

MANAGEMENT REPORT AND ACCOUNTS

3rd QUARTER 2010



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TEIXEIRA DUARTE GROUP - 3rd QUARTER 2010

TEIXEIRA DUARTE, S.A.

TEIXEIRA DUARTE
Engenharia e Construção, S.A.



Legend: COMPANIES CONSOLIDATED INTO THE ACCOUNTS OF THE PARENT COMPANY

COMPANIES FORMING PART OF THE CONSOLIDATION

COMPANIES FORMING PART OF THE CONSOLIDATION UNDER THE EQUITY ACCOUNTING METHOD

COMPANIES EXCLUDED FROM THE CONSOLIDATION

Values as % of capital

MANAGEMENT REPORT

3rd QUARTER 2010



I. PRELIMINARY COMMENT

TEIXEIRA DUARTE, S.A. was incorporated on 30 November 2009, within the scope of the corporate restructuring of the Teixeira Duarte Group, whose achievement model was announced on 17 December 2009, date of the preliminary announcement for the launch of a general and voluntary tender offer for the acquisition of shares (Public Exchange Offer) of Teixeira Duarte - Engenharia e Construções, S.A. in exchange for shares of TEIXEIRA DUARTE, S.A..

On 16 July 2010 the Portuguese Securities Market Commission granted authorisation to the abovementioned Public Exchange Offer, which ran through to 6 August 2010. In a special stock exchange session held on 9 August 2010, the share exchange operations were conducted, following which, TEIXEIRA DUARTE, S.A. increased its share capital to 406,360,199 euros, becoming owner of 96.75% of the share capital of Teixeira Duarte - Engenharia e Construções, S.A..

TEIXEIRA DUARTE, S.A. is completing a squeeze-out process of the remaining shares of Teixeira Duarte - Engenharia e Construções, S.A., which will enable it to acquire 100% of the share capital of its affiliated company.

Since 16 August 2011 the shares of TEIXEIRA DUARTE, S.A. have been admitted to trading in the regulated market of Euronext Lisbon, while the shares of Teixeira Duarte - Engenharia e Construções, S.A. are, since 21 September, no longer listed.

As such, as at 30 September 2010, as well as at this date, TEIXEIRA DUARTE, S.A. is the Teixeira Duarte Group's top listed company, being responsible for reporting quarterly information as laid down in article 246-A of the Securities Market Code.

In addition, the financial statements of TEIXEIRA DUARTE, S.A., as at 31 December 2009, include the consolidation through the full consolidation method of the assets and liabilities held directly and indirectly by Teixeira Duarte – Engenharia e Construções, S.A., which became consolidated by TEIXEIRA DUARTE, S.A. from that date onwards, such that in relation to the statement of the consolidated financial position, comparisons between the figures calculated as at 30 September and the end of the 2009 financial year are presented.

However, since at 30 September 2009 Teixeira Duarte, S.A. had not been incorporated yet, the consolidated income statement, the consolidated full income statement, the consolidated statement of change in equity and the consolidated cash flow statement presented and reported at the end of the third quarter of this year do not include a comparison of the figures for the same period of the last year.

II. INTRODUCTION

Under the terms and for the purposes of the applicable legal and regulatory provisions, TEIXEIRA DUARTE, S.A. hereby discloses the Interim Report relative to the first nine months of 2010.

In compliance with and under the new legislation on the presentation of periodic information, it should be noted that the elements disclosed herein refer only to the consolidation position and that the financial statements and their notes were prepared based on the International Accounting Standard IAS 34, with the scope and development established in the Law.

Without prejudice to the regular monitoring of the activity of Teixeira Duarte by its Supervisory Bodies, as well as through the information reported to the Supervisory Bodies for the purpose of the preparation of this document, the elements published herein are not, under the terms of the applicable provisions, subject to auditing.

In addition to the Consolidated Financial Statements and their Notes, this document also includes a brief overview of the evolution of the Group's activity in the period under analysis, with emphasis on the following topics:

- **Net Income Attributable to Shareholders** was positive by 56 million euros;
- **Turnover** of 1,017 million euros;
- **EBITDA** of 119 million euros;
- **EBITDA / Turnover Margin** of 12%;
- **Net Debt** of 1,107 million euros;
- **Net Assets of the Group** of 2,775 million euros;
- **Financial Autonomy** of 20.3%;
- **Portfolio of Orders of the Teixeira Duarte Group** for the construction sector worth more than 2,000 million euros.

III. OVERALL ASSESSMENT

Income Statement for the period and quarter ended 30 September 2010

| | 30 September 2010 | 3rd Quarter of 2010 |
|-------------------------------|----------------------|------------------------|
| Operating income | 1,050,484 | 356,438 |
| Operating costs | 931,973 | 309,527 |
| EBITDA | 118,511 | 46,911 |
| Amortisation and depreciation | 43,382 | 16,046 |
| Provisions | 5,223 | (4,329) |
| EBIT | 69,906 | 35,194 |
| Financial results | (3,881) | (24,916) |
| Pre-tax profit | 66,025 | 10,278 |
| Income tax | 14,023 | 9,562 |
| Net profit | 52,002 | 716 |
| Attributable to: | | |
| Shareholders | 56,064 | 5,906 |
| Minority interests | (4,062) | (5,190) |

(Values in thousand euros)

The **Consolidated Net Income** Attributable to Shareholders reached the value of 56,064 thousand euros.

This indicator was influenced by the incorporation of the capital gains resulting from the sale of the stake in “CIMPOR – Cimentos de Portugal, S.G.P.S., S.A.”, in the amount of 69,800 thousand euros, and the appropriation of the net income of this participated company up to the date of its disposal, in the amount of 9,237 thousand euros, as well as by the record of an impairment loss, in the stake held by “Banco Comercial Português, S.A.”, with an impact on profit and loss of 47,802 thousand euros.

Consolidated Turnover reached 1,106,990 thousand euros, with the following distribution by activity sector :

| Activity Sector | 30 September 2010 | % Contribution |
|---------------------------------|----------------------|-------------------|
| Construction | 561,659 | 55.2% |
| Cement, Concrete and Aggregates | 10,525 | 1.0% |
| Concessions and Services | 37,297 | 3.7% |
| Real estate | 93,914 | 9.2% |
| Hotel services | 60,623 | 6.0% |
| Distribution | 77,397 | 7.6% |
| Energy | 96,211 | 9.5% |
| Automobile | 79,364 | 7.8% |
| | 1,016,990 | 100.0% |

(Values in thousand euros)

The external market represents 58.7% of the total Turnover of the Teixeira Duarte Group, with emphasis on the contributions of the Angolan and Brazilian markets.

| Countries | 30 September 2010 | % Contribution |
|---------------------|-------------------------|-------------------|
| Portugal | 420,201 | 41.3% |
| Angola | 337,413 | 33.2% |
| Algeria | 53,347 | 5.2% |
| Brazil | 130,199 | 12.8% |
| Spain | 18,859 | 1.9% |
| Morocco | 2,081 | 0.2% |
| Mozambique | 40,406 | 4.0% |
| Ukraine | 8,002 | 0.8% |
| Venezuela | 3,875 | 0.4% |
| Other | 2,607 | 0.3% |
| <i>Total</i> | 1,016,990 | 100.0% |

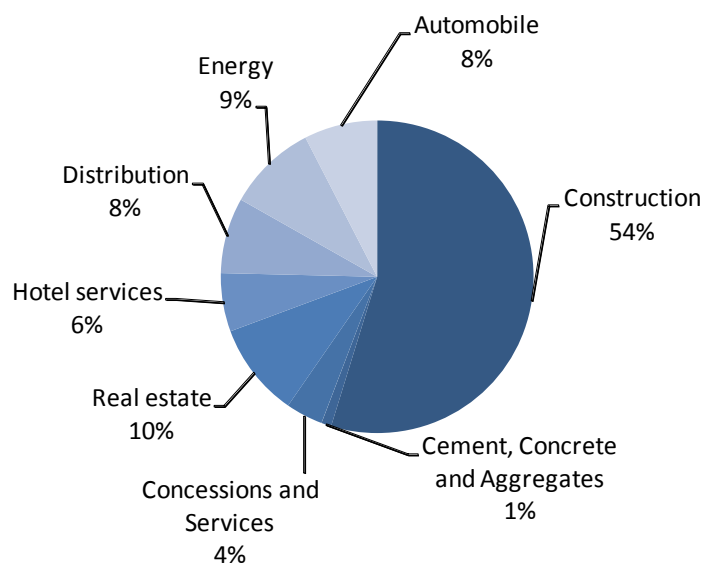
(Values in thousand euros)

Consolidated operating income reached 1,050,484 thousand euros in the first nine months of 2010.

| Activity Sector | 30 September 2010 | | |
|---------------------------------|--------------------|--------------------|------------------|
| | Internal Market | External Market | Total |
| Construction | 258,515 | 316,686 | 575,201 |
| Cement, Concrete and Aggregates | - | 10,867 | 10,867 |
| Concessions and Services | 15,747 | 24,613 | 40,360 |
| Real estate | 53,612 | 48,411 | 102,023 |
| Hotel services | 12,414 | 50,947 | 63,361 |
| Distribution | 95 | 82,000 | 82,095 |
| Energy | 96,922 | - | 96,922 |
| Automobile | 70 | 79,585 | 79,655 |
| Total of the Sectors: | 437,375 | 613,109 | 1,050,484 |

(Values in thousand euros)

The contribution of each of the activity sectors to the total value of consolidated operating income was as follows:



EBITDA reached 118.511 thousand euros, with the following contributions by activity sector:

| EBITDA | |
|---------------------------------|-------------------|
| Activity Sector | 30 September 2010 |
| Construction | 41,924 |
| Cement, Concrete and Aggregates | (1,288) |
| Concessions and Services | 8,651 |
| Real estate | 42,631 |
| Hotel services | 21,178 |
| Distribution | 6,463 |
| Energy | 6,877 |
| Automobile | 5,435 |
| Not allocated to segments | (13,124) |
| Eliminations | (236) |
| | 118,511 |

(Values in thousand euros)

The Consolidated EBITA / Turnover Margin came to 11.7% in the period ended 30 September 2010.

The financial results were negative by 3,881 thousand euros.

In this regard, it should be noted that the sale of the stake in “CIMPOR – Cimentos de Portugal, S.G.P.S., S.A.” contributed positively to financial results by 71,183 thousand euros; this indicator, in turn, was also influenced, in the amount of 9,098 thousand euros, by the positive exchange rate effect of the appreciation of the Currencies with which the Group operates relative to the Euro, as well as by the record of an impairment loss, in the stake held in “Banco Comercial Português, S.A.”, in the amount of 55,103 thousand euros.

Income Tax reached the value of 14,023 thousand euros in the first nine months of 2010.

Total Net Assets on 30 September 2010 came to 2,774,805 thousand euros, having decreased by 21% in relation to 31 December 2009, essentially as a result of the sale of the stake held in “CIMPOR – Cimentos de Portugal – SGPS, S.A.”.

The Net Indebtedness of the Group is subject to careful control and integrated in the overall strategy, having reached 1,106,827 thousand euros at the end of the third quarter of this year, which reflects a decrease of 885,914 thousand euros in relation to the end of 2009.

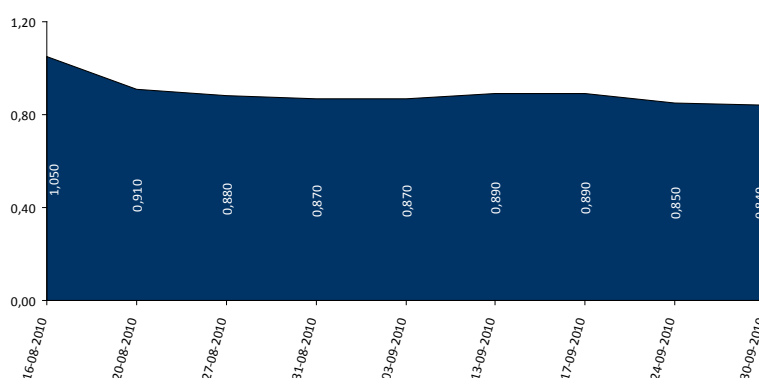
Total Equity reached 563,163 thousand euros, corresponding to an increase of 9.4% in relation to 31 December 2009.

Financial Autonomy increased from 14.7% as at 31 December 2009 to 20.3% as at 30 September 2010, having grown by 38.5%.

The average number of workers by the end of the quarter under consideration was 13,130, reflecting a decrease of 3% in comparison with 31 December 2009.

"Teixeira Duarte, S.A." shares were only officially listed on 16 August 2010, and since that date until the end of the third quarter of 2010 the shares devalued from 1.05 to 0.84 euros.

Stock market prices of TEIXEIRA DUARTE, S.A.



During this 45-day period, 2,770,449 shares were traded on the stock market, with a total turnover of 2,504,378 euros.

IV. FACTS OCCURRED AFTER THE END OF THE 3RD QUARTER OF 2010

On 22 October 2010, "TEIXEIRA DUARTE - Engenharia e Construções, S.A." (Teixeira Duarte) and "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS) signed a contract with "EDP – Gestão da Produção de Energia, S.A." for undertaking the General Contract Work of the Reinforcement of the Output Potential of Salamonde – Salamonde II, to reinforce the power output of the Salamonde Dam, located in the municipality of Minho, district of Braga.

The contract work shall be undertaken by a Complementary Group of Companies (CGC), led by Teixeira Duarte, with 50%, as well as the abovementioned EPOS, with 42.5%, and "SETH - Sociedade de Empreitadas e Trabalhos Hidráulico, S.A.", with 7.5%. The value of the contract is 97,985,000 euros and the forecast execution deadline is 53 months.

On 15 November 2010, TEIXEIRA DUARTE, S.A. made an announcement to the Shareholders of TEIXEIRA DUARTE - Engenharia e Construções, S.A. with a view to acquiring the remaining shares of its affiliated company which it does not yet own. Registration in the Commercial Registry is underway and its execution will conclude the acquisition of 100% of the share capital of "Teixeira Duarte – Engenharia e Construções, S.A." by TEIXEIRA DUARTE, S.A..

V. OUTLOOK FOR 2010

The Teixeira Duarte Group will maintain its attitude of particular caution and vigilance in relation to cost contention and will continue its prudent assessment of investments in the various sectors and markets in which it operates.

TEIXEIRA DUARTE maintains expectations of growth in the construction sector abroad and, in the national market, will focus its efforts of prudent participation in the main national tenders.

The Portfolio of Orders of the Teixeira Duarte Group for the construction sector, which reached the impressive total value of 1,987,928 thousand euros as at 30 September 2010, ensures good levels of activity, especially in the current context of such unfavourable economic circumstances.

The development of action in other activity sectors will also be pursued, whenever possible also giving priority to ventures in external markets, which, due to their dynamics, are becoming increasingly important in the Teixeira Duarte Group.

TEIXEIRA DUARTE expects to achieve, at the end of the current 2010 financial year, consolidated operating income of 1,500 million euros.

