

REPORTS AND ACCOUNTS 2016



TEIXEIRA DUARTE
ENGENHARIA E CONSTRUÇÕES, S.A.

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 **TEIXEIRA DUARTE**
ENGENHARIA E CONSTRUÇÕES, S.A.

"Teixeira Duarte - Engenharia e Construções, S.A." is a Portuguese company established in 1934 with a structure and experience that stems from the initial activity of its founder, Mr. Ricardo Esquível Teixeira Duarte, in his own capacity in 1921.

The Company's first areas of operation were water collection, boring, hydraulic work and geological drilling at great depths. Pursuant to his character as a House of Engineering, early on he got involved in works of greater complexity, having, since the 30's, extended his operation to other aspects of geotechnics and foundations, executing works in some iconic endeavours in the city of Lisbon.

His technical capacity and availability of capable human resources granted him the opportunity, in the 50's, to perform geotechnics and foundation works in India and concrete injection in the Biopio Dam in Angola.

Nevertheless, it was only in the 60's that the company extended its operations to buildings and in the mid 80's to the area of infrastructures, executing diverse types of works from bridges, highways, dams, and underground works. In the 90's a position was also established in railway and maritime works.

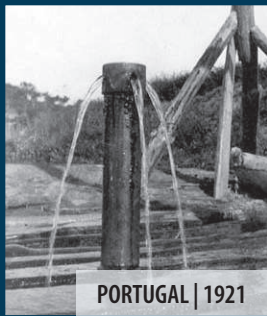
This sustained growth resulted from a large number of tenders launched in Portugal for developing infrastructures during these years, allowing Teixeira Duarte to extend his technical capacity, human resources and equipment, as well as production, research and projects.

International since the late 70's, in the early 80's Teixeira Duarte limited his operation to Portugal, Venezuela (since 1978), Angola (since 1979), Mozambique (since 1982) and the Special Administrative Region of Macao (since 1984). Countries with historical and cultural ties close to Portugal.

The downturn of the Construction market in Portugal since the start of the 21st century, plus the ever increasing adverse global circumstances, brought the Teixeira Duarte Group to seek out other alternatives for the Construction sector, extending his scope of operation to Spain, Algeria, Brazil, among others to a much lesser extent like France, Morocco, Colombia, Peru and United Kingdom.

The cyclical variations belonging to the different geographies enabled Teixeira Duarte to promote a rotation of technical means and resources directly to those countries, where production would vary from the same as though affecting core resources of studies, projects and proposals for those different markets according to the work intensity of each one.

Currently the company continues totally integrated into the Teixeira Duarte Group, of which the company reached the top by 2010, yet today it focuses its operation essentially in the Construction Sector, where it directly and indirectly operates in twelve countries, with a total of around 2,900 employees that contribute to an annual Turnover of 308.4 million euros.



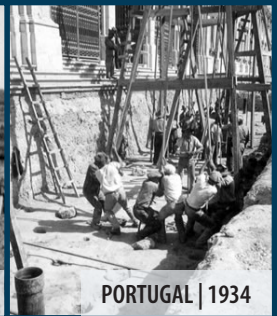
PORTUGAL | 1921



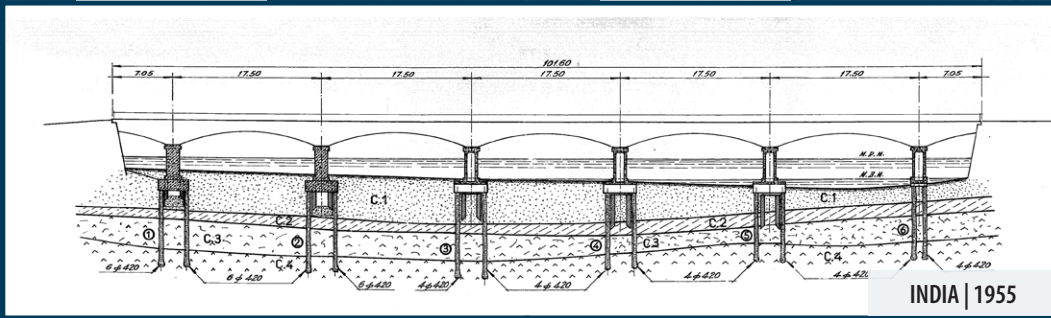
PORTUGAL | 1928



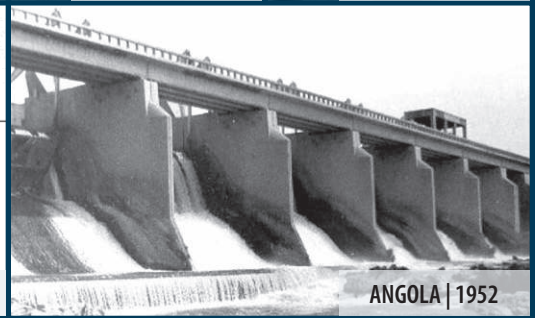
PORTUGAL | 1933



PORTUGAL | 1934



INDIA | 1955



ANGOLA | 1952



BUILDINGS | PORTUGAL | 1965



BUILDINGS | PORTUGAL | 1970



INFRASTRUCTURES | PORTUGAL | 1985



1st HOSPITAL - COIMBRA | PORTUGAL | 1979



INFRASTRUCTURES | PORTUGAL | 1985



MINING WORKS | PORTUGAL | 1981



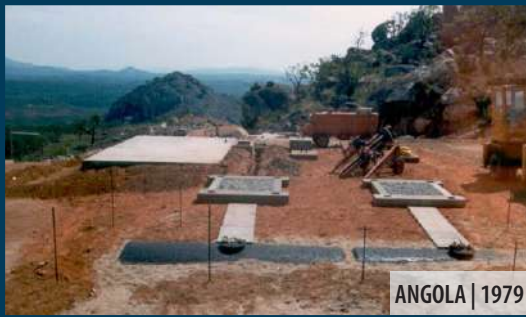
RAILWAY WORKS | PORTUGAL | 90's



MARITIME WORKS | PORTUGAL | 90's



VENEZUELA | 1978



ANGOLA | 1979



MOZAMBIQUE | 1982



MACAO | 1984



ALGERIA | 2005



BRAZIL | 2007

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

Share capital: €280,000,000

Single Legal Person and Registration number 500 097 488 at Cascais (Oeiras) Commercial Register 500 097 488

Owner of Construction Permit No. 24- PUB



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



Certification Document of the Occupational Safety, Hygiene and Health Management System granted to Teixeira Duarte on February 23, 2006, in the scope of Civil and Industrial Construction and Public Works, including Foundation Technology



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



Certification Document of the Social Responsibility Management System granted to Teixeira Duarte on November 24, 2009, in the scope of Civil and Industrial Construction and Public Works, including Foundation Technology



Certification Document of the Research, Development and Innovation Management System granted to Teixeira Duarte on April 5, 2011, in the scope of Research, Design, Development, Execution and Innovation in the areas of Civil and Industrial Construction and Public Works, including Foundation Technology



Certification Document of the Control System for the Manufacturing of Steel Structures granted to Teixeira Duarte on November 9, 2015

Teixeira Duarte - Engenharia e Construções, S.A.

PRESIDING BOARD OF THE SHAREHOLDER'S MEETING

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

BOARD OF DIRECTORS

President	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

SOLE AUDITOR

Effective	Moore Stephens & Associados, SROC, S.A. Chartered Accounting Company, represented by Mr. António Gonçalves Monteiro - ROC
Deputy	Mrs. Ana Patrícia Correia Monteiro - ROC

SECRETARY OF THE COMPANY

Effective	Mr. José Pedro Poiares Cobra Ferreira
Deputy	Mrs. Maria António Monteiro Ambrósio

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS 2016



I. INTRODUCTION

This Management Report and respective accounts confine themselves to an individual analysis of Teixeira Duarte - Engenharia e Construções, S.A. (TD-EC), the information being global and consolidated of the Teixeira Duarte Group, in which it is a part, presented and developed in the scope of provision of accounts of TEIXEIRA DUARTE, S.A., the top company of the Group and sole shareholder of TD-EC.

TD-EC is the main company of the Teixeira Duarte Group, focusing its operation in the Construction Sector and also reflecting in its accounts the activity developed through its branches operating in other countries.

Nevertheless, there are other entities in the Group also operating in the Construction Sector, which are all directly or indirectly held by TD-EC, but relatively to which, under applicable accounting standards, the impact of the activity and their accounts is effected by the equity method, that is, by appropriation of the respective income and other variations occurred in their equity.

In this way and in order for a coherence of presentation between individual financial statements from TD-EC - along with this report and prepared in compliance with the Accounting Normalisation System (SNC), and the management report, in this document only the activity of TD-EC and its Branch Offices will be reported.

Notwithstanding the contents of the previous paragraph, it is deemed appropriate to insert a separate supplementary chapter to make brief reference to the actions of some of those other companies with whom TD-EC maintains very close corporate and operational relationships. Despite this being outside the scope of the attached financial statements, it will provide a broader view of the actions of the Teixeira Duarte Group, and not just of TD-EC, in the construction sector.

	2012	2013	2014	2015	2016	Variation 2016/2015 (%)
Workers	3,976	3,820	3,730	3,503	3,022	(13.7%)
Turnover	513,044	631,082	566,234	343,375	308,415	(10.2%)
EBITDA	76,469	133,211	148,041	69,142	27,495	(60.2%)
EBITDA Margin / Turnover	14.9%	21.1%	26.1%	20.1%	8.9%	(55.7%)
Net Result	22,266	70,282	67,962	14,083	19,715	40.0%
Net asset	1,315,200	1,697,755	1,719,356	1,600,660	1,620,247	1.2%
Liability	942,926	1,261,729	1,140,207	1,017,256	1,053,326	3.5%
Equity	372,274	436,026	579,149	583,404	567,101	(2.8%)
Net Debt	359,084	650,099	741,327	612,187	648,800	6.0%
Financial Autonomy	28.3%	25.7%	33.7%	36.4%	35.0%	(4.0%)
General Settlement	110.0%	116.7%	121.6%	136.7%	138.7%	1.5%

The accounting values are expressed in thousand euros

The values of the "Variation 2016/2015 (%)" column were calculated based on the values without rounding

II. TEIXEIRA DUARTE'S MODE OF OPERATION

1. MISSION AND VALUES - "TEIXEIRA DUARTE'S CODE OF ETHICS AND CONDUCT"

The rules of operation and guidelines that have defined TD-EC's operation have been successively adapted but essentially remain unchanged since their start over 95 years ago, thus considered a pride and incentive for the Company's growth as well as for the Group it is a part of.

Teixeira Duarte's mission and values have always been transmitted to all workers by example and through daily practice. They are the essence of the company's ethics and shape the conduct of its employees; they have been laid down by Teixeira Duarte as a faithful reflection of their past and as cornerstones for building the future.

Since 2015, TD-EC adopted the "**Teixeira Duarte Code of Ethics and Conduct**" which consecrates, in a new expression, the transversal principles of the operation of all the employees of the Teixeira Duarte Group and in this way, of the respective relationship with the related parties, seeking to establish a reinforcement and development of its Mission and Values.

Teixeira Duarte's Mission - Make, contributing to the construction of a better world - defines what moves its employees day-by-day, and establishes the objective shared by all independently from their area of operation, geography or work team.

"Make", because it is always intended to make it happen.

"Contributing" because we must understand that no one does anything alone.

"Construction" because we build.

And "a better world" is the objective that we all share within and outside of Teixeira Duarte.

The Values of Teixeira Duarte are the way we must act to meet that objective and they are the essence of the rules that outline the employees' behaviour and characterise the relationship of Teixeira Duarte with all of related parties.

In 2017, Teixeira Duarte's values were restated with the clear intention of retaining their core content and essence - which there is no intention to change -, will be expressed as three values. The new way of expressing them will absorb the other four values. Therefore, they have changed from: Ingenuity, Efficiency, Effort, Truth, Commitment, Trust and Respect; to: Ingenuity, Truth and Commitment.



TEIXEIRA DUARTE'S VALUES

INGENUITY
TRUTH
COMMITMENT

Ingenuity - Value based on the origin and purpose of the Company: "A House of Engineering", where, from the research and domination of the principles of science, it innovates and develop the knowledge and techniques to apply, with efficiency and the minimum of waste, in the resolution of practical issues, forming, encouraging and relying to the "in-house" people.

Truth - It consists in the straight appreciation of the facts, exposing the things as they are, with good faith and with great accuracy, assuming the mistakes and limitations, as well as the successes and capabilities, and always reporting in a transparent and adequate the company areas of performance and responsibilities.

Commitment - Corresponds to a responsible and committed way of accepting challenges and responsibilities, on the importance of the "given word" and on the fulfilment of all obligations, with others as well as on the loyalty and complicity with their own colleagues and the Company itself, with respect for others, for the dignity of every human person and for the sustainability of the community.

Many of these aspects are expanded upon in greater detail in the aforementioned "Teixeira Duarte Code of Ethics and Conduct" (the most recent version of which dated April 2017 is currently in force), as well as in procedures set out in the TD-EC Integrated Management System, in areas in which it is certified, which currently range from Health, Safety and Hygiene in the Workplace, Quality, the Environment, Social Responsibility, Research, Development and Innovation and Factory Production Control for the Construction of Steel Structures.

2. ORGANISATION OF TEIXEIRA DUARTE

TD-EC as the presiding company of the Group in the Construction Sector, currently develops its activity in different **Areas of Operation** that divide the facets of production and are essential in the formation of managing staff and in the follow up of their careers and integration in Exploration Centres and Offices, also providing a set of **Central Support Structures** specific to this sector of Construction, particularly in the areas of Formwork and Pre-stressing, Equipment and Proposals.

Still in the scope of TD-EC structures, there are two other Central Offices that are however more focused on Construction, they also support other sectors of the Group: The Central Office of Management and Technology Systems and the Central Office of Supplies.

In addition to all those structures more closely connected to the operational area of the Company, there is a set of Central Offices and Services - some of them established by employees of the presiding company, "Teixeira Duarte, S.A." - with special support responsibilities transversal to the operations developed in the various sectors of activity, integrated in the denominated **Corporate Centre**, which promotes the uniformity of procedures and joint support of the structures that operate abroad in these common areas and various businesses.

All of these structures are duly identified in the Organization Chart reported to date and presented on the following page.

Under the remit of the TD-EC Board of Directors, mention should also be made of the following Committees:

- **Executive Operating Committee** whose role is to coordinate the activities of Operating Centres of several Areas of Activity and of Owned Companies in the construction sector. This committee is chaired by Mr. Joel Vaz Viana de Lemos and the following TD-EC board members are directors: Mr. Fernando Paulo Baptista Gomes de Araújo and Mr. Pedro Miguel Pinho Plácido;
- **Commercial Executive Committee** whose role is to coordinate, monitor and act as commercial representatives of Group entities acting in the construction sector. The committee is chaired by Mr. João José de Gouveia Capelão and it has the following members: Mr. Rogério Esteves da Fonseca, also a director of Teixeira Duarte-EC, and Mr. José Magalhães Gonçalves and Mr. Fernando Frias Correia.

ORGANISATION CHART OF TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A.

BOARD OF DIRECTORS

Adviser to the Board of Directors

Mr. António Costeira Faustino

Markets

Portugal	Spain	Colombia
Brazil	▪ Delegation Mr. António Carlos Teixeira Duarte	France
Angola		Morocco
▪ Delegation Mr. Diogo Rebelo Mr. Manuel Lopes	Mozambique ▪ Delegation Mr. Carlos Timóteo	Peru
Algeria	Venezuela	United Kingdom
▪ Delegation Mr. Ricardo Acabado	▪ Delegation Mr. Luís Alves	

Corporate Centre

Central Offices	Corporate Services
Juridical Mrs. Maria António Ambrósio	Corporate Secretariat Mr. José Pedro Cobra Ferreira
Human Resources Mrs. Isabel Amador	Accounts Consolidation Mr. Alexandre de Jesus
Information Technology Mr. José Gaspar	Internal Audit Mr. Mário Ferreira Faria
Finance and Accounting Mr. Martins Rovisco Mr. Sérgio Castro	

Areas of Operation

Geotechnics and Rehabilitation	Buildings	Infrastructures	Metalworking	Central Support Structures
Mr. Magalhães Gonçalves	– Exploration Centres – Mr. Pedro Costa Mr. Fernando Martins Mr. Luís Santos Mr. Luís Mendonça Mr. Carlos Guedes	– Exploration Centres – Mr. Sampayo Ramos Mr. Rosa Saraiva Mr. Correia Leal Mr. Amílcar Teresinho	Mr. Henrique Nicolau	Formwork and Pre-stressing Operations Centre Mr. Marques dos Santos
– Exploration Centres – Mr. Hélder Matos Mr. João Pedro Lopes Mr. Duarte Nobre Mr. António Diniz			– Direction of Studies – Mr. João Torrado	Underground Works Mr. Dias de Carvalho Mr. Carlos Russo
– Direction of Projects – Mr. Baldomiro Xavier	– Direction of Studies – Mr. Garcia Fernandes Mr. Pedro Nunes		Railway Works Mr. Magalhães Gonçalves Mr. Paulo Serradas	Central Office of Management and Technology Systems Mr. Ivo Rosa
			Maritime Works Mr. Magalhães Gonçalves	Central Office of Supplies Mrs. Rosa Almeida
				Proposals Service Mrs. Maria António Ambrósio



Geotechnics
 CUF Tejo - Lisbon | Portugal

Rehabilitation
 Hercílio Luz Bridge - Florianópolis | Brazil

3. TEIXEIRA DUARTE'S AREAS OF OPERATION

TD-EC is a company whose start-up dates back to 1921, currently operating in the areas of Geotechnics and Rehabilitation, of Buildings, Infrastructures, Metal Working and Maritime Works, which have the support of a Formwork and Pre-stressing Operations Centre, a Proposals Service as well as a Central Office of Equipment and a Teixeira Duarte Operational Pole, installed on plot of land with a surface area of over 130,000m², which makes up an enormous added value to the company and to the service rendered to its clients.

Its founder, Mr. Ricardo Esquível Teixeira Duarte, who concluded the first course of Civil Engineering administered at the Higher Technical Institute and acted as the president of the Order of Engineers, he was always recognised by his contemporaries for his technical merit and innovation.

TD-EC continued its operation marked by that hallmark, always considering itself a true House of Engineering. From large infrastructures like bridges, dams, highways and other public works, as well as hospitals and large buildings considered historic landmarks, namely in Portugal, TD-EC is recognized as a synonym of knowledge and experience, being a constant presence in the construction market.

In addition to TD-EC - which is the main company of the Group it is a part of - there are also branch offices and several other associated companies that operate in specific areas of Construction, as well as several Complementary Groups of the Company and other similar structures directed at specific projects, particularly in the area of Infrastructures.



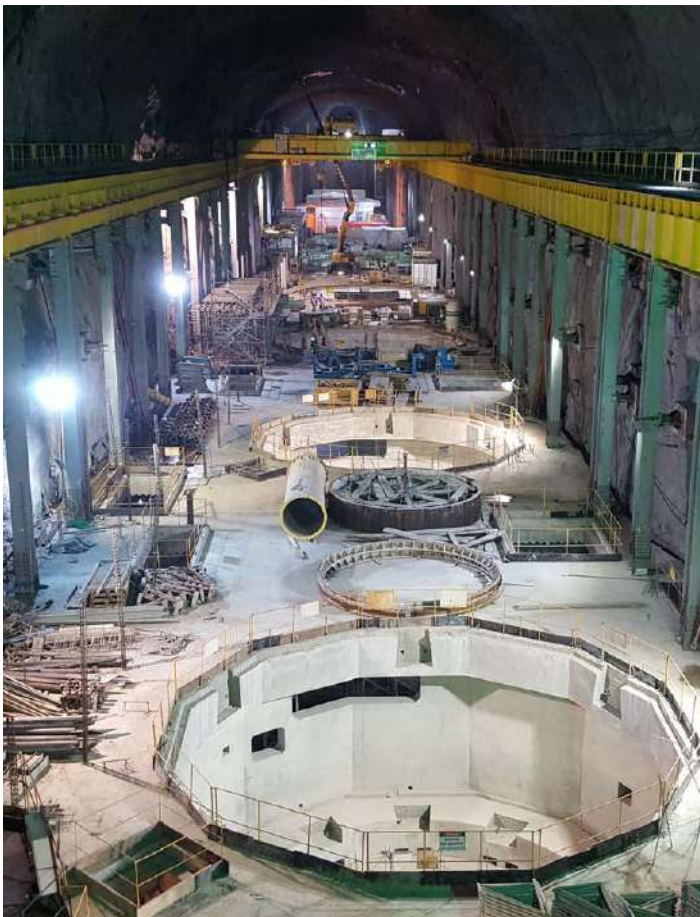
Buildings - Gulf Bank Algeria, Argel | Algeria

Mechanical Engineering - Hydroelectric Development of Laúca, Kwanza Norte | Angola



Infrastructures - CBLG - Venezuela

Teixeira Duarte Operational Pole - Montijo | Portugal



III. ACTIVITY IN 2016

1. ECONOMIC FRAMEWORK

Here we present a few brief notes on the economic framework verified in 2016 in the TD-EC's main markets of operation directly and by means of branch offices and associated companies.

PORTUGAL

During the financial year under review, the Portuguese economy has continued to show signs of a moderate recovery over recent years, specifically due to a 1.4% increase in the volume of the Gross Domestic Product (GDP), achieving around 185 billion euros in nominal terms.

In terms of unemployment, the average annual rate fell from the 12.4% seen in 2015, to 11.1% in 2016, in continuation of the downward trend of this indicator that began in 2014.

ANGOLA

2016 was still affected by low oil prices, despite these showing a recovery during the second half of the year, which continued to have a negative effect on the economies of countries that produce this raw material.

Within this framework, Angola's GDP is estimated to have grown by 1% in 2016.

Despite the rise in prices of the barrel of oil to a level of 55 dollars, it is forecast that the movement to adjust the economy will continue in Angola during 2017, with an emphasis on the strategy of economic diversification into other sectors of activity, thereby promoting an ongoing reduction to dependence on the oil sector.

ALGERIA

The drop in oil prices since the 2nd half of 2014 led to a fall in exports from the country, as well as lower levels of growth. Despite this, in 2016 the oil and gas sector continued to account for 93% of exports, 27% of GDP and 38% of state tax revenue.

According to the IMF, in 2016 the growth of the Algerian economy is placed at 3.6%, also continuing to register a residual level of external debt (2.7% of the GDP).

In 2016 the inflation rate suffered an increase (6.4%), in line with the forecasts of the International Monetary Fund (IMF) and fruit of the local currency's devaluation, with a resulting increase of the price of imported products, foreseeing for 2017 an inflation rate of 4.8%.

Despite the prolonged fall in petroleum prices, the prediction for 2017 indicate a growth rate of close to 3.9%, supported not only by the energy sector, but also due to the dynamism of the remaining economic activities, particularly the service and construction sectors, as well as the increase of domestic consumption. In effect, diversification of the economy, modernisation and development of infrastructures, investment and the creation of jobs continue to be major priorities of the country's development policy.

BRAZIL

Due to the economic situation and political uncertainties in Brazil, 2016 was affected by the ongoing recession scenario. However, a turnaround was seen in financial markets, leading to a strong appreciation of the Real against the Dollar, contributing to a gradual fall in inflation during the course of the year. With a strong dollar, the close of 2016 saw the greatest trade balance excess since 1980 (48 billion R\$).

Some indicators suggest an improvement in the economy for 2017 and 2018: the rate of inflation rate decreased significantly to 6.2%, leading to the start of a process to lower the basic interest rate (SELIC), which reached 13.75% at the end of 2016; the business and consumer confidence index increased consistently throughout 2016.

SPAIN

The GDP at current prices recorded a volume of 1,113,851 thousand euros, which represents a growth of 3.2% in relation to 2015, thus confirming that 2016 was another year of economic recovery in this country.

The Spanish economy should continue to show a strong recovery, albeit with a lower intensity than in previous years, partly explained by a slowdown in domestic demand.

MOZAMBIQUE

Mozambique faces challenges in the short to medium term. These have become more evidence due to the slowdown in economic growth, the depreciation of the metical against the dollar and the levels of inflation that have been seen, as well as the downward trend in ratings and the interruption of many international donations.

In effect, economic growth has led to a slowdown in the activity's trend. When combined with adverse weather conditions that affected agricultural production, as well as political-military tensions, the dynamics of economic activity were hindered, specifically regarding the movement of people, goods and services.

Within this context, it is estimated that GDP will have increased by around 3.3% in 2016, and the average inflation rate will have been calculated at 26%.

The medium/long term outlook remains favourable, taking into account expectations related to the development of Oil & Gas projects, as well as good agricultural potential and wealth existing in other natural resources, which allow the IMF to anticipate growth of around 7% from 2017 onwards; by 2021, the real growth rate could be around 39%.

VENEZUELA

On the Venezuelan market, during 2016 Teixeira Duarte sought to keep its portfolio projects active in the area of infrastructures, by negotiating with the government and with the public company "Bolivariana de Puertos (BOLIPEURTOS), S.A." its entry into the port operation sector by entering into a Strategic Partnership for the operation of the Specialised Container Terminal at La Guaira Port, which took place during the month of January 2017.

