Solid Waste Collection and Transport Services in the municipalities of Lagoa, Ribeira Grande and Vila Franca do Campo", MUSAMI – Empresa Municipal do Ambiente, EIM (Azores), the company's first contract in the Azores.

With regard to the different tenders in which it participated, the following bids deserve special mention for their value and importance:

- "International Open Tender for the Procurement of Services for the Collection and Transport to Landfill of Municipal Solid Waste (MSW) and Street Cleaning in the municipalities of de Felgueiras, Lousada and Paços de Ferreira", for "VALSOUSA, Comunidade Urbana do Vale do Sousa";
- "Mixed Services Contract for Vehicle Leasing and Street Cleaning and MSW Collection Equipment in the Municipality of Sintra", for HPEM, Higiene Pública, EM (Sintra);
- "Provision of Services for Solid Waste Collection and Street Cleaning and Sanitation in the Municipality of Fafe", for the Town Hall of Fafe;
- "Provision of Maintenance and Preservation Services in Monsanto Forest Park," for the Lisbon City Hall.

The activities carried out in the strategic areas of Ordinary Industrial Waste, Landfill Operation and Construction/Maintenance of Gardens and Green Spaces contributed with 20% of total revenues, while the activities of Waste Collection and Transport and Street Cleaning – the company's core business - accounted for 80%.

Some of the most significant operations carried out in 2009 were:

In the area of Municipal Solid Waste Collection and Transport and/or Street Cleaning, contracts in progress for the municipalities of Almada, Tarouca, Loulé, Ovar, São João da Madeira, Lamego, Alenquer, Cascais, Vale de Cambra and Oporto;



90 RECOLTE / Municipal Solid Waste Collection and Transport / Lamego



91 RECOLTE / Municipal Solid Waste Collection and Transport / São João da Madeira

Within the scope of Construction/Maintenance of Gardens and Green Spaces, various contracts with the municipalities of Oeiras, Almada, Cascais, Lisbon, the Parish of Alforneiros and several private entities;



92 RECOLTE / Construction and Maintenance of Gardens and Green Areas / Oeiras

In the Cleaning of Beaches and Coastal Areas, work performed for the municipalities of Peniche, Ovar and Setúbal;

In the Container Cleaning area, contracts with the municipalities of Bombarral, Peniche, São João da Madeira, Lamego, Alenquer, Cascais, Vale de Cambra, Oporto, Penela and Viseu.

RECOLTE, S.A. has its Quality Management System certified since August 2006, now updated in accordance with Standard NP EN ISO 9001:2008 and, in the year under review, it also

obtained certification for its Environmental Management System according to the NP EN ISO 14001:2004 Standard reference system. Nevertheless, and in order to adjust the company's performance and position to higher levels, through a process of continuous improvement and industry leadership in this area, it launched the necessary actions to implement the technical, regulatory and legal procedures of its Safety Management and Social Responsibility Systems, according to standards OHSAS 18001:2007 and SA8000: 2008, respectively, which are expected to obtain certification by the end of 2010.

For the year 2010, and given the difficulties experienced in the country and particularly in the environmental sector, new opportunities will be pursued through synergies in countries where Teixeira Duarte Group is already very well established, mainly in Angola, and a cautious posture will be maintained in participating in the different tenders and businesses in order to continue growing steadily and creating value, aiming to achieve the objectives for 2010: an operating income and net profit higher than those obtained in the year under review.

The Group will continue efforts to ensure the constant renewal and modernisation of equipment, the implementation of more proactive, flexible and business-oriented management methodologies for the full satisfaction of its customers.

**SATU-OEIRAS - Sistema Automático de Transporte Urbano, E.M., S.A.** is a municipal company in which "TEIXEIRA DUARTE - Engenharia a Construções, S.A." holds a 49% stake.

This year, in which it completed five years of full operation of the Transport System, SATU recorded an operating income of EUR 223 thousand.

The company continued to carry out its operations with appropriate rigour, which allowed it to maintain certifications in accordance with the relevant standards OHSAS 18001, ISO 14001 and ISO 9001.

Following the "Pre-Feasibility Study of a Solution for the Expansion of the SATU System to the Cacém Railway Station", a Preliminary Memorandum of Understanding was signed on 31 July between the SATU-Oeiras, the Municipality of Oeiras and the Municipality of Sintra, with the aim of completing the System to Cacém.

In this regard, it should be mentioned that the SATU System and its expansion to Cacém are already envisaged in the Regional Plan for the Development of the Lisbon Metropolitan Area (PROT-AML) of November 2009, with the aim to connect the Sintra and Cascais railway lines.

For 2010, operations should develop with the same level of performance, in line with previous years, and the System is still expected to grow under the above-mentioned conditions.

**TDGI - Tecnologia de Gestão de Imóveis, S.A.** is owned 100% by Teixeira Duarte Group and its core business is the management and technical maintenance of facilities and undertakings.

Despite the unfavourable scenario of 2009, this year turned out to be quite positive for TDGI, which reached an operating income of EUR 11,595 thousand, representing an increase of 22.2%.

Thanks to the efforts and commitment of all the staff and services provided, the company has succeeded, once again, in ensuring the continuity of most of the contracts carried over from previous years and still capture a considerable number of new customers.

**The Analysis and Diagnostics sector** continued to be one of TDGI's strongest bets, since the new legislation on energy efficiency and indoor air quality in buildings, with the resulting obligations regarding the tests to be performed at the work completion stage and thereafter throughout the facility's useful life, gave this area a strong boost and relevance.

The strategy of betting on a team with technical experts, equipped with the latest technologies used in Building Maintenance and in order to ensure an adequate response to market demands was maintained, so the company continued investing in new technologies, equipment and solutions.

The implementation by TDGI of the practice of performing tests during the stages of construction and completion of work, measurement of energy consumption, evaluation of IAQ (Indoor Air Quality) parameters and the operating conditions of the facilities, allows TDGI to certify Buildings and draw up Energy Streamlining Plans (ESP), as well as IAQ Corrective Action Plans (PACQAI), with a view to optimising energy consumption and improving IAQ.

The measurement of indoor air quality parameters, thermography, vibration measurement and other techniques developed are a strong bet for TDGI, which has been purchasing this type of equipment in order to offer its customers new and better services.

Within the scope of Energy Certification of buildings, Cascais Hospital and Luz Hospital - Clinical Centre of Amadora stand out among others.

The Studies and Special Projects sector once again recorded strong growth in 2009, especially as regards the occupation of spaces.

As a consequence of the global economic environment, one of the concerns of organisations involves the need to reuse and retrofit existing spaces in order to minimise investment values. This is proving to be a business opportunity for TDGI, which promotes, in the form of Facilities Management, enhanced interior architecture and adaptation works as an added value to the customer.

Investment in this sector involved strengthening its team, composed of Architects, Engineers, Quantity Surveyors and Civil Engineers.

In this sector, and from an operational point of view, the most significant works carried out in 2009 were:

- Project Management of JET REPUBLIC, including the implementation, management and coordination of the execution of the Architectural and Technical Facilities Projects;

- The process of change in reducing the space occupied by RENAULT, envisaging their rehabilitation in the latter's organisation and technical facilities and the execution of smaller projects, but illustrative of the potential of this sector, specifically with regard to turnkey projects;

- The projects of GLOBALVIA and ESYLUX, in which TDGI intervened from the preparation of the Study of Occupation to the rehabilitation works, involving the implementation of the company's corporate image, the supply of furniture and partitions and rehabilitation of the technical facilities.

The Facilities Management and Facility Management and Operation sector, which remains TDGI's core business sector, recorded an appreciable increase in the number of contracts, as a result of having kept and expanded the scope of existing contracts, as well as the conclusion of contracts with new customers, including: the Campus of Justice, the swimming pool complex of the University Stadium of Lisbon, the Headquarters Building and the Technical Building of CIMPOR; the FrenteMar Funchal Bathing Facilities, in the Autonomous Region of Madeira, Queluz National Palace and the ANACOM building in Lisbon.



93 Campus da Justiça / Lisbon



94 Swimming pool complex of the University Stadium of Lisbon

**TDHOSP – Gestão de Edifício Hospitalar, S.A.** is owned 100% by “TEIXEIRA DUARTE – Engenharia e Construções, S.A.” and is dedicated to the management of the new Cascais Hospital for a period of 30 years, envisaging the design, project, construction, financing, preservation and maintenance activities.



95 TDHOSP / Management of the New Cascais Hospital

The construction was the responsibility of “Teixeira Duarte – Engenharia e Construções, S.A.”, while the maintenance of the future building will be performed by “TDGI – Tecnologia e Gestão de Imóveis, S.A.”.

TDHOSP, S.A. has developed its activity with a view to ensuring that the works are carried out according to schedule,

coordinating the various parties involved so as to create the conditions for an excellent performance during the stage of operation of the future building.

Despite the difficulties caused by the lack of definition as to the characteristics of the clinical equipment required for the preparation and execution of the contract job works, these progressed at good pace and the Hospital was inaugurated on 23 February 2010.

It is noted that, despite the size and complexity of such an undertaking, the set objectives were fulfilled, i.e. to have the hospital ready to operate within the short period of two years.

Indeed, this task required the involvement of many other entities, which deployed their capacities and qualities into the process, highlighting the contribution of the Regional Health Administration, of the City Hall of Cascais and PPH.

**AEDL - Auto-Estradas do Douro Litoral, S.A.** is a company in which “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” holds 18% of its share capital and which signed the Douro Litoral concession contract with the Portuguese State at the end of December 2007.

Said agreement will last 27 years and envisages the design, project, construction, increase in the number of lanes, financing, preservation and operation of the highway links and associated road links, called “Concessão Douro Litoral” (Douro Litoral Concession), along a total of 129Km, of which 78Km include toll-gates.

**AEBT - Auto Estradas do Baixo Tejo, S.A.** is a company in which “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” holds 9% of its share capital and which signed the Baixo Tejo Sub-Concession Contract with EP – Estradas de Portugal, S.A. on 24 January 2009.

Said sub-concession contract will last 30 years and envisages the design, planning, construction, increase in the number of lanes, financing, preservation and operation of the highway links and associated road links in the district of Setúbal, called Baixo Tejo sub-concession, along a total of 68 Km, of which 17 Km include toll-gates and an estimated investment of approximately EUR 278 million.

#### **LUSOPONTE - Concessionária para a Travessia do Tejo.**

**S.A.** is a company exclusively dedicated to the management, under a concession scheme, of the two Road crossings over the Tagus River, in Lisbon, and in which "TEIXEIRA DUARTE - Engenharia e Construções, S.A." holds 7.5% of the share capital.

During 2009, this subsidiary had a very reasonable performance and its Profit Before Taxation increased by approximately 16.2%, amounting to EUR 19,746 thousand compared with EUR 16,987 thousand in 2008.

The 3.1% increase in revenues was associated with cost reduction, which enabled the company to obtain a net profit after taxation of EUR 14,484 thousand, 3% above its Budget and 16.4% higher than in 2008.

#### **IV.3.2. - FOREIGN MARKET**

##### **- ANGOLA**

**EDUCARE - Actividades Educativas e Culturais, Lda.** is owned 100% by Teixeira Duarte Group and was incorporated in 2007 for the development of the "Colégio São Francisco de Assis" project, in Luanda, through which it intends to serve the needs of demanding and culturally diversified clients, assuring the education of children and youth aged 3 and above.

This company started its activity in September 2007 with the opening of the School's temporary premises in Talatona,

Luanda Sul, having since then asserted itself in the Country's education market as an excellent multicultural unit, which resulted in the expressive doubling of the number of pupils enrolled for school year 2008/2009.

In the year under review, the company achieved an operating income of EUR 2,999 thousand.

"Colégio São Francisco de Assis" already has over 200 pupils, clearly reflecting the pleasure and ability to have an ever-increasing number of parents understand the ambitious educational goals of this unit.

Still operating in temporary facilities, the School will extend its classes to 6<sup>th</sup> grade in the next school year (2010/2011), in the permanent premises.

**TDGI - Tecnologia de Gestão de Imóveis, Lda (Angola)** is owned 100% by Teixeira Duarte Group and, just like TDGI in Portugal, is dedicated to the management and technical maintenance of buildings and undertakings.

Despite the complexity and strong competitiveness of the market, TDGI's knowledge of it and its increasing expansion has allowed it to reach an operating income of EUR 7,124 thousand, and the signing of new contracts allowed it to extend its activities to various provinces of Angola.

The implementation of solutions in some projects of Teixeira Duarte Group, particularly the new Car Centre and the new Logistics Centre of MAXI, allowed it not only to meet internal needs in the Management and Technical Maintenance of Facilities, but also to grow in size and ability to respond to market demands, consolidating the image and credibility of the company abroad.

## - BRAZIL

**TEBE, S.A.** is a company incorporated under Brazilian law, based in Bebedouro, State of São Paulo. It is owned 33% by EMPA, S.A. and has the concession of a 156 Km state road, located inland in the State of São Paulo, linking the cities of Barretos and Bebedouro.

In 2009, we highlight the negative impact of the international crisis in the production of the south-eastern state of São Paulo, of products like sugar, alcohol, ethanol, orange juice, soy, with direct effects on freight transport.

Nonetheless, traffic on the roads managed by TEBE increased by 0.77% compared with 2008.

Operating income for the period amounted to EUR 15,332 thousand, reflecting an increase of 12% compared to 2008, due to the fee update and slight increase in traffic.

The profit for the year amounted to EUR 2,055 thousand, representing a decrease of 28.6% compared to 2008 due to revaluation of the asset value and the resulting increase in depreciation, in addition to the reduction of the amortization period from 25 to 8 years.

**EMPA, S/A**, in this area of Concessions and Services, continued to develop several projects for Small Hydroelectric Power Plants (SHPs) based on the hydroelectric inventory in the states of Minas Gerais, Bahia and Mato Grosso do Sul, totalling 131 MW of installed power.

In the year under review, the Indaiá Grande and Indaiazinho SHPs, respectively of 22.5 MW and 12.5 MW and with a capacity factor of 0.76, were licensed and sold.

## - SPAIN

**GSC – Compañía General de Servicios y Construcción, S.A.** is a company incorporated under Spanish law, owned 100% by "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", providing Environmental services, mainly in the market of

waste, street cleaning, gardens, beach cleaning, coastal rescue and relief, as well as various activities within the scope of Management and Maintenance of Buildings and Urban Spaces.

In 2009, the Company reported, on an individual basis, an operating income of EUR 21,807 thousand in this business sector, an amount consistent with that recorded in the previous year.

Within the Environmental area, the following new contracts were awarded:

- "Conservación, Mantenimiento y Vigilancia de la Zona Infantil del Parque Saladillo y Conservación, Mantenimiento de Parques Infantiles de la Barriada", for the City Hall of Algeciras;
- "Ampliación de Limpieza y Mantenimiento de Zonas Verdes", for the City Hall of Algeciras;
- Construction of San José Artesano Park, in the Rinconcillo area, for the City Hall of Algeciras;
- "Salvamento y Socorrismo en las Playas del Término Municipal de Tarifa", for the City Hall of Tarifa;
- "Servicios de Recogida y Transporte de Residuos, Limpieza Vial, así como el Mantenimiento de los Jardines y Servicio de Alcantarillado", for the City Hall of Villaconejos, in Madrid;



96 Road Cleaning in Villaconejos

- "Gestión Interesada del Servicio Público, Programas y Actividades del Centro de Recursos Ambientales en Coto de la Isleta", for the City Hall of El Puerto de Santa María;

During 2009, the most significant operations were:

Within the scope of Municipal Solid Waste Collection, Recycling Centre Management and Street Cleaning:

Operations continued in the City Halls of the Community of Madrid in: San Lorenzo de El Escorial; Torrejón de la Calzada; Torrejón de Velasco; Serranillos del Valle; Quijorna; Cubas de la Sagra; Griñon and Villaconejos;



97 Maintenance of Parks and Gardens / Serrallinos del Valle

In Andalusia, the Company maintained a major contract for Selective Collection, MSW's and Container Cleaning, with Ayuntamiento de Benalmadena.

Within the scope of Garden Maintenance:

Contracts progressed in the Community of Madrid with the City Halls of Torrejón de la Calzada; Serrallinos del Valle;

In the Community of Andalusia, operations continue in the City Halls of Algeciras and El Puerto de Santa María;

Within the scope of Maintenance and Preservation of Beaches, Pine Forests and Coastal Rescue and Relief:

In 2009, several contracts were carried out in the Community of Andalusia, particularly with the City Halls of Benalmadena, El Puerto de Santa María, Tarifa and Algeciras;



98 Hydrocarbon Spill Cleanup / Playa del Rinconcillo / Algeciras

Within the scope of Provision of Municipal Educational Services, an important contract was won for the City Hall of El Puerto de Santa María, in the Community of Andalusia, for the Management of "Centro de Recursos Ambientales, C.R.A." in Coto de la Isleta, environmental education equipment, open all year round to the public and cooperative customers, which has sports, nautical and recreational facilities, including living quarters, which allow visitors, especially the younger ones, to study and observe animal life.



99 Nautical Routes along San Pedro River / Centro de Recursos Ambientales / El Puerto de Santa María

Within the scope of Building Maintenance and Management, Teixeira Duarte Group operates through GSC – Compañía General de Servicios y Construcción, S.A. and, in some cases, in partnership with TDGI – Tecnología e Gestão de Imóveis, S.A.

In this context, there was an intense commercial activity in winning new contracts and in the formation and consolidation of the technical teams necessary for the provision of efficient, high quality services.

During 2009, the following contracts were won:

- Maintenance and Full Management of the "Go Fit Madrid" Sports Centre, for Ingesport, with a total surface area of 8,000 m<sup>2</sup>, one of the leading sports and leisure centres in Madrid;



100 Ingesport / Full Maintenance and Management of the "Go Fit Madrid" Sports Centre

- For City Hall of Villaconejos, in Madrid, the contract for Cleaning Services in Public Buildings, Education Centres and Municipal Facilities and City Hall Services;

For the City Hall of Griñon, in Madrid, Cleanup of 18 Municipal Buildings;

In the Community of Andalusia the contract for the Maintenance of 29 Public Schools continued for the City of Algeciras;

In the Community of Galicia, operations commenced under the contract of Full Maintenance of the Premises of

IGAPE (Galician Institute for Economic Promotion) in Santiago de Compostela.

#### **- MACAO**

CPM - Companhia de Parques de Macau, S.A., in which Teixeira Duarte Group holds 15% of its share capital since its incorporation in 1985, following the international open tender carried out abroad, was a pioneer and is still a benchmark company in construction and management of underground parking lots and related activities in the Special Administrative Region of Macao, having successfully continued its operations within the specific market parameters.

The company manages a total of 9,396 car parking spaces and 1,301 motorcycle parking spaces and, in 2009, it recorded an increase in revenues by about 4.7%.

#### **- MOZAMBIQUE**

TDGI - Tecnologia e Gestão de Imóveis, Lda. (Moçambique) is owned 100% by Teixeira Duarte Group and is a replica, in this Country, of its counterparts in Portugal and Angola, operating in an area which is considered to have great potential for development.

The company continues to perform the maintenance of "Polana Shopping Centre", in Maputo, and cooperates with several local companies of Teixeira Duarte Group, mainly in undertakings such as IMOPAR Shopping Centre, Miramar, Hotel Avenida, Hotel Tivoli Maputo and Hotel Tivoli Beira.

On the other hand, it continued to provide services to Companhia Vale Rio Doce Moçambique and to BCI – Fomento.

Noteworthy is also the request and fulfilment of national training actions addressed to the higher executives of the

Ministry of Education and Culture, involving the performance of one in the “south”, another in the “north” and a third one in Maputo.

It is also worth mentioning the good perspectives for winning new contracts with entities outside the Group Teixeira Duarte, since the company continues to be called upon for the management and maintenance of several undertakings, in response to which it submitted bids and awaits awarding, especially by the State with regard to pilot contracts for the maintenance of schools in Mozambique

#### IV.4 – REAL ESTATE DEVELOPMENT

Teixeira Duarte Group's activities in this sector date back to the early seventies and now encompasses a vast array of companies, mainly operating in Portugal, Angola, Brazil, Spain and Mozambique, with greater emphasis on the domestic market, especially through “TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.” and “Fundo de Investimento Imobiliário Fechado TDF”.

##### - OVERVIEW OF THIS SECTOR DURING 2009:

2009 was, in line with expectations, a very difficult year for the real estate development sector, as a result of the unfavourable economic environment and an oversupplied market in many sectors. The sector in general experienced difficulty in selling the marketed products and this context is expected to continue throughout 2010, with no marked improvements expected in the short term.

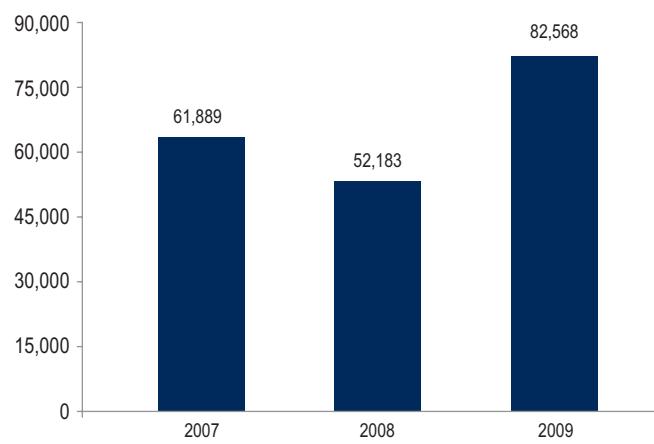
Given the current constraints, the maintenance of good sales levels of assets developed by the Group has been achieved through the zealous work performed by its technical and commercial teams in defining and implementing high quality products and in disseminating and marketing them.

On a consolidated basis, turnover in the real estate development sector was EUR 82,568 thousand, reflecting a

growth of 58.2% compared to 31 December 2008 and revealing a very positive performance in the current economic situation.

Despite the growing component of recurring income that this sector generates in Teixeira Duarte Group, when real estate development operations are carried out, it is normal that there will be variations in non-recurring income resulting from cycles of the undertakings themselves.

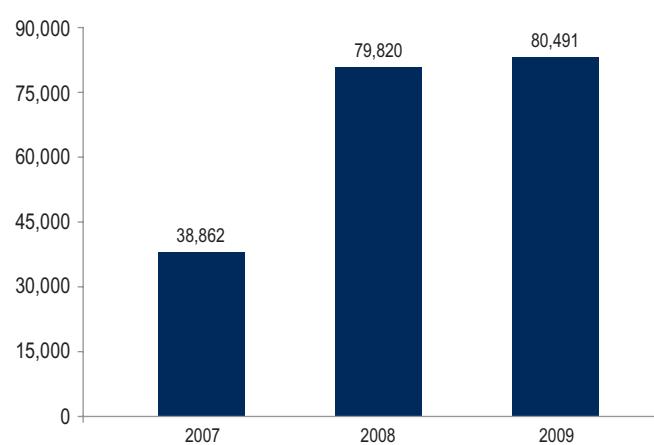
**Consolidated Turnover**



(Amounts in thousands of Euro)

EBITDA settled at EUR 80,491 thousand, reflecting a slight increase compared to the previous year.

**Consolidated EBITDA**



(Amounts in thousands of Euro)

On a non-consolidated basis, and to give an overall picture of the activity in 2009, the operating income of the Group companies engaged in the Real Estate Development sector reached a total of EUR 121,887 thousand, of which 58% was generated from operations carried out in the domestic market and 48% abroad.

#### IV.4.1. - DOMESTIC MARKET

In 2009, it was possible to maintain the good sales of previous years, overcoming several barriers related to lack of consumer confidence, changes in credit conditions and oversupply, reaching an operating income of EUR 94,889 thousand.

The asset portfolio of the Group companies engaged in real estate development in Portugal has 24 projects under development or in asset management, what represents an estimated construction potential of more than 1,000,000m<sup>2</sup> of above-ground construction.

In addition to the various Group companies dedicated to real estate development, we highlight the “Fundo de Investimento Imobiliário Fechado TDF” managed by “TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.”. During the year under review, this capitalisation fund achieved gains amounting to EUR 1,746 thousand and, at the end of 2009, the Fund had assets worth EUR 99,038 thousand.

In 2009, several investments were made, totalling EUR 48,380 thousand, with emphasis on the “Lagoas Park”, “Villa Park” and “Santa Marinha Design District” undertakings, which absorbed 83.6% of that total.

In the “Lagoas Park” undertaking, located in Porto Salvo, the construction of two more buildings was completed, providing an additional supply of 20,000m<sup>2</sup> of new office space, already partially contracted out.



101 Lagoas Park Undertaking / Building 14 and Building 15 / Porto Salvo

In “Villa Park”, in Amadora, the works of the first phase of this mixed undertaking were completed, composed as a whole of 99 residential units and an area of approximately 10,500m<sup>2</sup> for services. The project includes a Clinical Centre of Luz Hospital, already in operation, and will include a public car park, a “Club L” health club and a number of commercial spaces with 28 shops. In the current context of strong slowdown in demand, it is worth noting the sale of more than 50% of the residential units of the first phase of this undertaking.



102 Villa Park Undertaking

The “Santa Marinha Design District” in Vila Nova de Gaia, was subject to rebranding during the second half of 2009. The marked concepts of architecture and design present in the various projects developed over the years in this city caused a qualifying urban change, now universally acknowledged, and

the site has become the main axis of alternative development in what is the third most populated city in the country. Here, we highlight the completion of residential building V10 in 2009, as well as the continuation of the construction of the "Virgin Active" health club, which opened to the public in early 2010 and has contributed to the promotion and consolidation of this large-scale project.



103 "Virgin Active" Health Club

In the "Quinta de Cravel" undertaking, also in Vila Nova de Gaia, there was a good commercial performance, with the sale of 75% of the built units.



104 "Quinta de Cravel" Undertaking

2009 saw the launch of the residential undertaking "Magnólia Oeiras Living", in Porto Salvo, which will have approximately 250 residential and commercial units and the site's infrastructures are in final stage of construction. In this period,

16 single-family houses were placed on the market.

In 2009, the office market in the Lisbon Metropolitan Area recorded a total allotment of approximately 120,000m<sup>2</sup>, which reflects a decrease of 50% compared to the previous year. In this context, office spaces allocated in 2009 in the "Lagoas Park" undertaking represent approximately 10% of the total market, reflecting once again the image of distinction and quality that characterises this office park.



105 "Lagoas Park" Undertaking / Porto Salvo

The ongoing satisfaction of "Lagoas Park" customers and the marketing effort to attract new businesses make it possible to maintain, year after year, occupancy rates above 90%.

Still in the office segment, the last facilities available in the "Lezíria Park" undertaking, in Vila Franca de Xira, continued to be sold, as well as those of the "Tower Plaza" undertaking, in Vila Nova de Gaia.

In the logistics segment, the Group completed the sale of "Lezíria Park" and focused on the allocation of available spaces in the "Abrunheira Park" undertaking, in Sintra.

In this regard, the licensing of industrial and logistics project of Montijo is still underway, covering 127,000m<sup>2</sup> of land, where the new **Teixeira Duarte Operation Centre** will be installed, as well as the approval of the parcelling of "Parque Logístico da Póvoa" (Logistics Park), in Vila Franca de Xira, the latter representing an addition to the Group's

portfolio of about 30,000m<sup>2</sup> of building potential for new warehouses.

For 2010, work on developing and selling the above-mentioned undertakings will continue, as well as the procedures for the licensing of projects included in the portfolio, especially the residential projects of "Villa Simões" and "Villa Torrinha", in Lisbon and "Vila Rio", in Vila Franca de Xira.

For the current year, the construction of the "Prime I" building is expected to be commenced. This forms an integral part of the "Oeiras Prime" undertaking, located in an area annexed to Parque dos Poetas (park) in Oeiras, where a "Virgin Active" health club of over 4.000m<sup>2</sup> and a shopping gallery will be installed.

Also in the Municipality of Oeiras, the construction of the first residential buildings of the "Magnolia Oeiras Living" undertaking will be initiated in 2010.

licensing procedures, for residential and service purposes, which total about 200,000m<sup>2</sup> of above-ground construction area.

In the city of Luanda, the sale of the "Coqueiros Luanda Living" undertaking commenced. This residential and commercial building, which is already under construction, has 43 units and its market allocation is proceeding in line with expectation. The building is scheduled to be completed by the second quarter of 2011.

During 2010, licensing procedures for the residential and service projects included in the portfolio will continue.

Simultaneously, the Group intends to maintain high service levels and occupancy rates of buildings under property management and the works of design and development of new projects of other areas of the Group in Angola will continue.

## - BRAZIL

### São Paulo

Teixeira Duarte has been operating in the residential and commercial markets in São Paulo since 2006. The global crisis led to a slowdown in the launch of the real estate market of this city, especially in the first half of 2009, with builders focused on selling stocks under development, while maintaining stable sales prices. With a good rate of sales and a rapid reduction of stock levels, the second half of 2009 saw a gradual increase in the number of launches, and by the end of the 2009 they amounted to approximately 30,000 residential units, a figure similar to 2008.

During 2009, the Group launched the "Quartier" undertaking in Vila Mascote, with 212 units, totalling 704 units launched in four undertakings over the past three years.

Following the local market dynamics, good sales rates were recorded for new undertakings on sale, with 460 units sold, of which 230 already in 2009.

### IV.4.2. - FOREIGN MARKET

#### - ANGOLA

The international financial crisis had several consequences in Angola, especially the reduction of credit by banks and the falling confidence among consumers, which led to a slowdown in sale of property and deferral of the launch of new undertakings.

Teixeira Duarte Group's portfolio of real estate assets in Angola has over 30 undertakings with an associated building potential of about 500,000m<sup>2</sup> of above ground area.

During 2009, the Group continued to manage its own assets, where product quality and good service levels have permitted excellent occupancy rates.

Alongside this activity, the assets included in the portfolio were developed, including the projects for the expansion of other business areas of the Company and the entry of five new

During the year, construction works commenced for two of those undertakings, already on sale: "Family Santana", in the Santana region, and "Verdi", in the Alto de Pinheiros region, totalling approximately 90,000 m<sup>2</sup> of total building area.

Also in 2009, MULTIPLAN purchased a large plot of land located in Jundiaí. This plot, with 45,000 m<sup>2</sup> 105,000 m<sup>2</sup> of building potential, is intended for the development of a shopping centre.

For 2010, a residential undertaking adjacent to the above-mentioned shopping centre is expected to be launched in Jundiaí, where there will be initially 216 residential units available.

Legal proceedings will be continued for projects included in the portfolio and efforts will be made with a view to acquiring land for the development of service buildings, hoping to attain, in this segment, the same success observed in already developed residential projects.

#### **Pernambuco**

In this state of Northeast Brazil, the "Casa do Governador" undertaking continued to be promoted in Porto de Galinhas, with the development of various projects that comprise it and the procedures for their licensing, especially the approval by the Municipal Authorities of the "Plano Geral de Implantação" (General Layout Plan), as well as the obtainment, in 2010, of their relevant environmental licenses.

Given the strong growth expectations for the Brazilian economy, combined with beautiful natural conditions and great openness and friendliness of its people, there are good prospects for the sustained development of tourism. Teixeira Duarte's project in Porto de Galinhas increases the accommodation capacity and quality of this recognised tourist centre.

#### **- SPAIN**

In Madrid, GSC, S.A. pursues the licensing, already in the final stage, of a residential building, located at Calle Amalia, near Paseo de la Castellana and Plaza Castilla, where a building with 12 apartments will be built.

Also in the Madrid area, the transfer of the right to use parking space for residents, parking space rotation management and the renting of commercial areas in the underground car park called "Parking Europa", located on Avenida da Europa, San Sebastian de los Reyes, continued under its respective concession contract. Note that despite the very serious housing crisis in this country, it was possible to conclude rental contracts in 50% of the commercial area available for periods ranging from 20 to 30 years.

#### **- MOZAMBIQUE**

The Polana Shopping Center continued to be one of the main shopping centres in the city of Maputo and, with all the retail units tenanted and the favourable market conditions, it has been possible to exercise a strong pressure on rental collections within the centre's operation and to make a careful selection of customers.

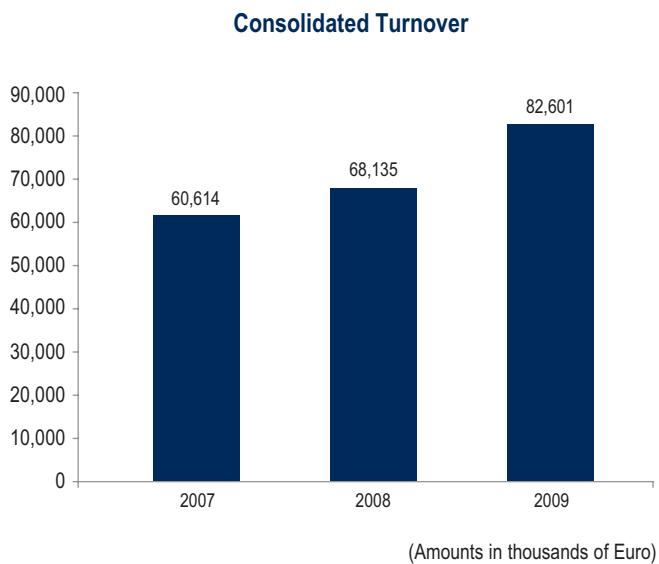
### **IV.5 – HOTEL SERVICES AND HOSPITALITY INDUSTRY**

After a first experience in 1974, in the Algarve, Teixeira Duarte Group resumed its activity in this sector in Sines in the 1980's, and is currently operating through ten hotels, of which five are located in Portugal, two in Angola and three in Mozambique and, in 2009, it sold the stake it held in another hotel in São Tome and Príncipe.

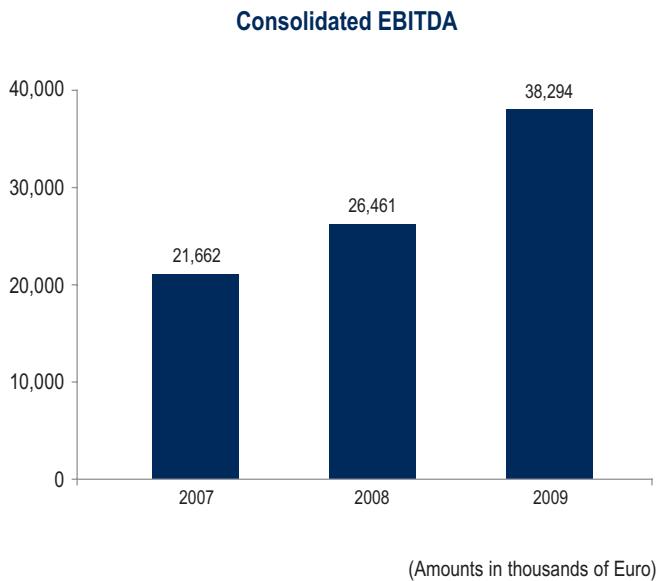
Teixeira Duarte also operates in the fitness area, particularly with two Health Clubs (in the Lagoas Park undertaking and in Torres Vedras) and a number of restaurants in Portugal and Angola, especially in the latter country, with the "Nilo" pastries shop and "Pinto's" Restaurant.

## - OVERVIEW OF THIS SECTOR DURING 2009:

On a consolidated basis, Turnover in Hotel Services and Hospitality Industry amounted to EUR 82,601 thousand, which represents a growth of 21.2% compared to the total recorded at 31 December 2008.



EBITDA settled at EUR 38,294 thousand, representing a growth of 44.7%, which clearly reflects the good performance of the Group's units.



On a non-consolidated basis, and to give an overall picture of the activity, in 2009, the operating income of the Group

companies engaged in the Hotel Services and Hospitality Industry reached a total of EUR 99,489 thousand, of which 84% was generated from operations carried out in the foreign market and 16% in Portugal.

### IV.5.1. - DOMESTIC MARKET

The various Group companies operating in this sector in Portugal offer a total of 1507 beds and 647 rooms spread across five hotels, as detailed below:

- LAGOAS PARK HOTEL	Oeiras	182 rooms
- SINERAMA	Sines	105 rooms
- HOTEL ORIENTAL	Praia da Rocha	86 rooms
- STELLA MARIS	Albufeira	140 rooms
- HOTEL EVA	Faro	134 rooms

In 2009, the tourism activity in Portugal was negatively affected by the national and international economic crises, where some of the key operating indicators of the sector, particularly in the Algarve region, reported a significant decrease compared to 2008, especially in terms of passenger movement in airports – mainly in the British market -, in the occupancy rate per room and in the average price per room.

Moreover, hotels in general and five-star hotels in particular, tend to practice increasingly competitive prices, making it more difficult to achieve customer attraction and loyalty.



106 Lagoas Parque Hotel / Porto Salvo



107 Hotel Eva / Remodelling of the Restaurant / Faro

In 2009, Teixeira Duarte Group's hotels in Portugal offset the decline in occupancy rates with the increase in sales values, as a result of optimising the sales process, mainly through online operators.

In this context, total operating profit grew slightly over the same period of 2008 - from EUR 13,597 thousand to EUR 15,061 thousand - while operating expenditure significantly declined, resulting in improved operating margins.

As for investments, there is the continuing refurbishment of Hotel Eva in Faro, where the Group remodelled its restaurants.

For 2010, revenues are expected to grow moderately.

In the Fitness area, it was possible to maintain the growth trend in the number of members of two Health Clubs as a result of the quality of the facilities and services provided in both "Club L – Lagoas Park" and "Club L - Arena Health Club", in Torres Vedras.

Accordingly, the total income of this area grew 57%, reaching EUR 3,671 thousand.

"Club L – Villa Park" is scheduled to be opened in 2010, integrated in the real estate undertaking developed by the

Group in Amadora, with an area of approximately 1800m<sup>2</sup>, which will contribute to the growth of operating income in this business area.

#### IV.5.2. - FOREIGN MARKET

##### - ANGOLA

The two Teixeira Duarte Group hotels in Luanda, "TRÓPICO" and "ALVALADE", with 280 and 202 rooms, respectively, maintained excellent occupancy rates, having reinforced the vocational training actions for their staff, mainly within the scope of foreign languages, public reception, and food hygiene and safety.



108 Hotel Trópico / Luanda



109 Hotel Alvalade / Luanda

To strengthen its already strong presence in the hotel market, Teixeira Duarte Group continued the construction of a new 144 room four-star hotel, located in Luanda Sul, which is expected to be completed within the first six months of 2011.

With regard to the other related activities, the "Nilo" pastries shop and "Pinto's" restaurant continued to record good performance and have asserted themselves in Luanda in recent years through their high quality service.

#### - MOZAMBIQUE

In Mozambique, Teixeira Duarte Group's hotels offer a total of 304 rooms, of which 159 in "Hotel Avenida", 73 in "Hotel Tivoli Beira" and 72 in "Hotel Tivoli Maputo".



110 Hotel Avenida / Maputo



111 Hotel Tivoli Maputo

In 2009, the hotel sector in this country recorded a 2% decrease in operations, compared to the previous year.

Indeed, as a result of the global crisis that struck the world economy, demand fell drastically in the corporate segment - to which the Group's hotels are dedicated - causing a drop in the number of guests by approximately 6% on a national scale, induced by the reduction of about 10% in the number of foreign guests.

In addition to this situation, the fact that 2009 was an election year in Mozambique, prompting the government to adopt a cost cutting policy, had a negative impact on the use of the services of Teixeira Duarte's hotels.

In 2009, the operating income of "Hotel Avenida" decreased by 2.4% compared to the previous year. This decrease results primarily from the reduction of the occupancy rate by approximately 10% and it did not reflect more directly on profitability because of the pricing policy adopted.

Of the three hotels mentioned above, "Hotel Tivoli Maputo" seems to be the one that suffered less from all these negative impacts on the economy, even showing a growth of 2% in occupancy rate compared to the previous year, which leads us to believe that hotels practicing lower prices are now being sought after by those who once chose upper segments.

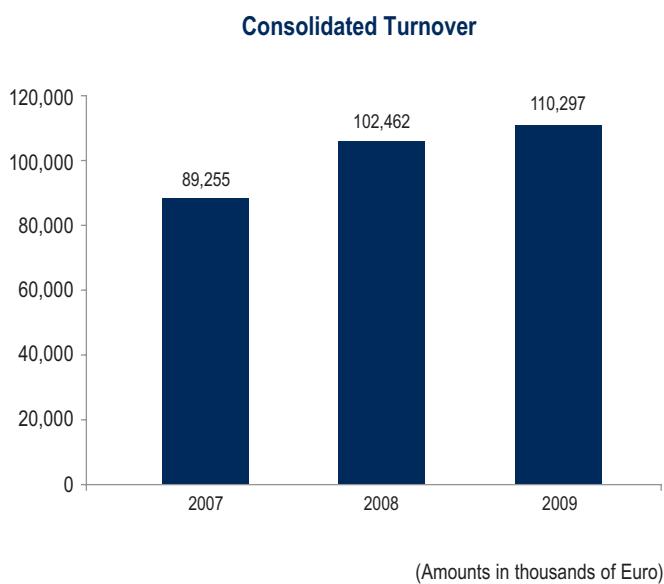
"Hotel Tivoli Beira" still stands as an important landmark in the city of Beira, but increased competition from new hotels has hindered the performance it has maintained in recent years.

#### IV.6 – FOOD TRADING

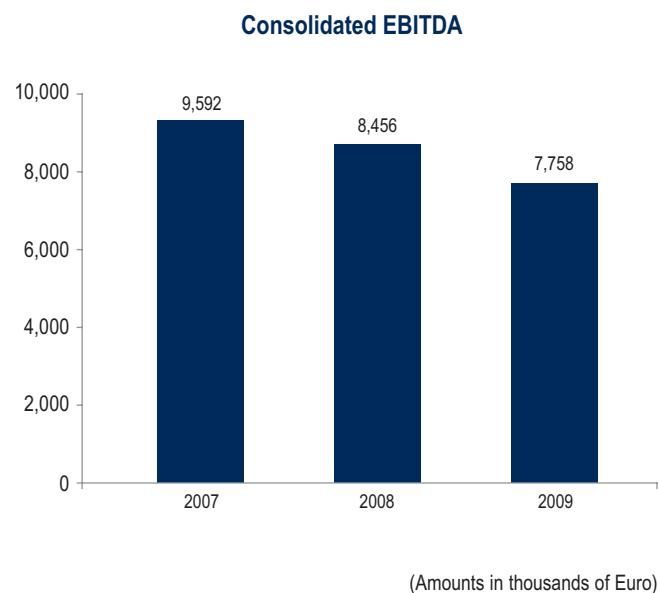
Teixeira Duarte Group's activities in this sector commenced in 1996 and are currently carried out through various international transactions, where distribution is carried out by its wholly-owned subsidiaries "MAXI - Comércio Geral, Importação e Exportação, Lda." and "MAXI RETAIL – Comércio Geral, Lda.", which operate exclusively in the Angolan market, focusing on Cash & Carry.

### - OVERVIEW OF THIS SECTOR DURING 2009:

On a consolidated basis, Turnover in the Food Trading sector increased 7.6% compared to 2008, settling at EUR 110,297 thousand.



EBITDA, however, recorded a steep drop compared to the same period in the previous year, settling at EUR 7,758 thousand.



On a non-consolidated basis, and to give an overall picture of the activity, in 2009, the operating income of the Group

companies engaged in the Food Trading sector reached a total of EUR 113,734 thousand, generated exclusively from operations carried out in Angola.

During the year under review, the Group continued its policy of expanding the network of Cash & Carry stores, opened up a commercial unit in Luanda, in the area of the Morro Bento, with a sales area of 3.500m<sup>2</sup>, and a new store in Kwanza Sul province, in the town of Waco Kungo.



112 MAXI / Morro Bento Cash & Carry / Luanda

In addition to these establishments, MAXI already had others in Viana, Lobito, Sumbe, Porto Amboim and Luanda, a city where it also had three smaller units.

The new Distribution Centre and Container Park has been contributing to improving the replenishment of stores, streamlining stocks and optimising containers. In this regard, it should also be noted that the installed capacity of cold storage has made it possible to increase the supply of perishable products, which are a major commercial investment.

The Group continued training the Angolan staff with a view to opening new units in the licensing phase, the same way that it kept the focus on strengthening the technical staff and started the task of meeting the prerequisites for the implementation of the HACCP (Hazard Analysis of Critical Control Points) system, which consists of a set of rules and procedures for quality assurance and food hygiene.

#### IV.7 – PETROLEUM PRODUCTS SALES

Teixeira Duarte Group started its activities in this sector in 1996 and it currently operates in the domestic market through "TDARCOL – SGPS, S.A.", in the areas of Liquid Fuel and Lubricants, Gas and Solar Energy, and in Brazil through its subsidiary EMPA, S.A., which holds a 46.3% stake in the share capital of "ALVORADA PETRÓLEO S/A", dedicated to the extraction and sale of petroleum.

In the fuels sector, Teixeira Duarte has is operation, either directly or through concessions, 60 petrol stations under the AVIA brand.

In the Gas sector, the Group operates under the DIGAL brand and has 500 reservoirs for local supplies and a piped gas distribution network of over 350 km, supplying an approximate number of 65,000 units, in addition to the representation of the CAMPINGAZ and a facility with means for distributing bottled gas.

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

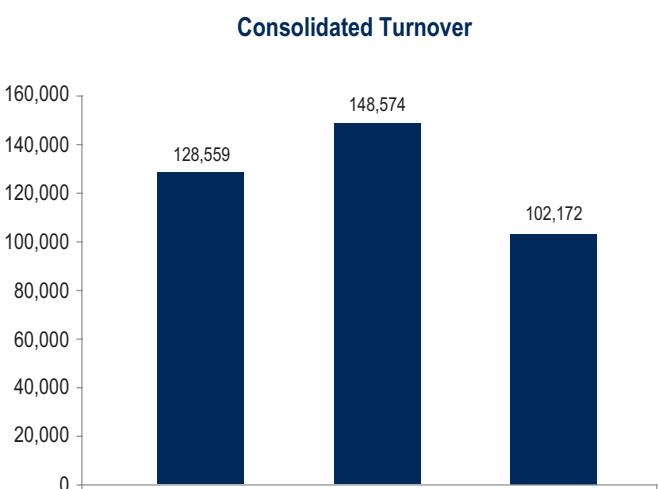


113 Digtal / Solar Thermal Energy Equipment Sales

In Brazil, the above-mentioned local subsidiary operates in Recôncavo Baiano, where it already operates three on-shore petroleum fields and holds the concession of eleven blocks.

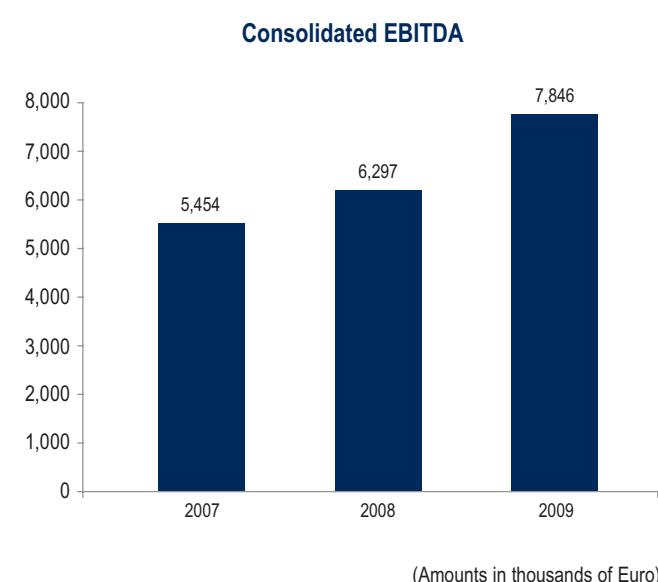
#### - OVERVIEW OF THIS SECTOR DURING 2009:

On a consolidated basis, Turnover in the Petroleum Products sector was affected (not only) by the strategy of profit optimisation at the expense of turnover, which mainly involved applying great rigour in the management of credit risk exposure and which led to the selective reduction of some points of sale in the network. The decline shown in the chart below led this indicator to settle at EUR 102,172 thousand.



(Amounts in thousands of Euro)

However, in line with the above, EBITDA rose by 24.6% compared to 2008, having settled at EUR 7,846 thousand.



(Amounts in thousands of Euro)

On a non-consolidated basis, and to give an overall picture of the activity, in 2009, the operating income of the Group companies engaged in the Petroleum Products Sales sector reached a total of EUR 187,528 thousand, generated exclusively from operations carried out in Portugal. (Amount calculated under the Official Accounting Plan (POC), which included ISP (Tax on Petroleum Product), amounting to EUR 76,058 thousand).

#### IV.7.1. - DOMESTIC MARKET

A rigorous management of resources, suppliers and the readjustment of integrated logistics of the Group allowed for a better operating balance, explaining in part the improvement in performance in the most significant segments of gas and road fuel.

Also noteworthy is the improvement in financial results, due to the strict credit control policies and collection efforts undertaken in 2008, as well as changes in the way of creating strategic reserves since the second half of 2008.

##### - Liquid Fuel and Lubricants:

Liquid fuel sales dropped due to the rigour applied in managing credit risk exposure, which led to the selective reduction of some points of sale in the network.

In the lubricants sector, it maintained a good performance, having consolidated its sales and, thus, its market position, at a time when a 20% slowdown was recorded at the national level.

##### - Gas:

In the gas sector, level of income was maintained with a slight slowdown in sales, but less than in the domestic market of LPG in general and of piped gas in particular, resulting in an increased market share.

##### - Solar Energy:

In the solar energy sector, as a result of the incentives introduced in the National Action Plan for Energy Efficiency, promoted by the Ministry of Economy and Innovation, it recorded a growth of 116%.

In addition to the three areas mentioned above, there is also the development of the Tanking Project in Aveiro.

#### IV.7.2. - FOREIGN MARKET

During 2009, through its subsidiary "EMPA, S.A., Teixeira Duarte, following the capital increase subscription, went on to hold 46.3% of "ALVORADA PETRÓLEO S/A", also based in Belo Horizonte.

ALVORADA, S/A holds the concession of three mature fields, located in Aracaju, in the state of Sergipe, Bom Lugar, in Recôncavo Baiano and Jiribatuba, on Itaparica island, opposite the city of Salvador, which altogether produced 24,792 barrels in 2009.



114 Alvorada Petróleo / Lugar / "Reconcavo Baiano"

Furthermore, and pursuant to the contract signed with "ANP – Agência Nacional do Petróleo, Gás Natural e Biocombustíveis" on 12 March 2008, ALVORADA, S/A became the holder of the concession of eleven blocks, with

an estimated proven reserve of twenty-five million barrels, also located in Recôncavo, which were the subject of the Concession Contract of the 9<sup>th</sup> Bid Round organised by ANP.

In 2009, it continued to implement an operation program called "Minimum Exploration Program (MEP)", under which the drilling of two exploration wells commenced, one in block 129 and another in block 155, both incorporated in the concession relating to that 9<sup>th</sup> bid round promoted by ANP, implying an investment of EUR 7,168 thousands.

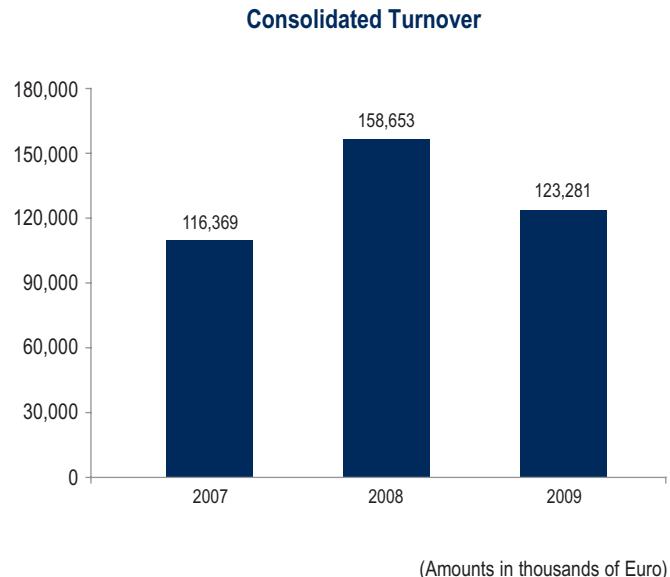
Under the terms and in pursuance of the concession contract signed with ANP, ALVORADA, S/A made two notices of "discovery" of petroleum and the obligation to make such "notice of discovery" is independent of the quantity, quality or saleability of the petroleum found.

#### IV.8. – VEHICLES SALES

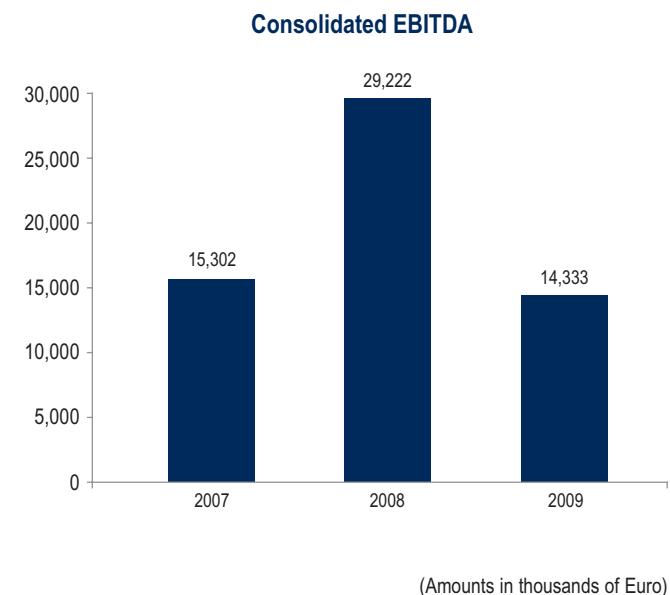
The Group started operating in the vehicles sales sector in 1991, in Angola, and now holds several companies that represent and operate under the NISSAN, CHEVROLET, RENAULT, HONDA and PEUGEOT brands, as well as the "RENAULT TRUCKS" and "NISSAN DIESEL" heavy vehicles brands. In addition to this, Teixeira Duarte also operated in the car rental sector through the local company "TOP CAR, Lda.

##### - OVERVIEW OF THIS SECTOR DURING 2009:

On a consolidated basis, Turnover in the Cars Sales sector decreased compared to 2008, settling at EUR 123,281 thousand.



EBITDA recorded a steep drop compared to 2008, settling at EUR 14,333 thousand, also as a result of the slowdown that has been recorded as opposed to the trend observed until then.



On a non-consolidated basis, and to give an overall picture of the activity in 2009, the operating income of the Group companies engaged in the Vehicles Sales sector reached a total of EUR 218,004 thousand, also including EUR 82 thousand relating to the closing down of the sector in Portugal.

These figures reflect a retreat of the market due to the international economic crisis and the lack of liquidity affecting businesses in the last nine months of the year, limiting the resources for public and private investments, which eventually also deferred many decisions to purchase vehicles, particularly for business and heavy-duty use.

