



**ANNUAL
REPORT**

2016



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Annual Report **2016**



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

Based on its structural **Values**: Resourcefulness, Truth and Commitment, Teixeira Duarte has accomplished its **Mission: Doing, contributing to the building of a better world.**

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

The sustained growth in Construction over decades has enabled the Group to progressively develop **other Activity Sectors** due to the business opportunities it has encountered and knowingly fostered since the 1970s, such as Concessions and Services (since 1984), Real Estate (since 1973), Hospitality (since 1992), Distribution (since 1996), Energy (since 1996) and Automotive (since 1991). Although in 2016 it still operated in the Energy sector - where it had operated since 1996 - Teixeira Duarte divested its stake in the entity through which it maintained its activity in this sector in the first quarter of 2017.

With a consolidated process of internationalisation, Teixeira Duarte has long operated in other markets which are nowadays still important in its operations, such as Venezuela (since 1978), Angola (since 1979), Mozambique (since 1982), Spain (since 2003), Algeria (since 2005) and Brazil (since 2006), currently also added by France, Belgium, United Kingdom, United States of America, Colombia, Peru, Morocco, South Africa, China, Qatar and Dubai.

"Teixeira Duarte, S.A." is a publicly held company, with head office at "Lagoas Park", Edifício 2, 2740-265 Porto Salvo, in Oeiras, with fully underwritten and paid-up share capital of €210,000,000.00, with sole legal person and registration number at Cascais Commercial Register 509.234.526. It is the **leading company** of an Economic Group that has been **listed on Euronext Lisbon** since 1998, whose **majority shareholder base is the Teixeira Duarte family**.

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Teixeira Duarte, S.A.

BOARD OF THE GENERAL MEETING

Chairman	Mr. Rogério Paulo Castanho Alves
Deputy Chairman	Mr. José Gonçalo Pereira de Sousa Guerra Constenla
Secretary	Mr. José Pedro Poiars Cobra Ferreira

BOARD OF DIRECTORS

Chairman	Mr. Pedro Maria Calainho Teixeira Duarte
Directors	Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	Mr. Joel Vaz Viana de Lemos
	Mr. Carlos Gomes Baptista
	Mr. Diogo Bebiano Branco de Sá Viana Rebelo
	Mr. Jorge Ricardo de Figueiredo Catarino

SUPERVISORY BOARD

Chairman	Mr. Óscar Manuel Machado de Figueiredo
Members	Mr. Mateus Moreira
	Mr. Miguel Carmo Pereira Coutinho
Alternate	Mr. Rui Pedro Ferreira de Almeida

STATUTORY AUDITOR

Moore Stephens & Associados, SROC, S.A.
Chartered Accountants Firm, represented by
Mr. António Golçalves Monteiro - ROC

COMPANY SECRETARY

Permanent	Mr. José Pedro Poiars Cobra Ferreira
Alternate	Mrs. Maria António Monteiro Ambrósio

REPRESENTATIVE FOR MARKET RELATIONS

Mr. José Pedro Poiars Cobra Ferreira

Teixeira Duarte – Engenharia e Construções, S.A.

BOARD OF THE GENERAL MEETING

Chairman	Mr. José Pedro Poiares Cobra Ferreira
Secretary	Mrs. Maria Filipa Rebelo Pereira de Matos Alves Torgo

BOARD OF DIRECTORS

Chairman	Mr. Pedro Maria Calainho Teixeira Duarte
Directors	Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	Mr. Joel Vaz Viana de Lemos
	Mr. João José de Gouveia Capelão
	Mr. Fernando Paulo Baptista Gomes de Araújo
	Mr. Pedro Miguel Pinho Plácido
	Mr. Rogério Esteves da Fonseca
	Mr. Fernando Frias Correia

STATUTORY AUDITOR

Permanent	Moore Stephens & Associados, SROC, S.A. Chartered Accountants Firm, represented by Mr. António Gonçalves Monteiro – ROC
Alternate	Mrs. Ana Patrícia Correia Monteiro – ROC

COMPANY SECRETARY

Permanent	Mr. José Pedro Poiares Cobra Ferreira
Alternate	Mrs. Maria António Monteiro Ambrósio

BOARD OF DIRECTORS

Adviser to the Board of Directors

Mr. António Costeira Faustino

Markets

Portugal

Brazil

Angola

▪ Delegation

Mr. Diogo Rebelo
Mr. Manuel Lopes

Algeria

▪ Delegation

Mr. Ricardo Acabado

Spain

▪ Delegation

Mr. António Carlos Teixeira Duarte

Mozambique

▪ Delegation

Mr. Carlos Timóteo

Venezuela

▪ Delegation

Mr. Luís Alves

South Africa

Belgium

China

Colombia

United Arab Emirates

United States of America

France

Morocco

Peru

Qatar

United Kingdom

Corporate Centre

Central Offices

Legal

Mrs. Maria António Ambrósio

Human Resources

Mrs. Isabel Amador

Information Technology

Mr. José Gaspar

Finance and Accounting

Mr. Martins Rovisco
Mr. Sérgio Castro

Corporate Services

Corporate Secretariat

Mr. José Pedro Cobra Ferreira

Accounts Consolidation

Mr. Alexandre de Jesus

Internal Audit

Mr. Mário Ferreira Faria

Activity Sectors

Construction

Areas of Operation

Geotechnics and Rehabilitation

Mr. Magalhães Gonçalves

– Exploration Centres –

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

– Direction of Projects –

Mr. Baldomiro Xavier

Buildings

– Exploration Centres –

Mr. Pedro Costa
Mr. Fernando Martins
Mr. Luís Santos
Mr. Luís Mendonça
Mr. Carlos Guedes

– Direction of Studies –

Mr. Garcia Fernandes
Mr. Pedro Nunes

Infrastructures

– Exploration Centres –

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

– Direction of Studies –

Mr. João Torrado

Metalworking

Mr. Henrique Nicolau

Underground Works

Mr. Dias de Carvalho
Mr. Carlos Russo

Railway Works

Mr. Magalhães Gonçalves
Mr. Paulo Serradas

Maritime Works

Mr. Magalhães Gonçalves

Central Support Structures

Shuttering and Prestressing Operating Centre

Mr. Marques dos Santos

Central Office of Equipment

Mr. Rodrigo Ouro

Central Office of Management and Technology Systems

Mr. Ivo Rosa

Central Office of Supplies

Mrs. Rosa Almeida

Proposals Service

Mrs. Maria António Ambrósio

Concessions and Services

– Facilities Management –

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

– Environment –

Mr. Magalhães Gonçalves
Mr. Luís Carreira

Real Estate

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

Hospitality

Mr. Manuel Maria Teixeira Duarte
Mr. Luís Vicente

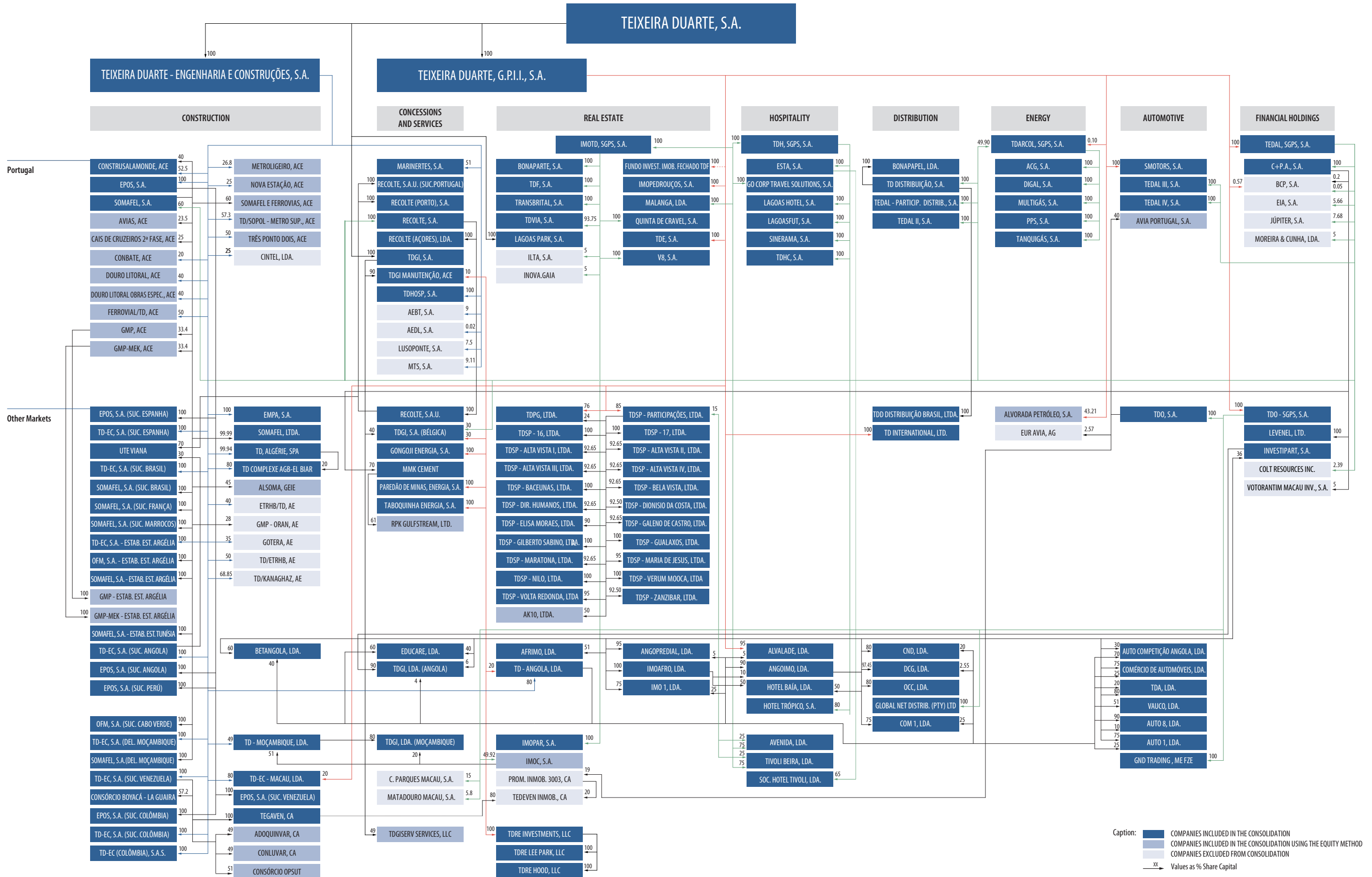
Distribution

Mr. Diogo Rebelo
Mr. Hugo Santos

Automotive

Mr. Diogo Rebelo
Mr. Pedro Medo

TEIXEIRA DUARTE GROUP 2016



Caption: ■ COMPANIES INCLUDED IN THE CONSOLIDATION
■ COMPANIES INCLUDED IN THE CONSOLIDATION USING THE EQUITY METHOD
■ COMPANIES EXCLUDED FROM CONSOLIDATION
 xx Values as % Share Capital



Key Indicators

Notes:
The book values are expressed in million euros

The figures in the "Variation 2016/2015 %" column were calculated based on amounts that were not rounded off

	2012	2013	2014	2015	2016	Variation 2016/2015 %
Average number of workers	10,853	12,011	13,261	13,359	11,271	(15.6%)
Turnover	1,383	1,581	1,680	1,412	1,115	(21.0%)
Operating Income	1,440	1,630	1,716	1,492	1,230	(17.5%)
EBITDA	209	214	240	214	266	24.4%
EBITDA / Turnover Margin	15.1%	13.5%	14.3%	15.1%	23.8%	57.4%
EBIT	143	114	197	125	191	52.8%
Net Income Attributable to Shareholders	24	64	70	34	20	(40.1%)
Net Debt	990	1,176	1,293	1,147	1,133	(1.2%)
Total Equity Attributable to Shareholders	252	325	458	468	396	(15.4%)
Total Equity	326	361	485	518	445	(14.2%)
Total Net Assets	2,767	2,779	2,954	2,862	2,540	(11.2%)

Management Report of the Board of Directors **2016**



I. INTRODUCTION

The Board of Directors of "Teixeira Duarte, S.A." (TD,SA), in compliance with the regulatory and legal provisions for publicly traded companies, hereby presents its Management Report for the financial year of 2016.

The present Report examines the consolidated activity of TD,SA as leader of the Business Group comprising the universe of holdings identified in the "Teixeira Duarte Group - 2016" table presented on the preliminary pages, and also addresses some aspects of the Company in its individual capacity, namely with respect to the proposed appropriation of net income, thus following the option established in article 508-C, number 6 of the Commercial Companies Code, of presenting a single report.

Since each of these participated companies has its own management bodies, which also report on their individual activities, this document will provide only some observations in order to allow for a better perspective of the Group as a whole.

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

The most appropriate way of presenting the topics of the present Report will be to start with a brief description of the economic background of the main markets in which Teixeira Duarte operates, followed by an overall assessment of the action of the Teixeira Duarte Group, focusing on the most significant data relative to transversal and integrated matters concerning the Corporate Centre.

The subsequent chapters will address the Group's different activity sectors, with an analysis of the respective performance over 2016, distinguishing for each the main markets of action, with particular emphasis on the Construction area.

The relevant events that took place between the end of the financial year and the date on which this Report was prepared will then be described, followed by the outlook for 2017, currently in progress, ending with the proposed appropriation of net income.

Attached to this document are, under the applicable legislation, tables with the different information relative to the holdings in the share capital of TD,SA (namely pursuant to the provisions in articles 447 and 448 of the Commercial Companies Code and CMVM Regulation number 5/2008), as well the detailed report on the Company's structure and corporate governance practices (prepared in compliance with article 245-A of the Securities Market Code and CMVM Regulation number 4/2013).

Moreover, this report also includes the individual and consolidated financial statements with the respective notes, where the former were prepared in accordance with the Accounting Standardisation System (SNC) and the latter pursuant to the International Financial Reporting Standards as adopted in the European Union, as well as the respective Reports and Opinions of the Audit Bodies, the Legal Certification of Accounts and the Audit Report produced by an auditor registered at the Portuguese Securities Market Commission (CMVM).

Under the terms and for the purposes of subparagraph c) of paragraph 1 of article 245 of the Securities Market Code, the undersigned state that, to the best of their knowledge, the Management Report, the annual accounts and all other documents presenting accounts were prepared in accordance with the applicable accounting standards, conveying a true and fair view of the assets and liabilities, the financial position and results of TD, S.A. and of the companies included in its consolidation perimeter, and also faithfully reflect the business development, performance and position of each company, containing a description of the main risks and uncertainties they face.

II. ECONOMIC ENVIRONMENT

Brief notes are presented below on the economic context observed in 2016 in the main markets of operation of the Teixeira Duarte Group.

PORTUGAL

During 2016, in Portugal, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hospitality, Distribution, Energy and Automotive sectors.

During the year under review, the Portuguese economy maintained its signs of moderate recovery, namely the 1.4% growth of the volume of Gross Internal Product (GDP), having reached approximately 185 thousand million euros in nominal terms.

In terms of unemployment, the annual average rate fell from 12.4% recorded in 2015, to 11.1% in 2014, with this indicator staying on the downward trend that had already started in 2014.

ANGOLA

During 2016, in Angola, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate, Hospitality, Distribution and Automotive sectors.

The year of 2016 continued to be marked by the low price of the barrel of oil, albeit showing some recovery during the second half of the year, continuing to negatively affect the economies of the countries producing this commodity.

In this context, it is estimated that GDP growth in Angola grew by 1% in 2016.

Although the price of the barrel of oil reached the level of 55 dollars, it is expected that in 2017 Angola will remain committed to the movement of adjustment of the economy, in particular the determined strategy of economic diversification to other activity sectors, thus boosting the continued reduction of dependenc on its oil sector.

ALGERIA

During 2016, in Algeria, Teixeira Duarte operated in the Construction sector.

The fall in oil prices since the second semester of 2014 has led a contraction of the country's exports and of its growth. However, even so, in 2016 the oil and gas sector continued to represent 93% of exports, 27% of GDP and 38% of State fiscal revenue.

According to the IMF, the growth of the Algerian economy stood at 3.6% in 2016, and also continued to show a residual level of external debt (2.7% of GDP).

The inflation rate increased by 6.4% in 2016, in line with the forecasts of the International Monetary Fund (IMF), due to the devaluation of the local currency, with the consequent increase of the price of imported products, with an inflation rate of 4.8% being expected for 2017.

In spite of the prolonged fall in oil prices, the projections for 2017 point to a growth rate around 3.9%, supported not only by the energy sector, but also by the buoyancy of all other economic activities, particularly the services and construction sector, as well as increased domestic consumption. Indeed, the diversification of the economy, modernisation and development of infrastructures, investment and job creation continue to be the major priorities of the country's development policy.

BRAZIL

During 2016, in Brazil, Teixeira Duarte operated in the Construction, Concessions and Services, Real Estate and Distribution sectors.

Due to the Brazilian economic situation and political uncertainties, 2016 was marked by the continued scenario of recession, although an inflection was recorded in the financial markets, generating a strong appreciation of the Real against the Dollar which contributed to a gradual decline of inflation throughout the year. With a strong Real, the trade balance closed 2016 with the largest *surplus* since 1980 (48 Billion R\$).

Various indicators suggest an improvement of the economy in 2017 and 2018: the inflation rate has fallen significantly, to stand at 6.2%, giving rise to the beginning of a downward process of basic interest rates (SELIC), which reached 13.75% at the end of 2016; and the entrepreneur and consumer confidence index rose consistently throughout 2016.

SPAIN

During the year under review, in Spain, the Teixeira Duarte Group operated in the Construction, Concessions and Services, and Real Estate sectors.

GDP at current prices reached the value of 1,113,851 million euros, corresponding to growth of 3.2% in relation to 2015, thus confirming that 2016 was a year of economic recovery in this country.

The Spanish economy should continue to record a strong recovery, albeit of less intensity than in previous years, which is partly explained by the slowdown of domestic demand.

MOZAMBIQUE

During 2016, Teixeira Duarte operated in Mozambique in the Construction, Concessions and Services, Real Estate and Hospitality sectors.

Mozambique faces short term challenges that are more evident in view of the slowdown of economic growth, the depreciation of the Metical in relation to the Dollar, the recorded figures of inflation, the trend of the rating grades and the interruption of many international donations.

Indeed, the economic growth shows a trend of slowdown of activity added to the adverse climatic conditions that have affected agricultural production and political-military tension that has penalised the buoyancy of economic activity, especially in terms of restricting the free circulation of people, goods and services.

In this context, it is estimated that in 2016 GDP grew by around 3.3% and the average inflation rate stood at 26%.

Nevertheless, the medium/long term outlook remains favourable, considering the expectations regarding the development of the Oil & Gas projects, and the high agricultural potential and existing wealth in terms of other natural resources, allowing the IMF to forecast growth around 7% from 2017 onwards.

VENEZUELA

During 2016, in the Venezuelan market Teixeira Duarte operated in the Construction sector, seeking to keep the projects in portfolio active in the area of infrastructures. Negotiating were also held with the Government and the public company "Bolivariana de Puertos (BOLIPUERTOS), S.A." aimed at securing any entry into the port operation sector through a Strategic Alliance for the operation of the Specialised Container Terminal of La Guaira Port, which took place during the month of January 2017.

In 2016, the price of oil in international markets continued low, strongly affecting this economy that concentrates 96% of its exports in this commodity.

Thus, during the year under review, GP continued to contract (estimated at 10% by the World Bank) where the construction sector is no exception to all the other activity sectors. Although the economic and financial environment was hardly the most favourable, a policy of increasing minimum wages and meals allowances was implemented which, in 2016 reached 500%, thus managing to mitigate the impact of high inflation among the more vulnerable groups of the Venezuelan social structure.

Despite the severe economic and financial crisis, Venezuela has not abdicated from pursuing its focus of investment in the social area, which remains as one of the most striking brand images of the last 18 years.

Supplementary to the above, the firm intention of the official entities to re-establish the private sector's confidence was clearly visible, fostering an improvement of the climate for public/private investments, primarily aimed at strengthening other sectors that may contribute to the long term growth of the economy and the diversification of exports, seeking to reduce the great vulnerability brought about by fluctuations in the price of oil, reflected in the country's entire economy.

III. GENERAL OVERVIEW

— FINANCIAL REVIEW

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

	2016	2015	Var (%)	Income Statement for the years ended on 31 December 2016 and 2015 (Values in thousand euros)
Operating Income	1,230,189	1,491,743	(17.5%)	
Operating Costs	(964,291)	(1,277,943)	(24.5%)	
EBITDA	265,898	213,800	24.4%	
Amortisation and depreciation	(69,458)	(76,256)	(8.9%)	
Provisions and impairment losses	(5,616)	(12,638)	(55.6%)	
EBIT	190,824	124,906	52.8%	
Financial results	(126,899)	(72,601)	74.8%	
Earnings before tax	63,925	52,305	22.2%	
Income tax	(30,411)	(11,896)	155.6%	
Net income	33,514	40,409	(17.1%)	
Attributable to:				
Shareholders	20,147	33,653	(40.1%)	
Non-controlling interests	13,367	6,756	97.9%	

The **Net Income Attributable to Shareholders** was positive by 20,147 thousand euros, corresponding to a decrease in relation to 2015, which was influenced by several distinct factors that are important to note.

In fact, apart from the performance of the Group's companies compared to the same period of the previous year, this indicator was influenced by the net change of exchange rate differences of 51,715 thousand euros, which were negative by 41,212 thousand euros thousand euros in 2016, while they were positive by 10,503 thousand euros in 2015.

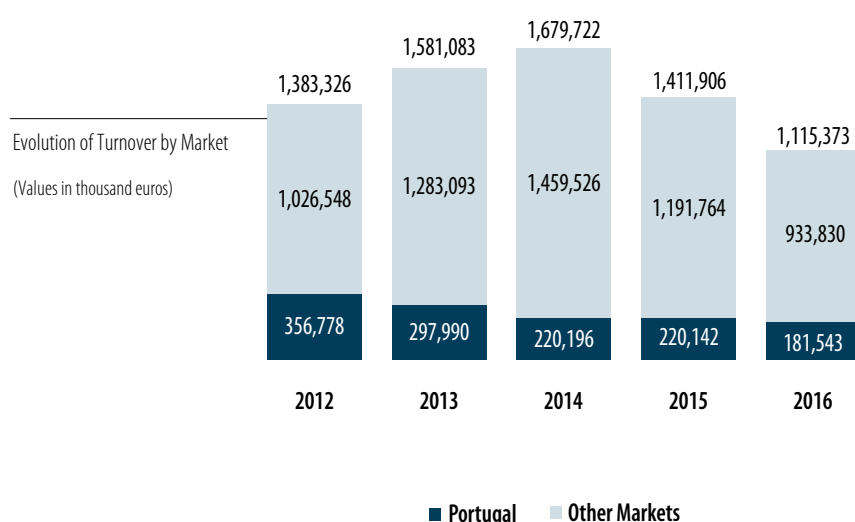
The impact, net of deferred taxes, of the impairment loss in the stake in "Banco Comercial Português, S.A." in 2016 amounted to 15,634 thousand euros, while in 2014 the loss in this same stake was 8,104 thousand euros.

Note should also be made of the impact due to the constitution of provisions for other risks, namely market risks where the Group operates, which were 8,613 thousand euros in 2016, compared to 6,650 thousand euros in 2015.

The earnings of 2015 were also influenced by the impact of the impairment loss, of 7.806 thousand euros, of the participated company "C+P.A. - Cimentos e Produtos Associados, S.A.".

Turnover reached 1,115,373 thousand euros, reflecting a 21% reduction in relation to 2015, corresponding to a decrease of 296,533 thousand euros.

Other markets, which already accounted for 84.4% of this indicator last year, declined as a whole by 21.6%, to represent 83.7% of the Turnover of the Teixeira Duarte Group.



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

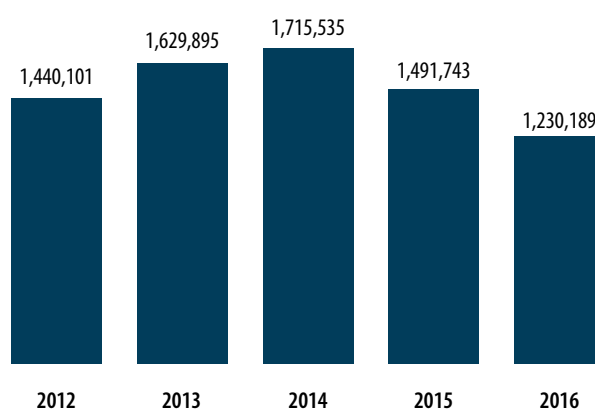
Turnover by Country (Values in thousand euros)	Countries	2016		2015		Variation
		Value	Contribution	Value	Contribution	
	Portugal	181,543	16.3%	220,142	15.6%	(17.5%)
	Angola	452,518	40.6%	682,364	48.3%	(33.7%)
	Algeria	100,110	9.0%	98,138	7.0%	2.0%
	Brazil	152,856	13.7%	144,090	10.2%	6.1%
	Spain	31,953	2.9%	40,076	2.8%	(20.3%)
	Mozambique	128,952	11.6%	194,448	13.8%	(33.7%)
	Venezuela	52,080	4.7%	26,510	1.9%	96.5%
	Other	15,361	1.4%	6,138	0.4%	150.3%
		1,115,373	100.0%	1,411,906	100.0%	(21.0%)

Activity Sector	2016		2015		Variation
	Value	Contribution	Value	Contribution	
Construction	506,017	45.4%	656,580	46.5%	(22.9%)
Concessions and Services	113,089	10.1%	105,140	7.4%	7.6%
Real estate	98,815	8.9%	106,635	7.6%	(7.3%)
Hospitality	51,084	4.6%	65,829	4.7%	(22.4%)
Distribution	243,065	21.8%	291,322	20.6%	(16.6%)
Energy	16,837	1.5%	17,021	1.2%	(1.1%)
Automotive	86,466	7.8%	169,379	12.0%	(49.0%)
	1,115,373	100.0%	1,411,906	100.0%	(21.0%)

Turnover by Activity Sector

(Values in thousand euros)

Operating income decreased by 17.5% year-on-year, reaching the value of 1,230,189 thousand euros.



Evolution of Operating Income

(Values in thousand euros)

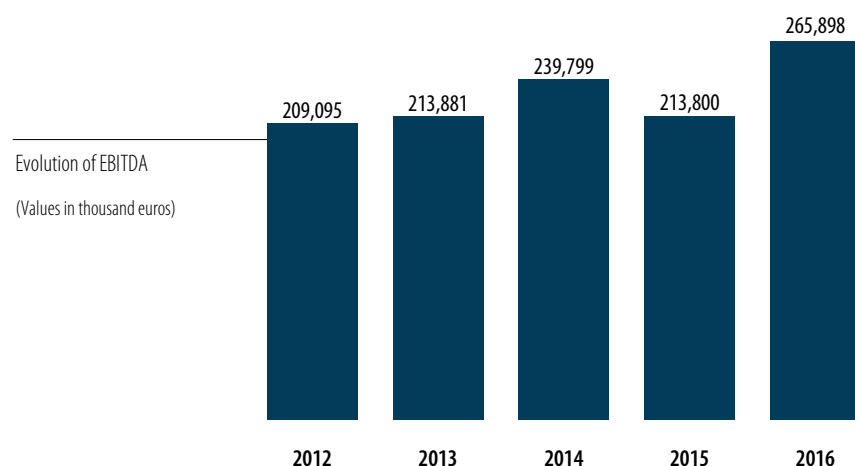
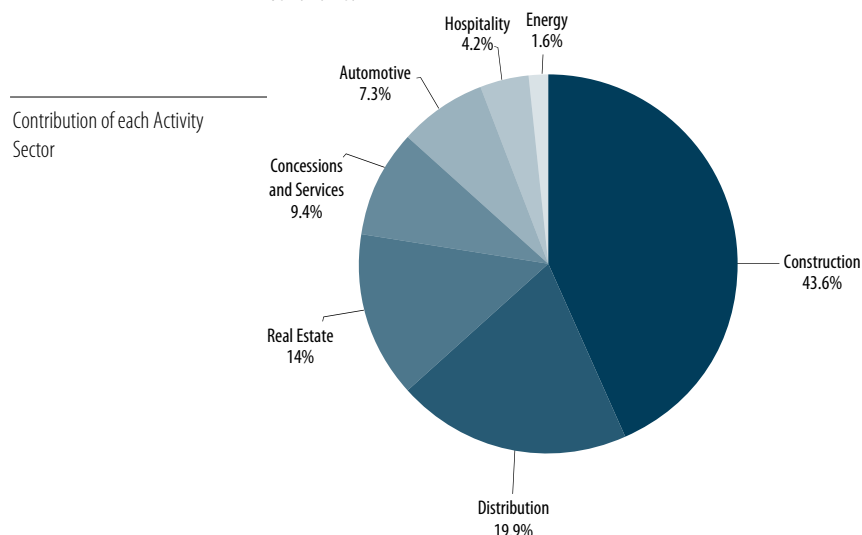
The table below illustrates the good performance in the Concessions and Services and Real Estate sectors.

Activity Sector	Domestic Market			External Market			Total		
	2016	2015	Var(%)	2016	2015	Var(%)	2016	2015	Var(%)
Construction	88,796	127,993	(30.6%)	447,250	552,985	(19.1%)	536,046	680,978	(21.3%)
Concessions and Services	41,019	38,341	7.0%	74,524	71,350	4.4%	115,543	109,691	5.3%
Real estate	79,292	49,711	59.5%	93,488	77,479	20.7%	172,780	127,190	35.8%
Hospitality	9,502	20,199	(53.0%)	42,218	59,871	(29.5%)	51,720	80,070	(35.4%)
Distribution	963	1,473	(34.6%)	243,916	300,963	(19.0%)	244,879	302,436	(19.0%)
Energy	19,004	17,622	7.8%	122	62	96.8%	19,126	17,684	8.2%
Automotive	641	-	-	89,454	173,694	(48.5%)	90,095	173,694	(48.1%)
Total	239,217	255,339	(6.3%)	990,972	1,236,404	(19.9%)	1,230,189	1,491,743	(17.5%)

Operating Income by activity and geographical market

(Values in thousand euros)

In view of the evolution shown above, the contribution of each activity sector to the total value of the operating income achieved in 2016 was as follows:



As at 31 December 2016, **EBITDA** stood at 265,898 thousand euros, having increased by 24.4% during the year, driven by the values achieved in the fourth quarter of 2016 amounting to 116,042 thousand euros.

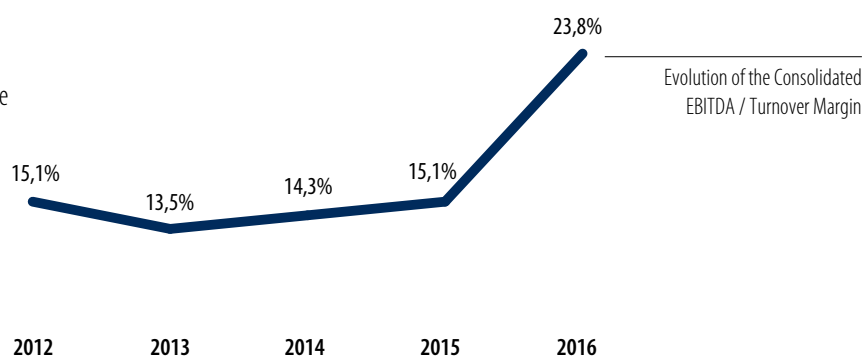
It should be noted that this indicator was influenced positively by the recording of the fair value of the investment properties of 61,211 thousand euros – of which 57,838 thousand euros were recorded in the fourth quarter of 2016, as a result of the annual valuation process, in this year for the first time completely conducted by independent valuers –, as well as the statement of income, of the value of 40,270 thousand euros, derived from the client's acceptance of work carried out previously in Venezuela.

Analysing this indicator by sector, the table below shows very divergent performance among the different business areas according to the specific characteristics of each activity and the respective markets in which they operate.

EBITDA by Activity Sector
(Values in thousand euros)

Activity Sector	2016	2015	Var (%)
Construction	61,099	36,611	66.9%
Concessions and Services	18,662	17,930	4.1%
Real estate	106,191	63,375	67.6%
Hospitality	9,191	28,378	(67.6%)
Distribution	43,234	38,751	11.6%
Energy	4,025	3,188	26.3%
Automotive	32,672	32,600	0.2%
Not allocated to segments	(8,956)	(7,083)	26.4%
Eliminations	(220)	50	-
	265,898	213,800	24.4%

The **EBITDA / Turnover Margin** increased in relation to the previous year, having shifted from 15.1% to 23.8% in 2016.



The **Financial Results** were negative by 126,899 thousand euros in 2016, compared to the negative financial results of 72,601 thousand euros in 2015.

	2016	2015	Var (%)	Financial Results (Values in thousand euros)
Financial costs and losses:	(295,643)	(372,483)	(20.6%)	
Interest paid	(83,488)	(94,277)	(11.4%)	
Unfavourable exchange rate differences	(200,695)	(251,682)	(20.3%)	
Other financial costs and losses	(11,460)	(26,524)	(56.8%)	
Financial income and gains:	179,020	282,755	(36.7%)	
Interest received	16,881	14,546	16.1%	
Favourable exchange rate differences	159,483	262,185	(39.2%)	
Cash discounts received	50	245	(79.6%)	
Other financial income and gains	2,606	5,779	(54.9%)	
Earnings from investment activities:	(10,276)	17,127	-	
Earnings from associates and joint ventures	8,570	9,740	(12.0%)	
Dividends	1,652	1,013	63.1%	
Other investments	1,048	11,628	(91.0%)	
Gains / losses in assets available for sale	(21,546)	(5,254)	310.1%	
Financial results	(126,899)	(72,601)	74.8%	

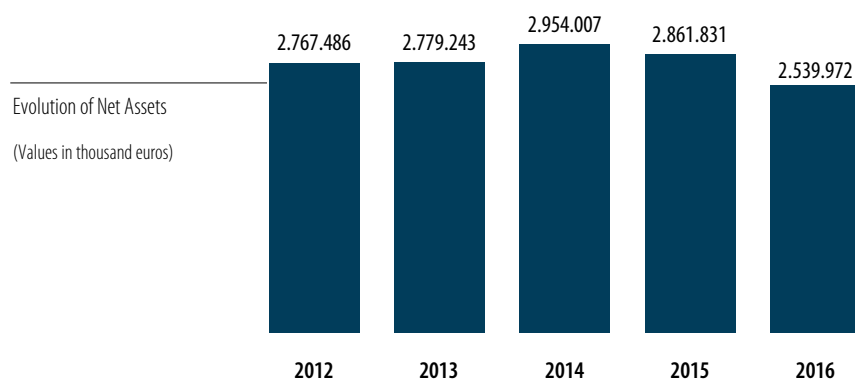
These earnings worsened by 54,298 thousand euros in relation to the same period of 2015, primarily influenced by the following variations:

- Negative variation of exchange rate differences of 51,715 thousand euros, which were negative by 41,212 thousand euros thousand euros in 2016, while they were positive by 10,503 thousand euros in 2015;
- Negative variation of 16,293 thousand euros, derived from the negative impact of the impairment loss in the participated company "Banco Comercial Português, S.A." of 20,165 thousand euros in 2016 and the negative impact of the divestment of shares of "Banco Comercial Português, S.A." of 1,381 thousand euros in 2016, while in 2015 the positive impact of 5,200 thousand euros from the divestment of the stake in "Banco Bilbao Vizcaya Argentaria, S.A." had been recorded;
- Negative variation of other investments of 10,580 thousand euros, due to the divestment of the financial holdings in unlisted companies stated at cost value in the Group's accounts;
- Positive variation derived from the reduction of 10,789 thousand euros of interest paid;
- Positive variation derived from the reduction of 15,064 thousand euros of other financial costs.

Income Tax amounted to 30,411 thousand euros in 2016, while at the end of the same period of the previous year it had stood at 11,896 thousand euros.

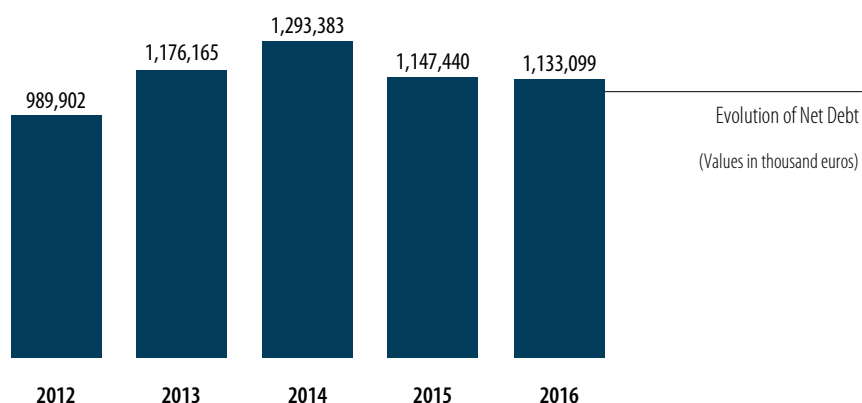
	2016	2015	Var (%)
Corporate Income Tax			
(Values in thousand euros)			
Current tax	(40,339)	(33,576)	20.1%
Deferred tax	9,928	21,680	(54.2%)
	(30,411)	(11,896)	155.6%

Financial Position as at 31 December 2016 and 31 December 2015 (Values in thousand euros)	2016	2015	Var (%)
Assets			
Non-current Assets	1,418,027	1,546,498	(8.3%)
Current Assets			
Cash and Cash Equivalents	180,908	252,693	(28.4%)
Other Current Assets	902,260	1,040,068	(13.2%)
Held for sale	38,777	22,572	71.8%
Total Assets	2,539,972	2,861,831	(11.2%)
Equity attributable to:			
Shareholders	395,769	467,927	(15.4%)
Non-controlling Interests	49,041	50,290	(2.5%)
Total Equity	444,810	518,217	(14.2%)
Liabilities			
Loans	1,314,007	1,400,133	(6.2%)
Provisions	43,500	52,441	(17.0%)
Other Liabilities	713,293	891,040	(19.9%)
Held for sale	24,362	-	-
Total Liabilities	2,095,162	2,343,614	(10.6%)
Total Liabilities and Equity	2,539,972	2,861,831	(11.2%)



Total Net Assets fell by 11.2% in relation to 31 December 2015, having stood at 2,539,972 thousand euros.

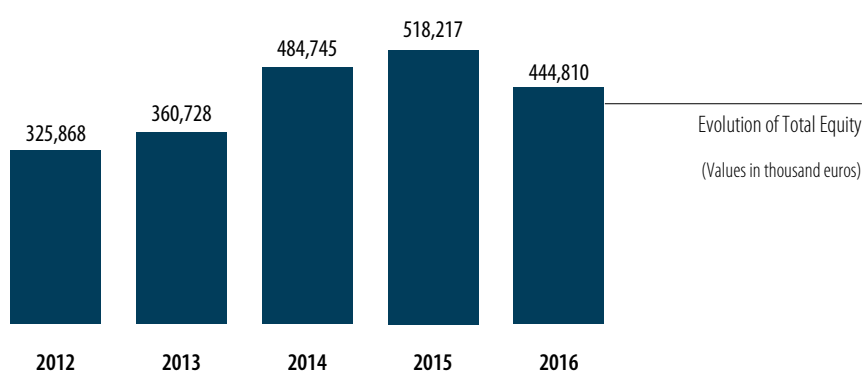
Net Debt fell by 14,341 thousand euros in relation to 31 December 2015, having stood at 1,133,099 thousand euros.



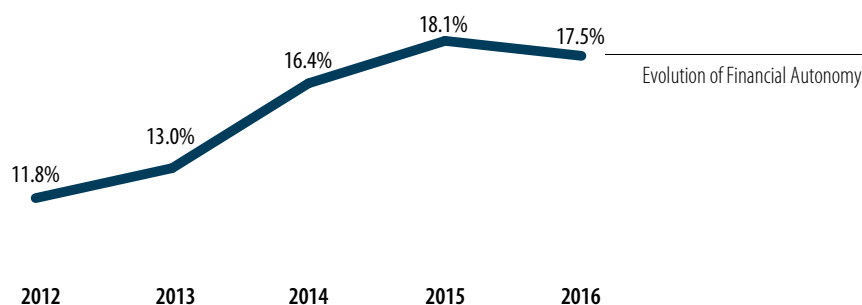
The **Equity Attributable to Shareholders** decreased by 72,158 thousand euros, having shifted from 467,927 thousand euros to 395,769 thousand euros, corresponding to a decrease of 15.4% in relation to 31 December 2015.

Total Equity declined by 14.2% to stand at 444,810 thousand euros, essentially influenced by the following factors:

- Positive net income of 33,514 thousand euros;
- Negative currency conversion effect of 98,857 thousand euros, recorded as a result of the devaluation of the Currencies with which the Group operates in relation to the Euro;
- Negative effect of 7,477 thousand euros of earnings from associates and joint ventures;
- Distribution of dividends of 1,680 thousand euros.



Financial Autonomy shifted from 18.1% as at 31 December 2015 to 17.5% as at 31 December 2016.



— ORGANISATIONAL REVIEW

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

Notwithstanding the development of this matter in the "Corporate Governance Report" attached herewith, relative to the situation of the Company and Group as at 31 December 2016, it should be noted that the Group's Operating Structures are currently organised by Activity Sector and, as a rule, cover the responsibility for all the teams and operations of these business areas, regardless of the geographical market in which they operate, thus also ensuring that the Group's central technical and human resources are in close contact with those operating in Teixeira Duarte's different markets.

Teixeira Duarte has a "Code of Ethics and Conduct of Teixeira Duarte" since 2015, which aims to firmly establish a new version of the transversal principles of action for all employees of the Teixeira Duarte Group, and in this way, the relations of the Company with its related parties. This document constitutes a reinforcement and development of the Mission and Values of Teixeira Duarte and, at the same time, a response to the fact that the markets in which the Teixeira Duarte Group companies operate and the different multinational entities with which they deal with in an increasingly more global economy, have been calling for the existence of a document which reflects the Company's ethical principles.

The approved document disclosed to all the employees is applicable to all the entities included in its consolidation perimeter and management scope, and its compliance is compulsory for all their employees.

"Teixeira Duarte – Engenharia e Construções, S.A." (TD-EC), as the leading company of the Group in the Construction sector, currently develops its activity in different Areas of Action, which divide up the production areas and are essential in the training of senior management staff and follow-up of their career, and who are part of Operating Centres and Departments, and also has a series of specific Central Supporting Structures for this Construction sector, in particular in the areas of Shuttering and Prestressing, Equipment and Proposals.

Moreover, the structures of TD-EC include another two Central Departments which, albeit more focused on Construction activity, also provide support to the other sectors of the Group: The Central Department of Management Systems and Technology and the Central Procurement Department.

Apart from these structures which are more directly linked to the Group's operational area, there is also a number of Central Departments and Services with special responsibilities of transversal support to the actions developed in the different activity sectors, integrated in the Corporate Centre, entrusted with boosting the standardisation of procedures and providing support to the structures operating abroad in these areas common to various businesses.

Among the teams (which are also identified in the Organisational Chart presented relative to this date, presented at the beginning of this Report), various references to their action during 2016 are highlighted below, starting with the two aforesaid structures incorporated in TD-EC followed by those integrated in the Corporate Centre.

The **Central Department of Management Systems and Technology** maintained its activity of support to the processes of obtaining, monitoring and renewal of the Management System certifications of the different companies of the Group and of the Internal Control of Production of TD-EC. We highlight the extension of the certifications of the management systems of Safety (OHSAS 18001), Quality (ISO 9001) and Environment (ISO 14001) for the Algerian market at TD-EC and at "SOMAFEL – Engenharia e Obras Ferroviárias, S.A." (SOMAFEL), the transition of the certification of the social responsibility management system pursuant to the new SA8000:2014 standard at TD-EC and "RECOLTE, Serviços e Meio Ambiente, S.A." (RECOLTE) and the joint conduct of third party audits of the companies holding the main management system standards based in Portugal.

Continuity has been given to the process of harmonisation of the management systems among the different Group companies, the conduct of internal audits in an inter-company format, and support to the different commercial and production areas, both for the domestic and external markets, namely in Angola, Algeria, Brazil and Mozambique.

In view of the growing importance of knowledge networks in the development of Research, Development and Innovation activities, the support given to Teixeira Duarte's productive structures has been maintained, through its integration and participation in the committees and working parties of scientific societies and technological platforms, in close collaboration with national universities and laboratories and extending these partnerships to foreign consortiums.

On this issue we highlight:

- The participation in various initiatives of the "Portuguese Technological Platform for Construction" (PTPC), namely the submission of a candidature for this platform as management entity of the AEC Cluster (Architecture, Engineering and Construction);
- The participation in the COST ACTION TU1404 programme "Towards the next generation of standards for service life of cement-based materials and structures" integrating scientific and industrial entities of almost 20 countries, whose main objective is the development of new generations of recommendations and guidelines for predicting and assessing the useful life of cement based materials and structures in Europe.

Under the standardisation activities, TD-EC participates in the Portuguese Standardisation Technical Committee CT156 – Geotechnics in Civil Engineering, and chairs the SC10 subcommittee, a technical body which issues normative opinions and translates European standards CEN in the area of Testing of Geotechnical Structures and Execution of Special Geotechnical Works. Teixeira Duarte is also a member of WG3 of the Technical Committee TC182 of ISO, the working group responsible for preparing the DIS version of standard ISO 22477-5 Geotechnical investigation and testing – Testing of geotechnical structures – Part 5: Testing of grouted anchors.

Special note should also be made of the implementation of BIM (Building Information Modelling) in the Construction Sector of the Teixeira Duarte Group. BIM constitutes an innovative approach to the planning, dimensioning, construction, operation and maintenance of constructions in the field of Architecture, Engineering and Construction, which has become widespread and a growing requirement by the Owner of the Work, particularly in international markets.

A new internal project started in 2016, involving employees from various sectors of the Company, coordinated by a team of the Project Department, and active collaboration was promoted with the work of Hospital da Luz – Clínica de Oeiras, which was especially focused on detecting errors and omissions and anticipating incompatibilities. The project duration covered 4 months, and was completed in February, having surpassed the defined objectives.

The organisational model of implementing BIM in the Teixeira Duarte Group will be based on a central support team, available for providing guidance, training and implementation of action plans, selection of the most appropriate software and hardware for each Area of Action or Company of the Group interested, which will define its guidelines in the implementation of this process.

The **Materials Laboratory** was integrated in the Central Department of Management Systems and Technology directly linked to the Innovation and Technological Development Centre. It has been accredited since 1996 by the Portuguese Accreditation Institute (IPAC) and is installed at the "Teixeira Duarte Operating Centre", in Montijo.

During the year under review, various studies were made of grout composition for the Contract for Rehabilitation of Basin 7E of Crestuma-Lever Hydroelectric Installation and for the Slopes A1 Fátima/Leiria work.

Technical support was given at the work site in monitoring the experimental concrete batching and in the conduct of various durability tests of the concrete to be applied in the Rehabilitation of the Pillars of Vasco da Gama Bridge.

The Materials Laboratory collaborated with the Commercial Technical Department in drawing up budgets in the area of aggregates and concrete for tenders with IBERDROLA – Tâmega Project, Khroub Wastewater Treatment Station in Algeria, COMPERJ and Araguaia Bridge in Brazil.

The following work was carried out in the context of Research, Development and Innovation projects:

- Testing of concrete in fresh and hardened states in the experimental initial phase of the RRT+ inter-laboratory programme, under the COST ACTION TU1404 project “Towards the next generation of standards for service life of cement-based materials and structures”;
- Control tests of segregation and exudation, workability and fluidity in various concrete compositions with reference to the requirements referred to in the standard for the cast -in-situ piles project using tremie pipe. Assessment of the influence of concrete composition on the results of concreting operations – Underwater concrete.

The **Central Procurement Department** continued to develop its action for companies of the Teixeira Duarte Group which operate in various geographic locations in the following areas:

- Search for sources of supply, negotiation and contracting, primarily aimed at the establishment of time-based agreements and the achievement of economies of scale in acquisitions of goods and services;
- Management of logistics and transport of goods by air, sea and overland, in import and export contexts, including triangular operations.

The activity in **Portugal** sought to continue its corporate nature in the areas of Procurement and Logistics aimed at boosting enhanced levels of the efficiency ratios and assuring an appropriate response capacity in terms of quality and time limits. Particularly important in this context is the maintenance and incorporation of business partners with preferential market conditions, that enable achieving competitive levels with value added throughout the entire supply chain.

The systematic analysis of the key performance indicators (KPIs) of relevance in monitoring the different aspects of the activity was carried out in a manner enabling the timely definition of preventive and corrective measures, aimed at the achievement of the defined objectives.

In the Procurement areas, the challenges imposed by the Group's financial circumstances reinforced the need to consolidate the existing Partnerships and identify innovative and/or more economic technical solutions.

In the area of Logistics there was a significant increase of requests for quotes which should include the costs involved in the entire logistics chain, namely export, transport and import costs, so that these quotes could constitute an auxiliary instrument to support decision-making, both with respect to the choice of mode of transport (air, terrestrial or maritime) and relative to the assessment of the best purchase solution: local versus import – always in the perspective of continuous cost reduction while maintaining service quality levels.

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

Continuity was also given to the process of restructuring and rescaling the human resources structure of this Department, in order to better adjust the Team to the needs and requirements of the internal clients of the Organisation.

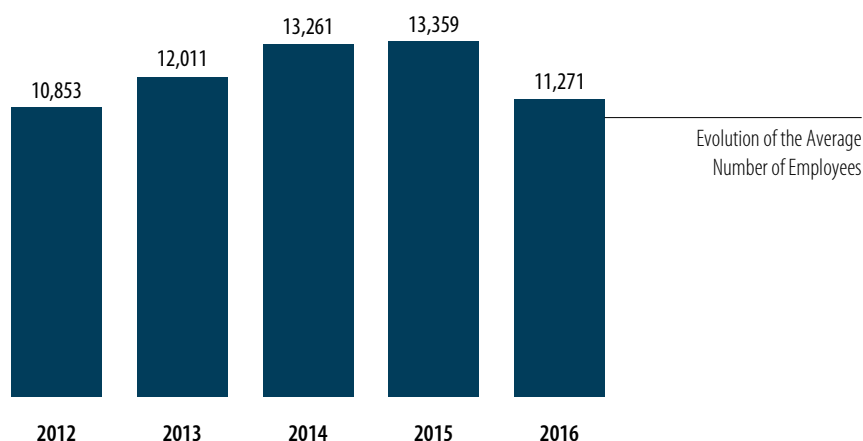
In **Algeria**, the strategy in the areas of Procurement and Logistics was based on encouraging the continued international mobilisation of employees so as to maximise the potential of the teams and effectively adjust the teams to the needs of the projects in progress. At the same time, follow-up was ensured of the work that has been developed in the attraction and development of local staff.

The involvement of the different business areas in the optimisation of processes and provision of solutions that offer increased efficiency levels and may contribute to a higher level of satisfaction of the final client was also fostered. Attempts were also made to systematise the replication of procedures used by the central structure in Portugal, taking into consideration the reality of the country and its particular features, with a view to attaining a uniformity of work procedures, thus boosting greater efficiency and integration.

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

The average number of workers fell by 15.6% in relation to 2015.

As at 31 December 2016, the number of workers decreased by 13.9%, corresponding to 1,699 less workers than in 2015, having shifted from 12,184 workers in 2015 to 10,485 at the end of 2016. This reduction in the workforce reflected the decrease of the Construction, Real Estate, Hospitality, Distribution, Energy and Automotive teams, with the countries that most contributed to this decrease having been Angola and Brazil.



It is an undeniable fact that the qualification of the employees that Teixeira Duarte promotes and encourages has contributed, throughout its entire history, to its growth, development and adaptation to the growing and diverse requirements of a global world in constant mutation. To this end, a policy of professional qualification has been followed where the in-house training has played an extremely important role.

In conformity with the instituted practice, the promotion and encouragement of the qualification of our employees extends to the markets in which the Teixeira Duarte Group operates.

Overall and globally, in 2016, qualifying activities were held at Teixeira Duarte that covered 34,248 trainees and a total of 147,252 training hours.

In **Portugal** qualifying activities were developed covering 9,752 trainees involving a total of 70,238 training hours, of which 57,506 hours were derived from in-house on-the-job training, training activities on occupational safety, hygiene and health, foreign languages, information technology and various fields of civil engineering.

The development of specific employee qualification programmes was continued in 2016, which included in particular the Project Management Professional certification and the achievement of master's degree in civil engineering bestowed by prestigious Portuguese universities.

Special note should be made of the first training activity in Building Information Modeling (BIM), with replicas being planned in the context of in-house training.

In **Angola**, the development of the activities leading to the qualification of our employees covered 18,264 trainees involving a total of 52,119 training hours. Here, we highlight the in-house training ministered both in a classroom situation and on-the-job, both in technical areas and others such as: occupational safety, hygiene and health, languages and behaviour, which took into account the particularities of the sectors in which the Group operates in this market.

The certification of skills of new trainees has greatly contributed to elevate the quality and technical-educational assurance of the training ministered by in-house trainers, which has become an essential tool in the attainment of the training and professional objectives delineated by Teixeira Duarte.

The *Professional Development Centre* has played a very important role in stimulating these activities which, in continuity with that carried out in previous years, congregates activities and efforts of the Group in this country, thus enabling the qualification of employees by offering excellent conditions for learning, both in terms of their coverage and the dedication and quality with which they are ministered. In this context, also of particular interest is the accomplishment of the *Go Fishing Project*, which has been held under social responsibility. This project has

simultaneously enabled those joining in to develop human, social and professional skills, while also creating opportunities for young people in deprived socioeconomic situations, especially concerning employability, and, therefore, represents an evident form of improving their living conditions as well as that of their families.

In addition to the aforesaid activities, the Professional Development Centre has continued to welcome assessment centre initiatives promoted by the different business areas of Teixeira Duarte, aimed at assessing knowledge, skills and profiles of candidates to be selected, contracted and qualified with a view to professional evolution at Teixeira Duarte.

In **Algeria** activities were developed which covered 2,911 trainees, amounting to a total of 2,511 training hours, primarily in the areas of the integrated management system, occupational safety and hygiene and environment.

In **Brazil** activities were carried out which covered 456 employees and a total of 2,665 training hours, essentially in the area of occupational safety, hygiene and health.

In **Spain** qualifying activities were developed which covered 1,126 trainees, amounting to a total of 7,736 training hours, including, among others, actions concerning equipment, occupational safety, hygiene and health, environment, legislation and languages.

In **Mozambique** training actions were ministered, covering 1,739 trainees and a total of 11,983 training hours, where we highlight the fact that 88% of the training activities were ministered by employees on-the-job in the behavioural, technical and occupational safety, hygiene and health areas.

In 2016, the **Occupational Medicine Service** continued to provide its activity at 18 Group companies in Portugal, as well as its support to the health services of Angola, Mozambique and Algeria.

The development of the activity followed along two axes of action:

- Monitoring of the workers' health, accomplished through the conduct of 2,201 health examinations, visits to the workplace and follow-up of situations of illness;
- Promotion of health, accomplished through screening tests, health training/education actions, individual and in groups. These actions were developed at various facilities of the Group, in Portugal.

Under its **Social Responsibility** policy, special note should be made of the Continuity of the "Todos Damos" (We All Give) programme, approved by the Board of Directors of TD,SA and applicable to all the Group's entities and employees.

Faithful to its values, Teixeira Duarte has always played an active role in the well-being of its workers and their families, having progressively understood that it should focus its choice of support to social projects through an institutionalised position directed at social solidarity organisations and which also involves the actual employees in direct action.

The "Todos Damos" programme is, in this way, a corollary of other previous initiatives, consisting of support to people through the co-financing, by companies of the Teixeira Duarte Group, of projects or institutions of social nature that their own employees also wish to support directly.

In fact, the employees indicate an institution with social intervention to which they wish to contribute, and Teixeira Duarte provides a contribution to the selected institutions of double the value that the employees themselves intend to donate.

According to the regulation of the programme, TD,SA announced the budget provided for this effect in each year, with the total allocation for 2016 having been of €100,000.00 (one hundred thousand euros). The donations of 20 employees plus the donations of Teixeira Duarte amounted to €55,485.00 (fifty-five thousand, four hundred and eighty-five thousand euros), distributed over various institutions in Portugal and Angola.

For the year in course, the allocated budget continues to be €100,000.00 (one hundred thousand euros), which can be granted up to 31 December 2017, under the terms of the programme in force.

In 2016, the **Central Department of Information Technology** reorganised its structures abroad, in rescaling the teams in Angola and Brazil, with redefinition of the areas of action, primarily aimed at the higher efficiency of the processes supporting the Group's activity in the different sectors.

In 2016, the ERP SAP was implemented in 17 new companies and extended to new locations, such as **Belgium** and **Dubai**. In order to remain in line with the new legislative and regulatory requirements and internal requirements in the area of Human Resources, new tools were developed and implemented and improvements were introduced, in particular the decentralised recruitment management application, the accommodation management application, the enlargement of coverage of the "Rponto" clocking-in and the "BMAC" (Monthly Allowance Bulletin) application, and introduction of thorough improvements in Staff Management procedures in Brazil.

New functionalities and applications were developed in the Portal platform of the Teixeira Duarte Group, among which we highlight the management of technical publications, management of the backup centre and system of automotive documentation.

In order to meet the user's needs of communication and information sharing in real time, an integrated collaborative platform with email was developed and implemented, which was made available to all the geographic areas in which Teixeira Duarte operates.

At **Lagoas Data Centre**, new backup technologies were introduced, the file sharing service was centralised and the quality of the monitoring of the risk mitigation systems was improved.

In **Angola**, the architecture of the communications network was redesigned, a new security platform was implemented and preparations were made for the migration to a new collaborative platform. In Algeria, the networks, servers and communications were reorganised. In Brazil, the process of integration of existing structures in the operational model of the DCI was started.

During 2016, Teixeira Duarte continued the reorganisation of its **Central Department of Finance and Accounting**, having achieved a significant reduction of structure and reinforcement of the information technology platforms, aimed at optimising and standardising processes in all the geographic areas in which the Group operates in order to increase the efficiency of the centralised control of the main processes and recording of operations.

— CORPORATE OVERVIEW

In compliance with all the corporate obligations, namely as an entity issuing tradable securities in regulated markets, special note should be made of the public disclosure of the different information considered relevant in 2016, especially the Management Report and Accounts relative to 2015, as well as the Corporate Governance Report relative to the same period, both approved at the General Meeting.

General Meeting:

At the General Meetings held on 28 May 2016 all the proposals submitted for deliberation were approved, namely the proposed approval of the documents presenting the consolidated and individual accounts, the proposed appropriation of net income submitted by the Board of Directors, the proposed appraisal of the Company's management and supervisory bodies, the proposed Statement on the remuneration policy for the members of the Company's management and supervisory bodies, the proposed maintenance of the existing situation of total control over the companies TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. and TDGI - Tecnologia de Gestão de Imóveis, S.A., and the proposed acquisition and divestment of the Group's own shares, also submitted by the Board of Directors.

Dividends:

The General Meeting approved the proposed appropriation of net income submitted by the Board of Directors, according to which it is proposed that the individual net income of TD,SA for 2015, amounting to €24,978,306.33 (twenty-four million, nine and seventy-eight thousand, three hundred and six euros and thirty-three cents), should be appropriated as follows:

Reinforcement of the legal reserve: € 5,000,000.00

Reinforcement of the free reserves: € 18,298,306.33

Dividends to shareholders: € 1,680,000.00

The shares of Teixeira Duarte, S.A.:

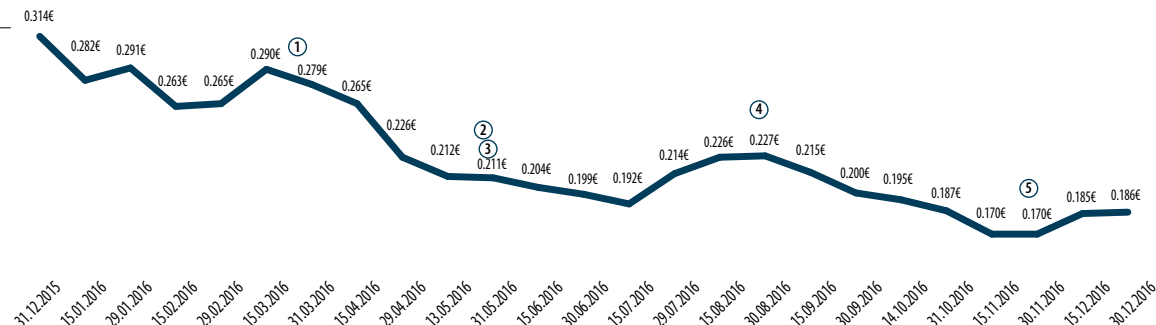
During 2016, the share price devalued by 40.8%, falling from €0.314 as at 31 December 2015, to €0.186 as at 30 December 2016.

Regarding the liquidity and turnover for this year, 16,288,485 shares were traded on the stock exchange, with a total turnover of 3,786,028.87 euros.

The graph below shows the evolution of the stock market share prices during 2016.

Teixeira Duarte, S.A. Share Prices

- 1 - Disclosure of Results relative to the financial year of 2015 - 23 March 2016
- 2 - Approval of the Annual Report relative to the financial year of 2015 - 28 May 2016
- 3 - Presentation of Consolidated accounts relative to the 1st Quarter of 2016 - 30 May 2016
- 4 - Presentation of Consolidated accounts relative to the 1st Semester of 2016 - 29 August 2016
- 5 - Presentation of Consolidated accounts relative to the 3rd Quarter of 2016 - 28 November 2016



As at 31 December 2016, the share price was €0.186 and on today's date, 26 April 2017, it is €0.292.

Corporate Operations:

During 2016, TD,SA constituted, as sole shareholder, a commercial company named LAGOAS PARK, S.A., whose object is the promotion and undertaking of investments and real estate enterprises, the management of its own real estate properties and the provision of services in these areas of activity, as well as the purchase, marketing and resale of buildings acquired for this purpose.

With this operation, TD,SA became the direct holder of 100% of the share capital of four entities: TEIXEIRA DUARTE - Engenharia e Construções, S.A., TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., TDGI - Tecnologia de Gestão de Imóveis, S.A. (these three were already 100% directly held by TD,SA) and LAGOAS PARK, S.A..

IV. SECTORAL REVIEW

The activities developed in the different sectors in which the Group operates are reported below, followed by a similar structure for each sector, i.e. beginning with the contextual overview of the respective sector within the Teixeira Duarte Group, after which an explanation will be given with a graphic portrayal of the consolidated Turnover and EBITDA, the contribution of this business area to the Group, concluding with a presentation of its action during 2016, accompanied by non-consolidated indicators enabling the analysis and outlook on total activity, rather than merely to its final contribution to the consolidated figures.

IV.1. CONSTRUCTION

Construction is the core business and point of origin of the Teixeira Duarte Group which, in this sector, operates in the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Metalworking, Underground Works, Railway Works and Maritime Works supported by a Formwork and Pre-stressing Operations Centre, a Central Office of Equipment, a Proposals Service and a Teixeira Duarte Operating Centre installed on a plot of land covering an area of over 130,000m², which is of enormous benefit to the Company and to the services rendered to its customers.

Its founder, Mr. Ricardo Esquível Teixeira Duarte, who completed the first course of Civil Engineering taught at Instituto Superior Técnico and performed the duties of Chairman of the Portuguese Engineering Association, has always been recognised by his peers for his technical skills and innovation.

Teixeira Duarte pursued has its action marked by this quality, always being a true Engineering establishment. From major infrastructures such as bridges, dams, roads and other public works, as well as hospitals and large-scale buildings which constitute historic milestones, namely in Portugal, Teixeira Duarte is recognised as synonymous with knowledge and experience, and is a constant presence in the construction market.

In addition to "Teixeira Duarte - Engenharia e Construções, S.A." (TD-EC which is the Group's principal company, the Group also includes other participated companies, which operate in specific areas of Construction, namely in Underground and Railway works, as well as various enterprise groups (ACE) and other similar structures allocated to specific projects, in particular in the area of Infrastructures.

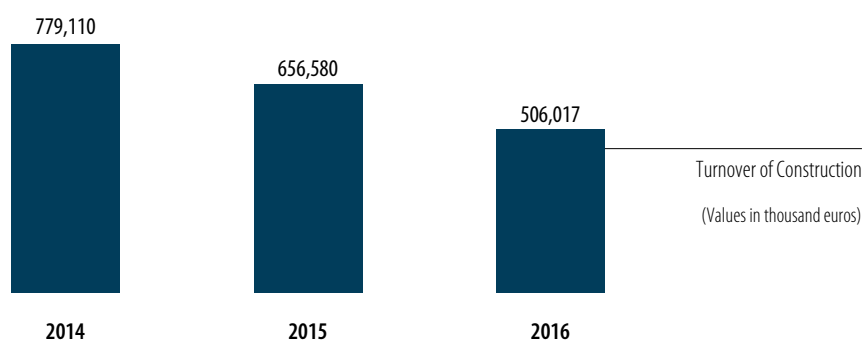
During 2016, Teixeira Duarte operated in this area in various countries, with its main markets having been Portugal, Angola, Algeria, Brazil, Spain, France, Morocco, Mozambique and Venezuela.

— CONTRIBUTION OF THIS SECTOR TO THE GROUP

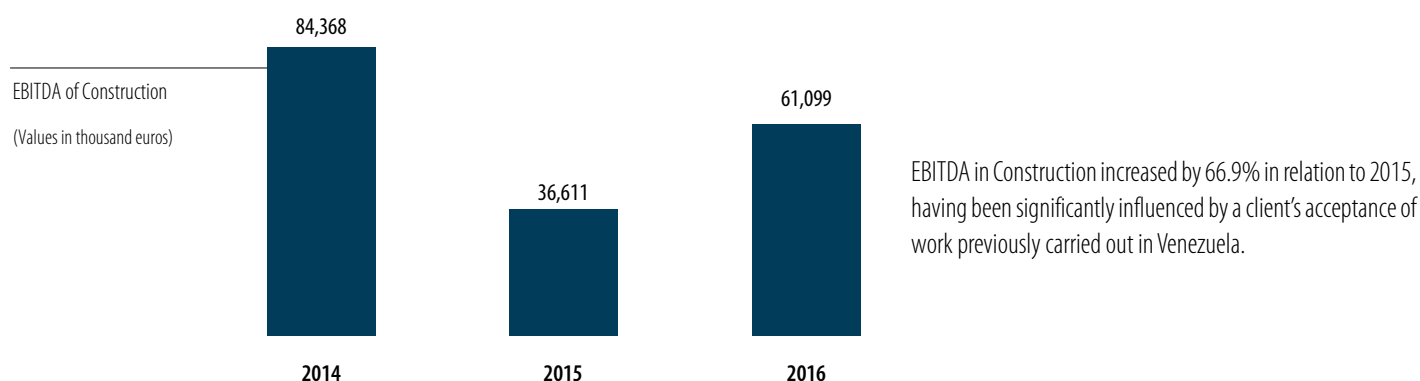
The Turnover of Construction Business fell by 22.9% compared to the same period of 2015.

Portugal recorded a decline of 40.2% in relation to 2015, with this difference having been particularly pronounced due to the fact that in the previous year the Group had the Marão tunnel work in progress.

In the other markets, reference is made to the growth occurred in Algeria, Brazil and Venezuela - with increases of 2% , 28.8% and 55.3% respectively, which even so did not offset the retractions recorded in Angola and Mozambique, of 52.9% and 33.8%, respectively.



In 2016, the foreign market accounted for 85.5% of Construction turnover.



— ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the Group's operating income in the Construction sector reached the total value of 651,792 thousand euros, reflecting a decrease of 26.8% in relation to 2015.

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

GEOTECHNICS AND REHABILITATION is the TD-EC's operating area that covers Geotechnics and Foundations, as well as Rehabilitation and Project Management, centralising a reference engineering and research unit in the Company and recognised as such in the market.

Teixeira Duarte's action in this Area is characterised by intervention in projects of high technical complexity and of a large-scale, both in public and private contracts, based on highly specialised and technically prepared human resources, supported by specific cutting edge technological equipment.

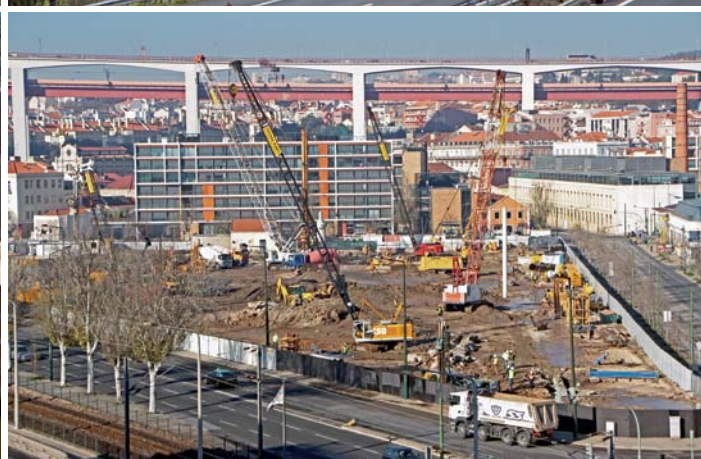
The Geotechnics and Foundations area designs and executes Foundation Engineering Technical Studies, Geological Studies, Mineral Prospecting, Diaphragm Walls, Piles, Micro-piles, Nailing, Anchorage, Consolidations, Grouting, Jet-Grouting, Projected Concrete, among other works of the speciality.

The Rehabilitation area carries out specialised works in the fields of Rehabilitation of Structures and Conservation of Monuments and Constructed Architectural Heritage, as well as Inspections and Diagnosis of Structures.

The Direction of Projects area develops and implements Technical Engineering Studies and Projects for the entire Teixeira Duarte Group which have proved to be of great importance in the presentation of technically substantiated proposals and projects.

As in the previous year, the activity developed in the Area of Geotechnics and Rehabilitation of TD-EC recorded a significant reduction of its operating income due to the lower revenue in markets with strong exposure to the price of oil, with income of a value of close to 50.1 million euros having been achieved.

In **Portugal**, the crisis in the construction sector has persisted in spite of some perceptible recovery, reflected in the amount of public and private tenders studied, which increased by 77.6% in relation to the previous year. The proposals submitted throughout the amounted to the total value of 103 million euros.



LUSOPONTE – Repair of the pillars/piles of the south viaduct of Vasco da Gama Bridge
Lisbon | Portugal

EDP – Crestuma/Lever hydroelectric installation – Rehabilitation of Basin 7E
Porto | Portugal

BRISA – Excavation slope stabilisation works at km 127+100 (S/N) and landfill at km 128+650 (N/S) on the Fátima/Leiria sub-section, of the A1 – North Motorway | Portugal

IMO HEALTH – Excavation, peripheral containment and structure up to floor “zero” of Hospital CUF Tejo
Lisbon | Portugal

The income achieved in 2016 reached 13.7 million euros, contributing to 27.4% of the total income gained in this area of action.

Reference is made to the execution of the following contract works:

- Repair of the pillars/piles of the south viaduct of Vasco da Gama Bridge, for "LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.";
- Excavation slope stabilisation works at km 127+100 (S/N) and landfill at km 128+650 (N/S) on the Fátima/Leiria sub-section, of the A1 – North Motorway, for "BRISA – Concessão Rodoviária, S.A.";
- Crestuma-Lever hydroelectric installation – Rehabilitation of Basin 7E, for "EDP – Gestão de Produção de Energia, S.A.";
- Excavation and peripheral containment for the expansion of Hospital CUF Descobertas, for – "IMO HEALTH – Investimentos Imobiliários, Unipessoal, Lda.";
- Reinforcement of the quay to 30T/m² at dock number 1 South, for "APDL – Administração dos Portos do Douro, Leixões e Viana do Castelo, S.A.".

At the end of 2016 various contracts were started with multi-annual implementation periods that will have a significant impact during 2017, namely:

- The excavation, peripheral containment and structure up to floor “zero” of Hospital CUF Tejo, for – "IMO HEALTH – Investimentos Imobiliários, Unipessoal, Lda.";
- The execution of the geotechnical work at the contract for the rehabilitation of the eastern pier of Barra de Tavira, for "DGRM – Direção Geral de Recursos Naturais, Segurança e Serviços Marítimos".

In this scenario it is expected that in Portugal an increase of revenue should be achieved in 2017.



OMATAPALO - Indirect foundations of the building Talatona 2
Luanda | Angola

OMATAPALO - Indirect foundations of the single-family villas at the "O Nosso Zimbo" urbanisation
Luanda | Angola

OMATAPALO - Indirect foundations of "Xyami Shopping Kilamba"
Luanda | Angola

In **Angola**, the activity was constrained by the financial and economic crisis which has been affecting the country over these last years, with income having reached the value of 4.6 million euros, corresponding to a reduction of close to 70% in relation to the figure achieved in 2015.

Reference is made to the completion of the following contract works:

- Foundations and peripheral containment for the construction of the 1st Phase of the new Building of the Ministry of Finance, for the "Telhabel/Soares da Costa Consortium";
- 3rd Phase of the reinforcement of the suspension system of Barra Bridge over the Kwanza River for "Instituto de Estradas de Angola - INEA";
- Structural reinforcement of building B of the Raízes de Luanda enterprise, for "COGIMBO Imobiliária, Lda.", in Luanda;
- Indirect foundations of the building Talatona 2, for "OMATAPALO - Engenharia & Construção, S.A.", in Luanda;
- Indirect foundations of the single-family villas at Urbanisation "O Nosso Zimbo", also for "OMATAPALO - Engenharia & Construção, S.A.", in Luanda;
- Indirect foundations of "Xyami Shopping Kilamba", also for "OMATAPALO - Engenharia & Construção, S.A.", in Luanda.

We also highlight the start of various important contract works, namely:

- Drilling and grouting for waterproofing and drilling of drainage of "Laúca Hydroelectric Installation" for "Construtora Norberto Odebrecht", in Laúca;
- Indirect foundations and geotechnical prospecting for the "Laúca Transmission Lines" for "Construtora Norberto Odebrecht", Catete-Laúca section;
- Foundation and peripheral containment for the Building at Avenida de Portugal, for "SOMAGUE ANGOLA - Construções e Obras Públicas, S.A.";
- Consolidation of supports and repair of reinforced concrete beams of the head office building of "IMOGESTIN, S.A.", in Luanda;
- Indirect foundations and solid sections for the Silos of Fazenda Filomena, for "COGIMBO Imobiliária, Lda.", in Luanda.

Although the commercial technical activity had substantially reduced the number of proposals under study, there was stronger development



A.P.P.L. - Micro-pile and jet grouting work
Algeria

Agence Nationale des Autoroutes - Connection to the East-West motorway
Chlef | Argélia

and follow-up in the commercial management with clients, whose results have already confirmed the award of works of the value of around 9 million euros, which enables viewing 2017 with greater optimism, with it being expected that the operating income should significantly surpass the values achieved in the previous year.

In **Algeria**, 2016 was a year of reduction of activity in this area of action, with income having reached a value of around 4 million euros, influenced by the stoppage of some important works, due to the energy crisis which also affected this important market. We highlight the implementation and completion of the following contracts:

- "Projet des travaux d'urgence collecteur Oued Lekhal a Ben Aknoun - execution des pieux secants Ø600 mm", for "AMENHYD - Aménagement Environnement et Hydraulique, SPA", with the final client being - "DHW - Direction Hydraulique de la Wilaya";
- "Projet des travaux d'aménagement d'oued ouchayah - micropieux et jet grouting", for "DENYS V", with the final client being "Agence pour la Promotion et la Protection du Littoral Algérois" (A.P.P.L.);
- "Station de pompage-n°2- pieux Ø800mm", for "ECISA Construction Algerie, SARL", with the final client being "Société de l'Eau et de l'Assainissement d'Oran - Seor";
- La nouvelle ligne ferroviaire Zeralda-Birtouta- pieux Ø1500mm, for "Yapi Merkezi Insaat ve Sanayi A.S.", with the final client being "L'Agence Nationale d'Études et de Suivi de la Réalisation des Investissements Ferroviaires" (ANESRIF);
- Centre commercial- pieux Ø800mm, for "Société de Promotion Immobilière Raoudhet El Feth, SARL";
- La liaison autoroutiere reliant mascara a l'Autoroute Est-Ouest- pieux Ø1200mm, for "Levantina Ingenieria y Construccion S.L.", with the final client being "Agence Nationale des Autoroutes".

Various new contracts were started, integrated in large-scale road infrastructure projects, but due to the economic circumstances they were suspended for reassessment, although they are expected to be restarted in 2017. Among these, the following are particularly noteworthy:

- La Liaison Autoroutiere reliant le port de Skikda a l'Autoroute Est Ouest- Pieux Ø1200mm, for TD-EC with the final client being "Agence Nationale des Autoroutes";



DEINFRA – Restoration and rehabilitation of Hercílio Luz Bridge
Florianópolis | Brazil

- La Liaison Autoroutiere reliant le port de Tenes a l'Autoroute Est Ouest - pieux Ø1200mm, for TD-EC, with the final client being "Agence Nationale des Autoroutes".