In 2016, the price of oil on international markets continued to drop, significantly affecting an economy in which 96% of exports are concentrated in this commodity.

Therefore, GDP continued to decrease during the year in question (10% is the World Bank estimate), and the construction sector is not an exception to all other sectors of activity. Despite the economic and financial environment not having been the most favourable, a policy was implemented to increase the minimum wages and food subsidies, which reached almost 500% in 2016, thereby managing to mitigate the impact of high inflation among the most underprivileged of Venezuela's social fabric.

Despite the severe economic and financial crisis, Venezuela has not shied away from continuing to commit to social investments, maintaining one of the brand images from the past 18 years.

In addition, it was possible to see the firm intention of official entities to re-establish the trust of the private sector, by promoting an improved climate for public/private investments. The main aim of this is to strengthen other sectors that could contribute to the long term growth of the economy and to the diversification of exports, in an attempt to reduce the major vulnerability of the country's economy to fluctuations in the price of oil.

2. FINANCIAL APPRECIATION OF THE ACTIVITY IN 2016

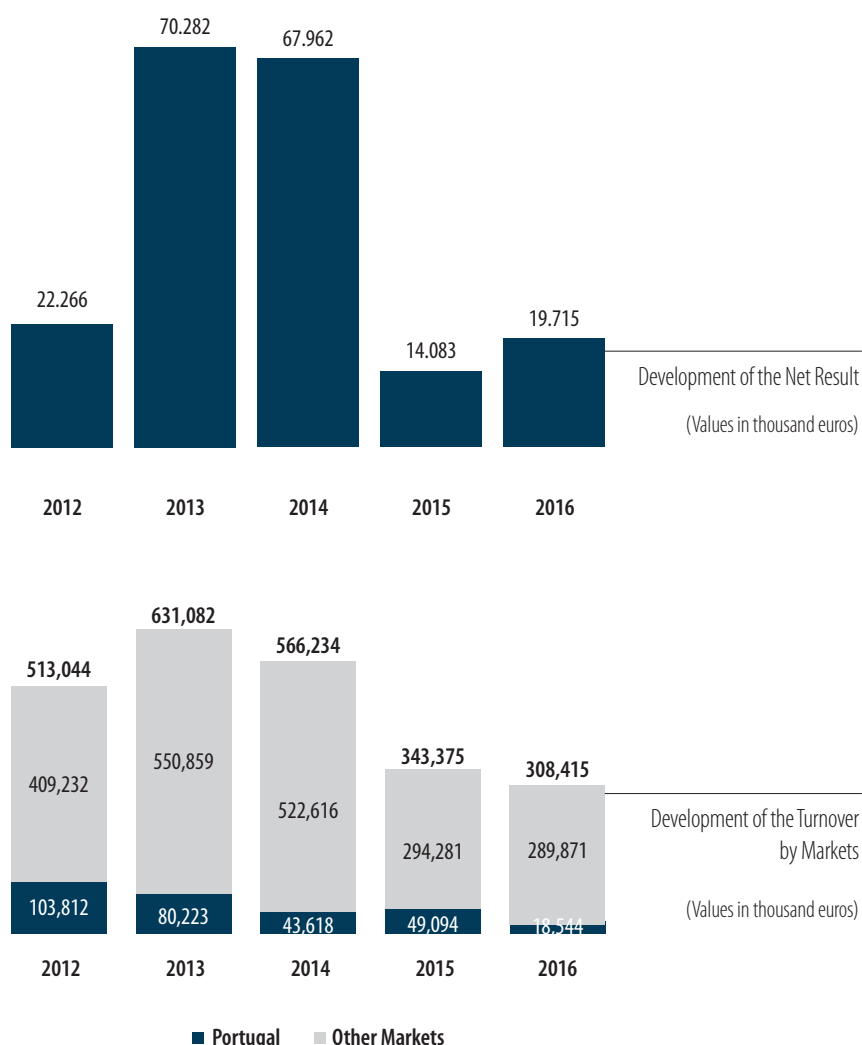
For a global approach to TD-EC's operation throughout 2016, a set of management and financial analysis indicators reported in that financial year are shown here, which are not only seen in the internal evaluation of the Company, but they are also part of the market references and the commercial operation requirements in the Construction sector.

The net result calculated for the year 2016 increased by 40.0% when compared to the previous year, reaching 19,715 thousand euros.

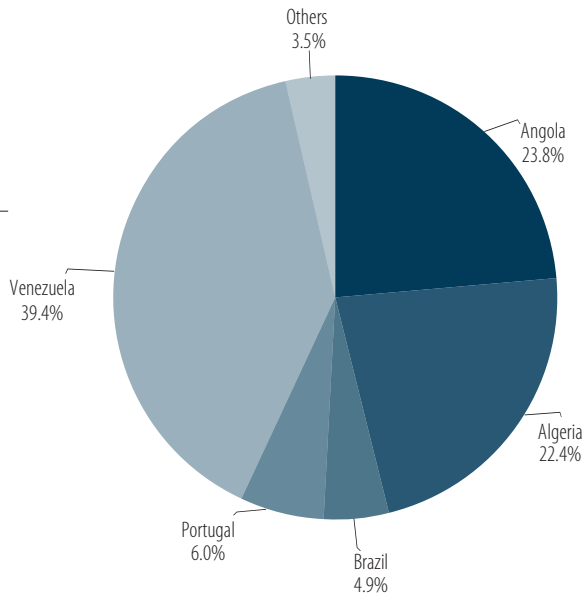
It should be mentioned that during the financial year under review, particular reductions in activity were seen in Angola, by around 81,722 thousand euros, and Portugal, by close to 30,550 thousand euros. However, this was mitigated globally with the closing of invoicing for the La Guaria Port project in Venezuela, which led to a favourable evolution of the turnover from that country, as well as a significant improvement to the financial results, by around 20,931 thousand, including an exchange rate gain of 21,120 thousand euros.

As a result of the foregoing and as shown in the graph to the side, a 10.2% year on year decrease was experienced, to 308,415 thousand euros. This change is the result of the aforementioned reduction in activity in some geographical areas, specifically Portugal and Angola.

To this end, it should also be mentioned that contracts with high volumes of work are currently being executed by Teixeira Duarte's investee in Mozambique. Therefore, despite this being reflected in the consolidated accounts of the Group's top listed company, they are not reflected in the same way in these Teixeira Duarte indicators, as in this case - with the accounts in question being individual - these stakes are included using the equity method and consequently are neither reflected in turnover nor EBITDA.



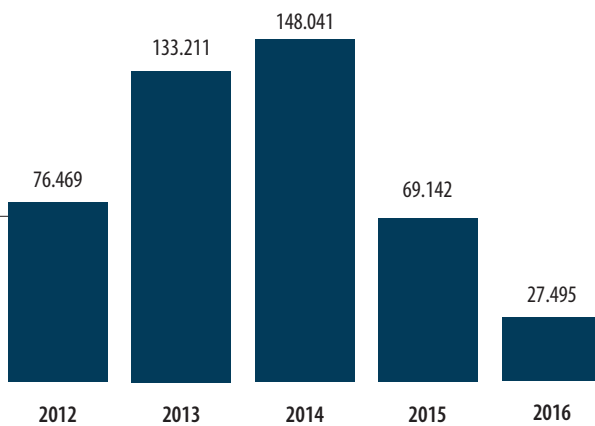
Evolution of Turnover by Country



In this context, it should be mentioned that the turnover of the investee company "Teixeira Duarte - Engenharia e Construções - Moçambique, Lda." and of "EMPA, S.A." - which for the aforementioned reasons do not influence the Turnover of Teixeira Duarte - respectively amounted to 120,407 thousand euros and 81,923 thousand euros.

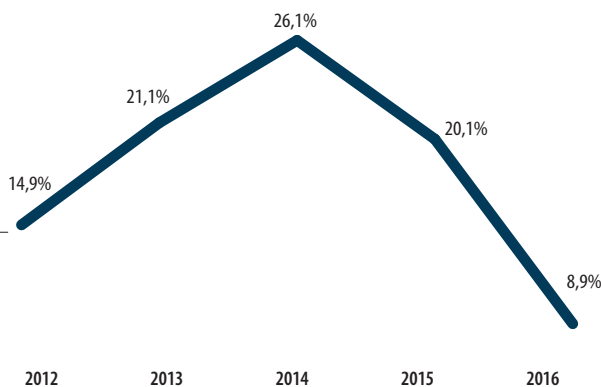
The graph to the side shows turnover broken down by countries, in Percentage terms, for the period ending 31 December 2016; the graphic shows the company's exposure to different economic contexts.

Evolution of Real Estate
(Values in thousand euros)



Reductions in activity under the aforementioned terms had an influence on EBITDA, which saw a year on year decrease of 60.2%, to 27,495 thousand euros for the period ending 31 December 2016.

Evolution of the EBITDA margin / Turnover



The EBITDA Margin / Turnover dropped in comparison to December of 2015, having gone from 20.1% to 8.9% by December of 2016.

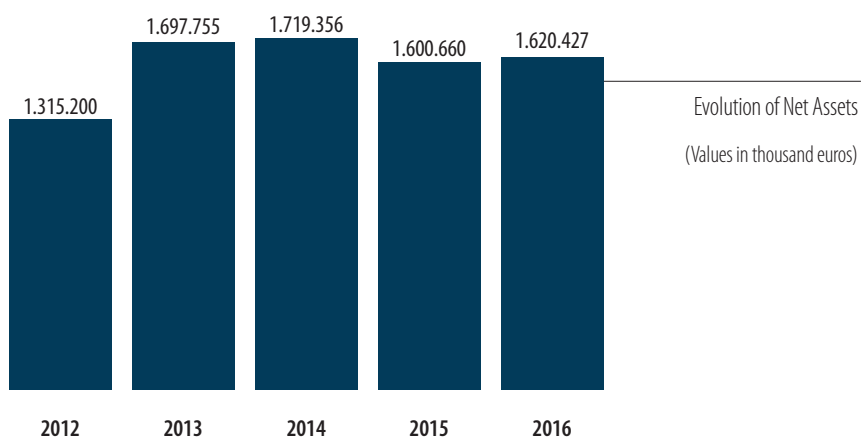
	2016	2015	
Financial expenses and losses:			Financial results
Supported interests	42,466	46,091	(a) The presented amounts correspond to dividends received from "LUSOPONTE, Concessionária para a Travessia do Tejo, S.A.", whose participation is valued by the cost method.
Unfavourable exchange rate differences	51,305	114,977	
Other costs and financial losses	6,435	7,099	
	100,206	168,167	
Income and financial earnings:			(Values in thousand euros)
Obtained interests	47,339	19,278	
Favourable exchange rate differences	72,425	107,280	
Other income and financial earnings	63	106	
	119,827	126,664	
Income related to investment activities:			
Dividends (a)	1,310	150	
	1,310	150	
Financial Results	20,931	(41,353)	

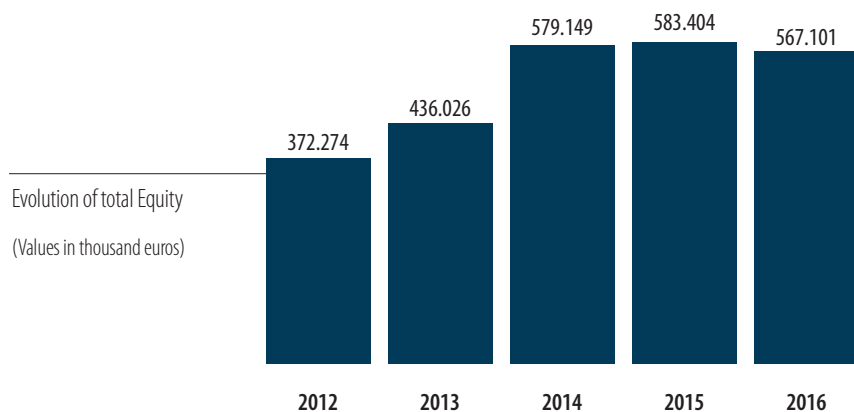
Financial results changed very significantly when compared to the previous year, standing at 20,931 thousand euros. Emphasis should be placed on the positive balance of exchange rate differences and a sharp rise in interest earned.

There was a significant change in income tax when compared to the 2015 year, as it amounted to 10,328 thousand euros.

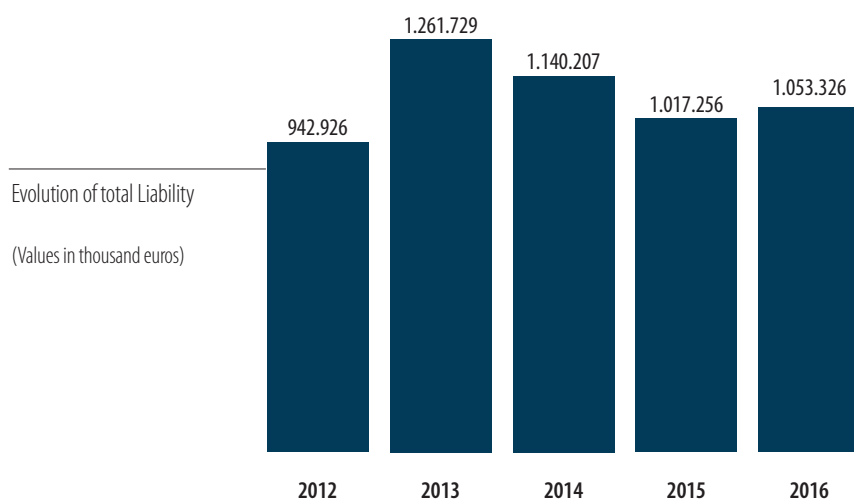
	2016	2015	
Current Tax	10,024	4,918	Income tax
Deferred tax	304	(4,829)	(Values in thousand euros)
	10,328	89	

Total net assets increased by 1.2% when compared to 31 December 2015, to 1,620,427 thousand euros.

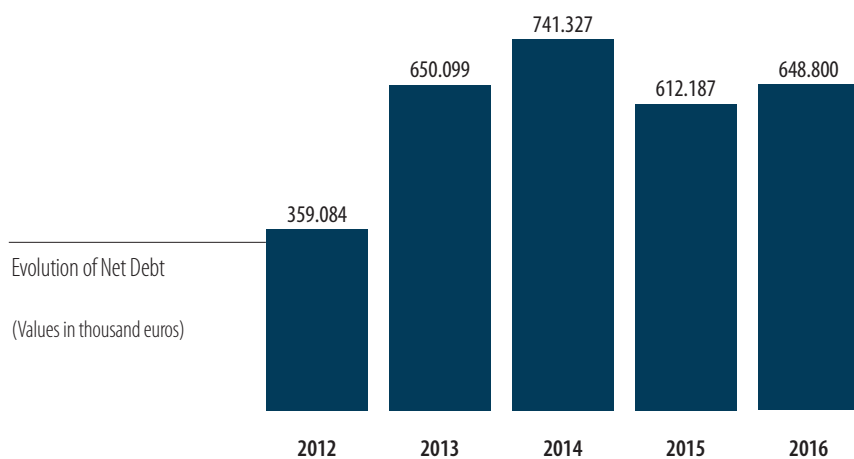




Total equity at 31 December 2016 was 567,101 thousand euros, representing a 2.8% decrease compared to the figure posted for the previous year.

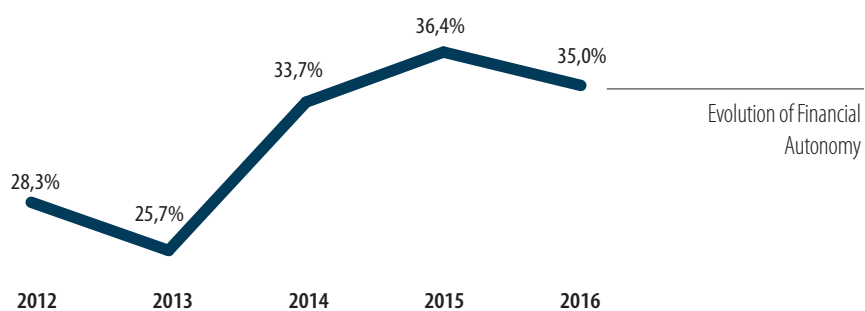


Total liabilities increased by 3.5% to total 1,053,326 thousand euros on 31 December 2016. This change can be mostly justified by the 16,298 thousand euro increase in financing obtained.

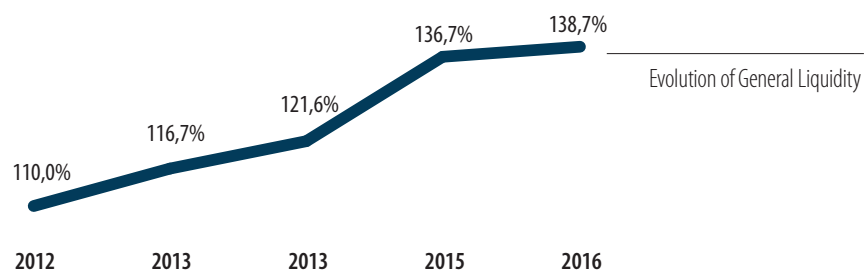


The Net Debt reached 648,800 thousand euros at December 31, 2016, which means an increase of 5.9% in relation to the end of the previous year.

Financial autonomy reached 35.0%, which means a decrease of 4.0% at December 31, 2016.



The Overall Liquidity in December 31, 2016 recorded an increase of 1.5% compared to December 31, 2015, shifting from 136.7% to 138.7%.





Repairs to the pillars/piles of the south viaduct of the Vasco da Gama bridge
Lisbon | Portugal

Execution of the Special foundations for the Condominio Provenza Club
Bucaramanga | Colombia

Refurbishment and extension of the trem naval at the Port of Beira
Beira | Mozambique

3. OPERATIONAL APPRECIATION OF THE ACTIVITY IN 2016

TD-EC's areas of operation indicated above as the basis, the following presents some brief notes on the activity developed in the areas of Geotechnics and Rehabilitation of Buildings, Infrastructures, Metal Working, Maritime Works as well as Form-works and Prestressing, Materials Laboratory and the Central Office of Equipment.

GEOTECHNICS AND REHABILITATION is the area of operation of TD-EC that covers Geotechnics and Foundations, as well as Rehabilitation, focusing on a nucleus of engineering and reference research in the company and the market.

The operation of the Teixeira Duarte in this sector is characterised by interventions in projects of elevated technical complexity and size, both in public and private enterprises, having highly specialised and technically prepared human resources, supported by their own state-of-the-art technology.

Designed and carried out in the area of Geotechnics and Foundations are Technical Studies of Engineering and Foundations, Geological Studies, Mining Prospection, Pile Walls, Stakes, Micro Stakes, Nailings, Anchors, Consolidations, Injections, Jet-Grouting, Projected Concrete, among other special works.

Carried out in the area of Rehabilitation are specialised works in the domains of Rehabilitation of Structures and Conservation of Monuments and Built Architectural Heritage, as well as Structure Inspection and Diagnostics.

In the Project Management area, Engineering Studies and Technical Projects were developed for the entire Teixeira Duarte Group. These were of great importance for the reasoned technical presentation of bids and projects.

Overall, in this area of activity TD-EC earned profits of 37,207 thousand euros, which represents a 48% increase when compared to 2015.



Slope stabilisation in the West Put Sector - Águas Claras Mine - Nova Lima - Mine - Nova Lima - Minas Gerais | Brazil

Indirect foundations of the Talatona 2 building - Luanda | Angola





Alterations and expansion of Hospital da Luz - Oeiras Clinic
Oeiras | Portugal

Construction of a building on Plot 39, Parcel 3, on Cape Island
Luanda | Angola

Remodelling of, and improvements to the São Lucas Hospital, in Copacabana
Rio de Janeiro | Brazil

Refurbishment and Upgrading of the Jonasse Residence
Matola | Mozambique

In the **BUILDINGS** area, TD-EC still engages in significant activity. Particularly since the 1960s there have been many projects overseas, characterised by the development of large scale projects with high levels of technical complexity, encompassing the construction and refurbishment of all types of buildings - specifically large-scale constructions - in all sectors, particularly, schools, trade and services, residential, industrial and health, therefore including both public and private contracts.

Overall, in this area of activity TD-EC earned profits of 107,519 thousand euros, which represents a 27.1% decrease when compared to 2015.

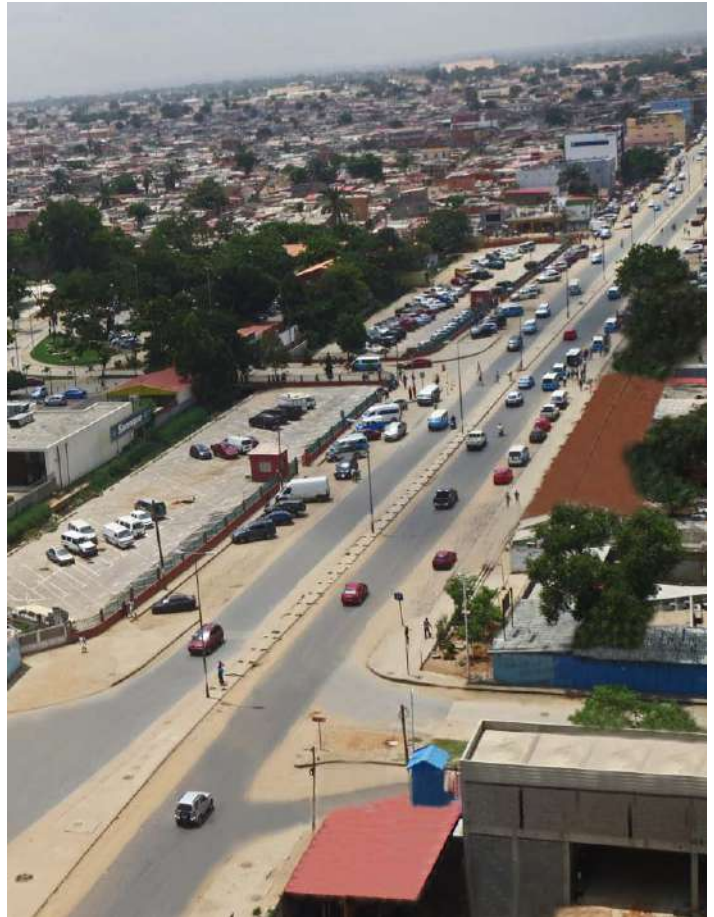
Based on increased numbers of queries and the signing of some contracts in Portugal, these numbers are expected to rise in 2017.



Conservation and alteration of external frontages - Lisbon | Portugal

Construction of the new headquarters of Gulf Bank Algeria - Algiers | Algeria





Modernisation work on the Thenia/Tizi-Ouzou line – Bordj Manaiel Station
Boumerdès | Algeria
Construction of Highway BR 235 / BA – Coronel João Sá
Bahia | Brazil

Refurbishment of the Luanda Road Network – Hoji Ya Henda Avenue
Luanda | Angola

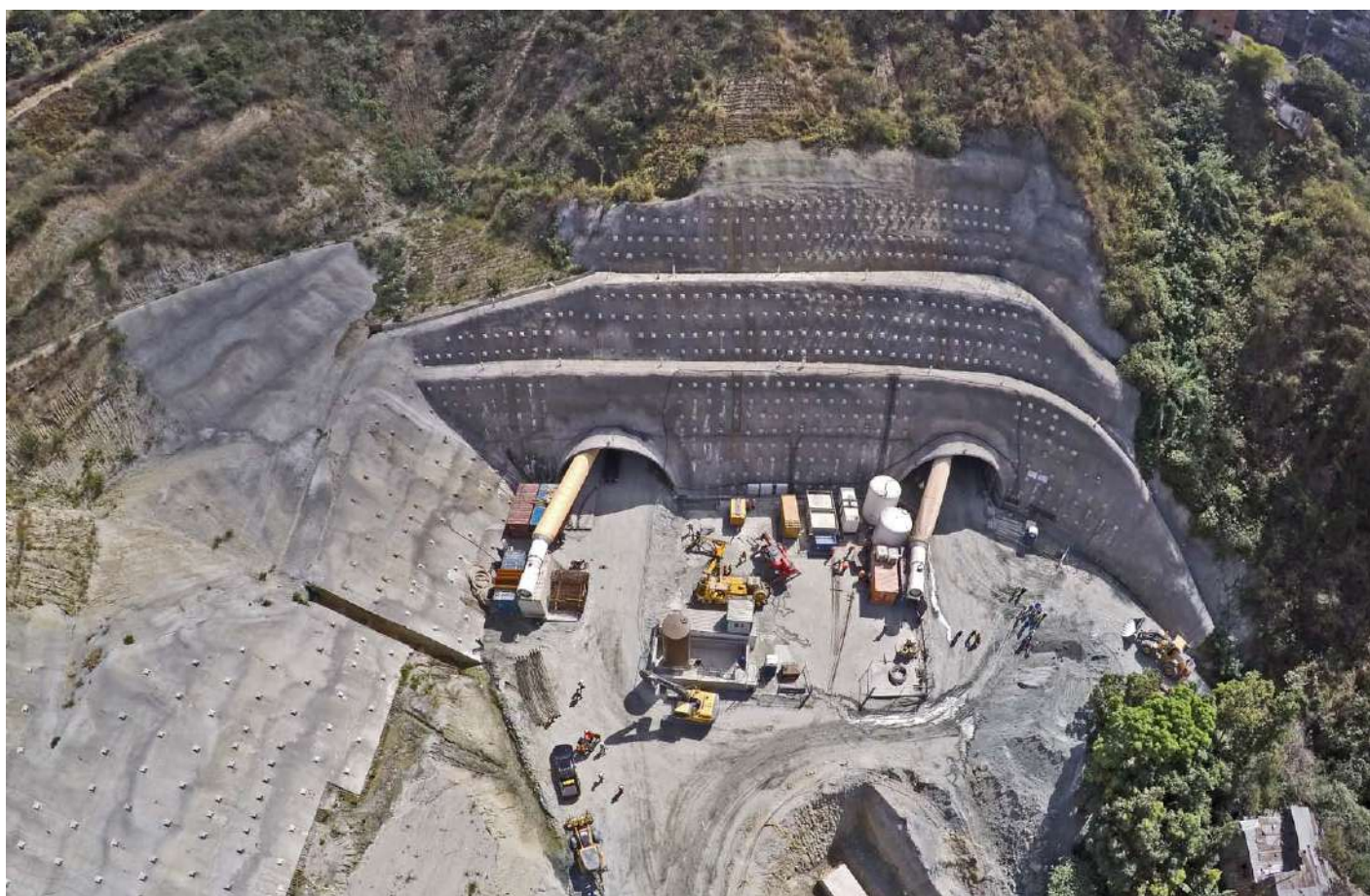
Teixeira Duarte brings together in its portfolio all types of **INFRASTRUCTURES**, namely having carried out Roads and Highways, Bridges and Viaducts, Hydroelectric Projects, Tunnels, Railways, Train Stations and Interfaces, Port Works, Environmental Construction and even Water and Natural Gas Infrastructures.