The sector's activity was also affected by the Euro/USD and Yen/USD exchange ratio, which recorded unfavourable development for the final sale price of vehicles in the Angolan market.

During the second quarter, technical assistance service and the sale of accessories commenced on the new Talatona premises, where the multi-brand painting and panel beating services also opened to the public.

In pursuance of the need to expand the business to other provinces, a sales stand for Renault and Nissan vehicles was opened in the city of Huambo.

TOPCAR, Lda. continues its increasing presence in the Rent-a-Car market through the Europcar brand.



115 Paint booths (Motor Centre workshop collision)

Technical, behavioural and commercial training actions also continued in order to provide quality services to the growing public.

The prospects for GDP growth for 2010, the new facilities for after-sales support and the launch of new models now available

for the Angolan market make it possible to predict that 2010 will be a year to recover from some of the drops recorded in 2009.

In terms of operational and logistical support, performance and material and resource optimisation have improved, speeding up their integration into the Group's procedures and investing in employee training.

The opening of new premises of the "Pólo Automóvel" (Car Centre) in Luanda Sul, in April 2009, created better conditions both in the commercial aspect - with the new showrooms – and in technical and operational aspects, especially in the after-sales service.



116 General view of the Peugeot mechanics workshop

## V. – STAKES IN LISTED COMPANIES

Within the scope of the process of privatisation of "CIMPOR – Cimentos de Portugal – SGPS, S.A.", in 2001, Teixeira Duarte went on to hold a significant stake in that company, then considered as strategic and long-lasting and of which it was the largest shareholder at 31 December 2009, with a total of 22.17%.

Teixeira Duarte was the founding shareholder of "Banco Comercial Português, S.A." in 1985, having gradually followed successive increases in capital and strengthened its strategic interest, and is currently the largest national shareholder of the Bank and second largest overall, with 6.5% of its share capital.

The stake held in "Banco Bilbao Vizcaya Argentaria, S.A." since 2007 is a strategic investment to accompany the development of the Group's operations in Spain.

#### **V.1. - CIMPOR - Cimentos de Portugal - SGPS, S.A.**

At 31 December 2009, Teixeira Duarte Group maintained the same number of shares as in the same period of the previous year, totalling 148,974,230, which represented 22.17% of this company's capital.

The book value, expressed in IFRS, of the above-mentioned overall stake at the end of 2009 was EUR 887,912 thousand, reflecting an increase of EUR 72,138 thousand when compared with the value recorded at the end of 2008 (EUR 815,774 thousand).

Given the market value of the shares and the number of shares held by Teixeira Duarte Group companies on those dates, these were worth, respectively, EUR 957,755 thousand at 31 December 2009 and EUR 518,430 thousand at the end of 2008, reflecting an increase of EUR 439,325 thousand.

The shares in question contributed directly to the consolidated profit with EUR 52,541 thousand, which represents an increase of 8% compared to the previous year.

#### **V.2. - Banco Comercial Português, S.A.**

With regard to "Banco Comercial Português, S.A.", it should be noted that at the end of the year, the total number of shares held by the companies comprising Teixeira Duarte Group was 304,989,864, representing 6.5% of this Bank's share capital.

Given the market value of the shares held at 31 December 2009 and 31 December 2008, respectively EUR 257,716 thousand and EUR 248,567 thousand, these increased by EUR 9,149 thousand.

#### **V.3. - Banco Bilbao Vizcaya Argentaria, S.A.**

In 2009, Teixeira Duarte Group maintained its stake in "Banco Bilbao Vizcaya Argentaria, S.A.", which asserts itself as a strategic investment in Spain and whose book value, expressed in IFRS, recorded a sharp increase of 49.4%, settling at EUR 27,164 thousand.

### **VI. EVENTS AFTER THE END OF THE REPORTING PERIOD**

**On 10 February 2010**, "Teixeira Duarte - Engenharia e Construções, S.A." reached an agreement with Camargo Corrêa, S.A. (CCSA) for the sale of the whole stake it held, directly or indirectly, in "CIMPOR – Cimentos de Portugal – SGPS, S.A." for the purchase price of € 6.50 per share.

On 25 March 2010, all of the "CIMPOR – Cimentos de Portugal – SGPS, S.A." shares mentioned above were transferred, and the rest of the price still payable under that agreement was received.

After disclosure of the results of "CIMPOR – Cimentos de Portugal – SGPS, S.A.", Teixeira Duarte found that this operation had an impact on the accounts in the first quarter of 2010, amounting to EUR 266,332 thousand in the individual results and to approximately EUR 79,037 thousand in the consolidated results.

**On 19 February 2010**, the Board of Directors of Teixeira Duarte - Engenharia e Construções, S.A. released a report on the Convenience and Conditions of the Public Share Exchange Offer previously announced by Teixeira Duarte, S.A..

At the end of this document, a recommendation was made to the existing shareholders of the Company, stating that, especially with regard to the interests of the Company and of Teixeira Duarte Group in general, and to its employees in particular, the Offer is considered Convenient and its conditions appropriate, whereby the Board recommends to its existing shareholders to accept the Offer because it is convinced that its

success will contribute to optimising the Teixeira Duarte Group's activity.

**On 5 March 2010**, advance payment was received of 15% of the total amount of approximately EUR 185 million of the contract signed under the Portugal-Angola Financial Agreement, between TEIXEIRA DUARTE - Engenharia e Construções, S.A. and the Special Works Office (GOE) of the Presidency of the Republic of Angola, the Contract Job for the Construction of the Headquarters of the National Assembly of Angola, located in the future new political and administrative centre of Luanda.

## VII. OUTLOOK FOR THE FINANCIAL YEAR 2010

For 2010, besides strengthening the position of special caution and vigilance to contain costs and investments, Teixeira Duarte will focus its efforts on participating wisely in major national construction tenders and will continue to pursue the growth of this sector abroad.

Teixeira Duarte Group's Orders Portfolio for the construction sector, which as a whole reached the significant value of EUR 2,149,843 thousand at 31 December 2009, increased 6.5% compared to 31 December 2008, allowing it to ensure good levels of activity, especially in the context of such an unfavourable current environment.

Operations will also continue in the other business areas, giving priority, wherever possible, to the boost in foreign markets, which, for their dynamics, have been gaining increasing importance within Teixeira Duarte Group.

For 2010, Teixeira Duarte expects to achieve a consolidated operating profit of EUR 1,500 million.

## VIII. – PROPOSAL FOR THE ALLOCATION OF PROFITS AND LOSSES

Considering these assumptions, the Board of Directors proposes that the individual net profit of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." for the financial year 2009, amounting to € 10,161,826.36 (ten million one hundred and sixty-one thousand eight hundred and twenty-six Euros and thirty-six cents), be allocated to Retained Earnings.

Lagoas Park, 23 April 2010

The Board of Directors,

*Pedro Maria Calainho Teixeira Duarte*

*Manuel Maria Calainho de Azevedo Teixeira Duarte*

*Joel Vaz Viana de Lemos*

*Jorge Ricardo de Figueiredo Catarino*

*Carlos Gomes Baptista*

*João José de Gouveia Capelão*

*João José do Carmo Delgado*

In compliance with the duties of information to which it is bound by various regulations in force, particularly Article 447 of the Portuguese Companies Code and Articles 9, paragraph 1, subparagraph a) and 14, paragraph 7 of CMVM Regulation No. 5/2008, TEIXEIRA DUARTE - Engenharia e Construções, S.A. presents hereunder the list of securities issued by the Company and companies with which it has a control or group relationship, held by members of the Board of Directors and Audit Committee, and all the acquisitions, encumbrances or transfers made during the financial year 2009, specifying the amount, the date of occurrence and the consideration paid or received.

**I - Number of shares held directly or indirectly in TEIXEIRA DUARTE - Engenharia e Construções, S.A. by Members of the Board of Directors on 31 December 2008:**

Name	Company	No. of Shares
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte - Engenharia e Construções, S.A.	(a) 7,942,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte - Engenharia e Construções, S.A.	5,149,575
Joel Vaz Viana de Lemos	Teixeira Duarte - Engenharia e Construções, S.A.	433,862
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte - Engenharia e Construções, S.A.	180,000
Carlos Gomes Baptista	Teixeira Duarte - Engenharia e Construções, S.A.	25,634
João José Gouveia Capelão	Teixeira Duarte - Engenharia e Construções, S.A.	10,387
João José do Carmo Delgado	Teixeira Duarte - Engenharia e Construções, S.A.	28,660

(a) 700,000 shares were held indirectly through its subsidiary PASIM - Sociedade Imobiliária, S.A. and 7,200,000 shares were held indirectly through another subsidiary, PACIM - Sociedade Gestora de Participações Sociais, S.A..

**II - Transactions with shares held directly or indirectly by Members of the Board of Directors during the period between 1 January and 31 December 2009:**

Name	Transaction	Company	Date	No. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Disposal	TEIXEIRA DUARTE - Engenharia e Construções, S.A.	14-Dec-09	7,942,000	1 share TEIXEIRA DUARTE, S.A.
Manuel Maria Calainho de Azevedo Teixeira Duarte	Disposal	TEIXEIRA DUARTE - Engenharia e Construções, S.A.	14-Dec-09	5,149,575	1 share TEIXEIRA DUARTE, S.A.

NOTE: These two operations were carried out within the scope of the restructuring process of Teixeira Duarte Group, and both aforementioned members now hold an equal number of shares of the company incorporated with a view to becoming Teixeira Duarte Group's top listed company: "Teixeira Duarte, S.A."

**III - Number of shares held by Members of the Board of Directors on 31 December 2009:**

Name	Company	No. of Shares
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte - Engenharia e Construções, S.A.	0
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte - Engenharia e Construções, S.A.	0
Joel Vaz Viana de Lemos	Teixeira Duarte - Engenharia e Construções, S.A.	433,862
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte - Engenharia e Construções, S.A.	180,000
Carlos Gomes Baptista	Teixeira Duarte - Engenharia e Construções, S.A.	25,634
João José Gouveia Capelão	Teixeira Duarte - Engenharia e Construções, S.A.	10,387
João José do Carmo Delgado	Teixeira Duarte - Engenharia e Construções, S.A.	28,660

**IV - Number of shares held by members of the General Meeting and of the Audit Committee:**

We further inform that none of the members of the General Meeting, or the Audit Firm, or its representative, hold any shares in TEIXEIRA DUARTE - Engenharia e Construções, S.A. or in any other company with which it has a control or group relationship, nor have they carried out any transactions with such securities.

Regarding the Audit Committee, only one of its members, Miguel Carmo Pereira Coutinho, holds 10,000 shares in TEIXEIRA DUARTE - Engenharia e Construções, S.A., jointly with his wife. Furthermore, none of the members of the Audit Committee have carried out any transactions with shares held in TEIXEIRA DUARTE - Engenharia e Construções, S.A. or in any other company with which it has a control or group relationship.

In compliance with the duties of information to which it is bound by the regulations in force, particularly paragraph 4 of Article 448 of the Portuguese Companies Code, TEIXEIRA DUARTE - Engenharia e Construções, S.A. presents hereunder the list of shareholders who, at the year-end date, and according to the Company's records and the information provided, are holders of at least one-tenth of its share capital.

Company	No. of Shares at 31.12.2009	% Capital
TEIXEIRA DUARTE, S.A.	287,880,799	68.54%

In compliance with applicable legal and regulatory provisions, including that provided in subparagraph b) of paragraph 1 of Article 8 of CMVM Regulation No. 5/2008, it is based on the Company's records and the information received that TEIXEIRA DUARTE - Engenharia e Construções, S.A. announces herein the list of owners of qualifying holdings in its share capital at 31 December 2009, stating the number of shares held and percentage of voting rights, calculated in accordance with Article 20 of the Portuguese Securities Code.

**1. TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.** is assigned, under Article 20 of the Portuguese Securities Code and in accordance with the understanding of CMVM – with which it disagrees as to the matters contained in subparagraphs b) and c) below - a qualifying holding in the share capital and voting rights of TEIXEIRA DUARTE - Engenharia e Construções, S.A., of 290,960,174 (two hundred and ninety million, nine hundred and sixty thousand, one hundred and seventy-four) shares, representing 69.28% of the share capital and corresponding voting rights, by virtue of:

- a) 287,880,799 shares held by its subsidiary **TEIXEIRA DUARTE, S.A.**, representing **68.54%** of the share capital;
- b) 2,390,832 shares held by members of the Board of Directors of TDG – Sociedade Gestora de Participações Sociais, S.A., representing 0.57% of the share capital, which were assigned in accordance with the understanding of CMVM, with which it disagrees;
- c) 688.543 shares held by members of the Board of Directors and of the Audit Committee of TEIXEIRA DUARTE, S.A., who are not members of the Board of Directors of the company referred to in subparagraph b) above, representing 0.16% of the share capital, which were imputed (assigned) in accordance with the understanding of CMVM, with which it disagrees.

**2. Banco Comercial Português, S.A.** is assigned, under Article 20 of the Portuguese Securities Code and in accordance with the understanding of CMVM, a qualifying holding of 42,049,716 shares, representing **10.0118%** of the share capital and voting rights, by virtue of:

- a) 50,000 shares held by Banco Millennium BCP Investimento, S.A., representing 0.0119% of the share capital and voting rights;
- b) 41,999,716 shares held by **Fundo de Pensões do Grupo Banco Comercial Português**, representing **9.9999%** of the share capital and voting rights\*.

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\* A notice received from Banco Comercial Português, S.A. on 8 February 2007 stated that the company managing the "Fundo de Pensões do Grupo Banco Comercial Português" (Pension Fund) exercises its voting rights independently.



**Corporate Governance  
Report  
2009**



## CORPORATE GOVERNANCE REPORT

In compliance with applicable regulations, particularly Article 245-A of the Portuguese Securities Code and Regulation No. 1/2007 of CMVM, currently in force, "TEIXEIRA DUARTE - Engenharia e Construções, S.A." (TEIXEIRA DUARTE) hereby presents its Corporate Governance Report for the financial year 2009, complying with all the requirements of the model enclosed with said Regulation. Comments and considerations will be made on the procedures followed by the Company, whenever it is deemed necessary and appropriate.

For many years TEIXEIRA DUARTE has been concerned with the subject of "Corporate Governance" and has adopted practices reflecting values that are currently safeguarded by regulations on that matter, always being attentive to the development of national and international regulations and recommendations.

The Company complies with all its corporate obligations, especially as an issuer of shares traded on a regulated market, and takes on its due responsibility to find a balance between the recommendations made by the various entities and the Company's reality, structure, history, markets and business operating sectors.

TEIXEIRA DUARTE has structured this Report in accordance with the model enclosed with the Annex to CMVM Regulation No. 1/2007 and, at the suggestion of the Portuguese Securities Committee, has included in *Chapter 0* a table with the description of all 54 Recommendations that integrate the Corporate Governance Code issued by this regulatory body, stating which were adopted by the Company and which were not. It also includes a reference to the points in this text containing these issues or in which the reason for non-adoption is explained.

These structure options and the inclusion of the above-mentioned table right at the beginning of the text has the purpose of ensuring strict compliance with the new regulations applicable as of this year and also of monitoring the intention of the Portuguese Securities Committee to standardize these Reports and make them easier to analyse and consult by the Market.

## CHAPTER 0

### Statement of Compliance

**0.1. Indication of the location where the public has access to the corporate governance code texts to which the issuer is subject and, where appropriate, those to which it has voluntarily chosen to subject itself.**

In addition to applicable rules and regulations, particularly the Portuguese Companies Code, the Securities Code and the CMVM Regulations, especially Regulation No. 1/2007, TEIXEIRA DUARTE has decided not to subject itself to any Corporate Governance Code other than that issued by CMVM in January 2008, which can be consulted at [www.cmvm.pt](http://www.cmvm.pt).

**0.2. Detailed list of the recommendations adopted and not adopted from the Corporate Governance Code of CMVM or another one that the company has decided to adopt under CMVM Regulation No. 1/2010. Recommendations which are not entirely followed are considered, herein, as not having been adopted.**

**0.3. Subject to the preceding paragraph, the company may also make an overall assessment, provided that it is duly justified, on the degree of adoption of sets of recommendations pertaining to the same subject.**

**0.4. Where corporate governance structures or practices differ from the recommendations of CMVM or from any other codes to which the company is subject or has voluntarily adhered, the parts of each code that were not complied with or that the company deems non-applicable must be clearly stated, together with the reasons for that difference and other relevant observations, as well as part of the Report in which the description of this situation can be found.**

Points 0.2., 0.3. and 0.4. must be simultaneously developed, given that they are interrelated.

Among the 54 Recommendations that comprise the above-mentioned Corporate Governance Code of CMVM, the Company does not adopt 19 and some of these only partially.

The table below contains the full text of these Recommendations with the same numbering given in the aforementioned Corporate Governance Code, followed by an indication of its adoption or

non-adoption and the reference to the points of this Report in which such matter is described or in which, in accordance with the "comply or explain" principle, its eventual non-adoption is justified.

	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
I.1.1	The Chairman of the General Meeting shall have the necessary human resources and logistical support appropriate to his/her needs, considering the economic situation of the company.	Yes	CHAPTER I
I.1.2	The remuneration of the Chairman of the General Meeting should be disclosed in the Annual Corporate Governance Report.	Yes	I.3
I.2	<b>PARTICIPATION IN THE GENERAL MEETING</b>		
I.2.1	The advance deadline for the receipt, by the Board, of the statements of deposit or blocking of shares for participation in the General Meeting shall not exceed five working days.	Yes	I.4
I.2.2.	If the General Meeting session is suspended, the company should not impose the blocking of shares for the whole period until the session is resumed; and the prior notice required in the first session should be sufficient.	Yes	I.5
I.3	<b>VOTING AND EXERCISE OF VOTING RIGHTS</b>		
I.3.1	Companies shall not place any statutory restriction to postal voting and, when adopted and permissible, to e-voting.	Yes	I.9
I.3.2	The statutory advance deadline for the receipt of postal votes should not exceed three days.	Yes	I.11
I.3.3	Companies should ensure proportionality between voting rights and shareholding, preferably via a statutory provision according to which each share corresponds to one vote. Proportionality is not met by companies which: i) hold shares that do not confer voting rights, ii) determine that voting rights over a certain number are not to be counted, when issued by a single shareholder or shareholders related to him/her.	Yes	I.6 I.7
I.4	<b>DELIBERATIVE QUORUM</b>		
I.4	Companies should not set a constitutive or deliberative quorum greater than that established by law.	No	I.8
I.5	<b>MINUTES AND INFORMATION ON ADOPTED DECISIONS</b>		
	Excerpts from the General Meeting minutes or documents of similar content should be available to shareholders on the company's website within five days of the General Meeting, even if they do not constitute privileged information. The disclosed information must relate to the decisions taken, the capital represented and voting results. This information must be kept on the company's website for at least three years.	No	I.13 I.14

	Recommendation	Adoption	Reference
<b>I.6</b>	<b>CORPORATE CONTROL MEASURES</b>		
<b>I.6.1</b>	Any measures taken to prevent the success of takeover bids should respect the interests of the company and its shareholders. The by-laws of companies which, respecting this principle, set a limit on the number of votes that may be held or exercised by a single shareholder, individually or jointly with other shareholders, should also provide that the amendment or maintenance of said statutory provision shall be subject to the decision of the General Meeting at least every five years – with no requirement of having a quorum greater than that prescribed by law - and that in such decision, all the votes cast be counted, regardless of the above-mentioned limit.	Yes	I.7
<b>I.6.2</b>	Defensive measures should not be taken if they have the effect of automatically causing a serious erosion of the company's assets in case of transfer of control or change in the composition of the board of directors, thereby jeopardizing the free transferability of shares and the free assessment by shareholders of the performance of board members.	Yes	I.13
<b>II.</b>	<b>MANAGEMENT AND SUPERVISORY BODIES</b>		
<b>II.1</b>	<b>GENERAL ASPECTS</b>		
<b>II.1.1</b>	<b>STRUCTURE AND ROLE</b>		
<b>II.1.1.1</b>	In its annual Corporate Governance report, the board of directors shall assess the model adopted, identify possible constraints on its operation and propose measures which, in its opinion, are able to overcome them.	Yes	II.1
<b>II.1.1.2</b>	Companies should establish internal control and risk management systems to safeguard their value and enhance the transparency of their corporate governance, which make it possible to identify and manage risk. These systems must include at least the following features: i) setting the strategic objectives of the company in terms of risk-taking; ii) identifying key risks related to specific activities performed and events that may pose risk; iii) analysing and measuring the impact and probability of occurrence of each of the potential risks; iv) managing risk in order to align the actual risks incurred with the company's strategic risk-taking option; v) mechanisms for monitoring the implementation of risk management measures adopted and their effectiveness; vi) adopting internal mechanisms of information and communication on the various features of the system and risks warnings; vii) periodic evaluation of the implemented system and adoption of necessary changes.	No	II.5
<b>II.1.1.3</b>	The board of directors should ensure the creation and operation of internal control and risk management systems, whereby the supervisory board is responsible for assessing the operation of these systems and propose their adjustment according to the company's needs.	No	II.6
<b>II.1.1.4</b>	In the Annual Corporate Governance Report, companies should: i) identify the main economic, financial and legal risks to which the company is exposed in the course of activity; ii) describe the performance and effectiveness of the risk management system.	Yes	II.5 II.9

	Recommendation	Adoption	Reference
II.1.1.5	The management and supervisory bodies should have operating regulations, which must be disclosed on the Company's website.	No	II.7
II.1.2	<b>INCOMPATIBILITY AND INDEPENDENCE</b>		
II.1.2.1	The Board of Directors should include a number of non-executive members to ensure effective supervision, monitoring and evaluation of the activity of the executive members.	Not Applicable	II.1 II.8
II.1.2.2	Among the non-executive Directors, there should be an adequate number of Independent Directors, taking into account the Company's size and shareholder structure, which may in no case be less than one-fourth of the total number of Directors.	Not Applicable	II.1 II.8
II.1.2.3	The Board of Directors' assessment of the independence of its non-executive members should take into account the legal rules and regulations on independence requirements and the incompatibility system applicable to members of other governing bodies, ensuring systematic and temporal consistency in the application of independence criteria to the whole company. A Director should not be considered independent if he/she cannot have that status in another governing body under the applicable rules.	Not Applicable	II.1 II.8
II.1.3.1	<b>ELIGIBILITY AND APPOINTMENT</b>		
II.1.3.1	According to the model applied, the Chairman of the Supervisory Board, of the Audit Committee and of the Finance Committee must be independent and have the necessary powers to perform their duties.	Yes	II.12 II.13
II.1.3.2	The process of selecting candidates for non-executive Directors shall be designed in such a way as to prevent interference by the executive Directors.	Not Applicable	II.16
II.1.4	<b>IRREGULARITY REPORTING POLICY</b>		
II.1.4.1	The company should adopt a policy of reporting irregularities allegedly committed within its organisation, with the following elements: i) the means by which irregularities should be reported internally, including the persons entitled to receive such notices; ii) an indication of how notices should be treated, including confidential treatment, if so requested by the informant.	Yes	II.22
II.1.4.2	The general guidelines of this policy should be disclosed in the Corporate Governance Report.	Yes	II.22

	Recommendation	Adoption	Reference
II.1.5	<b>REMUNERATION</b>		
II.1.5.1	<p>The remuneration of members of the board of directors should be structured to allow the alignment of their interests with the long-term interests of the company, based on performance evaluation and discouraging excessive risk-taking. For this purpose, the remuneration should be structured as follows:</p> <ul style="list-style-type: none"> <li>i) the remuneration of executive Directors must include a variable component whose determination depends on a performance evaluation conducted by the competent bodies of the company, according to predetermined measurable criteria, which take into account the company's real growth and the wealth actually created for shareholders, its long-term sustainability and the risks taken, as well as fulfilment of the rules applicable to the company.</li> <li>(ii) Overall, the variable component of remuneration should be reasonable in relation to the fixed component of remuneration, and ceilings should be set for all components.</li> <li>(iii) A significant portion of the variable remuneration should be deferred for a period of not less than three years, and payment should depend on the continued good performance of the company during that period.</li> <li>(iv) The members of the board of directors should not enter into contracts with either the company or third parties, which have the effect of mitigating the risk inherent in the variability of the remuneration assigned to them by the company.</li> <li>(v) Until the end of their term of office, executive Directors should keep the shares of the company that they obtained through variable remuneration schemes, up to twice the value of total annual remuneration, except those which need to be sold to pay the taxes on the profit of those shares.</li> <li>(vi) If the variable remuneration includes the allocation of options, the beginning of the financial year should be deferred for a period of not less than three years.</li> <li>(vii) Appropriate legal instruments should be adopted so that the compensation set for any form of unfair dismissal of a Director is not paid if the dismissal or termination by agreement is due to the inadequate performance by the Director.</li> <li>(viii) The remuneration of non-executive members of the board of directors should not include any component whose amount depends on the company's performance or value.</li> </ul>	No	II.32 II.33
II.1.5.2	<p>The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No 28/2009 of 19 June shall, in addition to the content therein, include sufficient information:</p> <ul style="list-style-type: none"> <li>i) about which groups of companies whose remuneration policy and practices were taken as comparative element for setting the remuneration, ii) on payments for the dismissal or termination by agreement of the duties of Directors.</li> </ul>	Not Applicable	II.30
II.1.5.3	<p>The statement on the remuneration policy referred to in Article 2 of Law No. 28/2009 should also cover the salaries of senior managers under paragraph 3 of Article 248-B of the Portuguese Securities Code and whose remuneration contains a significant variable component. The statement must be detailed and the proposed policy must take into account the long-term performance of the company, compliance with the standards applicable to the company's activity and restraint on excessive risk-taking.</p>	Not Applicable	II.30

	Recommendation	Adoption	Reference
II.1.5.4	The proposal for the approval of plans to allot shares and/or options to purchase shares, or based on changes in share prices, to members of the management and supervisory bodies and other senior managers under paragraph 3 of Article 248-B of the Portuguese Securities Code should be submitted to the General Meeting. The proposal should contain all the necessary elements for a correct assessment of the plan. The proposal must be accompanied by the regulation of the plan or, if it has not yet been drafted, the general conditions that it must obey. Furthermore, the main features of the system of retirement benefits established in favour of members of the management and supervisory bodies and other senior managers under paragraph 3 of Article 248-B of the Portuguese Securities Code should be approved by the General Meeting.	Not Applicable	I.17 III.10
II.1.5.6	At least one representative of the remuneration committee must be present at the general meetings of shareholders.	Yes	I.15
II.1.5.7	The amount of remuneration received, overall and individually, in other group companies and the pension rights acquired during the financial year in question should be disclosed in the Annual Corporate Governance Report.	Yes	II.30 II.31 II.33
II.2	<b>BOARD OF DIRECTORS</b>		
II.2.1	Within the limits established by law for each management and supervisory structure and unless it is a company of reduced size, the Board of Directors should delegate the daily administration of the company and the delegated powers should be identified in the Annual Corporate Governance Report.	No	II.3
II.2.2	The Board of Directors must ensure that the company acts in accordance with its objectives and should not delegate its powers, particularly as regards: i) defining the strategy and general policies of the company; ii) defining the corporate structure of the group; iii) decisions that are to be considered strategic due to their monetary value, risk or special characteristics.	Yes	II.3
II.2.3	If the Chairman of the Board of Directors has executive duties, the Board of Directors must find effective mechanisms to coordinate the work of non-executive members, especially ensuring that they can decide in an independent and informed manner, and such mechanisms must be explicitly disclosed to shareholders in the Corporate Governance Report.	Not Applicable	II.8
II.2.4	The Annual Management Report should include a description of the activities undertaken by the non-executive Directors, particularly mentioning any constraints encountered.	Not Applicable	II.8
II.2.5	The company should explain its portfolio rotation policy for members of the Board of Directors, particularly for the member in charge of the financial portfolio, and notify any rotation in the Annual Corporate Governance Report.	No	II.11

	Recommendation	Adoption	Reference
II.3	<b>DEPUTY DIRECTOR, EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS</b>		
II.3.1.	Executive Directors shall, whenever requested by other members of the governing bodies, provide the latter with timely and adequate information.	Yes	II.1
II.3.2	The Chairman of the Executive Committee should send the summons and minutes of its meetings to the Chairman of the Board of Directors and, where applicable, to the Chairman of the Supervisory Board or of the Audit Committee.	Not Applicable	II.13
II.3.3	The Chairman of the Executive Board of Directors should send the summons and minutes of its meetings to the Chairman of the General and Supervisory Committee and to the Chairman of the Finance Committee.	Not Applicable	II.13
II.4	<b>GENERAL AND SUPERVISORY COMMITTEE, FINANCE COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD</b>		
II.4.1	The General and Supervisory Committee, in addition to complying with the supervisory powers entrusted to it, should play an advisory role, as well as perform the monitoring and continuous assessment of the management of the company by the Executive Board of Directors. The issues on which the General and Supervisory Committee should give its opinion include: i) defining the strategy and general policies of the company; ii) defining the corporate structure of the group; iii) decisions that are to be considered strategic due to their monetary value, risk or special characteristics.	Not Applicable	II.1
II.4.2	The Annual Reports on activities undertaken by the General and Supervisory Committee, the Finance Committee, the Audit Committee and the Supervisory Board should be disclosed on the company's website, together with the account reporting documents.	Yes	II.4
II.4.3	The Annual Reports on activities undertaken by the General and Supervisory Committee, the Finance Committee, the Audit Committee and the Supervisory Board should include a description of the supervisory activities carried out, particularly mentioning any constraints encountered.	Yes	II.4
II.4.4	The General and Supervisory Committee, the Audit Committee and the Supervisory Board should, according to the applicable model, represent the company, for all purposes, before the external auditor, being mainly responsible for proposing the provider of those services and their remuneration, ensuring that there are adequate conditions for the provision of those services within the company, as well as being the company's spokesperson and the first recipient of its reports.	No	II.24

	Recommendation	Adoption	Reference
II.4.5	The General and Supervisory Committee, the Audit Committee and the Supervisory Board should, according to the applicable model, assess the external auditor on an annual basis and propose his/her dismissal to the General Meeting when there is a well-grounded reason to do so.	No	II.24
II.4.6.	The internal audit services and those ensuring compliance with the standards applied to company (compliance services) should functionally report to the Audit Committee, the General and Supervisory Committee or, for companies which adopt the Latin model, to an Independent Director or the Supervisory Board, regardless of the hierarchical relationship that those services have with the executive management of the company.	No	II.5
II.5	<b>SPECIALISED COMMITTEES</b>		
II.5.1.	<p>Unless the company is too small, the Board of Directors and the General and Supervisory Committee, depending on the model adopted, shall create as many committees as may be required to:</p> <ul style="list-style-type: none"> <li>i) ensure a competent and independent assessment of the performance of executive Directors and to assess their own overall performance, as well as of the various existing committees;</li> <li>ii) reflect upon the adopted governance system, verify its effectiveness and propose to the competent bodies measures to be implemented with a view to improving them;</li> <li>iii) identify, in due time, potential candidates with the high profile required to perform the duties of a Director.</li> </ul>	No	II.2 II.36
II.5.2	The members of the Remuneration Committee or similar body should be independent from the members of the board of directors and include at least one member with knowledge and experience on the remuneration policy.	No	II.38
II.5.3	No natural or legal person who provides or has provided, over the past three years, services to any structure depending on the Board of Directors, to its own Board of Directors of the company or who is currently connected to the company's consultant should be hired to support the Remuneration Committee in performing its duties. This recommendation applies also to any natural or legal person who is in connection with such persons under a contract of employment or service.	Not Applicable	II.39
II.5.4	All committees should prepare the minutes of their meetings.	Yes	II.38
III.	<b>INFORMATION AND AUDITING</b>		
III.1	<b>GENERAL INFORMATION DUTIES</b>		
III.1.1	Companies should ensure the existence of permanent contact with the market, respecting the principle of shareholder equality and preventing disparities in access to information by investors. To this end, the company should have an Investor Support Office.	Yes	CHAPTER III

	Recommendation	Adoption	Reference
III.1.2	<p>The following information available on the company's website should be published in English:</p> <ul style="list-style-type: none"> <li>a) The name, the quality of public company, registered office and other elements mentioned in Article 171 of the Portuguese Companies Code;</li> <li>b) By-laws;</li> <li>c) Identity of the members of governing bodies and the representative for market relationships;</li> <li>d) Investor Support Office and its functions and means of access;</li> <li>e) Account reporting documents;</li> <li>f) Quarterly calendar of corporate events;</li> <li>g) Proposals submitted for discussion and vote in the General Meeting;</li> <li>h) Summons to the General Meeting.</li> </ul>	Yes	CHAPTER III
III.1.3	Companies should encourage the rotation of auditors after two or three terms of office, according to whether they last four or three years, respectively. Their maintenance beyond this period must be justified by a specific opinion of the supervisory board which explicitly reflects upon the conditions of the auditor's independence and the benefits and costs of his/her replacement.	No	III.18
III.1.4	The external auditor must, within his/her powers, verify the implementation of remuneration policies and systems, the efficiency and effectiveness of internal control mechanisms and report any flaws to the company's supervisory body.	Yes	III.17
III.1.5	The company should not hire the external auditor, or any entities with which they have a relationship of participation or which integrate the same network, for services other than audit services. If there are reasons to hire such services - which must be approved by the supervisory board and explained in its annual Corporate Governance report - they should not amount to more than 30% of the total value of services rendered to the company.	Yes	III.17
IV.	<b>CONFLICTS OF INTEREST</b>		
IV.1	<b>RELATIONS WITH SHAREHOLDERS</b>		
IV.1.1	The company's transactions with qualifying shareholders or entities with whom they are in any relationship, under the provisions of Article 20 of the Portuguese Securities Code, should be conducted under normal market conditions.	Yes	III.12
IV.1.2	Particularly significant transactions with qualifying shareholders or entities with whom they are in any relationship, under the provisions of Article 20 of the Portuguese Securities Code, should be subject to the prior opinion of the supervisory board. This body should establish procedures and criteria for determining the relevant level of significance of these transaction and other conditions for its intervention.	No	III.13

## CHAPTER I

### General Meeting

The General Meeting of the Company represents all its shareholders, and its decisions, when taken pursuant to the By-laws and the Law, are binding on all of them, even those absent, in disagreement or incapable of acting.

The General Meeting consists of shareholders who have voting rights and, additionally, by people who, entitled or not to exercise such rights, perform the duties of full members of the Governing Bodies and of Company Secretary.

The General Meeting shall consist of a Chairman, a Vice-Chairman and a Secretary.

The Chairman is responsible for summoning the General Meetings and directing their agenda, as well as performing such other duties as are conferred by the Law, the By-laws or delegated by the General Meeting. The Vice-President shall replace him in the event of his absence or impediment, and, upon his request, assist him in performing his duties. The Secretary is responsible for assisting the Chairman in office and dealing with the administrative work related to the Meeting.

Furthermore, with the support of the Company Secretary and other services of the Company itself, human resources and logistical support are made available to the Chairman of the General Meeting for the proper performance of his duties, particularly for the preparation and dissemination of summons and other preparatory information, and for receiving, processing and filing stock certificates, letters of representation, proposals to be submitted for consideration and vote of shareholders, the attendance list, and also for the organisation of the Annual General Meeting.

#### I.1. Members of the General Meeting.

At present, the General Meeting consists of the following members:

Chairman: Dr. Rogério Paulo Castanho Alves, lawyer, with business address at Av. Conselheiro Fernando de Sousa, 19 - 18.<sup>o</sup>, 1070-072 Lisbon, Portugal

Vice-Chairman: Dr. João Torres Ágoas Martinho Lopes, lawyer, with business address at Estrada da Luz, n.<sup>o</sup> 90 - 6.<sup>o</sup>-E, 1600-160 Lisbon, Portugal

Secretary: Dr. José Gonçalo Pereira de Sousa Guerra Costenla, lawyer, with business address at Av. Conselheiro Fernando de Sousa, 19 - 18.<sup>o</sup>, 1070-072 Lisbon, Portugal

The members of the General Meeting fully comply with the requirements of independence and there is no incompatibility for the performance of those duties by each of them, in strict compliance with the applicable regulations (Article 414 and 414-A, *ex vi* of Article 374-A, all pertaining to the Portuguese Companies Code).

#### I.2. Date of commencement and termination of office.

All the identified members of the General Meeting were elected in the Annual General Meeting of 2 May 2007, to perform duties within that body during the four year period of 2007/2010.

#### I.3. Remuneration of the Chairman of the General Meeting.

The members of the General Meeting, under the current regime set out in the Portuguese Companies Code, particularly the provisions of Article 422-A, by reference to paragraph 3 of Article 374-A, receive a fixed remuneration for performing the duties

inherent in their positions, determined by the Remuneration Committee provided for in Article 11 of the By-laws, and none of them have received any remuneration from TEIXEIRA DUARTE or another company with which it has a control or group relationship.

In pursuance and for the purposes of the applicable regulations and recommendations, the remuneration of the Chairman of the General Meeting during the financial year 2008 was € 5,000.00 (five thousand Euros), as in previous years, since he was elected in 2007.

#### **I. 4. Advance deadline required for the deposit or blocking of shares for participation in the General Meeting.**

As set forth in the Company's By-laws (Article 13), shareholders have voting rights if, within five calendar days before the date set for the relevant General Meeting, they have shares registered in book-entry securities accounts held with institutions empowered for that purpose, and such registrations must be certified by the documents of those institutions which are received by the Company within the above-mentioned period and identifying the holder and shares in question, as well as stating their blocks until the end of the General Meeting.

#### **I. 5. Rules applicable to the blocking of shares in the event of suspension of the General Meeting.**

In the event of suspension of the General Meeting, the blocking of shares is not required throughout the period until the session is resumed. However, shareholders must prove their capacity, up to five calendar days before the date scheduled for the next session, through the issuance of new certificates by the institutions empowered for that purpose, which are received by the Company within that period.

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

Pursuant to Article 13 of the By-laws, each share corresponds to one vote.

#### **I.7. Statutory rules which provide for the existence of shares that do not confer voting rights or which establish that voting rights over a certain number are not to be counted, when issued by a single shareholder or shareholders related to him/her.**

Although the By-laws so provide, according to the wording of Article 7, the truth is that there aren't - as there never have been - any shares without voting rights or limiting the number of votes, when issued by a single shareholder or by shareholders related to him/her, or even stating that voting rights over a certain number are not to be counted, when issued by a single shareholder or shareholders related to him/her.

#### **I.8. Existence of statutory rules on the exercise of voting rights and on constitutive or deliberative quorums and decisions or systems privileging asset rights.**

According to the wording of Article 13 of the Memorandum and Articles of Association, shareholders have voting rights if, within five calendar days before the date set for the relevant General Meeting, they have shares registered in book-entry securities accounts held with institutions empowered for that purpose and such registrations must be certified by the documents of those institutions which are received by the Company within the above-mentioned period and identifying the holder and shares in question, as well as stating their blocks until the end of the General Meeting.

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

The individual shareholders with voting rights may be represented at the General Meetings by means of a document issued under the Law.

Shareholders incapable of acting and corporate shareholders with voting rights will be represented by people legally empowered to do so.

In this context, the Company provides, on its website and at its head office, a power of attorney form pursuant to Article 23 of the Portuguese Securities Code, which can be used by shareholders who wish to be represented at the General Meeting.

All the above-mentioned representations have to be reported to the Chairman of the General Meeting by letter, duly signed, and be received at the head office within five calendar days before the date scheduled for the General Meeting.

The decisions of the General Meeting are taken by majority of votes cast, subject to the legal provisions which, in certain cases, may require qualified majorities or set out other forms of expiry of proposals.

There are no restrictions on voting rights, including limitations on the exercise of voting rights subject to the holding of a number or percentage of shares, deadlines for exercising voting rights - other than what is described for postal voting or systems privileging asset rights.

With regard to the existence of provisions concerning constitutional quorums, Article 15 of the Memorandum and Articles of Association sets out that the General Meeting may validly decide, on first call, when shareholders owning shares amounting to more than half of the share capital are present or represented and, on second call, any number of shareholders present or represented and the percentage of capital which they are entitled to, subject to the exceptions specified by the mandatory law.

In this regard, it should be noted that this is a custom arising from the By-laws approved in 1987, when it was transformed

into a public limited company and it was decided that it would remain unaltered after the modification of the Memorandum and Articles of Association in 2007 and subsequent changes until 2009.

Indeed, shareholders have always considered the need for a constitutive quorum for the General Assembly to decide on first call as an additional guarantee of their representation within this governing body. Moreover, this rule has never prevented these meetings of shareholders from being held on first call, or that General Meetings of TEIXEIRA DUARTE record high attendance levels, usually exceeding 75% of the share capital.

Also in line with this option is the fact that, since the Company opened its capital to the public in 1998, TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A. (a company owned by Teixeira Duarte Group) has been assigned over half of the voting rights, thus ensuring, with its representation, the minimum quorum required for the General Meeting to be held on first call.

There are no measures to prevent the success of any takeover bids, and even the By-laws do not impose any limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders.

### **I.9. Existence of statutory rules on postal voting rights.**

The By-laws set out that shareholders with voting rights who wish to exercise them by post, in addition to meeting all the above-mentioned requirements and deadlines to prove their capacity, should send a letter addressed to the Chairman of the General Meeting and which must be received at the head office within the period specified in the summons, expressing their intention to exercise those rights and stating their identification, address and number of shares they hold, which will be compared with the information certified by the institution where the shares are registered, and the latter shall prevail.

This letter should also contain the authenticated signature of the shareholder or, in the case of natural persons, be accompanied by a legible photocopy of their ID Card or an equivalent document.

Along with the aforementioned letter, shareholders shall include, in sealed envelopes, their voting statements regarding each one of the items on the Agenda, in a clear and unambiguous manner, followed by their signature, which must be identical to the one included in the cover letter. The envelopes should be marked: "Contains voting statement on item number (stating the relevant number) of the Agenda."

The envelopes containing the voting statements issued as described above shall be opened and considered by the Chairman of the General Meeting at the time of voting on the relevant item of the Agenda, and votes included in rejected statements shall be considered as not cast.

Postal votes count as votes against the proposals for decision submitted after they were cast.

If a shareholder, or his/her representative, who has exercised his/her voting rights by post attends the General Meeting, the vote thus cast shall be automatically repealed.

The authenticity of the postal vote, its confidentiality until the time of voting and its processing shall be ensured by the Chairman of the General Meeting.

Regardless of the medium chosen for this purpose, either in the text of the summons for the General Meetings, or in the prior information made available for this purpose, the terms and conditions under which the voting rights may be exercised, including postal voting, shall always be clearly and comprehensively explained.

#### **I.10. Availability of a model for exercising postal voting rights.**

To exercise postal voting rights and perform the above-mentioned procedures, the Company provides voting letter and ballot templates, as well as instructions for their completion, on its website and at its head office.

#### **I.11. Period of time that must elapse between the receipt of the postal voting statement and the date of the General Meeting.**

The By-laws set out that shareholders with voting rights who wish to exercise them by post, in addition to meeting all the above-mentioned requirements and deadlines to prove their capacity, should send a letter addressed to the Chairman of the General Meeting, which must be received at the head office within the period specified in the summons. The period of time required to elapse between the receipt of the postal voting statement and the date of the Annual General Meeting in 2009 was one day.

#### **I.12. Electronic voting rights.**

TEIXEIRA DUARTE believes that the specific security requirements inherent in the voting process are very important, particularly with regard to both the technical means to verify the authenticity of the corresponding voting statements and the assurance of their integrity and confidentiality, while also recognising the high level of security and operational reliability required in the receipt of the aforementioned statements.

Due to the above considerations and to the fact that the General Meetings of TEIXEIRA DUARTE usually have a very high representation of share capital, the Company has not implemented the possibility to exercise electronic voting rights.

**I.13. Possibility of shareholders having access to excerpts from the General Meeting minutes on the company's website within five days of the General Meeting.**

The minutes of the last General Meeting held on 13 May 2009 were made available on the Company's website in accordance with the then-applicable recommendations, but it was not possible to do so immediately in the following five days due to the unavailability of teams and people involved in executing this task in such a short space of time.

However, on 14 May 2009, several pieces of information about the Annual General Meeting were released, comprising not only the decisions taken, but also the capital represented and the voting results.

**I.14. Existence of a historical record on the company's website with the decisions taken at the company's general meetings, the share capital represented and the voting results, relating to the previous three years.**

The Company's website provides a historical record of attendance lists, agendas and of the decisions taken at the General Meetings held in 2007, 2008 and 2009.

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

All members of the Company's Remuneration Committee were present at the Annual General Meeting of 13 May 2009.

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

The intervention of the General Meeting regarding the company's remuneration policy and assessment of the performance of board members and other senior managers (if applicable) is conducted, first, through the analysis and approval of the account reporting documents at the Annual General Meeting and the overall assessment of the board of directors, for the purposes and under the provisions of articles 376 and 455 of the Portuguese Companies Code, carried out every year at a meeting of shareholders, and also through the election of its members and the selection and appointment of members of the Remuneration Committee who, according to their performance assessment and other criteria which will be described below, determine the remuneration of each member of the Governing Bodies, including the Board of Directors.

In addition to this, the General Meeting is also responsible for the approval of the remuneration policy statement that has been followed and annually disclosed in the Corporate Governance Report, submitted for consideration to shareholders.

In 2009, the Remuneration Committee submitted to the shareholders for their consideration, the remuneration policy statement, focusing on the members of the governing bodies, explaining that there are no *other senior managers* in the Company, as defined in paragraph 3 of Article 248-B of the Portuguese Securities Code, i.e. employees who, not being members of the management and supervisory bodies, have regular access to privileged information and participate in management and negotiation strategy decisions.

At the Annual General Meeting of 13 May 2009, shareholders approved the above-mentioned remuneration policy, with 99.82% of the votes in favour, 0.01% abstentions and 0.18% against, thus expressing a favourable opinion of it.

**I.17. Information on the intervention of the General Meeting regarding the proposal for the approval of plans to allot**

shares and/or assign options to purchase shares, or based on changes in share prices, to members of the management and supervisory bodies and other senior managers under paragraph 3 of Article 248-B of the Portuguese Securities Code, and on the elements provided to the General Meeting with a view to a proper assessment of these plans.

There is no plan to allot shares or assign options to purchase shares or based on changes in share prices. Several years ago, depending on the circumstances and the economic climate, there were reference shareholders who provided a certain number of shares to be transferred to the corporate staff within a specified period of time at a specified price. However, in the year under review, there were no such transactions.

Consequently, there is no intervention by the General Meeting on this matter.

**I.18. Information on the intervention of the General Meeting regarding the approval of the main features of the system for retirement benefits enjoyed by members of the management and supervisory bodies and other senior managers under paragraph 3 of Article 248-B of the Portuguese Securities Code.**

The Remuneration Committee is responsible for setting all the amounts paid to retired former Directors, regardless of the type of payment.

The Remuneration Committee is also responsible for setting supplementary pension schemes pursuant to Article 22 of the Memorandum and Articles of Association.

The General Meeting reserves the right to appoint the members of the Remuneration Committee, which has exclusive jurisdiction to decide on these matters.

**I.19. Existence of a statutory provision requiring that the amendment or maintenance of the statutory provision which sets a limit on the number of votes that may be held or exercised by a single shareholder, individually or jointly with other shareholders, shall be subject to the decision of the General Meeting at least every five years.**

There is no statutory provision with these characteristics (refer to I.7).

**I.20. Defensive measures which have the effect of automatically causing a serious erosion of the company's assets in case of transfer of control or change in the composition of the board of directors.**

There are no measures with these characteristics.

**I.21. Significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company, as well as its effects, unless, due to their nature, their disclosure would be seriously detrimental to the company and unless the company is specifically obliged to disclose such information by virtue of other legal requirements.**

There are no agreements with these characteristics.

**I.22. Agreements between the Company and the members of the board of directors and senior managers under paragraph 3 of Article 248-B of the Portuguese Securities Code, providing for compensation in case of dismissal, unfair dismissal or termination of employment following a change of control of the company.**

There are no agreements with these characteristics. It is company's policy not to perform any payments related to early

termination of office by the Directors or other senior managers, as well as not to conclude any agreements regarding these matters.

## CHAPTER II

### Management and Supervisory Bodies

#### Section I – General Aspects

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

In 2007, the Company adopted a Corporate Governance model known as 'monista latino' (Latin unitary board structure), under which it now has, besides the General Meeting, a Board of Directors and two independent Supervisory Boards: the Audit Committee and the Chartered Accountants Company, taking into account their new powers and compatibility and independence requirements.

It is important to mention here the collaboration between all these structures of the Group, as well as the advantages of these synergies, reflected in the effective and privileged way of achieving objectives undertaken by all as a collective action.

In this context and in compliance with recommendation No. II.1.1.1. of the Corporate Governance Code of CMVM, the Board of Directors hereby informs that the corporate model adopted gives full effect to the objectives that will serve as a basis, i.e. ensuring that the Company maintains good operation and efficiency levels in the performance of duties by each governing body, both independently and jointly.

Indeed, the Board of Directors consists solely of executive members, which translates into efficiency in the operability and proximity of the materials allocated to them, while the total independence and compatibility of the members of the Audit Committee allows for free and useful intervention in monitoring the Company's activities, not only from an accounting point of view - where it has the regular intervention of the Chartered

Accountants Company - but also from a political perspective, in this case with the appropriate limits and scope to safeguard the fulfilment of the legal norms and regulations in forms, all with a view to achieving constant transparency and the proper levels of information disclosure to the market in general and to shareholders, particularly at the General Meeting.

Also noteworthy is the good interaction between all governing bodies, not only between the Firm of Chartered Accountants and the Audit Committee, which meet on a regular basis, but also between these and the Board of Directors, where all Directors have provided, timely and appropriately, all the information requested by other members of the governing bodies.

This model is not only more similar to that which the company had been following since its transformation into a public limited company in 1987, but it has proved more suitable to the modus operandi of the Company, its structures and members of its governing bodies, particularly of the Board of Directors.

TEIXEIRA DUARTE has been growing steadily over the years, recording strong growth in its turnover, increase in the number of countries where it operates and diversification of the sectors in which it operates, as well as it has had all its governing bodies functioning regularly, with acknowledged satisfaction of its shareholders, who have reiterated their confidence in the model they voted in favour of at the General Meeting held on 2 May 2007.

Under paragraph 1 of Article 17 of the Memorandum and Articles of Association, the **Board of Directors** is composed of a minimum of five and a maximum of eleven members, elected at the General Meeting, which must appoint, from among them, the member who shall exercise the duties and powers of Chairman.

During 2009, the Board of Directors was composed of eight members: a Chairman and seven Directors, all with executive powers.

Until the end of 2009, the Board of Directors was composed of the following members:

Chairman:

Pedro Maria Calainho Teixeira Duarte (Dr.)

Directors:

João Salvador dos Santos Matias (Dr.)  
 Manuel Maria Calainho de Azevedo Teixeira Duarte (Dr.)  
 Joel Vaz Viana de Lemos (Eng.)  
 Jorge Ricardo Figueiredo Catarino (Eng.)  
 Carlos Gomes Baptista (Eng.)  
 João José de Gouveia Capelão (Eng.)  
 João José do Carmo Delgado (Eng.)

The **Audit Committee** comprises three members - a Chairman and two members - and an alternate member, who fully comply with the independence requirements and for whom there is no incompatibility for the performance of their duties, in accordance with the Portuguese Companies Code.

From 2 May 2007 to 31 December 2009, the Audit Committee was composed of the following members:

Chairman:	António Gonçalves Monteiro (Dr.)
Members:	Mateus Moreira (Dr.)
	Miguel Carmo Pereira Coutinho
Alternate Member:	Horácio Lisboa Afonso (Dr.)

The **Chartered Accountants Company** elected at the General Meeting for the four-year period 2007/2010, "MARIQUITO, CORREIA & ASSOCIADOS, SROC", is represented by Dr. António Francisco Escarameia Mariquito, who has the power to conduct all the examinations and inspections required for the statutory auditing and accounting of the Company and also acts as an external auditor registered with the CMVM under number 2235, fully complying with the independence requirements and for whom there is no incompatibility for the performance of his duties, under the applicable legal provisions.

**II.2. Composition of other committees set up with expertise in the management or supervision of the company.**

There are currently no specific Committees for management or supervision, particularly the Executive Committee, under the concrete terms it is defined by the Company's By-laws, mainly Article 20, notwithstanding that the members of the Board of Directors, all with executive powers, maintain regular sector contacts and meetings and meet weekly, accompanied by the adviser to the Board.

Indeed, given the model recently adopted, it is not necessary to create specific committees, mainly for the purposes of ensuring a competent and independent assessment of the performance of the executive Directors and to assess the overall performance of their Board of Directors, since such powers are explicitly assigned to the General Meeting, the Audit Committee and the Remuneration Committee.

Furthermore, the creation of a special committee to reflect upon the governance system adopted, verify its effectiveness and propose to the competent bodies measures to be implemented with a view to its improvement was considered irrelevant. These tasks are performed and developed by each of the Governing Bodies that, better than any other body established for that purpose only, can identify potential constraints and difficulties they may have encountered, and they even collaborate with each other in the assessment of the corporate governance model adopted, reporting and overcoming any operation or interaction problems.

In addition to this, it was deemed unnecessary to assign to any kind of committee the task of identifying, in due time, potential candidates with the necessary high profile to perform the duties of Director, considering that the members of the Board of Directors have the necessary and relevant knowledge of the Company's senior staff, what enables them to identify, whenever necessary, the candidates they deem suitable for the corporate positions in question.

**II.3. Organisation charts and functional charts relating to the division of powers between the various boards, committees and/or departments of the company, including information on the scope of the delegation of powers, particularly with regard to the delegation of daily management of the company, or the distribution of portfolios among the members of the management and supervisory bodies, and a list of non-delegable duties and of the powers actually delegated.**

It is important to note here, with regard to TEIXEIRA DUARTE's performance in the various sectors and markets in which it operates, the collaboration between all the structures of the Group, best identified in the organisation chart at the beginning of this Report, as well as the advantages of these synergies, reflected in the effective and privileged way of achieving objectives undertaken by all as a collective action.

In this context, we highlight the support provided by Central Directorates to the activities undertaken during the year by the various Operation Centres and numerous subsidiaries.

Also noteworthy in this respect is the added value that TEIXEIRA DUARTE gains from being able to rely on a team of Coordinators/Consultants composed of employees who, with many years of good service to the Company and the Group, provide valuable support, particularly in the field of training, counselling and information.

Notwithstanding the above, there is no delegation of powers by any of the governing bodies, particularly the Board of Directors, to any specific committees, especially to an Executive Committee.

This condition results primarily from the fact that the Board of Directors is exclusively composed of executive members, which, as mentioned before in the evaluation of the corporate model (refer to II.1. above), translates into efficiency in the operability and proximity of the materials allocated to them, whereby any delegation in this regard would be redundant and counterproductive.