Also for 2017, we highlight the following awards:

- Complexe Siderurgique de Bellara-El Milia- Pieux Ø510mm, for "Elecnor S. A. Butec S. A. L. Ute Ute Elecnor Butec", with the final client being "Algerian Qatar Steel, SPA";
- Implementation of the geotechnical work of the contract "Réalisation des travaux de réhabilitation des postes 1, 2 et 3 du Port Pétrolier de Bejaia", for "Entreprise Portuaire de Bejaia";
- "Réalisation des travaux d'extension de la Première Ligne du Tramway de Constantine - Pieux de fondation", for "Isolux-Corsan Construcción S.A.", with the final client being Entreprise du Metro d'Álger.

Therefore, significant growth of the operating income is expected in these markets in comparison to the previous year.

In **Brazil**, despite the more adverse overall scenario, TD-EC recorded the highest value of income in this Area since it started operating in this country, having achieved a total value corresponding to approximately 22 million euros, reflecting 8% growth in relative to the previous year.

This positive evolution was significantly influenced by the signing of the contract for the Implementation of the Restoration and Rehabilitation Works of Hercílio Luz Bridge, in Florianópolis, for DEINFRA – Department of Infrastructures of Santa Catarina, whose service order was signed on 18 April 2016.

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

- Slope stabilisation (anchorages, nailing, application of the containment network) in the Cava Oeste Sector, at Mina de Águas Claras, Nova Lima, Minas Gerais, for "VALE, S.A.";



VALE – Slope stabilisation at Setor Cava Oeste – Mina de Águas Claras, Nova Lima
Minas Gerais | Brazil

CST Consortium – Execution of deep foundations – Lot 2 of Line 13 – Jadem
São Paulo | Brazil

- Execution of foundations and diaphragm wall, at Água Branca Station, on Line 6 – Orange, of Metro de São Paulo, for "Construtora Norberto Odebrecht, S.A.";
- Execution of deep foundations (bored piles) and slope containment (execution of containment tie-rods) at Empreendimento Residencial Unique Alta Vista, in Jundiaí, São Paulo, for a company of the Group;
- Execution of foundations (continuous flight auger piles), in the Iron Ore Movement Patio – Package N2, at São Luís do Maranhão Terminal, for "VALE, S.A.";
- Execution of foundations (curtain of intersecting piles and continuous flight auger piles), in the expansion of the British School of Barra da Tijuca, Rio de Janeiro, for "Associação Britânica de Educação";
- Execution foundations (diaphragm wall, tie rods, root piles), at Hospital Carlos Chagas, for AMIL – Assistência Médica Internacional, S.A.";
- Execution of foundations (peripheral containment by diaphragm wall of root piles), in the expansion of Hospital Pasteur, in Méier, Rio de Janeiro, for "ESHO – Empresa de Serviços Hospitalares, S.A.";
- Execution of containment by intersecting piles, in the Passeio Olímpico worksite, at Barra da Tijuca, Rio de Janeiro, for "Consórcio Construcap-Copasa";
- Execution of deep foundations (large diameter bored piles), in the worksite of Lot 2 of Line 13 – Jade, of Companhia Paulista de Trens Metropolitanos (CPTM), in Guarulhos, São Paulo, for the "CST Consortium".

In the area of Rehabilitation, in addition to the Rehabilitation of Hercílio Luz Bridge, referred to above, we highlight the signing of yet another contract with "VALE, S.A.", for the Maintenance of Reinforced Concrete Bridges, along the Vitória-Minas Railroad, in the States of Minas Gerais and Espírito Santo, with duration of 24 months.

For 2017, an increase of the income in Brazil is expected, with the outlook being encouraging both due to the contracts currently underway and the new awards and contracts signed in the first three months of 2017, namely:

- Recovery of Jacundá Bridge, on the Carajás Railroad, Pará, for "VALE, S.A.";



Prabyc Ingenieros - Special foundations in the "Provenza Club" enterprise
Bucaramanga - Departamento de Santander | Colombia

- Execution of foundations (bored piles) for implementation of special structural works, on the São Sebastião By-Pass (Lot 4), São Sebastião, São Paulo, for "Construtora Queiroz Galvão";
- Execution of the geotechnical works of the contract "Containment by sheet piles of Dyke C of Piaçaguera Canal", at the Facilities of the Port Terminal of Usiminas, Cubatão, São Paulo, for "VLI Multimodal S.A.".

In **Colombia**, the commercial positioning intensified throughout 2016 with the first contract having been signed in the last quarter of the year, for the execution of Special Foundations (bored piles and diaphragm wall), at the "Provenza Club" enterprise, in Bucaramanga, Departamento de Santander, for "Prabyc Ingenieros SAS".

In 2017, we signed a new contract for the Project of Parque del Rio Medellin, in the city of Medellin, for Execution of a Diaphragm Wall of a thickness of 1,000 mm, whose works will extend to cover 2018.

In this context and following the reinforcement of the equipment mobilised to meet the needs of the contract works, the company now has greater operating capacity to respond to new requests, both in terms of projects in progress and new projects, with the outlook being an expansion of the activity in this market.

In **Morocco**, during the year under review, the company achieved, in this area of TD-EC, income of around 1.5 million euros, where the execution and completion of the following contract works are of particular importance:

- "Travaux de Forage de Pieux de Fondation Diamètres 1.000mm, 1.200mm, 1.500mm et 1.600 mm dans le Lot n.º 2 Tronçon Nord pour la construction de la Ligne de Grande vitesse - LGV entre Tanger et Kenitra", for the TGCC - SEPROB Consortium;
- Foundations for the "Viaduc sur Oued Mellah au PK 21+000 de la voie ferrée entre Casablanca et Kenitra", exécution de pieux, for "H TECH, S.A.";



CFM – Geotechnical works
Port of Beira | Mozambique

- Foundations for the “Projet d’Aménagement de la vallée de bouregreg 2^a Rocate Rabat-Salé – Viaduc sur Oued bouregreg exécution de barrettes de fondation”, for “Société d’exploitation des Procédés Boussiron” (SEPROB).

We also highlight the deepening of commercial relations with various companies throughout 2016, which gave rise to an increased number of proposals submitted and in different requests to participate in consortiums for important contracts, which enables foreseeing a good outlook for the near future, including increased income already in 2017.

In **Mozambique**, the macroeconomic crisis contributed to the retraction of construction activity, with TD-EC having recorded, in this area, a 61% decline of income, which reached the approximate value of 4.5 million euros.

Reference is made to the completion of the following contract works:

- Micropiles and solid parts for “KARPOWER International, Limited”, in the City of Nacala;
- Structural reinforcement with carbon laminates for Vivenda Jonasse, in Matola.

During the same period, the following was started:

- The execution of the geotechnical works of the “Rehabilitation and Extension of Service Vessel Quay in the Beira Port” contract, for “CFM – Portos e Caminhos de Ferro de Moçambique, E.P.”;
- The execution of pile foundations for the “New Embassy of the USA”, in Maputo;
- The implementation of various exploratory drilling work in the provinces of Maputo and Gaza.

Under the aforesaid circumstances in Mozambique, the total value of the submitted proposals declined by 61% in relation to 2015, having amounted to the total value of approximately 75 million euros.

For 2017 and view of the current involvement in significant tenders, the following year is viewed with optimism, not only due to the conclusion of new contracts but also due to the starting of works that have already been contracted, such as the case of the “Rehabilitation of the Bridge over the River Save”.



ANE - Drilling works
Province of Gaza | Mozambique

In the **United States of America**, during the year under review, a Technical Assistance contract was signed with the North American construction company "EIC Associates, Inc".

This company is based in Springfield - New Jersey and mainly operates in the State of New York, in the area of special Geotechnical and Foundation work, Maritime Works and Environment, and annually subcontracts considerable values to companies specialised in geotechnics and foundations.

The main aim of the contract that has presently been signed is the creation and development, within "EIC Associates, Inc", of a department which will enable it to autonomously carry out the work involving Geotechnical, Foundation and Rehabilitation activities, in addition to strengthening the company's capacity in Maritime Works and enabling it to operate in other others so as to expand its scope of action.

Currently, works have been contracted with the intervention and direct support of TD-EC, both in the city of New York:

- Reconstruction of Jerome Ave. Retaining Wall – Bourough of the Bronx, for NYC-DDC – Department of Design and Construction;
- Morton Street Bulkhead Restoration – Manhattan, for HRPT – Hudson River Parks Trust, a public entity that manages the maritime part of the riverside zone of Manhattan, NY.

During 2016, proposals were studied and submitted of a value surpassing 340 million USD.

In view of the large volume of works currently in course in this region and the investment programmes underway, the outlook for 2017 is one of growth of the activity in this new market.

In **Peru** the commercial activity started with an exploratory review of the country, contacts made with the main local constructors and study of their potential in the specific area of Geotechnics and Foundations and in Maritime Works, with proposals having been prepared of the value of around 27 million euros.



Sistemas McDonald's Portugal – Recovery of the Caleidoscópio Building
Lisbon | Portugal

ANA – Reorganisation of floors 2 and 3 of the Terminal of Madeira Airport
Madeira | Portugal

Dilicious Dialogue – Conservation/external alteration of the façades of two buildings
Lisbon | Portugal

Smotors – Installation of the Suzuki stand
Lisbon | Portugal

In the area of **BUILDINGS**, TD-EC maintains considerable activity, primarily since the 1960s and also long projected abroad. The retraction that has been experienced in Portugal over these last years and the strengthening of action in other countries has implied that, currently, external markets account for 90% of the volume of activity of this Area of TD-EC.

It should be recalled that TD-EC includes in this Area the construction and rehabilitation of all types of buildings, namely large scale, in all aspects, in particular schools, trade and services, residential, industrial and of the health area, thus including both public and private contracts.

The rapid and varied fluctuations in performance of the diverse markets in which TD-EC operates in this Area have led to different adjustments in the means of production allocated to each country, implying a major mobilisation capacity of the company and its resources and the dedicated availability of the employees.

Overall, the action in this area was characterised, as expected, by a reduction of the activity in Angola and Mozambique and an increase in Algeria and Brazil, with Portugal having maintained the low levels of previous years, which, even so and due to the increased market consultation and the achievement of some contracts, is foreseen to rise in 2017.

In the activity in Portugal, the following factors were of most importance:

In the industrial area execution of the the civil construction work of Spooler line two, for "Siderurgia Nacional, S.A." in Seixal.

In the service sector:

- Completion of the contract for the recovery of the Caleidoscópio Building, for "Sistemas McDonald's Portugal Lda.", in Campo Grande, in Lisbon;



GOLDTUR - Vilalara - Works in cells 3, 7 and 9
Armação de Pera - Algarve | Portugal

Liberdade 40 - Liberdade 40 Building
Lisbon | Portugal

CascaisShopping - Remodelling works
Cascais | Portugal

Quinta de Cravel - Pingo Doce Store
Vila Nova de Gaia | Portugal

- In Funchal, completion of the contract for "Madeira Airport - Reorganisation of floors 2 and 3 of the Air Terminal - 1st Phase - Execution and Construction Project" for "ANA - Aeroportos de Portugal, S.A.";
- In Alcântara, Lisbon, execution of the works of conservation/alteration of the façades of two buildings, for "Delicious Dialogue, Unipessoal, Lda.";
- In Lisbon, execution of the "Suzuki" stand, for a company of the Group holding the brand exclusive for the District;
- In Armação de Pera, in the Algarve, work was started for Vilalara Cell 7 and cells 3 and 9 - AVAC were executed, for "GOLDTUR - Hotéis e Turismo S.A.";
- In downtown Lisbon, the Baixa, work started for the contracts of "My Story Hotel Rua Augusta" for Hostling You, Lda." and the Liberdade 40 Building for "Liberdade 40 Investimentos Imobiliários, Unipessoal Lda.";
- In Cascais, work started on the remodelling of Cascais Shopping for "CascaisShopping - Centro Comercial S.A.";
- In Vila Nova de Gaia, work started on the construction of a building for installations of "Pingo Doce" shop, in the urbanisation "Quinta do Cravel", for an entity of the Group.

In the residential area the Construction of the Park Avenue Building, in Lisbon, for "PIGMENTPARTY, Unipessoal, Lda." was completed, and construction continued for the "Villa Torrinha" Enterprise, in Pedrouços, Lisbon, for a company of the Group. The rehabilitation started of the building located at Calçada do Ferragial numbers 9 to 13, in Lisbon, for "Parimob - Investimentos Imobiliários, S.A.".

In the health area, the contract was started for Alterations and Expansion of Clínica de Oeiras "SURGICARE - Unidades de Saúde, S.A.", in Oeiras.

In **Angola**, the entry into the final phase of important works and adverse economic environment unfavourable to the launch of new contract work have implied a significant reduction of income.



Mercasa Consortium - Incatema - CLOD
Viana | Angola

CSE Talatona - Design and construction of Clínica Sagrada Esperança
Talatona | Angola

Cooperativa Essandjú - Kuaquie Building and construction of the building of Lot 39, Parcel 3
Ilha do Cabo - Luanda | Angola

TD Group Company - Construction of villas in the Villa Sul Condominium
Talatona | Angola

In the area of school buildings, the execution was completed of the auditorium (Block I) Phase 5 of Colégio São Francisco de Assis, in Luanda Sul, for a company of the Group.

In the industrial area, construction continued on the Logistic and Distribution Centre of Luanda (CLOD) for the Consortium Mercasa - Incatema Consulting, S.L., in Viana, and the enlargement was completed of the Chilled Product Distribution Centre at the Maxi complex, in Morro Bento, for a company of the Group.

In the service sector various contracts were completed for companies of the Group, namely Maxi stores, including "Loja Maxi Golf" - Kilamba Kiaxi and the construction and enlargement of the Morro Bento offices to accommodate the central structures of the Teixeira Duarte Group in Angola.

In the health area, work continued, for "CSE Talatona, Lda", in the design and construction of Clínica Sagrada Esperança, in Talatona, while at Clínica Sagrada Esperança of Ilha de Luanda, the contract was completed for the upgrading of the operating theatres and the remodelling of the X-Ray service was started.

In the housing area, work continued in the general contract of construction of the Kuaquie Building, for "Cooperativa Essandjú, SCRL" and in the construction contract for the building of Lot 39, Plot 3, for Teresa Fernando António Cunha Gerardin, both on Ilha do Cabo, in Luanda, and the reinforced concrete construction was executed of the building - Lot 32 (Cambadiame Building), also on Ilha do Cabo, for "Cooperativa Essandjú, SCRL". In this area, in 2016 work also started on the Construction of 40 villas (T1) and infrastructures in the Villa Sul Condominium, in Talatona - Luanda, for a company of the Group.

In Algeria, we highlight the contracting of works of considerable size and importance which, despite some delays in start-up, enabled increasing the income achieved in this area by TD-EC in this country.



AGB - Head office of Gulf Bank Algeria
Algiers | Algeria

In the service sector work continued in the construction of the new head office of Gulf Bank Algeria - AGB, in Algiers, zone of El Biar. This involves a building of 24 floors above ground level, with high standard architecture and materials.

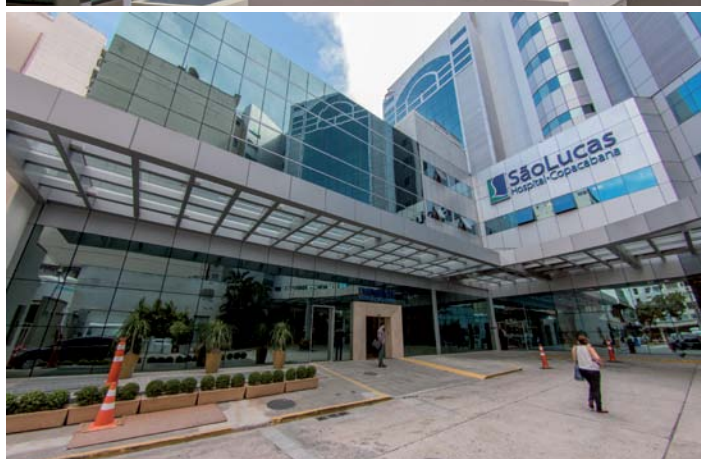
The contract for construction of the Sidi Yahia car park, in Algiers, is currently suspended due to relevant alterations to the project that the owner of the work ("Direction des Déplacements, des Transports e de la Circulation de la Wilaya d'Argel") may introduce.

Special note should also be made of the following contracts in this same service area, both already contracted but whose development of the projects and start-up of works is awaiting the settlement of issues not imputable to the company:

- The Rehabilitation and Renovation of the El Mithak Residence, under a Design/Construction Scheme for "Direction General de La Residence El Mithak", in Algiers;
- Modernisation Works of Hotel Albert 1er, for "Entreprise de Gestion Touristique du Centre EPE/SPA". This involves the thorough remodelling of this ancient and emblematic hotel, in Algiers.

In **Brazil**, in spite of the overall considerable decline in the investment and economy of the country in the midst of a period of strong recession, the good relations maintained with the clients has contributed to increasing the activity in this area of action of TD-EC in this market, enabling the encouragement of an expected strong increase for 2017.

In the area of school buildings the construction of the new building named Block "H", within the Educational Campus, at Barra Tijuca, has been completed for "Associação Britânica de Educação - ABE", and the execution work continues in the second stage of the project named "Integração Básico - Clínica: Mais Pesquisa para a Saúde - CCS/UFRJ", for "Fundação Universitária José Bonifácio - FUJB", both contracts in Rio de Janeiro.



ABE – Construction of Block "H" – Educational Campus
Barra Tijuca – Rio de Janeiro | Brazil

ESHO – Hospital Carlos Chagas
Guarulhos – São Paulo | Brasil

IMPAR – Remodelling and improvements of Hospital São Lucas
Copacabana – Rio de Janeiro | Brasil

ESHO – Construction of the new tower of Hospital Pasteur
Zona do Méier – Rio de Janeiro | Brasil

In the service sector, work has started in the execution of the cenacle of Praia Grande, at Praia Grande, São Paulo, and the contract continues for the "Execution of services of earthworks, deep foundation, direct foundation, diaphragm wall, concrete and metallic structure, installations, finishing and outside arrangements, in Curitiba. Both contracts are for "IURD – Igreja Universal do Reino de Deus". For "Decathlon, S.A.", the installations were executed at Decathlon Shop B, in Alphaville, also in the region of São Paulo.

In the health area, we highlight the following works:

- Completion of the Retrofit of the 3rd, 4th and 5th floors of Hospital Carlos Chagas and execution of the new annex in Quadra Cerqueira César for "ESHO – Empresa de Serviços Hospitalares, S.A.", in Guarulhos (São Paulo);
- Completion of the execution of civil construction works, finishing and installations of the 4th and 5th Floors of Hospital Metropolitano da Lapa, for "Amico Saúde, Ltda.", in São Paulo;
- Completion of the upgrade of the surgery centre and intensive care unit of Hospital Alvorada Brasília for "ESHO – Empresa de Serviços Hospitalares, S.A.", in Brasília;
- Completion of the enlargement of the energy capacity of the substation of Hospital Alvorada Brasília for "ESHO – Empresa de Serviços Hospitalares, S.A.", in Brasília;
- Continuation of the remodelling and improvements of Hospital São Lucas, in Copacabana – Rio de Janeiro, for "IMPAR – Serviços Hospitalares S/A";
- Continuation of the construction of the new tower of Hospital Pasteur, for "ESHO – Empresa de Serviços Hospitalares, S.A.", in the Méier zone, in Rio de Janeiro;
- Start-up of the civil construction work for execution of interior finishing and special installations of the building, in Niterói, Rio de Janeiro, for "PATRYS – Investimentos Imobiliários, Ltda."

In **Mozambique**, as expected, the production level declined strongly in relation to the previous year, but even so was higher than the average level of the last few years.



Home Center - Construction of Furniture Factory
Mozal - Matola | Mozambique

Banco de Moçambique - Construction of two buildings for Banco de Moçambique
Maputo | Mozambique

MINAG - Construction of the head office building of the Ministry of Agriculture
Maputo | Mozambique

IMOINVESTE - Rehabilitation and upgrade of Moradia Jonasse
Matola | Mozambique

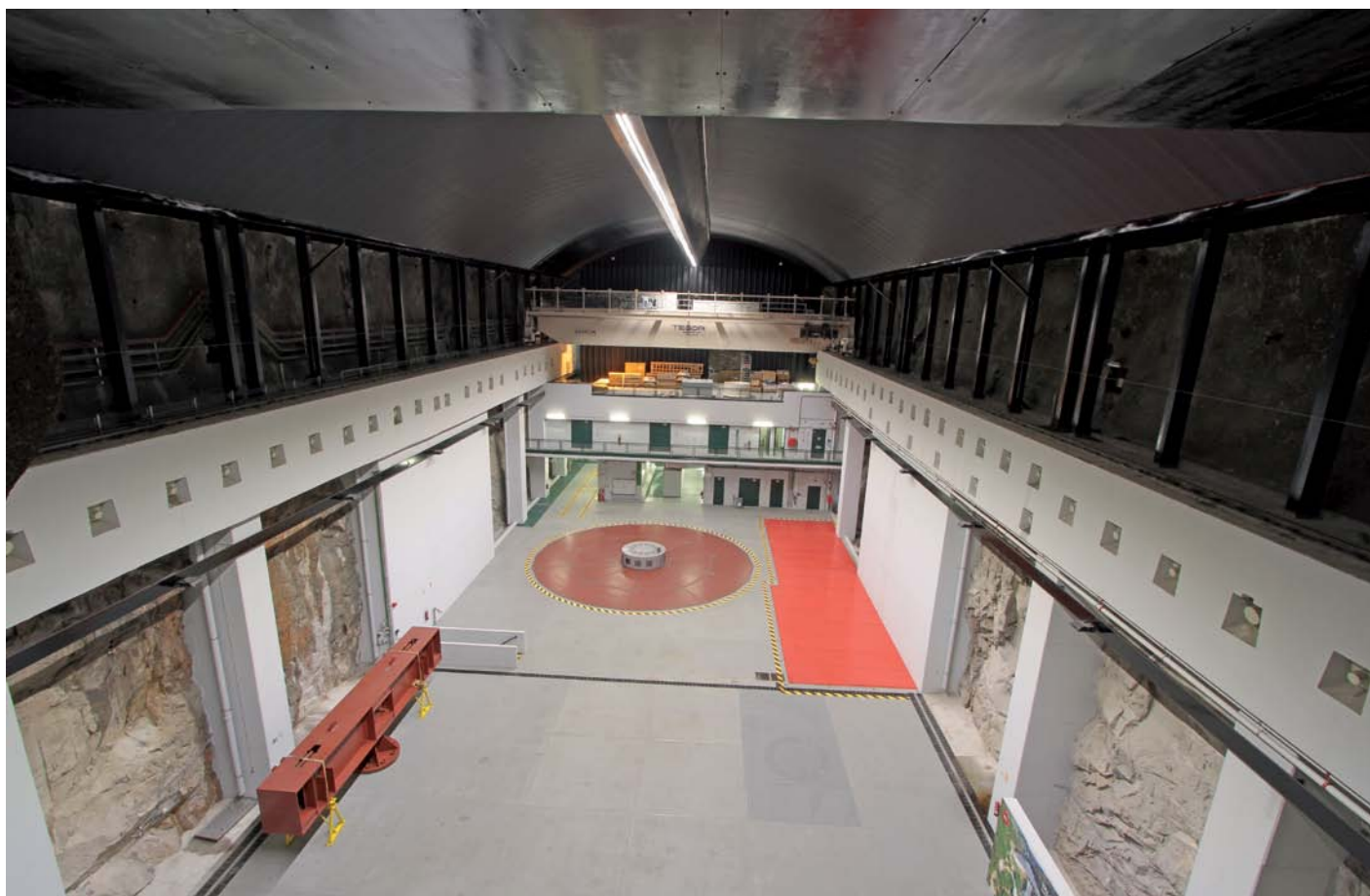
In the industrial area, the electromechanical and hydraulic maintenance works of the construction yards in the city of Nacala, and the construction of workshops for maintenance of locomotives in this same city were completed for "CLN - Corredor Logístico Integrado de Nacala".

The construction of a furniture production plant, in Mozal, Matola, was also completed for "Home Center, Lda."

In the service sector:

- For "IMOINVESTE Construções, Lda." the construction was completed for a service building for the Ministry of Planning and Development and Ministry of Finance, in Maputo;
- For the Ministry of Labour, Employment and Social Security, the work was completed for the rehabilitation of Floor Zero Block "B" of the former premises of the Ministry of Labour, in the city of Maputo;
- Work continued in the contract for the construction of two buildings for Banco de Moçambique in the centre of the city of Maputo;
- The work also continued in the contract for construction of the Head office Building of the Ministry of Agriculture, in the city of Maputo, for "SOCIGEST - Sociedade de Gestão de Participações, S.A.";
- For "KUDUMBA Investimentos, Lda." the contract was started for the Ghassan Ahmad Training Centre, involving the construction of a floor of offices in the Interfranca Building, in Maputo, as well as the work of the infrastructure contract for non-invasive installation on the railway in Namialo, in the province of Nampula.

In the housing area the work was completed in the Construction of a Multipurpose Building at Avenida Julius Nyerere 130, in the city of Maputo, for a company of the Group, and the Rehabilitation and Upgrade of Moradia Jonasse, in Matola, was started for "IMOINVESTE Construções, Lda."



EDP – Reinforcement of power output of Salomonde Dam
Salomonde – Vieira do Minho | Portugal

Teixeira Duarte's portfolio includes the construction of all types of **INFRASTRUCTURES**, having implemented works involving Roads and Motorways, Bridges and Viaducts, Dams, Railway Lines, Railway Stations and Junctions, Port Works, Environmental Construction Works, as well as Water and Natural Gas Infrastructures.

The activity developed in this area has accompanied the cyclical variations of the main markets in which the Group operates. Notwithstanding the unfavourable foreign exchange differences observed in the different markets of action and the lower activity in Portugal, in 2016 there was an increase of approximately 10% in the income achieved, with a strong contribution from the Brazilian market and due to the recognition of work carried out previously in Venezuela.

Commercial activity continued focused on a drive towards growth and territorial diversification which, while having been intensified, has not yet gained significant progress compatible with the delineated goals.

In **Portugal**, the expected growth of activity and order book did not materialise, and based on the current information on the scheduled launch of new investments in the sector, it is foreseen that this may only take place from the beginning of 2018 onwards. In 2016, the activity of the area of action of Infrastructures lowered significantly after the completion of the "Construction of Marão Tunnel" contract.

The following works were developed during the year:

- The "General Construction Contract for Reinforcement of the Power Output of Salomonde Dam", in Salomonde – Vieira do Minho, for "EDP – Gestão da Produção de Energia, S.A.". This work, of a value of around 131 million euros, of high technical complexity, was executed by "CONSTRUSALAMONDE, ACE", in which TD-EC and its participated company "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A." hold s stake of 92.5%, accomplished, on 30 November 2015, the provisional acceptance of the contract for the general construction and construction of the supplementary flood spillways. On 31 October 2016, the second endorsement of the



IP- Construction of Marão Tunnel - IP4
Amarante - Vila Real | Portugal

REN - Initial installation of Alcochete substation (400/60 KV)
Alcochete | Portugal

contract was signed and the remaining work to be carried out under the contract that is still in progress was defined, consolidating the technical-commercial relations with this client and partner;

- The contract for the "Construction of Marão Tunnel, on the IP4 (A4), under a Design/Construction arrangement", connecting the municipalities of Amarante and Vila Real, for "Infraestruturas de Portugal, S.A." was implemented by a consortium between TD- EC and its participated company "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A.". This work of major importance and complexity, composed of two galleries (each of a length of 5.7 km and two lanes), thirteen emergency transversal galleries, three technical buildings, endowed with modern and optimised active safety and security systems and equipment, was consigned in September 2014 for the value of 88.1 million euros with an implementation period of 518 days, 120 of which allocated to the implementation project. Its provisional acceptance occurred on 3 May 2016, with the tunnel having been opened to traffic on 8 May 2016. Also under this contract, on 2 June 2016, although taking retroactive effect on 13 May 2016, "Infraestruturas de Portugal, S.A." awarded the contract for provision of services of "Operation and Maintenance of the Active Safety and Security Systems" of Marão Tunnel, for the value of 0.9 million euros, for a period of six months. This service included, namely, the operationalisation, the opening to traffic, the full operation of the tunnel and its control centre, especially the development and implementation of the Internal Emergency Plan and the Operation Plan, as well as the recruitment and specific training for the operators of the control centre, where the "Technical Assistance to the Maintenance and Operation" continues to be assured since then;
- The "Civil Construction Contract for the Initial Installation of the Substation of Alcochete 400/60 KV - Work 52.00", in Alcochete, for "REN - Rede Elétrica Nacional, S.A.", with the contract having been signed on 11 April 2016 and the consignment made on 1 August of this same year. This contract involves the implementation of the earthworks, direct foundations, buildings, various infrastructures and road layouts, in an implantation area of around 40,000m². This is the first contract carried out for "REN - Rede Elétrica Nacional, S.A." with the value of the work amounting to close to five million euros, with an implementation period of 11 months. The work has progressed at a notable rate, in line with that defined by the owner of the work, with its completion and delivery to the client being expected to take place at the end of the first semester of 2017.



INEA - Rehabilitation of Luanda Road Network - Avenida Hoji Ya Henda
Luanda | Angola

ANESRIF - Thénia - Tizi-Ouzou - Bordj Menaïel Station
Boumerdès | Algeria

EMA - Algiers Metro
Algiers | Algeria

In **Angola** and in a context of strong retraction, especially of the public investment underlying infrastructure works, in 2016, the activity level of the this area of action of TD-EC fell in relation to the previous year, essentially being limited to the development of the contract for "Rehabilitation of Luanda's Road Network - Avenida Hoji Ya Henda", along 5.1 km, for "INEA - Instituto de Estradas de Angola", for the value of USD 59.6 million. In 2016, the rehabilitation works of this structural road of the city of Luanda were developed in the Municipality of Rangel, with a significant part of the works projected for the Municipality of Cazenga being constrained, especially due to expropriation problems. Nonetheless, it is expected that this contract should be completed during 2017.

In **Algeria**, the level of activity decreased slightly in relation to that observed in previous years, due to the adverse impact on turnover caused by the devaluation of the Algerian dinar against the euro, the less favourable macroeconomic environment and project adjustments in some works.

The main contract works in progress are:

- "Études d'exécution et Travaux de Modernisation de la Ligne Thénia/Tizi-Ouzou et son Électrification jusqu'à Oued Aissi (50+14km)", for "ANESRIF - Agence Nationale d'Études et de Suivi de la Réalisation des Investissements Ferroviaires". This work is entrusted to an enterprise group led by TD-EC, which is responsible, in this context, for the construction of four viaducts (30mts in metallic structure, 132mts in concrete, 660mts in pushed mixed structure and 765mts composed of four metallic arches each of 140mts and six concrete arches), nine stations, seven of which are new and two are being remodelled, railway and respective electrification, for the forecast total value of 210 million euros. The completion date of the contract is programmed for July 2017, although part of the contract is foreseen to be inaugurated in April 2017, where the client's recognition of TD-EC's good performance opens the way for the award of new work in this same enterprise, both in terms of civil construction and in specialised road and catenary work;
- "Projet de Réalisation de la Ligne 1 - Lot 1: Extension A Gros Œuvre-Voie, Ligne et Stations sur le Tronçon: Place Émir Abdelkader - Place des Martyrs, Alger", for "Entreprise du Métro d'Alger (E.M.A.)". This contract, which is entrusted to an enterprise group including TD-EC, consists of the construction of two underground stations (Ali Boumandjeli and Place des Martyrs) and a tunnel 1.8 km long, where the value of the work undertaken by TD-EC (40%) will reach 65 million euros. The execution of this highly demanding contract, at a



AGA - Installation of operating equipment of the East-West motorway
Algeria

ONA - Treatment station
Constantine - Argélia

provisional acceptance stage, has been characterised by good levels of production and performance, notwithstanding its location, circumstances and technical complexity, which has been strongly acknowledged by the client;

- "Réalisation des Installations et Équipements d'Exploitation de l'Autoroute Est-Ouest - Lot Ouest", in northwest Algeria, for "Algérienne de Gestion des Autoroutes (A.G.A.)". The work is entrusted to an enterprise group led by TD-EC and covers the execution, along an extension of 330 km, of the earthworks, various networks, civil construction, installations and special equipment, pavings, exterior arrangements and landscaping of fifteen toll areas, nine maintenance centres, twenty-two rest areas and thirteen service areas, which will service Lot West of the East/West motorway. The part relative to TD-EC was awarded for a value of close to 215 million euros, with an execution period of 43 months; The execution of this contract has been greatly constrained by the lack of approval of a significant part of the implementation projects and by the numerous and successive optimisations developed at the client's request;
- "Réalisation et Exploitation de la Station d'Épuration de la nouvelle ville Ali Mendjeli (Constantine)", para o "Ministère des Ressources en Eau - Office National de l'Assainissement (O.N.A.)", whose design by TD-EC, as a variant to the tender, includes a carousel reactor of 45,000m³ and a biological treatment system with active mud, which will serve a population of 160,000 inhabitants in the future. The work as awarded for the value of approximately 15 million euros, with a total execution period of 57.5 months - 33.5 for the construction and 24 for the operation. This contract, with execution period up to the end of the third quarter of 2017, has shown notable progress and may even be completed and operational by mid July 2017;
- "Réalisation de la Liaison Autoroutière Reliant le Port de Ténés à l'Autoroute Est-Ouest sur 54km (première tranche sur 22km)", in Chlef, aimed at the turnkey construction of a new motorway with a 2x3 lanes, 22km long, with twenty-five structural works and four junctions, for a total value of approximately 204 million euros, with TD-EC leading the enterprise group with a stake of 47.5%. The respective service order was attributed on 31 March 2015, with an execution period of 24 months. In view of constraints of financial order, the projects were redefined from 2x3 lanes to 2x2 lanes, justifying an extension of contractual duration of 12 months, up to the end of the first quarter of 2018. Accordingly, the pertinent adaptations are currently being made to the implementation projects and the resources remobilised for the resumption of the work, which is likely to happen in the second quarter of 2017;



Connecting motorway to the Porto of Ténés
Chlef | Argélia

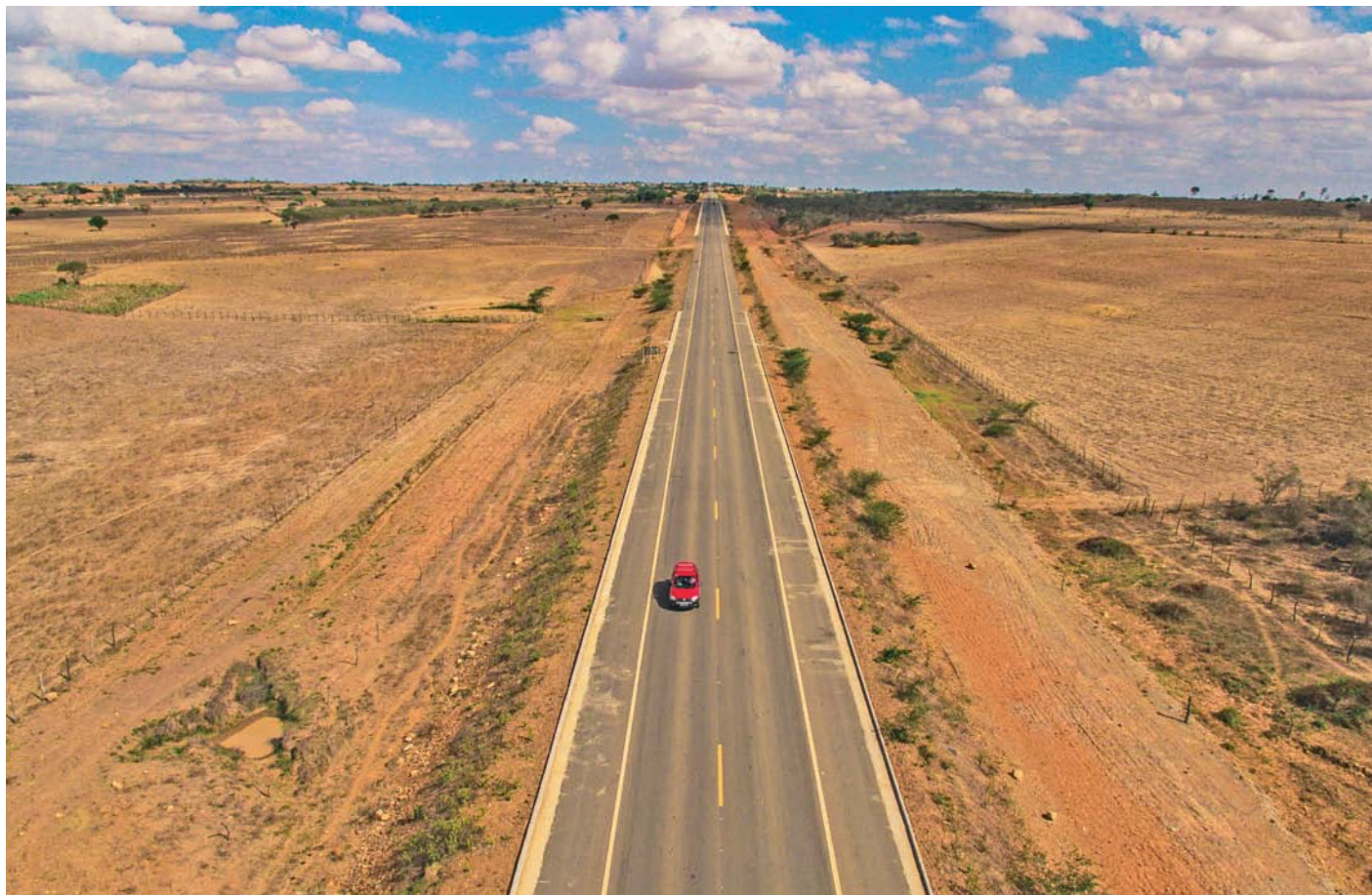
Connecting motorway to the Porto of Skikda
Algeria

- "Réalisation de la Liasion Autoroutière Reliant le Port de Skikda à l'Autoroute Est-Ouest sur 31km", in Skikda, aimed at the turnkey construction of a new motorway with a 2x3 lanes, 31km long, with thirty-seven structural works and five junctions, for a total value of approximately 300 million euros, with TD-EC leading the enterprise group with a stake of 75%. The respective service order was attributed on 02 July 2015, with an execution period of 24 months. Also in this work, due to imperatives of financial order, the projects were redefined from 2x3 lanes to 2x2 lanes, justifying an extension of contractual duration of 12 months, up to the end of the first quarter of 2018. The pertinent adaptations are currently being made to the implementation projects and the resources remobilised for the resumption of the work, which is likely to happen in the second quarter of 2017.

These last contracts reflect Teixeira Duarte's continuous and consequent focus on this country for over ten years and consolidate the importance of Algeria in the Group's Construction sector, primarily in the area of Infrastructures, where the portfolio of this area of action currently amounts to approximately 457 million euros.

In **Brazil**, the year of 2016 was marked by the creation of the branch of TD-EC, thus accomplishing one of the objectives delineated in the strategy of growth and brand reinforcement in this market. With this measure, we believe that it will be possible to expand the Group's scope of action in this country, especially in engineering projects in the area of infrastructures, through the attraction of new contracts of considerable size, namely large-scale bridges, major dams, underground works, basic sanitation, hydroelectric installations and concessions, among others.

At the same time, a restructuring of the company has been pursued, moving the Group's centre of decision-making and shared services to São Paulo, the economic capital of Brazil. These measures have create the baseline conditions to enable a more effective and comprehensive response to the public and private market which is expected to return to show growth from 2017 onwards, in an economic, regulatory and political environment that should be different from that experienced over these last few years.



DNIT - Construction of Highway BR 235/BA
Coronel João Sá - State of Bahia | Brazil

Due to the recent circumstances, Brazil has witnessed a significant turnaround in national policies, particularly in the economic areas, with this new government currently focusing on boosting economic recovery, based on policies encouraging private initiative and the construction sector in all its areas of action. According to the announcements that have been made, the public investment plan in infrastructures will concentrate on the areas of urban mobility and basic sanitation, while the major infrastructures involving energy, roads, railways, ports and airports should be stimulated by the private sector, which will benefit from specific incentive measures.

There is, in this context, a widespread feeling of change and positioning of the investors towards the new cycle of growth which is approaching, where the year of 2017 is expected to be one of economic turnaround, with forecasts pointing to economic recovery and return to growth. This scenario underlies our belief that TD-EC shall have opportunities to cement and strengthen its intervention in Brazil in the area of infrastructures, contributing with its experience and knowledge to this new cycle.

The Group has operated through its participated company "EMPA, S.A." in this area of infrastructures in Brazil, especially in the States of Minas Gerais, Rio de Janeiro, Espírito Santo, Bahia, Maranhão and Pará.

In 2016, the level of activity of this area of action increased by around 20% in relation to the previous year, as a result of thirteen contracts under implementation.

During 2016, the following contracts were completed:

- "Civil Works On Shore 3 - Port of Açú", in the State of Rio de Janeiro, for "Anglo Ferrous Minas Rio Mineração, S.A.";
- "Improvement and Paving Works for the MG-230 Highway, Serra do Salitre to Rio Paranaíba section", in Minas Gerais, for "Departamento de Estradas de Rodagem de Minas (DER/MG)";
- "Construction of the Jurong Shipyard", in Aracruz, State of Espírito Santo, for "Yard Aracruz(EJA)";
- "Civil Works On Shore 5 - Port of Açú", in the State of Rio de Janeiro, for "Anglo Ferrous Minas Rio Mineração, S.A.".



VALE - Expansion of Carajás Railroad
Santa Inês - State of Maranhão | Brazil

Throughout the year under review, the development of the base and implementation projects continued for the following contracts concluded with "DNIT-Departamento Nacional de Infraestrutura de Transportes":

- "Preparation of Projects and Execution of Duplication Works on the BR-101/BA Highway", at Esplanada, in the State of Bahia;
- "Preparation of Projects and Execution of Adjustment Works on the BR-440/MG Highway", at Juiz de Fora, in the State of Minas Gerais;
- "Preparation of Projects and Execution of Duplication Works on the BR-116/BA Highway", at Jeremoabo, in the State of Bahia.

In addition to the works mentioned above, the execution of the following contracts continued:

- "Construction of the BR 235 Highway", in the city of Coronel João Sá, State of Bahia, for "DNIT - Departamento Nacional de Infraestruturas de Transportes";
- "Slope Stabilisation of the Cava Oeste Sector of Mina de Águas Claras", in the city of Nova Lima, State of Minas Gerais, for "MBR - Mineração Brasileira Reunidas, S.A.", a participated company of the "Vale Group", with this contract being at a completion stage;
- "Civil Works at the Marine Terminal of Ponta da Madeira" in São Luís, State of Maranhão, for "Vale, S.A.", with this work being at a completion stage;
- "Expansion of the Carajás Railroad" in Santa Inês, State of Maranhão: this is a railway contract, implemented in consortium with the Group company "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda." for the client "Vale, S.A."

In the fourth quarter of 2016, the following contract was also awarded:

- "Expansion of the Carajás Railroad, block G" in Marabá, State of Pará, for "Vale, S.A.", entrusted to "EMPA, S.A." in consortium with the Group company "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda." with stakes of 70% and 30%, respectively, for the value of 66.5 million euros with an execution period of 759 days. This work was contracted under a total enterprise arrangement, covering the construction of civil construction works, drainage, current and special engineering structures, earthworks and signalling infrastructure, relative to the execution of the duplications of various segments of the Carajás-EFC railway infrastructure.



VALE - Expansion of Carajás Railroad, block G
Marabá - State of Pará | Brazil

At the end of 2016, following the budget adjustments promoted by the Federal Government, the service order was received to start the duplication work on the BR-101/BA highway, at Esplanada, in the State of Bahia, for "DNIT - Departamento Nacional de Infraestrutura de Transportes".

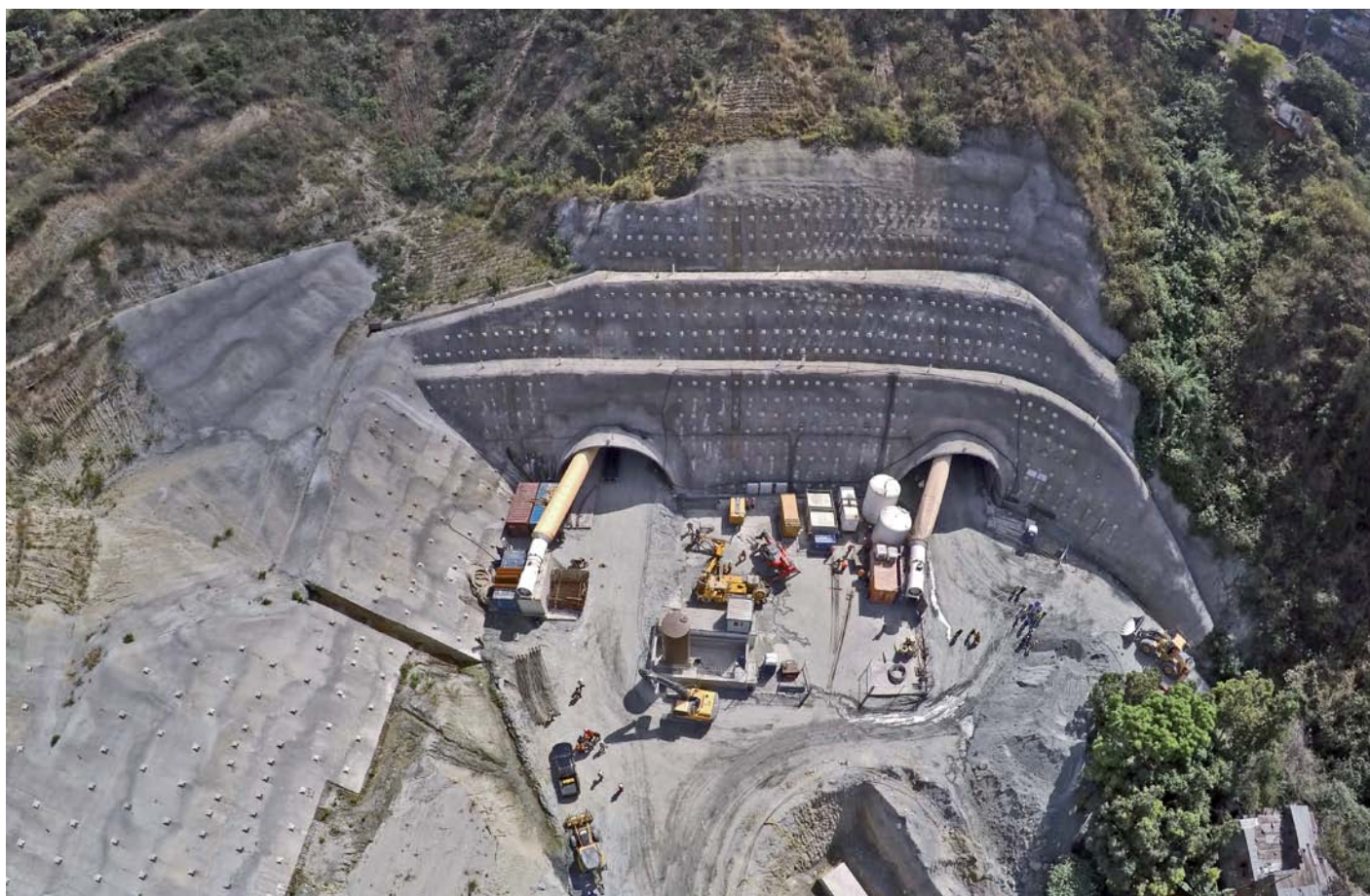
Currently, the portfolio of work of the area of action of Infrastructures in this market stands at around 180 million euros, where the outlook for 2017 is the consolidation of the growth of the activity already observed in 2016.

In **Venezuela**, during 2016 it was possible to proceed with the administrative closure of the important construction enterprise of the Port of La Guaira, which enabled assuring a significant growth in turnover in comparison to that observed in 2015, in this market.

However, the slowdown of investment in infrastructures also had an impact on the development of various memorandums of understanding relative to several infrastructural projects, among which, in particular, the project relative to "Nueva Autopista Alternativa Caracas - La Guaira".

Even so, we highlight the evolution of the following contract work during 2016:

- "Procura y Construcción del Muelle Oeste en la Ampliación y Modernización del Puerto de La Guaira", in the State of Vargas, for "Bolivariana de Puertos, S.A.", whose administrative closure culminated in the signing, in March 2017, of the corresponding definitive acceptance;
- "Construcción del Tunel Baralt, Distribuidor Macayapa y Viaducto Tacagua", in Caracas, for "Ministerio del Poder Popular para el Transporte Terrestre", which TD-EC implements through the "Boyacá - La Guaira Consortium", in which it holds a stake of 57.2%. In this work, the activities of revision of the studies and projects requested by the client continued, with strong impact on the Macayapa distributor and Baralt tunnel components, essentially as a result of the need to adapt the work in progress to the future "Nueva Autopista Alternativa Caracas - La Guaira". These alterations were primarily reflected in an increased number of circulation lanes of the infrastructures to be built (tunnel, viaducts and full-lane), resulting in very significant increases of some of the planned activities to be developed. In the



Ministerio del Poder Popular para el Transporte Terrestre – Construction of Baralt Tunnel
Caracas | Venezuela

field, during 2016, the strong constraints on the progress of the components of the Macayapa distributor and Tacagua viaduct were maintained, related to the dense occupation of the terrain and the inherent difficulties associated to the relocation processes. The indispensable intervention of the "Ministerio del Poder Popular para el Transporte Terrestre" is still awaited, and is required to give a new boost to the work for the completion of this important contract;

- "Planta Física de Nodos de la Red del Octavo Proyecto de Servicio Universal de Telecomunicaciones - Opsut", for "Compañía Nacional de Teléfonos de Venezuela (CANTV)". After the implementation and delivery to CANTV of 125 of the 213 junctions, distributed over various states of Venezuela, involving an area above 800,000km², the client reformulated its distribution plan of the fibre optic network and proposed the early completion of this contract, where the current network already covers over 85% of the country's area. It should stressed that most of the objectives delineated for this contract were fully achieved, notwithstanding the reduction of its object and the extremely complex logistics that were indispensable to assure the accomplishment of this work. It is foreseen that the administrative closure and its respective definitive acceptance may occur in the first semester of 2017;
- "Planta Física del Centro de Operaciones de la RED (COR) y Centro de Datos" for CANTV. This work has been completed and definitively accepted, with the corresponding administrative closure currently being underway;
- "Trabajos de Construcción para el Galpon destinado a Industrias Canaima" for "Telecom Venezuela, C.A.". This work has been completed, with the corresponding processes of and definitive acceptance and administrative closure having been started.

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

- "Consórcio Mineiro Luso Vargas, C.A." (CONLUVAR) is a mixed entity formed between the Government of the State of Vargas and TD-EC, primarily aimed at operating a quarry in the locality of Naiguatá, to supply material to third parties and for the works of "Procura y Construcción del Muelle Oeste en la Ampliación y Modernización del Puerto de La Guaira" and "Construcción del Tunel Baralt, Distribuidor Macayapa y Viaducto Tacagua", both being implemented by TD-EC. Having accomplished the principal objective, in particular concerning the construction work of the Port of La Guaira where it played a determinant role in the project's success, during 2016 the activity essentially involved supplies to external clients. Employing a total of 52 workers, 50 of which local, from the date

- of its creation in 2012, during 5 years of operation, this entity extracted, processed and distributed over 1,700,000m³ of aggregates, including materials for stone causeways, sands and crushed rock, currently being a reference company in the State of Vargas;
- "Adoquines Vargas, C.A." (ADOQUINVAR) is a mixed entity created in 2016 between the Governant of Vargas and TD-EC, aimed at restoring the operation of the factory of paving stones (cobble stones) established in 2013, in the context of the construction work of the Port of La Guaira. In a little over 10 months, in 2013, the factory produced, for the paving of the Port of La Guaira, more than 7,000,000 prefabricated units, in other words, around 170,000m² of material. From the beginning of its entry into production, in November 2016, employing only 10 workers, under the joint management of the State Government and TD-EC, this plant has already produced approximately 12,600m², and currently maintains an average daily production of 200m², with the entire production being sold;
- An important event in early 2017 was the signing, on 17 January 2017, of the "Strategic Alliance for Port Operation and Management of the Specialised Container Terminal of the Port of La Guaira", in Venezuela, with the company of the State of the Bolivarian Republic of Venezuela named "Bolivariana de Puertos (Bolipuertos), S.A.", aimed at optimising the development and growth of the terminal's activity, converting it into a transshipment port of the Caribbean Sea and Latin America. Pursuant to this Alliance, TD-EC shall be responsible, for a period of 20 years, for the marketing, conservation, operation, administration, construction and development of the aforesaid specialised container terminal of the Port of La Guaira, which has capacity to handle 1,000,000 TEU/year and an area of 17ha, covering a wharf length of 693m and holding ground of -15.2m. This terminal is endowed with cutting edge port operation equipment - 6 ship to shore (STS) container gantry cranes, 15 rubber tyred gantry (RTG) cranes on land, 2 reach-stackers, 6 frontal fork lifts, 32 terminal tractors and 40 platforms, in addition to administrative and technical facilities and areas for maintenance and repair of equipment, covering an area of more than 5ha. The organisational structuring and obtaining of all the mandatory permits and licenses for the performance of this activity is currently underway, and likewise the preparation of the operational procedures.

Over these last few years, Teixeira Duarte has accomplished numerous structural works crucial for the development of Venezuela, undertaking the responsibility and successful implementation of large-scale and highly complex contracts, with a strong component of engineering in various areas of action, reflecting not only its capacity, but also its presence of over 39 consecutive years in this country, where the portfolio of contracted works in this market amounts to approximately 315 million euros.

Regarding the commercial technical action carried out in **Other Markets**, we highlight the proposals submitted in Oman and Kuwait, for government and private clients and the submission of a short-listing process for a project of a major cable stayed bridge co-financed by the European Union, Pelješac Bridge, in Croatia, as well as the technical-commercial effort that has been progressively developed in various countries of Latin America, also aimed at expanding the business portfolio, developing new skills and new partnership models and acting as a regional player, consolidating the two strategic platforms of this region of the globe - Brazil and the Hispanic speaking nations.



BRISA – Reformulation of the Coima full-lane toll awning on the Fogueteiro / Coima sub-section on the A2 Motorway of the South Portugal

In the area of **METALWORKING**, the high specialisation of Teixeira Duarte's action in metal construction, is reflected in the accomplishment of highly complex works with a strong metal component, namely Metal Bridges and Viaducts, and a variety of large-scale Metal Buildings and Structures, whether acting in an integrated manner with the other sectors, or directly for final clients. Also incorporated in this area is the Mechanical speciality, with high know-how in the area of oil-hydraulics. The combination and integration of this knowledge endows the Metalworking section with a capacity to respond and develop solutions for projects with complex assemblies and handling of high loads as well as for the design, construction and rehabilitation of Hydro-mechanical Equipment and other Special Equipment.

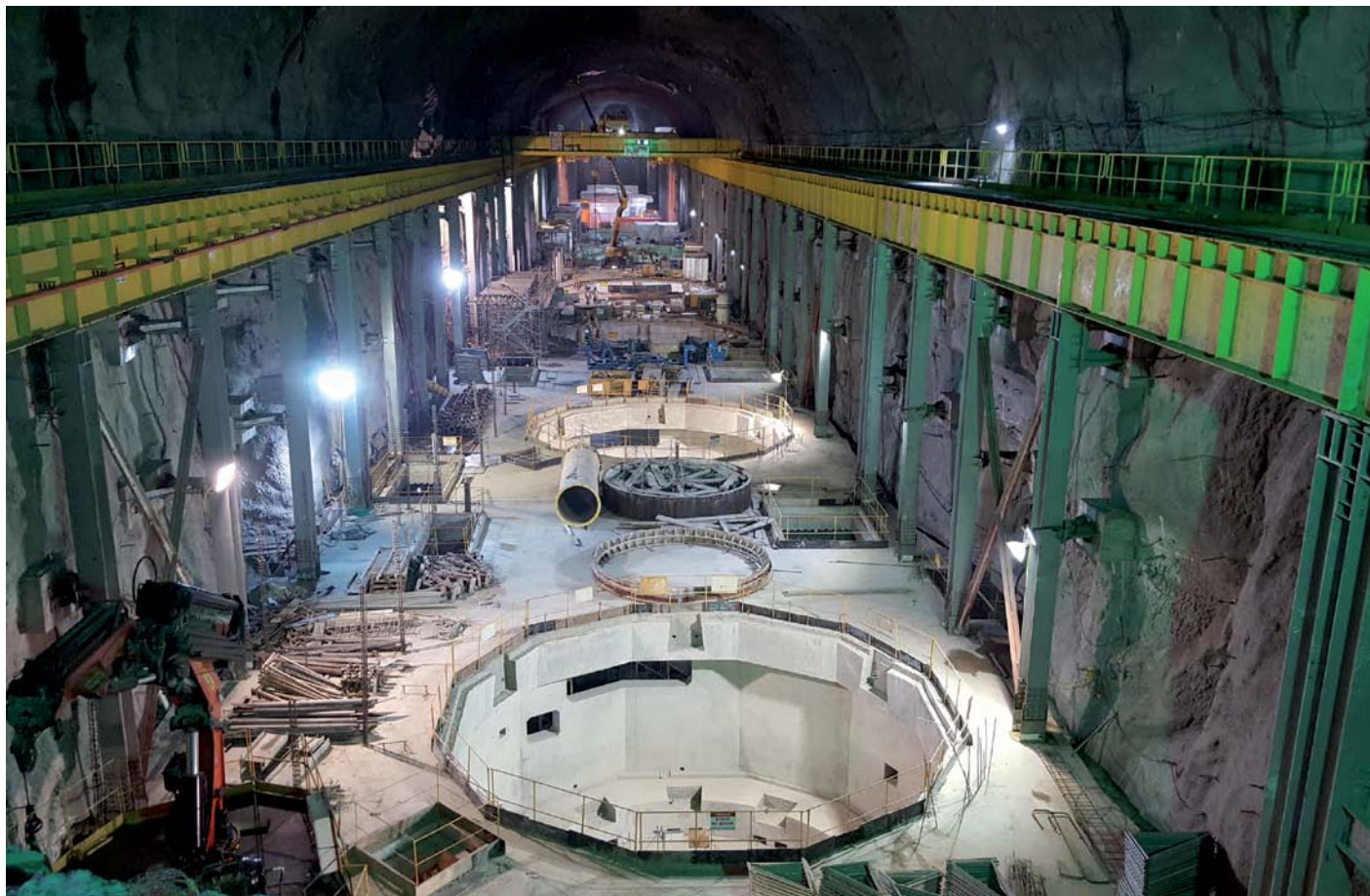
During 2016, the action of this Area continued extensively in the different geographic areas where Teixeira Duarte operates, with a slight increase of volume of activity having been recorded in relation to the previous year.

In **Portugal**, TD-EC recorded a similar rate of activity to that of the previous year.

At the workshop facilities of the Teixeira Duarte Operating Centre, in Montijo, special note should be made, on the one hand, to the manufacture of metal structures intended for various works – the most significant of which being the contracts underway in Algeria – and, on the other hand, the equipment repair and maintenance activity, both in-house and for companies of the Group, and for external clients such as "SOMINCOR – Sociedade Mineira de Neves – Corvo, S.A." and "EDP – Gestão de Produção de Energia, S.A.".

Regarding the rest of the activity of this Area of action of TD-EC, we highlight:

- The contract for "Adjust the upstream discharge sluice of the bottom outlet of Bouçã Dam to the dam safety regulation", for "EDP – Gestão de Produção de Energia, S.A.", which enable incorporating an interesting series of engineering solutions of the Company's different sectors;
- The contract for "Urgent repair of the Eiffel Bridge at PK 80+000 of the Minho Line", for "Infraestruturas de Portugal, S.A.", with replacement of support devices on the pillars/abutment and repair of pillar/abutment;



Construtora Norberto Odebrecht – Assembly of various metal structures in Laúca Hydroelectric Installation
Kwanza Norte | Angola

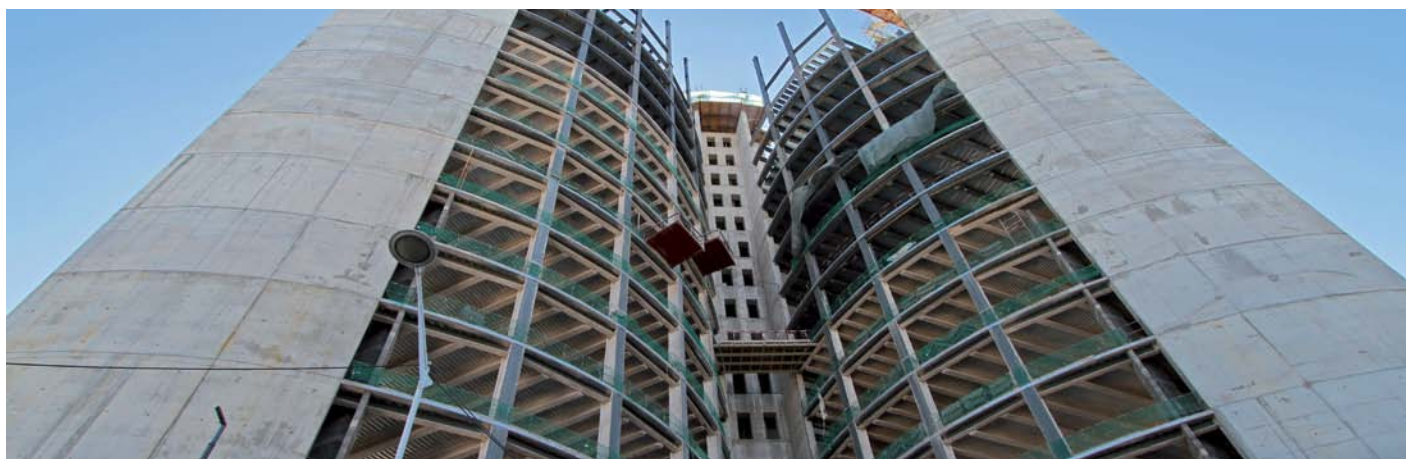
- The continued implementation of the technical assistance contract in the area of repair of mining equipment, for "SOMINCOR – Sociedade Mineira de Neves – Corvo, S.A.", under which a large part of the maintenance of the mobile mining exploration equipment of Neves Corvo Mine was carried out, through this collaboration which has lasted for various years and has been successively renewed;
- The "Contract for reformulation of the Coima full-lane toll awning on the Foguetreiro / Coima sub-section on the A2 Motorway of the South", for "BRISA – Concessão Rodoviária, S.A.". This work involves high logistics and planning requirements, in order to minimise the impact on the road traffic of this intensely used motorway, which constituted a critical factor for the client, and was successfully assured;
- Special note should also be made of the signing of a consortium contract with "Laboratório Nacional de Engenharia Civil" (LNEC) for the design and construction of a simulator of seismic testing.

In **Angola**, the retraction of the market and the decline of the activity of the Company's other Areas have implied a strong reduction of the action concerning Metalworking, whose teams even so continued with the production of metal structures for various construction projects, as well as the execution of workshop activities to support TD-EC's Equipment Department and other companies of the Group in Angola.

Through the production plant installed in the Operating Centre of Viana, support was given, through the manufacture of metal structures, to various works, in particular the expansion of "MAXI Morro Bento", "MAXI Golf" and the "Villa Sul" enterprise, all for companies of the Group.

In the "CLOD – Centro de Logística e Distribuição de Luanda" contract, already completed, the Mechanical Engineering section played an extremely important role in the components of metal construction and coatings.

In the major project of Laúca Hydroelectric Installation, Teixeira Duarte, through its Metalworking area, continued the collaboration with "Construtora Norberto Odebrecht" in the assembly of various metal structures, namely in the powerhouse and water intake.



AGB - Head office of Gulf Bank Algeria - Assembly of metallic structures
Algiers | Algeria

DEINFRA - Restoration and rehabilitation of Hercílio Luz Bridge - Provisional sustaining of the central deck
Florianópolis | Brazil

In **Algeria**, the work continued in the assembly of the metal structures inherent to the "AGB - Nouveaux Siege social Gulf Bank Algeria" project, composed of the construction of three buildings, including two towers of 24 floors and a height of approximately 110 metres, which has a structural solution based on a bolted attachment structure. These structures were previously manufactured at the workshops in the Teixeira Duarte Operating Centre, in Portugal, and then exported to Algeria. This is an impressive construction, unique in Algeria due to its height and type of constructive solution, and is also the highest metal structure construction in buildings that has ever been produced by the Metalworking area.

For the "AGA - Controle et suivi des travaux de réalisations dès installations et équipements d'exploitation de l'autoroute Est-Ouest-Lot Ouest" project, various structures were built in support buildings. For 2017 the outlook of increased Metalworking in this project is maintained, namely with the construction of the awning structures to cover the tolls and remaining supporting buildings.

Various metal structure works were also carried out incorporated in contracts implemented for "A.N.E.S.R.I.F. - Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires", namely at the Nacária and Moustapha stations.

In **Brazil**, in collaboration Geotechnics and Rehabilitation, the provisional support of the central deck of Hercílio Luz Bridge, in Florianópolis, State of Santa Catarina, for "Departamento Estadual de Infraestrutura - DEINFRA" was completed. Following this first intervention and already under a new contract for "Restoration and Rehabilitation of Hercílio Luz Bridge in Florianópolis - Santa Catarina" awarded to TD-EC, there are numerous interventions of high technical complexity to be implemented in this area of Metalworking.



Ferrovial / MSF - Construction of the Aspiration and Forced-Air System below level 800 - CV04
Sabrosa | Portugal

In **UNDERGROUND WORKS**, the Teixeira Duarte Group includes a specialist company, "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS, S.A.), with extensive experience in this area, equipped with the most advanced resources for the implementation of work of this nature, which involves the civil engineering and mining areas.

In 2016, EPOS, S.A. operated in Portugal (which accounted for around 80% of its income), Spain, Angola, Venezuela, Colombia and more recently in Peru, through branches constituted locally, with a substantial reduction of its activity having been recorded as a whole.

In **Portugal**, EPOS maintained the strong component of its production in work for the mining industry, considerably reducing the income from civil engineering works due to the completion of the Marão tunnel project and the general contract for Construction of the Reinforcement of the Power Output of Salomonde.

To summarise, the following production activities developed in 2016 were of particular interest:

- In the context of the interventions carried out at Neves Corvo Mine we highlight the completion, on 31 March 2016, of the three contracts in force and the beginning of a new contract, also concluded with "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A." (In force from 1 April until 30 December 2018) aimed at the development of the mining infrastructure, transport and the application of shotcrete at Neves Corvo Mine.

During 2016, under the contracts referred to above, 4 km of tunnels and galleries were excavated for development of mining infrastructure, 29 thousand m³ of shotcrete were applied and 57 thousand units of steel nailing were implemented.

Also worthy of note, in the context of rehabilitation of mining infrastructure, was the activity developed with shaft liner equipment and technology, developed by EPOS, S.A, completing approximately 50m of treatment and coating in ventilation shafts.

In terms of ore excavation, the volumes produced were at the same level as the previous year, with 263 thousand tons having been extracted;



Underground Cellar of Quinta do Tedo - Execution of an underground gallery
Folgosa | Portugal

- The general contract for Construction of the Reinforcement of the Power Output of Salomonde - Salomonde II, awarded by "EDP - Gestão da Produção de Energia, S.A.", in which E.P.O.S., S.A. develops its activity within the enterprise group "CONSTRUSALAMONDE, A.C.E.", although completed on 30 November 2015, included various works in 2016 in the respective contract, due to the signing of Additional Agreement Number 2 to the General Contract for Construction with "EDP - Gestão da Produção de Energia, S.A.";
- The contract for construction of the IP4 (A4) Marão Tunnel (under a design/construction scheme), implemented in consortium with TD-EC for "Infraestruturas de Portugal, S.A.", was completed in the beginning of the month of May. Without compromising the provisional acceptance of this contract work and as a consequence, the functioning of the enterprise, the removal of rubble from the provisional dump of the site (V5A) to the definitive dump took place throughout the entire year of 2016;
- The participation in various works in Aljustrel Mine, for "ALMINA - Minas do Alentejo S.A.", where we highlight the implementation of 5.5 km of double cables for support and 15 km of deep hole drilling for dismantlement of ore seams;
- The contract for Construction of the Aspiration and Forced-Air System below level 800 - CV04 of Gouvães Hydroelectric Installation, awarded at the end of November by "Ferrovia / MSF - Barragens, ACE", consists of the excavation of various components of the Hydraulic Circuit, with an execution period of approximately 7 months and a value of close to 6.1 million euros. The excavation work started in December and its completion is foreseen for July 2017;
- The contract for the "Underground Cellar of Quinta do Tedo" awarded in November, for an approximate value of 550 thousand euros, consists of the execution of an underground gallery that will be used as a wine cellar as well as an extension of the false tunnel which will be used to create a car park;
- The contract for "Bouça Dam - Excavation of the Aeration Shaft" consisted of the execution of a shaft of a depth of 57m and diameter of 1.5m using the raise boring technique. The work, with a value of around 200 thousand euros and carried out in 5 months, was completed in November 2016.



Construtor M2 Lima Consortium – Excavation and coating of two galleries in Lima Metro
Lima| Peru

Special note should also be made of the action developed by the Geology and Instrumentation Department of EPOS, S.A., through which permanent support was maintained to the different works in Portugal, Venezuela, Angola and Peru, where we stress, due to their importance, the follow-up of interpretation and geological mapping of Marão Tunnel, which generated over 1,500 descriptive reports of the geological aspects and the geotechnical and structural monitoring.

In **Angola**, the work started at the beginning of the year in the hydraulic circuit of Laúca Hydroelectric Installation, in Kwanza Norte, outsourced to "Odebrecht Angola Construção e Projectos de Engenharia, S.A. (Angola Branch)" was completed. In total, 5.5 km of large-section tunnels and 344 metres of shafts with a diameter of 8 metres were excavated, amounting to approximately 630 thousand m³ of excavated rock. For this same client, during 2016, a contract was also concluded for provision of services of hire and operation of a shotcreting robot which is still in operation in 2017.

In **Colombia**, albeit without industrial activity, the branch maintained permanent technical-commercial contacts aimed at the attraction of contract work both in the hydroelectric and road sector, having submitted various proposals during 2016 for relevant projects that should start in 2017.



Boyacá - La Guaira Consortium - Construction of Baralt Tunnel
Caracas | Venezuela

In **Spain**, the activity continued concentrated in the mining sector, although having recorded a reduction in the volume of works carried out, compared to 2015, due to the dissolution of the contract with "Rio Narcea Recursos S.A." at Aguablanca Mine. However, the following projects continue with good activity levels:

- At Aguas Teñidas Mine, the continuation of the implementation of the contract for deep hole drilling with seam excavation concluded with "MATSA - Mina de Aguas Teñidas, S.A.U.";
- Execution of various contracts for technical assistance to the drilling operations, services of mechanical repair and operation of dumpers, operation of excavator-loaders, shotcreting robot and rock clearing equipment, at Mina de Boinás, for "Orovalle Minerals, S.L.".

In **Peru**, the "E.P.O.S., S.A." Branch was created in Peru, and a contract was concluded in December with the Construtor M2 Lima Consortium, which consists of the execution, in Lima metro, of two large galleries with a total length of 146m which will be excavated and coated. The duration of this subcontract is 6 months and it has an approximately value of 2.9 million euros.

In **Venezuela**, the construction work of the construction work of Baralt Tunnel, which include a complex and extensive section on the outskirts of Caracas in direction of the airport, where the Company is involved as a subcontractor of the "Boyacá - La Guaira Consortium" (in which TD-EC holds a stake), showed no developments for the tunnel component, with the contract having remained at a low rate of activity throughout the entire year of 2016.

In **RAILWAY WORKS**, "SOMAFEL – Engenharia e Obras Ferroviárias, S.A." (SOMAFEL, S.A.), is a company of the Teixeira Duarte Group (60% held) whose core business is the construction, renovation and conservation of railway infrastructures including their electrification (catenary work). The Group has progressively consolidated its operational action in the railway area, which is currently concentrated in Portugal, France, United Kingdom, Morocco, Algeria, Mozambique and Brazil, and has been developing a process to optimise its activity in these countries, where it works with 4 different track gauges.

In 2016, the Group increased its income in this area of Construction by around 7.5%, having reached income of approximately 34 million euros.

In fact, the increase recorded in Brazil through the local company in which it has a stake, "SOMAFEL – Obras Ferroviárias e Marítimas, Ltda.", surpassed the reductions of activity in Portugal, Algeria, Morocco and Mozambique.

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

With regard to maintenance:

- Continuation of the contract for Maintenance of Track and Catenary Infrastructures, allocated to the Maintenance Centres of Coimbra, Entroncamento and Caldas da Rainha, referred to as "Provision of Track and Catenary Maintenance Services – Lot 5", concluded with "Infraestruturas de Portugal, S.A." for a period of 5 years;
- Completion of the contract for "Provision of Track Appliance Maintenance Services for the National Railway Network, Broad Track – 2nd Quarter 2016", for "Infraestruturas de Portugal, S.A.";
- Start of the contract for "Provision of Track Appliance Maintenance Services for the National Railway Network – Lot V", for "Infraestruturas de Portugal, S.A.", with duration of 24 months. This contract covers the maintenance of the railroad switches of the Broad Track National Railway Network, in the geographic area corresponding to the Maintenance Centres of Coimbra, Entroncamento and Caldas da Rainha.

With regard to rehabilitation:

- Excavation Slope Stabilisation between Kms 133.060 and 133.170, along the Beira Alta Line, for "Infraestruturas de Portugal, S.A.";
- Definitive Repair of the Damaged Track Superstructure between PK 163.457 and PK 163.840, along the Oeste Line, following derailment, for "Infraestruturas de Portugal, S.A.";
- "Repair of Tracks at Parque Oficial POC-Entroncamento", for "EMEF – Empresa de Manutenção de Equipamento Ferroviário, S.A.";
- Definitive repair of the damaged track superstructure between PK 270.450 and PK 270.580, along the Oeste Line, following derailment, for "Infraestruturas de Portugal, S.A.";

With the launch of tenders for various railway projects delineated in the "Strategic Plan for Transport and Infrastructures", the year of 2016 was also marked by a modest recovery of commercial activity, in particular with the award of the following contracts to SOMAFEL, S.A. In the last quarter of 2016 which enable foreseeing an increase of the activity in Portugal in 2017:

- "Beira Alta Line – Replacement of bi-block concrete sleepers between Kms 158.250/167.490";
- "Electrification of the Minho Line between Nine and Viana do Castelo, also including Technical Stations".

Algeria continued to be a strategic and important market for this area of construction area of the Teixeira Duarte Group, where we highlight the work carried out in the following projects:

- Modernisation of the Thenia/Tizi-Ouzou Line and its electrification up to Oued Aissi, covering a total length of 75km, under a contract for "Agence Nationale d'Études et Suivi de la Realization des Investissements Ferroviaires" (ANESRIF). In 2016, there was a strong increase in the development of the railway works of this contract during the second semester, especially in the electrification work;
- Continuation of the work of the contract for installation and operationalisation of the 3,000 V direct current catenary of the Mineira Line, in the Eastern Zone of Annaba.



ANESRIF - Modernisation of the Thénia/TiziOuzou line and its electrification up to Oued Aissi
Algeria

In **Brazil**, the local company in which it holds a stake, "SOMAFEL - Obras Ferroviárias e Marítimas Ltda." (SOMAFEL, Ltda.) increased its activity in a very significant manner, which also implied a strong investment in human resources and heavy and light equipment.

In 2016, the following contracts were completed:

- Provision of services of installation of track on the surface light rail transit system, along 10 km, in consortium with a Brazilian company, in the network known in Brazil as Light Rail Transit (VLT) system, for "Concessionária do VLT Carioca S.A.";
- Provision of emergency maintenance services of the Metro-Railway System of Brasília, in consortium with Brazilian companies, being included in the contract for maintenance of the railway rolling stock, power, signalling, track and buildings, in the Federal District;
- Track Guide at the Marine Terminal of Ponta da Madeira, of a length of 5 km, in the context of the work of another company of the Teixeira Duarte Group for "Vale, S.A.", in São Luís, in the State of Maranhão;
- Track assembly on 10km of Salvador Metro, for "Consórcio Mobilidade Bahia", composed of companies of the "Andrade Gutierrez" and "Camargo Correa" Groups.

The implementation of the following contracts continued in 2016:

- Expansion of the Carajás Railroad - Projects CLN S11D, in consortium with another company of the Teixeira Duarte Group, "EMPA, S.A.", for "Vale, S.A.", of a length of 87km, in the State of Maranhão, which is foreseen to be completed during 2017;
- Expansion of the Carajás Railroad - Projects CLN S11D, in consortium with another company of the Teixeira Duarte Group, "EMPA, S.A.", for "Vale, S.A.", of a length of 43km, in the State of Pará, which is foreseen to be completed during 2018.

The good performances linked to agribusiness in Brazil suggest that in the medium term structural railway works will be launched to improve the transport of commodities, therefore it is expected that the level of income achieved in 2016 should be maintained.