Overall, in this area of activity TD-EC earned profits of 157,883 thousand euros, which represents a 13.5% increase when compared to 2015.

Commercial activities continued to focus on efforts aimed at growth and geographical diversification. Despite having intensified, significant progress on the level of the targets that have been set has not yet been achieved.



Initial installation of the Alcochete 400/60 kV substation - Site 52.00 - Alcochete | Portugal





Hercílio Luz Bridge – Florianópolis | Brazil

In the **METAL WORKING**, area of activity, Teixeira Duarte's high level of specialisation in metal constructions led to the execution of highly complex projects involving significant amounts of metalwork, specifically metal bridges and viaducts, and miscellaneous large scale metal buildings and structures, working both in conjunction with other sectors and directly for end customers. Mechanics is a specialist part of this area, with high levels of know-how in the oil-water sector. Combining and integrating this knowledge gives the Metal Working area the capacity to respond to, and develop solutions for projects involving complex assembly and overhead load movements; it also allows the area to design, construct and refurbish hydro-mechanical equipment and other special equipment.

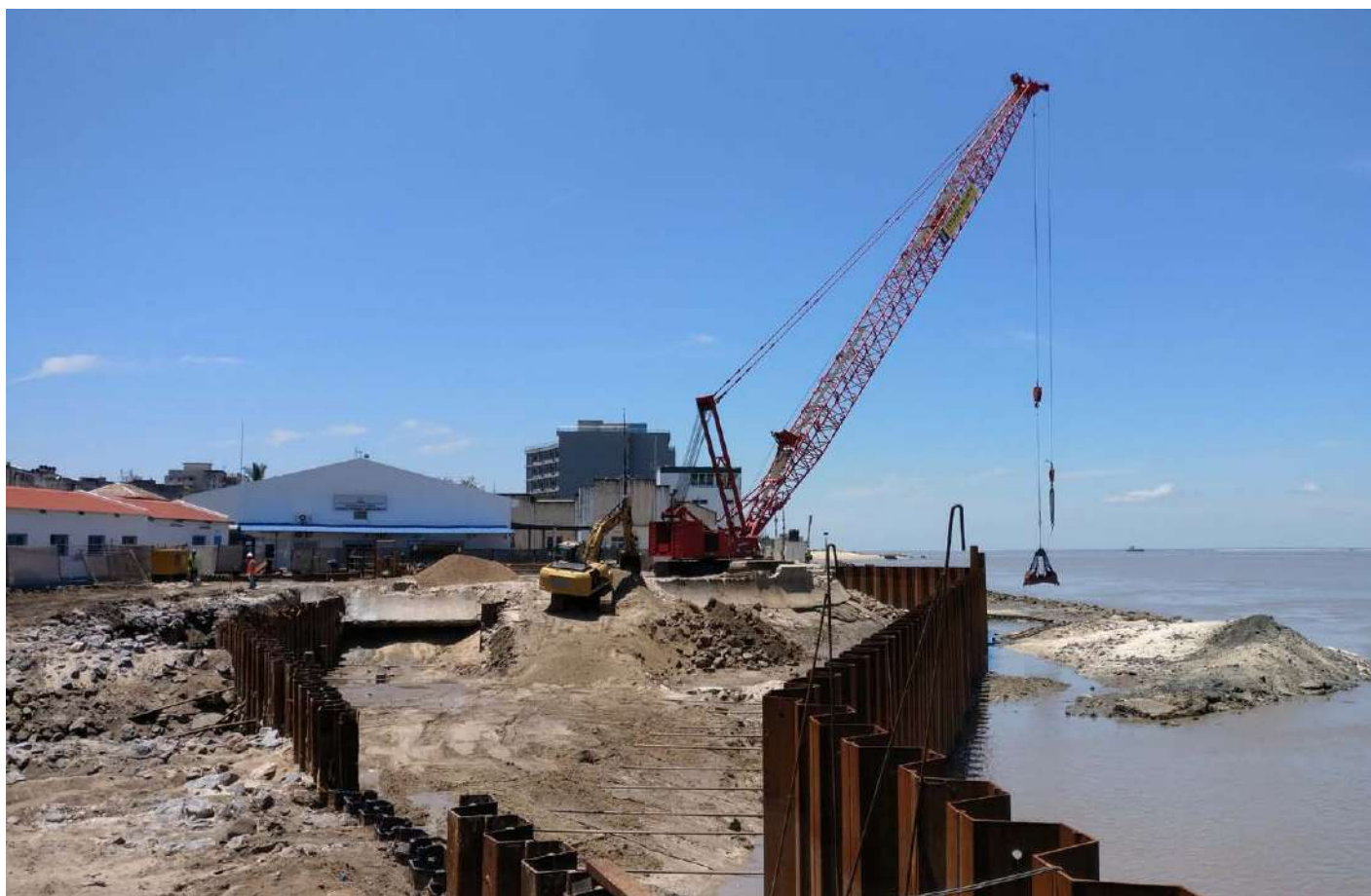
Overall, in this area of activity TD-EC earned profits of 27,126 thousand euros, which represents a 12.8% increase when compared to 2015.



Assembly of metal structures - New headquarters of Gulf Bank Algeria - Algiers | Algeria

Redesign of the toll station roof on the Coina road, sub-section Fogueteiro / Coina A2-Auto-Estrada do Sul | Portugal





Refurbishment and expansion of the dock at Beira Port - Beira | Mozambique

In the **MARITIME WORKS** area, TD-EC is capable of performing different types of port infrastructure, such as commercial, fishing and nautical recreation ports, with construction and rehabilitation of coastal protection, such as piers, groins, artificial beaches and adherent defence works, hydraulic landfills, outfalls and even dredging operations and other maritime and river works.

In 2016 "OFM - Obras Fluviais e Marítimas, S.A.", which plays a notable role in the Group as a specialised entity for carrying out the aforementioned maritime and river works, underwent an internal reorganisation process, with TD-EC taking in the technical and human resources of OFM, S.A., as well as the equipment needed to carry out these types of projects.



Formwork and Pre-stressing Operations Centre
 Construction of a platform for geotechnics works
 Crestuma-Lever Dam | Portugal



Central Office of Equipment
 Montijo | Portugal

The **FORMWORK AND PRE-STRESSING OPERATIONS CENTRE** is responsible for the management and development of the formwork, trusses and pre-stressing area. During 2016 it carried out work for the different areas of activity of TD-EC, in several markets where the Teixeira Duarte Group operates.

Overall, in this area of activity TD-EC earned profits of 6,661 thousand euros, which represents a 4.1% increase when compared to 2015.

The **CENTRAL OFFICE OF EQUIPMENT**, based at the Teixeira Duarte Operations Centre in Montijo, concentrates in a central location all economic, administrative and technical management processes for equipment in different geographical areas. It monitors and audits the application and standardisation of technical maintenance management procedures, as well as the assignment of technical personnel to a wide range of projects.

Significant movements of equipment between markets were made in 2016 to meet production needs. This fleet usage optimisation led to economic benefits.

During the 2016 financial year, TD-EC's investment in equipment for different markets and areas of activity amounted to an overall value of 19,948 thousand euros.

4. OTHER GROUP ENTITIES IN THE CONSTRUCTION SECTOR

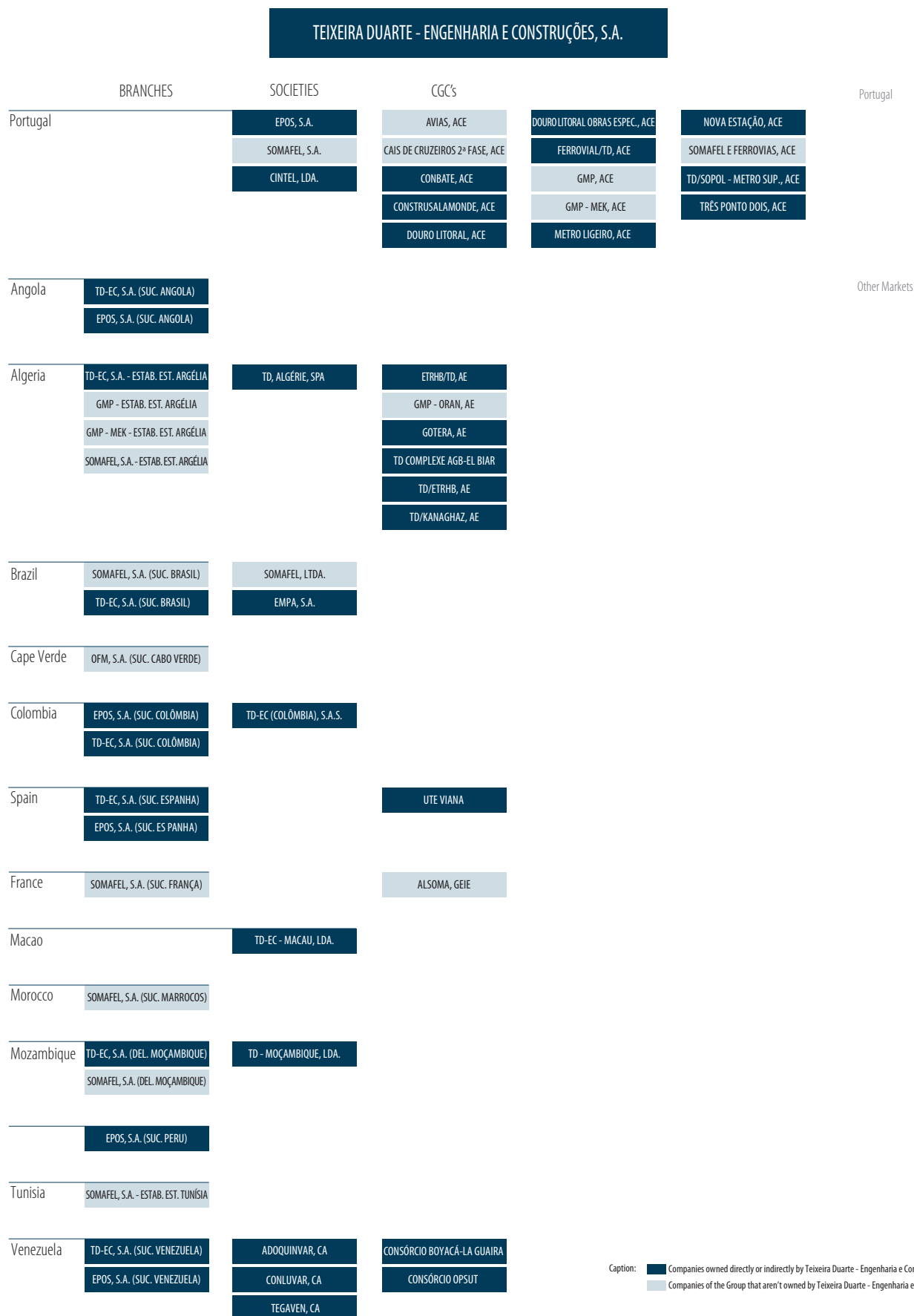
As mentioned in the introduction of this Management Report, TD-EC is a part of an Economic Group where there are other entities acting in the Construction Sector, and without prejudice of that more global analysis to be consulted in the scope of the Report and Accounts of the presiding company of the Group, "Teixeira Duarte, S.A.", it seemed appropriate to leave a few notes here on some of those other companies whose accounts are autonomous of those of TD-EC, yet they maintain a strong corporate and operational connection to it.

In the table on the following page, all of the entities of the Teixeira Duarte Group that operate in the Construction Sector are shown.

We will only point out a few of them all and in two distinct groups: first a set of entities that operate in specific construction areas and then a few entities highlighted for their greater relevance in the construction sector in some markets where the Group remains active.

TEIXEIRA DUARTE CHART - CONSTRUCTION 2016

This chart presents the Teixeira Duarte Group entities operating in the Construction sector in different countries, including branches, societies, and CGC's.





E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.:
Excavation and cladding of galleries – Lima Metro
Lima | Peru



SOMAFEL – Engenharia e Obras Ferroviárias, S.A.
Expansion of the Carajás Railway – Santa Inês
Estado do Maranhão | Brazil

"E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A.", owned 100% by TD-EC, has extensive experience in the area, and is equipped with the most modern resources for carrying out these types of projects, involving the areas of civil engineering and mining.

In 2016, EPOS, S.A. operated in Portugal (which accounted for around 80% of its profits), Spain, Angola, Venezuela, Colombia and more recently in Peru, through subsidiaries set up in these countries. Globally, it has experienced a substantial reduction in its activity, essentially due to the completion of major contracts in progress during previous years and the suspension of others (in Venezuela), as well as the termination of some mining contracts (in Spain).

"SOMAFEL - Engenharia e Obras Ferroviárias, S.A." is a company of the Teixeira Duarte Group (held at 60%) purposed for the construction, renovation and conservation of railway infrastructures including its electrification (catenary), area where the Group has been consolidating its operation, which, currently, is focused on Portugal, France, United Kingdom, Morocco, Algeria, Mozambique and Brazil, having been developing an activity optimisation process in those countries, where it works with four distinct gauges.

In 2016, the increase seen in Brazil, through its local subsidiary "SOMAFEL - Obras Ferroviárias e Marítimas, Ltda.", overcame the downturns in activity in Portugal, Algeria, Morocco and Mozambique, achieving a worldwide increase in profits of around 7%.



Teixeira Duarte – Engenharia e Construções (Moçambique), Lda.
 Banco de Moçambique – Maputo | Mozambique



EMPA S.A. Serviços de Engenharia
 Foundations for the São Luís do Maranhão Terminal | Brazil
 Teixeira Duarte Algérie, SPA
 Micropiles and jet grouting – Oued Ouchayah | Algeria

"Teixeira Duarte - Engenharia e Construções (Mozambique), Lda.", is a Mozambican company that TD-EC has direct participation in and it is the main vehicle of execution in this country where the Group is operating since 1982.

In 2016 the Group maintained a high turnover in this country, not only because of the different endeavours underway, but mainly due to the Volume of them, especially the important construction of buildings for the new head office of the Banco de Moçambique, one of them with 30 floors and a total of close to 87,000m² of construction that involves complex engineering solutions and the installation of multiple highly sophisticated equipment. This outstanding work for its architecture, construction area and height of the main building, and the prospect of the lower area of Maputo implied an important reinforcement of the means provided by TD-EC in that county.

"EMPA S.A. Serviços de Engenharia", is a Brazilian company, headquartered in Belo Horizonte, which was acquired at 100% ownership by TD-EC in 2007. In 2016, Group activities in this Construction Sector in several States of this country were shared with the TD-EC Subsidiary set up there, in all of its areas of activity, from geotechnics and rehabilitation, to buildings, infrastructures and metalwork.

"Teixeira Duarte Algérie, SPA", is an Algerian company based in Algiers, set up by TD-EC in 2006. It has been one of the vehicles for Teixeira Duarte Group activities in this north African country, more recently with particular emphasis on the areas of geotechnics, refurbishment and metalwork.

2016 was a year that saw the growth of this subsidiary's activity, whose profits increased by 57% compared to 2015.

5. OTHER PARTICIPATIONS HELD BY TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A. - CONCESSIONS AND SERVICES

The following are brief references to other associated entities of TD-EC in the Concessions and Services Sector in the role of public works endeavours.

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

In February 2010, the construction of the Cascais Hospital was concluded, since that date TDHOSP's activity focused management and maintenance of the hospital building, as well as management and exploitation of the Parking Lot.

During the year 2016, in addition to the normal maintenance of the building, several improvements were also made, approved beforehand by the partner "LUSÍADAS - Parcerias Cascais, S.A." e pela Entidade Pública Contratante.

TDHOSP's activity is in the scope of and under the Management Contract, annually monitored and assessed by the Contracting Public Entity in the parameters of Availability, Service and Satisfaction, having obtained in the last year the classification of Very Good just as it has since the beginning of the operation.

Processes will continue to be implemented during 2017, aimed at operational improvements and increasing the efficiency in a range of different technical areas of activity. It should be noted that TDHOSP - Gestão de Edifício Hospitalar, S.A. holds an ISO 9001 - 2008 Quality certification.

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

On January 28, 2016, TD-EC alienated "BRISA - Auto-Estradas de Portugal, S.A." and under Options Contracts signed in December of 2010, almost all of the shares held in "AEDL - Auto-Estradas do Douro Litoral, S.A." - only 1.000 shares remaining, corresponding to 0.02% of the share capital of this entity in comparison with the 19.67% held before -, also in the scope of alienation of that shareholding, having transferred the contractual position in the financing contracts that it had subscribed while shareholder of "AEDL - Auto-Estradas do Douro Litoral, S.A."

"AEBT - Auto-Estradas do Baixo Tejo, S.A." is a company in which TD-EC owns 9% of the share capital and that signed the Baixo Tejo sub-concession contract with "IP - Infraestruturas de Portugal, S.A." on January 24, 2009.

The sub-concession contract will last for a term of 30 years and its object is the design, project, construction, increase of the number of lanes, financing, exploitation and conservation of the highway stretches, roads and various junctions associated with the Setúbal district, designated by Baixo Tejo sub-concession, for a total of 68km, of which 17km have toll collection for the users and an expected investment of close to 278 million euros.

During the year 2016, with all the contract works concluded and the stretch in operation, the tasks of closing the construction contract continued.

"MTS - Metro Transportes do Sul, S.A." is a company in which TD-EC holds 9.12% of the share capital, it develops its activity in the area of concession, project, construction, supply of equipment and rolling stock, financing, exploitation, maintenance and conservation of the entire light rail network of the southern margin of Tejo, under the concession contract signed on July 30, 2002 with the Portuguese State, having started the concession on December 12, 2002.

In the year 2016, the procedures aimed at the close of the construction contract continued.

"LUSOPONTE - Concessionária para a Travessia do Tejo, S.A.", which is a company dedicated exclusively to management, in the scope of concession of its roadway stretches in Tejo, in the region of Lisbon, in which TD-EC holds 7.5% its share capital.

2016 was yet another year of very positive performance for both crossings with respect to its quality and the 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 once again saw a 3.3% overall increase in traffic, this subsidiary maintained the constant growth of its EBITDA seen since 2012, which reached 62,630 thousand euros, representing a 6.48% increase when compared to 2015, the most significant increase of this indicator in the last ten years.

6. OTHER RELEVANT FACTS OCCURRED IN 2016

In addition to the matters more directly related to the operation of TD-EC presented above, it seems appropriate to also report some relevant facts of the company's life in the scope of this Management Report, namely:

TD-EC's Management System

In this context, in 2016 activities were carried out to support the processes of obtaining, monitoring and renewing the Management System certifications. Emphasis should be placed on the extension of Safety (OHSAS 18001), Quality (ISO 9001) and Environmental (ISO 14001) management systems certificates to the Algerian market, and the transition of the social responsibility management system, according to the new reference standard SA8000:2014.

IDI (Investigation, Development and Innovation)

Due to the growing importance of knowledge networks for conducting R&D+i (research, development and innovation) activities, specifically in the construction industry, continued support was given to TD-EC's production structures, for their membership of and participation on committees and work groups of scientific societies and technology platforms. This was done in close collaboration with Portuguese universities and laboratories, and these partnerships were expanded to include overseas consortia.

Worth noting in this domain:

- Participation in a range of different "Portuguese Construction Technology Platform" (PTPC) initiatives, specifically presenting this platform as a candidate to become the management entity of the AEC Cluster - Architecture, Engineering and Construction.
- Participation in the COST ACTION TU1404 programme, "Towards the next generation of standards for service life of cement-based materials and structures", made up of scientific and industrial does from around 20 countries, with the main aim of developing new generations of recommendations and guidelines for forecasting and appraising the useful life of cement-based materials and structures, in Europe.

Emphasis should also be placed on the implementation of BIM (Building Information Modelling) in the Teixeira Duarte Group's construction sector. BIM is an innovative approach to the planning, dimensioning, construction, operation and maintenance of buildings in the field of architecture, engineering and construction. There is a general trend towards it being increasingly demanded by site owners, particularly on international markets.

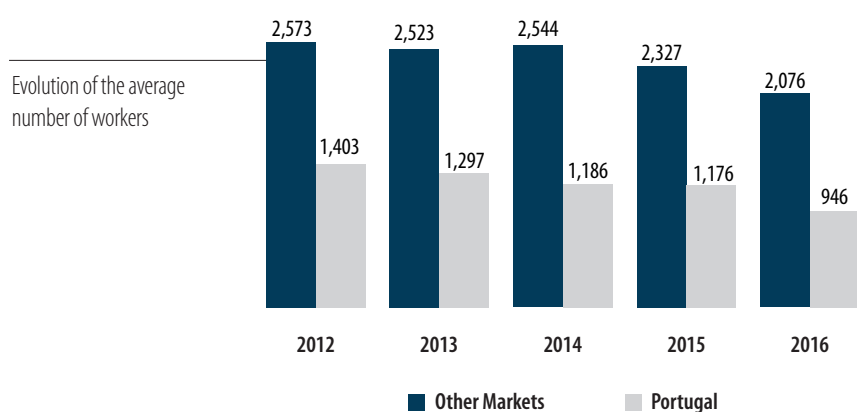
An internal project was launched in 2016, involving employees from several sectors of the company coordinated by a project management team. This project involved an active partnership with the Hospital da Luz - Oeiras Clinic project, which particularly focused on detecting errors and omissions, and anticipating incompatibilities. The project lasted for 4 months and ended in February 2017, exceeding the goals set for it.

The organisational model for the implementation of BIM in the Teixeira Duarte Group will be based on a central support team, available to provide guidance and training, implement action plans, and to select the most appropriate software and hardware for each area of activity or Group company. This support team will define the process implementation guidelines.

The Materials Laboratory was integrated into the Central Office of Management and Technology Systems, with direct links to the Centre for Innovation and Technological Development. It has held an accreditation from the Portuguese Accreditation Institute (IPAC) since 1996, and is based at the "Teixeira Duarte Operations Centre" in Montijo. During 2016 it carried out multiple studies and tests as part of its role providing support to areas of activity and sales teams.

Human Resources

TD-EC seeks to assign an appropriate number of workers to the activities carried out in the different sectors and markets, promoting the personal and professional development of its employees.



The average number of workers recorded a decrease of 13.7% from 2015, however, at December 31, 2016, the number of workers was less by 8.4% - 247 workers less - than 2015, shifting from 3,184 workers in 2015 to 2,937 at the end of 2016.

This reduction was, above all, a reflection of the decrease of teams in Angola, country where TD-EC's activity had the greatest downturn compared to the previous year, but also in Portugal.

In Algeria, the number of TD-EC employees at the end of the year had increased by 51.5% when compared to 31 December 2015, reflecting the start-up of major projects in that country. Meanwhile, throughout the financial year in question, ending 31 December 2016, TD-EC's Brazilian subsidiary had 326 employees.

Training

Since its foundation, TD-EC chose to the qualification of its employees as one of its main concerns. The role of internal training stands out, having educated throughout the many different generations of employees, which is substantiated in the transmission of an enriched capital with testimonies and knowledge made in the countries where the Company is present.

For this purpose, the activities carried out in the markets to train TD-EC employees run in close collaboration and monitoring with the central structure headquartered in Portugal, with the intent of co-operating in the development of their potential, through the implementation of adequate and innovative solutions.

Without prejudice of other actions that involved TD-EC workers together with other entities of the Teixeira Duarte Group - and that were reported in the scope of the management report of the presiding company of Group "Teixeira Duarte, S.A." - which exclusively concerns TD-EC, in the different countries where the Company operates, multiple training activities were administered, reaching 10,686 trainees and totalling 49,436 hours of training.