Notwithstanding the legal and statutory provisions that determine the collective functionality and the collegiate nature of the Board of Directors and without reducing the operability always practiced in constant contact and consultation between all its members, portfolios were distributed among the Directors, as follows:

The Chairman of the Board of Directors, Dr. Pedro Maria Calainho Teixeira Duarte, performs the duties inherent in this position, in accordance with the tasks defined in the Law and By-laws, monitoring the ordinary operations of the Company and ensuring the administrative work and implementation of the Board's decisions, and is also in charge of monitoring the financial stakes in "CIMPOR – Cimentos de Portugal, S.G.P.S., S.A.", "Banco Comercial Português, S.A." and "Banco Bilbao Vizcaya Argentaria, S.A.".

Within the scope of the Corporate Centre – comprising various Central Directorates and Services special responsibility to support the Companies of Teixeira Duarte Group:

Dr. João Salvador dos Santos Matias was responsible for overseeing the activities carried out by the IT and Finance and Accounting Central Directorates, and by the Account Consolidation and Internal Audit Services.

Dr. Manuel Maria Calainho de Azevedo Teixeira Duarte is responsible for overseeing the Corporate Secretariat, which has the duty to support the company and market relations.

Eng. Joel Vaz Viana de Lemos is responsible for overseeing the activities carried out by the Central Directorates for Security, Quality and Environment, Human Resources and Administrative Services, Procurement, as well as representing the company before ANEOP and AECOPS.

Eng. João José de Gouveia Capelão is responsible for overseeing the activities carried out by the Central Directorate for Contracts and Logistics.

Within the scope of the Group's activities:

Dr. João Salvador dos Santos Matias was responsible for:

- a) monitoring the activities carried out in the Food Trading and Vehicles Sales sectors;
- b) monitoring the activities carried out in the Petroleum Products Sales sector, in Portugal;

Dr. Manuel Maria Calainho de Azevedo Teixeira Duarte is responsible for:

- a) overseeing the activities carried out in the Hotel Services and Hospitality Industry and Real Estate Development sector, particularly in the Portuguese and Angolan markets;
- b) coordinating the activities carried out in the Cement, Concrete and Aggregates sector;
- c) overseeing the activities carried out in Macau;
- d) coordinating the activities carried out in Brazil, overseeing all areas of activity, except the construction sector;
- e) overseeing the activities carried out by the subsidiaries TEDAL – SGPS, S.A. and TDCIM – SGPS, S.A.;
- f) monitoring the activities carried out by "TDHOSP – Gestão de Edifício Hospitalar, S.A.;"
- g) monitoring the management of the financial stakes held in "E.I.A. – Ensino, Investigação e Administração, S.A.", "IMOCIPAR - Imobiliária, S.A.", "JÚPITER – Industria Hoteleira, S.A." and "LONGAPAR, SGPS, S.A.".

Joel Vaz Viana de Lemos (Eng.) is responsible for:

- a) overseeing the activities carried out by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relating to the Metalworking and Formwork and Prestressing Operation Centres (COC), as well as the Equipment Directorate;
- b) overseeing the activities carried out by the subsidiaries

"E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.", "SOMAFEL – Engenharia e Obras Ferroviárias, S.A." and "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.";

Jorge Ricardo de Figueiredo Catarino (Eng.) is responsible for:

- a) overseeing the activities carried out by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relating to the Geotechnical and Foundation Engineering Operation Centre;
- b) overseeing the activities carried out by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relating to the Construction Operation Centres run by Eng. Sampayo Ramos and Eng. Sousa Barros;
- c) overseeing the activities carried out in Algeria and Venezuela;
- d) overseeing the activities carried out in the construction sector in Brazil;
- e) monitoring the activities carried out by the subsidiary "MTS – Metro, Transportes do Sul, S.A.;"
- f) monitoring the activities carried out by the subsidiary "AEDL – Auto-estradas do Douro Litoral, S.A.;"
- g) monitoring the activities carried out by the subsidiary "VBT – Vias do Baixo Tejo, S.A.";

Carlos Gomes Baptista (Eng.) is responsible for:

- a) overseeing the activities carried out by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relating to the Construction Operation Centres run by Eng. Magalhães Gonçalves and Eng. Paulo Araújo;
- b) overseeing the activities carried out in Spain and Mozambique;
- c) overseeing the activities carried out in the construction centre in Angola, coordinating all the other activities carried out in the other sectors in which the Group operates in that country;

d) overseeing the activities carried out by the subsidiaries "BEL – ere – Engenharia e Reabilitação de Estruturas, S.A.", "RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.", "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A.", "TDGI – Tecnologia de Gestão de Imóveis, S.A." and "GSC – Compañía General de Servicios y Construcciones, S.A. Sociedad Unipersonal".

João José de Gouveia Capelão (Eng.) is responsible for:

- a) coordinating the activities carried out by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." in the commercial area, ensuring and coordinating the representation of the company in this scope of activity;
- b) overseeing the activities carried out by the Central Directorates for Planning and Studies, Electromechanical Installations, Special Studies and Projects;
- c) monitoring the activities carried out by the subsidiary "SATU OEIRAS - Sistema Automático de Transporte Urbano, E.M.;"
- d) monitoring the activities carried out by the subsidiary "LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.".

João José do Carmo Delgado (Eng.) is responsible for overseeing the activities carried out by the Central Directorate for Public Works Studies.

Already after the closing of the year, the Director holding the financial portfolio, João dos Santos Matias Salvador (Dr.), presented his resignation from the office he held at TEIXEIRA DUARTE, by letter dated 23 February 2010, as had been articulated and was expected, because on that date he completed 65 years of age which, fulfilling a tradition in the Company, allowed him to retire.

Following his resignation, the Board of Directors decided that the matters included in the portfolios that had been held by Dr. João Salvador dos Santos Matias were to be distributed among the other Board members.

**II.4. Reference to the fact that the annual reports on the activities carried out by the General and Supervisory Committee, the Finance Committee, the Supervisory Board and the Audit Committee include the description of the supervisory activities undertaken, indicating any constraints encountered, and are subject to disclosure on the company's website, together with the accompanying account reporting documents.**

Pursuant to and for the purposes of CMVM Recommendations on this matter, the Annual Reports on the activities carried out by the Audit Committee, including the description of the supervisory activities undertaken and indicating any constraints encountered, have been disclosed every year on the Company's website, together with the account reporting documents, always in compliance with the rules and deadlines set by law and by other applicable regulations.

**II.5. Description of the internal control and risk management systems implemented in the company, particularly as regards the process of financial reporting, the mode of operation of this system and its effectiveness.**

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

This constant relationship between autonomy and sense of responsibility requires, in a realistic way, a rigorous and thoughtful performance of the tasks that are assigned to each employee, incorporating, in itself, a solid, sustained and effective risk control system, with practical results that are considered extremely satisfactory.

The importance of weighting the cost of control in relation to the matters that are to be controlled is always taken into consideration. The assessment of the Company, of the way it is

managed, of the composition of its senior staff and managers and of the fundamental principles and concepts that are applied, leads to conclude that the costs of establishing any control committees would largely outweigh the costs of the matters that would be controlled. The mere establishment of committees for this purpose, from a formal point of view, would eventually lead to more bureaucratic obstacles that are not reflected in their practical implementation.

Although the internal control and risk management system implemented in the Company does not meet the requirements listed in recommendation No. II.1.1.2, TEIXEIRA DUARTE continues to support that option, because it believes that a model based on the assumptions of this Recommendation is inappropriate for the regular operation of the Company and could create several obstacles, from a purely formal and bureaucratic point of view, that are not compatible with the implementation of the procedures already in place and accountability of the Directorates.

It is worth mentioning, however, the important role played in this matter by the Internal Audit Department created in 2008, which has continued to develop its activities, as well as the performance of the Department of Account Consolidation and Analysis of Group Companies in the financial reporting process.

At 31 de December 2009, these services were hierarchically and functionally dependent on Director João Salvador dos Santos Matias (Dr.), who, to comply with CMVM recommendation No. II.4.6., was considered independent under the applicable rules and regulations.

**II.6. Responsibility of the board of directors and of the supervisory body in the creation and operation of the company's internal control and risk management systems, and in the assessment of its operation and adjustment to the company's needs.**

With regard to the Company's internal control and risk management systems, the Board of Directors is responsible, firstly, for knowing and assessing the most important risks to which the Company is exposed, as well as promoting initiatives to prevent them.

In this context, the Board of Directors is in charge of designing and planning the internal control and risk management systems which are necessary and appropriate for the different situations identified, as well as monitoring their implementation and overseeing and assessing their operation, all in accordance with the provisions of No. II.5.

Furthermore, the Board of Directors - rather than the supervisory bodies – is responsible for assessing the operation of these systems and propose their adjustment to TEIXEIRA DUARTE's needs, since this is a matter which, by its nature and the specificities described above, falls within the scope of activity specific to the Board of Directors and within the latter's control and supervision of the various Directorates of the Company, a system that has proved suitable for its purposes.

**II.7. Existence of regulations on the operation of the governing bodies, or other rules relating to internal incompatibilities and to the maximum number of cumulative duties, and where they may be consulted.**

Formally speaking, there is no regulation on the operation of the governing bodies, no code of conduct or even other rules relating to internal incompatibilities, nor a maximum number of cumulative duties.

Given the corporate model chosen, the composition of the management body (all executive members) and supervisory body (all independent members and for whom there is no incompatibility, in accordance with legal regulations) of the Company, and the fact that the powers and duties of each are fairly well defined and are not delegable to any other body, specialised committees, or departments, the operation of the

Board of Directors, the Audit Committee and the Statutory Auditor is rather simplified.

In this regard, it should also be noted that the number of members that make up these bodies cannot be extended enough as to justify the stipulation, in regulation, of additional rules of operability, the same way that the interaction between these bodies is maintained regularly under legally prescribed terms and deemed sufficient for that purpose.

## Section II – Board of Directors

### **II.8. If the chairman of the board of directors has executive powers, indication of the mechanisms implemented to coordinate the work of non-executive members to ensure the independent and informed nature of their decisions.**

Given that all members of the Board of Directors have executive powers, this rule does not apply to TEIXEIRA DUARTE.

### **II.9. Identification of the main economic, financial and legal risks to which the company is exposed in the course of activity.**

The main economic, financial and legal risks to which the company is exposed in the course of activity are:

- Changes in the economic and business conditions in Portugal, as well as in the economic and business conditions of the Group's operations abroad, particularly in Angola, Algeria and Brazil;
- Fluctuations and volatility of interest rates, credit spreads and exchange rates;
- Changes in governmental policies and in the regulatory framework of banking activities;
- Changes in the competitive environment of TEIXEIRA DUARTE Group;
- Fluctuations in equity markets in general.

Moreover, TEIXEIRA DUARTE Group's activity is depending on the economic environment and on the consequences that a given macro-economic situation might have on the confidence levels of various economic agents in the volumes of investment, exports and global trade, as well as on employment levels and consumption patterns.

The development of the areas of activity where the Group operates, particularly the construction sector, but also, for example, the areas of real estate development, hospital services and hospitality industry and petroleum products sales, is historically correlated, more or less directly, with the macro-economic performance of the countries or markets where TEIXEIRA DUARTE Group operates, particularly with the development of Gross Domestic Product (GDP). Thus, the Group's activities and results may be significantly affected by the performance of the economies in which TEIXEIRA DUARTE Group operates, particularly as a result of growth or contraction of the construction market, which is the business area with the largest representation in the Group's operating income (approximately 54% in 2009 and 52% in 2008).

Since construction is the core business of TEIXEIRA DUARTE Group, particularly in the sub-branches of Geotechnical and Foundation Engineering, Public Works, Civil and Industrial Engineering and Metalwork, the main risks inherent in that sector are described below:

The large-scale construction business involves a large allocation of human and material resources, which imply a high fixed cost structure not only for the necessary investment in the teams and their training, but also a significant investment for the acquisition and maintenance of equipment.

The financial costs associated with many of the tenders, both in the preparation of bids, as in the insurance and in guarantees and sureties that must sometimes be provided, also constitute another risk factor and penalty inherent in the activity, especially when considering the penalties often associated with large public contract jobs in which TEIXEIRA DUARTE participates.

Moreover, the contraction in public investment, as well as in the larger private investment, has affected the revenue, which is also sometimes penalised by the deadlines and delays in payments.

On the other hand, the nature of service often involves changes in the circumstances initially negotiated, resulting from the vicissitudes of the contract jobs in question (climate change, discovery of adverse and unexpected characteristics; natural, social and economic phenomena resulting from the impact of the work) and from changes in projects, often due to new requirements by site owners, which call for a great agility in the efficiency of their execution.

Another important aspect results from the significant number of suppliers of goods and equipment and service providers with which the company deals in this area of activity and which may pose risks due to actions or omissions ascribable to them, including delays or interruptions in service or in the supply of goods.

From a commercial point of view, globalisation has enabled the entry of other major Construction Groups in the main and oldest markets where TEIXEIRA DUARTE operates - particularly in Portugal and Angola - requiring a greater effort in the submission of bids and solutions, as well as the cost optimisation to endure the strength of the competitiveness of these entities.

In the regions and areas in which the Group has been operating in the field of Cement, Concrete and Aggregates, TEIXEIRA DUARTE and its subsidiaries were greatly penalised by the reflection of economic and political situations in some countries where the company operates, such as Namibia, particularly as a result of the international crisis that affected very strongly countries like Ukraine, Russia and Spain.

Concessions are usually long-term projects that involve more and more areas, such as those related to planning, design, construction, financing and operation and that, both for such complexity and the need for partnerships, and for the longevity of processes, involve a strong risk in the evaluation of assets

and long-term projects, in an increasingly dynamic world full of unexpected changes.

The real estate sector was at the origin and core of the so-called subprime crisis and the effects of that unfavourable international climate are present in Portugal, where the requirements for new projects have increased at all levels (administrative, economic, social, environmental, etc.), the increasing existence of excess supply forces prices to drop and demand itself is greatly affected by increasing difficulties in resorting to credit.

The Hotel Industry in the Algarve has been very adversely affected by affordable new destinations and changes in routes of major international agencies, and hotels in Africa are naturally exposed to the idiosyncrasies of their countries and of competition, which is growing at a greater pace than ever. Moreover, given the debt levels of some of the subsidiaries operating in this sector, the results and consequently the assets of these companies could suffer adverse impacts as a result of unfavourable trends in interest rates.

The Food Trading sector in Angola is very exposed to the particular characteristics of the country and the logistical difficulties of supply, transport and travel, and also to the difficult international situation that has affected many of suppliers who are crucial to the development of the project.

Vehicles Sales are being conducted in a very saturated market, where major international players in the sector went bankrupt and were strongly affected, with inevitable consequences worldwide and which had already led TEIXEIRA DUARTE Group to divest the operations it had been conducting in this area in Portugal.

In Angola, competition is skyrocketing and the investment made by the Group calls for a strong optimisation of processes and costs in an increasingly expensive and difficult market.

Petroleum Products Sales within TEIXEIRA DUARTE Group pose two different types of risk, as it relates to the activities carried out in Portugal (where it operates in the area of

distribution and sale of liquid fuels and gas) and Brazil (where a subsidiary is engaged in indirect petroleum exploration).

Indeed, in the domestic market, risks are concentrated in three aspects: (i) the low market share in the area of liquid fuels, (ii) the fact that the main suppliers are simultaneously the main competitors, with large market shares and (iii) the delicate management of the credit granted to redistributors, particularly for the consignment of the delivered product.

In the foreign market, the risk is concentrated in strong investment inherent in the prospecting obligations arising from concessions awarded, mainly the fulfilment of the "Minimum Exploration Programs (MEP)", compared with an expectation of obtaining a product that not only is not certain as we do not know when it might occur and, when it occurs, it then depends on the quantity, quality, conditions of marketability of the product and changes in international markets.

Common to these two realities – domestic and foreign – was the hard impact on the fuel market, particularly as a result of speculation on oil prices.

With regard to financial stakes, especially qualifying shares held in listed companies, the risk is resulting from the current fragility of financial markets and from the possible impact of the volatility of their prices in TEIXEIRA DUARTE Group's accounts and, in certain circumstances, it may even affect the results, as was the case in 2008.

Should the risks described above occur, they could have a negative impact on TEIXEIRA DUARTE Group's results and on its financial position.

TEIXEIRA DUARTE is exposed to **strategy risk**, with the possibility of making inadequate strategic decisions, failures in the implementation of decisions or lack of ability to respond to changing market conditions.

TEIXEIRA DUARTE Group's international business represents a significant share of turnover of the Group (61.2% in 2009,

57.1% in 2008 and 51.6% in 2007). It is not possible to guarantee full success of operations in the foreign markets where the Group operates. Moreover, these operations are exposed to risks from possible adverse economic trends in countries where they are located. These factors may adversely affect TEIXEIRA DUARTE Group's business, financial position and results. Some of the Group's international operations also expose it to foreign exchange risk (see risk factor "Changes in exchange rates may affect Teixeira Duarte Group's financial position").

TEIXEIRA DUARTE Group operates in several sectors, from which the construction sector stands out for its contribution to the Group's operating income, but also others, such as petroleum product sales, vehicles sales and real estate development. These sectors represent approximately 80% of the Group's operating income and may be described as being very competitive sectors. This competitive context, when associated with negative cycles in the areas of activity where the Group operates, may have a negative effect on the company's sales margins and results and, consequently, on its financial position.

TEIXEIRA DUARTE Group's ability to successfully implement the strategy depends on its ability to recruit and retain the most qualified and competent staff for each function. Although TEIXEIRA DUARTE Group's human resources policy is designed to achieve these objectives, it is not possible to guarantee that, in future, there will be no limitations in this area. This circumstance may limit or delay the implementation of the strategy outlined, which could have a negative effect on the Group's business, financial position and results.

A worsening of the global economic conditions or hardships that affect the economies on a local scale can lead to the inability of TEIXEIRA DUARTE Group's customers to settle their obligations or significantly delay their fulfilment, leading the existing lines to fall into default. This scenario would result in losses that would affect the TEIXEIRA DUARTE Group's business, financial position and results.

TEIXEIRA DUARTE Group may be, in future, involved in a number of **disputes** related to its activities, including those whose verdict was favourable to it, in whole or in part, and which may be subject to appeal or action for annulment by the counterparties in accordance with the applicable rules of procedure and until those verdicts have obtained the force of "res judicata". TEIXEIRA DUARTE Group cannot guarantee that it will win any lawsuits relating to its activities and a negative decision in the same may have a significant adverse effect on TEIXEIRA DUARTE Group's business, financial position and results.

TEIXEIRA DUARTE's activities require **investments**. The Group finances a portion of these investments using cash flows generated by its operating activities. However, TEIXEIRA DUARTE and its subsidiaries finance a greater proportion of investments by using external sources, including bank loans and offerings in capital markets.

TEIXEIRA DUARTE Group is exposed to a set of risks such as liquidity risks, interest rate risks or exchange rate risks, among others, and, upon the occurrence of exceptionally adverse scenarios, the policies and procedures used by TEIXEIRA DUARTE to identify, monitor and manage risk may not be wholly effective.

Like any other business group forming part of a competitive environment, TEIXEIRA DUARTE Group is also subject to **liquidity-related risks**. The Group considers that it is reasonably equipped for an effective risk control of its business, considering effective the action taken by the Board of Directors based on the elements provided by the Account Consolidation and the Internal Audit Services and by the Central Directorate for Finance and Accounting which, under direct supervision of the Director of this portfolio, is especially responsible for controlling TEIXEIRA DUARTE Group's liquidity.

TEIXEIRA DUARTE manages the Group's liquidity risk in two ways: by ensuring that the Group's financial debt has a high medium- and long-term component with maturities suitable to

the expected ability to generate funds, and using credit facilities, in several cases available in the form of current account lines.

In the normal course of business, the Group is subject to certain **operating risks**, including interruptions of service or delays in service delivery, fraud, omissions, errors and delays in the implementation of risk management requirements. These risks are monitored by the Group on an ongoing basis through administrative and information systems, among others, with some operational risks covered by insurance policies.

The operations carried out by TEIXEIRA DUARTE Group are depending on computer processing. Computer processing involves record keeping, financial reporting and other systems, including systems for monitoring and controlling the various operations of the Group, particularly in human resource, accounting, logistics, administrative and storage management. Despite the assessment that has been made to computer systems and the belief that their capacities are adequate, it is not possible to assure investors the full identification and timely correction of all problems related to information technology systems, nor systematic success in the implementation of technological improvements.

The cost of the vast majority of financial debt incurred by TEIXEIRA DUARTE Group is indexed to variable reference rates, TEIXEIRA DUARTE being exposed, as a result, to **interest rate risk**.

However, in order to handle these changes, the TEIXEIRA DUARTE Group's finance department continuously follows the development of the market, being able to use financial instruments to alleviate the effects of interest rate volatility. Such instruments are used taking into account the risks affecting the assets and liabilities and after verifying which of the instruments existing on the market are the most appropriate to cover these risks. These operations are continuously monitored, especially through the analysis of

various indicators regarding these instruments, particularly the trend of its market value and sensitivity of cash flow estimates and of the actual market value to changes in the key variables that determine the structures, with the aim of evaluating its financial effects. Derivative financial instruments are registered in accordance with the provisions of IAS 39, being measured at their fair value, which is based on evaluations made by financial institutions. These are qualified as hedge instruments or instruments held for trading, in compliance with the provisions of IAS 39.

In the year ended 31 December 2008, the Group used a set of derivative financial instruments to minimise the risks of exposure to changes in interest rate. The financial derivatives used consist of interest rate swap contracts.

**Changes in the exchange rate** of the Euro against other currencies, notably the U.S. dollar, the Angolan kwanza, the Algerian dinar, the Brazilian real, the Mozambican Metical and the Ukrainian Hryvnia, may affect Teixeira Duarte's financial position. TEIXEIRA DUARTE Group operates in several markets and records income in foreign currency and also monetary assets and liabilities denominated in currencies other than the Euro, and it is therefore exposed to changes in their currencies.

In indirect terms, TEIXEIRA DUARTE Group sometimes purchases miscellaneous goods, especially in the areas of construction, food trading and vehicles sales, in currencies other than those in which they are then sold, mainly in Angola, and this may partially affect the Group's results in the business it conducts in these sectors.

Noteworthy is the import and export of building materials and consumer products for the company under Angolan law MAXI, and of motor vehicles, parts and equipment for the various local subsidiaries operating in the vehicles sales sector in Angola with the brands Nissan, Honda, Chevrolet, Renault and Peugeot, among others.

**Adverse changes in the prices of oil and raw materials** will

significantly affect the results and financial position of TEIXEIRA DUARTE Group.

The volatility of the price of raw materials constitutes a risk factor for TEIXEIRA DUARTE Group, affecting the operations conducted in the construction business area, although occasionally mitigated through contracts with suppliers offering fixed prices and contracts with customers which allow to deflect these changes in the amount paid by them.

In particular, TEIXEIRA DUARTE Group is indirectly exposed to oil prices. The Group's ability to reflect in the prices of final goods and services it provides, increases in the price of oil, is limited, so there could be negative consequences on the direct margins of the final goods sold and on the net contribution of services rendered. Moreover, an increase in oil prices has a direct impact on transport costs associated with the Group's operations, thus adverse changes in oil prices could have a negative material effect on the Group's business, financial position and results.

More specifically, the trend in oil prices could significantly affect TEIXEIRA DUARTE Group's results for three reasons:

- Directly through the fringes generated in petroleum products sales, a business area which in 2009 accounted for 7.4% of TEIXEIRA DUARTE Group's operating profit (11.0% in 2008 and 12.3% in 2007);
- The cost of transport is one of the most important cost items in the Group's operating accounts;
- Energy costs are still significant in the price of supplies and outsourcing.

**A tax increase or reduction of tax benefits** could have an adverse effect on TEIXEIRA DUARTE Group's activity.

TEIXEIRA DUARTE Group may be adversely affected by changes in legislation and other tax rules applicable in Portugal, the European Union and in several countries where it operates.

TEIXEIRA DUARTE Group's financial statements can be affected by the **valuation of financial stakes held**.

The net position, the equity and even, in certain cases of impairment, the results of TEIXEIRA DUARTE Group can be affected by the valuation of financial stakes held, which in the case of shares held in companies listed on a regulated market, depends directly on the market price of its shares.

In the specific case of the listed company CIMPOR, we highlight the fact that TEIXEIRA DUARTE reached an agreement with Camargo Corrêa, S.A., in February 2010, for the sale of its whole stake. Therefore, until the year ended 31 December 2009, and since TEIXEIRA DUARTE Group held a stake of more than 20% in CIMPOR's capital, the results depended on the net income of the subsidiary, since they were consolidated, until that date, in due proportion, by the equity method.

The companies of TEIXEIRA DUARTE Group are subject to **risks inherent in any economic activity**, such as accidents, breakdowns or natural disasters that may cause damage to the Group's assets or temporary interruptions in its business. Moreover, these risks can affect the main customers and suppliers of the Group TEIXEIRA DUARTE, which would have a significant impact on the levels of profitability, if it were not possible to find replacement customers to ensure the level of turnover, or suppliers that would enable maintaining the same cost structure.

## II.10. Powers of the Board of Directors, particularly in respect of decisions to increase capital.

In addition to all other duties and powers conferred on it by the law, By-laws, or delegation of the General Meeting, the Board of Directors has the following roles:

a) exercise the full powers of administration of the Company and conduct all actions and operations aimed at the achievement of its objectives;

- b) negotiate and award all contracts, whatever their scope, form and nature, to which the Company is a party;
- c) represent the Company in and out of court, actively or passively, promote, contest, compromise or withdraw from any proceedings and engage in all types of arbitrations;
- d) acquire, dispose of or encumber any rights and movable and immovable property, including vehicles, shares, stocks, bonds or other securities;
- e) conclude leases and give or take the transfer of facilities;
- f) obtain and grant loans in any institutions or markets, and provide or receive the necessary sureties or guarantees;
- g) decide that the Company participate in the constitution, subscribe to capital, take interests or take part in other companies, corporations, complementary groups or associations of any kind and to cooperate, collaborate or associate with other entities, as well as provide technical administration and management services or support in human and financial resources to subsidiary companies or with which it has entered into a subordination agreement;
- h) appoint whomever it chooses to perform duties in other companies, groups or associations of any kind;
- i) delegate to any of its members the necessary powers to perform certain tasks or actions;
- j) appoint representatives of the Company to perform specific actions or categories of actions with the powers and duties included in their proxies granted for that purpose;
- m) appoint the Company Secretary and his/her Deputy.

Under the provisions of paragraph 2 of Article 6 of the By-laws, the Board of Directors is also authorised to increase the capital up to three hundred million Euro, one or more times, in cash.

## II.11. Information on the portfolio rotation policy within the Board of Directors, particularly of the member in charge of the financial portfolio, as well as on the rules governing the appointment and replacement of members of the Board of Directors and Audit Committee.

As described in II.3, despite the collegial exercise of the duties conferred on the Board of Directors, each of its members was specifically responsible for certain functional areas or certain businesses.

There is no portfolio rotation policy within the Board of Directors, particularly of the member in charge of the financial portfolio. The supervision of the various areas and sectors was allocated to each of the Directors taking into account the training, experience and competencies acquired by each, within TEIXEIRA DUARTE Group, on various subjects, a situation that is not compatible with the implementation of a portfolio rotation policy.

The business areas are redistributed among the various members of the Board of Directors whenever it is deemed necessary and appropriate, as already mentioned in II.3.

With regard to the rules governing the appointment and replacement of members of the Board of Directors and of the Supervisory Board, it is worth recalling that the members of the Board of Directors are elected by the General Meeting, through the closed list system, for four years, coinciding with the financial years, and can be reappointed one or more times, in accordance with legally established limits, and take up office as soon as elected, without the need for further formalities.

Under the special rules of election provided for in the Law, the Company has adopted the system that allows one of the Directors to be elected from among the nominees on lists that are endorsed and submitted by groups of shareholders, provided that none of these groups holds shares representing more than twenty percent and less than ten percent of the share capital. Under this option, the Director thus elected shall automatically

replace the last one on the list falling due upon the election of Directors.

The By-laws do not require the existence of any alternate Director, but they set at five the number of consecutive or intermittent absences from meetings, per term of office, without justification accepted by the Board, leading to the situation of permanent absence of a Director, with the consequences set by law.

In addition to these circumstances, the statutes do not provide any specific rule for the replacement of members of the Board of Directors, so the general rule laid down in the Portuguese Companies Code on this matter will apply, i.e. the Board of Directors may replace a Director who fails to perform duties for any of the reasons specified by Law, including by resignation or accumulation of faults and, if it so wishes, and in accordance with the applicable terms and conditions, proceed with the corresponding co-option, which must be approved at the first ensuing General Meeting.

Like the other Governing Bodies, the members of the Supervisory Board are elected by the General Meeting, through the closed list system, for four years, coinciding with the financial years, and may be reappointed once or more times, in accordance with legally established limits, and take up office as soon as elected, without the need for further formalities. Upon electing the Supervisory Board, the General Meeting must appoint a Chairman from among its members.

Although, in this case, an alternate member of the Supervisory Board was elected at the General Meeting held on 2 May 2007, the By-laws do not provide any specific rule for the replacement of the members of this body, so the general rule laid down in the Portuguese Companies Code on this matter will apply, i.e., the members of the Supervisory Board who are temporarily unable or whose duties have ceased, are replaced by alternate members in accordance with the other terms and conditions set out therein.

**II.12. Number of meetings of the Board of Directors, the Supervisory Board and of other committees set up with expertise in the management and supervision of the company during the year under review.**

During the financial year 2009, the Board of Directors met 39 times, and the Chairman of the Supervisory Board participated in many of these meetings, particularly those regarding the approval of accounts and the monthly monitoring of the progress of operations, and the economic and financial position of the Company, both on an individual and consolidated basis.

The Supervisory Board met six times.

**II.13. Number of meetings of the Executive Committee or of the Executive Board of Directors and reference to the preparation of the minutes of these meetings and their delivery, together with the summons, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board or Audit Committee, the Chairman of the General and Supervisory Committee and to the Chairman of the Finance Committee.**

This standard does not apply to TEIXEIRA DUARTE, since, as described above, there is no Executive Committee, Audit Committee, General and Supervisory Committee or Finance Committee and all members of the Board of Directors currently have executive powers, including its Chairman.

However, note that the Directors provide, timely and appropriately, all the information requested by other members of the governing bodies. Moreover, all the minutes of the Board of Directors' meetings are sent to the Chairman of the Supervisory Board.

**II.14. Distinction between executive and non-executive members and, among the latter, differentiation of the members who met, if applicable to them, the incompatibility**

rules set out in paragraph 1 of Article 414-A of the Portuguese Companies Code, except the one provided for in subparagraph b), and the independence criteria set out in paragraph 5 of Article 414, both of the Portuguese Companies Code.

Considering that all members of the Board of Directors have executive powers, this rule does not apply to the reality of TEIXEIRA DUARTE.

However, in this regard, it should be reported that, as regards the independence of its members, the Board of Directors believes that none of them is in a situation likely to affect their impartiality of analysis or decision.

Given the corporate model adopted and the composition and role of its governing bodies, including the executive nature of the Board of Directors and the independence of the Supervisory Board and the Chartered Accountants Company, without there being delegation of powers among themselves or to other committees, TEIXEIRA DUARTE believes that the appointment of executive members to perform duties in the Board of Directors would not bring any significant benefits for the proper functioning of the adopted model, which is proving to be appropriate and effective.

**II.15. Legal rules, regulations and other criteria that have been the basis for the Board of Directors' assessment of the independence of its members.**

Not applicable, as described in the two preceding paragraphs.

**II.16. Rules of procedure for the selection of candidates for non-executive Directors and how they ensure non-interference by the executive Director in that procedure.**

Not applicable, as described in the preceding two paragraphs.

**II.17. Reference to the fact that the company's annual management report includes a description of the activities undertaken by the non-executive Directors and any constraints identified.**

Not applicable, given that all members of the Board of Directors had executive powers.

**II.18. Professional qualifications of members of the Board of Directors, indication of the professional activities they have undertaken, at least over the past five years, the number of company shares they hold, the date of first appointment and date of expiry of their term of office.**

Chairman of the Board of Directors: Dr. Pedro Maria Calainho Teixeira Duarte

Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.

Degree in Business Management from "Universidade Católica Portuguesa" (Portuguese Catholic University), in 1977.

Appointed to the post for the first time in 1987, right after the company was transformed into a public limited company. His current term of office expires in 2010.

Over the past five years, within the scope of his professional activity, he has also held the following positions:

Deputy Director of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

Chairman of the Board of Directors of "TEIXEIRA DUARTE, S.A.".

Chairman of the Board of Directors of "PASIM - Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "PACIM – Sociedade Gestora de Participações Sociais, S.A."

Director of "CIMPOR - Cimentos de Portugal, S.G.P.S., S.A.".

Director of "TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.".

Manager of "F+P – Imobiliária, Lda.".

Member of the General Committee of "E.I.A. – Ensino, Investigação e Administração, S.A."

Vice-Chairman of the General and Supervisory Committee of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Vice-Chairman of the High Council of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Member of the General and Supervisory Committee of "BANCO COMERCIAL PORTUGUÊS, S.A.;"

Member of the Remuneration and Benefits Committee of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Member of the Supervisory Board of "MILLENNIUM BANK, S.A. (Polónia)".

At 31 December 2009, he did not hold any shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director: Dr. João Salvador dos Santos Matias

Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.

Degree in Business Organisation and Management from "Instituto Superior de Economia" (Higher Institute of Economics), in 1978.

Appointed to the post for the first time in 2004. His current term of office expires in 2010.

Over the past five years, his professional activity has focused on his duties as Finance and Accounting Director and later as Director of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.". In addition to these, he has also held the following positions:

Chairman of the Board of Directors of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Chairman of the Board of Directors of "EUROGTD – Sistemas de Informação, S.A."

Director of "ALTO DA PEÇA – Imobiliária, S.A."

Director of "BEL - ere - Engenharia e Reabilitação de Estruturas, S.A."

Director of "CERRADO DOS OUTEIROS – Sociedade Imobiliária, S.A."

Director of "CIMPOR – Cimentos de Portugal, S.G.P.S., S.A."

Director of "CPE – Companhia Portuguesa de Parques de Estacionamento, S.A."

Director of "C+P.A. – Cimento e Produtos Associados, S.A."

Director of "ESTA – Gestão de Hotéis, S.A."

Director of "EVA – Sociedade Hoteleira, S.A."

Director of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A."

Director of "GSC – Compañía General de Servicios y Construcción, S.A. (Sucursal em Portugal)".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal".

Director of "IMOTD – Sociedade Gestora de Participações Sociais, S.A."

Director of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A."

Director of "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A."

Director of "LAGOAS HOTEL, S.A."

Director of "LAGOASFUT – Equipamento Recreativo e Desportivo, S.A."

Director of "MARINERTES, S.A."

Director of "MARTINS & ESTEVES, S.A."

Director of "PTG – Sociedade Gestora de Participações Sociais, S.A."

Director of "QUINTA DE CRAVEL – Imobiliária, S.A."

Director of "RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A."

Director of "ROCHORIENTAL – Sociedade Hoteleira, S.A."

Director of "SINERAMA – Organizações Turísticas e Hoteleiras, S.A."

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A."

Director of "TDCIM – S.G.P.S., S.A."

Director of "TDE – Empreendimentos Imobiliários, S.A."

Director of "TDEMPA – Gestão de Participações e Investimentos, S.A."

Director of "TDGI – Tecnologia de Gestão de Imóveis, S.A."

Director of "TDH – Sociedade Gestora de Participações Sociais, S.A.".	Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda.".
Director of "TDHC – Instalações para Desporto e Saúde, S.A.".	Manager of "CASANGOL – Gestão Imobiliária, Lda.".
Director of "TDO – Sociedade Gestora de Participações Sociais, S.A.".	Manager of "COMÉRCIO DE AUTOMÓVEIS, Lda.".
Director of "TDPG – Empreendimentos Imobiliários e Hoteleiros, S.A.".	Manager of "CRAVELGEST – Gestão Imobiliária, Lda.".
Director of "TEDAL – Sociedade Gestora de Participações Sociais, S.A.".	Manager of "E.C.T – Empresa de Comércio de Tabacos, Lda.".
Director of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.".	Manager of "GFF – Empreendimentos Imobiliários, Lda.".
Director of "TEIXEIRA DUARTE, S.A.".	Manager of "IMOAFRO – Empreendimentos Imobiliários, Lda.".
Director of "TEJO VILLAGE – Promoção Imobiliária, S.A.".	Manager of "TDGI – Tecnologia de Gestão de Imóveis, Lda.".
Director of "TRANSBRITAL – Transportes e Britas Pio Monteiro & Filhos, S.A.".	Manager of "TEIXEIRA DUARTE – Engenharia e Construções (Angola), Lda.".
Director of "VTD – Veículos Automóveis, S.A.".	Manager of "URBANGO – Gestão Imobiliária, Lda.".
Director of "V-8 – Gestão Imobiliária, S.A.".	Chairman of the Supervisory Board of "IMOC – Empreendimentos Imobiliários, S.A.R.L.".
Manager of "ALVALADE – Empreendimentos Turísticos e Hoteleiros, Lda.".	Member of the Supervisory Board of "IMOPAR – Centro Comercial de Maputo, S.A.R.L."
Manager of "ANGOCIME – Cimentos de Angola, Lda.".	At 31 December 2009, he did not hold any shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".
Manager of "ANGOÍMO – Empreendimentos e Construções, Lda.".	<u>Director: Manuel Maria Calainho de Azevedo Teixeira Duarte (Dr.)</u>
Manager of "ANGOPREDIAL – Empreendimentos Imobiliários, Lda.".	Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.
Manager of "BETANGOLA – Betões e Pré-fabricados de Angola, Lda.".	Degree in Law from the Faculty of Law, University of Lisbon, in 1989.

Appointed to the post for the first time in 2005. His current term of office expires in 2010.

Over the past five years, his professional activity has focused on his duties as Director of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A." and later as Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.". In addition to these, he has also held the following positions:

Chairman of the Board of Directors of "ALTO DA PEÇA – Imobiliária, S.A.".

Chairman of the Board of Directors of "CERRADO DOS OUTEIROS – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "C+P.A. – Cimento e Produtos Associados, S.A.".

Chairman of the Board of Directors of "ESTA – Gestão de Hotéis, S.A.".

Chairman of the Board of Directors of "EVA – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A."

Chairman of the Board of Directors of "IMOTD – Sociedade Gestora de Participações Sociais, S.A."

Chairman of the Board of Directors of "LAGOAS HOTEL, S.A."

Chairman of the Board of Directors of "LAGOASFUT – Equipamento Recreativo e Desportivo, S.A."

Chairman of the Board of Directors of "MARTINS & ESTEVES, S.A."

Chairman of the Board of Directors of "NGDI – Gestão e Investimentos Imobiliários, S.A."

Chairman of the Board of Directors of "PARCAUTO – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "QUINTA DE CRAVEL – Imobiliária, S.A.".

Chairman of the Board of Directors of "ROCHORIENTAL – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "SINERAMA – Organizações Turísticas e Hoteleiras, S.A.".

Chairman of the Board of Directors of "STELGEST – Gestão Hoteleira, S.A.".

Chairman of the Board of Directors of "TDVIA – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "TDCIM – S.G.P.S., S.A."

Chairman of the Board of Directors of "TDE – Empreendimentos Imobiliários, S.A."

Chairman of the Board of Directors of "TDEMPA – Gestão de Participações e Investimentos, S.A."

Chairman of the Board of Directors of "TDH – Sociedade Gestora de Participações, S.A."

Chairman of the Board of Directors of "TDHC – Instalações para Desporto e Saúde, S.A."

Chairman of the Board of Directors of "TDO – Sociedade Gestora de Participações Sociais, S.A."

Chairman of the Board of Directors of "TDPG – Empreendimentos Imobiliários e Hoteleiros, S.A."

Chairman of the Board of Directors of "TEDAL – Sociedade Gestora de Participações Sociais, S.A."

Chairman of the Board of Directors of "TEIXEIRA DUARTE –

Gestão de Participações e Investimentos Imobiliários, S.A.”.	Manager of “CRAVELGEST – Gestão Imobiliária, S.A.”.
Chairman of the Board of Directors of “TEJO VILLAGE – Promoção Imobiliária, S.A.”.	Manager of “GFF – Empreendimentos Imobiliários, Lda.”.
Chairman of the Board of Directors of “TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A.”.	Manager of “TEIXEIRA DUARTE – Engenharia e Construções (Macau), Limitada”.
Chairman of the Board of Directors of “V-8 – Gestão Imobiliária, S.A.”.	Member of the Remuneration Committee of “BONAPARTE – Imóveis Comerciais e Participações, S.A.”
Director of “ALPINUS – Sociedade Hoteleira, S.A.”.	Member of the Remuneration Committee of “E.P.O.S – Empresa Portuguesa de Obras Subterrâneas, S.A.”
Director of “BONAPARTE – Imóveis Comerciais e Participações, S.A.”.	Member of the Remuneration Committee of “TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.”
Director of “EMPA, S.A. Serviços de Engenharia”.	Member of the Remuneration Committee of “TDO – Investimento e Gestão, S.A.”.
Director of “EUROGTD – Sistemas de Informação, S.A.”.	Secretary of the General Meeting of “HAB – Cooperativa de Construção e Habitação C.R.L.”.
Director of “GRATAC – Sociedade Gestora de Participações, S.A.”.	At 31 December 2009, he did not hold any shares representing the share capital of “TEIXEIRA DUARTE – Engenharia e Construções, S.A.”.
Director of “ILTA – Urbanizadora da Ilha de Tavira, S.A.”.	
Director of “PTG – Sociedade Gestora de Participações Sociais, S.A.”.	
Director of “TDARCOL – Sociedade Gestora de Participações Sociais, S.A.”.	<u>Director: Joel Vaz Viana de Lemos (Eng.)</u>
Director of “TDG – Sociedade Gestora de Participações, S.A.”.	Married, with business address at “Lagoas Park”, Edifício 2, Porto Salvo.
Director of “TDHOSP – Gestão de Edifício Hospitalar, S.A.”	Degree in Civil Engineering from “Faculdade de Engenharia da Universidade do Porto” (Faculty of Engineering of Oporto University) (Faculty of Engineering, University of Oporto), in 1977.
Director of “TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.”.	Appointed to the post for the first time in 2005. His current term of office expires in 2010.
Director of “TEIXEIRA DUARTE, S.A.”.	
Manager of “BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda.”.	Over the past five years, his professional activity has focused on

his duties as Operation Centre Director and later as Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.". In addition to these, he has also held the following positions:

Chairman of the Board of Directors of "G.E.TRA.BE – Groupement d'Entreprises de Travaux de Béjaia".

Chairman of the Board of Directors of "G.E.TRA.M – Groupement d'Entreprises de Travaux Marítimes de Béjaia".

Chairman of the Board of Directors of "GMP - Grupo Marítimo Português, A.C.E."

Chairman of the Board of Directors of "GMP MEK - Grupo Marítimo Português Mers El Kebir, A.C.E."

Chairman of the Board of Directors of "MARINERTES, S.A."

Chairman of the Board of Directors of "NOVA TEIXEIRA DUARTE - Engenharia e Construções, S.A."

Chairman of the Board of Directors of "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A."

Chairman of the Board of Directors of "SOMAFEL – Engenharia e Obras Ferroviárias, S.A."

Vice-Chairman of the Board of Directors of "NOVAPONTE – Agrupamento para a Construção da Segunda Travessia do Tejo, ACE".

Director of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A."

Director of "FERDOURO – Construções de Pontes e Ferrovias, ACE".

Director of "FERPONTE - Agrupamento para Execução de Obras na Ponte sobre o Tejo em Lisboa, ACE".

Director of "GMP-GROUPEMENT MARITIME PORTUGAIS-ORAN".

Director of "SOMAFEL e FERROVIAS, ACE".

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A."

Director of "TDEMPA – Gestão de Participações e Investimentos, S.A."

Director of "TECNOCEANO – Grupo de Empresas de Construção Civil, ACE".

Director of "TEISOMAR - Obras Marítimas, ACE".

Director of "TEIXEIRA DUARTE, S.A."

Member of the Remuneration Committee of "BONAPARTE – Imóveis Comerciais e Participações, S.A."

Member of the Remuneration Committee of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A."

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A."

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A."

At 31 December 2009, he held 433,862 shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A."

Director: Eng. Jorge Ricardo Figueiredo Catarino:

Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.

Degree in Civil Engineering from the Faculty of Engineering, University of Oporto in 1974.

Appointed to the post for the first time in 2005. His current term

of office expires in 2010.

Over the past five years, his professional activity has focused on his duties as Operation Centre Director and later as Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.". In addition to these, he has also held the following corporate positions:

Director of "CONBATE, ACE"

Director of "DOURO LITORAL, ACE".

Director of "GCF - Grupo Construtor da Feira, ACE".

Director of "GPCC - Grupo Português de Construção de Infra-Estruturas de Gás Natural, ACE".

Director of "Groupement ETRHB Haddad/Teixeira Duarte Harrach Douera".

Director of "Groupement TEIXEIRA DUARTE, S.A./Kanaghaz, SPA - Lagunes de Souf".

Director of "Lote Seis Infra-Estruturas de Gás Natural, ACE".

Director of "MOLINORTE - Linha do Norte - Construção Civil, ACE".

Director of "MTS – Metro Transportes do Sul, S.A.".

Director of "NOVA TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

Director of "TEIX.CO, SPA".

Director of "TEIXEIRA DUARTE ALGÉRIE, SPA".

Director of "TEIXEIRA DUARTE, S.A.".

At 31 December 2009, he held 180,000 shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director: Carlos Gomes Baptista (Eng.)

Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.

Bachelor's Degree in Engineering from "Instituto Industrial de Lisboa" (Industrial Institute of Lisbon) in 1973.

Appointed to the post for the first time in 2005. His current term of office expires in 2010.

Over the past five years, his professional activity has focused on his duties as Operation Centre Director and later as Director of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.". In addition to these, he has also held the following positions:

Chairman of the Board of Directors of "BEL – ere – Engenharia e Reabilitação de Estruturas, S.A.".

Chairman of the Board of Directors of "TDGI – Tecnologia de Gestão de imóveis, S.A.".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. – Sucursal em Portugal".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. – Sociedad Unipersonal".

Director of "NOVA TEIXEIRA DUARTE - Engenharia e Construções, S.A."

Director of "TEIXEIRA DUARTE, S.A.".

Director of "TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque da Nações de Lisboa 3<sup>a</sup> Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE".

At 31 December 2009, he held 25,634 shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director: João José de Gouveia Capelão (Eng.)

Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.

Degree in Civil Engineering from the Faculty of Engineering, University of Oporto, in 1979.

Appointed to the post for the first time in 2005. His current term of office expires in 2010.

Over the past five years, his professional activity has focused on his duties as Director of Services and later as Director of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." and "TEIXEIRA DUARTE, S.A.".

At 31 December 2009, he held 10,387 shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

Director: João José do Carmo Delgado (Eng.)

Married, with business address at "Lagoas Park", Edifício 2, Porto Salvo.

Degree in Civil Engineering from "Instituto Superior Técnico" (Higher Technical Institute), in 1978.

Appointed to the post for the first time in 2007. His current term of office expires in 2010.

Over the past five years, his professional activity has focused on his duties as Director of Services and later as Director of "TEIXEIRA DUARTE – Engenharia e Construções, S.A." and "TEIXEIRA DUARTE, S.A.".

At 31 December 2009, he held 28,660 shares representing the share capital of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.".

**II.19. Duties performed by members of the board of directors in other companies, differentiating those performed in other companies of the same group.**

Chairman of the Board of Directors: Dr. Pedro Maria Calainho Teixeira Duarte

At 31 December 2009, he held the following positions in other companies, all outside TEIXEIRA DUARTE Group:

Chairman of the Board of Directors of "TEIXEIRA DUARTE, S.A.".

Vice-Chairman of the General and Supervisory Committee of "BANCO COMERCIAL PORTUGUÊS, S.A.".

Chairman of the Board of Directors of "PASIM - Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "PACIM – Sociedade Gestora de Participações Sociais, S.A"

Director: João Salvador dos Santos Matias (Dr.)

At 31 December 2009, he held the following positions in other companies:

In companies of TEIXEIRA DUARTE Group:

Chairman of the Board of Directors of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Chairman of the Board of Directors "IMOC – Empreendimentos Imobiliários, S.A.R.L.".

Director of "BEL – ere – Engenharia e Reabilitação de Estruturas, S.A.".

Director of "ESTA – Gestão de Hotéis, S.A.".

Director of "EVA – Sociedade Hoteleira, S.A.".	Director of "TDCIM – S.G.P.S., S.A.".
Director of "E.P.O.S – Empresa Portuguesa de Obras Subterrâneas, S.A."	Director of "TDE – Empreendimentos Imobiliários, S.A."
Director of "GSC - Compañía General de Servicios y Construcción, S.A. (Sucursal em Portugal)".	Director of "TDEMPA – Gestão de Participações e Investimentos, S.A."
Director of "GSC - Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal".	Director of "TDGI – Tecnologia de Gestão de Imóveis, S.A."
Director of "IMOTD – Sociedade Gestora de Participações Sociais, S.A.".	Director of "TDH – Sociedade Gestora de Participações Sociais, S.A."
Director of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.".	Director of "TDHC – Instalações para Desporto e Saúde, S.A."
Director of "INVICTAAMBIENTE - Recolha de Resíduos e Limpeza Pública, S.A.".	Director of "TDO – Sociedade Gestora de Participações Sociais, S.A."
Director of "LAGOAS HOTEL, S.A.".	Director of "TDPG – Empreendimentos Imobiliários e Hoteleiros, S.A."
Director of "LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.".	Director of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A."
Director of "MARINERTES, S.A.".	Director of "TRANSBRITAL – Transportes e Britas Pio Monteiro & Filhos, S.A."
Director of "PTG – Sociedade Gestora de Participações Sociais, S.A.".	Director of "VTD – Veículos Automóveis, S.A."
Director of "QUINTA DE CRAVEL – Imobiliária, S.A.".	Director of "V-8 – Gestão Imobiliária, S.A."
Director of "RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.".	Manager of "ALVALADE – Empreendimentos Turísticos e Hoteleiros, Lda."
Director of "ROCHORIENTAL – Sociedade Hoteleira, S.A.".	Manager of "ANGOCIME – Cimentos de Angola, Lda."
Director of "SINERAMA – Organizações Turísticas e Hoteleiras, S.A.".	Manager of "ANGOÍMO – Empreendimentos e Construções, Lda."
Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.".	Manager of "ANGOPREDIAL – Empreendimentos Imobiliários, Lda."
	Manager of "BETANGOLA – Betões e Pré-fabricados de Angola, Lda."

Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda.".

Manager of "CASANGOL – Gestão Imobiliária, Lda.".

Manager of "COMÉRCIO DE AUTOMÓVEIS, Lda.".

Manager of "IMOAFRO – Empreendimentos Imobiliários, Lda.".

Manager of "TDGI – Tecnologia de Gestão de Imóveis, Lda.".

Manager of "TEIXEIRA DUARTE – Engenharia e Construções (Angola), Lda.".

Manager of "URBANGO – Gestão Imobiliária, Lda.".

Chairman of the Supervisory Board of "IMOC – Empreendimentos Imobiliários, S.A.R.L.".

Member of the Supervisory Board of "IMOPAR – Centro Comercial de Maputo, S.A.R.L.

In companies outside TEIXEIRA DUARTE Group:

Director of "TEIXEIRA DUARTE, S.A.".

Director: Manuel Maria Calainho de Azevedo Teixeira Duarte (Dr.)

At 31 December 2009, he held the following positions in other companies:

In companies of TEIXEIRA DUARTE Group:

Chairman of the Board of Directors of "C+P.A. – Cimento e Produtos Associados, S.A.".

Chairman of the Board of Directors of "ESTA – Gestão de Hotéis, S.A.".

Chairman of the Board of Directors of "EVA – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "IMOTD – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors "LAGOAS HOTEL, S.A.".

Chairman of the Board of Directors of "LAGOASFUT – Equipamento Recreativo e Desportivo, S.A.".

Chairman of the Board of Directors of "PARCAUTO – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "QUINTA DE CRAVEL – Imobiliária, S.A.".

Chairman of the Board of Directors of "ROCHORIENTAL – Sociedade Hoteleira, S.A.".

Chairman of the Board of Directors of "SINERAMA – Organizações Turísticas e Hoteleiras, S.A.".

Chairman of the Board of Directors of "STELGEST – Gestão Hoteleira, S.A.".

Chairman of the Board of Directors of "TDVIA – Sociedade Imobiliária, S.A.".

Chairman of the Board of Directors of "TDCIM – S.G.P.S., S.A.".

Chairman of the Board of Directors of "TDE – Empreendimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "TDEMPA – Gestão de Participações e Investimentos, S.A.".

Chairman of the Board of Directors of "TDH – Sociedade Gestora de Participações, S.A.".

Chairman of the Board of Directors of "TDHC – Instalações para Desporto e Saúde, S.A.".

Chairman of the Board of Directors of "TDO – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TDPG – Empreendimentos Imobiliários e Hoteleiros, S.A.".

Chairman of the Board of Directors of "TEDAL – Sociedade Gestora de Participações Sociais, S.A.".

Chairman of the Board of Directors of "TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A.".

Chairman of the Board of Directors of "V-8 – Gestão Imobiliária, S.A.".

Director of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Director of "EMPA, S.A. Serviços de Engenharia".

Director of "PTG – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.".

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.".

Manager of "BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda.".

Manager of "TEIXEIRA DUARTE - Engenharia e Construções (Macau), Limitada".

Member of the Remuneration Committee of "BONAPARTE – Imóveis Comerciais e Participações, S.A.".

Member of the Remuneration Committee of "E.P.O.S – Empresa Portuguesa de Obras Subterrâneas, S.A.".

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.".

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A.".

In companies outside TEIXEIRA DUARTE Group:

Director of "TEIXEIRA DUARTE, S.A.".

Chairman of the Board of Directors of "NGDI – Gestão e Investimentos Imobiliários, S.A.".

Director of "GRATAC – Sociedade Gestora de Participações, S.A.".

Director of "ILTA – Urbanizadora da Ilha de Tavira, S.A.".

Director of "TDG - Sociedade Gestora de Participações, S.A.".

Director of "TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.".

Secretary of the General Meeting of "HAB – Cooperativa de Construção e Habitação C.R.L.".

Director: Joel Vaz Viana de Lemos (Eng.)

At 31 December 2009, he held the following positions in other companies:

In companies of TEIXEIRA DUARTE Group:

Chairman of the Board of Directors of "G.E.TRA.BE – Groupement d'Entreprises de Travaux de Béjaia".