VLT Carioca - Installation of surface light rail transit track
Rio de Janeiro | Brazil



Sistema Metroferroviário de Brasília - Provision of emergency maintenance services
Brasília | Brazil

In **France**, the activity of "SOMAFEL, S.A." has remained constant, essentially being characterised by the implementation of catenary work for similar French companies, in the "SNCF - Société Nationale des Chemins de Fer" network, where reference is made to the following:

- Catenary regulation work, carried out along the Rennes and Redon Line under the RV Rennes Redon contract;
- Catenary regulation and transfer work, carried out under the "Caténaire V350 STI st V200 STI apte à 220 sur ligne LGV Bretagne Pays de la Loire" contract.

In **Morocco**, the activity of 2016 was marked by the strong development of the contract for studies and railroad track, civil construction and catenary work, at the Kenitra terminal facilities - High Speed Link between Tangier and Kenitra, for "Office National des Chemins de Fer" (ONCF).

Following the award of an optional variant, this contract will extend over time, with its completion date being forecast for the first semester of 2017.

In the commercial area, a reduction was observed in the tenders launched by ONCF, although, even so, the Company participated in some important tenders, namely:

- "Réalisation des travaux de Réhabilitation du Tunnel de Rabat Ville et Renouvellement de la voie et de la caténaire", launched by ONCF, under the project aimed at increasing the capacity of the main railway axis between Tangiers - Kenitra - Casablanca - Marrakech;
- "Fourniture et Travaux Catenaires de Raccordement des Feeders aux Installations Catenaire en Gare de Kenitra".

With the Five-Year Action and Investment Programme (2012-2016) established by the Moroccan State drawing to its end, 2017 will be a year of transition with significant reduction of the productive activity. In 2017, the aim is to conduct the commercial follow-up of the contract works established in the PMR 2040 (Plan Maroc Rail 2040), which foresee the operationalisation of around 1,500 km of high speed lines (LGV) and approximately 2700 km of classic lines.

In **Mozambique**, during 2016 there was an exacerbation of the economic and financial crisis that had marked the second half of 2015,



ONCF - Studies and works for roads, civil construction and catenary, at Kenitra terminal facilities
High Speed Connection between Tangiers and Kenitra | Morocco

with the installation of extremely negative circumstances for the development of projects, namely with respect to transport, railway and port infrastructures.

The year of 2016 marked the beginning of action in the railway market of the United Kingdom of Great Britain and Northern Ireland, with a first approach having been made through the Catenary speciality, in view of the scale of the projects in progress in this area and the relevance of the projects delineated as priority in the British railway panorama.

For this purpose, a partnership was established with an English company, initially for the project and catenary construction areas, however, never losing sight of the possibility of submission of proposals for opportunities that might be detected in the track area.

We also highlight the signing of a consulting contract under a major electrification project underway in the United Kingdom; - "Consulting in the area of catenary project review for Network Rail, in the railway corridor of the GWEP - Great Western Electrification Project".

In the commercial area, a proposal was submitted for the construction of catenary in the contract awarded to Balfour Beatty, in the railway corridor of confluence of two railway administrations, Network Rail and Crossrail (TfL - Transport for London), South East Section - Abbey Wood Station .

Within the commercial prospects in this market, reference is made to the first major high speed project of the United Kingdom referred to as High Speed 2 (HS2), where the first phase involves the section between the cities of London and Birmingham, with the work foreseen to start during 2017.

Also of importance are the railway investment plans for the conventional line, referred to as Control Periods (CP), with duration of 5 years, with major investments being planned, namely of electrification in the following time periods; (CP 5) 2014/2019 and Control Period 6 (CP 6) 2020/2025.



DGRM - Rehabilitation of the Eastern Pier of Barra de Tavira
Tavira - Algarve | Portugal

CFM - Rehabilitation and extension of the Port of Beira
Beira | Mozambique

In the area of **MARITIME WORKS**, the Teixeira Duarte Group has capacity to carry out various types of port infrastructure works, such as commercial, fishing and nautical recreation ports; the construction and rehabilitation of coastal protection, such as piers, breakwaters, artificial beaches, and related defence works, hydraulic fills, sea outfalls as well as drainage operations and other sea and river works.

In 2016, "OFM - Obras Fluviais e Marítimas, S.A.", which was an important specialised entity in the Group for the implementation of the aforesaid sea and river works, was, under an in-house reorganisation process, extinguished by merger into its sole shareholder SOMAFEL, S.A..

Therefore, the assets of OFM, S.A. were fully incorporated in the sphere of SOMAFEL, S.A. which, as a consequence, undertook all the contractual positions, rights and obligations contracted by OFM, S.A. In the performance of its activity.

The Teixeira Duarte Group maintains its productive capacity in the context of maritime works, integrating the technical and human resources of OFM, S.A., as well as the necessary maritime equipment for the development of these types of works.

In **Portugal**, due to the economic crisis and consequent reduction of public and private investment, a heavy decline was recorded in this activity that, in 2016, was limited to the award of the contract, currently under execution by TD-EC, for "Rehabilitation of the Eastern Pier of Barra de Tavira", for "DGRM - Direção Geral de Recursos Naturais, Segurança e Serviços Marítimos".

In view of the news disclosed by the Central and Regional Government of the Azores, for the development of national and regional ports, it is expected that a series of tenders of some significance should be launched, the results of which will probably only be of consequence by the end of the year currently underway and in 2018.



Crestuma Dam - Design and assembly of a platform for the execution of geotechnical work
Porto | Portugal

In **Algeria**, the activity developed in 2016 was circumscribed to the signing of the contract and preparation of the contract for "Réalisation des travaux de réhabilitation des postes 1, 2 et 3 du port pétrolier de Bejaia", for "Entreprise Portuaire de Bejaia".

We also highlight the follow-up that has been maintained by TD-EC with the "Ministère de la Défense Nationale - Établissement de Construction et Réparation Navales" through numerous meetings to clarify the proposal submitted for the tender called "L'Étude et Réalisation d'un Complexe Élévateur à Bateaux d'Une Capacité de Lévage Util Égale ou Supérieur à 9000 Tonnes, dans la Base Navale Principale de Mers-El-Kebir". This contract, of a high value and technical complexity, is intended to be awarded during 2017.

In **Mozambique**, special note should be made of the awards achieved in 2016 for the contracts that are currently in progress:

- "Rehabilitation and Extension of Service Vessel Quay in Beira Port", for "CFM - Portos e Caminhos de Ferro de Moçambique, E.P.";
- "Restoration of Defences and Mooring Posts at the Port of Pemba", for CFM - Portos e Caminhos de Ferro de Moçambique, E.P..

Although without operational activity in this Area of Maritime Works in Angola, Brazil, Colombia, United States of America and Peru, the Teixeira Duarte Group continued its intense commercial action in the study of proposals, in the follow-up of clients, similar companies and partners with a view to making the most of synergies to attract contracts in these markets. This is especially the case in Brazil where proposals were submitted of a total value corresponding to around 210 million euros, with the consequent signing, during the year currently in progress, of a contract for "Execution of Dike C Sheet Piles of the Piaçaguera Canal", at the Facilities of the Port Terminal of Usiminas, in Cubatão - São Paulo, for VLI.

The **FORMWORK AND PRE-STRESSING OPERATIONS CENTRE (COC)** is the Operating Centre responsible for the management and development of the area of shuttering, falsework and prestressing of TD- EC.

In **Portugal**, note should be made of its collaboration in the design and assembly of a platform for the execution of the Geotechnical work at Crestuma Dam.



Central Department of Equipment - Teixeira Duarte Operating Centre
Montijo| Portugal

In **Angola**, the shuttering was implemented for the residential building Lot 32 on Ilha de Luanda and likewise the last phase of the structure of Clínica da Sagrada Esperança, in Talatona, Luanda.

In **Algeria**, the work continued on the application of shuttering for the new head office of Gulf Bank Alger (AGB) in Algiers, for the reinforced concrete structures of the East-West motorway stations and for the wastewater treatment station of Ali Mendjeli, in Constantine.

In **Brazil**, the shuttering work for the structure of the IURD building, in Curitiba, was completed.

In **Mozambique**, the shuttering work for the head office building of the Ministry of Agriculture, in Maputo, was completed.

The **CENTRAL OFFICE OF EQUIPMENT**, based at the Teixeira Duarte Operating Centre in Montijo, concentrates all the economic, administrative and technical management processes of the equipment in the different geographic areas. This department monitors and audits the application and standardisation of the technical procedures of the management of maintenance, as well as the allocation of technical personnel in the most varied projects.

In 2016, significant movements of equipment were made between markets in order to meet the different production needs, optimising fleet occupation with the consequent economic benefits.

The investment in equipment reached the value of 30,948 thousand euros, essentially due to the 7,343 thousand euros invested in Portugal, the 20,469 thousand euros in Algeria, the 1,777 thousand euros in Brazil and the 1,274 thousand euros in Mozambique.

IV.2. CONCESSIONS AND SERVICES

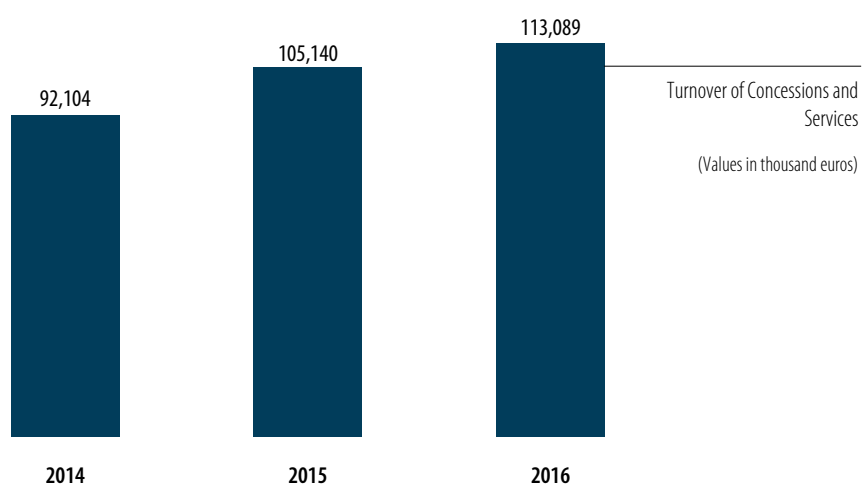
The Teixeira Duarte Group began to operate in this area in 1984, in Macau, through a holding in "CPM - Companhia de Parques de Macau, S.A." which it still owns and to which others have been added in Portugal, Angola, Brazil, Belgium, Spain, Mozambique and Qatar.

Currently, the Group's companies focus on different business areas, in particular Facilities Management, Facilities Services and the Environment.

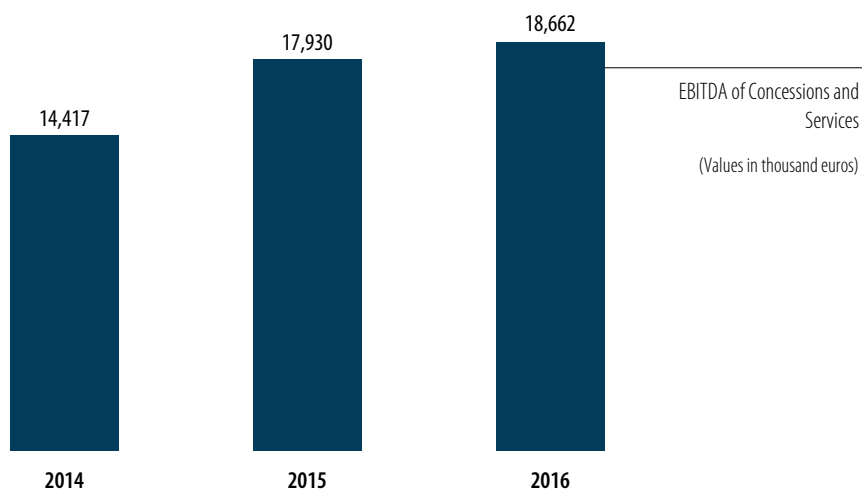
In this sector, Teixeira Duarte also holds several non-controlling interests in other companies whose management is not conducted by the Group's structures and which, in almost all cases, are not included in its consolidation perimeter. Various notes are also presented at the end of this chapter on the most important ones.

— CONTRIBUTION OF THIS SECTOR TO THE GROUP

In Concessions and Services, Turnover grew by 7.6% in relation to 2015, essentially due to the growth in Portugal and Belgium in the area of Facilities Management.



The EBITDA in this sector of Concessions and Services increased by 4.1%, with good performance in all the markets in which the Group operates.



– ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the Group's operating income in the Concessions and Services sector reached the total value of 138,080 thousand euros. Of this value, 56.6% refer to the activity developed abroad, where, as a whole, this figure reflects an increase of 0.8% in relation to 2015. Also, in order to portray the weight of the Group's main areas of action in this Sector, it should be noted that of the indicated non-consolidated income, 57% come from the Facilities Management area and 35% from the Environment area.

IV.2.1. COMPANIES CONTROLLED BY THE TEIXEIRA DUARTE GROUP

– FACILITIES MANAGEMENT / FACILITIES SERVICES

Teixeira Duarte has operated in the Facilities Management/Facilities Services since 2000, through the company incorporated by it specifically for this purpose in Portugal, and from the very beginning 100% controlled by it, named "TDGI - Tecnologia de Gestão de Imóveis, S.A." / (TDGI, S.A.).

In this context, the main areas of action of TDGI are (i) Integrated Management of Hard and Soft Services; (ii) Technical Maintenance; (iii) Analysis, Diagnosis and Energy Solutions; and (iv) Management of Places and Construction Sites.

Being a Facilities Management company, first and foremost responding to the needs of its customers and aimed at creating a comprehensive series of differentiating solutions capable of meeting the daily and growing needs of the market, it also focuses on specific business areas such as Collective Restaurants with the brand name *SmartFood*, Management of Car Parks with the brand name *AutoPark* and Management of Business Condominiums with the brand name *SpacePartners*.

Under the general objective of creating factors of differentiation, TDGI, S.A. Continues to focus strongly on the proximity of its teams with its clients and their goals, as well as on technologically based solutions, developed in-house or in partnership, that enable bringing in agility, large-scale coverage and efficiency to the services, with adaptation to the specific needs of its clients, as is the case of the brands *Glose EAM*, *Inergy* and *Controlo 24*.

At an international level, this activity is not developed by TDGI, S.A., but rather by other companies of the Teixeira Duarte Group which operate in the current eight different markets and use, with the support of the means and resources of TDGI, S.A., the brand TDGI: enabling the consolidation of a strong brand name, with solid values and a coherent image in all markets, inclusively facilitating the attraction of multinational clients.

In **Portugal**, TDGI, S.A. once again continued with growth of the activity, both through the strengthening of the existing contractual relations and by the attraction of new contracts.

In the areas of Integrated Management of Hard and Soft Services and Technical Maintenance, which represent the core business, the increased turnover was significant in the various markets in which the Company operates. Thus, in the area of Buildings, we highlight the start of the Contract for Maintenance of the Facilities and Equipment for "GALP" at Torres de Lisboa, as well as the start-up of the Overall Management Contract for "NOKIA". These are two new large-scale contracts, with reference multinationals, which are in line with the business development strategy.

In the area of Healthcare, we highlight the extension of the Contract for Overall Maintenance of Medical Facilities and Equipment of the different units of the "Lusiadas Saúde Group" and at "Hospital de Cascais".



GALP - Contract for maintenance of facilities and equipment - Torres de Lisboa
Lisbon | Portugal

NOKIA - Overall Management Contract
Alfragide | Portugal

With respect to the Industrial area, the year of 2016 confirmed the growing focus of TDGI on this sector, as, in addition to the continuation of the work developed with clients such as "Nestlé Portugal S.A." (Nestlé) and "Unilever Jerónimo Martins Lda." (Unilever), 2016 was a year of expansion of the contracts and number of contracting.

Special note should be made of the start of the provision of services for Nestlé, at the Avanca and Porto factories, as well as at the Distribution Centre , namely in the area of Hard Services - such as Maintenance of PT, UPS, Elevators, Fire Fighting Equipmen, Thermography, among others - and in the area of Soft Services - Cleaning, Pest Control (highly critical service in the food industry), Maintenance of Green Areas, aste Collection, among others.

Regarding Nestlé, it should be mentioned that this contract is operated by TDGI, S.A. According to a partnership agreement maintained for a number of years with SODEXO - one of the largest multinationals in this sector - ans with which Teixeira Duarte has progressively cemented relations of trust and leveraging of synergies.

In this area of Facilities Management and Maintenance, we also highlight the reinforcement of the Retail area, through the extension of various existing contracts, as is the case of "DECATHLON", with which TDGI has worked for several years, and the achievement of the new contract with the prestigious brand "HUGO BOSS".

In the area of Analysis and Diagnostics/ Energy Solutions, TDGI also recorded increased turnover, particularly in the areas of Energy Certification and Technical Audits in hospital, hotel, office and residential buildings. In this area, the Company has progressively positioned itself among its clients as a technical and strategic partner, providing a continuous service focused on reducing energy consumption, through the preparation of Energy Rationalisation Plans (PRE), the verification of the conditions of operation and conservation of the technical installations and the assessment of the Quality of Indoor Air (QAI).



European Council - Maintenance of civil construction
Brussels | Belgium

Hospital Moriah - Contract for provision of maintenance services at hospital facilities
São Paulo | Brazil

During 2016, TDGI, S.A. continued to develop, through the area of Management of Spaces and Work Sites, processes of relevance in the remodelling of indoor spaces aimed at meeting needs in terms of versatility, optimisation and efficiency in the occupation of these spaces by the clients.

We highlight the "ARVAL" project and work and the execution of a series of works for companies such as "Pfizer Biofarmacêutica, Sociedade Unipessoal Lda.", "BP Portuguesa, S.A.", "Procter & Gamble Portugal - Produtos de Consumo, Higiene e Saúde S.A.", among others.

In **Angola**, reference is made to the efforts developed in the accomplishment of solutions which enabled, despite the adverse circumstances acting against the implementation of services, the maintenance of the existing contractual relations with various clients with renowned brands such as "CHEVRON", "TOTAL", "BANCO CAIXA GERAL ANGOLA" and "BNI".

In **Algeria** the various works continued in the area of Facilities Management, supporting Teixeira Duarte's activity in this country, as well as the execution of the contract for provision of management, maintenance and technical assistance services for the central buildings of "AGB - Gulf Bank Algeria" in Algiers, a contract achieved following the construction of these buildings carried out by the Teixeira Duarte Group for this same bank.

In **Belgium**, the year of 2016 began with the start-up of the contract with the "EUROPEAN COUNCIL", which was awarded by the International Public Tender during 2015. This contract involves the accomplishment of the maintenance of civil construction of almost 400,000m² of buildings of the European Council in Brussels, supported by a permanent team of 30 workers, with a forecast duration of seven years and estimated total value of 27 million euros.

It was also during 2016 that the work of remodelling the Residence of the Ambassador of Angola in Brussels was completed, with the villa having been completely remodelled.

In addition to these projects, the strong growth of the activity in this market was also influenced by the execution of the contract for maintenance of the facilities of Pfizer, in Zaventem.

In **Brazil**, in 2016, TDGI consolidated and expanded its action with reference clients in the areas of maintenance of buildings in the retail, industrial and hospital sectors, in particular the following:

- Continuation of the services contracted in 2015 with the American oil company "HALLIBURTON", at its facilities in Macaé;
- Execution of the general maintenance contract for the head office of TMKT Brasil, in São Paulo;
- Start of the contract, also in Macaé, with the American oil company "BAKER HUGHES", where TDGI is responsible for the Maintenance and Management of Facilities of its five operational bases;
- Start of the Contract for provision of maintenance services at the hospital facilities of Hospital Moriah, in São Paulo.

In **Spain**, there was also significant growth of the activity during 2016, both through the consolidation of the existing contractual relations and by the award of new contracts, with the following having been of particular interest:

- The reinforcement of the contracts with major clients, such as "CBRE", "VINCI FACILITIES" and "GOODYEAR";
- Success continued in the areas of Hard and Soft Services and Technical Maintenance, in the Buildings of "General Electric", "Pfizer", "Credit Suisse", "Flag Telecom", "Unisys", "Boeing", "Vmware", "Goodyear" and "Parking Europa";
- Start-up of activity in various Buildings of "ALSTOM" and at the facilities of "EMC2".

In **Mozambique**, we highlight the capacity to maintain most of the contracts with clients such as "ENI", "TERMINAL DE CARVÃO DA MATOLA", "MILLENNIUM BIM", "BCI", despite the less favourable conditions experienced in this market.

With regard to **Qatar**, 2016 was the year of the start-up of activity through the entity ("TDGISERV") incorporated jointly with a local company with over 30 years of experience in the area of services associated to the Oil and Gas sector, through which a contract was awarded for the Maintenance of Facilities and Equipment of a lot of buildings belonging to the "QATAR FOUNDATION". This contract, which started in 2016 with duration of 5 years, includes the maintenance of an enormous set of properties, in particular the new hospital Sidra Medical and Research Center, the Al Shaqab Equestrian Centre, as well as other buildings and technical facilities of a considerable size. Reference should also be made to the achievement of a new contract in Qatar, during 2016, relative to the Maintenance of Facilities and Equipment of the Al Handasa Complex for "AL ALFIA HOLDING", an enterprise composed of office and residential buildings, used by one of the most prestigious entities in the country, which is Qatar Petroleum.

– ENVIRONMENT

This is an area of action that has been gradually consolidated and optimised by the Group, but which is not currently considered as strategic for the development of Teixeira Duarte's future action.

In 2016, the Teixeira Duarte Group operated in the area of the ENVIRONMENT in three distinct markets: in Portugal through the companies in which it holds a stake "RECOLTE - Serviços e Meio Ambiente, S.A." (RECOLTE), "RECOLTE - Serviços e Meio Ambiente, (Porto) S.A." (RECOLTE PORTO) e "RECOLTE - Serviços e Meio Ambiente, (Açores) Unipessoal, Lda." (RECOLTE AÇORES); in Spain through "RECOLTE - Servicios y Medioambiente, S.A.U" (RECOLTE, S.A.U); and in Angola through another company of the Teixeira Duarte Group which operates in this market and uses, with the support of means and resources, the RECOLTE brand.

In 2016, the turnover of these companies in the different geographic areas in which they operate in the area of the Environment reached a total value of approximately 42 million euros, based on the effort of over 1,000 employees.

In **Portugal**, RECOLTE essentially operates in the areas of design and operation of cleaning and urban hygiene systems, in urban, industrial



Maintenance of gardens and green areas
Portugal

Industrial collection
Portugal

Maintenance of gardens and green areas
Portugal

Collection of solid urban waste
Portugal

and hospital solid waste management systems, in the construction and maintenance of gardens and green areas, construction of equipment and waste treatment and management plants, and also in the cleaning of beaches and coastal zones.

In 2015, RECOLTE achieved a turnover of 14 million euros, representing growth above 7% in relation to the previous year.

The activity in Portugal during this year essentially consisted of the continuation of the existing service contracts, the vast majority of which are multi-annual, which confers great stability to this area of activity with respect to turnover and management of the resources involved.

Most of the operating income of this company, obtained above all in the sphere of the Municipalities and Municipal Companies, was derived both from the continuation of contracts and new contracts in the area of Collection of Urban Solid Waste, Urban Cleaning, Waste Management and Cleaning of Containers carried out:

- In various Municipalities of Mainland Portugal and Islands, where we highlight the services provided in Alenquer, Cartaxo, Cascais, Espinho, Estremoz, Figueira da Foz, Lagoa (Algarve), Lagoa (Azores), Loulé, Maia, Moura, Ponta Delgada (Azores), Ponte de Sor, Porto, Reguengos de Monsaraz, Ribeira Grande (Azores), Santa Cruz (Madeira), São Brás de Alportel, São João da Madeira, Setúbal, Silves and Vila Franca do Campo (Azores);
- And also for other public and private entities, such as "ANA - Aeroportos de Portugal, S.A.", "Águas do Norte, S.A.", "BRISA - Autoestradas de Portugal, S.A.", "DOCAPESCA, Portos e Lotas S.A." and "VALORSUL, S.A.", among others.

Among the main work concerning Construction and Maintenance of Gardens and Green Areas carried out in 2016, we highlight the following implemented for:

- The Municipalities of Cascais, Lisbon, Maia, Matosinhos, Oeiras, Sintra and Vila Franca de Xira;



Cleaning and urban hygiene
Spain

- And also for other public and private entities, in particular "ANAC – Autoridade Nacional da Aviação Civil", "EMEF – Empresa de Manutenção de Equipamento Ferroviário, S.A.", "Metro do Porto S.A.", "TAGUSPARK – Sociedade de Promoção e Desenvolvimento do Parque de Ciência e Tecnologia da Área de Lisboa, S.A." and RRC – Ramalho Rosa Cobetar, S.A., as well as the work for companies of the Teixeira Duarte Group, namely "Teixeira Duarte – Engenharia e Construções, S.A.", "TDGI – Gestão e Manutenção de Imóveis, S.A." and a "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.", for which the contract for preventive maintenance of slopes of a significant part of the railway lines of the North, Beira Alta and Oeste (West) was continued.

In the context of Management and Treatment of Hazardous Hospital Waste – the most recent area of activity of RECOLTE – having completed the contract for "ARM – Águas e Resíduos da Madeira, S.A.", a new contract was started on the Island of São Miguel, Azores, for "Hospital Divino Espírito Santo de Ponta Delgada, EPER", with a new company having been incorporated aimed at providing a better response to the particularities of the market of the Autonomous Region of the Azores: **RECOLTE AÇORES**, 100% held by RECOLTE, which is awaiting the attribution of the License for Management and Treatment of Hospital Waste by the regional authorities.

During 2016, RECOLTE participated in most of the tenders of the Environment area in Mainland Portugal and Islands, having submitted, to public and private tenders, a total of 521 proposals and projects, of the value of 105 million euros.

For 2017, in Portugal, in spite of the added difficulty arising from the significant growth of competition with the emergence of new companies operating in the Environment area from other activity sectors, it is estimated that turnover should be in line with that observed in 2016.

RECOLTE PORTO is a specific purpose entity, 100% held by RECOLTE, S.A.U., whose sole object is solid urban waste collection and urban cleaning covering a significant part of the city of Porto.

This company achieved a turnover of approximately 4 million euros, in line with the figure for the previous year, since this is a contract with no fluctuations in its object up to its termination. The outlook for 2017 points to an identical turnover.

In **Spain**, the local company **RECOLTE, S.A.U.** is 100% held by RECOLTE and, apart from being the main vehicle company for other business areas of the Teixeira Duarte Group in Spain, it is dedicated, just as RECOLTE, to the provision of various services related to the Environment, namely in the market of overall management of urban, industrial and hospital solid waste, washing and disinfection of urban solid waste containers, urban street cleaning, the design, construction and maintenance of gardens, cleaning and maintenance of beaches and coastal zones, as well as operations of cleaning and maintenance of woods and communication routes.

In 2016, RECOLTE achieved a turnover of 24.1 million euros, corresponding to around 4.6% less than that recorded in the previous year.

Among the various operations underway during 2016 in the area of Urban Solid Waste Collection, Street Cleaning and Management of Ecocentres, those developed in Comunidade de Madrid (Ayuntamientos de San Lorenzo de El Escorial and Griñón), in Comunidade de Andaluzia (Ayuntamiento de Benalmadena, Cartaya, La Línea de la Concepción, Mairena, Manilva), in Comunidade da Galiza (Mancomunidade dos Concellos do Morrazo, which includes the Ayuntamientos de Cangas, Bueu and Moaña) and in Comunidade da Catalunha (Ayuntamiento de Arenys de Mar and Arenys de Munt), where a new Door-to-Door waste collection system was implemented.

During 2016, new contracts were concluded in Andaluzia (La Línea de la Concepción, Manilva and Complejo Hotelero Barceló Santi Petri), in Madrid (La Mancomunidad de Municipios de Valle Norte del Lozoya) and Catalonia (Arenys de Munt). These contracts and other less relevant ones amounted to a total value of close to 2 million euros.

In the area of Beach Maintenance and Cleaning, the implementation of the contracts continued in Comunidade da Andaluzia, in Ayuntamiento de El Puerto de Santa Maria, and in the area of Park and Garden Maintenance, the implementation of the contract continued for Ayuntamiento de Algeciras, in Comunidade de Andaluzia, and in El Puerto de Santa Maria which also includes the conservation of public parks and pine woods.

As in previous years, an investment was made in equipment which, during 2016, amounted to one million euros, primarily corresponding to the acquisition of equipment required for new contracts and replacement of obsolete equipment by more technically and environmentally efficient equipment.

Concerning the technical commercial activity, more than 180 proposals were submitted to public and private tenders, amounting to a total value of approximately 85 million euros, which enables foreseeing that the activity levels should be maintained in 2017.

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

After the completion of the construction of Cascais Hospital in February 2010, TDHOSP's activity has concentrated, since this date, on the management and maintenance of the hospital building and on the management and operation of the car park.

During 2016, apart from the normal maintenance of the building, various improvement works were carried out in this same building, which were previously approved by the partner "LUSÍADAS - Parcerias Cascais, S.A." and Public Contracting Entity.

Under the Management Contract, the activity of TDHOSP is monitored and assessed annually by the Contracting Public Entity regarding the parameters of Availability, Service and Satisfaction, having received in this last year, as has been the case since the beginning of the operation, the classification of Very Good".

The implementation of processes aimed at the operational improvement and increased efficiency of the buildings in the different technical areas of action will be continued in 2017, taking into account that TDHOSP - Gestão de Edifício Hospitalar, S.A. is certified in Quality by ISO 9001 - 2008.



TDHOSP - Hospital de Cascais
Cascais | Portugal

Educare - Colégio S. Francisco de Assis Luanda Sul
Luanda Sul | Angola

"**EDUCARE - Atividades Educativas e Culturais, Lda).**" is a company 100% owned by the Teixeira Duarte Group, which was incorporated in 2007 specifically for the development of "Colégio São Francisco de Assis Luanda Sul" (under the brand CSFA Luanda Sul), with head office in Talatona, Luanda Sul (Angola).

This is an educational establishment recognised by the Portuguese Ministry of Education, offering Pre-School Education up to the end of Secondary Education (Order 11227/2015 of 7 October), aimed at facilitating a reference education, as well as assuring excellence in the dissemination of the Portuguese language and culture.

Endorsing a Constructivist/Positivist Education Model, alongside its educational function it also develops a large series of services to the surrounding community.

The recognition of CSFA Luanda Sul as a solid and quality Educational Project has led Angolan families to choose this facility and environment for the education of their children. In September 2016, the academic year started with 622 students, with the further addition of the 12th year having been important, which offers a Course of Science and Technology and a Course of Languages and Humanities to assure the continuity of the path taken by the students that had attended the 11th year in the previous year.

Considering that the core business of CSFA Luanda Sul, in the academic area, is to stress the Quality of the School Curriculum and the rigour of the Education-Learning Process, this has been reflected in the annual improvement of the academic results achieved in assessment tests (internal/external) conducted by the Ministry of Education. In 2016, concerning the 11th year exams, CSFA Luanda Sul was positioned in 80th place in the national ranking covering a total of 627 schools, and in 1st place in terms of Portuguese schools abroad. In the Final Exams of the 9th year, it held the 95th place at a national level, involving a total of 1,230 schools, and the 2nd place at the level of Portuguese schools abroad.

Particular note should be made of the construction of the Auditorium, completed in August 2016, as well as the focus on Information Technologies with the implementation of the school management software (INOVAR+), the Integrated School Management System (SIGE) and the application for mobile devices which will enable the access of the Parents / Teaching Staff to the INOVAR+ and SIGE integrated information on the students.

Regarding the current management of CSFA Luanda Sul, during the year under review, reference is made to the maintenance of the Certification for Hygiene and Food Safety (canteen), attributed by SGS Angola (2015).

The outlook for 2017 is the continuation of the careful management of the different areas, with special focus on Human Resources, where the training and qualification of the teaching staff will be strengthened and the continued implementation the "Go Fishing" project - transversal to various areas of the Group - aimed at the development of skills and the creation of opportunities for young people in deprived socioeconomic family situations.

"PAREDÃO DE MINAS Energia, S.A.", "GONGOJI Montante Energia, S.A." and "TABOQUINHA Energia, S.A.", are three Brazilian companies held by the Teixeira Duarte Group, which have continued the respective project licensing procedures for the construction of three small hydroelectric plants (PCH, which corresponds to an area of action that is considered non-strategic by the Group.

In Brazil, the year of 2016 was marked by a reduction of consumption, retraction in industrial production and, consequently, less energy consumption, which strongly influenced energy retail prices. Furthermore, the high interest rates applied on loans configure an adverse scenario for the implementation of these projects.

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

The companies operating in the Concessions and Services sector, in which "Teixeira Duarte, S.A." merely has an indirect non-controlling stake, i.e. whose direct management is not carried out by the Teixeira Duarte Group, include the following entities, in particular:

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

On 28 January 2016, TD-EC sold almost all its shares in "AEDL - Auto-Estradas do Douro Litoral, S.A." to "BRISA - Auto-Estradas de Portugal, S.A.", under the Options Contracts concluded in December, keeping merely 1,000 shares, corresponding to 0.02% of this entity's share capital, compared to the 19.67% formerly held. Also in the context of this divestment, TD-EC assigned its contractual position in the loan agreements that it had undersigned as a shareholder of the aforesaid "AEDL - Auto-Estradas do Douro Litoral, S.A."

A **"AEBT - Auto-Estradas do Baixo Tejo, S.A."**, a company in which TD-EC holds a stake of 90% in its share capital, and that concluded with the entity currently named "Infraestruturas de Portugal, S.A." the Baixo Tejo sub-concession contract, on 24 January 2009.

This sub-concession contract will last for a period of 30 years and envisages the design, planning, construction, expansion of the number of lanes, financing, operation and conservation of the motorway sections, regional road and associated road links in the district of Setúbal, called the Baixo Tejo sub-concession, along a total of 68km, of which 17km include toll-gates and involving an estimated investment of approximately 278 million euros.

During 2016, with all the construction works completed and the entire route operational, the tasks continued for the closure of the construction contract.

"MTS - Metro Transportes do Sul, S.A.", a company in which TD-EC holds 9.12% of its share capital, develops its activity under a concession arrangement for the project, construction, supply of equipment and railway rolling stock, funding, operation, maintenance and conservation of the entire light rail system of the southern bank of the River Tejo, under the concession contract signed on 30 July 2002 with the Portuguese State, with the concession having started on 12 December 2002.

During 2016, the procedures leading to the closure of the construction contract were continued.

"LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.", a company dedicated exclusively to the management, under a concession regime, of the two road crossings over the River Tejo, in the region of Lisbon, in which TD-EC holds 7.5% of the share capital.

2016 was yet another year of positive performance for both crossings with respect to its quality, fluidity and safety, providing a good service to the customer, as confirmed by the results of the customer questionnaires, whose satisfaction rating, on a scale of zero to five, reached 3.75 for Vasco da Gama Bridge.

During this year, which recorded a 3.3% increase in total traffic, this participated company maintained the constant rise of EBITDA since 2012, which reached 62,630 thousand euros, representing an increasing of 6.48% in relation to 2015, the highest growth of this indicator in the last ten years.

"CPM - Companhia de Parques de Macau, S.A.", in which the Teixeira Duarte Group has a stake of 15% of the share capital since its foundation in the mid 1980s, following an international public tender, has been a pioneer and continues to be a reference company in the construction and operation of car parks and related activities, in the Special Administrative Region of Macau.

In 2016 this participated company continued, as in previous years, its successful action within the specific parameters of the market, where, despite not having won the tender for the parking meters of the public road, its annual revenue increased by 11.2% in relation to the previous year, essentially due to the increased tariffs in public car park silos, having stood at 11,977 thousand euros.

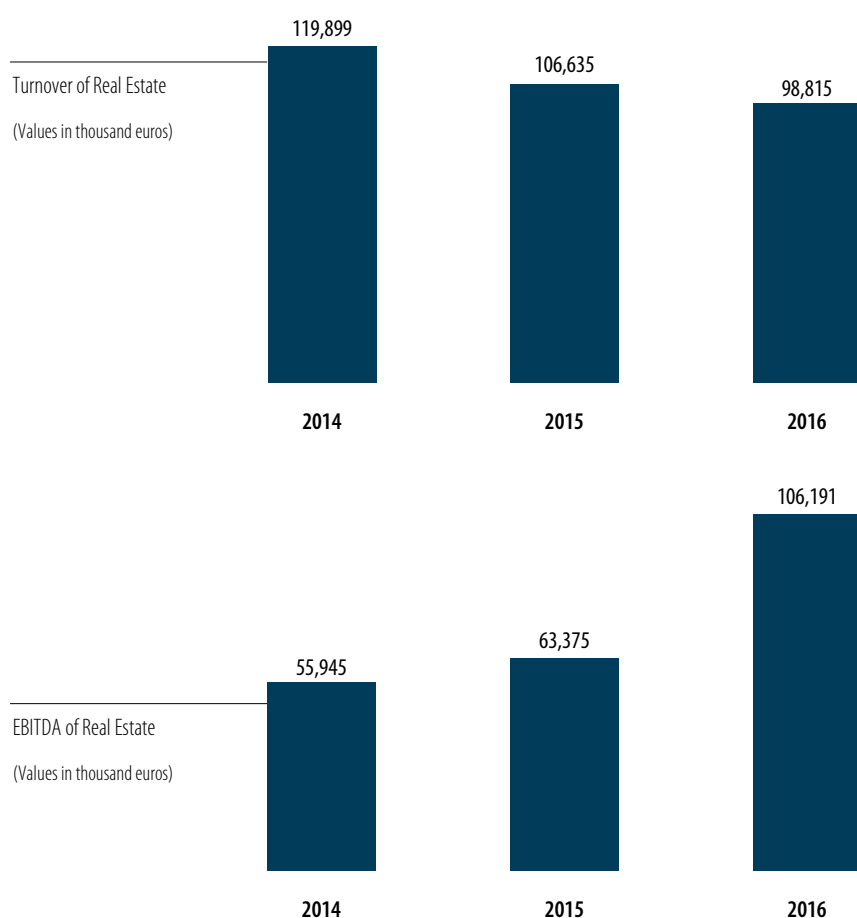
This increase of turnover combined with a significant decrease of operating costs enabled "CPM - Companhia de Parques de Macau, S.A." to achieve a positive net income of 5,285 thousand euros, corresponding to over double the figure recorded in 2015.

The outlook for 2017 is the continuation of the activity at a good rate and the optimisation of the operation and structures, namely through the accomplishment of works for the restoration and maintenance of the public car park silos operated by the company and by the introduction of some more advanced systems concerning the guidance of parking, license plate recognition and electronic payment.

IV.3. REAL ESTATE

The Teixeira Duarte Group's action in this sector goes back to the beginning of the 1970s and currently includes a vast group of companies operating in Portugal, Angola, Brazil, Spain, Mozambique and, more recently, United States of America.

— CONTRIBUTION OF THIS SECTOR TO THE GROUP



Turnover in the Real Estate Sector of the Teixeira Duarte Group fell, as a whole, by 7.3% in relation to 2015.

In Portugal, a 24.9% increase was recorded in relation to the previous year, due to the recovery of the real estate market and the impact of this reality on the Group's enterprises, in particular on "Lagoas Park".

In Brazil, reference is made to the good commercial performance of the Group's enterprises which, even so and in view of the less favourable circumstances of this sector in this country, added to the devaluation of the Real, did not prevent the 23.9% reduction in relation to 2015.

EBITDA increased by 67.6% in relation to the previous year, influenced by the fair value gains of the investment properties amounting to 61,211 thousand euros in 2016, while in 2015 the gains stood at 10,112 thousand euros.

— ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the Group's operating income in the Real Estate sector reached the total value of 195,813 thousand euros, corresponding to an increase of 30.3% relative to 2015. The markets abroad now represent 45% of the activity and Portugal accounts for 55%.

In **Portugal**, and following on from the previous year, 2016 proved to be very positive in most of the market segments, especially in relation to the investment activity which continued to be extremely dynamic, reaching highly significant levels. At the same time, the markets of occupation in the office and retail segments also showed very interesting demand, and likewise the residential, primarily in the cities of Lisbon and Porto, which continued to capture the interest of foreign investors in the centres of these cities. The performance of the Group's real estate assets in Portugal accompanied the upturn being experienced by the sector, except in the industrial/logistics segment, whose demand continues fairly sluggish with expectations of prices still remaining low.

In the Office segment, reference is made, in "Lagoas Park", to the completion of the construction of the last building of the enterprise, Building 9, with 4,900m² of construction above the ground and whose total contracting awarded by a prestigious multinational in early 2017, marks the end of the construction phase of the park.

We also highlight, during 2016, the renegotiation of contracts with resident companies, the attraction of new companies and some movements of expansion, which enabled maintaining the occupancy rate of 90% which the park currently presents.

"TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.", fully controlled by TD,SA, is currently transferring the business branch corresponding to the "Lagoas Park" enterprise (including assets, liabilities, contracts and respective management structure) to a company specifically dedicated to this activity named "Lagoas Park, S.A.", also currently 100% held by the Teixeira Duarte Group.

Subsequently, plans have been laid for selling over 80% of the share capital of "Lagoas Park, S.A.", with external entities having been mandated for this purpose and a minimum value established with them for this operation above the fair value of the respective assets. Third parties have already been identified as possible buyer, whose manifestations of interest are close to the valuation amount.

In the Residential segment, and in line with the current good market conditions, it has been possible to place a large part of the available stock, with completion of the sale of 99 residential divisions in the "Villa Park" enterprise, in Amadora, and the drawing up of the deeds of 18 housing divisions and 2 trade divisions in the "Fórum Oeiras 33" enterprise, a building completed in early 2016 where the majority of its units were contracted during its construction.

Also noteworthy, during 2016, was the start of the marketing of the "Villa Torrinha" enterprise at Rua de Pedrouços, in Lisbon, aimed at the medium high segment, which has 23 housing units and 2 trade/service units, with the completion of its construction being forecast for the last quarter of 2017.

In the Trade segment, "Shopping Cidade do Porto", recorded for the third consecutive year, a positive evolution in the turnover of storekeepers, which in 2016 was 5.4% higher than in 2015, corresponding in absolute terms to the best value achieved since 2011. This evolution was transversal to all activity sectors and contributed to increased revenue from Shopping Centres, which increased by 7.1% in relation to the previous year. In this segment, we also highlight, during the first quarter of the year, the conclusion of a promissory rental agreement for the installation of a supermarket of the renown brand name "Pingo Doce" in one of the lots of the "Quinta de Cravel" enterprise, in Vila Nova de Gaia.

In the Industrial/Logistics segment, reference is made to the maintenance of the occupancy rates of the enterprises under operation: "Abrunheira Park", in Sintra, and "Lezíria Park", in Vila Franca de Xira.

Regarding the Portfolio of Land, the procedures of various urban cases were continued, in particular the "Vila Rio" residential project, located in Póvoa de Santa Iria, implanted on a plot of land of around 17 hectares which will involve the construction of 600 housing units and 32,200 m² of areas for trade and services; as well as the development of the detailed plan for a plot of land named "Pedregueiras", covering approximately 35 hectares located in the municipality of Oeiras.

Also during 2016, under the activities developed by the TDF Fund through its holding company, measures were also taken with a view to the issue of the land parcelling license for the "Villa Simões" residential enterprise, located in Benfica, Lisbon, which foresees the construction of approximately 48,000m² above the ground, as well as the residential project "Frisa Cascais", located in the municipality of Cascais.



Lagoas Summer Break 2016
Lagoas Park | Portugal

In **Angola**, the tendency of the real estate market to slow down continued throughout 2016, characterised by high levels of offer, in particular in the office segment and in the city of Luanda, derived from the strong investment carried out in the sector over the last few years and due to the maintenance of low levels of demand, driven by the economic slump experienced in this country.

The number of transactions and the market values continued on a downward trend in all segments, more accentuated in the rental market, as the purchase and sale market even so still enabled some opportunities for investors.

The activity of the sector was essentially marked by the management of income-earning assets, the licensing of projects in portfolio, the start-up of the construction of a new project in the residential segment and, also, by the continued support provided to projects related to the Group's expansion in other activity sectors, albeit with lower activity levels than in previous years.

With respect to the Management of Income-Earning Assets, we highlight the renegotiation of various contracts, promoting an adjustment to the new market conditions, which enabled maintaining the occupancy rates in buildings under operation in the city of Luanda. Reference is also made to the conclusion of a reservation agreement for three floors of "Edifício Millennium" with a reputed international partner in the health area, aimed at the installation of a new medical facility.

Also in Angola and in the Residential segment, we highlight the construction of the 2nd Phase of the Villas Condominium, incorporated in the "Villa Sul" Condominium, located in Talatona and composed of 40 individual housing units (type T1).

Reflecting the focus on this market, reference is also made to the acquisition of a new plot of land in the metropolitan area of Luanda, intended for an essentially commercial project.



"Alta Vista Prestige" enterprise
São Paulo | Brazil



Julius Nyerere 130 Building
Maputo | Mozambique

In **Brazil**, despite the transversally less favourable scenario for real estate investment, at the end of 2016, the stock of the city of São Paulo – main market of action – contracted only slightly in relation to the end of 2015, shifting from 27,000 to 25,000 units, due to the balance between the new launches, the reduction of sales and the increased rescissions. With the reduction of interest rates observed at the end of 2016 and the expectation of new reductions in 2017, the outlook points for a gradual recovery of the real estate market during this year.

In the municipality of Jundiaí, the construction of the "Alta Vista Prestige" enterprise was completed, with a construction area of approximately 54,000m², and the "Alta Vista" enterprise has continued, with approximately 44,000m² of construction area. In the North region of São Paulo, the construction of the "My Place Braz Leme" enterprise was completed, with a construction area of approximately 23,000m², and the "Don Klabin" enterprise has continued, with approximately 10,000m² of construction area.

Also in the South region, construction continued for the "Retrato Paulista" enterprise, with around 21,000 m² of construction area, and likewise the "Quartier Campo Belo" enterprise with around 23,000 m² of construction area.

In Porto de Galinhas, in the State of Pernambuco, the promotion of the "Casa do Governador" enterprise continued during 2016. This is a large-scale and high quality project which is expected to be structural for the entire region, with the development of various projects and procedures for their respective licenses being pursued.

The real estate market in **Spain** shows signs of recovery that should heighten during the next two years, with an expected increase of the growth of investment.

The Group's real estate activity in this country is concentrated in the Madrid region and limited to two assets, one being the residential building "Amália", situated close to Paseo de la Castellana and Plaza Castilla, where the housing units that were still available in the enterprise were

finally sold during the year, and the other being "Parking Europa", a car park and respective shopping gallery, situated on Avenida de Europa, in San Sebastián de los Reyes, where the management of the administrative concession contract was continued.

in **Mozambique**, the activity of the Group's real estate sector in this country in 2016 was marked by the continued marketing of the mixed-purpose building, "Julius Nyerere 130", with sixteen floors for residential purposes, four floors for offices and one commercial area on the ground floor, in addition to leisure spaces for the exclusive use of the residents.

Of the total number of 83 residential, trade and service divisions, only two divisions are presently available, with this project being considered a successful reference case in the real estate market of Maputo.

We also highlight, relative to the sale of Edifício "Julius Nyerere 130", the conclusion of a rental agreement with an international banking institution with a view to the installation of its offices in Mozambique and respective branch in the building, as well as the accomplishment during 2016 of all the purchase and sale deeds of the sold divisions.

In the Trade segment, the Teixeira Duarte Group operates the "Polana Shopping Center", with a prestigious location in the centre of the city. The performance of this asset over this last year has been penalised by the difficult economic circumstances that the country is experiencing, resulting in a lower occupancy rate in relation to previous years and in an adjustment of the rent values to the new market reality.

We also highlight the licensing of a project for a new trade unit on the plot of land of Malanga, located at one of the main road accesses to the city of Maputo, and the development of new studies for the "Armando Tivane" building, also in Maputo.

Making the most of the know-how acquired by its teams in various segments and markets, in 2015, the Teixeira Duarte Group started its process of entry into the real estate market of the **United States of America**, more specifically in the State of Texas. Apart from being a market with a high level of development, this market currently shows good economic indicators and a low level of unemployment, particularly in the State of Texas where annual GDP growth has been above 4% since in 2012. The Dallas-Fort Worth metropolitan area situated there has an estimated population of around seven million inhabitants, being one of the fastest growing metropolitan areas in the country and with best performance in terms of new job creation. In this context, in 2016, Teixeira Duarte finalised the process of buying two plots of land in Dallas, whose projects are currently in progress.

The outlook for 2017 is of continued development and management of the assets in portfolio, in the different markets, with a slight reduction in income being foreseen, namely in Brazil and Mozambique, due to the completion of the sale of the enterprises launched in previous years and the slowdown of the real estate market in these geographic areas. In Angola, the activity in this sector will be focused on maintaining the occupancy rate of the Group's enterprises and on the management of the constructed assets, aimed at upholding the management quality and the stability of the income levels in this market. In Portugal, in a context which is expected to be positive for most of the segments, the outlook points to the completion of the construction of the "Villa Torrinha" enterprise and "Pingo Doce" supermarket, with the continued following of procedures for the licensing of the "Frisa Cascais", "Villa Simões" and "Villa Rio" projects. Lastly, in the United States of America, the start of construction is expected for the residential enterprises named "Lee Park" and "Hood", both in Turtle Creek district, of the city of Dallas.

IV.4. HOSPITALITY

After a first experience in 1974 in the Algarve, the Teixeira Duarte Group resumed its activity in this sector in Sines in the 1990's, and currently operates eight hotels, two of which are located in Portugal, three in Angola and three in Mozambique, covering a total of 2,452 beds and 1,228 rooms.

Teixeira Duarte also conducts business in the Fitness area through the operation of "Lagoas Health Club" and in the restaurant area in Angola.

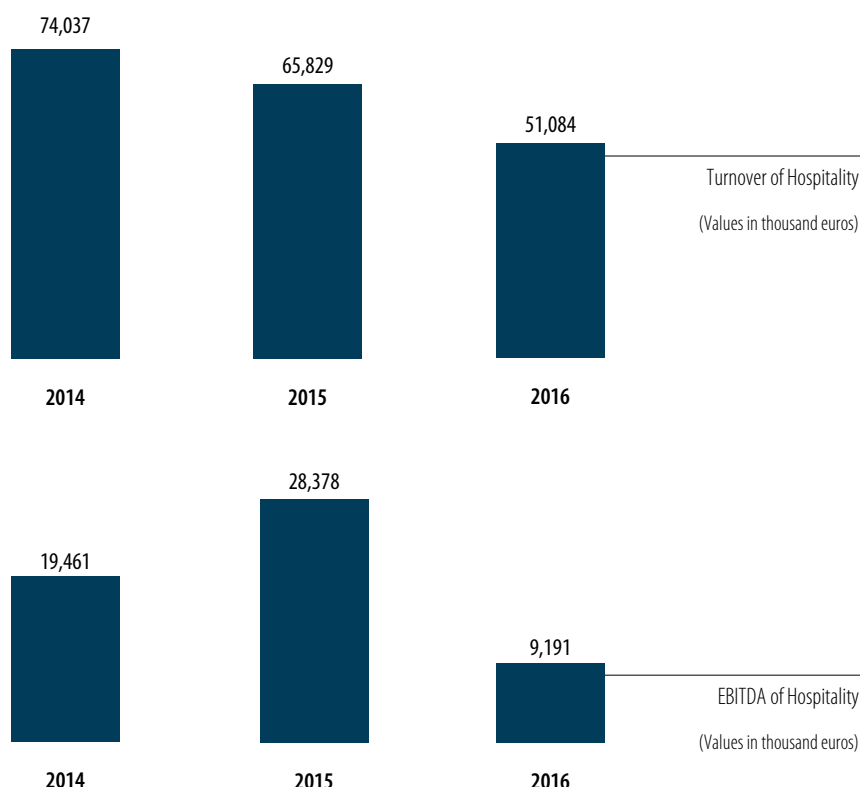
— CONTRIBUTION OF THIS SECTOR TO THE GROUP

The Turnover of Hospitality declined, as a whole, by 22.4% compared to the same period of 2015.

In Angola - the Group's main market of action - a 24.4% reduction was recorded in relation to 2015, due to the current economic climate in this country.

In Mozambique, there was a reduction of 23.5% year-on-year, while in Portugal this indicator of this sector declined by 13.1% in relation to 2015.

EBITDA fell by 67.6% relative to 2015, to stand at 9,191 thousand euros.



— ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the Group's operating income in the Hotel sector reached the total value of 61,750 thousand euros, corresponding to a decrease of 27.5% relative to 2015. The markets abroad now represent 81% of the activity and Portugal accounts for 19%.

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

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

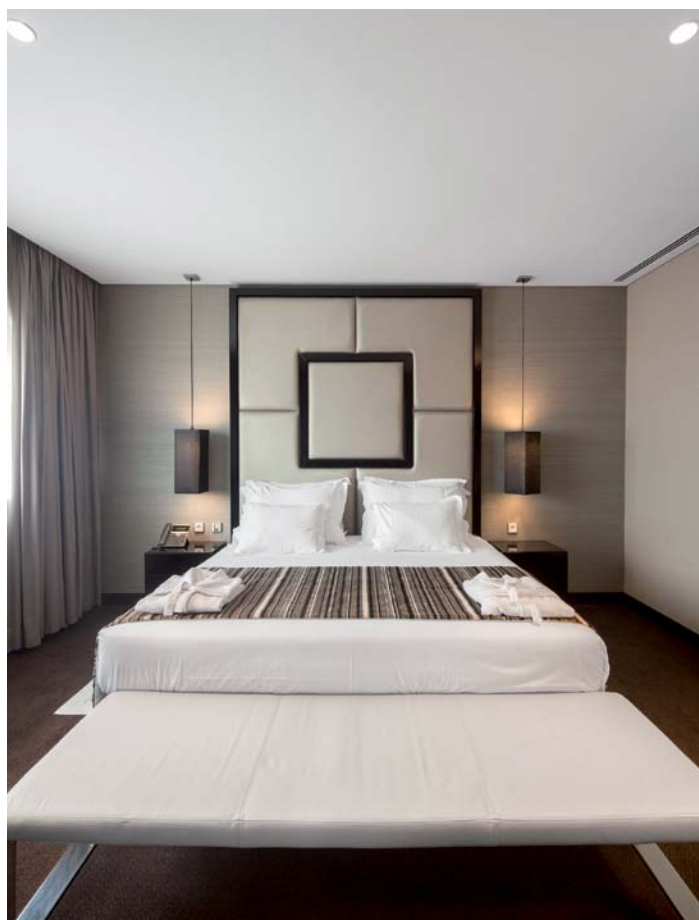
Overall, the occupancy rate increased by 4% in these two hotels, essentially due to the higher demand of the corporate and online market, simultaneously with the increase of approximately 7% in the average price. Therefore, the operating income of the hotels in Portugal increased by 14% relative to 2015.

In the Fitness area, in 2016 the Group continued to operate "Lagoas Health Club", where it upheld its focused on the quality of the service and on differentiation, which enabled maintaining the price level and approximately the same annual average number of members, which stood at 2,341.



Lagoas Park Hotel
Oeiras | Portugal

Hotel Baía
Luanda | Angola



Hotel Trópico
Luanda | Angola

In **Angola**, the Group's companies operating in this sector offer a total of 1,236 beds and 620 rooms, distributed over three hotels, as detailed below:

HOTEL TRÓPICO	Luanda	Four star hotel	280 rooms
HOTEL ALVALADE	Luanda	Four star hotel	202 rooms
HOTEL BAÍA	Luanda	Three star hotel	138 rooms

The year of 2016 was marked by the slowdown of economic activity in the Angolan market, affecting demand for this destination. This scenario negatively influenced the occupancy rates of the hotels in Angola, leading to a declined of operating income.

In the **Restaurant** area, there was continued operation of the bakery and pastry shops under the brand name "Nilo", as well as the Group's canteens.

In **Mozambique**, the Group's companies operating in this sector offer a total of 642 beds and 321 rooms, distributed over three hotels, as detailed below:

HOTEL AVENIDA	Maputo	Five star hotel	159 rooms
HOTEL AVENIDA	Maputo	Five star hotel	88 rooms
HOTEL TIVOLI BEIRA	Beira	Three star hotel	74 rooms

As was the case in 2015, the economy continued to slow down in 2016, with the consequent lower number of visitors to the city of Maputo and, primarily, to the city of Beira. This, combined with the increased competition in this segment, had a negative impact on the action of the Group's hotels in this country which recorded a marginal reduction in occupancy rates and average prices.

IV.5. DISTRIBUTION

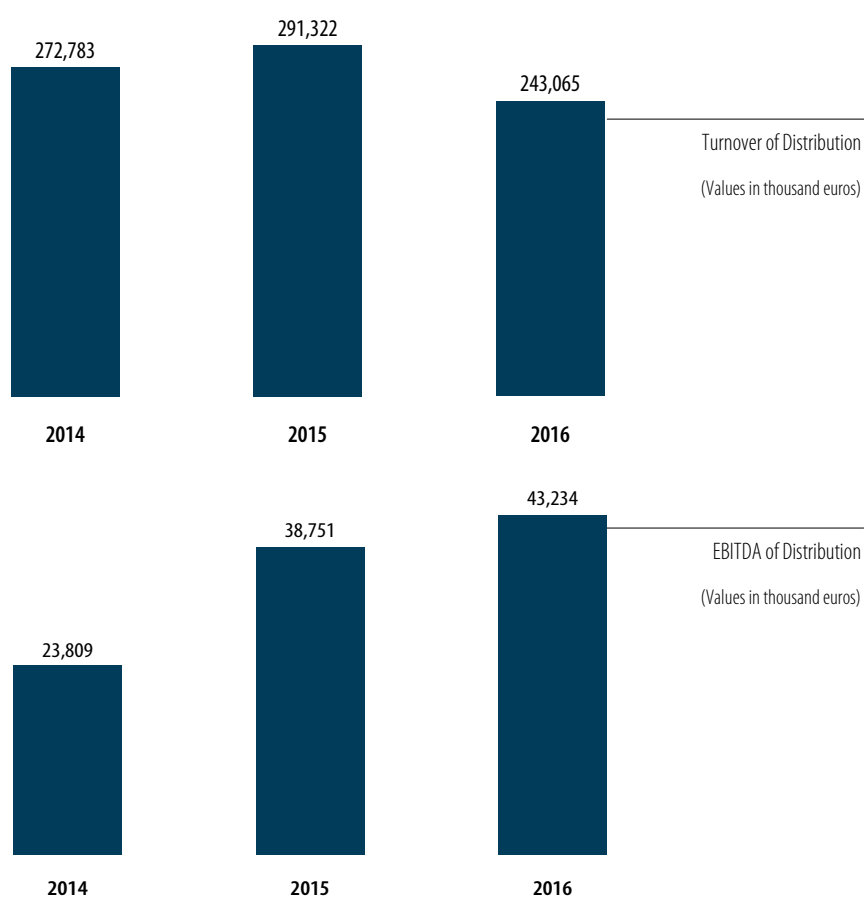
The Teixeira Duarte Group's action in this sector began in 1996 and is currently implemented by various international operations, acting in Portugal through "Teixeira Duarte Distribuição, S.A.", in Angola through the participated companies "CND - Companhia Nacional de Distribuição, Lda." and "DCG - Distribuição e Comércio Geral, Lda.", in South Africa through "Global Net Distributors, (PTY), Ltd." (GND) and in Brazil through "TDD Brasil, Limitada".

— CONTRIBUTION OF THIS SECTOR TO THE GROUP

Distribution declined by 16.6% year-on-year.

In 2016, the Group continued to consolidate the business units that operate in this sector, with the opening of a new business unit under the brand name "Maxi".

EBITDA of Distribution grew by 11.6% year-on-year, to stand at 43,234 thousand euros.



— ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the

Group's operating income in the Distribution sector reached the total value of 268,482 thousand euros, corresponding to a decrease of 27.7% in relation to 2015.

In **Portugal**, through the company "Teixeira Duarte - Distribuição, S.A.", the focus was on the development and strengthening of skills in terms of Supply Chain Management and Information Technology solutions to support the business. At the same time, in view of the economic circumstances in Angola, procurement focused on the essential products to supply the operations in that country. Follow-up was given to the strengthening of partnership relations in the representation of exclusive brands.

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

- In **Food Retail** through the company "CND - Companhia Nacional de Distribuição, Lda." with the brand name Maxi; and
- In **Specialised Retail**, in the Furniture and Decoration area through the brand name *Dakaza*, in the Health and Well-Being area through the brand name *Farmácia Popular* and in the Restaurant area through the brand name *Nilo*;



Maxi Golf Store
Luanda | Angola



Farmácia Popular Morro Bento
Luanda | Angola

- In the market of Distribution of Exclusive Products through its 100% held company "DCG - Distribuição e Comércio Geral, Lda".
- In the Wholesale Marketing of Beverages through the company "OCC - Operador Central de Comercio, Lda.", which operates with the brand name TEFAC.

The activity of the various brand names was as a whole marked by the difficult economic context currently being experienced in Angola, which has led to a lower consumption level of the population in general.

In Food Retail, *Maxi* continued its strategy of consolidation of this brand as a reference destination for families, with a consistent policy focused on the competitiveness of its prices. Reference should be made to the opening of a new outlet in November in Bairro do Golfe, in Luanda, as well as the doubling of the cold storage area at the Distribution Centre.

We also highlight *Maxi*, for its certification of the "Quality Management System" pursuant to ISO 9001:2015, making it the first Angolan food retail company certified by this standard, and thus strengthening its commitment to the satisfaction of its customers.

In Specialised Retail, in the Furniture and Decoration area, the brand name Dakaza maintained a positive performance surpassing the initial expectations, confirming the potential for the expansion of this business.

In Specialised Retail, in the Health and Well-Being area, the third outlet of Farmácia Popular was inaugurated in May, in Bairro do Morro Bento, in Luanda, with a new more "Anglo-Saxon" concept, with a larger sales area and greater assortment, namely of mass consumption products, and strengthening of the categories of Hygiene, Beauty and Healthy Eating. Importance was also given to the implementation of business processes and best practices, contributing to better management and efficiency. The activity throughout the year remained within the expectations.

In Specialised Retail, in the Restaurant area, there was continued careful management of the units under operation, with particular focus on strengthening skills in the area of Hygiene and Food Safety.

In the Distribution of Exclusives, the strategy continued of strengthening the recall factor of the represented brands, both in the Beverages Unit and Impulse Unit.

In the Wholesale Marketing of Beverages, we highlight the replacement of the Roque Santeiro outlet for Mulemba, both in Luanda, as the latter is better located and has better operating conditions. Priority was given to the implementation of procedures and infrastructures in order to assure a high level of efficiency in the management of stock and returnable empty containers. Reference is made to the significant increase of income from products with returnable empty containers, as a consequence of the economic scenario and customer demand for more economic products. The activity level remained within the expectations.

The Fazenda Maxi programme, which establishes partnerships with producers aimed at developing national agricultural production, started a new phase with the approval by the Ministry of Industry of a new industrial unit in the province of Kwanza Sul, for processing corn and beans.

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

In Brazil, in the State of São Paulo, the Herdade do Sobroso wine and olive oil distribution operation, initiated in 2014, was closed down. Procurement efforts were intensified in the search for new suppliers in this country of South America.

In Dubai, the creation and operationalisation of the company "GND Trading ME, FZE" was concluded, aimed at strengthening the procurement of products derived from the Middle East and Asia.

In terms of Human Resources and transversally across all markets, the careful and dynamic policies were continued in selection and recruitment, aimed at attracting and recruiting the best professionals. Furthermore, an ambitious plan was implemented throughout the year with a view to the integration and development of new employees, as well as the improvement of the qualification of the existing personnel.

Notwithstanding the economic panorama in Angola, reference should be made to the continuation of the "Go Fishing" programme - transversal to the Group's different areas, aimed at developing skills and creating opportunities for young people in vulnerable socioeconomic family circumstances, with 2 editions having been held this year in the Distribution sector.

Also concerning training, yet another edition of the "Maxi Academy" programme was held, with the recruitment and training of young employees, with potential to take up positions of coordination in the different business areas.

Although the outlook for the economic scenario of Angola improved at the end of 2016, the difficulties and uncertainty still remain high, which indicates that the activity levels of 2017 are expected to be similar to those of 2016.

Nevertheless, the company aims to develop the various business areas during 2017, with the following projects being of particular interest:

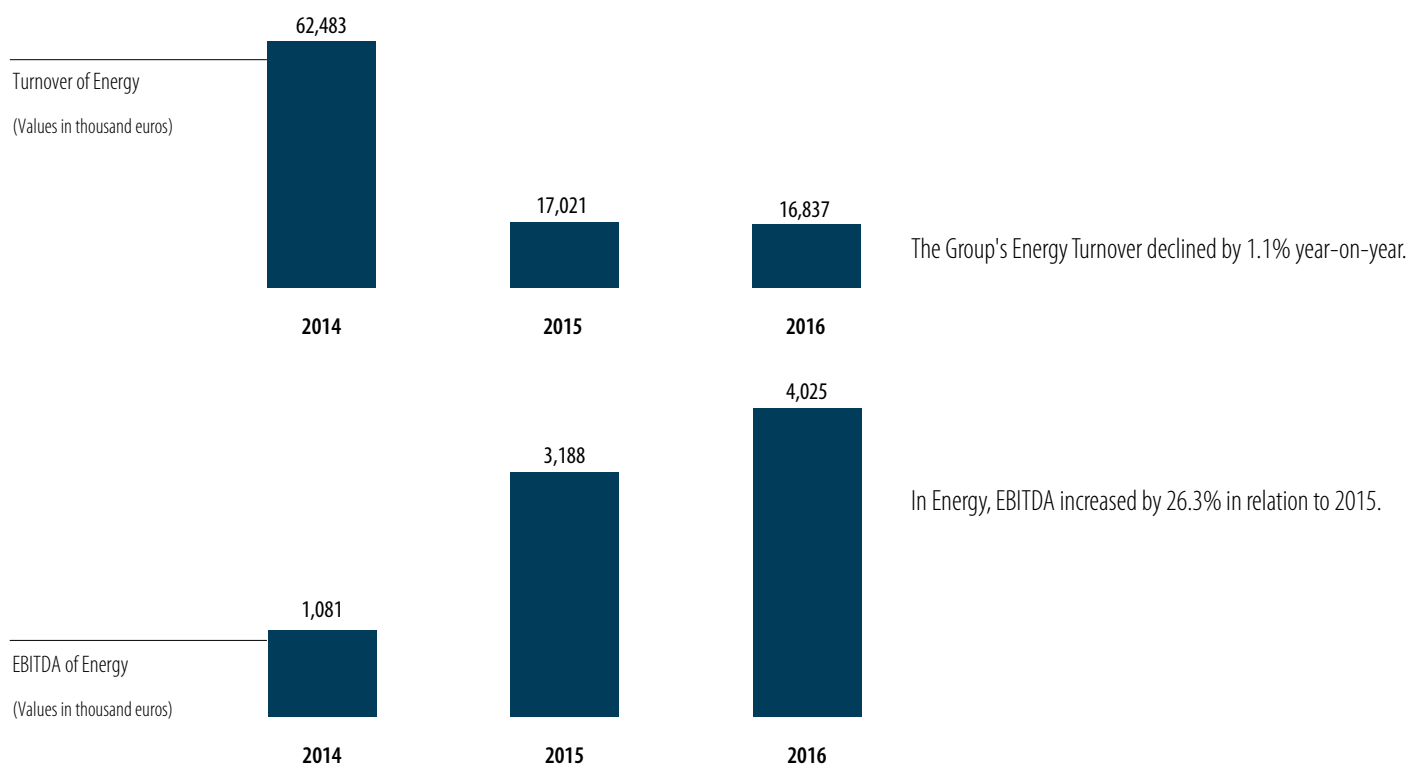
- Construction of a new outlet in Luanda, which will include the food retail brand Maxi, a Farmácia Popular and Nilo pastry shop;
- Construction of an industrial unit in the province of Kwanza Sul for processing corn and beans;
- Inauguration in the first semester of the new manufacturing unit for the Nilo pastry shops, in Morro Bento (Luanda);
- Inauguration in the first semester of the fourth outlet of Farmácia Popular in central Luanda;
- Development of the projects and start-up of the construction of 2 new Dakaza outlets in Luanda.

The sector will also strengthen its focus on Human Resources, in particular in the area of Training, with increased investment and volume of training hours to be ministered.

IV.6. ENERGY

The Teixeira Duarte Group started to operate in this sector in Portugal in 1996, although by 2016 it only operated in the national market in the areas of Gas and Solar Energy – as in 2015 it sold the participated company through which it operated in the distribution of liquid fuels and lubricants – and on 31 March 2017 the Teixeira Duarte Group finally left this activity sector after the completion, on that date, of the agreement with "OZ Energia, S.A." to sell the 50% stake that the Group held in the company "TDARCOL – Sociedade Gestora de Participações Sociais, S.A." and through which it indirectly maintained activity in the aforesaid areas of Gas and Solar Energy.

– CONTRIBUTION OF THIS SECTOR TO THE GROUP



– ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the Group's operating income in the Energy sector reached the total value of 31,424 thousand euros, corresponding to an increase of 9.7% in relation to 2015.

In 2016, the Group continued to operate in the distribution of Piped Gas, under the brand "DIGAL," possessing over 700 reservoirs for local supply, supplying an approximate number of 60,000 households, the majority of which belonging to the municipalities of Cascais and Sintra. On the other hand, the activity was boosted in relation to the filling, distribution and marketing of Digal bottled butane gas, referred to as "ASA", which was reflected in very significant growth in the number of customers.



PPS – LPG dispatch at the Port of Aveiro
Aveiro | Portugal

During 2016, the acquisition continued, by sea transport, of propane gas, having started at the end of 2014, which, combined with the implementation of operational restructuring measures, led to the improvement of some of the management indicators.

In this area, in 2016, the Group also holds the national exclusive representation of the brand Campingaz.

In the area of Thermal Solar Energy, during the year under review, the Group continued its action of representation in Portugal of the international brands "SOLAHART" and "SONNENKRAFT", in line with the previous year.

IV.7. AUTOMOTIVE

With over twenty-five years of action in the Automotive Sector in **Angola**, Teixeira Duarte currently pursues its activity through a group of companies which represent various international manufacturers, operating in the following market segments:

Light: *Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet and Isuzu;*

Heavy: *Renault Trucks, UD Trucks and Randon;*

Motorcycles: *Honda, Piaggio, Vespa, Gilera, Derby and Hyosung;*

Equipment - Energy: *Denyo, Pramac, Honda Power Products and Powermate;*

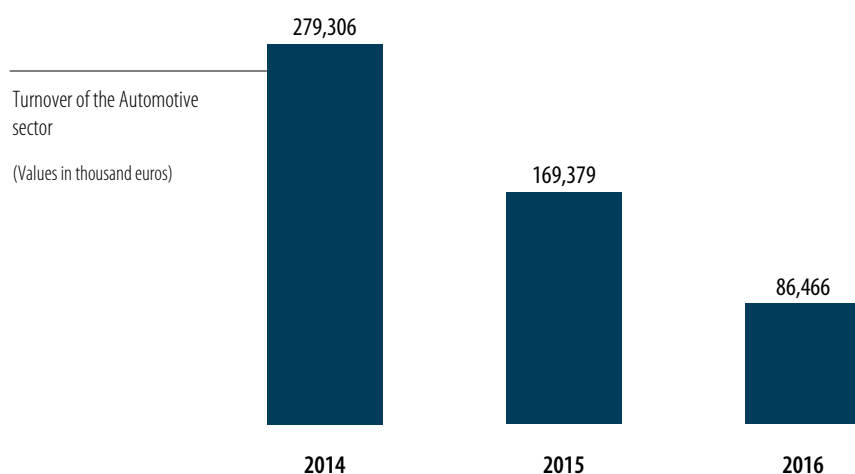
Equipment - Lifting and Civil Construction: *Nissan Forklift and Heli;*

Tyres and Lubricants: *Continental, Infinity and Avia.*

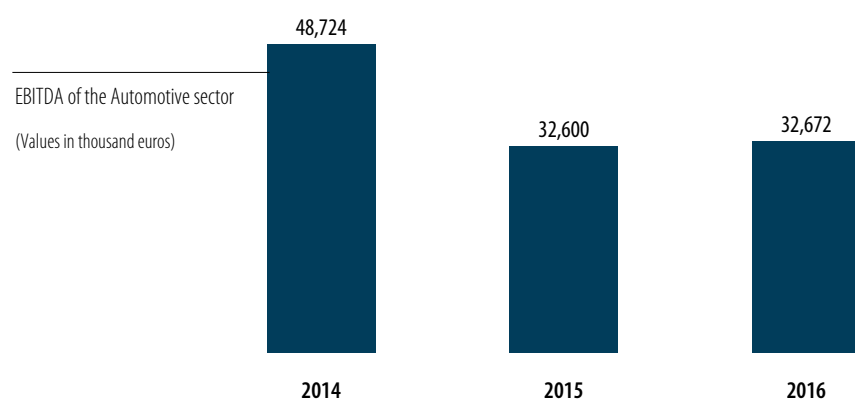
At the same time, activities are developed in Specialised Retail through the network of *Piwi* Stores, specialised in the marketing and technical assistance of motor vehicles, and marketing of generators and auto accessories.

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

— CONTRIBUTION OF THIS SECTOR TO THE GROUP



The Turnover of the Automotive sector fell by 49% in relation to 2015, with a particularly heavy decline in the sale of light and heavy vehicles, but with reasonable levels of activity having been maintained in the area of after-sales assistance.



The Automotive sector recorded similar values of EBITDA to the previous year, having reached 32,672 thousand euros.



Suzuki Stand
Lisbon | Portugal

— ACTIVITY DURING 2016

In non-consolidated terms and in order to provide an overall view of the total activity during 2016, we disclose that the Group's operating income in the Automotive sector reached the total value of 105,796 thousand euros, reflecting a decrease of 54.8% in relation to 2015.

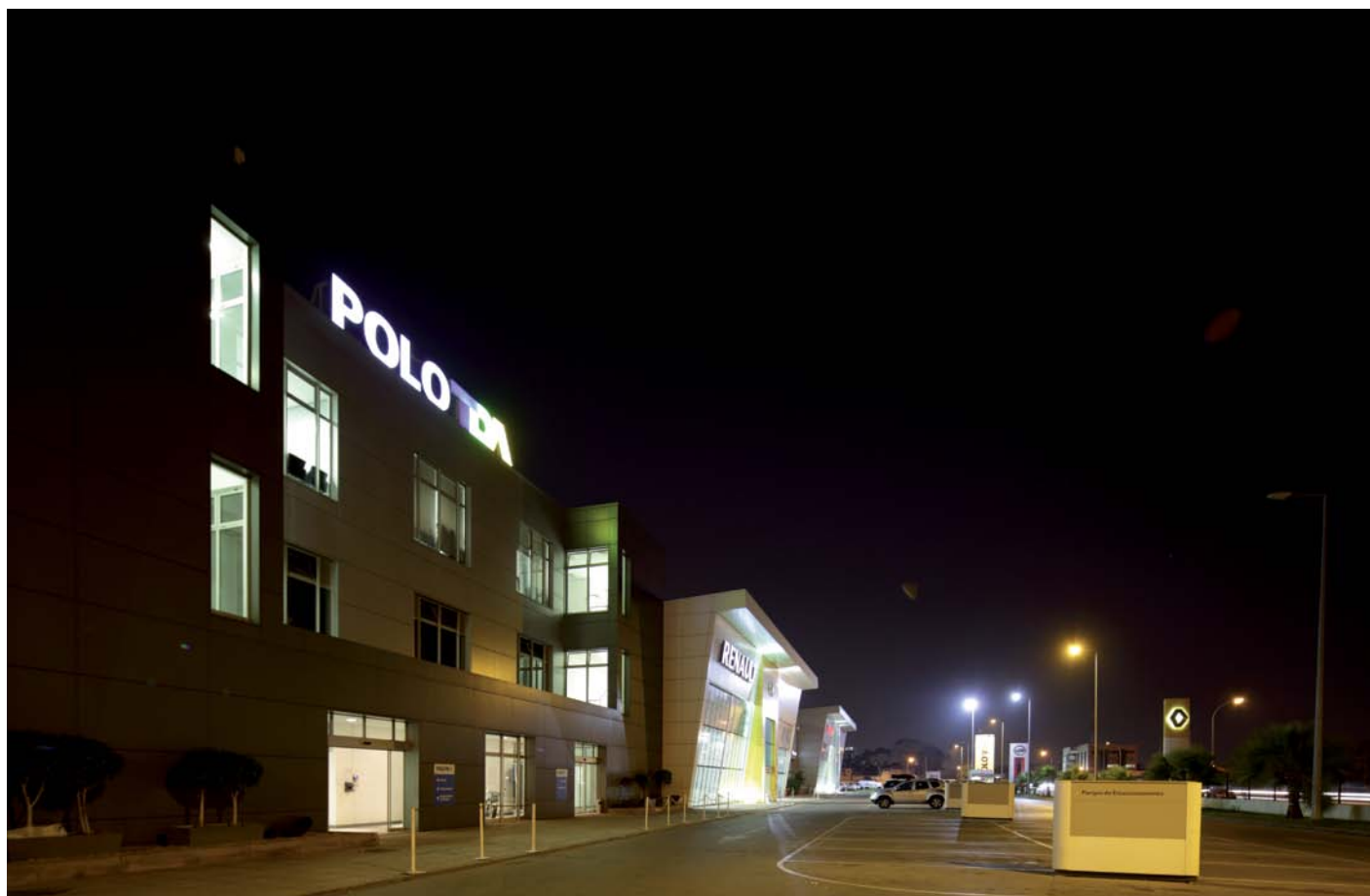
The start-up of the operation in **Portugal** took place during 2016, through the representation of the brand Suzuki, attributed exclusively for the district of Lisbon, to the Group company "SMOTORS, S.A.", with the premises of this concessionaire having been inaugurated on 10 November.