Social Responsibility

In the scope and execution of its Social Responsibility policy, the continuation of the program "Todos Damos" (We all Give) is worth noting, being approved by the Board of Directors of the presiding company of the Teixeira Duarte Group - "Teixeira Duarte, S.A." - and extendible to all the entities and collaborators of the Group.

True to its Values, TD-EC always assumes an active role in regards to the wellbeing of its workers and their families, having understood the need to focus the options for supporting social projects through an institutionalised position directed at social solidarity organisations and that also include the very employees in a direct action.

The Todos Damos program is, therefore, a corollary of other prior initiatives, consisting in support for people through co-financing by the Companies of the Teixeira Duarte Group of projects or social institutions that their own employees also desire to directly support.

In effect, the employees indicate an institution with social intervention to which they intend to contribute and Teixeira Duarte provides co-funding for the institutions to be supported by doubling the amount the employees intend to contribute.

According to the program's regulations "Teixeira Duarte, S.A." announces the budget made available for this purpose each year. In 2016, the overall amount of this budget was €100,000.00 (one hundred thousand euros). €55,485.00 (fifty-five thousand four hundred and eighty-five euros) were raised by donations from 20 employees, distributed among several institutions in Portugal and Angola, and donations from Teixeira Duarte.

For the financial year underway, the available budget is for €100,000.00 (one hundred thousand euros), which should be distributed by December 31, 2017, under the terms of the program in effect.

Company Facts

The only item to highlight in this ware is the Annual General Meeting, held on 28 May 2016, during which the following unanimous decisions were taken:

Approve the Management Report presented by the Board of Directors, the Balance Sheet, the Company Accounts and the Sole Auditor's Report and Opinion, for the financial year 2015, under the terms of the respective documents duly provided.

Approve the proposal made by the Board of Directors that the Company's net results, calculated for the 2015 financial year at €14,082,962.35 (fourteen million eighty two thousand nine hundred and sixty two euros and thirty five cents), should be distributed in the following way:

Legal reserve: €1,000,000.00

Free Reserve: €12,082,962.35

Dividends: €1,000,000.00

Approve a deliberation of trust in the Board of Directors, in each of its Members and in the Sole Auditor, as well as an applause for the way they performed their roles in the ended financial year.

Approve the continuation of the current situation of full control over the investee "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." which was acquired by TD-EC on 21 December 2015, as part of the Group's corporate reorganisation operations.

IV. RELEVANT FACTS OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR

TD-EC continued its business in several sectors and markets in which it operates, being worth noting the following relevant factor occurred after the close of the financial year:

Signing of a Strategic Partnership in Venezuela for a conservation, administration, management, operation and exploitation contract for the Specialised Container Terminal at La Guaira Port, in Venezuela

On 17 January 2017, "Teixeira Duarte - Engenharia e Construções, S.A." signed a "Strategic Partnership for the Port Operation and Management of the Specialised Container Terminal at La Guaira Port", in Venezuela, with the state company of the Bolivarian Republic of Venezuela known as "BOLIVARIANA DE PUERTOS (BOLIPEURTOS), S.A.", with a view to optimising the development and growth of the terminal's activities, turning it into a transfer port in the Caribbean Sea and Latin America. Under the terms of the aforementioned partnership, Teixeira Duarte will contribute, according to the Business Plan, the amount of 40 million American dollars and will assume responsibility, for a 20 year period, for the commercialisation, conservation, operation, administration, construction and exploitation of the aforementioned Terminal.

The Specialised Container Terminal at the Port of La Guaira, with capacity to move 1,000,000 TEUS/year and an area of 17ha, has 693m of dockable berths and bottoms at -15.2m. It is fitted with the latest generation of port operation equipment - 6 quay gantry cranes, 15 patio gantry cranes, 2 reach-stackers and 6 front loaders.

One of the whereas clauses of this Agreement is the fact that, on 6 August 2008, a Supplementary Agreement was signed to the Framework Cooperation Agreement between the Bolivarian Republic of Venezuela and the Republic of Portugal, on the subject of economic and energy cooperation, the purpose of which is cooperation and the development, creation and/or execution of programmes and projects aimed at the exchange of goods, services, technology and training of mutual interest to the signatory countries.

V. FUTURE DEVELOPMENT PERSPECTIVES

TD-EC's activity is forecast to increase in 2017, essentially due to growth expected in Algeria and Brazil.

In addition to possible new contracts, TD-EC has ensured adequate levels of activities in Construction in the external market.

Therefore, TD-EC foresees reaching operational income levels in 2017 slightly higher to those recorded in 2016.

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

Following the contacts established with the Remuneration Committee with the assumed purpose regarding distribution of the income calculated for the year to the Board Members and to employees, in compliance with the current norms in force, it was accounted at €1,200,000.00 (one million and two hundred thousand euros) as an expense for the period of 2016, with the resulting reduction of the net income calculated in the financial statements annexed to this Report and also subject to approval by the General Assembly.

In this way, with the approval of this Report and Accounts, the mentioned distribution of income to Board Members and employees for that amount is also approved by the Shareholders, to be deliberated by the Remuneration Committee up to that amount.

VII. PROPOSED APPROPRIATION OF NET INCOME

The net income whose proposed appropriation is presented herein corresponds to the amounts calculated as at 31 December 2016 plus the cost of €1,200,000.00 (one million and two hundred thousand euros) which, having been foreseen as liabilities to be distributed to the employees and management, was, pursuant to the applicable rules, recorded as a cost for the actual financial year of 2016 in the financial statements which are an integral part of this Management Report and which, should they be approved, confirm, on the one hand the agreement of the Shareholders 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 proposal for the appropriation of net income is 19,715,198.53 (nineteen million seven hundred and fifteen thousand one hundred ninety-eight euros and fifty-three cents).

In addition to the above, it is also Teixeira Duarte's policy to prioritise the reinforcement of the company's equity and to ensure continuity and balanced distribution of dividends to the shareholders.

Based on these assumptions, the Board of Directors proposes the net results of TEIXEIRA DUARTE, calculated for the 2016 financial year at €19,715,198.53 (nineteen million seven hundred and fifteen thousand one hundred and ninety eight euros and fifty three cents), should be distributed in the following way:

Legal reserve:	€1,000,000.00
Free Reserve:	€7,965,198.53
Dividends:	€10,750,000.00

Lagoas Park, April 21, 2017

The Board of Directors,

Pedro Maria Calainho Teixeira Duarte

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

João José de Gouveia Capelão

Fernando Paulo Baptista Gomes de Araújo

Pedro Miguel Pinho Plácido

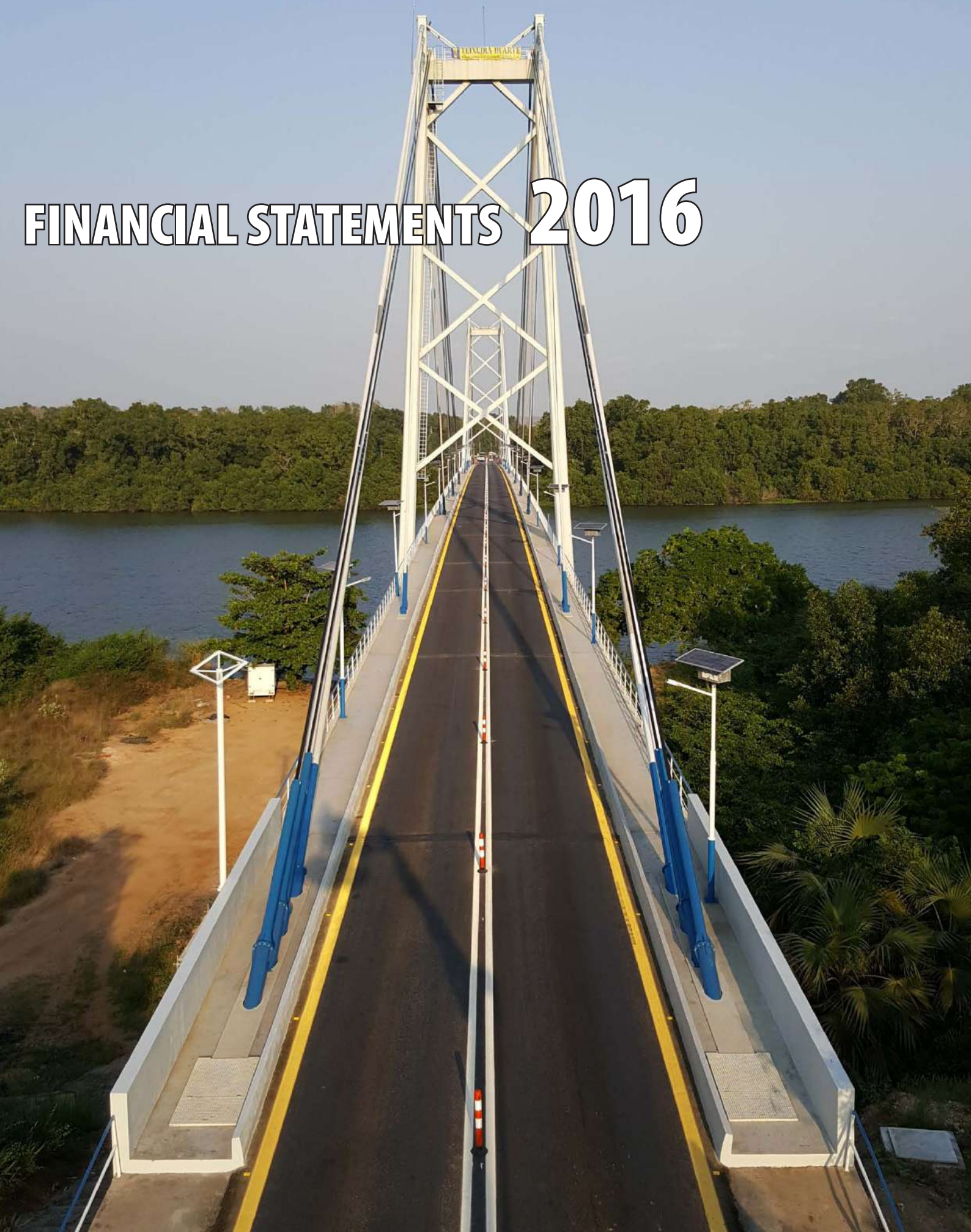
Rogério Esteves da Fonseca

Under the terms of article 448 No, 4 of the Code of Commercial Companies (CSC), the Shareholders are shown as owners of over one tenth of the capital:

Shareholder	% Capital	No. of shares	% Vote
TEIXEIRA DUARTE, S.A.	100%	280,000,000	100%

Under the terms and to the effects of that laid out in article 447 of the Code of Commercial Companies, it informs that the members of the company's Bodies of Administration and Inspection are not owners of any shares of TEIXEIRA DUARTE - Engenharia e Construções, S.A., nor did they perform any operation with the company's shares during the year 2016.

FINANCIAL STATEMENTS 2016



The annex forms are an integral part of the Balance Sheet at December 31, 2015

(Values in thousand euros)

	Notes	2016	2015
Asset			
Non-current asset:			
Fixed tangible assets	7	44,509	38,729
Investment Properties	9	339	367
Goodwill	12	39,210	43,567
Intangible assets	6	676	754
Shares - Equity method	11 and 12	220,286	210,053
Other financial investments	19.1	2,335	2,345
Other financial assets	10 and 19.1	38,452	58,328
Assets for deferred tax	18	17,868	22,900
Credits receivable	19.1	344,246	386,746
		707,921	763,789
Current asset:			
Inventories	10 and 13	5,281	9,839
Clients	10 and 19.1	398,366	329,952
Government and other public entities	19.1	3,939	9,360
Other credits receivable	10 and 19.1	482,060	436,481
Deferrals	19.1	1,688	10,234
Cash and bank deposits	4	21,172	41,005
		912,506	836,871
Total of Asset		1,620,427	1,600,660
Equity and Liability			
Equity:			
Subscribed capital	27	280,000	280,000
Legal reserves	27	43,000	42,000
Other reserves	27	80,093	68,010
Retained income:			
Retained income		104,138	(4,528)
Non-attributed profit - application of the equity method		(111,261)	(343,864)
Adjustments in financial assets:			
Non-attributed profit - application of the equity method		111,261	343,865
Other adjustments in financial assets		(23,647)	80,043
Other changes in equity	17	63,802	103,795
		547,386	569,321
Net result for that period		19,715	14,083
Equity total		567,101	583,404
Liability			
Non-current liabilities:			
Provisions	16	37,624	42,761
Obtained financing	19.2	324,181	330,817
Liabilities by deferred taxes	18	2,243	2,533
Other debts payable	19.2	339	1,876
Advance payments from clients	19.2	31,106	27,096
		395,493	405,083
Current liability:			
Suppliers	19.2	143,187	107,486
Advance payments from clients	19.2	40,911	42,481
Government and other public entities	19.2	14,274	11,654
Obtained financing	19.2	346,349	323,415
Other debts payable	19.2	86,721	77,254
Deferrals	19.2	26,391	49,883
		657,833	612,173
Total of liability		1,053,326	1,017,256
Total of Equity and Liability		1,620,427	1,600,660

	Notes	2016	2015
Sales and services rendered	15	308,415	343,375
Operating subsidies		39	102
Gains / losses attributable to subsidiaries, associates and joint-ventures	10, 11 and 14	1,635	70,674
Changes in production inventories		(137)	-
Works for the entity	7	2,066	741
Cost of goods sold and materials consumed		(68,429)	(70,720)
External supplies and services	23	(157,170)	(195,327)
Expenses with staff	22	(78,700)	(96,512)
Impairment of inventories (losses/reversals)	10	(417)	44
Impairment of debts receivable (losses/reversals)	10	(7,887)	2,503
Provisions (increases / reductions)	16	(2,419)	(2,123)
Impairment of non-depreciable / amortised investments (losses / reversals)	10	42,079	(13,223)
Increases / reductions of fair value	9	(28)	12
Other income	24	41,081	38,728
Other expenses	25	(52,633)	(9,108)
Result before depreciation, financing expenses and taxes		27,495	69,142
Depreciation and amortisation expenses	6, 7 and 12	(18,383)	(13,617)
Operational result (before financing expenses and taxes)		9,112	55,525
Interests and similar income obtained	21	121,137	126,814
Interests and similar expenses borne	21	(100,206)	(168,167)
Result before taxes		30,043	14,172
Income tax for that period	18	(10,328)	(89)
Net result for that period		19,715	14,083

The annex forms are an integral part of the Income Statement by nature at December 31 2016 and 2015

(Values in thousand euros)

The annex forms are an integral part of the Statement of changes in equity at December 31 2016 and 2015

(Values in thousand euros)

	Notes	Equity attributed to the holders of capital								
		Paid-up capital	Other equity instruments	Legal reserves	Other reserves	Retained income	Adjustments in financial assets of subsidiaries and associates	Other equity variations	Net result for that period	Total
Balance as at January 1st, 2015	1	210,000	70,000	42,000	12,548	(348,873)	453,662	71,849	67,962	579,148
Alterations for the period:										
Financial statements' conversion differences	17	-	-	-	-	-	-	31,946	-	31,946
Application of the Equity Method	11, 12 and 16	-	-	-	-	-	(29,754)	-	-	(29,754)
Other recognised changes in equity		-	-	-	-	481	-	-	-	481
	2	-	-	-	-	481	(29,754)	31,946	-	2,673
Net income for the period	3								14,083	14,083
Comprehensive net income for the period	4=2+3									16,756
Operations with equity owners for that period:										
Capital increases		70,000	(70,000)	-	-	-	-	-	-	-
Application of results	27	-	-	-	55,462	-	-	-	(55,462)	-
Distributions	27	-	-	-	-	-	-	-	(12,500)	(12,500)
	5	70,000	(70,000)	-	55,462	-	-	-	(67,962)	(12,500)
Balance on December 31st, 2015	6=1+2+3+5	280,000	-	42,000	68,010	(348,392)	423,908	103,795	14,083	583,404
Balance as at January 1st, 2016	7	280,000	-	42,000	68,010	(348,392)	423,908	103,795	14,083	583,404
Alterations for the period:										
Financial statements' conversion differences	17	-	-	-	-	-	-	(39,993)	-	(39,993)
Application of the Equity Method	11, 12 and 16	-	-	-	-	232,604	(336,294)	-	-	(103,690)
Other recognised changes in equity		-	-	-	-	108,665	-	-	-	108,665
	8	-	-	-	-	341,269	(336,294)	(39,993)	-	(35,018)
Net income for the period	9								19,715	19,715
Comprehensive net income for the period	10=8+9									(15,303)
Operations with equity owners for that period:										
Application of results	27	-	-	1,000	12,083	-	-	-	(13,083)	-
Distributions	27	-	-	-	-	-	-	-	(1,000)	(1,000)
	11	-	-	1,000	12,083	-	-	-	(14,083)	(1,000)
Balance on December 31st, 2016	12=7+8+9+11	280,000	-	43,000	80,093	(7,123)	87,614	63,802	19,715	567,101

	Notes	2016	2015
Operational activities:			
Receipts from customers		312,831	381,973
Payment to suppliers		(217,447)	(229,417)
Payment to staff		(57,655)	(82,887)
Cash generated by operations		37,729	69,669
Payment/receipt of income tax		(1,638)	(7,135)
Other receipts/payments		(38,869)	20,514
Cash flows of operational activities (1)		(2,778)	83,048
Investment activities:			
Payments related to:			
Fixed tangible assets		(10,876)	(43,267)
Intangible assets		(168)	(2,464)
Financial investments	4	(285)	(56,896)
Other Assets		(909)	-
Receipts related to:			
Fixed tangible assets		1,165	10,834
Financial investments	4	1,371	135,522
Interests and similar income		22,041	8,036
Dividends	4	2,779	173
Cash flows of investment activities (2)		15,118	51,938
Financing activities:			
Receipts related to:			
Obtained financing		331,472	95,491
Coverage of losses		4	-
Related parties		304,241	176,143
Donations		4	-
Other financing operations		1	-
Payments related to:			
Obtained financing		(307,826)	(66,072)
Amortisation of finance leasing contracts		(770)	(808)
Interests and similar expenses		(36,234)	(39,607)
Related parties		(318,102)	(306,438)
Dividends	4	(1,000)	(12,500)
Other financing operations		(291)	-
Cash flows of financing activities (3)		(28,501)	(153,791)
Variation of cash and cash-equivalent items (1+2+3)		(16,161)	(18,805)
Effect of exchange rate differences		(3,672)	35,747
Cash and cash-equivalent items at the beginning of the period	4	41,005	24,063
Cash and cash-equivalent items at the end of the period	4	21,172	41,005

The annex forms are an integral part of the Cash Flow Statement at December 31 2016 and 2015

(Values in thousand euros)

ATTACHMENT

1. INTRODUCTION:

TEIXEIRA DUARTE - Engenharia e Construções, S.A. (hereinafter TEIXEIRA DUARTE or Company), legal person number 500.097.488, headquartered in Porto Salvo, was established on January 4, 1934 and Civil Construction and Public Works are its main activities.

The financial statements in annex refer to the Company in individual terms with the financial investments in subsidiaries and affiliates registered by the equity method, as explained in Note 3.2.a).

The Company's individual financial statements are incorporated in the consolidated accounts of the parent company, TEIXEIRA DUARTE, S.A., headquartered in Porto Salvo, Oeiras.

All the values of these Notes are expressed in thousand euros.

2. ACCOUNTING REFERENCE

These financial statements were elaborated pursuant to the Accounting Standards and Financial Reporting (NCRF) foreseen by the Accounting Standardisation System (SNC), approved by Decree-Law No. 158/2009, of July 13, with the rectifications of the Declaration of Rectification No. 67-B/2009, of September 11, and with amendments introduced by Law No. 20/2010, of August 23, and by Decree-Law no. 98/2015, of 2 June, which introduced into the Accounting Standardisation System (SNC) changes considered essential to guarantee its compliance with Directive no. 2013/34/EU, of the European Parliament and of the Council, of 26 June, with subsequent alterations being made to Directives and Notices relating to the accounting instruments that make up the SNC.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of measurement

The financial statements have been prepared according to the convention of recorded expenses, except for that concerning investment properties, on an assumption of the continuity of operations, from the accounting records of the Company, maintained in accordance with the SNC's Accounting and Financial Reporting Standards.

The Company integrates all the movements of branches eliminating the internal operations, in case there are results deriving from them.

3.2. Relevant accounting policies

Assumed continuation

The attached financial statements were prepared with the assumption of the continuity of operations, from the accounting record books of the Company maintained according to the SNC's Accounting and Financial Report Standards.

a) Financial investments

The financial investments in subsidiaries and associated companies are recorded by the equity method, the participation initially being calculated by the cost of acquisition, which was added or deducted by the difference between that cost of acquisition and the proportional value from the participation in the capital belonging to those companies, reported on the date of acquisition or the first application of the mentioned method.

The differences between the cost of acquisition of the investments in subsidiaries and affiliates, if positive, are recorded as Goodwill or maintained under investments in subsidiaries and affiliated companies. In cases when the cost of acquisition is less than the fair value of the identified net assets, the calculated difference (negative Goodwill) is registered as gain from the period when the acquisition occurs, under "Other income and earnings".

Pursuant to the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net income of the associated companies against Income and Gains or Costs and Losses in subsidiaries and associates and through other changes which might have occurred in their equity under the heading "Other adjustments in financial assets", as well as through the recognition of impairment losses. Furthermore, the dividends received from these companies are recorded as a reduction in the value of financial investments.

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

The financial holdings in jointly controlled entities were integrated by the proportional consolidation method, from the date when the joint control is acquired. Pursuant to this method, the assets, liabilities, expenses and income of these entities were integrated into the financial statements, heading by heading, in the proportion of the control attributable to the Company. The transactions, balances and distributed dividends are eliminated in the proportion of the control attributable to the Company.

The classification of the financial investments such as jointly controlled entities is determined based on agreements that jointly regulate the control.

b) Investment Properties

The investment properties include buildings for lease, capital appreciation or both. They are initially recorded by their purchase price or by their cost at the date of construction (when concerning self-constructed investment), including any directly attributable expenditure.

After initial recognition, all investment properties, including those in construction, are measured by their respective value which reflects the market conditions at the date of the balance sheet. All the gains or losses resulting from alterations of the fair value of investment properties are recognized in the income of the period in which they occurred and are recorded under "Gains by increase of fair value" or "Losses by decrease of fair value", accordingly they deal with gains and losses.

The fair value of each investment property is determined by the evaluations made by the independent specialised entity and in compliance with evaluation criteria generally accepted by the real-estate market. The expenses incurred with investment properties in use, namely maintenance, repairs, insurance and taxes, are recognized in the income statement of the period they refer to.

c) Tangible fixed assets

The fixed tangible assets used in the production, service rendering or for administrative use, are registered with the cost of acquisition or production, including the expenditures imputable to the purchase, deducted from the accumulated depreciation and impairment losses, when applicable.

The fixed tangible assets are depreciated by the straight line method according to its estimated useful life, from the date when the same is found available to be used for the intended use and stops when the assets are disposed or become classified as non-current assets held for sale. Depreciation is calculated in accordance with the following estimated useful lives:

	Service life in years
Buildings and other constructions	50
Basic equipment	4-8
Transportation equipment:	4-5
Administrative equipment	3-10
Other fixed tangible assets	1

The benefactors and beneficiations are only recorded as assets in cases where they correspond to the replacement of goods, which are written off, or lead to an increase of the future economic benefits.

The fixed tangible assets underway represent assets even during construction, being recorded in the cost of acquisition, deducted from the possible impairment. These fixed tangible assets are depreciated from the moment the underlying assets are concluded or in use.

The gains or losses arising from the sale or write-off of fixed tangible assets are determined as the difference between the sale price and the net book value on the date of alienation/write-off, being recorded at the net value in the income statement under the headings "Other income" or "Other expenses".

All of the works that the Company does for itself, under its direct administration, applying its own means or those acquired to do so and that are directed at its fixed tangible assets, are recognised as gain of the period under "Works for the entity itself".

d) Intangible assets

The intangible assets essentially correspond to contractual entitlements on computer programs and surface rights and are recorded with the cost of acquisition, deducted from the accumulated amortisations and impairment losses. The intangible assets are only recognised if it is probable for future economic benefits for the company to result from them, they are controllable by the company and the respective value may be accurately measured.

The internal expenses associated with maintenance and the development of software are recorded as expenses in the income statement when incurred, except when these expenses are directly associated with projects that are likely to generate future economic benefits for the company. In these situations, these expenses are capitalised as intangible assets.

Amortisations are calculated, from the date when they become available to be used for their intended use, by the straight line method according to the utility period expected by the company for the assets in cause. Amortisation is calculated in accordance with the following estimated useful lives:

	Service life in years
Computer programs	3
Industrial property	3
Goodwill	10

e) Leasing

Leasing contracts are classified as: (i) financial leases, if substantially all the risks and advantages inherent to ownership are transferred by them; or (ii) operational leases, if substantially not all of the risks and advantages inherent to ownership are transferred by them.

The classification of the leases as financial or operational is done according to the substance and not the form of the contract.

The fixed tangible assets acquired by financial leasing contracts, as well as the corresponding responsibilities, are accounted by the financial method, recognizing the fixed tangible asset, the corresponding accumulated depreciations and the outstanding debts according to the contractual financial plan.

In addition, the interest included in the value of the profits and the depreciations of the fixed tangible asset are recognised as expenses in the income statement of the respective period.