Lagoas Park, 25th November 2009

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

CONSOLIDATED FINANCIAL STATEMENTS

3rd QUARTER 2010



CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010 AND 31 DECEMBER 2009

(Values in thousand euros)

| | Notes | 30/09/2010 | 31/12/2009 |
|--|----------|------------------|------------------|
| Non-current assets: | | | |
| Goodwill | | 57,924 | 58,084 |
| Intangible assets | | 11,292 | 10,183 |
| Fixed tangible assets | 13 | 515,079 | 490,585 |
| Investment properties | 14 | 497,243 | 492,066 |
| Investments in associates | 15 | 88,762 | 977,196 |
| Financial assets available for sale | 17 | 228,492 | 284,880 |
| Other investments | | 12,931 | 13,549 |
| Deferred tax assets | 18 | 110,571 | 98,863 |
| Customers | | 59,362 | 61,051 |
| Other debtors | | 56 | 410 |
| Other non-financial assets | | 12,887 | 10,967 |
| Total non-current assets | | 1,594,599 | 2,497,834 |
| Current assets: | | | |
| Stocks | | 302,150 | 391,778 |
| Customers | | 478,512 | 331,737 |
| Other debtors | | 58,956 | 43,821 |
| Cash and equivalent | 20 | 143,537 | 132,051 |
| Other investments | | 7,112 | - |
| Other current assets | | 189,939 | 115,250 |
| Total current assets | | 1,180,206 | 1,014,637 |
| TOTAL ASSETS | 7 | 2,774,805 | 3,512,471 |
| Equity: | | | |
| Share Capital | 21 | 406,360 | 287,881 |
| Adjustments of holdings in associate companies | | (205) | - |
| Currency conversion adjustments | | 36,975 | - |
| Reserves and retained earnings | | (39,268) | - |
| Consolidated net income | | 56,064 | (11) |
| Equity attributable to shareholders | | 459,926 | 287,870 |
| Non-controlling interests | | 103,237 | 226,767 |
| TOTAL EQUITY | | 563,163 | 514,637 |
| Non-current liabilities: | | | |
| Loans | 22 | 674,448 | 1,492,360 |
| Provisions | | 30,324 | 15,083 |
| Financial leaseings | | 222,377 | 233,752 |
| Deferred tax liabilities | 18 | 67,609 | 66,831 |
| Other creditors | | 23,274 | 25,423 |
| Other non-current liabilities | | 42,335 | 24,963 |
| Total non-current liabilities | | 1,060,367 | 1,858,412 |
| Current liabilities: | | | |
| Loans | 22 | 575,916 | 632,432 |
| Provisions | | 3,670 | 5,292 |
| Suppliers | | 255,573 | 234,512 |
| Financial leaseings | | 16,661 | 18,920 |
| Other creditors | | 51,971 | 44,574 |
| Other current liabilities | | 247,484 | 203,692 |
| Total current liabilities | | 1,151,275 | 1,139,422 |
| TOTAL LIABILITIES | 7 | 2,211,642 | 2,997,834 |
| TOTAL LIABILITIES AND EQUITY | | 2,774,805 | 3,512,471 |

The notes are an integral part of the financial position as at 30 September 2010.

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2010

(Values in thousand euros)

| | Notes | 30-Sep-10 | 3rd Quarter of 2010 |
|--------------------------------------|----------|------------------|------------------------|
| Operating income: | | | |
| Sales and services rendered | 7 and 8 | 1,016,993 | 349,840 |
| Other operating income | 8 | 33,494 | 6,598 |
| Total operating income | 8 | 1,050,487 | 356,438 |
| Operating costs: | | | |
| Cost of sales | | (307,203) | (85,654) |
| Variation in production | | (3,637) | 2,511 |
| External supplies and services | | (396,170) | (152,081) |
| Personnel costs | | (183,905) | (61,522) |
| Amortisation and depreciation | 7 | (43,382) | (16,046) |
| Provisions and impairment losses | 7 | (5,223) | 4,329 |
| Other operating costs | | (40,588) | (12,457) |
| Total operating costs | | (980,108) | (320,920) |
| Net operating income | 7 | 70,379 | 35,518 |
| Financial costs and losses | 7 and 9 | (122,564) | (9,482) |
| Financial income and gains | 7 and 9 | 86,791 | (24,223) |
| Earnings from investment activities: | | | - |
| Net income of associates | 7 and 9 | 78,836 | 1,036 |
| Other | 7 and 9 | (46,941) | 7,756 |
| Financial results | | (3,878) | (24,913) |
| Pre-tax profit | 7 | 66,501 | 10,605 |
| Income tax | 10 | (14,140) | (9,643) |
| Net income for the period | | 52,361 | 962 |
| Net income attributable to: | | | |
| Shareholders | 11 | 58,306 | 6,359 |
| Minority interests | | (5,945) | (5,397) |
| Earnings per share: | | | |
| Basic | 11 | 0.18 | 0.02 |
| Diluted | 11 | 0.18 | 0.02 |

The notes are an integral part of the consolidated income statement of the quarter ended on 30 September 2010.

CONSOLIDATED FULL INCOME STATEMENT
FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2010

(Values in thousand euros)

| | 30 de September de 2010 | 3rd Quarter of 2010 |
|--|-------------------------------|------------------------|
| Net income for the period | 52,002 | 716 |
| Variation in currency conversion adjustments | 38,217 | (13,978) |
| Variation in fair value and disposal of financial assets available for sale | (11,915) | 1,931 |
| Effects of the application of the equity method | (221) | (3,314) |
| Other | (25,493) | (17,666) |
| | 588 | (33,027) |
| Full income for the period | 52,590 | (32,311) |
| Full income attributable to: | | |
| Shareholders | 57,641 | (25,916) |
| Non-controlling interests | (5,051) | (6,395) |

The notes are an integral part of the consolidated full income statement of the quarter ended on 30 de September de 2010.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2010

(Values in thousand euros)

| | | | | | Reserves and retained earnings | | | | | Consolidated | | |
|---|-------|---------------|--|---------------------------------|--------------------------------|---------------|---------------------|----------------|-------------------|--------------|--------------------------|----------|
| | Notes | Share Capital | Adjustments of investments in associates | Currency conversion adjustments | Legal reserve | Free reserves | Legal value reserve | Other reserves | Retained earnings | Net income | Minority non-controlling | Total |
| Balance as at 1st January 2010 | | 287,881 | - | - | - | - | - | - | - | (11) | 226,767 | 514,637 |
| Full income for the period: | | | | | | | | | | | | |
| Consolidated net income for the period | | - | - | - | - | - | - | - | - | 56,064 | (4,062) | 52,002 |
| Variation in currency conversion adjustments | | - | - | 36,975 | - | - | - | - | - | - | 1,242 | 38,217 |
| Variation in fair value and disposal of financial assets available for sale | 17 | - | - | - | - | - | (11,528) | - | - | - | (387) | (11,915) |
| Effects of the application of the equity method | 15 | - | (205) | - | - | - | - | - | - | - | (16) | (221) |
| Other | | - | - | - | - | - | - | - | (23,665) | - | (1,828) | (25,493) |
| Operations with shareholders in the period: | | | | | | | | | | | | |
| Application of the consolidated net income of 2009: | | | | | | | | | | | | |
| Transfer to the legal and free reserve | | - | - | - | 500 | 2,391 | - | - | (2,891) | - | - | - |
| Dividends distributed | 20 | - | - | - | - | - | - | - | (4,064) | - | - | (4,064) |
| Transfer to retained earnings | | - | - | - | - | - | - | - | (11) | 11 | - | - |
| Share capital increase | | 118,479 | - | - | - | - | - | - | - | - | (118,479) | - |
| Balance as at 30 September 2010 | | 406,360 | (205) | 36,975 | 500 | 2,391 | (11,528) | - | (30,631) | 56,064 | 103,237 | 563,163 |

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2010

(Values in thousand euros)

| | Notes | 30 September 2010 | 3rd Quarter of 2010 |
|---|-------|----------------------|------------------------|
| OPERATING ACTIVITIES: | | | |
| Receipts from customers | | 891,443 | 295,783 |
| Payments to suppliers | | (626,979) | (160,991) |
| Personnel payments | | (175,482) | (61,087) |
| Cash flow generated by operations | | 88,982 | 73,705 |
| Payment/receipt of income tax | | (15,360) | (1,986) |
| Other receipts/payments relative to operating activity | | (55,919) | (36,963) |
| Cash flow from operating activities (1) | | 17,703 | 34,756 |
| INVESTMENT ACTIVITIES: | | | |
| Receipts derived from: | | | |
| Financial investments | 20 | 999,477 | 14,431 |
| Tangible fixed assets | | 3,782 | 1,370 |
| Interest and similar income | | 5,689 | 1,364 |
| Dividends | 20 | 8,992 | 1,363 |
| | | 1,017,940 | 18,528 |
| Payments relative to: | | | |
| Financial investments | 20 | (56,808) | (13,784) |
| Tangible fixed assets | | (44,912) | (13,097) |
| Intangible fixed assets | | (1,023) | (543) |
| | | (102,743) | (27,424) |
| Cash flows from investment activities (2) | | 915,197 | (8,896) |
| FINANCING ACTIVITIES: | | | |
| Receipts derived from: | | | |
| Loans raised | | 3,410,970 | 706,787 |
| Payments relative to: | | | |
| Loans raised | | (4,285,398) | (710,556) |
| Interest and similar costs | | (46,213) | (15,263) |
| Dividends | | (4,064) | (4,064) |
| | | (4,335,675) | (729,883) |
| Cash flow from financing activities (3) | | (924,705) | (23,096) |
| Variation in cash and equivalent (4)=(1)+(2)+(3) | | 8,195 | 2,764 |
| Effect of exchange rate differences | | 3,291 | (8,233) |
| Cash and equivalent at the beginning of the period | 20 | 132,051 | 149,006 |
| Cash and equivalent at the end of the period | 20 | 143,537 | 143,537 |

The notes are an integral part of the cash flow statement of the quarter ended on 30 September 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2010**1 - INTRODUCTORY NOTE**

TEIXEIRA DUARTE, S.A. ("TEIXEIRA DUARTE" or "Company") has headquarters in Porto Salvo and its core business is the execution and management of investments, coordination and supervision of other companies incorporated or associated to their Business Group.

TEIXEIRA DUARTE, S.A. was incorporated on 30 November 2009, within the scope of the corporate restructuring of the Teixeira Duarte Group, whose achievement model was announced on 17 December 2009, date of the preliminary announcement for the launch of a general and voluntary tender offer for the acquisition of shares (Public Exchange Offer) of Teixeira Duarte - Engenharia e Construções, S.A. in exchange for shares of TEIXEIRA DUARTE, S.A..

On 16 July 2010 the Portuguese Securities Market Commission granted authorisation to the abovementioned Public Exchange Offer, which ran through to 6 August 2010. In a special stock exchange session held on 9 August 2010, the share exchange operations were conducted, following which, TEIXEIRA DUARTE, S.A. increased its share capital to 406,360,199 euros, becoming owner of 96.75% of the share capital of Teixeira Duarte - Engenharia e Construções, S.A..

TEIXEIRA DUARTE, S.A. is completing a squeeze-out process of the remaining shares of Teixeira Duarte - Engenharia e Construções, S.A., which will enable it to acquire 100% of the share capital of its affiliated company.

Since 16 August 2011 the shares of TEIXEIRA DUARTE, S.A. have been admitted to trading in the regulated market of Euronext Lisbon, while the shares of Teixeira Duarte - Engenharia e Construções, S.A. are, since 21 September, no longer listed.

As such, as at 30 September 2010, as well as at this date, TEIXEIRA DUARTE, S.A. is the Teixeira Duarte Group's top listed company, being responsible for reporting quarterly information as laid down in article 246-A of the Securities Market Code.

In addition, the financial statements of TEIXEIRA DUARTE, S.A., as at 31 December 2009, include the consolidation through the full consolidation method of the assets and liabilities held directly and indirectly by Teixeira Duarte – Engenharia e Construções, S.A., which became consolidated by TEIXEIRA DUARTE, S.A. from that date onwards, such that in relation to the statement of the consolidated financial position, comparisons between the figures calculated as at 30 September and the end of the 2009 financial year are presented.

However, since at 30 September 2009 Teixeira Duarte, S.A. had not been incorporated yet, the consolidated income statement, the consolidated full income statement, the consolidated statement of change in equity and the consolidated cash flow statement presented and reported at the end of the third quarter of this year do not include a comparison of the figures for the same period of 2008.

The business group of TEIXEIRA DUARTE ("Group") is composed of the participated companies indicated in Notes 4, 15 and 16. The main activities of the Group are the following: Construction; Cement, Concrete and Aggregates; Concessions and Services; Real Estate; Hotel Services; Distribution; Energy and Automobile (Note 7).

The values indicated are expressed in thousand euros.

2 - MAIN ACCOUNTING PRINCIPLES

2.1 - Basis of presentation

The consolidated financial statements as at 30 September 2010 were prepared using the accounting policies consistent with the International Financial Reporting Standards (IAS / IFRS), as adopted by the European Union, effective for the financial years started on 1 January 2010 and in conformity with IAS 34 - Interim Financial Reporting.

The International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"), respectively, whose adoption was approved by the European Union, shall be construed as part of these standards. Henceforth, the set of such standards and interpretations shall be called under the generic term of "IAS / IFRS".

2.2 – Accounting policies

The financial statements were prepared based on the assumption of business continuity according to the historic cost convention, except with respect to investment property, financial assets available for sale and derivative financial instruments assessed at fair value, as well as other investments assessed at fair value with an impact on profit or loss.

The preparation of the financial statements in conformity with the recognition and measurement principles of the IFRS requires the Board of Directors to make judgments, estimates and assumptions that can affect the reported amounts of assets and liabilities, in particular depreciation and provisions, disclosures of contingent assets and liabilities at the date of the financial statements, as well as income and costs.

These estimates are based on the best existing knowledge at each moment and planned actions, and are periodically reviewed based on available information. Changes in facts and circumstances can lead to a review of those estimates, such that real future results may differ from those estimates.

The significant estimates and assumptions made by the Board of Directors in preparing these financial statements include, namely, the assumptions used to estimate the following aspects:

Impairment of non-current assets (except Goodwill)

The determination of a potential impairment loss can arise from the occurrence of several events, many of which outside the sphere of influence of the Group, such as future availability of financing, cost of capital or any other changes, whether internal or external, to the Group.

The identification of impairment indicators, estimated future cash flows and the determination of the recoverable value of assets implies a high degree of judgement by the Board of Directors with respect to the identification and assessment of different impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Impairment of goodwill

Goodwill is subject to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable values of the cash flow generating units to which *goodwill* has been allocated, are determined based on expected cash flows. These calculations require the use of estimates by the Management regarding the future evolution of activity and discount rates considered.

Useful lives of tangible and intangible assets

The useful life of an asset is the period during which an entity expects an asset to be available for use and it must be reviewed at least at the end of each financial year.

The determination of the useful life of assets, of the amortisation / depreciation method to be applied and of the estimated losses resulting from the early replacement of equipment before the end of their useful life due to technological obsolescence, is essential to determine the amount of amortisation / depreciation to be recognised in the consolidated income statement of each financial year.

These three parameters are defined in accordance with the best estimates of Management, for the assets and businesses in question, considering also the practices adopted by companies of the business segments in which the Group operates.

Provisions

The Group periodically analyses possible obligations arising from past events that must be recognised or disclosed. The subjectivity inherent to the determination of the probability and amount of internal resources necessary for the payment of obligations may lead to significant adjustments, due to changes in the assumptions used, as well as due to the future recognition of provisions previously disclosed as contingent liabilities.

Recognition of deferred tax assets

Deferred tax assets are only recognised when there is a reasonable expectation that there will be sufficient future taxable profits to utilise them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each reporting period and takes into consideration the expectation of future tax performance.

Accounts receivable impairment losses

The credit risk associated with accounts receivable is evaluated at the end of each reporting period, taking into account each client's historical information and risk profile. Accounts receivable are adjusted by the assessment performed by the Management of the estimated collection risks at the balance sheet dates, which might differ from the effective risk to be incurred.

Recognition of income in construction contracts

The Group recognises the results of works in accordance with the method of percentage completion, which is understood as the relationship between the incurred costs in each contract until the balance sheet date and the sum of these costs with the estimated costs to complete the work. The assessment of the degree of completion of each contract is reviewed periodically, taking into consideration the most recent production indicators.