The year of 2016 was characterised by a generalised reduction of activity in the different business segments, Light, Heavy, Motorcycles and Equipment, due to the economic crisis being experienced in **Angola**.

The Angolan vehicle market, and more specifically the Light segment, showed a reduction of 56%, having shifted from 18,630 units sold in 2015 to merely 8,189 vehicles sold in 2016. In the sale of light vehicles by the Teixeira Duarte Group, this trend was more accentuated, with turnover having fallen by 70%, a retraction that even so was mitigated by careful stock management, adjusting the line up of the various brands according to the expected reduction of sales. Additionally, and in view of the need to manage the stock, decisions were gradually taken to temporarily close outlets in Luanda, Viana and Lobito. At the same time, focus was kept on improving the Technical Assistance services, continuing the strengthening of the skills of the different teams and intensifying the office organisation processes.

In the area of Technical Assistance for Light Vehicles, the Teixeira Duarte Group recorded a 12% decrease in turnover, due to the lower activity of companies and decline in private sector purchasing power.

In the Heavy segment, 44 units were sold, compared to 55 units in 2015, a year when sales had already fallen by 51%.



TDA Talatona Centre
Luanda | Angola

In the Motorcycle segment, 917 units were sold, equivalent to a 59% reduction in the number of units sold in 2015.

In the Equipment segment, where the Energy area is important, during 2016 the focus was kept on the training and consolidation of skills of the different Technical Assistance teams, with the after-sales turnover having maintained profitability levels similar to those of 2015.

In Specialised Retail, with a network of PIWI stores, the product mix of the operation was adjusted, increasing the segmentation of the offer and aligning the quality and price of the products with the direct competition. Ties were also tightened with local suppliers of consumables and lubricants.

In spite of the tough context faced by the Automotive sector, the Teixeira Duarte Group is strongly committed to the continued provision of a quality Technical Assistance service and, for this reason, continue to pursue the attraction and retention of talent, where we highlight, in 2016:

- The accomplishment of an ambitious training and qualification plan, covering a volume of approximately 11,900 hours of training, with general actions and actions dedicated to the areas of action of the central structure and the various business segments, in particular the continued focus on vocational training, which accounts for around 75% of the volume of training;
- Reference should also be made to the development and updating of contents and the diversification of the teaching tools and instruments, namely with the implementation of the assessment of the trainees' knowledge through on-line tests and the provision of contents in various formats;
- The continuation of the "Go Fishing" programme, started in 2013, transversal to the Group's different areas, aimed at developing skills and creating opportunities for young people in vulnerable socioeconomic family circumstances, with yet another edition having been held this year (6th edition). Up to date, in the automotive sector, this programme has involved 75 trainees.

In view of the economic circumstances that Angola continues to experience, the outlook for 2017 points to the continued retraction of the activity of this Sector in this market, therefore it will be necessary to continue the careful management of stocks, the optimisation of resources and the reinforcement of the processes of organisation in the various business areas.

V. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, where note should be made of the following relevant fact which occurred after the closing of the year:

1. Signing of the Strategic Alliance in Venezuela for the contract for conservation, administration, management, operation and development of the Specialised Container Terminal of the Port of La Guaira, in Venezuela, disclosed in due time to the market, through a press release on 17 January, with this title and the following essential content:

Its 100% held company "Teixeira Duarte - Engenharia e Construções, S.A." signed, on 17 January 2017, a "Strategic Alliance for Port Operation and Management of the Specialised Container Terminal of the Port of La Guaira", in Venezuela, with the company of the State of the Bolivarian Republic of Venezuela named "BOLIVARIANA DE PUERTOS (BOLIPUERTOS), S.A.", aimed at optimising the development and growth of the terminal's activity, converting it into a transshipment port of the Caribbean Sea and Latin America. Under the terms of this Alliance, Teixeira Duarte will contribute, pursuant to the Business Plan, the value of 40 million American dollars and shall undertake, for a period of 20 years, the marketing, conservation, operation, administration, construction and development of the aforesaid Terminal.

The Specialised Container Terminal of the Port of La Guaira has capacity to handle 1,000,000 TEU/year and an area of 17ha, covering a wharf length of 693m and holding ground of -15.2m. This terminal is endowed with cutting edge port operation equipment - 6 ship to shore (STS) container gantry cranes, 15 rubber tyred gantry (RTG) cranes on land, 2 reach-stackers and 6 frontal fork lifts.

A whereas of this Agreement consists of the fact that on 6 August 2008 the Supplementary Agreement to the Framework Agreement for Cooperation between the Bolivarian Republic of Venezuela and the Portuguese Republic was signed, on matters of economic and energy cooperation, aimed at the cooperation, promotion, formulation and/or implementation of programmes and projects intended for the exchange of goods, services, technology and capacity-building of common interest to the subscribing countries.

2. Agreement for divestment of a stake held in the Energy Sector, disclosed in due time to the market, through a press release on 24 January, with this title and the following essential content:

The companies 100% controlled by it, "TEDAL - SGPS, S.A." and "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A." concluded, on 24 January 2017, an agreement with "OZ Energia, S.A." to sell the 50% stake that these entities held in the company "TDARCOL - Sociedade Gestora de Participações Sociais, S.A." for the price of 8.3 million euros.

The transfer is pending authorisation by the Competition Authority, where only at that time shall the operation be completed, which is expected to occur during the first quarter of 2017.

TDARCOL is a holding company which is the owner of other entities through which the Teixeira Duarte Group has been operating in the Energy Sector, namely in the Gas area.

It should be recalled that in March 2015 the Group had already sold the entity through which it operated in the areas of liquid fuels and lubricants, and now accomplishes, by the manner indicated above, the sale of the stake that it held in the entity through which it had, indirectly, been operating in the Gas area.

As anticipated in the press release referred to above, after the Competition Authority had issued its opinion on the completion of this operation, the Teixeira Duarte Group completed, on 31 March 2017, the agreement with "OZ Energia, S.A." to sell the 50% stake that the Group held in the company "TDARCOL - Sociedade Gestora de Participações Sociais, S.A.", thus no longer operating in the energy sector, and continuing in the other six - Construction, Concessions and Services, Real Estate, Hospitality, Distribution and Automotive - in the eighteen countries in which it operates.

VI. OUTLOOK ON FUTURE EVOLUTION

It is expected that in 2017 there will be growth of activity in various countries of importance in Teixeira Duarte's action abroad.

Apart from possible new contracts, the Group has assured adequate activity levels in Construction in the foreign market which enabled, in spite of the Teixeira Duarte Group's Order Book for the construction sector having fallen by 10% in relation to the end of 2015, this sector as a whole to reach the value of 2,008,665 thousand euros as at 31 December 2016, of which 560,757 thousand euros are for 2020 and following years.

For a more detailed review of the closer periods, i.e. for the remaining 1,447,908 thousand euros already contracted and whose execution is foreseen to take place in 2017, 2018 and 2019, a table is presented below with additional information on its distribution by country of operation.

Portfolio of Orders (Values in thousand euros)	2017		2018		2019	
	Value	Contribution (%)	Value	Contribution (%)	Value	Contribution (%)
Portugal	90,370	14.4%	36,475	7.8%	21,006	6.0%
Angola	67,689	10.8%	1,815	0.4%	21,370	6.1%
Algeria	193,338	30.8%	258,534	55.1%	144,678	41.4%
Brazil	220,948	35.1%	105,007	22.4%	37,310	10.7%
Mozambique	40,225	6.4%	22,111	4.7%	15,425	4.4%
Venezuela	5,273	0.8%	43,189	9.2%	106,138	30.3%
Other Markets	10,911	1.7%	2,136	0.4%	3,960	1.1%
Total	628,754	100.0%	469,267	100.0%	349,887	100.0%

It should be noted that the numbers indicated above refer to the Group's Order Book for Construction stated as at 31 December 2016, therefore the work contracted after this date is not included in the presented Order Book.

For 2017, Teixeira Duarte expects to achieve consolidated operating income of around 1,200 million euros.

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

In view of the proposal undertaken relative to the distribution to the employees and members of the Board of Directors of part of the net income for the year, and in compliance with the accounting rules currently in force, the amount of €400,000 (four hundred thousand euros) was recorded as a cost for the financial year of 2016, with the consequent reduction of the net income heading recorded in the financial statements attached to this Report and also subject to approval at the General Meeting.

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

It should also be noted on this issue that its subsidiaries, namely TD-EC, are committed to distributing part of their net income for 2016 to the members of their boards of directors and employees, to a total of €2,136,000.00 (two million, one hundred and thirty-six thousand euros), with these subsidiaries also having recorded this value as a cost for 2016, with the consequent reductions of the respective net income headings.

VIII. PROPOSED APPROPRIATION OF NET INCOME

As the amount of €400,000 (four hundred thousand euros), foreseen for distribution to the employees and directors was, in compliance with the applicable rules, recorded as a cost of the actual financial year of 2016 in the financial statements which are an integral part of this Management Report, with the approval of these documents the Shareholders confirm, on the one hand their agreement to distribute profit to the employees and members of the Board of Directors and, on the other hand, that the Net Income object of the proposed appropriation of net income is €7,092,173.40 (seven million, ninety-two thousand, one hundred and seventy-three euros and forty cents).

Moreover, it is also the policy of Teixeira Duarte to prioritise the reinforcement of the company's equity and assure the continued and balanced distribution of dividends to its Shareholders, which, in the current circumstances, should be especially moderated. It is also considered appropriate that the aforesaid equity should be reinforced through the total completion of the legal reserve.

Based on these assumptions, the Board of Directors proposes that the net income of "TEIXEIRA DUARTE, S.A." for 2016, amounting to EUR 7,092,173.40 (seven million, ninety-two thousand, one hundred and seventy-three euros and forty cents), should be appropriated as follows:

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

Lagoas Park, 26 April 2017

The Board of Directors

Pedro Maria Calainho Teixeira Duarte

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

Carlos Gomes Baptista

Diogo Bebiano Branco de Sá Viana Rebelo

Jorge Ricardo de Figueiredo Catarino

NUMBER OF SECURITIES OF THE MEMBERS OF THE GOVERNING BODIES

In compliance with the duties of information to which the Company is bound under various regulations in force, Teixeira Duarte, S.A. presents, below, the list of shares issued by the Company and by companies with which it is in a controlling or group relationship, held by members of the governing bodies, as well as all the acquisitions, encumbrances or transfers during 2016, specifying the amount, date of the fact and consideration paid or received:

I. Number of shares held by Members of the Governing Bodies as at 31 December 2015:

Name	Company	Quality	Nr. of Shares	
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0	(a) Held under a regime of joint ownership with his wife
José Gonçalves Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0	
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0	
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000	
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575	
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862	
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671	
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160	
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000	
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0	
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0	
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000	
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	0	
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor	0	

II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2016:

No transactions took place during the period in question.

III. Number of shares held by Members of the Governing Bodies as at 31 December 2015:

Name	Company	Quality	Nr. of Shares	
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0	(a) Held under a regime of joint ownership with his wife
José Gonçalves Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0	
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0	
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000	
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575	
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862	
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671	
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160	
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000	
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0	
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0	
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000	
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	0	
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor	0	

SHAREHOLDERS WITH AT LEAST ONE TENTH OF THE SHARE CAPITAL

Company	Nr. shares as at 31.12.2015	% Capital
TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.	203,520,000	48.46%
MIDINVEST, S.G.P.S., Sociedade Unipessoal Lda.	43,364,872	10.32%

LIST OF OWNERS OF QUALIFYING HOLDINGS AS AT 31 December 2016

In compliance with the applicable legal and regulatory provisions, based on the Company's records and the information which has been received, TEIXEIRA DUARTE, S.A. herein discloses the list of owners of qualifying holdings in its share capital as at 31 December 2016, indicating the number of shares owned and corresponding percentage voting rights, calculated under the terms of article 20 of the Securities Market Code.

TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A.	Nr. of shares	% Share capital with voting rights
Directly	203,520,000	48.46%
Through members of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A."	9,136,551	2.18%
TOTAL IMPUTABLE	212,656,551	50.63%

Mr. Miguel Calainho de Azevedo Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	333,790	0.08%
Through the company controlled by him directly, MIDINVEST, S.G.P.S., Sociedade Unipessoal, Lda.	43,364,872	10.32%
TOTAL IMPUTABLE	43,698,662	10.40%

Banco Comercial Português, S.A.	Nr. of shares	% Share capital with voting rights
Directly	0	0.00%
Through the Pension Fund of the Banco Comercial Português Group held by him	41,131,179	9.7931%
TOTAL IMPUTABLE	41,131,179	9.7931%

Mr. Pedro Pereira Coutinho Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	9,100,000	2.17%
TOTAL IMPUTABLE	9,100,000	2.17%

Corporate Governance Report **2016**



PART I - INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital structure

1. Capital structure (share capital, number of shares, distribution of the capital among the shareholders, etc.), including indication of non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital that each category represents (article 245-A, number 1, subparagraph a)).

The share capital of "Teixeira Duarte, S.A." (hereinafter abbreviated to TD,SA) of the total value of € 210,000,000.00 (two hundred and ten million euros) is represented by 420,000,000 shares with the nominal value of € 0.50 (fifty cents) each.

The shares are all ordinary, book entry, registered and listed for trading in regulated markets (EURONEXT LISBON). The shares belong to a single category, each corresponding to one vote, and there are no shares with special rights or duties.

According to the most recent information, the shares representing the share capital of TD,SA were, at the end of 2016, distributed over a total number of 5,224 shareholders, as follows:

Shareholders with up to 42,000 shares:	5,012
Shareholders with 42,001 to 420,000 shares:	173
Shareholders with 420,001 to 4,200,000 shares:	29
Shareholders with 4,200,001 to 42,000,000 shares:	8
Shareholders with more than 42,000,000 shares:	2

2. Restrictions on the transferability of shares, such as clauses of consent for divestment or limits to the holding of shares (article 245-A, number 1, subparagraph b)).

There are no restrictions to the transferability of shares, namely clauses of consent for disposal or limits to the holding of shares.

3. Number of treasury shares, percentage of corresponding share capital and percentage of voting rights to which the treasury shares would correspond (article 245-A, number 1, subparagraph a)).

There are no own shares.

4. Significant agreements of which the company is a party and which enter into force, are altered or cease in the event of a change of control of the company following a public take-over bid, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, unless the company is specifically obliged to disclose this information due to other legal requirements (article 245-A, number 1, subparagraph j)).

TD,SA is not a party in significant agreements which enter into force, are altered or cease in the event of a change of control of the Company, except in the situations established in loan contracts, pursuant to normal market practice, some of which foresee, in the case of change of control of the Company, the possibility of the financial institution requesting early repayment.

5. Regime to which the renewal or revocation of defensive measures is subject, in particular those establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.

There is no statutory provision nor have any defensive measures been adopted establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.

Consequently, the provisions in the present rule and in Recommendation number I.4 are not applicable to TD,SA.

6. Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights (article 245-A, number 1, subparagraph g)).

As far as the Company knows, there are no agreements between shareholders, namely those which might lead to restrictions on matters relative to the transfer of securities or voting rights.

It should also be noted, for the effect of Recommendation number I.5 of the Corporate Governance Code of the CMVM, that no measures have been adopted whose effect is to demand payments or the assumption of costs by TD,SA in the event of transfer of control or change of the composition of the management board, and which might jeopardise the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.

II. Shares and Bonds held

7. Identification of natural or legal persons which, directly or indirectly, own qualifying holdings (article 245-A, number 1, subparagraphs c) and d), and article 16), detailing the percentage of capital and votes attributed and the source and causes of imputation.

It is disclosed that, as at 31 December 2016, the qualifying holdings, calculated under the terms of article 20 of the Securities Market Code, were as follows:

"Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."	Nr. of shares	% Share capital with voting rights
Directly	203,520,000	48.46%
Through members of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."	9,136,551	2.18%
TOTAL IMPUTABLE	212,656,551	50.63%

Mr. Miguel Calainho de Azevedo Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	333,790	0.08%
Through the company controlled by him directly, MIDINVEST, S.G.P.S., Sociedade Unipessoal, Lda.	43,364,872	10.32%
TOTAL IMPUTABLE	43,698,662	10.40%

"Banco Comercial Português, S.A."	Nr. of shares	% Share capital with voting rights
Directly	0	0.00%
Through the "Pension Fund of the Banco Comercial Português Group" held by him	41,131,179	9.7931%
TOTAL IMPUTABLE	41,131,179	9.7931%

Mr. Pedro Pereira Coutinho Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	9,100,000	2.17%
TOTAL IMPUTABLE	9,100,000	2.17%

8. Identification of the number of shares owned by members of the management and supervisory bodies.

[NOTE : the information should be provided in order to comply with the provisions in number 5 of article 447 of the Commercial Companies Code]

TD,SA presents, below, the list of shares issued by the Company and by companies with which it is in a controlling or group relationship, held by members of the governing bodies, as well as all the acquisitions, encumbrances or transfers during 2016, specifying the amount, date of the fact and consideration paid or received.

I. Number of shares held by Members of the Governing Bodies as at 31 December 2015:

(a) Held under a regime of joint ownership with his wife

Name	Company	Quality	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0
José Gonçalves Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0
José Pedro Poiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	0
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor	0

II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2016:

No transactions took place during the period in question.

III. Number of shares held by Members of the Governing Bodies as at 31 December 2016:

Name	Company	Quality	Nr. of Shares	
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0	(a) Held under a regime of joint ownership with his wife
José Gonçalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0	
José Pedro Poiars Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0	
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000	
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575	
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862	
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671	
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160	
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000	
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0	
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0	
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000	
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	0	
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor	0	

9. Special powers of the management body with regard to resolutions on share capital increases (article 245-A, number 1, subparagraph i), indicating, with respect to these powers, the date on which they were attributed, period until which this competence may be exercised, maximum quantitative limit of the share capital increase, amount already issued under the attribution of powers and method of accomplishment of the attributed powers.

In addition to the other duties and competence entrusted by the Law, Articles of Association or through delegation of the General Meeting, the Board of Directors is responsible for:

- exercising the full powers of management of the Company and carrying out all the acts and operations pertinent to the achievement of its corporate object;
- negotiating and granting all contracts, independently of their scope, form and nature, where the Company is a party;
- representing the Company in and out of court, actively and passively, promoting, contesting, transacting or waiving in any proceedings and engaging in all types of arbitration;
- preparing, if deemed appropriate, its internal regulations, defining the rule and procedures relative to its operation;
- proceeding with the distribution of areas of responsibility amongst its members and entrusting any of the members with specific matters of the competence of the Board of Directors;

- empowering any of its members sufficiently to, jointly or individually, perform certain tasks or specific actions;
- appointing attorneys or mandatories of the Company to carry out certain acts or categories of acts, with the powers and duties defined in the respective powers of attorney which it has granted for the effect;
- appointing the Company Secretary and his Alternate;
- moving the head office to another location, within national territory, as well as creating, transferring or extinguishing delegations, agencies, branches or any other forms of corporate representation, in the country or abroad, under the terms, where and when deemed convenient;
- deliberating that the Company acquire, dispose and encumber any fixed assets and industrial property rights, licenses and permits, as well as quotas, shares, bonds or other securities;
- deliberating that the Company participate in the constitution, subscription of share capital, assume interests or take part in other companies, complementary business groups or associations of any type and cooperate, collaborate or enter into consortium with other entities, as well as the provision of technical services related to administration and management or support in terms of human resources to subsidiary companies or entities with which a subordination contract has been signed; and
- providing bonds and personal or real guarantees on behalf of the Company, namely sureties or securities.

The Articles of Association of the Company do not confer any powers to the Board of Directors relative to any share capital increases.

10. Information on the existence of significant business relations between the holders of qualifying stakes and the company.

There are no significant business relations between the holders of qualifying stakes and the company.

Considering the shareholder with a qualifying holding in the share capital of TD,SA is the Pension Fund of the Banco Comercial Português Group, this holding has been imputed to "Banco Comercial Português, S.A."

Since 1985, the companies included in the Teixeira Duarte Group have maintained business relations with "Banco Comercial Português, S.A." and its participated companies, under normal market terms and conditions, where, as at 31 December 2016, the total value of the loans raised from this institution reached approximately 352 million euros, corresponding to 26.8% of the Group's total bank debt.

It is disclosed that the contracting of bank guarantees with "Banco Comercial Português, S.A." and its participated companies amounted to 43 million euros, representing 6.8% of the total value of the guarantees contracted by the Group.

Finally, it is disclosed that the Group also has financial lease contracts with "Banco Comercial Português, S.A." and its participated companies, of a total value of 150 million euros, corresponding to 82.3% of the total value of these types of contracts.

There are no other significant business relations between the holders of qualifying stakes and the company.

As the nature of the only relations is identified above and due to the fact that their scope is restricted to areas that are already highly regulated and supervised by various entities, it is deemed that there is no reason that would justify the supervisory body establishing necessary procedures and criteria for the definition of the relevant level of significant business with shareholders holding qualifying stakes, or with entities which are engaged with them in any of the relations established in number 1 of article 20 of the Securities Market Code, nor that the conduct of business of significant relevance should depend on the prior opinion of this body, pursuant to Recommendation number V2.

B. GOVERNING BODIES, COMMITTEES AND COMMISSIONS

I. GENERAL MEETING

a) Composition of the board of the general meeting

11. Identification and position of the members of the board of the general meeting and respective term of office (start and end)

Currently, the Board of the General Meeting is composed of the following members:

<u>Chairman:</u>	Dr. Rogério Paulo Castanho Alves, lawyer, with professional domicile at Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal;
<u>Deputy Chairman:</u>	Dr. José Gonçalo Pereira de Sousa Guerra Costenla, lawyer, with professional domicile at Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal; and
<u>Secretary:</u>	Dr. José Pedro Poiães Cobra Ferreira, lawyer, with professional domicile at Lagoas Park, Edifício 2, 2740-265 Porto Salvo, Oeiras, Portugal.

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

b) Voting and the exercise of voting rights

12. Any restrictions on the right to vote, such as limitations on voting rights depending on ownership of a certain number or percentage of shares, deadlines for exercising voting rights or systems highlighting ownership rights (article 245-A, number 1, subparagraph f)).

There are no restrictions on voting rights, namely limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, hence the periods imposed for the exercise of voting rights are the only limitations that are indicated for the case of voting by correspondence.

Furthermore, pursuant to article 13 of the Memorandum and Articles of Association, only shareholders with at least one voting right, on the registration date, corresponding to 0 hours (GMT) of the 5th business day prior to the date of the General Meeting, may participate in the General Meeting and discuss and vote therein.

Each share, under the conditions referred to above, corresponds to one vote. Although the Articles of Association foresee, in article 7, the possibility of shares without rights, the truth is that there are no, and have never been any, shares without voting rights.

For the exercise of the right to vote by correspondence and for the execution of all other procedures indicated in the Articles of Association, the Company has implemented the indispensable means for the effect, providing all the necessary forms on its website and at its head office, namely drafts of letters and the voting ballot, as well as instructions for their completion.

TD,SA believes that the specific security requirements inherent to the voting process through electronic means are very significant, namely with respect to the technical means necessary to verify the authenticity of the corresponding explanations of vote, and guarantee the integrity and confidentiality of the respective contents, and, likewise, recognises the high level of security and operational reliability required in the receipt of these explanations of vote.

Furthermore, TD,SA considers that the shareholders' participation in the General Meetings has been fully assured even when they are unable to attend in person, whether through voting by correspondence or via the existing mechanisms of representation, although the implementation of this system has never been requested, and no difficulties of participation in the General Meetings and in the exercise of voting rights have ever been noted.

The considerations referred to above and the fact that the General Meetings of TD,SA, as the leading listed company of the Teixeira Duarte Group, traditionally has a very high representation of share capital, underlie the reason why the Company has not implemented the possibility of the exercise of voting rights through electronic means.

Lastly, it should also be noted that TD,SA has not established any type of systems privileging rights relative to assets or mechanisms with the effect of causing a time lag between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share.

13. Indication of the maximum percentage voting rights that may be exercised by a single shareholder or by shareholders engaged in any of the relations listed in number 1 of article 20.

The Articles of Association of TD,SA do not stipulate a maximum percentage or maximum number of voting rights that may be exercised by a single shareholder (individually or in concertation with other shareholders) or by shareholders which are engaged in any of the relations referred to in number 1 of article 20 of the Securities Market Code.

14. Identification of shareholder deliberations, through statutory imposition, that may only be taken with a qualifying majority, apart from those legally established, and indication of these majorities.

There are no statutory provisions which impose qualifying majority quorums for the deliberation of the shareholders on specific topics, apart from those legally established.

Indeed, article 16 of the Articles of Association establishes that "the deliberations of the General Meeting are taken by the majority of the votes cast, without prejudice to the legal provisions which, in certain cases, might require qualifying majorities or establish other forms of acceptance of the proposals".

II. MANAGEMENT AND SUPERVISION

(Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition

15. Identification of the adopted governance model

Since its incorporation on 30 November 2009, TD,SA has adopted a Corporate Governance model known as the Latin reinforced board structure or one-tier model, whose governing bodies comprise, in addition to the General Meeting and its Board, a Board of Directors and two autonomous Supervisory Bodies: the Supervisory Board and the Chartered Accountant Firm.

On this issue, it is important to note the existing collaboration between all these structures of the Group, as well as the advantages arising from these synergies, reflected in the privileged and effective manner of the achievement of objectives undertaken by all as collection action.

The adopted governance model fully complies with its underlying objectives, that is, ensuring that TD,SA maintains good levels of operation and efficiency in the performance of duties by each governing body, both independently and jointly, thus proving to be appropriate the *modus operandi* of TD,SA, its structures and members of the governing bodies, in particular of the Board of Directors.

16. Statutory rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 245-A, number 1, subparagraph h)).

Regarding the rules applicable to the appointment and replacement of the members of the management body, it should be recalled that they are elected at the General Meeting, through the list system, for four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and the legally established limits, and take up office as soon as they are elected, without further formalities.

Under the special election rules established in the Law, TD,SA has adopted the systems which enables a Director to be elected amongst the persons proposed in lists which are undersigned and presented by groups of shareholders, provided that none of these groups own shares representing more than twenty percent and less than ten percent of the share capital. Pursuant to this choice, any Director elected in this manner automatically replaces the one last on the list who would have fallen due in the election of the Directors.

The Articles of Association do not foresee the existence of any alternate Director, but rather establish five as the number of absences to meetings, consecutively or interspersed, without justification accepted by the Board of Directors, per term of office, as leading to the situation of definitive absence of the Director, with the consequences established in the Law.

Apart from the circumstances referred to above, the Articles of Association do not establish any specific rule for the replacement of the members of the Board of Directors, so the general system established in the Commercial Companies Code on this matter is applicable, that is, the Board of Directors may replace any Director who fails to perform duties for any of the reasons laid down in the Law, namely due to resignation or the accumulation of absences, and hence, should this be deemed appropriate and under the applicable terms and conditions, proceed with the corresponding co-optation, which must be ratified at the first following General Meeting.

17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member.

Under article 17 of the Articles of Association, the Board of Directors should be composed of a minimum number of five and maximum of eleven members. Furthermore, when electing this Board, the General Meeting should determine the number of Directors which, within these limits, should comprise the Board for each term of office and appoint, among them, the member who will perform the duties of Chairman. The Articles of Association do not foresee the existence of alternate members.

Under the terms of number 2 of article 10 of the Articles of Association, the members of the governing bodies are elected for periods of four years, as noted above.

As at 31 December 2016, the Board of Directors was composed of the following members, all permanent:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

Carlos Gomes Baptista

Diogo Bebiano Branco de Sá Viana Rebelo

Jorge Ricardo de Figueiredo Catarino

The Chairman of the Board of Directors **Pedro Maria Calainho Teixeira Duarte** and the Directors **Manuel Maria Calainho de Azevedo Teixeira Duarte**, **Joel Vaz Viana de Lemos** and **Carlos Gomes Baptista** were appointed for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2010 term of office. They were subsequently re-elected for the 2011/2014 term of office, and at the General Meeting of 30 May 2015 were again re-elected to perform duties during the current term of office of 2015/2018.

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

The Director **Jorge Ricardo de Figueiredo Catarino** was appointed to the position for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2011 term of office. He was not re-elected in 2011, having continued to perform duties in the Administration of other companies of the Group. At the General Meeting of 25 May 2013, he was once again elected to hold the position of Director of TD,SA until the end of the 2011/2014 term of office, and subsequently re-elected to perform duties during the 2015/2018 term of office currently in progress.

18. Distinction between the executive and non-executive members of the Board of Directors and, regarding non-executive members, identification of members who may be considered independent, or, if applicable, identification of the independent members of the General and Supervisory Board.

18.1. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is appraised under the terms of the current legislation and, regarding the other members of the Board of Directors, members are considered independent when they are neither associated to any specific group of interests in the company nor in any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:

- a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;**
- b. Having, in the last three years, rendered services or established significant commercial relations with a company which has been in a controlling or group relationship, whether directly as a partner, director or manager of a legal person;**
- c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;**
- d. Living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;**
- e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.**

The Board of Directors is exclusively composed of executive members, which is reflected in the effectiveness, functioning and proximity of the matters entrusted to them.

TD,SA has chosen to maintain all its Directors in executive duties since the duties which would have been entrusted to any non-executive Directors – namely regarding supervision, monitoring and assessment of the activity of the executive members – are carried out by the Supervisory Board, Remuneration Committee and General Meeting.

In fact, the total independence and compatibility of the members of the Supervisory Board allows for impartial and useful intervention in the supervision of the Company's activity, not only from an accounting point of view – where it benefits from the regular intervention of the Chartered Accountants Firm – but also from a policy perspective, in this case with the appropriate limits and scope essential to safeguard compliance with the legal and regulatory rules in force, all with a view to achieving constant transparency and compliance with proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

In view of the adopted corporate model, the composition and mode of operation of its governing bodies – namely the executive character of the Board of Directors and the independence of the Supervisory Board and Chartered Accountants Firm, without their being any delegation of competence, either amongst them or to other Committees – TD,SA considers that the appointment of non-executive members to perform duties within the Board of Directors would not result in any significant benefits to the good operation of the adopted model, which has proved suitable and efficient.

This justifies TD,SA's decision not to include non-executive members in the Board of Board of Directors for the monitoring, supervision and assessment of the activity of the remaining members of this board, as established in Recommendation number II.1.6. Therefore, considering that all the members of the Board of Directors perform executive duties, the present regulatory standard is not applicable to TD,SA's reality.

Nevertheless and on this issue, it is important to disclose, with respect to the independence of its members, that the Board of Directors considers that none are under any circumstances capable of affecting their impartiality in analysis and decision-making.

Particular note should also be made of the good interrelations between all the governing bodies, not only between the Chartered Accountants Firm and the Supervisory Board, which hold periodic meetings, but also between these bodies and the Board of Directors, whereby all the Directors have provided the information requested by the other members of the governing bodies in due time and in an appropriate manner.

It should also be noted that, pursuant to the principle of close collaboration between the governing bodies, for the effect of the provisions in Recommendation number II.1.9, the Chairman of the Supervisory Board is called to all the meetings of periodic nature and for the approval of the documents presenting the accounts, and is sent copies of the call notices and minutes of all the meetings of this board.

However, these documents are not sent directly by the Chairman of the Board of Directors, as indicated in this recommendation. These tasks are performed, through indication of the Chairman of the Board of Directors, by the Company Secretary who delivers copies of the call notices and minutes of the Board of Directors meetings to the Chairman of the Supervisory Board, after they have been duly signed.

Moreover, it should be added that, although the Chairman of the Board of Directors performs executive duties, since there are no non-executive directors, the Recommendation in number II.1.10 is not applicable to TD,SA. This recommendation notes that, if chairman of the board of directors performs executive duties, this board should indicate, from among its members, an independent director to assure the coordination of the work of the other non-executive members, and the conditions to enable them to take decisions in an independent or informed manner or find other equivalent mechanisms to assure this coordination.

19. Professional qualifications and other relevant curricular elements of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

Chairman of the Board of Directors: Pedro Maria Calainho Teixeira Duarte

Licentiate degree in Business Administration from Universidade Católica Portuguesa in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 1987 (which was "Teixeira Duarte – Engenharia e Construções, S.A." until 2010).

As Chairman of the Board of Directors, as at 31 December 2016 he is responsible for performing the following duties, among others:

- assures the functioning of this Board, namely the coordination of the performance of its members and holding of the respective meetings;
- monitors the Company's current business;
- coordinates the interaction of the members of the Board of Directors of "Teixeira Duarte, S.A." and the members of the Board of Directors of the 100% subsidiary, "Teixeira Duarte – Engenharia e Construções, S.A.";
- coordinates and monitors the activity developed by the Group's Delegates in the different countries.

He entered the staff of "Teixeira Duarte – Engenharia e Construções, S.A." in 1978, having been promoted in 1987 to Chief Executive Officer of this company which was, at the time, the Group's leading listed company, and has held his current position as Chairman of its Board of Directors since 2008.

In 2009 and on the occasion of its incorporation, he was, at the same time, appointed to the position of Chairman of the Board of Directors of TD,SA, which would later become the leading listed company of the Teixeira Duarte Group as of 2010. He currently also holds this position cumulatively with the equivalent position at "Teixeira Duarte – Engenharia e Construções, S.A.".

Outside the Teixeira Duarte Group, but within the sphere of its shareholder structure, he is Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", which, being held by members of the Teixeira Duarte family, controls the aforesaid leading listed company TD,SA with over 50%.

Throughout these years, he has performed many corporate positions in various other entities in which the Teixeira Duarte Group holds a stake, as indicated below:

- "CIMPOR – Cimentos de Portugal, S.G.P.S., S.A.", where he was a member of the Board of Directors between 2001 and August 2009; and
- "Banco Comercial Português, S.A.", where he performed various duties in the Corporate Bodies between 1985 and 2013, in particular as Deputy Chairman of the Board of Governors, Deputy Chairman of the General and Supervisory Board, and Deputy Chairman of the Board of Directors.

Director: Manuel Maria Calainho de Azevedo Teixeira Duarte

Licentiate degree in Law from the Law School of "Universidade de Lisboa", in 1989.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2018.

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

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by the Central Department of Finance and Accounting, as well as the Corporate Secretarial, Consolidation of Accounts and Internal Audit Services, and for supervising the action of the Hospitality sector, monitoring the action developed in the Energy sector and monitoring the management of the financial holdings in companies.

He was a lawyer/legal adviser with his own office from 1989 to 1996.

Director of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.", from 30 June 1992 to 22 April 2005, with supervisory, control and investment decision responsibilities under the duties attributed to the members of the Board of Directors by the Commercial Companies Code and the Company's Articles of Association, as well as relations with the CMVM.

He has been part of the staff of the Teixeira Duarte Group since 1993, acting as a legal adviser and manager in various companies, in particular in the real estate sector.

Member of corporate bodies of numerous Teixeira Duarte Group companies, and since April 2005 also a member of the Board of Directors of the Group's leading listed company, at that time "Teixeira Duarte – Engenharia e Construções, S.A." and currently TD,SA, positions which he still holds.

Outside of the Teixeira Duarte Group, but within its shareholder structure, he is also a Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", a position to which he was appointed for the first time on 28 February 1991.

Director: Joel Vaz Viana de Lemos

Licentiate degree in Civil Engineering from the Faculty of Engineering of Porto University, in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2018.

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

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by the Central Departments of Human Resources, Administrative Services and Information Technology, as well as for the Central Departments of "Teixeira Duarte – Engenharia e Construções, S.A." of the areas of Management, Technology and Procurement Systems and for monitoring the participation of the Group's companies operating in the Construction sector at the Associations to which they are connected, namely representing them or providing for their respective representation.

In the a distribution of areas of responsibility of the Board of Directors of TD,SA he is still entrusted with chairing the Operational Executive Committee of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.", which is responsible for coordinating the action of its Operating Centres and participated companies in the Construction sector; supervising the activities developed by "Teixeira Duarte – Engenharia e Construções, S.A." relative to the Geotechnical and Rehabilitation, Metalworking and Maritime Works areas, the Formwork and Pre-stressing Operations Centre (COC) and the Equipment Department; and supervising the activities of the participated companies "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.", "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.", "RECOLTE, Serviços e Meio Ambiente, S.A.", "RECOLTE, Serviços e Meio Ambiente (Porto), S.A.", "Recolte, Serviços e Meio Ambiente (Açores), Unipessoal Lda." and "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal".

After having completed the specialisation course in Soil Mechanics at Universidade Nova de Lisboa in the academic year of 1977/1978, he immediately started his professional career at "Teixeira Duarte – Engenharia e Construções, S.A." in 1978, and was Site Manager and Designer in the area of Geotechnics and Foundations until 1983.

From 1983 to 1984 he worked at the Commercial Technical Department, preparing and collaborating in a large number of studies and proposals, including bridges, dams and expansion of airport infrastructures.

From 1984 to 1992 he was assigned by "Teixeira Duarte – Engenharia e Construções, S.A." to the important Enterprise Group "FERDOURO,

ACE", constituted for the construction of São João Bridge over the River Douro, having, in this context, performed the duties of Head of the Technical Office (1984/88), Technical Director/Production Director (1988/89) and Deputy Managing Director with technical and production management (1989/92).

From 1992 to 1997, he took up the position, at "Teixeira Duarte – Engenharia e Construções, S.A.", of Production Centre Director of the area at that time referred to as "Public Works", coordinating various contracts for hydraulic works (dams, wastewater treatment stations, pumping stations), hospitals, roads and general infrastructure works.

In 1997, he was appointed Operating Centre Director in this same area of "Public Works".

Since then, he was also appointed to various corporate positions in a variety of Companies, Enterprise Groups, Consortiums and Associations in which the Teixeira Duarte Group holds a stake, some of which he still maintains, even after taking up the position of Director of "Teixeira Duarte – Engenharia e Construções, S.A." in 2005.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

Director: Carlos Gomes Baptista

BSc in Engineering from Instituto Industrial de Lisboa, in 1973.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2018.

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

In November 2013, he withdrew from being a member of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.".

As Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by "Teixeira Duarte – Engenharia e Construções, S.A." in the Buildings area and for supervising the activity of the participated company "TDGI – Tecnologia de Gestão de Imóveis, S.A.".

His career includes, in particular, employment at "M.S.F., S.A.", where he was Head of Services from 1975 to 1979, collaborating in various works, namely of hydraulic nature (pipeline and dam).

He entered into "Teixeira Duarte – Engenharia e Construções, S.A." in February 1980, as Site Manager in the area of buildings, at that time referred to as "Civil Construction".

From 1982 to 1983, he was on assignment in Venezuela where he monitored various building contract works for housing and offices.

Back in Portugal, he was appointed to the position of Zone Director in 1984, with responsibilities in a large number of enterprises in the areas of tourism, roads, housing, buildings, and especially for banking entities.

In 1989 he was appointed to the position of Production Centre Director, and in 1989 Director of the Operating Centre of what was, at that time, referred to as the "Civil Construction" area, where he was coordinator from 1998 to 2005, when he was appointed Director of "Teixeira Duarte - Engenharia e Construções, S.A.", a position he held until November 2013.

From 2000 onwards he has monitored the the action of the Teixeira Duarte Group company which operates in the Facilities Management area named "TDGI - Tecnologias e Gestão de Imóveis, S.A.", where he is Chairman of the Board of Directors.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

Director: Diogo Bebiano Branco de Sá Viana Rebelo

Licentiate degree in Civil Engineering from Instituto Superior Técnico, in 1992.

Appointed for the first time for the position in 2011, through deliberation of the General Meeting, with the current term of office ending in 2018.

As Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed in the Real Estate, Distribution and Automotive sectors in all the markets of action of the Teixeira Duarte Group, namely Portugal, Angola, Brazil and Mozambique, being, in this context, a Director of various other companies of the Group, and for supervising the activity of "TDHOSP - Gestão de Edifício Hospitalar, S.A." and "EDUCARE - Actividades Educativas e Culturais, Lda."

He worked at "PROFABRIL, S.A." as a Design Engineer in the Buildings Division, participating in projects of reinforced concrete structures from October 1992 to May 1993.

In the Teixeira Duarte Group:

From October 1993 to November 1999, he was a member of the "Teixeira Duarte - Engenharia e Construções, S.A." teams in the Buildings Operating Centre, at that time referred to as Civil Construction, performing the duties of Assistant Site Manager and Site Manager of various works in Portugal.

From November 1999 to May 2011, he part of the real estate teams of the Teixeira Duarte Group, being responsible for the technical area with duties in the development of real estate projects, namely in feasibility analysis, design of real estate solutions, project coordination, contract work coordination, definition of related marketing products, management of rented assets and coordination of sales teams.

His responsibility included all the segments of the sector, from residential to offices, commercial spaces, hospitality, health and leisure, industry/logistics and car parks, as well as dedication to the expansion of spaces allocated to other activities of the Group, especially Construction, Hospitality, Distribution and the Automotive sector.

In 2010 he also started to coordinate the Group's action in the Distribution and Automotive sectors, and in May 2011 he was elected Director of the leading listed company of the Teixeira Duarte Group, TD,SA.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

Director: Jorge Ricardo de Figueiredo Catarino

Licentiate degree in Civil Engineering from the Faculty of Engineering of Porto University, in 1974.

He was appointed to the position for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2011 term of office. While his duties as a Director of TD,SA terminated in 2011, he continued to perform duties in the Administration of other companies of the Group. At the General Meeting of 25 May 2013, he was elected to hold the position of Director of TD,SA until the end of the 2011/2014 term of office, and on 30 May 2015 he was subsequently re-elected to perform duties during the term of office currently in progress (2015/2018).

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

In November 2013, he withdrew from being a member of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A."

As Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by TD-EC in the Infrastructures area and for supervising the activity of the participated companies "MTS – Metro, Transportes do Sul, S.A." and "AEBT – Auto-estradas do Baixo Tejo, S.A."

He started his career as a liberal profession, in the dimensioning and management of construction of various buildings for housing and industry.

He was employed at "CONDURIL S.A.R.L." from 1977 to 1981 as Site Manager, collaborating in various works, namely the construction of the dams of Penha Garcia and Cimeira and Fundeira in Alvão, for the "Hydraulic Directorate General (DGH)" and "Vila Real Municipal Council (CMVR)" respectively; various slope consolidation works along the Douro Line adjacent to the Régua and Valeira developments, for "EDP", following the damage caused by the great floods of 1979 and by the phenomenon of micro turbulence, and a variety of different roadworks for the "Junta Autónoma das Estradas".

He entered into "Teixeira Duarte – Engenharia e Construções, S.A." in 1981, as Site Manager in the area of buildings, at that time referred to as "Civil Construction". This area included, in particular, the construction of the Head Office of "Caixa Geral de Depósitos", a series of important buildings in the city of Porto and the construction of a Home for the Elderly on Ilha Terceira, in the Azores.

From 1984 to 1991 he was on assignment in Venezuela, where he performed the duties in the Production and Management Department of the affiliate "TEGAVEN S.A.", under which he monitored various contract works for housing and office buildings as well as the maintenance facility and others for Caracas metropolitan railway and the construction of motorways.

Back in Portugal, in 1992 he was appointed to the position of Operating Centre Director of the area at that time referred to as "Public Works", where he was the coordinator until 2005, when he was appointed as Director of "Teixeira Duarte – Engenharia e Construções, S.A.". During this period, he coordinated the development of major projects in the area of roads and railways, storage, water treatment and distribution, hydroelectric developments, hospitals and others.

He supervised the entrance of "Teixeira Duarte – Engenharia e Construções, S.A." into Algeria in 2003, and continues, still today, to hold various positions as a Director in a variety of entities in which the Teixeira Duarte Group holds a stake in this country.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

20. Family, professional or business relations, habitual and significant, of the members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.

The Chairman of the Board of Directors, Pedro Maria Calainho Teixeira Duarte, is shareholder and Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", although he does not earn any remuneration for holding this position. Furthermore, we disclose that he is the son of Mr. Pedro Pereira Coutinho Teixeira Duarte and brother of Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with "Banco Comercial Português, S.A." are not of significant nature.

The Director, Manuel Maria Calainho de Azevedo Teixeira Duarte, is shareholder and Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", although he does not earn any remuneration for holding this position. Furthermore, we disclose that he is the nephew of Mr. Pedro Pereira Coutinho Teixeira Duarte and cousin of Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with "Banco Comercial Português, S.A." are not of significant nature.

Regarding the remaining members of the Board of Directors, we disclose that none of them maintain habitual and significant family, professional or business relations with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.

21. Organisational charts or flowcharts relative to the distribution of competence between the different governing boards, committees, commissions and/or departments of the company, including information on the delegation of competence, in particular with respect to the delegation of the daily management of the company.

The Articles of Association of the Company define the competence of each of the governing bodies, namely in articles 12 (General Meeting), 19 (Board of Directors) and 23 (Supervisory Board and Chartered Accountants Firm).

There is no distribution or delegation of competence by any of the governing bodies, namely by the Board of Directors, to any specific committees or commissions, in particular an Executive Committee.

This circumstance essentially arises from the fact that the Board of Directors is exclusively composed of executive members, which is reflected in effectiveness of functioning and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

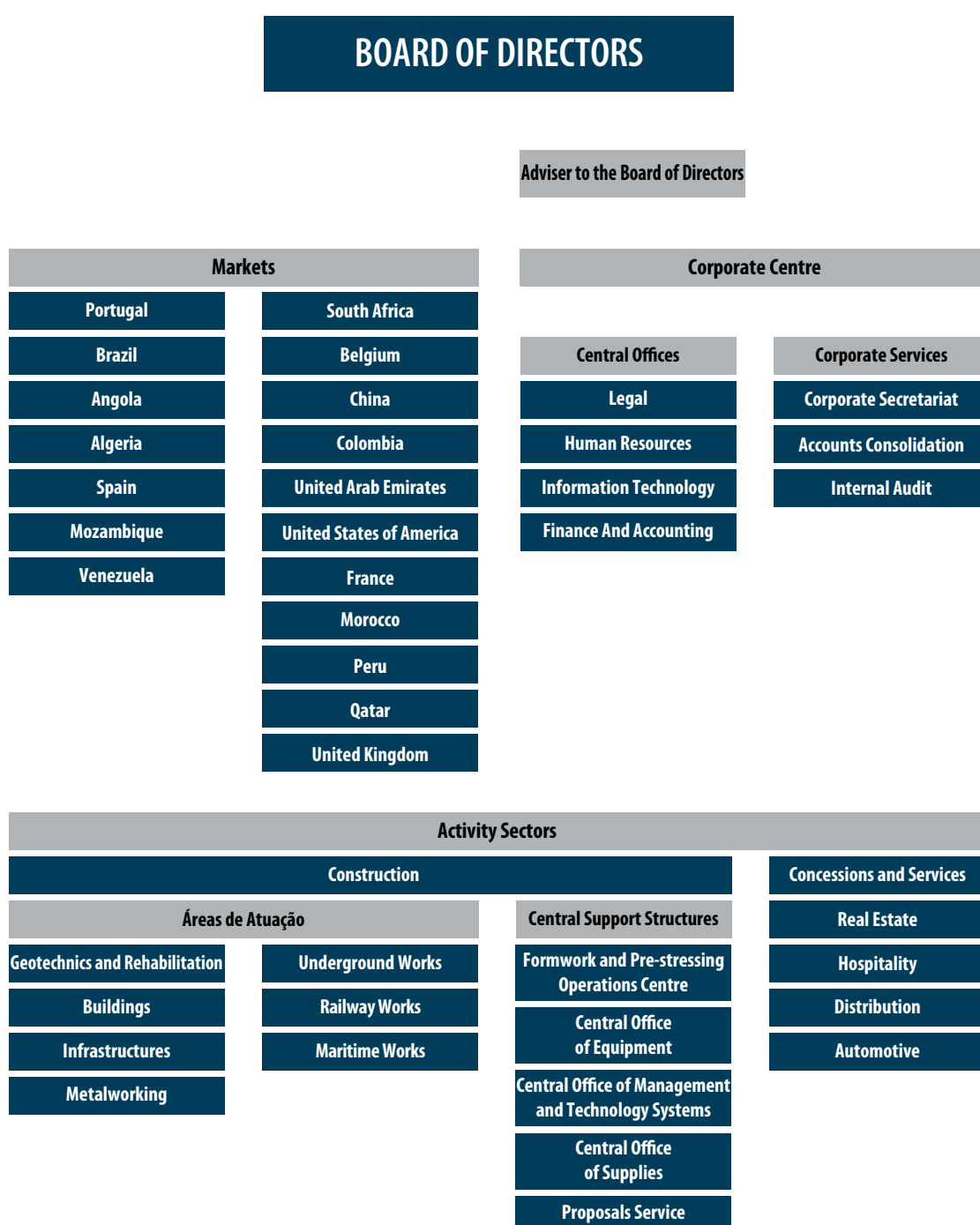
Notwithstanding the above, the general organisational lines defined by the Board of Directors for the Group, established as at 31 December 2016, aim to:

1. Maintain a series of Central Departments with special responsibilities of transversal support to the action developed in the Group's different activity sectors included in the Corporate Centre, which should promote a standardisation of procedures and provide support to the Group's structures operating abroad in these areas that are common to various businesses, even though some may be within the scope of TD- EC and others within the scope of its sole shareholder, TD,SA, namely: Central Legal Department; Central Department of Human Resources; Central Department of Information Technology; Central Department of Finance and Accounting; Corporate Secretarial Services; Account Consolidation Services and Internal Audit Services;

2. Maintain the organisation of the Group's operating structures by Activity Sector, which tends to cover the responsibility for all the teams and operations of these business areas, regardless of the geographic market in which they operate, thus also acting to draw the technical and human central resources of the Group closer to those operating in Teixeira Duarte's different markets of action;
3. Highlight the trade name of certain operations included in the Group which, in view of the particularity of their business, should maintain their individuality, especially in the Construction, Concessions and Services sectors;
4. Continue to strengthen TD-EC as the leading company of the Group operating in the construction sector, concentrating therein not only participated entities that act in this sector, but also the main human resource structures allocated to them;
5. Maintain the organisational model of the Construction Sector divided by Areas of Action and by Central Support Structures, which will have the following names and subdivisions:
 - Areas of Action: Geotechnics and Rehabilitation, which will have Operating Centres and a Project Department; Buildings which will have Operating Centres and a Department of Studies; Infrastructures which will have Operating Centres and a Department of Studies; Metalworking;
 - Central Support Structures: Formwork and Pre-stressing Operations Centre; Central Department of Equipment; Central Department of Management Systems and Technology; Central Department of Procurement; Proposal Services.
6. Maintain the coordination and interaction of the activity of the participated companies operating in the Construction sector through the Board of Directors of TD-EC;
7. Maintain, under the Board of Directors of TD-EC and from an operational perspective, an Operational Executive Committee, which shall continue to coordinate the action of the Operating Centres of the various Areas of Action and the participated companies in this Construction sector;
8. Maintain, under the Board of Directors of TD-EC, an Operational Executive Committee with duties of coordination, supervision and representation in the commercial area of the Group's entities that operate in the Construction sector;
9. Maintain close relations between the Boards of Directors of TD, SA and TD-EC;
10. Strengthen the firmness and efficacy of the bonds of unity within the Teixeira Duarte Group through the direct connection of the Board of Directors with the Group's Delegates in the different countries, which represent the management body therein, undertaking the Group's institutional representation, as well as the connection with the structures of the various Sectors and Corporate Centre which operate in these markets and the implementation of practices to optimise the functioning of the Group's companies, taking into account the particularities of each country.

These guidelines were also reflected in the organisational chart of the Teixeira Duarte Group, which was in force as at 31 December 2016 and is reproduced below:

TEIXEIRA DUARTE ORGANISATIONAL CHART 2016



b) Functioning**22. Existence and location where the operating regulations may be consulted, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.**

There are no operating regulations.

In view of the chosen corporate model, the composition of the Board of Directors (all the members are executive) and the fact that the competence and responsibilities of this body cannot be delegated to any other bodies, specialised committees, commissions or departments, the mode of operation of the Board of Directors is fairly simplified, added to the fact that the number of members included in this body is not of a sufficiently size to justify the stipulation, in regulations, of further rules on functioning.

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

Notwithstanding the above, we disclose that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by deliberation of the Board of Directors of TD,SA on 24 April 2014, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies. However, nowhere in this code are there regulatory provisions on the functioning of the governing bodies or others of relevance in this context.

23. Number of meetings held and level of attendance of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, of the meetings that have been held.

During 2016, the Board of Directors of TD,SA held 36 meetings.

For all due purposes, it is disclosed that the attendance of each member of this Board was as follows:

The Chairman of the Board of Directors, **Pedro Maria Calainho Teixeira Duarte**, attended thirty-six meetings of this board, having been represented by the Director Manuel Maria Calainho de Azevedo Teixeira Duarte at the single meeting which he did not attend.

The Director **Manuel Maria Calainho de Azevedo Teixeira Duarte** attended 32 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at three meetings, when he was unable to attend any of these meetings, with his single absence having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Joel Vaz Viana de Lemos** attended 31 meetings of the Board of Directors, was represented at four meetings by another member of this board, and his single absence was previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Carlos Gomes Baptista** attended 29 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at two of the seven meetings that he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Diogo Bebiano Branco de Sá Viana Rebelo** attended 26 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at four of the ten meetings that he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Jorge Ricardo de Figueiredo Catarino** attended 26 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at three of the ten meetings he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

24. Indication of the governing bodies which are competent to carry out the assessment of the performance of the executive directors

The competent body for the assessment of the performance of the Company's Directors, all of whom are executive, is the General Meeting, which, under the terms of number 1 of article 376 of the Commercial Companies Code, carries out an annual general assessment of the management and supervision of the Company.

The Supervisory Board monitors, under the established terms described in this document, the action of the Board of Directors, ensuring compliance with a series of matters and issuing an opinion on the annual report and accounts which is submitted to the appraisal of the shareholders at the General Meeting.

Moreover, the Remuneration Committee assesses the activity developed by each Director for the purpose of establishing the respective remuneration, based on the remuneration policy approved at the General Meeting.

Furthermore, it is disclosed that due to the organisational and functional model established for the different governing bodies, it was not considered worthwhile creating the committees or commissions referred to in Recommendation number II.1.4 a) for the purpose of assuring a competent and independent assessment of the performance of the executive Directors and their overall performance. Therefore, as described, there are no commissions or committees.

Indeed, in view of the adopted model and the structure and composition of the Governing Bodies, these duties are explicitly entrusted to the General Meeting, Supervisory Board and Remuneration Committee, under the terms indicated above.

Likewise and for the same reasons, it was considered that it was unnecessary to create the committee or commission referred to in Recommendation number II.1.4 b) to reflect on the adopted governance system, structure and practices, verify their effectiveness and propose to the competent bodies the measures to take with a view to their improvement.

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

Ultimately, the overall assessment of the action of the governing bodies is always entrusted to the shareholders at the General Meeting.

25. Predefined criteria for the assessment of the performance of the executive directors.

There are no predefined criteria for the assessment of the performance of the Executive Directors. Indeed, all the Directors are assessed in

accordance with their respective performance during the year, based on fixed and achievable objectives, the Company's net income and various other parameters which, due to their diversity and variation over the years, are not to be considered exhaustive but rather adaptable to the circumstances of each period and each specific situation, pursuant to the remuneration policy approved annually at the General Meeting.

On this issue, see the remuneration policy of the governing bodies, reproduced below in point 69.

26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year.

All the members of the Board of Directors of TD,SA have dozens of years "in-house", with professional paths conducted almost exclusively within the Teixeira Duarte Group, where, according to the Group's areas and sectors of action they supervised or monitored, they were appointed to other corporate positions. This also enabled them to report information to TD,SA on the action of these same entities and their corresponding implementation of the guidelines defined for the Teixeira Duarte Group.

However, there are various occasional situations of corporate positions held in other entities outside the Teixeira Duarte Group, where none of these Directors earn remuneration or are professionally bound to these entities, or subject to any circumstances which hinder their total availability to perform their duties as a member of the Board of Directors of TD,SA.

Chairman of the Board of Directors: Pedro Maria Calainho Teixeira Duarte

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.".

In companies outside the Teixeira Duarte Group:

Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.".

Manager of "PACIM – Gestão e Investimentos, Lda.";

Manager of "PASIM – Sociedade Imobiliária, Lda.";

Manager of "PACIM – CAXALP, Gestão e Investimentos, Lda.";

Manager of "Foros dos Olivais, Lda.";

Manager of "Mourinha de Cima – Atividades Imobiliárias e Turísticas, Lda.";

Manager of "Terras da Mourinha, Lda.";

Manager of "Terras da Mourinha de Baixo, Lda.";

Manager of "Terras da Serrinha – Atividades Agrícolas, Lda.";

Manager of "Terras do Pico - Atividades Agrícolas, Lda.";

Manager of "Terras de Montoito, Lda.";

Manager of "Sociedade Agrícola Monte da Casa Alta, Lda."; and

Manager of "SOPOGAR - Sociedade Portuguesa de Gado de Raça e de Agricultura, Lda.".

Director: Manuel Maria Calainho de Azevedo Teixeira Duarte

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

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

Chairman of the Board of Directors of ACG - Distribuição e Comércio de Gás, S.A.";

Chairman of the Board of Directors of "C+P.A. - Cement e Produtos Associados, S.A.";

Chairman of the Board of Directors of "Digal - Distribuição e Comércio, S.A.";

Chairman of the Board of Directors of "ESTA - Gestão de Hotéis, S.A.";

Chairman of the Board of Directors of "IMOTD - Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "Lagoas Hotel, S.A.";

Chairman of the Board of Directors of "LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.";

Chairman of the Board of Directors of "Multigás - Sociedade Comercial e Distribuidora de Gás, S.A.";

Chairman of the Board of Directors of "PPS - Produtos Petrolíferos, S.A.";

Chairman of the Board of Directors of "SINERAMA - Organizações Turísticas e Hoteleiras, S.A.";

Chairman of the Board of Directors of "Tanquigás - Distribuição e Comércio de Gás, S.A.";

Chairman of the Board of Directors of "TD VIA - Sociedade Imobiliária, S.A.";

Chairman of the Board of Directors of "TDARCOL - Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "TDH - Sociedade Gestora de Participações, S.A.";

Chairman of the Board of Directors of "TDHC - Instalações para Desporto e Saúde, S.A.";

Chairman of the Board of Directors of "TDO - Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "TEDAL – Participações e Distribuição, S.A.";

Chairman of the Board of Directors of "TEDAL – Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "TEDAL II – Distribuição e Investimentos, S.A.";

Chairman of the Board of Directors of "TEDAL III – Automóveis e Investimentos, S.A.";

Chairman of the Board of Directors of "TEDAL IV – Participações e Automóveis, S.A.";

Chairman of the Board of Directors of "Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A.";

Director of "CPM – Companhia de Parques de Macau, S.A.";

Director of "TDHOSP – Gestão de Edifício Hospitalar, S.A.";

Director of "Teixeira Duarte – Engenharia e Construções (Macau), Limitada"; and

Director of "Votorantim Macau Investimentos, S.A."

In companies outside the Teixeira Duarte Group:

Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "ILTA – Urbanizadora da Ilha de Tavira, S.A."; and

Secretary of the Board of the General Meeting of "HAB – Cooperativa de Construção e Habitação C.R.L."

Director: Joel Vaz Viana de Lemos

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

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

Chairman of the Board of Directors of "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.";

Chairman of the Board of Directors of "SOMAFEL – Engenharia e Obras Ferroviárias, S.A.";

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente, S.A.";

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente (Porto), S.A.";

Chairman of the Board of Directors of "GMP – Grupo Marítimo Português, ACE";

Chairman of the Board of Directors of "GMP MEK – Grupo Marítimo Português Mers El Kebir, ACE";

Chairman of the Board of Directors of "MARINERTES, S.A.";

Chairman of the Board of Directors of "Groupement Maritime Portugais GMP – ORAN";

Director of "ACG – Distribuição e Comércio de Gás, S.A.";

Alternate Director of "AVIAS – Grupo Ferroviário para a Alta Velocidade, ACE";

Director of "Digal – Distribuição e Comércio, S.A.";

Director of "Multigás – Sociedade Comercial e Distribuidora de Gás, S.A.";

Director of "PPS – Produtos Petrolíferos, S.A.";

Director of "Tanquigás – Distribuição e Comércio de Gás, S.A.";

Director of "Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários S.A.";

Director of "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.";

Director of "Somafel e Ferrovias, ACE"; and

Manager of "Recolte, Serviços e Meio Ambiente (Açores), Unipessoal Lda.".

Director: Carlos Gomes Baptista

As at 31 December 2016, he held the following position **in another company of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "TDGI – Tecnologia de Gestão de imóveis, S.A.".

Director: Diogo Bebiano Branco de Sá Viana Rebelo

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "BONAPARTE – Imóveis Comerciais e Participações, S.A.";

Chairman of the Board of Directors of "IMOPEDROUÇOS – Sociedade Imobiliária, S.A.";

Chairman of the Board of Directors of "Lagoas Park, S.A.";

Chairman of the Board of Directors of "Quinta de Cravel Imobiliária, S.A.";

Chairman of the Board of Directors of "Smotors, S.A.";

Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, S.A.";

Chairman of the Board of Directors of "TDHOSP - Gestão de Edifício Hospitalar, S.A. ";

Chairman of the Board of Directors of "TDO - Investimento e Gestão, S.A.";

Chairman of the Board of Directors of "Teixeira Duarte - Distribuição, S.A.";

Chairman of the Board of Directors of "TRANSBRITAL - Britas e Empreendimentos Imobiliários, S.A.";

Chairman of the Board of Directors of "V8 - Gestão Imobiliária, S.A.";

Director of "IMOTD - Sociedade Gestora de Participações Sociais, S.A.";

Director of "TD VIA - Sociedade Imobiliária, S.A.";

Director of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.";

Manager of "BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda."; and

Manager of "Malanga - Investimentos Imobiliários, Unipessoal Lda.";

In companies outside the Teixeira Duarte Group:

Director of "ILTA - Urbanizadora da Ilha de Tavira, S.A.".

Director: Jorge Ricardo de Figueiredo Catarino

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "CONBATE, A.C.E.";

Director of "Douro Litoral, A.C.E.";

Director of "Groupement Etrhb Haddad - Teixeira Duarte - Harrach Douera";

Director of "Groupement Mêtro d'Alger Centre (GMAC)";

Director of "Groupement Teixeira Duarte / Groupe Etrhb Haddad";

Director of "Groupement Teixeira Duarte, S.A. / Kanaghaz, SPA - Lagunes de Souf"; and

Director of "Teixeira Duarte Algérie, SPA".

c) Committees and commissions within the management or supervisory body and chief executive officers

27. Identification of committees and commissions within, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, and location where the operating regulations may be consulted.

Currently, there are no specific committees or commissions on management or supervisory matters; and nor can the foreseen Executive Committee be constituted under article 20 of the Articles of Association.

28. Composition, if applicable, of the executive committee and/or identification of chief executive officer(s).

Considering that there is neither an Executive Committee nor Chief Executive Officers, the present rule is not applicable to TD,SA.

29. Indication of the areas of competence of each of the created committees and commissions, and summary of the activities developed during performance of this competence.

Considering that there are no committees or commissions created under the Board of Directors, as noted in 2.7 above, , the above rule is not applicable to TD,SA.

III. SUPERVISION

(Supervisory Board, Audit Committee or General and Supervisory Board)

a) Composition

30. Identification of the supervisory body (Supervisory Board, Audit Committee or General and Supervisory Board) corresponding to the adopted model.

The adopted corporate model is usually referred to as the Latin reinforced model, accordingly the appointment of a Supervisory Board was selected as the supervisory body.

31. Composition, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 18.

Pursuant to article 24 of the Articles of Association of TD,SA, the Supervisory Board is necessarily composed of three permanent members and one alternate, who should comply with the requirements and are entitled to use the powers established by law. When electing the members of this Board, the General Meeting must, mandatorily, elect one of them to perform the duties of Chairman.

As is the case with the other governing bodies and under the terms of number 2 of article 10 of the Memorandum and Articles of Association, the members of the Supervisory Board are elected at the General Meeting, through the list system, for periods of four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits.

The Supervisory Board is currently composed of the following members:

Chairman: Óscar Manuel Machado de Figueiredo

Members: Mateus Moreira

Miguel Carmo Pereira Coutinho

Alternate: Rui Pedro Ferreira de Almeida

The Chairman of the Supervisory Board was elected by the Shareholders on 31 May 2014 as Alternate of this board, having taken office as a permanent member on 7 November 2014 – following the resignation submitted by the former Chairman. He was appointed Chairman of the Supervisory Board at the meeting of this board on 5 December 2014, having been elected as Chairman of the Supervisory Board at the General Meeting of 30 May 2015, to perform duties during the current term of office 2015/2018.

The Members of the Board of Directors, Dr. Mateus Moreira and Miguel Carmo Pereira Coutinho were appointed for the first time at the time of the incorporation of the company on 30 November 2009, to perform duties during the 2009/2010 term of office, and were re-elected to their respective positions at the General Meeting of 30 May 2015, to perform duties during the current four-year period of 2015/2018.

The Alternate member of the Supervisory Board, Dr. Rui Pedro Ferreira de Almeida, was elected to the position at the General Meeting of 30 May 2015, also for the term of office 2015/2018.

Furthermore, it should be noted that they all possess suitable competence for the performance of their duties, as described below in point 33.

32. Identification, as applicable, of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee who are considered to be independent under the terms of article 414, number 5 of the Commercial Companies Code. Reference is made to point 19 of the report where this information is already provided.

All the current members of the Supervisory Board fully comply with all the requirements of independence, and there is no incompatibility for the performance of their duties for any of them, under the terms established in the Commercial Companies Code.

The facts referred to in the previous paragraph are investigated periodically in relation to each member of the Supervisory Board.

33. Professional qualifications, as applicable, of each member of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee and other relevant curricular elements. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 21.

The professional qualifications and other relevant curricular elements of the members of the Supervisory Board are described below:

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

Licentiate degree in Accounting and Administration from Instituto Superior de Contabilidade e Administração de Coimbra.

Advanced Management Course from the Postgraduate School in Economic and Business Science of Universidade Católica Portuguesa.

Member of the Governing Board of the Chartered Accountants Association.

Deputy Chairman of the Executive Committee of the Accounting Standardisation Committee of Portugal.

Was a consultant in various projects in Angola and Mozambique on matters of accounting and audits, and trainer in these same areas in Portugal and the PALOP (Portuguese-Speaking African Countries).

Entered Ernst & Young in January 1979, having been included in the Partnership between 1992 and 2006.

Mateus Moreira (Member of the Supervisory Board)

Licentiate degree in Finance from "Instituto Superior de Ciências Económicas e Financeiras" (1972).

Retired from Millennium BCP on 30 September 2003, where he held the position of Central Deputy Director.

Member of the Supervisory Board of "Teixeira Duarte – Engenharia e Construções, S.A." from 2 May 2007 to 20 May 2011.

Miguel Carmo Pereira Coutinho (Member of the Supervisory Board)

Attendance of the 2nd year of Instituto Superior de Agronomia (1952).

Formerly, a businessman.

Currently, he is retired.

Member of the Supervisory Board of "Teixeira Duarte – Engenharia e Construções, S.A." from 2 May 2007 to 20 May 2011.

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

Licentiate degree in Management at the "Instituto Superior de Economia e Gestão" (1997).

Attended the Advanced Course in Human Behaviour in Organisations (AESE) (2007).

Attended a Post-graduation in Mergers and Acquisitions (EGP-UPBS) (2009).

Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A..

Chairman of the Supervisory Board of The British-Portuguese Chamber of Commerce.

Alternate of the Supervisory Board of EDP Ventures – Sociedade De Capital De Risco, S.A..

b) Functioning

34. Existence and location where the operating regulations may be consulted, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 24.

As described above in number 22 of the present Report, there are no operating regulations for the governing bodies.

Notwithstanding the above, we disclose that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by deliberation of the Board of Directors of TD,SA on 24 April 2014, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. While this Code acts to strengthen and develop Teixeira Duarte's Mission and Values, it contains absolutely no regulatory provisions on the operating of the governing bodies or other pertinent regulations in this context.

35. Number of meetings held and level of attendance of the meetings which have been held, as applicable, of each of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 25.

During 2016, the Supervisory Board held six meetings, all of which were attended by all of its permanent members.

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

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

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

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

As at 31 December 2016, he held the position of Permanent Member of the Supervisory Board of "Sporting Clube de Portugal".

Mateus Moreira (Member of the Supervisory Board)

As at 31 December 2016, he did not perform duties in any other companies.

Mateus Moreira (Member of the Supervisory Board)

As at 31 December 2016, he did not perform duties in any other companies.

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

As at 31 December 2016, he was Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A. and Chairman of the Supervisory Board of The British-Portuguese Chamber of Commerce, and Alternate of the Supervisory Board of EDP Ventures – Sociedade de Capital de Risco.

c) Competencies and duties**37. Description of the procedures and criteria applicable to the intervention of the supervisory board for purposes of contracting additional services from the external auditor.**

No services are contracted from the external auditor other than those related to the legal review of accounts and audit, hence the present regulation is not applicable to TD,SA.

38. Other duties of the supervisory bodies and, if applicable, the Financial Matters Committee.

The supervisory bodies do not perform any duties other than those described above and as legally defined.

IV. CHARTERED ACCOUNTANT**39. Identification of the chartered accountant and chartered accountant partner representing the former.**

The position of chartered accountant is held by "Moore Stephens & Associados – SROC", represented by Dr. António Gonçalves Monteiro.

40. Indication of the number of years during which the chartered accountant has performed duties consecutively at the company and/or group.

The chartered accountant was appointed for the first time to the position at the General Meeting of 30 May 2015, to perform the respective duties during the four-year period 2015/2018.

41. Description of other services provided by the chartered accountant to the company.

The chartered accountant does not provide any services other than those related to the legal review of accounts and audit of TD,SA.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed pursuant to article 8 and the partner representing it in performing these duties, as well as the respective registration number at the CMVM.

The appointed external auditor, under the terms of article 8 of the Securities Market Code, is the chartered accountants firm "Moore Stephens & Associados - SROC", represented by Dr. António Gonalo Monteiro, registered at the OROC under number 173 and at the CMVM under number 20161476.

43. Indication of the number of years during which the external auditor and respective chartered accountant partner who represents it in compliance with these duties, has performed duties consecutively at the company and/or group.

The external auditor and respective partner of the chartered accountant firm who represents it in performing these duties, has held this position at TD,SA since his election at the General Meeting of 30 May 2015, in other words, for approximately two years.

44. Policy and frequency of rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.

There is no defined policy on the rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.

However, it should be further noted that the issue established in Recommendation number IV.3 - *companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are four or three years respectively* - is not relevant in this case since the auditor is performing its first term of office in this position.

45. Indication of the body responsible for the assessment of the external auditor and frequency with which this assessment is conducted.

The action of the external auditor has been assessed by all the Supervisory Board and all other governing bodies of TD,SA on an annual basis, and there have never been any circumstances that could justify his dismissal or the termination of the contract for the provision of his services on fair grounds.

On this issue, it should be noted that the Board of Directors of TD,SA and the services under this board have undertaken the commitment to assure the existence of appropriate conditions for the provision of services by the external auditor within the Company, since the Board of Directors and the services under this board are placed directly within the operating structure of TD,SA, and have the necessary physical means, information and documentation to provide the external auditor with the appropriate conditions for the performance of its duties.

The Company's principal interlocutor and first receiver of the external auditor's reports is not the Supervisory Board, as indicated in Recommendation number II.2.2, but rather the Board of Directors, since this is the most suitable interlocutor of the Company, as was described above. Furthermore, this is also the body which is placed directly within the company's operating structure, facilitating the communication and disclosure of information between the different bodies and entities, where under no circumstances has the independence of the auditor ever been hindered.

However, it should be noted that these procedures are adjusted and coordinated with the Supervisory Board which, notwithstanding this, also receives, from the external auditor and its team, all the information and details deemed necessary to perform its duties.

The remuneration of the external auditor is established by the Company's Remuneration Committee, under the terms stipulated in the Article of Association, as is the case for all the other governing bodies, and up to this date, no grounds have been found to suggest the interference of the Supervisory Board in this matter.

This model, implemented some years ago under the Teixeira Duarte Group, has proved to be appropriate to the good operation of the governing bodies and guaranteed transparency.

46. Identification of work, other than audit, carried out by the external auditor for the company and/or for the companies which are in a controlling relationship with it, as well as indication of the internal procedures for the purpose of approval of contracting such services and indication of the reasons for their contracting.

It is disclosed that neither the external auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA with any services other than audit services.

47. Indication of the value of the annual remuneration paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network, and details of the percentage relative to the following services (for the effect of this information, the concept of network is as defined in European Commission Recommendation number C (2002) 1873, of 16 May):

The retribution paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.

By the Company		
Value of review of legal accounts services	61,000.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than accounts legal review services	-	-
By entities included in the Group		
Value of review of legal accounts services	248,806.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than accounts legal review services	-	-

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to the amendment of the articles of association of the company (article 245-A, number 1, subparagraph h)).

There are no specific rules for any amendments of the Articles of Association, with the general rules established in the Commercial Companies Code being applicable, in particular the provisions in articles 85, 383, number 2 and 386.

II. COMMUNICATION OF IRREGULARITIES

49. Means and policy of communication of irregularities occurred in the company.

Regarding the policy of communication of irregularities which have allegedly occurred, the Company encourages its employees to provide information, through the means they deem convenient – direct contact, written document, e-mail or telephone – to the respective hierarchies of any detected irregularities. The persons with legitimacy to receive these communications are the respective hierarchical senior staff.

Whenever deemed appropriate to the correct establishment of the facts and responsibilities inherent to their practice, the corresponding proceedings or enquiries are initiated, also safeguarding the necessary confidentiality of the communication when requested by the declarant or deemed convenient by the receiver.

The proceedings are monitored by the person responsible for the department where the alleged irregularity has occurred, using people who are not involved in the situation in question and, if deemed appropriate, followed by lawyers and the Central Department for Human Resources.

The proceedings are subject to the decision of the hierarchies involved, which shall be reported to the Board of Directors and any other entities to which it is mandatory that this communication must be made.

In addition to the aforesaid rules and especially from the point of view of all the other stakeholders, an Investor Support Office is also available for the reporting of any possible irregularities, and likewise with the Company's supervisory bodies, that is, the Supervisory Board and the Chartered Accountants Firm.

Furthermore, a new vehicle for the communication of irregularities directly to the Supervisory Board was established in 2014, via the creation of the email address irregularidades@teixeiraduarte.pt, through which employees (especially using the corporate portal) and shareholders (the same is provided for this purpose on TD,SA's official website www.teixeiraduarte.pt) may send reports on any irregularities.

The aforesaid "Code of Ethics and Conduct of Teixeira Duarte", on the issue of the monitoring of its application, states that *"the employees, customers, suppliers and all other related parties are responsible for striving to ensure compliance with this Code of Ethics, disclosing it, invoking it in their defence and demanding its application throughout the hierarchical structure, including their own, as well as communicating any detected irregularities directly to the Board of Directors, which shall also be available to provide clarifications on its application."*

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. People, bodies, committees or commissions responsible for internal audit and/or for the implementation of internal control systems.

The Internal Audit Services of the Teixeira Duarte Group have progressively played a fundamental role regarding the implementation of internal control systems.

As at 31 December 2016, these services were assured by five employees, under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, where the coordination of this work was also articulated in meetings with the participation of the members of the Supervisory Bodies.

On this issue, particular note should be made of the relevant contribution provided by the corporate services of Consolidation of Accounts and Corporate secretarial services in the process of reporting and disclosure of financial information.

51. Explanation, even if by inclusion of an organisational chart, of the relations of hierarchical and operational dependence in relation to other bodies, committees or commissions of the company.

As noted above, as at 31 December 2016, the audit services were under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations.

Nevertheless, it is considered that this Director is not under any circumstances capable of affecting his impartiality in analysis and decision-making.

It should be added that, since its creation within the internal organisation of the Teixeira Duarte Group, the Internal Audit Department has not only always been under the hierarchical dependence of the Board of Directors, but has always reported functionally to the Director responsible for the financial area. This model has proved to be appropriate, since this not only facilitates the communication, collaboration and exchange of information between the said Departments within the company's organisational structure, and the Director responsible for the area, but also, it should be stressed, has ensured that none of their impartiality has ever been placed in question.

It is, therefore, in this context that we disclose that it is the Board of Directors – and not the Supervisory Board, as stated in Recommendation number II.2.5 – which issues opinions on all the work plans and resources allocated to the Internal Audit Service and receives all the reports produced by this service, even when unrelated to matters concerning the presentation of accounts, the identification or settlement of conflicts of interests and the detection of potential illegalities.

Regarding the Company's internal control and risk management systems, the Board of Directors is responsible, in the first place, for knowing and assessing the most important risks faced by the Company, as well as for the promotion of the necessary initiatives for their respective prevention.

In this context, the Board of Directors is responsible for designing and planning the internal control and risk management systems which prove necessary and appropriate for the different situations which are identified, as well as monitoring their respective implementation, supervising and assessing their operation.