In the leases considered as operational, the due profits are recognised as expenses in the income statement on a linear basis during the leasing contract term.

f) Inventories

Raw material is recorded with the cost of acquisition, using the rounded average cost as costing method.

The finished and intermediate products are valued at the rounded average cost of production, which includes the cost of incorporated raw material, labour and general manufacturing expenses (considering the depreciation of the production equipment calculated according to normal levels of usage), which is lower than the net realisable value. The net realisable value corresponds to the normal sale price deducted from the costs to complete the production and from the commercialisation costs.

Adjustments are recorded by depreciation of inventory by the difference between the cost value and the respective value of performing inventory, in the case these are lower than the cost.

g) Impairment of assets

On each reporting date, and whenever an event or alteration in circumstances is identified which indicates that the amount for which the asset is recorded may not be recoverable, an assessment is made of their impairment.

Whenever the amount for which the asset is recorded is greater than its recoverable value, an impairment loss is recognised and recorded in the income statement under the respective headings, according to their nature.

The recoverable amount is the highest value between the net sales price 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 net present value of the estimated future cash flow which would be expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset, individually or, when this is not possible, for the unit generating the cash flow to which the asset belongs.

A reversal of impairment losses recognised in previous years is recorded when it is concluded that the previously recognised impairment losses no longer exist or have decreased. The reversal of impairment losses is immediately recognised in the income statement under the respective headings.

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.

h) Accrual basis

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

When the real value of the costs and income is unknown they are estimated.

Differences between the amounts received and paid and the corresponding income and costs are recorded under "Other credits receivable" and "Deferrals" in the assets and under "Other debts payable" and "Deferrals" in the liabilities.

i) Costs of loans obtained

Loan costs are recognised in the income statement for the period to which they refer, except to the extent that the financial costs of the loans received directly related to the acquisition, construction and production of assets that take a substantial period of time to become ready for their intended use are capitalised as part of the costs of the assets. The capitalisation of these costs begins after the beginning of the preparation of construction activities or development of the asset and is interrupted after the beginning of use or end of production or construction of the asset or when the project concerned is suspended. Any financial gain arising from loans obtained in advance and which may be allocated to a specific investment is deducted from financial costs eligible for capitalisation.

j) Construction contracts

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

k) Revenue

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

- The Company has transferred to the buyer the significant risks and rewards of the ownership of the assets;
- The company has neither continued managerial involvement to the extent usually associated with ownership nor effective control over the sold goods;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will go to the company; and
- The costs incurred or to be incurred with the transaction can be reliably measured.

Sales are recognised net of taxes, discounts and other costs incurred to realise the fair value of the amount received or receivable. The revenue resulting from services is recognised in the income statement with reference to the completion stage of the services rendered at the date of the balance sheet.

l) Balances and transactions expressed in foreign currencies

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

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

m) 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 Cash and bank deposits correspond to cash, bank deposits, term deposits and other cash investments, with a maturity of less than three months and which can be mobilised immediately with no significant risk of change in value.

Accounts receivable

The accounts receivable are measured, when initially recognised, by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value. When there is evidence that they are impaired, the corresponding adjustment is recorded in income. The recognised adjustment is measured by the difference between the value by which the accounts receivable are recognised and the actual value of the cash flows discounted from the effective interest rate determined at the initial recognition.

Investments

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

Financial liabilities and equity instruments

The financial liabilities and the equity instruments are classified according to the contractual substance independent from the legal form they assume. The equity instruments are contracts that show a residual interest in the company's assets after deduction of the liabilities.

The equity instruments issued by the company are recorded by the net received value of costs supported by its issuance.

Accounts payable

The accounts payable are initially recognised by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value.

Bank loans

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

n) Responsibilities with pensions

The Company offers its employees a reform insurance policy established in the scope of a social policy and incentives for the workers. It is characterised by its optional nature, it is the exclusive decision of the Administration that the contributions are made which are always adequate, taking into consideration performance and economic and financial situation. Therefore, the contributions made are recorded as expenses on the date they are due.

Notwithstanding its optional origin, the availability of the contributions made by the Company are those exclusively foreseen in the applicable tax legislation.

o) Income tax

The Company is subject to the Special Taxation Regime of Company Groups (RETGS) foreseen in article 69 of the Corporate Income Tax Code, to which TEIXEIRA DUARTE, S.A. belongs. (Parent company), since January 1, 2012, the controlling company.

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

Current tax on income is calculated based on the taxable profits of the company in accordance with the tax rules in force. The taxable profits can defer from the accounting results, as they can exclude diverse expenses and profits that are only deductible or taxable in years to come, as well as expenses and profits that will never be deductible or taxable.

Deferred tax is the result of the temporary differences between the amount of assets and liabilities for the purpose of accounting (book value) and the respective amounts for the purposes of taxation (tax basis), according to the dispositions in NCRF 25 - Income taxes.

Deferred tax assets and liabilities are calculated and assessed annually using the taxation rates which are in force or announced to be in force on the expected date of the reversal of the temporary differences.

Deferred taxes assets are recognised only when there are reasonable expectations of sufficient future taxable profits for their use, or in situations where there are temporary differences for taxation purposes which compensate the deductible temporary differences in the period of their reversal. Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the timing differences reverse.

At the end of each period the deferred income tax is reviewed, the amount of the same being adjusted in function with the expectations of future use.

Deferred taxes are recorded as a cost or income for the year, unless they result from values recorded directly under equity, in which case the deferred tax is also recorded under the same heading.

p) Contingent assets and liabilities

Contingent assets are possible assets derived from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events, not totally under the control of the entity.

Contingent assets are not recognised in the consolidated financial statements of the entity, but are disclosed when the existence of a future economic benefit is probable.

Contingent liabilities are defined as: (i) possible liabilities arising from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not totally under the control of the entity; or (ii) present liabilities which arise from past events but are not recognised because it is unlikely that an outflow of resources affecting economic benefits will be required to settle the liability or the amount of the liability cannot be measured reliably.

Contingent liabilities are not recognised in the entity's consolidated financial statements, but are disclosed, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

q) Provisions

The provisions are recorded when the Company has a current legal or implicit obligation resulting from a past occurrence, it is probable that for the liquidation of that obligations a draw on resources will take place and the amount of the obligation can be reasonably estimated.

The amount of the recorded provisions consists of the best estimate, at the reporting date, of the resources needed to liquidate the obligation. Such estimate, reviewed on each reporting date, is determined in consideration of the risks and uncertainties associated with each obligation.

The current obligations resulting from onerous contracts are recognised and measured as provisions. An onerous contract is when the Company is an integral part of a contract or agreement, whose fulfilment has associated costs that are impossible to avoid, which exceed the economic benefits derived from them.

3.3. Value judgements of the board of directors

When preparing the financial statements, the Company adopted certain assumptions and estimates which affect the reported assets, liabilities, income and costs. All the estimates and assumptions made by the Board of Directors were based on the best existing knowledge, at the date of the approval of the financial statements, of the events and transactions in progress.

The most significant accounting estimates reflected in the financial statements include i) useful lives of the fixed tangible and intangible assets ii) impairment analysis, namely accounts receivable; and iii) construction contracts; iv) provisions; and v) accruals and deferrals.

The estimates were determined based on the best information available at the time of the preparation of the financial statements, and based on the best knowledge and experience of past and/or current events. However, situations may occur in subsequent periods that, since they are not being predictable at this time, were not considered in those estimates. The changes to these estimates which may occur after the date of the financial statements will be corrected in the profit and loss account in a prospective way.

4. CASH FLOW

Cash and bank deposits

On December 31, 2016 and 2015, the cash and bank deposits details were as follows:

	2016	2015
Cash	409	769
Bank deposits mobilised immediately	10,905	34,425
Time deposits	9,858	5,811
	21,172	41,005

The cash and bank deposits heading includes the cash amounts, immediately mobilisable deposits and term deposits with expiration in less than three months, and can be immediately mobilised with insignificant risk of change in value.

Flows of investment activities

The payments related to the financial investments during the periods ended on 31 December 2016 and 2015, concern the following operations:

	2016	2015
SATU-Oeiras - E.M., S.A. equity bolstering	10	1,060
Constitution of TD COLOMBIA, SAS	275	-
Acquisition of shareholding in EPOS, S.A.	-	55,000
Acquisition of share in T.D.(Moçambique), Lda.	-	836
	285	56,896

The payments received from financial investments during the periods ended on 31 December 2016 and 2015, concern the following operations:

	2016	2015
NOVAPONTE, ACE	1	-
Settlement SATU-Oeiras - E.M., S.A.	8	-
Alienation of shareholding in CIMILONGA, S.A.	-	1,828
Alienation of shareholding in TDGP II, S.A.	-	133,694
Alienation of shareholding in AEDL, ACE	1,362	-
	1,371	135,522

The payments received from dividends in the periods ending on December 31, 2016 and 2015, were as follows:

	2016	2015
TD (Macau), Lda.	33	23
UTE Viana	436	-
EPOS, S.A.	1,000	-
Lusoponte, S.A.	1,310	150
	2,779	173

Flows of financing activities

In the General Shareholders Meeting held on May 28, 2016, the distribution of dividends was deliberated for the amount of 1,000 thousand euros, its liquidation having taken place in June of 2016 (Note 27).

In June of 2015 the dividends were settled at 12,500 thousand euros, referring to the period ending on 31 December 2014.

5. RELATED PARTIES

Parent company

Identification: TEIXEIRA DUARTE, S.A.

Head Office: Lagoas Park, Edifício 2, Porto Salvo, Oeiras

Remuneration of corporate bodies and of the Company's senior management

The remunerations attributed to the members of the Company's governing bodies for the periods ended on 31 December 2016 and 2015 were as follows:

	2016	2015
Executive Directors:		
Short-term benefits	799	947
Chartered accountant:		
Short-term benefits	58	55
	857	1,002

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
Short-term benefits	4,990	5,634

Balances and transactions

The terms or conditions applied between the Company and the related parties are, in substance, identical to those which would normally be contracted, accepted and applied between independent entities in comparable operations.

The main balances in the periods ended on 31 December 2016 and 2015, with the parent company, subsidiaries, associates, joint-ventures and other related parties can be detailed as follows:

	Balance Receivable		Shareholders / Receivable partners		Supplementary payments		Balance Payable		Obtained financing		Other debts receivable and payable	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Parent company:												
Teixeira Duarte, S.A.	1,535	357	66,695	11,358	-	-	1,800	3,917	3,510	3,510	441,994	429,246
Subsidiaries:												
CBLG	12,648	10,414	-	-	-	-	(109)	64	12	25	(201)	(642)
CONLUVAR	189	518	-	-	-	-	-	135	-	-	-	-
Consorcio Opsut 2010	40	136	-	-	-	-	36	39	-	-	37	37
EPOS, S.A.	998	515	-	-	-	-	8,892	6,600	-	1,350	2,273	-
EPOS, S.A. (Suc. Ang.)	2,593	3,309	-	-	-	-	-	-	-	-	859	-
EPOS, S.A. (Suc. Colombia)	148	143	-	-	-	-	-	-	-	-	(1,148)	-
Marinertes, S.A.	48	39	-	-	-	-	-	-	-	-	202	194
TDGPIL, S.A.	24	65	-	-	-	-	24	18	4,275	1,066	(11)	(21)
TD Algérie, SPA	6,992	6,866	-	-	-	-	2,060	(199)	-	-	143	(5)
TD (Angola), Lda.	8,806	6,178	-	-	2,696	-	666	1,935	-	271	73	2,412
TD (Colombia), Lda.	-	-	-	-	-	-	-	-	-	-	90	-
TD (Macau), Lda.	-	-	-	-	-	-	-	-	-	-	(145)	(145)
TD (Mozambique), Lda.	5,852	11,352	-	-	-	-	17,305	9,368	-	-	(9,646)	(8,170)
TD Hosp, S.A.	-	32	-	-	7,681	7,681	-	-	-	-	(1,267)	(1,267)
Tegaven, CA	-	-	-	-	-	-	(191)	2,560	-	-	(14)	177
UTE Viana	9,592	9,626	-	-	-	-	-	-	-	-	-	-
	47,930	49,193	-	-	10,377	7,681	28,683	20,520	4,287	2,712	(8,755)	(7,430)
Affiliates:												
Cíntel, Lda.	-	46	-	-	-	-	-	1	-	-	-	4
SATU Oeiras, E.M., S.A.	-	-	-	-	-	-	-	-	-	-	3	-
	-	46	-	-	-	-	-	1	-	-	3	4
Joint-ventures:												
Conbate, ACE	17	20	-	-	-	-	1	-	-	-	-	-
Construsalmonde, ACE	1	689	-	-	-	-	-	1	1,600	-	58	2,415
D.L.O.E., ACE	98	-	-	-	-	-	19	2	260	-	(166)	269
Douro Litoral, ACE	15	9	-	-	-	-	136	61	-	-	-	-
Metroligeiro, ACE	11	11	-	-	-	-	-	-	-	-	-	-
Nova Estação, ACE	1,017	1,017	-	-	-	-	88	60	(7)	(7)	6	-
TD / Sopol, ACE	7	6	-	-	-	-	45	50	-	-	(13)	-
Três Ponto Dois, ACE	-	-	-	-	-	-	35	35	-	-	-	-
	1,166	1,752	-	-	-	-	324	209	1,853	(7)	(115)	2,684
Other related parties:												
AEBT, S.A.	7	7	-	-	5,373	5,373	-	-	-	-	-	-
Alvalade, Lda.	133	235	-	-	-	-	2,208	65	13,315	33,009	(2,201)	-
Angoimo, Lda.	23,580	18,015	-	-	-	-	1,424	3,395	-	-	41,634	56,827
Angopredial, Lda.	1	11	-	-	-	-	-	-	-	446	(29)	-
Avenida, LDA	931	435	-	-	-	-	86	-	-	-	-	-
Comércio de Automóveis, Lda.	2,419	2,212	-	-	-	-	288	(82)	-	-	576	302
C + PA, S.A.	-	-	-	-	-	-	46	258	46,930	21,470	(1,314)	-
Educare, Lda.	131	631	-	-	-	-	988	-	1,321	10,037	(448)	-
EMPA, S.A.	906	1,138	-	-	-	-	2,246	-	-	-	(306)	-
GO Corp Travel	1,400	1,378	-	-	-	-	-	39	2,450	250	(54)	-
CND, Lda.	54,052	60,348	-	-	-	-	114	398	-	-	7,818	7,228
OCC, Lda.	1,771	1,589	-	-	-	-	-	-	-	-	234	-
Recolte, S.A.	1	27	-	-	-	-	1,656	1,440	12,620	16,650	(433)	-
Hotel Trópico, Lda.	1,530	2,997	-	-	-	-	594	564	-	-	307	-
Somafel, S.A.	47	49	-	-	-	-	291	2,269	3,129	-	(1,778)	2,726
Somafel, S.A. (Suc. Morocco)	1,367	1,354	-	-	-	-	925	-	-	-	303	-
TDA, Lda.	26,099	18,787	-	-	-	-	27,712	418	1,924	10,105	620	-
TD - G.P.I.L., S.A.	1,628	36	-	-	-	-	482	520	4,600	-	119,436	116,055
TDGI (Angola), Lda.	4,210	11,009	-	-	-	-	42	2	-	13,386	(306)	-
TD Distribuição, S.A.	31	50	-	-	-	-	11,023	19	10,110	3,550	(204)	-
Other	6,797	5,235	-	-	114	1,316	3,698	3,747	11,763	9,026	4,957	9,092
	127,041	125,543	-	-	5,487	6,689	53,823	13,052	108,162	117,929	168,812	192,230
	177,672	176,891	66,695	11,358	15,864	14,370	84,630	37,699	117,812	124,144	601,939	616,734

The main transactions made in the periods ended on 31 December 2016 and 2015, with the parent company, subsidiaries, associates, joint-ventures and other related parties were detailed as follows:

	Sales and services Rendered		Income and Financial Earnings		Purchases and Services Obtained		Financial Expenses and Losses	
	2016	2015	2016	2015	2016	2015	2016	2015
Parent company:								
Teixeira Duarte, S.A.	1,892	2,333	26,289	783	4,691	4,844	-	3,538
Subsidiaries:								
CBLG	(7)	4,413	857	574	-	13	(26)	231
CONLUVAR	225	203	-	1	-	1	-	(7)
Consorcio Opsut 2010	-	130	-	-	-	144	-	-
EPOS, S.A.	972	1,224	366	275	5,943	19,107	2	643
EPOS, S.A. (Angola Branch)	17	16,680	51	5,638	1,468	-	-	-
EPOS, S.A. (Spain Branch)	11,916	25,023	-	-	-	-	-	-
Marinertes, S.A.	-	-	12	12	-	-	-	-
TDGI, S.A.	142	386	2	-	264	156	32	-
TD Algérie, SPA	5,457	5,204	-	-	2,973	2,041	-	-
TD (Angola), Lda.	124	255	-	540	1,437	1,282	(100)	30
TD (Colombia), Lda.	-	-	-	-	-	-	(45)	-
TD (Macau), Lda.	-	-	-	5	-	-	-	4
TD (Moçambique), Lda.	18,885	12,449	-	345	3,581	(47)	-	474
TD Hosp, S.A.	-	192	-	-	-	-	-	-
Tegaven, CA	3	-	-	235	414	1,169	-	235
UTE Viana	11,916	25,023	-	-	-	-	-	-
	49,650	91,182	1,288	3,651	16,080	23,866	(137)	1,610
Affiliates:								
SATU Oeiras, E.M., S.A.	-	(2)	335	(103)	-	-	335	335
	-	(2)	335	(103)	-	-	335	335
Joint-ventures:								
Conbate, ACE	84	96	-	-	-	-	-	-
Construsalamonde, ACE	361	2,914	137	143	1	18	8	-
D.L.O.E., ACE	72	-	-	-	-	-	17	-
Douro Litoral, ACE	51	30	-	-	40	1	-	-
Metroligeiro, ACE	20	22	-	-	-	-	-	-
TD/OPCA-Fungere, ACE	-	-	-	2	-	-	-	-
TD/Sopol, ACE	11	11	-	-	-	-	-	-
	599	3,073	137	145	41	19	25	-
Other related parties:								
Alvalade, Lda.	464	1,044	-	98	85	205	2,810	3
Angoimo, Lda.	8,813	7,380	7,720	(598)	1,753	3,117	-	(233)
Comércio de Automóveis, Lda.	209	406	-	48	164	198	-	1
Educare, Lda.	58	1,588	-	(124)	-	-	604	-
CND, Lda.	3,654	16,161	239	(530)	1,143	2,369	-	-
OFM, S.A.	278	183	-	(305)	1,129	902	-	(295)
Recolte, S.A.	20	276	-	-	239	64	936	618
Somafél, S.A.	420	381	25	153	6,037	11,589	6	988
Hotel Trópico, Lda.	216	1,512	-	(400)	369	364	-	(1)
TDA, Lda.	2,099	3,442	(116)	(489)	1,433	2,532	802	(3)
TD - G.P.I.I., S.A.	90	5,482	6,896	7,729	4,151	4,336	116	-
TDGI, Lda.	675	3,487	4	(370)	883	108	1,381	-
Urbango, Lda.	324	1,442	305	(115)	24	51	-	-
Vauco, Lda.	371	2,056	32	(100)	295	223	-	(5)
Other	4,622	4,865	439	76	2,563	1,969	3,526	2,699
	22,313	49,705	15,544	4,877	20,268	28,027	10,181	3,772
	74,454	146,291	43,593	2,051	41,080	56,756	10,404	9,255

6. INTANGIBLE ASSETS

During the period ended on 31 December 2016, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Software	Industrial Property	Total
Gross asset:			
Balance on January 1st, 2016	3,773	13	3,786
Additions	429	-	429
Balance on December 31, 2016	4,202	13	4,215
Amortisations depreciations			
Balance on January 1st, 2016	3,031	-	3,031
Additions	508	-	508
Balance on December 31, 2016	3,539	-	3,539
Net value on December 31, 2016	663	13	676

During the period ended on 31 December 2015, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Software	Industrial Property	Total
Gross asset:			
Balance on January 1, 2015	3,186	13	3,199
Additions	590	-	590
Transfers and write-offs	(4)	-	(4)
Balance on December 31, 2015	3,772	13	3,785
Amortisations depreciations			
Balance on January 1, 2015	2,443	-	2,443
Additions	592	-	592
Transfers and reductions	(4)	-	(4)
Balance on December 31, 2015	3,031	-	3,031
Net value on December 31, 2015	741	13	754

7. TANGIBLE FIXED ASSETS

During the period ended on 31 December 2016, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Land and Natural Resources	Buildings and other constructions	Basic equipment	Transportation equipment	Tool and utensils	Administrative equipment	Other tangible fixed assets	Fixed tangible assets underway	Total
Gross asset:									
Balance on January 1st, 2016	1	26,492	117,135	29,610	29,075	10,630	208	227	213,378
Additions	-	1,324	12,682	3,231	1,147	296	(17)	96	18,759
Works for the entity itself (a)	-	1,531	4	15	516	-	-	-	2,066
Transfers and reductions	-	(23)	(457)	-	(4,884)	(368)	-	(48)	(5,780)
Sales	-	(915)	(9,499)	(3,083)	(173)	(6)	(4)	(48)	(13,728)
Balance on December 31, 2016	1	28,409	119,865	29,773	25,681	10,552	187	227	214,695
Accumulated depreciations:									
Balance on January 1st, 2016	-	11,403	100,457	25,944	27,561	9,076	208	-	174,649
Additions	-	1,312	8,587	1,997	894	727	-	-	13,517
Transfers and reductions	-	(750)	(4,275)	76	(4,869)	(398)	-	-	(10,216)
Sales	-	(90)	(4,627)	(2,886)	(153)	(6)	(5)	-	(7,767)
Balance on December 31, 2016	-	11,875	100,143	25,131	23,434	9,400	203	-	170,186
Net value on December 31, 2016	1	16,534	19,722	4,642	2,247	1,152	(16)	227	44,509

(a) - The works for the entity essentially rise from the capitalisation of expenses associated with the manufacturing of basic equipment and tools and utensils

During the period ended on 31 December 2015, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Land and Natural Resources	Buildings and other constructions	Basic equipment	Transportation equipment	Tool and utensils	Administrative equipment	Other tangible fixed assets	Fixed tangible assets underway	Total
Gross asset:									
Balance on January 1, 2015	1	24,931	114,585	33,884	28,771	10,005	208	1,013	213,398
Currency exchange rate effect	-	-	-	-	-	-	-	(387)	(387)
Additions	-	2,023	4,844	1,018	454	679	-	5,677	14,695
Works for the entity itself (a)	-	53	428	-	114	-	-	146	741
Transfers and reductions	-	(1)	1,513	(101)	(74)	(3)	-	(6,222)	(7,914)
Disposals	-	(514)	(1,209)	(5,191)	(190)	(51)	-	-	(7,155)
Balance on December 31, 2015	1	26,492	117,135	29,610	29,075	10,630	208	227	213,378
Accumulated depreciations:									
Balance on January 1, 2015	-	10,612	95,393	28,416	26,754	8,294	208	-	169,677
Additions	-	1,277	7,669	2,228	1,025	826	-	-	13,025
Transfers and reductions	-	(1)	(1,490)	(95)	(70)	(39)	-	-	(1,695)
Sales	-	(485)	(1,115)	(4,605)	(148)	(5)	-	-	(6,358)
Balance on December 31, 2015	-	11,403	100,457	25,944	27,561	9,076	208	-	174,649
Net value on December 31, 2015	1	15,089	16,678	3,666	1,514	1,554	-	227	38,729

(a) - The works for the entity essentially rise from the capitalisation of expenses associated with the manufacturing of basic equipment and tools and utensils

8. LEASING

Finance leasing

On December 31, 2016 and 2015, the net value of the tangible assets and capital outstanding, referring to sales and lease-backs were as follows:

	Net asset		Capital outstanding	
	2016	2015	2016	2015
Basic equipment	447	1,190	558	1,041
	447	1,190	558	1,041

On December 31, 2016 and 2015, the current value of the minimal lease payments, referring to sales and lease-backs were as follows:

	2016	2015
2016	-	483
2017	315	315
2018	243	243
	558	1,041

Finance leasing contracts bear interest at market rates and have defined life periods and the financial leasing obligations are guaranteed by the reservation of property of the leased goods.

Operating leasing

On December 31, 2016 and 2015, the value of the minimum payments of the non-cancellable operating lease was required as follows:

	2016	2015
2016	-	4
2017	8	4
2018	8	4
	16	12

In the periods ending on 31 December 31, 2016 and 2015, the expenses related to operating leasing contracts were recognised as follows:

	2016	2015
These expenses were recognised in External supplies and services		
Vehicle and management services	2	4
Rental of Vehicles	9	8
Insurance and others	2	2
	13	14

9. INVESTMENT PROPERTY

This heading is constituted by 5 stores, whose buildings are part of Housing Development Contracts (CDH), 1st and 2nd Stages, in Porto Salvo.

In the measurement of the Investment property heading, the fair value was used (Note 3.2.b)).

The periods ending on 31 December 2016 and 2015, the movements occurred under the Investment property heading were as follows:

	2016	2015
Balance on January 1	367	379
Adjustment to fair value	(28)	12
Balance on December 31	339	367

The fair value of each investment property is determined by the evaluations made by an independent expert appraiser registered in the C.M.V.M., in compliance with evaluation methodology generally accepted by the real-estate market, namely the market comparison methods or reposition cost and income multiples, depending on the concrete situations of each property.