Chairman of the Board of Directors of "G.E.TRA.M – Groupement d'Entreprises de Travaux Marítimes de Béjaia".

Chairman of the Board of Directors of "MARINERTES, S.A.".

Director: Jorge Ricardo Figueiredo Catarino (Eng.):

Chairman of the Board of Directors of "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.".

At 31 December 2009, he held the following positions in other companies:

Chairman of the Board of Directors of "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.".

In companies of TEIXEIRA DUARTE Group:

Vice-Chairman of the Board of Directors of "NOVAPONTE – Agrupamento para a Construção da Segunda Travessia do Tejo, ACE".

Chairman of the Board of Directors of "CONBATE, ACE".

Director of "GMP – Groupement Maritime Portugais-Oran".

Director of "DOURO LITORAL, ACE".

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A."

Director of "Groupement ETRHB Haddad/Teixeira Duarte Harrach Douera".

Director of "TDEMPA – Gestão de Participações e Investimentos, S.A."

Director of "Groupement "TEIXEIRA DUARTE, S.A./Kanaghaz, SPA - Lagunes de Souf".

Director of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A."

Director of "TEIX.CO, SPA".

Director of "SOMAFEL e FERROVIAS, ACE".

Director of "TEIXEIRA DUARTE ALGÉRIE, SPA".

Director of "TEISOMAR - Obras Marítimas, ACE".

Director of "GPCC – Grupo Português de Construção de Infra-Estruturas de Gás Natural, ACE".

Member of the Remuneration Committee of "BONAPARTE – Imóveis Comerciais e Participações, S.A."

In companies outside TEIXEIRA DUARTE Group:

Member of the Remuneration Committee of ".E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A."

Director of "MTS – Metro Transportes do Sul, S.A."

Member of the Remuneration Committee of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A."

Director of "TEIXEIRA DUARTE, S.A."

Member of the Remuneration Committee of "TDO – Investimento e Gestão, S.A."

Director: Carlos Gomes Baptista (Eng.)

In companies outside TEIXEIRA DUARTE Group:

At 31 December 2009, he held the following positions in other companies:

Director of "TEIXEIRA DUARTE, S.A."

In companies of TEIXEIRA DUARTE Group:

Chairman of the Board of Directors of "BEL – ere – Engenharia e Reabilitação de Estruturas, S.A."

Chairman of the Board of Directors of "TDGI – Tecnologia de Gestão de imóveis, S.A.".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. – Sucursal em Portugal".

Director of "GSC – Compañía General de Servicios y Construcción, S.A. – Sociedad Unipersonal".

Director of "TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque da Nações em Lisboa 3.ª Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE".

In companies outside TEIXEIRA DUARTE Group:

Director of "TEIXEIRA DUARTE, S.A.".

Director: João José de Gouveia Capelão (Eng.)

At 31 December 2009, he held the position of Director of "TEIXEIRA DUARTE, S.A.", outside TEIXEIRA DUARTE Group.

Director: João José do Carmo Delgado (Eng.)

At 31 December 2009, he held the position of Director of "TEIXEIRA DUARTE, S.A.", outside TEIXEIRA DUARTE Group.

### **Section III – General and Supervisory Committee, Finance Committee and Supervisory Board**

**II.21. Identification of the members of the Supervisory Board, declaring that they comply with the rules of incompatibility provided for in paragraph 1 of Article 414-A and fulfil the independence criteria set out in paragraph 5 of Article 414, both of the Portuguese Companies Code. To**

**this end, the Supervisory Board carries out its self-assessment.**

The Supervisory Board consists of three members - a Chairman and two members - and an alternate member to fully comply with all independence requirements and for whom there is no incompatibility for the performance of their duties, in accordance with the Portuguese Companies Code.

The facts referred to in the preceding paragraph shall be assessed for each member of the Supervisory Board.

Those members, elected at the General Meeting held on 2 May 2007, are:

Chairman: António Gonçalves Monteiro (Dr.)

Members: Mateus Moreira (Dr.)

Miguel Carmo Pereira Coutinho

Alternate Member: Horácio Lisboa Afonso (Dr.)

**II.22. Professional qualifications of members of the Supervisory Board, indication of the professional activities they have undertaken, at least over the past five years, the number of company shares they hold, the date of first appointment and date of expiry of their term of office.**

**António Gonçalves Monteiro (Dr.) (Chairman of the Supervisory Board)**

Professional Qualifications:

Degree in Finance from the Higher Institute of Economics and Diploma in Accounting and Administration from ISCAL.

Professional activities undertaken over the past five years:  
His professional activity has focused on the fields of statutory auditing, accounting, management consultancy and tax consultancy.

He is a partner and Chairman of the Board of Directors of Moore Stephens & Associados, SROC, S.A..

As a partner and Director of a firm of chartered accountants, he has performed the duties of statutory auditor and integrated supervisory boards of dozens of commercial and industrial enterprises of all sizes and operating in different business sectors.

He is currently the President of the Chartered Accountants Association and Chairman of the Executive Board, having previously also held the positions of member of the Executive Board and Chairman of the Quality Assurance Committee.

He is a member of the National Council for Audit Supervision.

He is a member of the International Fiscal Association, of the Portuguese Fiscal Association, of the Portuguese Association of Tax Consultants and of the Portuguese Economists Association.

He is Chairman of Supervisory Board of the Luso-French Chamber of Commerce and Industry and Member of the Supervisory Board of the Luso-Spanish Chamber of Commerce and Industry, of the Luso-South African Chamber of Commerce and Industry, of the Luso-Mexican Chamber of Commerce and Industry and of the Portugal-Namibia Chamber of Commerce and Industry.

He was president of the Portuguese Association of Tax Consultants.

Although he has never exercised any profession in TEIXEIRA DUARTE - Engenharia e Construções, S.A., he has been a representative of the firm of Chartered Accountants that carried out the supervision duties in the companies pertaining to "SOMAFEL TEIXEIRA DUARTE - Engenharia e Obras Ferroviárias, S.A." Group and "OFM - Obras Públicas, Ferroviárias e Marítimas, S.A.", as well as in "Fundo de Investimento Imobiliário Fechado TDF".

Number of Company shares held:

He does not hold any shares of TEIXEIRA DUARTE - Engenharia e Construções, S.A.

Date of first appointment and date of expiry of the term of office:  
He was elected on 2 May 2007 to perform his duties during the 2007/2010 term.

**Mateus Moreira (Dr.) (Member of the Supervisory Board):**

Professional Qualifications:

Degree in Finance from ISCEF (1972).

Professional Activities carried out over the past five years:

Retired on 30.09.2003 from Millennium BCP bank, where he was Central Deputy Director.

Number of Company shares held:

He does not hold any shares of TEIXEIRA DUARTE - Engenharia e Construções, S.A.

Date of first appointment and date of expiry of the term of office:

He was elected on 2 May 2007 to perform his duties during the 2007/2010 term.

**Miguel Pereira Coutinho (Member of the Supervisory Board):**

Professional Qualifications:

Attended the 2<sup>nd</sup> year of "Instituto Superior de Agronomia" (1952).

Entrepreneur.

Professional Activities carried out over the past five years:

Retired.

Number of Company shares held:

He is co-owner of 10,000 shares of "TEIXEIRA DUARTE - Engenharia e Construções, S.A."

Date of first appointment and date of expiry of the term of office:

He was elected on 2 May 2007 to perform his duties during the 2007/2010 term.

**Horácio Lisboa Afonso (Dr.) (Alternate Member of the Supervisory Board)**

Professional Qualifications:

Degree in Finance from "Instituto Superior de Ciências Económicas e Financeiras".

Attended several training courses, organised by Price Waterhouse, Spicer & Oppenheim International and other entities, in Portugal and other countries (Germany, Belgium, Spain, USA, France, the Netherlands, United Kingdom), covering: - accounting, financial management, financial auditing, IT auditing, time management, personal skills and other specific subjects relevant to business organisation and management.

A seven months training course at the Audit Department of Price Waterhouse, in London, between October 1978 and April 1979.

Chartered Accountant

Certified Public Accountant.

Member of the Portuguese Chartered Accountants Association.

Member of the Portuguese Economists Association.

Member of the Chamber of Certified Public Accountants.

Professional Activities carried out over the past five years:

Founding partner of Camacho Palma & Lisboa Afonso – SROC, representative in Portugal of Nexia International, performs the duties of Chartered Accountant in several companies, being responsible for their Statutory Auditing and Accounting.

As a partner of Nexia, he is responsible for auditing international companies established in Portugal and their "International Contact Partner".

Number of Company shares held:

He does not hold any shares of TEIXEIRA DUARTE – Engenharia e Construções, S.A.

Date of first appointment and date of expiry of the term of office:

He was elected on 2 May 2007 to perform his duties during the 2007/2010 term.

**II.23. Duties performed by the members of the Supervisory Board in other companies, differentiating those performed in other companies of the same group**

**António Gonçalves Monteiro (Dr.) (Chairman of the Supervisory Board)**

He does not perform duties in any other company of TEIXEIRA DUARTE Group.

In companies outside TEIXEIRA DUARTE Group, he is Chairman of the Board of Directors of MOORE STEPHENS & ASSOCIADOS, SROC, S.A.

**Mateus Moreira (Dr.) (Member of the Supervisory Board):**

He does not perform duties in any other company, inside or outside TEIXEIRA DUARTE Group.

**Miguel Pereira Coutinho (Member of the Supervisory Board):**

He does not perform duties in any other company, inside or outside TEIXEIRA DUARTE Group

**Horácio Lisboa Afonso(Dr.) (Alternate Member of the Supervisory Board)**

He does not perform duties in any other company of TEIXEIRA DUARTE Group.

In companies outside TEIXEIRA DUARTE Group, he is a founding partner of Camacho Palma & Lisboa Afonso – SROC and a Partner of Nexia, which he represents in Portugal.

**II.24. Reference to the fact that the Supervisory Board assesses the external auditor on an annual basis and to the possibility of proposing to the general meeting the fair dismissal of the auditor.**

The performance of the External Auditor has been assessed by all the Governing Bodies of TD-EC, and there has never been any circumstance that could justify his fair dismissal.

The Board of Directors of Teixeira Duarte has always been committed to ensuring the existence of appropriate conditions for the provision of services by the external auditor, also acting as an intermediary between the latter and the company and first recipient of his reports, without his independence having ever been impaired.

The remuneration of the external auditor shall be fixed by the Remuneration Committee of the Company.

The Company admits that it will maintain the same model since it has proved adequate and sufficient in the relationship between the various governing bodies.

**Points II.25, II.26, II.27, II.28, II.29 are not applicable to “TEIXEIRA DUARTE - Engenharia e Construções, S.A.” because they refer to specific matters of the General and Supervisory Committee, a body which does not exist in the corporate model adopted by the Company.**

#### Section IV – Remuneration

**II.30. Description of the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June.**

The Remuneration Committee and the Board of Directors hereby submit to the shareholders, for their consideration, the following statement on the remuneration policy for the company's management and supervisory bodies, which was approved by a

large majority (99.82%) at the Annual General Meeting of 13 May 2009:

*“With the entry into force of the reform of the Portuguese Companies Code of 2006, TEIXEIRA DUARTE adapted its corporate model, which went on to include a Board of Directors and two independent supervisory bodies, the Supervisory Board and the Chartered Accountants Company.*

*This statement encompasses all these entities, starting with the Board of Directors, followed by the two supervisory bodies.*

*With regard to the Board of Directors, the Remuneration Committee determines the values of the fixed and variable component of their remuneration, according to guidelines that bind them to the performance and results of the Company as a whole, as well as the overall activities of the management body, in view of the outlined objectives, taking into account the conditions and amounts of remuneration of the other employees of the Company.*

*In this regard, it is important to remember that the Directors of TEIXEIRA DUARTE have been an integral part of the company for decades and their remuneration has been continuously and harmoniously adjusted to a general plan covering all employees.*

*The variable amount is paid to each member of the Board of Directors by way of performance bonuses and profit distribution, and that component has nothing to do with the trend in the prices of the Company's shares, but depends on the results of the financial year and on the development of the Company's business.*

*No Director is entitled to receive the variable component of their remuneration until it has been specifically granted by the Remuneration Committee.*

*There is no plan for the allotment of shares and/or rights to acquire stock options and/or any other share incentive scheme.*

*In the overall remuneration of members of the Board of Directors, no amount is paid in the form of profit-sharing.*

*The Directors of TEIXEIRA DUARTE receive no remuneration, of any nature whatsoever, paid by companies that are in a control or group relationship with it.*

*There are no other significant non-cash benefits besides those fixed by the Committee.*

*All members of the Supervisory Board, under the current scheme set out in the Portuguese Companies Code, receive a fixed remuneration for performing the duties inherent to their positions, determined by the Remuneration Committee, and none of them have received any remuneration from TEIXEIRA DUARTE or any other company with which it has a control or group relationship, especially for any other services provided to these companies.*

*Similarly, and as mentioned above for the Board of Directors, there is plan for the allotment of shares and/or rights to acquire stock options and/or any other share incentive scheme and no amount is paid in the form of profit-sharing, nor any other significant non-cash benefits.*

*The remuneration of the Chartered Accountants Company is determined by the volume and quality of services provided as part of the powers conferred under the Law and the By-laws.*

*In the case of TEIXEIRA DUARTE, this supervisory body is responsible for conducting all examinations and inspections required for the statutory auditing and accounting of the Company, for which an amount was set as the total annual amount to be paid in accordance with the deadlines defined with the Board of Directors in accordance with their sensitivity and monitoring of business and of the activities of this Supervisory Body.*

*The same Chartered Accountants Company also provides services, exclusively of the same kind of statutory auditing and accounting services, to other companies of TEIXEIRA DUARTE Group, earning from them the corresponding remuneration, whose total amount is disclosed in the Corporate Governance Report.*

*Gradually, and since TEIXEIRA DUARTE changed its corporate model in 2007, following the reform of the Portuguese Companies Code, the Supervisory Board has been playing an increasingly active role and focused on guiding the work of the Firm of Chartered Accountants, and should be consulted in order to determine the remuneration to be paid to the latter.*

*It is therefore based on the remuneration policy set out above that this Committee shall fix, specifically, the exact amounts of remuneration payable to members of the company's management and supervisory boards, in accordance with the personal judgement of its members, expressed in a resolution transcribed in the minutes and whose content is then submitted to the Board of Directors for implementation, under the strict terms defined therein.*

*Such amounts have been annually disclosed in the Corporate Governance Reports to which reference is made for the purpose of assessing the implementation of the Remuneration Policy for the governing bodies of TEIXEIRA DUARTE.*

For all intents and purposes, it should be clarified that TEIXEIRA DUARTE has not taken any remuneration policy and practices of other groups of companies as comparative element for fixing the remuneration.

Furthermore, we inform that no amounts relating to the dismissal or termination by agreement of the duties of Directors have been paid or are expected to be paid.

**II.31. Indication of the annual amount of remuneration received by individual members of the management and supervisory bodies of the company, including fixed and variable remuneration and, with regard to the latter, mention of the different components that gave rise to it, the portion deferred and the portion already paid.**

In the financial year 2009, the total remuneration, in the broad sense, earned by the members of the Board of Directors was

€ 1560,717.65, and the remuneration earned individually by the members of this body were as follows:

	Fixed	Variable	Total
Pedro Maria Calainho Teixeira Duarte, Dr.	140,000.00	78,000.00	218,000.00
João Salvador dos Santos Matias, Dr.	137,200.00	58,498.08	195,698.08
Manuel Maria Calainho de Azevedo Teixeira Duarte, Dr.	137,200.00	52,867.71	190,067.71
Joel Vaz Viana de Lemos	137,200.00	42,785.95	179,985.95
Jorge Ricardo de Figueiredo Catarino, Eng.	137,200.00	75,015.17	212,215.17
Carlos Gomes Baptista, Eng.	137,200.00	68,020.32	205,220.32
João José Gouveia Capelão, Eng.	137,200.00	43,821.00	181,021.00
João José do Carmo Delgado, Eng.	137,200.00	41,309.42	178,509.42
	<b>1,100,400.00</b>	<b>460,317.65</b>	<b>1,560,717.65</b>

(Euros)

During the financial year 2009, no pension rights were acquired.

All members of the Supervisory Board, under the current scheme set out in the Portuguese Companies Code, receive a fixed remuneration for performing the duties inherent to their positions, determined by the Remuneration Committee identified above and none of them have received any remuneration from TEIXEIRA DUARTE or any other company with which it is in a control or group relationship, especially for any other services provided to these companies, another company with which it has a control or group relationship, especially for any other services provided to these companies. The remuneration earned by the members of the Supervisory Board in the financial year 2009 was € 33,000.00, distributed as follows:

	Fixed	Variable	Total
António Gonçalves Monteiro, Dr.	15,000.00	0.00	15,000.00
Mateus Moreira, Dr.	9,000.00	0.00	9,000.00
Miguel Carmo Pereira Coutinho	9,000.00	0.00	9,000.00
	<b>33,000.00</b>	<b>0.00</b>	<b>33,000.00</b>

(Euros)

The total amount paid to the Firm of Chartered Accountants "MARIQUITO, CORREIA & ASSOCIADOS – SROC" was:

Remuneration	
Statutory auditing services provided to the Group	245,700.00
Other assurance services	
Tax consultancy services	
Other services besides statutory auditing	
	<b>245,700.00</b>

(Euros)

All figures listed above were paid during the financial year 2009, so there are no deferred portions of payment.

**II.32. Information on how remuneration is structured to allow the alignment of interests of members of the Board of Directors with the long-term interests of the company and on how it is based on performance assessment and discourages excessive risk-taking.**

In addition to the obligations inherent in the performance of their duties, the remuneration of Directors also meets the alignment of their interests with those of the Company. Indeed, the remuneration is determined by a Committee elected by the General Meeting, which fixes those amounts in accordance with the guidelines that bind them to the performance and results of the Company as a whole, as well as the overall activities of the management body, in view of the outlined objectives, taking into account the conditions and amounts of remuneration of the other employees of the Company.

**II.33. Regarding the remuneration of the executive Directors:**

**a) Reference to the fact that the remuneration of the executive Directors includes a variable component and information on how this component depends on performance assessment;**

Directors' remuneration includes a variable component - which has nothing to do with the *trend in the prices* of the Company's shares, but depends on the results of the financial year and on the development of the Company's business – and, however, no Director is entitled to receive the variable component of their remuneration until it has been specifically granted by the Remuneration Committee, under the terms and based on the grounds established by it.

**b) Governing bodies with powers to asses the performance of executive Directors;**

The body with powers to assess the performance of the Company's Directors, all of them executive directors, is the General Meeting, which, pursuant to paragraph 1 of Article 376 of the Portuguese Companies Code, shall annually conduct an overall assessment of the Company's management and supervision.

In addition to this, the Remuneration Committee shall assess the activities performed by each of the Directors for the purpose of fixing their remuneration.

**c) Indication of the predetermined criteria for assessing the performance of executive Directors;**

There are no predetermined criteria for assessing the performance of Executive Directors. Indeed, all Directors are assessed according to their performance during the year, based on the objectives set and achieved, the Company's results and various other parameters which, by their diversity and change over the years, are not to be considered as exhaustive but rather adaptable to the circumstances of each period and each specific case.

**d) Explanation of the relative importance of the fixed and variable components of remuneration of the Directors, as well as indication of the ceilings for each component;**

In 2009, the total amount of variable compensation accounted for 41.8% of the total amount earned.

As mentioned in a), the variable component of remuneration of each of the Directors depends on the results of the financial year and on the development of corporate business. Thus, there is no ceiling for each component, but the amount paid is based on the parameters identified above and on the

assessment of their performance and execution of the tasks assigned to them.

**e) Indication of the deferral of the variable component of remuneration, stating the period of deferral;**

Payment of the variable component of remuneration is not deferred.

**f) Explanation of how the payment of remuneration is subject to the company's ongoing good performance during the period of deferral;**

Not applicable. Payment of the variable component of remuneration is not deferred, although it is intrinsically dependent on the income statement and the development of corporate business. The Company believes that the deferral of payment in no way contributes to a greater commitment of each of the Directors. In this regard, it is important to remember that the Directors of TEIXEIRA DUARTE have been an integral part of the company for decades and their remuneration has been continuously and harmoniously adjusted to a general plan covering all employees. They are not managers by trade who are there for circumstantial reasons or personal interests of shareholders.

**g) Sufficient information on the criteria underlying the assignment of variable remuneration in shares, as well on how Executive Directors maintain their company shares, on the conclusion of any contract relating to such shares, including hedging or risk transfer contracts, its limit and its relation to the face value of total annual remuneration;**

Not applicable. The variable remuneration is not assigned in shares nor have any contracts been concluded with the characteristics described above.

**h) Sufficient information on the criteria underlying the assignment of variable remuneration in options and indication of the period of deferral and the exercise price;**

Not applicable. The variable remuneration is not assigned in options.

during the financial year 2010 did not receive any compensation, and nothing will be due to him in this regard.

**i) Identification of main parameters and rationale for any annual bonus scheme and any other non-cash benefits;**

As mentioned above, the Remuneration Committee takes into account, in addition to the performance of the Directors, the results of the Company as a whole, as well as the overall activities of the management body, in view of the outlined objectives, taking into account the conditions and amounts of remuneration of the other employees of the Company.

**m) Reference to contractual limit provided for the compensation payable for unfair dismissal of a Director and its relation to the variable component of remuneration;**

There is no contractual limit provided for the compensation payable for unfair dismissal of a member of the Board of Directors, considering, first, that no contract is concluded to exercise the office of Director, nor any agreement on any compensation payable for fair or unfair dismissal. The existence of a contractual limit set out above would be inconsistent, given the characteristics of the relationship between the Company and the members of its Board of Directors.

The same applies to the existence of appropriate legal instruments to ensure that the compensation fixed for any form of unfair dismissal is not paid if the dismissal or termination by agreement is due to the Director's inadequate performance.

**j) Remuneration paid in the form of profit-sharing and/or bonus payments and the reasons why such bonuses and profit-sharing were awarded;**

In the overall remuneration of members of the Board of Directors, no amount is paid in the form of profit-sharing.

**n) Any amounts paid by other companies in a control or group relationship;**

The Directors of "TEIXEIRA DUARTE - Engenharia e Construções, S.A." do not receive any remuneration, of any nature whatsoever, paid by companies with which it has a control or group relationship.

**l) Compensation paid or payable to former executive Directors for the termination of their duties during the year;**

No compensation has been paid or is payable to former executive Directors for the termination of their duties during the year. Moreover, the only Director who ceased to hold office

**o) Description of the main characteristics of supplementary pension or early retirement schemes for Directors, stating whether or not they were evaluated by the general meeting;**

With regard to retired former Directors, the Remuneration Committee fixes all the amounts paid in this regard, of any nature whatsoever.

Regarding the allocation of supplementary pension schemes, Article 22 of the Memorandum and Articles of Association, which is transcribed below, sets out the terms and criteria with which the Remuneration Committee must fix such amounts.

## ARTICLE TWENTY-TWO

*ONE - When people who have performed duties as Directors cease to hold office, the Company may grant them a retirement pension for life, provided that they meet one of the following requirements:*

- a) Have held the position for more than ten years;*
- b) Have provided, even with a shorter period holding the position, a total of more than twenty-five years of service to the Company.*

*TWO - The amount of the pension will be determined by taking into account the time or importance of the services rendered and the beneficiary condition. It should be annually reviewed but can never be more than the highest remuneration paid at any given time to executive Directors.*

*THREE - By delegation of the General Meeting, the Remuneration Committee mentioned in Article Eleven, when summoned for that purpose, shall review the cases submitted to it, ruling upon the amounts and other procedures for awarding pensions.*

- p) Estimated value of non-cash benefits considered as significant remuneration not envisaged in the above situations;**

There are no other significant non-cash benefits besides those fixed by that Committee and already mentioned.

- q) Existence of mechanisms to prevent executive Directors from concluding contracts that undermine the *raison d'être* of variable remuneration.**

There are no such mechanisms, taking into account the relationship between the Company and its Directors and the absence of any contractual relationship which might undermine the *raison d'être* of the variable remuneration, beyond the fact that this component of remuneration should not be assigned based on predetermined criteria, as described above.

- II.34. Reference to the fact that the remuneration of non-executive members of the Board of Directors does not include variable components.**

Not applicable, taking into consideration that there are no non-executive Directors.

- II.35. Information on the irregularity reporting policy implemented in the company (means of communication, persons entitled to receive such notices, how notices should be treated and indication of the persons and bodies with access to information and their intervention in the procedure).**

As regards the policy on reporting alleged irregularities, the Company encourages employees to report any irregularities they may detect, by the means they deem appropriate - through direct contact, written notice, email or telephone – to their hierarchies. The persons entitled to receive such notices are their superiors (directors and heads of the operating centres and central directorates).

Whenever deemed necessary and appropriate for the proper establishment of the facts and responsibilities inherent in their practice, the corresponding proceedings or inquiries are initiated, also ensuring the necessary confidentiality at the moment of the notice, when requested by the informant or so

judged as appropriate by the recipient, notwithstanding the non-alignment with persecution practices of no value for the organisation.

The proceedings are monitored by the head of the department in which the irregularity occurred, resorting to people not involved in these situations and, should it prove necessary, by the legal department and the central directorate for human resources and administrative services.

The proceedings are subject to a decision by the hierarchies involved, which shall be reported to the Board of Directors and any other entities to which this notice must be provided.

In addition to the above-mentioned rules and, in particular, from the viewpoint of other stakeholders, there is an Investor Support Office also available for reporting possible irregularities, as well as the Company's supervisory bodies, i.e., the Supervisory Board and the Firm of Chartered Accountants.

## SECTION V – SPECIALISED COMMITTEES

**II.36. Identification of members of committees set up to assess the individual and overall performance of the executive Directors, reflection upon the governance system adopted by the company and identification of potential candidates for the post of Director.**

As described in II.2, depending on the organisational model and functional relationship between the various governing bodies, it has not been considered appropriate to establish any committees to assess the individual and overall performance of the executive Directors, reflect upon the governance system adopted by the company and identify of potential candidates for the post of Director.

**II.37. Number of meetings of committees set up with expertise in the management and supervision of the**

**company during the year under review, as well as reference to the preparation of the minutes of these meetings.**

Not applicable (Refer to II.2 and II.36).

**II.38. Reference to whether a member of the remuneration committee has knowledge and experience on the remuneration policy.**

At present, the Remuneration Committee consists of the following persons, elected at the Annual General Meeting of 2 May 2007, to perform duties during the 2007/2010 term:

Pedro Pereira Coutinho Teixeira Duarte (Eng.)

Manuel Pereira Coutinho Teixeira Duarte (Eng.)

António Carlos Calainho de Azevedo Teixeira Duarte (Eng.)

Pedro Pereira Coutinho Teixeira Duarte (Eng.) is not considered independent from the members of the Board of Directors since he is the father of Pedro Maria Calainho Teixeira Duarte (Dr.), Chairman of the Company's Board of Directors. Given that "TEIXEIRA DUARTE - Engenharia e Construções, S.A." is controlled by companies owned by Teixeira Duarte family members, it is naturally not recommended that any of them integrate the Remuneration Committee. Traditionally and for decades, this has been the practice and always in line with current rules and recommendations on the remuneration of members of the Board of Directors fixed by CMVM, so there is no reason to change it. We reiterate that this is a Company with its peculiar way of acting, its distinctive corporate image, which over many years has shaped a very own way of being, a healthy management policy that, before the public and the market, has been recognised as such.

However, it should be noted that at 31 December 2009, all members of the Remuneration Committee had an independent status in accordance with how it is legally defined in Article 414 of the Portuguese Companies Code.

All members of the Remuneration Committee have knowledge and experience in matters of remuneration policy, taking into account that they have been performing these duties for several years.

Whenever there is a meeting of the Remuneration Committee, the minutes are prepared and then transcribed to the corresponding Record Book and filed in the Company's vaults.

All three identified members of the Remuneration Committee were present at the Annual General Meeting of 13 May 2009.

**II.39. Reference to the independence of the natural or legal persons hired to integrate the Remuneration Committee under a contract of employment or service for the board of directors and, where applicable, to the fact that those persons are currently connected to the company's consultant.**

No natural or legal persons have been hired to integrate the Remuneration Committee.

### CHAPTER III

#### Information and Auditing

Always guided by a philosophy of simplicity, accuracy, honesty and lack of sensationalism, the Company gives public disclosure, in a complete, true, current, clear, objective and lawful manner and within the set deadlines and means of dissemination, not only of all the facts legally defined as capable of being disclosed, namely those falling under the concept of "privileged information" as defined in Article 248 of the Portuguese Securities Code, as well as all individual or consolidated financial information concerning its operations, in accordance with the rules in force.

In addition to the below-mentioned Investor Support Office, all shareholders have access, within the legal provisions and

periods, to the annual report and accounts and other preparatory information to enable them to participate, duly empowered, in the agenda of the Company's General Meetings.

On 1 April 2004, in pursuance of the provisions of Article 4 of CMVM Regulation No. 1/2010, TEIXEIRA DUARTE launched its own website: [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt), containing the information set out in that Regulation, namely:

- The Company's name, status as a publicly-traded company, registered office, Trade Registry Office where it is registered and its corporate identification number;
- By-laws;
- Identity of members of the Governing Bodies and of the Representative for Market Relations;
- Investor Support Office, its duties and means of access;
- Account reporting documents;
- Quarterly calendar of corporate events, released at the beginning of each semester, including, among others, general meetings, publication of annual, semi-annual and quarterly results;
- Proposals submitted for discussion and vote in the General Meeting during the 15 days preceding the date of the General Meeting;
- Summons for the General Meeting sent at least during the 30 days preceding the date of the General Meeting.
- For the purposes of the applicable recommendations, the elements described above are also available in English.

**III.1. Capital structure, including the indication of non-tradable shares, different types of shares, rights and duties attached to them and the percentage of capital that each type represents.**

The shares representing the Company's share capital have a nominal value of 0.50 Euros, are in the book-entry form, registered and listed on a regulated market. The shares belong to a single category and there are no shares with special rights or duties.

### **III.2. Qualifying stakes in the issuer's share capital, calculated in accordance with Article 20 of the Portuguese Securities Code**

At 31 December 2009, qualifying stakes, calculated in accordance with Article 20 of the Portuguese Securities Code, were as follows:

- TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A. was assigned a total stake of 290,960,174 shares, corresponding to 69.28% of the share capital and voting rights, what includes the qualifying stake of the company controlled by it: TEIXEIRA DUARTE, S.A. (68.54%);
- Banco Comercial Português, S.A. was assigned a total stake of 42,049,716 shares, corresponding to 10.0118% of the share capital and voting rights, including the qualifying stake held by "Fundo de Pensões do grupo Banco Comercial Português" (9.99%);

### **III.3 Identification of the shareholders with special rights and description of those rights.**

There are no shareholders with special rights.

### **III.4. Possible restrictions on the transferability of shares, such as disposal consent clauses, or restrictions on the ownership of shares.**

There are no restrictions on the transferability of shares, such as disposal consent clauses, or restrictions on the ownership of shares.

### **III.5. Shareholders agreements that are known to the company and may lead to restrictions on the transfer of securities or voting rights.**

As far as the Company knows, there are no shareholders agreements, especially those which may lead to restrictions on the transfer of securities or voting rights.

### **III.6. Rules applicable to changes to the company's by-laws.**

There are no specific rules for any changes to the Company's By-laws. The general rules laid down in the Portuguese Companies Code apply, in particular the provisions set out in Article 85, paragraph 2 of Article 383 and Article 386 thereof.

### **III.7. Control mechanisms in a possible employee equity scheme to the extent that voting rights are not directly exercised by them.**

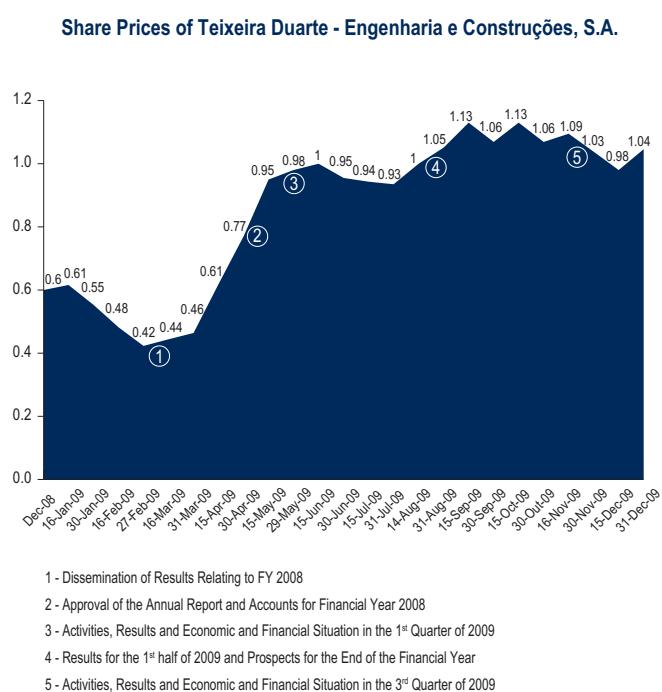
There is no employee equity scheme, what does not justify the existence of control mechanisms to the extent that voting rights are not exercised directly by them.

### **III.8. Description of the trend in the issuer's share price, mainly taking into account:**

- a) The issuance of shares or other securities giving rights to subscribe for or purchase shares;
- b) The announcement of results;
- c) Payment of dividends by type of shares, stating the net value per share.

In 2009, "Teixeira Duarte – Engenharia e Construções, S.A." securities recorded a significant recovery of 74.3%, increasing from € 0.60 at 31 December 2008 to € 1,046 at 31 December 2009.

The chart below shows the trend in the share price over the year and marks the dates on which results were announced for the year 2008, the first and third quarter of 2009 and for the first six months, which reveals that, despite having achieved a minimum of € 0.407 in March, they rose gradually to an annual maximum of € 1,255, reached in May.



At 31 December 2009 the share price was € 1,046 and today, 23 April 2010, it is € 0.96.

With regard to liquidity and turnover recorded this year, there is a drop compared to 2008, with 181,172,846 shares traded on the stock exchange, amounting to EUR 168,558,879.

### III.9. Description of the dividend distribution policy adopted by the company, particularly identifying the value of the dividend per share distributed over the past three years.

The Company's policy which has always been adopted is to prioritise the reinforcement of equity, while ensuring an ongoing

and balanced distribution of dividends and additional remuneration to employees.

In the past three years, the gross value of the dividend per share was distributed as follows:

2006: 0.017 Euros

2007: 0.018 Euros

2008: no dividends were distributed.

**III.10. Description of the main characteristics of plans to allot shares and plans to assign options to purchase shares adopted or in force in the year under review and, most importantly, a justification for the adoption of the plan, category and number of recipients of the plan, conditions of assignment, clauses of non-disposability of shares, criteria relating to the price of the shares and the price of exercising the options, the period during which options may be exercised, characteristics of the shares to be allotted, existence of incentives for the purchase of shares and/or the exercise of options and powers of the Board of Directors to implement and/or change the plan.**

#### Indication of:

- a) The number of shares required to exercise the options assigned and the number of shares required to exercise the exercisable options, referring to the beginning and the end of the year;
- b) The number of options assigned, exercisable and expired during the year;
- c) The consideration in the general meeting of the characteristics of plans adopted or in force in the financial year under review.

As described in I.17, there is no plan to allot shares or to assign options to purchase shares. Several years ago, depending on

the circumstances and the economic climate, there were reference shareholders who provided a certain number of shares to be transferred to the corporate staff within a specified period of time at a specified price. However, in the year under review, there were no such transactions.

**III.11. Description of main elements of the business and operations carried out between, on the one hand, the company and, on the other hand, the members of its management and supervisory bodies or companies that are in a control or group relationship, provided that they are economically significant for all stakeholders, except as regards the business or operations which, cumulatively, are carried out in normal market conditions for similar operations and are part of the company's current activities of the company.**

There were no deals or transactions with the characteristics described above.

**III.12. Description of the key elements of business and operations between the company and qualifying shareholders or companies with which they have a control or group relationship, under Article 20 of the Portuguese Securities Code, outside the normal market conditions.**

There were no deals or transactions with the characteristics described above.

**III.13. Description of the procedures and criteria for intervention by the supervisory body for the purpose of preliminary assessment of the business to be carried out between the company and qualifying shareholders or companies with which they have a control or group relationship, under Article 20 of the Portuguese Securities Code.**

There are no procedures and criteria under the above conditions since the type of transactions between the Company and qualifying shareholders are financed by Banco Comercial Português, S.A., which is considered to be a matter of responsibility and jurisdiction of the Board of Directors and, of course, concerns transactions carried out in normal market conditions, whereby it is deemed inappropriate to subject these transactions to the prior opinion of the supervisory boards.

**III.14. Description of statistical data (number, average value and maximum value) relating to the transactions subject to the prior intervention of the supervisory board.**

As described in the previous paragraph, there are no transactions subject to the prior intervention of the supervisory board.

**III.15. Indication of the launch of the company's website, disclosure of the annual reports on the activities carried out by the general and supervisory committee, the finance committee, the audit committee and the Supervisory Board, including the indication of any constraints encountered, together with the accompanying account reporting documents.**

Pursuant to and for the purposes of CMVM recommendations on this matter and as described above in II.4, the annual reports on the activities carried out by the Supervisory Board, including the description of its supervisory activities and indicating any constraints encountered, have been published every year on the company's website, together with the account reporting documents, always respecting the rules and deadlines set out in the law and in other applicable regulations.

**III.16. Reference to the existence of an Investor Support Office or similar service, stating:**

- a) The duties of the Office;
- b) The type of information provided by the Office;
- c) The ways to access the Office;
- d) The Company's website;
- e) The name of representative for market relations.

To reinforce the above-mentioned information disclosure policy, with a view to ensuring strict compliance with the principle of equality among shareholders and preventing any gaps in access to information by investors, the Company has an Investor Support Office, which is currently under the tutelage of Mr. Manuel Maria Calainho de Azevedo TEIXEIRA DUARTE, Director holding this portfolio, integrating also Mr. José Pedro Cobra Ferreira, Representative for Market Relations duly registered with CMVM.

All the information that investors may need and which is available under the rules, regulations and other applicable directives, is provided by this office and can be accessed using the following means of communication:

Address: Lagoas Park, Edifício Dois, 2740-265, Porto Salvo, Oeiras  
 Tel.: + 351 217 912 415  
 Fax.: + 351 217 912 421  
 e-mail: [representantemercado@tduarte.pt](mailto:representantemercado@tduarte.pt)

a) Statutory auditing services;

b) Other assurance services;

c) Tax consultancy services;

d) Other services besides statutory auditing.

If the auditor provides any of the services described in c) and d), the means for safeguarding the auditor's independence should be described.

(For the purposes of this information, the concept of network arises from the recommendation of the European Commission No. C (2002) 1873 of 16 May.)

The External Auditor, within his/her powers, verifies the implementation of remuneration policies and systems, the efficiency and effectiveness of internal control mechanisms and reports any flaws to the company's supervisory body, in compliance with CMVM recommendation No. III.1.4.

It is also noted that neither the External Auditor, nor any other entity with which he/she has a participation relationship or which integrate the same network, provide services other than audit services to TEIXEIRA DUARTE.

The consideration of the Chartered Accountants Company is determined by the volume and quality of services provided within the powers conferred upon it under the Law and By-laws.

For the specific purposes of applicable provisions, we hereby inform that, during the year ended 31 December 2009, a total amount of EUR 245,700.00 was paid, as remuneration, to the auditor "MARIQUITO, CORREIA & ASSOCIADOS, SROC" and other natural or legal persons belonging to the same network supported by the Company and/or legal persons in a control or group relationship. This amount covered the only services provided by the above-mentioned firm, namely the Statutory Auditing and the Accounting services.

**III.17. Indication of the amount of the annual remuneration paid to the auditor and other natural or legal persons belonging to the same network supported by the company and/or legal persons in a control or group relationship, as well as the breakdown of the percentage paid for the following services:**

**III.18. Reference to the period of rotation of the External Auditor.**

In the current model of corporate organisation "TEIXEIRA DUARTE - Engenharia e Construções, S.A.", the External Auditor was only appointed to office in May 2007, to perform duties during the 2007/2010 term. Although the Chartered Accountants Company "MARIQUITO, CORREIA & ASSOCIADOS, SROC" has previously performed the duties of Permanent Statutory Auditor, the truth is that this circumstance does not affect their independence in the performance of their duties.

Although Teixeira Duarte does not consider the rotation of the External Auditor necessary, it does plan to replace the member who represents the Firm of Chartered Accountants in the performance of its duties.



**Individual Financial  
Statements  
2009**



	Notes	2009			2008	
		Gross assets	Depreciation and Adjustments	Net assets	Net assets	
<b>ASSETS</b>						
<b>FIXED ASSETS:</b>						
<b>Intangible fixed assets:</b>						
Start-up costs	10	2	(2)	-	-	
		2	(2)	-	-	
<b>Tangible fixed assets:</b>						
Buildings and other constructions	10 and 13	24,114	(6,950)	17,164	17,781	
Basic equipment	10 and 15	101,170	(71,076)	30,094	31,483	
Transport equipment	10	30,085	(19,218)	10,867	11,942	
Tools and utensils	10	28,169	(24,621)	3,548	3,621	
Administrative equipment	10	13,932	(12,396)	1,536	1,598	
Other tangible fixed assets	10	178	(178)	-	-	
Fixed assets in progress	10	3,907	-	3,907	5,899	
		201,555	(134,439)	67,116	72,324	
<b>Financial investments:</b>						
Capital shares in Group companies	10 and 16	215,950	-	215,950	183,986	
Loans to Group companies	10 and 16	60,000	-	60,000	60,000	
Capital shares in associated companies	10 and 16	-	-	-	-	
Loans to associated companies	10 and 16	20,955	-	20,955	20,955	
Securities and other financial instruments	10 and 16	4,417	(14)	4,403	4,547	
Other loans	10 and 16	505	-	505	849	
Prepayments for financial investments	10 and 16	440	-	440	440	
		302,267	(14)	302,253	270,777	
<b>CURRENT ASSETS:</b>						
<b>Inventories:</b>						
Raw materials and consumables	21 and 41	15,201	(808)	14,393	14,250	
Products and work in progress	42	42,914	-	42,914	50,300	
Intermediate and finished products	42	810	-	810	1,242	
		58,925	(808)	58,117	65,792	
<b>Accounts receivable - Medium and long-term:</b>						
Group companies	16	24,860	-	24,860	7,724	
Investee and investing companies	16	3,293	-	3,293	3,881	
Other receivables		-	-	-	647	
		28,153	-	28,153	12,252	
<b>Accounts receivable - Short-term:</b>						
Customers, current account		263,240	-	263,240	230,825	
Customers, notes receivable		501	-	501	578	
Doubtful debts	21 and 23	20,103	(19,764)	339	455	
Group companies	16	317,927	-	317,927	330,456	
Investee and investing companies	16	48	-	48	696	
Advance payments to suppliers		5,833	-	5,833	14,255	
Government and other public bodies	49	4,507	-	4,507	9,384	
Other receivables	21 and 23	18,776	(105)	18,671	17,313	
		630,935	(19,869)	611,066	603,962	
<b>Bank deposits and cash:</b>						
Bank deposits	51	9,279	-	9,279	19,206	
Cash	51	1,151	-	1,151	1,483	
		10,430	-	10,430	20,689	
<b>Accruals and Deferrals:</b>						
Income accruals	50	36,657	-	36,657	14,700	
Deferred costs	50	11,606	-	11,606	18,251	
Deferred tax assets	6	4,001	-	4,001	4,473	
		52,264	-	52,264	37,424	
<b>Total depreciation</b>			(134,455)			
<b>Total adjustments</b>			(20,677)			
<b>Total assets</b>		<b>1,284,531</b>	<b>(155,132)</b>	<b>1,129,399</b>	<b>1,083,220</b>	

(thousands of Euros)

	Notes	2009		2008		
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY:</b>						
Capital	36 and 40	210,000		210,000		
Adjustments to capital shares in subsidiaries and associated companies	40	158,898		135,972		
Revaluation reserves	13, 39 and 40	10,118		10,587		
Legal reserve	40	18,100		18,100		
Other reserves	40	197,558		197,561		
Profit/(loss) carried forward	40	(371,367)		(168,943)		
Net profit/(loss) for the year	40	10,162		(196,358)		
<b>Total equity</b>		<b>233,469</b>		<b>206,919</b>		
<b>LIABILITIES:</b>						
Provisions	34	<b>13,291</b>		<b>5,522</b>		
<b>Accounts payable - Medium- and long-term:</b>						
Accounts payable to credit institutions	48	338,650		171,750		
Advance payments from customers		3,675		6,947		
Group companies	16	82,945		52,329		
Fixed asset suppliers, current account	15	6,074		6,351		
		<b>431,344</b>		<b>237,377</b>		
<b>Accounts payable - Short-term:</b>						
Bond loans:						
Non-convertible	48	-		200,000		
Accounts payable to credit institutions	48	160,506		51,602		
Suppliers, current account		179,724		175,688		
Group companies	16	20,694		31,213		
Advance payments from customers		25,092		48,826		
Fixed asset suppliers, current account	15	3,621		1,869		
Government and other public bodies	49	9,568		17,518		
Other payables		8,749		30,455		
		<b>407,954</b>		<b>557,171</b>		
<b>Accruals and Deferrals</b>						
Cost accruals	50	20,691		23,922		
Deferred income	50	19,002		48,484		
Deferred tax liabilities	6	3,648		3,825		
		<b>43,341</b>		<b>76,231</b>		
<b>TOTAL LIABILITIES</b>		<b>895,930</b>		<b>876,301</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,129,399</b>		<b>1,083,220</b>		
					(thousands of Euros)	

These notes form an integral part of the Balance Sheet for the financial year ended 31 December 2009.

COSTS AND LOSSES	Notes	2009	2008
Cost of materials consumed	41	127,104	184,886
Supplies and outsourcing		385,769	280,071
Staff costs:			
Wages and salaries		102,446	93,523
Social charges		21,544	22,326
		<b>123,990</b>	<b>115,849</b>
Depreciation of tangible fixed assets		20,762	18,602
Adjustments	21	5,621	2,480
Provisions	34	6,825	-
		<b>33,208</b>	<b>21,082</b>
Taxes		13,624	11,794
Other operating costs and losses		1,978	2,111
(A) .....		<b>685,673</b>	<b>615,793</b>
Financial costs and losses	45	30,726	403,879
(C) .....		<b>716,399</b>	<b>1,019,672</b>
Exceptional costs and losses <sup>46</sup>		21,598	8,239
(E) .....		<b>737,997</b>	<b>1,027,911</b>
Income tax for the year	6 and 49	1,695	8,722
(G) .....		<b>739,692</b>	<b>1,036,633</b>
Net profit/(loss) for the year		10,162	(196,358)
		<b>749,854</b>	<b>840,275</b>
PROFITS AND GAINS			
Sales	44	642,187	539,775
Services rendered	44	63,255	53,155
		<b>705,442</b>	<b>592,930</b>
Change in production	42	(7,809)	29,002
In-house works	36	262	
Supplementary profits		9,290	11
Other operating profits and gains		136	16,458
Adjustment reversions	21	457	2,178
(B) .....		<b>707,552</b>	<b>640,841</b>
Financial profits and gains	45	38,658	66,273
(D) .....		<b>746,210</b>	<b>707,114</b>
Exceptional profits and gains	46	3,644	133,161
(F) .....		<b>749,854</b>	<b>840,275</b>
(thousands of Euros)			
Operating profit/(loss): (B) - (A) = .....		21,879	25,048
Financial profit/(loss): (D-B) - (C-A) = .....		7,932	(337,606)
Profit/(loss) on ordinary activities: (D) - (C) = .....		29,811	(312,558)
Profit/(loss) before taxation: (F) - (E) = .....		11,857	(187,636)
Net profit/(loss) for the year: (F) - (G) = .....		10,162	(196,358)
(thousands of Euros)			

These notes form an integral part of the Income Statement by Nature for the financial year ended 31 December 2009.

	Notes	2009	2008
Sales and services rendered	44	705,442	592,930
Cost of sales and services rendered	52	(649,294)	(539,126)
<b>Gross profit/(loss)</b>		<b>56,148</b>	<b>53,804</b>
Other operating profits and gains		15,578	21,373
Distribution costs		(11,742)	(7,834)
Administrative costs		(12,695)	(27,964)
Other operating costs and losses		(43,486)	(22,029)
<b>Operating profit/(loss)</b>		<b>3,803</b>	<b>17,350</b>
Net financing cost	52	(2,681)	(22,563)
Net losses and gains in subsidiaries and associated companies	52	9,347	(345,471)
Net gains in other investments		1,388	163,048
<b>Profit/(loss) on ordinary activities</b>		<b>11,857</b>	<b>(187,636)</b>
Taxation on profit/(loss) on ordinary activities	6	(1,695)	(8,722)
<b>Net profit/(loss)</b>		<b>10,162</b>	<b>(196,358)</b>
			(thousands of Euros)
<b>Profit/(loss) per share (Euro)</b>		<b>0.024</b>	<b>(0.468)</b>

These notes form an integral part of the income statement by functions for the year ended 31 December 2009.

	Notes	2009	2008
<b>OPERATING ACTIVITIES:</b>			
Cash receipts from customers		605,932	637,913
Cash payments to suppliers		(524,388)	(468,608)
Cash payments to employees		(111,716)	(81,856)
Cash flows from operations		(30,172)	87,449
Income tax paid		(12,333)	(11,997)
Other cash payments from operating activities		(5,767)	(52,508)
Cash flows before exceptional items		(48,272)	22,944
Cash receipts related to exceptional items		36	38
Cash payments related to exceptional items		(477)	(404)
<b>Cash flows from operating activities (1)</b>		<b>(48,713)</b>	<b>22,578</b>
<b>INVESTING ACTIVITIES:</b>			
<b>Cash receipts from:</b>			
Financial investments	51	766	444,890
Tangible fixed assets		593	157
Interest and similar income		9,593	17,034
Dividends	51	1,082	13,228
		<b>12,034</b>	<b>475,309</b>
<b>Cash payments relating to:</b>			
Financial investments	51	(3,097)	(315,487)
Tangible fixed assets		(6,448)	(9,136)
Intangible fixed assets		-	-
		<b>(9,545)</b>	<b>(324,623)</b>
<b>Cash flows from investing activities (2)</b>		<b>2,489</b>	<b>150,686</b>
<b>FINANCING ACTIVITIES:</b>			
<b>Cash receipts from:</b>			
Loans obtained		361,703	120,223
Associated companies		290,541	635,381
		<b>652,244</b>	<b>755,604</b>
<b>Cash payments relating to:</b>			
Loans obtained		(245,305)	(145,521)
Depreciation of finance lease contracts		(1,961)	(2,181)
Interest and similar charges		(25,731)	(40,726)
Associated companies		(342,873)	(733,721)
Dividends		-	(7,558)
		<b>(615,870)</b>	<b>(929,707)</b>
<b>Cash flows from financing activities (3)</b>		<b>36,374</b>	<b>(174,103)</b>
<b>Increase/(Decrease) in cash and cash equivalents (4)=(1)+(2)+(3)</b>		<b>(9,850)</b>	<b>(839)</b>
<b>Effect of exchange rate movements</b>		<b>(409)</b>	<b>356</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>20,689</b>	<b>21,172</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>10,430</b>	<b>20,689</b>

(thousands of Euros)

These notes form an integral part of the cash flow statement for the year ended 31 December 2009.

**TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A.**
**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009**  
**(AMOUNTS IN THOUSANDS OF EURO)**
**1 - INTRODUCTORY NOTE**

Teixeira Duarte - Engenharia e Construções, S.A. ("Teixeira Duarte" or "Company"), a public company with registered office in Porto Salvo, was incorporated on 4 January 1934 and its core business is Civil Construction and Public Works.

The attached financial statements refer to the Company on an individual basis, with financial investments having been accounted for using the equity method, as explained in note 3 c) herein.

The Company shall prepare and present the consolidated financial statements separately, comprising the financial statements of the companies managed by the former.

The notes below follow the sequential order defined in the Official Accounting Plan for the presentation of individual financial statements. The notes that are not numbered herein are not applicable to the Company or their presentation is not relevant for interpreting the attached financial statements.

**3 - BASIS OF PRESENTATION AND MAIN VALUATION CRITERIA**

The attached financial statements have been prepared on a going concern basis, from the Company's accounting books and records, kept in accordance with the Portuguese generally accepted accounting principles.

These financial statements reflect the Company's individual accounts, prepared under the legal terms to be approved at a General Meeting of Shareholders. Although financial investments were accounted for using the equity method, which is in line with the generally accepted accounting principles, these financial statements only include the effect of the consolidation of the profit or loss and equity of its subsidiaries, but do not take into account the effect of the full consolidation in terms of assets, liabilities, income and expenditure.

As set out in the Accounting Guideline No. 23/98, the company integrates all movements made by its branches, eliminating internal operations and, if any, the profit or loss generated by them.

Note 16 displays the financial information regarding the companies of the Group and the associated companies.

The main valuation criteria used in the preparation of the attached financial statements were the following:

a) Intangible fixed assets

Intangible fixed assets refer to start-up costs associated with the incorporation of the Angolan branch.

b) Tangible fixed assets

Depreciation is calculated on the historical or revaluated cost, from the year in which the assets were commissioned or the time they started being used, in accordance with the straight-line method. The depreciation rates used correspond to the following estimated useful life:

	Years of useful life
Buildings and other constructions	10
Basic equipment	4 to 8
Transport equipment	4 to 7
Tools and utensils	4 to 7
Administrative equipment	3 to 10
Other tangible fixed assets	1

c) Financial investments

Financial investments in Group companies and associated companies are recorded using the equity method, whereby the shares are initially recognised at their acquisition cost, reduced or increased by the difference between that acquisition cost and the amount proportional to the interest held in the equity of those companies, on the date of acquisition or of the first application of the above mentioned equity method. The differences between the acquisition cost of investments in those companies and the amount proportional to the Company's interest in their equity, on the date of acquisition or of the first application of the above mentioned method, were recorded under the item "Adjustments to capital shares", included in equity.

According to the equity method, financial shares are adjusted by the amount corresponding to the share in the net income of the Group companies and associated companies, as counterpart of the financial gains or losses for the financial year, and by other variations in their equity capital, as a counterpart of the item "Adjustments to capital shares". Furthermore, the dividends received from these companies are entered as a reduction in the amount of financial investments.

Financial investments in other subsidiaries, other financial instruments and the loans granted to subsidiaries are recorded at their acquisition cost or nominal value, which is lower than their market or recovery value.

Income from financial investments in other subsidiaries and in securities and financial instruments (dividends) is recorded in the income statement for the financial year in which their distribution is decided and announced.

d) Inventories

Raw materials and consumables are valued at their acquisition cost, which is lower than their market value, using the weighted average cost method. An adjustment is recorded for inventory depreciation in cases where the value of raw materials is lower than the lowest average cost of acquisition or of realisation.