2.3 - Consolidation principles

a) Controlled companies

Controlled companies have been consolidated in each period using the full consolidation method. Control is considered to exist when the Group holds, directly or indirectly, the majority of voting rights at Shareholders' General Meetings, or has the power to determine the company's financial and operating policies.

Third party participation in the equity and net profit of such companies is presented separately in the consolidated balance sheet and consolidated income statement, under the headings of "Non-controlling interests"

When the losses attributable to the non-controlling interests exceed the non-controlling interest in the equity of the subsidiary, the Group will absorb this excess and any additional losses, except when the non-controlling interests are obliged and able to cover these losses. If the subsidiary subsequently reports a profit, the Group appropriates the profit up to the amount of the losses absorbed by the Group.

The controlled companies as at 30 September 2010 are presented in Note 4. The significant transactions and balances between these companies were eliminated in the consolidation process. The capital gains arising from the disposal of participated companies, made within the Group, were also cancelled.

Whenever necessary, adjustments are made to the financial statements of subsidiary companies to conform to the Group's accounting policies.

b) Jointly controlled companies

The financial holdings in jointly controlled companies (Note 16) were consolidated through the proportional consolidation method from the date joint control is acquired. In accordance with this method, the assets, liabilities, income and costs of these companies were integrated in the accompanying consolidated financial statements, heading by heading, in proportion to the Group's control.

The transactions, balances and dividends distributed amongst these companies were eliminated in proportion to the Group's control.

The classification of financial investments in jointly controlled companies is determined based on agreements that regulate joint control.

c) Business combinations

Business combinations, namely the acquisition of subsidiary companies, are recorded in accordance with the purchase method. The acquisition cost corresponds to the sum of the fair values, at the transaction date, of the assets acquired less the liabilities incurred or assumed and the equity instruments issued in exchange for the control acquired.

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value as of the purchase date. Any excess of acquisition cost over the fair value of the identifiable net assets less the non-controlling interests and over the stake held previously is recorded as goodwill. In cases where the acquisition cost is lower than the fair value of the net assets identified, the difference is recorded as a gain in the income statement for the period in which the acquisition is made. The minority shareholders' interest is reflected in proportion to the fair value of the assets and liabilities identified or to the respective fair value on the acquisition date.

d) Investments in associated companies

An associated company is one over which the Group exercises significant influence, but does not have control or joint control, through participation in decisions relating to its financial and operating policies.

Financial investments in the majority of associated companies (Note 15) are recorded in accordance with the equity method, except when they are classified as held for sale. Holdings are initially recorded at acquisition cost, which is then increased or decreased by the difference between that cost and the proportional value of the equity of such companies as at the purchase date or the date the equity method was first used.

In accordance with the equity method, financial investments are adjusted periodically by the amount corresponding to participation in the net results of associated companies by corresponding entry to "Earnings from associate companies" (Note 12) and by other changes in equity by corresponding entry to "Adjustments of holdings in associated companies", as well as by recognition of impairment losses. In addition, the dividends received from these companies are recorded as a decrease in the value of financial investments.

Losses in associate companies in excess of the investment in them are not recognised, unless the Group has assumed commitments to that associate.

Any excess of acquisition cost over the fair value of the identifiable net assets is recorded as "Investments in associate companies – goodwill". In cases where the acquisition cost is lower than the fair value of the net assets identified, the difference is recorded as a gain in the profit and loss for the period in which the acquisition is made.

Unrealised gains on transactions with associated companies are eliminated in proportion to the Group's interest in such companies, by corresponding entry to the amount of the corresponding investment. Unrealised losses are also eliminated, but only up to the point in which the loss does not show that the asset transferred is in a situation of impairment.

e) Goodwill

Goodwill is recorded as an asset and is not amortised, being reflected in a separate balance sheet heading. Annually, or whenever there are indications of a possible loss in value, *goodwill* is subject to impairment tests. Any impairment loss is immediately recorded as a cost in the income statement for the period and is not subject to subsequent reversal.

Goodwill is included in determining the gain or loss on the sale of a subsidiary or jointly controlled entity.

In cases where the acquisition cost is lower than the fair value of the net assets identified, the difference is recorded as a gain in the income statement for the period in which the acquisition is made.

The *goodwill* relative to investments in subsidiaries abroad is recorded in the reporting currency of these subsidiaries, being converted to the reporting currency of the Group (euros) at the exchange rate in force on the balance sheet date. The exchange rate differences generated during this conversion are recorded under the heading "Currency conversion adjustments".

2.4 - Intangible assets

Intangible assets, which comprise essentially contractual rights and costs incurred on specific projects with future economic value, are recorded at acquisition cost less accumulated amortisation and impairment losses. Intangible assets are only recognised if it is probable that they will give rise to future economic benefits for the Group, are controllable by the Group and their value can be measured reliably.

Internally generated intangible assets, namely current research and development costs, are recognised as costs when incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the income statement when incurred, except when such costs relate directly to projects which will probably generate future economic benefits for the Group. In such cases these costs are capitalised as intangible assets.

Amortisation is provided on a straight-line basis as from the date the assets start being used, in accordance with the Group's estimate of their useful life.

2.5 - Fixed tangible assets

Tangible assets used in production, services rendered or for administrative use are recorded at acquisition or production cost, including expenses incurred with their purchase, less accumulated depreciation and, when applicable, impairment losses.

Some buildings were revalued at the market value as at 1 January 2004, as permitted by the transition provisions of IFRS 1 - First-time adoption of International Financial Reporting Standards ("IFRS 1"), the resulting amount being considered as the new cost.

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives, as from the date the assets become available for their intended use and ends when they become classified as non-current assets held for sale. Depreciation is carried out 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 are only recognised as assets when they correspond to the replacement of goods, which are written-off, or which result in increased future economic benefits.

Tangible fixed assets in progress correspond to tangible assets under construction and are recorded at acquisition cost less possible impairment losses. These tangible fixed assets are depreciated as from when the underlying assets are concluded or in use.

The capital gains or losses arising from the sale or write-off of tangible fixed assets are determined by the difference between the sales price and net book value on the date of the disposal/write-off, being recorded in the income statement as "Other operating income" or "Other operating costs".

2.6 - Leases

Leasing contracts are classified as: (i) finance leases, if substantially all the risks and benefits of ownership are transferred under them; or (ii) operating leases, if substantially all the risks and benefits of ownership are not transferred under them.

The classification into financial or operating leases is made according to the substance and not the form of the contract.

The fixed tangible assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded in accordance with the financial method, which recognises tangible fixed assets, corresponding accumulated depreciation and the outstanding debts payable according to the contractual financial plan. In addition, the interest included in the lease instalments and depreciation of the tangible fixed assets are recognised as costs in the income statement of the period to which they relate.

In the case of operating leases, the lease instalments are recognised, on a straight- basis, in the income statement over the period of the lease contracts.

2.7 - Impairment of non-current assets, excluding *goodwill*

An assessment of the impairment is made whenever an event or alteration in circumstances is identified which indicates that the amount for which the asset is recorded may not be recovered. When such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss.

In situations in which the individual asset does not generate cash flows independently of other assets, the recoverable value is estimated for the cash flow generating unit to which the asset belongs.

Whenever the amount for which the asset is recorded is greater than its recoverable value, an impairment loss is recognised and recorded in the income statement under the heading "Provisions and impairment losses".

The recoverable amount is the higher between the net selling price (selling price, less costs to sell) and the usable value of the asset. The net sales price is the amount which would be obtained from the disposal of the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the disposal. The usage value is the net present value of the estimated future cash flows resulting from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset, individually or, when this is not possible, for the unit generating the cash flows to which the asset belongs.

A reversion of impairment losses recognised in previous years is recorded when there are indications that the recognised impairment losses no longer exist or have decreased. The reversion of impairment losses is recognised in the income statement under the heading "Provisions and impairment losses" for the period in which the reversion occurs. However, the reversion of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

2.8 - Investment properties

Investment properties, which include land and buildings to lease, capital assessment, or both, are initially recorded at their purchase price or their cost at the construction date (in the case of a self-constructed investment property), including any other directly attributable expenditure.

Following their initial recognition, all property investments, including those in construction, are measured by the value that reflects the market conditions at the balance sheet date. All the gains or losses arising from changes in the fair value of investment properties are recognised in the period in which they occur and recorded under the heading "Variation in the fair value of investment properties", included in "Other operating income" (Note 8) or "Other operating costs".

The fair value of each investment property is determined through evaluations, in some cases carried out by a specialised and independent entity and in accordance with the generally accepted evaluation criteria for the real estate market. In the remaining cases, the determination of the market value is carried out internally, based on criteria similar to those considered by external evaluators, taking into account the expected discounted cash flows.

The costs incurred with investment properties in use, namely maintenance, repairs, insurance and taxation, are recognised in the income statement of the period to which they relate.

2.9 - Foreign currency assets, liabilities and transactions

Transactions in currencies other than the euro are recorded at the rates in force on the date of the transaction. On the balance sheet dates, the monetary assets and liabilities expressed in foreign currency are converted into euros using the exchange rates in force on that date. Non-monetary assets and liabilities recorded at their fair value in foreign currencies are translated to Euros using the exchange rate in force on the date the fair value was determined.

Exchange rate gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those in force on the dates of collection, payment or the balance sheet date are recognised as income and costs in the income statement, except for those relating to non-monetary items whose change in fair value is recognised directly in equity under the heading "Currency conversion adjustments".

The foreign currency financial statements of subsidiary and associated companies are translated as follows: assets and liabilities at the exchange rates in force on the balance sheet dates; equity headings at the historical exchange rates; and income statement and cash flow statement headings at the average exchange rate for the reporting period.

In accordance with IAS 21, the effects of exchange rate changes, goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to euros at the exchange rate in force on the balance sheet date. The exchange rate differences generated during this conversion are recorded under the heading "Currency conversion adjustments".

2.10 - Borrowing costs

Borrowing costs are recognised in the income statement for the period to which they relate, except insofar as the financial costs of the loans obtained are directly related with the acquisition, construction and production of assets that take a substantial period of time to get ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the start of the preparation of the activities of construction or development of the assets and is interrupted after the start of use or the end of production or construction of the assets or when the respective project is suspended. Any financial income generated by loans obtained in advance and allocated to a specific investment are deducted from the financial costs eligible for capitalisation.

2.11 - Subsidies

Government subsidies are recognised in accordance with their fair value when there is a reasonable guarantee that they will be received and that the Group will comply with the conditions required for their concession.

Operating subsidies, namely for the training of employees, are recognised in the income statement in accordance with the costs incurred.

Investment subsidies relating to the acquisition of tangible fixed assets are recorded in the headings of "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement on a consistent straight-line basis in proportion to the depreciation of the subsidised assets.

2.12 - Inventories

Merchandise and raw materials are recorded at average acquisition cost.

Finished and semi-finished products and work in progress are stated at weighted average production cost, which includes the cost of the raw materials incorporated, labour and production overheads (considering the depreciation of productive equipment calculated according to normal levels of usage), which is lower than the net realisable value. The net realisable value corresponds to the normal sales price deducted by the costs of finishing the production and the marketing costs.

The difference between the cost value and the value of realisation of the inventories, when the latter is lower than cost, results in the recording of impairment losses in inventories.

2.13 - Provisions

Provisions are recognised when and only when: i) the Group has a present obligation (legal or implicit) arising from a past event; ii) when it is likely that an outflow of resources will be required to settle this obligation and iii) the amount of this obligation may be reasonably estimated. The provisions are reviewed on the date of each balance sheet and are adjusted so as to reflect the best estimate on that date.

Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan which has been communicated to the parties involved.

2.14 - Segmental reporting

A business segment is a group of assets and operations involved in the provision of products and services subject to risks and benefits that are different from other business segments. A geographic segment is a group of assets and operations involved in the provision of products and services in a specific economic environment, which is subject to risks and benefits different from those that affect segments that operate in other economic environments.

The Group presents as operational segments the business segments, similarly to the way in which Management conducts its business.

2.15 - Net operating income

Net operating income includes operating income and expenses, whether recurring or not, including restructuring costs and income and expenses associated to operating assets (tangible fixed assets and other intangible assets). It also includes the gains or losses on the sale of companies consolidated using the full or proportional integration method. In this way, net financial expenses, share of results of associate companies, other financial investments and income tax, are excluded from net operating income.

2.16 - Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual relationship.

a) Cash and equivalent

The amounts included in the heading Cash and equivalent correspond to the values of cash, bank deposits, term deposits and other treasury applications, with less than three months of maturity, and which can be immediately mobilised with an insignificant risk of a change in value.

b) Accounts receivable

Accounts receivable are measured at fair value when they are initially recognised and are subsequently stated at amortised cost in accordance with the effective interest rate method. When there is evidence that the accounts receivable are impaired, the corresponding adjustment is recorded by corresponding charge to the income statement. The adjustment is recognised and measured by the difference between the book value of the accounts receivable and the present value of the cash flows discounted at the effective interest rate determined upon initial recognition of the accounts receivable.

c) Investments

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

The financial assets available for sale are financial investments that are available for sale and are classified as non-current assets.

After initial recognition, the financial assets available for sale are measured by reference to their market value at the balance sheet date, with no deduction for transaction costs that could arise up to the date of their sale. Gains or losses due to changes in the fair value are recorded in equity, under the heading "Fair value reserve" until the investment is sold, collected or in any other way realised, or where impairment losses are believed to exist, in which case the accumulated gain or loss is recorded in the income statement.

The financial assets available for sale in equity instruments that do not have a market price listed in an active market and whose fair value can not be reliably measured are designated as "Other investments". Other investments have been measured by their acquisition cost less any losses due to accumulated impairment.

d) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the substance of the contract independently of their legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deduction of the 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 measured at fair value when they are initially recognised and are subsequently stated at amortised cost in accordance with the effective interest rate method less estimated impairment losses.

f) Bank loans

Loans are initially recorded and recognised as liabilities at the nominal value received, net of loan issuing costs and subsequently measured by the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual accounting principle, being added to the book value of the loan if they are not settled during the financial year.

g) Derivative financial instruments and hedge accounting

The Group resorts to financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest rates. In this sense, the Group does not resort to financial derivative instruments for speculative purposes.

The Group resorts to financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Derivative financial instruments are measured at their respective fair value. The method of recognition depends on the nature and objective of the transaction.

Hedge accounting

The possibility of naming a derivative financial instrument as a hedging instrument follows the provisions of IAS 39 – Financial instruments: recognition and measurement ("IAS 39"), namely relative to the respective documentation and effectiveness.

The variations in the fair value of the financial instruments called fair value hedges are recognised as financial net income for the period as well as alterations in the fair value of the asset or liability subject to that risk.

The variations in the fair value of the derivative financial instruments called cash flow hedges are recorded under "Other reserves" in their effective component and, under financial net income in their non-effective component. The values recorded under "Other reserves" are transferred to the financial net income in the period for which the hedged item also has an effect on the net income.

Changes in the value of derivative financial instruments hedging net investments in a foreign entity, are recorded in "Currency conversion adjustments" as regards their effective component. The non-effective component of such changes is recognised immediately as financial income or expenses for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are recorded in the heading "Currency conversion adjustments". Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IAS 39.

Trading instruments

Regarding derivative financial instruments which, although contracted for the purpose of carrying out economic hedging in accordance with the company's risk management policies, do not comply with all the provisions of IAS 39 relative to the possibility of qualifying as hedges for accounting purposes, the respective variations in their fair value are recorded in the income statement of the period when they occur.

2.17 - Liabilities related to pensions

The Group provides its employees with retirement insurance.

This insurance was established within the scope of a social and incentive policy for workers and is of the exclusive initiative of the participated companies where those benefits are attributed. Characterised by its optional nature, it is by exclusive decision of the respective boards that the adequate contributions are made at each moment, taking into consideration the performance and the economic and financial situation. In this way, the contributions made by the Group are recorded as a cost on the date they are due.