The main assumptions and methods inherent to the assessment of support for the market value of the investment properties were as follows:

- Yield of 8%;
- Corporate method and income multiples approach.

The amounts referring to investment properties recognized in the results in the periods ending on 31 December 31, 2016 and 2015, were as follows:

	2016	2015
Income	24	25
Expenses	(3)	(3)
Margin	21	22

The "Expenses" heading is mostly constituted by condominium expenditures, sewer maintenance tax, and municipal taxes on property.

10. IMPAIRMENT OF ASSETS

The amounts referring to impairment losses and reversals recognised in the results in the periods ending on 31 December 31, 2016 and 2015, were as follows:

	Debts receivable	Other debts receivable	Assets financial	Financial investments (a)	Inventories
Initial balance on January 1, 2015	19,370	12,967	19,720	9,136	176
Increases	16,802	-	-	13,481	-
Reversals	(6,440)	(12,865)	-	(258)	(44)
Regularisation/Transfers	-	-	(19,720)	19,720	-
Currency exchange rate effects	1,435	(8)	-	-	19
Final balance on December 31, 2015	31,167	94	-	42,079	151
Initial balance on January 1, 2016	31,167	94	-	42,079	151
Increases	13,674	-	-	-	502
Reversals	(5,787)	-	-	(42,079)	(85)
Regularisation/ Transfers	6,000	-	-	-	-
Currency exchange rate effects	(11,771)	-	-	-	(78)
Final balance on December 31, 2016	33,283	94	-	-	490

The credit risk from the accounts receivable balances is evaluated every reporting date, considering the historic information of the clients and other debtors and their risk profile. The accounts receivable are adjusted by the evaluation performed by management, regarding risks of collection existing at the date of the close of the financial statements, which may differ from the effective risk to incur.

11. INVESTMENTS IN JOINT-VENTURES AND INVESTMENTS IN ASSOCIATED COMPANIES

Joint-ventures

In the period ending on 31 December of 2016, the proportional consolidation method was applied to the joint-ventures that the Company held shares in. They are:

Social denomination	Head Office	Percentage of effective participation
Conbate, ACE	Edifício 2, Lagoas Park Oeiras	20.00%
Construsalamonde, ACE	Edifício 2, Lagoas Park Oeiras	56.76%
Douro Litoral, ACE	Edifício 8, Lagoas Park Oeiras	40.00%
D.L.O.E.- Douro Litoral Special Works, ACE	Edifício 2, Lagoas Park Matosinhos	40.00%
Ferrovial / Teixeira Duarte - Alqueva Hydraulic Works, ACE	Edifício Central Park Rua Alexandre Herculano, Nº 3 - 2º Piso Linda-a-Velha	50.00%
Metroligeiro - Construction of Infrastructures, ACE	Rua Abranches Ferrão, Nº 10 - 5º F Lisbon	26.80%
Nova Estação, ACE	Edifício 6, Piso 1, Lagoas Park Porto Salvo	25.00%
Teixeira Duarte / Sopol - Surface Metro, ACE	Edifício 2, Lagoas Park Oeiras	57.30%
Três Ponto Dois - General Civil Construction Works, Via and Catenary of Modernization of Linha do Norte, ACE	Av. Das Forças Armadas, 125 - 2ºC Lisbon	50.00%

As a result of applying the proportional consolidation method, the following amounts were included in the financial statements:

	Assets		Liabilities		Income		Net Result	
	2016	2015	2016	2015	2016	2015	2016	2015
Conbate, ACE	383	415	166	165	13	18	(34)	(19)
Construsalamonde, ACE	247	1,197	454	2,701	3,333	6,077	1,298	(3,523)
D.L.O.E., ACE	491	477	100	82	14	1	(86)	(25)
Douro Litoral, ACE	2,253	2,308	1,792	1,852	316	270	5	105
Ferrovial / T.D., ACE	35	45	163	173	-	-	-	(4)
Nova Estação, ACE	946	952	948	972	-	-	(1)	(19)
TD / Sopol, ACE	113	113	113	113	-	-	-	-
Três Ponto Dois, ACE	181	181	178	178	-	-	-	-
	4,649	5,688	3,914	6,236	3,676	6,366	1,182	(3,485)

To the effects of applying the proportional consolidation method, the gains not made in transactions with joint-ventures were eliminated, proportionally to the interest in the same. The income as well as the intra-group expenses were also completely eliminated.

Associated companies

In the period ending on 31 December of 2016, the Company held shares in the following associated companies:

Social denomination	Head Office	Percentage of effective participation
Cintel – Construção do Interceptor de Esgotos de Lisboa, Lda.	Av. 24 de Julho, nº 24 – Lisboa	25.00%

Being in the process of liquidation, its associated company CINTEL, Lda., did not provide financial statements referenced to the 2016 and 2015 periods at the close of the Company's accounts.

The following movements occurred in the holdings in the associated company during the period ended on 31 December 2016:

	Equity holdings
Balance on January 1, 2015	-
Loss coverage (Note 4)	-
Increases	41,404
Decrease	-
Balance on December 31, 2015	41,404
Balance on January 1st, 2016	41,404
Increases	-
Decrease	(41,404)
Balance on December 31, 2016	-
Accumulated impairment of financial investments	
Balance on January 1, 2015	-
Increases	(41,404)
Balance on December 31, 2015	(41,404)
Balance on January 1st, 2016	(41,404)
Reversal of impairment on financial investments (Note 10)	41,404
Balance on December 31, 2016	-

The decrease occurred in the period ending on 31 December 2016 and 2014 is referenced to the settlement of SATU-Oeiras, S.A..

12. INVESTMENTS IN SUBSIDIARIES

Social denomination	Head Office	Percentage of effective participation	
Consorcio Boyacá - La Guaira (CBLG) (a)	Av. San Juan Bosco, Edifício Centro Altamira, Piso 5, Oficina 54, Urb. Altamira Caracas - Venezuela	57.20%	(a) - The Company holds the control of these subsidiaries through its branch in Venezuela
Consorcio Minero Luso Vargas (CONLUVAR) (a)	District Capital Caracas - Venezuela	49.00%	
Consorcio OPSUT 2010 (a)	Calle 4, Casa Nº 4, Urbanizacion Los Laureles Valle de la Pascoa - Venezuela	51.00%	
ADOQUINVAR (a)	Calle 4, Casa Nº 4, Urbanizacion Los Laureles Valle de la Pascoa - Venezuela	49.00%	
EMPA - Serviços de Engenharia, S.A.	Rua Major Lopes, Nº 800 Belo Horizonte - Brasil	99.99%	
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	Edifício 1, Lagoas Park Porto Salvo	100.00%	
MARINERTES, S.A.	Rotunda Eng. Edgar Cardoso, Nº 23 - 8º Andar Vila Nova de Gaia	51.00%	
TEGAVEN - Teixeira Duarte Y Asociados, C.A. (a)	Av. Venezuela com Calle Moledano, Torre JWM, Piso 5, Of. 5-2, Urb. El Rosal Caracas - Venezuela	94.53%	
TEIXEIRA DUARTE Algérie, SPA	Parc Miremont, Rue A, Nº136 Argel - Argélia	99.94%	
TEIXEIRA DUARTE - Engenharia e Construções Angola, Lda.	Alameda Manuel Van-Dúnem, Nº 318 Luanda - Angola	80.00%	
TEIXEIRA DUARTE - Engenharia e Construções Macau, Lda.	Av. Dr. Mário Soares, Nº 25, Apr. 26 e 28 - 3º andar Macao	80.00%	
TEIXEIRA DUARTE - Engenharia e Construções Moçambique, Lda.	Av. Vinte e Quatro de Julho, Nº 141 Maputo - Mozambique	49.00%	
TDHOSP - Gestão de Edifício Hospitalar S.A.	Edifício 2, Lagoas Park Porto Salvo	100.00%	
UTE VIANA	Av. Alberto Alcocer, 24-7º Madrid - Spain	30.00%	
TEIXEIRA DUARTE - Engenharia e Construções Colômbia S.A.S.	Bogota, D.C. Bogota - Colômbia	100.00%	

The main financial information related to subsidiaries at December 31, 2016 and 2015, is the following:

	Total assets		Total liabilities		Income		Net result	
	2016	2015	2016	2015	2016	2015	2016	2015
CBLG	13,016	20,177	8,269	20,466	427	17,186	(2,418)	(234)
CONLUVAR	684	1,168	661	1,136	1,890	2,360	18	6
Consorcio OPSUT 2010	24	150	82	333	(1)	12	(6)	(15)
ADOQUINVAR, C.A.	57	-	39	-	94	-	23	-
EMPA, S.A.	87,669	68,017	29,726	21,920	79,768	81,393	5	4,592
EPOS, S.A.	44,912	62,731	31,314	51,815	38,892	124,992	(1,538)	1,265
MARINERTES, S.A.	11	9	497	465	-	-	(31)	(32)
TD Algérie, SPA	32,172	20,244	27,253	16,088	10,397	55,236	712	8,173
TD (Angola), Lda.	116,816	159,476	44,663	62,221	23,038	41,631	(28,829)	30,121
TD (Macau), Lda.	226	205	-	-	44	44	42	42
TD (Mozambique), Lda.	84,097	207,873	49,558	161,382	166,666	260,499	16,455	24,570
TD Hosp, S.A.	61,560	62,002	63,879	64,515	5,156	5,682	481	663
TEGAVEN, C.A.	1,620	3,093	703	262	721	1,080	4	(198)
UTE Viana	7,199	17,073	6,951	16,900	24,822	57,936	228	153
TD (Colômbia), S.A.S.	388	-	284	-	208	-	46	-
	450,451	622,218	263,879	417,503	352,122	648,051	(14,808)	59,922

This information corresponds to the statutory accounts companies, the same having been adjusted for effects of application of the equity method.

The following movements occurred in the holdings in the subsidiaries during the period ended on 31 December 2016 and 2015:

	Equity holdings	Goodwill	Total
Balance on January 1, 2015	828,748	-	828,748
Increase	12,743	43,567	56,310
Decrease	(629,332)	-	(629,332)
Effects of the application of equity method:			
- Effect on the result of the period	70,288	-	70,288
- Effect on equity	(32,117)	-	(32,117)
- Received dividends	(23)	-	(23)
Currency exchange rate effects	(40,254)	-	(40,254)
Balance on December 31, 2015	210,053	43,567	253,620
Balance on January 1st, 2016	210,053	43,567	253,620
Increase	13,365	-	13,365
Decrease	(7,806)	-	(7,806)
Amortisation	-	(4,357)	(4,357)
Effects of the application of equity method:			
- Effect on the result of the period	2,643	-	2,643
- Effect on equity	1,265	-	1,265
- Received dividends	(1,033)	-	(1,033)
Transfers and regularisations	-	-	-
Currency exchange rate effects	1,799	-	1,799
Balance on December 31, 2016	220,286	39,210	259,496

The increase occurred in the period ending on 31 December 2016 and 2015 is referenced to:

	Increase	
	2016	2015
Teixeira Duarte (Angola), Lda.	6,797	-
Teixeira Duarte (Colômbia), S.A.S.	68	-
EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A.	6,500	11,433
TEIXEIRA DUARTE (Moç.), Lda.	-	1,310
	13,365	12,743

The decrease occurred in the period ending on 31 December 2016 and 2014 is referenced to:

	Decrease	
	2016	2015
Avenida - Empreendimentos Turísticos e Hoteleiros, Lda.	-	(5,392)
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.	(7,806)	(623,940)
	(7,806)	(629,332)

At 31 December 2016, the Company recorded Goodwill amounting to 39,210 thousand euros related to the share in the company EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A..

During the period ending 31 December 2016, Goodwill recognised within the scope of the stake held in EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., was subject to an impairment test and began to be amortised over a 10 year period.

Effects of the application of the equity method in the periods ending on 31 December 2016 and 2015, is detailed as follows:

	Gains / losses		Equity adjustments		Dividends	
	2016	2015	2016	2015	2016	2015
AVENIDA, Lda.	-	(353)	-	448	-	-
CBLG	-	(134)	-	-	-	-
CONLUVAR	9	(3)	-	-	-	-
Consorcio OPSUT 2010	-	-	-	-	-	-
ADOQUINVAR, C.A.	11	-	-	-	-	-
EMPA, S.A.	5	4,592	11,842	(16,283)	-	-
EPOS, S.A.	(1,538)	(384)	(1,280)	(133)	(1,000)	-
TEIXEIRA DUARTE Algérie, SPA	711	(642)	33	(411)	-	-
TD - G.P.I.I., S.A.	-	39,660	-	(13,793)	-	-
TEIXEIRA DUARTE (Angola), Lda.	(4,768)	24,370	4,945	(2,631)	-	-
TEIXEIRA DUARTE (Macau), Lda.	34	34	16	17	(33)	(23)
TEIXEIRA DUARTE (Moç.), Lda.	8,063	12,286	(14,235)	1,291	-	-
TEGAVEN, C.A.	2	-	-	-	-	-
UTE VIANA	68	46	(46)	(622)	-	-
TEIXEIRA DUARTE (Colômbia), S.A.S.	46	-	(10)	-	-	-
	2,643	70,288	1,265	(32,117)	(1,033)	(23)

On December 31, 2016, the Company had constituted provisions for holdings in subsidiaries, for the total amount of 11,363 thousand euros (Note 16).

13. INVENTORIES

On December 31, 2016 and 2015, the Company had recorded under Inventories the following amounts:

	2016			2015		
	Raw material, subsidiaries and consumption	Finished and intermediate products	Total	Raw material, subsidiaries and consumption	Finished and intermediate products	Total
Gross quantities	5,396	375	5,771	9,478	512	9,990
Losses by accumulated impairment	(490)	-	(490)	(151)	-	(151)
Net quantities	4,906	375	5,281	9,327	512	9,839

The movement occurred under the headings of Raw materials, subsidiaries and consumption, in the periods ended on 31 December 2016 and 2015, is as follows:

	Raw material, subsidiaries and consumption
Gross Asset:	
Balance on January 1, 2015	9,940
Regularisation	(339)
Currency exchange rate effects	509
Purchases	70,088
Cost of the period	(70,720)
Balance on December 31, 2015	9,478
Balance on January 1st, 2016	9,478
Regularisation	(28)
Currency exchange rate effects	(3,344)
Purchases	11,145
Cost of the period	(11,855)
Balance on December 31, 2016	5,396
Accumulated inventory adjustments:	
Balance on January 1, 2015	(176)
Regularisation	-
Currency exchange rate effects	(19)
Increases	-
Reversals	44
Balance on December 31, 2015	(151)
Balance on January 1st, 2016	(151)
Regularisation	-
Currency exchange rate effects	78
Increases	-
Reversals	(417)
Balance on December 31, 2016	(490)
Net value on December 31, 2015	9,327
Net value on December 31, 2016	4,906

The movement occurred under the headings of Finished products, in the periods ended on 31 December 2016 and 2015, is as follows:

Finished products	
Balance on January 1, 2015	512
Production changes	-
Balance on December 31, 2015	512
Balance on January 1st, 2016	512
Production changes	(137)
Balance on December 31, 2016	375

14. CONSTRUCTION CONTRACTS

On December 31, 2016 and 2015, the Company had its accounts influenced by the following values, related to construction contracts (a):

	2016	2015
Total estimated cost	2,305,842	2,449,788
Costs incurred in previous periods	1,459,886	1,814,621
Costs incurred in the period	202,345	226,380
Accumulated incurred costs	1,662,231	2,041,001
Contract value	2,626,902	2,975,810
Revenue from previous periods	1,755,084	1,996,057
Revenue of the period	141,795	254,137
Accumulated revenue	1,896,879	2,250,194
Amount of down payments received	72,017	69,577
Amount of withholdings	3,463	4,127

(a) - Includes works in guarantee period

15. REVENUE

In the periods ending on 31 December 2016 and 2015, the revenue recognised by the company had the following decomposition:

	2016	2015
Sales	283,652	290,174
Service Provision	24,763	53,201
Interests and similar income	119,827	126,664
Royalties	9,902	16,972
Dividends	1,310	150
	439,454	487,161

In the periods ending on 31 December 2016 and 2015, the Company's turnover was geographically distributed as follows:

	2016			2015		
	Civil construction and public works	Service Provision	Total	Civil construction and public works	Service Provision	Total
Angola	65,889	7,611	73,500	120,310	34,962	155,272
Algeria	68,997	160	69,157	98,408	1,308	99,716
Brazil	15,132	-	15,132	63	133	196
Portugal	3,006	15,538	18,544	34,341	14,753	49,094
Venezuela	120,863	565	121,428	35,805	1,595	37,400
Other	9,765	889	10,654	1,247	450	1,697
	283,652	24,763	308,415	290,174	53,201	343,375

16. CONTINGENT PROVISIONS AND LIABILITIES

Provisions

The movement occurred in the accrued provisions for the periods ended December 31st, 2016 and 2015 was as follows:

	Guarantees to customers	Onerous contracts	Equity holdings	Other provisions	Total
Balance on January 1, 2015	18,976	2,981	14,490	7,542	43,989
Additional / reinforcements	690	82	429	6,000	7,201
Decrease	(1,580)	(1,443)	(3,037)	(1,626)	(7,686)
Currency exchange rate effects	414	2	(1,159)	-	(743)
Balance on December 31, 2015	18,500	1,622	10,723	11,916	42,761
Balance on January 1st, 2016	18,500	1,622	10,723	11,916	42,761
Additional / reinforcements	170	521	1,778	9,342	11,811
Decrease	(4,057)	(856)	(481)	(2,702)	(8,096)
Regularisation	-	-	-	(41)	(41)
Transfer (Note 10)	-	-	-	(6,000)	(6,000)
Currency exchange rate effects	(2,143)	(11)	(657)	-	(2,811)
Balance on December 31, 2016	12,470	1,276	11,363	12,515	37,624

The provisions for onerous contracts are related to construction contracts being constituted when it is probable that the total expenses of the contract will exceed the total revenue of the same. The corresponding expected loss is immediately recognised as an expense. The amount of such a loss is determined independently: (i) from having or not started the contract work, (ii) from completion stage of the contract activity, or (iii) from the amount of profit that is expected to result from other contracts that are not treated as single construction contracts.

The provisions related to holdings are directed to cover responsibilities rising from losses in associated companies, with negative equity.

Mention should also be made of the increase in Other Provisions by 9,342 thousand euros, including a generic provision of 8,613 thousand euros to cover possible risks that may arise in geographical areas of greater operational risk (Angola, Algeria and Venezuela).

The movements occurred in the provision for holdings in the period ended on 31 December, 2016 and 2015, were as follows:

	2016						Final balance
	Initial balance	Reinforcements		Reversal		Currency exchange rate effects	
		Net result	Capital Own	Net result	Capital Own		
Cintel	39	-	-	-	-	-	39
TD Hosp, S.A.	10,194	-	287	(481)	-	-	10,000
Consorcio OPSUT 2010	111	3	-	-	-	(68)	46
Marinertes, S.A.	214	16	-	-	-	-	230
CBLG	165	1,472	-	-	-	(589)	1,048
Total	10,723	1,491	287	(481)	-	(657)	11,363

	2015						Final balance
	Initial balance	Reinforcements		Reversal		Currency exchange rate effects	
		Net result	Capital Own	Net result	Capital Own		
Cintel, Lda.	39	-	-	-	-	-	39
TD Hosp, S.A.	12,624	-	-	(662)	(1,768)	-	10,194
Consorcio OPSUT 2010	1,296	16	-	(11)	-	(1,190)	111
Marinertes, S.A.	215	(1)	-	-	-	-	214
CBLG	-	134	-	-	-	31	165
Teix.Co, SPA	316	278	-	-	(594)	-	-
Total	14,490	427	-	(673)	(2,362)	(1,159)	10,723

Contingent liabilities

Tax processes

As part of inspections conducted by the Tax and Customs Authorities (AT) of accounting elements of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A., a subsidiary company of the Business, regarding the periods from 2007 to 2011, the following corrections were made to tax losses initially ascertained by this subsidiary:

	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
	439,454	487,161

With the exception of the amount of 611 thousand euros, included in the correction to the tax loss for 2008 (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 companies in which the Group has a stake under the form of additional paid-in capital.

Given that TEIXEIRA DUARTE- Gestão de Participações e Investimentos Imobiliários, S.A. pays corporation tax (IRC) according to the Special

Taxation Regime for Groups of Companies (article 69 onwards of the Corporate Income Tax Code), the corrections to tax losses over the periods from 2007 to 2011 were subject to additional Corporate Income Tax settlements and compensatory interest paid to the Company, in its capacity as the dominant companies over those periods, and fully answered by the company.

Despite the outcome being unfavourable to the intentions of TEIXEIRA DUARTE - Gestão de Participações e Investimentos Imobiliários, S.A., and, consequently, to the parent company, within the scope of the process relating to the 2006 period about the acceptance, as a taxable expense, of financial expenses incurred by the investment made in subsidiary companies in the form of supplementary provisions, the Board of Directors still expects to obtain an outcome different to the remaining periods subject to corrections.

Following several inspections conducted by the Tax and Customs Authority ("AT") on the Company's accounting elements, which was object of a correction to the taxable profit in the 2008 period, amounting to 35,467 thousand euros, of which it contested 32,595 thousand euros related to tax credits, the taxable gains re-investment regime and the undue application of item 10 of article 22 of EBF:

- Corrections to the taxable profit ascertained in the 2011 period, amounting to 1,739 thousand euros, of which the Company contested 608 thousand euros, essentially related to the non-acceptance of autonomous taxation as a taxable expense;
- Correction related to IRC (corporation tax) from previous periods and included in the additional settlement issued with reference to the 2011 financial year, amounting to 12 thousand euros, which was contested in full by the Company, which believes that the correction envisaged in item 6 of article 45 of the IRC Code (the text applicable to the 2011 period) does not cover the Municipal Surcharge.

Others processes of low value

In the period ending on 31 December of 2016, the Company was involved in some legal processes implemented by third parties and that the Company implemented against third parties. In these low value processes, with the experience resulting from previous years and with the data known at the present date, the opinion of the legal advisers is that reasonable probability of winning should be verified in relation to the actions proposed against the Company. In this sense, the Administration did not constitute just any provision to legal processes underway.

17. EFFECTS FROM EXCHANGE RATE CHANGES

The quotes used to convert the assets and liabilities expressed in foreign currency to Euros on December 31, 2016 and 2015, as well as the results from operations developed in countries with functional currency other than the Euro, from the periods ended on those dates:

Currency	Closing exchange rate			Mean exchange rate		
	2016	2015	Var.	2016	2015	Var.
Venezuelan Bolivar (VEF)	710.2122	216.3232	493.8890	538.3002	155.9815	382.3187
Algerian Dinar (DZD)	116.3682	116.5985	(0,2303)	120,4747	111.3616	9.1131
American Dollars (USD)	1,0541	1.0887	(0.0346)	1.1021	1.1130	(0.0109)
Angolan Kwanza (AON)	184.4750	147.8315	36.6435	179.6710	132.5617	47.1093
Mozambican Metical (MZN)	74.5400	49.2900	25.2500	68.2438	43.1492	25.0946
Macanese Pataca (MOP)	8.4204	8.6907	(0.2703)	8.8096	8.8868	(0.0772)
Brazilian Real (BRA)	3.4305	4.3117	(0,8812)	3.8571	3.7024	0.1547
Colombian Peso - (COP)	3,164.4100	3,456.0800	(291.6700)	3,357.0377	3,047.8062	309.2315

Resulting from the new law issued in 2014 by Venezuela (Convenio Cambiario No. 25), by which a new exchange rate is established for certain currency sale operations, applicable as of January 24, 2014, resulted in this period as a significant devaluation of the Venezuelan Bolivar. Specifically, this legislation is applicable to the liquidation of currency sale operations directed, mainly, at the payment of "international investments" (a concept that includes repatriation of initial capital and remittances of interest and dividends). The liquidation of currencies for those operations will be effected on the exchange rate resulting from the last allocation of currencies made through the bidding system (SICAD).

The differences of net change recognised in the equity in the periods ending on December 31, 2016 and 2015, were as follows:

Net exchange rate differences	
Balance on January 1, 2015	71,849
Positive exchange rate differences	(26,848)
Negative exchange rate differences	58,794
Balance on December 31, 2015	103,795
Balance on January 1st, 2016	103,795
Positive exchange rate differences	(41,212)
Negative exchange rate differences	1,219
Balance on December 31, 2016	63,802

18. INCOME TAX

The Company is subject to Taxation on the Income of Legal Persons (IRC) at 21% on the collectable material. On the IRC taxable profit, the Company will still be subject to the Municipal Surtax, whose rate may vary up to a maximum of 1.5%.

Additionally, the taxable profit part that exceeds the amount of 1,500, 7,500 and 35,000 thousand euros is subject to Federal Surtax at rates of 3%, 5% and 7%, respectively.

The Company is still subject to autonomous taxation, at the rates and on the charges and expenditures foreseen in article 88 of the IRC Code.

In the calculation process of the company's taxable income, amounts that are not tax deductible are added to, and subtracted from the accounting result. These differences between the book value profit and the profit for tax purposes may be of a temporary or permanent nature.