Products and work in progress are valued at production cost, what includes the cost of materials consumed, direct labour and overhead expenses.

e) Recognition of income and expenditure associated with work in progress

For the recognition of income and expenditure associated with work in progress, the percentage-of-completion method was used. According to this method, at the end of each financial year, the income and expenditure associated with work in progress are recognised in the profit and loss account for the financial year in terms of the percentage of completion of works, which is ascertained by comparing and applying the lowest ratio obtained between the expenditure so far incurred and the total estimated expenditure and the income so far earned and the total estimated income.

The income from the works is deferred in accordance with the applicable legislation, and is intended to cover any costs that may arise during the waiting period of the works, as well as eventual losses estimated in work in progress.

f) Adjustments to receivables

The adjustment to receivables was calculated based on the evaluation of estimated losses for the non-collection of accounts receivable from customers and other receivables (Notes 21 and 23).

g) Provisions

Provisions are intended to cover liabilities resulting from losses in subsidiaries with negative equity and losses in works (Note 34).

h) In-house works

In-house works basically correspond to the costs associated with the execution and repair of the company's own equipment and include cost of materials consumed, direct labour and overhead expenses.

## i) Year-end accruals

Income and expenditure are recorded on an accruals basis, whereby they are recognised as they are generated, regardless of the moment they are received or paid. The differences between the amounts received and paid and those corresponding to generated income and expenditure are recorded under the item "Accruals and Deferrals" (Note 50).

## j) Profit/(loss) in Complementary Groupings of Companies (ACE's)

In order to provide better financial information on the operations in which the Company is involved, the income and expenditure of ACE's for the financial year were integrated into the Company's financial statements, in proportion to the interest held.

## k) Balances and transactions expressed in foreign currency

All the assets and liabilities expressed in foreign currency were converted into Euros at the exchange rate in force at 31 December 2009 (Note 4). The favourable and unfavourable exchange rate movements, caused by the differences between the exchange rates in force at the date of transactions and those in force at the date of collections and payments or at the balance sheet date were recorded as income and expenditure in the income statement for the financial year.

## l) Deferred tax

Deferred tax is recognised on temporary differences between the amounts of assets and liabilities for account-reporting purposes and the corresponding amounts for taxation purposes.

Deferred tax assets and liabilities are calculated and periodically evaluated using the tax rates that are expected to be in force at the date of reversal of the temporary differences.

Deferred tax assets are recorded only when there are reasonable expectations of sufficient tax returns to be used. At each balance sheet date a reappraisal of the temporary differences underlying deferred tax assets is performed in order to recognise or adjust them, according to the current expectation of their future recovery.

#### 4 - FOREIGN CURRENCY EXCHANGE RATES

At 31 December 2009, the following exchange rates were used to convert the main assets and liabilities expressed in foreign currencies into Euro:

Venezuelan Bolivar (VEF)	3.0934
Algerian Dinar (DZD)	103.5086
US Dollar (USD)	1.4406
Angolan Kwanza (AON)	128.5360
Mozambican Metical (MZN)	44.1500
Macanese Pataca (MOP)	11.5060

At 31 December 2009, the following average exchange rates were used to convert subsidiaries' integrated income and expenditure into Euro:

Venezuelan Bolivar (VEF)	3.00003
Algerian Dinar (DZD)	101.45695
Angolan Kwanza (AON)	110.78381
Mozambican Metical (MZN)	38.66385
Macanese Pataca (MOP)	11.14508

## 6 - TAXES

The Company is subject to Corporate Income Tax (IRC) at the rate of 12.5% on the taxable amount of up to € 12,500, and at the rate of 25% on the remaining taxable amount. Besides IRC, the Company is also subject to a municipal surcharge (Derrama), levied on the taxable profit recorded by the Company and whose rate may vary up to a maximum of 1.5%, as well as autonomous taxation of 1.5% and to autonomous taxation on all charges and at the rates set out in Article 88 of the Portuguese IRC Code.

The Company (being the dominant company) and a number of its subsidiaries (located in Portugal and where the shareholding percentage is equal to or higher than 90%) are subject, by choice, to the Special Taxation Scheme for Groups of Companies, under Article 63 of the Portuguese Corporate Income Tax Code.

In accordance with the legislation in force, tax statements are subject to review and correction by tax authorities during a period of four years (ten years for Social Security up to 2000, included, and five years as of 2001), except when there have been tax losses, tax benefits have been granted, or inspections, claims or disputes are underway, cases in which, depending on the circumstances, the deadlines are extended or suspended. Therefore, the Company's tax statements of 2006 to 2009 may still be reviewed. The Board of Directors believes that any subsequent corrections resulting from reviews and inspections performed by tax authorities to those tax statements will not have a significant effect on the financial statements for the year ended 31 December 2009.

The tax charge recorded for the year ended 31 December 2009 basically corresponds to:

	Tax base	Tax
Profit/(loss) before taxation	11,857	
Permanent differences	(6,428)	
Temporary differences	6,245	
	<u><u>11,674</u></u>	
Normal tax charge		3,094
Autonomous taxation		460
<b>Current tax (Note 49)</b>		<u><u>3,554</u></u>
Current tax		3,554
Deferred tax		(1,859)
<b>Tax charge for the period</b>		<u><u>1,695</u></u>

Permanent differences essentially refer to the elimination of equity effects.

Temporary differences essentially refer to the provision created for losses from works carried out.

All the situations that might significantly affect future taxes are excused by applying deferred tax provisions.

The movements recorded in the financial year as a result of the application of these provisions, in terms of their nature and impact, are as follows:

	Opening balance	Constitution during the financial year	Reversal during the financial year	Adjustment	Closing balance
<b>Deferred tax assets:</b>					
Provisions for losses from works carried out	-	1,706	-	-	1,706
Tax losses carried forward	4,449	-	-	(2,154)	2,295
Financial instruments	24	-	(24)	-	-
	<u><u>4,473</u></u>	<u><u>1,706</u></u>	<u><u>(24)</u></u>	<u><u>(2,154)</u></u>	<u><u>4,001</u></u>
<b>Deferred tax liabilities:</b>					
Revaluations of tangible fixed assets (note 40)	3,817	-	(169)	-	3,648
Deferred taxation on capital gains	8	-	(8)	-	-
	<u><u>3,825</u></u>	<u><u>-</u></u>	<u><u>(177)</u></u>	<u><u>-</u></u>	<u><u>3,648</u></u>

The movement recorded in the adjustments column refers to the use of tax losses under the Special Taxation Scheme for Groups of Companies.

## 7 - AVERAGE NUMBER OF EMPLOYEES

During the year ended 31 December 2009, the average number of employees working for the Company was 1,820. The average number of employees recruited directly by the branches located abroad was 4,385.

## 10 - MOVEMENT OF FIXED ASSETS

During the year ended 31 December 2009, the movement recorded in the value of intangible fixed assets, tangible fixed assets and financial investments, as well as in their respective accumulated depreciation, was the following:

### Gross assets

Items	Opening balance	Increases	Disposals	Equity	Transfers/withdrawals	Closing balance
<b>Intangible fixed assets:</b>						
Start-up costs	2	-	-	-	-	2
<b>Tangible fixed assets:</b>						
Buildings and other constructions	23,815	409	(109)	-	(1)	24,114
Basic equipment	92,844	9,086	(1,983)	-	1,223	101,170
Transport equipment	26,271	1,258	(540)	-	3,096	30,085
Tools and utensils	26,846	1,457	(9)	-	(125)	28,169
Administrative equipment	13,167	835	-	-	(70)	13,932
Other tangible fixed assets	178	-	-	-	-	178
Fixed assets in progress	5,899	1,389	-	-	(3,381)	3,907
	<b>189,020</b>	<b>14,434</b>	<b>(2,641)</b>	<b>-</b>	<b>742</b>	<b>201,555</b>

### Financial investments:

Capital shares in Group companies	183,986	1,035	-	30,979	(50)	215,950
Loans to Group companies	60,000	-	-	-	-	60,000
Capital shares in associated companies	-	1,674	-	(1,674)	-	-
Loans to associated companies	20,955	-	-	-	-	20,955
Securities and other financial instruments	4,559	14	-	(156)	-	4,417
Other loans	849	372	-	-	(716)	505
Advance payments for financial investments	440	-	-	-	-	440
	<b>270,789</b>	<b>3,095</b>	<b>-</b>	<b>29,149</b>	<b>(766)</b>	<b>302,267</b>

### Depreciation

Items	Opening balance	Increases	Disposals	Transfers/withdrawals	Closing balance
<b>Intangible fixed assets:</b>					
Start-up costs	2	-	-	-	2
<b>Tangible fixed assets:</b>					
Buildings and other constructions	6,034	1,025	(108)	(1)	6,950
Basic equipment	61,361	11,723	(1,816)	(192)	71,076
Transport equipment	14,329	5,413	(498)	(26)	19,218
Tools and utensils	23,225	1,527	(9)	(122)	24,621
Administrative equipment	11,569	1,039	-	(212)	12,396
Other tangible fixed assets	178	-	-	-	178
	<b>116,696</b>	<b>20,727</b>	<b>(2,431)</b>	<b>(553)</b>	<b>134,439</b>
<b>Financial investments:</b>					
Securities and other financial instruments	12	3	-	-	15

The increase recorded during the year ended 31 December 2009, under "Financial investments" is a result of:

**- Capital shares in Group companies:**

Incorporation of Nova Teixeira Duarte - Engenharia e Construções, S.A.	50
Capital increase in TDHOSP – Gestão de Edifício Hospitalar, S.A.	985
	<u><u>1,035</u></u>

**- Capital shares in associated companies:**

Reinforcement of equity in SATU-Oeiras – Sistema Automático de Transporte Urbano, E.M.	<u><u>1,674</u></u>
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**- Securities and other financial instruments:**

Incorporation of VBT – Vias do Baixo Tejo, S.A.	4
Divisions rented in the CDH – 2 <sup>a</sup> Fase (Oeiras)	10
	<u><u>14</u></u>

**- Other loans:**

Supplementary capital contributions granted to AEDL – Auto-Estradas do Douro Litoral, S.A.	<u><u>372</u></u>
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The transfers recorded during the year ended 31 December 2009 under the item "Financial Investments" are a result of:

**- Capital shares in Group companies:**

Winding up of Nova Teixeira Duarte, Engenharia e Construções, S.A.	<u><u>(50)</u></u>
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**- Other loans:**

Reimbursement of supplementary capital contributions in Lusoponte – Concessionária para a Travessia do Tejo, S.A.	<u><u>(716)</u></u>
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The adjustments recorded in the financial investments items during the year ended 31 December 2009, as a consequence of the application of the equity method, result from the following situations:

	Gains/losses	Dividends received	Capital share adjustments	Transfers	Total
<b>Capital shares in Group companies:</b>					
Teixeira Duarte - Gestão de Participações e Investimento Imobiliários, S.A.	(2,218)	-	29,197		26,979
Teixeira Duarte - Engenharia e Construções (Macau), Lda.	11	(29)	(2)		(20)
Tegaven - Teixeira Duarte y Associados, C.A.	323	-	(85)		238
Teixeira Duarte - Engenharia e Construções (Moçambique), Lda.	3,310	-	(184)		3,126
Teixeira Duarte - Engenharia e Construções (Angola), Lda.	7,752	-	(8,579)		(827)
Avenida - Empreendimentos Turísticos e Hoteleiros, Lda.	762	-	(95)		667
TEIX-CO, SPA	240	-	(185)		55
Teixeira Duarte Algérie, SPA	820	-	(32)		788
Marinertes, S.A.	(22)	-	-		(22)
TDHOSP, S.A.	(5)	-	-		(5)
	<b>10,973</b>	<b>(29)</b>	<b>20,035</b>	<b>-</b>	<b>30,979</b>
<b>Capital shares in associated companies:</b>					
SATUOEIRAS - Sistema Automático de Transporte Urbano, E.M., S.A.	-	-	-	(1,674)	(1,674)
<b>Capital shares in other companies</b>					
Ferrovial / Teixeira Duarte - Obras Hidráulicas do Alqueva, ACE	(410)	-	-	-	(410)
Três Ponto Dois - Trabalhos Gerais de Constr. Civil,					
Via e Catenária de Modern. da Linha do Norte, ACE	-	-	(3)	-	(3)
Acestradas - Construção de Estradas, ACE	110	(867)	-	-	(757)
Douro Litoral, ACE	94	-	-	-	94
Metropoço, ACE	-	-	-	-	-
Combat, ACE	38	-	-	-	38
DLOE - Douro Litoral Obras Especiais, ACE	213	-	-	-	213
Nova Estação, ACE	669	-	-	-	669
	<b>714</b>	<b>(867)</b>	<b>(3)</b>	<b>-</b>	<b>(156)</b>
	<b>11,687</b>	<b>(896)</b>	<b>20,032</b>	<b>-</b>	<b>29,149</b>

### 13 - REVALUATION OF TANGIBLE FIXED ASSETS

During the year ended 31 December 2009, the Company revaluated the following tangible fixed assets located abroad (net amounts):

Items	Historical costs	Revaluations (Note 39)	Revaluated amounts
Tangible fixed assets			
Buildings and other constructions	1,299	13,766	15,065

### 14 - FIXED ASSETS LOCATED ABROAD

During the year ended 31 December 2009, the Company owned the following tangible fixed assets located abroad (net amounts):

	Net amount
Buildings and other constructions	17,079
Basic equipment	22,787
Transport equipment	10,216
Tools and utensils	962
Administrative equipment	740
	<b>51,784</b>

## 15 - FIXED ASSETS UNDER FINANCE LEASES

During the year ended 31 December 2009, the Company used the following assets under finance leases:

Items	Acquisition	Accumulated cost	Net depreciation	Outstanding amount	Capital
<b>Tangible fixed assets</b>					
Basic equipment	15,025	7,981	7,044	9,695	

## 16 - GROUP COMPANIES, ASSOCIATED COMPANIES AND SUBSIDIARIES

At 31 December 2009, financial investments in Group companies and associated companies, as well as the main financial data regarding them were the following:

Company/Registered Office	Equity	Net profit/(loss)	Shareholding percentage	Shareholding value
<b>Capital shares in Group companies:</b>				
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. (a) Edifício 2, Lagoas Park - Porto Salvo	170,231	(2,218)	100.00%	170,231
Teixeira Duarte - Engenharia e Construções (Macau), Lda. Av. Praia Grande , 693 - Edifício Tai Wha, 8º A - B - Macau	83	14	80.00%	66
Tegaven - Teixeira Duarte y Asociados, C.A. Av. Este, 6 - Edif. Centro Parque Carabobo,Piso 6, Of. 601 - Caracas - Venezuela	3,942	1,894	17.04%	672
Teixeira Duarte - Engenharia e Construções (Moçambique), Lda. Av. Vinte e Quatro de Julho, nº 141 - Maputo - Moçambique	20,123	7,699	43.00%	8,653
Teixeira Duarte - Engenharia e Construções (Angola), Lda. R. Amilcar Cabral, nº 27 C - Luanda - Angola	37,483	9,690	80.00%	29,986
Avenida - Empreendimentos Turísticos e Hoteleiros, Lda. Av. Vinte e Quatro de Julho, nº 141 - Maputo - Moçambique	3,472	953	80.00%	2,778
Teixeira Duarte Algérie, SPA Parc Miremont, Rue A, nº136 - Argel - Argélia	1,098	820	99.94%	1,097
Teixco, SPA Parc Miremont, Rue A, nº136 - Argel - Argélia	1,382	480	50.00%	691
Marinertes, S.A. AV.25 de Abril, Edifício Alvorada, nº 672 - Cascais	609	(43)	51.00%	311
TDHOSP - Gestão de Edifício Hospitalar S.A. Edifício 2, Lagoas Park - Porto Salvo	1,465	(5)	100.00%	1,465
				<u>215,950</u>
<b>Capital shares in associated companies:</b>				
SATU-Oeiras - Sistema Automático de Transporte Urbano, E.M. (a) Edifício Paço de Arcos E.N. 249/3 Paço de Arcos - Oeiras	(12,660)	(3,321)	49.00%	-
				<u>-</u>

(a) When the equity method was applied, the value of supplementary capital contributions, amounting to EUR 60,000 thousand and EUR 20,955 thousand to Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários and SATU-Oeiras- Sistema Automático de Transporte Urbano, E.M., respectively, was deducted from equity.

At 31 December 2009, the item "Securities and other financial instruments" consisted of the following:

**Other financial interests:**

Lusoponte - Concessionária para a Travessia do Tejo, S.A.	1,875
MTS - Metro, Transportes do Sul, S.A.	456
AEDL - Auto-Estradas do Douro Litoral, S.A.	9
VBT - Vias do Baixo Tejo, S.A	4
	<b>2,344</b>

**Complementary Groupings of Companies (a):**

Douro Litoral, ACE	713
Nova Estação, ACE	669
DLOE - Douro Litoral Obras Especiais, ACE	213
Três Ponto Dois-Trabalhos Gerais de Constr. Civil, Via Catenária de Mod. da Linha do Norte, ACE	151
Acestradas - Construção de Estradas, ACE	111
Novaponte - Agrupamento para a Construção da Segunda Travessia do Tejo, ACE	49
Conbate, ACE	38
	<b>1,944</b>

<b>Financial investments in real estate</b>	<b>129</b>
	<b>4,417</b>

At 31 December 2009, the loans granted to Group companies and to other subsidiary companies, corresponded to the supplementary capital contributions granted to the following companies:

Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.	<b>60,000</b>
SATU-Oeiras - Sistema Automático Transporte Urbano, E.M.	<b>20,955</b>
AEDL - Auto-Estradas do Douro Litoral, S.A.	372
MTS - Metro, Transportes do Sul, S.A.	133
	<b>505</b>

**Balances and transactions with Group companies**

At 31 December 2009, the balances held in Group companies and related companies were as follows:

Company	Customers, Advance payments	Customers, current account	Accounts receivable from Group companies	Suppliers, current account	Accounts payable to Group companies
Alvalade, Lda.	-	22,820	-	347	35,604
Angocime, Lda.	-	3,595	693	-	-
Angoímo, Lda.	-	7,419	4,988	13,562	-
Angopredial, Lda.	-	9,824	-	-	11,377
Autocompetição, Lda.	-	822	764	-	-
BEL-ere, S.A.	-	3,036	431	3,433	3
Betangola, Lda.	-	6,073	11,876	15,606	-
Comércio Automóveis, Lda.	-	408	612	1,620	-
Educare, Lda.	-	10,210	-	-	11,247
E.P.O.S., S.A.	-	504	-	3,146	-
Fundo Inv. Imob. Fechado TDF	73	6,754	-	-	-
G.S.C., S.A.	-	1,851	-	487	-
Máxi, Lda.	-	8,325	-	2,629	1,904
Petrin S.A.	-	87	-	501	-
SATU-Oeiras, E.M.	-	18	2,681	-	-
Serafim L. Andrade, Lda.	-	7,300	-	201	7,256
TDA – Com. Industria, Lda	-	22,138	-	7,620	2,096
TDGI (Angola), Lda.	-	8,486	-	5,018	349
TDHOSP, S.A.	64	1,346	7,360	-	8
TEDAL SGPS, S.A.	-	4	454	-	209
Tegaven, CA	-	83	1,168	383	-
Teix.Co, SPA	-	246	14	1	-
T.D. Algérie, SPA.	-	-	12	-	-
T.D. (Angola), Lda.	-	2,503	-	4,439	8,727
T.D. (Moçambique), Lda.	-	5,023	-	440	59
T.D.-G.P.I.I., S.A.	-	6,640	310,468	(200)	6,201
Urbango, Lda.	-	5,335	-	1,728	8,676
Vauco, Lda.	-	5,044	1,446	1,138	-
V8, S.A.	-	2,260	163	-	-
Outros	2,703	910	2,999	3,894	9,924
	<b>2,840</b>	<b>149,064</b>	<b>346,129</b>	<b>65,993</b>	<b>103,640</b>

During the year ended 31 December 2009, the following transactions were completed with Group companies and related companies:

Company	Cost of goods	Outsourcing	Exceptional costs & losses	Sales	Services rendered	Financial profits & gains	Exceptional profits & gains
Alvalade, Lda.	-	1,341	-	2,762	5,183	30	101
Angocime, Lda.	-	-	-	134	23,011	112	-
Angoímo, Lda.	2	2,571	3,186	35	951	306	3
Angopredial, Lda.	-	-	-	5,387	20	-	-
BEL-ere, S.A.	89	3,829	-	215	638	3,209	-
BEL-ere (Moçambique), Lda.	-	1,772	-	-	-	-	-
Betangola, Lda.	13,704	296	-	770	3,586	385	44
D.L.O.E., ACE	-	-	-	3,826	675	478	-
Douro Litoral, ACE	-	-	-	32,336	412	-	-
E.P.O.S., S.A.	-	8,046	-	294	948	1,059	-
Fundo Inv. Imob. Fechado TDF	-	-	-	12,670	-	-	-
G.S.C., S.A.	-	628	-	2,071	28	4	-
Máxi, Lda.	(5)	19	2,478	1,263	3,469	138	13
Perforesc, ACE	-	448	11	251	7	209	5
Petrin, Lda.	527	1,251	-	4	476	10	-
Recolte, S.A.	-	354	-	7	545	1	-
SATU-Oeiras, E.M.	-	-	72	1	2	-	-
Serafim L. Andrade, Lda.	-	997	-	2,009	5,893	30	-
TDA – Com. Industria, Lda.	20	510	-	184	3,887	300	-
TDGI, S.A.	5	400	-	6	473	13	-
TDGI (Angola), Lda.	31	554	-	222	2,587	129	-
TDHOSP, S.A.	-	-	-	40,637	386	-	167
T.D. (Angola), Lda.	-	2,532	1,558	-	1,261	-	-
T.D. (Moçambique), Lda.	-	326	-	2,093	2,533	-	86
T.D. / SOPOL, ACE	-	2,738	-	-	52	15	-
T.D.-G.P.I.I., S.A.	-	3,103	-	16,168	996	-	11,266
Urbango, Lda.	-	108	1,416	-	254	-	-
Vauco, Lda.	4	148	-	205	800	92	132
V8, S.A.	-	114	-	6,325	170	-	-
Outros	1,136	1,913	6	1,041	4,427	1,300	85
	<b>15,513</b>	<b>33,998</b>	<b>8,727</b>	<b>130,916</b>	<b>63,670</b>	<b>7,820</b>	<b>11,902</b>

In both commercial and financial transactions completed between the Company and any other entity, subject or not to the IRC, with which it has special relations, the terms or conditions signed, accepted and practiced are substantially identical to those that would normally be signed, accepted and practiced between independent entities in comparable transactions.

In order to assure the highest degree of comparability between the above mentioned transactions and those practiced in normal market situations or whenever no special relation exists, the Company adopts the following methods:

- Cost sharing;
- Comparable market price; and
- Cost-plus pricing.

## 21 - ADJUSTMENTS TO CURRENT ASSETS

During the year ended 31 December 2009, the following movements were recorded in the balances of adjustment items:

Items	Opening balance	Reinforcement	Reversion	Withdrawal	Adjustment	Closing Balance
<b>Inventories</b>						
Raw materials and consumables	796	174	-	-	(162)	808
<b>Accounts receivable</b>						
Doubtful debts	16,435	5,447	(457)	(104)	(1,557)	19,764
Other receivables	1,750	-	-	(1,640)	(5)	105
	<b>18,185</b>	<b>5,447</b>	<b>(457)</b>	<b>(1,744)</b>	<b>(1,562)</b>	<b>19,869</b>

The amounts stated in the "Adjustment" column result from the effect of the integration of the Angolan and Algerian branches.

## 23 - DOUBTFUL DEBTS

At 31 December 2009, doubtful debts amounted to EUR 20,103 thousand from doubtful debts customers and EUR 1,750 thousand from other debtors. These debts are adjusted based on expectations of loss due to the non-collection of those accounts receivable, thus adjustments were made for such debts in the amount of EUR 19,764 thousand and EUR 105 thousand, respectively (Note 21).

## 31 - FINANCIAL COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

At 31 December 2009, non-recourse factoring contracts were in force, which were recorded as a reduction in accounts receivable, amounting to EUR 122,362 thousand. In accordance with the terms and conditions of contract, the Company's responsibility is basically restricted to the assuring that customers accept the invoices subject to factoring.

## 32 - GUARANTEES PROVIDED

At 31 December 2009, the Company had provided bank guarantees and surety bonds to customers for the purpose of tendering, advance payments already received and as guarantee of good performance of works, amounting to EUR 357,440 thousand and EUR 49,505 thousand, respectively.

To guarantee the financing contract provided by its subsidiary TDHOSP - Gestão de Edifício Hospitalar, S.A., the Company pledged 1,472,000 shares, representing the capital stock of the above mentioned subsidiary, with Caixa Geral de Depósitos and Caixa Banco de Investimentos. Under the same financing contract, the Company, as shareholder, pledged its credit rights over that subsidiary, which arose from the realisation of investments already made under the management contract, amounting to EUR 7,359 thousand.

Furthermore, the Company has provided Group companies with bank guarantees in the following amounts:

Beneficiary	Currency	Currency amount	Thousands of Euro
Teixeira Duarte International, Ltd.	USD	80,000,000,00	55,532,00
G.S.C. - Compañía General de Servicios e Construcción, S.A.			69,277,00
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.			40,001,00
Teixeira Duarte - Engenharia e Construções (Moçambique), Lda.	USD	55,000,000,00	38,179,00
Tegaven - Teixeira Duarte Y Asociados, CA	USD	32,707,000,00	22,704,00
TDO - Sociedade Gestora de Participações Sociais, S.A.	USD	30,000,000,00	20,825,00
Angoímo - Empreendimentos e Construções, Lda.	USD	16,000,000,00	11,106,00
Teixeira Duarte - Engenharia e Construções, S.A. (Sucursal Angola)	USD	19,000,000,00	13,189,00
Teixeira Duarte - Engenharia e Construções (Angola), Lda.	USD	16,000,000,00	11,106,00
EDUCARE - Actividades Educativas e Culturais, Lda.	USD	15,000,000,00	10,412,00
Bonaparte - Imóveis Comerciais e Participações, S.A.			10,027,00
TDO - Sociedade Gestora de Participações Sociais, S.A.			10,000,00
Tegaven - Teixeira Duarte Y Asociados, CA	VEF	28,355,279,36	9,166,00
TDHOSP - Gestão de Edifício Hospitalar, S.A.			8,050,00
Máxi - Comércio Geral, Importação e Exportação, Lda.	USD	10,000,000,00	6,942,00
Avenida - Empreendimentos Turísticos e Hoteleiros, Lda.	USD	6,300,000,00	4,373,00
Rochaoriental - Sociedade Hoteleira, S.A.			6,070,00
Metroligeiro - Construção de Infraestruturas, ACE			5,000,00
Somafel - Engenharia e Obras Ferroviárias, S.A. / O.F.M. - Obras Públicas, Ferroviárias e Marítimas, S.A.			3,000,00
EVA - Sociedade Hoteleira, S.A.			2,743,00
Lagoas Hotel, S.A.			1,819,00
Recolte - Recolha, Tratamento e Eliminação de Resíduos, S.A.			1,515,00
BEL-ere - Engenharia e Reabilitação de Estruturas, S.A.			1,500,00
TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.			1,251,00
Esta - Gestão de Hoteis, S.A.			998,00
TDHC - Instalações para Desporto e Saúde, S.A.			704,00
Auto Competição Angola, Lda.	USD	1,000,000,00	694,00
Teixeira Duarte International, Ltd.			200,00
TEIX.CO, SPA	DZD	33,000,000,00	319,00
Sociedade Hotel Tivoli, Lda.	USD	200,000,00	139,00
Teixeira Duarte - Engenharia e Construções (Moçambique), Lda.	MZN	3,000,000,00	68,00
			<u>366,909,00</u>

#### 34 - MOVEMENT IN PROVISIONS

During the year ended 31 December 2009, the following movements were recorded in the balances of provisions:

Items	Opening balance	Increase	Reduction	Adjustments	Closing balance
Provision for losses in works	-	6,825	-	-	6,825
Other Provisions	5,522	2,715	(84)	(1,687)	6,466
	<u>5,522</u>	<u>9,540</u>	<u>(84)</u>	<u>(1,687)</u>	<u>13,291</u>

The increase recorded in the "Other provisions" item includes the amount of EUR 1,627 thousand relating to the reinforcement of the provision for financial instruments (Note 45).

The change recorded in the "Adjustments" item includes the amount of EUR 1,674 thousand relating to the reinforcement of the equity of SATU-Oeiras - Sistema Automático de Transporte Urbano, E.M..

#### 36 - CAPITAL COMPOSITION

At 31 December 2009, the Company's capital was fully subscribed and paid-up, consisting of 420,000,000 shares with a nominal value of fifty Euro cents each.

### 37 - OWNERSHIP INTEREST IN THE SUBSCRIBED CAPITAL OF EACH COMPANY HOLDING AT LEAST 20% OF ITS SHARES

At 31 December 2009, the ownership interest accounting for more than 20% of the Company's capital was the following:

Shareholder	No. of Shares	Shareholding percentage
Teixeira Duarte, S.A.	287,880,799	68,54%

### 39 - REVALUATION OF FIXED ASSETS

At 31 December 2009, the following changes were recorded in the revaluation reserves:

	Opening balance	Transfer	Closing balance
<b>Tangible fixed assets:</b>			
Buildings and other constructions (Note 40)	14,404	(638)	13,766

The amount stated in the "Transfer" column corresponds to the realisation of the revaluation reserve during the financial year.

### 40 - CHANGES IN EQUITY ITEMS

The movement in the equity items during the year ended 31 December 2009 was as follows:

Items	Opening balance	Increases	Decreases	Transfers	Closing balance
Capital	210,000	-	-	-	210,000
<b>Capital shares adjustment in Group companies and associated companies:</b>					
Migration adjustments	12,170	-	-	-	12,170
Undistributed profits	147,471	-	-	7,162	154,633
Other changes in equity	(23,669)	29,422	(13,034)	(624)	(7,905)
Revaluation reserves (Notes 6 and 39)	10,587	-	-	(469)	10,118
Legal reserve	18,100	-	-	-	18,100
Free reserves	197,546	-	-	-	197,546
Donations	15	-	-	(3)	12
<b>Profit/(loss) carried forward:</b>					
Profit/(loss) carried forward	(21,471)	-	-	(195,263)	(216,734)
Undistributed profits	(147,472)	-	-	(7,161)	(154,633)
Net profit/(loss) for the year	(196,358)	10,162	-	196,358	10,162
	<b>206,919</b>	<b>39,584</b>	<b>(13,034)</b>	<b>-</b>	<b>233,469</b>

#### Adjustment to capital shares in Group companies and associated companies

The change recorded in this item results from: (i) changes in the equity of the Group companies and associated companies, except those resulting from the profit/(loss) for the year; (ii) the difference, amounting to EUR 7,162 thousand, between the profit/(loss) reported by Group companies and associated companies, taken into account in the application of the equity method, and the profit/(loss) distributed among those companies during the year ended 31 December 2009, which is recorded as a counterpart of the profit/(loss) carried forward.

#### Allocation of the profit from 2008

In the General Meeting of Shareholders held on 13 May 2009, the financial statements for the year ended 31 December 2008 were approved and the transfer of Negative Net Income, amounting to EUR 196,358 thousand, to Profit/(loss) Carried Forward was determined.

#### 41 - COST OF MATERIALS CONSUMED

The cost of materials consumed during the year ended 31 December 2009 was determined as follows:

Opening inventories	15,046
Purchases	127,557
Inventory adjustment	(298)
Closing inventories	(15,201)
	<b><u>127,104</u></b>

#### 42 - CHANGE IN PRODUCTION

The change in production reported during the year ended 31 December 2009 was as follows:

	Intermediate and finished products	Products and work in progress
Closing inventories	810	42,914
Inventory adjustment	9	-
Opening inventories	(1,242)	(50,300)
Decrease / Increase during the financial year	<b><u>(423)</u></b>	<b><u>(7,386)</u></b>

#### 43 - REMUNERATION OF THE MEMBERS OF THE GOVERNING BODIES

The remunerations paid to the members of the Governing Bodies during the year ended 31 December 2009 were, respectively:

	Fixed	Variable	Total
Board of Directors			
Executive Members	1,100	460	1,560
Audit Committee	33	-	33
Statutory Auditor	66	-	66
	<b><u>1,199</u></b>	<b><u>460</u></b>	<b><u>1,659</u></b>

#### 44 - SALES AND SERVICES RENDERED BY ACTIVITY AND GEOGRAPHIC MARKETS

The sales and services rendered in the year ended 31 December 2009 are distributed as follows:

	Markets		Total
	Domestic	Foreign	
Civil construction and public works	332,572	309,615	642,187
Services rendered	21,288	41,967	63,255
	<b><u>353,860</u></b>	<b><u>351,582</u></b>	<b><u>705,442</u></b>

#### 45 - FINANCIAL PROFIT AND LOSS ACCOUNTS

The financial profit and loss accounts for the years ended 31 December 2009 and 2008 are broken down as follows:

Costs and losses	Financial Year		Profits and gains	Financial Year	
	2009	2008		2009	2008
Interest paid	19,829	42,943	Interest earned	18,856	22,693
Losses in Group comp. and associated companies	2,245	350,867	Gains in Group companies and associated companies	13,219	7,162
Depreciation of investments in real estate	2	2	Income from real estate	39	41
Provisions for financial instruments (Note 34)	1,627	1,766	Income from capital shares	1,352	1,277
Unfavourable exchange rate differences	819	1,063	Favourable exchange rate differences	3,802	1,100
Bond issuance costs	427	1,415	Cash discounts obtained	831	709
Other financial costs and losses	5,777	5,823	Gains from treasury operations	-	31,035
	<b>30,726</b>	<b>403,879</b>	Other financial profits and gains	559	2,256
Financial profit/(loss)	7,932	(337,606)			
	<b>38,658</b>	<b>66,273</b>			
				<b>38,658</b>	<b>66,273</b>

#### 46 - EXCEPTIONAL PROFIT AND LOSS ACCOUNTS

The exceptional profit and loss accounts for the years ended 31 December 2009 and 2008 are broken down as follows:

Costs and losses	Financial Year		Profits and gains	Financial Year	
	2009	2008		2009	2008
Donations	71	95	Taxes return	-	2
Bad debts	79	-	Inventory gains	177	47
Inventory losses	475	38	Gains on fixed assets	736	130,951
Losses on fixed assets	13	564	Contractual benefits and penalties	-	29
Fines and penalties	49	26	Reductions in provisions	-	31
Corrections of previous financial years	7	29	Corrections of previous financial years	4	7
Insufficient estimate of taxes	5,553	2,652	Compensatory payments	853	579
Other exceptional costs and losses	15,351	4,835	Other extraordinary profits and gains	1,874	1,515
	<b>21,598</b>	<b>8,239</b>			
Exceptional profit/(loss)	(17,954)	124,922			
	<b>3,644</b>	<b>133,161</b>			
				<b>3,644</b>	<b>133,161</b>

#### 48 - LOANS OBTAINED

At 31 December 2009, the item medium/long-term "Accounts payable to credit institutions" refers to the following loans:

- A global commercial paper programme, by individual subscription, signed on 14 October 2005 with Banco Comercial Português, amounting to EUR 150,000 thousand, in which the Company and its associate, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate with EUR 15,000 thousand and EUR 135,000 thousand, respectively. The participation of each company in the programme may vary in each of its uses, but the Company must participate with at least 10% of the total value. Sixteen successive semi-annual issues are taken out for the total nominal value of the programme and interest is payable semi-annually in arrears at a rate equal to six-month Euribor plus 0.875% and ascertained in accordance with the auction date, with the repayment of the last issue taking place on 14 October 2013.

- A global commercial paper programme signed on 14 February 2006 with Banco Comercial Português, amounting to EUR 50,000 thousand, in which the Company and its associate, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate with EUR 5,000 thousand and EUR 45,000 thousand, respectively. The participation of each company in the programme may vary in each of its uses, but the Company must participate with at least 10% of the total value. Sixteen successive semi-annual issues are taken out for the total nominal value of the programme and interest is payable semi-annually in arrears at a rate equal to six-month Euribor plus 0.875% and ascertained in accordance with the date of each auction, with the repayment of the last issue taking place on 14 February 2014.

- A global commercial paper programme, by individual subscription, signed on 6 January 2006 with Banco Comercial Português, for the used amount of EUR 20,750 thousand, in which the Company and its associate, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate with EUR 18,650 thousand and EUR 2,100 thousand, respectively. The participation of each company in the programme may vary in each of its uses, but the Company must participate with at least 10% of the total value. The programme has a duration of five years starting from the contract signing date and interest is payable in arrears, with the intervention rate indexed to one- to six-month Euribor by competitive auction or 7 to 180 days by direct placement plus 1% and ascertained in accordance with the date of each auction, with the repayment of the last issue taking place on 6 January 2011.

- A global commercial paper programme signed on 27 September 2007 with Caixa - Banco de Investimento and with Caixa Geral de Depósitos, for the used amount of EUR 100,000 thousand, in which the Company and its associate, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate, all of which is being used by the Company. The participation of each company in the programme may vary in each of its uses. The programme has a utilisation of five years starting from the contract signing date, and the commercial paper can be issued in periods between 7 and 181 days, in accordance with the option chosen by the participating companies. Interest is payable in arrears on the date of repayment of each issue at a rate indexed to Euribor for the period of its issuance, in force on the second business day preceding the date of subscription, plus 0.55%.

- A global commercial paper programme signed on 25 August 2009 with Banco Comercial Português, for the used amount of EUR 200,000 thousand, all of which is being used by the Company. The programme shall be used until 30 December 2012, and the commercial paper can be issued in periods between 31, 90 and 181 days. Interest is payable in arrears on the date of repayment of each issue at a rate indexed to Euribor for the period of its issuance, in force on the second business day preceding the date of subscription, plus 3.20%.

At 31 December 2009, the item short-term "Accounts payable to credit institutions" refers to the following loans:

- A loan amounting to EUR 29,250 thousand, signed with Banco Comercial Português, bearing interest at a rate equal to one-month Euribor plus 1%. The capital will be repaid in two instalments, the first in the amount of EUR 13,000 thousand, due on 30 June 2010, and the second amounting to EUR 16,250 thousand, due on 31 December 2010.

- A loan amounting to EUR 10,000 thousand, signed with Banco Espírito Santo, bearing interest at a rate equal to one-month Euribor plus 2.50%. It shall be used until 6 November 2010.

All other short-term "Accounts payable to credit institutions" bear interest at normal market rates.

## 49 - GOVERNMENT AND OTHER PUBLIC BODIES

At 31 December 2009, the balances with these bodies were broken down as follows:

### Debit balances

Corporate Income Tax - IRC:	
Estimated tax	(126)
Withholding taxes	1,715
Payments on account	486
	2,075
Value Added Tax	2,208
Others	224
	4,507

### Credit balances

Corporate Income Tax - IRC:	
Value Added Tax	56
Income Tax - withholding tax	653
Social Security Contribution	1,195
Remaining taxes	7,664
	9,568

The amounts stated in the items: "Estimated tax", "Special payment on account" and "Withholding taxes", relate to the calculation of the Corporate Income Tax (IRC) under the Special Taxation Scheme for Groups of Companies, as mentioned in Note 6.

The Company's individual amounts, for the items: "Estimated Tax" and "Withholding taxes" are EUR 3,554 thousand and EUR 555 thousand, respectively.

## 50 - ACCRUALS AND DEFERRALS

At 31 December 2009, the balances in these items were broken down as follows:

### Income accruals:

Supplies and services rendered and not invoiced	24,244
Interest receivable	12,407
Others	6
	36,657

### Deferred costs:

Incurred expenses to be charged	5,106
Commercial Paper Interest	1,939
Insurance paid in advance	955
Rentals	138
Others	3,468
	11,606

### Cost accruals:

Staff costs	13,220
Expenditures incurred and not invoiced by suppliers	5,757
Unpaid overdue financial charges	585
Litigation costs	196
Rentals	144
Insurance payable	48
Others	741
	20,691

### Deferred income:

Guarantee retention	9,850
Work invoiced but not carried out	8,319
Interest charged but not due	148
Others	685
	19,002

Deferred income from works corresponds to amounts not recognised as profit or loss and which are intended to cover the costs to be incurred during the warranty period of the works, as mentioned in Note 3e). The works invoiced but not carried out result from the application of the percentage-of-completion method, as mentioned in Note 3e).

## 51 - CASH AND CASH EQUIVALENTS BREAKDOWN

The breakdown of cash and cash equivalents at 31 December 2009 and 2008 is as follows:

	2009	2008
Cash	1,151	1,483
Cash at bank and in hand	9,279	19,206
	<u>10,430</u>	<u>20,689</u>

The dividends received during the year ended 31 December 2009, net of withholding, were the following:

Lusoponte - Concessionária para a Travessia do Tejo, S.A.	1,082
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Earnings from financial investments during the year ended 31 December 2009 were the following:

Reimbursement of supplementary capital contributions granted to Lusoponte - Concessionária para a Travessia do Tejo, S.A.	716
Winding up of Nova Teixeira Duarte, S.A.	50
	<u>766</u>

Payments regarding financial investments during the year ended 31 December 2009 were the following:

Reinforcement of the equity of SATU-Oeiras - Sistema Automático de Transporte Urbano, S.A.	1,674
Capital increase in TDHOSP - Gestão do Edifício Hospitalar, S.A.	985
Supplementary capital contributions granted to AEDL - Auto-Estradas do Douro Litoral, S.A.	372
Payment of capital in Nova Teixeira Duarte - Engenharia e Construções, S.A.	50
Capital increase in Teixeira Duarte - Engenharia e Construções (Angola), Lda.	12
Payment of capital in VBT - Vias do Baixo Alentejo, S.A.	4
	<u>3,097</u>

## 52 - INCOME STATEMENT BY FUNCTIONS

While preparing this statement, the following criteria were followed:

- The item "Cost of sales and services rendered" of the income statement by functions ("DRF") includes several items of the profit income statement by nature ("DRN"), mainly supplies and outsourcing, wages and salaries and depreciation.
- The item "Net financing cost" essentially includes the net amount of interest earned or incurred and the stamp duty levied on loans obtained.
- The item "Net losses and gains in subsidiaries and associated companies" includes losses/gains in Group companies.



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	Notes	2009	2008
<b>Non-current assets:</b>			
Goodwill	18	58,084	58,646
Intangible assets	19	10,183	9,807
Tangible fixed assets	20	545,685	506,670
Investment properties	21	492,066	418,296
Investments in associated companies	22	977,196	891,625
Available-for-sale financial assets	24	284,880	266,753
Other investments	25	9,968	9,576
Deferred tax assets	26	98,626	117,389
Customers	27	16,832	-
Other receivables	27	410	790
Other non-current assets	30	10,967	5,395
<b>Total non-current assets</b>		<b>2,504,897</b>	<b>2,284,947</b>
<b>Current assets:</b>			
Inventories	9 and 10	391,778	365,717
Customers	27	323,926	270,734
Other receivables	27	43,821	49,267
Cash and cash equivalents	29	132,051	105,478
Other current assets	30	116,046	101,894
<b>Total current assets</b>		<b>1,007,622</b>	<b>893,090</b>
<b>TOTAL ASSETS</b>	7	<b>3,512,519</b>	<b>3,178,037</b>
<b>Equity:</b>			
Capital	32	210,000	210,000
Adjustments to equity interests in associated companies		(71,246)	(112,959)
Foreign currency translation adjustments		(41,413)	(50,472)
Reserves and retained earnings	33	202,964	543,702
Consolidated net profit/(loss)		116,629	(347,244)
<b>Shareholders' equity</b>		<b>416,934</b>	<b>243,027</b>
Minority interests	34	94,648	95,905
<b>TOTAL EQUITY</b>		<b>511,582</b>	<b>338,932</b>
<b>Non-current liabilities:</b>			
Loans	35	1,492,360	1,421,049
Provisions	36	15,083	8,382
Finance leases	38	233,752	247,106
Deferred tax liabilities	26	66,782	53,070
Other payables	37	25,423	25,342
Other non-current liabilities	39	24,963	47,127
<b>Total non-current liabilities</b>		<b>1,858,363</b>	<b>1,802,076</b>
<b>Current liabilities:</b>			
Loans	35	632,432	536,331
Provisions	36	5,292	3,011
Suppliers	37	234,512	222,631
Finance leases	38	18,920	13,395
Other payables	37	44,574	31,508
Other current liabilities	40	206,844	230,153
<b>Total current liabilities</b>		<b>1,142,574</b>	<b>1,037,029</b>
<b>TOTAL LIABILITIES</b>	7	<b>3,000,937</b>	<b>2,839,105</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,512,519</b>	<b>3,178,037</b>

(thousands of Euro)

These notes form an integral part of the financial statements at 31 December 2009.

	Notes	2009	2008
<b>Operating income:</b>			
Sales and services rendered	7 and 8	1,282,493	1,291,073
Other operating income	8	102,911	86,108
<b>Total operating income</b>		<b>1,385,404</b>	<b>1,377,181</b>
 <b>Operating costs:</b>			
Cost of sales	9	(446,275)	(553,469)
Change in production	10	6,093	52,683
Supplies and outsourcing		(449,745)	(411,211)
Staff costs	11	(235,811)	(217,887)
Depreciation and amortization	7, 19 and 20	(55,304)	(54,930)
Impairment losses and provisions	7 and 36	(628)	(1,818)
Other operating costs	13	(49,893)	(59,455)
<b>Total operating costs</b>		<b>(1,231,563)</b>	<b>(1,246,087)</b>
 <b>Operating profit/(loss)</b>	7	<b>153,841</b>	<b>131,094</b>
 Financial costs and losses	7 and 14	(135,021)	(191,212)
Financial profits and gains	7 and 14	71,411	70,793
Profit/(loss) from investing activities	7 and 14	61,430	(475,020)
Profit/(loss) of associated companies	14	52,954	58,647
Others	14	8,476	(533,667)
<b>Financial profit/(loss)</b>		<b>(2,180)</b>	<b>(595,439)</b>
 <b>Profit/(loss) before taxation</b>	7	<b>151,661</b>	<b>(464,345)</b>
 Income tax	15	(36,687)	51,368
 <b>Net profit/(loss) for the year</b>		<b>114,974</b>	<b>(412,977)</b>
(thousands of Euro)			
 <b>Net profit/(loss) attributable to:</b>			
Equity holders	16	116,629	(347,244)
Minority interests	34	(1,655)	(65,733)
 <b>Earnings per share:</b>			
Basic	16	0.28	(0.83)
Diluted	16	0.28	(0.83)

These notes form an integral part of the consolidated income statement for the year ended 31 December 2009.

	2009	2008
<b>Net profit/(loss) for the year</b>	<b>114,974</b>	<b>(412,977)</b>
Change in foreign currency translation adjustments	9,059	(11,589)
Change in fair value and sale of available-for sale financial assets	13,980	25,628
Effect of the application of the equity method	42,094	(75,221)
Others	(7,457)	(21,294)
	<b>57,676</b>	<b>(82,476)</b>
<b>Comprehensive income for the year</b>	<b>172,650</b>	<b>(495,453)</b>
<b>Comprehensive income attributable to:</b>		
Equity holders	173,907	(422,589)
Minority interests	(1,257)	(72,864)

These notes form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2009.

Notes	Capital	Adjustments to equity interests in assoc. companies	Foreign currency translation adjustments	Reserves and retained earnings				Consolidated			
				Legal reserve	Free reserves	Fair value reserve	Other reserves	Retained earnings	net profit/(loss)	Minority interests	
										Total	
<b>Balance at 1 January 2009</b>	210,000	(112,959)	(50,472)	18,100	197,546	-	10,587	317,469	(347,244)	95,905 338,932	
<b>Comprehensive income for the year:</b>											
Consolidated net profit/(loss) for the year	-	-	-	-	-	-	-	-	116,629 (1,655)	114,974	
Change in foreign currency translation adjustments	-	-	9,059	-	-	-	-	-	-	9,059	
Change in fair value and sale of available for sale financial assets	24	-	-	-	-	13,980	-	-	-	13,980	
Effect of the application of the equity method	22	-	42,094	-	-	-	-	-	-	42,094	
Others	-	(381)	-	-	-	(457)	(7,017)	-	-	398 (7,457)	
<b>Transactions with equity holders during the year:</b>											
Allocation of the consolidated profit for the year 2008:								(347,244)	347,244	-	
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	
<b>Balance at 31 December 2009</b>	<b>210,000</b>	<b>(71,246)</b>	<b>(41,413)</b>	<b>18,100</b>	<b>197,546</b>	<b>13,980</b>	<b>10,130</b>	<b>(36,792)</b>	<b>116,629</b>	<b>94,648</b>	<b>511,582</b>
<b>Balance at 1 January 2008</b>											
210,000	(37,738)	(38,883)	15,100	155,971	(25,628)	10,712	253,830	122,252	168,769	834,385	
<b>Comprehensive income for the year:</b>											
Consolidated net profit/(loss) for the year	-	-	-	-	-	-	-	(347,244)	(65,733)	(412,977)	
Change in foreign currency translation adjustments	-	-	(11,589)	-	-	-	-	-	-	(11,589)	
Change in fair value and sale of available for sale financial assets	24	-	-	-	-	25,628	-	-	-	25,628	
Effects of the application of the equity method	22	-	(75,221)	-	-	-	-	-	-	(75,221)	
Others	-	-	-	-	-	(125)	(6,478)	-	(7,131)	(13,734)	
<b>Transactions with equity holders during the year:</b>											
Allocation of the consolidated profit for the year 2007:										-	
Transferred to the legal and free reserves	-	-	-	3,000	41,575	-	-	(44,575)	-	-	
Distributed dividends	-	-	-	-	-	-	-	(7,560)	-	(7,560)	
Transferred to retained earnings	-	-	-	-	-	-	-	70,117	(70,117)	-	
<b>Balance at 31 December 2008</b>	<b>210,000</b>	<b>(112,959)</b>	<b>(50,472)</b>	<b>18,100</b>	<b>197,546</b>	<b>-</b>	<b>10,587</b>	<b>317,469</b>	<b>(347,244)</b>	<b>95,905</b>	<b>338,932</b>
(thousands of Euro)											

These notes form an integral part of the consolidated statement of changes in equity capital for the year ended 31 December 2009.

	Notes	2009	2008
<b>OPERATING ACTIVITIES:</b>			
Cash receipts from customers		1,255,262	1,503,591
Cash payments to suppliers		(993,339)	(1,080,109)
Cash payments to employees		(231,736)	(217,502)
<b>Cash flows from operations</b>		<b>30,187</b>	<b>205,980</b>
Income tax paid		(16,537)	(22,560)
Other cash payments from operating activities		1,655	(46,716)
<b>Cash flows from operating activities (1)</b>		<b>15,305</b>	<b>136,705</b>
<b>INVESTING ACTIVITIES:</b>			
<b>Cash receipts from:</b>			
Financial investments	29	10,697	6,037
Tangible fixed assets		16,822	13,994
Intangible fixed assets		10,148	-
Interest and similar income		10,399	25,471
Dividends	29	36,399	36,789
		<b>84,465</b>	<b>82,292</b>
<b>Cash payments relating to:</b>			
Financial investments	29	(25,513)	(209,218)
Tangible fixed assets		(141,077)	(33,283)
Intangible fixed assets		(4,997)	(8,442)
		<b>(171,587)</b>	<b>(250,943)</b>
<b>Cash flows from investing activities (2)</b>		<b>(87,122)</b>	<b>(168,651)</b>
<b>FINANCING ACTIVITIES:</b>			
<b>Cash receipts from:</b>			
Loans obtained		<b>5,035,978</b>	<b>2,900,115</b>
<b>Cash payments relating to:</b>			
Loans obtained		(4,868,566)	(2,735,181)
Interest and similar charges		(67,781)	(135,234)
Dividends		-	(7,558)
		<b>(4,936,347)</b>	<b>(2,877,973)</b>
<b>Cash flows from financing activities (3)</b>		<b>99,631</b>	<b>22,142</b>
<b>Increase/(Decrease) in cash and cash equivalents (4)=(1)+(2)+(3)</b>		<b>27,814</b>	<b>(9,805)</b>
<b>Effect of exchange rate movements</b>		<b>(1,122)</b>	<b>70</b>
<b>Cash and cash equivalents alteration to scope</b>	5	<b>(119)</b>	<b>585</b>
<b>Cash and cash equivalents at the beginning of the year</b>	29	<b>105,478</b>	<b>114,628</b>
<b>Cash and cash equivalents at the end of the year</b>	29	<b>132,051</b>	<b>105,478</b>

(thousands of Euro)

These notes form an integral part of the cash flow statement for the year ended 31 December 2009.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2009**

**1 - INTRODUCTORY NOTE**

Teixeira Duarte - Engenharia e Construções, S.A. ("Teixeira Duarte" or "Company"), with registered office in Porto Salvo, was incorporated on 4 January 1934 and its core business is Construction.

The corporate universe of Teixeira Duarte ("Group") is formed by the subsidiaries stated in Notes 4, 22 and 23. The Group's main activities are: Construction; Cement, Concrete and Aggregates, Concessions and Services, Real Estate Development; Hotel Services and Hospitality Industry; Food Trading; Petroleum Products Sales and Vehicles Sales (Note 7).

All amounts reported are in thousands of Euro.

**2 - BASIS OF PRESENTATION AND MAIN VALUATION CRITERIA**

**2.1 - Basis of Presentation**

The consolidated financial statements have been prepared on a going concern basis, from the accounting books and records of the companies included in the consolidations, adjusted in accordance with the consolidation process, in order to conform with the provisions of the International Financial Reporting Standards adopted by the European Union, effective for financial years beginning on 1 January 2009.

They have been construed as part of those standards, including the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") or the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and their interpretations issued by International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretation Committee ("SIC"), respectively, whose adoption was approved by the European Union. All such standards and interpretations will hereinafter be referred to as "IAS / IFRS".

The financial statements have been prepared under the historical cost convention, except in respect of investment properties, available-for-sale financial assets and derivative financial instruments.

*New standards and interpretations, reviews and amendments adopted by the European Union*

The following standards, interpretations, amendments and reviews approved by the European Union and of mandatory application in financial years beginning on or after 1 January 2009, were adopted or implemented by the Group for the first time for the year ended 31 December 2009:

Standard / interpretation	Effective date (financial years beginning on or after)	Remarks
<b>NEW STANDARDS AND INTERPRETATIONS:</b>		
IFRS 8 - Operating Segments	1-Jan-09	IFRS 8 replaces IAS 14, redefining the reportable segments and the information to be reported about them.
IFRIC 13 - Customer Loyalty Programmes	1-Jul-08	This interpretation clarifies that the bonuses granted to customers as part of a sale transaction are recorded as a separate component of the transaction.
<b>REVIEWS:</b>		
IAS 1 - Presentation of Financial Statements (Revised 2007)	1-Jan-09	This review introduces changes in terminology, including new names for parts of the financial statements, as well as changes in the format and contents of such parts.