Without prejudice to its optional nature, the provision of the contributions made by the Group are exclusively in accordance with applicable tax legislation.

2.18 - Income tax

Tax on income for the period is calculated based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is calculated based on taxable net income (which differs from the book value net income) of the companies included in the consolidation in accordance with the tax rules in force at the location of the head office of each company of the Group.

Deferred tax assets and liabilities are calculated and assessed periodically attending to the temporary differences between the assets and liabilities book values and the corresponding values for tax purposes, as well as the values arising from obtained tax benefits.

Deferred tax assets and liabilities are calculated and evaluated periodically using the tax rates that are expected to be in force on the date of the reversion of the temporary differences and which are not subject to discounting.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will exist to use them. A reappraisal of the temporary differences underlying the deferred tax assets is made at the balance sheet date, so as to recognise or adjust them based on the current expectation of their future recovery.

2.19 - Contingent assets and liabilities

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

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes 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 - Income recognition and accruals basis

Sales

Income resulting from the sales is recognised in the income statement when the following conditions are met:

- The Group has transferred to the buyer the significant risks and benefits inherent to the ownership of assets;
- The Group does not maintain continued management involvement generally associated to the ownership or effective control of the assets sold;
- The amount of income can be reasonably quantified;
- It is likely that the economic benefits associated to the transactions will flow to the Group; and
- The costs incurred or to be incurred relating to the transaction can be reasonably quantified.

Sales are recognised net of taxes, discounts and other costs incurred to realise them, by the fair value of the amount received or receivable.

Services rendered

Income from services rendered is recognised in the income statement with reference to the phase of completion of the services rendered at the balance sheet date.

Whenever the result of a construction contract can be reasonably estimated, the corresponding income and costs are recognised in accordance with the percentage completion, as laid down in IAS 11 - Construction contracts ("IAS 11"). Under this method, income directly related to works in progress are recognised in the income statement in accordance with their percentage completion, which is determined by the ratio between the costs incurred and the estimated total costs of the works (costs incurred plus costs to be incurred). The differences between the income calculated through the application of this method and the turnover issued are accounted for under the headings "Other current assets" or "Other current liabilities", according to the nature of the differences.

The variations in contracted works, complaints and premiums are considered as and when agreed and whenever their quantification is possible with sufficient reliability.

For the result of a contract to be reliably estimated, it is necessary that the following conditions be met:

- It is likely that the Group obtains the economic benefits foreseen in the contract;
- The costs of the contract are identifiable and can be reliably quantified;
- At the balance sheet date it must be possible to quantify with sufficient reliability the costs necessary to complete the construction, as well as its degree of completion, so that the real costs incurred can be compared with the initial estimates.

To meet the costs to be incurred during the guarantee period of the works, the Group recognises a liability to meet this risk, which is determined by taking into account annual production and the history of costs incurred in the past with works within the guarantee period.

When it is likely that costs will exceed the income of the contract, the foreseen loss is recognised in the income statement of the period in which it is foreseen.

Accrual accounting principle

Income and costs are recorded in accordance with the accrual accounting principle, such that they are recognised as they are generated. The unknown real value of the costs and income are estimated.

The differences between the amounts received and paid and the corresponding income and costs are recorded under the headings Other assets (current and non-current) and Other liabilities (current and non-current).

2.21 – Service concessions

The activities developed under public service concession contracts are accounted for in accordance with IFRIC 12 - Service concession arrangements ("IFRIC 12"), which establishes the provisions to be applied in the measurement, recognition, presentation and dissemination of activities developed under public service concession contracts.

2.22 - Impairment of financial assets

At each balance sheet date, the Group analyses if there is any indication that a financial asset or a group of financial assets may be impaired.

Financial assets available for sale

For the financial assets classified as available for sale, a continuous or a significant decline in the fair value of the instrument below its cost, is considered as an indicator of impairment. If such evidence exists for financial assets classified as available for sale, the cumulative loss -- measured as the difference between the asset's acquisition cost and the present fair value, less any impairment loss already recognised in profit and loss -- is removed from equity and recognised in the income statement. Impairments relating to investments in equity instruments available for sale are not reversed through the income statement.

Clients, debtors and other financial assets

Impairment losses are recorded whenever there are clear indicators that the Group will not be able to collect all the amounts it should receive, according to the terms established by the contracted agreements. To identify these losses, several indicators are used, such as:

- accounts receivable ageing;
- debtor's financial difficulties;
- debtor's bankruptcy probability.

Impairment losses are measured by the difference between the recoverable amount and the carrying amount of the financial asset and recognised as an expense in the income statement. Whenever a certain amount is considered as uncollectible it is removed through the use of the respective impairment account. Subsequent recovery of these amounts is recorded in the income statement.

2.23 - Earnings per share

Earnings per share are calculated dividing the result attributable to the ordinary shareholders of the Company, by the weighted average number of shares in circulation during the period.

The diluted earnings per share are calculated dividing the result attributable to the ordinary shareholders of the Company, by the weighted average number of shares in circulation during the period, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible to shares of the Company.

2.24 - Subsequent events

Events that occur after the balance sheet date which provide additional information on the conditions existing on the balance sheet date are adequately reflected in the consolidated financial statements.

Events after the balance sheet date which provide information on the conditions which occur after the balance sheet, are disclosed in the notes to the consolidated financial statements (Note 25).

3 - ALTERATIONS OF POLICIES, ESTIMATES AND ERRORS

During the quarter ended 30 September 2010, there were no alterations to the accounting policies considered in the preparation of the financial information of Teixeira Duarte – Engenharia e Construções, S.A. relative to the financial year ended 31 December 2009 and referred to in the respective notes, and no material errors were registered or alterations made to the accounting estimates relative to previous years.

4 - COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

On 30 September 2010, the Parent-company, TEIXEIRA DUARTE, S.A. and the following controlled companies were included in the consolidation, by the full method:

| Corporate name | Head office | Effective percentage holding |
|---|--|------------------------------|
| INTERNAL MARKET | | |
| CONSTRUCTION | | |
| BEL-ere - Engenharia e Reabilitação de Estruturas, S.A. | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A. | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| OFM - Obras Públicas, Ferroviárias e Marítimas, S.A. | Edifício 1, Lagoas Park Porto Salvo | 58.05% |
| PERFORESC – Perfurações e Escavações, ACE | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| SOMAFEL - Engenharia e Obras Ferroviárias, S.A. | Edifício 1, Lagoas Park Porto Salvo | 58.05% |
| Teixeira Duarte – Engenharia e Construções, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| CEMENT, CONCRETE AND AGGREGATES | | |
| C + P.A. - Cimento e Produtos Associados, S.A. | Edifício 1, Lagoas Park Porto Salvo | 50.31% |
| MARINERTES, S.A. (a) | Edifício 1, Lagoas Park Porto Salvo | 49.34% |
| CONCESSIONS AND SERVICES | | |
| BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| INVICTAAMBIENTE - Recolha de Resíduos e Limpeza Pública, S.A. | Praça do Bom Sucesso, nº 61 - Escritórios 501 e 502 Porto | 96.75% |
| RECOLTE - Recolha, Tratamento e Eliminação de Resíduos, S.A. | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| SATU-Oeiras - Sistema Automático de Transporte (a) Urbano, S.A. | Edifício Paço de Arcos, E.N. 249/3 Paço de Arcos | 47.41% |
| TDGI - Tecnologia de Gestão de Imóveis, S.A. | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| TDHOSP - Gestão de Edifício Hospitalar, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| REAL ESTATE | | |
| BONAPARTE - Imóveis Comerciais e Participações, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| Fundo de Investimento Imobiliário Fechado TDF | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| IMOPEDROUÇOS - Sociedade Imobiliária, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| IMOTD - SGPS, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| PARCAUTO - Sociedade Imobiliária, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.56% |
| QUINTA DE CRAVEL - Imobiliária, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |

| Corporate name | Head office | Effective percentage holding |
|--|---|------------------------------|
| TDE - Empreendimentos Imobiliários, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| TD VIA - Sociedade Imobiliária, S.A. | Edifício 2, Lagoas Park Porto Salvo | 90.70% |
| TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| TRANSBRITAL - Transportes e Britas Pio Monteiro & Filhos, S.A. | Pedreira das Perdigueiras - Laveiras Paço de Arcos | 96.75% |
| V8 - Gestão Imobiliária, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.65% |
| HOTEL SERVICES | | |
| ESTA - Gestão de Hotéis, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| EVA - Sociedade Hoteleira, S.A. | Av. República, nº 1 Faro | 96.75% |
| LAGOASFUT - Equipamento Recreativo e Desportivo, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| LAGOAS HOTEL, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| ROCHORIENTAL - Sociedade Hoteleira, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| SINERAMA - Organizações Turísticas e Hoteleiras, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| TDH - SGPS, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| TDHC - Instalações para Desporto e Saúde, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| ENERGY | | |
| ACG - Distribuição e Comércio de Gás, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 33.59% |
| AP GÁS - Distribuição e Comércio de Gás, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 33.59% |
| DIGAL - Distribuição e Comércio, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 33.59% |
| DNGÁS - Distribuição e Comércio de Gás, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 47.99% |
| GOMES & OLIVEIRA, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 33.59% |
| LUBRILAMEIRÃO, Lda. (b) | Av. da Liberdade, nº 666 Fafe | 46.69% |
| MERCAPETRO - Produtos Petrolíferos, S.A. (b) | Rua Óscar da Silva, 2243 Leça da Palmeira | 27.23% |
| MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 33.59% |
| PETRIN - Petróleos e Investimentos, S.A. (b) | Edifício 1, Lagoas Park Porto Salvo | 45.96% |
| PPS - Produtos Petrolíferos, S.A. (b) | Edifício 1, Lagoas Park Porto Salvo | 47.99% |
| PTG - SGPS, S.A. | Edifício 1, Lagoas Park Porto Salvo | 95.98% |
| TANQUIGÁS - Distribuição e Comércio de Gás, S.A. (b) | Rua das Lagoas - Campo Raso Sintra | 33.59% |
| TDARCOL - SGPS, S.A. (c) | Edifício 1, Lagoas Park Porto Salvo | 47.99% |

| Corporate name | Head office | Effective percentage holding |
|--|---|------------------------------|
| AUTOMOBILE | | |
| TDO - Investimento e Gestão, S.A. | Rua das Pretas, 4 - Fracção 4 D Funchal | 96.75% |
| VTD - Veículos Automóveis, S.A. | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| OTHER | | |
| TDCIM - SGPS, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| TDEMPA - Gestão de Participações e Investimentos, S.A. | Rua das Pretas, 4 - Fracção 4 D Funchal | 73.53% |
| TDO - SGPS, S.A. | Rua das Pretas, 4 - Fracção 4 D Funchal | 96.75% |
| TEDAL - SGPS, S.A. | Edifício 2, Lagoas Park Porto Salvo | 96.75% |
| TEIXEIRA DUARTE – TRADING, S.A. | Edifício 1, Lagoas Park Porto Salvo | 96.75% |
| EXTERNAL MARKET | | |
| ANGOLA | | |
| CONSTRUCTION | | |
| BEL-ere – Engenharia e Reabilitação de Estruturas Angola, Lda. | Alameda Manuel Van-Dúnem, 318 Luanda | 96.75% |
| CEMENT, CONCRETE AND AGGREGATES | | |
| ANGOCIME - Cimentos de Angola, Lda. | Rua Comandante Che Guevara, 67 - 1º D Luanda | 96.75% |
| BETANGOLA - Betões e Pré-Fabricados de Angola, Lda. | Rua Comandante Che Guevara, 67 - 1º D Luanda | 96.75% |
| CONCESSIONS AND SERVICES | | |
| EDUCARE - Actividades Educativas e Culturais, Lda. | Rua Amílcar Cabral, 27 - R/C C Luanda | 96.75% |
| TDGI - Tecnologia de Gestão de Imóveis, Lda. | Rua Comandante Che Guevara, 67 - 1º D Luanda | 96.75% |
| REAL ESTATE | | |
| AFRIMO - Empreendimentos Imobiliários, Lda. (d) | Rua Amílcar Cabral, 51 - 1º C Luanda | 49.34% |
| ANGOPREDIAL - Empreendimentos Imobiliários, Lda. | Rua Amílcar Cabral, 27 - R/C D Luanda | 96.75% |
| CASANGOL - Gestão Imobiliária, Lda. | Rua Amílcar Cabral, 27 - R/C D Luanda | 96.75% |
| IMOAFRO - Empreendimentos Imobiliários, Lda. | Rua Amílcar Cabral, 27 - R/C D Luanda | 96.75% |
| Teixeira Duarte - Engenharia e Construções (Angola), Lda. | Rua Amílcar Cabral, 27 - R/C D Luanda | 96.75% |

| Corporate name | Head office | Effective percentage holding |
|--|--|------------------------------|
| URBÁFRICA - Sociedade Imobiliária, Lda. | Rua Amílcar Cabral, 35 - 5º C Luanda | 87.08% |
| URBANGO - Gestão Imobiliária, Lda. | Rua Amílcar Cabral, 27 - R/C D Luanda | 96.75% |
| HOTEL SERVICES | | |
| ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda. | Rua Comandante Gika – Bairro Maiango Luanda | 96.75% |
| ANGOIMO - Empreendimentos e Construções, Lda. | Rua Amílcar Cabral, 35 – 5º C Luanda | 96.75% |
| Serafim L. Andrade, S.A.R.L. | Rua da Missão, 103 Luanda | 77.40% |
| DISTRIBUTION | | |
| MAXI - Comércio Geral, Importação e Exportação, Lda. | Rua Amílcar Cabral, 51 - 1º C Luanda | 96.75% |
| MAXI RETAIL - Comércio Geral, Lda. | Avenida Pedro de Castro Van - Dúnem Luanda | 96.75% |
| AUTOMOBILE | | |
| AUTO COMPETIÇÃO Angola, Lda. | Rua Eugénio de Castro, Instalações do Cine Atlântico - Luanda | 96.75% |
| COMÉRCIO DE AUTOMÓVEIS, Lda. | Rua Frederich Engels, 9 Luanda | 96.75% |
| TDA - Comércio e Indústria, Lda. | Rua Amilcar Cabral, nº 27 R/C, Letra C Luanda | 96.75% |
| TOPCAR - Aluguer de Viaturas, Lda. | Rua Amilcar Cabral, nº 27 R/C, Letra C Luanda | 96.75% |
| VAUCO - Automóveis e Equipamentos, Lda. (e) | Rua Ho Chi Min (Largo 1º de Maio) Luanda | 49.34% |
| VTD - Veículos Automóveis Angola, Lda. | Via A-1, Lote CCB-5 - Pólo Automóvel Luanda | 96.75% |
| ALGERIA | | |
| CONSTRUCTION | | |
| TEIX.CO, SPA (a) | BP 62B Zone D'Active Dar El Beida Algiers | 48.38% |
| TEIXEIRA DUARTE ALGERIE, SPA | Parc Miremont, Rue A, nº 136 Bouzareah Algiers | 96.69% |
| BRAZIL | | |
| CONSTRUCTION | | |
| EMPA - Serviços de Engenharia, S.A. | Rua Major Lopes, 800 Bairro São Pedro - Belo Horizonte | 73.53% |
| SOMAFEL Brasil – Obras Ferroviárias, Ltda. | Rua Major Lopes, 800 - sala 306 Bairro São Pedro – Belo Horizonte | 58.05% |
| CONCESSIONS AND SERVICES | | |
| EMPA Logística, Ltda. | Rua Major Lopes, 800 - sala 410 Bairro São Pedro - Belo Horizonte | 72.55% |