In addition, pursuant to the legislation in force in Portugal, tax losses are reportable for a period of twelve (12) years for those that occurred during the 2016 tax year, and 5 (five) years for those that occurred in 2017 onwards, being subject to deduction from taxable income calculated subsequently, with this deduction being limited to 70% of the taxable income calculated during the tax period in which it is earned.

In accordance with the legislation in force, tax returns in Portugal are subject to review and correction by the tax authorities for a period of four years, unless tax losses have been deducted or inspections, claims or appeals, in which cases, depending on the circumstances, this period may be increased or suspended. The Board of Directors believes that any corrections which might arise from any tax reviews/inspections to financial years subject to review will not have a materially significant effect on the financial statements reported on 31 December 2016.

The tax charge recorded in the periods ended on 31 December 2016 and 2015 can be presented in the following manner:

	2016	2015
Current tax:		
Income tax in Portugal	3,533	2,191
Income tax in other jurisdictions	6,491	2,728
	10,024	4,919
Deferred tax:		
Deferred tax in Portugal	541	(4,810)
Deferred tax in other jurisdictions	(237)	(20)
	304	(4,830)
	10,328	89

The relationship, in Portugal, between the book expense and profit in the periods ended on 31 December 2016 and 2015, is as follows:

	2016	2015
(a) - The definite differences essentially include the cancellation of effects from equivalence accounting (Notes 11, 12 and 16)		
Net result for that period	19,715	14,083
Adjustments for taxable profit:		
Definite differences: (a)		
- To add	64,669	54,125
- To deduct	(53,223)	(83,346)
Temporary differences: (b)		
- To add	28,165	20,268
- To deduct	(50,558)	(15,848)
Profit / (tax loss)	8,768	(10,718)
Collectable Material	8,768	(10,718)
Collection	1,841	-
Tax Credit by Double International Taxation	(6,522)	(645)
Other tax components:		
- Autonomous taxation	190	529
- Municipal Tax	375	-
- Others	1,227	181
Current Tax	1,792	65
Deferred tax	541	(4,810)
Differences in the estimates	2,116	1,481
Tax expenses	4,449	(3,264)

The tax rate effective in the periods ended on 31 December 2016 and 2015, was as follows:

	2016	2015
Current Tax	10,024	4,919
Result before taxes	30,043	14,172
Effective tax rate	33.4%	34.7%

The movements occurred in the assets and liabilities by deferred taxes in the periods ending on December 31, 2016 and 2015, were as follows:

	2016					
	Initial balance	Constitution	Reversal	Currency exchange rate effects	Adjustment	Final balance
Assets by deferred taxes:						
Adjustments of clients, bad debt	25	-	-	-	-	25
Reportable tax losses	386	58	-	20	(191)	273
Double international taxation	9,934	4,438	-	-	(4,145)	10,227
Works with losses	369	110	(70)	(118)	-	291
Impairment of financial assets (a)	9,468	-	(9,468)	-	-	-
Other taxed provisions	2,718	4,978	(571)	(4)	(69)	7,052
	22,900	9,584	(10,109)	(102)	(4,405)	17,868
Liabilities by deferred taxes:						
Urban building tax (IPU)	168	-	-	-	(68)	100
Investment Properties	58	-	(6)	-	-	52
Reassessment of fixed tangible assets	2,307	-	(216)	-	-	2,091
	2,533	-	(222)	-	(68)	2,243

The verified constitutions and reversals were recognised as gains or income from the period under "Income tax"

(a) The reversal of the impairment of financial assets, amounting to 9,468 thousand euros, occurring during the period that ended 31 December 2016, is the result of the liquidation of the company: SATU-Oeiras, E.M., S.A.

	2015					
	Initial balance	Constitution	Reversal	Currency exchange rate effects	Adjustment	Final balance
Assets by deferred taxes:						
Clients with bad debt adjustments	9	16	-	-	-	25
Reportable tax losses	385	2,252	-	-	(2,251)	386
Double international taxation	-	1,113	-	-	8,821	9,934
Works with losses	626	19	(277)	1	-	369
Impairment of financial assets	8,761	761	(54)	-	-	9,468
Other taxed provisions	1,546	1,454	(349)	-	67	2,718
	11,327	5,615	(680)	1	6,637	22,900
Liabilities by deferred taxes:						
Urban building tax (IPU)	126	-	-	(26)	68	168
Investment Properties	40	18	-	-	-	58
Reassessment of fixed tangible assets	2,220	87	-	-	-	2,307
	2,386	105	-	(26)	68	2,533

19. FINANCIAL INSTRUMENTS

The current financial assets and liabilities for the periods ended on 31 December 2016 and 2015 were broken down as follows:

19.1. Financial assets

Clients

On December 31, 2016 and 2015 the heading "Clients" is broken down as follows:

	2016			2015		
	Non-group	Group	Total	Non-group	Group	Total
Clients current account	227,140	171,226	398,366	153,062	176,890	329,952
Clients with bad debt	33,284	-	33,284	31,168	-	31,168
	260,424	171,226	431,650	184,230	176,890	361,120
Losses by accumulated impairment	(33,284)	-	(33,284)	(31,168)	-	(31,168)
	227,140	171,226	398,366	153,062	176,890	329,952

Other credits receivable

On December 31, 2016 and 2015 the heading "Other credits receivable" is broken down as follows:

Net of impairment	2016		2015		
	Chain	Non-current	Chain	Non-current	
	Debtors by income accruals:				
	Supplies and services rendered and not billed	12,341	-	15,211	-
	Income accruals - degree of completion application	63,607	-	92,154	-
	Interests receivable	26,821	-	3,540	-
	Royalties	4,450	-	6,739	-
	Other	951	-	6,779	-
		108,170	-	124,423	-
	Other debtors:				
	Expenses by account to debit	376	-	688	-
	Parent company (a)	142,002	344,246	47,237	386,746
	Group company	122,906	-	132,123	-
	Advance payments to suppliers	7,940	-	9,306	-
	Shareholders/partners (RETGS)	13,203	-	11,358	-
	Other	87,463	-	111,346	-
		373,890	344,246	312,058	386,746
		482,060	344,246	436,481	386,746

(a) The item "other credits receivable" on 31 December 2016 includes the amount of 429,246 thousand euros referring to the acquisition of the financial stake of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., with 85,000 thousand euros of current assets and 344,246 thousand euros of non-current assets

Other Assets

On December 31, 2016 and 2015 the remaining current assets is broken down as follows:

	2016	2015
Government and other public entities:		
Corporate Income Tax (IRC):		
Corporate persons income tax - Other jurisdictions	-	205
Added value tax - VAT	3,268	5,971
Other	671	3,184
	3,939	9,360
Deferrals:		
Incurred expenses to debit	198	6,615
Insurance paid in advance	193	1,342
Sales	248	410
Expenses with the issuance of commercial paper	924	1,695
Other	126	172
Advance payments to suppliers	1,688	10,234

Other financial investments

On December 31, 2016 and 2015 the heading "Other financial investments" is broken down as follows:

	2016	2015	
AEBT - Auto-Estradas do Baixo Tejo, S.A.	4	4	
AEDL - Auto-Estradas do Douro Litoral, S.A.	-	10	
Lusoponte - Concessão para a Travessia do Tejo, S.A.	1,875	1,875	
MTS - Metro, Transportes do Sul, S.A.	456	456	
	2,335	2,345	
			Net of impairment

982,333 ordinary shares held in AEDL were divested in 2016.

Other financial assets

On December 31, 2016 and 2015 the heading "Other net financial assets of impairment" is broken down as follows:

(a) During the period ending 31 December 2016, items related to Angolan Public Debt Securities, amounting to 24,678 thousand euros, were divested

	2016	2015
AEBT - Auto-Estradas do Baixo Tejo, S.A.	5,373	5,373
AEDL - Auto-Estradas do Douro Litoral, S.A.	-	1,202
LUSOPONTE - Conc. Travessia do Tejo, S.A.	150	150
MTS - Metro, Transportes do Sul, S.A.	114	114
TD Hosp - Gestão de Edifício Hospitalar, S.A.	7,681	7,681
Teixeira Duarte Algérie, SPA	7,033	7,033
Teixeira Duarte Angola, Lda.	3,491	-
Public debt of Angola (a)	14,610	36,775
	38,452	58,328

19.2. Financial liabilities

Suppliers

On December 31, 2016 and 2015 the heading "Suppliers" is broken down as follows:

	2016		2015	
	Non-group	Group	Non-group	Group
Current account	47,528	84,630	60,557	37,699
Bills in reception and conference	176	-	292	-
Other	10,853	-	8,938	-
	58,557	84,630	69,787	37,699

Other debts payable

On December 31, 2016 and 2015 the heading "Other debts payable" is broken down as follows:

	2016		2015	
	Chain	Non-current	Chain	Non-current
Creditors by accrued expenses				
Incurred expenses and not billed by suppliers	32,088	-	33,821	-
Charges with staff	4,884	-	8,998	-
Distribution of profit	1,563	339	1,594	1,876
Outstanding financial charges	11,491	-	4,009	-
Litigation	196	-	196	-
Insurance to liquidate	83	-	489	-
Other	11,275	-	6,819	-
	61,580	339	55,926	1,876
Other Creditors	25,141	-	21,328	-
	86,721	339	77,254	1,876

Other liabilities

On December 31, 2016 and 2015 the remaining current and non-current liabilities is broken down as follows:

	2016		2015	
	Chain	Non-current	Chain	Non-current
Government and other public entities:				
Corporate persons income tax - IRC:				
Tax estimates	1	-	1,060	-
- Withholding tax	456	-	-	-
- Special payments by account	865	-	(810)	-
	1,322	-	250	-
Corporate persons income tax - Other jurisdictions	5,745	-	1,595	-
Income tax - Third party withholdings	240	-	779	-
Added value tax - VAT	9,292	-	6,439	-
Social Security	1,083	-	1,248	-
Other	(3,408)	-	1,343	-
	14,274	-	11,654	-
Deferrals:				
Works realized and not invoiced	26,211	-	47,137	-
Other	180	-	2,746	-
	26,391	-	49,883	-
Advance payments from clients	40,911	31,106	42,481	27,096

Obtained financing

On December 31, 2016 and 2015 the heading "Obtained financing" is broken down as follows:

	2016		2015	
	Chain	Non-current	Chain	Non-current
Escrow accounts	25,995	-	43,390	-
Contracted bank overdrafts	41,211	-	52,533	-
Bank loans	117,497	53,845	69,169	48,202
Debentures loans	-	1,500	-	1,500
Financial leasings (Note 8)	315	243	483	558
Related parties	116,781	1,468	85,190	35,207
Commercial Paper	44,550	267,125	72,650	245,350
	346,349	324,181	323,415	330,817

On December 31, 2016 the heading "Obtained financing" contains the different contracted operations along with various financial institutions and related parties, bearing interest at normal market rates.

a) Bank loans

On December 31, 2016, the bank loans bank related to the overdrafts and the secured accounts bore interest at normal market rates.

The bank loans contracted by the Company essentially correspond to:

Bank loan of medium and long term for the current amount of 28,187 thousand euros, contracted on January 26, 2015 with Novo Banco, S.A., authorised by Teixeira Duarte - Engenharia e Construções, S.A., bearing interest calculated based on the Euribor in force 6 months in the month prior to the start of each six-month period. The current capital will be amortised semi-annually in amounts that vary from 1,500 thousand euros and 2,750 thousand euros, starting on March 31st, 2001 and the last loan of 16,500 thousand euros to occur on December 30th, 2019.

Bank loans at the current amount of 1,847 thousand euros, signed with Banco Popular de Portugal, S.A. on December 13, 2012 and authorised by the mutuals, 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. which is completely used by V8 - Gestão Imobiliária, S.A.. The loan bears interest calculated based on the simple arithmetic mean of the daily quotations of the Euribor in force three months in the month prior to the start of every three-month period being valid for three years. Current capital will be amortised over the entire contractual period in quarterly payments, with the final payment on 31 March 2019.

As part of the scope of an overseas commercial discount line (Venezuelan market) granted by TEIXEIRA DUARTE - Engenharia e Construções, S.A., with Caixa Geral de Depósitos, S.A. for the amount of 3,440 thousand US dollars, which has been used in its entirety.

As part of the scope of an overseas commercial discount line (Algeria market) granted by Teixeira Duarte - Engenharia e Construções, S.A., with Caixa Geral de Depósitos for the amount of 36,440 thousand euros, of which the amount of 32,823 thousand euros were used.

A bank loan of medium and long term for the current maximum amount of 8,400 thousand euros, contracted with Novo Banco S.A., authorized by Teixeira Duarte - Engenharia e Construções, S.A., on May 20, 2015. The loan bears interest at the Euribor six month rate plus a spread of 5% and it will be amortized in 7 quarterly instalments starting on September 30, 2015.

A line of factoring with recourse, granted by Teixeira Duarte - Engenharia e Construções, S.A., by EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., and by Somafel - Engenharia e Obras Ferroviárias, S.A., with Novo Banco, S.A., amounting to 3,500 thousand euros, of which 1,912 thousand euros and 279 thousand euros, respectively, are used. This agreement bears interest at the Euribor 6 month rate plus a spread of 4%.

A factoring contract with recourse, granted by Teixeira Duarte - Engenharia e Construções, S.A., with Banco Popular, S.A., with a current amount of 296 thousand euros. The loan bears interest at the Euribor 6 month rate plus a spread of 2%.

A bank loan currently amounting to 7,000 thousand euros, taken out on 26 April 2016 with Novo Banco S.A., granted by Teixeira Duarte - Engenharia e Construções S.A., by Teixeira Duarte - Gestão de Participações e Investimento Imobiliários, S.A., and by TEDAL - Sociedade Gestora de Participações Sociais S.A., accruing interest calculated at the 12 month Euribor rate plus a spread of 5.25%. The current capital will be amortised on 31 March 2017.

A bank loan currently amounting to 2,448 thousand euros, taken out on 30 June 2016 with Novo Banco S.A., granted by Teixeira Duarte - Engenharia e Construções S.A., accruing interest calculated at the 12 month Euribor rate plus a spread of 5%. The current capital will be amortised on 31 March 2017.

A credit facility agreement entered into on 17 June 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco S.A., for an overall amount of 8,708 thousand euros, with liability shared by the banks respectively as follows: 3,266 thousand euros, 2,325 thousand euros, and 3,117 thousand euros; and the company Teixeira Duarte - Engenharia e Construções S.A. The loan bears interest at the Euribor 12 month rate plus a spread of 5% and will remain in force until 31 March 2017.

A credit facility agreement entered into on 12 August 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco S.A., an overall amount of 39,314 thousand euros, with liability shared by the banks respectively as follows: 14,743 thousand euros, 10,497 thousand euros, and 14,075 thousand euros; and the company Teixeira Duarte - Engenharia e Construções S.A. The loan bears interest at the Euribor 12 month rate plus a spread of 5% and will remain in force until 12 August 2017.

A medium and long term contract entered into between Banco BPI, S.A., and the companies Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções S.A. and Teixeira Duarte - Gestão de Participações e Investimento Imobiliários, S.A., for a current amount of 23,846 thousand euros, used in its entirety by Teixeira Duarte - Engenharia e Construções S.A., to be amortised in 60 monthly instalments starting on 5 December 2016. The loan bears interest at the Euribor 6 month rate plus a spread of 4%.

A medium and long term contract entered into between Banco Santander Totta, S.A. and Teixeira Duarte - Engenharia e Construções S.A., with a current amount of 2,493 thousand euros, to be amortised in 23 monthly payments. The loan bears interest at the Euribor 12 month rate plus a spread of 5%.

Loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 1,121 thousand euros, which will be amortised in 42 monthly payments. The loan bears interest at the nominal rate of 2%.

Loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 136 thousand euros, which will be amortised in 44 monthly payments. The loan bears interest at the nominal rate of 2%.

Loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 509 thousand euros, which will be amortised in 43 monthly payments. The loan bears interest at the nominal rate of 2%.

Loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 248 thousand euros, which will be amortised in 43 monthly payments. The loan bears interest at the nominal rate of 2%.

Loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between IBM Deutschland Kreditbank GmbH, Branch in Portugal, and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 98 thousand euros, which will be amortised in 3 monthly payments starting in November.

b) Commercial paper

On December 31, 2016, the Company has negotiated the following commercial paper programs:

A grouped commercial paper issuance program by private subscription contracted on January 14, 2011 with Banco Comercial Português, S.A., for the used amount of 20,750 thousand euros, in which Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., and its only shareholder Teixeira Duarte - Engenharia e Construções, S.A., take parts for the amounts of 2,075 thousand euros and 18,675 thousand euros, respectively. The participation of each company in the program may vary in each of its uses of the program, the Company having to participate in at least 10% of the total value. The interest is paid in arrears, the intervention rate being indexed to Euribor six month rate by competitive auction or 7 to 180 days by direct placement plus a spread of 4% and determined according to the date of each bidding, proceeding to the redemption of the last issuance on January 6, 2021.

A grouped commercial paper issuance program by private subscription contracted on December 16, 2005 with Novo Banco, S.A., and Haitong Bank, S.A., for the amount of 42,500 thousand euros, in which Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., and a Teixeira Duarte - Engenharia e Construções, S.A. take part, the entirety being used by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.. The participation of each company in each program may vary in each of its uses. The program has a term of 5 years minus one day, from the date the contract is signed. Issue periods are between 1 and 6 months and they earn interest in advance at the Euribor rate for the period, plus a spread of 3%. The final issue will be repaid on 20 August 2018, and amortisations are envisaged of 5,000 thousand euros, on August 20th, 2017, and February 20th, 2018 and the settlement of the remaining value on the repayment date of the programme's final issue.

A grouped commercial paper issuance program by private subscription contracted on July 7, 2010 with Caixa Geral de Depósitos, S.A., for the amount of 70,000 thousand euros, in which Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., and Teixeira Duarte - Engenharia e Construções, S.A. take part, the entirety being used by Teixeira Duarte - Engenharia e Construções, S.A.. The participation of each company in each program may vary in each of its uses. The program was renewed on May 12, 2014 until May 14, 2019, for the amount of 50,000 thousand euros, currently 40,000 thousand euros. It will be subject to an amortisation on 18 January 2017, and annual amortisations starting on 16 May 2017. Interest is payable in arrears on the date of each subscription, with the intervention rate for the respective period indexed to the Euribor rate in force on the second business day prior to each subscription date, plus 4% up until May 2016 and 3.75% for the rest of the programme's period, determined based on the date on which each bid is made.

A grouped commercial paper issuance program by private subscription contracted on December 28, 2011 with Banco Comercial Português, S.A., for the current global amount of 53,400 thousand euros, currently 38,000 thousand euros, in which Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., and a Teixeira Duarte - Engenharia e Construções, S.A., and the holding of the Group, Teixeira Duarte, S.A., 1,000 thousand euros and 1,000 thousand euros, respectively. It is mandatory that each of the issuances be done together with all of the issuers and the participation of each one cannot be less than 250 thousand euros. The programme is in force until 30 December 2021, and the first amortisation is scheduled for 30 March 2017, amounting to 9,000 thousand euros, and the remaining amortisations are scheduled every six months, with amounts varying between 3,300 thousand euros and 4,500 thousand euros, with the exception of the final one, which will 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 of commercial paper issues contracted on 14 January 2016 with Novo Banco S.A., of which Teixeira Duarte, S.A. and Teixeira Duarte - Engenharia e Construções S.A. take part, for an amount of 34,000 thousand euros, used in its entirety by Teixeira Duarte - Engenharia e Construções S.A. The duration of the programme is 4 years and it will be subject to partial amortisations, the first on 14 July 2017 and all others half-yearly with amounts varying between 1,900 thousand euros and 2,000 thousand euros; the remaining value will be settled on the due date of the final issue. 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.

A grouped commercial paper issuance program by private subscription contracted on December 28, 2015 with Novo Banco, S.A., for the global amount of 97,000 thousand euros, currently 38,000 thousand euros, in which Teixeira Duarte, S.A., a Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. take part of, for the amounts of 9,700 thousand euros, 9,700 thousand euros and 77,600 thousand euros, respectively. The participation of each company in each programme may vary each time it is issued. The program has a duration of 5 years, from the date the contract is signed, the interest is borne beforehand on the date of each subscription, the intervention rate being indexed at the Euribor rate for the respective term, in force on the second business day prior to each subscription date, plus a spread of 5.00% and determined according to the date of the bidding, proceeding to the redemption of the last issuance on November 6, 2018. The programme will be subject to partial amortisations, with the first, amounting to 3,400 thousand euros, occurring on 6 May 2017, and all others half-yearly with amounts varying between 2,350 thousand euros and 2,900 thousand euros; the remaining value will be settled on the repayment date of the programme's final issue.

A grouped commercial paper issuance program by private subscription contracted on December 30, 2013 with Novo Banco, S.A., and Haitong Bank, S.A., for the amount of 191,250 thousand euros, authorised 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 de Cravel - Imobiliária, S.A., and V8 - Gestão Imobiliária, S.A., the entirety being used by Teixeira Duarte - Engenharia e Construções, S.A.. The participation of each company in each programme may vary each time it is issued. The programme has a duration of five years minus 1 day, counted from the date on which the contract is signed; interest is payable in advance, with the intervention rate for the respective period indexed to the Euribor rate in force on the second business day prior to each subscription date, plus a spread of 5.00%, determined based on the date on which each bid is made; the final issue will be repaid on 29 December 2018. The programme will be subject to partial amortisations, to be made half-yearly from 30 June 2017, with an amount of 8,350 thousand euros, with the settlement of the remaining amount on the repayment date of the programme's final issue.

A grouped commercial paper issuance program by private subscription contracted on May 2, 2014 with Banco Finantia, S.A., for the amount of 10,000 thousand euros, authorized by Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., which at the present date 1,050 thousand euros is being used by Teixeira Duarte - Engenharia e Construções, S.A., the participation of each issuer may vary for each issuance. The programme lasts until 2 May 2017, and issues may have a period of between 7 and 365 days. The interest is in arrears at the rate corresponding to that resulting from the direct placement, never above the maximum rate indicated by the issuer.

A grouped commercial paper issuance program by private subscription contracted on June 27, 2014 with Banco Comercial Português, S.A., for the current amount of 50,000 thousand euros, authorised by Teixeira Duarte - Engenharia e Construções, S.A., and by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., being that on this date the used amounts for each one was 11,000 thousand euros and 39,000 thousand euros. The program has a duration of 5 years, the issuances may have a term of 1 or 3 months. Interest is payable in arrears at a rate equal to the Euribor rate applicable to the issue period, plus 6%. The programme will be subject to partial amortisations, the first of 6,000 thousand euros on 27 March 2017, and all others half-yearly starting on 27 June 2017, with amounts varying between 2,000 thousand euros and 5,000 thousand euros; the remaining value will be settled on the repayment date of the programme's final issue.

A grouped programme of commercial paper issues contracted with Banco BIC Português, S.A., on 18 November 2014, for an amount of 5,000 thousand euros, 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.. The program is valid until January 2, 2020, the issuance may have a term of one or six months. The interest is in arrears to the rate that will be equal to the Euribor applicable to the term of the issuance plus 3.25%.

c) Debentures loans

A Teixeira Duarte - Engenharia e Construções S.A. and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. entered into a contract with Banco Comercial Português, S.A. for the Provision of Assistance and Placement Services for a Private Bond Issue Offer, as well as a Paying Agent Contract related to the Grouped Issue of Bonds by Private Subscription, amounting to 15,300 thousand euros (1,500 thousand euros from Teixeira Duarte - Engenharia e Construções S.A. and 13,800 thousand euros from Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.) known as "Teixeira Duarte - Engenharia e Construções, S.A./Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. - 2014/2021".

Interest is settled quarterly at a rate of 4.57%, and repayment will be made at part in three equal instalments, on 2 April 2019, 2 April 2020 and 2 April 2021.

The same are refundable according to the following terms of redemption:

	2016	2015
Less than a year	346,349	323,415
1 to 2 years	199,397	83,871
2 to 3 years	48,857	189,996
3 to 4 years	55,752	30,500
4 to 5 years	20,175	26,450
	670,530	654,232

For guarantee of the obtained financing previously described, mortgages and loans of different collateral were established (Note 20).

20. GUARANTEES AND COMMITMENTS

Guarantees

On December 31, 2016 and 2015, the Company had granted bank guarantees and insurance bonds to third parties, as follows:

	2016	2015
Bank guarantees	284,616	305,499
Guarantee insurance	204,768	138,940
	489,384	444,439

The bank guarantees and the insurance bonds were granted fundamentally for the tenders, down payments received and as a guarantee of good execution of works.

For the effects of the suspension of a tax enforcement process instigated against the Company, in its capacity as parent company, with regard to Corporate Income Tax debt from the 2008 period, the settlement of which was contested, a bank guarantee amounting to 12,794 thousand euros was issued in favour of the Tax and Customs Authority (AT).

To the effects of process suspension of taxation placed on the Company, related to IRC debt from the 2008 period, however met, a bank guarantee was issued, in favour of the AT, for the amount of 14,752 thousand euros. The Company subsequently requested the substitution of the bank guarantee by a surety issued by its shareholder, Teixeira Duarte, S.A., which was refused by the AT several times. These decisions by the AT were contested under legal terms, with decisions favourable to the Company being obtained from both the Central Administrative Court South and the Supreme Administrative Court (STA).