Standard / interpretation	Effective date (financial years beginning on or after)	Remarks
<b>AMENDMENTS:</b>		
IFRS 1 - First-time adoption of International Financial Reporting Standards / IAS 27 - Consolidated and Separate Financial Statements (Amendments)	1-Jan-09	These amendments relate to the measurement of the cost of investments in the initial adoption of IFRS and the recognition of dividend income from subsidiaries in the financial statements of the parent company.
IFRS 2 - Share-based Payment (Amendments)	1-Jan-09	These amendments clarify the definition of vesting conditions and non-vesting conditions and the treatment of cancellations.
IFRS 7 - Financial Instruments: Disclosures (Amendments)	1-Jan-09	These amendments extend the required disclosures regarding the fair value of financial instruments and liquidity risk.
IAS 1 - Presentation of Financial Statements IAS 32 - Financial Instruments: Presentation (Amendments)	1-Jan-09	These amendments clarify the classification and presentation of puttable (redeemable) financial instruments.
IAS 39 - Financial Instruments: Recognition and Measurement (Amendment)	1-Jul-08	These amendments allow, under limited conditions, the reclassification of non-derivative financial instruments of the fair value through profit or loss and available-for-sale categories to other categories.
Improvements to International Financial Reporting Standards - 2007	Several (usually 1-Jan-09)	This process involved the review of 32 accounting standards.

The effect on the Group's financial statements for the year ended 31 December 2009, due to the adoption and application of the above-mentioned standards and interpretations, reviews and amendments, was not significant, essentially affecting them only in terms of presentation and disclosure of financial information.

In addition to this, at the date of approval of these financial statements, the European Union had approved the following standards, interpretations, amendments and reviews, which are of mandatory application in future financial years:

Standard / interpretation	Effective date (financial years beginning on or after)	Remarks
<b>NEW STANDARDS AND INTERPRETATIONS:</b>		
IFRIC 12 - Service Concession Arrangements	1-Jan-10	This interpretation, applicable to public-to-private type concessions, introduces rules that enable the private sector operator to recognise revenue from construction and operation of infrastructure and its measurement.
IFRIC 15 - Agreements for the Construction of Real Estate	1-Jan-10	This interpretation clarifies the conditions required to circumscribe the recognition of revenue from the construction of real estate under IAS 11 - Construction Contracts, or under IAS 18 - Revenue.
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	1-Jul-09	This interpretation provides guidance on accounting for hedges of a net investment in a foreign operation.
IFRIC 18 - Transfers of Assets from Customers	Transfers made on or after 1-Jul-09	This interpretation provides guidance on accounting by operators of tangible fixed assets from customers.

Standard / interpretation	Effective date (financial years beginning on or after)	Remarks
<b>REVIEWS:</b>		
IFRS 1 - First-time adoption of International Financial Reporting Standards (Revised 2008)	1-Jan-10	This review reflects the different changes made since the first version of this standard.
IFRS 3 - Business Combinations / IAS 27 - Consolidated and Separate Financial Statements (Revised 2008)	1-Jul-09	This review introduces amendments: (a) in the measurement of non-controlling interests (formerly known as minority interests); (b) The recognition and subsequent measurement of contingent payments; (c) the treatment of direct costs related to the merger; and (d) in the record of transactions of purchase of interests in already controlled companies and of sale of interests that would not result in loss of control over the company.
<b>AMENDMENTS:</b>		
IAS 39 - Financial Instruments: Recognition and Measurement (Amendment)	1-Jul-09	These amendments clarify some aspects of hedge accounting, including: (i) identification of inflation as a hedged risk and (ii) hedge with options.
IFRIC 9 - Reassessment of embedded derivatives / IAS 39 - Financial Instruments: Recognition and Measurement (Amendment)	Financial years ended on or after 30-Jun-09	These amendments clarify the circumstances in which it is permitted to subsequently review the requirement to separate an embedded derivative.

Although these standards were approved by the European Union, they were not adopted by the Group for the year ended 31 December 2009 because their application is not yet binding. No significant retrospective impacts are expected on the consolidated financial statements resulting from the adoption of said standards.

## 2.2 - Critical judgments / estimates

The preparation of financial statements in accordance with the recognition and measurement principles of IFRS requires the Company's Board of Directors to make judgments, estimates and assumptions that may affect the value of assets and liabilities presented, particularly depreciation and provisions, the disclosures of contingent assets and liabilities at the date of the financial statements, as well as income and expenditure.

Those estimates are based on best knowledge existing at all times and in planned actions, being periodically reviewed based on available information. Changes in facts and circumstances may lead to the need to review the estimates, so the actual future results may differ from those estimates.

Significant estimates and assumptions made by the Board of Directors in preparing these financial statements include, particularly, the assumptions used in the treatment of the following aspects:

### Impairment of non-current assets (excluding Goodwill)

The ascertainment of a possible impairment loss can be triggered by the occurrence of different events, many of which are outside the sphere of influence of the Group, such as the availability of future financing, the cost of capital or any other changes, both inside and outside the Group.

The identification of impairment indicators, the estimate of future cash flows and the determination of the recoverable amount of assets imply a high degree of judgement by the Board of Directors regarding the identification and evaluation of various impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

### Goodwill Impairment

Goodwill is annually tested for impairment or whenever there are indications of a possible loss of value, in accordance with the policy set out in Notes 18 and 22. The recoverable amounts of cash-generating units to which the Goodwill is allocated are determined based on expected cash flows. These calculations require the use of estimates by management regarding the future performance of the business and discount rates considered.

### Useful lives of intangible and tangible fixed assets

The useful life of an asset is the period during which a company expects that an asset is available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortization / depreciation method to be applied and estimated losses resulting from the replacement of equipment before the end of its useful life, for reasons of technological obsolescence, is essential to determine the amount of amortization / depreciation to be recognised in the consolidated income statement for each financial year.

These three parameters are defined according to the management's best estimate for the assets and business in question, also considering the practices adopted by companies in the business segments in which the Group operates.

#### **Provisions**

The Group periodically reviews any obligations arising from past events and which are subject to recognition or disclosure. The subjectivity inherent in determining the likelihood and amount of internal resources for the payment of obligations could lead to significant adjustments, either by changing the assumptions made, or by the future recognition of provisions previously disclosed as contingent liabilities.

#### **Recognition of deferred tax assets**

Deferred tax assets are recognised only when there is reasonable expectation that there will be future taxable profits available for the use of temporary differences, or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred tax assets is made by the management at the end of each period, taking into account the expectation of future fiscal performance.

#### **Adjustment of accounts receivable**

The credit risk on accounts receivable balances is assessed at each reporting date, taking into account the historical information of the customer and their risk profile. Accounts receivable are adjusted by the management's assessment of the estimated risks of recovery existing at the balance sheet date, which may differ from the real risk to be incurred.

#### **Recognition of revenue from building contracts**

The Group recognises the results of the works according to the percentage-of-completion method, which is understood as the relationship between costs incurred on each contract until the balance sheet date and the sum of those costs with estimated costs to complete the work. The assessment of the degree of completion of each contract is periodically reviewed, taking into account the latest production indicators.

### **2.3 - Principles of consolidation**

#### **a) Subsidiaries**

The consolidation of subsidiaries in each accounting period was carried out by the global integration method. Control exists when the Group directly or indirectly holds a majority of the voting rights in the General Assembly, or has the power to govern the financial and operating policy.

Third party interest in the equity and net income of such companies is separately presented in the consolidated balance sheet and in the consolidated income statement, under the relevant items of "Minority interests" (Note 34).

Where losses applicable to the minority exceed the minority interest in the equity of the relevant subsidiary, the excess, and any further losses attributable to the minority, are charged to the Group unless the minority has a binding obligation to, and is able to, make good the losses. Where excess losses have been taken up by the Group, if the subsidiary in question subsequently reports profits, all such profits are attributed to the Group until the minority's share of losses previously absorbed by the Group has been recovered.

The subsidiaries at 31 December 2009 are presented in Note 4. The significant transactions and balances between these companies were eliminated during the consolidation process. Capital gains arising from the sale of subsidiaries, within the Group, were also eliminated.

Where necessary, adjustments are made to the financial statements of subsidiaries with a view to achieving uniformity of their accounting policies with those applied by the Group.

#### **b) Jointly controlled companies**

Investments in jointly controlled companies (Note 23) were consolidated using the proportional consolidation method, from the date on which joint control is acquired. According to this method, the assets, liabilities, income and expenditure of these companies were integrated into the consolidated financial statements on a line-by-line basis, in proportion to the Group's control over them.

Transactions, balances and dividends distributed between companies are eliminated to the extent of the Group's control over them.

The classification of investments in jointly controlled companies is determined based on company agreements governing the joint control.

**c) Business combination**

Business combination, including the acquisition of subsidiaries, is recorded by the purchase method. The cost of acquisition represents the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, plus any costs directly attributable to the acquisition.

The identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the acquisition date if they comply with the criteria for recognition, in accordance with IFRS 3 - Business Combinations (IFRS 3). Any excess of the cost of acquisition over the fair value of the identifiable net assets is recognised as *Goodwill*. If the cost of acquisition is less than the fair value of the net assets identified, the difference is recognised as a gain in the income statement for the period in which the acquisition occurs. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

**d) Investments in associated companies**

An associate is a company in which the Group exercises significant influence, but not control or joint control, through participation in decisions relating to its financial and operating policies.

Investments in the majority of associated companies (Note 22) are accounted for by the equity method, except when they are classified as held for sale, with the shares initially stated at cost, which is increased or decreased according to the difference between that cost and the value of the share of the equity of these companies reported on the date of acquisition or first application of that method.

Under the equity method, investments are periodically adjusted by the amount corresponding to the net income of associated companies in consideration of the "Profit/(loss) of subsidiaries (Note 14) and of other changes in their equity in consideration of the items "Adjustments to equity interests in associated companies", as well as the recognition of impairment losses. In addition to this, dividends received from these companies are recognised as a reduction in the value of financial investments.

Losses associated with excess investment in such companies are not recognised unless the Group has undertaken commitments in relation to them.

Any excess of the cost of acquisition over the fair value of the identifiable net assets is recognised as "Investments in associated companies - *Goodwill*". If the cost of acquisition is less than the fair value of the net assets identified, the difference is recognised as a gain in the income statement for the period in which the acquisition occurs.

Unrealised gains on transactions with associated companies are eliminated in proportion to the Group's interest in the associated company, in consideration of the investment made in that associated company. Unrealized losses are eliminated in a similar manner, but only to the extent that the loss does not show that the assets transferred are impaired.

**e) Goodwill**

*Goodwill* represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled company at the acquisition date.

*Goodwill* is recognised as an asset and is not subject to depreciation, whereby it is separately shown in the balance sheet (Note 18). *Goodwill* is annually tested for impairment or whenever there are indications of a possible loss of value. Any impairment loss is immediately recognised as an expense in the income statement for the period and is not subject to subsequent reversion.

On disposal of a subsidiary or jointly controlled company, the attributable amount of *Goodwill* is included in the determination of the profit or loss arising on disposal.

If the cost of acquisition is less than the fair value of the net assets identified, the difference is recognised as a gain in the income statement for the period in which the acquisition occurs.

The *Goodwill* relating to investments in subsidiaries located abroad is recorded in the functional currency of these subsidiaries and translated into the functional currency of the Group (Euro) at the exchange rate in force at the balance sheet date. All currency translation differences are recorded as "Foreign currency translation adjustments".

#### 2.4 - Intangible assets

Intangible assets essentially comprise contractual rights and costs incurred on specific projects with future economic value and are stated at cost, less accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that they produce future economic benefits for the Group, are controllable by the Group and their value can be measured reliably.

Internally generated intangible assets, including expenditure on research and development chain, are recognised as an expense when incurred.

Internal costs associated with software maintenance and development are recognised as an expense, recorded as an expense in the income statement when incurred, except in cases where these costs are directly related to projects which are likely to generate future economic benefits for the Group. In such cases, these costs are capitalised as intangible assets.

Depreciation is calculated, after the time the assets started being used, based on the straight-line method, in accordance with the period of usefulness that the Group expects of the assets concerned.

#### 2.5 - Tangible fixed assets

Fixed assets used in production, services or for administrative purposes are stated at their cost of acquisition or production, including costs attributable to the purchase, less accumulated depreciation and impairment losses, where applicable.

Some buildings were re-valued to their market value on 1 January 2004, as permitted by the transitional provisions set out in IFRS 1, recognising the value calculated by this formula as a new cost value.

Tangible assets are depreciated using the straight-line method, according to their estimated useful life, from the date on which they are available to be used for the intended purpose and cease when the assets become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Years of useful life
Building and other constructions	5 - 20
Basic equipment	4 - 8
Transport equipment	3 - 7
Tools and utensils	3 - 7
Administrative equipment	2 - 10
Other tangible fixed assets	1 - 4

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

Tangible fixed assets in progress represent assets still under construction/promotion and are stated at cost of acquisition minus any impairment losses. These tangible assets are depreciated from the time the assets are completed or available for use.

Capital gains or losses arising from the sale or withdrawal of tangible fixed assets are determined by the difference between the selling price and net book value at the date of sale/withdrawal and stated at their net worth in the income statement under "Other operating income" or "Other operating costs".

## 2.6 - Leases

Lease contracts are classified as: (i) finance leases if they substantially transfer all risks and rewards of ownership, or (ii) operating leases if they do not substantially transfer all risks and rewards of ownership.

Leases are classified as finance or operating leases according to the nature of the contract and not its form.

Tangible fixed assets acquired under finance lease contracts and the corresponding liabilities are accounted for using the financial method, recognising the tangible fixed asset, the corresponding accumulated depreciation and outstanding principal payments in accordance with the contractual financial plan. In addition to this, interest included in the value of lease instalments and the depreciation of the tangible fixed asset are recognised as costs in the income statement for the period to which they relate.

In operating leases, the instalments payable are recognised as a cost in the income statement on a straight line basis over the agreed lease period.

## 2.7 - Impairment of non-current assets, excluding *goodwill*

An impairment assessment is performed whenever events or changes in circumstances indicate that the amount at which an asset is recognised may not be recovered. In the presence of such indications, the Group determines the recoverable amount of the asset in order to ascertain the extent of the possible impairment loss.

In situations where an individual asset does not generate cash flows independently of other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs.

If the amount at which an asset is recognised is greater than its recoverable amount, an impairment loss is recognised and recorded in the income statement under "Impairment losses and provisions".

The recoverable amount is the higher of an asset's net selling price (selling price less costs to sell) and its value in use. The net selling price is the amount obtainable from the sale of assets in an arm's length transaction between knowledgeable and willing parties, net of costs directly attributable to the sale. Value in use is the present value of estimated future cash flows that are expected from continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognised in prior years is recorded when there are indications that the recognised impairment losses no longer exist or have decreased. The reversal of impairment losses is recognised in the income statement under "Impairment losses and provisions" for the period in which the reversal occurs. However, an impairment loss is reversed up to the amount that would be recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

## 2.8 - Investment properties

Investment properties, including land and buildings held to be leased out, capital appreciation, or both, are initially recorded at their purchase price or at cost at the date of construction (in case of own construction investment), including any directly attributable expenditure.

After initial recognition, all investment properties, including those that are under construction, are measured by their fair value reflecting market conditions at the balance sheet date. All gains or losses arising from changes in the fair value of investment properties are recognised in the income statement as they occur and recorded under "Change in the fair value of investment properties", included in "Other operating income" (Note 8) or "Other operating costs" (Note 13), depending on whether they are gains or losses.

The fair value of each investment property is determined through valuation, in some cases by an independent appraiser and in accordance with generally accepted valuation criteria for the real estate market. In other cases, the determination of market value is carried out internally, based on criteria similar to those considered by external valuers, taking into account the expected discounted cash flows.

The costs incurred for investment properties in use, including maintenance, repairs, insurance and taxes, are recognised in the income statement for the period to which they relate.

## 2.9 - Foreign currency assets, liabilities and transactions

Transactions carried out in currencies other than the Euro are recorded at rates prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated into Euro using the exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities recorded at fair value denominated in foreign currencies are translated into Euro using the relevant exchange rate on the date when the fair value was determined.

Favourable and unfavourable exchange rate differences arising from differences in exchange rates on the date of transaction and those prevailing at the time of collection, payment, or the balance sheet date of such transactions are recorded as gains and costs in the income statement for the period, except those related to non-monetary items whose change in fair value is directly recorded in equity under the heading "Foreign currency translation adjustments."

The financial statements of subsidiaries and associated companies denominated in foreign currencies are translated considering the exchange rate prevailing at the balance sheet date for the translation of assets and liabilities, the historical exchange rate for the translation of equity balances of equity items and the average exchange rate for the period for the translation of the items in the income and cash flow statements.

The effects of foreign currency translation, subsequent to 1 January 2004, are recorded in equity, under the item "Foreign currency translation adjustments", but transferred to financial profit or loss upon disposal of the corresponding investments.

In accordance with IAS 21, *Goodwill* and fair value adjustments made during the acquisition of foreign companies are deemed to be denominated in the functional currency of such companies and are translated into Euro at the exchange rate ruling at the balance sheet date. Exchange rate differences are recorded under the item "Foreign currency translation adjustments."

## 2.10 - Financing costs

Loan costs are recognised in the income statement for the period to which they relate, except to the extent that the finance charges on loans directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for the intended use are capitalised and added to the cost of the asset. The capitalisation of these charges begins after the commencement of the preparation for the construction or development of the asset and is interrupted after the commencement of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans in advance and allocable to a specific investment is deducted from finance costs eligible for capitalisation.

## 2.11 - Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the grant conditions.

Operating grants, particularly for employee training, are recognised in the income statement in accordance with costs incurred.

Investment grants relating to the acquisition of tangible fixed assets are included under "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement according to the straight-line depreciation of the assets financed with the grants.

## 2.12 - Inventories

Goods and raw materials are stated at cost, which is lower than their market value, using the average cost as the costing method.

Intermediate and finished products and work in progress are stated at the weighted average cost of production, which includes the cost of raw materials incorporated, manpower and manufacturing overheads (considering the depreciation of production equipment calculated on the basis of normal usage levels), which is below the net realisable value. Net realisable value corresponds to the normal selling price less production completion costs and marketing costs.

Adjustments are recorded by inventory depreciation based on the difference between the cost and value of inventory realisation if the latter is less than the cost.

## 2.13 - Provisions

Provisions are recognised only when: i) the Group has a present obligation (legal or constructive) as a result of a past event, ii) it is probable that a transfer of economic benefits will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate at that reporting date.

Provisions for restructuring costs are recorded by the Group when there is a formal and detailed restructuring plan that has been communicated to all parties concerned.

## 2.14 - Segment reporting

A business segment is a group of assets and operations engaged in providing products or services subject to risks and returns that are different from those of other business segments. A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment which are subject to risks and returns that are different from those of segments operating in other economic environments.

The Group presents business segments as operating segments, in a manner consistent with the way management conducts business.

## 2.15 - Operating profit and loss

Operating profit/loss includes all the costs and revenues of operating activities, both recurring and non-recurring, including restructuring costs and the costs and revenues associated with operating assets (tangible fixed assets and other intangible assets). It also includes the capital gains or losses calculated on the sale of companies included in the consolidation using the full or proportional consolidation method. Thus, the net financing cost, profit or loss from associated companies (Note 22) and from other financial investments (Note 25), and income taxes are excluded from operating profit and loss.

## 2.16 - Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual relationship.

### a) Cash and cash equivalents

The amounts included in Cash and cash equivalents correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be immediately deployed with no significant risk of change in value.

### b) Accounts receivable

Accounts receivable are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. If there is an indication that they are impaired, their adjustment is recorded as profit or loss. The recognised adjustment is measured by the difference between the amount at which the receivables are recognised and the present value of cash flows discounted at the effective interest rate calculated at initial recognition.

### c) Investments

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

Available-for-sale financial assets are financial investments which are available for sale and are classified as non-current assets.

After initial recognition, available-for-sale financial assets are measured by reference to their market value at the balance sheet date, without any deduction for transaction costs that may be incurred until their sale. Gains and losses arising from a change in fair value are recorded in equity under the item "Fair value reserve" until the investment is sold, collected or otherwise disposed of, or in situations where an impairment loss is believed to exist, at which time the accumulated gain or loss is recorded in the income statement.

Financial assets available for sale in equity instruments that do not have a market price listed in an active market and whose fair value cannot be reliably measured are classified as "Other investments". Other investments are measured at cost less any accumulated impairment losses.

**d) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the nature of a contract regardless of their legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting all of its liabilities.

Equity instruments issued by the Group are recorded at the amount received net of costs incurred to issue them.

**e) Accounts payable**

Accounts payable are recognized initially at fair value and subsequently at their amortized cost using the effective rate of interest method and after deducting estimated impairment losses.

**f) Bank loans**

Loans are initially recorded and recognised as liabilities at their nominal value, net of the costs for issuing them and subsequently measured at amortised cost. Finance charges, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual principle and added to the book value of the loan if they are not paid during the year.

**g) Derivative financial instruments and hedge accounting**

Derivative financial instruments are used to hedge the financial risks to which the Group is exposed due to changes in interest rates. Thus, the Group does not use derivative financial instruments for speculative purposes.

Financial instruments are used in accordance with internal policies adopted by the Board of Directors.

Derivative financial instruments are measured at their fair value. The recognition method depends on the nature and purpose of their use.

**Hedge accounting**

The possibility of classifying a derivative financial instrument as a hedging instrument is consistent with the provisions of IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), particularly regarding their documentation and effectiveness.

Changes in the fair value of derivative financial instruments classified as fair value hedges are recognised as a financial profit or loss for the period, as well as changes in the fair value of the asset or liability subject to that risk.

Changes in the fair value of derivative financial instruments classified as cash flow hedges are recorded in "Other reserves" for their effective part and in financial profit/(loss) for their non-effective part. The values recorded in "Other reserves" are transferred to the financial profit/(loss) for the period when the hedged item still affects income.

Changes in derivative financial instruments classified as hedges of a net investment in a foreign operation are recorded as "Foreign currency translation adjustments" for their effective part. The non-effective part of those changes is immediately recognised as financial profit/(loss) for the period. If the hedging instrument is not a derivative, its changes arising from changes in exchange rates are recorded under "Foreign currency translation adjustments."

Hedge accounting is discontinued when the hedging instrument expires, is sold or exercised, or when the hedge relationship no longer meets the requirements set out in IAS 39.

**Trading instruments**

For derivative financial instruments which, despite being used for economic hedging purposes, in accordance with the Group's risk

management policies do not comply with all provisions of IAS 39 regarding the possibility to qualify as hedge accounting, changes in their fair value are recorded in the income statement for the period in which they occur.

## 2.17 - Pension liabilities

The Group offers a retirement plan to its employees.

This plan was created as part of an employee welfare and benefits policy and is implemented exclusively by subsidiaries where these benefits are allocated. Characterised by their voluntary nature, contributions that are deemed appropriate are subject to the sole discretion of their board of directors, taking into account performance and the economic and financial situation. Thus, the contributions made by the Group are recorded as an expense on the date they are due.

Subject to their optional creation, the contributions made by the Group are exclusively those provided for in applicable tax legislation.

## 2.18 - Income tax

Income tax for the period is calculated based on taxable income of companies included in consolidation and comprises deferred taxation.

The current income tax rate is calculated based on the taxable income (which differs from accounting income) of the companies included in the consolidation in accordance with the tax rules in force at the registered office of each Group company.

Deferred taxes relate to temporary differences between amounts of assets and liabilities for accounting purposes and their amounts for taxation purposes, as well as the resulting tax benefits obtained.

Deferred tax assets and liabilities are calculated and periodically evaluated using tax rates that are expected to be in force at the date of reversal of the temporary differences and are not discounted.

Deferred tax assets are recorded only when there is reasonable expectation of sufficient future taxable income to use them. At each balance sheet date, temporary differences underlying deferred tax assets are reviewed to recognise them or adjust them according to the current expectation of future recovery.

## 2.19 - Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

## 2.20 - Revenue and accruals

### Sales

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales are recognised net of taxes, discounts and other costs incurred to realise the fair value of the amount received or receivable.

### Services rendered

Revenue arising from services rendered is recognised in the income statement with reference to the stage of completion of services at the balance sheet date.

If the result of a construction contract can be reasonably estimated, revenue and the related costs are recognised using the percentage of completion method as required by IAS 11 - Construction Contracts (IAS 11). According to this method, the income directly related to work in progress is recognised in the income statement according to their percentage of completion, which is determined by the ratio of costs incurred and the total estimated costs of works (costs incurred plus costs to be incurred). The differences between the income determined by this method and the invoices issued are recorded under "Other current assets" (Note 30) or "Other current liabilities" (Note 40), depending on the nature of the differences.

Changes in the works under a construction contract, claims and premiums are considered as they are agreed and when they can be quantified in a sufficiently reliable manner.

To make a reasonable estimate of the result of a contract, the following conditions must be satisfied:

- It is probable that the Group will obtain the economic benefits set out in the contract;
- Contract costs are identifiable and can be quantified reliably;
- At the balance sheet date, it must be possible to reliably measure the necessary costs to complete construction and the degree of completion thereof, so that the actual costs incurred can be compared with the initial estimates.

To cope with the costs to be incurred during the warranty period of the works, the Group recognises a liability to hedge this risk, which is calculated taking into account annual production and the record of past costs incurred in works during the warranty period.

If it becomes probable that the costs exceed the proceeds of the contract, the expected loss is recognised in the income statement for the period to which it relates.

### Accruals

Income and expenditure are recorded on an accrual basis, through which they are recognised as they are generated. Income and expenditure whose actual value is unknown are estimated.

The differences between the amounts received and paid and the corresponding income and expenditure are recorded under Other assets (current and non-current) and Other liabilities (current and non-current).

### **2.21 - Impairment of Financial Assets and adjustments**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### Available-for-sale financial assets

In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement.

#### Customers, receivables and other financial assets

Adjustments for losses in value are recorded when there are objective indicators that the Group will not receive all the amounts to which it was entitled under the original terms of the contracts established. Various indicators are used to identify them, such as:

- length of credit time;
- financial difficulties of the debtor;
- probability of insolvency of the debtor.

The adjustments are determined by the difference between the recoverable amount and the balance sheet value of the financial asset and are recorded in consideration of the profit or loss for the year. The balance sheet value of these assets is reduced to the recoverable amount using an adjustments account. When an amount receivable is considered impaired, it is withdrawn due to the use of the relevant adjustments account. Subsequent recoveries of amounts that have been withdrawn are recognised in profit or loss.

## 2.22 - Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the adjusted income attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period, adjusted for any dilutive potential ordinary shares.

Dilutive potential ordinary shares may result from share options and other financial instruments issued by the Group, convertible into shares of the parent company.

## 2.23 - Subsequent events

Events occurring after the balance sheet date that provide additional information about conditions that existed at the balance sheet date are duly reflected in the consolidated financial statements.

Events after the balance sheet date that provide information on conditions occurring after the balance sheet date are disclosed in the notes to the consolidated financial statements (Note 45).

## 3 - CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

During the year ended 31 December 2009, there were no changes in accounting policies compared to those considered in the preparation of financial information for the year ended 31 December 2008 and referred to in the notes, nor were there significant errors regarding prior years.

## 4 - COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

At 31 December 2009, the Parent Company, Teixeira Duarte - Engenharia e Construções, S.A., and the following subsidiaries were included in the consolidation using the full consolidation method:

Company Name	Registered Office	Shareholding percentage
<b>DOMESTIC MARKET</b>		
<b>CONSTRUCTION</b>		
BEL-ere - Engenharia e Reabilitação de Estruturas, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
OFM - Obras Públicas, Ferroviárias e Marítimas, S.A.	Edifício 1, Lagoas Park Porto Salvo	60.00%

Company Name	Registered Office	Shareholding percentage
PERFORESC - Perfurações e Escavações, ACE	Edifício 1, Lagoas Park Porto Salvo	100.00%
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	Edifício 1, Lagoas Park Porto Salvo	60.00%
<b>CEMENT, CONCRETE AND AGGREGATES</b>		
C + P.A. - Cimento e Produtos Associados, S.A.	Edifício 1, Lagoas Park Porto Salvo	52.00%
MARINERTES, S.A.	Edifício 1, Lagoas Park Porto Salvo	51.00%
<b>CONCESSIONS AND SERVICES</b>		
BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda.	Edifício 2, Lagoas Park Porto Salvo	100.00%
INVICTAAMBIENTE - Recolha de Resíduos e Limpeza Pública, S.A.	Praça do Bom Sucesso, nº 61 - Escritórios 501 e 502 Porto	100.00%
RECOLTE - Recolha, Tratamento e Eliminação de Resíduos, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
SATUOEIRAS - Sistema Automático de Transporte Urbano, E.M., S.A.	Edifício Paço de Arcos, E.N. 249/3 Paço de Arcos	49.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
TDHOSP - Gestão de Edifício Hospitalar, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>REAL ESTATE DEVELOPMENT</b>		
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
Fundo de Investimento Imobiliário Fechado TDF	Edifício 2, Lagoas Park Porto Salvo	100.00%
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
IMOTD - SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
PARCAUTO - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	99.80%
QUINTA DE CRAVEL - Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDE - Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TD VIA - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	93.75%
TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TRANSBRITAL - Transportes e Britas Pio Monteiro & Filhos, S.A.	Pedreira das Perdigueiras - Laveiras Paço de Arcos	100.00%
V8 - Gestão Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	99.90%

Company Name	Registered Office	Shareholding percentage
<b>HOTEL SERVICES AND HOSPITALITY INDUSTRY</b>		
ESTA - Gestão de Hotéis, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
EVA - Sociedade Hoteleira, S.A.	Av. República, nº 1 Faro	100.00%
LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
LAGOAS HOTEL, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
ROCHORIENTAL - Sociedade Hoteleira, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDH - SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDHC - Instalações para Desporto e Saúde, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
<b>PETROLEUM PRODUCTS SALES</b>		
ACG - Distribuição e Comércio de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	34.53%
AP GÁS - Distribuição e Comércio de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	34.53%
DIGAL - Distribuição e Comércio, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	32.06%
DNGÁS - Distribuição e Comércio de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	49.33%
GOMES & OLIVEIRA, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	34.53%
LUBRILAMEIRÃO, Lda. (a)	Av. da Liberdade, nº 666 Fafe	47.99%
MERCAPETRO - Produtos Petrolíferos, S.A. (a)	Rua Óscar da Silva, 2243 Leça da Palmeira	27.99%
MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	34.53%
PETRIN - Petróleos e Investimentos, S.A. (a)	Edifício 1, Lagoas Park Porto Salvo	47.24%
PETROSÓRIO - Combustíveis e Lubrificantes, Lda. (a)	Edifício 1, Lagoas Park Porto Salvo	49.33%
PPS - Produtos Petrolíferos, S.A. (a)	Edifício 1, Lagoas Park Porto Salvo	49.33%
PTG - SGPS, S.A.	Edifício 1, Lagoas Park Porto Salvo	98.65%
TANQUIGÁS - Distribuição e Comércio de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	34.53%
TDARCOL - SGPS, S.A.	Edifício 1, Lagoas Park Porto Salvo	49.33%
Transportes Centrais de Matosinhos, Lda. (a)	Edifício 1, Lagoas Park Porto Salvo	49.33%
<b>VEHICLES SALES</b>		
TDO - Investimento e Gestão, S.A.	Rua das Pretas, 4 - Fracção 4 D Funchal	100.00%
VTD - Veículos Automóveis, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%

Company Name	Registered Office	Shareholding percentage
<b>OTHERS</b>		
TDCIM - SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDEMPA - Gestão de Participações e Investimentos, S.A.	Rua das Pretas, 4 - Fracção 4 D Funchal	70.00%
TDO - SGPS, S.A.	Rua das Pretas, 4 - Fracção 4 D Funchal	100.00%
TEDAL - SGPS, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEIXEIRA DUARTE - TRADING, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
<b>FOREIGN MARKET</b>		
<b>ANGOLA</b>		
<b>CONSTRUCTION</b>		
BEL-ere - Engenharia e Reabilitação de Estruturas Angola, Lda.	Alameda Manuel Van-Dúnem, 318 Luanda	100.00%
<b>CEMENT, CONCRETE AND AGGREGATES</b>		
ANGOCIME - Cimentos de Angola, Lda.	Rua Comandante Che Guevara, 67 - 1º D Luanda	100.00%
BETANGOLA - Betões e Pré-Fabricados de Angola, Lda.	Rua Comandante Che Guevara, 67 - 1º D Luanda	100.00%
<b>CONCESSIONS AND SERVICES</b>		
EDUCARE - Actividades Educativas e Culturais, Lda.	Rua Amílcar Cabral, 27 - R/C C Luanda	100.00%
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Rua Comandante Che Guevara, 67 - 1º D Luanda	100.00%
<b>REAL ESTATE DEVELOPMENT</b>		
AFRIMO - Empreendimentos Imobiliários, Lda.	Rua Amílcar Cabral, 51 - 1º C Luanda	51.00%
ANGOPREDIAL - Empreendimentos Imobiliários, Lda.	Rua Amílcar Cabral, 27 - R/C D Luanda	100.00%
CASANGOL - Gestão Imobiliária, Lda.	Rua Amílcar Cabral, 27 - R/C D Luanda	100.00%
IMOAFRO - Empreendimentos Imobiliários, Lda.	Rua Amílcar Cabral, 27 - R/C D Luanda	100.00%
Teixeira Duarte - Engenharia e Construções (Angola), Lda.	Rua Amílcar Cabral, 27 - R/C D Luanda	100.00%
URBÁFRICA - Sociedade Imobiliária, Lda.	Rua Amílcar Cabral, 35 - 5º C Luanda	90.00%
URBANGO - Gestão Imobiliária, Lda.	Rua Amílcar Cabral, 27 - R/C D Luanda	100.00%
<b>HOTEL SERVICES AND HOSPITALITY INDUSTRY</b>		
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	Rua Comandante Gika - Bairro Maiango Luanda	100.00%

Company Name	Registered Office	Shareholding percentage
ANGOIMO - Empreendimentos e Construções, Lda.	Rua Amílcar Cabral, 35 - 5º C Luanda	100.00%
Serafim L. Andrade, S.A.R.L.	Rua da Missão, 103 Luanda	80.00%
<b>FOOD TRADING</b>		
MAXI - Comércio Geral, Importação e Exportação, Lda.	Rua Amílcar Cabral, 51 - 1º C Luanda	100.00%
MAXI RETAIL - Comércio Geral, Lda.	Avenida Pedro de Castro Van - Dúnem Luanda	100.00%
<b>VEHICLES SALES</b>		
AUTO COMPETIÇÃO Angola, Lda.	Rua Eugénio de Castro, Instalações do Cine Atlântico - Luanda	100.00%
COMÉRCIO DE AUTOMÓVEIS, Lda.	Rua Frederich Engels, 9 Luanda	100.00%
TDA - Comércio e Indústria, Lda.	Rua Amílcar Cabral, nº 27 R/C, Letra C Luanda	100.00%
TOPCAR - Aluguer de Viaturas, Lda.	Rua Amílcar Cabral, nº 27 R/C, Letra C Luanda	100.00%
VAUCO - Automóveis e Equipamentos, Lda.	Rua Ho Chi Min (Largo 1º de Maio) Luanda	51.00%
VTD - Veículos Automóveis Angola, Lda.	Via A-1, Lote CCB-5 - Pólo Automóvel Luanda	100.00%
<b>ALGERIA</b>		
<b>CONSTRUCTION</b>		
TEIX.CO, SPA	BP 62B Zone D'Active Dar El Beida Alger	50.00%
TEIXEIRA DUARTE ALGERIE, SPA	Parc Miremont, Rue A, nº 136 Bouzareah Alger	99.94%
<b>BRAZIL</b>		
<b>CONSTRUCTION</b>		
EMPA - Serviços de Engenharia, S.A.	Rua Major Lopes, 800 Bairro São Pedro - Belo Horizonte	70.00%
SOMAFEL Brasil - Obras Ferroviárias, Ltda..	Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte	60.00%
<b>CONCESSIONS AND SERVICES</b>		
EMPA Logística, Ltda.	Rua Major Lopes, 800 - sala 410 Bairro São Pedro - Belo Horizonte	68.83%
GONGOJI Montante Energia, S.A.	Rua Major Lopes, 800 - sala 310 Bairro São Pedro - Belo Horizonte	69.99%
Paredão de Minas Energia, S.A.	Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte	69.99%
TABOQUINHA Energia, S.A.	Rua Major Lopes, 800 - sala 308 Bairro São Pedro - Belo Horizonte	69.99%

Company Name	Registered Office	Shareholding percentage
<b>REAL ESTATE DEVELOPMENT</b>		
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	Avenida Domingos Ferreira nº 4060, sala 301 Boa Viagem - Cidade de Recife	100.00%
TDSP - Participações, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	100.00%
TDSP - Elisa de Moraes Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	90.00%
TDSP - Bela Vista Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Galeno de Castro, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Maratona, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - Direitos Humanos, Empreendimentos Imobiliários, SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - 03, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	92.65%
TDSP - 04, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.95%
TDSP - 05, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	90.00%
TDSP - 06, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.95%
TDSP - 07, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo	99.95%
<b>SPAIN</b>		
<b>CONCESSIONS AND SERVICES</b>		
G.S.C. - Compañía General de Servicios y Construcción, S.A. SOCIEDAD UNIPERSONAL	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
<b>GIBRALTAR</b>		
<b>CONSTRUCTION</b>		
Teixeira Duarte International, LTD.	23, Portland House - Glacis Road Gibraltar	100.00%
<b>MACAO</b>		
<b>CONSTRUCTION</b>		
Teixeira Duarte - Engenharia e Construções (Macau), Lda.	Rua de Xangai, 175 Edifício Assoc. Comercial de Macau, 10 A Macao	100.00%
<b>MOZAMBIQUE</b>		
<b>CONSTRUCTION</b>		
Teixeira Duarte - Engenharia e Construções (Moçambique), Lda.	Av. 24 de Julho, 141 Maputo	72.66%
<b>CONCESSIONS AND SERVICES</b>		
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Av. 24 de Julho, 141 Maputo	67.41%

Company Name	Registered Office	Shareholding percentage
<b>REAL ESTATE DEVELOPMENT</b>		
IMOPAR - Centro Comercial de Maputo, S.A.R.L.	Av. 24 de Julho, 135 Maputo	100.00%
<b>HOTEL SERVICES AND HOSPITALITY INDUSTRY</b>		
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	Av. 24 de Julho, 135 Maputo	100.00%
Sociedade Hotel Tivoli, Lda.	Av. 25 de Setembro, 1321 Maputo	65.00%
TIVOLI BEIRA - Hotelaria e Serviços, Lda.	Av. 24 de Julho, 141 Maputo	98.63%
<b>NAMIBIA</b>		
<b>CEMENT, CONCRETE AND AGGREGATES</b>		
KARIBIB Portland Cement (PTY) (b)	P O Box 9574 Windhoek Namíbia	49.40%
KPC Tranding and Services (b)	P O Box 2143 Windhoek Namíbia	29.64%
<b>RUSSIA</b>		
<b>CEMENT, CONCRETE AND AGGREGATES</b>		
MMK Cement, Limited Liability Company (b)	Murmansk Rússia	36.40%
<b>UKRAINE</b>		
<b>CEMENT, CONCRETE AND AGGREGATES</b>		
Limited Liability Company Cement	Khutorskya Str., 70 Odessa	52.00%
<b>VENEZUELA</b>		
<b>CONSTRUCTION</b>		
TEGAVEN - Teixeira Duarte y Asociados, C.A.	Av. Este, 6 - Edif. Centro Parque Carabobo, Piso 6, Of. 601 - Caracas Venezuela	31.71%

(a) The Group retains control over these subsidiaries through the subsidiary TDARCOL - SGPS, S.A.

(b) The Group retains control over this subsidiary through the subsidiary C+P.A., S.A.

## 5 - CHANGES IN THE CONSOLIDATION PERIMETER

The main changes in the consolidation perimeter for the year ended 31 December 2009 were as follows:

### Withdrawals:

Company Name	Registered Office	Shareholding percentage
PROMOTUR, Lda.	Praia Messias Alves - Santana - S. Tomé e Príncipe	55.00%
INDAIA Grande Energia, S.A.	Rua Major Lopes, 800 - Sala 302 - Bairro São Pedro - Belo Horizonte - Brasil	70.00%

The above-mentioned withdrawals from the consolidation perimeter had the following impacts

Tangible assets (Note 20)	609
Inventories (Note 9)	31
Customers and other receivables	159
Cash and cash equivalents	119
Suppliers and other payables	(478)
Other current liabilities	(1)
Other non-current liabilities	(2,027)
Net assets disposed of	<u><u>(1,588)</u></u>
Minority interests (Note 34)	<u>715</u>
Capital increase	<u>6,029</u>
Goodwill (Note 18)	<u>(743)</u>
Realized capital gains (Note 8)	<u>1,435</u>
Amount received in tax credits	<u>1,108</u>
Amount payable	<u>1,932</u>
Net amount received (Note 29)	<u><u>5,401</u></u>

## 6 - FOREIGN EXCHANGE RATES

The exchange rates used to translate in Euro the assets and liabilities denominated in foreign currencies at 31 December 2009 and 2008, and the operating profit/(loss) generated in countries with a functional currency other than Euro, for the years then ended, were as follows:

Currency	Closing exchange rate			Average exchange rate		
	2009	2008	Var	2009	2008	Var
US Dollar	1.4406	1.3917	0.0489	1.3960	1.4722	-0.0762
Macanese Pataca	11.5060	11.1094	0.3966	11.1451	11.8055	-0.6604
Mozambican Metical	44.1500	35.2500	8.9000	38.6639	35.6554	3.0085
Venezuelan Bolivar	3.0934	2.9884	0.1050	3.0000	3.1620	-0.1620
Angolan Kwanza	128.5360	106.1945	22.3415	110.7838	110.7672	0.0166
Algerian Dinar	103.5086	98.2937	5.2149	101.4570	95.5932	5.8637
Moroccan Dirham	11.3480	11.2665	0.0815	11.2674	11.3652	-0.0978
Brazilian Real	2.5113	3.2436	-0.7323	2.8010	2.6694	0.1317
Ukrainian Hryvnia	11.5968	11.2032	0.3936	11.2369	7.8773	3.3596
Namibian Dollar	10.6660	13.0667	-2.4007	11.6325	11.9283	-0.2959
Sao Tome Dobra	n/a	21.468.60	-	n/a	21.697.51	-
Russian Ruble	43.1540	41.2830	1.8710	44.0684	36.6905	7.3779
Tunisian Dinar	1.9009	1.8318	0.0691	1.8781	1.8081	0.0701

**7 - INFORMATION BY OPERATING SEGMENTS**

The main activities carried out by the Group are gathered within the following operating segments:

- Construction
- Cement, concrete and aggregates
- Concessions and services
- Real Estate development
- Hotel services and hospitality industry
- Food trading
- Petroleum products sales
- Vehicles sales

Sales and services rendered and the profit/(loss) of each operating segment mentioned above, for the years ended 31 December 2009 and 2008 were as follows:

Segment	Sales and services rendered						Operating profit/(loss)	
	2009			2008			2009	2008
	External customers	Inter - segments	Total	External customers	Inter - segments	Total		
Construction	722,142	129,484	851,626	694,314	107,071	801,385	31,939	4,588
Cement, concrete and aggregates	17,020	15,422	32,442	33,088	16,311	49,399	(3,216)	2,880
Concessions and services	42,412	10,719	53,131	33,664	5,803	39,467	3,469	2,177
Real Estate	82,568	15,138	97,706	52,183	13,072	65,255	78,413	74,926
Hotel services and hospitality industry	82,601	6,518	89,119	68,135	7,142	75,277	31,760	20,527
Food trading	110,297	4,515	114,812	102,462	128	102,590	6,544	7,400
Petroleum products sales	102,172	2,014	104,186	148,574	2,651	151,225	5,193	3,422
Vehicles sales	123,281	11,317	134,598	158,653	20,349	179,002	12,737	28,271
Not allocated to any segment	-	-	-	-	-	-	(13,899)	(12,086)
Withdrawals	-	(195,127)	(195,127)	-	(172,527)	(172,527)	901	(1,011)
	<b>1,282,493</b>	<b>- 1,282,493</b>	<b>1,291,073</b>	<b>- 1,291,073</b>		<b>153,841</b>	<b>131,094</b>	
Financial costs and losses							(135,021)	(191,212)
Financial profits and gains							71,411	70,793
Profit/(loss) from investing activities							61,430	(475,020)
<b>Profit/(loss) before taxation</b>							<b>151,661</b>	<b>(464,345)</b>

Inter-segment transactions are conducted at market prices.

Other information:

Segment	Expenditure on fixed assets		Depreciation and amortization in profit/(loss)		Impairment losses and provisions	
	2009	2008	2009	2008	2009	2008
Construction	52,309	105,848	32,859	32,561	(22)	-
Cement, concrete and aggregates	28,074	20,321	3,545	3,603	664	796
Concessions and services	43,547	32,933	4,800	4,067	7	8
Real Estate	19,587	49,638	2,078	3,957	-	937
Hotel services and hospitality industry	2,004	4,883	6,534	5,934	-	-
Food trading	13,758	13,591	1,214	1,056	-	-
Petroleum products sales	5,277	10,706	2,653	2,819	-	56
Vehicles sales	4,978	2,759	1,617	930	(21)	21
Not allocated to any segment	314	35,186	4	3	-	-
	<b>169,848</b>	<b>275,865</b>	<b>55,304</b>	<b>54,930</b>	<b>628</b>	<b>1,818</b>

Segment	Assets								Liabilities	
	2009				2008				2009	2008
	Investments in associated companies	Available for-sale financial assets	Other assets	Total	Investments in associated companies	Available for-sale financial assets	Other assets	Total		
Construction	25,008	-	1,486,704	1,511,712	18,723	-	1,725,130	1,743,853	1,102,859	1,013,126
Cement, concrete and aggregates	46,952	-	99,631	146,583	51,834	83,524	114,318	249,676	44,522	106,725
Concessions and services	-	27,164	214,147	241,311	-	18,186	148,816	167,002	176,787	139,006
Real Estate	1,490	257,716	2,186,729	2,445,935	933	165,043	2,207,212	2,373,188	1,863,034	2,068,203
Hotel services and hospitality industry	292	-	232,578	232,870	173	-	230,585	230,758	164,680	155,295
Food trading	-	-	120,377	120,377	-	-	94,908	94,908	100,974	83,802
Petroleum products sales	1,190	-	67,950	69,140	1,149	-	73,496	74,645	47,076	52,791
Vehicles sales	-	-	193,878	193,878	-	-	168,547	168,547	138,911	98,398
Not allocated to any segment	902,264	-	317,551	1,219,815	818,813	-	466,142	1,284,955	304,904	24,707
Withdrawals	-	-	(2,669,102)	(2,669,102)	-	-	(3,209,495)	(3,209,495)	(942,810)	(902,948)
	<b>977,196</b>	<b>284,880</b>	<b>2,250,443</b>	<b>3,512,519</b>	<b>891,625</b>	<b>266,753</b>	<b>2,019,659</b>	<b>3,178,037</b>	<b>3,000,937</b>	<b>2,839,105</b>

Sales and services rendered, and information about non-current assets by geographical segment are composed as follows for the years ended 31 December 2009 and 2008:

Geographic segment	Sales and services rendered		Non-current assets	
	2009	2008	2009	2008
Portugal	497,181	553,355	723,262	628,054
Angola	495,759	445,015	285,115	270,607
Algeria	101,655	135,042	16,676	19,337
Brazil	78,212	53,410	19,868	16,066
Ukraine	11,326	27,560	25,066	20,746
Spain	29,092	26,782	16,497	16,427
Mozambique	53,424	26,034	14,081	14,495
Morocco	6,822	13,177	2,802	4,722
Venezuela	5,254	9,090	171	195
Others	3,768	1,608	2,480	2,770
	<b>1,282,493</b>	<b>1,291,073</b>	<b>1,106,018</b>	<b>993,419</b>

## 8 - OPERATING INCOME

Operating income for the years ended 31 December 2009 and 2008 was as follows:

	2009	2008
<b>Sales and services rendered:</b>		
Sales	1,021,340	1,021,757
Services rendered	261,153	269,316
	<b>1,282,493</b>	<b>1,291,073</b>
<b>Other operating profits and gains:</b>		
Change in the fair value of investment property (Note 21)	41,589	56,550
In-house works (a)	18,723	6,693
Disposal of assets (b)	8,336	241
Reversal of inventory adjustments (Note 10)	7,993	12
Gains on inventories	6,733	56
Supplementary profits	4,611	10,727
Reversal of adjustments to receivables (Note 27)	890	3,311
Corrections of previous financial years	617	1,028
Operating grants	199	11
Benefits from contractual penalties	121	143
Investment grants	84	104
Other operating profits and gains	13,015	7,232
	<b>102,911</b>	<b>86,108</b>
	<b>1,385,404</b>	<b>1,377,181</b>

a) In-house works are essentially costs associated with the construction of buildings in the Lagoas Park undertaking.

(b) The gains shown were obtained primarily from the disposal of tangible assets amounting to EUR 6,901 thousand (EUR 209 thousand in 2008) and from the disposal of assets and liabilities of companies that withdrew from the consolidation perimeter in the year ended 31 December 2009, amounting to EUR 1,435 thousand (EUR 32 thousand in 2008) (Note 5).

## 9 - COST OF SALES

During the years ended 31 December 2009 and 2008, the cost of sales was as follows:

	Raw materials, and consumables	Goods	Total
<b>Gross assets:</b>			
Balance at 1 January 2008	18,136	110,823	128,959
Changes in the consolidation perimeter	-	29	29
Adjustments	(172)	5,031	4,859
Purchases	163,796	421,854	585,650
Cost of the financial year	(155,850)	(397,619)	(553,469)
<b>Balance at 31 December 2008</b>	<b>25,910</b>	<b>140,118</b>	<b>166,028</b>
Balance at 1 January 2009	25,910	140,118	166,028
Changes in the consolidation perimeter (Note 5)	-	(31)	(31)
Adjustments	(9)	(998)	(1,007)
Purchases	168,008	288,596	456,604
Cost of the financial year	(162,477)	(283,798)	(446,275)
<b>Balance at 31 December 2009</b>	<b>31,432</b>	<b>143,887</b>	<b>175,319</b>
<b>Accumulated adjustments to inventories:</b>			
Balance at 1 January 2008	405	2,842	3,247
Reinforcements (Note 13)	458	447	905
Uses	(322)	(268)	(590)
Adjustments	(112)	(369)	(481)
<b>Balance at 31 December 2008</b>	<b>429</b>	<b>2,652</b>	<b>3,081</b>
Balance at 1 January 2009	429	2,652	3,081
Reinforcements (Note 13)	248	620	868
Uses	-	(1,018)	(1,018)
Adjustments	(22)	(142)	(164)
<b>Balance at 31 December 2009</b>	<b>655</b>	<b>2,112</b>	<b>2,767</b>
<b>Net value at 31 December 2008</b>	<b>25,481</b>	<b>137,466</b>	<b>162,947</b>
<b>Net value at 31 December 2009</b>	<b>30,777</b>	<b>141,775</b>	<b>172,552</b>

## 10 - CHANGE IN PRODUCTION

The change in production recorded in the years ended 31 December 2009 and 2008 was as follows:

	Products and works in progress	Intermediate and finished products	Total
<b>Gross assets:</b>			
Balance at 1 January 2008	135,136	29,819	164,955
Changes in the consolidation perimeter	(964)	-	(964)
Adjustments	5,006	(6,422)	(1,416)
Change in production	50,781	1,902	52,683
<b>Balance at 31 December 2008</b>	<b>189,959</b>	<b>25,299</b>	<b>215,258</b>
Balance at 1 January 2009	189,959	25,299	215,258
Adjustments	(2,015)	(33)	(2,048)
Change in production	5,534	559	6,093
<b>Balance at 31 December 2009</b>	<b>193,478</b>	<b>25,825</b>	<b>219,303</b>
<b>Accumulated adjustments to inventories:</b>			
Balance at 1 January 2008	2,597	-	2,597
Reinforcements (Note 13)	9,903	-	9,903
Reductions (Note 8)	(12)	-	(12)
<b>Balance at 31 December 2008</b>	<b>12,488</b>	<b>-</b>	<b>12,488</b>
Balance at 1 January 2009	12,488	-	12,488
Reinforcements (Note 13)	33	-	33
Reductions (Note 8)	(7,993)	-	(7,993)
Transfers	(4,451)	-	(4,451)
<b>Balance at 31 December 2009</b>	<b>77</b>	<b>-</b>	<b>77</b>
<b>Net value at 31 December 2008</b>	<b>177,471</b>	<b>25,299</b>	<b>202,770</b>
<b>Net value at 31 December 2009</b>	<b>193,401</b>	<b>25,825</b>	<b>219,226</b>

At 31 December 2009 and 2008, products and work in progress related to the following:

	2009	2008
Building contracts (Note 31)	64,648	61,649
Real estate undertakings	128,830	128,310
	<b>193,478</b>	<b>189,959</b>

At 31 December 2009 and 2008, real estate projects were being developed by the following companies:

	2009	2008
TD VIA - Sociedade Imobiliária, S.A.	26,335	24,020
V8 - Gestão Imobiliária, S.A.	25,093	28,559
QUINTA DE CRAVEL - Imobiliária, S.A.	17,714	18,066
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.	17,173	13,326
TDSP - Bela Vista, Empreendimentos Imobiliários, SPE, Ltda.	9,142	12,186
TDSP - Maratona, Empreendimentos Imobiliários, SPE, Ltda.	9,084	6,712
TDSP - Galeano de Castro, Empreendimentos Imobiliários, SPE, Ltda.	8,818	6,706
PARCAUTO - Sociedade Imobiliária, S.A.	6,060	5,767
TDSP - Direitos Humanos, Empreendimentos Imobiliários, SPE, Ltda.	2,869	6,861
IMOPREDOUÇOS - Sociedade Imobiliária, S.A.	1,710	1,548
TDSP - Elisa de Moraes - Empreendimentos Imobiliários, Ltda.	1,138	2,259
ANGOIMO - Empreendimentos e Construções, Lda.	336	347
Others	3,358	1,953
	<b>128,830</b>	<b>128,310</b>

At 31 December 2009 and 2008, there were no inventories pledged as security for liabilities.