| Corporate name | Head office | Effective percentage holding |
|--|--|------------------------------|
| GONGOJI Montante Energia, S.A. | Rua Major Lopes, 800 - sala 310 Bairro São Pedro - Belo Horizonte | 73.52% |
| PAREDÃO de Minas Energia, S.A. | Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte | 73.52% |
| TABOQUINHA Energia, S.A. | Rua Major Lopes, 800 - sala 308 Bairro São Pedro - Belo Horizonte | 73.52% |
| REAL ESTATE | | |
| TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda. | Avenida Domingos Ferreira nº 4060, sala 301 Boa Viagem - Cidade de Recife | 96.75% |
| TDSP - Participações, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.75% |
| TDSP - Elisa de Moraes Empreendimentos Imobiliários, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 87.08% |
| TDSP - Bela Vista Empreendimentos Imobiliários, SPE, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 89.64% |
| TDSP - Galeno de Castro, Empreendimentos Imobiliários, SPE, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 89.64% |
| TDSP - Maratona, Empreendimentos Imobiliários, SPE, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 89.64% |
| TDSP - Direitos Humanos, Empreendimentos Imobiliários, SPE, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 89.64% |
| TDSP - 03, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 89.64% |
| TDSP - 04, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.70% |
| TDSP - 05, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 91.91% |
| TDSP - 06, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.70% |
| TDSP - 07, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.70% |
| TDSP - 08, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.70% |
| TDSP - 09, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.70% |
| TDSP - 10, Ltda. | Rua Iguatemi, nº 448, 14º andar, Conjunto 1401 Itaim Bibi - São Paulo | 96.70% |
| SPAIN | | |
| CONCESSIONS AND SERVICES | | |
| G.S.C. - Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal | Av. Alberto Alcocer, 24 - 7º Madrid | 96.75% |
| GIBRALTAR | | |
| CONSTRUCTION | | |
| Teixeira Duarte International, LTD. | 23, Portland House - Glacis Road Gibraltar | 96.75% |

| Corporate name | Head office | Effective percentage holding |
|---|---|------------------------------|
| MACAU | | |
| CONSTRUCTION | | |
| Teixeira Duarte - Engenharia e Construções (Macau), Lda. | Rua de Xangai, 175 Edifício Assoc. Comercial de Macau, 10 A Macau | 96.75% |
| MOZAMBIQUE | | |
| CONSTRUCTION | | |
| Teixeira Duarte - Engenharia e Construções (Moçambique), Lda. | Av. 24 de Julho, 141 Maputo | 70.30% |
| CONCESSIONS AND SERVICES | | |
| TDGI - Tecnologia de Gestão de Imóveis, Lda. | Av. 24 de Julho, 141 Maputo | 65.22% |
| REAL ESTATE | | |
| IMOPAR - Centro Comercial de Maputo, S.A.R.L. | Av. 24 de Julho, 135 Maputo | 96.75% |
| HOTEL SERVICES | | |
| AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda. | Av. 24 de Julho, 135 Maputo | 96.75% |
| Sociedade Hotel Tivoli, Lda. | Av. 25 de Setembro, 1321 Maputo | 62.89% |
| TIVOLI BEIRA - Hotelaria e Serviços, Lda. | Av. 24 de Julho, 141 Maputo | 95.43% |
| NAMIBIA | | |
| CEMENT, CONCRETE AND AGGREGATES | | |
| KARIBIB Portland Cement (PTY) (f) | P O Box 9574 Windhoek Namibia | 47.79% |
| KPC Tranding and Services (f) | P O Box 2143 Windhoek Namibia | 28.68% |
| RUSSIA | | |
| CEMENT, CONCRETE AND AGGREGATES | | |
| MMK Cement, Limited Liability Company (f) | Murmansk Russia | 35.22% |
| UKRAINE | | |
| CEMENT, CONCRETE AND AGGREGATES | | |
| Limited Liability Company Cement | Khutorskya Str., 70 Odessa | 50.31% |

| Corporate name | Head office | Effective percentage holding |
|---|---|------------------------------|
| VENEZUELA | | |
| CONSTRUCTION | | |
| TEGAVEN - Teixeira Duarte y Asociados, C.A. (a) | Av. Este, 6 - Edif. Centro Parque Carabobo, Piso 6, Of. 601 - Caracas Venezuela | 30.68% |

(a) The Group controls these subsidiaries through the subsidiary Teixeira Duarte - Engenharia e Construções, S.A.

(b) The Group controls these subsidiaries through the subsidiary TDARCOL - SGPS, S.A.

(c) The Group controls these subsidiaries through the subsidiary PTG - SGPS, S.A.

(d) The Group controls these subsidiaries through the subsidiary ANGOIMO - Empreendimentos e Construções, Lda.

(e) The Group controls these subsidiaries through the subsidiary COMÉRCIO DE AUTOMÓVEIS, Lda.

(f) The Group controls these subsidiaries through the subsidiary C + P.A. - Cimento e Produtos Associados, S.A.

5 - CHANGES IN THE CONSOLIDATION PERIMETER

During the period ended 30 September 2010, no companies entered or left the consolidation perimeter, relative to the consolidation perimeter as at 31 December 2009.

6 - EXCHANGE RATES

The following exchange rates were used to convert the assets and liabilities expressed in foreign currency into euros as at 30 September 2010 and 31 December 2009, as well as the results of the operations developed in countries where the functional currency is different from the euro, for the period ended 30 September 2010:

| Currency | Closing rate | | | Average rate |
|---------------------|--------------|------------|---------|--------------|
| | 30/09/2010 | 31/12/2009 | Var. | 30/09/2010 |
| Venezuelan Bolivar | 5.8613 | 3.0934 | 2.7679 | 5.3884 |
| Algerian Dinar | 101.1494 | 103.5086 | -2.3592 | 97.5597 |
| Tunisian Dinar | 1.9447 | 1.9009 | 0.0438 | 1.8928 |
| Moroccan Dirham | 11.2439 | 11.3480 | -0.1041 | 11.1532 |
| São Tomé Dobra | n/a | n/a | - | n/a |
| American Dollar | 1.3648 | 1.4406 | -0.0758 | 1.3267 |
| Namibian Dollar | 9.5438 | 10.6660 | -1.1222 | 9.8742 |
| Cape Verdean Escudo | 110.2650 | n/a | - | 110.2650 |
| Ukrainian Hryvnia | 10.8263 | 11.5968 | -0.7705 | 10.5766 |
| Angolan Kwanza | 123.1175 | 128.5360 | -5.4185 | 120.9977 |
| Mozambican Metical | 48.4600 | 44.1500 | 4.3100 | 44.9690 |
| Macau Pataca | 10.9096 | 11.5060 | -0.5964 | 10.6166 |
| Brazilian Real | 2.3201 | 2.5113 | -0.1912 | 2.3574 |
| Russian Rouble | 41.6923 | 43.1540 | -1.4617 | 40.1288 |

7 – SEGMENTAL INFORMATION

The main activities developed by the Group are classified into the following operating segments:

- Construction
- Cement, concrete and aggregates
- Concessions and services
- Real estate
- Hotel services
- Distribution
- Energy
- Automobile

The sales and services rendered and the results of each of the abovementioned operating segments for the quarter ended 30 September 2010 were as follows:

| Segment | Sales and services rendered | | | Net operating income |
|-------------------------------------|-----------------------------|-------------------|------------------|----------------------|
| | 30 September 2010 | | | |
| | External customers | Inter - segmental | Total | |
| Construction | 561,659 | 66,724 | 628,383 | 12,629 |
| Cement, concrete and aggregates | 10,525 | 17,085 | 27,610 | (4,423) |
| Concessions and services | 37,297 | 10,016 | 47,313 | 4,927 |
| Real estate | 93,914 | 10,417 | 104,331 | 40,209 |
| Hotel services | 60,623 | 7,135 | 67,758 | 16,257 |
| Distribution | 77,397 | 4,800 | 82,197 | 4,507 |
| Energy | 96,211 | 1,825 | 98,036 | 5,096 |
| Automobile | 79,364 | 7,900 | 87,264 | 4,067 |
| Not allocated to segments | - | - | - | (13,127) |
| Eliminations | - | (125,902) | (125,902) | (236) |
| | <u>1,016,990</u> | <u>-</u> | <u>1,016,990</u> | <u>69,906</u> |
| Financial costs and losses | | | | (122,568) |
| Financial income and gains | | | | 86,792 |
| Earnings from investment activities | | | | 31,895 |
| Pre-tax profit | | | | <u>66,025</u> |

Inter-segment transactions are carried out at market prices.

Other information:

| Segment | Fixed capital expenditures | Depreciation and amortisation through profit or loss | Provisions and impairment losses |
|---------------------------------|----------------------------|--|----------------------------------|
| Construction | 25,375 | 24,243 | 5,052 |
| Cement, concrete and aggregates | 2,914 | 2,970 | 165 |
| Concessions and services | 4,187 | 3,718 | 6 |
| Real estate | 16,049 | 2,422 | - |
| Hotel services | 3,615 | 4,921 | - |
| Distribution | 2,592 | 1,956 | - |
| Energy | 1,062 | 1,781 | - |
| Automobile | 3,444 | 1,368 | - |
| Not allocated to segments | 76 | 3 | - |
| | 59,314 | 43,382 | 5,223 |

The asset and liability items by segment, as at 30 September 2010 and 31 December 2009, and their respective reconciliation with the consolidated total are as follows:

| Segment | Assets | | | | | | | | Liabilities | |
|---------------------------------|---------------------------|----------------------------|------------------|------------------|---------------------------|-------------------------------------|------------------|------------------|------------------|------------------|
| | 30/09/2010 | | | | 31/12/2009 | | | | 30/09/2010 | 31/12/2009 |
| | Investments in associates | Financial assets available | Other assets | Total | Investments in associates | Financial assets available for sale | Other assets | Total | | |
| Construction | 28,575 | - | 1,516,588 | 1,545,163 | 25,008 | - | 1,490,285 | 1,515,293 | 1,024,905 | 1,102,859 |
| Cement, concrete and aggregates | 42,561 | - | 121,587 | 164,148 | 46,952 | - | 99,631 | 146,583 | 67,094 | 44,522 |
| Concessions and services | - | 21,136 | 231,638 | 252,774 | - | 27,164 | 210,517 | 237,681 | 230,439 | 200,345 |
| Real estate | 764 | 194,895 | 1,645,540 | 1,841,199 | 1,490 | 257,716 | 2,186,729 | 2,445,935 | 1,341,291 | 2,120,750 |
| Hotel services | 8 | - | 278,145 | 278,153 | 292 | - | 232,578 | 232,870 | 221,491 | 164,680 |
| Distribution | - | - | 133,919 | 133,919 | - | - | 120,377 | 120,377 | 79,905 | 100,974 |
| Energy | 1,579 | - | 73,790 | 75,369 | 1,190 | - | 67,950 | 69,140 | 50,031 | 47,076 |
| Automobile | - | - | 182,387 | 182,387 | - | - | 193,878 | 193,878 | 124,701 | 138,911 |
| Not allocated to segments | 15,275 | 12,461 | 469,476 | 497,212 | 902,264 | - | 317,552 | 1,219,816 | 36,734 | 20,527 |
| Eliminations | - | - | (2,195,519) | (2,195,519) | - | - | (2,669,102) | (2,669,102) | (964,949) | (942,810) |
| | 88,762 | 228,492 | 2,457,551 | 2,774,805 | 977,196 | 284,880 | 2,250,395 | 3,512,471 | 2,211,642 | 2,997,834 |

The sales, services rendered and information on non-current, non-monetary assets, by geographical segment, were composed as follows for the period ended 30 September 2010 and on 30 September 2010 and 31 December 2009, respectively:

| | Sales and services rendered | Non-monetary, non-current assets | |
|-----------------------------|--------------------------------|-------------------------------------|-------------------------|
| <u>Geographical segment</u> | <u>30/09/2010</u> | <u>30/09/2010</u> | <u>31/12/2009</u> |
| Portugal | 420,201 | 663,631 | 668,162 |
| Angola | 337,413 | 299,602 | 285,115 |
| Algeria | 53,347 | 14,187 | 16,676 |
| Brazil | 130,199 | 36,892 | 19,868 |
| Spain | 18,859 | 16,462 | 16,497 |
| Morocco | 2,081 | 1,862 | 2,802 |
| Mozambique | 40,406 | 15,774 | 14,081 |
| Ukraine | 8,002 | 27,815 | 25,066 |
| Venezuela | 3,875 | 87 | 171 |
| Other | 2,607 | 5,226 | 2,480 |
| | <u>1,016,990</u> | <u>1,081,538</u> | <u>1,050,918</u> |

8 - OPERATING INCOME

In the nine months and quarter ended 30 September 2010, operating income was as follows:

| | 30 September 2010 | 3rd Quarter of 2010 |
|--|-------------------------|------------------------|
| Sales and services rendered: | | |
| Sales | 721,874 | 261,352 |
| Services rendered | 295,116 | 88,488 |
| | <u>1,016,990</u> | <u>349,840</u> |
| Other operating income: | | |
| Variation in the fair value of investment properties | 7,319 | 1,597 |
| Gains in stocks | 5,292 | 1,164 |
| Supplementary income | 4,190 | 1,147 |
| Own work capitalised (a) | 3,190 | 436 |
| Reversal of adjustments to accounts receivable | 2,033 | 46 |
| Disposal of assets (b) | 1,764 | 488 |
| Correction of previous years' estimates | 739 | 242 |
| Benefits from contractual penalties | 76 | 39 |
| Reversal of adjustments to inventories | 63 | - |
| Other operating income | 8,828 | 1,439 |
| | <u>33,494</u> | <u>6,598</u> |
| | <u>1,050,484</u> | <u>356,438</u> |

(a) Own work capitalised essentially corresponds to costs associated to the construction of property.

(b) The gains indicated were mainly obtained through the sale of tangible fixed assets in the amount of 1,754 thousand euros.

9 - FINANCIAL RESULTS

The financial results for the nine months and quarter ended 30 September 2010 were as follows:

| | 30 September 2010 | 3rd Quarter of 2010 |
|---|-------------------------|------------------------|
| Financial costs and losses: | | |
| Interest paid | 48,407 | 16,552 |
| Unfavourable currency conversion differences | 62,704 | (10,349) |
| Other financial costs and losses | 11,457 | 3,283 |
| | 122,568 | 9,486 |
| Financial income and gains: | | |
| Interest received | 10,800 | 3,292 |
| Favourable currency conversion differences | 71,802 | (29,283) |
| Cash discounts obtained | 581 | 171 |
| Other financial income and gains | 3,609 | 1,598 |
| | 86,792 | (24,222) |
| Earnings from investment activities: | | |
| Earnings from associate companies (a) | 78,833 | 1,033 |
| Dividends (b) | 7,462 | 263 |
| Other investments | 704 | 1,332 |
| Gains / losses in assets available for sale (Note 17) | (55,104) | 6,164 |
| | 31,895 | 8,792 |
| Financial results | (3,881) | (24,916) |

(a) The earnings from associated companies relative to the quarter ended 30 September 2010 include the effect of the application of the equity method to the investments in associate companies of 7,650 thousand euros (Note 15).

In addition, in the period ended 30 September 2010, the Group sold their entire stake in CIMPOR - Cimentos de Portugal, S.G.P.S., S.A., registering capital gains of 71,183 thousand euros (Note 15).

(b) As at 30 September 2010 the values presented correspond to dividends received from "Financial assets available for sale" of 6,307 thousand euros and the remaining dividends from "Other investments".

In the period ended 30 September 2010, interest was capitalised in the acquisition cost of qualifiable assets in the amount of 2,481 thousand euros. During the period ended 30 September 2010, for the purposes of the capitalisation of financial costs associated with the acquisition cost of the qualifiable assets, an average rate of 3.02% was used.