Furthermore, the Board of Directors is also responsible – and not the supervisory bodies as mentioned in Recommendation number II.2.4 – for the assessment of the operation of these systems and for proposing their respective adjustment to the needs of TD,SA, since this matter, due both to its nature and the particularities described above, falls under the specific scope of action of the Board of Directors and under this body's control and supervision of the different Departments of the Group's companies, a system that has proved suitable for its purposes.

This reality is, however, followed closely by the members of the supervisory bodies which, in addition to the regular monitoring of the Group's activity, are represented at the monthly meetings held by the Board of Directors where a vast series of elements are provided of different nature with reporting information and forecasts on the Group's action in its different markets and sectors.

52. Existence of other operational areas with competence in risk control.

There are no other areas with exclusive competence concerning risk control, since, in view of the model enforced within the Group on this matter, all the areas have their respective share of responsibility under the terms described above.

53. Identification and description of the main types of risk (economic, financial and legal) to which the company is exposed during the exercise of its activity

The main economic, financial and legal risks to which the company is exposed during the exercise of its activity are as follows:

- alterations in the economic and business conditions in Portugal, as well as in the economic and business conditions of the Group's operations abroad, namely in Angola, Algeria, Brazil, Mozambique and Venezuela;
- fluctuations and volatility of interest rates, credit spreads and exchange rates, as well as ready cash of convertible currencies in markets in which the Group operates;
- alterations in government policies;
- regulatory and financial framework of banking activity;
- alterations in the competitive environment of the activity sectors in which the Teixeira Duarte Group operates; and
- fluctuations of stock markets and the impact on the price of BCP shares.

Furthermore, the activity of the Teixeira Duarte Group is dependent on the economic environment and on the consequences which certain macroeconomic situations might have on the levels of confidence of the different economic agents, on investment volumes, exports and global trade, as well as on employment levels and consumption patterns.

The evolution of the activity areas in which the Group operates, namely the construction area, is historically correlated, more or less directly, with the macroeconomic performance of the countries or markets in which the Teixeira Duarte Group operates, in particular, with the evolution of Gross Domestic Product (GDP) and corresponding market prices. Therefore, the Group's activity and its results may be significantly affected by the performance of the economies where the Teixeira Duarte Group operates, mainly through the effect of the growth or retraction of the construction market, the most representative business area in the Group's operating income (43.6% in 2016).

As the construction business is the core business of the Teixeira Duarte Group, namely the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Metalworking, and Underground, Railway and Maritime Works, the main risks inherent to this business are described below.

Large-scale **construction** business involves a major allocation of human and material resources, which implies a high fixed cost structure not only due to the necessary need to invest in the teams and their training, but also the significant investment required in the acquisition, maintenance and adaptation of equipment.

The costs associated to many of the tenders, both in the preparation of proposals and in the insurance, guarantees and completion bonds which are sometimes necessary to provide, also constitute another risk factor inherent to the activity, especially taking into account the penalties very often related to the large public contract works in which the Teixeira Duarte Group participates.

Moreover, the retraction of public investment, as well as private investment to a lesser extent, has affected revenue, which is also sometimes penalised by the deadlines and delays in payments.

On the other hand, the nature of the service provided often implies alterations of the circumstances that were initially negotiated, as a result of the vicissitudes of the contract work in question (climate change; discovery of adverse and unexpected characteristics; natural, social and economic phenomena arising from the impact of the work) and alterations of projects, very often due to new choices by the owner of the work which calls for great flexibility in the efficiency of their execution.

Yet another important aspect arises from the significant number of suppliers of goods and equipment and service providers with which the Company deals in this area of action and which might imply risks due to actions or omissions imputable to them, including interruptions or delays in the service or supply of goods.

From a commercial point of view, globalisation has enabled the entry of other major construction groups into the main and oldest markets of action of Teixeira Duarte – especially Portugal and Angola – forcing greater effort in the presentation of solutions and proposals, as well as the optimisation of costs to enable meeting the competitive strength of these entities.

Concessions are normally long term projects which involve increasingly more areas, such as those linked to planning, design, construction, financing and operation and, which, both due to their complexity and need for partners and the longevity of the processes, imply heavy risk in the evaluation of assets and projects in the long term, in an increasingly more dynamic world characterised by unexpected changes.

The Group's Real Estate activity is affected by the requirements for new projects, increasing at all levels (administrative, economic, social, environmental, among others), and by variations of demand derived from updates of interest rates and ready cash for funding purposes.

Hospitality in Portugal have experienced minor fluctuations, while the hotels in Africa are naturally exposed to the characteristics of the respective countries and the increasing competition at an unprecedented scale. Moreover, and in view of the levels of indebtedness of some of the subsidiary companies operating in this sector, the net income and, consequently, the net worth of these companies may suffer adverse impacts as a result of unfavourable evolutions in interest rates.

Distribution in Angola is highly exposed due to the specific circumstances of the country and logistic difficulties related to supply, transport and travel.

The **Automotive** sector is currently subject to heavy competition, in particular in the Angolan market, where competitiveness is increasing considerably and the investment made by the Group implies strong optimisation of processes and costs, in a market which is becoming progressively more demanding.

Although the risks in the **Energy** sector to which the Group was exposed in 2016 were limited to the volatility of the price of gas in international markets, the truth is that on 12 March the Group concluded an agreement with "OZ Energia, S.A." to divest its 50% stake in "TDARCOL – Sociedade Gestora de Participações Sociais, S.A.". This company holds other companies through which the Teixeira Duarte Group had been operating in the Energy Sector, namely in the Gas area. Therefore, with the completion of this operation, which will only occur after the Competition Authority has issued its opinion, the Teixeira Duarte Group will no longer operate in the energy sector and its action will thus no longer be exposed to such risks.

Regarding its **financial holdings**, the risk to consider is that relative to the stake held in "Banco Comercial Português, S.A.", a risk which arises from the current volatility of the financial markets and the possible impact of the respective stock market prices on the accounts of the Teixeira Duarte Group, which might even, under certain circumstances, affect net income.

The risks described above, should they occur, could have a negative impact on the net income of the Teixeira Duarte Group and its financial situation.

TD,SA is exposed to strategy risks, through the possibility of taking inadequate strategic decisions, failures in the implementation of decisions or lack of response capacity regarding changing market conditions.

The international business of the Teixeira Duarte Group represents a significant portion of the Group's total turnover (80,6% in 2016). It is impossible to guarantee the full success of operations on the foreign markets in which the Group operates. Moreover, these operations are exposed to foreign exchange risks arising from possible adverse economic developments in the countries where they are established. These factors could adversely affect the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group operates in various activity sectors, in particular, due to their contribution to the Group's operating income, the Construction sector, but also in others such as Distribution and Automotive, which can be described as very competitive sectors. This competition environment, when associated to negative cycles in the activity areas in which the Group operates, may have a negative impact on the Company's marketing margins and on its net income and, consequently, on its financial situation.

The capacity of the Teixeira Duarte Group to successfully implement its strategy depends on its ability to recruit and retain qualified and competent employees for each position. Although the human resources policy of the Teixeira Duarte Group is directed towards the achievement of these objectives, it is impossible to guarantee that, in the future, there will be no limitations in this area. Such circumstances could obstruct or delay the execution of the defined strategy, which could have a negative effect on the Group's activity, financial situation, and net income.

The deterioration of global economic conditions or adversities that affect the economies at a local scale could result in the inability of the Group's customers to meet their obligations or significantly delay their payment, leading to the existing credit lines entering into a situation of default. This scenario would result in losses affecting the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group might, in the future, be part of a number of disputes related to its activity, including those where the sentence has been favourable, totally or partially, and which might be subject to appeal or action for annulment by the counterparts under the terms of the applicable procedural rules and until the reading of the final judgement on these same sentences. The Teixeira Duarte Group cannot guarantee that it will win any lawsuits relative to its activities and a negative decision in this area might have an adverse effect of significance to the activity, financial situation and net income of the Teixeira Duarte Group.

The activities of TD,SA require investments. The Group finances part of these investments through the cash flow generated by its operating activities. However, TD,SA and its subsidiaries finance most of their investments through external sources, including bank loans and offers in capital markets.

The Teixeira Duarte Group is exposed to a series of risks, such as liquidity risks, interest rate risks and exchange rate risks, amongst others, and in the event of exceptionally adverse scenarios, the policies and procedures used by TD,SA to identify, monitor and manage risks might not prove to be totally effective.

As is the case of any other economic group integrated in a competitive environment, the Teixeira Duarte Group is also subject to risks related to liquidity. The Group believes that it is suitably equipped with the necessary means to exercise effective control of the risks of its activity, that the action developed by the management is effective, based on information provided by the Consolidation of Accounts and Internal Audit Services and by the Central Department for Finance and Accounting which, under the direct supervision of a Director responsible for this area and monitoring of the supervisory bodies, is specially committed to controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity by acting in two directions: by ensuring that the Group's financial debt has a high component of medium and long term maturities suitable to the expected capacity to generate funds and re-finance these lines, and by assuring the availability of credit facilities, in various cases provided in the form of current account credit lines.

During its normal business, the Group is subject to certain operating risks, including interruption or delays in the provision of services, frauds, omissions, errors and delays in the implementation of requirements for risk management. These risks are monitored by the Group in an ongoing manner through administrative and information systems, amongst others, with some of the operating risks being covered by insurance policies.

The operations developed by the Teixeira Duarte Group are dependent on computer processing. The computer processing involves the maintenance of records, financial reporting and other systems, including systems for the monitoring and control of the different operations of the Group, in particular in human resources management, accounts, logistics, administration and storage. Notwithstanding the assessment which has been made of the computer systems and the belief that their capacities are appropriate, it is impossible to guarantee potential investors that all the problems related to the information technology systems will be fully identified and corrected in due time, nor systematic success in the implementation of technological improvements.

The cost of the vast majority of the financial debt incurred by the Teixeira Duarte Group is indexed to variable reference rates, whereby TD,SA is, through this means, exposed to interest rate risk.

However, in order to manage these variations, the financial area of the Teixeira Duarte Group permanently follows market development, and is able to use financial instruments to mitigate the effects of interest rate volatility. These instruments are contracted by considering the risks affecting the assets and liabilities and after checking which instruments available on the market are the most appropriate to cover these risks. These operations are permanently monitored, namely through the analysis of various indicators regarding these instruments, in particular the evolution of their market value and sensitivity of forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects. Derivative financial instruments are recorded in accordance with the provisions of IFRS 9 (formerly IAS 39), being measured at their fair value, which is based on assessments made by financial institutions. These are qualified as hedge instruments or instruments held for trading, in compliance with the provisions of IFRS 9.

The variation of the exchange rate of the Euro relative to other currencies, in particular the US Dollar, Angolan Kwanza, Algerian Dinar, Brazilian Real, Mozambican Metical and Venezuelan Bolivar might have an impact on the financial situation of TD,SA. The Teixeira Duarte Group operates in various markets, records revenue in foreign currency and has monetary assets and liabilities denominated in currencies other than the Euro and, therefore, in this way, is exposed to variations in the respective currencies.

In indirect terms, note should also be made of the fact that the Teixeira Duarte Group acquires a variety of materials, of special importance in the construction, distribution and automotive areas in currencies other than those in which the final products are subsequently sold, namely in Angola, which could partially influence the net income achieved by the Group in the activity developed in these sectors.

Particular note should be made of the import and export of materials for construction and products which are essentially consumables for the companies established under Angolan law which operate in the area of distribution, as well as motor vehicles, spare parts and equipment for the different local participated companies in the automotive sector in Angola, involving, amongst others, the Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet and Isuzu brands.

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

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

In particular, the Teixeira Duarte Group is indirectly exposed to the price of oil. The Group's capacity to reflect increases in the price of oil in the prices of its final products and services is minor, therefore, negative consequences might arise in the direct margins of the final products

sold and in the net contribution of the services rendered. Furthermore, an increase in the price of oil has a direct impact on the transport costs associated to the development of the Group's activity, therefore, adverse variations in the price of oil could have a negative material impact on the Group's activity, financial situation and net income.

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

- the cost of transport is one of the most important cost items in the Group's operating accounts;
- energy costs are of some significance in the price of external supplies and services;
- the evolution of the price of oil strongly influences the development of the actual economy of the markets in which the Teixeira Duarte Group operates, some of which in a very significant manner, due to the importance that this product represents in the GDP of these countries.

Any increase in taxes or reduction in tax benefits could have an adverse effect on the activity of the Teixeira Duarte Group.

The Teixeira Duarte Group could be affected by changes in the legislation and other tax regulations applicable in Portugal, in the European Union and in the different countries in which the Group operates.

The financial statements of the Teixeira Duarte Group might be influenced by the change in value of the financial stakes held.

The net worth, equity and even, in certain situations the impairment and net income of the Teixeira Duarte Group might be influenced by the appreciation/devaluation of the financial stakes held, which, in the case of holdings in companies listed for trading on regulated markets (Banco Comercial Português, S.A.), depends directly on the stock market prices of the respective shares, as well as on changes in the applicable tax legislation related to holding or trading these interests.

The entities of the Teixeira Duarte Group are subject to the risks inherent to any economic activity, which is the case of accidents, breakdowns or natural catastrophes that might lead to losses in the Group's assets or temporary interruptions in the respective activity. Likewise, these risks might affect the main customers and suppliers of the Teixeira Duarte Group, which would have a significant impact on profitability where it is not possible to find replacement customers in order to guarantee the turnover level or suppliers to enable maintaining the same cost structure.

54. Description of the process of identification, assessment, monitoring, control and management of risks.

The procedures implemented in terms of internal control and management of risks are characterised by promoting the autonomy of the Company's senior staff in the management and monitoring of matters, instilling an attitude of responsibility and strong stimulus to entrepreneurial behaviour.

This consistent relationship between autonomy and responsibility imposes, in a realistic manner, careful and strict compliance with the tasks allocated to each employee, thus representing, in itself, a solid, sustained and effective risk control system that delivers practical results considered satisfactory.

The importance of weighing the cost of control in relation to the matters that are to be controlled is always taken into account. The assessment of the Company, of the way it is managed, of the composition of its staff and managers of the companies included in the Teixeira Duarte Group, and of the fundamental principles and concepts that are applied, leads to the conclusion that the efficiency and control costs related to the creation of any control committees would greatly outweigh the potential benefits that could arise from control carried out by such committees. Moreover, the mere creation of committees for the effect, from a formal point of view, would eventually imply more bureaucratic obstacles that would not be reflected in their practical implementation.

Although the internal control and risk management system implemented in the Company does not fully comply with the requirements listed in Recommendation II.1.5, TD,SA remains firmly convinced of its choice for the model described above, because it believes that the basic assumptions of this recommendation are inappropriate for the regular operation of the Company, and may even create various obstacles from the merely formal and bureaucratic point of view that are incompatible with the execution of the procedures which have already been implemented and with the accountability of the Group's organisational structures.

55. Main elements of the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (article 245-A, number 1, subparagraph m)).

The process of disclosure of financial information is coordinated by the Board of Directors and always monitored by the Supervisory Bodies. The teams of the Consolidation of Accounts and Corporate Secretarial Services contribute to this process, respectively, in the preparation and recording of the accounts and other accounting and financial reporting and in the preparation and disclosure of the final document.

Both the aforesaid services closely follow the evolution of the applicable rules and regulations, both in the financial and legal areas, and interact with the Securities Market Commission to ensure updated supplementary information and regulations on these matters and report directly to the Board of Directors.

All the employees of the Consolidation of Accounts Services and those who, in the Corporate Secretarial Services, participate in the preparation and disclosure of the final document are included in the list established in article 248 of the Securities Market Code, as employees with access to privileged information, with all being notified by letter delivered by hand of their inclusion in this list and the legal consequences arising from the disclosure or abusive use of privileged information.

IV. INVESTOR SUPPORT

56. Service responsible for investor support, composition, duties, information provided by these services and contact details.

In order to reinforce the policy of disclosure of information referred to above, and in order to foster permanent contact with the market and the response to requests made by investors in due time, assuring strict compliance with the principle of equality among shareholders and for the purpose of preventing any asymmetries in access to information on the part of investors, the Company has an Investor Support Office, which operates directly under the supervision of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, coordinated by Dr. José Pedro Poiares Cobra Ferreira, Representative for Market Relations, duly registered at the CMVM.

All the information required by investors and available under the rules, regulations and other applicable directives is provided by this Office and may be accessed through the following means of communication:

Address: Lagoas Park, Edifício Dois, 2740-265, Porto Salvo, Oeiras

Telephone: + 351 217 912 415

Fax: + 351 217 941 108

E-mail: representantemercado@teixeiraduarte.pt

The Investor Support Office also assures the maintenance of a record of the requests submitted by the different stakeholders and their subsequent treatment.

57. Representative for market relations.

As noted in point 56 above, the position of Representative for Market Relations is held by Dr. José Pedro Poiares Cobra Ferreira.

58. Information on the proportion and response time to requests for information entered during the year or outstanding from previous years.

The response time to requests for information during 2016 was, on average, 3 days.

V. INTERNET WEBSITE

59. Address(es).

The Internet website of TD,SA has the following address: www.teixeiraduarte.pt. On this website, the Company provides, in Portuguese and English, the information which is considered relevant and enables understanding the evolution and current situation in economic, financial and governance terms.

60. Location where information can be found on the corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code.

These elements may be consulted at: <http://www.teixeiraduarte.pt/en/investors/company-identification/>.

61. Location where the articles of association and operating regulations for the bodies and/or committees or commissions.

The Articles of Association may be consulted at: <http://www.teixeiraduarte.pt/en/investors/by-laws/>.

As noted above, there are no operating regulations for the bodies and/or committees or commissions.

62. Location where information is provided on the identity of the members of the governing bodies, representative for market relations, Investor Support Office or equivalent structure, respective duties and means of access.

The information on the identity of the members of the governing bodies may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/social-bodies/>.

The information on the representative for market relations and the Investor Support Office may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/investor-relations-office>.

63. Location providing the documents presenting the accounts, which should be accessible for at least five years, as well as the six-monthly calendar of corporate events, disclosed in the beginning of each semester, including, among others, general meetings, disclosure of annual, six-monthly and, when applicable, quarterly accounts.

The documents presenting the accounts since the Company's incorporation in 2009 may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/financial-information/>.

The six-monthly calendar of corporate events may be consulted at:

<http://www.teixeiraduarte.pt/en/financial-calendar>.

64. Location disclosing the call notice of a general meeting and all the preparatory and subsequent information related to this meeting.

All the elements related to the General Meetings of TD,SA may be consulted at: www.teixeiraduarte.pt/assembleias-gerais.

65. Location providing the historical record with the deliberations taken at the company's general meetings, the share capital represented and the results of the voting, relative to the preceding 3 years.

All these elements may be consulted at: <http://www.teixeiraduarte.pt/en/general-meetings>.

D. REMUNERATIONS

I. COMPETENCE FOR DETERMINATION

66. Indication of competence to determine the remuneration of the governing bodies, members of the executive committee or chief executive officer and senior managers of the company.

Pursuant to article 11 of the Articles of Association of TD,SA and under the terms established in the Policy of Remuneration of the Management and Supervisory Bodies of the Company, the Remuneration Commission is competent to determine the remuneration of the governing bodies.

It should also be noted, as has already been clarified, there is no executive committee or Chief Executive Officer, hence, in this regard, this issue is not applicable to TD,SA.

However, and based on the criteria established in article 248-B, number 3 of the Securities Market Code, the only senior managers of TD,SA who are not part of their Board of Directors are members of the Board of Directors of its subsidiary company "Teixeira Duarte – Engenharia e Construções, S.A.", where the determination of these senior managers is entrusted to the Remuneration Committee of "Teixeira Duarte – Engenharia e Construções, S.A.", which is composed of precisely the same members as those of the Remuneration Committee of TD,SA.

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including identification of natural or legal persons contracted to provide support and statement of the independence of each member and adviser.

Currently, the Remuneration Committee is composed of the following persons, elected at the General Meeting of 30 May 2015, to perform duties during the term of office of 2015/2018:

- Pedro Maria Calainho Teixeira Duarte
- António Carlos Calainho de Azevedo Teixeira Duarte
- Maria da Conceição Maia Teixeira Duarte

Dr. Pedro Maria Calainho Teixeira Duarte is not considered independent in relation to the members of the Board of Directors, since he is also the Chairman of this management body.

Since TD,SA is controlled by companies held by members of the Teixeira Duarte family, it is natural that they are part of its Remuneration Committee. Traditionally and for decades, this practice has been followed, always in conformity with the rules and recommendations on the remuneration of the members of the Management Board established by the CMVM at any given time, hence there are no reasons to change this.

It is important to stress that this is a Company which, following the example of the Group's former holding company ("Teixeira Duarte – Engenharia e Construções, S.A."), with its own specific way of acting and its strongly distinctive business image, has adopted a very particular way of being and a healthy management policy which has been recognised as such by the public and market.

Furthermore, no natural or legal persons have been contracted to support the Remuneration Committee in the performance of its duties.

Moreover, we disclose that the external auditor, under its competence, is responsible for verifying the application of the policies and systems of remuneration of the governing bodies, as established in Recommendation number IV.1.

68. Knowledge and experience of the members of the remuneration committee on matters of remuneration policy.

Dr. Pedro Maria Calainho Teixeira Duarte and Mr. António Carlos Calainho de Azevedo Teixeira Duarte have knowledge and experience on matters of remuneration policy, taking into account that they performed these duties for several years in other companies.

III. STRUCTURE OF THE REMUNERATIONS

69. Description of the policy of remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June.

The Remuneration Committee of TD,SA issued the respective remuneration policy statement relative to the members of the Management and Supervisory Bodies, which was approved unanimously at the General Meeting of this company, held on 28 May 2016, where the contents of this statement are reproduced below:

"REGULATORY CONTEXT

Pursuant to the provisions in Law number 28/2009, of 19 June, and article eleven of the Company's Articles of Association, this Committee is responsible for the annual submission, for the approval of the General Meeting, of a statement on remuneration policy of the members of the management and supervisory bodies of this Company, which should take into consideration, in addition to this diploma, article 399 of the Commercial Companies Code and the CMVM Corporate Governance Code of 2013 (Recommendations).

I. SCOPE OF THE STATEMENT:

Pursuant to the adopted corporate model adopted by "Teixeira Duarte, S.A.", the present statement covers all the members of the Board of Directors, Supervisory Board and Chartered Accountants Firm.

II. INTRODUCTION:

Since, under a corporate restructuring process of the Teixeira Duarte Group, in 2010, "Teixeira Duarte, S.A." succeeded "Teixeira Duarte - Engenharia e Construções, S.A." as the leading company of the Group, the definition of this Remuneration Policy takes into account the historical reality and context of the subject experienced regarding this latter company over the years.

III. BOARD OF DIRECTORS:

Regarding the Board of Directors, the Remuneration Committee should determine the values of the fixed and variable component of its remunerations in accordance with guidelines that link them to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and amounts of the remunerations of the other employees of "Teixeira Duarte, S.A." and the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A."

The remuneration policy and its implementation under the terms described herein should take into account the company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

The variable amount should be established for each member of the Board of Directors as supplementary remuneration and performance bonus, where this component is totally unrelated to the evolution of the stock market price of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net indebtedness and financial autonomy, dedication by each member to the achievement of the tasks and objectives inherent to their respective duties, as well as the net income for the year and corresponding policy on its appropriation, which has progressively favoured the reinforcement of the Company's equity and ensuring the continued and balanced distribution of dividends to shareholders.

No Director is entitled to any right to the variable component of his remuneration until its specific attribution by this Remuneration Committee. Likewise, there is no provision stipulating the possibility of the payment of the variable component taking place, totally or partially, after the calculation of the accounts for the years corresponding to the entire term of office. Furthermore, there are no mechanisms limiting the variable

remuneration, in the event of the net income showing a considerable deterioration in the company's performance in the last reported year or when such is expected for the year in progress.

However, the Committee should consider whether a significant part of the variable remuneration should be deferred for a period not less than three years, and if its payment should be subject to the continued positive performance of the company over this period, where this is defined as the occurrence of at least one of the following facts:

- Increased equity;*
- Average EBITDA for 2016 to 2018 above the EBITDA recorded for 2015;*
- Average Consolidated Net Income for 2016 to 2018 above the Consolidated net income for 2015.*

There will be no system for the attribution of shares or rights to acquire options on shares and/or any other share incentive scheme.

For the overall remuneration of the members of the Board of Directors, no sum will be paid in the form of profit-sharing.

The Directors of "Teixeira Duarte, S.A." should not receive any remuneration, of any nature, paid by companies that are in a controlling or group relationship with it.

There should not be any other relevant non-cash benefits, apart from those established by this Committee.

The members of the Board of Directors shall be paid daily allowances under the terms and of the amounts determined for all the other employees of "Teixeira Duarte, S.A." and "Teixeira Duarte - Engenharia e Construções, S.A.," namely for deployment under work for the Company.

No sums have been paid, and nor are there any foreseen sums payable, relative to the dismissal or termination of office of Directors.

IV. SUPERVISORY BOARD:

All the members of the Supervisory Board should, pursuant to the current system established in the Commercial Companies Code, receive a fixed remuneration for the performance of the duties inherent to their respective positions, determined by this Remuneration Committee, where none of these members should receive any other retribution from "Teixeira Duarte, S.A." or other company with which it was in a controlling or group relationship, in particular for any other services provided to these entities.

Likewise, and as referred to above on the Management Board, there should not be any scheme for the attribution of shares and/or rights to acquire options on shares and/or any other share incentive scheme, nor any sum paid under the form of profit-sharing, nor any other relevant non-cash benefits.

V. CHARTERED ACCOUNTANT:

The remuneration of the Chartered Accountants Firm should be determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.

In the case of "Teixeira Duarte, S.A.," this supervisory body is responsible for conducting all the examinations and verification required for the review and legal certification of the Company's accounts, for which an amount should be established in the form of an annual overall value to be paid under the terms and within the periods of time defined with the Board of Directors, according to its sensitivity and monitoring of the business and activity of this Supervisory Body.

It should be noted in particular that this same Chartered Accountants Firm also provides legal review of accounts and auditing services, exclusively of the same nature, to other entities included in the Teixeira Duarte Group, receiving the corresponding retributions from these companies, whose overall value shall be disclosed under the terms of the Law, especially through the publication of the Corporate Governance Report.

Since the Supervisory Board has played an increasingly more active role in monitoring the work of the Chartered Accountants Firm, this board should be consulted in order to issue an opinion on the establishment of the remunerations of this firm.

VI. CONCLUSION:

Therefore, it shall be based on the remuneration policy presented above that this Committee should, specifically, establish the exact values of the remunerations of the members of the indicated management and supervisory bodies of the company, in accordance with the personal opinion of their members, expressed in a deliberation drawn up in minutes and whose content is then communicated to the Board of Directors for implementation, under the strict terms defined therein.

These amounts shall be disclosed annually whenever so required by the law, especially in the Corporate Governance Reports.

To conclude, it is emphasised that many of the aspects established above seek to comply with the regulations mentioned at the beginning, and may be altered in accordance with any changes that these rules might undergo."

TD,SA believes that the statement on the remuneration policy applicable to the members of the Management and Supervisory Bodies transcribed above is fairly clear and encompassing, enabling a correct understanding of the way that the remunerations of the management and supervisory bodies are established.

Indeed, the aforesaid statement contains the generality of the information mentioned in Recommendation number II.3.3, where only the information relative to the potential maximum amounts referred to in subparagraph b) of this recommendation are not indicated, as these maximum amounts have never been established.

70. Information on the way the remuneration is structured so as to permit the alignment of the interests of the members of the management board with the long-term interests of the company, as well as on the manner in which it is based on the assessment of performance and discourages excessive risk taking

In addition to the obligations inherent to the performance of the actual duties, the remuneration of the Directors also, complementarily, acts to meet the alignment of their interests with those of the Company. Indeed, the remuneration is determined by this Committee elected at the General Meeting, which establishes these values in accordance with guidelines related to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and amounts of the remunerations of its employees and all other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A.".

The establishment of remunerations also takes into account the company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

71. Reference, if applicable, to the existence of a variable component of the remuneration and information on any impact of the assessment of performance on this component.

The remuneration of the Directors is composed of a variable component, referred to as "performance bonus", which is attributed within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated

at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

This variable component of remuneration is unrelated to the evolution of the stock market prices of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net debt and financial autonomy, the dedication shown by each member in the accomplishment of the tasks and objectives inherent to their duties, as well as the net income for the year and the corresponding policy of its appropriation, which has also always prioritised the reinforcement of the Company's equity and assurance of the continued and balanced distribution of dividends to shareholders.

Accordingly, there is no maximum ceiling for each component as suggest in Recommendation number III.3, but rather an attribution in conformity with the parameters identified above, the remuneration policy defined for the Company, and the assessment of the performance and execution of duties of each Director. The variable component has always been reasonable as a whole in relation to the fixed component, in conformity with the indications of Recommendation number III.3.

Although part of the variable component attributed by the Remuneration Committee may be deferred over time, it is important to note that no Director is entitled to any right to the variable component of his remuneration until a specific allocation has been made by the Remuneration Committee, under the terms and on the grounds established by this committee.

Pursuant to Recommendation number III.5, we disclose that the members of the management body did not enter into contracts, either with the company or third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.

72. Deferral of the payment of the variable component of remuneration, mentioning the period of deferral

As deliberated by the Remuneration Committee, part of the variable component shall be paid from 2019 onwards, on a date to be determined by the Remuneration Committee, with this payment depending on the continued positive performance of the Company throughout the financial years of 2016 to 2018.

Moreover, it should be noted that the performance bonus attributed as distribution of profits for 2012 to each of the members of the Board of Directors of "Teixeira Duarte, S.A." were conditional to the observance of certain conditions - which did indeed take place - and stipulated the deferral of the payment of part of this bonus to this year of 2016. However, the Remuneration Committee decided that, "in view of the economic and financial circumstances which the Company and economic Group encounter in the different geographic areas in which they operate, as well as the reduction of activity and results achieved, compounded by the measures that have progressively been taken by the Board of Directors to overcome this more difficult situation", only part of this sum of the variable component derived from the distribution of net income for 2012 would be paid in 2016, with the other part only being paid at a later date to be defined by this Committee.

It should be noted that the payment of the variable component of the remuneration of the members of the Board of Directors has been intrinsically dependent on the net income for the year and development of corporate business. In this regard, it is important to remember that the Directors of TD,SA are "in-house people" and have been an integral part of the business for dozens of years, and that their remunerations are placed in the context of a general plan covering all employees.

73. Criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of these shares, on any conclusion of contracts relative to these shares, namely, hedging or risk transfer contracts, the respective limit, and their relation to the value of the annual total remuneration.

Not applicable. The variable retribution is not attributed in shares and no contracts have been signed with the features described above.

74. Criteria underlying the attribution of variable remuneration in options and indication of the deferral period and price for exercise of the option.

Not applicable. The variable retribution is not attributed through options.

75. Main parameters and grounds of any system of annual bonuses and any other non-cash benefits.

The bonus (referred to as "performance bonus") is attributed under the scope and within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

Therefore, the Remuneration Committee takes into consideration, in the attribution of annual bonus, the performance and net income of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, taking into account the conditions and values of the remunerations of its employees and the other employees of the company 100% held by it, "Teixeira Duarte – Engenharia e Construções, S.A.".

The annual bonuses were established taking into account the Company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge, as already indicated above.

Furthermore, no relevant non-cash benefits were attributed to the Directors of the Company.

76. Main characteristics of schemes for supplementary pensions or early retirement pensions for the directors and date on which they were approved at the general meeting, on an individual basis.

Regarding any retired former Directors, it should be mentioned that the Remuneration Committee is responsible for establishing all the amounts paid in this context, under all circumstances. The aforesaid Remuneration Committee is also responsible for conducting an annual review of the amounts attributed.

As to the attribution of supplementary pension schemes, the actual Articles of Association establish, in article 22, transcribed below, the terms and criteria on which the Remuneration Committee should base the establishment of such amounts:

"ARTICLE TWENTY-TWO

ONE - When people who have performed duties as Directors cease to hold office, the Company may grant them a retirement pension for life, whenever they meet one of the following requirements:

a) Have held that position in this Company for over ten years, counting, for the effect, the years of service under the same position at "Teixeira Duarte – Engenharia e Construções, S.A.";

b) Have provided, even with a shorter period of holding this position, a total of over twenty-five years of service to this Company, counting, for the effect, the years of service at "Teixeira Duarte - Engenharia e Construções, S.A."

TWO - The value of this pension will be determined taking into consideration the time or relevance of the services provided and the situation of the beneficiary, and should be reviewed on an annual basis but can never be greater than the highest remuneration received any given time by the permanent Directors.

THREE - By delegation of the General Meeting, hereby established, the Remuneration Committee referred to in Article Eleven will be responsible for the assessment of the cases submitted to it and establishing the values and other procedures for the award of pensions."

The General Meeting reserves the right to appoint the members of the Remuneration Committee which is exclusively competent to decide on these matters.

The determination of the Memorandum and Articles of Association referred to above does not invalidate that the Remuneration Committee may submit such a matter to the General Meeting, however, this has actually never taken place because this has never proved necessary or appropriate in view of the established statutory rule.

For all due purposes, it is disclosed that, since the incorporation of the company in 2009, up to this date, no retirement benefit schemes established in favour of the members governing bodies have been approved at the General Meeting. Likewise, neither has any specific benefit been attributed, namely by the Remuneration Committee, for any termination of duties, in particular due to retirement.

IV. DISCLOSURE OF THE REMUNERATIONS

77. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the management bodies, derived from the company, including fixed and variable remuneration and, relative to the latter, reference to its different components.

During 2016, the remunerations, in a broad sense, received individually by the members of the Board of Directors, were as follows:

Board of Directors	Fixed Remuneration	Variable Remuneration		Sub-Total	Compensation for Deployment	Total
		Attributed in 2016	Attributed in 2013			
Pedro Maria Calainho Teixeira Duarte	75,000.00	5,000.00	20,000.00	100,000.00	0.00	100,000.00
Manuel Maria Calainho de Azevedo Teixeira Duarte	137,200.00	5,000.00	42,500.00	184,700.00	16,239.80	200,939.80
Joel Viana de Lemos	137,200.00	5,000.00	55,000.00	197,200.00	3,284.10	200,484.10
Carlos Gomes Baptista	137,200.00	5,000.00	45,000.00	187,200.00	21,675.00	208,875.00
Diogo Bebianho Branco de Sá Viana Rebelo	137,200.00	5,000.00	45,000.00	187,200.00	35,009.90	222,209.90
Jorge Ricardo Figueiredo Catarino	137,200.00	5,000.00	45,000.00	187,200.00	13,764.05	200,964.05
TOTAL	761,000.00	30,000.00	252,500.00	1,043,500.00	89,972.85	1,133,472.85

In 2016, the total value of the variable remunerations paid by TD,SA represented 24.9% of the total value received.

During 2016, no pension rights were acquired.

Supplementary to the information indicated above about the values paid, it is disclosed that in 2016 the Remuneration Committee decided to attribute variable remuneration sums to the members of the Board of Directors, part of which was paid in that same year - and indicated above in the table - and part was deferred to 2019, depending on the continued positive performance of the Company throughout 2016 to 2018.

Board of Directors	Variable Remuneration Attributed in 2016		
	For 2018	For 2019	Total
Pedro Maria Calainho Teixeira Duarte	5,000.00	10,000.00	15,000.00
Manuel Maria Calainho de Azevedo Teixeira Duarte	5,000.00	10,000.00	15,000.00
Joel Viana de Lemos	5,000.00	10,000.00	15,000.00
Carlos Gomes Baptista	5,000.00	10,000.00	15,000.00
Diogo Bebiano Branco de Sá Viana Rebelo	5,000.00	10,000.00	15,000.00
Jorge Ricardo Figueiredo Catarino	5,000.00	10,000.00	15,000.00
TOTAL	30,000.00	60,000.00	90,000.00

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

During 2016, the members of the Board of Directors did not receive any remuneration, of any nature, paid by other companies that are in a controlling or group relationship with TD,SA.

79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for the granting of such bonuses and/or profit-sharing.

In the overall remuneration of the members of the Board of Directors, no sum is paid in the form of profit-sharing.

Effectively, the members of the Board of Directors are paid an amount as a bonus (referred to as "performance bonus"), which is attributed under the scope and within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

Therefore, as clarified above, the establishment of the paid bonuses was driven by the dedication and results of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, taking into account the conditions and values of the remunerations of its employees and the other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A.".

The establishment of the bonuses also took into account the Company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

80. Compensation paid or owed to former executive directors relative to their termination of office during the financial year.

No compensation has been paid, or is owed, to any former executive Directors relative to their termination of office during the financial year. Furthermore, it should be noted that no Director terminated office during 2016.

81. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the supervisory bodies, pursuant to Law number 28/2009, of 19 June.

All the members of the Supervisory Board receive, under the current system established in the Commercial Companies Code, and as determined by the Remuneration Committee, fixed remunerations for the performance of the duties inherent to their respective positions.

Thus, during 2016, the remunerations received by the members of the Supervisory Board of TD,SA were distributed as follows:

Supervisory Board	Fixed Remuneration	Variable Remuneration	Total Remuneration
Óscar Manuel Machado Figueiredo	30,000.00	-	30,000.00
Mateus Moreira	18,000.00	-	18,000.00
Miguel Carmo Pereira Coutinho	18,000.00	-	18,000.00
TOTAL	66,000.00	-	66,000.00

The total value paid to the Chartered Accountants Firm "MOORE STEPHENS & ASSOCIADOS - SROC, S.A." and other natural and legal persons belonging to the same network supported by the Company and/or by legal persons in a controlling or group relationship, relative to the only services provided, that is, Legal Review of Accounts and Audit services, was:

Chartered Accountant Firm	Remuneration
Legal review of accounts services for the Group	309,806.00
Other reliability assurance services	-
Tax advisory services	-
Services other than accounts legal review services	-
TOTAL	309,806.00

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2016, therefore there are no portions whose payment is deferred over time.

Furthermore, it should also be noted that, as established in the Policy of Remuneration of the Management and Supervisory Bodies and, simultaneously, in compliance with the provisions in Recommendation number III.2, the remuneration of the members of the supervisory body does not include any component whose value depends on the performance of the company or its value.

82. Indication of the remuneration of the chairman of the board of the general meeting for the year in question.

With the exception of the aforesaid Secretary of the Board of the General Meeting, all the other members of this body, under the current system established in the Commercial Companies Code, namely the provisions in 422-A, through number 3 of article 374-A, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee established in article 11 of the Articles of Association.

Under these terms, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting was € 5,000.00 (five thousand euros) during 2016.

V. AGREEMENTS WITH REMUNERATIVE IMPLICATIONS**83. Contractual limitations established for the compensation payable for dismissal without fair grounds of a director and its relationship with the variable component of the remuneration.**

There is no contractual limit established for the compensation payable for the unfair dismissal of a member of the Board of Directors, considering, firstly, that no contract was signed for the performance of the duties of the position of Director, nor is any agreement signed on any possible compensation payable for fair or unfair dismissal. The existence of a contractual limit under the terms referred to above would be incoherent, in view of the characteristics of the existing relationship between the Company and the members of its Management board.

It should be noted that, pursuant to Recommendation number III.8, no legal mechanisms have been established, apart from those stipulated by the law, for any indemnity or compensation, apart from that legally owed, to be payable when the dismissal of the Director neither arises from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance.

It should be recalled that the Directors of the leading listed company of the Teixeira Duarte Group, formerly "Teixeira Duarte - Engenharia e Construções, S.A." and currently TD,SA, have always been "in-house people", whose career progression was developed within the Teixeira Duarte Group and are not managers from other companies or groups. Therefore, no situation of dismissal of a Director has occurred since its incorporation, nor has there ever been any payment of compensation for termination of contract, hence it is deemed inappropriate to establish any legal mechanisms of the nature described above.

84. Reference to the existence and description, indicating the amounts involved, of agreements between the company and members of the management board and senior managers, in observance of number 3 of article 248-B of the Securities Market Code, which establish compensation in the case of resignation, unfair dismissal or termination of the work relation following a change of control of the company (article 245-A, number 1, subparagraph I).

There are no agreements with these characteristics. The Company follows the policy of not undertaking any payments related to the early termination of the exercise of duties by the Directors or other senior managers, as well as not signing any agreements relative to these matters.

VI. PLANS TO ATTRIBUTE SHARES OR STOCK OPTIONS**85. Identification of the plan and respective beneficiaries.**

There are no plans relative to the attribution of shares or attribution of options for the acquisition of shares.

86. Characterisation of the plan (conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of the shares and price for the exercise of options, period during which the options can be exercised, characteristics of the shares to be attributed, existence of incentives for the acquisition of shares and/or exercise of options).

As noted in point 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

87. Option rights attributed for the acquisition of shares (stock options) regarding which the company's employees and workers are the beneficiaries.

As noted in point 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

88. Control mechanisms established for any system of participation of the workers in the share capital to the extent that voting rights are not exercised directly by them (article, number 1, sub-paragraph e)).

There is no system of participation of the workers in the share capital, therefore there is no justification for the existence of control mechanisms to the extent that the voting rights are not exercised directly by them.

E. TRANSACTIONS WITH RELATED PARTIES

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the company for the purpose of control of transactions with related parties (the concept arising from IAS 24 is used for this effect).

All transactions between entities of the Teixeira Duarte Group with related parties are conducted at market prices. The concept is clear and undertaken by all business managers of the different areas of the Group who deal with related parties.

This attitude is transversal to all transactions of this nature, in other words, any transfer of resources, services or obligations between related parties, regardless of the existence of a price debit.

In addition to these general guidelines, all transactions between related parties are recorded electronically in the Group's overall supporting platform, which, apart from the actual business managers, is also accessible to the teams dealing with finance and accounting, consolidation of accounts and audit, as well as the actual management and, supplementarily, the supervisory bodies of the Company and Group.

It should be recalled, on this issue that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by the Board of Directors of TD,SA on 24 April 2015, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. This Code acts to strengthen and develop Teixeira Duarte's Mission and Values, with its compliance

being mandatory for all employees and members of the governing bodies, and any breach may be subject to disciplinary proceedings.

An excerpt of this text on "Customers and Suppliers" is quoted below:

- Selection Criteria

This Truth implies that Teixeira Duarte and its employees should act so that the decisions taken by customers and those to be taken relative to suppliers follow objective, technical and professional selection criteria, aimed at the efficiency of the decision and safeguarding the Company's interests, albeit in full Respect for these entities, regardless of their position in relation to the Company, in other words, rejecting any possible abuses of power or position, whether between companies or among the employees.

- Conflicts of Interest and Corruption

In the context of relations with customers and suppliers, we reiterate the need to assess possible conflicts of interest, as well as the prohibition of any corrupting behaviour, either actively or passively, including payments or receipts for facilitation or creation, maintenance or promise of irregular situations or favours.

90. Indication of transactions which were subject to control during the year under review.

In this context and in view of the mechanisms referred to above, all the transactions with related parties were subject to control under the aforesaid terms. These transactions with related parties and their respective balances and additional information may be consulted in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2016.

91. Description of the procedures and criteria applicable to the intervention of the supervisory body for the effects of the prior assessment of transactions to be carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Market Code.

There are no procedures and criteria under the terms mentioned above since the type of operations carried out between the Company and owners of qualifying holdings are of a current character and for the performance of the activity, namely for financing by Banco Comercial Português, S.A., which is considered to be a matter of the exclusive responsibility and competence of the Board of Directors and which, naturally, concerns operations carried out under normal market conditions, whereby it is deemed inappropriate to subject these transactions to the prior opinion of the supervisory bodies.

II. ELEMENTS RELATIVE TO BUSINESS

92. Indication of the location of the documents presenting the accounts with available information on business with related parties, in accordance with IAS 24, or, alternatively, reproduction of this information.

The information on business with related parties, in accordance with IAS 24, is reproduced in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2016.

PART II - ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the adopted corporate governance code

The Corporate Governance Code to which the company is subject or has voluntarily decided to adopt should be identified, under the terms and for the effects of article 2 of the present Regulation.

Apart from the applicable legal and regulatory rules, namely the Commercial Companies Code, the Securities Market Code and Regulations of the CMVM, especially Regulation number 4/2013, TD,SA has chosen not adopt any Corporate Governance Code other than that issued by the CMVM in 2013.

The location available to the public where the texts on corporate governance codes to which the issuer is subject should be indicated (article 245-A, number 1, subparagraph p)).

The aforesaid Corporate Governance Code issued by the CMVM in 2013 may be consulted at www.cmvm.pt.

2. Analysis of compliance with the adopted corporate governance code

Under the terms of article 245-A number 1, subparagraph o), the statement on the endorsement of the corporate governance code to which the issuer is subject should be presented, specifying any parts of this code with which there is divergence and the reasons for this divergence.

The information to be presented should include, for each recommendation:

- a) Information which enables appraising compliance with the recommendation or reference to the point of the report where the issue is discussed in detail (chapter, title, point and page);**
- b) Justification for any non-compliance or partial compliance;**
- c) In the case of non-compliance or partial compliance, identification of any alternative mechanism adopted by the company for the effect of pursuing the same objective of the recommendation.**

3. Other information

The company should provide any elements or additional information which, not having been presented in the preceding points, are relevant for the comprehension of the model and governance practices that have been adopted.

The points included in number 2 should be developed simultaneously, since they are interrelated.

Among the 41 Recommendations comprising the aforesaid Corporate Governance Code of the CMVM, the Company does not adopt eleven and partially adopts six.

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

	Recommendation	Adoption	Reference
I.1	Companies should encourage their shareholders to participate and vote at general meetings, in particular, by not establishing an excessively high number of shares required for access to the right to one vote and implementing the indispensable means for the exercise of the right to vote by correspondence and electronically.	Partial	12
I.2	Companies should not adopt mechanisms which hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum greater than that stipulated by law.	Yes	14
I.3	Companies should not establish mechanisms with the effect of causing a time lag between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, unless duly substantiated as being in the long term interests of the shareholders.	Yes	12
I.4	Articles of association of companies which set a limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders, should also establish the commitment that, at least every five years, the maintenance or not of this statutory provision will be subject to deliberation at the general meeting, with no requirement of a quorum larger than that legally established, and that in this deliberation all the votes cast will be counted, without the application of the above limit.	Not Applicable	5
I.5	Measures should not be adopted if they imply payments or the incurring of costs by the company in the event of transfer of control or change of the composition of the management board, and which might jeopardising the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.	Yes	6
II	SUPERVISION, MANAGEMENT AND AUDIT		
II.1	SUPERVISION AND MANAGEMENT		
II.1.1	Within the limits established by the law, and and unless due to the small size of the company, the board of directors should delegate the daily management of the company, with the delegated competence being identified in the annual Corporate Governance Report.	No	21

	Recommendation	Adoption	Reference
II.1.2	The Board of Directors should ensure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: i) definition of the strategy and general policies of the company; ii) definition of the Group's corporate structure; iii) decisions which should be considered strategic due to their amount, risk or special features.	Yes	21
II.1.3	The General and Supervisory Board, apart from performing the supervisory duties entrusted to it, should assume full responsibility in terms of corporate governance, therefore, through statutory provision or equivalent measure, it should be made compulsory that this body issue an opinion on the strategy and main policies of the company, the definition of the group's business structure and the decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the execution of the main policies of the company.	Not Applicable	15
II.1.4	Unless as a result of the small size of the company, the Board of Directors and General and Supervisory Board, according to the adopted model, should create the committees which prove necessary to:		
a)	Ensure competent and independent assessment of the performance of the executive directors and their own overall performance, as well as that of the various existing committees and commissions;	No	24
b)	Reflect on the adopted governance system, structure and practices, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement.	No	24
II.1.5	The Board of Directors or General and Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, with a view to assuring that the risks which are effectively incurred are consistent with these objectives.	Partial	54
II.1.6	The Board of Directors should include a sufficient number of non-executive members so as guarantee effective capacity to monitor, supervise and assess the activities of the other members of the management body.	No	18

	Recommendation	Adoption	Reference
II.1.7	<p>Among the non-executive directors, there should be an adequate proportion of independent directors, taking into consideration the adopted governance model, the size of the company, its shareholder structure and respective free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is appraised under the terms of the current legislation and, regarding the other members of the Board of Directors, members are considered independent when they are neither associated to any specific group of interests in the company nor in any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:</p> <p>a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;</p> <p>b. Having, in the last three years, rendered services or established significant commercial relations with a company which has been in a controlling or group relationship, whether directly as a partner, director or manager of a legal person;</p> <p>c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;</p> <p>d. Living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;</p> <p>e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.</p>	No	18
II.1.8	When requested by other members of the governing bodies, the directors who perform executive duties should provide, in due time and in a form appropriate to the request, any information requested by them.	Yes	18
II.1.9	The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board, and the Chairman of the Financial Matters Committee, the call notices and minutes of the respective meetings.	Yes	18
II.1.10	Should the chairman of the management body perform executive duties, this body should indicate, from among its members, an independent director to assure the coordination of the work of the other non-executive members, and the conditions to enable them to take decisions in an independent or informed manner or find other equivalent mechanisms to assure this coordination.	Not Applicable	18

	Recommendation	Adoption	Reference
II.2	SUPERVISION		
II.2.1	According to the applicable model, the chairman of the Supervisory Board, Audit Committee or Financial Matters Committee should be independent, according to the applicable legal criteria, and possess adequate competence to perform the respective duties.	Yes	32
II.2.2	The supervisory body should be the main agent for communication with the external auditor and first receiver of the respective reports, being responsible, namely, for proposing the remuneration of the external auditor and ensuring the existence of the appropriate conditions for the provision of the services within the company.	No	45
II.2.3	The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the external auditor's dismissal or termination of its service contract whenever there are fair grounds for the effect.	Yes	45
II.2.4	The supervisory body should assess the operation of the internal control and risk management systems, and propose any adjustments deemed necessary.	No	51
II.2.5	The Audit Committee, General and Supervisory Board and Financial Matters Committee should issue an opinion on the work plans and resources allocated to the internal audit services and services which endeavour to assure compliance with the rules applied to the company (compliance services) and should receive the reports produced by these services at least when related to matters concerning the presentation of accounts, the identification or settlement of conflicts of interests and the detection of potential illegalities.	No	51
II.3	ESTABLISHMENT OF REMUNERATIONS		
II.3.1	All the members of the Remuneration Committee or equivalent should be independent from the executive members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	Partial	67 and 68
II.3.2	No legal or natural person who has provided, during the last three years, services to the any structure directly under the management body, the actual management body of the company or who has an current relationship with any consultant of the company or with the company's consultants should be contracted to support the Remuneration Committee. This recommendation is also applicable to any natural or legal person which is related to such persons through a work or service contract.	Yes	67

	Recommendation	Adoption	Reference
II.3.3	<p>The statement on the policy of remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June, should, in addition to the content referred to therein, also contain:</p> <p>a) Identification and explanation of the criteria for the determination of the remuneration to be attributed to the members of the governing bodies;</p> <p>b) Information on the potential maximum amount, both in individual and aggregate terms, payable to the members of the governing bodies, and identification of the circumstances when these maximum amounts may be due;</p> <p>d) Information on the enforceability or non-enforceability of payments relative to the dismissal or termination of office of directors.</p>	Partial	69
II.3.4	<p>The proposal relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for an appropriate assessment of the plan.</p>	Not Applicable	85
II.3.5	<p>The proposal relative to approval of any retirement benefit scheme established in favour of the members of the governing bodies should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the scheme.</p>	No	76
III	REMUNERATIONS		
III.1	<p>The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.</p>	Yes	70
III.2	<p>The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the company's performance or its value.</p>	Yes	18 and 81
III.3	<p>The variable component of the remuneration should be reasonable as a whole in relation to the fixed component of the remuneration, and maximum limits should be established for all the components.</p>	Partial	71
III.4	<p>A significant part of the variable remuneration should be deferred for a period not less than three years, and the right to its receipt should be subject to the continued positive performance of the company over this period.</p>	Yes	72
III.5	<p>The members of the management body should not enter into contracts, either with the company or third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.</p>	Yes	71

	Recommendation	Adoption	Reference
III.6	Until the end of their term of office, the executive directors should keep the company shares that they have obtained through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of any which might need to be disposed of in order to pay taxes arising from the benefit of these same shares.	Not Applicable	73
III.7	When the variable remuneration includes the attribution of options, the beginning of the period of exercise should be deferred for a period not less than three years.	Not Applicable	74
III.8	When the dismissal of a director does not arise from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance the company should be endowed with the appropriate and necessary legal instruments so that no indemnity or compensation, apart from that legally owed, should be payable.	No	83
IV	AUDIT		
IV.1	The external auditor should, under its competence, verify the application of the policies and systems for the remuneration of the governing bodies, the effectiveness and functioning of the internal control mechanisms and report any flaws to the company's supervisory board.	Partial	51 and 67
IV.2	The company or any entities in a controlling relationship with it should not contract from the external auditor, or from any entities in a group relationship or which are part of the same network, any services other than audit services. If there are reasons to contract such services, which should be approved by the supervisory board and explained in its annual Corporate Governance Report, they should not amount to more than 30% of the total value of the services provided to the company.	Yes	37, 41 and 46
IV.3	Companies should promote the rotation of the auditor at the end of every two or three terms of office, according to whether they last four or three years. Their maintenance beyond this period should be justified by a specific opinion of the supervisory board which explicitly reflects on the conditions of independence of the auditor and advantages and costs of the auditor's replacement.	Yes	44
V	CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES		
V.1	The Company's business with shareholders of qualifying stakes, or with entities which are in any relationship with them, under the terms of article 20 of the Securities Market Code, should be conducted under normal market conditions.	Yes	10

	Recommendation	Adoption	Reference
V.2	The supervisory or audit body should establish the necessary procedures and criteria for the definition of the relevant level of significant business with shareholders holding qualifying stakes, or with entities which are engaged with them in any of the relations established in number 1 of article 20 of the Securities Market Code, where the conduct of business of significant relevance should depend on the prior opinion of this body.	No	10
VI.	INFORMATION		
VI.1	Companies should provide, through their website, in Portuguese and English, access to information which enables knowledge on their evolution and current reality in economic, financial and governance terms.	Yes	59
VI.2	Companies should ensure the existence of a an investor support office and permanent contact with the market, which responds to requests submitted by investors in due time, and records should be kept of the submitted requests and their subsequent treatment.	Yes	56 and 58

Individual Financial Statements **2016**



(Values in thousand euros)

The Notes are an integral part of the Balance Sheet as at 31 December 2016 and 2015

Headings	Notes	2016	2015
Assets			
Non-current assets:			
Tangible fixed assets	7	467	28
Goodwill	8	29,254	32,504
Intangible assets	6	66	90
Financial holdings - equity method	8	1,141,436	1,135,429
Deferred tax assets	10	5,224	3,004
		1,176,447	1,171,055
Current assets:			
Clients	11.1	8,933	8,586
State and other public entities	11.1	9,434	5,927
Other credit receivable	11.1	37,807	25,925
Deferrals	11.1	40	10
Cash and bank deposits	4	84	134
		56,298	40,582
Total Assets		1,232,745	1,211,637
Equity and Liabilities			
Equity:			
Underwritten capital	19	210,000	210,000
Legal reserves	19	36,500	31,500
Other reserves	19	242,908	224,610
Retained earnings:			
Retained earnings		7,806	-
Non-attributed profits - equity method		(217,685)	(191,427)
Adjustments to financial assets:			
Non-attributed profits - equity method		217,685	191,427
Other adjustments to financial assets		17,848	68,501
		515,062	534,611
Net income for the period		7,093	24,978
Total Equity		522,155	559,589
Liabilities			
Non-current liabilities:			
Loans received	11.2	13,034	13,050
Other debts payable	11.2	344,433	387,275
		357,467	400,325
Current liabilities:			
Suppliers	11.2	2,243	542
State and other public entities	11.2	354	787
Loans received	11.2	213,513	180,626
Other accounts payable	11.2	137,013	69,288
Deferrals		-	480
		353,123	251,723
Total Liabilities		710,590	652,048
Total Equity and Liabilities		1,232,745	1,211,637

Income and costs	Notes	2016	2015
Sales and services rendered	9	12,223	12,351
Gains/(losses) imputed to subsidiaries	8	52,804	28,449
External supplies and services	15	(4,009)	(4,085)
Staff costs	14	(11,696)	(8,628)
Other income	16	107	44
Other costs	17	(153)	(60)
Earnings before interest, taxes, depreciation and amortisation		49,276	28,071
Depreciation and amortisation costs	6, 7 and 8	(3,303)	(35)
Net operating income (earnings before interest and taxes)		45,973	28,036
Interest and similar income received	9 and 13	680	3,547
Interest and similar income paid	13	(35,861)	(7,853)
Earnings before tax		10,792	23,730
Income tax for the period	10	(3,699)	1,248
Net income for the period		7,093	24,978

(Values in thousand euros)

The Notes are an integral part of the
Income statement by nature for the
periods ended on 31 December 2016
and 2015



(Values in thousand euros)

The Notes are an integral part of the Statement of changes in equity for the periods ended on 31 de December 2016 and 2015

Description	Notes	Equity attributed to the shareholders						Total
		Paid-up capital	Legal reserves	Other reserves	Retained earnings	Adjustments to financial assets of subsidiaries	Net income for the period	
Balance as at 01 January 2015	1	210,000	21,000	175,390	(135,964)	198,973	65,390	534,789
Changes in the period:								
Application of the equity method	8	-	-	-	(55,463)	60,955	-	5,492
	2	-	-	-	(55,463)	60,955	-	5,492
Net income for the period	3						24,978	24,978
Comprehensive net income for the period	4=2+3							30,470
Transactions with shareholders in the period:								
Appropriation of net income		-	10,500	49,220	-	-	(59,720)	-
Dividends	4	-	-	-	-	-	(5,670)	(5,670)
	5	-	10,500	49,220	-	-	(65,390)	(5,670)
Balance as at 31 December 2015	6=1+2+3+5	210,000	31,500	224,610	(191,427)	259,928	24,978	559,589
Balance as at 01 January 2016	7	210,000	31,500	224,610	(191,427)	259,928	24,978	559,589
Changes in the period:								
Application of the equity method	8	-	-	-	(18,453)	(24,394)	-	(42,847)
	8	-	-	-	(18,453)	(24,394)	-	(42,847)
Net income for the period	9						7,093	7,093
Comprehensive net income for the period	10=8+9							(35,754)
Transactions with shareholders in the period:								
Appropriation of net income	19	-	5,000	18,298	-	-	(23,298)	-
Dividends	4 and 19	-	-	-	-	-	(1,680)	(1,680)
	11	-	5,000	18,298	-	-	(24,978)	(1,680)
Balance as at 31 December 2016	12=7+8+9+11	210,000	36,500	242,908	(209,880)	235,534	7,093	522,155

	Notes	2016	2015	(Values in thousand euros)
Operating Activities:				The Notes are an integral part of the Cash flow statement for the periods ended on 31 de December 2016 and 2015
Revenue from clients		11,755	11,780	
Payments to suppliers		(20,436)	(3,931)	
Staff payments		(6,666)	(7,151)	
Cash flow generated by operations		(15,347)	698	
Income tax payment/revenue		1,610	3,655	
Other revenue/payments		(5,791)	(3,852)	
Cash flow from operating activities (1)		(19,528)	501	
Investment Activities:				
Payments relative to:				
Tangible fixed assets		(86)	(1)	
Intangible assets		(7)	(99)	
Financial investments		(50)	(139,694)	
Revenue derived from:				
Interest and similar income		1,301	4,903	
Dividends	4 and 8	4,000	12,500	
Cash flow from investment activities (2)		5,158	(122,391)	
Financing Activities:				
Revenue derived from:				
Loans received		100,870	74,934	
Payments relative to:				
Loans received		(67,999)	15,401	
Related parties		(7,033)	43,555	
Interest and similar costs		(9,838)	(6,318)	
Dividends	4 and 19	(1,680)	(5,670)	
Cash flow from financing activities (3)		14,320	121,902	
Net change in cash and cash equivalents (1+2+3)		(50)	12	
Cash and cash equivalents at the beginning of the period	4	134	122	
Cash and cash equivalents at the end of the period	4	84	134	

Notes

1. INTRODUCTION

TEIXEIRA DUARTE, S.A. ("Company"), legal person number 509.234.526, with head office in Porto Salvo, was incorporated on 30 November 2009, and its core business is the undertaking and management of investments, the coordination and supervision of other companies included in or related to its corporate group, operating essentially in the areas of strategic and organisational planning, as well as the provision of administrative, management, consulting, operational assistance or support in terms of human resources, technical and financial services to companies in which the Group has a stake or entities with which contracts have been concluded for this purpose.

The financial statements attached herewith refer to the Company on an individual basis, with the financial investments in subsidiaries having been recorded through the equity method, as explained in Note 3.2. a).

All the values of these Notes are expressed in thousand euros.

2. ACCOUNTING STANDARDS

The present financial statements were prepared in accordance with the Accounting and Financial Reporting Standards (NCRF) established by the Accounting Standardisation System (SNC), approved by Decree-Law 158/2009, of 13 July, as rectified by Declaration of Rectification number 67-B/2009, of 11 September, and as amended by Law 20/2010, of 23 August and by Decree-Law 98/2015, of 2 June, which introduced in the Accounting Standardisation System (SNC) the alterations considered indispensable to assure its compliance with Directive 2013/34/EU, of the European Parliament and Council, of 26 June, with the Implementing Orders and Notices relative to the accounting instruments comprising the SNC having been consequently amended.

3. MAIN ACCOUNTING POLICIES

Going concern assumption

The attached financial statements have been prepared under the going concern assumption, based on the Company's accounting books and records, kept in accordance with the Accounting and Financial Reporting Standards of the SNC.

3.1. Basis of measurement

The financial statements were prepared pursuant to the historical cost convention, based on the accounting ledgers and records of the Company kept in accordance with the NCRF.

3.2. Relevant accounting policies

a) Financial investments

Financial investments in subsidiary companies are recorded using the equity method, whereby the holdings are initially recorded at their acquisition cost, then increased or reduced by the difference between that acquisition cost and the value proportional to the holding owned in the equity of those companies, reported on the acquisition date or on the first application of the aforesaid method.

Differences between the acquisition cost of investments in subsidiaries and associates, if positive, are recorded as Goodwill or maintained under the heading of investments in subsidiaries and associates. Where the acquisition cost is less than the fair value of the identified net assets, the calculated difference (negative Goodwill) is recorded as a gain for the period in which the acquisition occurs, under the heading "Other income".

In accordance with the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net results of the associate and subsidiary companies against "Gains and losses in subsidiaries", and by any other variations which might have occurred in their equity against the heading "Other adjustments in financial assets", as well as by the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of the financial investments.

b) Tangible fixed assets

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

Tangible assets are depreciated through the straight-line method, according to their estimated useful life, from the date on which they are available to be used for their intended purpose and cease when the assets are divested or become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

Years of useful life	
Administrative equipment	3-10

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

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

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 the net book value on the date of sale/write-off and stated at their net worth in the income statement under "Other income" or "Other costs".

c) Intangible assets

Intangible assets essentially comprise contractual rights over the use of computer programmes, and are stated at acquisition cost minus accumulated amortisation and impairment losses. Intangible assets are recognised only if it is probable that they will produce future economic benefits for the Company, are controllable by the company and their value can be measured reliably.

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

Amortisation is calculated, as of the date when they are available for their intended use, by the straight-line method, in accordance with the period of utility that the Company expects for the assets concerned. Amortisation is carried out in accordance with the following estimated useful lives:

Years of useful life	
Computer programmes	3
Goodwill	10

d) Accrual basis

Income and costs are recorded pursuant to the accrual accounting principle, being recognised as and when they are generated.

When the real value of the costs and income is unknown, they are estimated.

The differences between the amounts received and paid and the corresponding income and costs are recorded under "Other accounts receivable" and "Deferrals" in the Assets and under "Other accounts payable" and "Deferrals" in the Liabilities.

e) Borrowing costs

Borrowing costs are recognised in the income statement for the year to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use, are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the start-up of the preparation of construction activities or development of the asset and is stopped after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

f) Revenue

Revenue derived from the services rendered is recognised in the income statement when the following conditions have been met:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated to the transaction will flow into the entity;
- The stage of completion of the transaction on the reporting date can be measured reliably; and
- The costs incurred with the transaction and the costs to complete the transaction can be measured reliably.

Revenue arising from services rendered is recognised in the income statement relative to the stage of completion of the services on the reporting date.

g) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party in the contractual relationship.

Cash and bank deposits

The amounts included in the "Cash and bank deposits" heading correspond to cash, bank deposits, term deposits and other cash investments with a maturity of less than three months, and which are immediately repayable on demand with no significant risk of change in value.

Accounts receivable

Accounts receivable are measured, when recognised initially, at fair value and subsequently at their amortised cost in accordance, which does not usually differ from their nominal value. When there is indication that they are impaired, their adjustment is recorded through profit or loss. The recognised adjustment is measured by the difference between the value at which the receivables are recognised and the present value of the cash flows discounted at the effective interest rate determined at their initial recognition.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the nature of the contract regardless of their legal form. Equity instruments are contracts that have a residual interest in the company's assets after deduction of the liabilities.

Equity instruments issued by the Company are recorded at the amount received net of costs incurred with their issue.

Accounts payable

Accounts payable are initially recognised at their fair value and subsequently stated at their amortised cost, which does not usually differ from their nominal value, minus estimated impairment losses.

Bank loans

Loans are initially recorded and recognised as liabilities at their nominal value, net of the costs incurred to issue them and subsequently measured through the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are stated in accordance with the accrual accounting principle, being added to the book value of the loan if they are not settled during the period.

h) Retirement insurance

The Company offers retirement insurance to its employees, constituted under a social policy and policy of incentives to workers. Characterised by their optional nature, the Board of Directors is exclusively responsible for deciding on contributions as deemed appropriate at any given time, in view of the Company's performance and economic and financial situation. Thus, these contributions are recorded as a cost on the date when they are due.

Notwithstanding their optional origin, the contributions made by the Company are exclusively those provided for in applicable tax legislation.

i) Income tax for the period

The Company is subject to the special taxation scheme for groups of companies (RETGS) established in article 69 of the Corporate Income Tax Code, where Teixeira Duarte, S.A. has been the controlling company since 1 January 2012.

"Income tax for the period" recorded in the income statement corresponds to the sum of current tax and deferred tax.

Current income tax is calculated based on the taxable profit of the Company in accordance with the tax rules in force. Taxable income may differ from accounting income, since it may exclude several costs and income that are only deductible or taxable in future periods, as well as costs and income that will never be deductible or taxable.

Deferred tax results from the temporary differences between the amount of the assets and liabilities for the effect of accounts reporting (book value) and the respective amounts for tax purposes (tax base), as required by NCRF 25 – Income Tax.

Deferred tax assets and liabilities are calculated and assessed annually using the taxation rates which are in force or announced to be in force on the expected date of the reversal of the temporary differences.

Deferred taxes assets are recognised only when there are reasonable expectations of sufficient future taxable profits for their use, or in situations where there are temporary differences for taxation purposes which compensate the deductible temporary differences in the period of their reversal. Deferred tax liabilities are recognised for all taxable temporary differences.

At the end of each period, a review is made of the recorded deferred taxes, with their amount being adjusted according to expectations of their future use.

Deferred taxes are recorded as a cost or income for the period, unless they arise from values recorded directly under equity, in which case the deferred tax is also recorded under the same heading.

j) Contingent assets and liabilities

Contingent assets are possible assets derived from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events, not totally under the control of the entity.

Contingent assets are not recognised in the consolidated financial statements of the entity, but are disclosed when the existence of a future economic benefit is probable.

Contingent liabilities are defined as: (i) possible liabilities arising from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not totally under the control of the entity; or (ii) present liabilities which arise from past events but are not recognised because it is unlikely that an outflow of resources affecting economic benefits will be required to settle the liability or the amount of the liability cannot be measured reliably.

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

3.3. Value judgements of the Board of Directors

When preparing the financial statements, the Company adopted certain assumptions and estimates which affect the related assets, liabilities, income and costs. All the estimates and assumptions made by the Board of Directors were based on the best existing knowledge, at the date of the approval of the financial statements, of the events and transactions in progress.

The most significant accounting estimates reflected in the financial statements include: i) accruals and deferrals; ii) impairment analyses; and iii) the useful lives of tangible fixed assets and intangible assets.

The estimates were determined based on the best information available on the date of preparation of the financial statements and on the best knowledge and experience of past and/or current events. However, situations might occur in subsequent periods which, not having been predictable on that date, were not considered in these estimates. Any alterations to the estimates, which occur subsequently to the date of the financial statements, will be corrected prospectively in the income statement.

4. CASH FLOW

Cash and bank deposits

The breakdown of cash and bank deposits as at 31 December 2016 and 2015 is as follows:

	2016	2015
Bank deposits repayable on demand	84	134
	84	134

Cash flow from investment activities

The revenue derived from dividends during the periods ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Teixeira Duarte - Engenharia e Construções, S.A.	1,000	12,500
TDGI - Tecnologia de Gestão de Imóveis, S.A.	3,000	-
	4,000	12,500

Cash flow from financing activities

The General Meeting of Shareholders, held on 28 May 2016, deliberated the distribution of dividends of the value of 1,680 thousand euros, corresponding to 0.004 euros per share, taking into consideration the separate financial statements of the Company as at 31 December 2015, with their payment having taken place in June 2016 (Note 19).

5. RELATED PARTIES

Remunerations of the Company's governing bodies and senior management

The remunerations attributed to the members of the Company's governing bodies, for the periods ended on 31 December 2016 and 2015, were as follows:

	2016	2015
Executive directors:		
Short term benefits	1,133	1,512
Supervisory board:		
Short term benefits	66	66
Chartered accountant:		
Short term benefits	61	61
	1,260	1,639

The remunerations attributed to the members of the Company's senior management, for the periods ended on 31 December 2016 and 2015, were as follows:

	2016	2015
Senior staff:		
Short term benefits	1,204	1,013

Balances and transactions:

The terms or conditions applied between the Company and its related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable operations.

During the periods ended on 31 December 2016 and 2015, the balances with subsidiaries and other related parties were as follows:

	Clients		Suppliers		Loans received		Other credit receivable / (Other debts payable)	
	2016	2015	2016	2015	2016	2015	2016	2015
Subsidiaries:								
TEIXEIRA DUARTE – Engenharia e Construções, S.A.	615	2,717	1,535	357	57,002	3,510	(439,258)	(440,604)
TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A.	5	39	-	-	-	-	1,579	6,937
TDGI – Tecnologia de Gestão de Imóveis, S.A.	144	143	278	-	-	-	3,580	2,008
	764	2,899	1,813	357	57,002	3,510	(434,099)	(431,659)
Other related parties:								
ALVALADE – Empreendimentos Turísticos e Hoteleiros, Lda.	361	229	-	-	-	-	91	-
ANGOÍMO – Empreendimentos e Construções, Lda.	342	220	-	-	-	-	85	-
CND – Companhia Nacional de Distribuição, Lda.	1,841	1,119	-	-	-	-	442	-
C+PA – Cimento e Produtos Associados, S.A.	-	-	-	-	-	-	827	356
EDUCARE – Actividades Educativas e Culturais, Lda.	162	72	-	-	-	-	23	-
EMPA S.A. Serviços de Engenharia	268	354	-	-	-	-	137	-
EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A.	54	36	-	-	-	-	(416)	(456)
ESTA – Gestão de Hotéis, S.A.	21	21	-	-	-	-	578	378
Go Corp – Travel Solutions, S.A.	1	17	-	-	-	-	578	433
Hotel Baía, Lda.	364	219	-	-	-	-	107	-
Hotel Trópico, S.A.	231	125	-	-	-	-	48	-
IMOTD – SGPS, S.A.	-	-	-	-	-	-	1,796	1,470
IMOPREDOUÇOS – Sociedade Imobiliária, S.A.	-	-	-	-	-	-	24	28
Lagoas Hotel, S.A.	18	18	39	45	-	-	(226)	(247)
QUINTA DE CRAVEL – Imobiliária, S.A.	-	-	-	-	-	-	(332)	(323)
RECOLTE, Serviços e Meio Ambiente, S.A.	78	81	-	-	-	-	323	152
RECOLTE, Servicios Y Medioambiente, S.A.U.	447	262	-	-	-	-	68	-
SINERAMA – Organizações Turísticas e Hoteleiras, S.A.	6	7	-	-	-	-	97	33
SOMAFEL – Engenharia e Obras Ferroviárias, S.A.	86	60	-	-	-	-	179	-
TEIXEIRA DUARTE – Distribuição, S.A.	46	62	-	-	-	-	8,596	6,583
TEIXEIRA DUARTE – Engenharia e Construções, S.A. (Angola Branch)	1,501	1,142	-	-	-	-	148	-
TEIXEIRA DUARTE – Engenharia e Construções (Moçambique), Lda.	312	231	-	-	-	-	251	-
TDHOSP – Gestão de Edifício Hospitalar, S.A.	2	2	-	-	-	-	(1,596)	(1,514)
TDE – Empreendimentos Imobiliários, S.A.	-	-	-	-	-	-	(378)	(293)
TDGI – Tecnologia de Gestão de Imóveis (Angola), Lda.	201	103	-	-	-	-	62	-
TDH – Sociedade Gestora de Participações Sociais, S.A.	-	-	-	-	-	-	23	(17)
TDHC – Instalações para Desporto e Saúde, S.A.	10	19	-	-	-	-	(804)	(722)
TDVIA – Sociedade Imobiliária, S.A.	-	-	-	-	-	-	(1,474)	(1,147)
TEDAL – Sociedade Gestora de Participações Sociais, S.A.	-	-	-	-	-	-	268	266
TDA – Comércio e Indústria, Lda.	734	468	-	-	-	-	202	-
VAUCO – Automóveis e Equipamentos, Lda.	132	83	-	-	-	-	50	-
V8 – Gestão Imobiliária, S.A.	-	-	-	-	-	-	(648)	(615)
Other	819	669	-	-	-	-	306	(147)
	8,037	5,619	39	45	-	-	9,435	4,218
	8,801	8,518	1,852	402	57,002	3,510	(424,664)	(427,441)

During the periods ended on 31 December 2016 and 2015, the transactions with subsidiaries and other related parties were as follows:

	Sales and Services Rendered		Intra-group services rendered		Financial Income and Gains		Purchases and Services Received	
	2016	2015	2016	2015	2016	2015	2016	2015
Subsidiaries:								
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	2,388	3,635	1,213	2,730	1,018	4,896	5,509	2,365
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	33	32	81	154	280	-	-	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	297	199	425	501	3	-	275	-
	2,718	3,866	1,719	3,385	1,301	4,896	5,784	2,365
Other related parties:								
ALVALADE - Empreendimentos Turísticos e Hoteleiros, Lda.	79	154	52	70	-	-	-	-
ANGÓIMO - Empreendimentos e Construções, Lda.	63	81	59	124	-	-	-	-
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	4	56	27	82	-	-	-	-
BONAPARTE - Imóveis Comerciais e Participações, S.A.	4	5	24	34	-	-	-	-
CND - Companhia Nacional de Distribuição, Lda.	533	600	189	303	-	-	-	-
COMÉRCIO AUTOMÓVEIS, Lda.	1	-	31	99	-	-	-	-
CONSTRUSALAMONDE, ACE	1	1	20	58	-	-	-	-
DIGAL - Distribuição e Comércio, S.A.	25	23	121	150	-	-	-	-
EMPA S.A. Serviços de Engenharia	312	329	95	263	-	-	-	-
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	76	129	266	101	-	-	-	-
ESTA - Gestão de Hotéis, S.A.	162	43	26	66	-	-	-	-
Hotel Trópico, S.A.	29	28	77	90	-	-	-	-
Lagoas Hotel, S.A.	21	19	63	71	-	-	57	83
OFM - Obras Fluviais e Marítimas, S.A.	10	40	98	164	-	-	-	-
Hotel Baía, Lda.	102	164	43	52	-	-	-	-
RECOLTE, Serviços e Meio Ambiente, S.A.	145	58	239	256	-	-	-	-
RECOLTE, Serviços e Meio Ambiente (Porto), S.A.	-	3	10	24	-	-	-	-
RECOLTE, Servicios Y Medioambiente, S.A.U.	128	83	57	66	-	-	-	-
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	10	9	36	55	-	-	-	-
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	139	109	231	276	-	-	-	-
TDA - Comércio e Indústria, Lda.	162	262	104	203	-	-	-	-
TEIXEIRA DUARTE - Distribuição, S.A.	106	118	106	241	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (Angola Branch)	212	307	148	594	-	-	-	-
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	503	369	63	204	-	-	-	-
TDHOSP - Gestão de Edifício Hospitalar, S.A.	5	6	16	13	-	-	-	-
TDHC - Instalações para Desporto e Saúde, S.A.	18	26	34	68	-	-	-	-
Other	517	382	531	866	-	-	-	4
	3,367	3,404	2,766	4,593	-	-	57	87
	6,085	7,270	4,485	7,978	1,301	4,896	5,841	2,452

6. INTANGIBLE ASSETS

During the period ended on 31 December 2016, the movements in intangible assets and their accumulated amortisation, were as follows:

	Computer pro-grammes	Intangible assets in progress	Total
Gross assets:			
Balance as at 01 January 2016	88	26	114
Additions	6	-	6
Balance as at 31 December 2016	94	26	120
Accumulated amortisation:			
Balance as at 01 January 2016	24	-	24
Additions	30	-	30
Balance as at 31 December 2016	54	-	54
Net value as at 31 December 2016	40	26	66

During the period ended on 31 December 2015, the movements in intangible assets and their accumulated amortisation, were as follows:

	Computer pro-grammes	Intangible assets in progress	Total
Gross assets:			
Balance as at 01 January 2015	39	43	82
Additions	6	26	32
Transfers and write-offs	43	(43)	-
Balance as at 31 December 2015	88	26	114
Accumulated amortisation:			
Balance as at 01 January 2015	1	-	1
Additions	23	-	23
Balance as at 31 December 2015	24	-	24
Net value as at 31 December 2015	64	26	90

7. TANGIBLE FIXED ASSETS

During the period ended on 31 December 2016, the movements in tangible fixed assets and their accumulated depreciation were as follows:

	Administrative equipment	Tangible assets in progress	Total
Gross assets:			
Balance as at 01 January 2016	47	-	47
Additions	62	400	462
Balance as at 31 December 2016	109	400	509
Accumulated depreciation:			
Balance as at 01 January 2016	19	-	19
Additions	23	-	23
Balance as at 31 December 2016	42	-	42
Net value as at 31 December 2016	67	400	467

During the period ended on 31 December 2015, the movements in tangible fixed assets and their accumulated depreciation were as follows:

Administrative equipment	
Gross assets:	
Balance as at 01 January 2015	37
Additions	10
Balance as at 31 December 2015	47
Accumulated depreciation:	
Balance as at 01 January 2015	6
Additions	13
Balance as at 31 December 2015	19
Net value as at 31 December 2015	28

8. INVESTMENTS IN SUBSIDIARIES

For the period ended on 31 December 2016, the Company recorded the following financial holdings measured by the equity method:

Corporate name	Head office	Effective percentage holding
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	Edifício 2, Lagoas Park Porto Salvo - Oeiras	100.00%
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo - Oeiras	100.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 2, Lagoas Park Porto Salvo - Oeiras	100.00%
Lagoas Park, S.A.	Edifício 2, Lagoas Park Porto Salvo - Oeiras	100.00%

The main financial information relative to this subsidiary, as at 31 December 2016 and 2015, is as follows:

	Total assets		Total liabilities		Income		Net income	
	2016	2015	2016	2015	2016	2015	2016	2015
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	1,620,429	1,600,661	1,053,328	1,017,257	536,421	618,046	19,715	14,083
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	1,218,178	1,195,134	669,215	647,795	161,472	112,415	24,255	48,982
TDGI - Tecnologia de Gestão de Imóveis, S.A.	21,352	18,477	18,051	13,790	39,039	35,810	1,807	3,172
Lagoas Park, S.A.	55	-	16	-	-	-	(11)	-
	2,860,014	2,814,272	1,740,610	1,678,842	736,932	766,271	45,766	66,237

This information corresponds to the statutory accounts of the companies, which were adjusted for the purpose of application of the equity method.