**11 - STAFF COSTS**

The average number of employees, by business segment, in the years ended 31 December 2009 and 2008 was as follows:

	<b>2009</b>	<b>2008</b>
Construction	9,185	9,062
Cement, concrete and aggregates	423	490
Concessions and services	1,178	984
Real estate	88	83
Hotel services and hospitality industry	1,294	1,387
Food trading	526	440
Petroleum products sales	251	252
Vehicles sales	585	458
Others	-	1
	<b><u>13,530</u></b>	<b><u>13,157</u></b>

Staff costs for the years then ended were as follows:

	<b>2009</b>	<b>2008</b>
Wages and salaries	127,627	115,982
Other remunerations	61,561	57,249
Payroll costs	30,208	29,370
Insurance	5,050	6,659
Retirement benefits (a)	2,465	1,121
Other staff costs	8,900	7,506
	<b><u>235,811</u></b>	<b><u>217,887</u></b>

(a) The costs of retirement benefits represent contributions made to the pension plan (Note 2.17).

**12 - OPERATING LEASES**

Costs related to operating lease instalments amounting to EUR 451 thousand and EUR 593 thousand were recorded for the years ended 31 December 2009 and 2008, respectively.

The instalments of operating leases held by the Group at 31 December 2009 and 2008 have the following maturities:

	<b>2009</b>	<b>2008</b>
2009	-	520
2010	465	426
2011	388	342
2012	232	140
2013	79	48
	<b><u>1,164</u></b>	<b><u>1,476</u></b>

**13 - OTHER OPERATING COSTS**

Other operating costs for the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Taxes	24,653	29,016
Inventory losses	7,442	4,442
Adjustments to receivables (Note 27)	4,685	2,266
Change in the fair value of investment properties (Note 21)	2,324	3,287
Losses incurred in the disposal of assets (a)	1,268	794
Inventory adjustments (Notes 9 and 10)	901	10,808
Corrections to previous years	410	1,537
Fines and penalties	364	495
Donations	345	460
Inventory offers and samples	340	357
Levies	333	238
Bad debts	308	71
Expenditure on industrial property	96	116
Other operating costs	6,424	5,568
	<u><u>49,893</u></u>	<u><u>59,455</u></u>

(a) The losses shown were primarily incurred from the disposal of tangible fixed assets, amounting to EUR 1,268 thousand (EUR 738 thousand in 2008).

**14 - FINANCIAL PROFIT/(LOSS)**

The financial profit/(loss) for the years ended 31 December 2009 and 2008 was as follows:

	2009	2008
<b>Financial costs and losses:</b>		
Interest paid	70,302	121,444
Unfavourable exchange rate differences	42,756	50,357
Other financial costs and losses	21,963	19,411
	<u><u>135,021</u></u>	<u><u>191,212</u></u>
<b>Financial profits and gains:</b>		
Interest received	17,669	23,811
Favourable exchange rate differences	51,107	44,487
Cash discounts	943	785
Other financial profits and gains	1,692	1,710
	<u><u>71,411</u></u>	<u><u>70,793</u></u>
<b>Profit/(loss) from investing activities:</b>		
Profit/(loss) from associated companies (a)	52,954	58,647
Dividends (b)	8,121	2,938
Other investments	-	(504)
Profit/(loss) from available-for-sale assets (Note 24)	355	(536,101)
	<u><u>61,430</u></u>	<u><u>(475,020)</u></u>
<b>Financial profit/(loss)</b>	<b>(2,180)</b>	<b>(595,439)</b>

(a) The profit/(loss) of associated companies for the year ended 31 December 2009 include the effect of applying the equity method to investments in associated companies in the amount of EUR 52,919 thousand (EUR 58,754 thousand at 31 December 2008) (Note 22), as well as the capital gain from the disposal of the interest of Lima Petróleos - Combustíveis do Lima, Lda., amounting to EUR 35 thousand (EUR 107 thousand in 2008) (Note 22).

(b) At 31 December 2009, the amounts shown correspond to dividends received from available-for-sale financial assets amounting to EUR 6,112 million and the rest from "Other Investments", whereas at 31 December 2008, the amounts shown correspond to dividends received from available-for-sale financial assets amounting to EUR 1,352 thousand and the rest from "Other Investments".

In the year ended 31 December 2009, interest amounting to EUR 12,369 thousand (EUR 6,984 thousand at 31 December 2008) was capitalised.

In the years ended 31 December 2009 and 2008, an average rate of 3.9% and 6.8%, respectively, was used to capitalise finance charges to the cost of acquisition of qualifying assets.

## 15 - INCOME TAX

Teixeira Duarte - Engenharia e Construções, S.A. and most of its subsidiaries are subject to Corporate Income Tax ("IRC") at the rate of 12.5% on the taxable amount of up to EUR 12,500, and at the rate of 25% on the remaining taxable amount. Besides IRC, they are also subject to a municipal surcharge (*Derrama*), levied on the taxable profit recorded by them and whose rate may vary up to a maximum of 1.5%, as well as autonomous taxation on all charges and at the rates set out in Article 88 of the Portuguese IRC Code. In calculating the taxable amount, to which the above-mentioned tax rate is applied, the amounts not accepted for tax purposes were added to and subtracted from the profit and loss accounts. These differences between the accounting and tax bases of assets and liabilities may be temporary or permanent.

The Company and the subsidiaries located in Portugal and in which the form has a shareholding percentage of at least 90%, are subject to the special taxation scheme for groups of companies (since financial year 2003). This scheme consists of the aggregation of the taxable assets and liabilities of all the companies included in the scope of taxation, as provided in Article 63 of the Portuguese IRC Code, minus dividends distributed, whereby the IRC rate and corresponding municipal tax are applied to the overall income thus obtained.

In accordance with the legislation in force, tax returns are subject to review and correction by tax authorities during a period of four years (ten years for Social Security up to 2000, included, and five years as of 2001), except when there have been tax losses, tax benefits have been granted, or inspections, claims or disputes are underway, cases in which, depending on the circumstances, the deadlines are extended or suspended. Therefore, the Group's tax returns for the years 2006 to 2009 may still be reviewed. The Board of Directors believes that any subsequent corrections resulting from reviews and inspections performed by tax authorities to those tax returns will not have a significant effect on the financial statements for the year ended 31 December 2009.

The Group shall record deferred taxes related to temporary differences between the carrying value of assets and liabilities and the corresponding tax base, as provided in IAS 12 - Income Tax (Note 26).

The tax charge recorded for the years ended 31 December 2009 and 2008 can be broken down as follows:

	2009	2008
<b>Current tax:</b>		
Income tax in Portugal	11,514	22,218
Income tax in other jurisdictions	8,234	7,555
	<b>19,748</b>	<b>29,773</b>
<b>Deferred tax (Note 26):</b>		
	16,939	(81,141)
	<b>36,687</b>	<b>(51,368)</b>

In addition to the amounts of deferred tax directly recorded in the income statement, deferred tax amounting to EUR 3,850 thousand was directly recorded as a decrease at 31 December 2009 (EUR 4,722 thousand at 31 December 2008), directly as an increase in equity.

## 16 - EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2009 and 2008 were calculated taking into account the following amounts:

	2009	2008
<b>Earnings per share:</b>		
Profit/(loss) for the purpose of calculating the net basic earnings per share (net profit/(loss) for the year)	116,629	(347,244)
The weighted average number of shares used for calculating the net basic earnings per share (thousands)	420,000	420,000
Net basic earnings per share	<b>0.28</b>	<b>(0.83)</b>

Given that there is no dilutive effect on earnings per share for the years ended 31 December 2009 and 2008, the diluted earnings per share are identical to the basic earnings per share.

## 17 - DIVIDENDS

At the General Meeting held on 13 May 2009, shareholders approved the non-payment of any dividends for the year ended 31 December 2009. In the year ended 31 December 2008, dividends of EUR 0.018 per share, amounting to EUR 7,560 thousand, were paid.

## 18 - GOODWILL

During the years ended 31 December 2009 and 2008, changes in the values of *Goodwill* determined on the acquisition of subsidiaries and jointly controlled companies, as well as in related impairment losses were as follows:

	2009	2008
<b>Gross assets:</b>		
Opening balance	60,216	46,746
Effect of foreign currency translation	9	-
Purchases	-	13,470
Disposals (Note 5)	(743)	-
Transfers	172	-
Closing balance	59,654	60,216
<b>Accumulated impairment losses:</b>	 (1,570)	 (1,570)
<b>Net assets:</b>	 <b>58,084</b>	 <b>58,646</b>

The values of *Goodwill* at 31 December 2009 and 2008 relate to the following companies:

Subsidiary	Business segment	2009	2008
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construction	12,107	12,107
Limited Liability Company Cement	Cement, concrete and aggregates	23,761	23,761
C+PA - Cimento e Produtos Associados, S.A.	Cement, concrete and aggregates	7,806	7,806
Karibib Portland Cement (PTY)	Cement, concrete and aggregates	5,833	5,833
Digal - Distribuição e Comércio, S.A.	Petroleum products sales	5,986	5,986
Petrosório - Combustíveis e Lubrificantes, Lda.	Petroleum products sales	374	374
Auto Competição Angola, Lda.	Vehicle Sales	197	25
TDSP - Bela Vista Empreendimentos Imobiliários, SPE, Lda	Real Estate	41	32
Bonaparte - Imóveis Comerciais e Participações, S.A.	Real Estate	1,979	1,979
Promotur, Lda.	Hotel services and hospitality industry	-	743
		<b>58,084</b>	<b>58,646</b>

The *Goodwill* of associated companies is disclosed in Note 22.

The values of *Goodwill* are annually tested for impairment or whenever there are indications that they may be impaired.

The recoverable amount of the cash-generating units to which *Goodwill* is allocated is determined based on the calculation of its value in use, which uses cash flow forecasts based on the latest financial forecasts approved by the respective Boards of Directors over a period of five years, discounted by the discount rates shown in the table below, which were calculated based on the weighted average cost of capital (WACC), adjusted for risks, specific to the market into which each unit falls. Cash flows beyond this five-year period were forecast using the rates specified in the same table. These rates do not exceed the average long-term growth for markets in which those cash-generating units are allocated.

The Boards of Directors believe that any reasonably possible change in key assumptions on which the recoverable amount is based would not cause the carrying amount of those cash-generating units to exceed its recoverable amount.

The main assumptions considered in calculating the value in use of *Goodwill* are as follows:

Subsidiary	2009			2008		
	Book value of goodwill	Discount rate	Perpetuity growth rate	Book value of goodwill	Discount rate	Perpetuity growth rate
Limited Liability Company Cement	23,761	15.0%	1.5%	23,761	15.0%	2.0%
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	12,107	9.5%	3.0%	12,107	9.5%	3.0%
C+P.A. - Cimento e Produtos Associados, S.A.	7,806	5.0%	1.5%	7,806	5.0%	2.0%
Digal - Distribuição e Comércio, S.A.	5,986	6.8%	1.5%	5,986	6.0%	2.0%
Karibib Portland Cement (PTY)	5,833	11.5%	1.5%	5,833	11.5%	2.0%
Bonaparte - Imóveis Comerciais e Participações, S.A.	1,979	5.4%	1.5%	1,979	5.4%	2.0%
Petrosório - Combustíveis e Lubrificantes, Lda.	374	6.0%	1.5%	374	6.0%	2.0%
Auto Competição Angola, Lda.	197	15.0%	1.5%	25	15.0%	2.0%
TDSP - Bela Vista Empreendimentos Imobiliários, SPE, Lda.	41	10.0%	1.5%	32	10.0%	2.0%
Promotur, Lda.	-	-	-	743	15.0%	2.0%
	<b>58,084</b>			<b>58,646</b>		

## 19 - OTHER INTANGIBLE ASSETS

During the years ended 31 December 2009 and 2008, the movements in intangible assets and in their depreciation and accumulated impairment losses were as follows:

	Industrial property	Others	Advance payments for intangible assets	Total
<b>Gross assets:</b>				
Balance at 1 January 2008	12,907	1,126	3,127	17,160
Changes in the consolidation perimeter	-	94	-	94
Effect of foreign currency translation	49	21	181	251
Additions	276	39	8,127	8,442
Disposals	(168)	(9)	(5,354)	(5,531)
Transfers and withdrawals	48	(148)	-	(100)
<b>Balance at 31 December 2008</b>	<b>13,112</b>	<b>1,123</b>	<b>6,081</b>	<b>20,316</b>
<b>Balance at 1 January 2009</b>	<b>13,112</b>	<b>1,123</b>	<b>6,081</b>	<b>20,316</b>
Effect of foreign currency translation	(104)	(35)	1,744	1,605
Additions	654	69	4,603	5,326
Transfers and withdrawals	599	(492)	3,939	4,046
Disposals	(118)	(231)	(10,138)	(10,487)
<b>Balance at 31 December 2009</b>	<b>14,143</b>	<b>434</b>	<b>6,229</b>	<b>20,806</b>
<b>Accumulated depreciation and impairment losses:</b>				
Balance at 1 January 2008	9,123	658	-	9,781
Changes in the consolidation perimeter	-	65	-	65
Effect of foreign currency translation	(15)	(32)	-	(47)
Transfers	147	(81)	-	66
Reinforcements	590	120	-	710
Uses	(57)	(9)	-	(66)
<b>Balance at 31 December 2008</b>	<b>9,788</b>	<b>721</b>	<b>-</b>	<b>10,509</b>
<b>Balance at 1 January 2009</b>	<b>9,788</b>	<b>721</b>	<b>-</b>	<b>10,509</b>
Effect of foreign currency translation	57	(104)	-	(47)
Transfers	(1)	(275)	-	(276)
Reinforcements	660	116	-	776
Uses	(108)	(231)	-	(339)
<b>Balance at 31 December 2009</b>	<b>10,396</b>	<b>227</b>	<b>-</b>	<b>10,623</b>
<b>Net value:</b>				
At 31 December 2008	<b>3,324</b>	<b>402</b>	<b>6,081</b>	<b>9,807</b>
At 31 December 2009	<b>3,747</b>	<b>207</b>	<b>6,229</b>	<b>10,183</b>

## 20 - TANGIBLE FIXED ASSETS

During the years ended 31 December 2009 and 2008, the movements in tangible fixed assets, as well as in their depreciation and accumulated impairment losses were as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools and utensils	Administrative equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments for tangible fixed assets	Total
<b>Gross assets:</b>										
Balance at 1 January 2008	42,561	194,159	250,286	37,427	28,813	24,115	3,513	128,573	1,080	710,527
Changes in the consolidation perimeter	38	346	151	120	-	126	176	(5,602)	-	(4,645)
Effect of foreign currency translation	(265)	4,914	(1,948)	721	11	662	(904)	(621)	55	2,625
Additions	9,190	16,265	60,413	15,829	3,734	2,752	7,013	88,270	-	203,466
Transfers and withdrawals	(1,350)	18,043	(6,477)	(1,512)	(473)	2,425	4,299	(70,865)	(1,135)	(57,045)
Disposals	(269)	(1,157)	(5,006)	(1,940)	(10)	(51)	(2)	-	-	(8,435)
<b>Balance at 31 December 2008</b>	<b>49,905</b>	<b>232,570</b>	<b>297,419</b>	<b>50,645</b>	<b>32,075</b>	<b>30,029</b>	<b>14,095</b>	<b>139,755</b>	<b>-</b>	<b>846,493</b>
<b>Balance at 1 January 2009</b>	<b>49,905</b>	<b>232,570</b>	<b>297,419</b>	<b>50,645</b>	<b>32,075</b>	<b>30,029</b>	<b>14,095</b>	<b>139,755</b>	<b>-</b>	<b>846,493</b>
Changes in the consolidation perimeter (Note 5)	(341)	(338)	(175)	(275)	-	(16)	(173)	-	-	(1,318)
Effect of foreign currency translation	(354)	(3,366)	9,749	2,768	(15)	196	(2,885)	(3,754)	-	2,339
Additions	1,371	2,565	28,351	9,927	3,334	2,287	29,758	72,811	320	150,724
Transfers and withdrawals	2,046	45,272	7,167	(152)	69	1,466	(18,173)	(84,055)	-	(46,360)
Disposals	-	(345)	(6,685)	(1,411)	(16)	(16)	(1,764)	-	-	(10,237)
<b>Balance at 31 December 2009</b>	<b>52,627</b>	<b>276,358</b>	<b>335,826</b>	<b>61,502</b>	<b>35,447</b>	<b>33,946</b>	<b>20,858</b>	<b>124,757</b>	<b>320</b>	<b>941,641</b>
<b>Accumulated depreciation and impairment losses:</b>										
Balance at 1 January 2008	164	50,921	176,967	19,494	24,155	16,215	3,467	-	-	291,383
Changes in the consolidation perimeter	24	243	80	96	-	116	131	-	-	690
Effect of foreign currency translation	(1)	(1,410)	2,146	(142)	(5)	(345)	336	-	-	579
Reinforcements	-	11,748	29,176	7,706	2,085	2,955	550	-	-	54,220
Transfers and withdrawals	-	3,532	(5,783)	(612)	(319)	3,619	(2,717)	-	-	(2,280)
Disposals	-	(239)	(3,657)	(732)	(59)	(79)	(3)	-	-	(4,769)
<b>Balance at 31 December 2008</b>	<b>187</b>	<b>64,795</b>	<b>198,929</b>	<b>25,810</b>	<b>25,857</b>	<b>22,481</b>	<b>1,764</b>	<b>-</b>	<b>-</b>	<b>339,823</b>
<b>Balance at 1 January 2009</b>	<b>187</b>	<b>64,795</b>	<b>198,929</b>	<b>25,810</b>	<b>25,857</b>	<b>22,481</b>	<b>1,764</b>	<b>-</b>	<b>-</b>	<b>339,823</b>
Changes in the consolidation perimeter (Note 5)	-	(245)	(173)	(104)	-	(16)	(171)	-	-	(709)
Effect of foreign currency translation	-	(1,517)	6,316	905	757	(866)	(61)	-	-	5,534
Reinforcements	-	9,967	29,309	9,417	1,725	3,337	773	-	-	54,528
Transfers and withdrawals	(23)	291	(713)	(711)	(28)	576	1,362	-	-	754
Disposals	-	(188)	(2,357)	(947)	(136)	(224)	(122)	-	-	(3,974)
<b>Balance at 31 December 2009</b>	<b>164</b>	<b>73,103</b>	<b>231,311</b>	<b>34,370</b>	<b>28,175</b>	<b>25,288</b>	<b>3,545</b>	<b>-</b>	<b>-</b>	<b>395,956</b>
<b>Net value:</b>										
At 31 December 2008	<b>49,718</b>	<b>167,775</b>	<b>98,490</b>	<b>24,835</b>	<b>6,218</b>	<b>7,548</b>	<b>12,331</b>	<b>139,755</b>	<b>-</b>	<b>506,670</b>
At 31 December 2009	<b>52,463</b>	<b>203,255</b>	<b>104,515</b>	<b>27,132</b>	<b>7,272</b>	<b>8,658</b>	<b>17,313</b>	<b>124,757</b>	<b>320</b>	<b>545,685</b>

Additions to tangible fixed assets held for the year ended 31 December 2009 relate mainly to investments in facilities and equipment.

At 31 December 2009, tangible assets in progress include EUR 110,685 thousand relating to buildings and other constructions in progress, which comprise the following:

- New Cascais Hospital building;
- Construction of São Francisco de Assis School in Luanda;
- Development of the Tank Farm project in Aveiro;
- Expansion of the network of "Cash & Carry" shops in Angola;

- Construction of a new four star hotel in Luanda Sul - Angola;
- Construction of a building in the Lagoas Park undertaking, for the future premises of São Francisco de Assis School;
- New cement mill, new silos, a coal mill to replace the fuel in furnaces and a new building where a laboratory with the most advanced technology available for the cement industry was installed. In addition to this, we are well ahead in the licensing process of a new clinker production line in the Ukraine;

## 21 - INVESTMENT PROPERTIES

During the years ended 31 December 2009 and 2008, the movement in investment properties was as follows:

	2009	2008
Balance at 1 January	418,296	362,074
Effect of foreign currency translation	(2,264)	2,365
Increases / disposals	9,387	(2,943)
Change in the fair value (Notes 8 and 13) a)	39,265	53,263
Transfers of tangible assets b)	27,382	3,537
<b>Balance at 31 December</b>	<b>492,066</b>	<b>418,296</b>

a) The change in fair value includes gains amounting to EUR 41,589 thousand (Note 8) (EUR 56,550 thousand in the year ended 31 December 2008) and losses amounting to EUR 2,324 thousand (Note 13) (EUR 3,287 in the year ended 31 December 2008). These gains were mainly generated in the valuation of the Lagoas Park undertaking.

b) Due to the amendments to IAS 40 - Investment Property Improvements brought about by Improvements to the International Financial Reporting Standards (2008), properties under construction or development for future use as investment property came to be included as investment property since 1 January 2009.

The income from investment properties due to the existence of operating leases amounted to EUR 28,550 thousand at 31 December 2009 (EUR 29,060 thousand at 31 December 2008). Operating expenses directly relating to investment properties for the year ended 31 December 2009 amounted to EUR 6,414 thousand (EUR 9,243 thousand at 31 December 2008).

The fair value of each investment property in operation is periodically determined through valuation, in some cases by an independent appraiser and in accordance with generally accepted valuation criteria for the real estate market, including income, comparative market value or replacement cost methods, depending on the specific situation of each property.

In the remaining cases, the market value is internally determined, based on criteria similar to those considered by external appraisers, taking into account the expected discounted cash flows.

The main assumptions and methods used in valuations supporting the market value of investment properties were as follows:

- Yield between 7% and 10%;
- Average of the comparative income multiples method;
- Average of the comparative and cost method.

Paragraph 32 of IAS 40 does not require the determination of the fair value of investment properties on the basis of a valuation made by an independent valuer. However, 85% of the fair value of the Group's investment properties is determined based on independent valuers with significant and recognised professional qualifications (registered with CMVM) and with recent experience in the location and category of the valued investment property. These valuers have applied methods currently used in this market, which provides for the use of the income method, the replacement-cost method or the market comparison method, depending on the specific situations of each property. In this case, taking into account that the assets are leased, the income method was applied, also taking into account the other methods to assess the reasonableness of the results achieved by that method. Under this method, the income generated from current contracts and a yield adjusted to each property were used. For the remaining valuations conducted internally, yields adjusted according to the indications given by independent professionals were used.

## 22 - INVESTMENTS IN ASSOCIATED COMPANIES

The associated companies that were recorded by the equity method at 31 December 2009 are the following:

Company name	Registered Office	Shareholding percentage
ALVORADA PETRÓLEO, S.A.	Rua Major Lopes, 800, 3º andar Belo Horizonte - Minas Gerais - Brasil	32.42%
ALSOMA, GEIE.	3 Av André Malraux Levallois Perret	27.00%
ARENOR, S.L.	Calle Monte Carmelo, nº 1, 5ºC Sevilha	25.26%
AVIA PORTUGAL - Produtos Petrolíferos, S.A.	Edifício 1, Lagoas Park Porto Salvo	21.02%
CIMPOR - Cimentos de Portugal, SGPS, S.A.	Rua Alexandre Herculano, 35 Lisboa	22.17%
CIMPOR MACAU Investment Company, S.A. (a)	Av. da Praia Grande, nº 693, Edifício Tai Wah, 15º andar Macau	13.00%
CONSTRULINK - Tecnologias de Informação, S.A.	Av. Engenheiro Arantes e Oliveira, nº 6 - 8º H Lisboa	20.00%
Concessionária de Rodovias TEBE, S.A.	Praça Barão do Rio Branco, nº 48, S/L Bebedouro - São Paulo	23.33%
IMOC - Empreendimentos Imobiliários, S.A.R.L.	Av. 24 de Julho, 141 Maputo	46.40%
INFRAENGE Construções, Ltda .	Praça Barão do Rio Branco, nº 48, 1º andar, Sala 13ª A, Bairro Centro Bebedouro - São Paulo	23.33%
ISA - Intelligent Sensing Anywhere, S.A. (b)	Rua D. Manuel I, 92 Coimbra	14.08%
SCP AK10 - Empreendimentos e Participações SPE Ltda.	Avenida Alameda Santos, nº 960 - 19º, Edifício CYK, Cerqueira César, São Paulo	25.00%
STELGEST - Gestão Hoteleira, S.A.	Edifício 2, Lagoas Park Porto Salvo	45.00%
TRAVERSOFER - Industrie et Service Ferroviaire, S.A.R.L.	4, Rue Lakhdar Manaa - Lot Rikour Aomar - Villa nº 4 - Ben Aknoun, Alger, Algérie	30.00%

(a) Through its subsidiary C + P.A. - Cimento e Produtos Associados, S.A..

(b) Through its subsidiary TDARCOL - SGPS, S.A..

The following movements occurred in the equity interests held in associated companies in the years ended 31 December 2009 and 2008:

	Equity interests	Goodwill	Total
<b>Balance at 1 January 2008</b>	<b>396,603</b>	<b>463,498</b>	<b>860,101</b>
Effects of applying the equity method:			
- Effect on the income for the year (Note 14)	58,754	-	58,754
- Effect on equity	(75,221)	-	(75,221)
- Dividends received	(33,852)	-	(33,852)
Increases	42,415	43,495	85,910
Disposals	(384)	(478)	(862)
Changes in the consolidation perimeter	(984)	-	(984)
Effect of foreign currency translation	(807)	(1,763)	(2,570)
Others	349	-	349
<b>Balance at 31 December 2008</b>	<b>386,873</b>	<b>504,752</b>	<b>891,625</b>
<b>Balance at 1 January 2009</b>	<b>386,873</b>	<b>504,752</b>	<b>891,625</b>
Effects of applying the equity method:			
- Effect on the income for the year (Note 14)	52,919	-	52,919
- Effect on equity	42,094	-	42,094
- Dividends received	(28,279)	-	(28,279)
Increases	12,775		12,775
Disposals	-	(67)	(67)
Effect of foreign currency translation	3,702	1,765	5,467
Others	662	-	662
<b>Balance at 31 December 2009</b>	<b>470,746</b>	<b>506,517</b>	<b>977,196</b>

Investments in associated companies at 31 December 2009 and 2008 are broken down as follows:

Associated companies	2009			2008		
	Equity interests	Goodwill	Balance value	Equity interests	Goodwill	Balance value
Cimpor - Cimentos de Portugal, S.G.P.S., S.A.	405,804	482,108	887,912	333,666	482,108	815,774
Arenor, S.L.	30,187	16,033	46,220	24,024	16,033	40,057
Alvorada Petróleos, S.A.	12,237	7,751	19,988	8,773	6,001	14,774
Cimpor Macau Investment Company, S.A.	10,332	-	10,332	11,777	-	11,777
IMOC - Empreendimentos Imobiliários, S.A.R.L.	4,719	-	4,719	2,988	-	2,988
Concessionária de Rodovias TEBE, S.A.	4,399	-	4,399	3,018	-	3,018
SCP AK-10 Empreendimentos e Participações SPE LTDA.	1,425	65	1,490	883	50	933
ISA - Intelligent Sensing Anywhere, S.A.	675	493	1,168	564	493	1,057
Infraenge Construções, Ltda.	312	-	312	522	-	522
Others	656	-	656	658	67	725
	<b>470,746</b>	<b>506,450</b>	<b>977,196</b>	<b>386,873</b>	<b>504,752</b>	<b>891,625</b>

These shares are accounted for using the equity method, which, in the years ended 31 December 2009 and 2008, had the following impacts:

Associated companies	2009			
	Profit/(loss) in associated companies (Nota 9)	Adjustments to equity interests	Dividends	Total
Cimpor - Cimentos de Portugal, S.G.P.S., S.A.	52,541	47,157	(27,560)	72,138
Arenor, S.L.	228	(465)	-	(237)
Alvorada Petróleos, S.A.	(2,275)	87	-	(2,188)
Cimpor Macau Investment Company, S.A.	(11)	(4,334)	-	(4,345)
Concessionária de Rodovias TEBE, S.A.	686	(265)	-	421
Infraenge Construções, Ltda.	69	-	(438)	(369)
IMOC - Empreendimentos Imobiliários, S.A.R.L.	1,835	(104)	-	1,731
SCP AK-10 Empreendimentos e Participações SPE LTDA.	255	-	-	255
ISA - Intelligent Sensing Anywhere, S.A.	89	22	-	111
Others	(498)	(3)	(281)	(782)
	<b>52,919</b>	<b>42,094</b>	<b>(28,279)</b>	<b>66,734</b>

Associated companies	2008			
	Profit/(loss) in associated companies (Note 9)	Adjustments to equity interests	Dividends	Total
Cimpor - Cimentos de Portugal, S.G.P.S., S.A.	48,639	(79,379)	(33,834)	(64,574)
Arenor, S.L.	8,546	(2,166)	-	6,380
Alvorada Petróleos, S.A.	(135)	2,331	-	2,196
Cimpor Macau Investment Company, S.A.	528	3,822	-	4,350
Concessionária de Rodovias TEBE, S.A.	959	64	-	1,023
Infraenge Construções, Ltda.	175	(1)	-	174
ISA - Intelligent Sensing Anywhere, S.A.	73	-	-	73
IMOC - Empreendimentos Imobiliários, S.A.R.L.	573	104	-	677
SCP AK-10 Empreendimentos e Participações SPE LTDA.	75	-	-	75
TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	-	26	(18)	8
Others	(679)	(22)	-	(701)
	<b>58,754</b>	<b>(75,221)</b>	<b>(33,852)</b>	<b>(50,319)</b>

The main financial information on associated companies is as follows:

	Total assets		Total liabilities		Total net assets		Group share in the net assets	
	2009	2008	2009	2008	2009	2008	2009	2008
Alvorada Petróleos, S.A.	26,867	15,403	6,576	8,245	20,291	7,158	12,237	8,773
ARENOR, S.L.	70,732	74,784	28,346	31,911	42,386	42,873	30,187	24,024
CIMPOR - Cimentos de Portugal, SGPS, S.A.	4,927,362	3,703,200	3,096,859	2,198,100	1,830,503	1,505,100	405,804	333,666
Cimpor Macau Investment Company, S.A.	140,057	162,182	132,873	137,616	7,184	24,566	10,332	11,777
Concessionária de Rodovias TEBE, S.A.	30,608	22,112	17,409	13,055	13,199	9,057	4,399	3,018
IMOC - Empreendimentos Imobiliários, S.A.R.L.	10,553	6,835	382	396	10,171	6,439	4,719	2,988
INFRAENGE Construções, Ltda.	1,612	1,956	675	390	936	1,566	312	522
ISA - Intelligent Sensing Anywhere, S.A.	5,502	3,853	4,113	2,703	1,389	1,150	675	564
SCP AK-10 Empreendimentos e Participações SPE LTDA.	7,612	4,661	1,911	1,127	5,701	3,534	1,425	883
Others	4,119	6,060	3,602	5,126	517	934	656	658
	<b>5,225,024</b>	<b>4,001,046</b>	<b>3,292,746</b>	<b>2,398,669</b>	<b>1,932,277</b>	<b>1,602,377</b>	<b>470,746</b>	<b>386,873</b>

	Sales and services rendered		Net profit/(loss) for the year		Group share in the net profit/(loss) for the year	
	2009	2008	2009	2008	2009	2008
Alvorada Petróleos, S.A.	27	298	(4,911)	(404)	(2,275)	(135)
ARENOR, S.L.	650	7,066	469	17,595	228	8,546
CIMPOR - Cimentos de Portugal, SGPS, S.A.	2,085,498	2,088,900	237,000	219,400	52,541	48,639
Cimpor Macau Investment Company, S.A.	82,000	66,776	(44)	2,110	(11)	528
Concessionária de Rodovias TEBE, S.A.	14,897	13,698	2,058	2,878	686	959
IMOC - Empreendimentos Imobiliários, S.A.R.L.	-	-	3,955	1,235	1,835	573
INFRAENGE Construções, Ltda.	4,342	6,134	204	526	69	175
ISA - Intelligent Sensing Anywhere, S.A.	4,087	3,835	203	164	89	72
SCP AK-10 Empreendimentos e Participações SPE LTDA.	4,238	532	1,020	300	255	75
Others	3,995	4,861	(443)	(290)	(498)	(679)
	<b>2,199,734</b>	<b>2,192,100</b>	<b>239,511</b>	<b>243,514</b>	<b>52,919</b>	<b>58,754</b>

In the tests conducted, the recoverable amount of each cash-generating unit, determined based on the value in use, is compared with its recognised value. An impairment loss is recognised only if the recognised value exceeds the recoverable amount. Future cash flows are discounted based on the weighted average cost of capital (WACC), adjusted for specific risks associated with the market in which each associated company operates.

The cash flow forecasts are based on medium and long-term business plans approved by the Board of Directors, to which a perpetuity period is applied, reflecting a growth that does not exceed the nominal growth rate of the relevant market.

The main assumptions considered in determining the value in use of *Goodwill* are as follows:

Subsidiary	2009			2008		
	Book value of goodwill	Discount rate	Perpetuity growth rate	Book value of goodwill	Discount rate	Perpetuity growth rate
Cimpor - Cimentos de Portugal, S.G.P.S., S.A.	482,108	7.4%	1.5%	482,108	6.5%	2.0%
Arenor, S.L.	16,033	5.0%	1.5%	16,033	5.0%	2.0%
Alvorada Petróleos, S.A.	7,751	9.7%	1.5%	6,001	10.0%	2.0%
ISA - Intelligent Sensing Anywhere, S.A.	493	4.8%	1.5%	493	5.2%	2.0%
SCP AK-10 Empreendimentos e Participações SPE LTDA.	65	10.0%	1.5%	50	10.0%	2.0%
Lima Petróleos - Combustíveis do Lima, Lda.	-	-	-	67	6.0%	2.0%
	<b>506,450</b>			<b>504,752</b>		

## 23 - JOINT VENTURES

At 31 December 2009, the following companies were consolidated using the proportional consolidation method, since the management and control thereof shall be exercised jointly with other partners/shareholders:

Company name	Registered Office	Shareholding percentage
ACESTRADA - Construção de Estradas, ACE	Praça de Alvalade, 6 - 7º Lisboa	20.00%
CAIS DE CRUZEIROS 2ª FASE, ACE	Rua da Tapada da Quinta de Cima Linhó - Sintra	15.00%
CONBATE, ACE	Edifício 2, Lagoas Park Porto Salvo	20.00%
DOURO LITORAL, ACE	Edifício 8, Lagoas Park Porto Salvo	40.00%
D.L.O.E.A.C.E. - Douro Litoral Obras Especiais, ACE	Edifício 2, Lagoas Park Porto Salvo	40.00%
ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE	Av. Fabril do Norte, 1601 Matosinhos	33.33%
FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	Edifício Central Park Rua Alexandre Herculano, Nº 3, 2º - Linda-a-Velha	50.00%
GMP - Grupo Marítimo Português, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
GMP - Grupo Marítimo Português MEK, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	Rua Senhora do Porto, 930 Porto	25.00%
GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE	Edifício Sagres Rua Professor Henrique de Barros, nº 4, 2 A - Prior Velho	25.00%
METROLIGEIRO - Construção de Infraestruturas, ACE	Estrada da Luz, 90 - 6º E Lisboa	26.80%
METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE	Av. das Forças Armadas, 125 - 2º D Lisboa	33.33%
NOVA ESTAÇÃO, ACE	Av. Frei Miguel Contreiras, nº 54, 7º Lisboa	25.00%
SOMAFEL E OFM - Obras do Metro, ACE	Edifício 1, Lagoas Park Porto Salvo	60.00%
SOMAFEL/FERROVIAS, ACE	Edifício 1, Lagoas Park Porto Salvo	36.00%
TEISOMAR - Obras Marítimas, ACE	Av. da República, 42 - 2º Lisboa	50.00%
TEIXEIRA DUARTE - SOPOL - Metro Superficie, ACE	Edifício 2, Lagoas Park Porto Salvo	57.30%
TEIXEIRA DUARTE/OPCA - Fungere - Parcela 1.18 do Parque das Nações em Lisboa - 3ª Fase - Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE	Edifício 2, Lagoas Park Porto Salvo	60.00%
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	Av. das Forças Armadas, 125 - 2º C Lisboa	50.00%

As a result of the consolidation of those subsidiaries, using the proportional consolidation method, the following amounts were included in the Group's consolidated financial statements:

	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2009	2008	2009	2008	2009	2008	2009	2008
ACESTRADA - Construção de Estradas, ACE	113	1,025	-	1	2	140	-	18
CAIS DOS CRUZEIROS - 2ª Fase, ACE	1,679	1,329	-	-	1,064	1,315	-	-
CONBATE, ACE	1,736	-	5	-	889	-	813	-
DOURO LITORAL, ACE	30,571	13,587	27	31	27,953	13,000	1,934	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	3,576	-	130	-	3,493	-	-	-
ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE	22	22	-	-	22	22	-	-
FERROVIAL / TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	191	1,672	5	2	420	1,262	-	2
GMP - Grupo Marítimo Português, ACE	1,933	-	70	-	1,957	-	-	-
GMP – Grupo Marítimo Português MEK, ACE	65	-	8	-	68	-	-	-
GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	71	68	-	-	71	68	-	-
GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE	30	28	-	-	30	28	-	-
METROLIGEIRO - Construção de Infraestruturas, ACE	4,059	5,811	4	4	4,063	5,815	-	-
METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE	186	281	-	-	186	281	-	-
NOVA ESTAÇÃO, ACE	1,966	755	8	-	1,305	839	-	-
SOMAFEL E OFM - Obras do Metro, ACE	46	83	-	-	46	83	-	-
Somafel/Ferrovias, ACE	71	81	16	31	23	59	-	-
TEIXEIRA DUARTE/OPCA - Fungere - Parcera 1.18 do Parque das Nações em Lisboa - 3ª Fase - Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE	102	145	-	-	102	66	-	79
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	348	1,763	4	6	352	1,770	-	-
TEISOMAR - Obras Marítimas, ACE	1	1	-	-	-	-	-	-
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	529	544	-	-	378	393	-	-
	<b>47,295</b>	<b>27,195</b>	<b>277</b>	<b>75</b>	<b>42,424</b>	<b>25,141</b>	<b>2,747</b>	<b>99</b>

	Income		Expenditure	
	2009	2008	2009	2008
ACESTRADA - Construção de Estradas, ACE	115	183	5	141
CAIS DOS CRUZEIROS - 2ª Fase, ACE	2,563	64	1,948	51
CONBATE, ACE	1,105	-	1,067	-
DOURO LITORAL, ACE	48,251	5,322	48,157	4,704
DOURO LITORAL OBRAS ESPECIAIS, ACE	8,744	-	8,532	-
ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE	1	1	1	1
FERROVIAL / TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	(408)	3,587	226	3,252
GMP - Grupo Marítimo Português, ACE	1,967	-	1,937	-
GMP – Grupo Marítimo Português MEK, ACE	65	-	60	-
GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE	5	15	5	15
GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE	2	8	2	8
METROLIGEIRO - Construção de Infraestruturas, ACE	-	9,519	-	9,519
METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE	431	230	431	230
NOVA ESTAÇÃO, ACE	2,240	-	1,486	84
SOMAFEL E OFM - Obras do Metro, ACE	122	74	122	74
Somafel/Ferrovias, ACE	59	60	35	48
TEIXEIRA DUARTE/OPCA - Fungere - Parcera 1.18 do Parque das Nações em Lisboa - 3ª Fase - Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE	5	7	5	7
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	1,074	4,700	1,074	4,700
	<b>66,341</b>	<b>23,770</b>	<b>65,093</b>	<b>22,834</b>

As mentioned in the information given in Note 42, the Group has provided bank guarantees, surety bonds and letters of comfort as an entrepreneur in these joint ventures amounting to EUR 38,557 thousand at 31 December 2009 (EUR 41,529 thousand at 31 December 2008).

## 24 - AVAILABLE-FOR-SELL FINANCIAL ASSETS

In the years ended 31 December 2009 and 2008, movements in the valuation of available-for-sale financial assets, valued at their fair value, were as follows:

	2009	2008
Fair value at 1 January	266,753	678,140
Purchases during the period (a)	1,502	122,473
Disposals during the period (b)	(1,223)	(5,887)
Increase / (decrease) in the fair value	17,848	(527,973)
Fair value at 31 December	<u><u>284,880</u></u>	<u><u>266,753</u></u>

(a) During the year ended 31 December 2009, the Group purchased 1,500,000 shares of Banco Comercial Português, S.A., amounting to EUR 1,502 thousand, through a stock exchange transaction.

(b) In addition to this, in the year ended 31 December 2009, the Group sold a batch of 1,500,000 shares of Banco Comercial Português, S.A., amounting to EUR 1,578 thousand, through stock exchange transactions, which resulted in a capital gain of EUR 355 thousand (Note 14).

In the years ended 31 December 2009 and 2008, available-for-sale financial assets generated dividends amounting to EUR 6,112 thousand and EUR 1,352 thousand, respectively.

At 31 December 2009 and 2008, the Group held 304,989,864 shares of Banco Comercial Português SA.

Available-for-sale financial assets and their cost and market values at 31 December 2009 and 2008 were as follows:

	2009		2008	
	Cost value	Market value	Cost value	Market value
Banco Comercial Português, S.A.	724,670	257,716	729,259	248,567
Banco Bilbao Vizcaya Argentaria, S.A.	33,075	27,164	33,075	18,186
	<u><u>757,745</u></u>	<u><u>284,880</u></u>	<u><u>762,334</u></u>	<u><u>266,753</u></u>

## 25 - OTHER INVESTMENTS

This item includes mainly investments in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably. These investments are measured at cost less any accumulated impairment losses.

At 31 December 2009 and 2008, this item included investments in the following companies:

	2009	2008
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	1,875	2,591
AUREON LABORATORIES	1,524	1,524
LONGAPAR - Sociedade Gestora de Participações Sociais, S.A.	1,006	1,006
JÚPITER - Indústria Hoteleira, S.A.	784	784
LONGAVIA, S.A.	670	670
SQUIRREL INVESTMENTS	612	-
MTS - Metro Transporte do Sul, S.A.	589	589
ISQ - Centro Incubação Empresas, S.A.	440	440
AEDL - Auto Estradas do Douro Litoral, S.A.	381	-
MATADOURO DE MACAU, S.A.R.L.	317	317
EIA - Ensino, Investigação e Administração, S.A.	300	300
VSL Sistemas Portugal - Pré-Esforço, Equipamento e Montagens, S.A.	258	258
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	256
CPM - Companhia de Parques de Macau, S.A.R.L.	205	205
Others	<u>751</u>	<u>636</u>
	9,968	9,576
Accumulated impairment losses	-	-
	<u><u>9,968</u></u>	<u><u>9,576</u></u>

## 26 - DEFERRED TAX

All situations which could significantly affect future taxes are eliminated by applying deferred tax provisions.

The movement in deferred tax assets and liabilities during the years ended 31 December 2009 and 2008, according to the temporary differences that generated them, is the following:

	2009					
	Formation		Reversal		Exchange	
	Opening balance	Net profit/(loss) (Note 15)	Equity	Net profit/(loss) (Note 15)	Equity	rate effect and adjustments
<b>Deferred tax assets:</b>						
Inventory adjustments	3,427	-	-	(2,115)	-	(1,292)
Doubtful debt adjustments	721	-	-	(299)	-	-
Available-for-sale financial assets	68,903	-	-	(15,201)	(3,868)	(1,110)
Tax losses carried forward	29,724	16,109	-	(1,675)	18	(12,553)
Investment properties	2,559	1,114	-	-	-	-
Provisions for losses on operations	-	-	-	-	-	1,180
Others	12,055	946	-	(1,531)	-	1,514
	<b>117,389</b>	<b>18,169</b>	<b>-</b>	<b>(20,821)</b>	<b>(3,850)</b>	<b>(12,261)</b>
						<b>98,626</b>
<b>Deferred tax liabilities:</b>						
Future taxable earnings	3	1,328	-	-	-	150
Capital gains tax with suspended taxation	4,926	-	-	(2)	-	(6)
Investment properties	38,564	11,277	-	-	-	(679)
Revaluation of tangible fixed assets	8,846	-	-	(601)	-	(40)
Others	731	2,394	-	(109)	-	-
	<b>53,070</b>	<b>14,999</b>	<b>-</b>	<b>(712)</b>	<b>-</b>	<b>(575)</b>
						<b>66,782</b>
<b>2008</b>						
	Formation		Reversal		Exchange	
	Opening balance	Net profit/(loss) (Note 15)	Equity	Net profit/(loss) (Note 15)	Equity	rate effect and adjustments
						Closing balance
<b>Deferred tax assets:</b>						
Inventory adjustments	820	2,607	-	-	-	-
Doubtful debt adjustments	1,074	34	-	(387)	-	-
Available-for-sale financial assets	2,329	67,630	-	-	(1,056)	-
Tax losses carried forward	36,248	19,395	-	(4,638)	(1,082)	(20,199)
Investment properties	2,636	-	-	(77)	-	-
Others	1,469	3,639	7,277	(330)	-	-
	<b>44,576</b>	<b>93,305</b>	<b>7,277</b>	<b>(5,432)</b>	<b>(2,138)</b>	<b>(20,199)</b>
						<b>117,389</b>
<b>Deferred tax liabilities:</b>						
Future taxable earnings	3	-	-	-	-	3
Capital gains tax with suspended taxation	4,934	-	-	(8)	-	-
Available-for-sale financial assets	8,850	-	-	(8,850)	-	-
Investment properties	21,437	16,413	714	-	-	38,564
Revaluation of tangible fixed assets	9,520	-	-	(329)	(345)	-
Others	1,196	136	48	(630)	-	731
	<b>45,940</b>	<b>16,549</b>	<b>762</b>	<b>(9,817)</b>	<b>(345)</b>	<b>(19)</b>
						<b>53,070</b>

According to the tax returns of the companies that recorded deferred tax assets due to tax losses at 31 December 2009 and 2008, they were carried forward as follows:

	2009			2008		
	Tax loss	Deferred tax assets	Deadline for use	Tax loss	Deferred tax assets	Deadline for use
Generated in 2003	-	-	2009	213	53	2009
Generated in 2004	737	178	2010	8,253	2,063	2010
Generated in 2005	23	6	2011	16,598	4,150	2011
Generated in 2006	28,136	7,029	2012	42,327	10,115	2012
Generated in 2007	45,794	11,645	2013	46,760	11,851	2013
Generated in 2008	11,611	2,391	2014	6,696	1,492	2014
Generated in 2009	46,636	10,374	2015	-	-	2015
	<b><u>132,937</u></b>	<b><u>31,623</u></b>		<b><u>120,847</u></b>	<b><u>29,724</u></b>	

Furthermore, at 31 December 2009 and 2008, tax losses and credits for which no deferred tax assets were recorded as a precaution, can be broken down as follows:

	2009			2008		
	Tax loss	Deferred tax assets	Deadline for use	Tax loss	Deferred tax assets	Deadline for use
Generated in 2003	-	-	2009	1,129	282	2009
Generated in 2004	754	184	2010	781	195	2010
Generated in 2005	2,884	717	2011	2,912	728	2011
Generated in 2006	2,848	709	2012	2,854	714	2012
Generated in 2007	3,214	801	2013	4,994	1,249	2013
Generated in 2008	3,451	857	2014	3,624	906	2014
Generated in 2009	3,373	840	2015	-	-	2015
	<b><u>16,524</u></b>	<b><u>4,108</u></b>		<b><u>16,294</u></b>	<b><u>4,074</u></b>	

With regard to deferred tax assets, these were only recorded insofar as it is considered that taxable profits are likely to occur in the future and be used to recover tax losses or deductible tax differences. This assessment was based on the periodically reviewed and updated business plans of the Group companies, and on available and identified tax planning opportunities.

## 27 - CUSTOMERS AND OTHER RECEIVABLES

At 31 December 2009 and 2008, this item had the following composition:

	2009	2008
<b>Non-current customers:</b>		
Customers, current account	16,832	-
Adjustments to accounts receivable	-	-
	<b><u>16,832</u></b>	<b><u>-</u></b>
<b>Current customers:</b>		
Customers, current account	309,821	257,843
Customers, notes receivable	14,298	11,101
Customers, doubtful debts	39,112	36,993
	<b><u>363,231</u></b>	<b><u>305,937</u></b>
Adjustments to accounts receivable	<b><u>(39,305)</u></b>	<b><u>(35,203)</u></b>
	<b><u>323,926</u></b>	<b><u>270,734</u></b>
<b>Other non-current receivables:</b>		
Other receivables	430	810
Adjustments to accounts receivable	(20)	(20)
	<b><u>410</u></b>	<b><u>790</u></b>
<b>Other current receivables:</b>		
Employees	734	576
Other receivables	46,794	54,633
	<b><u>47,528</u></b>	<b><u>55,209</u></b>
Adjustments to accounts receivable	<b><u>(3,707)</u></b>	<b><u>(5,942)</u></b>
	<b><u>43,821</u></b>	<b><u>49,267</u></b>

During the years ended 31 December 2009 and 2008, the movements in adjustments to customers and other receivables were as follows:

### Accumulated adjustments to customers and other receivables:

Balance at 1 January 2008	47,775
Effect of foreign currency translation	411
Reinforcements (Note 13)	2,266
Reductions (Note 8)	(3,311)
Adjustments	(5,976)
<b>Balance at 31 December 2008</b>	<b><u>41,165</u></b>
Balance at 1 January 2009	41,165
Effect of foreign currency translation	(294)
Reinforcements (Note 13)	4,685
Reductions (Note 8)	(890)
Uses	(1,634)
<b>Balance at 31 December 2009</b>	<b><u>43,032</u></b>

The Group's exposure to credit risk (Note 43) is ascribable to accounts receivable from its operating activities. The balances shown in the balance sheet are net of adjustments to doubtful debts which were estimated by the Group in accordance with its experience and based on its assessment of the economic situation and environment.

The Board of Directors believes that the carrying value of accounts receivable is close to their fair value.

The Group has no significant concentration of credit risks, given that it is diluted across a wide range of customers, debtors and the Government.

## 28 - RELATED PARTIES

Transactions and balances between Teixeira Duarte - Engenharia e Construções, S.A. ("Parent Company") and Group companies, which are related parties, were eliminated during the consolidation process and are not disclosed in this note. The balances and transactions between the Group and associated companies, related companies and individuals with significant voting power who have their own companies, are detailed below.

The terms or conditions prevailing between Teixeira Duarte - Engenharia e Construções, S.A. and related parties are substantially identical to those that would normally be entered into, accepted and practiced between independent entities in comparable transactions.

The main balances with related parties at 31 December 2009 and 2008 can be broken down as follows:

	Accounts receivable		Accounts payable		Loans granted		Other debts	
	2009	2008	2009	2008	2009	2008	2009	2008
Agrepore Agregados - Extracção Inertes, S.A.	32	1,196	-	-	-	-	-	-
ALSOMA, GEIE	-	675	-	-	-	-	-	-
ALVORADA PETRÓLEO, S.A.	-	-	-	-	2,838	6,387	-	-
AVIA PORTUGAL, S.A.	-	-	-	12	-	-	-	-
Cimpor - Industria de Cimentos, S.A.	136	276	16	14	-	-	-	-
Cimpor Betão - Industria de Betão, S.A.	-	-	23	3,668	-	-	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	-	1	-	1	-	240	(247)	(247)
ISA - Intelligent Sensing Anywhere, S.A.	-	-	53	13	65	65	-	-
Cimpor Macau Investment Company, S.A.	-	-	-	-	8,536	5,636	-	-
Lima Petróleos - Combustíveis do Lima, Lda.	-	1,243	-	-	-	-	-	-
STELGEST - Gestão Hoteleira, S.A.	32	31	-	-	237	173	(381)	(755)
TRAVERSOFER - Industrie et Service Ferroviaire, SARL	5	2	-	-	-	-	-	-
	<b>205</b>	<b>3,424</b>	<b>92</b>	<b>3,708</b>	<b>11,676</b>	<b>12,501</b>	<b>(628)</b>	<b>(1,002)</b>

In the years ended 31 December 2009 and 2008, no impairment losses on financial assets were formed with related parties.

During the years ended 31 December 2009 and 2008, the main transactions with related parties were as follows:

	Sales and services rendered		Purchases and services obtained		Interest charged	
	2009	2008	2009	2008	2009	2008
Agrepore Agregados - Extracção Inertes, S.A.	4,076	9,142	-	-	-	-
AVIA PORTUGAL, S.A.	-	-	18	39	-	-
Cimpor - Industria de Cimentos, S.A.	1,234	2,322	485	109	-	-
Cimpor Betão - Industria de Betão, S.A.	24	-	948	6,848	-	-
ISA - Intelligent Sensing Anywhere, S.A.	-	-	72	30	-	-
Lima Petróleos - Combustíveis do Lima, Lda.	-	1,329	-	-	-	-
STELGEST - Gestão Hoteleira, S.A.	206	69	-	-	49	49
TRAVERSOFER - Industrie et Service Ferroviaire, SARL	3	-	-	-	-	1
	<b>5,543</b>	<b>12,862</b>	<b>1,523</b>	<b>7,026</b>	<b>49</b>	<b>50</b>

The remuneration of the members of the governing bodies of Teixeira Duarte - Engenharia e Construções, S.A., during the years ended 31 December 2009 and 2008, were as follows:

	2009	2008
<b>Executive Directors:</b>		
Short-term benefits	1,581	2,007
Long-term benefits	43	32
<b>Non-executive Directors:</b>		
Short-term benefits	-	317
<b>Supervisory Board:</b>		
Short-term benefits	33	33
<b>Auditor:</b>		
Short-term benefits	66	66
	<b>1,723</b>	<b>2,455</b>

The remuneration of the senior management members of Teixeira Duarte - Engenharia e Construções, S.A. during the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
<b>Senior Management:</b>		
Short-term benefits	6,521	7,750
Long-term benefits	253	276
	<b><u>6,774</u></b>	<b><u>8,026</u></b>

## 29 - NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

### Cash and cash equivalents

At 31 December 2009 and 2008, this item had the following composition:

	2009	2008
Demand deposits	110,888	85,071
Term deposits	15,236	14,463
Other cash investments	1	1
Cash	5,926	5,943
	<b><u>132,051</u></b>	<b><u>105,478</u></b>

The cash and cash equivalents item comprises cash, immediately deployable deposits, cash investments and term deposits with a maturity of less than three months, and for which the risk of change in value is insignificant.