10 - INCOME TAX

The participated company Teixeira Duarte - Engenharia e Construções, S.A. and most of its participated companies in Portugal are subject to Corporate Income Tax (Imposto sobre o Rendimento das Pessoas Colectivas - IRC) at the rate of 12.5% of taxable profit up to 12,500 euros, with the rate of 25% being applicable for the rest of the taxable profit. In addition to Corporate Income Tax, the Municipal Tax (Derrama) is also applied on taxable profit and its rate may vary up to a maximum of 1.5% on the taxable profit that exceeds the amount of 2,000,000.00 euros, as well as autonomous taxation on costs and at the rates established in article 88 of the IRC Code. In the calculation of the taxable amount, to which the abovementioned tax rates are applied, the non-acceptable amounts for tax purposes are added and subtracted from the book value results. These differences between the book value results and the results for tax purposes may be of a temporary or permanent nature.

Teixeira Duarte - Engenharia e Construções, S.A. and the participated companies at least 90% held, located in Portugal, are subject to the special taxation regime of groups of companies (since the financial year of 2003). This regime consists in the aggregation of the taxable profits of all the companies included in the consolidation perimeter, as established in article 69 of the Corporate Income Tax Code, less dividends distributed among them and included in the respective tax bases, with the Corporate Income Tax rates, increased by the individually determined Municipal and State Taxes, being then applied to the overall result thus obtained, following deduction of the tax losses, in accordance with articles 52 and 71 of the IRC Code.

In accordance with the legislation in force, tax statements are subject to review and correction by the tax authorities for a period of four years (ten years for Social Security, up to 2000, inclusive, and five years as of 2001), except in cases of tax losses, concessions of tax benefits, or inspections, complaints or impugnations are in progress, in which case, depending on the circumstances, the periods of time are prolonged or suspended. Hence, the Group's tax statements for the years from 2006 to 2009 may still be subject to review.

The Board of Directors believes that any corrections which might arise from any tax reviews/inspections to these tax statements should not significantly affect the financial statements as at 30 September 2010.

The Group records deferred taxes corresponding to the temporary differences between the book value of the assets and liabilities and the corresponding tax base, as laid down in IAS 12 - Income Tax (Note 18).

The tax charge registered for the nine months and quarter ended 30 September 2010 may be presented as follows:

| | 30 September 2010 | 3rd Quarter of 2010 |
|-----------------------------------|----------------------------------|--------------------------------|
| Current tax: | | |
| Income tax in Portugal | 14,173 | 5,686 |
| Income tax in other jurisdictions | 5,348 | 1,157 |
| | <u>19,521</u> | <u>6,843</u> |
| Deferred tax (Note 18): | <u>(5,498)</u> | <u>2,719</u> |
| | <u>14,023</u> | <u>9,562</u> |

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to 4,937 thousand euros were recorded directly in equity, on 30 September 2010 (Note 18).

11 - EARNINGS PER SHARE

The earnings per share for the nine months and quarter ended 30 September 2010 were calculated taking into consideration the following amounts:

| | 30 September 2010 | 3rd Quarter of 2010 |
|---|------------------------------|--------------------------------|
| Basic earnings per share: | | |
| Earnings for the effect of calculating net earnings per basic share (net income of the period) | 56,064 | 5,906 |
| Weighted average number of shares for the effect of calculating net earnings per basic share (thousand) | 309,580 | 351,579 |
| Net earnings per basic share | <u>0.18</u> | <u>0.02</u> |

Since for the nine months and quarter ended 30 September 2010 there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

12 - DIVIDENDS

The General Meeting of Shareholders, held on 27 May 2010, deliberated the distribution of dividends in the amount of 1 euro cent per share. These dividends were deliberated and distributed considering the individual financial statements of the Company as at 31 December 2009.

13 - TANGIBLE FIXED ASSETS

During the period ended 30 September 2010, the movements occurred in the tangible fixed assets, as well as in the respective accumulated depreciation and impairment losses, were as follows:

| | Land & natural resources | Buildings & other constructions | Basic equipment | Transport equipment | Tools & utensils | Administrative equipment | Other tangible fixed assets | Tangible fixed assets in progress | Advances on account of tangible fixed assets | Total |
|--|--------------------------------|---------------------------------------|--------------------|------------------------|---------------------|-----------------------------|-----------------------------------|---|--|----------------|
| Gross assets: | | | | | | | | | | |
| Balance as at 01 January 2010 | 52,627 | 276,358 | 335,826 | 61,502 | 35,447 | 33,946 | 20,858 | 69,657 | 320 | 886,541 |
| Currency conversion effect | 238 | 9,186 | 7,707 | (130) | 167 | 394 | 1,129 | 3,261 | 23 | 21,975 |
| Additions | - | 1,427 | 24,323 | 3,141 | 475 | 870 | 9,621 | 9,794 | - | 49,651 |
| Transfers and write-offs | (11,749) | 24,383 | 14,696 | 3,173 | (27) | 1,967 | (17,281) | (6,760) | (343) | 8,059 |
| Disposals | (44) | (1,553) | (4,972) | (554) | (262) | (84) | (24) | - | - | (7,493) |
| Balance as at 30 September 2010 | 41,072 | 309,801 | 377,580 | 67,132 | 35,800 | 37,093 | 14,303 | 75,952 | - | 958,733 |
| Accumulated depreciation & impairment losses: | | | | | | | | | | |
| Balance as at 01 January 2010 | 164 | 73,103 | 231,311 | 34,370 | 28,175 | 25,288 | 3,545 | - | - | 395,956 |
| Currency conversion effect | - | 2,575 | 5,384 | 313 | 86 | 294 | 96 | - | - | 8,748 |
| Top-ups | - | 9,233 | 23,625 | 7,646 | 1,208 | 1,746 | 402 | - | - | 43,860 |
| Transfers and write-offs | - | 709 | (167) | (121) | (175) | 2,035 | (2,820) | - | - | (539) |
| Disposals | - | (330) | (3,504) | (452) | (24) | (60) | (1) | - | - | (4,371) |
| Balance as at 30 September 2010 | 164 | 85,290 | 256,649 | 41,756 | 29,270 | 29,303 | 1,222 | - | - | 443,654 |
| Net value: | | | | | | | | | | |
| As at 30 September de 2010 | 40,908 | 224,511 | 120,931 | 25,376 | 6,530 | 7,790 | 13,081 | 75,952 | - | 515,079 |

The additions to the tangible fixed assets made during the period ended 30 September 2010 essentially refer to investments made in premises and equipment.

As at 30 September 2010 the tangible assets under construction include 71,308 thousand euros relative to buildings and other constructions in progress, in particular the following:

- Construction of the Colégio São Francisco de Assis in Luanda;
- Development of the Tancagem 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 integrated in the Lagoas Park enterprise;
- New cement mill, new silos, a coal mill to replace the fuel of the burners and a new building where a laboratory has been installed.

14 - INVESTMENT PROPERTY

During the period ended 30 September 2010, the movement which occurred in investment property was as follows:

| | 2010 |
|-----------------------------|----------------|
| Balance as at 01 January | 492,066 |
| Currency conversion effect | (1,809) |
| Increases / disposals | 760 |
| Variation in fair value | 6,104 |
| Transfer of tangible assets | 122 |
| Balance as at 30 September | 497,243 |

The income gained from investment property arising from operating leasing contracts reached 21,412 thousand euros in the period ended 30 September 2010. For the period ended 30 September 2010, direct operating costs related to investment property reached 4,612 thousand euros.

The fair value of each operational investment property is periodically determined through an assessment, in some cases made by specialised and independent entities and in accordance with the evaluation methodologies generally accepted for the real

estate market, namely income methods, comparatively with market prices or replacement costs, depending on the specific situations of each property.

In the remaining cases, the determination of the market value is carried out internally, based on criteria similar to those considered by external evaluators, taking into account the expected discounted cash flows.

The main assumptions and methods inherent to the evaluations supporting the market value of the investment properties are as follows:

- Yield between 7% and 10%;
- Average of the comparative method and income multiples;
- Average of the comparative method and cost.

IAS 40 does not require the fair value of investment properties to be determined based on an evaluation made by an independent evaluator. However, approximately 85% of the fair value of the Group's investment properties is determined through independent evaluators with relevant and recognised professional qualifications (registered at the CMVM) and with recent experience in the location and category of the investment properties valued. These evaluators used methodologies currently applied in this market, based on the use of the income method, replacement cost method or market price comparisons, according to the specific situation of each property. In the case under consideration where the assets are leased, the income method was used, but also taking into consideration the rest of the methods for the evaluation of the reasonableness of the results achieved through his method. According to this method, the income of the current leasing contracts under the current conditions was used and, once the period of these contracts ended, a yield adapted to each property was used. For the rest of the evaluations carried out internally, yields adapted according to the indications given by independent professionals were used.

15 - INVESTMENTS IN ASSOCIATE COMPANIES

The following associated companies were recorded through the equity method as at 30 September 2010:

| Corporate name | Head office | Effective percentage holding |
|---|--|------------------------------|
| ALVORADA PETRÓLEO, S.A. | Rua Major Lopes, 800, 3º andar Belo Horizonte - Minas Gerais - Brazil | 34.70% |
| ALSOMA, GEIE. | 3 Av André Malraux Levallois Peret | 26.12% |
| ARENOR, S.L. | Calle Monte Carmelo, nº 1, 5ºC Seville, Spain | 24.44% |
| AVIA PORTUGAL - Produtos Petrolíferos, S.A. | Edifício 1, Lagoas Park Porto Salvo | 20.45% |
| CIMPOR MACAU Investment Company, S.A. (a) | Av. da Praia Grande, nº 693, Edifício Tai Wah, 15º andar Macau | 12.58% |
| CONSTRULINK - Tecnologias de Informação, S.A. (b) | Av. Engenheiro Arantes e Oliveira, nº 6 - 8º H Lisbon | 19.35% |
| Concessionária de Rodovias TEBE, S.A. | Praça Barão do Rio Branco, nº 48, S/L Bebedouro - São Paulo | 24.51% |
| IMOC - Empreendimentos Imobiliários, S.A.R.L. | Av. 24 de Julho, 135 Maputo | 44.89% |
| INFRAENGE Construções, Ltda . | Praça Barão do Rio Branco, nº 48, 1º andar, Sala 13ª A, Bairro Centro Bebedouro - São Paulo | 24.51% |
| ISA - Intelligent Sensing Anywhere, S.A. (c) | Rua D. Manuel I, 92 Coimbra | 14.76% |
| SCP AK10 - Empreendimentos e Participações SPE Ltda. | Avenida Alameda Santos, nº 960 - 19º, Edifício CYK, Cerqueira César, São Paulo | 24.19% |
| STELGEST - Gestão Hoteleira, S.A. | Edifício 2, Lagoas Park Porto Salvo | 43.54% |
| TRAVERSOFFER - Industrie et Service Ferroviaire, S.A.R.L. | 27, Cheminndu Réservoir, Hydra, Algiers, Algeria | 29.03% |

(a) Through its subsidiary C +P.A. - Cimento e Produtos Associados, S.A.

(b) Through its subsidiary TEDAL - SGPS, S.A.

(c) Through its subsidiary DIGAL – Distribuição e Comércio, S.A.

The holdings in associated companies registered the following movements in the period ended 30 September 2010:

| | Holdings | Goodwill | Total |
|--|---------------|---------------|---------------|
| Balance as at 01 January 2010 | 470,746 | 506,450 | 977,196 |
| Effects of the application of the equity method: | | | |
| - Effect on net income for the year (Note 9) | 7,650 | - | 7,650 |
| - Effect on equity | (221) | - | (221) |
| - Dividends received (Note 20) | (1,530) | - | (1,530) |
| Increases | 936 | - | 936 |
| Disposals | (415,041) | (482,108) | (897,149) |
| Currency conversion effect | 1,527 | 644 | 2,171 |
| Other | (291) | - | (291) |
| Balance as at 30 September 2010 | 63,776 | 24,986 | 88,762 |

As indicated in Note 9, in the period ended 30 September 2010, the Group sold their entire state in CIMPOR – Cimentos de Portugal, SGPS, S.A. for the amount of 968,32 thousand euros (Note 20), having recorded capital gains of 71,183 thousand euros (Note 9).

The investments in associate companies as at 30 September 2010 and 31 December 2009 are analysed as follows:

| Associates | 30 September 2010 | | | 31 December 2009 | | |
|--|-------------------|---------------|---------------------|------------------|----------------|---------------------|
| | Holdings | Goodwill | Balance sheet value | Holdings | Goodwill | Balance sheet value |
| Arenor, S.L. | 26,718 | 16,033 | 42,751 | 30,187 | 16,033 | 46,220 |
| Alvorada Petróleos, S.A. | 14,199 | 8,390 | 22,589 | 12,237 | 7,751 | 19,988 |
| Cimpor Macau Investment Company, S.A. | 9,410 | - | 9,410 | 10,332 | - | 10,332 |
| IMOC - Empreendimentos Imobiliários, S.A.R.L. | 5,640 | - | 5,640 | 4,719 | - | 4,719 |
| Concessionária de Rodovias TEBE, S.A. | 5,268 | - | 5,268 | 4,399 | - | 4,399 |
| SCP AK10 - Empreendimentos e Participações SPE Ltda. | 694 | 70 | 764 | 1,425 | 65 | 1,490 |
| ISA - Intelligent Sensing Anywhere, S.A. | 1,063 | 493 | 1,556 | 675 | 493 | 1,168 |
| Infraenge Construções, Ltda . | 444 | - | 444 | 312 | - | 312 |
| Cimpor - Cimentos de Portugal, S.G.P.S., S.A. | - | - | - | 405,804 | 482,108 | 887,912 |
| Other | 340 | - | 340 | 656 | - | 656 |
| | 63,776 | 24,986 | 88,762 | 470,746 | 506,450 | 977,196 |

Goodwill in associate companies as at 30 September 2010 and 31 December 2009 is broken down as follows:

| Participated company | 30 September 2010 | | | 31 December 2009 | | |
|--|----------------------------|---------------|---------------------------|----------------------------|---------------|---------------------------|
| | Book value of the goodwill | Discount rate | Growth rate in perpetuity | Book value of the goodwill | Discount rate | Growth rate in perpetuity |
| Arenor, S.L. | 16,033 | 5.0% | 1.5% | 16,033 | 5.0% | 1.5% |
| Alvorada Petróleos, S.A. | 8,390 | 9.7% | 1.5% | 7,751 | 9.7% | 1.5% |
| ISA - Intelligent Sensing Anywhere, S.A. | 493 | 4.8% | 1.5% | 493 | 4.8% | 1.5% |
| SCP AK10 - Empreendimentos e Participações SPE Ltda. | 70 | 10.0% | 1.5% | 65 | 10.0% | 1.5% |
| Cimpor - Cimentos de Portugal, S.G.P.S., S.A. | - | - | - | 482,108 | 7.4% | 1.5% |
| | 24,986 | | | 506,450 | | |

The abovementioned holdings are recorded through the equity method which, in the period ended 30 September 2010, presented the following impacts:

| Associates | Gains and losses in associate companies (Note 9) | Adjustments of holdings | Dividends | Total |
|--|--|-------------------------|----------------|--------------|
| Cimpor - Cimentos de Portugal, S.G.P.S., S.A. | 9,237 | - | - | 9,237 |
| Arenor, S.L. | (704) | (2,765) | - | (3,469) |
| Alvorada Petróleos, S.A. | (747) | 776 | - | 29 |
| Cimpor Macau Investment Company, S.A. | (2,045) | 1,123 | - | (922) |
| Concessionária de Rodovias TEBE, S.A. | 718 | (223) | - | 495 |
| Infraenge Construções, Ltda . | 108 | (3) | - | 105 |
| IMOC - Empreendimentos Imobiliários, S.A.R.L. | 669 | 252 | - | 921 |
| SCP AK10 - Empreendimentos e Participações SPE Ltda. | 670 | - | (1,530) | (860) |
| ISA - Intelligent Sensing Anywhere, S.A. | (264) | 652 | - | 388 |
| Other | 8 | (33) | - | (25) |
| | 7,650 | (221) | (1,530) | 5,899 |