The following movements occurred in the holdings in subsidiaries during the periods ended on 31 December 2016 and 2015:

	Equity stakes	Goodwill	Total
Balance as at 01 January 2015	507,553	-	507,553
Increase	756,435	32,504	788,939
Reduction	(150,000)	-	(150,000)
Effects of the application of the equity method:			
- Effect on net income for the year	28,449	-	28,449
- Effect on equity	5,492	-	5,492
- Dividends received	(12,500)	-	(12,500)
Balance as at 31 December 2015	1,135,429	32,504	1,167,933
Balance as at 01 January 2016	1,135,429	32,504	1,167,933
Increase	50	-	50
Amortisation of goodwill	-	(3,250)	(3,250)
Effects of the application of the equity method:			
- Effect on net income for the year	52,804	-	52,804
- Effect on equity	(42,847)	-	(42,847)
- Dividends received	(4,000)	-	(4,000)
Balance as at 31 December 2016	1,141,436	29,254	1,170,690

The increase occurred in the period ended on 31 December 2016 refers to:

Lagoas Park, S.A.	50
	50

In the period ended on 31 December 2016, the goodwill recognised under the stake held in TDGI - Tecnologia de Gestão de Imóveis, S.A. Was subject to impairment tests and is henceforth amortised over a period of 10 years (Note 3.2.c)).

The effect of the application of the equity method for the period ended on 31 December 2016 and 2015 is as follows:

	Gains / losses		Equity adjustments		Dividends	
	2016	2015	2016	2015	2016	2015
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	28,749	14,082	(15,977)	4,269	(1,000)	(12,500)
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	22,238	13,176	(26,606)	1,223	-	-
TDGI - Tecnologia de Gestão de Imóveis, S.A.	1,828	1,191	(264)	-	(3,000)	-
Lagoas Park, S.A.	(11)	-	-	-	-	-
	52,804	28,449	(42,847)	5,492	(4,000)	(12,500)

9. REVENUE

For the periods ended on 31 December 2016 and 2015, the revenue recognised by the Company was broken down as follows:

	2016	2015
Services rendered	12,223	12,351
Interest and similar income	680	3,547
	12,903	15,898

On these dates, the Company's turnover was distributed geographically as follows:

	2016	2015
Angola	2,531	2,740
Algeria	(48)	-
Brazil	678	558
Spain	159	238
Mozambique	672	726
Portugal	8,224	8,089
Venezuela	7	-
	12,223	12,351

10. INCOME TAX

The Company is subject to corporate income tax (IRC) at the rate of 21% on the taxable amount. In addition to corporate income tax, the Company might also be subject to the municipal surcharge, incident on taxable profit, and whose rate may vary up to a maximum of 1.5%.

Furthermore, should taxable profit be higher than 1,500 thousand euros, the portion which exceeds the amount of 1,500, 7,500 and 3,500 thousand euros is subject to the state surcharge at the rates of 3%, 5% and 7%, respectively.

The Company is also subject to autonomous taxation at the rates and incident on the charges and expenses established in article 88 of the Corporate Income Tax Code.

Pursuant to the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, except when tax losses have been deducted, or when inspections, claims or disputes are underway, in which cases, depending on the circumstances, this time limit may be extended or suspended. The Board of Directors believes that any corrections which might arise from tax reviews/inspections to tax periods that may be reviewed will not have a materially relevant effect on the financial statements reported as at 30 December 2016.

In the calculation of the taxable amount, to which the aforesaid tax rate is applied, the amounts which are not applicable for tax purposes are added and subtracted from the book value profit. This difference between the book value profit and the profit for tax purposes may be of temporary or permanent nature.

Pursuant to the tax legislation in force in Portugal, tax losses may be carried forward for a period of 12 (twelve) years for losses generated in the tax period of 2016 and 5 (five) years for the generated losses of 2017 and onwards, and may be deducted from taxable profit recorded a posteriori, with this deduction being limited to 70% of the taxable profit recorded in the tax period in which it occurs.

The tax charge recorded for the periods ended on 31 December 2016 and 2015 may be presented as follows:

	2016	2015
Current tax	8,100	3,043
Deferred tax	(5,119)	(3,995)
	2,981	(952)

The relationship, in Portugal, between the tax cost and book value profit, for the periods ended on 31 December 2016 and 2015, is as follows:

	2016	2015	
Net income for the period	7,093	24,978	
Adjustments to taxable profit:			
Definitive differences: (a)			(a) Definitive differences essentially refer to the annulment of the equity method effects (Note 8)
- To be added	12,161	3,043	
- To be deducted	(57,934)	(28,746)	(b) The value of 8,100 thousand euros corresponds to the net borrowing cost recorded under the RETGS (Note 3.2.1))
Temporary differences:			
- To be deducted	-	(3,995)	
Tax loss / (Profit)	(38,680)	(4,720)	
Other tax components:			
- Autonomous taxation	-	39	
- Other (b)	8,100	3,004	
Current tax	8,100	3,043	
Deferred tax	(5,119)	(3,995)	
Alterations in estimates	718	(296)	
Tax costs	3,699	(1,248)	

The effective tax rate for the periods ended on 31 December 2016 and 2015 was as follows:

	2016	2015
Current tax	8,100	3,043
Earnings before tax	10,792	23,730
Effective tax rate	75.06%	12.82%

The movements which occurred in deferred tax assets during the periods ended on 31 December 2016 and 2015 were as follows:

	2016				
	Opening balance	Constitution	Reversal	Adjustment	Closing balance
Deferred tax assets:					
Tax losses carried forward	-	8,123	-	(2,899)	5,224
Net borrowing costs	3,004	-	(3,004)	-	-
	3,004	8,123	(3,004)	(2,899)	5,224

The adjustment recorded in tax losses carried forward for the period ended on 31 December 2015 refers to their use under the RETGS (Note 3.2 i)).

	2015			
	Opening balance	Constitution	Adjustment	Closing balance
Deferred tax assets:				
Tax losses carried forward	-	991	(991)	-
Net Borrowing Costs	-	3,004	-	3,004
	-	3,995	(991)	3,004

11. FINANCIAL INSTRUMENTS

For the periods ended on 31 December 2016 and 2015, the financial assets and liabilities, current and non-current, were broken down as follows:

11.1. Financial assets:

Clients

As at 31 December 2016 and 2015, the heading of Clients was broken down as follows:

	2016			2015		
	Non-group	Group	Total	Non-group	Group	Total
Current account	132	8,801	8,933	68	8,518	8,586
	132	8,801	8,933	68	8,518	8,586

State and other public entities

As at 31 December 2016 and 2015, the heading of State and other public entities was broken down as follows:

	2016	2015
State and other public entities:		
Corporate income tax (IRC): a)		
- Estimated tax	6,746	3,609
- Tax withheld at source	1,282	843
- Payments on account	1,274	1,475
	9,302	5,927
Value added tax - VAT	132	-
	9,434	5,927

a) These balances refer to the special taxation scheme for groups of companies - RETGS (Note 3.2 i))

The Company's individual value for the heading of "Estimated tax" recorded in 2016 is 2,889 thousand euros

Other credit receivable

As at 31 December 2016 and 2015, the heading of Other credit receivable was broken down as follows:

	Current	
	2016	2015
Accrued income receivable:		
Supplies and services rendered and not invoiced	4,718	3,600
Interest receivable	398	1,020
	5,116	4,620
RETGS	16,244	11,873
Other receivables	16,446	9,432
	37,806	25,925

Deferrals

As at 31 December 2016 and 2015, the heading of Deferrals was broken down as follows:

	2016	2015
Deferrals:		
Interest payable	40	10
	40	10

11.2. Financial liabilities:

Suppliers

As at 31 December 2016 and 2015, the heading of Suppliers was broken down as follows:

	2016			2015		
	Non-group	Group	Total	Non-group	Group	Total
Current account	391	1,852	2,243	139	403	542
	391	1,852	2,243	139	403	542

State and other public entities

As at 31 December 2016 and 2015, the heading of State and other public entities was broken down as follows:

	2016	2015
State and other public entities:		
Income tax - Withheld from third parties	162	141
Value added tax - VAT	-	478
Social security	186	165
Other	76	3
	354	787

Other debts payable

As at 31 December 2016 and 2015, the heading of Other debt payable receivable was broken down as follows:

	2016		2015	
	Current	Non-current	Current	Non-current
Accrued costs payable:				
Expenditures incurred and not invoiced by suppliers	935	-	3,665	-
Staff charges	1,157	-	1,061	-
Distribution of profit	1,182	187	1,187	529
Interest payable	13,971	-	1,494	-
Insurance payable	13	-	6	-
	17,258	187	7,413	529
Other receivables	119,755	344,246	61,874	386,746
	137,013	344,433	69,287	387,275

The heading of other debt payable, as at 31 December 2016, includes the amount of 429,246 thousand euros relative to the acquisition of the financial holding in Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with 85,000 thousand euros being current liabilities and 344,246 thousand euros being non-current liabilities.

Loans received

As at 31 December 2016 and 2015, the heading of loans received was broken down as follows:

	2016		2015	
	Current	Non-current	Current	Non-current
Pledged accounts	109,117	-	133,013	-
Contracted bank overdrafts	43,628	-	41,504	-
Bank loans	3,766	2,334	2,599	2,600
Commercial paper	-	10,700	-	10,450
Related parties	57,002	-	3,510	-
	213,513	13,034	180,626	13,050

a) Bank loans

Bank loan raised from Banco do Brasil S.A., of the present value of 2,600 thousand euros, granted by the Company on 17 October 2014, which shall be repaid with 1,300 thousand euros on a six monthly basis.

Bank loan raised from Banco do Brasil S.A., with duration of 3 years, of the present value of 3,500 thousand euros, granted by the Company on 22 January 2016, which shall be repaid with 1,167 thousand euros on an annual basis.

Bank loan of the present value of 7,000 thousand euros, contracted on 29 February 2016 with Caixa Geral de Depósitos, S.A., granted by Teixeira Duarte, S.A., by Teixeira Duarte - Engenharia e Construções S.A. and by Teixeira Duarte - Gestão de participações e Investimentos Imobiliários, S.A., earns interest at the 12 month Euribor rate plus a spread of 4.5%. The principal shall be repaid on 31 March 2017.

b) Commercial paper

Grouped programme for commercial paper issues, contracted on 28 December 2011, with Banco Comercial Português, S.A., of the total amount of 53,400 thousand euros, in which Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Engenharia e Construções, S.A. and the Company participate, where the amounts being used by each on this date were 51,400 thousand euros, 1,000 thousand euros and 1,000 thousand euros, respectively. Each of the issues must necessarily be carried out together by all the issuers and the participation of each issuer cannot be less than 250 thousand euros. The programme shall be enforced up to 30 December 2021, with the first repayment being on 30 March 2017 of the value of 9,000,000 thousand euros and the rest six-monthly of amounts varying between 3,300 thousand euros and 4,500 thousand euros, except for the last which shall be 8,400 thousand euros. The applicable interest rate is the Euribor for each issue period, in force on the second business day prior to its beginning, increased by a spread of 4.25%.

A programme for issues of commercial paper, contracted on 14 January 2016 with Novo Banco, S.A., in which the Company and Teixeira Duarte - Engenharia e Construções S.A. participate, of the value of 34,000 thousand euros, with the entire amount being used by Teixeira Duarte - Engenharia e Construções, S.A. The duration of the programme is four years and shall be subject to partial repayments, with the first being on 14 July 2017 and the remaining six-monthly of a variable amount between 1,900 and 2,000 thousand euros, and the remaining value being paid on the reimbursement date of the last issue of the programme. The interest is earned in advance on each subscription date, with the intervention rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus 3.00% and determined in accordance with the date of each auction.

Grouped programme for commercial paper issues, contracted on 28 December 2015, with Novo Banco, S.A., of the total amount of 97,000 thousand euros, in which the Company, Teixeira Duarte - Engenharia e Construções, S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. participate with 9,700 thousand euros, 9,700 thousand euros and 77,600 thousand euros, respectively. The participation of each company in the programme may vary in each of its issues. The duration of the programme is five years, counted as of the contract signing date, the interest falls due in advance, 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 5.00% and determined according to the date of each auction, with the repayment of the last issue being on 6 November 2018. The Programme shall be subject to partial repayments, with the first being 3,400 thousand euros on 6 May 2017, and the remaining six-monthly starting on 27 June 2017 of a variable amount between 2,350 and 2,900 thousand euros, and the remaining value being paid on the reimbursement date of the last issue of the programme.

Grouped programme for commercial paper issues, contracted on 18 November 2014, with Banco BIC Português, S.A., of the total amount of 5,000 thousand euros, granted by the Company, by Teixeira Duarte - Engenharia e Construções, S.A. and by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. The programme is valid

up to 2 January 2020, and the issue period may vary from one to six months. Interest is payable in arrears at the rate corresponding to the Euribor applicable to the issue period plus 3.25%.

c) Remaining loans

As at 31 December 2016, the remaining loans received relative to bank overdrafts and pledged accounts earned interest at normal market rates.

The Loans received are repayable according to the following repayment periods:

	2016	2015
Less than one year	213,513	180,626
1 to 2 years	1,167	2,600
2 to 3 years	1,167	-
3 to 4 years	9,700	-
4 to 5 years	1,000	10,450
	226,547	193,676

12. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Tax proceedings

Following an inspection conducted by the Taxation and Customs Authority (AT) on the accounts of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., a company with 100% of its share capital held directly by the Company, relative to the period of 2012, the following corrections were made to the tax losses that had initially been reported by this subsidiary:

	Calculated tax loss	AT correction
2012	13,294	3,971

With the exception of the amount of 1,666 thousand euros (relative, according to the AT, to the undue application of number 10 of article 22 of the EBF to the distribution of income by the TDF Closed Real Estate Investment Fund), the remaining correction arises from the non-acceptance, as a tax cost, of the financial costs incurred with the investment made in participated companies in the form of additional paid-in capital.

Since TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. is subject to corporate income tax (IRC) pursuant to the special taxation scheme for groups of companies (RETGS) (article 69 and following of the IRC Code), the correction to the period of 2012 under appraisal led to an additional IRC tax assessment plus compensatory interest being issued to the Company, as the controlling company, which contested its settlement by judicial means. The Board of Directors continues to expect a favourable outcome to this claim.

Guarantees

For the effect of suspension of the tax enforcement proceeding filed against the subsidiary TEIXEIRA DUARTE – Engenharia e Construções, S.A., relative to the corporate income tax debt for the period of 2010, the Company submitted a security, of the value of 10,139 thousand euros, which was accepted by the AT.

In order to secure the commercial paper contract concluded with Novo Banco, S.A., of the present value of 97,000 thousand euros, granted by the issuers, the Company, Teixeira Duarte – Engenharia e Construções, S.A. and Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A., the guarantors, TDE – Empreendimentos Imobiliários, S.A. and Transbital Britas e Empreendimentos Imobiliários, S.A., pledged the mortgage of 14 plots of land of the enterprise named Pedregueiras and 10 plots of land of the enterprise named Pedregueiras of the total value of 59,640 thousand euros, and TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 26,000,000 shares of Recolte, Serviços e Meio Ambiente, S.A. Value for the purpose at 26,000 thousand euros.

In order to secure the commercial paper contract concluded on 28 December 2011 with Banco Comercial Português, S.A., granted by the issuers, the Company, Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., of the present value of 53,400 thousand euros, a general mortgage was constituted on the properties implanted on lots 6, 18 and 19, located at Lagoas Park, owned by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.

In order to secure the commercial paper contract signed with Novo Banco S.A., of the value of 34,000 thousand euros, granted by the issuers, the Company and Teixeira Duarte - Engenharia e Construções, S.A. and also by the the Company's guarantor, the guarantor pledged 1,000,000 shares of TDGI - Tecnologia de Gestão de Imóveis, S.A.

In order to secure the bank loan of the present value of 7,000 thousand euros, contracted on 29 February 2016 with Caixa Geral de Depósitos, S.A., granted by the Company, by Teixeira Duarte - Engenharia e Construções S.A. and by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. Constituted a second mortgage on Lot 3, located at Lagoas Park..

Comfort letters

As at 31 December 2016, the Company has issued the following comfort letters provided in favour of Group companies, under the form of bank guarantees:

Company	Currency amount	Currency	Value in thousand euros
ANGOÍMO - Empreendimentos e Construção, Lda.	30,000,000	USD	28,460
ANGOÍMO - Empreendimentos e Construção, Lda.	4,390,650,000	AON	23,801
CND - Companhia Nacional de Distribuição, Lda.	25,000,000	USD	23,717
RECOLTE - Servicios Y Medioambiente, S.A.U.	8,415,000	EUR	8,415
BONAPARTE - Imóveis Comerciais e Participações, S.A.	18,000,000	EUR	18,000
TDA - Comércio e Indústria, Lda.	1,891,400,000	AON	10,253
			112,646

13. FINANCIAL RESULTS

During the periods ended on 31 December 2015 and 2014, the financial results were detailed as follows:

	2016	2015
Financial costs and losses:		
Interest paid	34,357	7,078
Other financial costs and losses	1,504	775
	35,861	7,853
Financial income and gains:		
Interest received	680	3,547
Financial results	(35,181)	(4,306)

14. EMPLOYEE BENEFITS

During the periods ended on 31 December 2016 and 2015, the average number of contracted employees was 184 and 166, respectively.

For the periods ended on these dates, staff costs were broken down as follows:

	2016	2015
Distribution of profit	132	92
Charges on remunerations	1,756	1,514
Costs related to governing bodies	906	1,246
Compensations	1,772	24
Other remunerations	679	562
Other staff costs	183	162
Wages	6,182	4,931
Insurance	86	97
	11,696	8,628

15. EXTERNAL SUPPLIES AND SERVICES

For the periods ended on 31 December 2016 and 2015, the external supplies and services was broken down as follows:

	2016	2015
Travel, hotel and transport	402	476
Materials	199	38
Miscellaneous services	137	151
Specialised services	3,271	3,420
	4,009	4,085

16. OTHER INCOME

As at 31 December 2016 and 2015, the other income and gains were as follows:

	2016	2015
IT services	70	34
Other services rendered	38	10
	108	44

17. OTHER COSTS

As at 31 December 2016 and 2015, the other costs and losses were as follows:

	2016	2015
Donations	37	-
Stamp duty	6	-
Fines	1	-
Levies	2	18
Rates	6	6
Other	101	36
	153	60

18. FINANCIAL RISK MANAGEMENT**General Principles**

The Company is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- Interest rate risks arising from financial liabilities;
- Credit risk, particularly from credit to its customers relative to the Company's operating activities;
- Liquidity risk, as regards the maintenance of cash balance stability.

The Company's Financial Department ensures the centralised management of the financing operations, investment of surplus cash, currency conversion transactions, as well as the counterpart risk of the Company. In addition to the above, it is responsible for identifying, measuring, proposing and implementing measures to manage/mitigate the financial risks to which the Company is exposed.

The main financial risks to which the Company is exposed and the main measures implemented to manage them are analysed in greater detail below.

Interest rate risk

The objective of the interest rate risk management policy is the minimisation of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2016 and 2015, the financial liabilities consist, only and exclusively, of variable interest rates.

Had market interest rates been higher (lower) by 1% during the periods ended on 31 December 2016 and 2015, the financial profit/(loss) of these periods would have decreased (increased) by (6,998) / 6,998 thousand euros and (857) / 857 thousand euros, respectively.

Credit risk

As at 31 December 2016 and 2015, the balances of the accounts receivable for which no adjustments were recorded, because the Board of Directors considered that they are realisable, are as follows:

	2016	2015
Balance:		
Not due	1,339	4,619
Up to 180 days	3,031	2,760
From 180 to 360 days	1,458	546
Over 360 days	3,105	661
	8,933	8,586

Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating and financing activities, investments, remuneration of shareholders and debt repayment. In order to mitigate this risk, the Company seeks to maintain a liquidity position and an average maturity of debt that allows it to repay its debt within reasonable periods of time.

The maturity of the financial liabilities as at 31 December 2016 and 2015 is as follows:

	2016				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Suppliers	2,243	-	-	-	2,243
Loans received	213,513	1,167	1,167	10,700	226,547
State and other public entities	354	-	-	-	354
Other accounts payable	137,013	42,627	42,560	259,246	481,446
	353,123	43,794	43,727	269,946	710,590

	2015				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Suppliers	542	-	-	-	542
Loans received	180,626	2,600	-	10,450	193,676
State and other public entities	787	-	-	-	787
Other accounts payable	69,288	42,902	42,627	301,746	456,563
Deferrals	480	-	-	-	480
	251,723	45,502	42,627	312,196	652,048

19. CAPITAL

Share capital

As at 31 December 2016, the Company's share capital was fully underwritten and paid-up, and composed of 420,000,000 shares with the nominal value of 0.50 euros each.

As at 31 December 2016, TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A. directly held 203,520,000 shares representing the share capital of TEIXEIRA DUARTE, S.A., corresponding to 48.46% of its share capital.

Legal reserves

The Portuguese commercial legislation establishes that at least 5% of annual net income should be used to reinforce the legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in the case of the Company's liquidation, but may be used to absorb losses, after all the other reserves have been depleted, or incorporated in the share capital.

Other reserves

The other reserves are composed of free reserves, which are available for distribution.

Appropriation of net income

By decision of the General Meeting, held on 28 May 2016, the accounts for the period of 2015 were approved, and it was decided that the recorded Net Income of the value of € 24,978,306.33 (twenty-four million, nine hundred and seventy-eight thousand, three hundred and six euros and thirty-three cents) should be appropriated as follows:

	Value in euros
Dividends	1,680,000.00
Legal reserves	5,000,000.00
Free reserves	18,298,306.33
	24,978,306.33

20. OTHER INFORMATION

The Board of Directors discloses that the Company does not have any debts in arrears to the State, under the terms of Decree-Law 534/80, of 7 November.

Pursuant to Decree-Law number 411/91, of 17 October, the Board of Directors discloses that the Company's situation with respect to Social Security is settled, within the legally stipulated periods of time.

21. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, where note should be made of the following relevant fact which occurred after the closing of the year:

1. Signing of the Strategic Alliance in Venezuela for the contract of conservation, administration, management and development of the Specialised Container Terminal of the Port of La Guaira, in Venezuela, disclosed in due time to the market, through a press release on 17 January, with this title and the following essential content:

Its 100% held subsidiary, "Teixeira Duarte - Engenharia e Construções, S.A.", signed on 17 January 2017 a "Strategic Alliance for Port Operation and Management of the Specialised Container Terminal of the Port of La Guaira", in Venezuela, with the company of the State of the Bolivarian Republic of Venezuela named "BOLIVARIANA DE PUERTOS (BOLIPUERTOS), S.A.", with a view to optimising the development and growth of the Terminal's activity, converting it into a transshipment port of the Caribbean Sea and Latin America. Under the terms of the aforesaid Alliance, Teixeira Duarte shall contribute, pursuant to the Business Plan, the sum of 40 million American dollars and shall undertake, for a period of 20 years, the marketing, conservation, operation, administration, construction and development of the aforesaid Terminal.

The Specialised Container Terminal of the Port of La Guaira has capacity to handle 1,000,000 TEU/year and an area of 17ha, covering a wharf length of 693m and holding ground of -15.2m. This terminal is endowed with cutting edge port operation equipment - 6 ship to shore (STS) container gantry cranes, 15 rubber tyred gantry (RTG) cranes on land, 2 reach-stackers and 6 frontal fork lifts.

A whereas of this Agreement consists of the fact that on 6 August 2008 the Supplementary Agreement to the Framework Agreement for Cooperation between the Bolivarian Republic of Venezuela and the Portuguese Republic was signed, on matters of economic and energy cooperation, aimed at the cooperation, promotion, formulation and/or implementation of programmes and projects intended for the exchange of goods, services, technology and capacity-building of common interest to the subscribing countries.

2. Agreement for divestment of a stake held in the Energy Sector, disclosed in due time to the market, through a press release on 24 January, with this title and the following essential content:

The companies 100% controlled by it, "TEDAL - SGPS, S.A." and "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A." concluded, on 24 January 2017, an agreement with "OZ Energia, S.A." to sell the 50% stake that these entities held in the company "TDARCOL - Sociedade Gestora de Participações Sociais, S.A." for the price of 8.3 million euros.

The transfer is pending authorisation by the Competition Authority, where only at that time shall the operation be completed, which is expected to occur during the first quarter of 2017.

TDARCOL is a holding company which is the owner of other entities through which the Teixeira Duarte Group has been operating in the Energy Sector, namely in the Gas area.

It should be recalled that in March 2015 the Group had already sold the entity through which it operated in the areas of liquid fuels and lubricants, and now accomplishes, by the manner indicated above, the sale of the stake that it held in the entity through which it had, indirectly, been operating in the Gas area.

As anticipated in the press release referred to above, after the Competition Authority had issued its opinion on the completion of this operation, the Teixeira Duarte Group completed, on 31 March 2017, the agreement with "OZ Energia, S.A." to sell the 50% stake that the Group held in the company "TDARCOL - Sociedade Gestora de Participações Sociais, S.A.", thus no longer operating in the energy sector, and continuing in the other six - Construction, Concessions and Services, Real Estate, Hospitality, Distribution and Automotive - in the eighteen countries in which it operates.

Consolidated Financial Statements **2016**




 (Values expressed
in thousand euros)

 The Notes are an integral part of
the consolidated statement of the
financial position as at 31 December
2016

	Notes	2016	2015
Non-current assets:			
Goodwill	19	14,295	21,955
Intangible assets	20	38,954	33,262
Tangible fixed assets	21	495,787	630,986
Investment properties	22	547,067	511,683
Investments in associates and joint ventures	7 and 23	17,504	16,874
Financial assets available for sale	7 and 25	8,318	30,427
Other investments	26	54,125	52,970
Deferred tax assets	27	198,187	194,913
Clients	28	43,137	52,087
Other receivables	28	-	99
Other non-current assets	31	653	1,242
Total non-current assets		1,418,027	1,546,498
Current assets:			
Inventories	9 and 10	251,442	274,018
Clients	28	416,509	433,569
Other receivables	28	54,652	55,908
Cash and cash equivalents	30	180,908	252,693
Other investments	26	-	35
Other current assets	31	179,657	276,538
		1,083,168	1,292,761
Assets held for sale	24	38,777	22,572
Total current assets		1,121,945	1,315,333
TOTAL ASSETS	7	2,539,972	2,861,831
Equity:			
Capital	33	210,000	210,000
Adjustment of holdings in associates and joint ventures		849	8,326
Currency conversion adjustments		(34,826)	48,126
Reserves and retained earnings	34	199,599	167,822
Consolidated net income	17	20,147	33,653
Equity attributable to shareholders		395,769	467,927
Non-controlling interests	35	49,041	50,290
TOTAL EQUITY		444,810	518,217
Non-current liabilities:			
Loans	36	664,094	665,537
Provisions	37	43,500	52,441
Financial leases	39	154,304	155,889
Deferred tax liabilities	27	73,340	59,019
Other payables	38	68	113
Other non-current liabilities	40	66,530	70,780
Total non-current liabilities		1,001,836	1,003,779
Current liabilities:			
Loans	36	649,913	734,596
Suppliers	38	121,371	193,896
Financial leases	39	20,807	18,913
Other payables	38	33,096	34,246
Other current liabilities	40	243,777	358,184
		1,068,964	1,339,835
Liabilities held for sale	24	24,362	-
Total current liabilities		1,093,326	1,339,835
TOTAL LIABILITIES	7	2,095,162	2,343,614
TOTAL LIABILITIES AND EQUITY		2,539,972	2,861,831

	Notes	2016	2015
Operating income:			
Sales and services rendered	7 and 8	1,115,373	1,411,906
Other operating income	8	114,816	79,837
Total operating income	8	1,230,189	1,491,743
Operating costs:			
Cost of sales	9	(338,842)	(508,423)
Change in production	10	3,570	(472)
External supplies and services	11	(313,306)	(408,206)
Staff costs	12	(243,610)	(281,823)
Amortisation and depreciation	7, 20 and 21	(69,458)	(76,256)
Provisions and impairment losses in depreciable and amortisable assets and Goodwill	7 and 37	(5,616)	(12,638)
Other operating costs	14	(72,103)	(79,019)
Total operating costs		(1,039,365)	(1,366,837)
Net operating income	7	190,824	124,906
Financial costs and losses	7 and 15	(295,643)	(372,483)
Financial income and gains	7 and 15	179,020	282,755
Earnings from investment activities:			
Earnings from associates and joint ventures	7 and 15	8,570	9,740
Other	7 and 15	(18,846)	7,387
Financial results		(126,899)	(72,601)
Earnings before tax	7	63,925	52,305
Income tax	16	(30,411)	(11,896)
Consolidated net income for the year		33,514	40,409
Net income attributable to:			
Shareholders	17	20,147	33,653
Non-controlling interests	35	13,367	6,756
Earnings per share:			
Basic (euros)	17	0.05	0.08
Diluted (euros)	17	0.05	0.08

(Values expressed in thousand euros)

The Notes are an integral part of the consolidated income statement for the year ended on 31 December 2016



(Values expressed
in thousand euros)

The Notes are an integral part of
the consolidated statement of other
comprehensive income for the year
ended on 31 December 2016.

	Notes	2016	2015
Consolidated net income for the year		33,514	40,409
Income and costs that will not be subsequently reclassified to net income			
Other changes in equity		1,380	9,032
		1,380	9,032
Income and costs that may be subsequently reclassified to net income			
Fair value of financial assets available for sale	25	-	(3,346)
Currency conversion adjustments	47	(98,857)	(7,377)
Adjustment of holdings in associates and joint ventures	23	(7,477)	(1,344)
Derivative financial instruments used for hedging	41	(287)	1,768
		(106,621)	(10,299)
Net income recognised directly in equity		(105,241)	(1,267)
Comprehensive income for the year		(71,727)	39,142
Comprehensive income attributable to:			
Shareholders		(70,478)	15,910
Non-controlling interests		(1,249)	23,232

	Notes	Capital	Adjustment of holdings in associates and joint ventures	Currency conversion adjustments	Reserves and retained earnings					Consolidated net income	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Fair value reserves	Hedge operation reserve	Retained earnings				
Balance as at 01 January 2015	33	210,000	9,670	55,546	21,000	122,052	4,035	(13,466)	(21,431)	70,281	457,687	27,058	484,745
Comprehensive income for the year:													
Consolidated net income for the year		-	-	-	-	-	-	-	-	33,653	33,653	6,756	40,409
Variation in exchange rate adjustments	47	-	-	(7,420)	-	-	-	-	-	-	(7,420)	43	(7,377)
Variation in the fair value and divestment of financial assets available for sale	25	-	-	-	-	-	(3,346)	-	-	-	(3,346)	-	(3,346)
Effect of hedge operations	41	-	-	-	-	-	-	1,768	-	-	1,768	-	1,768
Effect of the application of the equity method	23	-	(1,344)	-	-	-	-	-	-	-	(1,344)	-	(1,344)
Other		-	-	-	-	-	(689)	-	(6,712)	-	(7,401)	16,433	9,032
Operations with shareholders in the year:													
Appropriation of the consolidated net income for 2014:													
Transfer to legal and free reserves		-	-	-	10,500	54,111	-	-	-	(64,611)	-	-	-
Dividends distributed	18	-	-	-	-	-	-	-	-	(5,670)	(5,670)	-	(5,670)
Balance as at 31 December 2015		210,000	8,326	48,126	31,500	176,163	-	(11,698)	(28,143)	33,653	467,927	50,290	518,217

	Notes	Capital	Adjustment of holdings in associates and joint ventures	Currency conversion adjustments	Reserves and retained earnings					Consolidated net income	Total equity attributable to shareholders	Non-controlling interests	Total
					Legal reserve	Free reserves	Fair value reserves	Hedge operation reserve	Retained earnings				
Balance as at 01 January 2016	33	210,000	8,326	48,126	31,500	176,163	-	(11,698)	(28,143)	33,653	467,927	50,290	518,217
Comprehensive income for the year:													
Consolidated net income for the year		-	-	-	-	-	-	-	-	20,147	20,147	13,367	33,514
Variation in exchange rate adjustments	47	-	-	(82,952)	-	-	-	-	-	-	(82,952)	(15,905)	(98,857)
Effect of hedge operations	41	-	-	-	-	-	-	(287)	-	-	(287)	-	(287)
Effect of the application of the equity method	23	-	(7,477)	-	-	-	-	-	-	-	(7,477)	-	(7,477)
Other		-	-	-	-	-	-	-	91	-	91	1,289	1,380
Operations with shareholders in the year:													
Appropriation of the consolidated net income for 2015:													
Transfer to legal and free reserves		-	-	-	5,000	18,298	-	-	8,675	(31,973)	-	-	-
Dividends distributed	18	-	-	-	-	-	-	-	-	(1,680)	(1,680)	-	(1,680)
Balance as at 31 December 2016		210,000	849	(34,826)	36,500	194,461	-	(11,985)	(19,377)	20,147	395,769	49,041	444,810

(Values in thousand euros)

The Notes are an integral part of the consolidated statement of changes in equity for the year ended on 31 December 2016



(Values expressed
in thousand euros)

The Notes are an integral part of the
cash flow statement for the year
ended on 31 December 2016

	Notes	2016	2015
OPERATING ACTIVITIES:			
Revenue from clients		1,017,409	1,463,766
Payments to suppliers		(612,989)	(821,900)
Staff payments		(251,941)	(287,613)
Cash flow generated by operations		152,479	354,253
Income tax payment/revenue		(39,255)	(33,169)
Other revenue/payments relative to operating activity		13,507	(40,511)
Cash flow from operating activities (1)		126,731	280,573
INVESTMENT ACTIVITIES:			
Revenue derived from:			
Financial investments	30	25,771	80,912
Tangible fixed assets and investment properties		20,248	8,125
Intangible assets		24	-
Interest and similar income		15,820	14,778
Dividends	30	1,652	1,013
		63,515	104,828
Payments relative to:			
Financial investments	30	(548)	(24,064)
Tangible fixed assets and investment properties		(62,484)	(70,463)
Intangible assets		(3,467)	(1,491)
		(66,499)	(96,018)
Cash flow from investment activities (2)		(2,984)	8,810
FINANCING ACTIVITIES:			
Revenue derived from:			
Loans received		1,849,651	1,562,648
Payments relative to:			
Loans received		(1,919,616)	(1,647,375)
Interest and similar costs		(81,843)	(93,039)
Dividends	18	(1,680)	(5,670)
		(2,003,139)	(1,746,084)
Cash flow from financing activities (3)		(153,488)	(183,436)
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		(29,741)	105,947
Effect of exchange rate differences		(41,569)	(43,253)
Cash and cash equivalents - perimeter change		-	(1,478)
Cash and cash equivalents at the beginning of the year	30	252,693	191,477
Transfer to assets held for sale	24	(475)	-
Cash and cash equivalents at the end of the year	30	180,908	252,693

1. INTRODUCTION

Teixeira Duarte, S.A. ("Company" or "TD, S.A.") with head office in Porto Salvo, was incorporated on 30 November 2009, with share capital of 210,000,000 euros, represented by 420,000,000 shares with the nominal value of 0.5 euros each (Note 33), and its core business is the implementation and management of investments, the coordination and supervision of other companies integrated in or related to its business Group.

The business group of Teixeira Duarte ("Group") is composed of the companies in which it holds stakes, indicated in Note 4. The Group's core business areas are the following: Construction; Concessions and Services; Real Estate; Hospitality; Distribution; Energy and Automotive (Note 7).

The values indicated herein are expressed in thousand euros, unless explicitly indicated otherwise. The operations conducted abroad are included in the consolidated financial statements pursuant to the policy described in Note 2.9.

2. MAIN ACCOUNTING POLICIES

2.1. Basis of presentation

The consolidated financial statements have been prepared under the assumption of the continuity of operations, based on the accounting books and records of the companies included in the consolidation (Note 4), adjusted in accordance with the consolidation process, in order to conform with the provisions of the International Financial Reporting Standards adopted by the European Union, effective for financial years beginning on 01 January 2016.

These standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"), respectively, whose adoption has been approved by the European Union. Hereinafter, these standards and interpretations shall be referred to in general as "IFRS".

The financial statements were prepared under the historical cost convention, except with respect to investment properties, financial assets available for sale and derivative financial instruments.

Standards, interpretations, amendments and revisions which entered into force during the year

The following standards, interpretations, amendments and revisions endorsed by the European Union are of compulsory application for the first time in the financial year ended on 31 December 2016:

Standard / Interpretation	Applicable in financial years starting on or after	Comments
Amendment to IAS 19 – Employee benefits – Employee contributions	1-Feb-15	Clarifies the circumstances under which the contributions of employees to post-employment benefit plans constitute a reduction of the cost related to short term benefits.
Improvements to the international financial reporting standards (2010-2012 cycle)	1-Feb-15	These improvements involve the clarification of various aspects related to: IFRS 2 – Share-based payment: definition of vesting condition; IFRS 3 – Business combinations: recording of contingent payments; IFRS 8 – Operating segments: disclosures related to the judgement applied in relation to the aggregation of segments and clarification on the need for reconciliation of total assets by segment with the asset value in the financial statements; IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets: need for proportional revaluation of accumulated amortisation in the case of revaluation of fixed assets; IAS 24 – Related party disclosures: defines that an entity which provides management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value: clarifications relative to the measurement of accounts receivable or payable in the short term.

Standard / Interpretation	Applicable in financial years starting on or after	Comments
Improvements to the international financial reporting standards (2012-2014 cycle)	1-Jan-16	These improvements involve the clarification of various aspects related to: IFRS 5 - Non-current assets held for sale and discontinued operations: introduces guidelines on how to proceed in the case of changes in the expected method of realisation (sale or distribution to shareholders); IFRS 7 - Financial instruments: disclosures: clarifies the impacts of asset monitoring contracts in the context of disclosures associated to continued involvement of derecognised assets, and exempt interim financial statements from the required disclosures on financial asset and liability offsetting; IAS 19 - Employee benefits: defines that the rate to be used for discounting defined benefits should be determined with reference to the high quality bonds of companies that have been issued in the currency that the benefits are settled in; and IAS 34 - Interim financial reporting: clarifies the procedures to be adopted when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 - Joint arrangements - Accounting of acquisitions of interests in joint arrangements	1-Jan-16	This amendment is related to the acquisition of interests in joint operations. Establishes the mandatory application of IFRS 3 when the acquired joint operation constitutes a business activity pursuant to IFRS 3. When the joint operation in question does not constitute a business activity, the transaction should be recorded as an asset acquisition. This alteration is prospectively applicable for new acquisitions of interests.
Amendment to IAS 1 - Presentation of financial - Disclosure Initiative	1-Jan-16	This amendment has clarified some aspects related to the disclosure initiative, namely: (i) the entity should not hinder the comprehensibility of the financial statements by aggregating material items with immaterial items or by aggregating material items of different nature; (ii) the disclosures specifically required by the IFRS should only be given if the information in question is of material interest; (iii) the lines of the financial statements specified by IAS 1 can be aggregated or disaggregated, as considered most relevant for the financial reporting objectives; (iv) the part of the other comprehensive income derived from applying the equity method to associates and joint arrangements should be presented separately from all the rest of the elements of other comprehensive income, also separating the items that may be reclassified to profit or loss from those that will not be reclassified; (v) the structure of the notes should be flexible, while respecting the following order: <ul style="list-style-type: none"> - a statement of compliance with the IFRS in the first section of the notes; - a description of the relevant accounting policies in the second section; - information supporting the items presented in the financial statements in the third section; and - other information in the fourth section.
Amendment to IAS 16 - Tangible fixed assets and IAS 38 - Intangible assets - Acceptable methods of depreciation	1-Jan-16	This amendment establishes the presumption (which may be refuted) that revenue is not an appropriate basis to amortise an intangible asset and prohibits the use of revenue as the basis for depreciation of tangible fixed assets. The presumption established for amortisation of intangible assets can only be refuted when the intangible asset is expressed as a function of the income generated or when the use of the economic benefits is highly correlated with the generated revenue.
Amendment to IAS 16 - Tangible fixed assets and IAS 41 - Agriculture - bearer plants	1-Jan-16	This amendment now excludes plants bearing fruit or other components intended for harvesting and/or removal from the application of IAS 41, which shall henceforth be covered by IAS 16.
Amendment to IAS 27 - Application of the equity method in the separate financial statements	1-Jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint ventures and associates in the separate financial statements by the equity method, in addition to the currently existing methods of measurement. This alteration is applicable retrospectively
Amendments to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities, and IAS 28 - Investments in associates and joint ventures	1-Jan-16	These amendments seek to clarify various aspects related to the application of the exception of consolidation on the part of investment entities.

There were no relevant impacts on the consolidated financial statements for the year ended on 31 December 2016, derived from the adoption of the standards and interpretations, amendments and revisions referred to above.

Standards, interpretations, amendments and revisions which shall enter into force in future years

The following standards, interpretations, amendments and revisions, of compulsory application in future financial years had been endorsed by the European Union by the date of approval of these financial statements:

Standard / Interpretation	Applicable in financial years starting on or after	Comments
IFRS 9 - Financial instruments (2009) and subsequent amendments	1-Jan-18	This standard is included in the draft revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities, the impairment calculation methodology and application of hedge accounting rules.
IFRS 15 - Revenue from contracts with clients	1-Jan-18	This standard introduces a structure of recognition of revenue based on principles and a model applicable to all contracts concluded with clients, replacing IAS 18- Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer loyalty programmes, IFRIC 15 - Agreements for the construction of real estate, IFRIC 18 - Transfers of assets from customers and SIC 31 - Revenue - Barter transactions involving advertising services.

New standards, interpretations, amendments and revisions not endorsed by the European Union

The following standards, interpretations, amendments and revisions, of compulsory application in future financial years had been endorsed by the European Union by the date of approval of these financial statements:

Standard / Interpretation	Comments
IFRS 14 - Regulatory deferral accounts	This standard establishes the reporting requirements for entities which adopt the IFRS for the first time, applicable to regulatory deferral accounts.
IFRS 16 - Leases	This standard introduces the principles for recognition and measurement of leases, replacing IAS 17 - Leases. The standard defines a single accounting model for lease contracts where the lessee recognises assets and liabilities for all the lease contracts, except for leases with a period less than 12 months or for leases incident on assets of low value. The lessors shall continue to classify leases as operating or finance, where IFRS 16 shall not imply substantial alterations for these entities in view of that defined in IAS 17.
Amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures	These amendments eliminate an existing conflict between the aforesaid standards, related to the sale or contribution of assets between the investor and associate or between the investor and joint venture.
Amendments to IAS 12 - Income tax	These amendments clarify the conditions for recognition and measurement of tax assets derived from unrealised losses.
Amendments to IAS 7 - Cash flow statement	These amendments introduce additional disclosures related to the cash flow of financing activities.
Amendments to IFRS 15 - Revenue from contracts with customers	These amendments introduce various clarifications in the standard aimed at eliminating the possible emergence of divergent interpretations of various topics.
Amendments to IFRS 2 - Share-based payment	These amendments introduce various clarifications in the standard related to: (i) the recording of transactions of share-based payments that are settled with cash; (ii) the recording of modifications in transactions of share-based payments (from settled with cash to settled with equity instruments); (iii) the classification of transactions with offsetting settlement features.
Amendments to IFRS 4 - Insurance contracts	These amendments provide guidelines on the application of IFRS 4 together with IFRS 9.
Amendments to IAS 40 - Investment properties	These amendments clarify that the change of classification from or to investment property should only be done when there is evidence of an alteration in the use of the asset.

Standard / Interpretation	Comments
Improvements to the international financial reporting standards (2014-2016 cycle)	These improvements involve the clarification of various aspects related to: IFRS 1 – First-time adoption of the financial reporting standards: eliminates various short term exemptions; IFRS 12 – Disclosure of interests in other entities: clarifies the scope of the standard regarding its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 – Investments in associates and joint ventures: introduces clarifications on fair value measurements through profit or loss of investments in associates or joint ventures held by venture capital companies or investment funds.
IFRIC 22 – Foreign currency transactions and advance consideration	This interpretation establishes the date of the initial recognition of the advance or deferred income as the transaction date for purposes of determination of the exchange rate for recognition of the revenue.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the financial year ended on 31 December 2016.

2.2. Judgements and estimates

The preparation of the consolidated financial statements in conformity with principles of recognition and measurement of the IFRS requires the Executive Board of Directors to make judgements, estimates and assumptions that might affect the reported value of assets and liabilities.

These estimates are based on the best knowledge existing at all times and on the planned actions, and are periodically reviewed based on the available information. Changes in facts and circumstances may lead to the need to review the estimates, hence the actual future results may differ from these estimates.

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

Impairment of non-current assets (except goodwill)

The determination of a possible impairment loss can be triggered by the occurrence of different events, many of which are outside the sphere of influence of the Group, such as the availability of future financing, the cost of capital or any other changes.

The identification of impairment indicators, the estimate of future cash flows and the determination of the recoverable amount of assets imply a high degree of judgement by the Board of Directors regarding the identification and evaluation of various impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Impairment of goodwill

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

Useful lives of tangible and intangible assets

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

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

These three parameters are defined according to the management's best estimate for the assets and business in question, also considering the practices adopted by companies in the Group's operating segments.

Provisions and contingent liabilities

The Group periodically analyses possible obligations arising from past events that must be recognised or disclosed. The subjectivity inherent in determining the likelihood of the existence of a present liability and amount of internal resources necessary for the payment of the obligations could lead to significant adjustments, either by changing the assumptions made, or by the future recognition of provisions previously disclosed as contingent liabilities.

Recognition of deferred tax assets

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

Impairment losses of accounts receivable

The credit risk associated to accounts receivable is evaluated at the end of each reporting date, taking into account the debtor's historical information and risk profile. The accounts receivable are adjusted according to the management's assessment of the estimated risks of recovery existing on the reporting date, which may prove to be erroneous.

Recognition of revenue from construction contracts

The Group recognises the earnings of construction contracts in accordance with the percentage completion method, which is defined as the relationship between the incurred costs in each contract up to the reporting date and the sum of these costs with the estimated costs to complete the contract. The assessment of the percentage completion of each contract is periodically reviewed, taking into account the latest production indicators.

Valuation of investment properties

Investment properties are measured at their fair value, which is determined based on valuations made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market. These valuations are based on observable market data and require judgments by the valuator with respect to the transaction conditions of each property in the market, which might diverge from the outcome recorded in the future.

2.3. Principles of consolidation

a) Controlled companies

The controlled companies are consolidated in each financial year through the full consolidation method. Control exists when the Group directly or indirectly holds a majority of the voting rights in the General Meeting, or has the power to determine the financial and operating policies.

Third party participation in the equity and net income of these companies is presented separately in the consolidated statement of profit and loss and other comprehensive income, under the respective headings of "Non-controlling interests"

Significant transactions and balances between these companies were eliminated during the consolidation process. Capital gains arising from the disposal of participated companies, made within the Group, were also annulled.

Whenever appropriate, adjustments are made to the financial statements of the subsidiaries with a view to the standardisation of their accounting policies with those of the Group.

b) Business combinations

Business combinations, namely the acquisition of jointly controlled companies, are recorded through the acquisition method.

The acquisition cost corresponds to the sum of the fair values of the assets acquired, liabilities incurred or assumed and the equity instruments issued by the Group in exchange for the acquired control. Costs related to the acquisition are recognised as a cost when incurred. When applicable, the acquisition cost also includes the fair value of contingent payments measured on the acquisition date. Subsequent alterations in the value of contingent payments are recorded in accordance with the accounting rules which regulate the recording of the assets or liabilities in question, unless they qualify as an adjustment in the provisional measurement period (with a maximum of 12 months).

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 – Business Combinations ("IFRS 3"), are measured by their fair value on the acquisition date, except for non-current assets (or groups of assets) which are classified as held for sale, in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations ("IFRS 5"), which are recognised and measured at the respective fair value minus the costs to be incurred in the future sale.

Any excess of the acquisition cost increased by the value of the non-controlled interests relative to the fair value of the acquired assets and liabilities is recognised as Goodwill. If the cost of acquisition is less than the fair value of the identified net assets, the difference is recorded as net income gain for the period when the acquisition occurs, after re-confirmation of the attributed fair value.

If the process of recording of the business combinations is incomplete by the end of the year when the combination occurs, the Group discloses this same situation, and the provisioned values may be adjusted during the measurement period (the period between the acquisition date and the date when the Group obtains the complete information on the facts and circumstances that existed on the acquisition date and within the maximum of 12 months), or new assets and liabilities may be recognised so as to reflect facts and circumstances that existed on the reporting date and which, in known cases, would have affected the amounts recognised on the acquisition date.

Non-controlling interests are identified in equity separately from the equity attributable to the shareholders of the Parent Company. Non-controlling interests may be measured initially either at their fair value or by the proportion of the fair value of the assets and liabilities of the acquired subsidiary. This option is made separately for each transaction.

After the initial recognition the book value of the minority interests is determined as the value recognised initially plus the proportion of alterations of equity of the subsidiary. The full income of a subsidiary is attributed to the non-controlling interests even if it is negative.

Changes in the percentage control of subsidiaries that do not result in a loss in control are recorded as equity transactions. The value of the Group's interests and the non-controlled interests is adjusted to reflect the percentage changes. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the transaction price is recognised directly under equity and attributed to the shareholders of the Parent Company.

When the Group loses control over a subsidiary, the gain or loss in the sale is calculated as the difference between (i) the aggregate amount of the fair value of the price and the fair value of the retained interests and (ii) the book value of the assets (including goodwill) and the liabilities of the subsidiary and of the non-controlling interests. Amounts recognised previously as other comprehensive income are transferred to profit or loss for the year or transferred to retained earnings in the same way as would be the case if the related assets or liabilities were sold. The fair value of the retained interests corresponds to the fair value in the initial recognition for the effect of subsequent recording under IFRS 9 - Financial instruments ("IFRS 9") or, as and when applicable, the cost for the effect of the initial recognition of an investment in an associate or joint venture.

c) Investments in associates and joint ventures

An associate or a joint venture is a company in which the Group exercises significant influence, through participation in decisions relative to its financial and operating policies, but does not have control over it.

Financial investments in most of the associates and joint ventures (Note 23) are recorded through the equity method, except when they are classified as held for sale, with the shares initially stated at acquisition cost, which is increased or decreased according to the difference between this cost and the proportional value of the holding in the equity of these companies reported on the date of acquisition or first application of this method.

Pursuant to the equity method, financial holdings are adjusted periodically by the amount corresponding to the stake in the net income of the associates and joint ventures against "Earnings from associates and joint ventures", and through other changes in their equity against "Adjustments of holdings in associates and joint ventures", as well as through the recognition of impairment losses. In addition, dividends received from these companies are recorded as decreases in the amount of the financial investments.

Losses in associates and joint ventures which exceed the investment made in these entities are not recognised unless the Group has undertaken liabilities for losses concerning these associates or joint ventures.

Any excess of acquisition cost over the fair value of the identifiable net assets is recorded as "Investments in associates and joint ventures - goodwill". In cases where the acquisition cost is lower than the fair value of the identified net assets, the difference is recorded as a gain in the income statement for the year in which the acquisition occurs.

Unrealised gains on transactions with associates and joint ventures are eliminated in proportion to the Group's interest in the associate and joint venture, against the investment made in that associate and joint venture. Unrealised losses are eliminated in a similar manner, but only to the extent that the loss does not show that the transferred asset is impaired.

d) Goodwill

Differences between the acquisition cost of the investments in subsidiaries, associates and joint ventures, plus, in the case of subsidiaries, the value of the non-controlling interests and the fair value of the identifiable assets and liabilities of these companies on their acquisition date, if positive, are recorded as goodwill (in the case of subsidiaries) or maintained under the heading of investments in associates and joint ventures.

Goodwill is recognised as an asset and is not subject to amortisation, and is presented separately in the consolidated statement of financial position or under the heading "Investments in associates and joint ventures (Notes 19 and 23). Regarding the goodwill of subsidiaries, annually, or whenever there are indications of a possible loss in value, the goodwill values are subject to impairment tests. Any impairment loss is immediately recorded as a cost in the consolidated income statement for the year and is not subject to subsequent reversal.

Upon the divestment of a subsidiary, associate or joint venture, the corresponding goodwill is included in the determination of the capital gain or loss.

When the acquisition cost is less than the fair value of the identified net assets, the difference is recognised as a gain for the year in which the acquisition occurs.

2.4. Intangible assets

Intangible assets essentially comprise contractual rights and costs incurred in specific projects with future economic value, and are stated at cost, minus accumulated depreciation and impairment losses. Intangible assets are recognised only if it is probable that they will produce future economic benefits for the Group, are controllable by the Group and their value can be measured reliably.

Internally generated intangible assets, including expenditure on current research and development, are recognised as a cost for the period when they are incurred.

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

Amortisation is calculated, after the beginning of use of the assets, through the straight-line method, in accordance with the year of utility that the Group expects of the assets concerned.

2.5. Tangible fixed assets

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

Tangible fixed assets are depreciated through the straight-line method, according to their estimated useful life, from the date on which they are available to be used for the intended purpose and cease when the assets become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Years of useful life
Buildings and other constructions	5 and 50
Basic equipment	4 and 8
Transport equipment	3 and 7
Tools and utensils	3 and 7
Administrative equipment	2 and 10
Other tangible fixed assets	1 and 4

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

Tangible fixed assets in progress correspond to tangible assets under construction and are recorded at acquisition cost minus any impairment losses. These tangible fixed assets are depreciated as from the time when the underlying assets are able to be used for the intended purposes.

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 the net book value on the date of sale/write-off and stated at their net worth in the income statement under "Other operating income" or "Other operating costs", as applicable.

2.6. Leases

Lease contracts are classified as: (i) financial leases, if all the risks and benefits of their ownership are transferred substantially; or (ii) operating leases, if all the risks and benefits of ownership are not transferred substantially.

Leases are classified as finance or operating leases according to the nature of the contract and not its form.

Assets acquired under financial lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the asset, the corresponding accumulated depreciation and the outstanding debts payable pursuant to the contractual financial plan. Furthermore, the interest included in the lease instalments and depreciation / amortisation of the assets are recognised as costs in the income statement of the period to which they refer.

Instalments payable under operating leases are recognised in the income statement on a straight-line basis during the lease contract period.

2.7. Impairment of non-current assets, excluding goodwill

Impairment is assessed whenever events or changes in circumstances indicate that the amount at which an asset is recognised might not be recovered. When such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss.

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

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

The recoverable amount is the highest value between an asset's net sales price (sales price minus the costs of its sale) and its value in use. The net sales price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable parties, minus the costs directly attributable to the sale. The value in use is the present value of estimated future cash flows that are expected from continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, when this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses is recorded when there are indications that the recognised impairment losses no longer exist or have decreased. The reversal of impairment losses is recognised in the income statement under "Provisions and impairment losses in depreciable and amortisable assets and goodwill" for the year when the reversal occurs. However, the reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

2.8. Investment properties

Investment properties, which include land and buildings held for leasing, capital appreciation, or both, are recorded initially at their acquisition price or at construction cost (in the case of own construction investment), including any directly attributable expenditure.

After their initial recognition, all the investment properties, including those that are under construction, are measured at their fair value reflecting market conditions on the reporting date. All gains or losses arising from changes in the fair value of investment properties are recognised through profit or loss for the year when they occur and recorded under the heading "Variation in the fair value of investment properties", included in "Other operating income" or "Other operating costs", depending on whether they refer to gains or losses.

The fair value of each investment property is determined based on valuations made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market.

The costs incurred for investment properties in use, namely maintenance, repairs, insurance and taxes, are recognised in the income statement for the year to which they refer. Improvements or upgrades are only recorded as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

2.9. Assets, liabilities and transactions in foreign currency

These financial statements are presented in euros, as this is the currency of the parent company.

Transactions carried out in currencies other than the euro are recorded at the rates prevailing on the transaction date. On each reporting date, the monetary assets and liabilities expressed in foreign currencies are converted into euros using the exchange rates in force on that date. Non-monetary assets and liabilities recorded at fair value denominated in foreign currencies are converted into euros using the exchange rate in force on the date when the fair value was determined.

Favourable and unfavourable exchange rate differences arising from differences between the exchange rates on the date of the transactions and those in force on the date of the collection, payment, or the reporting date of such transactions are recorded as gains and costs in the income statement for the year, except those related to non-monetary items whose change in fair value is directly recorded in equity under the heading "Exchange rate adjustments."

The financial statements of subsidiaries expressed in foreign currencies are converted considering the exchange rate in force on the reporting date for the conversion of assets and liabilities, the historical exchange rate for the conversion of the balances of the equity headings, and the average exchange rate for the year of the conversion of the headings of the statement of profit and loss and other comprehensive income and cash flow statement.

Pursuant to IAS 21 - Effects of changes in foreign exchange rates ("IAS 21"), the goodwill and fair value corrections determined upon the acquisition of foreign entities are considered in the reporting currency of these entities, and are converted into euros at the exchange rate in force on the reporting date. Exchange rate differences generated in this way are recorded in equity under the heading "Exchange rate adjustments" (Note 47).

2.10. Borrowing costs

Borrowing costs are recognised in the income statement for the year to which they refer, except when the financial costs of the loans received are directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use, and are capitalised as part of the costs of the asset. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and allocable to a specific investment is deducted from financial costs eligible for capitalisation.

2.11. Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the grant conditions.

Operating grants, particularly for employee training, are recognised in the income statement in accordance with costs incurred.

Investment grants relating to the acquisition of tangible fixed assets are included under "Other current liabilities" and "Other non-current liabilities" (as applicable) and are credited to the income statement according to the straight-line depreciation / amortisation of the assets financed with the grants.

2.12. Inventories

Goods and raw materials are stated at acquisition cost, using the average cost as the costing method.

Intermediate and finished products and work in progress are stated at the weighted average cost of production, which includes the cost of the incorporated raw materials, labour and manufacturing overheads (considering the depreciation of production equipment calculated on the basis of normal usage levels), which is below the net realisable value. Net realisable value corresponds to the normal sales price minus the production completion costs and marketing costs.

The difference between the cost value and respective realisation value of the inventories, when the latter is lower than the book value, is recorded as impairment losses in inventories.

2.13. Provisions

Provisions are recognised when, and only when: i) the Group has a present obligation (legal or constructive) arising from a past event; ii) it is likely that in order to resolve this obligation there will be an outflow of funds; and iii) the amount of the obligation can be estimated reasonably. The provisions are reviewed on each reporting date and adjusted to reflect the best estimate on that reporting date.

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 business segments as operating segments, in a manner consistent with the way the management conducts the business.

2.15. Net operating income

Net operating income includes all the costs and revenues of operating activities, both recurrent and non-recurrent, including restructuring costs and the costs and revenues related to operating assets (tangible fixed assets and intangible assets). It also includes the capital gains or losses calculated on the sale of companies included in the consolidation using the full consolidation method. Hence, the net financing costs, net income of associates and joint ventures, net income of other financial investments and income tax are excluded from net operating income.

2.16. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party in the respective contractual relationship.

a) Cash and cash equivalents

The amounts included in "Cash and equivalent" heading correspond to cash, bank deposits, term deposits and other cash investments with a maturity of less than three months and which are immediately repayable on demand with no significant risk of change in value.

b) Accounts receivable

Accounts receivable are measured, when recognised initially, at fair value and subsequently at amortised cost in accordance with the effective interest rate method. When there is evidence that they are impaired, the corresponding adjustment is recorded through profit or loss under the heading "Other operating costs". The recognised adjustment is measured by the difference between the value at which the receivables are recognised and the present value of the cash flows discounted at the effective interest rate determined at their initial recognition.

c) Investments

Investments are recognised on the date when the inherent risks and rewards are transferred substantially. They are initially recorded at their acquisition value, corresponding to fair value, including transaction costs.

Investments are classified as follows:

Financial assets available for sale

Financial assets available for sale are financial investments which are available for sale and are classified as non-current assets.

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

Other investments

Financial assets available for sale in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably are measured at their acquisition cost minus any accumulated impairment losses, and are recorded under the heading "Other investments".

Furthermore, assets measured at fair value through profit or loss are revalued at their fair value with reference to their market value on the reporting date, without any deduction for transaction costs that may be incurred until their sale. These assets are recognised in the heading "Other investments" and any variation in their fair value is recorded under the heading "Earnings relative to investment activities - Other".

d) Equity instruments

Equity instruments are classified according to the nature of the contract regardless of their legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting its liabilities.

Equity instruments issued by the Group are recorded at the amount received net of the costs incurred to issue them.

e) Accounts payable

Accounts payable are measured initially at fair value and subsequently at amortised cost in accordance with the effective interest rate method.

f) Loans

Loans are initially recorded and recognised as liabilities at their nominal value, net of the costs incurred to issue them 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

Derivative financial instruments are used to hedge the financial risks to which the Group is exposed due to changes in interest rates. Therefore, the Group does not resort to financial derivative instruments for speculative purposes.

Financial instruments are used in accordance with internal policies adopted by the Board of Directors.

Derivative financial instruments are measured at their respective fair value and recognised in the heading "Other liabilities/current assets" or "Other non-current liabilities/assets", as applicable. The method of recognition depends on the nature and purpose of their contracting.

The fair value of the derivative financial instruments is determined with reference to stock market values. If the stock market values are not available, the fair value is determined based on the analysis of discounted cash flows, which include assumptions supported on observable market prices or rates.

Hedge accounting

The possibility of classifying a derivative financial instrument as a hedge instrument obeys the provisions of IFRS 9 – Financial Instruments: recognition and measurement ("IFRS 9"), namely relative to its documentation and effectiveness.

Changes in the fair value of derivative financial instruments classified as fair value hedges are recognised as a financial profit or loss for the year, as well as changes in the fair value of the asset or liability subject to that risk.

Changes in the fair value of derivative financial instruments classified as cash flow hedges are recorded under the "Hedge operation reserve" for their effective component and through financial profit or loss for their non-effective component.

The values recorded under "Hedge operation reserves" are transferred to the financial results for the year when the hedged item also has an effect on profit or loss.

Hedge accounting is discontinued when the hedging instrument reaches maturity, is sold or exercised, or when the hedge relationship no longer meets the requirements established in "IFRS 9".

2.17. Retirement Insurance

The Group offers a retirement plan to its employees.

This insurance plan was established in the context of a social and incentive policy for workers and is of the exclusive initiative of the subsidiary companies where these benefits are attributed. Due to their optional nature, contributions that are deemed appropriate at any given time are exclusively subject to the discretion of the respective board of directors, taking into account the actuarial forecasts of disbursements and the economic and financial situation. Thus, the contributions made by the Group are recorded as a cost on the date when they are paid out.

2.18. Income Tax

Income tax for the year is calculated based on taxable income of the companies included in consolidation and considers deferred taxation.

The current income tax rate is calculated based on the taxable income (which differs from accounting income) of the companies included in the consolidation in accordance with the tax rules in force at the head office of each company of the Group.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for taxation purposes, as well as the resulting tax benefits obtained.

Deferred tax assets and liabilities are calculated and periodically evaluated using tax rates that are expected to be in force at the date of reversal of the temporary differences, are not discounted and are recognised as non-current assets or liabilities.

Deferred tax assets are only recorded when there are reasonable expectations of sufficient future tax profits to use them. On each reporting date, the temporary differences underlying deferred tax assets are reviewed to recognise or adjust them according to the current expectation of future recovery. Deferred tax liabilities are recognised for all taxable temporary differences.

2.19. Contingent assets and liabilities

A contingent asset is a possible asset derived from past events and whose existence will only be confirmed by the occurrence or not of uncertain future events.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of future economic benefits is probable.

A contingent liability is (i) a possible liability arising from past events and whose existence will be confirmed by the occurrence or not of uncertain future events or (ii) a present liability which arises from past events, but which is not recognised because it is unlikely that there will be an outflow of funds or the possible outflow of funds cannot be measured reliably.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

2.20. Revenue and the accrual principle

Sales

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

- The Group has transferred to the buyer the significant risks and rewards of the ownership of the assets;
- The Group maintains neither continued managerial involvement to the extent usually associated with ownership nor effective control over the sold assets;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred with respect to the transaction can be measured reliably.

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

Services rendered

Revenue arising from services rendered is recognised in the income statement with reference to the stage of completion of services on the reporting date.

If the result of a construction contract can be estimated reasonably, the revenue and the related costs are recognised using the percentage of completion method as required by IAS 11 – Construction Contracts ("IAS 11"). According to this method, the income directly related to work in progress is recognised in the income statement according to its percentage of completion, which is determined by the ratio of costs incurred and the total estimated costs of works (costs incurred plus costs to be incurred). The differences between the income calculated through the application of this method and the turnover issued are recorded for under the headings "Other current assets" or "Other current liabilities", according to the nature of the differences.

Changes in the works under a construction contract, claims and premiums are considered as they are agreed and when they can be quantified in a sufficiently reliable manner.

In order to make a reasonable estimate of the result of a contract, the following conditions must be fulfilled:

- It is probable that the Group will obtain the economic benefits set out in the contract;
- The costs of the contract are identifiable and can be quantified reliably;
- On the reporting date, it must be possible to reliably measure the necessary costs to complete the construction and the degree of completion thereof, so that the actual costs incurred can be compared with the initial estimates.

In order to meet with the costs to be incurred during the warranty year of the works, the Group recognises a provision to hedge this risk, which is calculated taking into account annual production and the record of past costs incurred in works during the warranty year.

If it becomes probable that the costs exceed the income of the contract, the expected loss is recognised in the income statement for the year to which it refers.

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

Accrual basis accounting

Income and costs are recorded on an accrual basis, through which they are recognised as they are generated, regardless of when they are received or paid. Income and costs whose actual value is unknown are estimated.

Differences between the amounts invoiced and the corresponding income and costs generated are recorded under "Other current assets" and "Other current liabilities".

2.21. Classification of financial position

Assets which are realisable and liabilities payable less than one year from the reporting date are classified, respectively, as current assets and liabilities.

Liabilities relative to which there is no unconditional right to defer their payment for a period of at least twelve months after the reporting date are also classified as current.

2.22. Impairment of financial assets

On each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets available for sale

In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator that the instruments are impaired. If such evidence exists for financial assets classified as available for sale, the accumulated loss (measured as the difference between its acquisition cost and present fair value, minus any impairment loss already recognised through profit and loss) is removed from equity and recognised in the income statement. Impairment losses of equity instruments recognised through profit or loss are not reversed through the income statement.

Clients, receivables and other financial assets

Impairment losses are recorded whenever there are clear indicators that the Group will not be able to collect all the amounts to which it is entitled, in accordance with the original terms of the established contracts. Various indicators are used to identify them, such as:

- age of the loan;
- financial difficulties of the debtor;
- probability of insolvency of the debtor.

Impairment losses are measured by the difference between the recoverable amount and the financial position value of the financial asset and recognised through profit or loss. Whenever a certain amount is considered as uncollectible it is written-off through the respective accumulated impairment loss. Subsequent recoveries of amounts that have been written-off are recognised through profit or loss.

2.23. Non-current assets held for sale

Non-current assets (or discontinued operations) are classified as held for sale whenever it is determined that their value will be recovered through their sale and not through their continued use. This situation is considered to occur only when: (i) the sale is highly probable; (ii) the asset is available for sale immediately in its current conditions; (iii) the management is committed to a sales plan and, (iv) it is expected that the sale will take place within the period of twelve months.

Non-current assets (or discontinued operations) classified as held for sale are measured at the lowest value of their book value and respective fair value minus the costs of their sale.

2.24. Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year.

Diluted earnings per share are calculated by dividing the earnings attributable to the ordinary shareholders of TD, S.A. by the weighted average number of shares in circulation during the year, adjusted by potential ordinary diluting shares.

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

2.25. Subsequent events

Events occurring after the reporting date that provide additional information about conditions that existed on the reporting date are duly reflected in the consolidated financial statements.

Events occurring after the reporting date that provide additional information on conditions that occurred after the reporting date are disclosed in the notes to the consolidated financial statements (Note 49).

3. ALTERATIONS OF POLICIES, ESTIMATES AND ERRORS

During the year ended on 31 December 2016 there were no alterations to the accounting policies, with respect to those considered in the preparation of the financial information relative to the year ended on 31 December 2015.

4. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

As at 31 December 2016, 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
DOMESTIC MARKET		
CONSTRUCTION		
CONSTRUSALAMONDE, ACE	Edifício 2, Lagoas Park Porto Salvo	92.50%
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
SOMAFEL - Engenharia e Obras Ferroviárias, S.A.	Edifício 1, Lagoas Park Porto Salvo	60.00%
TEIXEIRA DUARTE - Engenharia e Construções, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
CONCESSIONS AND SERVICES		
MARINERTES, S.A.	Rotunda Eng.º Edgar Cardoso, n.º 23 - 8º Vila Nova de Gaia	51.00%
RECOLTE, Serviços e Meio Ambiente, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
RECOLTE, Serviços e Meio Ambiente (Azores), Unipessoal, Lda.	Zona Industrial Chã do Rego d'Água, Lote 39 - Cabouco Ilha de São Miguel - Azores	100.00%
RECOLTE, Serviços e Meio Ambiente (Porto), S.A.	Praça do Bom Sucesso, nº 61 - Escritórios 501 e 502 Porto	100.00%
TDGI - Tecnologia de Gestão de Imóveis, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDGI Manutenção, ACE	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDHOSP - Gestão de Edifício Hospitalar, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
REAL ESTATE		
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
Fundo de Investimento Imobiliário Fechado TDF	Edifício 2, Lagoas Park Porto Salvo	100.00%
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%

Corporate name	Head office	Effective percentage holding
IMOTD - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
LAGOAS PARK, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
MALANGA - Investimentos Imobiliários, Unipessoal Lda.	Edifício 2, Lagoas Park Porto Salvo	100.00%
QUINTA DE CRAVEL - Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDE - Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TD VIA - Sociedade Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	93.75%
TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TRANSBRITAL - Britas e Empreendimentos Imobiliários, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
V8 - Gestão Imobiliária, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
HOSPITALITY		
ESTA - Gestão de Hotéis, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
GO CORP TRAVEL SOLUTIONS - Agência de Viagens, S.A.	Rua Encosta das Lagoas, nº 8 Porto Salvo	100.00%
LAGOASFUT - Equipamento Recreativo e Desportivo, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
LAGOAS HOTEL, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
SINERAMA - Organizações Turísticas e Hoteleiras, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDH - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TDHC - Instalações para Desporto e Saúde, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
DISTRIBUTION		
BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEDAL - Participações e Distribuição, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEDAL II - Distribuição e Investimentos, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEIXEIRA DUARTE - DISTRIBUIÇÃO, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
ENERGY		
ACG - Distribuição e Comércio de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	50.00%
DIGAL - Distribuição e Comércio, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	50.00%

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

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

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

Corporate name	Head office	Effective percentage holding
MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	50.00%
PPS - Produtos Petrolíferos, S.A. (a)	Edifício 1, Lagoas Park Porto Salvo	50.00%
TANQUIGÁS - Distribuição e Comércio de Gás, S.A. (a)	Rua das Lagoas - Campo Raso Sintra	50.00%
TDARCOL - Sociedade Gestora de Participações Sociais, S.A. (b)	Edifício 1, Lagoas Park Porto Salvo	50.00%
AUTOMOTIVE		
SMOTORS, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
TDO - Investimento e Gestão, S.A.	Rua das Pretas, 4 - Fração 4 D Funchal	100.00%
TEDAL III - Automóveis e Investimentos, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
TEDAL IV - Participações e Automóveis, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
OTHER		
C + PA. - Cimento e Produtos Associados, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%
TDO - Sociedade Gestora de Participações Sociais, S.A.	Rua das Pretas, 4 - Fração 4 D Funchal	100.00%
TEDAL - Sociedade Gestora de Participações Sociais, S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%
EXTERNAL MARKET		
<u>SOUTH AFRICA</u>		
DISTRIBUTION		
Global Net Distributors (Pty) Ltd.	10 Ninth Avenue Northmead, Gauteng 1501	100.00%
<u>ANGOLA</u>		
CONSTRUCTION		
BETANGOLA - Betões e Pré-Fabricados de Angola, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
CONCESSIONS AND SERVICES		
EDUCARE - Actividades Educativas e Culturais, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	42.40%
REAL ESTATE		
AFRIMO - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	51.00%
ANGOPREDIAL - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
IMO 1 - Empreendimentos Imobiliários, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) - Edifício Teixeira Duarte, nº 387 Luanda	100.00%
IMOAFRO - Empreendimentos Imobiliários, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%

Corporate name	Head office	Effective percentage holding
TEIXEIRA DUARTE – Engenharia e Construções (Angola), Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
HOSPITALITY		
ALVALADE – Empreendimentos Turísticos e Hoteleiros, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
ANGOIMO – Empreendimentos e Construções, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
HOTEL TRÓPICO, S.A.	Alameda Manuel Van-Dúnem, nº 318 Luanda	80.00%
HOTEL BAÍA, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
DISTRIBUTION		
CND – Companhia Nacional de Distribuição, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
COM 1 – Comércio e Distribuição, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) – Edifício Teixeira Duarte, nº 387 Luanda	100.00%
DCG – Distribuição e Comércio Geral, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
OCC – Operador Central de Comércio, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	80.00%
AUTOMOTIVE		
AUTO 1 – Comércio Automóvel, Lda.	Avenida Pedro de Castro Van-Dúnem, Loy Bairro Morro Bento (Maxipark) – Edifício Teixeira Duarte, nº 387 Luanda	100.00%
AUTO COMPETIÇÃO Angola, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
AUTO 8, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
COMÉRCIO DE AUTOMÓVEIS, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
TDA – Comércio e Indústria, Lda.	Alameda Manuel Van-Dúnem, nº 318 Luanda	100.00%
VAUCO – Automóveis e Equipamentos, Lda.	Rua Ho Chi Min, Junto ao Largo da Independência Luanda	51.00%
OTHER		
INVESTIPART – Participações e Investimentos, S.A.	Alameda Manuel Van-Dúnem, nº 318 Luanda	36.00%
ALGERIA		
CONSTRUCTION		
TEIXEIRA DUARTE ALGERIE, SPA	8 Roeute Ben Aknoun, Rés de Chanssée El Biar – Algiers	99.94%
BELGIUM		
CONCESSIONS AND SERVICES		
TDGI	Avenue Jean-Monnet, 1 À 1348 Louvain-La-Neuve	100.00%

Corporate name	Head office	Effective percentage holding
BRAZIL		
CONSTRUCTION		
EMPA, S.A. - Serviços de Engenharia	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
SOMAFEL - Obras Ferroviárias e Marítimas, Ltda.	Rua Major Lopes, 800 - sala 306 Bairro São Pedro - Belo Horizonte	60.00%
CONCESSIONS AND SERVICES		
GONGOJI Montante Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
PAREDÃO de Minas Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
TABOQUINHA Energia, S.A.	Rua Paraíba, 1000, 12º andar - Parte Bairro Savassi - Belo Horizonte	100.00%
REAL ESTATE		
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	Avenida Domingos Ferreira nº 4060, sala 301 Boa Viagem - Cidade de Recife	100.00%
TDSP - Participações, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 01 Itaim Bibi - São Paulo	100.00%
TDSP - Elisa de Moraes Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 02 Itaim Bibi - São Paulo	90.00%
TDSP - Bela Vista - Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 15 Itaim Bibi - São Paulo	92.65%
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 03 Itaim Bibi - São Paulo	92.65%
TDSP - Maratona Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 10 Itaim Bibi - São Paulo	92.65%
TDSP - Direitos Humanos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 12 Itaim Bibi - São Paulo	92.65%
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 05 Itaim Bibi - São Paulo	92.65%
TDSP - Verum Mooca Empreendimento Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 06 Itaim Bibi - São Paulo	100.00%
TDSP - Gilberto Sabino Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 07 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 08 Itaim Bibi - São Paulo	92.65%
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401, sala 09 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	92.65%
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 18 Itaim Bibi - São Paulo	92.50%
TDSP - Dionísio da Costa Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	92.50%
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	100.00%
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 04 Itaim Bibi - São Paulo	95.00%
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 13 Itaim Bibi - São Paulo	95.00%

Corporate name	Head office	Effective percentage holding
TDSP - Nilo Empreendimentos Imobiliários, Ltda.	Rua Iguatemi, nº 448, 14º andar, Conjunto 1401, sala 14 Itaim Bibi - São Paulo	100.00%
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 15 Itaim Bibi - São Paulo	92.65%
TDSP - 16 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 16 Itaim Bibi - São Paulo	100.00%
TDSP - 17 Empreendimentos Imobiliários SPE, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602, sala 17 Itaim Bibi - São Paulo	100.00%
DISTRIBUTION		
TDD - Distribuição, Ltda.	Rua Iguatemi, nº 448, 6º andar, Conjunto 602 Itaim Bibi - São Paulo	100.00%
COLOMBIA		
CONSTRUCTION		
TEIXEIRA DUARTE - Engenharia e Construções (Colômbia) S.A.S.	Carrera 11 nº 94 - 02 oficina 201 Centro Empresarial Manhattan, Bogota	100.00%
CYPRUS		
OTHER		
LEVENEL, Limited	Irakli, 2, Egkomi, 2413 Nicosia	100.00%
SPAIN		
CONSTRUCTION		
UTE DE VIANA	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
CONCESSIONS AND SERVICES		
RECOLTE, Servicios Y Medioambiente, S.A. Sociedade Unipersonal.	Av. Alberto Alcocer, 24 - 7º Madrid	100.00%
UNITED ARAB EMIRATES		
AUTOMOTIVE		
GND Trading ME FZE	Jebel Ali Zone Dubai	100.00%
UNITED STATES OF AMERICA		
REAL ESTATE		
TDRE INVESTMENTS, LLC.	4100 Spring Valley Road, Suit 310, Dallas Texas 75244	100.00%
TDRE LEE PARK, LLC.	4100 Spring Valley Road, Suit 310, Dallas Texas 75244	100.00%
TDRE HOOD, LLC.	4100 Spring Valley Road, Suit 300, Dallas Texas 75244	100.00%
GIBRALTAR		
DISTRIBUTION		
Teixeira Duarte International, LTD.	23, Portland House - Glacis Road Gibraltar	100.00%
MACAO		
CONSTRUCTION		
TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.	Av. Dr. Mário Soares, nº 25 - Edifício Montepio - Apr. 26 e 28 - 3º andar Macau	100.00%

Corporate name	Head office	Effective percentage holding
<u>MOZAMBIQUE</u>		
CONSTRUCTION		
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. Július Nyerere, nº 130 Maputo	74.46%
CONCESSIONS AND SERVICES		
TDGI - Tecnologia de Gestão de Imóveis, Lda.	Av. Július Nyerere, nº 130 Maputo	69.55%
REAL ESTATE		
IMOPAR - Centro Comercial de Maputo, S.A.	Av. Július Nyerere, nº 130 Maputo	100.00%
HOSPITALITY		
AVENIDA - Empreendimentos Turísticos e Hoteleiros, Lda.	Av. Július Nyerere, nº 627 Maputo	100.00%
Sociedade Hotel Tivoli, Lda.	Av. 25 de Setembro, 1321 Maputo	65.00%
TIVOLI BEIRA - Hotelaria e Serviços, Lda.	Av. Július Nyerere, nº 130 Maputo	100.00%
<u>RUSSIA</u>		
CONCESSIONS AND SERVICES		
MMK Cement, Limited Liability Company	Tri Rutchia Murmansk	70.00%
<u>VENEZUELA</u>		
CONSTRUCTION		
Consorcio Boyacá - La Guaira	Av. San Juan Bosco, Edifício Centra Altamira Piso 5, Oficina 54, Urb. Altamira - Caracas	57.20%
TEGAVEN - Teixeira Duarte y Asociados, C.A.	Av. Venezuela del Rosal con Calle Mohedano, Torre JWM Piso 5, Of. 5-2, Urb El Rosal - Caracas	100.00%

5. ALTERATIONS IN THE CONSOLIDATION PERIMETER

During the period ended on 31 December 2016, there were no alterations to the consolidation perimeter relative to 31 December 2015.