### Cash flow from investing activities

Revenues from financial investments for the years ended 31 December 2009 and 2008 relate to the disposal of equity interests in the following companies:

	2009	2008
INDAIA Grande Energia, S.A.	4,666	-
Indaiazinho Energia, S.A.	2,916	-
Banco Comercial Português, S.A.	1,578	3,309
PROMOTUR, Lda.	735	-
Etergest, S.G.P.S., S.A.	-	1,343
CIMPOR - Cimentos de Portugal, S.G.P.S., S.A.	-	755
TEPORSET - Terminal Portuário de Setúbal, S.A.	-	500
Others	802	130
	<b><u>10,697</u></b>	<b><u>6,037</u></b>

Payments for financial investments during the years ended 31 December 2009 and 2008 relate to the acquisition of equity interests in the following companies:

	2009	2008
ARENOR, S.L.	6,400	3,200
INDAIA Grande Energia, S.A.	6,029	-
Indaiazinho Energia, S.A.	4,019	-
Alvorada Petróleos, S.A.	3,356	14,303
CIMPOR MACAU Investment Company, S.A.	2,900	-
Banco Comercial Português, S.A.	1,502	107,544
SQUIRREL INVESTMENTS	612	-
AEDL - Auto Estradas do Douro Litoral, S.A.	381	-
CIMPOR - Cimentos de Portugal, S.G.P.S., S.A.	-	67,271
Banco Bilbao Vizcaya Argentaria, S.A.	-	14,929
ISA - Intelligent Sensing Anywhere, S.A.	-	895
TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	-	339
PROMOTUR, Lda.	-	136
Others	314	601
	<b><u>25,513</u></b>	<b><u>209,218</u></b>

Dividends received in the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
CIMPOR - Cimentos de Portugal, S.G.P.S., S.A.	27,560	33,384
Banco Comercial Português, S.A.	5,185	-
Banco Bilbao Vizcaya Argentaria, S.A.	927	1,352
Others	2,727	2,053
	<u>36,399</u>	<u>36,789</u>

### 30 - OTHER CURRENT AND NON-CURRENT ASSETS

At 31 December 2009 and 2008, other current assets had the following composition:

	2009	2008
<b>Government and other public bodies:</b>		
Corporate Income Tax - IRC	-	2,982
Value Added Tax	11,003	27,025
	<u>11,003</u>	<u>30,007</u>
<b>Associated companies, subsidiaries and other shareholders:</b>		
Associated companies	873	734
Subsidiaries	40	566
Other shareholders	39	154
	<u>952</u>	<u>1,454</u>
<b>Accrued income:</b>		
Interest receivable	7,270	1,620
Amounts invoiced	37,321	10,723
Other accrued income	12,565	6,697
	<u>57,156</u>	<u>19,040</u>
<b>Deferred costs:</b>		
Insurance paid in advance	2,505	1,605
Interest payable	107	83
Other deferred costs	15,031	15,011
	<u>17,643</u>	<u>16,699</u>
<b>Other current assets:</b>		
Advance payments to suppliers	29,292	34,694
	<u>116,046</u>	<u>101,894</u>

At 31 December 2009 and 2008, other non-current assets had the following composition:

	2009	2008
<b>Associated companies, subsidiaries and other shareholders:</b>		
Associated companies	4	4
Subsidiaries	932	1,728
Other shareholders	101	128
	<u>1,037</u>	<u>1,860</u>
<b>Accrued income:</b>		
Other accrued income	9,140	3,306
	<u>9,140</u>	<u>3,306</u>
<b>Deferred costs:</b>		
Other deferred costs	790	229
	<u>790</u>	<u>229</u>
	<u>10,967</u>	<u>5,395</u>

### 31 - BUILDING CONTRACTS

In the years ended 31 December 2009 and 2008, income and expenditure recognised for building contracts in progress are as follows:

	2009	2008
<b>Net income:</b>		
Issued invoices	696,600	684,727
Change in:		
- Deferred income - works (Note 40)	1,936	(259)
- Provisions for warranties (Notes 39 and 40)	<u>23,606</u>	<u>9,846</u>
	722,142	694,314
<b>Net costs:</b>		
Construction costs incurred in the year	695,164	645,647
Change in:		
- Costs incurred and amounts invoiced	2,999	34,188
- Provisions for future losses (Notes 8 and 13)	<u>(7,960)</u>	<u>9,891</u>
	690,203	689,726
<b>Calculated results (Note 7):</b>	<u><u>31,939</u></u>	<u><u>4,588</u></u>

As a result of applying the percentage-of-completion method, the balance sheets at 31 December 2009 and 2008 included the following balances:

	2009	2008
Work in progress - the difference between costs incurred and amounts invoiced (Note 10)	64,648	61,649
Deferred income relating to advanced invoicing (Note 40)	24,493	26,429
Provisions:		
Provisions for future losses (Notes 10 and 36)	4,528	12,488
For warranties (Notes 39 and 40)	13,475	37,081

In addition to this, at 31 December 2009, the deductions made by customers on building contracts amounted to EUR 3,198 thousand (EUR 843 thousand in 2008).

### 32 - CAPITAL

At 31 December 2009, fully subscribed and paid up capital was represented by 420,000,000 shares, each with a nominal value of fifty Euro cents. In the years ended 31 December 2009 and 2008, there were no movements in the issued share capital.

At 31 December 2009, TEIXEIRA DUARTE, S.A. directly held 287,880,799 shares representing the capital of Teixeira Duarte - Engenharia e Construções, S.A., accounting for 68.54% of its share capital.

### 33 - RESERVES AND RETAINED EARNINGS

Legal reserve: In accordance with current legislation, the Company is obliged to transfer at least 5% of its annual net profit to the legal reserve, until it reaches a minimum of 20% of capital. This reserve is not distributable to shareholders, but may be used to absorb losses, after all other reserves have been exhausted, or to increase capital.

Fair value reserve: The fair value reserve represents the difference between the cost value and market value of available-for-sale financial assets, not yet recognised in the income statement.

Free reserve: Free reserves are available for distribution.

### 34 - MINORITY INTERESTS

The movements of this item during the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Opening balance	95,905	168,769
Changes in the consolidation perimeter	-	(312)
Dividends	(607)	(1,052)
Disposal of financial holdings (Note 5)	715	(242)
Other changes in subsidiaries' equity	290	(5,525)
Profit/(loss) for the year attributable to minority interests	(1,655)	(65,733)
<b>Closing balance</b>	<b>94,648</b>	<b>95,905</b>

### 35 - LOANS

At 31 December 2009 and 2008, the loans obtained were as follows:

	2009	2008
<b>Non-current liabilities:</b>		
Bank loans a)	707,447	748,885
Commercial paper b)	784,913	672,164
	<b>1,492,360</b>	<b>1,421,049</b>
<b>Current liabilities:</b>		
Bond loans	-	198,866
Bank loans a)	532,018	288,834
Commercial paper b)	100,414	48,500
Other loans obtained	-	131
	<b>632,432</b>	<b>536,331</b>
	<b>2,124,792</b>	<b>1,957,380</b>

#### a) Bank loans

At 31 December 2009, domestic bank loans, overdrafts and secured current accounts bore interest at the weighted average annual rate of 3.08% (5.3% at 31 December 2008).

The bank loans taken out by the Group are, essentially:

- Loan taken out by the Group with Banco Comercial Português on 31 December 2004, currently amounting to EUR 90,000 thousand, which will be repaid in two semi-annual instalments, one of EUR 40,000 thousand on 30 June 2010 and the other of EUR 50,000 thousand on 31 December 2010.
- Loan taken out with Banco Bilbao Vizcaya Argentaria on 12 April 2007, amounting to EUR 75,000 thousand, which will be repaid on 16 March 2012.
- Loan taken out by the Group with Caixa Geral de Depósitos on 29 June 2007, amounting to EUR 342,500 thousand, which will expire on 29 May 2012.
- Loan taken out with Banco Popular Portugal on 18 December 2008, amounting to EUR 25,000 thousand, which will expire on 18 December 2011.
- Loan taken out by the Group with Caixa Geral de Depósitos on 30 December 2008, currently amounting to EUR 47,290 thousand, which will be repaid in 168 equal successive monthly instalments, ending on 30 December 2023.
- Loan taken out by the Group with Caixa Geral de Depósitos on 31 December 2008, currently amounting to EUR 117,000 thousand, which will expire on 30 November 2013.

At 31 December 2009 and 2008, bank loans also included secured accounts amounting to EUR 365,589 thousand and EUR 295,489 thousand, respectively.

**b) Commercial paper**

At 31 December 2009, the Group had entered into negotiating the following commercial paper programmes:

- A global commercial paper programme, by individual subscription, signed on 14 October 2005 with Banco Comercial Português, amounting to EUR 150,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate with EUR 15,000 thousand and EUR 135,000 thousand, respectively. The participation of each company in the programme may vary in each of its uses, but Teixeira Duarte - Engenharia e Construções, S.A. must participate with at least 10% of the total value. Sixteen successive semi-annual issues are taken out for the total nominal value of the programme and interest is payable semi-annually in arrears at a rate indexed to six-month Euribor plus a spread of 0.875%, with the repayment of the last issue taking place on 14 October 2013.
- A global commercial paper programme signed on 16 December 2005 with Banco Espírito Santo de Investimento and Banco Espírito Santo, amounting to EUR 50,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate and all of which is being used by Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A.. The participation of each company in the programme may vary in each of its uses. The programme has a duration of five years minus one day from the contract signing date. Interest is payable in advance and the intervention rate is indexed to Euribor for the period of its issuance plus 0.65% and determined in accordance with the date of each auction.
- A global commercial paper programme, by individual subscription, signed on 6 January 2006 with Banco Comercial Português, amounting to EUR 20,750 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate with EUR 18,650 thousand and EUR 2,100 thousand, respectively. The participation of each company in the programme may vary in each of its uses, but Teixeira Duarte - Engenharia e Construções, S.A. must participate with at least 10% of the total value. The programme has a duration of five years from the contract signing date. Interest is payable semi-annually in arrears and the intervention rate is indexed to one- to six-month Euribor by competitive auction of 7 to 180 days by direct placement plus 2.25% and determined in accordance with the date of each auction, with the repayment of the last issue taking place on 6 January 2011.
- A global commercial paper programme signed on 14 February 2006 with Banco Comercial Português, amounting to EUR 50,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate with EUR 5,000 thousand and EUR 45,000 thousand, respectively. The participation of each company in the programme may vary in each of its uses, but Teixeira Duarte - Engenharia e Construções, S.A. must participate with at least 10% of the total value. Sixteen successive semi-annual issues are taken out for the total nominal value of the programme and interest is payable semi-annually in arrears at a rate indexed to six-month Euribor plus 0.875% and ascertained in accordance with the date of each auction, with the repayment of the last issue taking place on 14 February 2014.
- A global commercial paper programme signed on 21 August 2006 with Banco Espírito Santo de Investimento and Banco Espírito Santo, amounting to EUR 50,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate and all of which is being used by Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A.. The participation of each company in the programme may vary in each of its uses. The programme has a duration of five years minus one day from the contract signing date. Interest is payable semi-annually in advance and the intervention rate is indexed to Euribor for the period of its issuance plus 0.65% and determined in accordance with the date of each auction.
- A global commercial paper programme signed on 13 July 2007 with Fortis Bank, amounting to EUR 5,500 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate and all of which is being used by Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A.. The programme has a monthly decrease of EUR 2,850 thousand until January 2010 and matures on 5 February 2010, and the commercial paper may be issued with maturities of 7 and 365 days, according to the option chosen by the participating companies. Interest is payable in arrears on the date of repayment of each issue and the intervention rate is indexed to one to six-month Euribor plus 2%.
- A global commercial paper programme signed on 27 September 2007 with Caixa Geral de Depósitos, S.A., amounting to EUR 100,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate and all of which is being used by Teixeira Duarte - Engenharia e Construções, S.A.. The participation of each company in the programme may vary in each of its uses. The programme has a duration of five years from

the contract signing date and the commercial paper can be issued with maturities of 7 and 181 days, according to the option chosen by the participating companies. Interest is payable in arrears on the date of repayment of each issue at a rate indexed to Euribor for the period of issue thereof, in force on the second business day preceding the date of subscription, plus 0.55%.

- A global commercial paper programme signed on 21 April 2008 with Banco Espírito Santo Investimento, amounting to EUR 120,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate and all of which is being used by Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A.. The participation of each company in the programme may vary in each of its uses. The programme has a duration of five years minus one day from the contract signing date. Interest is payable on the date of repayment of each issue and the intervention rate is indexed to Euribor for the period of issue thereof, in force on the second business day preceding the date of subscription, plus 0.65% and is determined in accordance with the date of each auction.
- A commercial paper programme signed on 18 August 2008 with Banco Comercial Português, S.A., amounting to EUR 20,000 thousand. The commercial paper is issued with maturities of 1, 3 and 6 months and the programme has a duration of one year with the possibility of renewal. Interest is payable at a rate indexed to Euribor for the period of issue thereof, plus 2.45%.
- A commercial paper programme signed on 20 August 2008 with Banco Comercial Português, S.A., amounting to EUR 25,000 thousand. The commercial paper is issued with maturities of 1, 3 and 6 months and the programme has a duration of 1 year with the possibility of renewal. Interest is payable at a rate indexed to Euribor for the period of issue thereof, plus 2.45%.
- A global commercial paper programme signed on 23 December 2008 with Banco Espírito Santo Investimento, amounting to EUR 100,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associated company, Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A., participate and all of which is being used by Teixeira Duarte - Gestão de Participações de Investimentos Imobiliários, S.A.. The participation of each company in the programme may vary in each of its uses. The programme has a duration of five years minus one day from the contract signing date. Interest is payable on the date of repayment of each issue and the intervention rate is indexed to Euribor for the period of issue thereof, in force on the second business day preceding the date of subscription, plus 0.65% and determined in accordance with the date of each auction.
- A global commercial paper programme signed on 25 August 2009 with Millennium BCP Investimento, S.A., Banco Espírito Santo de Investimento, S.A. and Caixa Banco de Investimento, S.A., amounting to EUR 200,000 thousand, in which Teixeira Duarte - Engenharia e Construções, S.A. participates. The programme has a duration of three years from the contract signing date and interest is payable on the date of repayment of each issue and the intervention rate is indexed to Euribor for the period of issue thereof, in force on the second business day preceding the date of subscription, plus 3.20%.

As a result of the commitment of successive renewal of contracts during the term of programme contracts, the issues existing at 31 December 2009 are classified as non-current liabilities.

Non-current bank loans are repayable in the years stated below:

	2009	2008
2010	-	67,620
2011	115,141	86,684
2012	726,411	558,862
2013	520,622	607,464
2014 and ensuing years	130,186	100,419
	<b><u>1,492,360</u></b>	<b><u>1,421,049</u></b>

At 31 December 2009 and 2008, foreign currency financing agreements were expressed in the following currencies:

Currency	2009		2008	
	Currency	Euro	Currency	Euro
BRL	31,252	12,444	17,000	5,241
JPY	-	-	55,000	436
MAD	3,859	340	-	-
USD	176,139	122,268	96,926	69,646

Foreign currency denominated loans bear interest at market rates and were translated into Euro based on the exchange rate ruling at the balance sheet date.

### 36 - PROVISIONS

The movement in reserves accumulated during the years ended 31 December 2009 and 2008 was as follows:

	Provisions for legal and tax risks	Others related to employees	Lawsuits	Other provisions for risks and charges	Total
<b>Balance at 1 January 2008</b>	10,044	5,289	157	1,324	16,814
Effect of foreign currency translation	(2,349)	-	-	(261)	(2,610)
Reinforcement	163	2,271	56	113	2,603
Reductions	-	-	-	(32)	(32)
Uses	(72)	(5,220)	-	(58)	(5,350)
Transfers	-	8	(8)	(32)	(32)
<b>Balance at 31 December 2008</b>	<b>7,786</b>	<b>2,348</b>	<b>205</b>	<b>1,054</b>	<b>11,393</b>
<b>Balance at 1 January 2009</b>	<b>7,786</b>	<b>2,348</b>	<b>205</b>	<b>1,054</b>	<b>11,393</b>
Effect of foreign currency translation	1,791	-	-	196	1,987
Reinforcement	-	3,013	-	759	3,772
Reductions	-	-	(38)	(45)	(83)
Uses	(95)	(950)	(60)	(40)	(1,145)
Transfers	-	-	-	4,451	4,451
<b>Balance at 31 December 2009</b>	<b>9,482</b>	<b>4,411</b>	<b>107</b>	<b>6,375</b>	<b>20,375</b>

With regard to non-current provisions, amounting to EUR 15,083 thousand, the quantity and timing of their outflows shall depend on the specific situations that gave rise to them, some of which are beyond the Group's control, including the outcome of lawsuits and tax issues.

The other provisions for risks and liabilities include, mainly: i) provisions for estimated losses on building contracts, ii) litigation provisions.

Reinforcements were made in consideration of:

	2009	2008
<b>Profit/(loss) for the year:</b>		
Provisions	672	248
Staff costs	3,013	2,263
Supplies and outsourcing	-	11
Profit/(loss) from associated companies	87	64
Equity	-	17
	<b>3,772</b>	<b>2,603</b>

Reductions in provisions have been made in consideration of:

	2009	2008
<b>Profit/(loss) for the year:</b>		
Provisions	(44)	-
Supplies and outsourcing	(21)	-
Profit/(loss) from associated companies	(17)	-
Profit/(loss) from other investments	-	(32)
Equity	(1)	-
	<b><u>(83)</u></b>	<b><u>(32)</u></b>

### 37 - SUPPLIERS AND OTHER PAYABLES

At 31 December 2009 and 2008, this item had the following composition:

	2009	2008
<b>Non-current liabilities</b>		
Other payables	25,423	25,342
	<b><u>25,423</u></b>	<b><u>25,342</u></b>
<b>Current liabilities</b>		
Suppliers	233,405	220,278
Fixed asset suppliers	1,107	2,353
Other payables	44,574	31,508
	<b><u>279,086</u></b>	<b><u>254,139</u></b>
	<b><u>304,509</u></b>	<b><u>279,481</u></b>

### 38 - ACCOUNTS PAYABLE UNDER FINANCE LEASES

At 31 December 2009 and 2008, the net value of assets acquired under finance leases totalled:

	2009	2008
Land and natural resources	3,584	4,081
Buildings and other constructions	230,029	236,363
Basic equipment	16,199	14,774
Transport equipment	2,924	3,270
Tools and utensils	52	20
Administrative equipment	72	74
Other tangible fixed assets	108	178
Fixed assets in progress	4,305	-
	<b><u>257,273</u></b>	<b><u>258,760</u></b>

At 31 December 2009 and 2008, the present value of minimum lease payments was due as follows:

	2009	2008
2009	-	13,395
2010	18,920	13,584
2011	17,221	13,538
2012	16,517	13,061
2013	14,571	12,027
After 2013	<b><u>185,443</u></b>	<b><u>194,896</u></b>
	<b><u>252,672</u></b>	<b><u>260,501</u></b>

In the year ended 31 December, 2009, the Group had entered into a sale and leaseback transaction involving the Lagoas Park undertaking, which is essentially recorded as an investment property (Note 21). To assure fulfilment of this transaction, a reserve for the ownership of lots 7, 8, 9, 10, 11, 12, 15, 16 and 23 of that undertaking was created (Note 42).

The finance lease contracts bear interest at market rates and have defined durations.

The financial commitments under lease contracts are assured by the reserve of ownership of the leased assets.

### 39 - OTHER NON-CURRENT LIABILITIES

At 31 December 2009 and 2008, this item had the following composition:

	2009	2008
<b>Associated companies, subsidiaries and other shareholders:</b>		
Associated companies	-	1,320
Other shareholders	47	49
	<u>47</u>	<u>1,369</u>
<b>Deferred income:</b>		
Deferred income from works - warranty period (Note 31)	7,880	28,907
Other deferred income	4,545	4,452
	<u>12,425</u>	<u>33,359</u>
<b>Others:</b>		
Advance payments from customers	5,677	6,947
Derivative financial instruments (Note 41)	4,888	5,452
Other cost accruals	1,529	-
Advance payments for sales	397	-
	<u>12,491</u>	<u>12,399</u>
	<u>24,963</u>	<u>47,127</u>

### 40 - OTHER CURRENT LIABILITIES

At 31 December 2009 and 2008, this item had the following composition:

	2009	2008
<b>Government and other public bodies:</b>		
Corporate Income Tax - IRC	(1,777)	1,434
Withholding Tax on Income	2,776	2,341
Value Added Tax	11,784	17,855
Contributions to Social Security	3,210	3,574
Others	2,271	1,968
	<u>18,264</u>	<u>27,172</u>
<b>Associated companies, subsidiaries and other shareholders:</b>		
Associated companies	77	-
Subsidiaries	1,264	261
Other shareholders	124	565
	<u>1,465</u>	<u>826</u>
<b>Cost accruals:</b>		
Insurance to be paid	160	780
Remunerations to be paid	19,848	18,787
Interest to be paid	2,521	8,120
Other costs to be paid	18,567	21,943
	<u>41,096</u>	<u>49,630</u>
<b>Deferred income:</b>		
Work invoiced but not done (Note 31)	24,493	26,429
Deferred income from works - warranty period (Note 31)	5,595	8,174
Other deferred income	12,948	9,216
	<u>43,036</u>	<u>43,819</u>
<b>Others:</b>		
Advance payments from customers	101,596	105,991
Advance payments for sales	1,387	2,079
Derivative financial instruments (Note 41)	-	636
	<u>102,983</u>	<u>108,706</u>
	<u>206,844</u>	<u>230,153</u>

#### 41 - DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2009, the Group had entered into a derivative financial instrument to minimise the risks of exposure to changes in interest rate, consisting of an interest rate swap contract.

Such instruments are entered into by considering the risks affecting the assets and liabilities and after checking which of the instruments available on the market are the most appropriate to cover those risks.

These transactions, which are subject to prior approval by the Board of Directors, are permanently monitored, particularly through the analysis of various indicators regarding these instruments, mainly the trend of their market value and sensitivity of forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects.

Derivative financial instruments are recorded in accordance with the provisions of IAS 39 and measured at fair value, which is based on assessments made by financial institutions. The derivative financial instrument existing at 31 December 2009 was assessed by independent company external to the Group through appropriate methodologies and techniques and commonly used by the experts for each type of instrument entered into by the Group.

The derivative financial instrument used by Teixeira Duarte Group was evaluated according to the DCF - Discounted Cash-Flow model because the type of product is an Interest Rate Swap, which is devoid of volatility in its pricing. Thus, the model suggests calculating each future cash-flow of the swap through the implied forward rate and deducting it at the valuation date using its discount factor. The interest rate curve used for the calculation of the implied forward rates and discount factors (as shown in the table below) is subdivided into two groups:

- Short-term (up to 1 year): Euribor fixings;
- Medium/Long-term: swap rates in force in the market.

Days	EUR	Dates	EUR Fact	
1	0.26000%	05-01-2010	0.9999639	
31	0.45900%	05-02-2010	0.9995688	
91	0.70000%	06-04-2010	0.9981976	
181	0.99300%	05-07-2010	0.9949963	
1 Y	365	1.24700%	05-01-2011	0.9874790
2 Y	730	1.84950%	05-01-2012	0.9638736
3 Y	1098	2.25500%	07-01-2013	0.9347648
4 Y	1462	2.56250%	06-01-2014	0.9028040
5 Y	1826	2.81100%	05-01-2015	0.8690215
6 Y	2191	3.02900%	05-01-2016	0.8336163
7 Y	2557	3.21500%	05-01-2017	0.7977538
8 Y	2922	3.36000%	05-01-2018	0.7629971
9 Y	3289	3.48400%	07-01-2019	0.7287222
10 Y	3653	3.59500%	06-01-2020	0.6951589
11 Y	4018	3.69300%	05-01-2021	0.6624535
12 Y	4383	3.78100%	05-01-2022	0.6305692
13 Y	4748	3.85500%	05-01-2023	0.6002018
14 Y	5113	3.91600%	05-01-2024	0.5714963
15 Y	5480	3.97000%	06-01-2025	0.5439337
16 Y	5844	3.98880%	05-01-2026	0.5210484
17 Y	6209	4.00760%	05-01-2027	0.4988012
18 Y	6574	4.02640%	05-01-2028	0.4772348
19 Y	6940	4.04520%	05-01-2029	0.4563344
20 Y	7307	4.06400%	07-01-2030	0.4359908
21 Y	7671	4.05520%	06-01-2031	0.4202187
22 Y	8035	4.04640%	05-01-2032	0.4051291
23 Y	8401	4.03760%	05-01-2033	0.3906499
24 Y	8766	4.02880%	05-01-2034	0.3767975
25 Y	9131	4.02000%	05-01-2035	0.3635442
26 Y	9498	4.00520%	07-01-2036	0.3517218
27 Y	9862	3.99040%	05-01-2037	0.3406013
28 Y	10227	3.97560%	05-01-2038	0.3299301
29 Y	10592	3.96080%	05-01-2039	0.3197594
30 Y	10957	3.94600%	05-01-2040	0.3100659
31 Y	11325	3.92810%	07-01-2041	0.3012945

These shall be qualified as hedging instruments or instruments held for trading, in compliance with the provisions of IAS 39.

**Trading derivatives that do not qualify for hedge accounting**

The instrument existing at 31 December 2009 is classified as a derivative that does not qualify for hedge accounting (trading), and its nature and fair value at that date was as follows:

Type of transaction	Maturity	Underlying amount		Fair value (Note 39)	
		2009	2008	2009	2008
Interest rate swap - fixed rate	30 April 2009	-	34,000	-	(358)
Interest rate swap - fixed rate	30 June 2009	-	65,000	-	(90)
Interest rate swap - fixed rate	30 June 2009	-	135,000	-	(188)
Interest rate swap - fixed rate	1 July 2033	10,709	15,640	(4,888)	(5,452)
				<b>(4,888)</b>	<b>(6,088)</b>

Changes in the fair value of trading instruments are recorded directly in the income statements of the periods in which they occur.

**42 - CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS**

**Guarantees**

At 31 December 2009 and 2008, the companies included in the consolidation perimeter had provided the following third-party guarantees:

	2009	2008
Guarantees provided:		
Bank	<b>607,390</b>	<b>520,586</b>
Surety bonds	<b>106,379</b>	<b>112,398</b>

Bank guarantees were provided primarily for invitations to tender, advance payments received and as a guarantee for good performance of work.

EMPA - Serviços de Engenharia, S.A. provided a security corresponding to the mortgage of land to third parties in its construction activity.

To assure fulfilment of the loan contract signed with Banco Caixa Geral, amounting to EUR 19,820 thousand, awarded by GSC - Compañía General de Servicios y Construcción, S.A., GSC - Compañía General de Servicios y Construcción, S.A. pledged 2,133, 870 shares of Banco Bilbao Vizcaya Argentaria, S.A. and mortgage of land, located in Madrid, C / Amalia, 4 and 6.

A mortgage on Lot 3, located at Lagoas Park, owned by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. was also made payable to Caixa Geral de Depósitos, in order to assure fulfilment of the loan contract awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. in the amount of EUR 47,290 thousand.

A mortgage promise was also made on lots 7, 8, 9, 10, 11, 12, 15, 16 and 23, located at Lagoas Park, owned by Banco Comercial Português, S.A., in order to assure fulfilment of the loan contract awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. in the current amount of EUR 90,000 thousand, with the exercise of the option to purchase by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., associated with finance lease contracts for those lots.

Teixeira Duarte - Engenharia e Construções, S.A., BEL-ere - Engenharia e Reabilitação de Estruturas, S.A., EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., SOMAFEL - Engenharia e Obras Ferroviárias, S.A., OFM - Obras Públicas, Ferroviárias e Marítimas, S.A., RECOLTE - Recolha, Tratamento e Eliminação de Resíduos, S.A., GSC - Compañía General de Servicios y Construcción, S.A. and EMPA - Serviços de Engenharia, S.A. have provided surety bonds, a guarantee for good performance of work and services.

In addition to the guarantees listed above, the following pledges were provided:

To assure fulfilment of the loan contract signed with Caixa Geral de Depósitos, currently amounting to EUR 117,000 thousand, awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 26,907,230 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., pledged 30,000,000 shares of Banco Comercial Português, S.A..

To assure fulfilment of the loan contract signed with Caixa Geral de Depósitos, amounting to EUR 342,500 thousand, awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A. and TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 22,000,000 and 28,500,000 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A., respectively, and under the contract, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. also pledged 87,250,000 shares of Banco Comercial Português, S.A. and 6,000,000 units of Fundo Investimento Imobiliário Fechado TDF.

To assure fulfilment of the loan contract signed with Banco Bilbao Vizcaya Argentaria, amounting to EUR 75,000 thousand, awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 92,500,000 shares of Banco Comercial Português, S.A. and TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 3,600,000 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A..

To assure fulfilment of the commercial paper contract signed with Fortis Bank, amounting to EUR 5,500 thousand, awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A. made a forward commitment to pledge 2,500,000 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A..

To assure fulfilment of the commercial paper contract signed with Banco Espírito Santo, amounting to EUR 100,000 thousand, awarded by Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A. and TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 13,350,000 and 1,650,000 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A., respectively, and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 3,408,750 shares of EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A..

To assure fulfilment of the commercial paper contract signed with Caixa Geral de Depósitos, amounting to EUR 100,000 thousand, awarded by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A. and TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 21,000,000 and 8,000,000 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A., respectively.

To assure fulfilment of the commercial paper contract signed with Banco Espírito Santo, amounting to EUR 120,000 thousand, awarded by Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A. and TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 5,500,000 and 3,000,000 shares of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A., respectively, Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 52,755,992 shares of Banco Comercial Português, S.A. and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 4,091,250 shares of EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A..

To assure fulfilment of the commercial paper contract signed with Banco Espírito Santo, amounting to EUR 100,000 thousand, awarded by Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 28,000,000 shares of Banco Comercial Português, S.A. and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 104,000,000 shares of C+P.A. - Cimentos e Produtos Associados, S.A..

To assure fulfilment of the commercial paper contract signed with Banco Espírito Santo de Investimento, S.A., amounting to EUR 50,000 thousand, awarded by Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pledged 6,000,000 shared of Banco Comercial Português, S.A. and TDCIM - Sociedade Gestora de Participações Sociais, S.A. pledged 10,000,000 shared of CIMPOR - Cimentos de Portugal, S.G.P.S., S.A..

To assure the settlement of accounts payable, amounting to EUR 14,877 thousand, IMOTD - SGPS, S.A. pledged 47,870 shares of V8, S.A. and 47,780 shares of Parauto, S.A..

To assure fulfilment of the financing contract awarded by TDHOSP - Gestão de Edifício Hospitalar, S.A., Teixeira Duarte - Engenharia e Construções, S.A. pledged 1,472,000 shares of TDHOSP - Gestão de Edifício Hospitalar, S.A. to Caixa Geral de Depósitos and Caixa Banco de Investimentos. Under the same financing contract, Teixeira Duarte - Engenharia e Construções, S.A., in its capacity as shareholder, pledged its credit rights over TDHOSP - Gestão de Edifício Hospitalar, S.A., arising from investments already made under the management contract, amounting to EUR 7,359 thousand.

#### **Financial Commitments:**

Most of the financing transactions undertaken by operating companies or sub-holdings do not envisage, in their contracts, the maintenance of control over their capital by Teixeira Duarte - Engenharia e Construções, S.A.. However, the letters of comfort that are requested to the Parent company for the purpose of entering into these transactions usually contain a commitment not to transfer control (direct and/or indirect) over such associated companies.

At 31 December 2009 and 2008, the letters of comfort provided by the Parent company and other associated companies amounted to EUR 416,400 thousand and EUR 605,579 thousand, respectively.

At 31 December 2009 and 2008, factoring contracts without recourse which were recorded as a reduction in accounts receivable, amounting to EUR 130,058 thousand and EUR 129,471 thousand, respectively, were in force. According to the contract terms, the Group's liability is primarily limited to assuring acceptance of invoices subject to factoring by customers.

### **43 - FINANCIAL RISK MANAGEMENT**

#### **General Principles:**

Group is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- interest rate risks arising from financial liability;
- foreign exchange risk arising mainly from the existence of operations and assets located outside the Euro zone, namely Angola, Algeria, Brazil, Macao, Morocco, Mozambique, Namibia, Russia, Ukraine and Venezuela;
- credit risk, particularly from credits on its customers relating to the Group's operating activities;
- liquidity risk, as regards the maintenance of cash stability.

The Group's Financial Department manages centrally the financing transactions, applications of cash surplus, foreign exchange transactions, as well as the counterparty risk of the Group. In addition to this, it is responsible for identifying, measuring, proposing and implementing measures to manage/mitigate the financial risks to which the Group is exposed.

The main financial risks to which the Group is exposed and the main measures implemented to manage them are analysed in greater detail below.

#### **Interest rate risk**

The interest rate risk management policy aims at minimising the cost of debt subject to the maintenance of a low level of volatility of the financial burden.

At 31 December 2009, financial liabilities were composed of 98% variable interest rate and 2% fixed interest rate, while at 31 December 2008, total financial liabilities were composed of variable interest rate.

Had the market interest rates been higher (lower) by 1% during the years ended 31 December 2009 and 2008, the financial profit/(loss) of those years would have (decreased) increased by EUR (15,910) / 15,910 thousand and EUR (18,526) / 18,526 thousand, respectively.

#### **Foreign exchange risk**

The Group's operating activities are exposed to variations in the Euro exchange rate against other currencies.

Moreover, taking into account the different countries where the Group operates, its exposure to foreign exchange risk arises from the fact of its subsidiaries report their assets and liabilities in currencies other than the reporting currency, namely Angola, Algeria, Brazil, Macao, Morocco, Mozambique, Namibia, Russia, Ukraine and Venezuela.

The foreign exchange risk management policy followed by the Group is ultimately aimed at reducing the maximum sensitivity of the Group's income to currency fluctuations.

The assets and liabilities denominated in foreign currency, translated into Euro at 31 December 2009 and 2008, were as follows:

Currency	Assets		Liabilities	
	2009	2008	2009	2008
Venezuelan Bolivar	24	-	1,160	714
Algerian Dinar	8,472	29,397	45,554	92,348
Moroccan Dirham	205	-	4,898	7,791
Tunisian Dinar	-	-	788	-
US Dollar	146,274	128,293	112,370	122,821
Namibian Dollar	-	-	100	-
Ukrainian Hryvnia	-	-	29,500	27,242
Japanese Yen	17,703	15,791	17,880	15,998
Pound Sterling	-	-	22	-
Mozambican Metical	254	15,552	-	8,235
Macanese Pataca	-	41	199	139
South African Rand	2	99	12	208
Brazilian Real	-	-	10,418	19,476
Russian Ruble	-	-	2,850	-
	<b>172,934</b>	<b>189,173</b>	<b>225,751</b>	<b>294,972</b>

Foreign exchange risk management is based on a continuous measurement and monitoring of relevant financial and accounting exposure levels.

The possible impacts reflected in the Group's financial statements, if there was a 5% appreciation of the above-mentioned currencies, can be summarized as follows:

Currency	2009		2008	
	Profit/(loss)	Equity	Profit/(loss)	Equity
Venezuelan Bolivar	(57)	-	(36)	-
Algerian Dinar	(1,854)	-	(3,148)	-
Moroccan Dirham	(235)	-	(390)	-
Tunisian Dinar	(39)	-	-	-
US Dollar	1,695	-	274	-
Namibian Dollar	(5)	-	-	-
Ukrainian Hryvnia	(1,475)	-	(1,362)	-
Japanese Yen	(9)	-	(10)	-
Pound Sterling	(1)	-	-	-
Mozambican Metical	13	-	366	-
Macanese Pataca	(10)	-	(5)	-
South African Rand	(1)	-	(5)	-
Brazilian Real	(521)	-	(974)	-
Russian Ruble	(143)	-	-	-
	<b>(2,642)</b>	<b>-</b>	<b>(5,290)</b>	<b>-</b>

According to the Board of Directors, the sensitivity analysis described above, based on the situation at the dates stated, may not be representative of exposure to foreign exchange risk to which the Group is subject throughout the year.

### Credit risk

Credit risk is primarily related to the balances receivable from customers and other receivables related to the Group's operating activities. The worsening of global economic conditions or hardships that affect the economies on a local, national or international scale may result in the inability of customers of the Group to meet their obligations, with possible negative effects on the Group.

This risk is monitored on a regular basis by each of the Group's businesses for the purpose of:

- limiting credit granted to customers, considering their profile and age of the account receivable;
- monitoring the trend of the level of credit granted;
- analysing the recoverability of receivables on a regular basis.

Adjustments to accounts receivable are calculated taking into account:

- the evaluation of age of accounts receivable;
- the customer's risk profile;
- customers' financial situation.

At 31 December 2009, the Board of Directors believes that the estimated adjustments to accounts receivable are adequately disclosed in the financial statements.

At 31 December 2009 and 2008, accounts receivable for which no adjustments were recorded, because the Board of Directors considered that they are achievable, are as follows:

	2009	2008
<b>Balances:</b>		
Unexpired	182,923	118,956
Up to 180 days	83,176	83,320
180 to 360	40,190	35,655
More than 360 days	34,469	32,803
	<u><u>340,758</u></u>	<u><u>270,734</u></u>

The credit quality of accounts receivable not yet due included in the above table is monitored on a regular basis, based on the objectives described above.

### Liquidity risk

This risk can occur if the sources of financing, such as cash flows from operating activities, disinvestment, credit lines and from financing transactions, do not meet the financing needs, such as cash outflows for operating activities and financing, investments, cash return to shareholders and debt repayment.

In order to mitigate this risk, the Group seeks to maintain a net position and an average maturity of debt that allows it to redeem its debt within a reasonable period of time.

Financial liabilities maturing within one year are replaced over the medium and long term as deemed appropriate.

The maturity of financial liabilities at 31 December 2009 and 2008 is as follows:

	2009				
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Loans	632,432	115,141	726,411	650,808	2,124,792
Suppliers	233,405	-	-	-	233,405
Fixed asset suppliers	1,107	-	-	-	1,107
Finance leases	18,920	17,221	16,517	200,014	252,672
Others payables	44,574	19,631	1,071	4,721	69,997
Other liabilities	206,844	8,552	3,235	13,176	231,807
	<b><u>1,137,282</u></b>	<b><u>160,545</u></b>	<b><u>747,234</u></b>	<b><u>868,719</u></b>	<b><u>2,913,780</u></b>

	2008				
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Loans	536,331	67,620	86,684	1,266,745	1,957,380
Suppliers	220,278	-	-	-	220,278
Fixed asset suppliers	2,353	-	-	-	2,353
Finance leases	13,395	13,584	13,538	219,984	260,501
Others payables	31,508	23,268	-	2,074	56,850
Other liabilities	230,153	18,625	7,227	21,275	277,280
	<b><u>1,034,018</u></b>	<b><u>123,097</u></b>	<b><u>107,449</u></b>	<b><u>1,510,078</u></b>	<b><u>2,774,642</u></b>

At 31 December 2009 and 2008, the amount of available cash and the unused amount of the commercial paper programme and credit lines totalled EUR 242,546 thousand and EUR 394,050 thousand, respectively.

#### 44 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2009 were approved by the Board of Directors on 23 April 2010, but they are still subject to approval, under the company law in force in Portugal, by the General Meeting of Shareholders, which is scheduled for 27 May 2010.

#### 45 - SUBSEQUENT EVENTS

On 10 February 2010, "Teixeira Duarte - Engenharia e Construções, S.A." signed an agreement with Camargo Corrêa, S.A. (CCSA) for the disposal of all its interest, direct and indirect, in "CIMPOR - Cimentos de Portugal - SGPS, S.A." for a purchase price of EUR 6.50 per share.

On 25 March 2010, all the above-mentioned shares of "CIMPOR - Cimentos de Portugal - SGPS, S.A." were transferred and the remaining portion of the price that was pending for payment under that agreement was received.

After disclosure of the financial position of "CIMPOR - Cimentos de Portugal - SGPS, S.A.", Teixeira Duarte found that this operation had an impact on the accounts for the first quarter of 2010 amounting to EUR 266,332 thousand in the individual statements and about EUR 79,037 thousands on the consolidated statements.

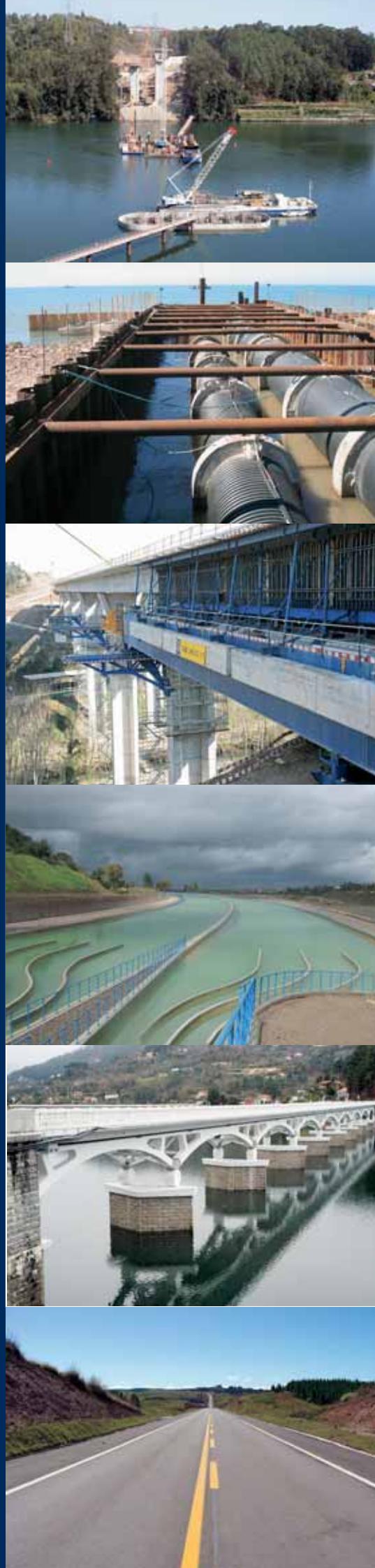
On 19 February 2010 the Board of Directors of Teixeira Duarte - Engenharia e Construções, S.A. released a report on the Convenience and Conditions of the Public Share Exchange Offer, preliminarily announced by Teixeira Duarte, S.A.

At the end of this document a recommendation was presented to the existing shareholders of the Company, stating that, particularly with regard to the interests of the Company and of Teixeira Duarte Group in general, and in relation to its workers in particular, the Offer is considered convenient and its conditions appropriate, thus the Board of Directors advises its existing shareholders to accept the Offer because it is convinced that its success will contribute to optimising Teixeira Duarte Group's activity.

On 5 March 2010, the Group received an advance payment of 15% of the total value of approximately EUR 185 million of the contract signed under the Portugal-Angola Financial Agreement, between TEIXEIRA DUARTE - Engenharia e Construções, S.A. and Gabinete de Obras Especiais [Office of Special Works] (GOE) of the Presidency of the Republic of Angola, for the Contract for Construction of the Headquarters of the National Assembly of Angola, located in what will be the new political and administrative centre of Luanda.



**Reports, Opinions and Certifications  
of the Audit Bodies  
2009**



## Report and Opinion of the Audit Committee

Dear Shareholders,

In accordance with subparagraph g) of Article 420 of the Portuguese Commercial Companies Code, we hereby present our audit report, our opinion on the individual and consolidated report and accounts of TEIXEIRA DUARTE – Engenharia e Construções, S.A. for the year ended 31 December 2009 and on the proposals submitted by the Board of Directors. This document also includes the statement of responsibility referred to in subparagraph c) of paragraph 1 of Article 245 of the Portuguese Securities Code.

This Committee met regularly throughout the year, having:

- a) audited the Company's management and ascertained compliance with the law and with its memorandum of association;
- b) monitored management through regular contracts with the members of the Board of Directors and participation in their meetings;
- c) ascertained the accuracy of the account reporting documents, accounting policies and valuation criteria adopted by the Company, in order to ensure that they produce a correct valuation of its financial position and results;
- d) monitored the works carried out by the Company of Chartered Accountants.

Within the limits of the competences legally conferred upon us, we found that:

- a) the annual management report provides a clear overview of the key aspects of the business growth and financial performance of both the Company and the Group;
- b) the individual and consolidated financial statements and the corresponding notes present a true and fair view of the financial position of the Company and of TEIXEIRA DUARTE Group, respectively.

Taking into account the findings of checks conducted directly, the information provided to us by the Board of Directors and by the Company's Services, as well as the conclusions contained in the Legal Certification of Accounts and Audit Report, the Audit Committee expresses its agreement with the Annual Report and Accounts.

Accordingly, we have the opinion that:

- a) the Management Report should be approved;
- b) the individual and consolidated financial statements for the year ended 31 December 2009 should be approved;
- c) the proposal for the allocation of profits and losses submitted by the Board of Directors should be approved.

In pursuance of subparagraph c) of paragraph 1 of Article 245 of the Portuguese Securities Code, members of the Audit Committee declare that, to the best of their knowledge, the annual accounts and other account reporting documents were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of TEIXEIRA DUARTE - Engenharia e Construções, S.A. and the companies included in the consolidation perimeter. They further declare that the management report, which contains a description of the main risks and uncertainties of the business faithfully reflects the business growth and the financial performance of Teixeira Duarte - Engenharia e Construções, S.A. and the companies included in the consolidation perimeter.

Lagoas Park, 29 April 2010

António Gonçalves Monteiro - Chairman

Mateus Moreira - Board Member

Miguel Carmo Pereira Coutinho - Board Member

## STATUTORY AUDIT CERTIFICATION AND REPORT OF STATUTORY AUDITORS (on individual accounts)

### INTRODUCTION

1. In accordance with the applicable legislation, we hereby present the Statutory Audit Certification and Report of Statutory Auditors on the financial information contained in the attached Management Report and in the financial statements regarding the year ended 31 December 2009, of TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A., which comprise: the Balance sheet as of 31 December 2009 (which shows a total of 1,129,399 thousand Euros and total shareholders' equity of 233,469 thousand Euros, including a net profit of 10,162 thousand Euros), the Income statement by nature and by functions, the Cash flow statement for the year then ended, and the respective Notes.

### RESPONSIBILITIES

2. It is the responsibility of the Board of Directors:
  - a) to prepare financial statements that offer a true and fair view of the financial position of the company, the results of operations and cash flows;
  - b) to ensure that historic financial information is prepared in conformity with generally accepted accounting principles and that such information reflects a complete, true, current, clear, objective and legal view, as required in terms of the "Código dos Valores Mobiliários" (Portuguese Securities Market Code);
  - c) to adopt adequate accounting policies and criteria;
  - d) to maintain an appropriate internal control system; and
  - e) to disclose any relevant facts that may have influenced the operations of the company, its financial position or results.
3. Our responsibility is to verify the financial information disclosed in the documents, so as to ensure that it represents a complete, true, current, clear, objective and legal position, as required by the "Código dos Valores Mobiliários" (Portuguese Securities Market Code) and to produce a professional and independent report, based on our examination.

### SCOPE

4. Our examination was conducted in accordance with the Auditing Standards issued by "Ordem dos Revisores Oficiais de Contas" (Chamber of Statutory Auditors), planned accordingly and executed with the objective to reasonably ensure that the financial information mentioned above is free of any materially relevant distortions. For that purpose, the aforesaid examination included:

- an appropriate examination and verification, on a test basis, of supporting documents for the disclosures in the financial statements and for the estimates made, based on judgments and criteria set out by the Board of Directors, used in their preparation;
- taking a view on the appropriateness of accounting criteria and policies in place and their reporting, depending on the circumstances;
- the verification of the applicability of the continuity principle;
- appreciating, in global terms, the appropriateness of presentation of the financial statements; and
- the verification that the financial information is complete, true, current, clear, objective and legal;

5. Our examination also included verification that the financial information disclosed in the annual report accorded with the remaining accounts submission documents.

6. We believe that our examination provides a reasonable basis for our opinion.

## OPINION

7. In our opinion, the above financial statements provide, in all material respects, a true and fair view of the financial position of TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A., on the 31<sup>st</sup>. of December 2009, the result of its operations and cash flows for the year then ended, in accordance with the generally accepted accounting principles in Portugal and that the information contained therein is complete, true, current, clear, objective and legal.

Linda-a-Pastora, 28 April 2010

## MARIQUITO, CORREIA & ASSOCIADOS - SROC

Represented by:

*Antonio Francisco Escarameia Mariquito - ROC*

## STATUTORY AUDIT CERTIFICATION AND REPORT OF STATUTORY AUDITORS ON CONSOLIDATED ACCOUNTS

### INTRODUCTION

1. In accordance with the applicable legislation, we hereby present the Statutory Audit Certification and Report of Statutory Auditors on the information contained in the Management Report and in the consolidated financial statements regarding the year ended 31 December 2009, of TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A., which comprise: the consolidated Statement of financial position as of 31 December 2009 (which shows a total of 3,512,519 thousand Euros and total group shareholders' equity of 511,582 thousand Euros, including a net profit of 116,629 thousand Euros), the consolidated Income statement, the consolidated Statement of comprehensive income, the consolidated Statement of the changes in equity and the consolidated statement of Cash flows for the year then ended, and the respective Notes.

### RESPONSIBILITIES

2. It is the responsibility of the Board of Directors:
  - a) to prepare consolidated financial statements that offer a true and fair view of the financial position of the consolidated group of companies, the consolidated comprehensive income, the consolidated changes in equity and the consolidated statement of cash flows;
  - b) to ensure that historic financial information is prepared in conformity with the International Financial Reporting Standards, as these are applied in the European Union and that such information reflects a complete, true, current, clear, objective and legal view, as required in terms of the "Código dos Valores Mobiliários" (Portuguese Securities Market Code);
  - c) to adopt adequate accounting policies and criteria;
  - d) to maintain an appropriate internal control system; and
  - e) to disclose any relevant facts that may have influenced the operations of the consolidated group of companies, their financial position or results.
3. Our responsibility is to verify the financial information disclosed in the documents, so as to ensure that it represents a complete, true, current, clear, objective and legal position, as required by the "Código dos Valores Mobiliários" (Portuguese Securities Market Code) and to produce a professional and independent report based on our examination.

### SCOPE

4. Our examination was conducted in accordance with the Auditing Standards issued by "Ordem dos Revisores Oficiais de Contas" (Chamber of Statutory Auditors), planned accordingly and executed with the purpose to reasonably ensure that the financial information mentioned above is free of any materially relevant distortions. For that purpose, the aforesaid examination included:
  - an appropriate examination and verification of the reliability of the statements made in the financial information disclosed by the companies in the consolidation and, in any substantial

case where this did not occur, the verification, on a test basis, of supporting documents for such disclosures and for the estimates made, based on judgements and criteria set out by the Board of Directors, used in their preparation;

- the verification of consolidation operations and use of the equity method of accounting;
- an appreciation whether the adopted accounting principles and its diffusion are adequate, taking into account the circumstances;
- the verification of the applicability of the ongoing principle;
- appreciating, in global terms, the appropriateness of presentation of the financial statements; and
- the verification that the consolidated financial information is complete, true, current, clear, objective and legal;

5. Our examination also included verification that the consolidated financial information disclosed in the management report is in accordance with the remaining accounts submission documents.

6. We believe that our examination provides a reasonable basis for our opinion.

## OPINION

7. In our opinion, the above referred consolidated financial statements give, in all materially relevant aspects, a true and fair view of the consolidated financial position of TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A., on the 31st of December 2009, the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards, as these are applied in the European Union and that the information contained therein is complete, true, current, clear, objective and legal.

Linda-a-Pastora, 28 April 2010

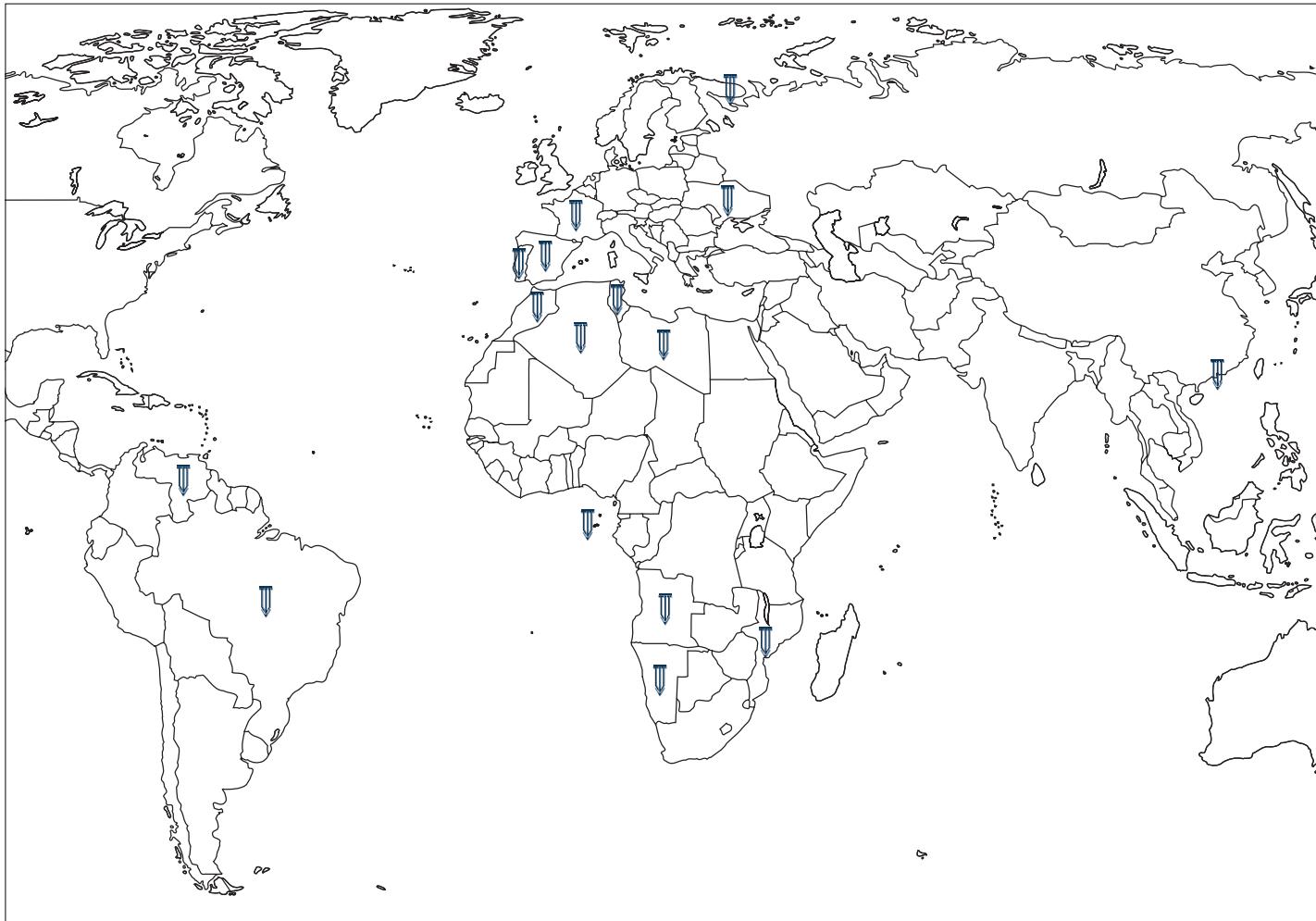
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¶ TEIXEIRA DUARTE