The main consolidated financial information with respect to the associate companies as at 30 September 2010 and 31 December 2009 is as follows:

| | Total assets | | Total liabilities | | Total net assets | | Share of the Group in net assets | |
|--|----------------|------------------|-------------------|------------------|------------------|------------------|----------------------------------|----------------|
| | 30-09-2010 | 31-12-2009 | 30-09-2010 | 31-12-2009 | 30-09-2010 | 31-12-2009 | 30-09-2010 | 31-12-2009 |
| Alvorada Petróleos, S.A. | 39,454 | 26,867 | 9,685 | 6,576 | 29,769 | 20,291 | 14,199 | 12,237 |
| ARENOR, S.L. | 79,463 | 70,732 | 24,455 | 28,346 | 55,008 | 42,386 | 26,718 | 30,187 |
| CIMPOR - Cimentos de Portugal, SGPS, S.A. | - | 4,927,362 | - | 3,096,859 | - | 1,830,503 | - | 405,804 |
| Cimpor Macau Investment Company, S.A. | 215,602 | 140,057 | 177,959 | 132,873 | 37,643 | 7,184 | 9,411 | 10,332 |
| Concessionária de Rodovias TEBE, S.A. | 39,278 | 30,608 | 23,475 | 17,409 | 15,803 | 13,199 | 5,267 | 4,399 |
| IMOC - Empreendimentos Imobiliários, S.A.R.L. | 12,563 | 10,553 | 409 | 382 | 12,154 | 10,171 | 5,640 | 4,719 |
| INFRAENGE Construções, Ltda. | 2,769 | 1,612 | 1,436 | 675 | 1,333 | 936 | 444 | 312 |
| ISA - Intelligent Sensing Anywhere, S.A. | 6,200 | 5,502 | 3,930 | 4,113 | 2,270 | 1,389 | 1,063 | 675 |
| SCP AK10 - Empreendimentos e Participações SPE Ltda. | 10,265 | 7,612 | 7,488 | 1,911 | 2,777 | 5,701 | 694 | 1,425 |
| Other | 2,942 | 4,119 | 2,432 | 3,602 | 510 | 517 | 340 | 656 |
| | 408,536 | 5,225,024 | 251,269 | 3,292,746 | 157,267 | 1,932,277 | 63,776 | 470,746 |

| | Sales and services rendered | Net income for the period | Share of the Group in net income for the period |
|--|-----------------------------|---------------------------|---|
| Alvorada Petróleos, S.A. | 1,525 | (1,583) | (747) |
| ARENOR, S.L. | 267 | (1,449) | (704) |
| CIMPOR - Cimentos de Portugal, SGPS, S.A. | - | - | 9,237 |
| Cimpor Macau Investment Company, S.A. | - | (8,179) | (2,045) |
| Concessionária de Rodovias TEBE, S.A. | 14,936 | 2,153 | 718 |
| IMOC - Empreendimentos Imobiliários, S.A.R.L. | - | 1,441 | 669 |
| INFRAENGE Construções, Ltda. | 6,885 | 325 | 108 |
| ISA - Intelligent Sensing Anywhere, S.A. | 1,526 | (600) | (264) |
| SCP AK10 - Empreendimentos e Participações SPE Ltda. | 7,535 | 2,682 | 670 |
| Other | 1,537 | 11 | 8 |
| | 34,211 | (5,199) | 7,650 |

16 - JOINT VENTURES

As at 30 September 2010, the following participated companies were consolidated through the proportional method, since their management and control is exercised jointly with the other partners/shareholders:

| Corporate name | Head office | Effective percentage holding |
|--|--|------------------------------|
| ACESTRADA - Construção de Estradas, ACE | Praça de Alvalade, 6 - 7 ^º Lisboa | 19.35% |
| CAIS DE CRUZEIROS 2 ^a FASE, ACE | Rua da Tapada da Quinta de Cima Linhó - Sintra | 14.51% |
| CONBATE, ACE | Edifício 2, Lagoas Park Porto Salvo | 19.35% |
| DOURO LITORAL, ACE | Edifício 8, Lagoas Park Porto Salvo | 38.70% |
| D.L.O.E.A.C.E. – Douro Litoral Obras Especiais, ACE | Edifício 2, Lagoas Park Porto Salvo | 38.70% |
| ENGIL/MOTA/TEIXEIRA DUARTE – Requalificações Urbanas, ACE | Av. Fabril do Norte, 1601 Matosinhos | 32.25% |
| FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE | Edifício Central Park Rua Alexandre Herculano, N ^º 3, 2 ^º - Linda-a-Velha | 48.38% |
| GMP – Grupo Marítimo Português, ACE | Edifício 1, Lagoas Park Porto Salvo | 19.39% |
| GMP – Grupo Marítimo Português MEK, ACE | Edifício 1, Lagoas Park Porto Salvo | 19.39% |
| GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE | Rua Senhora do Porto, 930 Porto | 24.19% |
| GPCC - Grupo Português de Construção de Infraestruturas da Expo, ACE | Edifício Sagres Rua Professor Henrique de Barros. n ^º 4. 2 A - Prior Velho | 24.19% |
| METROLIGEIRO - Construção de Infraestruturas, ACE | Estrada da Luz, 90 - 6 ^º E Lisboa | 25.93% |
| METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE | Av. das Forças Armadas, 125 - 2 ^º D Lisbon | 32.25% |
| NOVA ESTAÇÃO, ACE | Av. Frei Miguel Contreiras, n ^º 54, 7 ^º Lisbon | 24.19% |
| SOMAFEL E OFM - Obras do Metro, ACE | Edifício 1, Lagoas Park Porto Salvo | 58.05% |
| SOMAFEL/FERROVIAS, ACE | Av. Columbano Bordalo Pinheiro, 93 - 7 ^º Lisbon | 34.83% |
| TEISOMAR - Obras Marítimas, ACE | Edifício 1, Lagoas Park Porto Salvo | 48.38% |
| TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE | Edifício 2, Lagoas Park Porto Salvo | 55.44% |
| TEIXEIRA DUARTE/OPCA - Fungere - Parcela 1.18 do Parque das Nações em Lisboa - 3 ^a Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE | Edifício 2, Lagoas Park Porto Salvo | 58.05% |
| TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE | Av. das Forças Armadas, 125 - 2 ^º C Lisbon | 48.38% |

As a result of the consolidation of these participated companies, through the proportional consolidation method, as at 30 September 2010 and 31 December 2009, the following amounts were included in the consolidated financial statements of the Group:

| | Current assets | | Non-current assets | | Current liabilities | | Non-current liabilities | |
|--|----------------|---------------|--------------------|------------|---------------------|---------------|-------------------------|--------------|
| | 30/09/2010 | 31/12/2009 | 30/09/2010 | 31/12/2009 | 30/09/2010 | 31/12/2009 | 30/09/2010 | 31/12/2009 |
| ACESTRADA - Construção de Estradas, ACE | 19 | 113 | - | - | 1 | 2 | - | - |
| CAIS DOS CRUZEIROS - 2ª Fase, ACE | 1,243 | 1,679 | - | - | 651 | 1,064 | 25 | - |
| CONBATE, ACE | 3,163 | 1,736 | 4 | 5 | 2,776 | 889 | 248 | 813 |
| DOURO LITORAL, ACE | 67,385 | 30,571 | 22 | 27 | 60,015 | 27,953 | - | 1,934 |
| DOURO LITORAL OBRAS ESPECIAIS, ACE | 3,856 | 3,576 | 105 | 130 | 3,913 | 3,493 | - | - |
| ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE | 21 | 22 | - | - | 21 | 22 | - | - |
| FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE | 114 | 191 | - | 5 | 74 | 420 | 118 | - |
| GMP - Grupo Marítimo Português, ACE | 2,188 | 1,933 | 40 | 70 | 2,372 | 1,957 | - | - |
| GMP - Grupo Marítimo Português MEK, ACE | 770 | 65 | 24 | 8 | 755 | 68 | - | - |
| GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE | 71 | 71 | - | - | 73 | 71 | - | - |
| GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE | 27 | 30 | - | - | 27 | 30 | - | - |
| METROLIGEIRO - Construção de Infraestruturas, ACE | 1,031 | 4,059 | - | 4 | 1,031 | 4,063 | - | - |
| METROPAÇO - Trabalhos de Construção da Estação do Metropolitano do Terreiro do Paço, ACE | 186 | 186 | - | - | 186 | 186 | - | - |
| NOVA ESTAÇÃO, ACE | 2,759 | 1,966 | 28 | 8 | 1,179 | 1,305 | - | - |
| SOMAFEL E OFM - Obras do Metro, ACE | 46 | 46 | - | - | 46 | 46 | - | - |
| Somafel/Ferrovias, ACE | 96 | 71 | 4 | 16 | 27 | 23 | - | - |
| 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 | 103 | 102 | - | - | 70 | 102 | 50 | - |
| TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE | 186 | 348 | 2 | 4 | 188 | 352 | - | - |
| TEISOMAR - Obras Marítimas, ACE | 322 | 1 | - | - | 322 | - | - | - |
| TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE | 831 | 529 | - | - | 488 | 378 | - | - |
| | 84,417 | 47,295 | 229 | 277 | 74,215 | 42,424 | 441 | 2,747 |

As a result of the consolidation of these participated companies, through the proportional consolidation method, in the period ended 30 September 2010, the following amounts were included in the consolidated financial statements of the Group:

| | Income | Costs |
|--|----------------|----------------|
| ACESTRADA - Construção de Estradas, ACE | 1 | - |
| CAIS DOS CRUZEIROS - 2ª Fase, ACE | 2,117 | 1,549 |
| CONBATE, ACE | 3,574 | 3,431 |
| DOURO LITORAL, ACE | 94,210 | 88,068 |
| DOURO LITORAL OBRAS ESPECIAIS, ACE | 9,615 | 9,590 |
| ENGIL/MOTA/TEIXEIRA DUARTE - Requalificações Urbanas, ACE | - | 1 |
| FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE | 116 | 19 |
| GMP - Grupo Marítimo Português, ACE | 1,284 | 1,471 |
| GMP - Grupo Marítimo Português MEK, ACE | 475 | 443 |
| GPCC - Grupo Português de Construção de Infraestruturas de Gás Natural, ACE | - | 2 |
| GPCIE - Grupo Português de Construção de Infraestruturas da Expo, ACE | 1 | 1 |
| NOVA ESTAÇÃO, ACE | 4,630 | 3,022 |
| Somafel/Ferrovias, ACE | 40 | 71 |
| 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 | 27 | 44 |
| TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE | - | - |
| TEISOMAR - Obras Marítimas, ACE | 322 | 322 |
| TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE | 344 | 152 |
| | 116,756 | 108,186 |

Included in the information indicated in Note 23, the Group provided bank guarantees, fidelity guarantee insurance and letters of comfort as an entrepreneur in these joint ventures to the total value of 35,272 thousand euros as at 30 September 2010 (38,557 thousand euros as at 31 December 2009).

17 - FINANCIAL ASSETS AVAILABLE FOR SALE

In the period ended 30 September 2010, the movements which occurred in the valuation of the financial assets available for sale, recorded at their respective fair value, were as follows:

| | 2010 |
|--------------------------------|----------------|
| Fair value as at 01 January | 284,880 |
| Acquisitions during the period | 13,612 |
| Decrease in fair value | (70,000) |
| Fair value as at 30 September | 228,492 |

The acquisitions made during the period include the purchase of 19,150,136 shares of Banco Comercial Português, S.A. in the amount of 13,612 thousand euros (Note 20).

The decrease in the fair value of the financial assets available for sale in the period ended 30 September 2010 includes the reversion of fair value reserves previously recognised, which were directly recorded in equity, and the recognition of a loss in the net income of the semester in the amount of 55,103 thousand euros (Note 9).

As at 30 September 2010 and 31 December 2009, the Group owned 324,500,000 and 304,989,864 shares in Banco Comercial Português, S.A., respectively.

The financial assets available for sale, and the respective cost and market values, as at 30 September 2009 and 31 December 2009, are as follows:

| | 30/Set/10 | | 31-Dec-2010 | |
|---------------------------------------|-------------------|---------------------|--------------------|---------------------|
| | Cost value | Market value | Cost value | Market value |
| Banco Comercial Português, S.A. | 738,282 | 207,356 | 724,670 | 257,716 |
| Banco Bilbao Vizcaya Argentaria, S.A. | 33,075 | 21,136 | 33,075 | 27,164 |
| | 771,357 | 228,492 | 757,745 | 284,880 |

18 - DEFERRED TAXES

All situations which might significantly affect future taxes are revealed through the application of the deferred tax rule.

During the period ended 30 September 2010, the movements occurred in deferred tax assets and liabilities, in accordance with the temporary differences which generated them, are as follows:

| | Deferred tax assets | Deferred tax liabilities |
|-----------------------------------|----------------------------|---------------------------------|
| Balance as at 01 January | 98,863 | 66,831 |
| Constitution / Reversal | | |
| Net income (Note 10) | 2,970 | (2,528) |
| Equity | 5,152 | 215 |
| Adjustment | 3,586 | 3,091 |
| Balance as at 30 September | 110,571 | 67,609 |

The deferred tax assets were evaluated and recognised only to the extent that it is considered likely that there will be taxable profits in the future which may be used to recover tax losses or deductible tax differences. This evaluation was based on the business plans of the Group's companies, periodically reviewed and updated.

19 - RELATED PARTIES

The transactions and balances between Teixeira Duarte, S.A. ("Parent-company") and the companies of the Group, which are related parties, were eliminated during the consolidation process, and are not disclosed in the present Note. The balances and transactions between the Group and associate companies, related and individuals with significant voting rights and own companies, are detailed below.

The terms or conditions practiced between Teixeira Duarte, S.A. and the related parties are substantially identical to those which would normally be contracted, accepted and practiced between independent entities in comparable operations.

The main balances with related entities as at 30 September 2010 and 31 December 2009 are analysed as follows:

| | Balances receivable | | Balances payable | | Loans granted | | Other debts | |
|---|---------------------|------------|------------------|------------|---------------|---------------|--------------|--------------|
| | 30-09-2010 | 31-12-2009 | 30-09-2010 | 31-12-2009 | 30-09-2010 | 31-12-2009 | 30-09-2010 | 31-12-2009 |
| Agrepor Agregados - Extração Inertes, S.A. | - | 32 | - | - | - | - | - | - |
| ALVORADA PETRÓLEO, S.A. | - | - | - | - | 149 | 2,838 | - | - |
| Cimpor - Indústria de Cimentos, S.A. | - | 136 | - | 16 | - | - | - | - |
| Cimpor Betão - Indústria de Betão, S.A. | - | - | - | 23 | - | - | - | - |
| IMOC - Empreendimentos Imobiliários, S.A.R.L. | 242 | - | 1 | - | - | - | (247) | (247) |
| ISA - Intelligent Sensing Anywhere, S.A. | - | - | 15 | 53 | 65 | 65 | - | - |
| Cimpor Macau Investment Company, S.A. | - | - | - | - | 8,536 | 8,536 | - | - |
| STELGEST - Gestão Hoteleira, S.A. | 32 | 32 | - | - | 8 | 237 | (716) | (381) |
| TRAVERSO FER - Industrie et Service Ferroviaire, S.A. | 6 | 5 | - | - | - | - | - | - |
| | 280 | 205 | 16 | 92 | 8,758 | 11,676 | (963) | (628) |

The main transactions carried out in the period ended 30 September 2010 with related entities were as follows:

| | Sales and services rendered | Purchases and services obtained | Interest debited |
|---|-----------------------------|---------------------------------|------------------|
| ISA - Intelligent Sensing Anywhere, S.A. | - | 48 | - |
| STELGEST - Gestão Hoteleira, S.A. | 95 | - | 13 |
| TRAVERSO FER - Industrie et Service Ferroviaire | 1 | - | - |
| | 96 | 48 | 13 |

No remunerations were attributed to the members of the governing bodies of Teixeira Duarte, S.A., in the period ended 30 September 2010.