Following the STA ruling in favour of the Company during the course of 2016, the AT re-analysed the initial request for replacing the bank guarantee with a surety, once again refusing this request.

The Company chose not to contest this decision, due to changes to the law that had come into force in the meanwhile.

The following liens and mortgages were also provided, in addition to the aforementioned guarantees:

As guarantee of the commercial paper contract signed by Haitong Bank, S.A. and Novo Banco, S.A. for the current amount of 191,250 thousand euros, authorized 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 – Gestão de Participações e Investimentos Imobiliários, S.A., Quinta de Cravel – Imobiliária, S.A., and V8 – Gestão Imobiliária, S.A., they gave as guarantee the collateral of 12,500,000 shares of EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A., and 200,000,000 shares of C+PA – Cimentos e Produtos Associados, S.A., the collateral of 1,325,000 units of shareholding from the Fundo de Investimento Imobiliário Fechado TDF and the voluntary mortgage on the urban building of its ownership, directed for use as stores, offices, material laboratory and parking for equipment, located in Avenida da Indústria, Alto Estanqueiro – Jardim, Montijo, for the value of 13,282 thousand euros, the voluntary mortgage on the lots for construction numbers 8, 10, 11, 12, 13, 19, 23, 26 and 31, located in Quinta de Cravel, Mafamude, Vila Nova de Gaia, for the global value of 6,829,000 thousand euros, the voluntary mortgage on the lots for construction numbers 1, 2, 3, 5, 6, 8, 16, 18, 20 and 30 located in Empreendimento Santa Maria Design District, Santa Marinha, Vila Nova de Gaia, for the global value of 26,698 thousand euros, respectively. At the date of this report, the program was to be totally used by Teixeira Duarte – Engenharia e Construções, S.A..

As a guarantee for the commercial paper contract entered into with Novo Banco S.A., for the current amount of 97,000 thousand euros, granted by the issuing parties, Teixeira Duarte, S.A., 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 Transbrital Britas e Empreendimentos Imobiliários, S.A., gave as a guarantee a mortgage on 14 plots of land of the project known as Pedregueiras, with an overall value of 59,640 thousand euros, and TEDAL – Sociedade Gestora de Participações Sociais, S.A., gave as a guarantee the lien of 26,000,000 shares in Recolte Serviços e Meio Ambiente, S.A., valued for this effect at 26,000 thousand euros.

As guarantee of the commercial paper contract signed by Haitong Bank, S.A., and Novo Banco S.A., for the current amount of 42,500 thousand euros, authorised by the issuers, Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., also guarantor and the guarantor TEDAL - Sociedade Gestora de Participações Sociais, S.A. gave as collateral 4,333,333 and 426,666 shares of the Banco Comercial Português, S.A., respectively.

At the date of this report, the program was to be totally used by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A..

As guarantee of the commercial paper contract signed on December 28, 2011 with Banco Comercial Português, S.A., authorized by the issuers, Teixeira Duarte, S.A., Teixeira Duarte - Engenharia e Construções, S.A., and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., for the current amount of 53,400 thousand euros, a generic mortgage was established for the buildings placed respectively on the lots 6, 18 and 19, located in Lagoas Park, property of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A..

As guarantee of the commercial paper contract signed with Caixa Geral de Depósitos, for the amount of 70,000 thousand euros, currently 40,000 thousand euros, authorised by the issuers, 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. gave in collateral 4,375,000 units of shareholding of Fundo de Investimento Imobiliário Fechado TDF.

At the date of this report, the program was to be totally used by Teixeira Duarte - Engenharia e Construções, S.A..

As guarantee of the commercial paper contract entered into with Novo Banco S.A., with a value of 34,000 thousand euros, granted by the issuers Teixeira Duarte, S.A., and Teixeira Duarte - Engenharia e Construções, S.A., as well as by the guarantor Teixeira Duarte, S.A., the guarantor gave as a lien 1,000,000 shares in TDFI - Tecnologia de Gestão de Imóveis, S.A..

As guarantee of the loan at the current amount of 1,847 thousand euros, signed with Banco Popular de Portugal, S.A. on December 13, 2012 and authorized by the companies, 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. which is completely used by V8 - Gestão Imobiliária, S.A., V8 - Gestão Imobiliária, S.A. established a mortgage on the fractions of its property in the urban building located on Rua de Castro Portugal, numbers 497 and 511; Rua Professora Rita Lopes Ribeiro Fonseca, numbers, 46, 52, 76, 80, 94 and 96, Place and Parish of Vila Nova de Gaia and on the fractions of the urban building denominated lot 14, located on Rua Guilherme Duarte Camarinha, number 12, Candal Place. Parish of Vila Nova de Gaia, for the global value of 1,847 thousand euros.

As guarantee of the financing contract at the current amount of 42,813 thousand euros signed with Caixa Geral de Depósitos, S.A., and Caixa Banco de Investimento, S.A., authorized by TDHOSP - Gestão de Edifício Hospitalar, S.A., Teixeira Duarte - Engenharia e Construções S.A., gave as collateral 1.540.000 shares of TDHOSP - Gestão de Edifício Hospitalar, S.A., and the credit rights on TDHOSP - Gestão de Edifício Hospitalar, S.A..

As guarantee of the medium and long term mutual agreement signed with Novo Banco S.A., for the current amount of 28,750 thousand euros, authorised by Teixeira Duarte - Engenharia e Construções, S.A., with borrowing company, and by Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., and C+PA - Cimentos e Produtos Associados, S.A., with guarantors, which gave as collateral 1,070,000 and 1,936,395 shares of Banco Comercial Português, S.A., respectively.

As a guarantee for the bank loan currently amounting to 7,000 thousand euros, taken out 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., Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. raised a second mortgage on lot 3, located in Lagoas Park.

To guarantee the a bank loan currently amounting to 7,000 thousand euros, taken out on 26 April 2016 with Novo Banco S.A., granted by Teixeira Duarte - Engenharia e Construções S.A., as the borrowing company and by Teixeira Duarte - Gestão de participações e Investimentos Imobiliários, S.A., and TEDAL - Sociedade Gestora de Participações Sociais S.A., as guarantors, will make a financial pledge of 21,000 and 10,479,000 shares in TDARCOL - Sociedade Gestora de Participações Sociais, S.A., respectively.

To guarantee the credit facility agreement entered into on 17 June 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco S.A.. an overall amount of 8,708 thousand euros, with liability shared by the banks respectively as follows: 3,265 thousand euros, 2,325 thousand euros, and 3,118 thousand euros; and the company Teixeira Duarte - Engenharia e Construções S.A..

This party undertook to transfer in lieu of payment 375,000 (three hundred and seventy five thousand) shares, with a par value of €5.00 (five euros), representing 7.5% (seven point five percent) of the share capital of the limited company Lusoponte - Concessionária Para A Travessia do Tejo S.A..

To guarantee the credit facility agreement entered into on 12 August 2016 between the banks Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., and Novo Banco, S.A., with a current amount of 39,314 thousand euros, with the liability shared between the banks as follows: 14,743 thousand euros, 10,497 thousand euros and 14,075 thousand euros, respectively; and the company Teixeira Duarte - Engenharia e Construções, S.A., Teixeira Duarte - Gestão de Participações e Investimento Imobiliário, S.A., raised a mortgage on 20 plots of land located in Casal do Deserto in Porto Salvo, and a mixed used property located in Zemouto in Seixal, TDE - Empreendimentos Imobiliários, S.A. raised a mortgage on an urban property located at Estrada Municipal, five hundred and four in Troviscas, District of Loures, and TDVIA - Sociedade Imobiliária, S.A. raised a mortgage on three rural properties and one urban property located in the district of Vila Franca de Xira.

To guarantee the loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 1,121 thousand euros, the respective equipment acquired by the loan was given as a guarantee.

To guarantee the loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 136 thousand euros, the respective equipment acquired by the loan was given as a guarantee.

To guarantee the loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 509 thousand euros, the respective equipment acquired by the loan was given as a guarantee.

To guarantee the loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between Caterpillar Financial Corporacion Financiera, S.A.-E.F.C., and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 248 thousand euros, the respective equipment acquired by the loan was given as a guarantee.

To guarantee the loan agreement for the acquisition of equipment, with a start date in July 2016, entered into between IBM Deutschland Kreditbank GmbH, Branch in Portugal, and Teixeira Duarte - Engenharia e Construções, S.A., for a current amount of 98 thousand euros, the respective equipment acquired by the loan was given as a guarantee.

Assumed financial commitments

On December 31, 2016 and 2015, factoring contracts without recourse were in effect, which were recorded as deduction from accounts receivable, as follows:

	2016	2015
Factoring notified without use	5,941	3,573
	5,941	3,573

According to the contract conditions, the Company's responsibility is essentially limited to the guarantee of acceptance by the clients of the bills, object of factoring.

On December 31, 2016, the Company issued comfort letters in favour of companies of the group as follows:

Company	Value in currencies	Currency	Values in thousand euros
ANGOIMO - Empreendimentos e Construção, Lda.	1,000,000.00	USD	949
BONAPARTE - Imóveis Comerciais e Participações, S.A.	8,330,850.00	EUR	8,331
CND - Companhia Nacional de Distribuição, Lda.	1,500,000,000.00	AON	8,131
ESTA - Gestao de Hotéis S.A.	997,595.79	EUR	998
Hotel Baía Lda.	25,000,000.00	USD	23,717
Hotel Trópico S.A.	2,000,000,000.00	AON	10,842
RECOLTE, Servicios y Medioambiente	33,550,000.00	EUR	33,550
RECOLTE, Serviços e Meio Ambiente	181,577.65	EUR	182
TDF - Soc. Gestora Fundos Inv. Imobiliário, S.A.	1,250,515.01	EUR	1,251
TDHC-Instalações para Desporto e Saúde, S.A.	397,867.86	EUR	398
TDHOSP - Gestão de Edifício Hospitalar, S.A.	8,050,000.00	EUR	8,050
TEIXEIRA DUARTE - Engenharia e Construções, S.A. (SUC. en Venezuela)	950,000,000.00	VEF	1,338
TEIXEIRA DUARTE (Algérie), SPA	700,000,000.00	DZD	6,015
TEIXEIRA DUARTE (Angola), Lda	1,000,000.00	USD	949
TEIXEIRA DUARTE, S.A. (Suc./Angola)	29,000,000.00	USD	27,512
TEIXEIRA DUARTE-Engenh. e Construção Moçambique, LDA.	3,475,971,081.51	MZN	46,632
TEIXEIRA DUARTE-Engenh. e Construção Moçambique, LDA.	101,971,865.90	USD	96,738
TEIXEIRA DUARTE-Gestão de Participa. e Investimentos Imobiliários, S.A.	13,500,000.00	EUR	13,500
			289,083

21. FINANCIAL RESULTS

In the periods ended on 31 December 2016 and 2015, the financial results were broken down as follows:

	2016	2015	Var (%)
Financial charges:			
Supported interests	42,466	46,091	(7.9%)
Unfavourable exchange rate differences	51,305	114,977	(55.4%)
Other costs and financial losses	6,435	7,099	(9.4%)
	100,206	168,167	(40.4%)
Financial income:			
Obtained interests	47,339	19,278	145.6%
Favourable exchange rate differences	72,425	107,280	(32.5%)
Other income and financial earnings	63	106	(40.6%)
	119,827	126,664	(5.4%)
Income related to investment activities:			
Dividends (a)	1,310	150	773.3%
	1,310	150	773.3%
Financial Results	20,931	(41,353)	(150.6%)

22. EMPLOYEE BENEFITS

During the periods ended on 31 December 2016 and 2015, the average number of employees hired directly by Portugal was 946 and 1,176 people, respectively. The average number of employees hired directly by branches and stable establishment abroad was 2,076 and 2,327 people, respectively.

In the periods ended on those dates, the expenses with personnel had the following break-down:

	2016	2015
Salaries	34,776	42,439
Other remunerations	24,191	32,196
Charges with remunerations	10,164	10,169
Distribution of profit	(384)	3,026
Insurance	1,328	813
Others costs with personnel	8,625	7,869
	78,700	96,512

23. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31 December 2016 and 2015, the supplies and external services heading was broken down as follows:

	2015						Total
	Subcontracts	Specialised Services	Materials	Energy and fluids	Travel, stays and transport	Different Services	
Angola	23,372	5,432	2,798	854	2,494	10,571	45,521
Algeria	18,361	6,334	(708)	493	3,400	16,257	44,137
Brazil	689	1,609	368	425	1,095	1,672	5,858
Colombia	78	37	1	3	33	27	179
Spain	-	-	-	-	-	3	3
Morocco	(925)	3	-	-	49	3	(870)
Mozambique	-	4,493	-	-	-	3	4,496
Portugal	26,996	16,896	1,429	500	2,644	(3,743)	44,722
Venezuela	4,830	3,717	178	4	215	4,180	13,124
	73,401	38,521	4,066	2,279	9,930	28,973	157,170

	2015						Total
	Subcontracts	Specialised Services	Materials	Energy and fluids	Travel, stays and transport	Different Services	
Angola	34,195	30,758	15	1	1,115	712	66,796
Algeria	20,073	6,134	4,107	242	4,572	15,163	50,291
Brazil	-	(237)	-	-	81	10	(146)
Colombia	109	1	2	-	48	2	162
Spain	-	4	-	-	-	-	4
Morocco	297	2	-	1	113	(132)	281
Mozambique	1	2,233	-	-	471	27	2,732
Portugal	22,462	31,096	1,873	155	2,110	(839)	56,857
Venezuela	10,810	4,353	870	6	1,057	1,254	18,350
	87,947	74,344	6,867	405	9,567	16,197	195,327

24. OTHER INCOME

On December 31, 2016 and 2015, the other income were as follows:

	2016	2015	
Gains with Financial Assets	-	474	(a) - The indicated gains are from Trademark Exploitation License contracts signed with several related parties that, in the scope their business, use commercial brands created and maintained by the Company
Ceding of technical frames	25	83	
Corrections referring to previous periods	30	6	
Performance of social body responsibilities	408	1,303	
Alienation of fixed tangible assets	8,225	4,042	
Royalties (a)	9,902	16,972	
Other	22,491	15,848	
	41,081	38,728	

25. OTHER EXPENSES

On December 31, 2016 and 2015, the other gains were as follows:

	2016	2015	
Social Responsibility Contributions (a)	3	58	(a) - The indicated losses are related to expenses assumed by the Company, regarding Social Responsibility policies, in the monitoring of contracting public works in Venezuela
Losses with fixed tangible assets	48	296	
Quotes	127	146	
Breaches in inventory	139	171	
Joint-Venture	3,760	311	
Taxes and rates	5,921	6,592	
Other (b)	42,635	1,534	(b) The stated losses include the amount of 42,076 thousand euros, resulting from the liquidation of SATU-Oeiras - E.M., S.A. (Note 10)
	52,633	9,108	

26. FINANCIAL RISKS MANAGEMENT

General principles

The Company is exposed to a number of financial risks arising from its activities, among which the following deserve special mention:

- Interest rate risks arising from financial liabilities;
- Exchange rate risk primarily resulting from the existence of operations and assets located outside of the Euro zone, namely Angola, Algeria, Brazil, Macao, Mozambique and Venezuela;
- Credit risk, particularly from amounts receivable from customers related to the company's operating activities;
- Liquidity risk, as regards the maintenance of cash balance stability.

The Company's Financial Department ensures the centralised management of the financing operations, applications of cash surplus, exchange transactions as well as the counterpart risk of the Company.

It is also responsible for the identification, quantification and for the proposal and implementation of measures aimed at the management/mitigation of the financial risks to which the Company is exposed.

Following is a more detailed description of Company's main financial risks and measures implemented to manage them.

Interest rate risk

The objective of the interest rate risk management policy is the minimization of the cost of debt subject to the maintenance of a low level of volatility of financial costs.

As at 31 December 2016, the financial liability is composed only and exclusively of 100% variable interest tax.

In case the market interest rates were less by 1% during the periods ended on December 31, 2016 and 2015, the income of those periods would have diminished by 1,138 thousand euros and (530) thousand euros, respectively. In case the same market interest rates had been greater by 1% during the same periods, the income of those periods would have increased by 1,138 thousand euros and (530) thousand euros, respectively.

Exchange rate risk

The company's operating activities are exposed to variations in the Euro exchange rate against other currencies.

In addition, considering the different countries where the company develops its business, its exposure to the exchange rate risk by default results from its subsidiaries reporting assets and liabilities in currencies different from the currency of the report, namely, Angola, Algeria, Brazil, Colombia, Macao, Mozambique and Venezuela.

The exchange rate risk management policy followed by the company is ultimately aimed at reducing, as much as possible, the sensitivity of the company's net income to currency fluctuations.

The monetary assets and liabilities denominated in foreign currency, converted into Euro as at 31 December 2016 and 2015, were as follows:

	Asset		Liability		Balances	
	2016	2015	2016	2015	2016	2015
Venezuelan Bolivar	12,471	1,492	2,994	6,669	9,477	(5,177)
Algerian Dinar (DZD)	-	1,010	16,303	25,227	(16,303)	(24,217)
American dollars	330,654	91,928	56,416	271,859	274,238	(179,931)
Pound Sterling	49	49	-	-	49	49
Mozambican Metical	15,929	26,163	6,033	17,146	9,896	9,017
Macanese Pataca	-	-	145	145	(145)	(145)
Moroccan Dinar	-	-	490	-	(490)	-
Angola Kwanza	-	-	6,740	-	(6,740)	-
	359,103	120,642	89,121	321,046	269,982	(200,404)

The possible impacts generated on the financial statements of the Company, in case a valorisation of 5% of the above mentioned currency occurs, they can be summed up as follows:

	Asset		Liability		Balances	
	2016	2015	2016	2015	2016	2015
Venezuelan Bolivar	624	75	150	333	474	(258)
Algerian Dinar (DZD)	-	51	815	1,261	(815)	(1,210)
American dollars	16,533	4,596	2,821	13,593	13,712	(8,997)
Pound Sterling	2	2	-	-	2	2
Mozambican Metical	796	1,308	302	857	494	451
Macanese Pataca	-	-	7	7	(7)	(7)
Moroccan Dinar	-	-	25	-	(25)	-
Angola Kwanza	-	-	337	-	(337)	-
	17,955	6,032	4,457	16,051	13,498	(10,019)

Credit risk

On December 31, 2016 and 2015, the accounts receivable balances of clients for whom adjustments were not recorded by the Board of Directors, considering that the same are realisable, are the following:

	2016	2015
Balances		
Unexpired	147,083	43,371
Up to 180 days	56,394	54,226
From 180 to 360 days	59,749	62,548
Over 360 days	135,140	169,807
	398,666	329,952

Liquidity risk

This risk can occur if the sources of financing, such as the cash flows from operating activities, divestment, credit lines and from financing operations, do not meet the financing needs, such as the cash outflows for operating activities and financing, investments, remuneration of shareholders and debt repayment.

In order to mitigate this risk, the Company seeks to maintain a liquidity position and an average maturity of debt that allows it to repay its debt within reasonable periods of time.

The financial liability valid up to a year is, whenever deemed appropriate, substituted by medium and long term maturity.

The maturity of the financial liabilities at 31 December 2016 and 2015 is as follows:

	2016				Total
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	
Suppliers	143,187	-	-	-	143,187
Obtained financing	346,349	199,397	48,857	75,927	670,530
Government and other public entities	14,274	-	-	-	14,274
Other payable accounts	86,721	194	145	-	87,060
Advance payments from clients	40,911	31,106	-	-	72,017
Deferrals	26,391	-	-	-	26,391
	657,833	230,697	49,002	75,927	1,013,459

	2015				Total
	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	
Suppliers	107,486	-	-	-	107,486
Obtained financing	323,415	83,871	189,996	56,950	654,232
Government and other public entities	11,654	-	-	-	11,654
Other payable accounts	77,254	1,682	194	-	79,130
Advance payments from clients	42,481	16,008	11,088	-	69,577
Deferrals	49,883	-	-	-	49,883
	612,173	101,561	201,278	56,950	971,962

27. CAPITAL

Share capital

As at 31 December 2016, the Company's paid-in capital, totally underwritten and paid-up, was composed of 280.000.000 shares with the nominal value of 1.00 euro each.

On December 31, 2016 and 2015 the Company's capital was held at 100% by Teixeira Duarte, S.A..

Legal reserve

Commercial legislation establishes that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of capital. This reserve is not distributable, except in the case of the Company's liquidation, but may be used to absorb losses, after all the other reserves have been depleted, or incorporated in the share capital.

Other reserves

The other reserves are composed only and exclusively by free reserves, which are available for distribution.

Application of results

By decision of the General Assembly, held on 28 May 2016, the accounts from the 2015 were approved and it was decided that the Net Result, calculated at €14,082,962.35 (fourteen million eighty two thousand nine hundred and sixty two euros and thirty five cents) would be applied as follows:

	Value
Dividends	1,000,000.00
Legal reserve	1,000,000.00
Free Reserve	12,082,962.35
	14,082,962.35

28. OTHER INFORMATION

The Board of Directors discloses that the Company does not have any debts to the State in a situation of late payment, under the terms of Decree-Law 534/80, of 7 November.

Pursuant to Decree-Law number 411/91, of 17 October, the Board of Directors discloses that the situation of the Company relative to Social Security is settled, within the legally stipulated periods of time.

29. SUBSEQUENT EVENTS AT THE DATE OF THE BALANCE SHEET

TEIXEIRA DUARTE continued its business in several markets in which it operates, being worth noting the following relevant factors occurred after the close of the financial year, which were object of reports timely divulged in the market:

Signing of a Strategic Partnership in Venezuela for a conservation, administration, management, operation and exploitation contract for the Specialised Container Terminal at La Guaira Port, in Venezuela

"TEIXEIRA DUARTE, S.A." reports that on 17 January 2017, its 100% owned company "Teixeira Duarte - Engenharia e Construções, S.A. signed a "Strategic Partnership for the Port Operation and Management of the Specialised Container Terminal at La Guaira Port" in Venezuela, with the State company of the Bolivarian Republic of Venezuela known as "BOLIVARIANA DE PUERTOS (BOLIPEURTOS), S.A.", with a view to optimising the development and growth of the terminal's activity, turning it into a transfer port in the Caribbean Sea and Latin America. Under the terms of the aforementioned partnership, Teixeira Duarte will contribute, according to the Business Plan, the amount of 40 million American dollars and will assume responsibility, for a 20 year period, for the commercialisation, conservation, operation, administration, construction and exploitation of the aforementioned Terminal.

The Specialised Container Terminal at the Port of La Guaira, with capacity to move 1,000,000 TEUS/year in an area of 17ha, has 693m of dockable berths and bottoms at -15.2m. It is fitted with the latest generation of port operation equipment - 6 quay gantry cranes, 15 patio gantry cranes, 2 reach-stackers and 6 front loaders.

One of the whereas clauses of this Agreement is the fact that, on 6 August 2008, a Supplementary Agreement was signed to the Framework Cooperation Agreement between the Bolivarian Republic of Venezuela and the Republic of Portugal, on the subject of economic and energy cooperation, the purpose of which is cooperation and the development, creation and/or execution of programmes and projects aimed at the exchange of goods, services, technology and training of mutual interest to the signatory countries.

REPORT OF THE FISCAL BOARD AND STATUTORY AUDITOR'S REPORT 2016



REPORT OF THE FISCAL BOARD

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Dear Shareholders,

In accordance with the law and the statutes we hereby submit to you our report on the activity and accounts of the company TEIXEIRA DUARTE - Engenharia e Construções, SA, referring to the financial year at December 31, 2016.

In performing our functions we followed up the company's activity on a regular basis, through the clarifications requested to the Board of Directors and other departments, which offered us their utmost assistance.

Within the scope of the powers granted to the Fiscal Board of TEIXEIRA DUARTE - Engenharia e Construções, S.A., we ensured compliance with the law and the articles of association and followed the process of preparation and disclosure of the Company's financial information.

We have also analyzed the Management Report and its compliance with the accounts presented by the Board of Directors and the most relevant facts that occurred during the year.

In the light of the above, and taking into account the conclusions of the Statutory Auditor's Report, which contents and conclusions shall be considered as reproduced in this report, it is our opinion that:

- a) The Management Report and Accounts submitted by the Board of Directors should be approved;
- b) The Proposal for the application of results should be approved.

Lisbon, April 21, 2017



MOORE STEPHENS & ASSOCIADOS, SROC, S.A.
Represented by António Gonçalves Monteiro

STATUTORY AUDITOR'S REPORT

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have examined the accompanying financial statements of TEIXEIRA DUARTE - Engenharia e Construções, S.A., comprising the balance sheet at December 31, 2016 (which reflects a total of 1.620.427 thousand euros and a shareholders' equity of 567.101 thousand euros, including a net profit for the period of 19.715 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 - Engenharia e Construções, 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.

Responsibilities of management 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 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 Company 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.

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 Company'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 a Company 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.

Our examination also included the verification that the information contained in the report of the management board agrees with the financial statements.

REPORT ON OTHER LEGAL 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.

Lisbon, April 21, 2017



MOORE STEPHENS & ASSOCIADOS, SROC, S.A.
Represented by António Gonçalves Monteiro