It is important to mention the following constitutions, mergers and dissolutions that occurred during 2016 by sector of activity:

Construction

- TEIXEIRA DUARTE - Engenharia e Construções (Colômbia) S.A.S. - Constitution;
- OFM - Obras Fluviais e Marítimas, S.A. - Merger into SOMAFEL - Engenharia e Obras Ferroviárias, S.A..

Concessions and Services

- RECOLTE, Serviços e Meio Ambiente (Azores), Unipessoal, Lda. - Constitution;
- TDGI Manutenção, ACE - Constitution;
- SATU-Oeiras - Sistema Automático de Transportes Urbanos, E.M., S.A. - Dissolution.

Real Estate

- LAGOAS PARK, S.A. - Constitution;
- MALANGA - Investimentos Imobiliários, Unipessoal Lda. - Constitution;
- TDRE LEE PARK, LLC - Constitution;
- TDRE HOOD, LLC - Constitution.

Distribution

- TEDAL – Participações e Distribuição, S.A. – Constitution;
- TEDAL II – Distribuição e Investimentos, S.A. – Constitution.

Automotive

- GND Trading ME FZE – Constitution;
- SMOTORS, S.A. – Constitution;
- TEDAL III – Automóveis e Investimentos, S.A. – Constitution;
- TEDAL IV – Participações e Automóveis, S.A. – Constitution.

Other

- INVESTIPART – Participações e Investimentos, S.A..

6. EXCHANGE RATES

The following exchange rates were used to convert the assets and liabilities expressed in foreign currency into euros as at 31 December 2016 and 2015, as well as the earnings of the operations developed in countries where the functional currency is different from the euro, for the years ended on 31 December 2016 and 2015:

Currency	Closing exchange rate			Average exchange rate		
	2016	2015	Var	2016	2015	Var
US Dollar	1.0541	1.0887	(3.2%)	1.1021	1.1130	(1.0%)
Macaense Pataca	8.4204	8.6907	(3.1%)	8.8096	8.8868	(0.9%)
Mozambican Metical	74.5400	49.2900	51.2%	68.2439	43.1492	58.2%
Venezuelan Bolivar	710.2122	216.3232	228.3%	538.3002	155.9815	245.1%
Angolan Kwanza	184.4750	147.8315	24.8%	179.6710	132.5617	35.5%
Algerian Dinar	116.3682	116.5985	(0.2%)	120.4747	111.3616	8.2%
Dirham of the Emirates	3.8716	-	-	4.0478	-	-
Moroccan Dirham	10.6755	10.7806	(1.0%)	10.8292	10.8249	0.0%
Brazilian Real	3.4305	4.3117	(20.4%)	3.8571	3.7024	4.2%
Ukrainian Hryvnia	28.5661	26.1593	9.2%	28.2197	24.0819	17.2%
Namibian Dollar	14.4570	16.9530	(14.7%)	16.1923	14.2616	13.5%
Cape Verdean Escudo	110.2650	110.2650	-	110.2650	110.2650	-
Russian Rouble	64.3000	80.6736	(20.3%)	73.8756	69.0427	7.0%
Tunisian Dinar	2.4265	2.2153	9.5%	2.3674	2.1832	8.4%
South Africa Rand	14.4570	16.9530	(14.7%)	16.1923	14.2616	13.5%
Peruvian Nuevo Sol	3.5350	-	-	3.7244	-	-
Columbian Peso	3,164.4100	3,456.0800	(8.4%)	3,357.0377	3,047.8062	10.1%

7. INFORMATION BY SEGMENT

The Group organises its activity according to the following business segments:

- Construction;
- Concessions and services;
- Real estate;
- Hospitality;
- Distribution;
- Energy;
- Automotive.

The sales and services rendered and the earnings of each of operating segment referred to above for the years ended on 31 December 2016 and 2015, were as follows:

Segment	Sales and services rendered						Net operating income	
	2016			2015			2016	2015
	Clients abroad	Inter-segmental	Total	Clients abroad	Inter-segmental	Total		
Construction (Note 32)	506,017	25,070	531,087	656,580	59,236	715,816	19,601	(2,503)
Concessions and services	113,089	25,423	138,512	105,140	27,232	132,372	14,818	13,881
Real Estate	98,815	11,842	110,657	106,635	14,780	121,415	100,686	54,214
Hospitality	51,084	15,309	66,393	65,829	21,746	87,575	1,499	18,867
Distribution	243,065	1,497	244,562	291,322	5,004	296,326	33,849	27,857
Energy	16,837	28	16,865	17,021	-	17,021	(2,852)	(354)
Automotive	86,466	4,096	90,562	169,379	5,522	174,901	30,850	29,821
Not allocated to segments	-	-	-	-	-	-	(7,407)	(16,927)
Eliminations	-	(83,265)	(83,265)	-	(133,520)	(133,520)	(220)	50
	1,115,373	-	1,115,373	1,411,906	-	1,411,906	190,824	124,906
Financial costs and losses (Note 15)							(295,643)	(372,483)
Financial income and gains (Note 15)							179,020	282,755
Earnings from investment activities (Note 15)							(10,276)	17,127
Earnings before tax							63,925	52,305

Inter-segmental transactions are carried out under market conditions and terms, equivalent to transactions conducted with third parties.

The accounting policies in the different segments are consistent with the Group's policies.

Other information:

Segment	Fixed capital expenditure		Amortisation and depreciation through profit or loss		Provisions and impairment losses	
	2016	2015	2016	2015	2016	2015
Construction	40,492	32,748	39,091	38,339	2,407	775
Concessions and services	3,475	3,494	3,742	3,765	102	284
Real Estate	11,503	14,663	5,155	8,339	350	822
Hospitality	1,034	2,447	7,673	9,511	19	-
Distribution	4,547	17,173	9,385	10,669	-	225
Energy	374	1,180	2,535	3,066	4,342	476
Automotive	1,943	2,041	1,822	2,529	-	250
Not allocated to segments	467	42	55	38	(1,604)	9,806
	63,835	73,788	69,458	76,256	5,616	12,638

The assets and liabilities by segment and their reconciliation with the consolidated total, as at 31 December 2016 and 2015, are as follows:

	Assets								Liabilities	
	2016				2015					
	Investments in associates and joint ventures (Note 23)	Financial assets available for sale (Note 25)	Other assets	Total	Investments in associates and joint ventures (Note 23)	Financial assets available for sale (Note 25)	Other assets	Total	2016	2015
Construction	1,269	-	2,216,175	2,217,444	1,371	-	2,270,472	2,271,843	1,140,467	1,230,366
Concessions and services	2,656	-	219,767	222,423	473	-	235,014	235,487	148,906	157,042
Real Estate	684	5,787	1,668,372	1,674,843	446	21,761	1,548,671	1,570,878	856,689	851,784
Hospitality	-	-	362,654	362,654	-	-	423,590	423,590	190,852	253,515
Distribution	-	-	226,598	226,598	-	-	290,483	290,483	147,919	204,550
Energy	-	-	38,777	38,777	-	-	42,089	42,089	24,362	24,723
Automotive	24	-	148,213	148,237	24	-	177,322	177,346	58,596	102,969
Not allocated to segments	12,871	2,531	948,363	963,765	14,560	8,666	928,662	951,888	717,024	659,148
Eliminations	-	-	(3,314,769)	(3,314,769)	-	-	(3,101,773)	(3,101,773)	(1,189,653)	(1,140,483)
	17,504	8,318	2,514,150	2,539,972	16,874	30,427	2,814,530	2,861,831	2,095,162	2,343,614

The sales and services rendered, and information on non-monetary non-current assets by geographic segment are broken down as follows for the years ended on 31 December 2016 and 2015:

Geographic segment	Sales and services rendered		Non-monetary non-current assets	
	2016	2015	2016	2015
Portugal	181,543	220,142	553,458	563,559
Angola	452,518	682,364	438,796	530,787
Algeria	100,110	98,138	32,995	21,978
Brazil	152,856	144,090	30,297	29,561
Spain	31,953	40,076	17,855	13,683
Mozambique	128,952	194,448	21,702	36,060
Venezuela	52,080	26,510	362	1,412
Other	15,361	6,138	638	846
	1,115,373	1,411,906	1,096,103	1,197,886

8. OPERATING INCOME

For the years ended on 31 December 2016 and 2015, operating income was as follows:

	2016	2015
(a) The reported gains were obtained through the divestment of tangible fixed assets to the value of 9,644 thousand euros (3,140 thousand euros as at 31 December 2015) (Note 21)		
Sales and services rendered:		
Sales	748,564	1,010,673
Services rendered	366,809	401,233
	1,115,373	1,411,906
(b) Own work capitalised essentially arises from the capitalisation of costs associated to the construction of properties		
Other operating income:		
Variation in the fair value of investment property (Note 22)	69,529	13,787
Supplementary income	13,748	5,122
Divestment of assets (a)	9,644	12,269
Reversal of impairment losses of accounts receivable (Note 28)	6,498	12,035
Own work capitalised (b)	2,708	17,048
Reversal of inventory impairment losses (Note 9)	456	1,885
Correction of previous financial years	388	386
Tax refunds	264	7
Inventory gains	215	105
Other operating income	11,366	17,193
	114,816	79,837
	1,230,189	1,491,743

As at 31 December 2015, gains of 9,129 thousand euros were recorded, derived from the divestment of "PETRIN - Petróleos e Investimentos, S.A.", "KARIBIB Portland Cement, LTD", "EVA - Sociedade Hoteleira, S.A." and "ROCHORIENTAL - Sociedade Hoteleira, S.A.".

9. COST OF SALES

During the years ended on 31 December 2016 and 2015, the cost of sales was as follows:

	Raw materials and consumables	Goods	Total
Gross assets:			
Balance as at 31 December 2014	22,003	206,420	228,423
Perimeter alteration	(60)	(1,675)	(1,735)
Currency conversion adjustments	(844)	(9,068)	(9,912)
Adjustments	(387)	2,327	1,940
Purchases	138,629	299,571	438,200
Cost for the year	(140,392)	(368,031)	(508,423)
Balance as at 31 December 2015	18,949	129,544	148,493
Currency conversion adjustments	(2,856)	(9,712)	(12,568)
Transfer to assets held for sale (Note 24)	(7)	(1,992)	(1,999)
Adjustments	(61)	3,227	3,166
Purchases	99,105	185,877	284,982
Cost for the year	(101,400)	(237,442)	(338,842)
Balance as at 31 December 2016	13,730	69,502	83,232
Accumulated impairment losses in inventories:			
Balance as at 31 December 2014	686	4,707	5,393
Currency conversion adjustments	23	(125)	(102)
Reinforcements (Note 14)	20	2,093	2,113
Reductions (Note 8)	(102)	(1,783)	(1,885)
Adjustments	(375)	(676)	(1,051)
Balance as at 31 December 2015	252	4,216	4,468
Currency conversion adjustments	(79)	(546)	(625)
Reinforcements (Note 14)	428	1,660	2,088
Reductions (Note 8)	-	(456)	(456)
Adjustments	-	(620)	(620)
Transfer to assets held for sale (Note 24)	-	(450)	(450)
Balance as at 31 December 2016	601	3,804	4,405
Net value as at 31 December 2015	18,697	125,328	144,025
Net value as at 31 December 2016	13,129	65,698	78,827

10. CHANGE IN PRODUCTION

The statement of change in production recorded for the years ended on 31 December 2016 and 2015 is as follows:

	Products and work in progress	Finished products intermediate products	Total
Gross assets:			
Balance as at 31 December 2014	126,183	6,658	132,841
Currency conversion adjustments	(12,193)	-	(12,193)
Adjustments	9,821	(4)	9,817
Change in production	1,076	(1,548)	(472)
Balance as at 31 December 2015	124,887	5,106	129,993
Currency conversion adjustments	11,455	-	11,455
Adjustments	27,560	155	27,715
Change in production	4,057	(487)	3,570
Balance as at 31 December 2016	167,959	4,774	172,733
Accumulated impairment losses in inventories:			
Balance as at 31 December 2014	-	-	-
Balance as at 31 December 2015	-	-	-
Currency conversion adjustments	13	-	13
Reinforcements (Note 14)	105	-	105
Balance as at 31 December 2016	118	-	118
Net value as at 31 December 2015	124,887	5,106	129,993
Net value as at 31 December 2016	167,841	4,774	172,615

As at 31 December 2016 and 2015, the Inventories are detailed as follows:

	2016	2015
Raw materials and consumables	13,129	18,697
Goods	65,698	125,328
Products and work in progress	167,841	124,887
Finished and intermediate products	4,774	5,106
Total	251,442	274,018

As at 31 December 2016 and 2015, the real estate enterprises, presented under products and work in progress, are being developed by the following entities:

	2016	2015
TD VIA - Sociedade Imobiliária, S.A.	37,896	29,011
QUINTA DE CRAVEL - Imobiliária, S.A.	17,827	17,690
V8 - Gestão Imobiliária, S.A.	16,066	15,987
TDSP - Gilberto Sabino Empreendimentos Imobiliários SPE, Ltda.	12,739	9,168
TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.	12,155	12,122
TDSP - Galeno de Castro Empreendimentos Imobiliários SPE, Ltda.	7,739	6,068
TDSP - Maria de Jesus Empreendimentos Imobiliários SPE, Ltda.	7,642	5,756
TDSP - Zanzibar Empreendimentos Imobiliários SPE, Ltda.	6,636	2,265
TDSP - Nilo Empreendimentos Imobiliários SPE, Ltda.	6,056	4,468
IMOPEDROUÇOS - Sociedade Imobiliária, S.A.	6,055	2,933
TDSP - Volta Redonda Empreendimentos Imobiliários SPE, Ltda.	4,652	2,986
TDSP - Alta Vista II Empreendimentos Imobiliários SPE, Ltda.	4,552	440
TDRE Hood, LLC	4,353	-
TDRE LEE Park, LLC	4,170	-
TDSP - Alta Vista IV Empreendimentos Imobiliários SPE, Ltda.	4,155	1,109
TDSP - Baceunas Empreendimentos Imobiliários SPE, Ltda.	4,004	3,123
TDSP - Bela Vista Empreendimentos Imobiliários SPE, Ltda.	3,183	2,376
TDSP - Gualaxos Empreendimentos Imobiliários SPE, Ltda.	2,263	1,762
TDSP - Alta Vista III Empreendimentos Imobiliários SPE, Ltda.	1,809	1,410
TDSP - Alta Vista I Empreendimentos Imobiliários SPE, Ltda.	1,115	1,257
TDPG - Empreendimentos Imobiliários e Hoteleiros, Ltda.	1,066	842
TDSP - Dionísio da Costa Empreendimentos Imobiliários SPE, Ltda.	602	1,701
TDSP - Verum Mooca Empreendimentos Imobiliários SPE, Ltda.	-	974
Other	1,106	1,439
	167,841	124,887

As at 31 December 2016 and 2015, the following inventories had been pledged as security for liabilities:

QUINTA DE CRAVEL - Imobiliária, S.A. mortgaged the lots for construction numbers 8, 10, 11, 12, 13, 19, 26 and 31, located at Quinta de Cravel, Mafamude, Vila Nova de Gaia (Note 42);

V8 - Gestão Imobiliária, S.A. mortgaged the lots for construction numbers 1, 2, 3, 5, 6, 8 and 16, 18, 20 and 30 located at Empreendimento Santa Maria Design District, Santa Marinha, Vila Nova de Gaia (Note 42);

V8 - Gestão Imobiliária, S.A., constituted a mortgage on the divisions it owns at the urban building located at Rua de Castro Portugal, numbers 497 and 511; Rua Professora Rita Lopes Ribeiro Fonseca, numbers 46, 52, 76, 80, 94 and 96; Locality and Parish of Vila Nova de Gaia (Note 42).

11. EXTERNAL SUPPLIES AND SERVICES

For the years ended on 31 December 2016 and 2015, external supplies and services were as follows:

	2016	2015
Subcontracts	144,346	198,206
Specialised work	31,934	37,230
Hire and rental charges	28,314	35,750
Maintenance and repair	15,524	20,136
Fuel	9,104	11,714
Transport of goods	7,810	17,732
Electricity	5,986	6,230
Travel and accommodation	4,996	6,517
Surveillance and security	4,276	5,803
Transport of people	3,672	6,858
Fees	3,191	8,656
Advertising	2,290	4,337
Other	51,863	49,037
	313,306	408,206

12. STAFF COSTS

The average number of employees for the years ended on 31 December 2016 and 2015, by operating segment, was as follows:

	2016	2015
Construction	5,320	6,930
Concessions and services	2,216	2,055
Real Estate	109	119
Hospitality	1,184	1,397
Distribution	1,460	1,577
Energy	107	112
Automotive	654	895
Not allocated to segments	221	274
	11,271	13,359

The heading of "staff costs", for the years ended on 31 December 2016 and 2015, is broken down as follows:

	2016	2015
Normal remunerations	118,705	147,366
Other remunerations	64,105	85,340
Charges on remunerations	31,689	30,861
Insurance	2,344	526
Retirement benefits	9	9
Other staff costs	26,758	17,721
	243,610	281,823

13. OPERATING LEASES

For the financial years ended on 31 December 2016 and 2015, 246 thousand euros and 393 thousand euros were recorded, respectively, relative to operating lease instalments, which were recognised under the heading "External supplies and services".

The instalments of operating leases held by the Group at 31 December 2016 and 2015 have the following maturities:

	2016	2015
2016	-	337
2017	113	47
2018	48	8
2019	4	1
	165	393

14. OTHER OPERATING COSTS

Other operating costs for the years ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Taxes	26,226	27,637
Impairment losses of debts receivable (Note 28)	20,244	26,121
Variation in the fair value of investment property (Note 22)	8,318	3,675
Impairment losses in inventories (Note 9)	2,193	2,113
Losses incurred in the divestment of assets (a)	1,238	2,614
Inventory losses	536	1,041
Bad debt	109	575
Other operating costs	13,239	15,243
	72,103	79,019

(a) The reported losses were incurred through the divestment of tangible fixed assets to the value of 1,238 thousand euros (2,614 thousand euros as at 31 December 2015) (Note 21)

15. FINANCIAL RESULTS

The financial results for the years ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Financial costs and losses:		
Interest paid	(83,488)	(94,277)
Unfavourable exchange rate differences	(200,695)	(251,682)
Other financial costs and losses	(11,460)	(26,524)
	(295,643)	(372,483)
Financial income and gains:		
Interest received	16,881	14,546
Favourable exchange rate differences	159,483	262,185
Cash discounts received	50	245
Other financial income and gains	2,606	5,779
	179,020	282,755
Earnings from investment activities:		
Earnings from associates and joint ventures (a)	8,570	9,740
Dividends (b)	1,652	1,013
Other investments (c)	1,048	11,628
Gains / losses in the measurement of assets available for sale (d)	(21,546)	(5,254)
	(10,276)	17,127
Financial results	(126,899)	(72,601)

(a) The earnings from associates and joint ventures in the year ended on 31 December 2016 include the effect of the application of the equity method to the investments in associates and joint ventures of the value 8,570 thousand euros (5,872 euros as at 31 December 2015) (Note 23).

During the year ended on 31 December 2015, the Group divested TEIX.CO SPA, recording a capital loss of 27 thousand euros, and also recorded an impairment loss of 5,143 thousand euros (Note 24) and reversed the provision for equity stakes of 9,038 thousand euros, relative to the participated company "Limited Liability Company Cement".

(b) As at 31 December 2016, the presented values presented correspond to dividends received from "Other investments" (815 thousand euros as at 31 December 2015) (Note 26) and 198 thousand euros of dividends received from "Financial assets available for sale" as at 31 December 2015.

(c) The heading "Other Investments" records earnings and capital gains achieved in the divestment of financial assets available for sale at cost amounting to 1,048 thousand euros (9,823 thousand euros as at 31 December 2015, from the sale of the stakes held by the Group in LONGAVIA, S.A. and LONGAPAR - Sociedade Gestora de Participações Sociais, S.A.), and also recorded as at 31 December 2015 are earnings and capital gains achieved in the divestment of financial assets available for sale at fair value amounting to 1,805 thousand euros.

(d) The values presented for the year ended on 31 December 2016 and 2015 are detailed as follows:

Divestments of shares of "Financial assets available for sale":

2016

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 530,000 shares of "Banco Comercial Português, S.A."	1,944	563	-	(1,381)	563
Total	1,944	563	-	(1,381)	563

2015

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 2,420,000 shares of "Banco Bilbao Vizcaya Argentaria, S.A."	19,007	19,639	4,568	5,200	19,639
Total	19,007	19,639	4,568	5,200	19,639

Impairment loss of "Financial assets available for sale":**2016**

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through earnings (Note 15)
Impairment loss in the holding of "Banco Comercial Português, S.A."	(20,165)	-	(20,165)
Total	(20,165)	-	(20,165)

2015

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through earnings (Note 15)
Impairment loss in the holding of "Banco Comercial Português, S.A."	(10,453)	-	(10,453)
Total	(10,453)	-	(10,453)

The net exchange rate differences recorded for the years ended on 31 December 2016 and 2015 were due to payments and revenue, as well as exchange rate updates in balances, stated based on currencies other than the Euro.

During the year ended on 31 December 2016, interest was capitalised in the acquisition cost of qualifying assets of the total value of 122 thousand euros (121 thousand euros as at 31 December 2015).

For the purposes of the capitalisation of financial costs associated to the acquisition cost of the qualifying assets, an average rate of 5.9% was used as at 31 December 2016 (6.1% as at 31 December 2015).

16. INCOME TAX

"TD, SA" is the controlling company of a group of companies subject to the special taxation regime for corporate groups (RETGS), which covers all the companies in which it holds a stake, directly or indirectly, of at least 75% of the respective share capital, provided that this stake confers more than 50% of the voting rights and that they also have their head office and effective senior management in Portugal and are taxed under the general regime of Corporate Income Tax ("IRC").

All the other participated companies, not covered by the RETGS, are taxed individually, based on their respective tax bases and applicable rates of Corporate Income Tax, Municipal Surcharge and State Surcharge.

"TD, S.A." and most of its participated companies based in Portugal, are subject to Corporate Income Tax (IRC) at the rate of 23% incident on the tax base. Entities which record taxable profit are also subject to the Municipal Surcharge, whose rate may vary up to a maximum of 1.5%, as well as the State Surcharge, incident on the portion of taxable profit in excess of 1,500 euros, 7,500 euros and 35,000 thousand euros, at the rates of 3%, 5% and 7%, respectively.

The aforesaid entities are also subject to autonomous taxation on the charges and expenses at the rates established in article 88 of the Corporate Income Tax Code.

In the calculation of the taxable amount, the amounts which are not applicable for tax purposes are added and subtracted from the book value profit. These differences between the book value profit or loss and the profit or loss for tax purposes may be of temporary or permanent nature.

Pursuant to the tax legislation in force in Portugal, tax losses may be carried forward for a period of 12 (twelve) years for losses generated in the tax period of 2016 and 5 (five) years for the generated losses of 2017 and onwards, and may be deducted from taxable profit recorded *a posteriori*, with this deduction being limited to 70% of the taxable profit recorded in the tax period in which it occurs.

Pursuant to the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, except when tax losses have been deducted, or when inspections, claims or disputes are underway, in which cases, depending on the circumstances, this time limit may be extended or suspended.

Regarding entities with presence in other countries, the period of revision of their tax returns varies between three and five years.

The Board of Directors believes that any corrections which might arise from tax reviews/inspections to tax periods that may be reviewed will not have a materially relevant effect on the consolidated financial statements reported as at 31 December 2016.

The Group records deferred taxes corresponding to the temporary differences between the book value of the assets and liabilities and the corresponding tax base, as laid down in IAS 12 – Income Tax (Note 27).

The income tax recognised for the years ended on 31 December 2016 and 2015 is as follows:

	2016	2015
Current tax:		
Income tax in Portugal	(17,638)	(11,838)
Income tax in other jurisdictions	(22,701)	(21,738)
Current tax	(40,339)	(33,576)
Deferred tax (Note 27):	9,928	21,680
	(30,411)	(11,896)

In addition to the amounts of deferred taxes recorded directly in the income statement, deferred taxes amounting to 83 thousand euros were recorded directly in equity for the year ended on 31 December 2016 (705 thousand euros as at 31 December 2015) (Note 27).

As at 31 December 2016 and 2015, the reconciliation between the nominal and effective income tax rate may be presented as follows:

	2016		2015	
	Rate %	Tax	Rate %	Tax
Earnings before tax		63,925		52,305
Nominal rate and tax on income	(21.0%)	(13,424)	(22.0%)	(11,507)
Differential of tax rates of other countries	(41.5%)	(26,514)	(37.6%)	(19,660)
Net income – associated companies and joint ventures (equity method)	2.9%	1,885	4.1%	2,143
Tax losses generated in the year for which deferred tax assets were not recognised	2.3%	1,490	6.7%	3,485
Difference between capital gains and losses for tax and accounting purposes	15.9%	10,176	(2.7%)	(1,433)
Costs not accepted for tax purposes	(11.8%)	(7,560)	(3.3%)	(1,717)
Autonomous taxation	(1.0%)	(668)	(1.6%)	(840)
Surcharge	(1.5%)	(988)	(1.3%)	(690)
Differences in estimates	(6.3%)	(4,009)	(5.6%)	(2,924)
Other tax components	(1.1%)	(727)	(0.8%)	(433)
Deferred tax for the year	15.5%	9,928	41.4%	21,680
Effective rate and tax on income	(47.6%)	(30,411)	(22.7%)	(11,896)

17. EARNINGS PER SHARE

Earnings per share for the years ended on 31 December 2016 and 2015 were calculated taking into account the following amounts:

	2016	2015
Earnings for the effect of calculating net earnings per basic share (net income for the year)	20,147	33,653
Weighted average number of shares for the effect of calculating earnings per basic share (thousand)	420,000	420,000
Earnings per basic share	0.05	0.08

Since, for the financial years ended on 31 December 2016 and 2015, there were no dilution effects of the earnings per share, the diluted earnings per share are the same as the basic earnings per share.

18. DIVIDENDS

The General Meeting of Shareholders, held on 28 May 2016, deliberated the distribution of dividends of the value of 1,680 thousand euros, corresponding to 0.004 euros per share, taking into consideration the separate financial statements of the Company as at 31 December 2015, with their payment having taken place in June 2016.

During the year ended on 31 December 2015, dividends of 5,670 thousand euros were paid relative to the year of 2014.

19. GOODWILL

During the years ended on 31 December 2016 and 2015, the movement which occurred in the values of goodwill calculated upon the acquisition of subsidiaries, as well as in the respective impairment losses were as follows:

	2016	2015
Gross assets:		
Opening balance	37,210	37,183
Currency conversion adjustments	(52)	27
Transfer to assets held for sale (Note 24)	(7,608)	-
Closing balance	29,550	37,210
Accumulated impairment losses	(15,255)	(15,255)
Net assets:	14,295	21,955

The values of the goodwill as at 31 December 2016 and 2015 refer to the following entities:

Participated Company	Operating segment	2016	2015
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Construction	12,107	12,107
BONAPARTE - Imóveis Comerciais e Participações, S.A.	Real Estate	1,979	1,979
Auto Competição Angola, Lda.	Automotive	209	261
DIGAL - Distribuição e Comércio, S.A.	Assets held for sale	-	7,335
ACG - Distribuição e Comércio de Gás, S.A.	Assets held for sale	-	142
TANQUIGÁS - Distribuição e Comércio de Gás, S.A.	Assets held for sale	-	71
MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A.	Assets held for sale	-	60
		14,295	21,955

The goodwill relative to the associates and joint ventures is an integral part of the values of the corresponding investments and is disclosed in Note 23.

The values of goodwill are annually tested for impairment or whenever there are indications that they may be impaired.

The recoverable amount of the cash-generating units to which goodwill is allocated is determined based on the calculation of its use value, which uses cash flow forecasts based on the latest financial forecasts approved by the respective Boards of Directors over a period of five years, discounted by the discount rates shown in the table below, which were calculated based on the weighted average cost of capital (WACC), adjusted for risks, specific to the market in which each unit is placed. Cash flows beyond this five-year period were forecast using the rates specified in the same table. These rates do not exceed the average long-term growth for the markets in which those cash-generating units are allocated.

The Boards of Directors consider that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the book value of these cash-generating units to exceed its recoverable amount.

Thus, the main assumptions considered in determining the value in use of goodwill are as follows:

Participated Company	2016			2015		
	Book value of the goodwill	Discount rate	Perpetuity growth rate	Book value of the goodwill	Discount rate	Perpetuity growth rate
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	12,107	8.4%	2.0%	12,107	8.7%	1.8%
BONAPARTE - Imóveis Comerciais e Participações, S.A.	1,979	5.7%	2.0%	1,979	6.0%	2.0%
Auto Competição Angola, Lda.	209	14.3%	1.5%	261	14.3%	1.5%
DIGAL - Distribuição e Comércio, S.A.	-	-	-	7,335	7.3%	1.5%
ACG - Distribuição e Comércio de Gás, S.A.	-	-	-	142	8.5%	1.5%
TANQUIGÁS - Distribuição e Comércio de Gás, S.A.	-	-	-	71	8.5%	1.5%
MULTIGÁS - Sociedade Comercial e Distribuidora de Gás, S.A.	-	-	-	60	8.5%	1.5%
	14,295			21,955		

20. INTANGIBLE ASSETS

During the years ended on 31 December 2016 and 2015, the movement in intangible assets and in its depreciation and accumulated impairment losses was as follows:

	Industrial property	Other	Fixed assets under construction	Advances for intangible assets	Total
Gross assets:					
Balance as at 31 December 2014	33,964	311	3,255	-	37,530
Perimeter alteration	(455)	-	-	-	(455)
Currency conversion adjustments	3,174	(26)	(813)	-	2,335
Additions	1,385	-	107	-	1,492
Transfers and write-offs	520	(114)	(43)	-	363
Divestments	(15)	-	-	-	(15)
Balance as at 31 December 2015	38,573	171	2,506	-	41,250
Currency conversion adjustments	(5,888)	(31)	643	-	(5,276)
Additions	3,328	-	139	-	3,467
Transfers and write-offs	9,934	-	25	-	9,959
Divestments	(33)	-	-	-	(33)
Transfer to assets held for sale (Note 24)	(621)	-	-	-	(621)
Balance as at 31 December 2016	45,293	140	3,313	-	48,746
Accumulated amortisation and impairment losses:					
Balance as at 31 December 2014	6,241	195	-	-	6,436
Perimeter alteration	(340)	-	-	-	(340)
Currency conversion adjustments	172	2	-	-	174
Transfers and write-offs	72	(26)	-	-	46
Reinforcements	1,687	-	-	-	1,687
Divestments	(15)	-	-	-	(15)
Balance as at 31 December 2015	7,817	171	-	-	7,988
Currency conversion adjustments	(409)	(31)	-	-	(440)
Transfers and write-offs	909	-	-	-	909
Reinforcements	1,783	-	-	-	1,783
Divestments	(9)	-	-	-	(9)
Transfer to assets held for sale (Note 24)	(439)	-	-	-	(439)
Balance as at 31 December 2016	9,652	140	-	-	9,792
Net value:					
As at 31 December 2015	30,756	-	2,506	-	33,262
As at 31 December 2016	35,641	-	3,313	-	38,954

As at 31 December 2016, the heading of "Industrial property" presents the amount of 34,151 thousand euros, relative to surface rights (28,261 thousand euros as at 31 December 2015).

21. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2016 and 2015, the movement which occurred in the tangible fixed assets, as well as in their accumulated depreciation and impairment losses were as follows:

	Land and natural resources	Building and other constructions	Basic equipment	Equipment for transport	Tools and 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 31 December 2014	32,114	535,129	434,009	89,711	44,151	41,181	10,455	77,649	151	1,264,550
Perimeter alteration	(6,800)	(29,570)	(9,907)	(165)	(31)	(1,266)	(927)	(93)	-	(48,759)
Currency conversion adjustments	(833)	32,423	(20,243)	(704)	(1,428)	963	(80)	(340)	17	9,775
Additions	-	14,221	21,732	6,753	3,646	2,097	897	13,898	-	63,244
Transfers and write-offs	(33)	18,605	(5,271)	(1,712)	(201)	58	1,530	(49,482)	-	(36,506)
Divestments	-	(5,112)	(4,037)	(8,817)	(773)	(466)	(151)	-	-	(19,356)
Balance as at 31 December 2015	24,448	565,696	416,283	85,066	45,364	42,567	11,724	41,632	168	1,232,948
Currency conversion adjustments	193	(67,161)	4,568	883	(1,581)	(4,426)	(973)	(8,956)	(92)	(77,545)
Additions	11	10,247	29,605	5,768	3,618	663	1,386	8,104	-	59,402
Transfers and write-offs	8,980	(4,354)	(21,737)	(1,712)	(5,118)	(1,593)	(286)	(25,719)	-	(51,539)
Divestments	-	(4,083)	(14,594)	(3,771)	(532)	(110)	(11)	-	(76)	(23,177)
Transfer to assets held for sale (Note 24)	(2,304)	(17,028)	(25,375)	(634)	(95)	(875)	(1,046)	-	-	(47,357)
Balance as at 31 December 2016	31,328	483,317	388,750	85,600	41,656	36,226	10,794	15,061	-	1,092,732
Accumulated depreciation and impairment losses:										
Balance as at 31 December 2014	167	160,199	302,124	62,927	33,285	31,479	6,252	-	-	596,433
Perimeter alteration	-	(15,551)	(8,952)	(129)	(30)	(1,189)	(766)	-	-	(26,617)
Currency conversion effect	-	7,011	(8,724)	(695)	(318)	978	144	-	-	(1,604)
Reinforcements	-	22,569	34,258	10,200	3,330	3,214	998	-	-	74,569
Transfers and write-offs	(3)	(17,623)	(8,570)	(555)	(134)	(93)	(29)	-	-	(27,007)
Divestments	-	(1,242)	(3,602)	(7,802)	(729)	(323)	(114)	-	-	(13,812)
Balance as at 31 December 2015	164	155,363	306,534	63,946	35,404	34,066	6,485	-	-	601,962
Currency conversion effect	-	(11,580)	8,654	2,393	(932)	(3,205)	(787)	-	-	(5,457)
Reinforcements	-	18,330	33,681	8,843	3,006	2,394	1,421	-	-	67,675
Transfers and write-offs	-	(3,076)	(18,137)	(1,413)	(4,963)	(1,490)	(358)	-	-	(29,437)
Divestments	-	(2,740)	(8,648)	(3,176)	(206)	(69)	(10)	-	-	(14,849)
Transfer to assets held for sale (Note 24)	-	(4,292)	(16,707)	(584)	(87)	(817)	(462)	-	-	(22,949)
Balance as at 31 December 2016	164	152,005	305,377	70,009	32,222	30,879	6,289	-	-	596,945
Net value:										
As at 31 December 2015	24,284	410,333	109,749	21,120	9,960	8,501	5,239	41,632	168	630,986
As at 31 December 2016	31,164	331,312	83,373	15,591	9,434	5,347	4,505	15,061	-	495,787

The additions to tangible fixed assets during the year ended on 31 December 2016 primarily refer to investments in facilities and equipment.

As at 31 December 2016, the tangible assets in progress include 13,168 thousand euros relative to buildings and other constructions in progress, in particular the following:

- For the Distribution and Automotive sectors, facilities for logistics in Angola.

22. INVESTMENT PROPERTIES

During the years ended on 31 December 2016 and 2015, the movement which occurred in investment properties was as follows:

	2016	2015
Opening balance	511,683	482,185
Perimeter alteration	-	(304)
Currency conversion adjustments	(20,686)	10,226
Increases / (divestments)	(11,067)	4,156
Change in fair value (Notes 8 and 14)	61,211	10,112
Transfers from/to tangible fixed assets	5,926	5,308
Closing balance	547,067	511,683

During the years ended on 31 December 2016 and 2015, the movement in investment properties by geographic area was as follows:

	2016	2015
Portugal	27,816	10,717
Angola	32,881	(627)
Mozambique	514	22
Total	61,211	10,112

The income gained from investment properties arising from operating lease contracts reached 31,581 thousand euros for the year ended on 31 December 2016 (31,235 thousand euros as at 31 December 2015). The operating costs directly related to investment properties in the year ended on 31 December 2016 reached 3,138 thousand euros for the (3,825 thousand euros as at 31 December 2015).

As noted above in the Real Estate sector of the Management Report, the Group is currently proceeding with the transfer of the business branch corresponding to the "Lagoas Park" enterprise, and has already identified possible third party buyers, whose manifestations of interest are close to the valuation amount, pointing to a strong probability of the attainment of the fair value attributed to the enterprise.

The fair value of each investment property is determined based on valuations made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market, namely the methods of income, comparison with market prices or replacement costs, depending on the specific situations of each property.

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

- Yield:
 - Portugal between 6% and 10%;
 - Angola between 10% and 12%;
 - Mozambique with 16.5%.
- Average of the comparative method and income multiples;
- Average of the comparative method and cost.

IAS 40 - Investment property ("IAS 40") does not require the determination fair value of investment properties on the basis of a valuation made by an independent evaluator. As at 31 December 2016, all the investment properties were valued by independent valuers with relevant and recognised professional qualification (registered at the CMVM) and with recent experience in the location and category of the valued investment properties.

As at 31 December 2015, around 81% of the fair value of the Group's investment properties were based on valuations made by independent valuers. For the remaining 19%, in-house reports were prepared, based on criteria similar to those considered by the independent valuers, taking into account the expected discounted cash flows.

These valuers applied methods currently used in this market, based on the use of the income method, replacement cost method or market price comparisons, according to the specific situations of each property. Considering that the assets are leased, the income method was used, but also taking into account the other methods used to assess the reasonableness of the results achieved through this method. According to this method, the income of the current leasing contracts under the current conditions was used and, once the year of these contracts had ended, a yield adapted to each property was used. For the rest of the valuations carried out internally, yields adapted according to the indications given by independent professionals were used.

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following associates and joint ventures were recorded through the equity method as at 31 December 2016:

Corporate name	Head office	Effective percentage holding
ADOQUINES VARGAS, (ADOQUINVAR), C.A.	Instalaciones de Bolivariana de Puertos Puerto de La Guaria - Parroquia Maiquetia Municipio Vargas del Estado Vargas	49.00%
ALVORADA PETRÓLEO, S.A.	Rua Paraíba, nº 1000, sala 1518, 15º andar - Bairro Funcionário Belo Horizonte - Minas Gerais - Brazil	43.20%
ALSOMA, GEIE.	3 Av André Malraux Levallois Peret - France	27.00%
AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE	Edifício 2, Lagoas Park Porto Salvo	14.10%
AVIA PORTUGAL - Produtos Petrolíferos, S.A.	Edifício 2, Lagoas Park Porto Salvo	40.00%
AK10 - Empreendimentos e Participações SPE Ltda.	Alameda Santos, nº 960, 19º andar, Edifício CYK Cerqueira César - São Paulo	25.00%
CAIS DE CRUZEIROS 2ª FASE, ACE	Rua da Tapada da Quinta de Cima Linhó - Sintra	15.00%
CONBATE, ACE	Edifício 2, Lagoas Park Porto Salvo	20.00%
CONSORCIO MINERO LUSO VARGAS C.A. (CONLUVAR)	Av. Venezuela com Calle Mohedano, Torre JWM Piso 5, Of. 5-2, Urb El Rosal - Caracas - Venezuela	49.00%
CONSORCIO OPSUT 2010	Calle 4, Casa nº 4, Urbanización Los Laureles Valle de la Pascoa - Venezuela	51.00%
DOURO LITORAL, ACE	Tower Plaza, Rotunda Edgar Cardoso, nº 23, 12º andar, salas C, G e H Vila Nova de Gaia	40.00%
D.L.O.E.A.C.E. - Douro Litoral Obras Especiais, ACE	Edifício 2, Lagoas Park Porto Salvo	40.00%
FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	Edifício Central Park Rua Alexandre Herculano, Nº 3, 2º - Linda-a-Velha	50.00%
GMP - Grupo Marítimo Português, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
GMP MEK - Grupo Marítimo Português Mers EL Kibir, ACE	Edifício 1, Lagoas Park Porto Salvo	20.04%
IMOC - Empreendimentos Imobiliários, S.A.	Av. Julius Nyerere, 130 Maputo	49.92%
METROLIGEIRO - Construção de Infraestruturas, ACE	Rua Abranches Ferrão, nº 10 - 5º F Lisbon	26.80%
NOVA ESTAÇÃO, ACE	Edifício 6 - Piso 1, Lagoas Park Porto Salvo	25.00%
RPK Gulfstream, Ltd.	Tri Ruchja str. 183003, Murmansk	42.70%
SOMAFEL E FERROVIAS, ACE	Edifício 1, Lagoas Park Porto Salvo	36.00%
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	Edifício 2, Lagoas Park Porto Salvo	57.30%
TDGISERV Services, LLC	PO Box 7098, Doha Qatar	49.00%
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	Av. das Forças Armadas, 125 - 2º C Lisbon	50.00%

The investments in associates and joint ventures showed the following movements during the years ended on 31 December 2016 and 2015:

	Equity stakes	Goodwill	Total
Balance as at 31 December 2014	28,949	11,643	40,592
Effects of the application of the equity method:			
- Effect on net income for the year (Note 15)	5,872	-	5,872
- Effect on equity	(1,344)	-	(1,344)
Divestments	(27)	-	(27)
Currency conversion adjustments	(239)	-	(239)
Transfer to assets held for sale (Note 24)	(16,072)	(11,643)	(27,715)
Other	(265)	-	(265)
Balance as at 31 December 2015	16,874	-	16,874
Effects of the application of the equity method:			
- Effect on net income for the year (Note 15)	8,570	-	8,570
- Effect on equity	(7,477)	-	(7,477)
Increases (a)	543	-	543
Currency conversion adjustments	(4,718)	-	(4,718)
Other	3,712	-	3,712
Balance as at 31 December 2016	17,504	-	17,504

(a) – Details of the increases in the year ended on 31 December 2016:

Associates	Value
TDGISERV Services, LLC	531
Alvorada Petróleos, S.A.	12
Total	543

The investments in associates and joint ventures as at 31 December 2016 and 2015 are detailed as follows:

Associates and joint ventures	2016			2015		
	Equity stakes	Goodwill	Value of financial position	Equity stakes	Goodwill	Value of financial position
IMOC – Empreendimentos Imobiliários, S.A.R.L.	12,871	-	12,871	14,560	-	14,560
TDGISERV Services, LLC (a)	2,062	-	2,062	-	-	-
Alvorada Petróleos, S.A.	669	-	669	430	-	430
RPK Gulfstream Ltd.	594	-	594	473	-	473
SCP AK-10 Empreendimentos e Participações SPE LTDA.	15	-	15	16	-	16
Other	1,293	-	1,293	1,395	-	1,395
	17,504	-	17,504	16,874	-	16,874

(a) Advance on account of increased capital

The holdings referred to above are stated by the equity method, which, for the years ended on 31 December 2016 and 2015, had the following impacts:

2016			
Associates and joint ventures	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Alvorada Petróleos, S.A.	(4)	121	117
IMOC – Empreendimentos Imobiliários, S.A.R.L.	10,626	(7,383)	3,243
SCP AK-10 Empreendimentos e Participações SPE LTDA.	(4)	-	(4)
TDGISERV Services, LLC	(2,243)	(215)	(2,458)
Other	195	-	195
	8,570	(7,477)	1,093

2015			
Associates and joint ventures	Gains and losses in associates and joint ventures (Note 15)	Adjustments of holdings	Total
Alvorada Petróleos, S.A.	(28)	(165)	(193)
IMOC – Empreendimentos Imobiliários, S.A.R.L.	6,177	(2,123)	4,054
SCP AK-10 Empreendimentos e Participações SPE LTDA.	1	-	1
Other	(278)	944	666
	5,872	(1,344)	4,528

The main financial information relative to the associates and joint ventures at 31 December 2016 and 2015 is as follows:

	Total assets		Total liabilities		Total net assets		Share of the Group in net assets	
	2016	2015	2016	2015	2016	2015	2016	2015
Alvorada Petróleos, S.A.	2,228	1,465	679	469	1,549	996	669	430
IMOC – Empreendimentos Imobiliários, S.A.R.L.	34,681	59,509	8,898	30,343	25,783	29,167	12,871	14,560
SCP AK-10 Empreendimentos e Participações SPE LTDA.	32	32	-	-	32	32	15	16
TDGISERV Services, LLC	3,472	-	8,439	-	(4,967)	-	2,062	-
Other	16,910	12,992	12,544	8,142	4,366	4,850	1,887	1,868
	57,323	73,999	30,560	38,954	26,763	35,045	17,504	16,874

	Sales and services rendered		Net income for the year		Share of the Group in net income for the year	
	2016	2015	2016	2015	2016	2015
Alvorada Petróleos, S.A.	-	-	(9)	(65)	(4)	(28)
IMOC – Empreendimentos Imobiliários, S.A.R.L.	25,813	235	21,286	12,374	10,626	6,177
SCP AK-10 Empreendimentos e Participações SPE LTDA.	-	-	(7)	2	(4)	1
TDGISERV Services, LLC	959	-	(4,578)	-	(2,243)	-
Other	1,926	810	32	(703)	195	(278)
	28,698	1,045	16,724	11,609	8,570	5,872

24. ASSETS HELD FOR SALE

As at 31 December 2016 and 2015, the assets held for sale are detailed as follows:

Energy Sector	
Assets held for sale	
Goodwill (Note 19)	7,608
Intangible assets (Note 20)	182
Tangible fixed assets (Note 21)	24,408
Deferred tax assets (Note 27)	2,318
Inventories (Note 9)	1,549
Clients (Note 28)	1,066
Other receivables (Note 28)	889
Cash and cash equivalents	475
Other assets	282
Total assets held for sale	38,777
Liabilities held for sale:	
Loans	16,160
Provisions (Note 37)	5,853
Financial leases	15
Suppliers	1,179
Other payables	46
Other liabilities	1,109
Total liabilities held for sale	24,362
Total net value	14,415
Share of non-controlling interests	7,207
Share of the Group	7,208
Estimated sale value (50%)	8,300

As at 31 December 2015, the assets held for sale are detailed as follows:

Limited Liability Company Cement	
Goodwill	11,643
Loan	16,072
Estimated Sale Value	22,572
Impairment loss (Note 15)	(5,143)

25. FINANCIAL ASSETS AVAILABLE FOR SALE

During the years ended on 31 December 2016 and 2015, the movements which occurred in the valuation of the financial assets available for sale, stated at their respective fair value, were as follows:

	2016	2015
Opening balance	30,427	59,887
Divestments during the year a)	(1,944)	(19,007)
Fair value reduction b)	(20,165)	(10,453)
Closing balance	8,318	30,427

As at 31 December 2016, the Group held 7,766,394 shares of Banco Comercial Português, S.A., corresponding to 0.82% of its share capital and voting rights, classified as financial assets available for sale.

As at 31 December 2015, the Group held 622,229,693 shares of Banco Comercial Português, S.A., corresponding to 1.15% of its share capital and voting rights, which were converted during 2016 to 8,296,394 shares.

a) During the years ended on 31 December 2016 and 2015, the presented values are detailed as as follows:

Divestments of shares of "Financial assets available for sale":

2016

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 530,000 shares of "Banco Comercial Português, S.A."	1,944	563	-	(1,381)	563
Total	1,944	563	-	(1,381)	563

2015

Description	Book value (a)	Sale value (b)	Fair value reserve in equity (c)	Capital gain (b-a+c)	Value received (Note 30)
Divestment of 2,420,000 shares of "Banco Bilbao Vizcaya Argentaria, S.A."	19,007	19,639	4,568	5,200	19,639
Total	19,007	19,639	4,568	5,200	19,639

b) During the years ended on 31 December 2016 and 2015, the presented values are detailed as as follows:

Impairment loss of "Financial assets available for sale":

2016

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through profit or loss (Note 15)
Impairment loss in the holding of "Banco Comercial Português, S.A."	(20,165)	-	(20,165)
Total	(20,165)	-	(20,165)

2015

Description	Impairment for the year		
	Total (Note 25)	Fair value reserve in equity	Loss through profit or loss (Note 15)
Impairment loss in the holding of "Banco Comercial Português, S.A."	(10,453)	-	(10,453)
Total	(10,453)	-	(10,453)

The financial assets available for sale, and their respective cost and market values, as at 31 December 2016 and 2015, are as follows:

	2016		2015	
	Cost value	Market value	Cost value	Market value
Banco Comercial Português, S.A.	686,652	8,318	739,822	30,427
	686,652	8,318	739,822	30,427

26. OTHER INVESTMENTS

As at 31 December 2016 and 2015, this heading includes investments in the following entities:

	Non-current		Current	
	2016	2015	2016	2015
Financial assets available for sale at cost a)				
Popular Republic of Angola Government Public Debt Securities	39,291	36,775	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	5,606	5,606	-	-
AEBT - Vias do Baixo Tejo, S.A.	5,378	5,373	-	-
JÚPITER - Indústria Hoteleira, S.A.	784	784	-	-
VOTORANTIM Macau Investimentos, S.A.	715	715	-	-
EIA - Ensino, Investigação e Administração, S.A.	624	300	-	-
MTS - Metro Transporte do Sul, S.A.	570	570	-	-
MATADOURO DE MACAU, S.A.R.L.	317	317	-	-
ILTA - Urbanizadora da Ilha de Tavira, S.A.	256	256	-	-
CPM - Companhia de Parques de Macau, S.A.R.L.	205	205	-	-
AEDL - Auto Estradas do Douro Litoral, S.A.	-	1,212	-	-
Other	219	255	-	-
	53,965	52,368	-	-
Financial assets available for sale at fair value				
COLT Resources Inc.	160	602	-	-
Other	-	-	-	35
	160	602	-	35
	54,125	52,970	-	35

a) This heading essentially includes investments in equity instruments that do not have a market price listed in an active market and whose fair value cannot be measured reliably. These investments are measured at their acquisition cost minus any accumulated impairment losses

Furthermore, during the years ended on 31 December 2016 and 2015, dividends were received from these investments to the value of 1,652 thousand euros and 815 thousand euros, respectively, which were recognised in the income statement for the year ended on that date (Note 15).

27. DEFERRED TAXES

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

For the years ended on 31 December 2016 and 2015, the movements which occurred in deferred tax assets and liabilities, according to the temporary differences which generated them, are as follows:

2016								
	Opening balance	Transfer to assets held for sale (Note 24)	Constitution		Reversal		Currency conversion & adjustments	Closing balance
			Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Deferred tax assets:								
Inventory impairments	217	(101)	121	-	(56)	-	(31)	150
Client bad debt impairments	55	(1)	2,958	-	(6)	-	1,342	4,348
Financial assets available for sale	136,101	-	4,630	-	(11,526)	-	481	129,686
Double international taxation credit	9,934	-	4,437	-	-	-	(4,145)	10,226
Tax losses carried forward	25,255	(923)	35,372	-	(8,230)	-	(19,804)	31,670
Provision for losses in works	771	-	107	-	(234)	-	(5)	639
Other	22,580	(1,293)	6,426	83	(4,811)	-	(1,517)	21,468
	194,913	(2,318)	54,051	83	(24,863)	-	(23,679)	198,187
Deferred tax liabilities:								
Future taxable earnings	1,426	-	170	-	(360)	-	49	1,285
Investment properties	48,587	-	15,279	-	(34)	-	(4,671)	59,161
Revaluation of tangible fixed assets	5,727	-	-	-	(410)	-	(964)	4,353
Other	3,279	-	4,615	-	-	-	647	8,541
	59,019	-	20,064	-	(804)	-	(4,939)	73,340

2015								
	Opening balance	Perimeter alteration (Note 5)	Constitution		Reversal		Currency conversion & adjustments	Closing balance
			Net income (Note 16)	Equity (Note 16)	Net income (Note 16)	Equity (Note 16)		
Deferred tax assets:								
Inventory impairments	128	-	98	-	-	-	(9)	217
Client bad debt impairments	172	(33)	32	-	(3)	-	(113)	55
Financial assets available for sale	133,767	-	2,349	-	-	(15)	-	136,101
Double international taxation credit	-	-	1,113	-	-	-	8,821	9,934
Tax losses carried forward	21,588	(4)	15,348	-	(5,425)	-	(6,252)	25,255
Provision for losses in works	1,616	-	204	-	(986)	-	(63)	771
Other	13,948	439	12,559	-	(1,270)	(513)	(2,583)	22,580
	171,219	402	31,703	-	(7,684)	(528)	(199)	194,913
Deferred tax liabilities:								
Future taxable earnings	1,513	-	581	-	(237)	-	(431)	1,426
Financial assets available for sale	736	-	-	-	-	(824)	88	-
Investment properties	45,819	(45)	1,614	-	(1,095)	-	2,294	48,587
Revaluation of tangible fixed assets	5,733	(47)	87	-	(39)	(11)	4	5,727
Other	2,279	-	1,102	-	326	(398)	(30)	3,279
	56,080	(92)	3,384	-	(1,045)	(1,233)	1,925	59,019

According to the tax returns of the companies that recorded deferred tax assets due to tax losses as at 31 December 2016 and 2015, they were carried forward as follows:

	2016			2015		
	Tax loss	Deferred tax assets	Deadline for use	Tax loss	Deferred tax assets	Deadline for use
Generated in 2012	15,189	3,676	2017	27,230	6,020	2017
Generated in 2013	14,316	2,544	2018	28,438	7,276	2018
Generated in 2014	1,714	574	2026	12,477	3,229	2026
Generated in 2015	19,255	6,048	2027	29,990	8,730	2027
Generated in 2016	87,796	18,828	2028	-	-	-
	138,270	31,670		98,135	25,255	

Furthermore, as at 31 December 2016 and 2015, the tax losses and credits for which no deferred tax assets were recorded as a precaution, are broken down as follows:

	2016			2015		
	Tax loss	Tax credit	Deadline for use	Tax loss	Tax credit	Deadline for use
Generated in 2012	-	-	-	2,922	614	2017
Generated in 2013	-	-	-	2,252	473	2018
Generated in 2014	-	-	-	1,162	244	2026
Generated in 2015	-	-	-	16,595	3,485	2027
Generated in 2016	4,965	1,490	2028	-	-	-
	4,965	1,490		22,931	4,816	

Deferred tax assets are only recorded insofar as it is considered that taxable profits are likely to occur in future taxation periods which may be used to recover the tax losses or deductible tax differences. This assessment was based on the business plans of the Group's companies, periodically reviewed and updated, and on the prospects of generating taxable earnings.

28. CLIENTS AND OTHER RECEIVABLES

As at 31 December 2016 and 2015, this heading was detailed as follows:

	Current		Non-current	
	2016	2015	2016	2015
Clients:				
Clients, current account	437,888	439,193	43,137	52,087
Clients - bad debt	33,441	56,488	-	-
	471,329	495,681	43,137	52,087
Impairment losses	(53,754)	(62,112)	-	-
Transfer to assets held for sale (Note 24)	(1,066)	-	-	-
	416,509	433,569	43,137	52,087
Other receivables:				
Staff	1,110	981	-	-
Other receivables	55,399	55,436	-	99
	56,509	56,417	-	99
Impairment losses	(968)	(509)	-	-
Transfer to assets held for sale (Note 24)	(889)	-	-	-
	54,652	55,908	-	99

During the years ended on 31 December 2016 and 2015, the movements which occurred in the impairment of the accounts receivable were as follows:

Accumulated impairment losses on clients and other receivables:	
Balance as at 31 December 2014	49,970
Perimeter alteration	(1,940)
Currency conversion adjustments	679
Reinforcements (Note 14)	26,121
Reversals (Note 8)	(12,035)
Adjustments	(174)
Balance as at 31 December 2015	62,621
Currency conversion adjustments	(17,912)
Reinforcements (Note 14)	20,244
Reversals (Note 8)	(6,498)
Adjustments	(3,733)
Transfer to assets held for sale	(654)
Balance as at 31 December 2016	54,068

The Group's exposure to credit risk (Note 43) is attributable to the accounts receivable from its operating activity. The balances shown in the statement of the financial position are net of impairment losses arising from bad debt which were estimated by the Group in accordance with its experience and based on its assessment of the economic situation and environment.

The Board of Directors believes that the book value of the accounts receivable corresponds to the best estimate of their fair value.

The Group has no significant concentration of credit risks, since it is diluted over a wide range of customers and other debtors.

29. RELATED PARTIES

The transactions and balances between "TD,S.A." and the companies of the Group included in the consolidation perimeter, which are related parties, were eliminated in the consolidation process and are not disclosed in the present note. The balances and transactions between the Group and associates and joint ventures, related parties and individuals with significant voting rights and their own companies, are detailed below.

The terms or conditions applied between these related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable transactions.

The main balances with related parties as at 31 December 2016 and 2015 can be detailed as follows:

Entity	Balance receivable		Balance payable		Loans granted		Other debts	
	2016	2015	2016	2015	2016	2015	2016	2015
AEBT - Auto Estradas do Baixo Tejo, S.A.	7	7	-	-	5,373	5,373	-	-
AEDL - Auto Estradas do Douro Litoral, S.A.	-	-	-	-	-	1,202	-	-
AVIA PORTUGAL, S.A.	11	-	-	-	-	-	-	-
CINTEL - Construção Interceptor Esgotos, S.A.	46	46	-	-	4	4	-	-
CONBATE, ACE	17	20	-	-	-	-	-	-
Consórcio Mineiro Luso Vargas - CONLUVAR	199	519	-	135	-	-	-	-
Consórcio OPSUT 2010	42	164	-	28	-	-	-	-
DOURO LITORAL, ACE	15	12	-	61	-	-	-	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	-	-	2	-	-	166	(269)
EIA - Ensino de Investigação e Administração, S.A.	-	9	-	-	-	-	-	(324)
GMP - Grupo Marítimo Português, ACE	53	106	-	10	-	-	-	-
GMP MEK - Grupo Marítimo Português Mers El Kibir, ACE	7	24	-	-	-	-	-	-
IMOC - Empreendimentos Imobiliários, S.A.R.L.	2,660	10,246	14	183	-	-	-	(126)
INVESTIPART - Participações e Investimentos, S.A.	-	3	-	-	-	-	-	-
Limited Liability Company Cement	-	-	-	-	-	16,072	-	-
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	153	-	-	-	150	150	-	-
METROLIGEIRO - Construção de Infraestruturas, ACE	11	11	-	-	-	-	-	-
Moreira e Cunha, Lda.	7	5	-	-	-	-	-	-
MTS - Metro Transportes do Sul, S.A.	-	-	-	-	740	740	-	-
NOVA ESTAÇÃO, ACE	1,023	1,017	-	60	7	-	-	-
Promociones Inmobiliárias 3003, C.A.	347	-	-	-	-	-	(36)	(32)
RPK Gulfstream, Ltd.	-	-	-	-	1,551	1,236	-	-
SOMAFEL/FERROVIAS, ACE	2	3	-	10	-	-	-	-
TDGISERV Services, LLC	-	-	44	-	-	-	-	-
TEIXEIRA DUARTE - SOPOL - Metro Superfície, ACE	7	6	-	58	-	-	-	-
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	-	-	-	35	-	-	-	-
	4,607	12,198	58	582	7,825	24,777	130	(751)

The main transactions carried out with related parties during the years ended on 31 December 2016 and 2015 were as follows:

Entity	Sales and services rendered		Purchases and services received		Interest debited	
	2016	2015	2016	2015	2016	2015
AEBT – Auto Estradas do Baixo Tejo, S.A.	22	32	-	-	-	-
AVIA PORTUGAL, S.A.	1	-	-	-	-	-
CONBATE, ACE	86	98	-	1	-	-
Consórcio Mineiro Luso Vargas – CONLUVAR	308	452	-	59	-	-
Consórcio OPSUT 2010	-	48	-	95	-	-
DOURO LITORAL, ACE	79	60	40	31	-	-
DOURO LITORAL OBRAS ESPECIAIS, ACE	-	-	-	2	-	-
GMP – Grupo Marítimo Português, ACE	43	48	-	-	-	-
GMP MEK – Grupo Marítimo Português Mers El Kibir, ACE	5	3	-	-	-	-
IMOC – Empreendimentos Imobiliários, S.A.R.L.	5,538	15,173	200	214	-	-
INVESTIPART – Participações e Investimentos, S.A.	-	3	-	-	-	-
Limited Liability Company Cement	-	-	-	-	972	1,768
LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.	904	-	-	-	-	-
METROLIGEIRO – Construção de Infraestruturas, ACE	20	22	-	-	-	-
Moreira e Cunha, Lda.	44	38	-	-	-	-
NOVA ESTAÇÃO, ACE	-	-	28	10	-	-
SOMAFEL/FERROVIAS, ACE	22	8	28	10	-	-
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	-	2	-	1	-	-
TEIXEIRA DUARTE – SOPOL – Metro Superfície, ACE	11	16	-	9	-	-
TDGISERV Services, LLC	1,512	-	-	-	-	-
	8,595	16,003	296	432	972	1,768

The remunerations of the members of the governing bodies of "TD, S.A. for the years ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Executive directors:		
Short term benefits	1,133	1,512
Supervisory board:		
Short term benefits	66	66
Chartered accountant:		
Short term benefits	61	61
	1,260	1,639

The remunerations of the members of the governing bodies of "TD, S.A. for the years ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Senior staff:		
Short term benefits	5,789	7,594
	5,789	7,594

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents

As at 31 December 2016 and 2015, the cash and cash equivalents were detailed as follows:

	2016	2015
Demand deposits	118,710	171,868
Term deposits	40,566	74,623
Other cash investments	19,012	2,518
Cash	2,620	3,684
	180,908	252,693

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

Cash flow from investment activities

The revenue derived from financial investments in the years ended on 31 December 2016 and 2015, refer to the divestment of holdings in the following entities:

	2016	2015
Limited Liability Company Cement	22,717	-
AEDL - Auto-Estradas do Douro Litoral, S.A.	2,491	-
Banco Comercial Português, S.A.	563	-
Banco Bilbao Vizcaya Argentaria, S.A.	-	48,315
PETRIN - Petróleos e Investimentos, S.A.	-	10,153
EVA - Sociedade Hoteleira, S.A.	-	7,627
ROCHORIENTAL - Sociedade Hoteleira, S.A.	-	3,318
LONGAVIA, S.A.	-	9,184
LONGAPAR - Sociedade Gestora de Participações Sociais, S.A.	-	2,315
	25,771	80,912

The payments relative to financial investments during the years ended on 31 December 2016 and 2015 refer to the acquisition of equity interests in the following entities:

	2016	2015
TDGISERV Services, LLC	531	-
Alvorada Petróleos, S.A.	12	-
Banco Bilbao Vizcaya Argentaria, S.A.	-	24,064
Other	5	-
	548	24,064

The dividends received in the years ended on 31 December 2016 and 2015, were as follows:

	2016	2015
LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.	1,310	150
CPM - Companhia de Parques de Macau, S.A.R.L.	342	251
Banco Bilbao Vizcaya Argentaria, S.A.	-	214
Other	-	398
	1,652	1,013

31. OTHER CURRENT AND NON-CURRENT ASSETS

As at 31 December 2016 and 2015, the other current and non-current assets were detailed as follows:

	Current		Non-current	
	2016	2015	2016	2015
State and other public entities:				
Corporate Income Tax (IRC)	11,819	8,971	-	-
Value Added Tax	12,202	15,179	-	-
	24,021	24,150	-	-
Associates, participated companies and other shareholders:				
Associates	1,609	1,541	-	-
Participated companies	543	620	627	951
Other shareholders	83	-	-	1
	2,235	2,161	627	952
Accrued income:				
Interest receivable	1,662	601	-	-
Values to be invoiced (Note 32)	80,768	124,780	-	-
Other accrued income	33,076	46,043	-	-
	115,506	171,424	-	-
Deferred costs:				
Insurance paid in advance	2,958	2,983	-	-
Interest payable	22	81	-	-
Other deferred costs	6,794	24,552	26	290
	9,774	27,616	26	290
Other current assets:				
Advances to suppliers	28,121	51,187	-	-
	179,657	276,538	653	1,242

32. CONSTRUCTION CONTRACTS

For the years ended on 31 December 2016 and 2015, the costs and income recognised relative to construction contracts in progress were as follows:

	2016	2015
Net income:		
Issued invoices	501,639	732,132
Change in:		
- Deferred income - works (Note 40)	48,390	(58,843)
- Accrued income - works (Note 31)	(44,012)	(16,709)
	506,017	656,580
Net costs:		
Invoiced costs	492,837	661,136
Change in:		
- Provisions for guarantees (Note 37)	(5,829)	142
- Provisions for future losses (Note 37)	(592)	(2,195)
	486,416	659,083
Calculated earnings (Note 7):	19,601	(2,503)

Additionally, as at 31 December 2016 and 2015, the withholdings made by customers relative to construction contracts amounted to 3,981 thousand euros and 4,127 thousand euros, respectively.

33. CAPITAL

As at 31 December 2016 and 2015, the underwritten and paid-up share capital was represented by 420,000,000 shares with the nominal value of 0.50 euro each.

As at 31 December 2016 and 2015, TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A. directly held 203,520,000 shares representing the share capital of Teixeira Duarte, S.A., corresponding to 48.46% of its share capital.

34. RESERVES AND RETAINED EARNINGS

Legal reserve: Pursuant to the current legislation, the Company is obliged to transfer at least 5% of its annual net income to the legal reserve, until it reaches at least 20% of the share capital. This reserve is not distributable to shareholders, but may be used to absorb losses, after all other reserves have been depleted, or to increase the capital.

Fair value reserve: The fair value reserve represents the difference between the cost value and market value of the financial assets available for sale, not yet recognised in the income statement.

Free reserves: The free reserves are available for distribution, under the terms and within the limits established in the Commercial Companies Code.

Hedge operation reserve: As described in Note 2.16 g), the hedge operation reserve reflects the effective component (net of the tax effect) of the changes in the fair value of derivative financial instruments classified as cash flow.

35. NON-CONTROLLING INTERESTS

The movements under this heading during the years ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Opening balance	50,290	27,058
Perimeter alterations	-	(190)
Currency conversion adjustments	(16,116)	43
Dividends	(348)	(1,596)
Other changes in the equity of the participated companies	1,848	18,219
Net income for the year attributable to non-controlling interests	13,367	6,756
Closing balance	49,041	50,290

36. LOANS

As at 31 December 2016 and 2015, the loans received were as follows:

	2016	2015
Non-current liabilities:		
Bank loans a)	202,194	217,980
Commercial paper b)	446,600	432,257
Debenture loan c)	15,300	15,300
	664,094	665,537
Current liabilities:		
Bank loans a)	545,306	617,139
Commercial paper b)	104,607	117,457
	649,913	734,596
	1,314,007	1,400,133

a) Bank loans

As at 31 December 2016, the internal bank loans, bank overdrafts and pledged current accounts earned interest at the weighted annual average rate of 4.49% (4.61% as at 31 December 2015).

As at 31 December 2016, the most significant bank loans contracted by the Group essentially correspond to:

Loan raised from Caixa Banco de Investimento, S.A. and Caixa Geral de Depósitos, S.A., contracted on 21 February 2008, of the value of 42,813 thousand euros on the closing date of December 2016, which will be repaid in 35 equal and successive six-monthly instalments, ending on 10 December 2033.

Loan raised by the Group from Caixa Geral de Depósitos, S.A., of the value of 25,120 thousand euros on the closing date of December 2016, which will be repaid in 84 equal and successive monthly instalments, ending on 30 December 2023.

Loan raised from Banco Caixa Geral Angola, contracted on 21 December 2011, of the value of 4,861 thousand euros on the closing date of December 2016, which will fall due on 28 February 2019.

Loan raised from Banco BIC Angola, contracted on 9 October 2012, of the value of 4,594 thousand euros on the closing date of December 2016, which will fall due on 5 December 2019.

Loan raised from Banco BIC Angola, contracted on 9 October 2012, of the value of 11,858 thousand euros on the closing date of December 2016, which will fall due on 13 December 2019.

Loan raised from Banco Privado Atlântico de Angola, contracted on 12 October 2012, of the value of 3,445 thousand euros on the closing date of December 2016, which will fall due on 18 October 2017.

Loan raised from Banco Popular Portugal, S.A, contracted on 13 December 2012, of the value of 1,847 thousand euros on the closing date of December 2016. The loan earns interest calculated based on the simple arithmetic average of the daily rates of the three-month Euribor in force in the month prior to the beginning of each quarterly period, and is valid for three years. The principal will be repaid over the enforcement period of the contract in quarterly instalments, with the last being on 13 March 2019.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 29 August 2013, of the value of 2,322 thousand euros on the closing date of December 2016, which will fall due on 20 May 2017.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 30 August 2013, of the value of 6,156 thousand euros on the closing date of December 2016, which will fall due on 20 November 2017.

Loan raised from Banco Caixa Geral Angola, contracted on 23 January 2014, of the value of 7,830 thousand euros on the closing date of December 2016, which will fall due on 30 April 2021.

Loan raised from Banco Angolano de Investimento, contracted on 20 February 2014, of the value of 17,502 thousand euros on the closing date of December 2016, which will fall due on 16 June 2021.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 30 April 2014, of the value of 6,991 thousand euros on the closing date of December 2016, which will fall due on 25 May 2018.

Loan raised from Banco Itaú Unibanco, S.A., contracted on 29 August 2014, of the value of 7,060 thousand euros on the closing date of December 2016, which will fall due on 20 November 2018.

Loan raised from Banco BIC Angola, contracted on 22 September 2014, of the value of 10,200 thousand euros on the closing date of December 2016, which will fall due on 13 December 2021.

Loan raised from Banco do Brasil S.A., contracted on 17 August 2014, of the value of 2,600 thousand euros on the closing date of December 2016, which will be repaid six-monthly with the value of 1,300 thousand euros.

Loan raised from Caixa Económica Montepio Geral, contracted on 23 October 2014, of the value of 7,834 thousand euros on the closing date of December 2016, which will be repaid in 81 constant and successive six-monthly instalments of principal and interest after a period of grace, ending on 23 October 2023.

Loan raised from Caixa Económica Montepio Geral, contracted on 23 October 2014, of the value of 1,954 thousand euros on the closing date of December 2016, which will be repaid in 34 constant and successive six-monthly instalments, ending on 23 October 2019.

Loan raised from Banco BANRISUL, S.A. contracted on 24 November 2014, of the value of 230 thousand euros on the closing date of December 2016, which will fall due on 27 June 2018.

Loan raised from Banco BANRISUL, S.A. contracted on 24 November 2014, of the value of 301 thousand euros on the closing date of December 2016, which will fall due on 27 June 2018.

Loan raised from Banco Caixa Geral Angola, contracted on 31 December 2014, of the value of 5,808 thousand euros on the closing date of December 2016, which will fall due on 31 December 2021.

Loan raised from Novo Banco, S.A., contracted on 26 January 2015 of the value of 28,187 thousand euros on the closing date of December 2016, repaid on a six-monthly basis in amounts varying between 1,500 thousand euros and 2,750 thousand euros, starting on 31 March 2017, with the last instalment of 16,500 thousand euros falling due on 30 December 2019.

Loan raised from Banco Caixa Geral, S.A., contracted on 13 May 2015, of the value of 2,260 thousand euros on the closing date of December 2016, which will fall due on 28 January 2017.

Loan raised from Novo Banco, S.A., contracted on 20 May 2015, of the value of 8,400 thousand euros on the closing date of December 2016, which will be repaid in 7 quarterly instalments, starting on 30 September 2015.

Loan raised from Banco Brandesco, contracted on 26 June 2015, of the value of 4,573 thousand euros on the closing date of December 2016, which will fall due on 20 August 2018.

Loan raised from Banco Caixa Geral Angola, contracted on 26 November 2015, of the value of 11,916 thousand euros on the closing date of December 2016, which will fall due on 29 June 2020.