20 - NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and equivalent

As at 30 September 2010 and 31 December 2009, this heading is broken down as follows:

| | 30-09-2010 | 31-12-2009 |
|------------------------|----------------|----------------|
| Sight deposits | 100,355 | 110,888 |
| Term deposits | 37,728 | 15,236 |
| Other cash investments | - | 1 |
| Cash | 5,454 | 5,926 |
| | 143,537 | 132,051 |

The cash and equivalent heading includes cash, deposits payable on demand, cash investments and term deposits with a maturity of less than three months, and for which the risk of change of value is insignificant.

Cash flow from investment activities

The receipts derived from financial investments in the quarter ended 30 September 2010, refer to the disposal of holdings in the following entities:

| | 30 September 2010 | 3rd Quarter of 2010 |
|---|----------------------------------|--------------------------------|
| CIMPOR - Cimentos de Portugal, S.G.P.S., S.A. | 968,332 | - |
| Banco Bilbao Vizcaya Argentaria, S.A. | 31,145 | 14,431 |
| | 999,477 | 14,431 |

The payments relative to financial investments in the nine months and quarter ended 30 September 2010, refer to the acquisition of holdings in the following entities:

| | 30 September 2010 | 3rd Quarter of 2010 |
|--|----------------------------------|--------------------------------|
| Banco Bilbao Vizcaya Argentaria, S.A. | 37,557 | 13,067 |
| Banco Comercial Português, S.A. | 13,612 | - |
| IMOPEDROUÇOS - Sociedade Imobiliária, S.A. | 3,500 | - |
| DIGAL - Distribuição e Comércio, S.A. | 665 | - |
| TDEMPA - Gestão de Participações e Investimentos, S.A. | 500 | - |
| Alvorada Petróleos, S.A. | 936 | 717 |
| Other | 38 | - |
| | 56,808 | 13,784 |

The dividends received in the nine months and quarter ended 30 September 2010, were as follows:

| | 30 September 2010 | 3rd Quarter of 2010 |
|---------------------------------------|----------------------------------|--------------------------------|
| Banco Comercial Português, S.A. | 5,794 | - |
| Banco Bilbao Vizcaya Argentaria, S.A. | 646 | 263 |
| Other | 2,552 | 1,100 |
| | 8,992 | 1,363 |

21 - SHARE CAPITAL

As at 30 September 2010, the underwritten and paid-up share capital was represented by 406,360,199 shares with the nominal value of 1 euro each.

As mentioned in the Introductory Note, in the period ended 30 September 2010, the Company increased its share capital by 118,479,000 euros, corresponding to 118,479,400 shares. The increase was carried out by the integration of 118,479,400 shares of Teixeira Duarte – Engenharia e Construções, S.A., within the scope of the Public Exchange Offer conducted.

As at 30 September 2010, TDG - Sociedade Gestora de Participações Sociais, S.A. directly owned 153,800,000 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 37.85% of the respective share capital.

22 - LOANS

As at 30 September 2010 and 31 December 2009, the loans raised were as follows:

| | <u>30-09-2010</u> | <u>31-12-2009</u> |
|---------------------------------|-------------------|-------------------|
| Non-current liabilities: | | |
| Bank loans a) | 298,520 | 707,447 |
| Commercial paper b) | 375,928 | 784,913 |
| | 674,448 | 1,492,360 |
| Current liabilities: | | |
| Bank loans a) | 460,166 | 532,018 |
| Commercial paper b) | 115,750 | 100,414 |
| | 575,916 | 632,432 |
| | 1,250,364 | 2,124,792 |

a) Bank loans

As at 30 September 2010, the internal bank loans, bank overdrafts and secured current accounts earned interest at the weighted annual average rate of 2.51%.

The bank loans contracted by the Group essentially correspond to:

- Loan contracted by the Group from Banco Comercial Português, on 31 December 2004, in the current amount of 80,000 thousand euros, the repayment of which shall be made on 31 December 2010.
- Loan raised from Banco Bilbao Vizcaya Argentaria, contracted on 12 April 2007 in the amount of 63,300 thousand euros, the repayment of which shall be made on 16 March 2012.
- Loan from Banco Popular Portugal, contracted on 18 December 2008, of 25,000 thousand euros, the maturity of which shall occur on 18 December 2011.
- Loan contracted by the Group on 30 December 2008 from Caixa Geral de Depósitos, in the current amount of 45,071 thousand euros, the repayment of which shall be made in 159 equal and successive monthly instalments, ending on 30 December 2023.

As at 30 September 2010 and 31 December 2009, the bank loans also include the secured current accounts in the value of 247,825 and 365,589 thousand Euros, respectively.

b) Commercial paper

As at 30 September 2010, the Group had negotiated the following commercial paper programmes:

- Grouped contract programme, for the placing and underwriting of private commercial paper with Banco Comercial Português on 14 October 2005, of the total amount of 150,000 thousand euros, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. are participants, to the amounts of 15,000 thousand euros and 135,000 thousand euros, respectively. The participation of each company in the programme may vary each time the programme is used, with Teixeira Duarte - Engenharia e Construções, S.A. being required to participate with at least 10% of the total value. Sixteen six-monthly and successive issues have been contracted for the total nominal value of the programme, earning interest on a six-monthly basis and in arrears at a rate indexed to the six-month Euribor increased by a spread of 0.875%, and with the repayment of the last issue being on 14 October 2013.

- Grouped programme, for the placing and underwriting of private commercial paper contracted on 6 January 2006 with Banco Comercial Português, with the total amount used being 20,750 thousand euros, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. take part, to the amounts of 18,650 thousand euros and 2,100 thousand euros, respectively. The participation of each company in the programme may vary each time the programme is used, with Teixeira Duarte - Engenharia e Construções, S.A. being required to participate with at least 10% of the total value. The duration of the programme is five years, starting from the contract signature date, the interest is earned on a six-monthly basis in arrears, with the reference rate being indexed to the one to six-month Euribor under competitive auction for periods of 7 to 180 days via direct placement, increased by 2.25% and determined according to the date of each auction, with the repayment of the last issue being made on 6 January 2011.
- Grouped programme, for the placing and underwriting of commercial paper contracted on 14 February 2006 with Banco Comercial Português, in the total amount of 50,000 thousand euros, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. take part, in the amounts of 5,000 thousand euros and 45,000 thousand euros, respectively. The participation of each company in each programme may vary each time it is used, with Teixeira Duarte - Engenharia e Construções, S.A. being required to participate with at least 10% of the total value. Sixteen six-monthly and successive issues have been contracted for the total nominal value of the programme, earning interest on a six-monthly basis in arrears at a rate indexed to the six-month Euribor increased by 0.875% and determined according to the date of the auction, with the repayment of the last issue being on 14 February 2014.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo de Investimento and Banco Espírito Santo on 21 August 2006, in the amount of 50,000 thousand euros, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.. The participation of each company in the programme may vary each time it is used. The duration of the programme is five years minus one day, counting from the contract signature date, the interest is earned in advance and every six months, with the reference rate being indexed to the Euribor for the respective issue period, increased by 0.65% and determined according to the date of each auction.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo Investimento on 21 April 2008, in the amount of 120,000 thousand euros, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.. The participation of each company in each programme may vary each time it is used. The duration of the programme is five years minus one day, counting from the contract signature date, the interest falls due on each repayment date, with the reference rate being indexed to the Euribor for the respective maturity period, in force on the second business day prior to the subscription date, increased by 0.65% and determined according to the date of the auction.
- Programme for the placing and underwriting of commercial paper, contracted with Banco Comercial Português, S.A. on 20 August 2009, in the amount of 20,000 thousand euros. The commercial paper is issued with an issue period of 1, 3 and 6 months with the maturity period of the programme being 1 year, renewable, earning interest at a rate indexed to the Euribor of the issue period, increased by 2.45%.
- Programme for the placing and underwriting of commercial paper, contracted with Banco Comercial Português, S.A. on 20 August 2009, in the amount of 25,000 thousand euros. The commercial paper is issued with an issue period of 1, 3 and 6 months with the maturity period of the programme being 1 year, renewable, earning interest at a rate indexed to the Euribor of the issue period, increased by 2.45%.
- Grouped contract programme, for the placing and underwriting of commercial paper with Banco Espírito Santo Investimento on 23 December 2008, in the amount of 60,000 thousand euros, in which Teixeira Duarte - Engenharia e Construções, S.A. and its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by its associate Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.. The participation of each company in each programme may vary each time it is used. The duration of the programme is five years minus one day, counting from the contract signature date, the interest falls due on each repayment date, with the reference rate being indexed to the Euribor for the respective maturity period, in force on the second business day prior to the subscription date, increased by 0.65% and determined according to the date of the auction.

As a result of the commitment of successive renewal during the period of the programme contracts, the existing issues as at 30 September 2010 are classified as non-recurrent liabilities.

The non-recurrent bank loans are repayable in the following years:

| | 30-09-2010 | 31-12-2009 |
|--------------------|-------------------|-------------------|
| 2011 | 29,332 | 115,141 |
| 2012 | 139,068 | 726,411 |
| 2013 | 360,021 | 520,622 |
| 2014 | 58,456 | 56,862 |
| 2015 and following | 87,571 | 73,324 |
| | 674,448 | 1,492,360 |

As at 30 September 2010 and 31 December 2009, the financing in foreign currency was expressed as follows:

| Currency | 30-09-2010 | | 31-12-2009 | |
|-----------------|-------------------|--------------|-------------------|--------------|
| | Currency | Euros | Currency | Euros |
| AOA | 2,379,113 | 19,324 | - | - |
| BRL | 105,783 | 45,594 | 31,252 | 12,444 |
| MAD | 2,452 | 218 | 3,859 | 340 |
| USD | 88,941 | 65,168 | 176,139 | 122,268 |

The loans denominated in foreign currency earn interest at market rates and were converted into euros based on the exchange rate on the balance sheet date.

23 - CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Guarantees:

As at 30 September 2010 and 31 December 2009, the group of companies included in the consolidation had provided the following guarantees to third parties:

| | 30-09-2010 | 31-12-2009 |
|--------------------------|-------------------|-------------------|
| Bank guarantees provided | 551,315 | 607,390 |
| Fidelity insurance | 159,855 | 106,379 |

The bank guarantees were essentially provided for the purposes of tenders, advances received and as completion guarantees for works.

EMPA – Serviços de Engenharia, S.A. provided a real guarantee, corresponding to the mortgage of land to third parties for its construction activity.

To secure the loan contract signed with Banco Caixa Geral, in the amount of 19,820 thousand euros, granted by GSC – Companhia General de Servicios y Construcción, S.A., GSC – Companhia General de Servicios y Construcción, S.A., pledged 2,133,870 shares in Banco Bilbao Vizcaya Argentaria, S.A. and mortgaged land situated in Madrid, at C/ Amália, 4 and 6.

Also constituted in favour of Caixa Geral de Depósitos, was a mortgage on lot 3, situated in Lagoas Park, owned by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., to secure a loan contract granted by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. in the amount of 45,071 thousand euros.

A promissory mortgage was also constituted on lots 7, 8, 9, 10, 11, 12, 15, 16 and 23, situated in Lagoas Park, owned by Banco Comercial Português, S.A., to secure a loan contract granted by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. of the current value of 80,000 thousand Euros, with the exercise of the right to purchase by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., associated to the financial leasing contracts of the abovementioned real estate.

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 – Companhia General de Servicios y Construcción, S.A. and EMPA – Serviços de Engenharia, S.A. have provided fidelity guarantee insurance as a completion bond for works and services.

Apart from the guarantees indicated above, the following pledges were also provided:

To secure a loan contract signed with Banco Bilbao Vizcaya Argentaria, in the amount of 63,300 thousand euros, granted by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 114,505,992 and 10,029,008 shares in Banco Comercial Português, S.A., respectively.

To secure the commercial paper contract signed with Banco Espírito Santo, of 50,000 thousand euros, granted by Teixeira Duarte – Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 41,800,000 and 970,992 shares in Banco Comercial Português, S.A., respectively, and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 2,205,882 shares in EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A..

To secure the commercial paper contract signed with Banco Espírito Santo, of 120,000 thousand euros, granted by Teixeira Duarte – Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 98,200,000 and 3,370,000 shares in Banco Comercial Português, S.A., respectively, and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 5,294,118 shares in EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A..

To secure the commercial paper contract signed with Banco Espírito Santo, in the amount of 60,000 thousand euros, granted by Teixeira Duarte – Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 50,000,000 and 5,400,000 shares in Banco Comercial Português, S.A., respectively, and TEDAL - Sociedade Gestora de Participações Sociais, S.A. pledged 104,000,000 shares in C+P.A. – Cimentos e Produtos Associados, S.A..

To secure debts to third parties, in the value of 15,030 thousand euros, IMOTD - SGPS, S.A. pledged 47,870 shares in V8, S.A. and 47,780 shares in Parcauto, S.A..

To secure the loan contract granted by TDHOSP – Gestão de Edifício Hospitalar, S.A., Teixeira Duarte - Engenharia e Construções, S.A. pledged to Caixa Geral de Depósitos and Caixa Banco de Investimentos, 1,472,000 shares in TDHOSP – Gestão de Edifício Hospitalar, S.A.. Under the same financing contract Teixeira Duarte - Engenharia e Construções, S.A., as shareholder, pledged the credit rights over TDHOSP – Gestão de Edifício Hospitalar, S.A., arising from the realisation of investments established in the management contract, to the value of 7,773 thousand euros.

Financial commitments:

As at 3 September 2010 and 31 December 2008, the letters of comfort provided by the Parent-company and other affiliated companies reached 434,364 and 416,400 thousand euros, respectively.

As at 30 September 2010 and 31 December 2009, factoring contracts without right of recourse were in force, which were registered as reductions in accounts receivable of the value of 118,157 and 130,058 thousand euros, respectively. According to the contractual conditions, the Group's liability is restricted to the guarantee of acceptance of the invoices object of the factoring on the part of the customers.

24 - APPROVAL OF THE FINANCIAL STATEMENTS

The interim financial statements for the period ended 30 September 2010 were approved by the Board of Directors on 25 November 2010.

25 - SUBSEQUENT EVENTS

On 22 October 2010, "TEIXEIRA DUARTE - Engenharia e Construções, S.A." (Teixeira Duarte) and "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS) signed a contract with "EDP – Gestão da Produção de Energia, S.A." for undertaking the General Contract Work of the Reinforcement of the Output Potential of Salomonde – Salomonde II, to reinforce the power output of the Salomonde Dam, located in the municipality of Minho, district of Braga.

The contract work shall be undertaken by a Complementary Group of Companies (CGC), led by Teixeira Duarte, with 50%, as well as the abovementioned EPOS, with 42.5%, and "SETH - Sociedade de Empreitadas e Trabalhos Hidráulico, S.A.", with 7.5%. The value of the contract is 97,985,000 euros and the forecast execution deadline is 53 months.

On 15 November 2010, TEIXEIRA DUARTE, S.A. made an announcement to the Shareholders of TEIXEIRA DUARTE - Engenharia e Construções, S.A. with a view to acquiring the remaining shares of its affiliated company which it does not yet own. Registration in the Commercial Registry is underway and its execution will conclude the acquisition of 100% of the share capital of "Teixeira Duarte – Engenharia e Construções, S.A." by TEIXEIRA DUARTE, S.A..