Loan raised from Banco do Brasil S.A., contracted on 22 January 2016, for 3 years, of the value of 3,500 thousand euros on the closing date of December 2016, which will be repaid annually with the value of 1,167 thousand euros.

Loan raised from Caixa Geral de Depósitos, S.A. contracted on 29 February 2016, of the value of 1,847 thousand euros on the closing date of December 2016, whose current principal shall be repaid on 31 March 2017.

Loan raised from Banco Comercial Português, S.A., contracted on 29 March 2016, of the value of 10,000 thousand euros on the closing date of December 2016, which will be repaid in successive six-monthly instalments in arrears, starting on 29 March 2017, with the last being on 20 February 2023.

Loan raised from Novo Banco, S.A., contracted on 26 April 2016, of the value of 7,000 thousand euros on the closing date of December 2016, which will fall due on 31 March 2017.

Credit opening contract concluded on 17 June 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A., of the value of 8,708 thousand euros on the closing date of December 2016, distributed among these banks by 3,266 thousand euros, 2,325 thousand euros and 3,117 thousand euros, respectively, and in force up to 31 March 2017.

Loan raised from Banco Safra, contracted on 29 June 2016, of the value of 2,041 thousand euros on the closing date of December 2016, which will fall due on 31 July 2017.

Loan raised from Novo Banco, S.A., contracted on 30 June 2016, of the value of 2,448 thousand euros on the closing date of December 2016, which will fall due on 31 March 2017.

Loan raised from Novo BPI, S.A., contracted on 5 July 2016, of the value of 23,846 thousand euros on the closing date of December 2016, which will be repaid in 60 monthly instalments, starting on 5 December 2016.

Loan raised from Banco Caixa Económica Montepio Geral, contracted on 29 July 2016, intended to foster real estate construction to the maximum value of 7,500 thousand euros, with 2,043 thousand euros being used on the closing date of December 2016. The loan is for five years and shall be repaid with the product of the sales of the enterprise.

Loan raised from Banco Santander Totta, S.A., contracted on 1 August 2016, of the value of 2,493 thousand euros on the closing date of December 2016, which will be repaid in 23 monthly instalments.

Credit opening contract concluded on 12 August 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A., of the value of 39,315 thousand euros on the closing date of December 2016, distributed among these banks by 14,743 thousand euros, 10,497 thousand euros and 14,075 thousand euros, respectively, and in force up to 12 August 2017.

Loan raised from Banco BAI Europa, S.A., contracted on 22 September 2016 of the value of 3,235 thousand dollars, totally used on the closing date of December 2016, which corresponds to 3,069 thousand euros, to be repaid in 12 quarterly instalments of amounts varying between 100 thousand dollars and 350 thousand dollars, with the last being 1,224 thousand dollars.

Loan raised from Banco BAI Europa, S.A., contracted on 22 September 2016, of the value of 625 thousand euros on the closing date of December 2016, to be repaid in 6 equal and successive quarterly instalments, starting on 31 December 2016.

Factoring line with recourse from Novo Banco, S.A., of the value of 3,500 thousand euros, of which 2,191 thousand euros is being used on the closing date December 2016.

Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. and TEIXEIRA DUARTE - Engenharia e Construções, S.A., of the value of 1,121 thousand euros on the closing date of December 2016, which will be repaid in 42 monthly instalments.

Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. and TEIXEIRA DUARTE - Engenharia e Construções, S.A., of the value of 136 thousand euros on the closing date of December 2016, which will be repaid in 44 monthly instalments.

Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. and TEIXEIRA DUARTE - Engenharia e Construções, S.A., of the value of 509 thousand euros on the closing date of December 2016, which will be repaid in 43 monthly instalments.

Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. - E.F.C. and TEIXEIRA DUARTE - Engenharia e Construções, S.A., of the value of 248 thousand euros on the closing date of December 2016, which will be repaid in 43 monthly instalments.

Loan agreement for the acquisition of equipment, starting in July 2016, concluded between IBM Deutschland Kreditbank GmbH, Branch in Portugal and TEIXEIRA DUARTE - Engenharia e Construções, S.A., of the value of 98 thousand euros on the closing date of December 2016, which will be repaid in 3 quarterly instalments starting in November 2016.

Under a commercial discount line for abroad (Venezuela) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. with Caixa Geral de Depósitos, S.A. of the value of 3,440 thousand United States dollars, corresponding to 3,263 thousand euros on the closing date of December 2016.

Under a commercial discount line for abroad (Algeria) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. with Caixa Geral de Depósitos, S.A. of the value of 36,440 thousand euros, of which 32,823 thousand euros was being on the closing date of December 2016.

Under a commercial discount line for abroad (Angola) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A., TEIXEIRA DUARTE - Distribuição, S.A., EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A. and TDO - Investimento e Gestão, S.A., raised from Caixa Geral de Depósitos, S.A. of the value of 15,000 thousand euros, which was being used, on the closing date of December 2016, by the first three companies to the value of 1,807 thousand euros, 1,740 thousand euros and 4,378 thousand euros, respectively.

Under a commercial discount line for abroad (Angola) granted by TEIXEIRA DUARTE - Distribuição, S.A., with Banco Privado Atlântico Europa of the value of 4,000 thousand euros, which was used entirely on the closing date of December 2016.

Under a credit line, granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. - Venezuela Branch, on 29 July 2013, with CorpBanca, C.A. (which was extinguished as a consequence of its merger by incorporation into Banco Occidental de Descuento, S.A.C.A.), of the maximum amount of 100,000 thousand Venezuelan bolivars, increased to 200,000 thousand Venezuelan bolivars, in May 2014, with approval, in November 2014, of a new extension up to 300,000 thousand Venezuelan bolivars, used to the value of 324,500 thousand Venezuelan bolivars on the closing date of December 2016 which, at the closing exchange rate of December 2016, corresponds to 457 thousand euros.

Under a credit line, granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. - Venezuela Branch, with Mercantil, C.A. Banco Universal, on 4 April 2013, of the maximum amount of 150,000 thousand Venezuelan bolivars, increased in May 2014 to a maximum limit of 300,000 thousand Venezuelan bolivars, with approval, in April 2015, of a new extension up to 400,000 thousand Venezuelan bolivars, used to the value of 150,000 thousand Venezuelan bolivars on the closing date of December 2016 which, at the closing exchange rate of December 2016, corresponds to 211 thousand euros.

Under a formalised credit line, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Venezuela Branch in May 2014, with Banesco Universal, C.A. with a maximum limit of 200,000 thousand Venezuelan bolivars, used to the value of 50,000 thousand Venezuelan bolivars on the closing date of December 2016 which, at the closing exchange rate of December 2016, corresponds to 70 thousand euros.

All the credit lines granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Venezuela Branch are negotiated and renegotiated for periods of 12, 18 or 24 months and the amounts used under them earn interest at normal rates for identical operations on the local market, at the dates of their use, which are charged on a monthly, quarterly or six-monthly basis, accordingly.

As at 31 December 2016 and 2015, the bank loans also included the pledged accounts of the value of 368,586 thousand euros and 456,648 thousand euros, respectively.

b) Commercial paper

As at 31 December 2016, the Group had negotiated the following commercial paper programmes:

Grouped commercial paper issue programme contracted with Haitong Bank S.A. and Novo Banco, S.A. on 16 December 2005, of the value of 100,000 thousand euros, corresponding to 42,500 thousand euros on the closing date of December 2016, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by 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, counted as of the contract signing date. The issue periods are from 1 to 6 months and earn interest in advance at the Euribor rate of the period plus a spread of 3%, with the repayment of the last issue being on 20 August 2018. This programme establishes repayments of 5,000 thousand euros on 20 August 2017 and 20 February 2018, and settlement of the remaining value on the repayment date of the last issue of the programme.

Commercial paper issue programme contracted with Banco Comercial Português, S.A. on 20 August 2008, of 17,000 thousand euros on the closing date of December 2016, with annual renewal. The interest is earned in arrears, with the rate being indexed to the three-month Euribor plus a spread of 5.75% determined according to each issue date.

Commercial paper issue programme contracted with Banco Comercial Português, S.A. on 20 August 2008, of 3,500 thousand euros on the closing date of December 2016, which is being used to the value of 2,000 thousand euros on the closing date of December 2016, with annual renewal. The interest is earned in arrears, with the rate being indexed to the three-month Euribor plus a spread of 5.75% determined according to each issue date.

Grouped programme for commercial paper issues contracted with Caixa Geral de Depósitos, S.A. on 7 July 2010, of the value of 70,000 thousand euros, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, with the entire amount being used by TEIXEIRA DUARTE – Engenharia e Construções, S.A. The participation of each company in each programme may vary each time it is used. The programme was renewed on 12 May 2014 up to 14 May 2019, for the amount of 50,000 thousand euros, currently with the value of 40,000 thousand euros on the closing date of December 2016. A repayment will be made on 18 January 2017 followed by annual repayments starting on 16 May 2017. The interest is earned in advance on each subscription date, with the intervention rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus 4% from 14 May 2016, and 3.75% for the remaining period of the programme, and determined according to each auction date.

Grouped programme for commercial paper issues, through private subscription, contracted on 14 January 2011 with Banco Comercial Português, S.A., of the total value of 53,400 euros, with 20,750 thousand euros being used on the closing date of December 2016, in which TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, to the amounts of 18,675 thousand euros and 2,075 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. Interest is payable in arrears and the intervention rate is indexed to one to six-month Euribor by competitive auction of 7 to 180 days by direct placement plus 4% and determined in accordance with the date of each auction, with the repayment of the last issue taking place on 6 January 2021.

Grouped programme for commercial paper issues, through private subscription, contracted on 28 December 2011 with Banco Comercial Português, S.A., of the total value of 53,400 euros, with 20,750 thousand euros being used on the closing date of December 2016, in which TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A., and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. take part, to the amounts of 1,000 thousand euros, 1,000 thousand euros and 51,400 thousand euros, respectively. Each of the issues must necessarily be carried out together by all the issuers and the participation of each issuer cannot be less than 250 thousand euros. The programme shall be enforced up to 30 December 2021, with the first repayment being on 30 March 2016 of the value of 9,000 thousand euros and the rest six-monthly of amounts varying between 3,300 thousand euros and 4,500 thousand euros, except for the last which shall be 8,400 thousand euros. The applicable interest rate is the Euribor for each issue period, in force on the second business day prior to its beginning, increased by a spread of 4.25%.

Grouped commercial paper issue programme contracted on 30 December 2013 with Novo Banco, S.A. and Haitong Bank, S.A., of the value of 191,250 thousand euros on the closing date of December 2016, granted by the issuers TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., and by the guarantors TEDAL – Sociedade Gestora de Participações Sociais, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A., QUINTA DO CRAVEL – Imobiliária, S.A., and V8 – Gestão Imobiliária, S.A., which is being entirely used by TEIXEIRA DUARTE – Engenharia e Construções, S.A. The participation of each company in each programme may vary in each of its issues. The duration of the programme is five years minus one day, counted as of the contract signing date, the interest falls due in

advance, 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 5% and determined according to the date of each auction, with the repayment of the last issue being on 29 December 2018. The Programme shall be subject to partial repayments, on a six-monthly basis, with 8,350 thousand euros on 30 June 2017, and the remaining value being paid on the reimbursement date of the last issue of the programme.

Grouped commercial paper issue programme contracted on 2 May 2014 with Banco Finantia, S.A., of the value of 10,000 thousand euros, granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. and TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., of which, on the closing date of December 2016, 1,050 thousand euros is being used by TEIXEIRA DUARTE - Engenharia e Construções, S.A., and where the participation of each issuer may vary upon each issue. The duration of the programme is up to 2 May 2017, and the issue period may vary from 7 to 365 days. Interest is payable in arrears at the rate corresponding to direct placement, never below the maximum rate indicated by the issuer.

Grouped programme for commercial paper issues, contracted on 27 June 2014 with Banco Comercial Português, S.A., of the total value of 55,000 euros, with 50,000 thousand euros being used on the closing date of December 2016, granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A. and TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. The programme has a duration of 5 years, and the issue period may vary from one to three months. Interest is payable in arrears at the rate corresponding to the Euribor applicable to the issue period plus 6%. The Programme shall be subject to partial repayments, with the first being 6,000 thousand euros on 27 March 2017, and the remaining six-monthly starting on 27 June 2017 of a variable amount between 2,000 thousand euros and 5,000 thousand euros, and the remaining value being paid on the reimbursement date of the last issue of the programme.

Grouped programme for commercial paper issues contracted on 18 November 2014 with Banco BIC Português, S.A. of the value of 5,000 thousand euros, granted by TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE - Engenharia e Construções, S.A. and TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. The programme is valid up to 2 January 2020, and the issue period may vary from one to six months. Interest is payable in arrears at the rate corresponding to the Euribor applicable to the issue period plus 3.25%.

Grouped programme for commercial paper contracted on 28 December 2011, with Novo Banco, S.A. corresponding to the value of 97,000 thousand euros on the closing date of December 2016, in which TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE - Engenharia e Construções, S.A. and TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. take part to the amounts of 9,700 thousand euros, 9,700 thousand euros and 77,600 thousand euros, respectively. The participation of each company in the programme may vary in each of its issues. The duration of the programme is five years, counted as of the contract signing date, the interest falls due in advance, 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 5% and determined according to the date of each auction, with the repayment of the last issue being on 6 November 2018. The Programme shall be subject to partial repayments, with the first being 3,400 thousand euros on 6 May 2017, and the remaining six-monthly starting on 27 June 2017 of a variable amount between 2,350 thousand euros and 2,900 thousand euros, and the remaining value being paid on the reimbursement date of the last issue of the programme.

Grouped programme for commercial paper issues contracted with Novo Banco, S.A. on 14 January 2016 of the value of 34,000 thousand euros, in which TEIXEIRA DUARTE, S.A. and TEIXEIRA DUARTE - Engenharia e Construções, S.A. take part. The duration of the programme is four years and shall be subject to partial repayments, with the first being on 14 July 2017 and the remaining six-monthly of a variable amount between 900 thousand euros and 2,000 thousand euros, and the remaining value being paid on the reimbursement date of the last issue of the programme. The interest is earned in advance on each subscription date, with the intervention rate being indexed to the Euribor for the respective period, in force on the second business day prior to each subscription date, plus 3% and determined in accordance with the date of each auction.

As a result of the commitment of successive renewal during the programme contract period, some existing issues as at 31 December 2016 and 2015 are classified as non-current liabilities.

c) Debenture Loan

TEIXEIRA DUARTE - Engenharia e Construções, S.A. and TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. have signed, with Banco Comercial Português, S.A., a Contract for Provision of Services of Assistance and Placement of a Private Offer of Issue of Bonds, as well as the Contract of Paying Agent relative to the Grouped Issue by Private Subscription of Bonds of the value of 15,300 thousand euros (1,500 thousand euros of TEIXEIRA DUARTE - Engenharia e Construções, S.A. and 13,800 thousand euros of TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A.) called "TEIXEIRA DUARTE - Engenharia e Construções, S.A. / TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. - 2014/2021". The interest is paid quarterly at the rate of 4.57% and the repayment is made at par value in three instalments of equal amount which fall due on 2 April 2019, 2 April 2020 and 2 April 2021.

As at 31 December 2016 and 2015, the repayment of the non-current bank loans is defined as follows:

	2016	2015
2017	-	91,846
2018	301,405	267,496
2019	112,117	90,634
2020	143,351	85,220
2021	64,145	40,555
2022 and following	43,076	89,786
	664,094	665,537

As at 31 December 2016 and 2015, the funding in foreign currency was expressed in the following currencies:

Currency	2016		2015	
	Currency	Euros	Currency	Euros
Venezuelan Bolivar	3,390,426	4,774	3,511,491	16,233
US Dollar	9,815	9,311	28,442	26,125
Japanese Yen	-	-	4,671	35
Angolan Kwanza	17,515,311	94,947	22,118,694	149,621
Mozambican Metical	-	-	5	-
Columbian Peso	1,795	1	-	-
Brazilian Real	109,775	32,000	130,074	30,168

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

37. PROVISIONS

The movement in the accumulated provisions during the years ended on 31 December 2016 and 2015 was as follows:

	Provisions for legal and tax risks	Other provisions related to the staff	Bonds to clients (Note 32)	Lawsuits	Losses in works (Note 32)	Other provisions for risks and charges	Total
Balance as at 31 December 2014	457	9,224	23,353	1,765	5,234	22,062	62,095
Currency conversion adjustments	7	-	721	(465)	(158)	(827)	(722)
Reinforcements	-	5,709	1,512	855	906	9,390	18,372
Reductions	-	-	(1,585)	(461)	(2,872)	(11,847)	(16,765)
Uses	(464)	(7,602)	(506)	(4)	-	(1,963)	(10,539)
Transfers	-	-	-	71	(71)	-	-
Balance as at 31 December 2015	-	7,331	23,495	1,761	3,039	16,815	52,441
Currency conversion adjustments	-	-	(1,885)	(14)	(6)	(612)	(2,517)
Reinforcements	-	2,543	774	119	793	17,971	22,200
Reductions	-	(1,908)	(4,293)	(425)	(1,534)	(5,274)	(13,434)
Uses	-	(3,608)	(425)	-	-	696	(3,337)
Transfers	-	-	-	(230)	155	(5,925)	(6,000)
Transfer to assets held for sale (Note 24)	-	-	-	(1,204)	-	(4,649)	(5,853)
Balance as at 31 December 2016	-	4,358	17,666	7	2,447	19,022	43,500

The reinforcement of the other provisions for risks and charges of the value of 17,971 thousand euros, includes a general provision of 8.613 thousand euros, to meet possible risks that might materialise in the geographic areas of higher operating risk (Angola, Algeria and Venezuela).

The reinforcements and reductions were made against:

	2015			2015		
	Reinforce-ments	Reductions	Total	Reinforce-ments	Reductions	Total
Net income for the year:						
Provisions	17,110	(11,494)	5,616	12,501	(7,669)	4,832
Staff costs	2,543	(1,908)	635	5,818	-	5,818
Earnings from associates and joint ventures	2,222	(32)	2,190	53	(9,038)	(8,985)
Other operating costs	110	-	110	-	-	-
Equity	215	-	215	-	(58)	(58)
	22,200	(13,434)	8,766	18,372	(16,765)	1,607

As at 31 December 2015, the heading of "Provisions and impairment losses in depreciable and amortisable assets and Goodwill" included an impairment loss of 7,806 thousand euros relative to the participated company "C+P.A. - Cimento e Produtos Associados, S.A.".

38. SUPPLIERS AND OTHER PAYABLES

As at 31 December 2016 and 2015, these headings were detailed as follows:

	Current		Non-current	
	2016	2015	2016	2015
Other payables	33,096	34,246	68	113
Suppliers				
Suppliers, current account	121,371	193,896	-	-
	121,371	193,896	-	-

39. FINANCIAL LEASES

As at 31 December 2016 and 2015, the total net value of the assets acquired under finance leases amounted to:

	2016	2015
Land and natural resources	92	-
Buildings and other constructions	231,680	208,011
Basic equipment	9,400	12,976
Transport equipment	5,352	6,148
Tools and utensils	198	434
Administrative equipment	201	238
Other tangible fixed assets	1,171	1,308
	248,094	229,115

As at 31 December 2016 and 2015, the present value of the minimum financial lease payments fell due as follows:

	2016	2015
2016	-	18,913
2017	20,807	17,729
2018	20,182	16,650
2019	18,420	14,470
2020	17,310	12,251
After 2020	98,392	94,789
	175,111	174,802

As at 31 December 2013, the Group had contracted a sale and leaseback operation involving the Lagoas Park enterprise, which is essentially recorded as an investment property (Note 22). The ownership of lots 7, 8, 9, 10, 11, 12, 15, 16 and 23 of this enterprise was transferred in order to secure this operation.

The finance lease contracts earn interest at market rates and have a defined duration.

The financial liabilities due to leases are secured by the ownership of the leased assets.

40. OTHER CURRENT AND NON-CURRENT LIABILITIES

As at 31 December 2016 and 2015, these headings were detailed as follows:

	Current		Non-current	
	2016	2015	2016	2015
State and other public entities:				
Income Tax Withholdings	2,546	4,326	-	-
Value Added Tax	16,669	20,859	-	-
Social Security Contributions	4,607	4,019	-	-
Other	3,539	3,100	-	-
	27,361	32,304	-	-
Associates, participated companies and other shareholders:				
Associates	166	-	-	-
Participated companies	123	364	-	-
Other shareholders	1	3	-	1
	290	367	-	1
Accrued costs:				
Insurance payable	158	(3)	-	-
Remunerations payable	14,837	27,669	-	-
Interest payable	2,819	3,374	-	-
Other costs payable	47,602	33,387	-	-
	65,416	64,427	-	-
Deferred income:				
Work invoiced and not executed (Note 32)	62,938	111,328	-	-
Other deferred income	10,154	11,449	-	1,806
	73,092	122,777	-	1,806
Other:				
Advances from clients	76,197	136,895	51,066	53,879
Advances on sales	370	370	-	-
Derivative financial instruments (Note 41)	1,051	1,044	15,464	15,094
	77,618	138,309	66,530	68,973
	243,777	358,184	66,530	70,780

41. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2016 and 2015, the Group had contracted a derivative financial instrument to minimise the risks of exposure to changes in interest rate, consisting of an interest rate swap contract.

These instruments are contracted by considering the risks affecting the assets and liabilities and after checking which instruments available on the market are the most appropriate to cover these risks.

These operations, the contracting of which is subject to prior approval by the Board of Directors, are permanently monitored, particularly through the analysis of various indicators relative to these instruments, mainly the trend of their market value and sensitivity of the forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects.

Derivative financial instruments are recorded in accordance with the provisions of "IFRS 9" and measured at fair value, which is based on assessments made by financial institutions. The existing derivative financial instrument as at 31 December 2016 and 2015 was assessed by an independent company external to the Group through appropriate methodologies and techniques, commonly used by the experts for each type of instrument contracted by the Group.

These are qualified as hedge instruments or instruments held for trading, pursuant to the provisions in "IFRS 9".

Derivative financial instruments qualified as hedges

As at 31 December 2016 and 2015, an interest rate swap had been contracted at a fixed rate, which will fall due on 1 July 2033, for the purpose of hedging against the risk of interest rate volatility of the loan contracted with Caixa Banco de Investimento, S.A. and Caixa Geral de Depósitos, S.A. indicated in Note 36.

The fair value of this instrument as at 31 December 2016 and 2015 reached 16,515 thousand euros and 16,138 thousand euros, respectively, unfavourable to the Group, which is recognised in the heading "Other non-current liabilities" (Note 40).

In view of the provisions of IFRS 9, this instrument was initially recorded as a trading derivative financial instrument since it does not meet all of the requirements for the application of hedge accounting. Up to 31 December 2009, the changes in the fair value of this trading instruments were recorded directly in the income statements of the periods when they occurred.

As of 1 January 2010, these requirements were met and, therefore, the derivative was then recorded as a cash flow hedge. Hence, during the years ended on 31 December 2016 and 2015, the effective component of the change of the hedging instrument was recognised in the Hedge operation reserve, at the value of (287) and 1,768 thousand euros, net of the tax effect, respectively.

The main information underlying the determination of the fair value of this instrument as at 31 December 2016 was as follows:

Days	Euribor	Dates	Updating Factor	Days	Euribor	Dates	Updating Factor
1	-0.50000%	03/01/2017	1.0000556	6940	1.16450%	03/01/2036	0.7961179
31	-0.36800%	03/02/2017	1.0003726	7307	1.17625%	05/01/2037	0.7847779
91	-0.31900%	03/04/2017	1.0008537	7671	1.19600%	04/01/2038	0.7719563
182	-0.22100%	03/07/2017	1.0011680	8036	1.20450%	03/01/2039	0.7611921
366	-0.08200%	03/01/2018	1.0008877	8401	1.21450%	03/01/2040	0.7500990
731	-0.16000%	03/01/2019	1.0032622	8766	1.22050%	03/01/2041	0.7398345
1098	-0.10625%	03/01/2020	1.0032509	9134	1.22450%	03/01/2042	0.7300423
1462	-0.02200%	04/01/2021	1.0009380	9498	1.23500%	05/01/2043	0.7188004
1827	0.08000%	03/01/2022	0.9960520	9862	1.23500%	04/01/2044	0.7100556
2192	0.18775%	03/01/2023	0.9888033	10227	1.23500%	03/01/2045	0.7014172
2557	0.31950%	03/01/2024	0.9777832	10593	1.23600%	03/01/2046	0.6926146
2922	0.43600%	03/01/2025	0.9654527	10958	1.24400%	03/01/2047	0.6821389
3289	0.55500%	05/01/2026	0.9507026	11325	1.24325%	03/01/2048	0.6737624
3653	0.66100%	04/01/2027	0.9351127	11689	1.24250%	04/01/2049	0.6654659
4018	0.76220%	03/01/2028	0.9181908	12054	1.24175%	03/01/2050	0.6573164
4383	0.84900%	03/01/2029	0.9012167	12419	1.24100%	03/01/2051	0.6492445
4749	0.91675%	03/01/2030	0.8852142	12784	1.24600%	03/01/2052	0.6535021
5116	0.97875%	03/01/2031	0.8689426	13149	1.23890%	02/01/2053	0.6578378
5480	1.03785%	05/01/2032	0.8521326	13514	1.23808%	02/01/2054	0.6620887
5844	1.08100%	03/01/2033	0.8369850	13879	1.23740%	02/01/2055	0.6662579
6210	1.11475%	03/01/2034	0.8227225	14244	1.23684%	02/01/2056	0.6730932
6575	1.14350%	03/01/2035	0.8088992	14609	1.23650%	01/01/2057	0.6800562

42. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

Following various inspections relative to 2007 to 2012 conducted by the Taxation and Customs Authority (AT) on the accounts of TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., a company 100% held directly by the "TD, SA", the following corrections were made to the tax losses that had initially been reported by this participated company:

Year	Calculated tax loss	AT correction
2007	46,632	29,331
2008	50,590	45,938
2009	50,182	24,807
2010	18,165	6,467
2011	12,779	3,213
2012	13,294	3,971

With the exception of the amounts of 611 and 1,666 thousand euros, included in the correction to the tax loss for 2008 and 2012, respectively (and relative, according to the AT, to the undue application of number 10 of article 22 of the EBF to the distribution of income by the TDF Closed Real Estate Investment Fund), these corrections arise entirely from the non-acceptance, as a tax cost, of the financial costs incurred with the investment made in participated companies in the form of additional paid-in capital.

Since TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A. is subject to corporate income tax (IRC) in accordance with the special taxation scheme for groups of companies (RETGS) (article 69 and following of the IRC Code), the corrections to the tax losses for the periods of 2007 to 2011 were subject to additional IRC tax assessments and compensatory interest issued to TEIXEIRA DUARTE - Engenharia e Construções, S.A., a subsidiary 100% directly held by TEIXEIRA DUARTE, S.A., as the controlling company of the RETGS for those financial years. TEIXEIRA DUARTE - Engenharia e Construções, S.A. objected, under the terms of the law, to the corrections made by the Taxation and Customs Authority (AT) for the periods of 2007 to 2011.

The correction of the period of 2012 led to the additional assessment of corporate income tax and compensatory interest issued to "TD,SA", in its capacity of controlling company, which it legally contested, under the terms of the law.

Notwithstanding the unfavourable outcome to the claims of TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., and, consequently, TEIXEIRA DUARTE - Engenharia e Construções, S.A., as the controlling company, under the proceedings relative to the period of 2006 on the acceptance, as a tax cost, of the financing costs incurred with the investment made in participated companies in the form of additional paid-in capital, the Board of Directors continues to expect a different outcome for the other periods subject to corrections.

In addition to the corrections described above relative to the participated company TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., the following correction was made by the AT to TEIXEIRA DUARTE - Engenharia e Construções, S.A., in an individual capacity:

- Correction of the taxable amount calculated for the period of 2008, amounting to 35,467 thousand euros, of which the Company objected to 32,595 thousand euros, related to tax credit, the system of re-investment of tax gains and the undue application of number 10 of article 22 of the EBF.

Guarantees:

As at 31 December 2016 and 2015, the companies included in the consolidation perimeter had provided the following guarantees to third parties:

	2016	2015
Bank guarantees provided	360,847	483,912
Fidelity insurance	268,725	193,160

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

TEIXEIRA DUARTE - Engenharia e Construções, S.A., EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., SOMAFEL - Engenharia e Obras Ferroviárias, S.A., RECOLTE, Serviços e Meio Ambiente, S.A., RECOLTE, Servicios y Medioambiente, S.A.U., EMPA - Serviços de Engenharia, S.A., and Consórcio Boyacá - La Guaira, have provided fidelity insurance in order to guarantee the good implementation of works and services rendered.

For the effect of suspension of the tax enforcement proceedings filed against the participated company TEIXEIRA DUARTE - Engenharia e Construções, S.A., relative to the

corporate income tax debt for the period of 2008, whose assessments were contested, bank guarantees were Issued in favour of the AT, of a total amount in excess of 27,546 thousand euros.

For the effect of suspension of the tax enforcement proceedings filed against the participated company TEIXEIRA DUARTE – Engenharia e Construções, S.A., relative to the corporate income tax debt for the period of 2010, "TD, SA" presented a surety, of the value of 10,139 thousand euros, which was accepted by the Taxation and Customs Authority.

A mortgage was also constituted in favour of Caixa Geral de Depósitos, S.A. 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. of the value of 25,120 thousand euros on the closing date of December 2016.

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 4,861 thousand euros on the closing date December 2016, HOTEL BAÍÁ, Lda. mortgaged a property owned by it, building number 256 – 1st section, located in Chicala.

In order to secure a contract signed with BIC Angola, of the value of 4,594 thousand euros on the closing date December 2016, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, building number 2554 – 1st section, located in Samba.

In order to secure a contract signed with BIC Angola, of the value of 10,200 thousand euros on the closing date December 2016, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, building number 2554 – 1st section, located in Samba.

In order to secure a contract signed with Banco BIC Angola, of the value of 11,858 thousand euros on the closing date December 2016, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, building number 354 – 1st section, located in Samba.

In order to secure a contract signed with Angolano de Investimento, of the value of 17,502 thousand euros on the closing date December 2016, CND – Companhia Nacional de Distribuição, Lda. mortgaged its properties, buildings number 123 and 874, located in Sambizanga.

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 5,808 thousand euros on the closing date December 2016, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, building number 187, located in Ingombotas.

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 7,830 thousand euros on the closing date of December 2016, HOTEL TRÓPICO, S.A. mortgaged a property owned by it, number 1826, located in Ingombotas.

In order to secure the issue of a bank guarantee with Banco BIC Angola, of the value of 24,345 thousand euros on the closing date December 2016, ANGOIMO – Empreendimentos e Construções, Lda. mortgaged a property owned by it, number 2554, located in Samba.

In order to secure the commercial paper contract signed with Banco Comercial Português, S.A., of the value of 53,400 thousand euros on the closing date of December 2016, granted by TEIXEIRA DUARTE, S.A., TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., mortgaged the properties implanted respectively on lots 6, 18 and 19, located in Lagoas Park, owned by TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A..

In order to guarantee the loan of the value of 1,847 thousand euros on the closing date of December 2016, concluded with Banco Popular Portugal, S.A. on 13 December 2012, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A., TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A., QUINTA DE CRAVEL – Imobiliária, S.A. and V8 – Gestão Imobiliária, S.A., V8 – Gestão Imobiliária, S.A. mortgaged the fractions it owns of the urban property located on Rua de Castro Portugal, numbers 497 and 511; Rua Professora Rita Lopes Ribeiro Fonseca, numbers 46, 52, 76, 80, 94 and 96; Locality and Parish of Vila Nova de Gaia, as well as the fractions of the urban property named lot 14, located on Rua Guilherme Duarte Camarinha, number 12, Locality of Candal, Parish of Vila Nova de Gaia, for the total value of 1,847 thousand euros.

In order to secure the loan of the value of 7,000 thousand euros on the closing date December 2016, contracted with Novo Banco, S.A., granted by Teixeira Duarte – Engenharia e Construções, S.A. as borrower and by Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A. and TEDAL – Sociedade Gestora de Participações Sociais, S.A. as guarantors, a financial pledge was made on 21,000 and 10,479,000 shares of TDARCOL – Sociedade Gestora de Participações Sociais, S.A., respectively.

In order to guarantee the Credit opening agreement concluded on 17 June 2016 between the banks, Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., and Novo Banco, S.A. of the total value of 8,708 thousand euros, with the liability divided by the banks as follows: 3,266 thousand euros, 2,325 thousand euros and 3,117 thousand euros respectively, Teixeira Duarte – Engenharia e Construções, S.A. and Teixeira Duarte – Engenharia e Construções, S.A. Promised the Payment in Kind of 375,000 shares, with the nominal value of 5 euros, representing 7.5% of the share capital of the public limited liability company Lusoponte – Concessionária para a Travessia do Tejo S.A..

In order to guarantee the Credit opening agreement concluded on 12 August 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., and Novo Banco, S.A. Of the value of 39,315 thousand euros on the closing date of December 2016, with the liability divided between the banks as follows: 14,743 thousand euros, 10,497 thousand euros and 14,075 thousand euros respectively, Teixeira Duarte – Engenharia e Construções, S.A., and Teixeira Duarte – Gestão de Participações e Investimento

Imobiliário, S.A. mortgaged 20 plots of land located at Casal do Deserto in Porto Salvo and one mixed building located at Zemouto in Seixal, TDE – Empreendimentos Imobiliários, S.A. mortgaged an urban property located at Estrada Municipal, quinhentos e quatro in Troviscas, municipality of Loures, and TDVIA – Sociedade Imobiliária, S.A. mortgaged three rural properties and one urban property located in the municipality of Vila Franca de Xira.

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

In order to secure the commercial paper contract signed with Haitong Bank, S.A. and Novo Banco, S.A. of the value of 42,500 thousand euros on the closing date of December 2016, granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and 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 4,333,333 and 426,666 shares of Banco Comercial Português, S.A., respectively.

In order to secure a loan agreement concluded with Novo Banco, S.A., of the value of 28,187 thousand euros on the closing date of December 2016, TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. and C+P.A. – Cimentos e Produtos Associados, S.A. pledged 1,070,000 and 1,936,395 shares of Banco Comercial Português, S.A., respectively.

In order to secure the commercial paper contract signed with Haitong Bank, S.A. and Novo Banco, S.A. of the value of 191,250 thousand euros on the closing date of December 2016, used entirely by TEIXEIRA DUARTE – Engenharia e Construções, S.A., granted by TEIXEIRA DUARTE – Engenharia e Construções, S.A. and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 12,500,000 shares of EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A., 200,000,000 shares of C+P.A. – Cimentos e Produtos Associados, S.A., and TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. pledged 1,325,000 participation units of the TDF Closed Real Estate Investment Fund. TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A. constituted a voluntary mortgage on an urban building it owns, destined for warehouses, workshops, materials laboratory and parking of equipment, located on Avenida da Indústria, Alto Estanqueiro – Jardim, Montijo, of the value of 13,282 thousand euros. QUINTA DE CRAVEL – Imobiliária, S.A. also mortgaged the lots for construction numbers 8, 10, 11, 12, 13, 19, 26 and 31, located at Quinta de Cravel, Mafamude, Vila Nova de Gaia, for the total value of 6,829 thousand euros. V8 – Gestão Imobiliária, S.A. mortgaged the lots for , construction numbers 1, 2, 3, 5, 6, 8 and 16, 18, 20 and 30 located at Empreendimento Santa Maria Design District, Santa Marinha, Vila Nova de Gaia, for the total value of 26,698 thousand euros.

In order to secure the commercial paper contract signed with Caixa Geral de Depósitos, S.A. of the value of 70,000 thousand euros, renewed on 12 May 2014 up to 14 May 2019, for the value of 50,000 thousand euros, and corresponding to 40,000 thousand euros on the closing date of December 2016, 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. pledged 4,675,000 participation units of the TDF Closed Real Estate Investment Fund.

In order to secure the commercial paper contract signed with Haitong Bank, S.A., of the value of 34,000 thousand euros, granted by TEIXEIRA DUARTE, S.A. e a TEIXEIRA DUARTE – Engenharia e Construções, S.A., TEIXEIRA DUARTE, S.A. pledged 1,000,000 shares of TDGI – Tecnologia de Gestão de Imóveis, S.A..

In order to reinforce the guarantees provided under the financial lease contract signed on 31 December 2008 with Banco Comercial Português, S.A., TEDAL – Sociedade Gestora de Participações Sociais, S.A. pledged 9,000,000 shares of SOMAFEL – Engenharia e Obras Ferroviárias, S.A..

In order to secure a contract signed with Banco Caixa Geral Angola, of the value of 11,916 thousand euros on the closing date of December 2016, TEIXEIRA DUARTE – Engenharia e Construções, S.A. – Angola Branch, pledged 13,020 Treasury Bonds.

In order to secure debts to third parties, of the value of 14 thousand euros, IMOTD – SGPS, S.A. pledged 14,000 shares of V8, S.A..

In order to secure the loan contract granted by TDHOSP – Gestão de Edifício Hospitalar, S.A. of the value of 42,813 thousand euros on the closing date of December 2016, TEIXEIRA DUARTE – Engenharia e Construções, S.A. pledged to Caixa Geral de Depósitos, S.A. and Caixa Banco de Investimentos, S.A. 1,540,000 shares in TDHOSP – Gestão de Edifício Hospitalar, S.A. Under the same loan contract, TEIXEIRA DUARTE – Engenharia e Construções, S.A., as shareholder, pledged the credit rights over TDHOSP – Gestão de Edifício Hospitalar, S.A..

In order to secure the loan contract concluded with Caixa Económica Montepio Geral, of the value of 1,954 thousand euros on the closing date of December 2016, granted by DIGAL – Distribuição e Comércio, S.A., DIGAL – Distribuição e Comércio, S.A. constituted a commercial pledge on equipment of the value of 3,394 thousand euros.

In order to secure the loan contract signed with Caixa Económica Montepio Geral, of the value of 7,834 thousand euros on the closing date of December 2016, granted by PPS – Produtos Petrolíferos, S.A., TDARCOL – SGPS, S.A. pledged the shares of PPS – Produtos Petrolíferos, S.A..

In order to secure the loan of the value of 10,000 thousand euros on the closing date December 2016, contracted with Banco Comercial Português, S.A., granted by Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A., Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A. have mortgaged building 9 of the Lagoas Park enterprise.

In order to secure the loan of the value of 7,000 thousand euros on the closing date of December 2016, contracted with Caixa Geral de Depósitos, S.A., granted by Teixeira

Duarte, S.A., 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. took out a second mortgage on Lot 3, located in Lagoas Park.

In order to secure the Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. – E.F.C. and Teixeira Duarte – Engenharia e Construções, S.A., of the value of 1,121 thousand euros on the closing date of December 2016, the respective equipment acquired under this agreement were given in guarantee.

In order to secure the Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. – E.F.C. and Teixeira Duarte – Engenharia e Construções, S.A., of the value of 136 thousand euros on the closing date of December 2016, the respective equipment acquired under this agreement were given in guarantee.

In order to secure the Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. – E.F.C. and Teixeira Duarte – Engenharia e Construções, S.A., of the value of 509 thousand euros on the closing date of December 2016, the respective equipment acquired under this agreement were given in guarantee.

In order to secure the Loan agreement for the acquisition of equipment starting in July 2016, concluded between Caterpillar Financial Corporacion Financiera, S.A. – E.F.C. and Teixeira Duarte – Engenharia e Construções, S.A., of the value of 248 thousand euros on the closing date of December 2016, the respective equipment acquired under this agreement were given in guarantee.

In order to secure the Loan agreement for the acquisition of equipment, starting in July 2016, concluded between IBM Deutschland Kreditbank GmbH, Branch in Portugal and TEIXEIRA DUARTE – Engenharia e Construções, S.A., of the value of 98 thousand euros on the closing date of December 2016, the respective equipment acquired under this agreement were given in guarantee.

Financial commitments:

As at 31 December 2016 and 2015, the comfort letters provided by TEIXEIRA DUARTE, S.A. and its subsidiaries reached 430,627 thousand euros and 485,853 thousand euros, respectively.

As at 31 December 2014 and 2015, factoring contracts without right of recourse were in force, which were recorded as reductions in accounts receivable of the value of 10,024 and 10,538 thousand euros, respectively. According to the contractual conditions, the Group's liability is essentially restricted to the guaranteed acceptance of the invoices object of the factoring on the part of the customers..

43. FINANCIAL RISK MANAGEMENT

General principles

The Group is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- interest rate risks arising from financial liabilities;
- exchange rate risk arising mainly from the existence of operations and assets located outside the Euro zone, namely in Angola, Algeria, Brazil, Colombia, Macao, Morocco, Mozambique, Peru, Russia and Venezuela, as well as ready cash in convertible currencies in some of these markets;
- credit risk, particularly from amounts receivable from customers related to the Group's operating activities;
- liquidity risk, as regards the maintenance of cash balance stability.

The Group's Financial Department ensures the centralised management of the financing operations, applications of cash surplus, foreign exchange transactions, as well as the counterpart risk of the Group. In addition to the above, it is responsible for identifying, measuring, proposing and implementing measures to manage/mitigate the financial risks to which the Group is exposed.

The main financial risks to which the Group is exposed and the main measures implemented to manage them are analysed in greater detail below.

Interest rate risk

The objective of the interest rate risk management policy is the minimisation of the cost of debt subject to the maintenance of a low level of volatility of the financial charges.

As at 31 December 2016, 93% of the financial liabilities had a variable interest rate (92% as at 31 December 2015) and 7% had a fixed interest rate (8% as at 31 December

2015).

Had the market interest rates been higher (lower) by 1% during the year ended on 31 December 2016 and 2015, the financial results of these years would have (decreased) increased by (13,543) / 13,543 thousand euros and (14,464) / 14,464 thousand euros, respectively.

Exchange rate risk

The Group's operating activities are exposed to variations in the euro exchange rate against other currencies.

Moreover, considering the different countries in which the Group operates, its exposure to exchange rate risk arises from the fact that its subsidiaries report their assets and liabilities in currencies other than the reporting currency, namely in Angola, Algeria, Brazil, Colombia, Macao, Morocco, Mozambique, Peru, Russia and Venezuela.

The exchange rate risk management policy followed by the Group is ultimately aimed at reducing the sensitivity of the Group's net income to currency fluctuations.

The monetary assets and liabilities denominated in foreign currency, converted into euros as at 31 December 2016 and 2015, were as follows:

Currency	Assets		Liabilities	
	2016	2015	2016	2015
Venezuelan Bolivar	13,874	1,492	6,678	13,964
Algerian Dinar	-	2,850	23,325	37,774
Moroccan Dirham	-	-	4,360	4,017
Tunisian Dinar	-	-	131	134
US Dollar	420,169	509,034	73,953	754,562
Australian Dollar	-	-	58	33
Japanese Yen	2,730	3,589	50	473
Pound Sterling	1,195	1,759	13	-
Angolan Kwanza	23,374	1,475	179,945	138,082
Mozambican Metical	77,849	26,290	37,811	19,216
Macaense Pataca	-	-	168	161
Columbian Peso	-	-	1,591	-
South African Rand	619	204	216	33
Brazilian Real	100	161	19,823	23,003
Russian Rouble	-	-	3,419	2,834
	539,910	546,854	351,541	994,286

Exchange rate risk management is based on the continuous measurement and monitoring of relevant financial and accounting exposures.

The possible impacts generated in the heading "Exchange rate adjustments" as at 31 December 2016 and 2015 and in the net income for the years ended on that date, if there was a 5% appreciation of the currencies referred to above, can be summarised as follows:

Currency	2016		2015	
	Earnings	Equity	Earnings	Equity
Venezuelan Bolivar	360	-	(624)	-
Algerian Dinar	(1,166)	-	(1,746)	-
Moroccan Dirham	(218)	-	(201)	-
Tunisian Dinar	(7)	-	(7)	-
US Dollar	17,311	-	(12,276)	-
Australian Dollar	(3)	-	(2)	-
Japanese Yen	134	-	156	-
Pound Sterling	59	-	88	-
Angolan Kwanza	(7,829)	-	(6,830)	-
Mozambican Metical	2,002	-	354	-
Macaense Pataca	(8)	-	(8)	-
Columbian Peso	(80)	-	-	-
South African Rand	20	-	9	-
Brazilian Real	(986)	-	(1,142)	-
Russian Rouble	(171)	-	(142)	-
	9,418	-	(22,371)	-

The Board of Directors considers that the sensitivity analysis presented above, based on the position on the stated dates, may not be representative of the exchange rate risk exposure to which the Group is subject throughout the year.

Credit risk

Credit risk is primarily related to the balances receivable from customers and other receivables related to the Group's operating activities. The deterioration of global economic conditions or adversities that affect the economies on a local, national or international scale may result in the inability of the Group's customers to meet their obligations, with possible negative effects on the Group.

This risk is monitored on a regular basis by each of the Group's businesses for the purpose of:

- limiting credit granted to customers, considering their profile and age of the account receivable;
- monitoring the evolution of the level of credit granted;
- analysing the recoverability of receivables on a regular basis;
- the impairment losses of the accounts receivable are calculated considering:
 - analysis of the age structure of the accounts receivable;
 - the customer's risk profile;
 - the customers' financial situation.

As at 31 December 2016 and 2015, the Board of Directors believes that the estimated impairment losses of the accounts receivable are adequately disclosed in the financial statements.

As at 31 December 2016 and 2015, the accounts receivable from customers (Note 28) for which no impairment losses were recorded, because the Board of Directors considered that they are achievable, are as follows:

	2016	2015
Balance		
Not due	259,448	230,338
Up to 180 days	64,357	108,133
From 180 to 360 days	38,798	21,809
Over 360 days	97,043	125,376
	459,646	485,656

The credit quality of the accounts receivable which are not yet due included in the table above is monitored on a regular basis, based on the aforementioned objectives.

Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating and financing activities, investments, remuneration of shareholders and debt repayment.

In order to mitigate this risk, the Group seeks to contract new loans and maintain a liquidity position and an average debt maturity that allows it to repay its debt within reasonable periods of time.

Financial liabilities falling due within one year are replaced with medium and long term maturities whenever deemed appropriate.

The maturity of the financial liabilities as at 31 December 2016 and 2015 is as follows:

	2016				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Loans	649,913	301,405	112,117	250,572	1,314,007
Suppliers	121,371	-	-	-	121,371
Financial leases	20,807	20,182	18,420	115,702	175,111
Other payables	33,096	68	-	-	33,164
Other liabilities	243,777	26,905	17,189	22,436	310,307
	1,068,964	348,560	147,726	388,710	1,953,960

	2015				Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Loans	734,596	91,846	267,496	306,195	1,400,133
Suppliers	193,896	-	-	-	193,896
Financial leases	18,913	17,729	16,650	121,510	174,802
Other payables	34,246	80	18	15	34,359
Other liabilities	358,184	35,518	16,541	18,721	428,964
	1,339,835	145,173	300,705	446,441	2,232,154

As at 31 December 2016 and 2015, the amount of available cash and the unused amount of the commercial paper programme and credit lines reached 260,973 thousand euros and 390,972 thousand euros, respectively.

44. FINANCIAL ASSETS AND LIABILITIES UNDER IFRS 9

The accounting policies established in IFRS 9 for financial instruments were applied as follows:

2016						
	Loans and accounts receivable	Financial assets available for sale	Other financial liabilities and loans	Financial assets / liabilities at fair value against profit or loss	Derivative hedge instruments	Total
Assets:						
Cash and cash equivalents	180,908	-	-	-	-	180,908
Clients	459,646	-	-	-	-	459,646
Financial assets available for sale	-	8,318	-	-	-	8,318
Other investments	-	54,125	-	-	-	54,125
Other receivables	54,652	-	-	-	-	54,652
Other assets	146,489	-	-	-	-	146,489
Total financial assets	841,695	62,443	-	-	-	904,138
Liabilities:						
Loans	-	-	1,314,007	-	-	1,314,007
Suppliers	-	-	121,371	-	-	121,371
Other payables	-	-	33,164	-	-	33,164
Other liabilities	-	-	193,339	-	16,515	209,854
Financial leases	-	-	175,111	-	-	175,111
Total financial liabilities	-	-	1,836,992	-	16,515	1,853,507

2015						
	Loans and accounts receivable	Financial assets available for sale	Other financial liabilities and loans	Financial assets / liabilities at fair value against profit or loss	Derivative hedge instruments	Total
Assets:						
Cash and cash equivalents	252,693	-	-	-	-	252,693
Clients	485,656	-	-	-	-	485,656
Financial assets available for sale	-	30,427	-	-	-	30,427
Other investments	-	52,970	-	35	-	53,005
Other receivables	56,007	-	-	-	-	56,007
Other assets	225,724	-	-	-	-	225,724
Total financial assets	1,020,080	83,397	-	35	-	1,103,512
Liabilities:						
Loans	-	-	1,400,133	-	-	1,400,133
Suppliers	-	-	193,896	-	-	193,896
Other payables	-	-	34,359	-	-	34,359
Other liabilities	-	-	255,939	-	16,138	272,077
Financial leases	-	-	174,802	-	-	174,802
Total financial liabilities	-	-	2,059,129	-	16,138	2,075,267

45. MEASUREMENT AT FAIR VALUE

Estimated fair value - assets and liabilities measured at fair value

The table below presents the Group's assets and liabilities measured at fair value as at 31 December 2016, according to the following hierarchical levels of fair value:

- Level 1: the fair value of financial instruments is based on lending net market prices as at the reference date of the statement of financial position;
- Level 2: the fair value of financial instruments is not determined based on active market prices, but rather through evaluation models;
- Level 3: the fair value of financial instruments is not determined based on active market prices, but rather through evaluation models whose main inputs are not observable on the market.

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets available for sale	Shares	8,318	-	-
Investment properties	Buildings and land	-	547,067	-
Liabilities:				
Financial liabilities at fair value	Hedge derivatives	-	16,515	-

Except with respect to non-current loans, most financial assets and liabilities mature in the short term, hence it is considered that their fair value is identical to the respective book values.

Regarding loans, as demonstrated in Note 36, most loans are taken out at variable interest rates. Therefore, it is deemed that the corresponding book value (amortised cost) does not differ significantly from the corresponding market value.

46. FEES AND SERVICE OF THE AUDITORS

During the years ended on 31 December 2016 and 2015, the fees for services rendered by the auditors to the companies that are included in the Group (Moore Stephens in Portugal, Spain and Belgium; Deloitte in Brazil and Angola; Ernst & Young in Mozambique and Venezuela, as well as other auditors) were as follows:

	2016	2015
Legal accounts review services	585	552
Other reliability assurance services	-	1
Tax advisory services	30	13
Other services	47	-
	662	566

47. CURRENCY CONVERSION ADJUSTMENTS

For the years ended on 31 December 2016 and 2015, the currency conversion adjustments recorded in the conversion of the financial statements of companies expressed in foreign currency, by geographic area, were as follows:

	2016	2015
Angola	(102,161)	44,251
Algeria	(10,809)	(2,869)
Brazil	46,858	(60,986)
Mozambique	(22,139)	2,935
Venezuela	(13,012)	4,343
Other markets	2,406	4,949
	(98,857)	(7,377)

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended on 31 December 2016 were approved by the Board of Directors at its meeting held on 26 April 2017, although they are still subject to approval, under the commercial legislation in force in Portugal, by the General Meeting of Shareholders, which is scheduled for 27 May 2017.

49. SUBSEQUENT EVENTS

Teixeira Duarte pursued its activity in the different sectors and markets in which it operates, where note should be made of the following relevant fact which occurred after the closing of the year:

1. Signing of the Strategic Alliance in Venezuela for the contract for conservation, administration, management, operation and development of the Specialised Container Terminal of the Port of La Guaira, in Venezuela, disclosed in due time to the market, through a press release on 17 January, with this title and the following essential content:

Its 100% held company "Teixeira Duarte - Engenharia e Construções, S.A." signed, on 17 January 2017, a "Strategic Alliance for Port Operation and Management of the Specialised Container Terminal of the Port of La Guaira", in Venezuela, with the company of the State of the Bolivarian Republic of Venezuela named "BOLIVARIANA DE PUERTOS (BOLPEUTOS), S.A.", aimed at optimising the development and growth of the terminal's activity, converting it into a transshipment port of the Caribbean Sea and Latin America. Under the terms of this Alliance, Teixeira Duarte will contribute, pursuant to the Business Plan, the value of 40 million American dollars and shall undertake, for a period of 20 years, the marketing, conservation, operation, administration, construction and development of the aforesaid Terminal.

The Specialised Container Terminal of the Port of La Guaira has capacity to handle 1,000,000 TEU/year and an area of 17ha, covering a wharf length of 693m and holding ground of -15.2m. This terminal is endowed with cutting edge port operation equipment - 6 ship to shore (STS) container gantry cranes, 15 rubber tyred gantry (RTG) cranes on land, 2 reach-stackers and 6 frontal fork lifts.

A whereas of this Agreement consists of the fact that on 6 August 2008 the Supplementary Agreement to the Framework Agreement for Cooperation between the Bolivarian Republic of Venezuela and the Portuguese Republic was signed, on matters of economic and energy cooperation, aimed at the cooperation, promotion, formulation and/or implementation of programmes and projects intended for the exchange of goods, services, technology and capacity-building of common interest to the subscribing countries.

2. Agreement for divestment of a stake held in the Energy Sector, disclosed in due time to the market, through a press release on 24 January, with this title and the following essential content:

The companies 100% controlled by it, "TEDAL - SGPS, S.A." and "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A." concluded, on 24 January 2017, an agreement with "OZ Energia, S.A." to sell the 50% stake that these entities held in the company "TDARCOL - Sociedade Gestora de Participações Sociais, S.A." for the price of 8.3 million euros.

The transfer is pending authorisation by the Competition Authority, where only at that time shall the operation be completed, which is expected to occur during the first quarter of 2017.

TDARCOL is a holding company which is the owner of other entities through which the Teixeira Duarte Group has been operating in the Energy Sector, namely in the Gas area.

It should be recalled that in March 2015 the Group had already sold the entity through which it operated in the areas of liquid fuels and lubricants, and now accomplishes, by the manner indicated above, the sale of the stake that it held in the entity through which it had, indirectly, been operating in the Gas area.

As anticipated in the press release referred to above, after the Competition Authority had issued its opinion on the completion of this operation, the Teixeira Duarte Group completed, on 31 March 2017, the agreement with "OZ Energia, S.A." to sell the 50% stake that the Group held in the company "TDARCOL - Sociedade Gestora de Participações Sociais, S.A.", thus no longer operating in the energy sector, and continuing in the other six - Construction, Concessions and Services, Real Estate, Hospitality, Distribution and Automotive - in the eighteen countries in which it operates.

Reports, Opinions and Certifications of the Supervisory Bodies **2016**



Esteemed Shareholders,

Pursuant to subparagraph g) of article 420 of the Commercial Companies Code, and culminating our monitoring of the preliminary version of the documents presenting the accounts that have been prepared by the Board of Directors, we submit the report on our supervisory actions, our opinion on the individual and consolidated annual report of TEIXEIRA DUARTE, S.A. relative to the year ended on 31 December 2016, approved by the Board of Directors on 26 April 2017 and the respective proposed appropriation of net income. This document also includes the statement of responsibility referred to in subparagraph c) of number 1 of article 245 of the Securities Market Code.

Under the duties and competencies vested in the Supervisory Board, we have followed the Group's activities, namely through the regular participation of the chairman of the Supervisory Board in meetings of the Board of Directors and other meetings and contacts with the Board of Directors, staff and other senior members of the Group, as well as with the Chartered Accountant. The Supervisory Board also held periodic meetings, where it:

- appraised the activity and business of the Company and Group, and compliance with the law and memorandum of association;
- analysed the documents presenting the accounts, accounting policies and valuation criteria adopted by the Company, in order to assure that they lead to a correct valuation of its assets and net income.

Under the legally entrusted competences, we supervised the process of preparation and disclosure of the financial information, and:

- we checked that the management report provides a clear overview of the key aspects of the business evolution, performance and financial position of the Company and Group;
- we checked that the individual and consolidated financial statements and respective notes present a true and fair view of the financial situation of the Company and the TEIXEIRA DUARTE Group;
- we appraised the legal Certification of the Accounts and Auditors' Report on the individual and consolidated financial statements, which merited our agreement, as well as the Additional Report addressed to the Supervisory Board, issued under the terms of the legislation in force, which described the way that the Chartered Account developed the audit and drew the conclusions;
- we considered that the audit services were provided with independence, under the terms of the legislation in force, and that no service other than audit was requested to this Board.

Under these terms, in view of the information provided to us by the Board of Directors and by the Company's Services, as well as the conclusions presented in the Legal Certification of Accounts and Audit Report on the individual and consolidated financial statements issued by the Chartered Accountant, we are of the opinion that:

- a) the Management Report should be approved;
- b) the individual and consolidated financial statements relative to 2016 should be approved;
- c) the proposed appropriation of net income submitted by the Board of Directors should be approved.

Pursuant to subparagraph c) of number 1 of article 245 of the Securities Market Code, the members of the Supervisory Board state that, to the best of their knowledge, the annual accounts and other documents presenting the accounts were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial situation and net income of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter. They further state that the management report faithfully reflects the business evolution, performance and position of TEIXEIRA DUARTE, S.A. and the companies included in the consolidation perimeter, presenting a description of the main risks and uncertainties of the business.

Lisbon, 27 April 2017

Óscar Manuel Machado de Figueiredo – Chairman

Mateus Moreira – Member

Miguel Carmo Pereira Coutinho – Member

STATUTORY AUDITOR'S REPORT AND AUDIT REPORT

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REPORT ON THE AUDIT OF THE INDIVIDUAL FINANCIAL STATEMENTS

Opinion

We have examined the accompanying financial statements of TEIXEIRA DUARTE, S.A. (the entity), comprising the balance sheet at December 31, 2016 (which reflects a total of 1.243.194 thousand euros and a shareholders' equity of 532.604 thousand euros, including a net profit for the period of 7.093 thousand euros), the income statement, the changes in equity and the cash flow statement for the year ended that date, and the notes to the financial statements which includes a summary of the main accounting policies.

In our opinion, the attached financial statements give, in all material aspects, a true and fair view of the financial position of TEIXEIRA DUARTE, S.A. at December 31, 2016, the results of its operations, the changes in equity and its cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards approved by the Portuguese standard setters.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards (ISAs) and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described below in the section "Auditor responsibilities for the audit of the financial statements". We are independent with respect to the Company in accordance with legal and regulatory provisions of the Code of Ethics approved by the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Relevant audit matters

Relevant audit matters are those that, in our professional judgment, played a greater role in auditing the financial statements of the current year. These matters were considered in the context of the audit of the financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on these matters.

We describe below the relevant audit matters for the current year:

DESCRIPTION OF THE MOST SIGNIFICANT MATERIAL DISTORTION RISKS	SYNTHESIS OF OUR RESPONSE TO THE MOST SIGNIFICANT RISK OF MATERIAL DISTORTION
Valuation of financial investments in subsidiaries and recoverability of Goodwill	
<p>As disclosed in notes 3.2.a) and 8 of the notes to the financial statements, the financial investments in subsidiary companies, amounting to Euro 1,141 million are measured by the equity method. An evaluation of these investments is regularly carried out when there are indications that the asset may be impaired, which, if verified, results in the recognition of a loss in the income statement.</p> <p>Goodwill, amounting to 29 million, is subject to annual amortization, as disclosed in note 3.2 b) of the annex, and subject to impairment tests.</p> <p>The possible impairment of the Financial Shares and Goodwill were considered a relevant matter in our audit, because the carrying amount of these assets is significant and the process of assessing impairment is complex, including the use of estimates and the use of assumptions, market developments and the economic situation of the countries in which the operations take place.</p>	<p>We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:</p> <ul style="list-style-type: none"> • Obtaining the financial statements of the subsidiaries, and their legal certifications of the accounts or audit reports; • Investigation of evidence that these assets may be impaired; • Analysis of the consistency of the assumptions used in the preparation of the business plan, in the light of historical data and the relevant information available. We validated the arithmetic calculations of the model used; • Evaluation of the assumptions used in the evaluation models approved by the Management board; • Validation of the disclosures included in the appendix to the financial statements.

Responsibilities of management board and the supervisory board for the financial statements

Company's management board are responsible for:

- preparation of the financial statements presenting a true and fair view of the financial position, financial performance and cash flows of the Company, in accordance with the Accounting and Financial Reporting Standards in Portugal;
- preparation of the management report, including the corporate governance report, in accordance with legal and regulatory provisions;
- establishing and maintenance a proper internal control system in order to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adopting the appropriated accounting policies, taking into account the circumstances; and
- evaluation of the entity ability in maintaining its activity, annual disclose, if applicable, the matters that may cast significant doubts about going concern of its activities and the going concern basis of accounting.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about financial statements as a whole are free from material misstatement, whether due to fraud or error and make an audit report with our opinion. Reasonable assurance is a high but not absolute level of assurance that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate can reasonably influence user's economic decisions based on these financial statements.

As part of an audit in accordance with the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and evaluate the material misstatement risks of financial statements due to fraud or error, audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances to set an opinion. The risk of not detecting a material misstatement resulting from fraud is bigger than due to error, once fraud can be accompanied by collusion, forgery, intentional omissions, false statements or override of internal controls;
- obtain an understanding of internal control relevant to the audit with the purpose of designing audit procedures taking into account the circumstances, but not to express an opinion about the effectiveness of the entity's internal control;
- the appropriateness of the accounting policies adopted and reasonableness of accounting estimates and disclosures by management board;
- conclude on the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern. This responsibility exists even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern. Our conclusions are based on obtained audit evidence till the date of audit report. Therefore, the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for future events or conditions that may cause the entity to cease to continue as a going concern;
- assessing of the adequacy of the overall presentation of the financial statements, including disclosures and if those financial statements reflects the underlying transactions and events in order to achieve appropriate presentation;
- shall communicate with those charged with governance the scope and timing and communicate significant findings from the audit, including significant deficiencies in internal control that the auditor has identified during audit;
- the matters that we have communicated to those in charge of governance, including the supervisory board, determine which were the most important in auditing the financial statements of the current year and which are the relevant audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- declare to the supervisory body that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, respective safeguards.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements, and the verifications provided for in numbers 4 and 5 of article 451 of the Commercial Companies Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management Report

As requested by the article 451º, n.º 3, paragraph e) of the Portuguese Company Law, we confirm that Management Report has been prepared in accordance with legal and regulatory provisions and that the information contained in it agrees with the audited financial statements and with the acknowledge about the entity, and we did not find any material inaccuracy. However, we should point out that the Entity did not prepare an independent management report on the individual activity since, as usual, all relevant information will be included in the consolidated management report.

About the Corporate Governance Report

In compliance with article 451, paragraph 4, of the Commercial Companies Code, we are of the opinion that the corporate governance report includes the elements required by the Entity pursuant to article 245-A of the Portuguese Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of subparagraphs c), d), f), h), i) and m) of the said article.

On the additional elements provided for in Article 10 of Regulation (EU) No 537/2014

In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters mentioned above, we also report the following:

- We were elected auditors of TEIXEIRA DUARTE, S.A. for the first time at the general meeting of shareholders held on May 30, 2015 for a term between 2015 and 2018.
- The management board has confirmed to us that it is not aware of the occurrence of any fraud or suspected material fraud in the financial statements. In the planning and execution of our audit under ISA we have maintained professional skepticism and devised audit procedures to respond to the possibility of material misstatement of financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report we prepared and delivered to the supervisory board on this date.
- We declare that we have not provided any services prohibited under Article 77 number 8 of the Statutes of the Order of Statutory Auditors, that we do not provide any services other than audit and that we have maintained our independence from the Entity during the performance of the audit.

Lisbon, April 27, 2017

STATUTORY AUDITOR'S REPORT AND AUDIT REPORT

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have examined the accompanying consolidated financial statements of TEIXEIRA DUARTE, S.A. (the Group), comprising the consolidated statement of financial position at December 31, 2016 (which reflects a total of 2.539.972 thousand euros and a total shareholders' equity of 444.810 thousand euros, including a consolidated net profit attributable to shareholders for the period of 20.147 thousand euros), the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the attached consolidated financial statements give a true and fair view, in all material aspects, of the consolidated financial position of TEIXEIRA DUARTE, S.A. at December 31, 2016, and its financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards (ISAs) and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described below in the section "Auditor responsibilities for the audit of the financial statements". We are independent with respect to the Company in accordance with legal and regulatory provisions of the Code of Ethics approved by the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Relevant audit matters

Relevant audit matters are those that, in our professional judgment, played a greater role in auditing the financial statements of the current year. These matters were considered in the context of the audit of the financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on these matters.

We describe below the relevant audit matters for the current year:

DESCRIPTION OF THE MOST SIGNIFICANT MATERIAL DISTORTION RISKS	SYNTHESIS OF OUR RESPONSE TO THE MOST SIGNIFICANT RISK OF MATERIAL DISTORTION
1. International Exposure - Foreign exchange risk and liquidity risk	
<p>As disclosed in Note 7 to the financial statements, the Group's business activity is divided into 7 business segments, with relevant operations in 7 countries, with different economic contexts and operational risks.</p>	<p>We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:</p>
<p>The Group's activity outside Portugal represents 83.7% of turnover. As mentioned in note 43 to the financial statements, several territories where the Group operates, namely Angola, Algeria, Mozambique, Venezuela and Brazil, are subject to significant exchange rate variations of their currencies against the euro.</p>	<ul style="list-style-type: none"> • Measurement of the degree of exposure of the Group to geographies with high exchange rate and liquidity risk, namely the level of impairment of receivables and other relevant assets held by the Group; • Analysis of the currency translation of the financial statements of the subsidiaries of said geographies, by reference to the International Financial Reporting Standards (IFRS); • Review of the description of the types of risks that the Group is exposed and which are included in the Corporate Governance Report and the validation of the adequacy of the Group's disclosures regarding the risk management policy; • Inquiry with the management body, the strategy and action plans to reduce the Group's international exposure in the next four years.
<p>Exposure to these countries' currencies entails increased risks for the Group, namely:</p>	
<ol style="list-style-type: none"> I) Foreign exchange risk, due to the strong devaluation of local functional currencies against the euro; and II) Liquidity risk, resulting from the difficulty of repatriating foreign currency from these territories. 	
<p>Due to their significance and unpredictability, we considered these issues as relevant matters to our audit.</p>	
2. Revenue recognition	
<p>As shown in note 7 to the financial statements, the Group's revenue comes from several business segments, with construction being the segment with the greatest relevance accounting for 45.4% of the group's revenue (46.5% in 2015).</p>	<p>We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:</p>
<p>As mentioned in note 2.20, income and expenditure from the construction sector are recognized according to the percentage of completion, which is determined by the ratio between the expenses incurred and the total estimated expenditures for each of the works.</p>	<ul style="list-style-type: none"> • Obtaining and reconciling the construction work charts with the amounts included in the financial position and in the income statement; • Review of contracts that support total project revenue; • Analysis of the costs incurred and the cost estimates to complete the work and the budgets that support the finishing percentage; • Verification of compliance with IAS 11 - Construction Contracts; • Review of the reasonableness of provisions for guarantees and for onerous contracts; • Validation of the disclosures included in the accompanying notes to the consolidated financial statements.
<p>Given the uncertainty and judgment associated with the estimates of the expenses to be incurred until the completion of the works, we consider this matter relevant for the purposes of our audit.</p>	

DESCRIPTION OF THE MOST SIGNIFICANT MATERIAL DISTORTION RISKS
SYNTHESIS OF OUR RESPONSE TO THE MOST SIGNIFICANT RISK OF MATERIAL DISTORTION
3. Valuation of Investment Properties

The Group presents in its financial position as of December 31, 2016, a total of 547,067 thousand euros related to Investment Properties (511,683 thousand euros at December 31, 2015). As stated in Note 2.8 to the financial statements, these Investment Properties are measured at fair value, which is determined through valuations performed by specialized and independent entities, as referred to in note 22 to the financial statements.

The Investment Properties are essentially in Portugal and Angola, the latter being subject to the effects of the exchange variation of the local currency.

Taking into consideration the expression of these assets in the consolidated financial statements and the judgment involved, we believe that this area is a relevant matter of our audit.

Our approach to the risk of material misstatement in this area included:

- Verification of the register of external evaluators with the Securities Market Commission and analysis of their independence;
- Analysis of information on real estate, included in the evaluations, and validation of this information with the documents and records of the Group;
- Assessment of the reasonableness of the main assumptions used by the experts and their discussion with the Group Services;
- Validation of the fair value recorded with the values included in the evaluations;
- Validation of the appropriate exchange rate conversion of the fair values of the Investment Property located abroad;
- Review of the disclosures in the notes to the financial statements in accordance with IAS 40 - Investment Property.

4. • Impairment of accounts receivable

As shown in notes 14 and 28 to the financial statements, the Impairment losses on customers represent 53,754 thousand euros, approximately 11% of customer balances, and in the current year were increased by approximately 20,244 thousand euros.

The identification of impairment losses and the determination of their recoverable value is a process involving a number of factors, including the nature and length of the debt, the debtor's financial condition, non-compliance with payment agreements and collection prospects.

Based on the analysis of customer balances in litigation and / or with significant delinquency, the adjustments for the impairment of accounts receivable from customers are calculated.

We considered this subject as a relevant audit issue, mainly because the recovery of credits in some geographies it is particularly slow.

We have performed various audit procedures to mitigate the risks of material misstatement in this area, including the following:

- Analysis of the aging of customer balances and review of the adjustments made for impairments in customers, as well as assertions used by the management body in the quantification of impairment losses to be recognized;
- Review of relevant balances with entities based in Angola and Venezuela, taking into account the seniority of the debt, the financial capacity of the debtors and the history of collections;
- Discussion with the management body regarding the criteria and assumptions that were the basis of the judgments to recognize impairment adjustments in accounts receivable;
- Review the disclosures in notes 14 and 28 to the financial statements to ensure that they adequately reflect the accounting policies adopted by the Group.

Responsibilities of management board and the supervisory board for the consolidated financial statements

Company's management board are responsible for:

- preparation of the consolidated financial statements presenting a true and fair view of the financial position, financial performance and cash flows of the Group, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.;
- preparation of the management report, including the corporate governance report, in accordance with legal and regulatory provisions;
- establishing and maintenance a proper internal control system in order to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adopting the appropriated accounting policies, taking into account the circumstances; and
- evaluation of the Group ability in maintaining its activity, annual disclose, if applicable, the matters that may cast significant doubts about going concern of its activities and the going concern basis of accounting.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Group.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and make an audit report with our opinion. Reasonable assurance is a high but not absolute level of assurance that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate can reasonably influence user's economic decisions based on these financial statements.

As part of an audit in accordance with the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and evaluate the material misstatement risks of consolidated financial statements due to fraud or error, audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances to set an opinion. The risk of not detecting a material misstatement resulting from fraud is bigger than due to error, once fraud can be accompanied by collusion, forgery, intentional omissions, false statements or override of internal controls;
- obtain an understanding of internal control relevant to the audit with the purpose of designing audit procedures taking into account the circumstances, but not to express an opinion about the effectiveness of the Group's internal control;
- the appropriateness of the accounting policies adopted and reasonableness of accounting estimates and disclosures by management board;
- conclude on the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and to conclude whether there is a material uncertainty about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention in our report to the related disclosures included in the financial statements or, if these disclosures are not appropriate, to modify our opinion. Our findings are based on the audit evidence obtained as of the date of our report. However, future events or conditions may cause the Group to discontinue its activities;

- assessing of the adequacy of the overall presentation of the consolidated financial statements, including disclosures and if those financial statements reflects the underlying transactions and events in order to achieve appropriate presentation;
- we obtained sufficient and appropriate audit evidence regarding the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the Group's audit and we are ultimately responsible for our audit opinion;
- shall communicate with those charged with governance, including the supervisory board, among other things, the scope and timing and communicate significant findings from the audit, including significant deficiencies in internal control that the auditor has identified during audit;
- the matters that we have communicated to those in charge of governance, including the supervisory board, determine which were the most important in auditing the financial statements of the current year and which are the relevant audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;
- declare to the supervisory body that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, respective safeguards.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements, and the verifications provided for in numbers 4 and 5 of article 451 of the Commercial Companies Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management Report

As requested by the article 451º, n.º 3, paragraph e) of the Portuguese Company Law, we confirm that Management Report has been prepared in accordance with legal and regulatory provisions and that the information contained in it agrees with the audited financial statements and with the acknowledge about the entity, and we did not find any material inaccuracy.

About the Corporate Governance Report

In compliance with article 451, paragraph 4, of the Commercial Companies Code, we are of the opinion that the corporate governance report includes the elements required by the Entity pursuant to article 245-A of the Portuguese Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of subparagraphs c), d), f), h), i) and m) of the said article.

On the additional elements provided for in Article 10 of Regulation (EU) No 537/2014

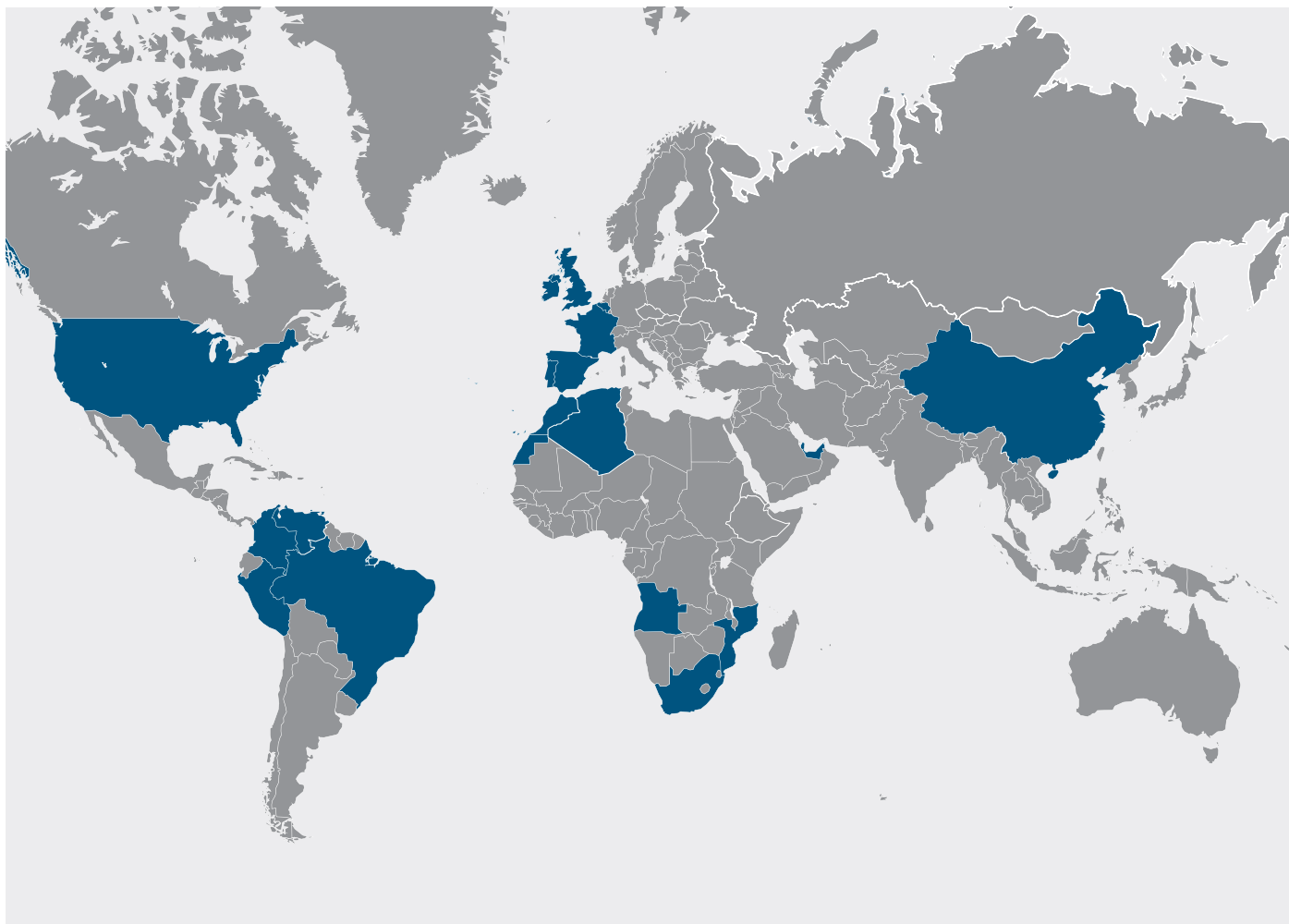
In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters mentioned above, we also report the following:

- We were elected auditors of TEIXEIRA DUARTE, S.A. for the first time at the general meeting of shareholders held on May 30, 2015 for a term between 2015 and 2018.
- The management board has confirmed to us that it is not aware of the occurrence of any fraud or suspected material fraud in the financial statements. In the planning and execution of our audit under ISA we have maintained professional skepticism and devised audit procedures to respond to the possibility of material misstatement of consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.

- We confirm that our audit opinion is consistent with the additional report we prepared and delivered to the supervisory board on this date.
- We declare that we have not provided any services prohibited under Article 77 (8) of the Statutes of the Order of Statutory Auditors, that we do not provide any services other than audit and that we have maintained our independence from the Group during the performance of the audit.

Lisbon, April 27, 2017

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